



Testimony before the
House Committee on Taxation
on
HB 2307 - State Finances

by

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Mr. Chairman, Members of the Committee:

Thank you for the opportunity to testify on **HB 2307**. We appear based on the following statement adopted by the KASB Delegate Assembly in December:

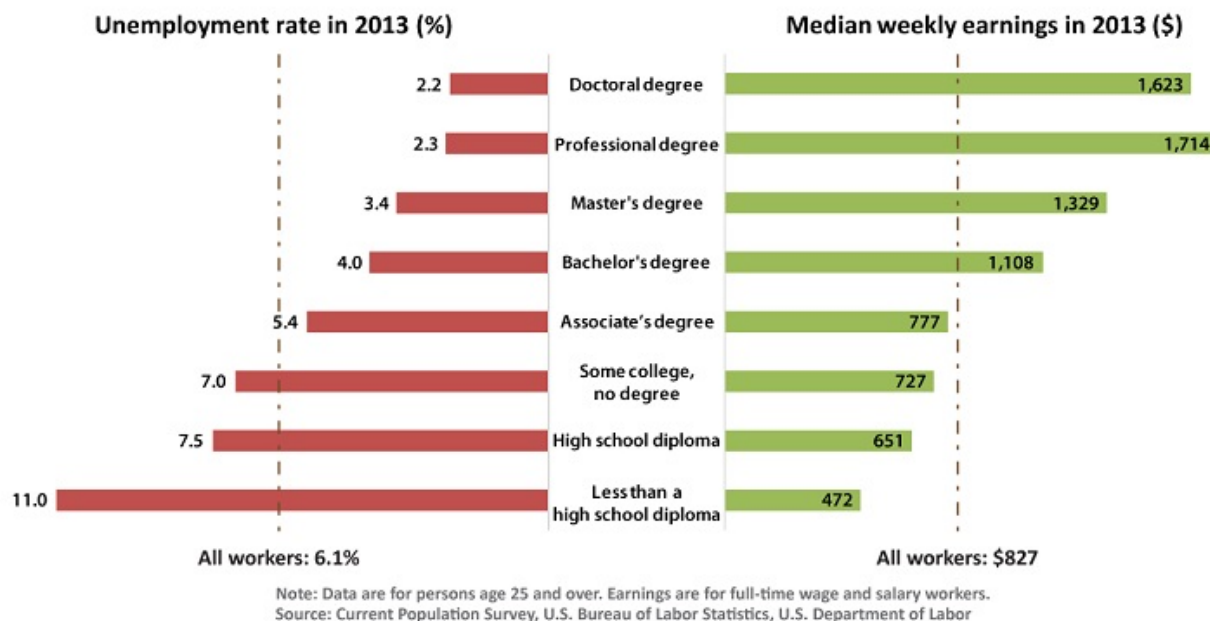
State Revenues. We support state tax policies that provide increasing education funding necessary for increasing educational outcomes. If current tax policies do not provide revenue to meet these costs, state tax policies should be revised, such as maintaining current income tax rates. Changes in education funding and tax policy should not increase disparity in local tax efforts, and any new revenue source should be equalized.

KASB believes Kansas must continue to improve state educational outcomes to support state and individual economic prosperity. As the chart on the next page shows, the higher level of education an individual achieves, the higher average earnings can be expected, and the likelihood of living in poverty or being unemployed fall. This is why states with higher levels of educational achievement have, on average, higher per capita and household income.

Educational outcomes are as vital to economic growth as tax policy, if not more so. No matter how favorable the tax climate, high paying jobs that require higher education levels cannot locate or grow in Kansas if we lack a workforce to fill them; and if even if such jobs are created in Kansas, our population will not be able to take advantage of these jobs if we lack the necessary educational credentials.

This issue is even more important considering that national studies rank Kansas among the states with the highest percentage of anticipated jobs by 2020 requiring postsecondary education.

Earnings and unemployment rates by educational attainment



Fortunately for Kansas, our public school system is one of the most productive and efficient in the nation. We noticed that Governor Brownback and some candidates for the Legislature have cited a study ranking Kansas public schools fifth in the nation - a study KASB reported this summer to the K-12 Performance and Efficiency Commission.

KASB's Report Card on State Educational Outcomes is a little more modest. Using approximately 15 different national measures of achievement - not policies but actual outcomes - Kansas ranks eighth among the 50 states. This ranking takes into accounting not only national reading and math tests but high school completion, preparation for postsecondary education, and adult educational attainment. Where possible, we also include subgroups such as low income students.

Significantly, every state that ranks higher than Kansas in educational results provides higher total revenues per pupil. Furthermore, every state that ranks higher has a lower percentage of low income students - the most significant factor in state educational outcomes. What about efficiency? Many states spend more per pupil than Kansas and have lower results. *No* state spends less than Kansas and has higher results. Furthermore, KASB research has found a correlation between funding and results across all states. Higher spending states tend to have higher outcomes; lower spending states have lower outcomes.

Kansas is, in fact, an overachiever - ranking in the top 10 states on achievement while spending below the national average per pupil, with an average population of low income students. Over the past 20 years, total revenue per pupil in Kansas has averaged 94 percent of the U.S. revenue per pupil. However, between 2009 and 2012, Kansas spending per pupil fell from 97.5 to 92.7 percent of the U.S. average. We do not have national data from 2012 to the present, but we know that the U.S. and Kansas spending per pupil increased by an average of about 6 percent annually since 1992, whereas Kansas revenues per pupil increased at a much lower rate since 2012.

The Governor's budget would hold state education aid essentially flat, with a slight decrease, over the next two years. We do not know what the proposed block grant would allow in the way of local education funding, but any additional local funding options will raise constitutional issue unless equalized. With student enrollment projected to increase, we believe the likely result will be that total revenues per pupil will fall behind inflation and certainly behind the U.S. average over the next two years under the Governor's proposed budget.

However, we expect that educational funding will be substantially *lower* than the Governor's budget without additional revenue, which is why we appear today. We are not specifically endorsing **HB 2307**. We are proponents for a tax plan that will *at least* provide as much revenue as requested by Governor Brownback. We urge the Legislature to consider all options to provide adequate funding to sustain the high levels of educational performance Kansas schools have already achieved.

Funding education at all levels really is an investment. Better educational outcomes raise both individual and state incomes, providing more taxable economic activity. That allows states to invest more in education without raising the tax burden to do so. Since 1975, total K-12 expenditures in Kansas have increased from \$675 million to an estimated \$6.15 billion this year, or about 811 percent. Total Kansas personal income, however, has increased from \$14 billion to a projected \$139 billion, or about 880 percent. During that time, the percent of Kansas personal income (KPI) spent on K-12 education was never less than 4.0 and never more 5.0 percent. Yet the percent of Kansans with a high school diploma increased from less than 75 to 90 percent, and the percent with a four year college degree increased from less than 15 percent to 30 percent.

However, we estimate that total K-12 funding will be 4.42 percent of KPI this year (prior to the Governor's allotment) - the lowest level in 30 years. If state personal income grows by over 4 percent each of the next two years, as projected by the Consensus Revenue Estimate, and state funding is frozen over the next two years, the percentage will continue to fall. Without additional state revenue, it will fall even more.

At a time when educational achievement has never been more important to economic success, Kansas is reducing the share of income we invest in the education of our children. That might be a foolish investment if it failed to yield results. But as the Governor has noted - and the Attorney General has stated in the Gannon case - Kansas has used that funding to achieve some of the best educational results in the nation. Kansas school boards want to continue our partnership, under the Kansas Constitution, with the Legislature and Kansas State Board of Education, to build upon this success, to achieve the educational goals the Governor, Legislature and Supreme Court established last session, and secure a bright future for all Kansans.

Thank you for your consideration.