

Approved May 4, 1991
Date

MINUTES OF THE SENATE COMMITTEE ON EDUCATION

The meeting was called to order by SENATOR JOSEPH C. HARDER at
Chairperson

1:30 ~~xxx~~ p.m. on Monday, February 18, 1991 in room 123-S of the Capitol.

All members were present except:

Committee staff present:

Mr. Ben Barrett, Legislative Research Department
Ms. Avis Swartzman, Revisor of Statutes
Mr. Dale Dennis, Assistant Commissioner of Education
Mrs. Millie Randell, Committee Secretary

Conferees appearing before the committee:

SB 26 - School finance (by Special Committee on School Finance)

SB 110 - School finance (Governor's proposal)

Representative Eugene L. Shore

Mr. Timothy N. Hagemann, Executive Director, Kansas Legislative Policy Group

Dr. Nelson A. Bryant, Superintendent, Hugoton, USD 210

Dr. Dennis G. Thompson, Superintendent, Satanta, USD 507

Mr. James Clark, Vice President, Kansas Gas and Electric Company, Wichita

Dr. Leonard G. Steinle, Superintendent, Arkansas City, USD 470

Mr. John McDonough, Lenexa, retired citizen

Ms. Connie Hubbell, Legislative Chairman, State Board of Education

Mr. Stephen R. Morris, member, Board of Education, Hugoton, USD 210

Mr. Dan Haas, Manager, Governmental Affairs, Kansas Power & Light Company,
Kansas City, Mo. (written testimony only)

SEEK (written testimony only)

The Chairman called the meeting to order and announced that the Committee would continue its hearings on SB 26 and SB 110, both relating to school finance. He called upon the first conferee, Representative Eugene L. Shore, who said he would testify in opposition to certain parts of SB 26. He informed members that Section 8, relating to the 30-mill minimum tax levy, affects six of the seven school districts in his 124th District and estimated that this was about half of the total districts affected. (Attachment 1)

The Chair next recognized Mr. Timothy N. Hagemann, Executive Director of the Kansas Legislative Policy Group. Mr. Hagemann testified against the 30-mill minimum levy, saying it would have a significant impact upon seven of the 24-member counties in his organization. (Attachment 2)

Dr. Nelson A. Bryant, Superintendent of Schools, Hugoton, USD 210, also expressed opposition to the 30-mill minimum tax levy portion of SB 26. Superintendent Bryant stated that the 30-mill minimum tax levy would increase their levy by almost 100%. Dr. Bryant reminded the Committee that property tax traditionally has been reserved for local units of government to fund their school districts, and other sources of taxation have been used by the state. He felt this was an intrusion into the property tax area and wonders how it will affect that dependency in the future. (Attachment 3)

Dr. Dennis G. Thompson, Satanta, Superintendent, USD 507, stated that he opposes the minimum mill tax levy as proposed in SB 26 for many of the same reasons already mentioned. He also described additional reasons.

Dr. Thompson compared the long distances people in his area have to travel for the same types of services that most people who would benefit from this mill levy take for granted. Dr. Thompson said that although his district has some major tax payers, many are in small business and in

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON EDUCATION,
 room 123-S, Statehouse, at 1:30 ~~xxx~~ p.m. on Monday, February 18, 1991

agriculture industry and cannot afford a nine-mill tax levy increase to fund the schools across the state. He also explained that his district does not at present have a capital outlay fund, although school facilities are approaching the state of needed improvements and renovation. A nine-mill tax levy increase to support schools across the state would have an adverse effect on taxpayers who might be subjected to a four-mill capital outlay levy, he said. Dr. Thompson described ways in which his district has been frugal, including the means by which they installed the first operational two-way interactive TV in the state. He cited his district as having some of the highest health care premiums in the state; but, because of innovation, they have succeeded in cutting those premiums in half. Dr. Thompson also described the difficulties and associated costs in finding, attracting, and retaining quality teachers in his part of the state. He described the influx of migrants as creating another problem with which his district must deal. He said that raising the mill levy by nine mills will be detrimental to all facets of their accomplishments and hinder fulfillment of future needs. Dr. Thompson stated support for SB 26 without the minimum mill levy.

Vice President James Clark, Kansas Gas and Electric Company, Wichita, expressed concern regarding the effects on his customers by the 30-mill minimum school levy. (Attachment 4)

When Chairman Harder called upon Dr. Leonard G. Steinle, Superintendent of Schools, Arkansas City, USD 470, Dr. Steinle explained that USD 470 is a member of SEEK and he is testifying on behalf of school districts which are members of SEEK. Dr. Steinle stated that legislation introduced this session has aspects which are supported by SEEK. (Attachment 5)

Mr. John McDonough, Lenexa, spoke in opposition to tax increases and to measures that would harm economic growth. Mr. McDonough cited the insatiable demand for always more money by the public school lobby as the reason for our being in a property classification and tax dilemma. (Attachment 6)

Ms. Connie Hubbell, Legislative Chairman, State Board of Education, reviewed the Board's recommendations regarding the two proposed school finance measures. (Attachment 7)

Replying to a question, Ms. Hubbell stated that she understands that all students in Kansas are allowed a free public education and believes the recommendation proposed by Mr. McDonough, to charge tuition for public school students, would not be allowed under our Kansas Constitution.

When asked regarding the State Board's position on the 30-mill minimum levy, Ms. Hubbell said that although the Board has discussed the minimum levy, she does not recall that it has taken a stand on the issue. She emphasized that the Board feels equalization and equity are two major issues; and if the minimum mill levy would help reach equity, then most likely some type of recapture might be worth considering.

When asked about weighting, Ms. Hubbell replied that the State Board has been advised by the Federal School Finance Committee to look at weighting. She explained that this is an idea where you would identify the needs of a local school district (transportation, special education, size, etc.) and then weight those needs. Funding, then, is allotted depending upon how the needs are weighted. She said the Board will have a report on weighting this summer to present to the Legislature.

In reply to another question, Ms. Hubbell said that the Board prefers the approach taken in SB 110, whereby districts in the Fourth Enrollment Category can exceed the top budget limit and progress a third of the way in each of three years to merge into the Fifth Enrollment Category. SB 26, she explained, does not allow Fourth Enrollment Category school districts to exceed the top budget limit and allows them to progress more slowly into the Fifth Enrollment Category.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON EDUCATION,
room 123-S, Statehouse, at 1:30 ~~XXX~~/~~XXX~~ p.m. on Monday, February 18, 1991

Hugoton Board of Education member Stephen R. Morris stated opposition to the 30-mill minimum levy provision in SB 26. (Attachment 8)

Written testimony only was submitted by Mr. Dan Haas, Manager, Governmental Affairs, Kansas Power & Light Company, on behalf of Mr. B. J. Beaudoin, Vice President, Finance, Kansas Power & Light Co. (Attachment 9)

After noting that there was no more time, the Chairman thanked the conferees for appearing before the Committee today and announced that the hearings on Senate Bill 26 and Senate Bill 110 will be continued Wednesday at 1:30.

The Chairman adjourned the meeting.

SENATE EDUCATION COMMITTEE

TIME: 1:30 p.m. PLACE: 123-S DATE: Monday, February 18, 1991

GUEST LIST

<u>NAME</u>	<u>ADDRESS</u>	<u>ORGANIZATION</u>
Jane Clark	200 S 6th Burlington KS	USD 244
Douglas Mills	Rt 1 Box 72A Hugoton, KS	USD 210
Dennis Hamlin	Rt 1 Box 29A Hugoton KS	USD 210
Stephen Morris	600 Triadle Hugoton, KS	USD 210
NELSON BRYANT	315 NE AVE " "	" "
Larry Deiner	109 N Main " "	" "
Ann Bennett	Topoka Kansas	USD 501#
Jerry Conrad	Lawrence	KG+E
James T. Clark	Wichita, KS.	KG+E
HAROLD POTTIS	Topoka	KRTA
BILL J KING.	CARROLL CITY	TAXPAYER.
Chris Stalker	Mayetta	Kans NFD
Kandy Jordan	Lawrence	Sir Rip. Freeman
Daniel Home	Box 36, Manton KS	Page
Beard Peterson	Box 561, Johnson KS	Page
L. Lovett	RR. 1, Johnson KS	Page
Michael Burrows	Hugoton, KS	USD 210
George Burrows	" "	Stevens Co
Melvin Cummings	PO Box 24 Burlington, KS 66839	Coffey Co Commissioner
Wilwin Brunge	R3 Box 177 Waverly KS 66871	" " "
Whitney Zamban	Topoka, KS	Coffey County Coalition
Patricia Steffes	Wichita, KS	USA #259
Craig Trout	Topoka	IT-NEA
Rod Herr	Topoka	Herr & Ebert, Chfd
Robin Nichols	Wichita	Wichita Public Schools

SENATE EDUCATION COMMITTEE

TIME: 1:30 p.m. PLACE: 123-S DATE: Monday, February 18, 1991

GUEST LIST

<u>NAME</u>	<u>ADDRESS</u>	<u>ORGANIZATION</u>
John Koepke	Topeka	KASIB
Cornie Churchill	Topeka	St Bd of Ed
Bill Musick	Menasha	St. Bd of Ed
Uelta Tooten	Johnson	
Blon Tooten	Johnson	Taxpayer
Janet Shore	Johnson	
Debra Haylett	Lakin	
John McDonough	Lenoex	Self
Chuck Tilman	Topeka	K-BEA
Leonard Steinhilber	Arkansas City	USD 470
John Heim	El Dorado	USD #490
Clay Whiting	Newton	USD #373
Kate Baker	Topeka	4th Enrollment USD's
Don Ehlson	Moscow KS	USD 209
Jane Griffith	Burlington	USD #244
J. E. Pennington	Ulysses	K.F.B.
Arfred Alexander	Satanta	USD 507
Clifford Alexander	Satanta	USD 507
Steven Puckett	Ulysses, Ks	Self
Dennis Thompson	Satanta	USD 507
Kenneth Lento	Hugoton	USD 210
Dan Haas	Overland Park	KCPL
Tim Yonally	Showee Mission	USD #512

STATE OF KANSAS

EUGENE L. SHORE
REPRESENTATIVE, 124TH DISTRICT
GRANT, W. HASKELL, MORTON,
STANTON AND STEVENS COUNTY
ROUTE 2
JOHNSON, KANSAS 67855
(316) 492-2449

ROOM 446-N, CAPITOL BLDG.
TOPEKA, KANSAS 66612-1586
(913) 296-7677



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
MEMBER: ENERGY AND NATURAL RESOURCES
LEGISLATIVE, JUDICIAL AND
CONGRESSIONAL APPOINTMENT
TAXATION
TRANSPORTATION

TESTIMONY ON SB 26
Eugene L. Shore

Senate Education Committee
February 18, 1991

A banker friend's hobby is raising sheep and showing them at the county fair. He has the finest herd money can buy. A neighbor boy in 4-H has a couple of sheep but through hard work and individual TLC has won grand champion four years in a row. He won't sell his sheep so the banker got the fair board to change the rules. If you don't have 50 sheep the prize money is distributed to charity. His reasoning - the prize is more than the 4-Her deserved for what he had invested. How unfair can we get!

Of a reported 12 districts the 30 mill minimum would affect, 6 are in my legislative district. Section 8 proposes to make us pay a penalty for where we live or what we have that other school districts want. The unfair part of this is:

*Most districts have benefits Southwest Kansas doesn't enjoy!

It is hard to place a dollar value on such things as; (a) having a state university closer than 200 miles, (b) having a lake within driving distance, (c) having adequate rainfall to grow crops without irrigation, or (d) having major medical facilities closer than 250 miles. A low mill levy is our advantage. Don't take it away from us.

EDUC
2/18/91
A1-1

*We already pay our fair share to help education across the state. My legislative district sent over \$35 million in severance tax to the state last year. Education certainly gets its share of the severance tax, and 6 out of 7 districts get 0 state aid.

*This concept of penalizing your school if it doesn't levy 30 mills rewards inefficiency. The use it or lose it concept flies in the face of getting the most education for the dollar. My commissioners are stingy with tax base giveaways such as IRB tax abatement which is common in urban areas. My school superintendents and boards spend countless hours applying for and using grants to keep the cost of education as low as possible. This won't happen if this money grab materializes.

*Poor people live in wealthy districts. In my schools it isn't uncommon to have 20% of the students qualify for free lunches even though our districts are considered wealthy.

*The dollars to be gained state-wide are few when compared to the overall need. The same dollars equate to huge tax increases in some school districts.

*Funding excess or optional costs of education must have a local option income tax or sales tax to share the burden with property tax. In some districts property tax is most able to pay, in others it will be sales or income but why not recognize all forms of wealth, not just property. It isn't just property owners who have children to educate.

*Our school districts in Southwest Kansas have 22 to 25 required courses and a total of about 80 courses offered. I have

EDUC
2/18/91
A 1-2

been told one Wichita school offers about 250 courses and a Johnson County school about 300. It makes sense to me for the state to fully fund the required courses in all districts and allow the local districts to pay all costs associated with elective courses. This would provide equality across the state in required courses. A district could then provide the electives at their own expense. The current school finance formula makes school finance a bottomless pit when it comes to funding.

*I question the constitutionality of taxation without representation. The 30 mill test is pretty flimsy when half the districts affected are in one legislative district. I think we'd be entitled to have a Tea Party.

In summary, across the state some districts have distinct advantages over others. Advantages may be esthetics, educational opportunity, job opportunity, living costs, recreation or tax base. Please recognize these advantages. If you envy us we welcome you to move to Southwest Kansas, we'll be glad to share our wealth and educate your children. Just don't steal our one sheep.

EDUC
2/18/91
A1-3

TESTIMONY PRESENTED TO THE
SENATE EDUCATION COMMITTEE
ON
SENATE BILL 26
BY TIMOTHY N. HAGEMANN
EXECUTIVE DIRECTOR OF THE
KANSAS LEGISLATIVE POLICY GROUP

FEBRUARY 18, 1991

EDUC.
2/18/91
A2-1



Kansas Legislative Policy Group

412 Capitol Tower, 400 West Eighth, Topeka, Kansas 66603, 913-233-2227

TIMOTHY N. HAGEMANN, Executive Director

KANSAS LEGISLATIVE POLICY GROUP MEMBER COUNTIES

BARBER
BARTON
EDWARDS
FINNEY
FORD
GOVE
GRANT
GRAY
GREELY
HAMILTON
HASKELL
HODGEMAN

KEARNEY
KIOWA
LANE
MEADE
MORTON
RICE
SCOTT
SEWARD
STANTON
STEVENS
TREGO
WICHITA

GOVERNMENT RELATIONS BY:

**PETE MCGILL & ASSOCIATES, INC.
412 CAPITOL TOWERS
400 WEST EIGHTH
TOPEKA, KANSAS 66603
(913) 233-4512
(913) 233-2206 (fax)**

EDUC
2/18/91
A2-2

Good afternoon, Mr. Chairman and members of the Senate Education Committee, I am Tim Hagemann, Executive Director of the Kansas Legislative Policy Group (KLPG). We appreciate the opportunity to be here today to make a few brief comments in opposition to the minimum mill levy concept contained in SB 26.

As many of you know, KLPG was formed in the early 1980's by a number of western Kansas counties when the severance tax issue was before the Kansas legislature. Since that time we have continued to monitor and address issues which are of concern to our member counties. The county commissioners of our member counties serve as the representatives of our organization.

On February 7 of this year the Board of Directors of KLPG met in Topeka to discuss issues of concern to their organization, including proposed 1991 legislation. At that meeting, the Board took a formal position against the implementation of a minimum mill levy as contained in SB 26. As outlined in SB 26, a 30 mill minimum mill levy would have a significant impact upon 7 of our 24 member counties (Finney, Grant, Haskell, Kearny, Morton, Stanton and Stevens). Even though the minimum mill levy in SB 26 would have no impact upon the majority of our member counties, they still voted unanimously to oppose this concept as bad public policy. We believe this proposal would not be in the best interests of our member counties and the State of Kansas for a number of reasons:

EDUC
2/18/91
A2-3

1) A minimum mill levy would create a new tax upon our county wealth even though we are already presently assessed a severance tax. Once this tax is in place, it will likely be revisited each year by the legislature and systematically increased as the state seeks additional funding to finance education. Even though the present proposal would only apparently affect 15 school districts located in 13 counties, as the need for school finance funding continues to increase, so will the minimum mill levy. Once this tax is on the books it will become another revenue source for the state of Kansas and will escalate over time as the beneficiaries become more dependent upon it.

2) A minimum mill levy does not promote efficiency in local government or school boards. There will be no incentive to hold down costs each year and counties will seek to raise their school mill levy by the maximum amount possible each year in order to keep locally generated revenues within the district. In a number of our counties a low mill levy is evidence of the conservative efforts by the county commissioners and school boards to keep mill levies low, not because of high assessed valuation.

3) A minimum mill levy will substantially increase taxes in a number of these school districts. It must be pointed out that even though some of these counties have a significant amount of assessed valuation the majority of our citizens are not wealthy people.

EDUC
2/18/91
A2-4

In conclusion, let me say that a minimum mill levy is a dramatic change in the present funding mechanisms for school finance. The mandated mill levy increase contained in SB 26 will have a significant impact upon those counties targeted for this new tax. Affected school districts will no longer have an incentive to hold their costs down and will likely seek the maximum allowable increases in their budget authority each year until they rise above the minimum mill levy threshold. Taxpayers in these communities will likely support any such measures to keep their tax dollars within their districts rather than sending it to Topeka for distribution to other school districts.

In short, we believe this new tax is bad public policy and that more equitable means of funding school finance should be considered.

EDUC
2/18/91
A2-5



HUGOTON U.S.D. NO. 210

Central Office ★ 205 East Sixth Street ★ Hugoton, Kansas 67951
(316) 544-4397

February 18, 1991

Senate Committee Members
Topeka, KS

Re: Senate Bill #26

Dear Senate Committee Members:

I am present to oppose the minimum mill levy portion of Senate Bill #26.

Property Tax has traditionally been reserved for county, city and school district. Why are you considering taking it over? What will we have left to raise funds for local government?

Severance Tax is already taking millions of dollars from our area. This would be a second shot at our industries in just a few years.

Are other industries paying their fair share? General Motors in Kansas City, Kansas; Boeing, ect. in Wichita; other industries such as packing plants and manufacturing?

This would cost the taxpayers in my school district an additional 3 million dollars next year. This is a large increase in Property Tax and the Governor has pledged to reduce Property Tax, not increase it.

We have been severely restricted from using our own funds for several years due to the tax lid imposed by the legislature.

We need to improve salaries of our teachers, custodians, clerk, cooks, etc. but cannot. We also need to provide money for Health Insurance for our employees but cannot when we are only allowed a 1% increase. We get no State Equalization Aid so an increase in our budget would not cost the state money.

We need to develop computer labs and other learning and teaching programs.

It costs a great deal more to live in our area of the state. We are 4½ hours from Wichita, 7 hours from Topeka. Our people have to travel great distances to enjoy the things that many of you

take for granted on a daily basis.

Our materials cost more due to freight cost. Technical services are much more expensive because we have to pay travel time as well as labor and parts. Cultural and entertainment events for our students are limited unless we travel those distances. Many times lodging and meals are a necessary expense.

Our High School activities travel also costs more. Nearly every event sponsored by the State requires us to travel and stay overnight.

We have good school facilities but they are not extravagant. We would like to invite you out to our area to see for yourself how we are doing.

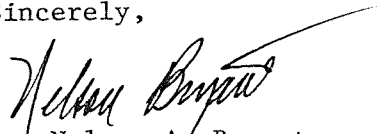
In summary, I urge you not to infringe on the Property Tax, leave it for local use.

I also urge you not to punish our major tax payers with a short-sighted money grab that is insignificant to the State, but will hurt our area of the State.

Many of you look at us and think our districts are rich. The truth of the matter is that 22% of our students are on free or reduced lunches. Their parents are not rich and not able to absorb a 100% increase in school taxes.

We ask you to kill this part of Senate Bill #26. It is not a good precedent to set and it will not raise a significant amount of money. It will cause hardship on people and will cause a lot of turmoil across the State.

Sincerely,


Dr. Nelson A. Bryant,
Superintendent of Schools

NAB/jlm

EDUC
7/18/91
A 3-2

TESTIMONY OF JAMES CLARK
VICE PRESIDENT, KANSAS GAS AND ELECTRIC COMPANY
FEBRUARY 18, 1991

Thank you for the opportunity to be here and to talk about the effects of Senate Bill 26 and particularly line 12, page 12, which mandates a minimum 30 mill school tax levy.

Our main concern today is the effect on our customers. As proposed, this bill would raise property taxes on Wolf Creek Generating Station by some \$11 million per year. Taxes at Jeffrey Energy Center would go up about \$1.7 million. These are costs that probably would be added to the electric bills paid by Kansans. Regulators historically have viewed property taxes as a cost of service to be passed along to customers.

It is somewhat ironic that the legislature in 1984 passed a series of measures to reduce the rate increases associated with new power plants, particularly Wolf Creek, but now is considering a measure like this. This increase is in addition to other property tax measures which propose to further raise the percentage of value on which our ad valorem taxes would be based. For example, a 33% assessment ratio would raise our tax bill by \$1.75 million, 35% would cause a \$2.9 million increase, and 40% would add almost \$5.8 million to our present \$30 million property tax bill.

Another problem with the 30-mill minimum plan is that it discriminates by collecting these large tax increases from only part of the state's residents. People served by electric utilities which do not own the affected plants escape this tax burden entirely. Yet many of them still share in the benefits of their low-cost fuel and operation.

EDUC
2/18/91
A4-1

KG&E itself received no "windfall reduction" from reappraisal and reclassification. Our 1988 and 1989 property tax bills were almost identical at \$28 million. Last year they went up to \$28.6 million. We expect them to be about \$30 million this year if we are assessed under current law. The additional increases in taxes proposed at Wolf Creek and Jeffrey would add further to our operating costs and more importantly, to the amounts paid for service by our customers.

For these reasons, we urge that this measure not be enacted.

EDUC
2/18/91
A4-2

SEEK

PRESENTATION TO LEGISLATIVE COMMITTEE

MONDAY, FEBRUARY 18, 1991

It is now widely accepted that the current school finance formula discriminates against the districts in the fourth enrollment category. The small gains made in recent years were wiped out by the 1990 changes in the formula.

Legislation introduced this session has aspects which are supported by SEEK districts.

The use of 24% of taxable income, instead of 100%, in the determination of district wealth is a very positive step.

The provisions to allow Category IV schools sufficient budget authority to reach parity with other districts are noteworthy. However, it must be clearly understood that the 2% to 6% provision in SB26 does not accomplish this. It would in fact increase the disparity. A 3 to 1 budget increase ratio is acceptable, but only if it is tied to a factor allowing Category IV schools to increase their budget per pupil in a significant amount above the other enrollment categories. Such a provision is included in the Governor's proposal.

SEEK believes that property tax relief should be a very high priority and that to provide this relief by channeling significant funds through an equitable school finance formula is the best way to address the problem.

SEEK endorses the concept in the Governor's proposal to provide local property tax relief by the SDAVTR fund.

EDUC
2/18/91
A5

Presentation To _____ Committee
Topeka Kansas

Thank you for this citizen's opportunity to present his opposition to the tax increases, to measures that would harm economic growth. My pass-out materials assert:

1. That the reason for our being in this property classification & tax mess is the insatiable demand for more money by the public school lobby.
2. And, that the solution is to reduce the school population through incentives and CHOICE.

The attached letters to the Governor & the Speaker cite the Epson, New Hampshire, creative property tax plan which gives a \$1,000 tax credit for each student NOT using public schools --- saving \$4,000 per child annually.

This could mean an extra \$100 Million for other state needs.

Also cited, TUITION for public school kids --- about \$1,000 each --- asking why don't they pay TUITION like private school kids. (Those who can afford it.) This would add another \$520 Million annually for other state needs ---

Over \$600 Million, total, for social services, health insurance, infrastructure, the truly needy, & you name it.

These suggestions are in tune with President Bush's budget plan which calls for "empowerment," CHOICE,

& shifting subsidies from those who don't need them to those who do.

Good luck in your work for Kansas.

Presentation By John McDonough (913) 888-4455
8530 Bradshaw Lenexa Ks 66215

EDUC
2/18/91
16-1

States should end subsidies

To the Editor:

I learned from the David Broder syndicated column (KJ, 1/7) that House Speaker John Martin blames your \$125 million budget gap on Washington, D.C. If your state is like all the rest, you are at fault for giving your state treasury away in subsidies to people who for the most part could pay their own way.



MARTIN

Why don't public school parents start paying tuition? Like maybe about \$1,000 a year per kid? Private school parents do it, and many have lots less income than many public school parents. Poor kids could still

be free.

Tuition for most public school kids would leave the state treasuries rich — rich enough to fund the truly needy, infrastructure, law enforcement, Medicaid, health insurance, etc. And your speaker and Mr. Broder could quit crying around about how tough things are and blaming the feds.

about 1/21/91
Augusta, Maine

John McDonough
Lenexa, Kansas

Gov. Joan Finney, State Capitol
Topeka, Ks 66215 2/10/91

Dear Governor Finney:

I write to you because I read that you invite proposals "... to fund these property taxes." The other day I wrote Speaker Barkis, sending you a copy, as he too had invited ideas --- and I enclosed a copy of the presentation I'll be giving at several legislative committee hearings. That presentation, another copy enclosed, calls for reducing public school enrollments/costs --- the prime cause of our being in this mess in the first place. I cite the Eason, New Hampshire approach ... giving a \$1,000 property tax credit for each child NOT using public schools, saving \$4,000 per child annually. My estimate is that this approach would save the state \$100 million a year for other Kansas needs. (e.g. SR5)

Also cited, another proposal to fund property tax reductions, is the introduction of TUITION for public school kids --- asking why don't they pay TUITION like at private schools (those that can afford to)? This would add another \$570 million annually for still other Kansas needs. (e.g. health insurance, infrastructure, you name it)

In closing, please refer to the newspaper clip above --- my answer to state officials complaints about federally mandated programs. And the new federal budget philosophy includes shifting subsidies from those who don't need it to those who do. It also calls for "CHOICE" and "empowerment," for better education.

P.S. Gosh! I hope you win on INITIATIVE

EDUC Sincerely,
2/18/91 John McDonough
8530 BRADSHAW (913)
AG-2 LENEXA KS 66215 888
4455

Representative Marvin Barkis
Speaker Of The House
State Capitol, Topeka, Ks.

Copies to the Governor, Senate
President, My Direct Represent-
atives, And The News Media.

Mr. Speaker: 2/6/91

I'm encouraged to write you because the current news report quotes you as calling for restructuring of the Kansas tax system; that you are determined to provide property tax relief; that you want to put every-thing on the table in arriving at a fair package of tax relief + restructuring.

And you challenged big lobbying organizations "to come to the table with solutions, not criticism." Hopefully you have a place at the table for the likes of me, individ-uals with ideas to help. My input is contained in the enclosed proposed presentation which I want to give to the appropriate committees of the legislature, + on page 4, titled "News Release," is a concise sum-mary of my suggestions. Because my suggestions are different, unorthodox, I may be mistreated. Hopefully, you + the other addressees will consider my suggestions --- especially since they relate to the pro-posals put forward by President Bush in his '92 budget. Empowerment, Choice, shifting subsidies from the mid-dle class to the poor, self help, no tax increase.

THE McDONOUGHS
8530 BRADSHAW 898-4455(913)
LENEXA, KANSAS 66215

Sincerely,

John McDonough

EDUC.
2/18/91

A6-3

Epsom, New Hampshire, a small town of 4,500 people, has just become the first community in the nation to grant a property-tax credit for taxpayers who educate children outside the local public schools. As school districts elsewhere buckle under ever-rising property-tax bills and bloated personnel costs, little Epsom's model may attract attention.

Epsom's residents are generally satisfied with the quality of local education. New Hampshire spends the least per pupil on education of any state, yet has the highest SAT scores in the country. But for years a bitter political battle has raged between those whose first priority is education no matter what the cost and others who feel that keeping property taxes low is most important. To heal this rift, former town Selectman Jack Kelleher fashioned a compromise in which he says everyone comes out a winner. The plan was approved last month by a unanimous vote of the town's Board of Selectmen.

Under the plan, taxpayers will receive up to \$1,000 in property-tax abatements if they pay to educate a high-school student outside the regional public high school. Since the town now pays \$5,000 a year in tuition for each student attending the regional school, every student using the program will save the town \$4,000. Abatements are also available to relatives or businesses that pay for the education of any child so that children whose parents don't own property can participate.

Mr. Kelleher, the plan's author, says everyone gains from it. It is good for students because they have more options. It is good for parents because they have more say in where their child attends school. It is also good for taxpayers who will save money and forestall the need for Epsom to build

its own costly high school. "How many other government programs do you know of where the more people who participate in it, the cheaper it gets?" asks Mr. Kelleher.

So far the only opposition to the plan has come from the local chapters of the ACLU and National Education Association, both of which have threatened lawsuits.

At least a dozen other New Hampshire towns are examining the Epsom plan, and Governor Judd Gregg singled it out for praise in his inaugural address. Since the plan not only expands choice but could lower taxes, it is a possible solution for cash-strapped communities now faced with stripping down their schools in response to property-tax revolts.

A lot of people today are seeking cures for our educational ills in the work of national commissions or state departments of education. Perhaps such efforts can offer some informed guidance. But in the best American tradition, real-world solutions are coming from the grass roots.

Innovative experiments in educational choice are springing up all over the country. In Milwaukee, thanks to Polly Williams, a Democratic state legislator, hundreds of low-income students are attending private schools using vouchers. The results are encouraging, and often dramatic. In Chicago, 27 low-income parents have filed a civil-rights lawsuit accusing the public schools of "educational malpractice" and demanding that a voucher program similar to the one in Milwaukee be adopted.

People like Polly Williams in Milwaukee and Jack Kelleher in Epsom are using the levers of local self-government to work out practical answers to the problems and failures of their schools. That is the potential power of choice in American education.

More money doesn't mean better schools

Kansas study finds spending has little effect on outcome of students.

By SCOTT CANON
Topeka Correspondent

1/30/91 KCS/STAB

TOPEKA — More money doesn't necessarily buy better education, state auditors told lawmakers Tuesday.

A four-month study analyzing the link between spending and the quality of education in Kansas found that the difference between

a good school and a bad one isn't the budget.

Instead, the audit concluded, a school district's spending has little, if any, bearing on how well students score on standardized tests or whether they drop out before graduation.

"Logic seems to suggest that if you get smaller classrooms, if you spend more for some things, you should get better education," said Cindy Lash, a senior auditor who led the study for the Legislative Division of Post Audit. "We didn't find anything to support that."

That is not to overlook the value of a minimum level of spending for efficient classrooms, she cautioned. Lash said the study simply found that within the ranges of spending for various Kansas school districts, those that spent more couldn't promise better education as a result.

Any real lack of significant differences in test scores and dropout rates is largely the work of the state's school aid formula, which promises even the poorest

areas of Kansas a certain amount of state dollars, she said.

Still, the study found several cases of districts that spent more and seemed to get little for it.

The Shawnee Mission School District, for example, spends about 20 percent more than what the study concluded was normal for the state. Yet its dropout rate was slightly above the state median, while reading and math scores for fourth- and eighth-graders ranked only slightly above the state average.

Craig Grant, the chief lobbyist for the Kansas-National Education Association, said the study's conclusions shouldn't be cited as justification for cutting back school spending. Instead, he said, the study should force lawmakers to look more carefully at education methods.

"It's not necessarily how much money, it's how you spend it," said Grant, whose group is the largest teacher organization in the state. "Districts that spend it wisely are ones that do it based on what their staff is telling them."

Legislators skeptical of the constant calls for education funding took the report as justification to turn them down more often.

"It means we need to talk about improving education by focusing on fundamental changes in our system, not just pouring in more money," said Sen. Eric Yost, a Wichita Republican.

The study didn't uncover cost-free ideas that seemed to improve education. Indeed, it examined 10 schools in terms of parent involvement, the roles of their principals, and student-recognition activities, yet it did not discover techniques that produced tangible dividends.

"None of it seemed to make a difference," Lash said.

EDUC
2/18/91
AB-4

Presentation To _____

By: John McDonough
8530 Bradshaw
Lenexa, Kansas 66215
(913) 888-4455

At _____

I'm here today to explain this citizen's view of why Kansas Classification, and Property Taxes are screwed up to a fair-thee-well. I'm here to blame free public education and its mercenaries for messing up left field so much nobody can handle it. And I want to offer solutions for getting us out of this mess, ^{and} without a Tax increase---solutions that would free up 620 million public dollars for more compassionate state and local spending; and the "CHOICE" solutions for jumping the education of Kansas youngsters miles above and beyond the anti-free market restrictions of the present public school soviet-like monopoly.

These solutions would partially end the scam that so richly funds public schools---at the expense of all those on our society's "Losers' List." You know who they are, those Losers to Mom-And-Dad-Free-School who get luxurious schooling for their kids at the public trough:

While 550 thousand Kansans lack health insurance,
While the truly needy don't have a home; are hungry;
need help with utility bills; their kids go without the
basic human necessities; many abused young and old.

Some economic justice, that is! Pres Bush' budget calls for shipping help from those who don't need it, to those who do.

Losers, too, to the free school gang is our infrastructure---roads, bridges, sewers. The rest that can't be financed because the free school gang grabs off most all the tax revenues. Those "Winners" don't even leave enough to adequately fund mental health, Medi-caid, public hospitals, police protection, and other public workers---our cities' problems, our minorities' special concerns, etc.

Yeah! Some economic justice that is!

Yes, the Losers' List litany goes on and on, while we look away, while we pay out some 2,100 tax dollars a home to give Mom-And-Dad-Free-School a 5,000 dollar a year freebie education to each of their kids. Mom-And-Dad don't pay a dime---they'd have to pay the same school taxes if they were childless. But they want more, more---why are we so stingy, they wonder?

Why don't Mom-And-Dad pay TUITION like private school parents---say about 1,000 dollars yearly for each child. Many private school parents pay such TUITION even though they have less income. Mom-And-Dad with two kids will get 120 thousand dollars in free school benefits, and won't even pay that much in school taxes by the time they're 75 years old. What a scam?

And if we'd charge them a reasonable 10% interest on that bundle, they'd be into us for over a million dollars by age 75. Yeah! Just one, each, set of parents. And these freeloaders won't have paid a dime. Not so the Losers' List.

But here's how successful the scam is. The lobbyists for the Losers let the public school lobby get away with it. Have you ever seen a news story where the Losers' representatives throw pie in the faces of the public school lobby for aceing out

EDUC
2/18/91
A6-5

every other society interest when the state budget pie is cut up in the state legislature. Nah! They're all afraid of the block bully, his political clout, his propaganda that rides the back of "our children."

Well! Enough sweet talk. Here's the first solution for getting us out of this property tax mess---maybe even soon adding on a sales tax mess---getting us out without a tax increase.

A. Charge 1,000 dollars TUITION for about 80% of public school kids (the other 20% could still go free---poor kids.) Not a bad deal as they'd still be getting 4,000 dollars subsidy per child.

That would save the state and local treasuries about 270 million dollars a year that we could use to help the Losers, the ones that really need the public assistance. The scenario goes like this: Say 400 thousand kids in Kansas schools---50 thousand would switch to private schools to avoid tuition---80 thousand (20% of the 400 thousand) are poor and could still go free---350 thousand would still be in public schools with 270 thousand paying 1,000 dollars a year---that's 270 million the public school crowd can well do without.

B. Now those 50 thousand kids that left public schools to avoid paying TUITION---at a saving of \$5,000 each because they're not in public schools anymore---that saves us another 250 million dollars for the Losers' List.

Now let's add them together to see where we're at:

- A. \$270 million from TUITION
- B. \$250 million from TRANSFERS

TOTAL \$520 million SAVINGS

Hmmm! Not bad---\$520 million for the state, ^{counties} and cities and taxpayers. And no tax increase. Now we're getting someplace.

Hey! This approach is so good, lets give it a name. How about -----

"The Tuition Dividend Plan."
520 Millions For Kansas.

O.K! We're on a roll. So what else can we do to cut the free school scam? To cut the Classification/the Property tax/the Sales tax messes? How about this one? They are doing it in New Hampshire---where the per pupil cost is the lowest in the nation, and the S.A.T. scores are the highest. And in Epsom, N.H. they're giving a 1,000 dollar property tax credit for each kid not using the high school---thereby saving \$4,000 for each private school student (\$5,000 total cost less \$1,000 property tax credit to save \$4,000)---and in addition not having to pour out the big bucks for a new high school.

C. So! Give a property tax credit of 1,000 dollars to each student not using public schools. That, and let's name it the "Property Tax Dividend", could mean another \$100 million for Kansas, for the Losers. Here's how this scenario goes: offer

EDUC 2/18/91
A6-6

the "Property Tax Dividend Plan" statewide. Assume 50 thousand more kids would leave the public schools for private schools--- saving another 250 million dollars (50,000 kids X \$5,000) less \$1,000 property tax credit ~~to~~ these latest transfers, plus \$1,000 of the previous 50,000 transfers, and \$1,000 to the 50,000 that all along have been in private schools. (150 thousand total in private schools X \$1,000=\$150 millions vs. \$250 millions saved by the property tax transfers=\$100 millions saved.)

Now let's add 'em up again for a total saved Kansas.

- A. + B. \$520 millions "The Tuition Dividend Plan"
- C. 100 millions "The Property Tax Dividend"

Total \$620 Millions Saved For Kansas To Spend On More Compassionate Priorities.

Oh No You Don't, Mr. Compassion.

(You zing-me.) You've just dropped our school population by 100 thousand kids. I suppose you'll try to justify weakening our public schools with the "CHOICE" business.

Well, first I justify my solutions here by offering you 620 millions of dollars annually, as I've just detailed. 620 mil ain't hay. Hope I can do as well on my CHOICE pitch to you. Here's the deal.

Choice means the individual gets to choose his own school--- instead of you or the government choosing it for him. Power to the individual---"empowerment" is the word President bush uses. He speaks of giving the poor more control over their own lives. Self help, free market enterprise, minimal cost to government.

Pres. Bush just said so in his budget message. Yes, he's for CHOICE, too.
And Margaret Thatcher says it like this. "But above all, freedom, choice, competition...A new battle for Britain is under way in our schools. Labour's tattered flag is there for all to see. Limp in the stale breeze of sixties ideology. But let's be fair. Labour wouldn't neglect education. They've promised us action. That's what alarms me...Action to stamp out choice for ordinary people, and to impose State uniformity. Action to rob parents of power, and give it to Unions and administrators. Labour is stuck fast in the egalitarian sands from which the rest of the world is escaping. We, Conservatives, have run up our flag. Choice, high standards, better teachers---a wider horizon for every child from every background." *(End of the Thatcher quote.)*

Yes, CHOICE brings quality to education, too---Like it brings better products and services to supermarkets and malls. CHOICE brings freedom to the family EMPOWERED with its own funds for its own kids. CHOICE brings safety, even escape, for kids endangered by criminal conditions in and around the public schools they're now hostage to. And, the scenario I suggested saw some 50,000 transfers from public to private schools. what if double or triple that? The savings I quoted could be far greater than I foresaw. I call upon you to officially forecast the possibilities.

EDUC
2/18/91
A6-7

"Weaken our public schools"? That's the kind of rhetorical intimidation we expected from east European dictators like Honeker and Ceausescu, as they entrapped their slaves in authoritarianism. Preventing those slaves from CHOICE. And like the Lithuanians, Latvians, and Estonians---the Georgians, even the Russians---and others, prevented by government power from CHOICE---so as not to "weaken" the soviet system.

Wrapping up, I argue that:

1. No tax increases are necessary in Kansas.
2. Instead, free ^{"everything"} public education should be discarded in favor of TUITION for those who have ability to pay---like private school parents.
3. That doing so will make available over 500 million dollars for more compassionate state and local spending--and property tax relief. Called it "The Tuition Dividend Plan."
4. Pointed to a New Hampshire tax credit incentive for families to exit public schools, which in Kansas could make another 100 million dollars available. Called it "The Property Tax Dividend."
5. I blamed free public education, and freeloading public school parents, ^{and their school lobby bellies,} for the property tax mess we've been pushed into.
6. And I called for you to officially forecast how many kids would transfer from public to private schools given property tax credit for doing so, ^{and utilization of the CHOICE alternative for reducing public population & endless spending.}

News Release

From John McDonough
8530 Bradshaw
Lenexa, Kansas
(913) 888-4455 66215

An opponent of tax increases said today that public school parents should pay TUITION for their school children. John McDonough of Lenexa, Kansas, called for \$1,000 a year tuition "like private school parents pay." He told the _____

_____ Committee that "free loading" by public school parents is the cause of the property tax "mess." He said that since public school parents would pay the same school taxes if they were childless, "they don't pay a dime of their kids' costs to the public." McDonough said that tuitions, plus a property tax credit for exiting the public schools, would annually save \$620 million for property tax relief, for assisting the needy, for improving state and city infrastructure and employee pay.

McDonough went on to champion school CHOICE. He told of President Bush and former Prime Minister Thatcher endorsing the "empowering" of parents to have the final say on which schools their children attend, because the CHOICE plan gives better, ^{As per} education, and cost benefit results. He asked that the state legislature officially study costs and savings of a tax credit plan providing "choice." McDonough said his own study shows strong further economies for the taxpayers. And he presented the Committee a book he authored on related subjects.

7/18/91
EDUC A6-8

Page 2:

In closing, I challenge you to start a debate at the state level on the principle of means-testing education programs --- as Richard Bermer of O.M.B. calls for a related debate at the federal level, described in the David Broder article I've provided. Even the national democrats are starting to pay attention to this fairness.

The Problem:

The Deterioration of American Public Education



Since 1963, average SAT verbal scores have fallen 54 points (11 percent) and math scores 36 points (7 percent). On the top side of the curve, the percentage of students scoring over 700 on verbal tests fell from 2.5 percent to 0.8 percent and on math tests, from 4.1 percent to 2.7 percent. On the other edge, some 40 percent of minority urban school graduates are considered functionally illiterate.

In comparison with other industrialized countries, U.S. educational achievement ranked 12th out of 14. When algebra and calculus scores of the top 5 percent students were compared, U.S. students ranked last.

In addition to declining quality, the school dropout rate across the nation is 27 percent, and accelerates greatly in urban areas and among minorities. In New York and Chicago the projected rate is over 40 percent, with certain schools approaching 75 percent. The number of black and hispanic youth who drop out is almost twice that of whites.

2-15-91
CHOICE'S CHANCES: Educators face a tougher fight against school choice plans.

Education unions attack Bush's plan for grant programs to let parents pick where their kids go to school, public or private. If the White House thinks funding for private schools "will vastly improve education, it is sadly mistaken," declares Albert Shanker of the American Federation of Teachers. The National Education Association vows to help sink Bush's plan in Congress. WSV

But the idea of school choice draws an unusual coalition of backers, including conservatives, liberals and blacks. "I think this year, for the first time, the dynamics are moving very much in favor of choice," says Clint Bolick of the Landmark Center for Civil Rights. Critics accuse the education unions of trying to preserve the school bureaucracies that employ their members.

Incoming Education Secretary Alexander is expected to be a much more effective advocate of school choice than previous education chief Cavazos was.

We are, indeed, a NATION AT RISK. Clearly this educational deterioration already has:

- created a horrendous waste of our most precious resource - our youth;
- suffocated the personal development of an entire generation;
- entrapped poor and minority children in the cycle of poverty;
- seriously reduced the productivity of the nation in industrial, intellectual and artistic endeavors;
- and each day further jeopardizes the future of our nation.

EDUC
2/18/91
A6-9

Budget 'fairness' passage sets off alarm bells

Washington Post Writers Group

2/13/91

WASHINGTON — In all of Washington, there may not be two people whose minds work faster than Barney Frank and Dick Darman. Frank, the Democratic congressman from Massachusetts, and Darman, the director of the Office of Management and Budget, had an exchange at last week's House Budget Committee hearing that previewed what will be a major — and useful — political debate.

In his introduction to President Bush's budget for next year, Darman said the

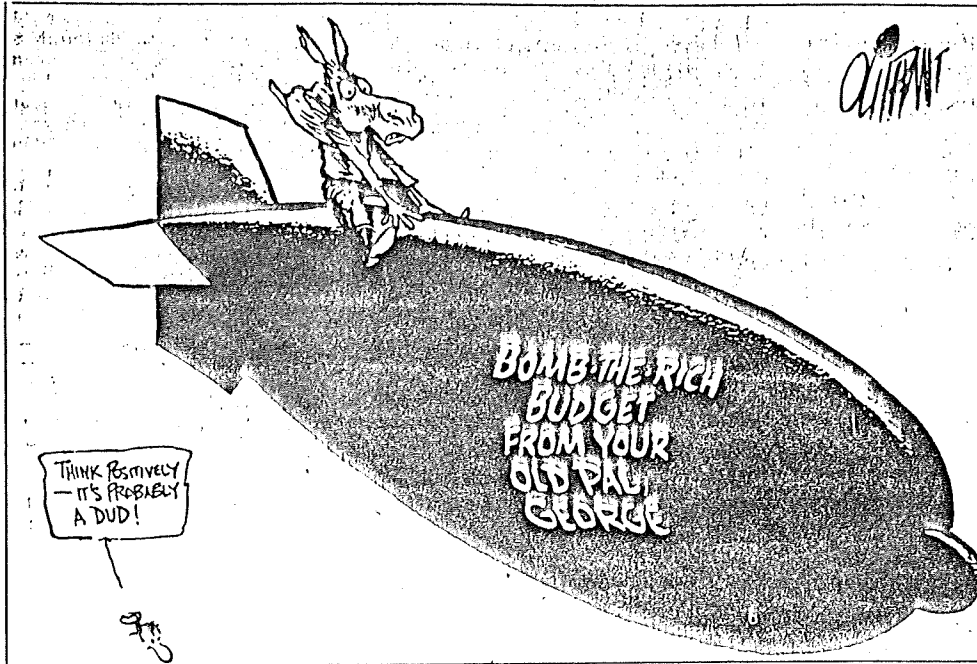
DAVID S. BRODER

administration was offering "an important new emphasis for reform: increasing fairness in the distribution of benefits, reducing subsidies for those who do not need them."

That passage set off alarm bells among Democrats, who recognize that the "fairness" franchise is one of the pillars of their political power.

Two of the highlighted proposals in the Bush budget are designed to cut off farm subsidies to people with more than \$125,000 in non-farm income and to raise the Medicare premiums for physician and outpatient services paid by people with equally high incomes. Bush also proposed shifting more school-lunch and college-aid funds to people from low-income families.

The immediate changes would be modest — a few hundred million dollars in a system where individuals receive more than \$200 billion a year in government checks. But Darman said he wanted to "start a debate" on the issue of means-testing government programs. And Democrats recognize that



Pat Oliphant

is a challenge they cannot ignore — and might just turn to their advantage.

So when Darman came before the budget committee, Frank was waiting. He got Darman to acknowledge that the "losers" in his proposed school-lunch and college-aid reforms would be families with incomes well-below the \$125,000 cutoff he was proposing for farm and medical benefits. Frank said the break point for school lunches would come when families reached the \$21,000 level, and for college aid at about \$40,000 — right at the heart of the middle class.

But Darman was not finished. "I would like to make an offer in very good faith," he said, inviting Frank and other congressional Democrats to find some income level "higher than \$20,000 and

lower than \$125,000" and then "apply it uniformly across the board" as the cutoff point for "a whole range of mandatory (benefit) programs apart from Social Security."

"I think it is absolutely sound on the merits to have some general means-testing principle, except with respect to Social Security," he said, "and I believe genuinely that the political system will be forced in that direction . . . over the next decade."

Darman is far from the first to make that judgment. In the 1988 Democratic presidential primaries, former Arizona Gov. Bruce Babbitt argued for means-testing entitlement programs. In an era of scarce governmental resources and unrelenting demands for public services,

he said that subsidies for the rich have no justification.

But there's a problem for Democrats, as Rep. Jim Cooper of Tennessee reflected at the hearing. "By all of a sudden taking Medicare and making it a welfare program," he told Darman, "or taking farm programs and making them a welfare program, you would be undercutting the national consensus that has built and preserved these programs. . . . With your ingenuity, you may well be launching a very powerful concept to stigmatize the beneficiaries of big government."

Darman angrily rejected that suggestion, but Cooper's concern has strong historical roots. Over the years they controlled government, Democrats built political support for their spending programs by targeting them broadly — not narrowly — and giving millions of middle-class voters reasons to support programs that were helpful to them, but vital to the poor.

In a time of chronic deficits, few Democrats believe that policy can continue. But to win the debate, they need to broaden the definition of "fairness," as Senate Majority Leader George Mitchell of Maine did last week.

Mitchell released a Senate Democratic agenda that points out that a decade of Republican economic policies have made this a nation "in which the richest 20 percent of all Americans earn more than all the rest of our people combined." He pledged to push for policies that will "lessen the tax burden on working families" while asking the wealthy "to bear a greater share" of the bills.

Framed that way, the fairness debate Darman wants is not one the Democrats need fear. And more important, it's one from which the country can benefit.

EDUC
2/18/91
A6-10

PUBLIC SCHOOL PARENTS Are RIPPING - US - OFF !

It's Time For The Free School Parents To Get Out Their
Check Books And Start Paying

TUITION

FOR THEIR KIDS

Like Private School Parents Have Paid Through The Years

INTRODUCING:

- * The Public School 'TUITION DIVIDEND'
... Bigger Than The 'Peace Dividend'
- * TUITION Charges To Be Computed And Paid
According To The Same Formula By Which
Social Security Recipients Are Taxed
- * Computer Tracking, By Individual, Of
All Government Handouts Received, With
Repayment Expected

Most of our public needs are short-changed because
'Mom-And-Dad-Free-School', and other winners at the
public trough, have aced-out the homeless and the
hungry, the indigent sick, mental health, poverty
stricken children, Headstart, police-fire-safety,
the national debt, state & local budgets, the crumb-
ling infrastructure, the drug war, on and on. The
monies we need to make a difference on these terrible
problems isn't available because we throw it instead
to the benefit of public school parents.

TUITION Yes... FREELOAD No

The ROUND UP
P.O. Box 19081
S.M. Kansas 66215

EDUC

7/18/91

A6-11

Preface : PUBLIC SCHOOL PARENTS
ARE RIPPING-US-OFF !

As this writing is being completed, budget battles are raging nationwide --- Washington, D.C., the state capitals, county by county, city by city. Our president & Congress are looking for a 'deal' that might even include increasing taxes. But whatever new monies they come up with, it will only scratch the surface of the the "Losers List", where there's a lot of suffering going on. (SEE PAGE 10) That's because there's so much that needs fixing --- we'll be lucky if we can do the budget deficit some good, and keep it in check (for a change).

The major monsters gobbling up those taxes we pour in- to government are the 'entitlements' -out-of-control !! You know, where zillions of people & causes expect continuing & increasing benefits from the rest of us, because they are so special. The most special of all, just ask them, being public school parents & their mercenaries. The average home is taxed \$2,100 to give that \$5,000 a year schooling to each child of 'MOM-AND-DAD-FREE-SCH- OOL'. But those big bucks aren't enough, those parents have been led to believe. And that if the taxpayers were not so stingy 'our' kids could get a decent education. Oh sure, the Losers have tough situations, but 'Our' kids must have 1st priority --- they're the future aren't they ? That's the kind of propaganda that makes MOM-DAD- And Co. winners at the public trough. "So special" are they that nobody dares ask them ---

WHY DON'T MOM-AND-DAD pay for their
own kids schools, like private sch-
ool parents pay for theirs? WHY ?

TUITION: The charge for instruction, especially for
class instruction.

This writing proposes a 'TUITION DIVIDEND' plan, which would tax parents on the free school benefits they are raking in --- modeled on plans now taxing the benefits received by Social Security recipients. (Yeah, its for real... can you believe it?) Shortages in the federal budget are so awful the S.S. benefits had to be trimmed. Can we call it the 'Social Security Dividend'? Its of course a take off on the 'Peace Dividend' theme --- cutting spending in one big area (Defense) so as to be able to have it to spend otherwise. The 'Peace Dividend'. Its an approach that could be used to trim other entitlement monsters, too.

Hah! Fat chance such off the wall scheming would ever be allowed to fly. But then necessity becomes the mother of --- Hmmm! The Berlin Wall is coming down, Russia might go free enterprize, and we're taxing S.S. benefits (Lord knows they were 'special').

Copyright ©
1990 John McDonough

CHAPTER TITLES

- Ch.1 Page 1: Public School Parents Are The Big Winners At The Public Trough. Yea! Winners!
- Ch.2 Page 7: Why Don't 'Mom-And-Dad-Free-School' Pay Tuition Like Private School Parents?
- Ch.3 Page 11: Who Are The Losers When Mom-And-Dad Win? And What Do The Losers Look Like?
- Ch.4 Page 21: Public COLLEGE Students Are Ripping-Us-Off ... The 2nd Time Around. Yea! Winners!
- Ch.5 Page 25: About Getting Our Society Off The Public School Parents' Hook.
- Ch.6 Page 29: Do You Really Think The 'TUITION DIVIDEND' Might Fly?

iii

EDUC
2/18/91
A6-13

Don't laugh & shake your head in disbelief that such earthquake changes could occur :

Tuition for public schools .
Repayment of handouts, or
at least taxing benefits.

Remember, you didn't think the Berlin Wall would come down. Did you? Or that Russia might consider free enterprise, or that Social Security would be taxed. Did you? And, there have been lots of actual earthquakes, too. So, what if ...???

TUITION Yes... FREELOAD No

The LOSERS' List (PARTIAL)

Losers to the political clout and propaganda success of Public School Parents. The free-school gang rips-off the tax monies that could otherwise be used to help the losers. Why Don't 'Mom-And-Dad-Free-School' Start Paying For Their Own Kids Like Private School Parents?

The Truly Needy. The Homeless & Hungry
Those Without Healthcare. Unemployed
The Crumbling Infrastructure. Welfare
That National Debt. Police Fire Safety
Federal, State & Local Budgets. Children

And so many more that could be helped by the
The Public School

TUITION DIVIDEND

Chapter 2

Why Don't "Mom-And-Dad-Free-School" Pay Tuition Like Private School Parents ?

In Chapter 1 we considered that public school parents ought to quit ripping-off their good buddies, that they start paying TUITION, that private school families have gotten out the ol' check books for eons. We calculated that the average home is taxed \$2,100+ to benefit 'Mom-And-Dad...', who don't think its enough, aren't appreciative; and charging them as little as \$1,000 a kid a year would send the establishment hysterical --- no matter they'd still be getting a \$4,000 a year subsidy. And no matter that the \$41 Billion such an approach might raise could zap poverty, infrastructure problems, the national debt, the 'Losers' List'.

But that's only the tip of the iceberg. To see the whole iceberg let's assume 'Mom-And-Dad-Free-School' have 2 children; and that means 12 years of freebies for each --- 24 years @ \$5,000 = \$120,000 over about ~~15~~ 15 years if the kids are 3 years apart. Now, heavens-to-beisy, lets assume that we expect these parents to pay their own way, like we expect private school parents to do the right thing.

Table 1, opposite page, shows how principle + interest charges build up when repayment is ignored --- as is now standard procedure with 'Mom-And-Dad...' -- not paying a dime, ever. By the time the parents have reached age 35 and the kids have completed high school, with no TUITION having been paid, those parents are into the public trough for \$120,000 principle plus **\$154,200** interest --- a total of **\$274,200** grabbed off from society, ace-ing out those on the 'Losers List'.

1

EDUC
7/18/91
A6-15

WAIT. A DOG GONE MINUTE! You object that its not fair to hold 'Mom-And-Dad...' to that kind of math. Isn't it the same kind of math for car payments, for house payments? What we do to keep those debts from building up, from getting sued or taking bankruptcy, is to make payments---called TUITION here.

In further reference to Table 1, ~~B6~~, this study developes the 'true economic cost' of a financial option chosen. Another choice might be simply investing that \$120,000 over those ~~15~~ years @ 10% and in the ~~55~~ years of Table 1 the account would total more than \$12 Million. And another choice would be to give that \$120,000 over ~~15~~ years to recipients who would repay at least some of it so that it might turn-over helping many others in their turns.

The option chosen here by our society results in 'Mom-And-Dad-Free-School' effectively being into us for more than \$12 Million by the time they pass away at age (say) ~~75~~. Can you imagine that? One couple, \$12 Mil, Whew! What a Bummer! No wonder we're so short of public monies for helping those who really need it on the 'Losers List'. The zillions of public school parents have got our society by the Ying-Yang. (From an ancient Asian proverb)

OK! OK! But its how we do things here, public school is good for us. What are you, some kind of a communist? Look, I'm not knocking the free schools. I'm just saying we've got to get our government budgets out of the red. Can't we all agree on that? And isn't it preety reasonable to have Moms & Dads pay something more for their kids than the rest of us? They had the kids.

How Much Of That \$204 Billion Now Subsidi-
zizing 'Mom-And-Dad-Free-School' Could Be
Utilized For Other Public Purposes If
Public School Parents Paid Their Kids
Costs? -- Like Private School Parents.

PLENTY ! Chapter 5 deals with that potential. But if 'Mom
-Dad-...' would pay about \$1000 per child per school year
, we'd have a great new revenue source with which to aid
those really needing help. And lots of private school
parents pay more than \$1000 per child each year.

Man! Could we ever relieve a bunch of poverty, repair a
bunch of infrastructure, hire a bunch of cops & firemen
with an extra \$41 BILLION EACH YEAR.

TUITION Yes... FREELoad No

Why don't they pay for
their own kids, like
private school parents ?

"FREELoader" (per Webster's dictionary)

A person who seizes every chance to get free food,
lodging, etc.

5

EDUC
2/18/91
A6-17

Table 1

Free-School Benefits When Treated As Loans
To Be Repaid By Mom & Dad. (Elem & Second.)

Parents' Age	Grade Level	First Child	Second Child	Inter-At 10%	Debt Accum
21	1	\$5,000	Principal	\$500	\$5.5 Thou.
22	2	5,000		1050	11.6
23	3	5,000		1655	18.2
24	4	5,000	\$5,000	2821	31.0 Thou.
25	5	5,000	5,000	4103	45.1
26	6	5,000	5,000	5513	60.6
27	7	5,000	5,000	7064	77.7
28	8	5,000	5,000	8771	96.5
29	9	5,000	5,000	10648	117.1
30	10	5,000	5,000	12712	139.8
31	11	5,000	5,000	14984	164.8
32	12	5,000	5,000	17480	192.3
33	10		5,000	19730	217.0 Thou.
34	11		5,000	22203	244.2
35	12		5,000	24924	274.2
36				27416	301.6 Thou.
37				30158	331.7
38				33173	364.9
39				ETC.	401.4
40					441.5
50					1.1 Million
60					3.0 Million
75					\$12.4 Million

See Explanation
On Pages 7 & 8

Chapter 5

About Getting Our Society Off The Public School Parents' Hook

So OK! dear Reader/Voter/Taxpayer, maybe you are feeling like this: Although you aren't guilty, personally, of letting the free-school crowd rip-off the trough --- you are open to an idea for rescuing some of the "Losers' List" sufferers. Brace yourself, then, because here comes the idea.

No, I'm not pushing for MOM-AND-DAD-FREE-SCHOOL, and/or Joe-And-Jane-College, to payoff the TRUE ECONOMIC COST of the subsidies/loans they've ripped-off the backs of the 'losers'. But you'd have to agree there's a strong case for that argument --- if you care much about poverty, & about the montage cases of Chapter 3.

Instead, I'm recommending the 'TUITION DIVIDEND'-- you know, sounds like the 'Peace Dividend', where we free up a bunch of public trough money for more deserving & timely purposes. We do it here by treating free school benefits like we do Social Security benefits --- when the taxpayers incomes get high enough, they pay taxes on up to half of the Social Security cash amounts they receive; & where low income recipients don't have to pay any tax on the Social Security amounts paid them.

It gets worked out as displayed on the following page, showing the Internal Revenue Service instructions to figure what we might call here the 'Social Security Dividend'. I've marked the display on the basis of 3 income levels to demonstrate the progressive nature of the amount of tax due ... nothing for families having an income of \$25 thousand; \$1,400 for the family earning \$50 thousand (remember, their benefit is \$10,000 with 2 kids in public

Lines 21a and 21b

Social Security and Equivalent Railroad Retirement Benefits

Social security benefits you receive may be taxable in some instances. Social security benefits include any monthly benefit under title II of the Social Security Act or the part of a tier 1 railroad retirement benefit treated as a social security benefit. Social security benefits do not include any Supplemental Security Income (SSI) payments.

By January 31, 1990, you should receive a Form SSA-1099 showing the total social security benefits paid to you in 1989, and the amount of any social security benefits you repaid in 1989.

Use the worksheet on this page to see if any of your benefits are taxable, but please note the following before you begin.

- You will first need to complete Form 1040, lines 7 through 20, 22, and 30 if they apply to you, to figure the taxable part, if any, of your benefits.

USING THE SOCIAL SECURITY TAX PLAN FOR THE "TUITION DIVIDEND" PLAN

FREE SCHOOL BENEFITS WORKSHEET

Social Security Benefits Worksheet (Keep for your records)

Check only one box

- A. Single, Head of household, or Qualifying widow(er) with dependent child
- B. Married filing a joint return
- C. Married filing a separate return and you lived with your spouse at any time in 1989
- D. Married filing a separate return and you did not live with your spouse at any time in 1989. If you checked this box, write "D" on the dotted line next to line 21a.

1. Enter the total amount from Box 5 or ALL your Forms SSA-1099 and Forms RRB-1099 (if applicable) **2 CHILDREN IN FREE SCHOOLS @ \$5,000 =** 10,000

Note: If line 1 is zero or less, stop here: none of your benefits are taxable. Otherwise, go on to line 2.

2. Divide the amount on line 1 above by 2 $5,000 \div 2 =$ 5,000

3. Add the amounts on Form 1040, lines 7, 8a, 8b, 9 through 15, 16b, 17b, 18 through 20, plus line 22. Do not include here any amounts from Box 5 of Forms SSA-1099 or RRB-1099 25,000

4. Add lines 2 and 3 30,000

5. Enter the total adjustments from Form 1040, line 30 **(IRA & RETIRING)** -0-

6. Subtract line 5 from line 4 30,000

7. Enter $\left\{ \begin{array}{l} \$25,000 \text{ if you checked Box A or D, or} \\ \$32,000 \text{ if you checked Box B, or} \\ -0- \text{ if you checked Box C} \end{array} \right.$ 32,000

8. Subtract line 7 from line 6. Enter the result, but not less than zero -0-

Note: If line 8 is zero, stop here. None of your benefits are taxable. Do not enter any amounts on lines 21a or 21b unless you checked Box D above. If you checked Box D, enter -0- on line 21b and write "D" on the dotted line next to line 21a. If line 8 is more than zero, go on to line 9.

9. Divide the amount on line 8 above by 2 X

10. Taxable social security benefits. **FREE SCHOOL TAX**

- First, enter on Form 1040, line 21a, the amount from line 1 above.
- Then, compare the amounts on lines 2 and 9 above. Enter the smaller of the two amounts here and on Form 1040, line 21b X

Note: If part of your benefits are taxable for 1989 AND they include benefits paid in 1989 that were for 1984 through 1988, you may be able to reduce the taxable amount shown on this worksheet. Get Pub. 915 for details.

TAX BRACKET 15%

Page 13

TUITION CHARGE

-0- \neq 1,400 1,650

EXAMPLES: TAXES DUE AT VARIOUS INCOME LEVELS. LINE 3

	↓	↓	↓
	10,000	10,000	10,000
	5,000	5,000	5,000
	25,000	50,000	100,000
	30,000	55,000	105,000
	-0-	-0-	-0-
	30,000	55,000	105,000
	32,000	32,000	32,000
	-0-	23,000	23,000
	X	11,500	11,500
	X	5,000	5,000

INCOME LEVELS

26

EDUC
2/18/91
A6-20

school, so they'd only have a TUITION charge of 14% --- private school parents never-had-it-so-good); \$1,650 for the family earning \$100 thousand (Wow! That kind of subsidy seems way too much: \$8,350 a year subsidy on an income of \$100 thousand.)

As to how much additional TUITION would be expected of college people, under the 'TUITION DIVIDEND' plan, the formula includes factors such as:

- a. Counting the freshman year subsidy as income the (say) 5th year following. Further college years subsidies treated for tax purposes in successive years.
- b. Having the college benefit recipient realize that the funds that helped him/her could otherwise have helped those on the 'Losers' List' --- and that his/her repayments will now allow more to aid those who really need it.

The Social Security tax plan is now suggested for application to our school financing mess, and to other entitlement programs out of control. Remember when anyone daring to 'notice' good ol' S.S. was shot at sunrise? Just a few years ago. But the federal deficit got so awful they had to do the unthinkable. Its that way again, and ditto the state and local budgets --- so awful that maybe free school benefits need to be trimmed. My Gosh! What if in addition to the ---

Social Security Dividend, and the Peace Dividend being thinkable,

What if the TUITION DIVIDEND flies?

TUITION Yes... FREELOAD No

27

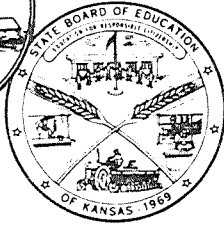
EDUC
7/18/91
AG-21

So
Why?

SO, WHY DO WE STILL LET PUBLIC SCHOOL TYPES
GET INTO US SO HEAVY, AND INTO THE LOSERS'
SO HEAVY --- MAYBE IN OUR NATION'S HISTORY
THERE WAS GOOD REASON. BUT NOW? WHEN WE'RE
HEAD OVER HEELS IN DEBT? WHEN OUR SOCIETY
IS BROUGHT TOGETHER BY MANY FACTORS --- &
MAYBE IT ISN'T ANY LONGER IN OUR BEST INT-
EREST TO LURE PUBLIC SCHOOL ENROLLMENT BY
MAKING IT 'FREE', BUT ON THE BACKS OF ABOUT
EVERYTHING ELSE.

What Say You ????????

Tuition Dividend YES!
Put An End To The Freeload



Kansas State Board of Education

Kansas State Education Building (913) 296-3203

120 East 10th Street Topeka, Kansas 66612-1103

Mildred McMillon
District 1

Connie Hubbell
District 4

Bill Musick
District 6

Evelyn Whitcomb
District 8

Kathleen White
District 2

I. B. "Sonny" Rundell
District 5

Wanda Morrison
District 7

Timothy R. Emert
District 9

Paul D. Adams
District 3

February 20, 1991

Gwen Nelson
District 10

TO: Senate Education Committee
FROM: State Board of Education
SUBJECT: 1991 Senate Bills 26 and 110

My name is Connie Hubbell, Legislative Chairman of the State Board of Education. I appreciate the opportunity to appear before this Committee on behalf of the State Board.

The State Board of Education is very concerned about school finance and its effect on students and property taxpayers throughout the state. The State Board recommends that we follow the basic principles of school finance listed below.

- * Funding elementary/secondary education for the children of Kansas is the responsibility of the state as a whole.
- * Kansas must return to an equalized formula which guarantees each child will have the opportunity to attend a public school which provides a program of studies sufficient to prepare the child for integration into society.
- * A child should be able to attend public school without undue financial burden to self, family, or any particular group of taxpayers.
- * The financial system should treat all taxpayers equitably regardless of where they reside, produce income, own property, or purchase goods. Equalization and equity should be the objectives of school funding in Kansas.

(over)

EDUC
2/18/91

A7-1

The State Board of Education has reviewed the recommendations of the Special Committee on School Finance and the Governor's proposal on school finance for the 1991-92 school year. The State Board of Education makes the following recommendations.

- * The definition of district wealth, as recommended by the Special Committee on School Finance and the Governor, should be incorporated into the school finance formula.
- * The fourth and fifth enrollment categories should be merged over a three-year period. It is important that we use a system that will achieve this goal. The Governor's proposal seems to meet that standard.
- * The budget controls should recognize the rising costs and the demand society is placing on the educational system. The consumer price index for the 1990 calendar year was approximately six percent. Unless reasonable budget controls are made available to school districts, it will be very difficult to implement an outcomes based education program for many districts.

The State Board is cognizant of the state's fiscal condition and has gone on record as supporting increases in sales and income taxes to help fund schools and provide some property tax relief under an equitable school finance formula.

EDUC
2/18/91
A7-2

February 18, 1991

Testimony for the Senate Education Committee on Senate Bill 26.

Prepared by Stephen R. Morris

600 Trindle

Hugoton, KS 67951

Member U.S.D. #210 - Board of Education

I am here today to oppose the provision in Senate Bill 26 that would levy a minimum of 30 mills to all school districts. There has been a tremendous amount of discussion, and proposed legislation to come up with a way to ease the property tax burden on our citizens. In Senate Bill 26, it has been proposed to raise the property tax burden of one group to lower it for another group.

I believe this is totally unfair to residents of our school district and others in a similar situation. In U.S.D. #210, this proposed increase would be almost 100% and we have heard speculation that this proposed minimum levy would eventually reach 50 mills, which would be in excess of a 300% increase for our district. Last year, over 12 million dollars in Severance Tax monies, in addition to Sales Tax revenue and Income Tax revenue from our school district went into the State General Fund. A large percentage of these funds go into the school equilization formula for State Aid to Education which our district does not share in. We feel that we are already doing more than our share to educate students in public schools from other districts around the state.

This past year, our school district was only allowed to raise our budget 1% to benefit our children; this proposal would be a 100% increase to benefit someone else's children. I can certainly sympathize with people in other districts having to pay higher mill levies for schools, however people have a choice on where to live. We in the far western area of the

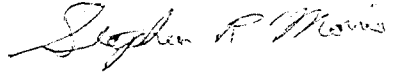
EDUC
2/18/91

A8-1

Page 2

state have very few advantages. One of the most important of these is our higher evaluations and lower property tax rates. This bill would take this away from us. I would respectfully request that you vote against this provision of the bill. Thank you very much.

Sincerely,



Stephen R. Morris,
Member U.S.D. #210 - Board of Education

SRM/jlm

EDUC
2/18
A8-2

KANSAS CITY POWER & LIGHT COMPANY

1330 BALTIMORE AVENUE

P. O. BOX 418679

KANSAS CITY, MISSOURI 64141-9679

B. J. BEAUDOIN
VICE PRESIDENT-FINANCE
&
CHIEF FINANCIAL OFFICER

February 15, 1991

Senator Joe Harder, Chairman
Senate Education Committee
State Capitol
Topeka, KS 66601

Dear Senator Harder:

I would like to express Kansas City Power & Light Company's opposition to S 26. This bill proposes that school districts levy a minimum property tax of 30 mills.

Since 1985, KCPL's annual Kansas property taxes have gone from \$15.2 million to \$19.4 million, an increase of 27 percent. Reappraisal had little impact upon our Kansas property taxes. In 1988, the year before reappraisal, KCPL paid \$19.6 million. In 1990, after reappraisal, KCPL's property tax bill was \$19.4 million.

We estimate S 26 will add \$5.2 million to our Kansas property taxes for a total of \$24.6 million, another increase of 27 percent. As you are aware, the Senate Committee on Assessment and Taxation is considering SCR 1606 which would add \$6.5 million to our Kansas property taxes by increasing utility real and tangible property assessment from 30 percent to 40 percent. In addition, if the current exemption of state sales taxes on utility bills is repealed, our customers will pay \$7 million per year.

KCPL's Kansas electric rates are based on 1985 property taxes. While we have endeavored to hold the line to avoid requesting a rate increase which would impact our 160,000 Kansas customers, mounting property taxes are a real concern. A continuing increase in property taxes will eventually be borne by our ratepayers.

Sincerely,

B. J. Beaudoin

c: Senate Education Committee Members

EDUC
2/18/91
A9