



**House Taxation Committee
Rep. Carlson**

H.B. 2047

*Presented by Diane Gjerstad
Wichita Public Schools
January 29, 2013*

Chairman Carlson, members of the Committee:

Thank you for the opportunity to appear on this bill. We understand the desire of the sponsors of this bill to provide full disclosure to patrons on mill levies and spending.

However school district funding is quite different from other local governments. I would encourage the committee to replace the exemption for unified schools districts on page two (c).

First on the issue of transparency, Wichita Public Schools (WPS) developed the first *Budget at a Glance*, a condensed snapshot of the district's budget, now being used statewide. WPS placed its check book on the district's website first. Superintendent Allison and the Board of Education continue to look for ways to give patrons access to a clear and understandable budget.

Kansas school districts have four basic mill levies: 20 mills assessed statewide, capital outlay which is subject to voter protest, bonds to repay voter approved bond construction, and the local option budget (LOB). The LOB approval process is bifurcated requiring voter approval to exceed 30%. The bill would appear to apply a different adoption process for districts at 30% or below versus those at 31% which requires voter approval.

The Local Option Budget is a percentage of the district's general fund which fluctuates with enrollment or the base per pupil. For low property wealth districts the LOB is a combination of local property taxes plus state aid or equalization.

The Legislature's appropriation for "supplemental general state aid" (equalization) impacts the LOB tax levy in low wealth districts. Based on state wide property valuation, districts are ranked by wealth. The poorer districts receive supplemental state aid also referred

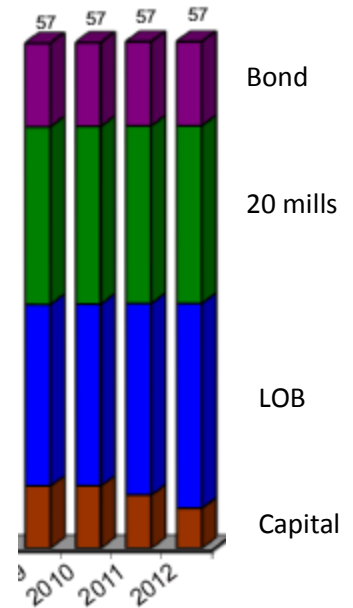
to as “equalization.” Boards of Education do not control how much equalization is appropriated; the Legislature does through the appropriations process. “Supplemental general state aid” is property tax assistance for the LOB. When equalization is underfunded, as it has been each of the past three years, it translates into higher property taxes.

The chart below shows the loss in equalization state aid for Wichita Public Schools in both LOB and Capital Outlay. The amount low-wealth districts should statutorily receive in State aid has been reduced the past three years due to the combined impact of underfunding LOB state aid and not funding Capital Outlay equalization. Local Boards have needed to raise property taxes to make up the shortfall in state aid in order to avoid additional budget cuts.

USD 259	2009-10	2010-11	2011-12	2012-13
Underfunded LOB state aid	-\$4,731,923	-\$3,326,930	-\$6,323,135	-\$10,468,580
Underfunded Capital Outlay state aid	-\$4,686,715	-\$4,686,715	-\$5,061,652	-\$5,624,058

Wichita Public Schools has sustained significant losses in equalization state aid. Throughout the Great Recession, Wichita’s Board of Education has been sensitive to property tax levies and has -- through great effort -- maintained a flat mill levy. This year the Board of Education shifted 2.5 mills from Capital Outlay to the Local Option Budget. Though equalized at 80%, it is better than zero equalization for Capital. This is a temporary budget resolution which has had a negative impact on the 2008 Bond Program approved by the voters. We are hopeful equalization aid – property tax assistance -- will be reinstated for Capital Outlay and fully funded for the Local Option Budget.

Mr. Chairman, schools are funded through a formula and uniquely have an equalization component which fluctuates based on legislative appropriation outside of the Board of Education’s control. Supplemental general state aid (equalization) funding has been frozen for 3 fiscal years for the LOB and has not been funded at all for Capital Outlay – actions impacting low wealth districts. Because of the unique attributes of school funding – which seem to be totally dissimilar to city or county levies – we suggest the exemption for schools be reinstated into this bill.



Thank you for your consideration.

**Wichita Public Schools
Mill levy**