



Testimony on  
**SB 146 – Continuing the statewide mill levy**  
before the  
**House Committee on Taxation**  
by  
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**May 10, 2017**

Mr. Chairman, Members of the Committee:

Thank you for the opportunity to appear today as a proponent of **SB 146** on behalf of the Kansas Association of School Boards. We support this measure because without reauthorization of the statewide school levy, Kansas school finance will lose an estimated \$635.5 million in FY 2018 and \$662.9 million in FY 2019.

We also suggest the Legislature should consider increasing the statewide mill levy to help fund K-12 education, which includes addressing the *Gannon* decision on adequacy. Here is some background.

As table 1 below shows, Kansas provides well below the national average in total revenue per pupil, ranking 29<sup>th</sup> of 50 in 2014 (last year national data is available). This ranking will probably continue to fall because funding has been frozen under the block grant system. However, Kansas *state* funding – funding appropriated from state revenues – ranks higher: 19<sup>th</sup> in state dollars per pupil and 13<sup>th</sup> in the percent of total revenues from the state. (Table 2).

On the other hand, Kansas ranks 33<sup>rd</sup> in local revenue per pupil. We believe this is for two primary reasons. First, going back to the 1992 school finance act, state policy has been to keep school property taxes low. In 1992, state sales and income taxes were raised to reduce property taxes in most districts and through a 35-mill statewide levy. At the time, many districts had much higher property tax rates.

This policy was further continued in the 1990s when the statewide levy was reduced from 35 to 27 and then to 20 mills, the first \$20,000 in residential valuation was exempted, and the statewide levy was removed from motor vehicle valuation. Each of these steps raised state funding, but correspondingly reduced local revenues with little change in total funding.

A second reason for higher state funding has been Kansas Supreme Court rulings that local revenues must be equalized with state aid, which has tended to limit the Legislature's willingness to allow higher local option budgets, and provided more state assistance than other states might require.

Kansas provides about \$700 more per pupil in state aid than the national average, but about \$1,600 less in local revenues. National data indicates that about two-thirds of local revenue is from property taxes, and the percentage is even greater when non-tax local revenues such as meal charges and fees are excluded. Therefore, it is clear Kansas property taxes for public education is are relatively low compared to other states.

For these reasons, we believe the statewide mill levy could be considered to raise additional education revenue outside of the state general fund, and without raising equity issues with the Kansas Supreme Court.

Additionally, we would note Kansas is not only below average in the dollars it provides per pupil, it is also low in funding compared to state personal income. The most recent national data shows that Kansas provides \$42.74 per \$1,000 of personal income for K-12 education, ranking 33<sup>rd</sup> of the 50 states, compared to a national average of \$43.91.

The nine “aspiration states” that have higher average student success over 15 indicators than Kansas provide an average of \$47.94 per \$1,000 of personal income - \$5 per \$1,000 of income more than Kansas and \$4 more than the U.S. average. Only one of the highest achieving states – North Dakota – spends *less* compared to personal income than Kansas.

In other words, the states with best overall achievement – test scores, graduation rates, preparation for college and educational attainment by young adults – not only provide more funding per pupil, they provide a larger share of state income. These states have made education funding a priority and have the results to show for it.

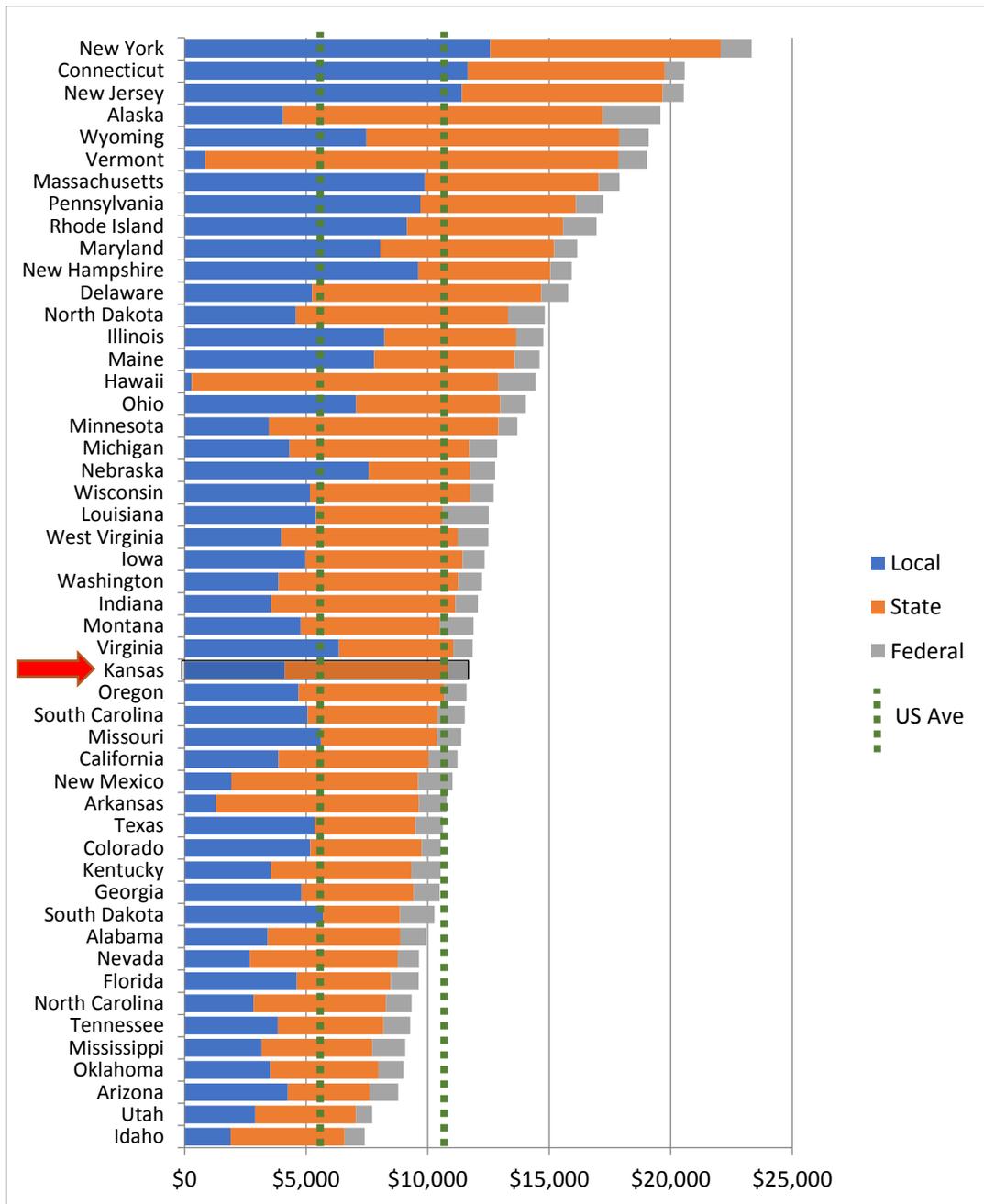
If Kansas is going to compete with these states, we need a competitive workforce, and a competitive investment in education. Increasing the statewide mill levy could be a part of that.

Finally, we would like to note that while KASB does not currently have a position on the Senate’s addition excluding the statewide 20 mill levy from exemption for new IRB and EDX programs at the local level, our members have previously been interested in some limits on tax abatements or requiring state approval. When our members adopted the position on school finance at our last Delegate Assembly there was interest in a more in-depth study of this topics.

As a result, we did not support or oppose this provision in the Senate. We would be willing to support further study on this topic if the committee does not take the Senate’s position.

Thank you for your consideration.

**Table 1: States ranked by total revenue per pupil, 2014**



**Table 2: States ranked by percent of education from state sources, 2014**

