

Kansas lawmakers see \$25 million worth of school funding surprises

State property tax to generate \$17.5 million less than anticipated

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By John Hanna

The Associated Press

Kansas faces an additional \$25 million hit in its next state budget to provide the aid it promised to public schools — something officials learned less than three weeks after Republican Gov. Sam Brownback signed legislation to prevent such surprises.

State officials said Tuesday that a property tax imposed by the state for schools is expected to generate \$17.5 million less than previously anticipated during the fiscal year beginning July 1. Officials also predict that aid to school districts for construction projects will cost \$7.5 million more than previously estimated.

Shawn Sullivan, Brownback's budget director, briefly mentioned both issues during a news conference Monday to outline a new, more pessimistic fiscal forecast for state government, revising one from November. The new forecast widened a shortfall for lawmakers to close to about \$400 million.

The revised outlook came after the GOP-controlled Legislature approved a measure in March to junk the state's per-pupil school funding formula — which sometimes triggered unexpected cost increases — and replace it with predictable "block grants" through 2016-17. The Republican governor signed the measure April 2, with most changes taking effect July 1.

"It's more stable," said Senate Ways and Means Committee Chairman Ty Masterson, an Andover Republican and an architect of the new law. "Is it as stable as I'd like it? No."

Kansas imposes a statewide tax of \$20 for every \$1,000 of a property's assessed value, which had been expected to raise \$600 million during the next fiscal year. The new estimate is about \$583 million, or 3 percent lower.

State officials said the new, lower estimate is tied to decreases in oil and natural gas prices, which lowered the value of oil- and gas-related property.

"This is volatility you'd have either way," Sullivan said Tuesday.

The projected drop in property tax revenues would require the state to make up the difference with revenues from income, sales and other excise taxes to keep its schools commitment. Sullivan said the governor won't include such a measure in budget proposals he will outline for legislators this week because his office just learned of the new estimate.

Masterson said he expects legislators to make an adjustment because, "It's all about stability."

The other budget issue is aid provided by the state to many school districts that issue bonds to finance construction and major building repair projects.

Under the old school funding formula, the state covered up to 71 percent of a district's bond and interest payments, depending on how poor it is. The new law changes how the aid is calculated and is expected to be less generous to districts.

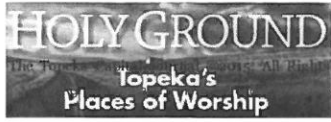
"Local communities are choosing to invest in their schools," said Mark Tallman, a Kansas Association of School Boards lobbyist. "You then create an incentive for districts to pass their bonds as soon as possible."

Voters in 11 districts approved a total of nearly \$171 million worth of bonds earlier this month, and nine qualified for state aid averaging 42 percent of the costs. Seven districts plan to have elections in June on nearly \$326 million in bonds, with state aid averaging 37 percent of the costs.

"We recognized this could happen," Brownback spokeswoman Eileen Hawley said in an email.

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