Approved: March 2, 2010
Date

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Richard Carlson at 9:10 a.m. on January 21, 2010, in Room 783 of the Docking State Office Building.

All members were present except:
Representative Jeff King-excused
Representative Pat George-excused

Committee staff present:
Gordon Self, Office of the Revisor of Statutes
Scott Wells, Office of the Revisor of Statutes
Chris Courtwright, Kansas Legislative Research Department
Marla Morris, Committee Assistant

1/21/10

Conferees appearing before the Committee:
Duane Goossen, Budget Director, Kansas Department of Revenue
Mark Tallman, Kansas Association of School Boards
Shannon Jones, Statewide Independent Living Council of Kansas (SILCK)
Gary Brunk, Kansas Action for Children
Peter C. Roman, Kansas Families for Education
Mark Desetti, Kansas National Education Association
Megan Greene, Save Our Neighborhood Schools
Lori Feldkamp, Big Lakes Developmental Center, Inc.
Tom Laing, InterHap
Julie Dolley, Superintendent, USD 359, Argonia Public Schools
Carol Russell, Independent
Pat Hurley, Economic Lifelines
Mike Mathes, Superintendent, Seaman USD 345

Others attending:
See attached list.

Introduction of Bills:

John Federico, representing the Home Builders Association of Greater Kansas City, requested introduction of a bill that would create a more equitable process for assessing taxes on newly constructed residential property in Kansas. Representative Goico made a motion to introduce a bill creating a more equitable process for assessing taxes on newly constructed residential property in Kansas. The motion was seconded by Representative Virgil Peck. The motion carried.

Richard Cram, Kansas Department of Revenue, requested the committee sponsor a bill that clarifies the power of the director of Alcohol Beverage Control to revoke, suspend, or fine a licensee for failing to timely file and pay liquor enforcement tax. A motion was made by Representative Menghini and seconded by Representative Frownfelter to introduce a bill that clarifies the power of the director of Alcohol Beverage Control to revoke, suspend or fine a licensee for failing to timely file and pay the liquor enforcement tax. The motion carried.

Representative Marvin Kleeb made a motion to introduce a bill to enhance and improve an economic development bill that was passed last year Promoting Employment Across Kansas (PEAK). Representative Powell seconded the motion. The motion carried.

Representative Goico made a motion to amend a previous bill exempting social security benefits from Kansas income tax on a per household basis, revised to apply to individual tax payers. The motion was seconded by Representative Peck. The motion carried.

Chairman Carlson opened the hearing on **HB 2475** - **Increase in rate of sales tax.** Testimony will be presented by proponents of **HB 2475**, opponents will provide testimony on Tuesday, January 26, 2010.

Staff Chris Courtright, Kansas Legislative Services, gave a briefing on **HB 2475**. This bill is part of the

Minutes of the House Taxation Committee at 9:00 a.m. on January 21, 2010, in Room 783 of the Docking State Office Building.

Governor's proposed tax package recommending increases in sales tax, cigarette tax and tobacco products tax. The proposal was split by the Committee and became two bills, with cigarette and tobacco products tax in one bill and the sales tax increase portion in another bill. **HB 2475** would increase the rate of sales tax by 1 percent, going from 5.3 percent currently to 6.3 percent on July 1, 2010 and commencing July 1, 2013, at the rate of 5.5 percent. Mr. Courtright presented a chart indicating distribution shares to the State General Fund and State Highway Fund through FY 2015 (Attachment 1). He stood for questions.

Proponents:

Duane Goossen, Director of the Budget, spoke in favor of **HB 2475**. He stated the State General Fund revenue collections are forecast to drop for a fourth year in a row and even with dramatic spending reductions over the last year, the 2011 budget cannot be balanced without even deeper cuts or increases in revenue. He briefly summarized the FY 2011 Governor's Budget report (Attachment 2). A copy of the FY 2011 Governor's Budget Report is also available at http://budget.ks.gov.

Chairman Carlson instructed the Committee to hold questions until all conferees had been heard.

Mark Tallman, Kansas Association of School Boards, testified in support of **HB 2475** proposing the 1 percent sales tax increase as a acceptable proposal to raise funding (Attachment 3).

Shannon Jones, Statewide Independent Living Council of Kansas (SILCK), spoke in favor of **HB 2475.** She stated funding received by the Home and Community Services Program provides services to 7,000 persons, allowing them to remain in their own homes (Attachment 4).

Gary Brunk, Kansas Action for Children (Attachment 5), and Pete Roman, Kansas Families for Education (Attachment 6), testified in favor of passage of **HB 2475.**

Mark Desetti, Kansas National Education Association (Attachment 7), urged the Committee to hold the line on new tax cuts, examine the recommendations of KACIR and pass a revenue package that provides for strong communities and services for Kansans.

Megan Greene, Save Our Neighborhood Schools, and mother of a third grade daughter spoke in favor of the 1 percent sales tax increase and asked that funding continues to maintain a high standard of public education across Kansas (Attachment 8).

Lori Feldkamp, Big Lakes Developmental Center (Attachment 9), expressed her support of **HB 2475** or any other revenue enhancement package that would ensure individuals with developmental disabilities not be forgotten through additional budget cuts.

Tom Laing, InterHab (Attachment 10), requested support of **HB 2475** as a necessary step in restoring the ability to finance needed services of Kansans with developmental disabilities.

Julie Dolley, Superintendent, USD 359 Argonia School District (Attachment 11), summarized the budget cuts made at the start of the district's 2009 school year, and the projected changes if additional budget cuts occur. She asked for passage of **HB 2475.**

Carol Russell, Independent (Attachment 12), supports **HB 2475** . She stated the 1 percent sales tax increase would restore needed services to the elderly, K-12 and higher education.

Pat Hurley, Economic Lifelines, presented testimony in support of **HB 2475** (Attachment 13).

Mike Mathes, Superintendent, Seaman USD 345 (Attachment 14) stated the impact on USD 345 from recent budget cuts and projected additional cuts that will occur without enactment of a revenue enhancement package. He urged the Committee for no more cuts in funding.

Chairman Carlson directed the Committee to written only testimony from the following conferees:

CONTINUATION SHEET

Minutes of the House Taxation Committee at 9:00 a.m. on January 21, 2010, in Room 783 of the Docking State Office Building.

Tracy Russell, Schools for Quality Education (Attachment 15), and Jane Carter, Executive Director, Kansas Organization of State Employees (Attachment 16), provided written testimony in support of **HB 2475**.

The Chair closed the hearing on **HB 2475**.

The next meeting is scheduled for January 26, 2010.

The meeting was adjourned at 10:39 a.m.

HOUSE TAXATION COMMITTEE

DATE: January 21, 2010

NAME	REPRESENTING
Patrick Hurley	Economic Lifelines
Mark Tallman	KASB
Kate Maria Hughes	SKIL
Christy Caldwell	Topeka Chamber of Com.
Shannon Jones	SICCK
Martha Rae Peters	KMHA
Mark Desetti	KNEA
Lori Feldkamp	Big Lakes
Ashley Sherard	Lenexa Chamber
Larry L Baer	LKM
Dodie Wellshear	USA
Matt Masterson	USD 345
Raquel Alexander	moms deals
John A. Donley	KS Lodg. Assn
Megan Greene	Kansas Kids including my own
Michelle Butler	Cap. Strategies
Tom Bruno	Bruno & Associates
[illegible]	KS Auto Dealers Assn
Rob Johnson	Farmers Coalition

HOUSE TAXATION COMMITTEE

DATE: January 21, 2010

NAME	REPRESENTING
KEVIN GREGG	KMCA
Terry Heidner	KDOT
Gary George	Olathe Schools
TOM LAING	InterHab
Leigh Keck	Hein Law Firm
Gary Brunk	KAC
BRAD HARRELSON	KFB
Jami Ray	KCSL
KEN DANIEL	TIBA
Carol L. Russell	Self
Mike Reedy	Foulston Siefkin
Ron Seaba	KARA/KAFA
Kent Cornish	KAB
Diana Lindstedt	USD 259
Bruce Ney	AT&T
DICK CARTER	JCCC
Matt Hickam	KCP+L
April Holman	KAC
Craig Kaberline	KAA
Leslie Kaufman	Ks Co-op Council
Cheryl Semmel	USA/Kansas

HOUSE TAXATION COMMITTEE

DATE: January 21, 2010

NAME	REPRESENTING
Glenn R. Alexander	~~East~~ ~~West~~ ~~Jr. High~~ Middle school Hillcrest Elementary, Lawrence, KS

House Taxation
Date: 1-21-10
Attachment: #1

s Tax Increase to 6.3% on 7/1/10
SGF and SHF relative shares continue
Rate Falls to 5.5% on 7/1/13 with SHF
Getting All of Additional 0.2%
Assumes One-Month Lag in Collections
($ in millions)

	sales/use sgf	sales/use shf	sales/use total	cigarette increase 55 cents per pack (to 1.34) 7/1/2010 sgf	tob prod tax incr from 10% to 40% wholesale 7/1/2010 sgf	total package sgf	total package shf	total package all funds
FY 2011	$308.176	$43.078	$351.255	$51.950	$13.710	$373.836	$43.078	$416.915
FY 2012	$347.960	$48.640	$396.600	$44.590	$15.610	$408.160	$48.640	$456.800
FY 2013	$360.140	$50.342	$410.482	$43.700	$16.130	$419.970	$50.342	$470.312
FY 2014	$31.062	$90.019	$121.081	$42.820	$16.660	$90.542	$90.019	$180.561
FY 2015	0	96.738	$96.738	$41.970	$17.210	$59.180	$96.738	$155.918
5-yr total	$1,047.338	$328.817	$1,376.155	$225.030	$79.320	$1,351.688	$328.817	$1,680.505

The Governor's

Budget Report

Overview

Fiscal Year 2011

House Taxation
Date: 1-21-10
Attachment: 2

Readers of *The FY 2011 Governor's Budget Report* can access this information on the Kansas Division of the Budget's website at **http://budget.ks.gov**.

House Taxation
Date:
Attachment:

Kansas, like almost all states, faces an extremely difficult financial challenge for the coming budget year. As a result of the national recession, State General Fund revenue collections are forecast to drop for a fourth year in a row. Even after dramatic spending reductions over the last year, the FY 2011 budget cannot be balanced without even deeper cuts or increases to revenue.

In this context, Governor Parkinson presents a revised budget for FY 2010 and a balanced FY 2011 budget.

Budget Totals
(Dollars in Millions)

	SGF	Percent Change	All Funds	Percent Change
FY 2009 Actual	$ 6,064.4	--	$ 13,960.3	--
FY 2010 Apprv. (May 2009)	5,613.6	(7.4%)	13,050.6	(6.5%)
FY 2010 Apprv. with Shifts	5,707.9	(5.9%)	13,086.9	(6.3%)
FY 2010 Gov. Est.	5,451.1	(10.1%)	14,497.2	3.8%
FY 2011 Gov. Rec.	5,831.1	7.0%	13,726.1	(5.3%)

State General Fund

FY 2009. The original budget adopted for FY 2009 totaled $6,404.4 million. However, during the first part of the fiscal year, the Kansas economy went into recession, and revenue collections began dropping, causing the FY 2009 budget to be revised and reduced during the 2009 Legislative Session. Actual spending for the fiscal year totaled $6,064.4 million, $340.0 million below the original budget.

FY 2010. The first budget passed for FY 2010 totaled $5,613.6 million. However, revenue collections continued to decline, and by the start of the fiscal year the approved budget was out of balance even though it had been reduced $462.1 million from the year before. On July 2, the Governor announced a plan that rebalanced the budget with $160.0 million spending cuts and some transfers. In early November, a new Consensus Revenue Estimate revised revenue expectations downward even further, and the Governor rebalanced the budget with $231.6 million spending cuts and some transfers from other funds. The Governor's revised FY 2010 budget totals $5,451.1 million, almost $1 billion less than the original FY 2009 budget. Most of the revised FY 2010 budget has been put in place through allotment authority, but a few items must be authorized by the 2010 Legislature. The Governor requests the Legislature complete work on these remaining items early in the session.

FY 2011. Continued revenue drops plus increased expenditure requirements make the FY 2011 budget even more difficult. The Consensus Revenue Estimate for FY 2011 declines $122.2 million from FY 2010. Further, human service caseload estimates, the required KPERS rate increase, the resumption of debt service payments and payments to the KPERS Death and Disability Fund, and the replacement of American Recovery and Reinvestment Act (ARRA) funds, require $381.5 million more than FY 2010 just to maintain services and programs at the present level.

In order to meet these challenges, the Governor recommends additional spending reductions, an increase to revenue by raising the cigarette and tobacco tax rates, temporarily raising the sales tax and stopping some transfers from the State General Fund and increasing other transfers in. While most of the budget reductions currently in place must remain, the Governor's revenue proposals make it possible to avoid even further budget reductions. It also will allow for some prior cuts to be partially restored, such as Medicaid provider rates, a $50 Base State Aid per Pupil increase in school finance, and $10.0 million for higher education. Without the revenue increases, crippling cuts will be applied to all areas of the budget.

All Funding Sources

From all funding sources, actual spending in FY 2009 totaled $13,960.3 million, then rises to $14,497.2 million in the Governor's revised FY 2010 budget, and then drops to $13,726.1 million for FY 2011. Two factors, a substantial increase in unemployment benefits and federal ARRA funds cycling through the budget, explain the expenditure rise in FY 2010 and the drop in FY 2011.

State General Fund
FY 2009
July 1, 2008 - June 30, 2009
(Dollars in Millions)

Beginning Balance	$	526.6
Revenue:		
Actual Receipts		5,587.4
Total Available	$	6,114.0
Expenditures:		
Original Approved Budget		6,404.4
Spending Reductions		(340.0)
Total Expenditures	$	6,064.4
Ending Balance	$	49.7

State General Fund
FY 2010
July 1, 2009 - June 30, 2010
(Dollars in Millions)

Beginning Balance	$	49.7
Revenue:		
November Consensus Revenue Est.		5,300.7
Transfer from Highway Fund *		80.0
Transfer from EDIF *		5.8
Transfer from Housing Trust Fund		2.0
Cap Bioscience Authority Transfer		5.0
Transfer from Investor Education Fund *		5.0
Powerball Income Tax Windfall		3.1
Other Transfer Adjustments *		0.2
Total Available	$	5,451.5
Expenditures:		
Approved Budget (May 2009)		5,613.6
Expenditure Authority Shifting from FY 09		94.3
Governor's July Allotment		(90.1)
Human Services Consensus Estimate		24.3
Governor's November Allotment		(193.2)
Legislative Agencies *		(2.8)
Judiciary *		5.0
Total Expenditures	$	5,451.1
Ending Balance	$	0.4

All of these items were part of the Governor's July and November financial plans.

$74.0 million of this total was due to school finance bills which were not paid when due in FY 2009, but paid early in FY 2010.

The Governor's November allotment was the net of these two items.

** Requires legislative action*

Key Issues Affecting the FY 2011 Budget

(Dollars in Millions)

State General Fund Revenue is Dropping	
FY 2010 Consensus Revenue Estimate	5,300.7
FY 2011 Consensus Revenue Estimate	5,178.5
Revenue Drop	$ 122.2
New Expenditures are Required	
Human Services Caseload Estimate (includes replacement of ARRA funds)	118.4
Resume SGF Debt Service Principal Payments	36.4
KPERS Rate Increase	37.9
Resume KPERS Death & Disability Fund Payments	16.9
Replace K-12 ARRA Funds (see tables below)	171.9
New SGF Required	$ 381.5

ARRA State Fiscal Stabilization Fund (SFSF)

	FY 2010	FY 2011
K-12 School Finance	224.6	52.8
Higher Education	49.6	40.0
Dept. of Corrections (flexible portion of SFSF)	40.5	41.2

New SGF Required for School Finance

	FY 2010	FY 2011
General State Aid	1,875.4	1,875.4
SFSF	138.7	52.8
New SGF Required to Keep Funding Flat	--	85.9
Total	$ 2,014.1	$ 2,014.1
Supplemental General State Aid (LOB)	253.3	253.3
SFSF	85.9	--
New SGF Required to Keep Funding Flat	--	85.9
Total	$ 339.2	$ 339.2

State General Fund
FY 2011
July 1, 2010 - June 30, 2011
(Dollars in Millions)

Beginning Balance	$	0.4
Revenue:		
November Consensus Revenue Est.		5,178.5
Increase Sales/Comp. Use Tax Rate		308.2
Increase Cigarette/Tobacco Tax Rate		69.5
Transfer from Highway Fund		107.4
Transfer from EDIF		3.0
Transfer Expanded Lottery Act Revenues		8.0
Transfer Other Funds		13.7
Suspend SCCH Transfer		10.1
Suspend M&E Slider Payment		44.0
Cap Bioscience Authority Transfer		35.0
Stop Repayment of Loans to State Funds		34.6
Suspend Deferred Maintenance Transfer		15.0
Reduce Water Plan Fund Transfer		4.7
All Other Transfer Adjustments		(0.9)
Total Available	$	5,831.1
Expenditures:		
FY 2010 Budget		5,451.1
Reduce Education Shift		(74.0)
Human Services Consensus Estimate		118.4
Resume SGF Debt Payments		36.4
KPERS Rate Increase		37.9
Resume Death & Disability Payments		16.9
Replace K-12 ARRA Funds		171.9
Restore Medicaid Provider Rates		22.7
$50 Increase to BSAPP (K-12)		32.8
Regents Institutions Restoration		10.0
Corrections System		4.7
Judiciary		2.5
KBI DNA Lab Services		1.1
Undermarket Salary Adjustments		8.5
Net of Other Adjustments		(9.8)
Total Expenditures	$	5,831.1
Ending Balance	$	--

Temporary rate increase from 5.3% to 6.3%.

Increase rate to national average – $.79 to $1.34 on cigarettes and 10% to 40% on tobacco products.

Same amount transferred as in FY 2010.

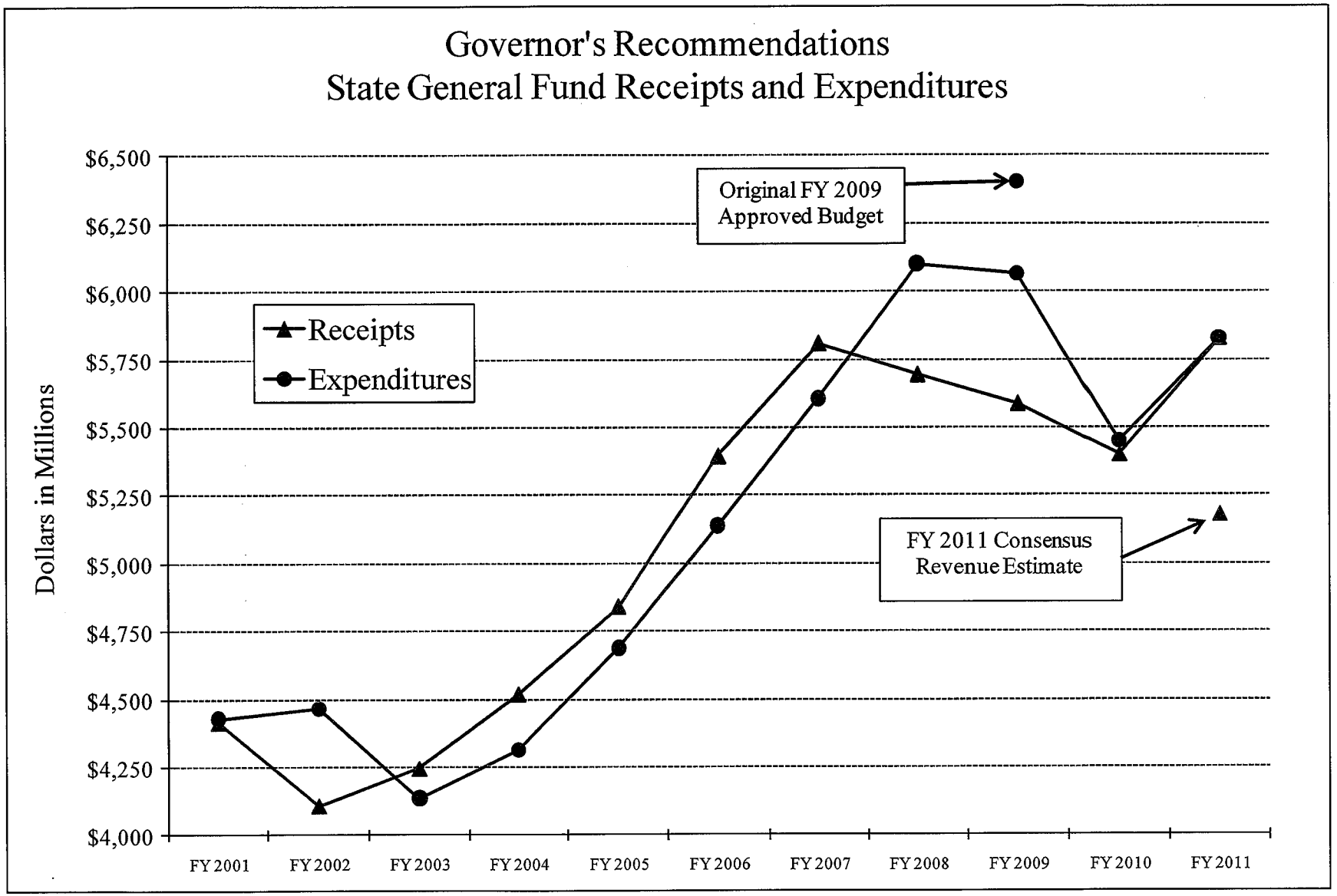
State Safety Fund	2.2
Admin. Hearings Fund	0.2
Insurance Regulation Fund	5.0
Utility Regulation Fund	1.5
Emergency Fund	1.0
Investor Education Fund	1.3
Workers Comp. Fund	0.8
Correctional Ind. Fund	0.5
Comm. on Peace Officers Fund	0.2

The FY 2010 budget includes one-time expenditures of $74.0 million to cover unpaid school finance bills carrying forward from FY 2009.

New costs that must be paid just to keep services and programs even with FY 2010.

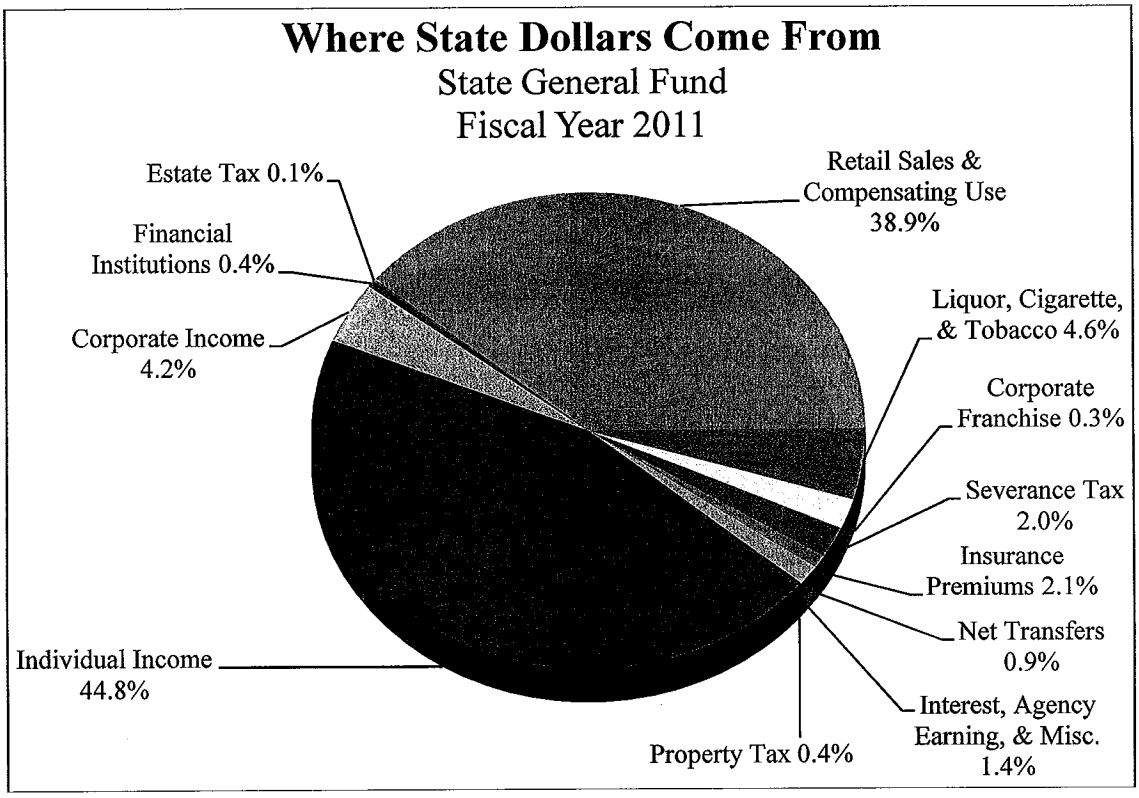
The FY 2010 budget included provider cuts that took effect in the last part of the fiscal year and saved $22.7 million.

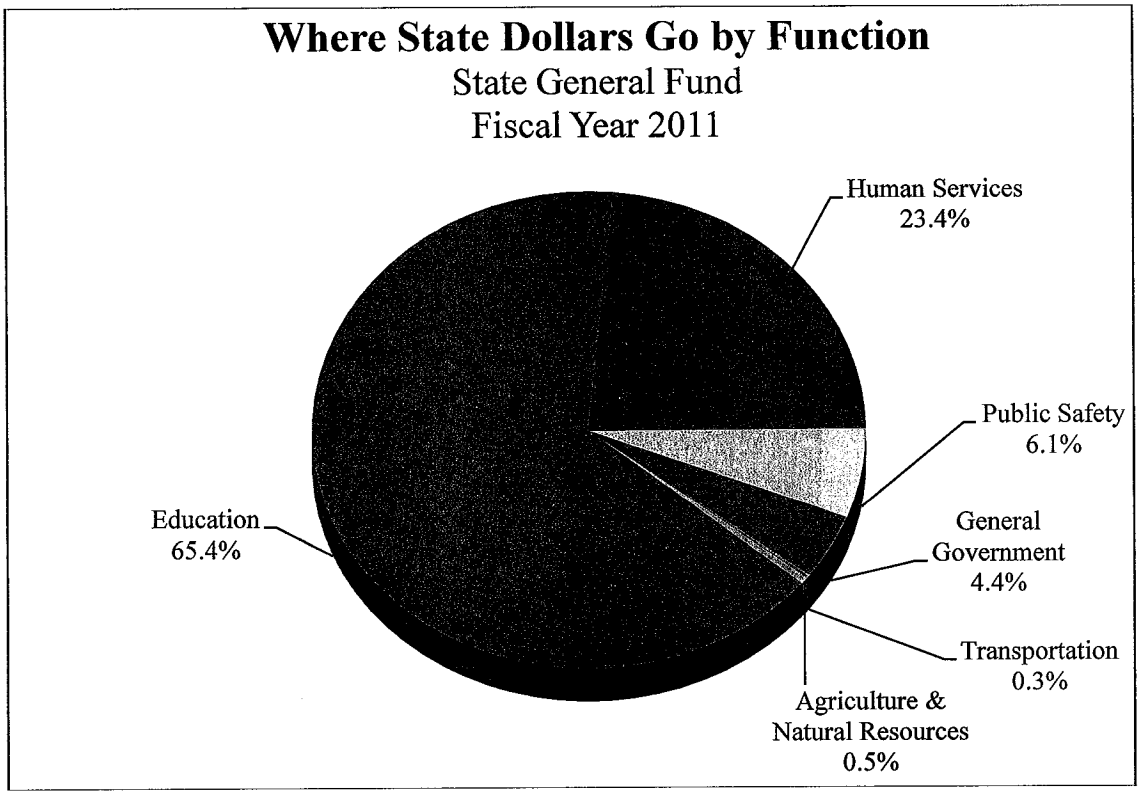
Governor's Recommendations
State General Fund Receipts and Expenditures



Consequences to State Budget if No Revenue Package is Enacted

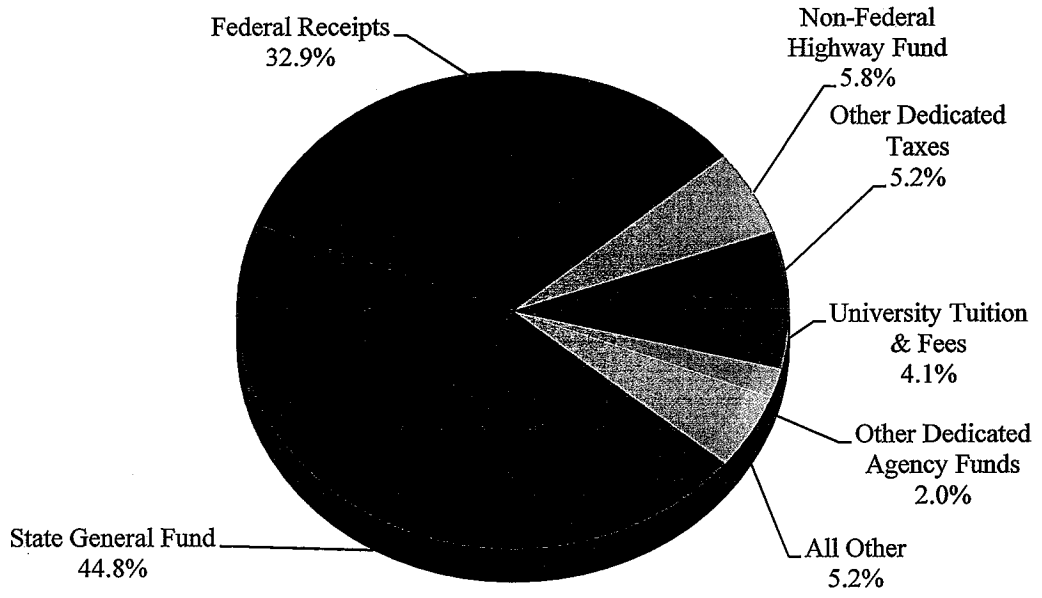
Expenditures		
Education	Reduce General State Aid to Schools	187,498,000
Education	Eliminate Mentor Teacher Program	1,450,000
Regents	Additional 2% Cut to Regents Block Grant	25,000,000
Medicaid Agencies	Leave Provider Rate Cut at 10%	77,231,000
SRS	Reduce Mental Health Grants	3,900,000
SRS	Reduce Community Develop. Disab. Org. Grants	1,300,000
Aging	Reduce SGF for Nutrition Programs	675,000
KDHE	Reduce Primary Health Care Clinics	566,663
KDHE	Reduce Local Health Departments	267,727
KDHE	Eliminate Cerebral Palsy Posture Seating	105,637
Legislative Agencies	Return to FY 2006 Expenditure Level	3,384,925
Judiciary	Reduce Court Operations	3,000,000
Corrections	Release Inmates Early and Close Cellblocks	7,366,000
Corrections	Reduce Inmate Re-Entry Programs	1,223,000
Corrections	Close Johnson & Sedgwick Co. Adult Residential Centers	2,068,000
Corrections	Reduce Intensive Supervision Programs	399,000
KBI	Continue DNA Processing Backlog	1,081,000
Veterans Commission	Close One Veterans Service Office	54,906
Agriculture/Animal Health	Merge Animal Health into Department of Agriculture	300,000
State Agencies	Eliminate Undermarket Salary Adjustments	8,534,972
State Fair	Make Bond Payment with Fee Funds	1,550,000
Wildlife & Parks	Eliminate Park Entry Discount	800,000
State Library	Reduce State Aid Additional 10%	265,000
All Other Agencies	Make Further Operational Reductions	4,600,000
Revenues		
CIF	Sweep CIF By Cutting:	
SRS	Eliminate Family Centered System of Care	5,000,000
Education	Eliminate Parent Education	7,539,500
JJA	Eliminate Prevention Program Grants	3,785,814
EDIF	Sweep EDIF By Cutting:	
KTEC	Eliminate Agency	5,990,000
WSU	Reduce EDIF Spending (NIAR Aviation Research)	5,000,000
Regents	Reduce EDIF Spending (Tech Schools)	2,745,000
Water Plan Fund	Make No SGF Transfer to Water Plan Fund	
KDHE	Reduce Contamination Remediation	226,161
Agriculture	Reduce Funding for Interstate Water Issues	137,945
Cons. Commission	Reduce Aid to Conservation Districts	634,139
KDHE	Eliminate State Match for Treece Buyout	350,000
Bioscience Authority	Reduce Cap to $30 M	5,000,000
Regents	Eliminate Faculty of Distinction Transfer	3,000,000
Regents	Eliminate Research Bonds Transfer	6,240,000
Licensing Boards	Cut Biennial Agencies 10% and Sweep to SGF	2,454,307
Total		**$ 380,723,696**


Where State Dollars Come From
State General Fund
Fiscal Year 2011
Estate Tax 0.1%
Retail Sales & Compensating Use 38.9%
Financial Institutions 0.4%
Liquor, Cigarette, & Tobacco 4.6%
Corporate Income 4.2%
Corporate Franchise 0.3%
Severance Tax 2.0%
Insurance Premiums 2.1%
Net Transfers 0.9%
Individual Income 44.8%
Interest, Agency Earning, & Misc. 1.4%
Property Tax 0.4%


Where State Dollars Go by Function
State General Fund
Fiscal Year 2011
Human Services 23.4%
Public Safety 6.1%
Education 65.4%
General Government 4.4%
Transportation 0.3%
Agriculture & Natural Resources 0.5%

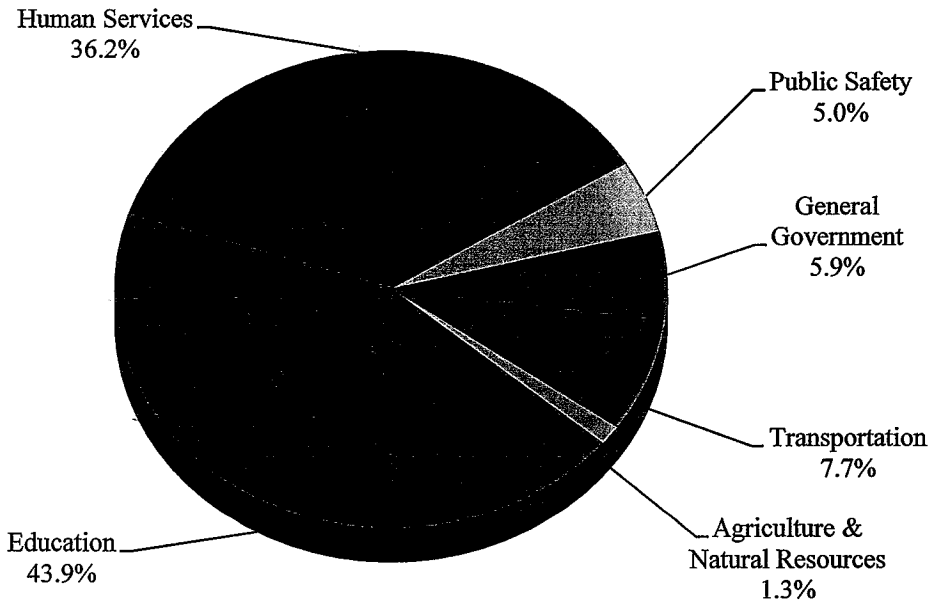
How the All Funds Budget Is Financed

All Sources of Funding
Fiscal Year 2011



Where State Dollars Go by Function

All Sources of Funding*
Fiscal Year 2011



**Excludes non-reportable expenditures*

KANSAS ASSOCIATION OF SCHOOL BOARDS

1420 SW Arrowhead Road • Topeka, Kansas 66604-4024
785-273-3600

Testimony before the
House Committee on Taxation
on
HB 2475

by

Mark Tallman, Assistant Executive Director/Advocacy
Kansas Association of School Boards

January 21, 2010

Mr. Chairman, Members of the Committee:

Thank you for the opportunity to testify on **HB 2475**. We appear in support of increasing state revenue to avoid deeper, damaging cuts in K-12 education funding and other important state programs.

We believe the one-cent sales tax is acceptable, but we are certainly willing to consider other proposals to raise funding. In December, our Delegate Assembly adopted the following statement:

"After hundreds of millions of dollars in spending cuts, the Governor and Legislature must find ways to provide the revenue necessary to fund the cost of high educational outcomes and other vital public services. The Legislature must evaluate recent tax reductions, tax exemptions and credits, and broad-based tax rates in the same manner as state expenditures."

This position was supported by school board members are who not only elected officials, subject and responsible to the voters, but also businessmen and women and family members just like other Kansans. School board members, by state law, serve without compensation. They have no economic benefit for a tax increase. Through our policy-setting process, they have decided not raising taxes is a good choice, but continuing to cut spending is a worse choice.

I. We support increasing state revenue because our members believe the following:

A. As a state, we must improve educational attainment for legal, moral and educational reasons.

1. Legal responsibilities of school districts

a. The Legislature requires improvement in student academic performance as a condition of school accreditation. (School District Finance and Quality Performance Act.) *SEE CHARTS, PAGE 5*

House Taxation
Date: 1-21-10
Attachment: #3

b. Pursuant to that requirement, the Kansas State Board of Education has imposed the Adequate Yearly Progress requirements under No Child Left Behind upon school districts.

c. Under No Child Left Behind, the federal government imposes sanctions on schools that do not meet AYP.

d. Schools and districts failing to make AYP are placed "on improvement" and subject to public approbation.

2. Moral duty to provide equal opportunity for all.

There are deep historical differences in educational attainment, which both reflect and cause differences on social conditions. Giving all students a real chance at the American Dream requires giving all students a high quality education.

3. Economic value of education: You earn what you learn.

The economic value of educational attainment is significant and growing. *SEE CHARTS, PAGE 6*

B. Funding is a critically important component of educational quality and improvement. We know this because:

1. Legislative Post Audit studies determined:

a. In Kansas, there was a strong correlation between spending and academic results, even if this is not true in other cases or studies.

b. It costs far more to educate certain groups of students than others (the achievement gap), and funding for these groups was too low. Much of the funding added in recent years was targeted at these groups.

c. The cost of meeting Adequate Yearly Progress requirements will continue to increase. *SEE CHART, PAGE 7*

2. Student performance increased as funding increased.

a. Scores on Kansas assessments improved for 10 straight years and the achievement gap has narrowed.

b. ACT scores increased – more than the national and regional average.

c. National Assessment of Education Progress scores increased, along with national ranking.

d. These results happened even though the percentage of harder-to-educate students increased.

3. High achievement states spend more than low achievement states.

a. States with the highest academic results on average spend more than lower achievers. *SEE TABLES, PAGE 8*

b. Higher spending states in the region, like Kansas, get better academic results. *SEE TABLE, PAGE 9*

4. Legislative policy supports increased funding to improve education.

The Legislature has repeatedly, with bi-partisan support, increased local authority to spend more money, in response to arguments that higher funding fosters higher quality and local excellence.

5. Public action recognizes the importance of funding.
Over the past 10 years, local funding has increased more than state funding, rising from 31.5 percent in 2000 to 34.7 percent in 2009. Local funds are either approved by local school boards, accountable to the voters, for the LOB; are subject to protest petition (LOB, capital outlay), or require a public vote (bond issues).

C. We believe education funding and the positive results achieved are threatened as follows:

1. State aid cuts in the current year.
The base budget per pupil is now $4,012, $421 or 9.5 percent below last year. With November's allotments, school districts will have to reduce general fund budgets by $82.7 million below their *published* budgets for the current year. The reduced budgets will be **$205.5 million below last year's final general fund budgets**.

2. Funding cuts equal position cuts equal reduced programs and services for students.
Position cuts would have been greater if not for (1) increased local funding through LOB, cost-of-living and other local sources, including student fees; (2) increased federal funding for Title I, which expires in FY 2012, and (3) increased at-risk weighting, which must be used for at-risk services.

3. Potential reductions in FY 2011 without additional revenue.

a. The Governor has proposed reducing $187.5 million in state general state aid, or about $286 per pupil (7.1 percent); plus elimination of mentor teacher aid ($1.45 million) and parents as teachers ($7.5 million).

b. These cuts of $196.5 million equal 51.6 percent of the "deficit" in the Governor's budget, about K-12's share of the state general fund. Protecting other programs would result in higher cuts for education; reducing education cuts would require more cuts to other state needs.

c. Without more *state* revenue, the only way to mitigate these cuts is to raise *local* taxes, which for most districts will require more LOB authority, more local property tax, and more state equalization aid.

II. We believe raising revenue, including this proposal, is acceptable for the following reasons:

A. The state tax burden has *not* been rising.
According to Kansas Tax Facts (page 3), state and local taxes as a percent of local income were 10.82 in FY 2009, the lowest in five years and, in fact, lower than 1990 or 2000. Had the $300 million sales tax increase proposed in this bill been added to tax collected, the tax burden would have been 11.1 percent - still the lowest since 2004 and average by historical measures.

B. We do not believe a reasonable tax increase will harm the state economy.

1. After tax increases in both 1992 (for school finance) and 2002 (to avoid deeper budget cuts), the economy boomed, allowing state tax cuts in both the late 1990s and 2000s.

2. States with higher tax rates are just as likely to be high income states as those with lower taxes. *SEE TABLE, PAGE 10*

3. Improving education helps the economy by increasing productivity and wages, attracting high skill/high wage businesses, and giving citizens more money to spend and invest.

4. Public spending isn't a drain on the economy; it's immediately reinvested in direct spending (usually with Kansas businesses) and wages (that are usually spent with Kansas businesses.)

5. Cutting state funding reduces jobs, wages and spending, which pulls money out of the economy.

C. A sales tax increase is acceptable.

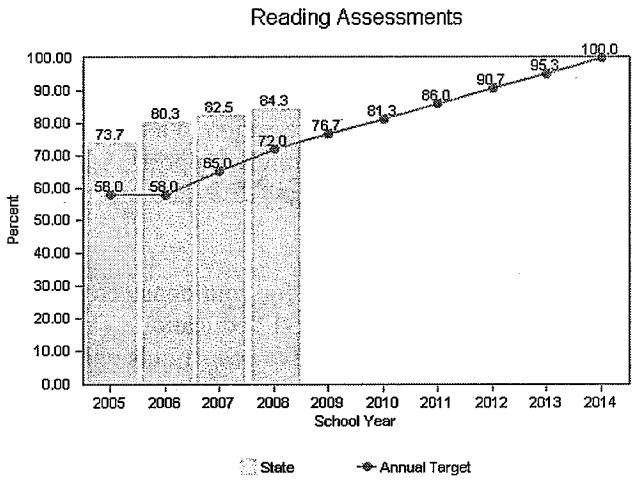
1. Although a sales tax is regressive, cutting education and social services hurts the poor even more. For example, the lifetime loss of income for a high school drop-out is likely far more than another one-cent sales tax.

2. The sales tax has also been falling as a percent of state and local revenue, from 28.6 percent in FY 2000 to 25.7 percent in 2009 (Tax Facts). It is the property tax that has been rising – and will likely continue to, more so if education funding is cut and schools turn to more local revenues. Our members believe the property tax is the least popular tax, and the sales tax least unpopular.

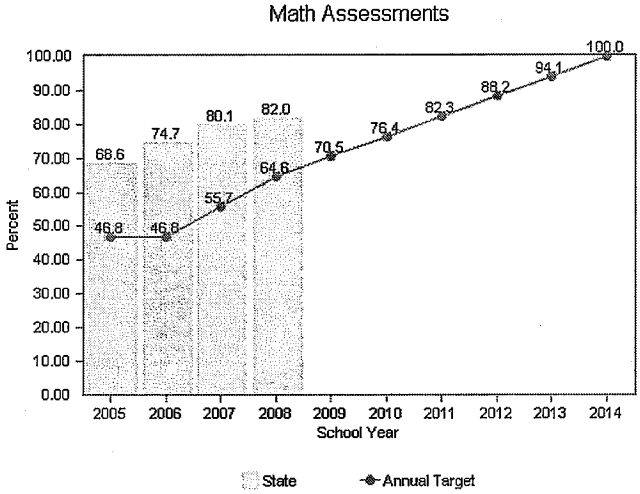
3. A temporary increase in the sales taxes could help transition to a modified tax system if the Legislature approved a study of overall tax policy, which we strongly support. A higher sales tax would move toward both a more **balanced** system (among property, sales and income), or a more **consumption-based** system.

In conclusion, KASB understands there are no good options for your consideration. State spending has increased to meet the cost of important services, including K-12 education. The state has addressed the current budget critics through significant cuts in spending. We believe deeper cuts will harm both the current and long-term economic outlook for Kansas more than proposed increases in revenue.

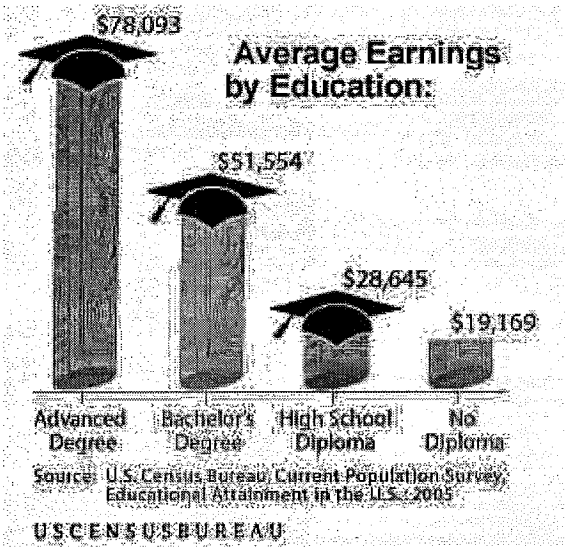
No Child Left Behind Requirements



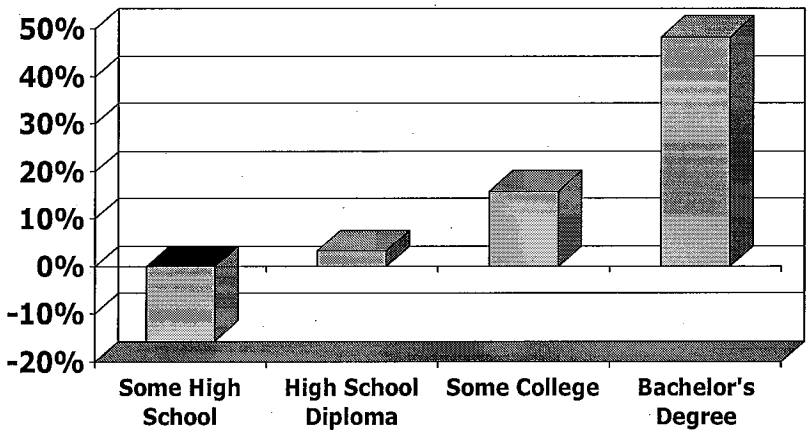
No Child Left Behind Requirements



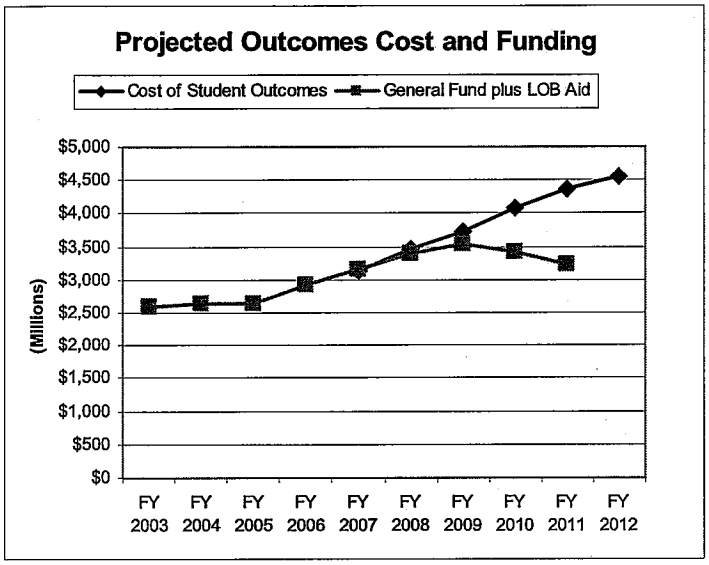
Learning Equals Earning



Change in Family Income by Education
1973-2007



3-6


Projected Outcomes Cost and Funding
Cost of Student Outcomes
General Fund plus LOB Aid
(Millions)
$5,000
$4,500
$4,000
$3,500
$3,000
$2,500
$2,000
$1,500
$1,000
$500
$0
FY 2003
FY 2004
FY 2005
FY 2006
FY 2007
FY 2008
FY 2009
FY 2010
FY 2011
FY 2012

Tables for January 21 Testimony

Table One: National Measure of Education Performance and Spending Per Pupil

Average Rank in Six Education Measures for Each State, with 2005-06 Current Spending per Pupil										
Top 10 Education Ranking		Second 10 Education Ranking		Third 10 Education Ranking		Fourth 10 Education Ranking		Bottom 10 Education Ranking	
4.7 Vermont	$12,614	15.8 Colorado	$8,057	21.2 Iowa	$8,360	29.0 Idaho	$6,440	37.8 Oklahoma	$6,961
5.7 Massachusetts	$11,981	16.2 Utah	$5,437	21.7 Wyoming	$11,197	29.8 Missouri	$8,107	38.7 S. Carolina	$8,091
8.5 N. Hampshire	$10,079	17.2 Washington	$7,830	22.5 S. Dakota	$7,651	30.2 Florida	$7,759	39.0 Kentucky	$7,662
9.0 Minnesota	$9,138	17.2 N. Dakota	$8,603	23.5 Illinois	$9,149	30.3 Indiana	$8,793	39.3 Tennessee	$6,883
9.2 New Jersey	$14,630	17.5 Maine	$10,586	23.5 Oregon	$8,545	33.2 N. Carolina	$7,388	41.0 West Virginia	$9.352
9.7 Connecticut	$12,323	17.5 Pennsylvania	$11,028	23.8 Ohio	$9,598	33.7 California	$8,486	41.5 Arkansas	$7,927
11.2 Kansas	**$8,392**	18.5 Wisconsin	$9,970	24.7 Delaware	$11,666	34.8 Georgia	$8,565	42.5 Louisiana	$8,402
11.3 Montana	$8,581	19.0 Nebraska	$8,736	25.3 Rhode Island	$11,769	35.0 Arizona	$6,472	43.7 Nevada	$7,345
13.8 Virginia	$9,447	20.3 New York	$14,884	26.7 Alaska	$11.460	35.7 Texas	$7,561	44.0 Alabama	$7,646
14.5 Maryland	$10,670	21.2 Hawaii	$9,876	27.5 Michigan	$9,572	36.7 New Mexico	$8,086	49.5 Mississippi	$7,221
Average per pupil:	**$10,786**	**Average per pupil:**	**$9,501**	**Average per pupil:**	**$9,893**	**Average per pupil:**	**$7,766**	**Average per pupil:**	**$7,749**

Table Two: Regional Measure of Education Performance and Spending Per Pupil

	2006 Funding Per Pupil (with Regional Rank)		Educational Achievement (with Regional Rank)			
			High School Completers	ACT	2007 NAEP Combined	
State	Total Revenue	Current Spending	Percent of 18- to 24-year-olds	2008 Score	Basic or Above	Proficient or Above
Minnesota	$11,010 (1)	$9,138 (1)	84.0 (3)	22.6 (1)	321 (3)	168 (1)
Nebraska	$10,541 (2)	$8,736 (2)	84.0 (3)	22.1 (3)	304 (6)	143 (7)
Kansas	**$9,973 (3)**	**$8,392 (4)**	**84.2 (2)**	**22.0 (4)**	**323 (2)**	**162 (2)**
N. Dakota	$9,815 (4)	$8,603 (3)	88.4 (1)	21.6 (6)	336 (1)	154 (3)
Iowa	$9,771 (5)	$8,360 (5)	83.8 (5)	22.4 (2)	318 (5)	150 (5)
Missouri	$9,585 (6)	$8,107 (6)	80.8 (7)	21.6 (6)	296 (8)	131 (8)
Colorado	$9,285 (7)	$8,057 (7)	80.4 (8)	20.5 (8)	306 (7)	149 (6)
S. Dakota	$8,904 (8)	$7,651 (8)	81.2 (6)	22.0 (4)	321 (4)	151 (4)
Oklahoma	$8,069 (9)	$6,961 (9)	79.2 (9)	20.7 (9)	285 (9)	107 (9)
U.S.	*$10,771*	*$9,138*	*80.4*	*21.1*	*290*	*131*

State Per Capita Income, Tax Burden and Education Attainment

State Rank	State Name	Per Capita Income 2007	Tax Collections: % of Personal Income	Taxes: % of Personal Income (State Rank)	Education Attainment Ranking
1	Connecticut	$54,981	11.9	15	2
2	New Jersey	$49,511	12.5	9	9
3	Massachusetts	$48,995	10.9	35	3
4	Wyoming	$47,047	16.6	1	27
5	Maryland	$46,471	11.1	30	5
6	New York	$46,364	15.7	2	16
7	California	$41,805	12.1	13	28
8	Virginia	$41,727	10.5	42	11
9	New Hampshire	$41,639	9.2	49	5
10	Washington	$41,203	11.2	28	14
	10 State Average		**12.17**	**22.4**	**12**
11	Colorado	$41,192	9.8	46	11
12	Minnesota	$41,105	11.8	19	5
13	Illinois	$41,012	11.2	27	18
14	Delaware	$40,112	11.6	23	28
15	Alaska	$40,042	15.1	3	24
16	Nevada	$39,853	10.8	38	48
17	Rhode Island	$39,829	12.2	12	18
18	Hawaii	$39,242	14	6	4
19	Pennsylvania	$38,793	11.4	25	22
20	Florida	$38,417	10.8	40	32
	10 State Average		**11.87**	**23.9**	**21**
21	Vermont	$37,483	13.5	7	1
22	Texas	$37,083	10	45	45
23	Kansas	$36,525	11.7	22	10
24	Nebraska	$36,372	11.9	14	15
25	Wisconsin	$36,272	12.3	11	20
26	North Dakota	$36,082	11.7	21	23
27	South Dakota	$35,760	9.1	50	30
28	Oregon	$35,143	10.8	39	21
29	Louisiana	$35,100	14.3	5	43
30	Oklahoma	$34,997	10.6	41	40
	10 State Average		**11.59**	**25.5**	**24.8**
31	Iowa	$34,916	10	34	26
32	Ohio	$34,468	11.8	17	31
33	Michigan	$34,423	10.9	37	25
34	Maine	$33,991	14.3	4	17
35	Missouri	$33,964	10.1	44	32
36	North Carolina	$33,735	11.3	26	38
37	Georgia	$33,499	10.9	36	36
38	Tennessee	$33,395	9.3	48	41
39	Montana	$33,225	11.1	32	11
40	Indiana	$33,215	11.9	16	39
	10 State Average		**11.16**	**29.4**	**29.6**
41	Arizona	$32,833	11	33	35
42	Alabama	$32,419	9.6	47	47
43	Idaho	$31,804	11.2	29	37
44	South Carolina	$31,103	10.3	43	42
45	Kentucky	$30,824	11.5	24	46
46	New Mexico	$30,706	12.9	8	34
47	Arkansas	$30,177	11.7	20	49
48	Utah	$29,831	11.8	18	8
49	West Virginia	$29,385	12.3	10	44
50	Mississippi	$28,541	11.1	31	50
	10 State Average		**11.34**	**26.3**	**39.2**

State Ranking of Educational Attainment

State Name	2007 NAEP Combined Basic	2007 NAEP Combined Proficient	18-24 High School Completers	High School Grads	Bachelors Degree	Advanced Degree	Average Rank All Measures	2005-06 Total Current Expenditures Per Pupil	Quintile Average
Vermont	3	3	3	6	7	6	4.7	$12,614	
Massachusetts	1	1	10	19	1	2	5.7	$11,981	
New Hampshire	5	4	19	5	8	10	8.5	$10,079	
Minnesota	8	4	11	1	11	19	9.0	$9,138	
New Jersey	6	2	9	26	5	7	9.2	$14,630	
Connecticut	19	9	6	17	4	3	9.7	$12,323	
Kansas	7	6	8	13	16	17	11.2	$8,392	
Montana	3	8	5	4	19	29	11.3	$8,581	
Virginia	13	13	18	28	6	5	13.8	$9,447	
Maryland	25	20	16	23	2	1	14.5	$10,670	$10,786
Colorado	21	17	30	17	3	7	15.8	$8,057	
Utah	27	26	4	2	16	22	16.2	$5,437	
Washington	22	15	34	9	10	13	17.2	$7,830	
North Dakota	2	10	2	16	25	48	17.2	$8,603	
Maine	11	17	15	12	24	26	17.5	$10,586	
Pennsylvania	15	7	13	24	27	19	17.5	$11,028	
Wisconsin	20	11	7	14	30	29	18.5	$9,970	
Nebraska	23	22	11	8	21	29	19.0	$8,736	
New York	26	23	26	34	9	4	20.3	$14,884	
Hawaii	44	44	1	9	12	17	21.2	$9,876	$9,501
Iowa	12	15	13	11	36	40	21.2	$8,360	
Wyoming	10	17	21	3	39	40	21.7	$11,197	
South Dakota	9	12	25	15	31	43	22.5	$7,651	
Illinois	32	31	21	30	15	12	23.5	$9,149	
Oregon	31	28	28	20	18	16	23.5	$8,545	
Ohio	14	11	24	24	38	32	23.8	$9,598	
Delaware	16	25	46	27	20	14	24.7	$11,633	
Rhode Island	39	35	19	37	13	9	25.3	$11,769	
Alaska	34	33	44	7	21	21	26.7	$11,460	
Michigan	36	33	17	22	34	23	27.5	$9,572	$9,893
Idaho	18	23	30	21	37	45	29.0	$6,440	
Missouri	28	30	27	31	35	28	29.8	$8,107	
Florida	29	31	35	32	28	26	30.2	$7,759	
Indiana	17	21	38	29	42	35	30.3	$8,793	
North Carolina	30	28	39	39	31	32	33.2	$7,388	
California	49	46	33	45	14	15	33.7	$8,486	
Georgia	38	39	48	38	23	23	34.8	$8,565	
Arizona	43	41	41	36	26	23	35.0	$6,472	
Texas	24	27	46	49	33	35	35.7	$7,561	
New Mexico	48	48	45	40	28	11	36.7	$8,086	$7,766
Oklahoma	35	40	36	33	41	42	37.8	$6,961	
South Carolina	40	36	39	41	39	37	38.7	$8,091	
Kentucky	33	36	37	47	47	34	39.0	$7,662	
Tennessee	42	41	29	43	42	39	39.3	$6,883	
West Virginia	41	43	23	42	50	47	41.0	$9,352	
Arkansas	37	38	32	44	49	49	41.5	$7,927	
Louisiana	46	48	41	28	46	46	42.5	$8,402	
Nevada	45	45	50	35	45	42	43.7	$7,345	
Alabama	47	47	43	45	44	38	44.0	$7,646	
Mississippi	50	50	49	50	48	50	49.5	$7,221	$7,749

Statewide Independent Living Council of Kansas **SILCK**

700 S.W. Jackson, Suite 212, Topeka, KS 66603 ☎ (785) 234-6990 voice / tdd ☎ (785) 234-6651 fax

Testimony to House Taxation Committee
Shannon Jones (SILCK)
In Support of HB 2475

January 21, 2010

Mr. Chairman and Members of the Committee:

My name is Shannon Jones. I am the director of the Statewide Independent Living Council of Kansas, (SILCK). The SILCK envisions a world in which people with disabilities are valued equally and participate fully. To realize that vision, the SILCK works closely with the 12 Centers for Independent Living to promote productivity and economic self sufficiency for people with all types of disabilities.

The SILCK supports a one cent increase in the sales tax.

I underline that support with good reasons. In terms of economic development, the state has invested in home and community based services (HCBS) for the past 25 to 30 years to enable folks with disabilities to enhance their independence, productivity and economic self sufficiency. That assistance provided through the HCBS programs has also benefited the economic development of the State. From the latest census information, we find that nationally there are approximately 24% of persons with disabilities to be in the job market. In KS that percentage is approximately 54%. More than double.

Through the support of the State many individuals are working and paying taxes. Their hourly wage on average is $7.98 compared to the federal minimum wage of $7.25. Persons with disabilities who are working also pay premiums to ensure their continuation of Medicaid support. That means in FY 2008 these persons paid $717,362 in Medicaid premiums.

Promoting competitive, integrated employment or self-employment, and offering these as an option for individuals with all types of disabilities, including those with developmental disabilities, will result in less dependence on publicly financed programs for some people, and a complete break from these financial supports for others.

House Taxation
Date: 1-21-10
Attachment: #4

Persons with a disability want to work and can work if they are provided the necessary supports and are able to accomplish that goal through participation in the Home and Community Services program. These individuals have become taxpayers. The KU School of Social Work did a five year study of 218-228 persons and found in that five year period, the group paid a total of $117,122 in state taxes. The Federal Adjusted Gross Income of continuously enrolled participants was approximately $7.8M.

We recognize the regressive nature of a sales tax. However, I would point out the steps the state has taken to mitigate that problem;

- For the Tax Year 06 there were 285,000 claims for food sales tax refund paying out approximately $36M. The average payment was $120.

- For Fiscal Year 08 there 96,020 homestead refunds paying out approximately $31M. The average payment was $324.

- The Earned Income Tax Credit provided a $47M. benefit to low-income families.

We think, through these programs, a substantial number of persons we would consider as poor or low-come are covered. When the number of persons affected by the above programs are compared to the numbers of persons getting Medicaid and Food stamps; we find the total figures are comparable.

The SILCK is in support of a one cent tax increase because the HCBS programs currently provides services to 7000 persons on HCBS/PD who need these services to remain in their own homes and community and to be productive in our Kansas society. There is also an urgent need for the 1800 persons on the waiting list who need HCBS to stay at home and have a shot at making it in the job market and be productive in their communities.

Let me say also, if these persons and their families and their friends were asked, would they pay an extra penny to be assured of these services on an ongoing basis; I am sure the answer would come back with a resounding YES.

I will stand for questions.

KANSAS ACTION FOR CHILDREN
Shaping policy that puts children first

Kansas Action for Children Inc.
720 SW Jackson | Suite 201
Topeka, KS 66603

P 785-232-0550 | F 785-232-0699
kac@kac.org | www.kac.org

Celebrating 30 years
of child advocacy

House Taxation Committee
January 21, 2010

Gary Brunk, president
Kansas Action for Children

Re: HB 2475

Thank you, Chairman Carlson and members of the committee for this opportunity to submit testimony.

Kansas Action for Children is a not-for-profit child advocacy organization that has been in existence since 1979. We work to promote policies that improve child well-being in the areas of health, education and family economic success.

The budget and tax decisions the Legislature will make this Session are, at their core, decisions about what we want for the future of our state. As Kansans, we have to make decisions today that will give our state the best possible chance to thrive in the future. For example, we need to give kids resources today so that they can develop and prepare for the future, so they can be competitive in the world economy, so that they can give back to our state as taxpayers and as community leaders.

So, budget and tax decisions are the way we solidify our future by putting our money into maintaining and strengthening our people, our infrastructure and our communities. It is the way we create the future we want for our state.

The budget shortfall that we face is not entirely a function of a struggling economy. We know that our state's current tax structure is no longer keeping pace with public infrastructure costs. Although major components of the Kansas tax structure have been in place for quite some time, the strength of our tax policy has been eroded little by little through legislative action each year. In the past four years alone, tax cuts - including the elimination of the estate tax and the franchise tax - have resulted in lost revenues from the State General Fund of almost $180 million this fiscal year alone. This loss to our tax base will grow to $209 million dollars in fiscal year 2010.

For the past several years Kansas Action for Children has called for the creation of a bi-partisan commission to perform a top-to-bottom review of our current tax system. This commission would then be charged with presenting citizens, the Legislature and the Governor with a proposal for bringing our tax structure into the 21st century. We continue to believe such a commission is necessary, but in its absence, we are faced with the immediate need to balance state revenues and expenditures.

House Taxation
Date: 1-21-10
Attachment: #5

Balance is a good word in this context, because the best solution for Kansas will be a balanced approach that combines both prudent cuts and prudent revenue increases. From the perspective of good management and good public policy, a revenue increase is necessary in order to maintain the public infrastructure that our state and our citizens rely upon.

We support the proposal for a sales tax increase, but not without reservation. The sales tax – which is already a regressive system – places a larger burden on middle- and low-income families. These families are already paying proportionally more taxes than high-income families, and an increase to the sales tax will only exacerbate that problem.

An alternative to the sales tax increase and a first step toward balancing the tax burden in our state, would be to put a menu of revenue options on the table, including expanding the sales tax on certain services, modernizing the income tax, and eliminating some of the many tax exemptions and credits. However, in lieu of a full consideration of the revenue options, we do support HB 2475 as a means to protect the programs and services Kansas children and families depend upon and to protect the infrastructure our state was built upon.

Thank you, Chairman Carlson and members of the committee for your time and thoughtful consideration.

Peter C. Roman
Kansas Families for Education

House Taxation Committee – January 21, 2010
HB2745 – Governor Parkinson's proposal 1% Sales Tax Increase

My name is Pete Roman. I appear before the committee today as a Kansas taxpayer, a Kansas homeowner, the father of four kids who have graduated from Kansas public schools, as a board member of Kansas Families for Education, as someone who aspired to work in this august legislature and finally, as one of the thousands of Kansans currently unemployed as a result of the recession.

I urge the committee to adopt the Governor's proposal for a 1% sales tax increase. I do not make this endorsement easily or casually. I know only too well that sales taxes fall hardest on those who must devote a larger share of their resources to necessities such as food, clothing, health care, housing and utilities.

But we have to look past the current economic cycle, and take the long view. There is no painless solution to our current situation. The legislature has reduced our stream of revenue for several years when times were good, and now it is time to restore that revenue to protect our citizens' quality of life.

We hear a lot of talk these days about "living within our means," and I understand that; I live it every day. But for me, living within my means does not mean making foolish choices. During the recent cold wave, I continued to heat my house, because replacing frozen pipes would have cost much more. I continue to change the oil in my car, because an engine overhaul would cost much more. It is precisely because my income has been reduced that it is imperative for me to preserve the things that I have.

The same applies to the state of Kansas. Now, more than ever, we have to make smart choices. Neglect and decline are the huge expenses that await us down the road if we fail to properly maintain the public infrastructure and public institutions we now have – infrastructure and institutions that are the necessities for economic recovery.

We have an excellent quality of life in Kansas, even during difficult times. We have a superior road system, excellent schools, and a quality support system for the disabled, the elderly and other vulnerable citizens. We have a low crime rate, clean water, and great universities, all of the things that make Kansas appealing to employers, homebuyers and customers.

In the state as in the business world, you cannot save your way to growth; you have to make prudent investments in the things that matter most. Kansas has grown in the past because previous generations sacrificed to make these investments. We cannot offer people broad sandy beaches, stunning mountain vistas or 300 days of warm sunshine a year, like some other states. Our quality of life is our selling point, and if we don't do what is necessary to preserve it, we will never grow our way out of our current situation.

I encourage the members of the committee to say no to any more new revenue reductions, to consider the recommendations of the Kansas Advisory Council on Intergovernmental Relations with regard to the many tax exemptions already issued and to look for new revenue streams that provide the services Kansans depend on for a quality life in our great state.

Nobody likes to pay taxes. I'm not looking forward to an extra 1 percent on the bill every time I go to the grocery store. But I recognize it for what it is: an investment in my community and my state for a prosperous future for me, and for my children.

Making public schools great for every child

KANSAS NATIONAL EDUCATION ASSOCIATION / 715 SW 10TH AVENUE / TOPEKA, KANSAS 66612-1686

Mark Desetti, Testimony
Kansas National Education Association

House Taxation Committee
January 21, 2010

HB 2475: Governor Parkinson's proposal for a 1% Sales Tax Increase

Mr. Chairman, members of the Committee, thank you for the opportunity to appear before you today to share our thoughts on Governor Parkinson's proposal for a 1% Sales Tax Increase.

We believe that it is time for the Legislature to put revenue on the table. For some time now the Kansas legislature has been in the habit of passing revenue reductions. These reductions have exacerbated the impact of the recession on the budgetary problems you faced last year and are facing again this year.

Throughout 2009, you reacted to the recession and budget shortfall by cutting state spending in every program. You have looked everywhere for savings and efficiencies. But now every state program is suffering. You have probably heard it said by every agency that the cuts so far enacted have reached the bone.

You have also heard that schools – K-12 education in particular – were not harmed. That spending is nearly identical to the prior year. I think it is advisable to consider two reactions to that statement:

1. Schools benefited from the passage of the American Recovery and Reinvestment Act (ARRA) fiscal stabilization fund and additional federal funding for certain programs, particularly Title I and IDEA (Special Education). These ARRA funds allowed general state aid to decline significantly and to be "backfilled" with federal aid. While this was helpful, we are looking to a day in the near future when the ARRA funds disappear. At that time, we in K-12 and higher education will find ourselves peering over the edge of a cliff. Much of these federal funds will disappear leaving only the hole that they had temporarily filled.

2. While the fiscal stabilization funds helped all school districts, the additional Title I and IDEA funds are different. These funds are restricted and targeted to specific populations. They are not distributed equally across the education spectrum. They are very important to the schools with large concentrations of poverty or special education students but there are some schools that do not benefit nearly as much from these funds. It is not accurate to depict the additional Title I and IDEA funds as helping all schools.

We are led to the conclusion that without additional revenue, our education system will soon experience cuts to the bone.

Telephone: (785) 232-8271 FAX: (785) 232-6012 Web Page: www.knea.org

Because of this, and because we have witnessed the devastation to other state services that did not benefit from ARRA funds to the same degree that education did, we rise in support of a revenue solution to this budgetary crisis.

We leave it to the Legislature to determine what the best revenue raising solution is. We know that there are concerns specific to raising any particular tax. There are concerns about whether the tax is regressive or progressive, whether it is elastic, or whether or not it is too targeted to a specific population. We understand those concerns and we know that you must weigh all of them.

But the simple fact is that Kansans are suffering due to budget cuts and, if more cuts are imposed, that suffering will increase.

We believe that the measure of a society is in how it treats its most vulnerable citizens. The impact of these cuts on every agency is troublesome. We believe that we must consider how we intend to provide for every Kansan with a disability, for every Kansan in a mental health crisis, for every Kansas senior needing assistance to continue living in his or her home or depending on the care they receive in nursing homes, for the safety we all enjoy thanks to our public safety officers, and for every Kansas child moving through our schools whose parents look forward to the day when that child will graduate with a world-class education and take his or her place as a contributing member of our society.

As the Governor said in his State of the State speech, he is less tied to how you raise revenue than he is to the fact that you need to raise revenue to prevent more crippling cuts.

We urge you to hold the line on new tax cuts, to examine the recommendations of the Kansas Advisory Council on Intergovernmental Relations, and to pass a revenue package that provides for strong Kansas communities and the services upon which so many Kansans depend.

Testimony in support of tax increase
January 21, 2010
Megan Greene

My local school board in Lawrence, like school boards all over Kansas, is facing a really difficult challenge right now. It's having to search for still more ways to cut from its budget for next year, and although many of the choices they've already had to make have been difficult ones that have hurt the local economy and led to job losses, the ones they're about to have to make are even worse. Virtually all of the solutions they're looking at involve firing large numbers of teachers and other staff and significantly raising class sizes, and one of the solutions they're talking about is to close neighborhood schools, a move that would have a devastating impact on whatever neighborhoods lose those schools. When schools are the institutional anchors for neighborhoods, their closure means loss of property values (which of course means loss of local tax revenue), loss of families in the neighborhoods, and a general decline.

My daughter is in 3rd grade and I like to think that she, and all of the children in Lawrence and all over Kansas have a really bright future ahead of them. My daughter has a truly excellent teacher (who is in his 2nd year of teaching and therefore very likely to get fired), she goes to a school that gets really high marks for student achievement, and she gets exercise every day when she walks to that school. But all of these things are in jeopardy. If many of our youngest and most talented teachers lose their jobs and schools close and neighborhoods decline, if programs like art, music and physical education get cut or significantly reduced, if kids can no longer play competitive sports or play in the band or take a foreign language in high school because there is no money to support the programs, then what kind of future do our kids have? And what kind of future does our state have?

Now I realize that these are the decisions that local school boards are having to face, and that you all aren't the ones who are actually deciding to close schools, fire teachers, and cut programs. But if you don't act to raise revenue to support public education, then in fact you will be just as responsible for these actions as local school boards are.

You have the power to change this situation, and I'm here to ask you on behalf of my daughter and all of the kids in Kansas not to make any more cuts to public education. Instead, please look for ways to increase funding for public schools. I understand that the revenue situation has been very bad, and that there may appear to be no choice other than to keep cutting in order to balance the budget. But there is a choice. There are always ways to raise more revenue, and if raising the sales tax is what we have to do to raise that revenue, then please do it. If raising income tax is what we have to do, then please do that.

In other words, I'm asking you to raise my taxes, but I'm also asking that when you do so, you make sure that a large chunk of that tax increase goes to public education. I am not the only person I know who would be happy to pay more tax if it would support the maintenance of a high standard of public education across the state of Kansas.

Serving the developmentally
disabled in Riley, Geary,
Pottawatomie, and Clay Counties

Lori B. Feldkamp
President and
Chief Executive
Officer

big lakes
developmental center, inc.

1416 Hayes Drive, Manhattan, KS 66502 Phone: 785/776-9201
Fax: 776-9830

TO: House Taxation Committee

FROM: Lori B. Feldkamp, President & CEO, Big Lakes Developmental Center, Inc.

DATE: January 21, 2010

RE: HB 2475

Good morning, my name is Lori Feldkamp and I am the President & CEO of Big Lakes Developmental Center in Manhattan. Thank you for the opportunity to speak to you today. I am here to express my support for House Bill 2475 or any other revenue enhancement necessary to restore funding cuts for people with developmental disabilities (DD). Big Lakes has provided employment and residential services for individuals with developmental disabilities for 37 years. We serve over 200 individuals with developmental disabilities. Our work makes it possible for those individuals to live and work in their community as independently as possible and at the least amount of cost for Kansas taxpayers.

I am not a tax expert, nor do I fully understand the intricacies of state tax policy. I can only speak to how tax dollars are used to support individuals with developmental disabilities and the organizations that provide those services. I am also a taxpayer. As one, I believe government has a fundamental responsibility to care for its citizens who cannot take care of themselves. Without support, many of these individuals would be in nursing homes, state hospitals, jails and homeless shelters, costing taxpayers much more money than they do now. These same individuals, because of the nature of their disability, have difficulty speaking up for themselves and their funding.

Since July 1st, dramatic cuts have been implemented to the DD system. These cuts took two forms: State General Fund (SGF) grants and the 10% HCBS/Medicaid rate cut. If not restored, almost $1 million dollars of operating revenue will be lost in FY2011, if no further cuts are implemented. This represents 13%of Big Lakes operating budget. If not restored, the health and safety of individuals with developmental disabilities will be in jeopardy; some will lose services, others will experience dramatic decreases in the amount of service they receive due to staffing cuts. Big Lakes has struggled for years to hire and retain qualified staff with the funding we receive. The cuts in funding made this year only exacerbate the problem.

Not only do these cuts represent harm to individuals with disabilities and service providers but also economic harm for our staff and for our local communities. Since the cuts were implemented by the legislature in the 2009 session, Big Lakes has either reduced hours or eliminated 19 staff positions. More staffing cuts will be implemented if funding cuts are not restored. This will only lead to increasing unemployment. Our local community will lose the buying power of over a million dollars spent by our staff and clients, which results in lost tax revenue for the state.

No one LIKES to pay taxes, myself included. However, tax dollars that are invested in community services bring additional federal money into the state, provides jobs in the community, keeps people off of unemployment, increases the state's tax base and provides the least expensive care possible for individuals with developmental disabilities; this seems to me to be a win-win for everyone. In closing, I want to reiterate my support for HB2475 or any other revenue enhancement package, which will ensure individuals with developmental disabilities, some of our most vulnerable Kansans, will not be forgotten in the budget cut shuffle. Thank you.

House Taxation
Date: 1-21-10
Attachment: #9

InterHab: The Resource Network for Kansans with Disabilities

700 SW Jackson #803

Topeka KS 66612

785-235-5103

January 21, 2010

TO: Members of the House Committee on Taxation

FR: Tom Laing, Executive Director, InterHab

RE: House Bill 2475

I represent the Board of Directors of InterHab, a statewide association of community services for persons with developmental disabilities, and on behalf of our organizations I request your support for HB 2475 as a necessary step in restoring our State's ability to finance needed services.

Coalitions supporting communities' needs:

We are among the many groups participating in Kansans for Quality Communities who recognize the challenges you face in considering this and other bills to address State finances. We understand that the current mess was created over many sessions, and won't be fully solved this session; however, we also understand – as do you – that HB 2475 or other necessary tax legislation, must be passed to move the process forward to restoring the State's financial health. We thank those of you who have already begun the hard work of finding satisfactory tax packages that can pass both houses. For those of you who are already considering ways to block all such revenue packages, we would urge for the sake of the persons we serve that you reconsider your position.

The most basic building block of tax policy in any government is this simple value: Elected leaders must establish the means by which to pay for the basic services of government.

Unfortunately, that simple value has been abandoned too often in recent years, during which tax politics replaced tax policy as the work of the tax committees in both houses.

The outcome has become budgetary chaos.

In our field, community developmental disability services, the result is cruel. The state's waiting list now exceeds 4300 persons. Community organizations, who serve those vulnerable Kansans lucky enough to NOT be on the waiting list have in the past 12 months lost every penny of progress gained in the past decade in our frustrating fight for financing adequate enough to pay adequate wages for our workers.

House Taxation
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We know that we are not alone in our frustration:

We know many community services who are in the same boat with us, and the similarities are sobering, for in almost every collapsing budget, the victims beneath the rubble are the most vulnerable citizens of Kansas. They are most often our children, our grandparents, and our neighbors with disabilities.

The canaries in the coal mine of any civilization are those – due to circumstances beyond their control – who must rely on the spirit of their community, as defined by our attitudes toward one another, and the actions that we take toward one another.

Judging by the ways in which our tax policies in recent years have contributed to a deepening misery for vulnerable Kansans, one might conclude that we no longer have any sense of community. We pray that is not the case.

We believe in a brighter prospect, that we have reached the end of the era of posturing against all taxes and all government programs.

We believe that Kansas legislators will not turn their backs on the victims of this mess, and will not allow further erosion of basic community values and vital services.

We urge you .. no more waiting lists, no more community workers in poverty, no more closed schools and crowded classrooms, and no more abandoned senior citizens.

Raise the taxes needed to keep our State a decent and caring State in which to live.

We appreciate your willingness to serve our State, and we look forward to supporting your efforts to save our State.

Thank you for receiving this testimony.

Testimony before House Taxation Committee
January 21, 2010
USD 359 Argonia Public Schools
Julie Dolley, Superintendent

Mr. Chair and Members of the House Taxation Committee:

I appreciate the opportunity to speak to you today on behalf of Argonia Public Schools and the Argonia Community in support of the Governor's proposed one cent sales tax increase. Although school districts across the state have been dealing with substantial budget cuts we have tried to make cuts up to this point without affecting student achievement. However, it will not be possible to maintain our high levels of student achievement with further budget cuts.

Our main focus has been on trying to keep the cuts in our budget from affecting student achievement. This year the Argonia school board has had to cut $120,000 from the budget that was adopted in August 2009. Changes we made at the beginning of this school year included:

- Reducing our number of bus routes. (We now have students who have a one hour bus ride to and from school each day).
- Starting school two weeks later than our usual schedule
- Eliminating one food service personnel position
- Providing no salary increases for classified and certified staff
- Eliminating cross-country and golf programs
- Delaying purchases on textbooks, computers, uniforms, and school buses

Further cuts we will be making this school year include:

- Ending the school year early (after the minimum 1,116 hours)
- Reducing after-school tutoring and summer school programs
- Eliminating all field trips
- Eliminating overtime for classified staff. (This leaves buildings not covered during part of the school day-teachers have had to assume some of this responsibility).
- Eliminating summer maintenance positions
- Continuing delays of textbook, computer, uniform, and school bus purchases. (Delaying purchases on these items will get us by in the short term, but eventually they will have to be caught up).

Without increased revenue we will be forced to make even deeper cuts next year. We are anticipating cuts between $300 and $600 per pupil. There are several changes our school board has already discussed for next year if there are additional cuts to our budget:

- Eliminating one building administrator position
- Eliminating two half-time teacher positions—one math, one vocal music.
- Decreasing food service personnel hours-may be serving cold breakfast to students instead of a hot breakfast.
- Reducing hours of para- professionals
- Eliminating a part-time secretary position
- Eliminating student insurance
- Providing no salary increases for certified or classified staff. (Health Insurance premiums are increasing so employees are actually earning less)

In spite of these budget issues, students in our school district are continuing to excel. Argonia Elementary earned its first Governor's Achievement Award on the 2009 state assessments which was awarded to only 41 other elementary schools in the state. This award is earned by making AYP in reading, math, and attendance and by being in the top 5% of all schools in both reading and math on the state assessments. In 2008 we had 42 students earn 65 Exemplary Awards and in 2009 we had 52 students earn 85 Exemplary Awards. We met the Standard of Excellence in every grade level that was tested and each of our buildings earned the Standard of Excellence in three or more subjects. Our students are doing well and continuing to improve in spite of the budget cuts the district has been forced to make. However, I do not believe our students will be able to sustain this high level of achievement with further cuts to our budget. Not having adequate time and tools to learn is sure to have a negative impact on future test scores.

On January 4th we held a community meeting to discuss the State budget crisis and how it is affecting our district. Over 70 people were in attendance. Most of them were surprised to learn that at 1 cent sales tax increase would generate over $300 million for the state. They were overwhelmingly in favor of this type of tax increase. Our patrons are willing to do whatever is necessary to keep our schools and provide us with the funds needed to maintain our students' high levels of achievement. It has become a huge struggle to figure out how to maintain the quality of education our students deserve and our parents and patrons expect without adequate funding. The State's budget crisis is bringing Kansans together with a common goal—to adequately fund our public schools.

The State cannot continue on its current path without generating revenue and supporting schools and other programs. We have a lot to be proud of in this State and the focus needs to be on how to maintain all that we have accomplished.

Testimony from Carol L. Russell
January 21, 2010

I am here on behalf of my 93-year-old Mother, and other older Americans who are deeply affected by the cuts to Medicaid's Home and Community Based Services for Frail & Elderly.

Monday morning after Christmas Area Agency on Aging notified me that they would be cutting my 93-year-old mother's night support from Medicaid's Home and Community Based Services – Frail Elderly.

This cuts from her the supports of:
$20 per night
$600 per month
$7,200 per year…
due to state budget cuts.

AND they would be **reducing her daytime provider pay by 10%.** These **combined provider cuts for my mom totals 29% – a total cut of $9,908.16!** She pays a client obligation to be on the HCBS waiver, and in spite of these cuts, her client obligation has not been reduced.

Night Support is needed!

Most of us can effortlessly and independently get up and use the bathroom in the night in under 5 minutes. For folks like Mother, it takes hands on assistance, much effort for each step within the process, taking about 45 minutes. This can be one to even four times a night. She wakes up confused and needs assurance in the night. She also needs a medication given that she can only take in the night and cannot access independently. For many, this removal of support will probably mean moving to a nursing home, or ending up in the hospital after a fall in the night – which would actually cost Medicaid even more than the dollars of Sleep Cycle. God forbid if some die prematurely, due to not having this assistance in the night!

My husband and I are "sandwiched " as we also take care of our youngest adult daughter who has special needs. I am a full time professor and my husband works part-time, as he does much of the assistance for our daughter with special needs. We fear we'll see reductions in her support, as well.

We have worked hard to keep Mother in her home. We have collaborated, coordinated teams and finances, requested assistance from my siblings, and provided many hours of direct care. We advocate **honoring her**

choice to not live and die in a nursing home. We **WERE** balancing it all to make it work. **This 29% cut is more than our family can handle!** We currently spend approximately 10% of my salary to assist with her care costs. This cut to HCBS - FE sleep cycle and 10% of daytime care would increase the need to approximately 26.5% of my salary – over ¼ of my yearly income.

The hired providers cannot take this cut. Some will quit, and it will take my time to hire more. I cannot quit my job. I will NOT put my mom in a nursing home – and why should she be forced to go?

Our parents and grandparents deserve better than this! **A sales tax increase would help restore these needed services, and assist agencies to serve those in need. K-12 and higher Education desperately need this sales tax increase, as well.** I hate to think about what it's going to be like in the future when we may be in need these support services. People like my 93-year-old mom cannot wait 3 – 5 yrs, they need your help NOW!

In Advocacy and Hope for a Better Future for our "Frail & Elderly"!

Carol L. Russell, Ed.D.
1535 Road 190
Emporia, KS, 66801
(620) 341-9867

Carol L. Russell

700 SW JACKSON ▪ SUITE #206 ▪ TOPEKA, KANSAS 66603
(785) 235-0220 ▪ FAX (785) 233-5440

TESTIMONY OF PAT HURLEY

ON BEHALF OF ECONOMIC LIFELINES

PRESENTED TO THE HOUSE TAXATION COMMITTEE

ON HB 2475

January 21, 2010

DOCKING STATE OFFICE BLDG. ROOM 783

House Taxation
Date: 1-21-10
Attachment: #13

700 SW JACKSON ▪ SUITE #206 ▪ TOPEKA, KS 66603
(785) 235-0220 ▪ FAX (785) 233-5440

Mr. Chairman and members of the committee:

I am Pat Hurley, the Executive Director of Economic Lifelines. Economic Lifelines is the largest ongoing statewide coalition of organizations and entities interested in a single issue – transportation.

Economic Lifelines was incorporated in the mid-eighties when Kansas roads and infrastructure was in as bad a condition as some of our surrounding states are today, Missouri in particular. Economic Lifelines was created to provide the grassroots and community support to persuade the legislature to address the problem in a long term and significant manner.

As such, Economic Lifelines was instrumental in supplying the community and organizational support across the state to aid in the enactment of both the 1989 and 1999 transportation programs. Economic Lifelines has always worked closely through the years with KDOT and continues to do so as is evidenced most recently by the unanimous endorsement of the work and recommendations of the T-Links Committee by the Economic Lifelines board of directors.

Today, our membership ranges from every transportation industry group – contractors, equipment suppliers, engineers, Labor, producers of aggregate, concrete and asphalt, AAA Kansas, and motor carriers. Our membership also includes the state chamber and a number of local chambers of comers and economic development groups as well as regional and geographic organizations. In addition, the Kansas associations of counties, airports, public transit groups, and short line railroads. The League of Kansas Municipalities is also an important member.

As such, we are able to have ongoing communications with not just the heads of these organizations, but with their individual members through our website, www.economiclifelines.com, and the CAPWIZ tool which enable us to communicate with several thousand individuals from these organizations and through which they can communicate with their legislators.

Now I will spend a little time walking you through the various documents which we have provided to the committee today.

In conclusion, Economic Lifelines would like to acknowledge the importance of the charge which has been given to this committee and to help provide the rationale by which we think you can meet that charge and justify doing so.

Economic Lifelines recognizes the tremendous fiscal crisis confronting the state of Kansas at this time and the difficult decisions the Governor and the legislature have already had to make and will continue

to have to make in the upcoming months and through the next legislative session. The state is facing unprecedented fiscal deficits, record high rates of unemployment and the state economy continues its downward spiral.

So: What is the answer and how does it relate to the charge given to this committee?

We believe the answer is that the state needs to enact a major economic development and jobs program. We believe that the state has a proven model for such a program in both the 1989 and 1999 transportation programs.

You have the empirical data from the studies conducted by the university and private economists that conclusively demonstrates that each of those programs produced well over 100,000 jobs, provided an economic impact of $3 for every $1 spent, generated upwards of $1.5 billion in wages, and produced millions of dollars in income and sales taxes going into the state general fund to finance other state programs as well as having significant long term economic benefits in the communities receiving the projects.

National recognition of the immediate positive economic impact the 1989 program had on the Kansas economy was provided in an article published in the US News & World Report. That article state in part:

"Kansas' 4 percent unemployment rate is the fourth lowest in the nation and is due primarily to the state's $2.6 billion highway program.

"Anyone who doubts that infrastructure spending can jumpstart an economy should visit the Jayhawk State. It was passed in 1989, a year before America skidded into recession.

"As the nation slid into recession during the second half of 1990, highway money began to course through the Kansas economy.

"In what economists call the multiplier effect, as the highway money worked its way through the Kansas economic bloodstream, personal income climbed at more than twice the national average.

"But fiscal stimulus isn't the only lesson from Topeka. In a time of tax revolts and deficit deadlock, Kansas lawmakers figured out how to finance a massive public works programs and the voters accepted it."

During each of the two decades in which these programs were in effect, they constituted the largest single economic development/jobs programs in the state. No other single program produced more jobs, created a greater positive impact on the Kansas economy, generated more new state revenue, not had a more significant impact on local communities.

Economic Lifelines believes that the state is currently faced with two choices in dealing with this unprecedented fiscal crisis:

- Continue to suffer through the agonizing process of cutting more and more funding for state programs – and then do nothing but wait for the economy to finally recover on its own.

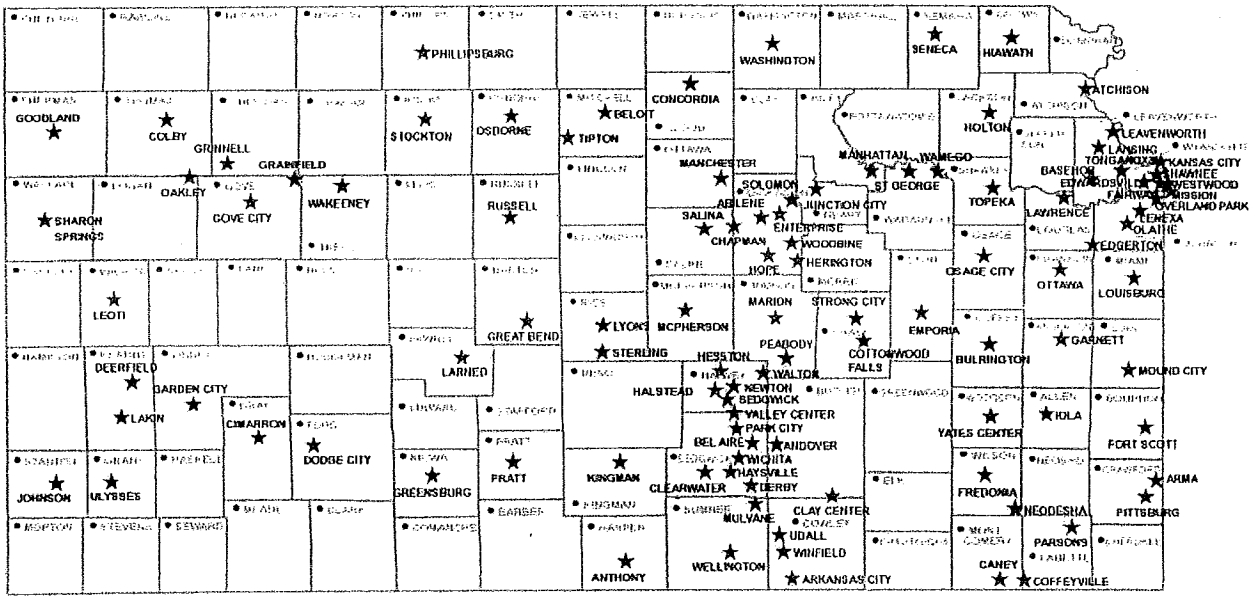
- Revert to the model that has proven so successful over the past twenty years in immediately improving and growing the state's economy – by enacting a new large multi-year transportation program to allow the state's economy and its citizens to begin immediately to accrue its benefits.

Economic Lifelines believes the second choice is clearly the far better and much less painful path for this committee and the legislature to follow in order to positively impact the state's economy.

If this is your choice for the future of Kansas, Economic Lifelines and its thousands of supporters will stand behind your choice 100 percent.

Statewide Support for Transportation Program

Support in all 105 counties



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Seaman Unified School District #345

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www.usd345.com

Testimony on HB 2475
House Taxation Committee
January 21, 2010

Presented by: Mike Mathes, Superintendent, Seaman USD 345

Dear Chairman Carlson and members of the Committee:

My name is Mike Mathes and I am the superintendent of schools from Seaman USD 345. The Seaman school district is a suburban district located in northern Topeka and Shawnee County. We have 3,730 students enrolled in pre-K though 12th grade. The Seaman public schools have long been a source of pride for our community.

First, thank you for the opportunity to appear before you today. I am here to provide testimony about how recent budget cuts have impacted the Seaman school district and Governor Parkinson's proposal to increase the sales tax by one cent for the next three years. More importantly, however, I am here to convey our desire to work with you to identify solutions that will prevent additional cuts to education programs.

The 2010 Legislative Session promises to be one of the most challenging in the history of our state as we continue to deal with an economic downturn of global proportions. As one of those charged with leading our state through the budget and revenue crisis we are currently experiencing, I know you will be called upon to make some of the most weighty decisions of your legislative service.

Impact of recent budget reductions

The investment our state has made in schools has been critical to the success we have seen in student achievement and in preparing students for entry into the workforce. The Seaman school district has done an excellent job managing the district's finances and ensuring that each student receives a quality education. In response to the funding reductions enacted this past year, the Seaman school district:

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- Used all of the money saved through the consolidation of four elementary schools to two elementary schools
- Transferred money saved by consolidating two middle schools into the contingency fund to pay bills and payroll when state aid payments were delayed
- Eliminated 31.5 positions (including 3 administrative, 5.5 teachers, 23 classified)
- Reduced the special education and administrative staff development budgets

Planning for the future

Governor Parkinson's budget proposal calls for a three-year, one-cent increase in the state sales tax as part of a plan to enhance revenue and prevent additional cuts to K-12 education and other state programs. Our understanding is that this proposal would yield approximately $300 million a year for the next three years.

We realize that raising taxes or identifying additional sources of revenue is never an easy or popular task; however, the Seaman school district is optimistic and committed to engaging in a dialogue about alternatives to additional cuts. The one-cent sales tax increase would certainly help maintain funding levels and would prevent additional, harmful reductions that would negatively impact student achievement and result in further workforce reductions.

So, what happens if a revenue enhancement package is not enacted and school funding is cut even further? The State Department of Education estimates that without additional revenue there could be an additional $187 million cut from schools next year. For the Seaman school district, that would result in a reduction of $1.5 million dollars on top of the $1.2 million already cut. These additional cuts may result in:

- Deeper cuts to building, instructional, professional development and library budgets
- Eliminating field trips
- Eliminating many middle school extracurricular activities
- Eliminating some sports, including non-varsity sports, at the high school level
- Eliminating almost all non-special education paraprofessionals
- Eliminating 10 to 20 teaching positions

- Increasing class size
- Eliminating after school programs
- Reducing the number of elective courses offered
- Increasing the local option mill levy

As you see, any further cuts will significantly impact our students, our workforce and our community. The Seaman school district is not asking you to increase school funding in the upcoming year, but we are imploring you: **NO MORE CUTS.** Educating our children and building strong communities requires a shared commitment, collaboration and open dialogue. This is a critical point in the history of Kansas education. The Seaman school district is proud of the unprecedented academic achievement our students have made – not only in our district, but also throughout the state. Are we going to cut ourselves into mediocrity, or are we going to step up and demand excellence? I can assure you that the Seaman school district and administrators statewide are committed to ensuring that our students continue along this path of increasing academic excellence and that our schools continue to be a source of pride for our community...our state.

Testimony before House Taxation Committee

January 21, 2010

Schools for Quality Education (SQE)

For More Information:

Tracy Russell

SQE Public Relations Representative

(913)523-6736

Mr. Chair and members of the House Taxation Committee:

Thank you for the opportunity to provide written testimony on behalf of Schools for Quality Education (SQE) in support of Governor Parkinson's proposed one cent sales tax increase. SQE is an organization representing more than 120 rural Kansas school districts and is dedicated to preserving the excellence in education that we have come to expect in Kansas.

As you deliberate on the difficult budget decisions ahead, we ask you to consider the alternative of revenue enhancements as a means to fill the budget gap and maintain our vital community infrastructure, of which the centerpiece is community schools. The last year has presented great challenges to schools across Kansas as educators seek to provide a quality education with inadequate funding. At the same time, schools have faced sweeping changes that require an influx of funding to serve a diverse population and help children meet a high standard of achievement.

The impact of the state's budget crisis has been felt by all of us and even though small schools have adapted to reduced resources, it does not mean that the cuts have not been painful and without consequence. While this is true for all Kansas school districts, it is particularly true for rural ones with limited local funding to make up the shortfall. As a result, many districts face staff and programming cuts that impact our children's educational experience. In addition, the long-term fiscal health of our districts is jeopardized with an increased reliance on reserves to make ends meet.

For those who assert that the economy cannot withstand revenue enhancements, I urge you to consider that the economy cannot withstand inadequately funded schools. More than any other indicator, an educated citizenry drives the economic engine. Schools have withstood budget cuts. It is time to take a long-term view of what is best for Kansas and invest in public education. Thank you for your consideration of this important issue.

Kansas Organization KOSE of State Employees AFT, AFSCME, AFL-CIO

A New Day... A Better Way... For State Employees

Testimony before the
House Committee on Taxation
On
HB 2475
By
Jane Carter, Executive Director
Kansas Organization of State Employees

Mr. Chairman, Members of the Committee:

Like never before the communities of Kansas are faced with enormous challenges as our citizens continue to bear the brunt of our current budget crisis. Critical government services within our state have already been cut to the bone and most state employees are forced to do more with less everyday. Our social workers have seen an eighty percent increase in their caseloads which creates serious problems in protecting the most vulnerable Kansans. In fact, the abuse hotline has been unable to properly process child neglect and abuse claims—even from nurses. Prisons have closed or face closure putting criminals on our streets. Our state hospitals also face having their doors shuttered pushing our most needy onto the streets. Unemployment has skyrocketed during this economic recession and those less fortunate across Kansas need the services state employees and KOSE members provide.

With the prospect of even more devastating cuts, I would like to describe the invaluable services that the more than 11,000 state employees and KOSE members provide everyday for our taxpayers. But I must also address the dire consequences for our communities should we continue to put these services and the workers that provide these services on the chopping block.

Already Kansas has had its most severe winter in a decade and our KDOT workers were out clearing our roads and keeping us moving. With the Kansas unemployment rate over six percent many down-on-their-luck Kansans must turn to our workers for a helping hand. If a Kansan breaks the law, their victims will be assured that their assailants will serve their time in full under the supervision of our Corrections Officers. Lastly, with tax season approaching we have always relied upon our state's tax professionals to provide our returns in a timely manner.

Currently, with an already air-tight budget from a series of cuts enacted after the 2009 legislative session, we can now look forward to a four month wait on our tax returns. With more cuts to our services we can anticipate more delays, more hardships, and less help. We can anticipate poorer roads and more accidents. We can anticipate longer waiting lists and denials of claims. We can anticipate more overcrowding in our prisons and early releases for convicted criminals. We can anticipate the worst.

Of course, it's appropriate to tighten our belt during harsh times. But in the real world, most families are working two or three jobs to make ends meet and, subsequently, the Governor and the Legislature must be sensitive to the needs of Kansans for quality education, safe roads, public safety, and for a reliable partner to provide a helping hand.

Kansas Organization of State Employees, AFT/AFSCME, AFL-CIO
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A New Day... A Better Way... For State Employees

In a recent poll from SurveyUSA, Kansans were asked whether they would support a one cent increase in the state sales tax and 56 percent of survey takers said that the sales tax should be increased to support education, Medicaid, prisons, roads, and social services. Furthermore, 71 percent of Kansans think the state allows too many businesses exemptions from the sales taxes and 56 percent support increasing the cigarette tax from the current $0.79 per pack to $1.34 per pack.

It's understandable that raising any tax during a recession is a difficult proposition, however there can be no doubt that most Kansans value the services state employees provide and will sacrifice a little bit more of their hard-earned paychecks to protect these services.

Kansans can't afford to ignore the problems and hope it all passes. The cuts to essential services have gone too far. We are at the edge of not providing the services Kansans need and rely on. Closures, cuts, and hiring freeze put the state of Kansas in harm's way. For these reasons the citizens and Legislators of Kansas must act. We must demand no more tax cuts for those who don't need them; we must reevaluate any and all exemptions, and we must not overlook the prospects of raising revenue in our time of crisis.

A temporary sales increase will provide necessary, additional dollars that will keep Kansas moving. Because it is only temporary, it's a fix for our current strife and will not cut deep into the pockets of our taxpayers. It is simply a fix that is necessary, needed, and less painful than most. Again, because it is temporary, it will give Kansas the right boost to get us running again.

We must act now to ensure that the communities of Kansas can continue to rely on the high quality services that our state employees provide.

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