

**Testimony on
S.B. 515**

Senate Committee on Utilities

February 6, 2008

Presented by:

Cheryl L. Semmel, Executive Director, United School Administrators of Kansas*

Thank you for the opportunity to appear before you this morning. I would like to make clear to members of this committee that I am not here in opposition to or as a proponent of **S.B. 515**. I am here to speak to a specific section of the bill that would significantly impact school districts.

S.B. 515, Section 6 mandates that "new public school buildings, where construction commences on or after July 1, 2009, be designed, constructed, and certified to achieve energy consumption levels that are at least 25 percent below the levels established under the American society of heating, refrigerating, and air-conditioning engineers (hereinafter "ASHRAE") standard or the 2006 international energy conservation code (hereinafter "IECC"), if such levels of energy consumption are life-cycle cost-effective for such buildings." This Section also requires that districts reduce water consumption by 25 percent.

We believe that the mandates in this legislation place an undue burden on school districts, especially insofar as they exceed the ASHRAE or IECC standards. **We respectfully request that this Section be removed from the proposed legislation.**

Many Kansas school districts have adopted energy management programs, implemented energy-saving strategies, and adopted environmentally-preferable practices. Districts have taken voluntary steps to ensure that public school buildings and facilities, especially those newly constructed, are designed to increase energy efficiency and reduce consumption to the maximum extent practicable given resources available. Several districts are building facilities to meet the Leadership in Energy and Environmental Design (LEED)¹ certification standards and purchase products that have the Energy Star designation.

Beyond this basic premise, there are other technical aspects of this Section that raise significant concerns for districts, including:

1) The timeline for implementation

The provisions of this bill are applicable to any building or structure where the construction commences on or after July 1, 2009. The legislation stipulates that the Secretary of Administration will develop rules and regulations for compliance; however, the bill does not specify a timeline for promulgation of the rules or provide for public feedback during the process.

2) The undetermined and unfunded compliance costs for implementation

This year (FY 2008), twenty-five (25) districts have scheduled bond elections for construction of and renovations to school buildings and facilities. To-date, eleven (11) initiatives have passed and nine (9) are scheduled to be voted upon later this year. Last year (FY 2007), ten (10) districts successfully passed bond issues. In most cases, the bond initiatives include projects scheduled for construction with the next 3-5 years. Cost estimates for these projects do not include the mandates proposed in the bill and [in 2007] were approved, by taxpayers, with the expectation that these projects would be completed within a specified time period and at the projected cost. In fact, in future bond elections, increased costs may make it more difficult for districts to fund new construction. The alternative may be to continue operating less efficient facilities.

While school districts have been voluntarily implementing energy efficiency and cost savings programs, they are doing so within the constraints of limited budget authority and resources allocated for construction costs. Section 6 requires public school districts to meet the proposed standards "if such levels of energy consumption are life-cycle cost-effective for such buildings."

If districts are required to meet these additional compliance standards, we believe that this legislation should include language that holds the state responsible for any additional compliance costs.

3) The determination of life-cycle cost-effectiveness

This standard for implementation is ambiguous. We recognize that determining true cost-effectiveness requires a life-cycle perspective; however, it also requires that all costs and benefits of a given project be evaluated and compared over its economic life. The challenge and uncertainty lies in how best to determine the true costs and benefits of implementing standards.

It is reasonable to expect that the provisions of this bill will increase building design and construction costs. Architectural and engineering modifications during the design and building phases are major contributors to the overall cost of capital projects. The methodology employed for calculating the "life-cycle" cost effectiveness, unless specified, will produce varied determinations about how long it would take districts to realize any benefit.

Ultimately, additional costs, if not funded by the Legislature, will likely result in higher local mill levies and raise the cost of state aid for bond and interest.

This testimony was submitted
on behalf of
 United School Administrators of Kansas (USA|Kansas)
 Kansas Association of School Boards (KASB)
 Kansas Families for Education (KFE)
 Kansas National Education Association (KNEA)
 Schools for Quality Education (SQE)
 Schools for Fair Funding (SFF)
 Blue Valley School District (USD 229)
 Kansas City (KCK) School District (USD 500)
 Olathe School District (USD 233)
 Shawnee Mission School District (USD 512)
 Topeka School District (USD 501)
 Wichita School District (USD 259)

The potential excess costs associated with the requirements of this bill – through increased construction costs, change orders, and additional land requirements (for run-off and reuse) – could negatively impact a district’s ability to fulfill its obligation and commitment to constituents.

We strongly encourage the committee to consider the fiscal impact Section 6 would have on districts and, equally as important, the potential and unintended impact this may have on school districts and local taxpayers. Again, we respectfully request that this Section be removed from the proposed legislation.

Source: Kansas State Department Education, Division of Fiscal and Administrative Services
 February 4, 2008

FY 2008 Bond Elections
 (Passed as of December 31, 2007 and Pending)

<u>USD</u>	<u>USD Name</u>	<u>USD</u>	<u>USD Name</u>
101	Erte	406	Wathena
233	Olathe	467	Leoti
458	Basehor-Linwood	281	Graham County
265	Goddard	470	Arkansas City
267	Renwick	495	Fort Larned
437	Auburn-Washburn	476	Copeland
442	Nemaha Valley	250	Pittsburg
491	Eudora	402	Augusta
373	Newton	487	Herrington
203	Piper		
335	North Jackson		

FY 2007 Bond Elections
 (Passed)

<u>USD</u>	<u>USD Name</u>
239	No Ottawa Co
240	Twin Valley
308	Hutchinson
323	Rock Creek
375	Circle
416	Louisburg
266	Maize
372	Silver Lake
410	Hillsboro
505	Chetopa