



Neutral Oral Testimony before the

House Committee on Taxation

on

HB 2740 – Increasing the statewide property tax levy for schools
by

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March 6, 2018

Mr. Chairman, Members of the Committee:

Thank you for the opportunity to testify as neutral on [HB 2740](#) on behalf of KASB. We believe the level of funding this bill would raise is in the range of what adequate funding needs to be for Kansas students to be successful under the Rose standards for educational outcomes. However, as state general fund receipts continue to exceed estimates, we do not yet know how much additional revenue will need to be raised, or whether additional revenues should come from property taxes or any particular mix of revenues.

We believe \$600 million for K-12 education is an appropriate target, based on the following:

- Evidence considered by the courts in the *Gannon* case, based on previous cost studies and adjustments for inflation.
- The State Board of Education’s budget request, taking into account funding approved last session.
- The level endorsed in the Governor’s budget, spread over five years, tied to specific outcomes and targets for how additional funding would be used.
- Approximately the amount that per Kansas pupil funding has fallen behind inflation since 2009.
- Approximately the amount that K-12 funding has fallen below the average percent of total Kansas personal income since 1990 – which means Kansans are now investing a smaller share of income on K-12 education than any time in the past 30 years.
- Approximately the amount that Kansas has fallen behind other “peer” states (similar to Kansas economically and demographically) that have higher overall student outcomes on 15 national education outcomes or indicators.
- Between 2009 and 2015, Kansas funding per pupil declined to the lowest percent of the U.S. average since 1992. Kansas ranked 39th in the nation for the increase in funding between 2008 and 2015 and dropped from 24th to 32nd in total revenue per pupil.

As Kansas K-12 funding has fallen behind inflation, personal income growth and other states, educational outcomes have also fallen behind. We have seen real, measurable damage to Kansas educational performance.

- Kansas state reading and math assessments and performance by a small sample of students tested on the National Assessment of Education Program increased from the mid-2000's when school funding increased. Since funding has peaked and declined compared to inflation, both are now lower than they were 10 years ago.
- The percent of students scoring as “college ready” on all four ACT subject areas increased almost every year from 2006 to 2015 but has declined the past two years. The national average has improved, even as the percentage of students nationally has increased.
- The Kansas “adjusted cohort graduation rate” dropped from 12th in the nation in 2011 to 24th in 2016.
- From 2005 to 2010, the percent of Kansans aged 18-24 who had attended postsecondary education, whether or not completing a degree, increased from 52 percent to 58 percent, but there was no further improvement in 2015. Nationally, postsecondary participation by 18-24-year-olds increased from 46 percent in 2005 to 56 percent in 2016.

These trends have clear implications for Kansas economic prosperity and job growth.

- Kansas is falling behind other states in preparing students for postsecondary education – for higher skill, higher wage jobs – which are virtually the only jobs being created since the Great Recession.
- Lower taxes will not bring businesses to Kansas or allow expansion if the state lacks a workforce with the right skills, and lower taxes will not create jobs or raise incomes for Kansans if they lack those skills.
- States with the highest per capita income and lowest poverty rates are those with highest levels of postsecondary attainment, not the lowest tax rates.
- Higher levels of individual educational attainment correlate with higher average wages, lower average unemployment and less cost to the state for social services and incarceration.

Improving educational attainment requires more funding to help more students succeed.

- Kansas regularly increased educational funding more than inflation from at least the mid-1970's through 2009. Educational attainment steadily increased over that time.
- From 1990 to 2016, the change in Kansas adult (over 24) education levels (because education leads to higher earnings) equaled more than more than \$6 billion – approximately double the increased educational funding after adjusted for inflation. That doesn't count additional non-wage income and savings for social service costs.
- When it comes to educational results, states generally get what they pay for. Every state ranking higher than Kansas in overall outcomes spending more per pupil. Higher spending states get better results; lowest spending states get the worse results, for two reasons.

- First, higher spending allows states, districts and schools to do things proven to increase achievement, like early childhood, special education programs, lower class size, targeted programs for struggling students, enrichment for other students and personalized attention and education programs.
- Second, states with better results have higher personal income, allowing the state to continue to invest improving education. Improving education actually “pays for itself” over time.
- Based on the Governor’s budget and surveys of Kansas districts, we know how attentional funding will be spent: targeted programs to help students succeed (like early childhood, Reading Roadmap, Jobs for American’s graduates), concurrent enrollment courses to give more students a start in postsecondary success, more counselors and social workers, and making Kansas teacher salaries more competitive in the region.

Considerations for increasing raising the statewide mill levy as an option for additional funding.

- In the 1992 school finance act that the current system was based on, the statewide mill was originally set at 32 mills, rising over several years to 35. In the late 1990’s the levy was reduced from 35 to 27, then 20 mills.
- Because significant state aid increases were provided to reduce the lost property tax rather than increased budgets, Local Option Budgets increased to keep up with inflation, funded by a mix of local property tax and state aid.
- Rising the statewide mill levy is a more “equal” way to raise revenue than increasing use of LOB.
- Kansas is ranks among the lowest states in the percent of revenues that come from local sources, which are generally mostly property taxes. For example, Kansas provides almost the same amount of state funding as the top nine states in achievement, but those states on average provide most twice as much local funding.
- However, the does not appear to any clear pattern that the source of revenue matter as much as adequate total revenue. In other words, Kansas certainly could continue to rely less on local revenues such as property taxes, but only if it provides adequate state funding to be competitive.
- Kansas has spent about 50 percent of the state general fund on K-12 education since the mid-1990’s.
- In recent years, Kansas has not only been falling behind other states in actual dollars, but in the percent of state personal income going to K-12 education. Kansas is unilaterally disarming itself in the battle to raise education levels for the future economy.

Thank you for your consideration. I will stand for any questions at the appropriate time.

Table 1Summary of Public Elementary-Secondary School System Finances by State: Fiscal Year **2015**<https://www.census.gov/content/dam/Census/library/publications/2017/econ/g15-aspef.pdf>

P = Peer States, T9 =Top 9 states in achievement, B10 = 10 lowest states in achievement, KASB Comparing Kansas report

Geographic area	Total Revenue Per Pupil				Percentage of Total		
	Total	From federal sources	From state sources	From local sources	From federal sources	From state sources	From local sources
Alabama	10,012	1,082	5,551	3,378	10.8%	55.4%	33.7%
Alaska (B10) P	22,338	2,632	15,499	4,208	11.8%	69.4%	18.8%
Arizona (B10)	8,634	1,158	3,420	4,056	13.4%	39.6%	47.0%
Arkansas	11,034	1,212	8,495	1,326	11.0%	77.0%	12.0%
California	12,128	1,214	6,803	4,111	10.0%	56.1%	33.9%
Colorado	11,010	820	4,992	5,198	7.4%	45.3%	47.2%
Connecticut (T9)	21,484	879	8,615	11,991	4.1%	40.1%	55.8%
Delaware	16,222	1,129	9,375	5,718	7.0%	57.8%	35.2%
Florida (B10)	9,828	1,136	3,886	4,806	11.6%	39.5%	48.9%
Georgia (B10)	10,817	1,066	4,838	4,912	9.9%	44.7%	45.4%
Hawaii	14,824	1,422	13,058	344	9.6%	88.1%	2.3%
Idaho P	7,906	848	5,038	2,020	10.7%	63.7%	25.5%
Illinois (T9) P	15,340	1,105	5,793	8,442	7.2%	37.8%	55.0%
Indiana	12,163	926	7,644	3,593	7.6%	62.8%	29.5%
Iowa (T9) P	12,770	907	6,849	5,014	7.1%	53.6%	39.3%
Kansas (10)	12,055	956	7,985	3,113	7.9%	66.2%	25.8%
Kentucky	10,963	1,233	6,067	3,663	11.2%	55.3%	33.4%
Louisiana (B10)	12,757	1,869	5,265	5,623	14.7%	41.3%	44.1%
Maine	15,157	1,044	6,022	8,092	6.9%	39.7%	53.4%
Maryland	16,574	937	7,170	8,467	5.7%	43.3%	51.1%
Massachusetts (T9)	18,387	850	7,432	10,105	4.6%	40.4%	55.0%
Michigan P	13,429	1,177	7,814	4,438	8.8%	58.2%	33.0%
Minnesota P	14,291	781	9,376	4,134	5.5%	65.6%	28.9%
Mississippi (B10)	9,343	1,372	4,743	3,229	14.7%	50.8%	34.6%
Missouri P	11,802	1,063	4,974	5,765	9.0%	42.1%	48.8%
Montana P	12,378	1,488	5,892	4,998	12.0%	47.6%	40.4%
Nebraska (T9) P	13,309	1,103	4,323	7,883	8.3%	32.5%	59.2%
Nevada (B10)	9,896	901	6,253	2,742	9.1%	63.2%	27.7%
New Hampshire (T9)	16,348	901	5,464	9,983	5.5%	33.4%	61.1%
New Jersey (T9)	21,097	862	8,530	11,706	4.1%	40.4%	55.5%
New Mexico (B10) P	11,614	1,532	7,955	2,127	13.2%	68.5%	18.3%
New York	24,116	1,091	9,843	13,183	4.5%	40.8%	54.7%
North Carolina	8,974	1,085	5,579	2,310	12.1%	62.2%	25.7%
North Dakota	15,145	1,493	8,889	4,763	9.9%	58.7%	31.5%

Ohio	14,679	1,048	6,355	7,276	7.1%	43.3%	49.6%
Oklahoma (B10)	9,110	1,026	4,456	3,629	11.3%	48.9%	39.8%
Oregon (B10) P	12,387	1,012	6,448	4,927	8.2%	52.1%	39.8%
Pennsylvania P	17,937	1,169	6,627	10,142	6.5%	36.9%	56.5%
Rhode Island P	17,416	1,373	6,754	9,289	7.9%	38.8%	53.3%
South Carolina	11,863	1,134	5,553	5,176	9.6%	46.8%	43.6%
South Dakota P	10,633	1,557	3,204	5,872	14.6%	30.1%	55.2%
Tennessee	9,485	1,129	4,410	3,946	11.9%	46.5%	41.6%
Texas	11,071	1,165	4,189	5,716	10.5%	37.8%	51.6%
Utah	8,188	697	4,335	3,156	8.5%	52.9%	38.5%
Vermont (T9)	20,291	1,237	18,156	898	6.1%	89.5%	4.4%
Virginia	12,174	791	4,876	6,507	6.5%	40.1%	53.5%
Washington P	12,691	966	7,734	3,991	7.6%	60.9%	31.4%
West Virginia	12,395	1,298	7,081	4,016	10.5%	57.1%	32.4%
Wisconsin (T9) P	13,090	945	6,810	5,335	7.2%	52.0%	40.8%
Wyoming	20,889	1,281	11,899	7,708	6.1%	57.0%	36.9%
United States	13,246	1,099	6,238	5,910	8.3%	47.1%	44.6%
Top Nine Ranked	16,902	976	7,997	7,929	6.0%	46.6%	47.3%
Kansas	12,055	956	7,985	3,113	7.9%	66.2%	25.8%
Kansas Peer States	13,708	1,229	6,943	5,536	9.1%	50.6%	40.3%
Bottom 10 Ranked	11,673	1,370	6,276	4,026	11.8%	51.8%	36.4%

Total School System Revenue, All Sources, Per \$1,000 Personal Income

