

KANSAS CITY

PUBLIC SCHOOLS



Community Listening Session on **THE TAX LEVY**

*In the spirit of mutual responsibility and accountability, we will continue
Moving Forward Together!*

EQUITY Statement

Tax Levy Equity Statement

Every community's backbone of progress and prosperity lies in its education system. For Kansas City Public Schools (KCPS), the bedrock of this promise is to ensure equitable access to high-quality learning environments for all our students. As a collective, we must champion the heart of equity: a community coming together and pooling resources to invest in our children's needs when those needs are most present.

We stand firmly in favor of rebuilding our crumbling facilities to enhance the education we provide in this district. This is a call to invest in our future, our children, and our community. Repairing, maintaining, and building new facilities is instrumental to enhancing student outcomes. Adequate facilities provide a conducive learning environment and play a crucial role in improving academic performance, nurturing a student's self-concept, fostering a positive community climate, and promoting innovation.

The ripple effects of such investments reverberate throughout our community. We have seen evidence linking new school construction or upgraded school facilities to higher academic performance, increased employment, job growth, greater safety and security, and emotional and social stability. Beyond the boundaries of our school walls, these upgrades lead to increased property values, faster-growing, and more culturally thriving social systems.

HANCOCK Amendment

Tax Levies Under Article X of the Missouri Constitution

- Sections 16 to 24 (the “Hancock Amendment”) establishes highest possible levy rate that most local governments can adopt without voter approval
- Section 22
 - Political subdivisions including school districts require voter approval to increase levy above the levy in existence when Hancock was adopted in Fiscal year 1981-1982
 - Requires levy roll back if increase in assessed valuation is greater than the change in consumer price index (CPI)

History of Tax Levies in KCPS

- 1969: district voters approved tax levy of 3.75 for KCPS
- 1969 to 1980s: district voters voted down levy increases nineteen times
- 1977: Desegregation litigation (*Missouri v. Jenkins*) that lasted decades
 - After voters again defeated three ballot measures to raise levies or issue bonds, Court set levy at \$4.96 for KCPS
 - 1996 Settlement Agreement left the \$4.96 court ordered levy in place to prevent financial chaos for the district

Section 11(g)

- In April 1998, as a result of the 1996 Settlement Agreement, Missouri legislature approved proposed amendment 11(g)
- Missouri voters passed a statewide ballot measure to add Section 11(g) to Article X
 - School board of “any school district whose operating levy . . . for the 1995 tax year was established pursuant to a federal court order may establish the operating levy . . . at a rate that is lower than the court-ordered rate for the 1995 tax year”
 - KCPS Board can set a levy rate that is lower than 4.96 (4.9599) without voter approval

KCPS Levy Calculation

- Use Hancock Amendment formula to calculate baseline levy
 - If inadequate to fund district's operations,
 - Use 11(g) to set additional levy, up to total levy of \$4.9599
- Operating levy calculated under Hancock formula is never sufficient to fund KCPS operations
- Without 11(g) exception, KCPS would not have sufficient funds to operate
- Charter Schools receive funding based on KCPS assessed valuation and tax levy rate, and any decrease in 11(g) levy would negatively impact Charter school budgets as well

KCPS Levy Calculation

Hancock Levy without 11(g)		Hancock Levy with 11(g)	
Calculated Hancock Levy	2.4065	Calculated Hancock Levy	2.4065
Less: Prop C rollback	<u>0.2622</u>	Less: Prop C rollback	<u>0.2622</u>
Tax Rate:	2.1443	Tax Rate:	2.1443
Add: Article X (11g) Levy	<u>0.0000</u>	Add: Article X (11g) Levy	<u>2.8156</u>
Total Tax Rate	2.1443	Total Tax Rate	4.9599

2023 TAX LEVY

Proposed Rate for 2023

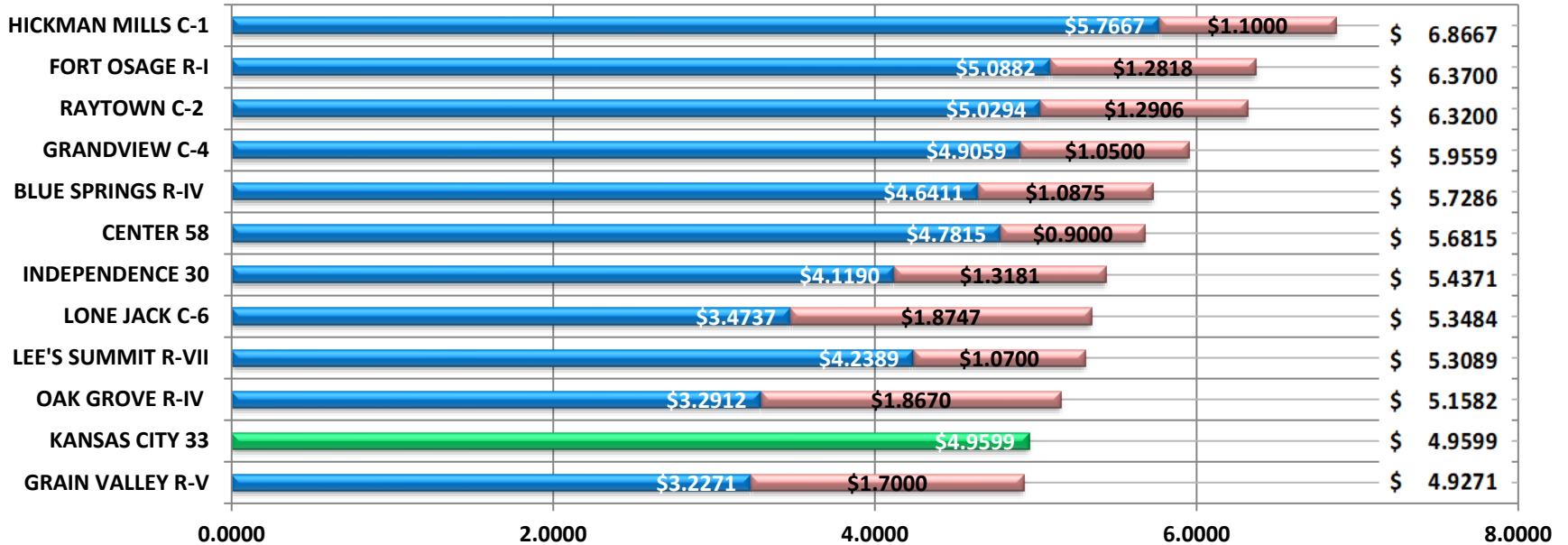
Total Tax Levy (Operating Fund) - \$4.9599

On April 7, 1998, the Missouri Constitution Article X, Section 11(g) was adopted permitting the school board of any district whose 1995 operating levy was established by a federal court, to establish a levy that is lower than the court-ordered approved levy. KCPS court-ordered levy was \$4.96. Starting FY1999 and as part of desegregation resolution to continue to support the District's operations, KCPS levy was set at \$4.9599.

KCPS tax levy has been \$4.9599 for the past 25 years. This amount has been used to fund all operating, capital projects and debt service payments.

Total Tax Levy Comparison

TY 2022 Tax Levy



	GRAIN VALLEY R-V	KANSAS CITY 33	OAK GROVE R-IV	LEE'S SUMMIT R-VII	LONE JACK C-6	INDEPENDENCE 30	CENTER 58	BLUE SPRINGS R-IV	GRANDVIEW C-4	RAYTOWN C-2	FORT OSAGE R-I	HICKMAN MILLS C-1
Operating	\$3.2271	\$4.9599	\$3.2912	\$4.2389	\$3.4737	\$4.1190	\$4.7815	\$4.6411	\$4.9059	\$5.0294	\$5.0882	\$5.7667
Debt Service	\$1.7000		\$1.8670	\$1.0700	\$1.8747	\$1.3181	\$0.9000	\$1.0875	\$1.0500	\$1.2906	\$1.2818	\$1.1000

Total Tax Levy	\$4.9271	\$4.9599	\$5.1582	\$5.3089	\$5.3484	\$5.4371	\$5.6815	\$5.7286	\$5.9559	\$6.3200	\$6.3700	\$6.8667
2022 Enrollment	4,558	14,104	1,946	17,841	768	14,604	2,530	14,800	3,767	8,041	4,809	5,155

KCPS shared local tax revenue with Charter Schools with 2022 enrollment of 13,635.

Assessed Valuation History

Fiscal Year	2021-22	2022-23	2023-24	\$ Change	% Change
Tax Year	2021	2022	2023	\$ Change	% Change
Real Property					
Residential	1,852,795,966	1,880,925,720	2,539,413,458	658,487,738	35.01%
Agricultural	52,147	50,302	53,910	3,608	7.17%
Commercial	1,413,987,761	1,405,692,961	1,818,863,428	413,170,467	29.39%
Total Real Property	3,266,835,874	3,286,668,983	4,358,330,796	1,071,661,813	32.61%
Personal Property	739,566,465	877,387,223	888,028,850	10,641,627	1.21%
Total Assessed Valuation	4,006,402,339	4,164,056,206	5,246,359,646	1,082,303,440	25.99%

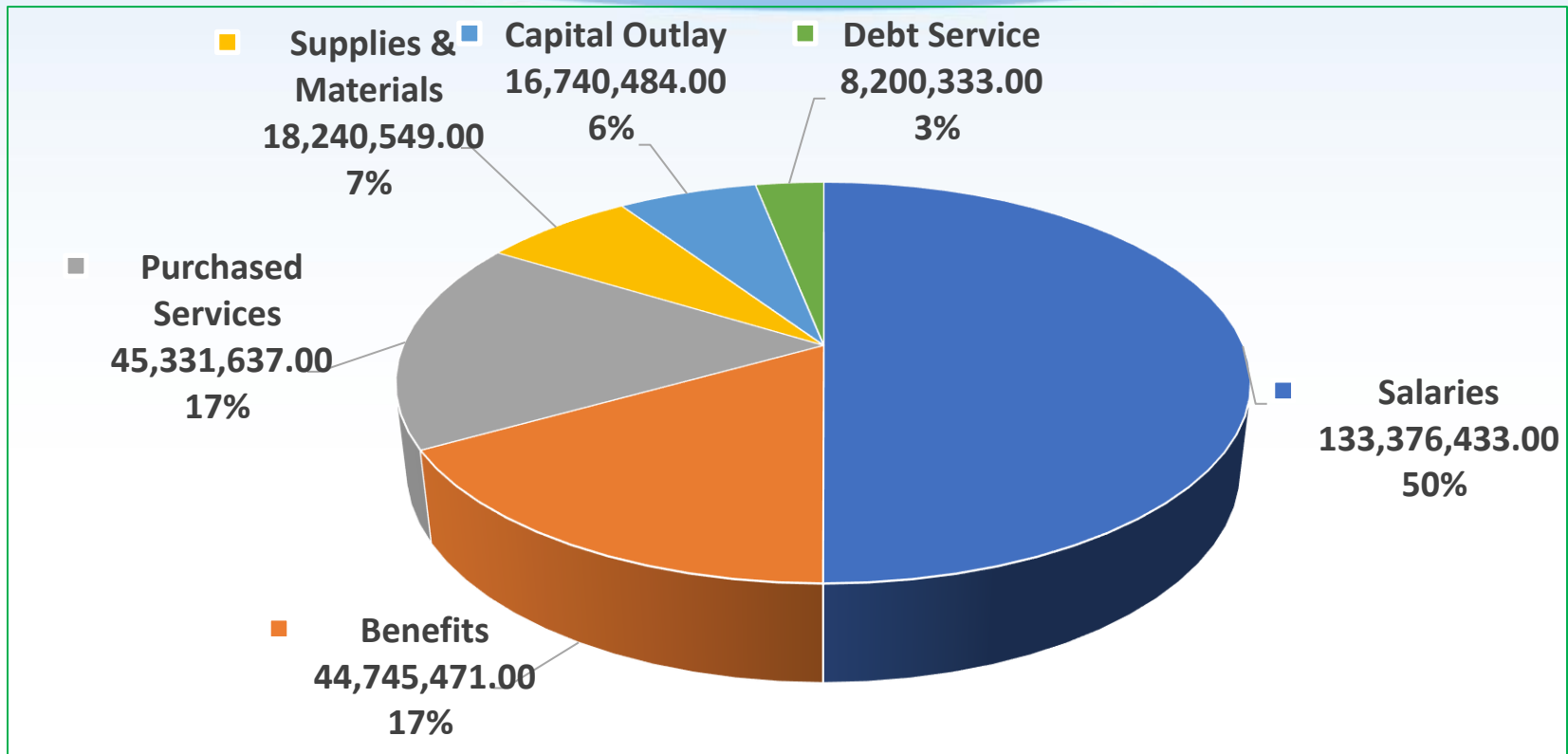
How We Set-up the Budget

		<u>Kansas City Public Schools</u>
Assessed Valuation	AV	\$5,246,359,646
Divide by	÷	100
Multiply by Tax Levy	x	\$4.9599
Property Tax @ 100%		\$260,214,192
** Projected Revenue @ 85% Collection Rate	=	\$221,182,063
Less: Jackson County Est. Retention Fees @ 1.7%	-	(\$3,760,095)
Projected Net Revenue	=	\$217,421,968
Budgeted Revenue @ 90% Collection Rate of Preliminary Assessed Valuation		\$221,208,496
Variance - Projected net Revenue vs. Budget		(\$3,786,528)

****** *Collection rate projected to decrease due to the number of assessed valuation protests. Approximately 55,000 protested the 2023 assessments.*

2023-24 Operating Expenditures

(Excluding Grants & CNS)



Total FY24 Operating Budget (excluding grants & child nutrition services) is \$266.6 million. Approximately, 83% of the total operating budget will be funded from the current assessed valuation. Tax revenue collected will fund the budget for the salaries & benefits of teachers, counselors, librarians, principals & vice principals, administrative staff, nurses, custodians, security & patrol officers, mental health support, family & community engagement, and other student support staff. It will also fund instructional services, classroom supplies & materials, utilities, building repairs & maintenance, and debt service payments.

Tax Levy 1999 vs. 2022

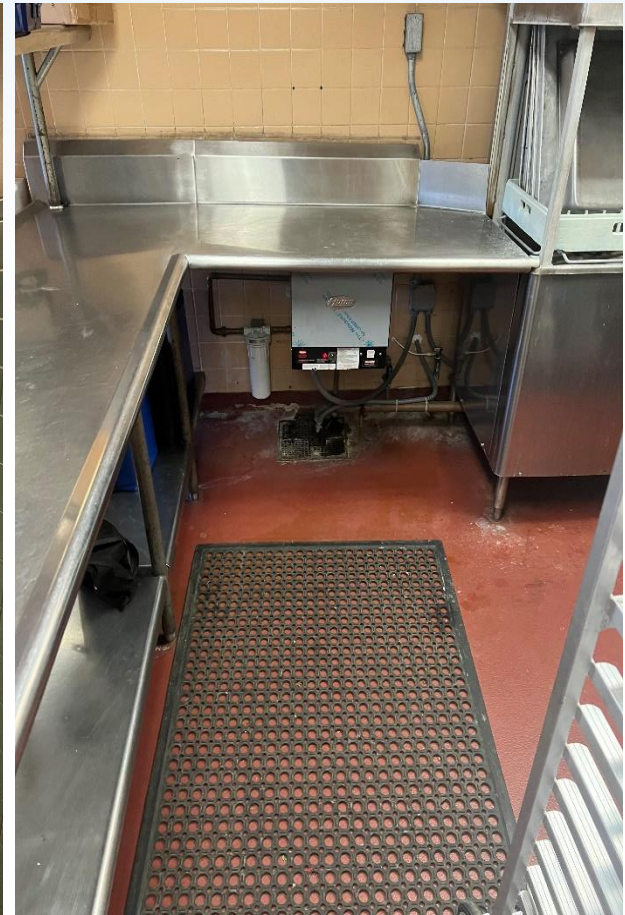
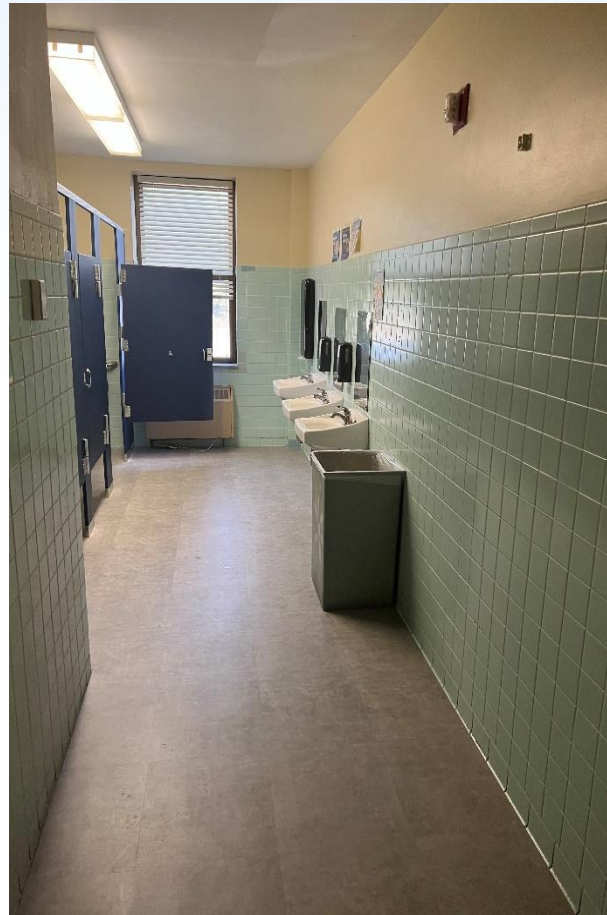
	1999 Tax Levy			2022 Tax Levy			Changed in Levy
	Operating Levy	Debt Service Levy	Total Levy	Operating Levy	Debt Service Levy	Total Levy	
HICKMAN MILLS C-1	\$4.2300	\$0.3100	\$4.5400	\$5.7667	\$1.1000	\$6.8667	\$2.3267
RAYTOWN C-2	\$3.8200	\$0.5300	\$4.3500	\$5.0294	\$1.2906	\$6.3200	\$1.9700
FORT OSAGE R-I	\$3.6700	\$0.7500	\$4.4200	\$5.0882	\$1.2818	\$6.3700	\$1.9500
CENTER 58	\$4.2500	\$0.0000	\$4.2500	\$4.7815	\$0.9000	\$5.6815	\$1.4315
OAK GROVE R-VI	\$3.1100	\$0.9000	\$4.0100	\$3.2912	\$1.8670	\$5.1582	\$1.1482
BLUE SPRINGS R-IV	\$3.6400	\$0.9600	\$4.6000	\$4.6411	\$1.0875	\$5.7286	\$1.1286
GRANDVIEW C-4	\$4.4400	\$0.5000	\$4.9400	\$4.9059	\$1.0500	\$5.9559	\$1.0159
LONE JACK C-6	\$3.1700	\$1.2000	\$4.3700	\$3.4737	\$1.8747	\$5.3484	\$0.9784
INDEPENDENCE 30	\$3.7000	\$0.7600	\$4.4600	\$4.1190	\$1.3181	\$5.4371	\$0.9771
GRAIN VALLEY R-V	\$3.3200	\$0.9500	\$4.2700	\$3.2271	\$1.7000	\$4.9271	\$0.6571
KANSAS CITY 33	\$4.9500	\$0.0000	\$4.9500	\$4.9599		\$4.9599	\$0.0099
LEE'S SUMMIT R-VII	\$4.3200	\$1.0700	\$5.3900	\$4.2389	\$1.0700	\$5.3089	-\$0.0811

DEFERRED MAINTENANCE

KCPS ELEMENTARY



KCPS ELEMENTARY



KCPS MIDDLE SCHOOL



KCPS HIGH SCHOOL



DEFERRED MAINTENANCE

1. >\$3MM per Facility
 - Complete HVAC system replacements or major upgrades in addition to other measures
2. \$1MM-\$3MM per Facility
 - Moderate HVAC upgrades (not full replacements) and tuning of existing HVAC (Retro-Commissioning) along with other measures (i.e. controls upgrades, roof replacements, etc.)
3. <\$1MM per Facility
 - Tuning of existing HVAC (Retro-Commissioning) along with other minor measures (i.e. minor HVAC upgrades, minor roof replacements, etc.)

Project Type	ESTIMATED HVAC COSTS	ESTIMATED BUILDING COSTS	ESTIMATED TOTAL DEFERRED MAINTENANCE
>\$3MM	\$118,200,000	\$272,000,000	
\$1MM - \$3MM	\$13,400,000		
<\$1MM	\$6,250,000		
TOTAL	\$137,850,000	\$272,000,000	\$409,850,000

Senate Bill 190

Missouri State Senate Bill 190 (SB190)

- SB190, effective August 28, 2023, appears to relieve tax burden on seniors who are eligible for social security retirement benefits and who own their own home
 - Only applies to counties who enact an ordinance or in counties where the voters bring a petition and pass it during an election
 - Provides a “credit” for the difference between the senior’s current property tax amount and the amount of property tax owed at the time they became eligible for social security

Note: copies of SB190, in its entirety, can be found at <https://senate.mo.gov/23info/pdf-bill/tat/SB190.pdf>

Objections to Senate Bill 190 (SB190)

- **Impossible to determine the impact on taxing jurisdictions or the potential amount of any tax credit as county does not have records of ages or social security eligibility of homeowners**
- **Potentially reduces funding to schools, including charter schools**
- **Potentially reduces funding to fire districts, water/sewer districts and libraries**
- **Tax break is not limited to low-income seniors**
- **While some seniors might be entitled to a tax break if they own their home, senior renters get no tax break**
- **Tax burden will fall more heavily on working families**
- **Senior government workers and railroad workers who are not eligible for social security will get no tax break**

Missouri State Senate Bill 190 (SB190)

If you want to know if SB190 will take money from your schools or negatively affect your family, contact your County Legislator at the following number or email address:

Jalen Anderson, 1st District-at-Large: 816-881-4477 or janderson@jacksongov.org

Donna Peyton, 2nd District-at-Large: 816-881-3464 or dpeyton@jacksongov.org

Megan L. Marshall, 3rd District-at-Large: mmarshall@jacksongov.org

Manuel Abarca IV, 1st District: 816-881-3076 or mabarca@jacksongov.org

Venessa Huskey, 2nd District: 816-881-3806 or vhuskey@jacksongov.org

Charlie Franklin, 3rd District: 816-881-4441 or cfranklin@jacksongov.org

DaRon McGee, 4th District: 816-881-3322 or dmcgee@jacksongov.org

Jeanie Lauer, 5th District: 816-881-4476 or jlauer@jacksongov.org

Sean E. Smith, 6th District: 816-881-3132 or sesmith@jacksongov.org

Tax Incentives

Economic Development and KCPS



Kansas City Public Schools has been ranked 17 among 5,600 school districts in the level of abated property tax revenue.



In 2022, \$45M was abated from Kansas City Public Schools & charter schools.



From 2018 to 2022, the amount abated from Kansas City Public Schools and charter schools increased 60%.



\$45M of abatements is equal to 26% of the current local property tax revenues that KCPS/charters collect. This is significantly higher than best practice recommends (no more than 10%).

www.kcpublicschools.org/tax-incentives

Why is KCPS concerned about tax incentives?

- **Nearly \$1,700 per pupil** is being redirected from KCPS/charter schools and into development projects
 - This is higher than neighboring districts serving wealthier, mostly white students — for northland schools it's between \$500-\$900 per pupil
- In 2022 alone, more than **\$197 million of tax revenues** were abated or redirected within Kansas City, Missouri
- Kansas City offers longer terms of tax incentives (up to 25 years) and at higher levels (up to 75-100%) than most peer communities
 - The city and economic development agencies are over-incentivizing projects, thereby diverting critical resources away from public services

Proposed improvements

- School districts should have opt-in/opt-out ability over their potential revenues
 - KCPS does not oppose the use of incentives — in 2022 the district supported, or did not oppose, 50% of the projects within our boundaries
- Curb incentive-shopping, which allows developers the ability to seek the deal they want, not necessarily the deal they need
 - All incentive programs should require a third-party financial analysis and go through a standardized review process
- Additional efforts to address barriers to eastside development
 - More than 90 percent of incentive dollars within KCPS boundaries are going to projects west of Troost

Thank You