

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson David Adkins at 9:10 a.m. on March 17, 2000 in Room 514-S of the Capitol.

All members were present except: Representative Ballard - excused
Representative Reinhardt - excused

Committee staff present: Stuart Little, Kansas Legislative Research Department
Robert Waller, Kansas Legislative Research Department
Carolyn Rampey, Kansas Legislative Research Department
Deb Hollon, Kansas Legislative Research Department
Jim Wilson, Revisor of Statutes Office
Mike Corrigan, Revisor of Statutes Office
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Philip Wegman, Johnson County Community College
Carol Williams, Executive Director, Kansas Governmental Ethics Commission
Representative Peggy Long
George Petersen, Kansas Taxpayer Network
Hal Hudson, State Director, Kansas Chapter, National Federation of Independent Business, Inc.
Leslie Kaufman, Assistant Director, Public Policy Division, Kansas Farm Bureau
Marlee Bertholf, Dir. of Taxation & Small Business, Kansas Chamber of Commerce & Industry
Bob Corkins, Executive Director, Kansas Public Policy Institute
Karen France, Director, Governmental Affairs, Kansas Association of Realtors
Mark Tallman, Assistant Executive Director for Advocacy, Kansas Association of School Boards

Others attending: See attached list

Briefing on Kansas Adult Education

Chairman Adkins introduced Philip Wegman, Program Director, Developmental Education, Johnson County Community College who gave a briefing on Adult Education, It Works for Kansas, Report on Kansas' Adult Education Program (Attachment 1).

Hearing on:

SB 481 - Governmental ethics commission; biennial budget

The Chairman opened the public hearing on **SB 481**.

Proponents:

Carol Williams, Executive Director, Governmental Ethics Commission (Attachment 2)

The Chairman recognized Representative McKechnie who distributed a memorandum regarding information he had requested from the Governmental Ethics Commission on the Commission's fee fund. (Attachment 3)

There being no further conferees to come before the Committee, the Chairman closed the public hearing on **SB 481**.

CONTINUATION SHEET

Hearing on:

HCR 5067 - Constitutional amendment limiting increases in state spending

The Chairman opened the public hearing on **HCR 5067**.

Proponents:

Representative Peggy Long (Attachment 4)

George Petersen, Kansas Taxpayer Network (Attachment 5)

Hal Hudson, State Director, Kansas Chapter, National Federation of Independent Business, Inc. (Attachment 6)

Leslie Kaufman, Assistant Director, Public Policy Division, Kansas Farm Bureau (Attachment 7)

Marlee Bertholf, Director of Taxation and Small Business, Kansas Chamber of Commerce and Industry (Attachment 8)

Bob L. Corkins, Executive Director, Kansas Public Policy Institute (Attachment 9) Mr. Corkins distributed the following information with his testimony:

- The \$3 Billion Question: Will the Legislature Finally Let Kansans Vote on Controlling Government Spending (Attachment 10)
- Kansans Think Tank Projects Major Benefits from Eliminating State Income Tax (Attachment 11)
- State Financial Aid to School Districts, 1998-99 (Attachment 12)

Karen France, Director, Governmental Affairs, Kansas Association of Realtors (Attachment 13)

Opponents:

Mark Tallman, Assistant Executive Director for Advocacy, Kansas Association of School Boards (Attachment 14) Mr. Tallman mentioned that the School Districts of Shawnee Mission, Olathe and Blue Valley have asked to join in these remarks as opponents of **HCR 5067**.

There being no further conferees to appear before the Committee, the Chairman closed the public hearing on **HCR 5067**.

Written testimony was received from Marci Hess, Director, Government Relations, Sedgwick County, concerning FY 2001 demand transfers, the briefing in yesterday's meeting of March 16, 2000 (Attachment 15).

Bill Introductions

Representative Peterson made a motion, seconded by Representative Hermes, to introduce a bill regarding Kansas State University research and extension employees that would change the status quo of retirement currently part of federal civil service and would allow them to participate in the Regents retirement program at a cost of approximately \$275,000 that would be absorbed by retirements and attrition. Motion carried.

Chairman Adkins referred **HB 2857** and **HB 2858** to the Agriculture and Natural Resources Budget Committee.

CONTINUATION SHEET

SB 25 - University of Kansas Medical Center, building construction projects on medical center property by hospital authority

Representative Farmer mentioned that the Education and Legislative Budget Committee found out that this was actually handled in Section 8, **SB 324** that passed last session. Representative Farmer noted that no action is necessary on **SB 25**. Chairman Adkins mentioned that **SB 25** will be held in Committee.

SB 24 - Joint Committee on Oversight of the University of Kansas Hospital Authority, expiration date, repealer

Representative Farmer made a motion, seconded by Representative Landwehr, based on the recommendation of the Education and Legislative Budget Committee, to pass **SB 24** out favorable for passage and place on the consent calendar. Motion carried.

HB 3000 - Ombudsman of corrections, juvenile offenders

Representative Kline made a motion, seconded by Representative McKechnie, to amend **HB 3000** and adopt the proposed balloon (Attachment 16). Motion carried.

Representative Kline made a motion, and seconded by Representative McKechnie, to pass **HB 3000** out favorable for passage as amended. Motion carried.

HB 3025 - Interstate compact for adult offender supervision

Stuart Little, Kansas Legislative Research Department, briefed the Committee on **HB 3025**.

Representative McKechnie mentioned that the Public Safety Budget Committee recommends **HB 3025** favorable for passage. Committee questions and discussion followed.

It was determined to hold **HB 3025** until further information could be distributed to the Committee and the bill will be worked at another committee meeting.

The meeting was adjourned at 11:00 a.m. The next meeting is scheduled for March 20, 2000.

**HOUSE APPROPRIATIONS COMMITTEE
GUEST LIST**

DATE March 17, 2000

NAME	REPRESENTING
Leslie Kaufman	Ks Farm Bureau
DENISE MUSSER	JUVENILE JUSTICE AUTHORITY
Mark Tallman	Ks Assoc. of School Boards
Card Williams	Gov. Ethics
Dick Koerth	KIDWP
Bob Corkias	Ks. Public Policy Institute
Hal Hudson	NFIB/Kansas
Mark Bertholf	KCCI
Kurt Peters	KTN
Deann Long	House #76
Gwen Sims	Ombudsman for Corrections
Jenny Bauer	P. M. Kuchman for Community

Adult Education

It Works for Kansas

Report on Kansas' Adult Education Program

Kansas Adult Education Association

Presented by:
Philip J. Wegman
Program Director, Developmental Education
Johnson County Community College
12345 College Boulevard
Overland Park, KS 66210-1299
(913)469-4446

House Appropriations
3-17-00
Attachment 1

ADULT BASIC EDUCATION

Adult education programs bridge the gap between education and employment. For many years adult education has facilitated young adults and older adults in their “second chance” for obtaining an education credential.

However, for the past five to seven years, adult education has become the primary tool for assisting thousands of individuals to become employed or gain the higher levels of skills necessitated by a highly evolving technical workplace.

Because of this shift in the changing role of adult education it has become necessary for adult education to be viewed and supported as more than an education effort but also a critical and primary player in the workforce development arena.

Therefore, the state support for adult education programs must come from other funding sources. All of those programs (agencies, divisions, departments) must also support adult education since they are the exclusive providers of foundational skills necessary for employment.

Adult education is the foundation for:

Employment for those welfare recipients who have basic skill deficiencies, disabilities, etc.

Improved employment for those individuals whose basic skills have not kept pace with the demands of a rapidly progressing technical workplace.

Employment for those living in Kansas who do not have the English language skills demanded by the workplace.

The basic skills necessary for healthy lives, effective parenting, etc.

There are currently 35 Adult Basic Education (ABE) programs in Kansas

We are asking our Kansas Legislators for their support in increasing the state’s contribution to adult education from 1,100,000 to 1,200,000 million dollars this year to provide services for Kansans who are currently on waiting lists and not being served.

Kansas Adult Education 1998-99 Annual Report

Total Participants: 16,461

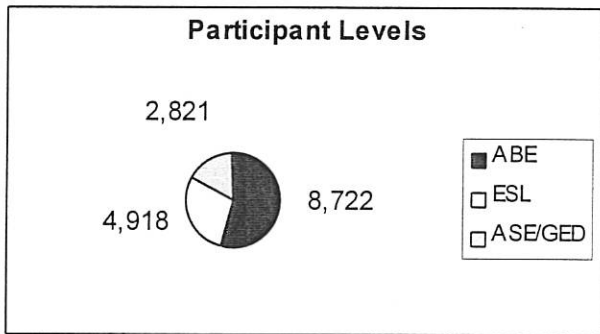
Number of Adult Education Programs: 35

Total Participant Hours: 669,976

Number of Staff in Programs: 960

Total Funding (Federal and State):
\$3,429,689.00

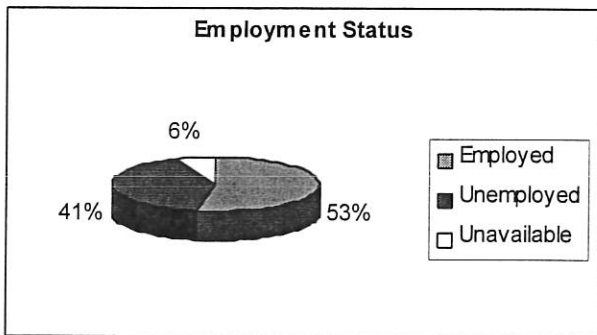
Cost Per Participant Per Year: \$208.35



Basic Skills Participants: 8,722

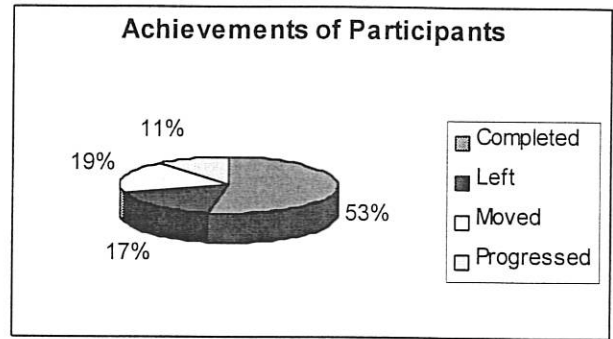
English as a Second Language Participants:
4,918

GED/Adult Secondary Participants: 2,821



Participants with Disabilities: 967 (6%)
On Public Assistance: 1,714 (10%)
In Family Literacy Programs: 403 (2%)
In Institutions or Corrections: 2,078 (13%)

Highlights of Program Outcomes:



5,042 Adults Got a GED

833 Adults Went On To Higher Education or
Vocational Training

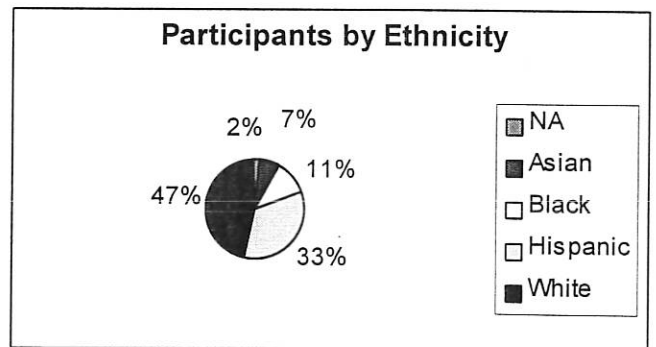
90 Adults Became U.S. Citizens

898 Adults Got a Job

935 Adults Kept or Improved a Job

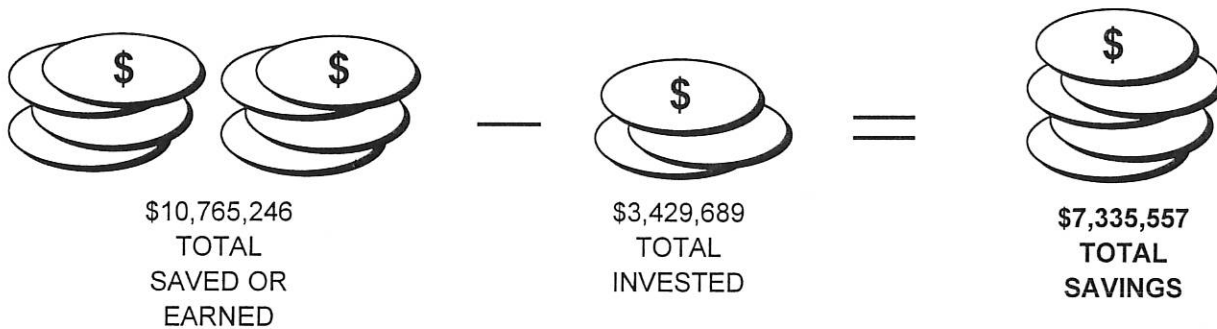
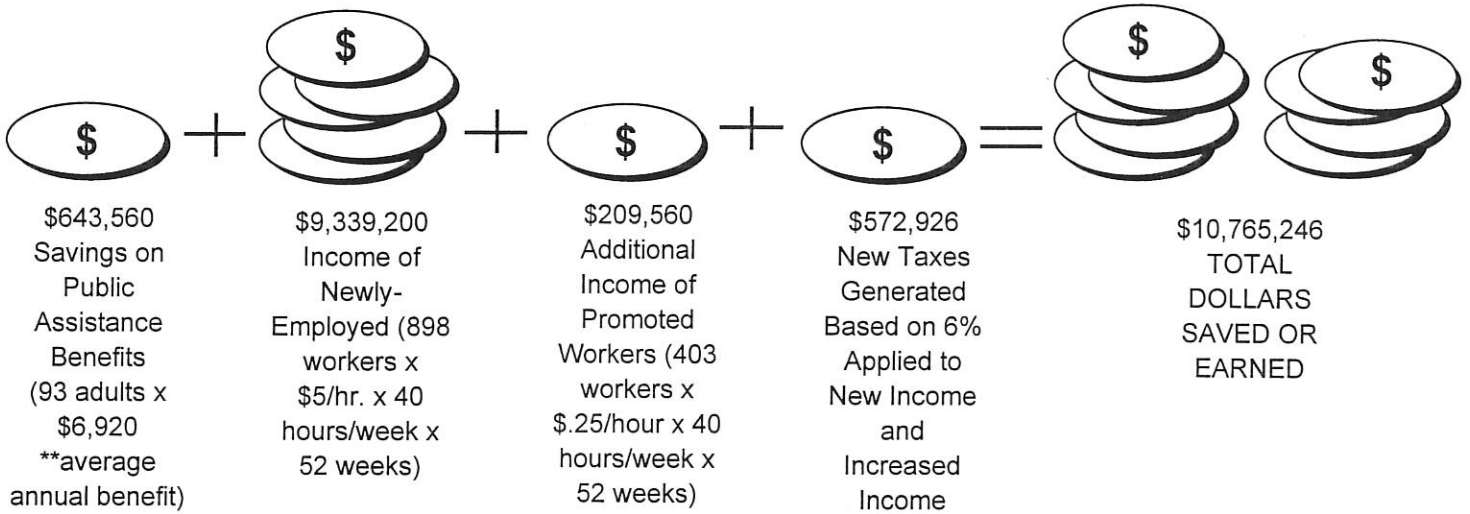
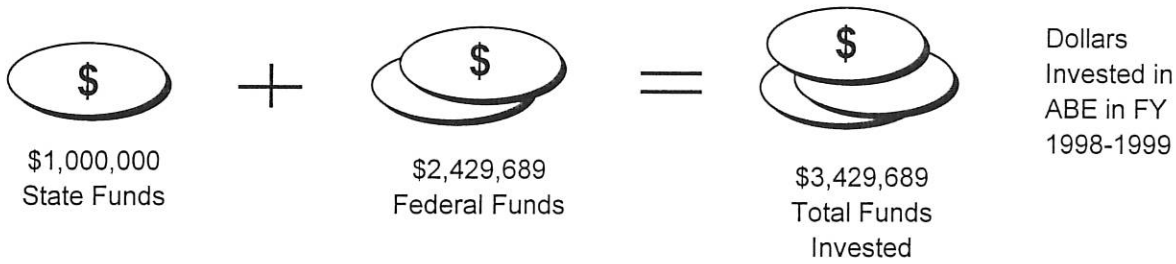
93 Adults Are No Longer On Public Assistance

331 Parents Read More to Children of Got
More Involved in Their Education



For more information, contact Kansas Board of
Regents Adult Education, 785-291-3038

Adult Basic Education Return on Investment 1998-99



** Represents a 50% decrease in the average cash assistance (AFDC & Food Stamps) aid for a single mother with two children.

UNMET NEEDS IN ADULT EDUCATION

<u>REQUEST FROM</u>	<u>SERVICE REQUESTED</u>
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Business/Industry

Binny Smith, Winfield	English as a Second Language
Rubbermaid, Winfield	English as a Second Language
General Motors, Kansas City	Basic skills

Community Corrections, Court Services

El Dorado	Basic Skills, GED Preparation
Johnson County	Basic Skills, GED Preparation
Hutchinson	Basic Skills, GED Preparation
Ottawa	Basic Skills, GED Preparation
Pratt	Basic Skills, GED Preparation

Developmental Disabilities Services

Colby	Basic Skills
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Elementary Schools (USD's)

Lawrence	Family Literacy
Olathe	Family Literacy
Topeka	Family Literacy
Wichita (3)	English as a Second Language, Basic Skills

Low Income Housing

Kansas City	Basic Skills, GED Preparation
Leavenworth	GED Preparation
Topeka	Basic Skills, GED Preparation

Social and Rehabilitation Services

Independence	Basic Skills, GED Preparation
Iola	Basic Skills, GED Preparation, Parenting
Newton	Basic Skills, GED Preparation
Osborne	Basic Skills, GED Preparation
Paolo	Basic Skills, GED Preparation
Pratt	Basic Skills, GED Preparation

REQUEST FROM

SERVICE REQUESTED

Others

Kidlinks, Osborne
S.E. Kansas Mental Health
Topeka Youth Project

Basic Skills, GED Preparation
Life Skills
Basic Skills, GED Preparation

Multiple Sources of Requests

Great Bend, Olathe, Antioch,
Newton, Emporia, Hutchinson,
Johnson, Mead, Elkhart, Sublette,
Moscow, Hugoton, Ulysses,
Garden City, Winfield

English as a Second Language

WAITING LISTS

Unmet needs can also be seen in the waiting lists that Adult Education Centers throughout the state have had to establish.

<u>Center</u>	<u>Number on List</u>	<u>Average Time Waited</u>
WAITING FOR BASIC SKILL AND GED PREPARATION		
Butler County Community College, August Outreach	5	1 month
Highland Community College, Atchison Outreach	5	2 weeks
Hutchinson Community College Lawrence	10	1 month
Let's Help, Topeka	10	1 month
Neosho County Community College	12	3 weeks
Newton, USD 373	15	3 weeks
Salina, USD 305	10	3 weeks
Topeka, USD 501	50	2 months
	15	3 weeks

WAITING FOR ENGLISH AS A SECOND LANGUAGE OR CITIZENSHIP CLASSES

Garden City Community College	25 (ESL)	3 months
Johnson County Community College, Olathe and Antioch Outreach	50 (ESL)	1 month
Manhattan, USD 383	15 (ESL)	2 months
Newton, USD 373	25 (ESL)	3 weeks
Seward County Community College	100 (ESL)	4 weeks
	80 (Citizenship)	13 weeks
Wichita Indochinese Center	30 (ESL)	1 month

Some centers are concerned about losing students. It takes some people a long time to get the courage to call a center and putting them on a waiting list can result in losing those students. Other centers feel that a student who waits for a seat in class values that class more, works harder, and is retained longer.

ADULT EDUCATION OUTCOMES POST-SECONDARY EDUCATION

ONE WOMAN'S STORY

Elva Morales didn't know that education was habit-forming. Elva had to quit school in the ninth grade to help her family. After seventeen years at National Beef and a successful battle with cancer, she decided she wanted to do something more with her life. The first step was to complete her high school education, so she went to the adult education program at Seward County Community College to get her GED.

"That was no easy task," she said, but with the help of the adult education staff, she reached her goal. "They were very patient with me and gave me the incentive and inspiration to succeed." Inspiration from another source kept her going. She hadn't had any plans to go on to further education. "But then I knew God had given me a second chance," Elva said, to fulfill her childhood dream of being a school teacher. With the support of her husband and son, she worked hard to make her dream a reality.

Elva is now a fifth grade teacher at Washington Elementary School. She also teaches four nights a week and on Sunday afternoon at the Seward County Community College Colvin Adult Learning Center. According to the center's director, Cynthia Rapp, "Elva is committed to giving back to the center where she found such encouragement and support and she is a role-model for students and an inspiration to us all."

A quick e-mail survey of community colleges revealed a total enrollment for the academic year 1996-97 of 3,075 students with GED diplomas. Many of the students have dreams like Elva Morales.

Johnson County Community College did a study in 1993 to determine the progress and performance of students who entered JCCC with a GED diploma. They found that the graduation rate for these students was virtually identical to that of the college as a whole. This study agrees with several national studies done over the last 17 years on this subject.



GOVERNMENTAL ETHICS COMMISSION

**Testimony before House Appropriations
on Senate Bill 481
by Carol Williams, Executive Director
March 17, 2000**

Senate Bill 481 would amend K.S.A. 75-3717 by adding the Governmental Ethics Commission to the list of agencies that file budget estimates on a biennial basis. The Governmental Ethics Commission made this a recommendation in its 1999 Annual Report and Recommendations.

The Commission works on an election year cycle, which is a two year cycle. Budget figures in many of the object codes in "Other Operating Expenditures" do not correlate from one calendar year to the next. Therefore, it is difficult for the Commission to prepare and submit a projected budget on an annual basis. For this reason, the Commission would like to become one of the agencies that submits its budget on a biennial basis.

The Commission urges the Committee to pass this bill out favorably.

House Appropriations
3-17-00
Attachment 2

Administration of
Campaign Finance,
Conflict of Interest
& Lobbying Laws

STATE OF KANSAS



109 West 9th Street
Suite 504
Topeka, Kansas 66612
(785) 298-4219

GOVERNMENTAL ETHICS COMMISSION

MEMO

TO Rep. Ed McKechnie
FROM Carol Williams
DATE March 16, 2000
RE Commission's Fee Fund

You asked me to get you figures on a 20% increase for the agency's fee fund. I've put the info in a chart format. A 20% fee increase in all categories will generate an additional \$22,037 in FY 2002. I used this year for comparison, because lobbyists have already paid their fees for this year (FY2000). FY2001 is not a good year to compare because there are just city candidates paying fees, therefore, I used FY2002 since it will be a fiscal year that receives fees from all categories. If this increase were to be implemented before the filing deadline this year, the additional fees generated this year would be approximately \$8,436. To date 412 candidates have already filed for office, we anticipate an additional 1,406 before the June 10 filing deadline. In FY2001 the total fee increase would generate an additional \$17,573.

CANDIDATES	Number of	Current Fees		Fees Increased by 20%	
		Individual	Aggregate	Individual	Aggregate
Statewide	23	\$400	\$ 9,200	\$480	\$11,040
State	338	30	10,140	36	12,168
Local	364	30	10,920	36	13,104
PACS	105	15	1,575	18	1,890
	75	30	2,250	36	2,700
	85	200	17,000	240	20,400
LOBBYISTS	850	30	25,500	36	30,600
	120	250	30,000	300	36,000
	12	300	3,600	360	4,320
			<u>\$110,185</u>		<u>\$132,222</u>

House Appropriations
3-17-00
Attachment 3

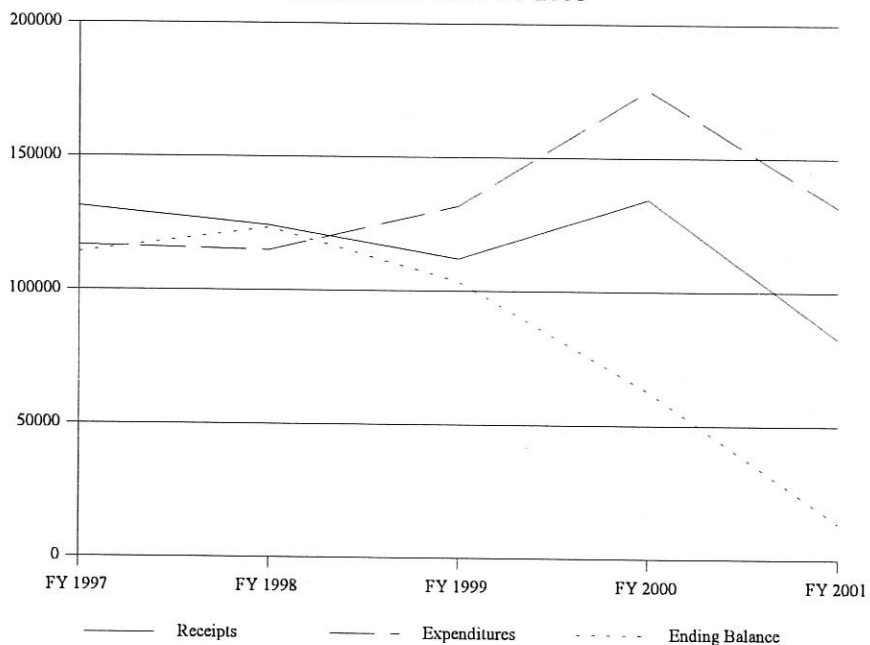
Fee Fund Information Governmental Ethics Commission

Historical Trend - FY 1997-FY 2001

Resource Estimate	Actual FY 1997	Actual FY 1998	Actual FY 1999	Leg. Rec. FY 2000	Gov. Rec. FY 2001
Beginning Balance	\$ 99,546	\$ 114,150	\$ 123,391	\$ 103,555	\$ 62,723
Net Receipts	131,232	124,216	112,070	134,465	82,628
Total Funds Available	\$ 230,778	\$ 238,366	\$ 235,461	\$ 238,020	\$ 145,351
Less: Expenditures	116,628	114,975	131,816	175,297	131,692
Less: Nonreportable Expenditures	0	0	90	0	0
Ending Balance	\$ 114,150	\$ 123,391	<u>\$ 103,555</u>	<u>\$ 62,723</u>	<u>\$ 13,659</u>
Ending Balance as Percentage of Expend.	97.9%	107.3%	78.6%	35.8%	10.4%

Governmental Ethics Commission

Fee Fund FY 1997-FY 2001



Agency Estimated Receipts through FY 2004

Source	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate	FY 2002 Estimate	FY 2003 Estimate	FY 2004 Estimate
Candidates	\$ 11,860	\$ 54,540	\$ 6,090	\$ 30,260	\$ 6,090	\$ 54,120
PACs	25,875	20,825	22,675	20,825	22,675	20,825
Lobbyists	69,120	59,100	59,100	59,100	59,100	59,100
TOTAL	\$ 106,855	\$ 134,465	\$ 87,865	\$ 110,185	\$ 87,865	\$ 134,045

Ethics Commission Fee Fund Information

Receipts to the Governmental Ethics Commission Fee Fund come mainly from three sources: candidate filings, political action committee registrations, and lobbyist registrations. Other sources for receipts are civil penalties and fines imposed by the Commission and charges for publications, but these amounts are relatively small.

Candidates for state office and lobbyists pay fees to the Secretary of State. Candidates for city or county office pay the fee to the county election officer. These fees are then remitted quarterly to the State Treasurer to be credited to the fee fund. Political action committees pay the Ethics Commission directly.

The fees charged are set out in statute and were last changed by the 1994 Legislature. The following table lists the fee charged for each category.

Category	Fee
Candidates for office elected by statewide election	\$ 400
Candidates for State Senator, State Representative, State Board of Education, District Attorney, Board of Public Utilities of Kansas City, and elected county offices	\$ 30
Candidates for members of boards of education of unified school districts having 35,000 or more pupils, elective offices in first class cities, and district court judges	\$ 30
Political Action Committees receiving less than \$500 in contributions	\$ 15
Political Action Committees receiving more than \$500 but less than \$2,501 in contributions	\$ 30
Political Action Committees receiving more than \$2,501 in contributions	\$ 200
Lobbyists expending less than \$1,000	\$ 30
Lobbyists expending more than \$1,000	\$ 250
Employees of lobbying firms	\$ 300

Estimated Receipts through FY 2004

Source	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate	FY 2002 Estimate	FY 2003 Estimate	FY 2004 Estimate
Candidates	\$ 11,860	\$ 54,540	\$ 6,090	\$ 30,260	\$ 6,090	\$ 54,120
PACs	\$ 25,875	\$ 20,825	\$ 22,675	\$ 20,825	\$ 22,675	\$ 20,825
Lobbyists	\$ 69,120	\$ 59,100	\$ 59,100	\$ 59,100	\$ 59,100	\$ 59,100
TOTAL	\$ 106,855	\$ 134,465	\$ 87,865	\$ 110,185	\$ 87,865	\$ 134,045

PEGGY LONG
 REPRESENTATIVE, 76TH DISTRICT
 HC-1, Box 58
 HAMILTON, KANSAS 66853
 (316) 673-3826
 ROOM 427-S CAPITOL BLDG.
 TOPEKA, KS 66612
 (785) 296-7671



TOPEKA

HOUSE OF
 REPRESENTATIVES

COMMITTEE ASSIGNMENTS
 HEALTH & HUMAN SERVICES
 JUDICIARY
 TAXATION

Mr. Chairman and members of the committee. Thank you for giving me the opportunity of presenting to you a concept which has been proposed and debated in this Legislature before.

There is an old adage which states there is a time and place for everything. I know that the time for this proposal is long over due and I hope that the place is here and now.

Each year we are consistently faced with the challenge of balancing the needs of state government with our desire to maintain limited government growth. We currently have limits upon the amount of revenue that must be maintained in the state general fund each fiscal year. However many, including myself, believe that it is time as well to place limits upon the amount of increases in state government spending from one year to the next.

If passed, my amendment would limit the growth in state government to 5% above that of the previous fiscal year or the rise in personal income, whichever is less. During his 1994 race, Governor Graves used this same proposal as a center piece of his campaign. When this legislation was proposed in 1994, it garnered the support of both the Speaker of the House as well as the Minority Leader. Included in the ranks of the co-sponsors of HCR 5023, proposed in 1995, are twenty two current House members as well our current majority leader and this committee's chairman.

It seems very obvious why I want to pursue this issue at this time. Since being elected State Representative, this is the first year that we have faced a budget crunch. I feel that, in large part, the reason for that has been a good state economy and a mindset under the dome that we could take excess revenue and use it to expand existing programs while at the same time initiating even more new ones.

House Appropriations
 3-17-00
 Attachment 4

This year has been a wake up call for state leaders to begin spending taxpayer dollars with the same frugality that they spend their own. Unless we are willing to put even more burden on the backs of hard working Kansans, this initiative must be enacted.

For this reason, I feel that we need to set an example and show that we are ready to be responsible leaders. In the event of a crisis or an urgent need to override this, our Governor can make an exception by a declaration of need followed by a 3/5 majority vote of our legislative bodies. Many other neighboring states have approved similar measures to ensure that the growth of state government is kept in check.

I have heard many complaints by officials and bureaucrats that they need more dollars to adequately fund their pet programs. Most of the time we fail to consider that Kansas taxpayers may not have enough personal resources to hand over more of their hard earned dollars to state government. Often we are far more willing to force our will on others before being responsible enough to tighten our own belt.

In order to ensure that state government no longer faces a challenge similar to the one we face this year, this legislation must be enacted. I encourage this committee to do what is fiscally responsible and enact this proposal.

Thank you for your time and consideration of this matter.

**EXPENDITURES FROM ALL FUNDS AND STATE GENERAL FUND
Fiscal Years 1995-2000
In Thousands of Dollars**

Fiscal Year	All Funds		State General Fund		Percent Increase	
	Amount	Percent Increase	Amount	Percent Increase	KPI*	CPI-U**
1995	\$ 7,218,366	6.4 %	\$ 3,309,835	6.4 %	5.7 %	2.9 %
1996	7,628,860	5.7	3,439,228	3.9	6.3	2.7
1997	7,844,649	2.8	3,538,106	2.9	6.3	2.9
1998	8,079,021	3.0	3,799,114	7.4	5.6	1.8
1999 ***	8,306,423	2.8	4,196,192	10.5	4.8	1.7
2000 (Approved-SB 39)	8,491,876	2.2	4,391,192	4.6	4.2	2.5
Change FY 1995-FY 2000	\$ 1,273,510	17.6 %	\$ 1,081,357	32.7 %		
	<i>Dollar/Percent</i>					

*Kansas personal income; The estimate for FY 1999 is that of the Consensus Estimating Group as of November 1999.

**Consumer Price Index -- All Urban Consumers (1982-84 equals 100). The estimates for FY 2000 and FY 2001 are that of the Consensus Estimating Group as of November 1999.

***Beginning in FY 1999, all funds expenditures reflect a change in the way KPERS and KPERS-School benefits are reported. Those benefits are now considered off-budget (no longer reflected as state expenditures when the benefits are paid).

KANSAS TAXPAYERS NETWORK
P.O. Box 20050
Wichita, KS 67208

web:www2.southwind.net/~ktn
316-684-0082
FAX 316-684-7527

HCR 5067

By George Petersen

The Kansas Taxpayers Network has strongly supported efforts to limit government growth in Kansas. Since we are a high tax point on the prairie according to the figures produced annually by the Tax Foundation, this has a large negative impact on this states ability to attract and keep business in our state.

In 1965, KTN joined with a number of groups, which used the acronym, TACKS-Taxpayers Allied to Control Kansas Spending. At that time Governor Graves wrote in a letter endorsing this effort, from which I quote "...In recent decades this heritage of prudent management has been compromised. Instead of setting priorities and making tough decisions about the level of government services, we simply raised taxes -beyond the current income of the state. This trend has stifled Kansas economy and diminished the personal income of every Kansan." (Italics and underlining in the original)

This coalition included legislators from both parties and a number of other groups besides taxpayers but legislation supporting spending limits did not pass out of either house of the legislature. The proposal you have before you today would cap state spending to five percent a year or to the growth in average personal income over the over the last three years, whichever is less. This would limit state spending growth to our ability to pay for it and is long overdue.

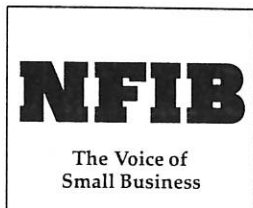
If a constitutional amendment with this type of limitation had been in place we would not be looking at state spending which is well above the \$4 billion in the General Fund and a total state spending which, regardless of whether KPERs budget is in or off budget far exceeds \$8 billion a year in total state spending in a state with a population of barely 2.5 million people. If this proposed constitutional amendment had been in place in Kansas during the last 20 years state government would be substantially smaller today, and this states economy would have been proportionally stronger.

Let me close again by quoting from Governor Graves letter, " Its time to act. We must take strong steps to assure that government in Kansas lives within our means. For the sake of a strong Kansas economy, the economic security of each and every Kansas family, and the vitality of our states future, please join me in making clear to every state legislator that now is the time to enact a constitutional cap on government spending". (unquote)

What was true five years ago is even more true today. Please join the Kansas Taxpayers Network in supporting a cap on government growth in Kansas.

House Appropriations
3-17-00
Attachment 5

NFIB Kansas



**Statement by
Hal Hudson, State Director
Kansas Chapter, National Federation of Independent Business
Before the
Kansas House Appropriations Committee
On HCR 5067
Friday, March 17, 2000**

Mr. Chairman and Members of the Committee:

Thank you for allowing me to appear here today to support enactment of HCR 5067.

My name is Hal Hudson, and I am State Director for the 7,000 member Kansas Chapter of The National Federation of Independent Business – the largest small business advocacy organization in Kansas – and in the nation.

Those of you who are familiar with how NFIB operates know that we survey our members directly for their opinion on legislative issues. We do not have a board of directors or a legislative committee to set our agenda. So you know that we have asked the question, or I would not be here.

The question, asked on a ballot in 1996 was: Should the legislature adopt a resolution to amend the Kansas Constitution to place ~~appending~~ ^{Spending} limit on state and local government spending. Of those replying, 86.5% said, "YES."

Why have small business owners taken a stand on this issue? Because they have seen the total of their tax burden rise year-after-year, often at a higher rate than the rate of growth in the Kansas economy – often at a higher rate than their ability to pay.

Why should you care what these small business owners have to say? Because the members of NFIB represent a cross section of all small business in Kansas, and small business is the engine of the Kansas economy. According to a 1998 report by the U.S. Small Business Administration (SBA), Kansas has 65,155 businesses with employees. Of those, 97.2% were small businesses with fewer than 500 employees. (SBA)

NFIB members are even smaller - with an average of about 15 employees but their cumulative impact is huge. These small businesses – just the NFIB members - provide jobs for more than 110,000 Kansas, and have gross revenues in excess of \$ 8 billion annually.

NFIB is the largest small business advocacy organization in Kansas with over 7,000 members, who collectively employ more than 110,000 persons, and generate more than \$8 billion in annual revenue.

It's the locally-owned small businesses that most often sponsor Little Leagues, buy ads in high school papers and yearbooks, raise money for band uniforms, and provide food, drink, materials and manpower for community volunteer projects. They also pay a large percentage of local property taxes, and they are collectors of sales tax for the state without compensation for that job.

Small business is the local powerhouse that knows you by your first name, and that's why you care about what they say and think about legislation – especially legislation that affects their ability to run their business.

One more thing – small businesses, individually are very fragile. In spite of all odds, these entrepreneurs try to continue, fulfilling the American dream. But too many regulations, and too heavy a tax burden already have put many of them out of business.

There are two ways to curb government's insatiable "need" for more revenues. One is to curb the legislature's ability to raise taxes, as represented in HCR 5064, which we also support. The other is to place limits on state spending, as represented in HCR 5067.

Now you may ask why we should approach this issue with a Constitutional amendment. That's because only through a Constitutional Amendment, approved by the voters, that you can commit and bind future legislatures.

With all the exceptions set forth in HCR 5067, it does not appear that it will be a serious impediment to the state's ability to fund needed programs. But it does suggest that the legislature will have to consider the source of funds before approving any new programs or increases in funding for existing programs.

I hope each of you will support enactment of HCR 5067 by voting to recommend it to the full House, and then work to see it enacted. If this issue makes it to the ballot, you can be sure NFIB will work for voter approval.

Thank you for listening.

Hal Hudson, State Director
Kansas Chapter, NFIB
3601 SW 29th St. – Suite 116-B
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Phone: 785/271-9449
Fax: 785/273-9200
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National Federation of Independent Business

Kansas

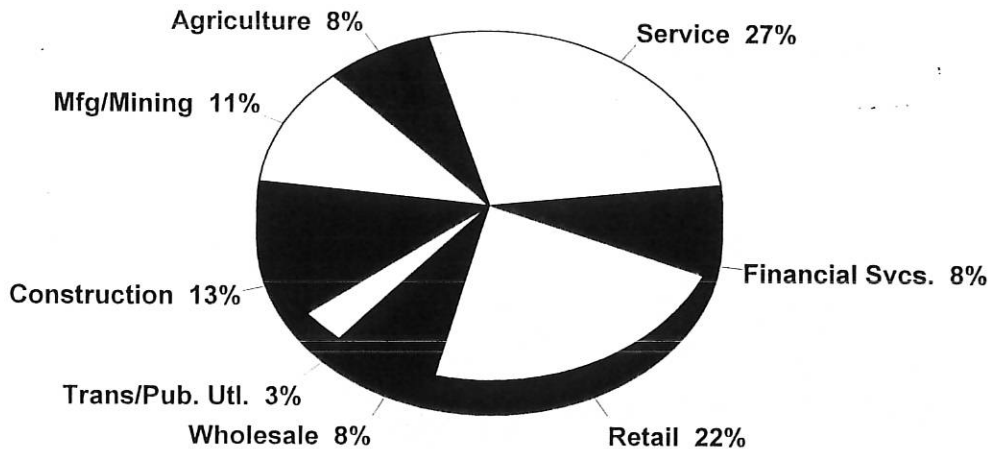
About NFIB-Kansas

Since 1943, business owners from all walks of commercial life have joined the National Federation of Independent Business to have a powerful, united voice in government decision making. Today, NFIB's Kansas chapter has more than 7,000 members, making it the largest small-business advocacy group in the state.

Each year, NFIB-Kansas polls its entire membership on a variety of state legislative and regulatory issues. The federation uses the poll results to set its legislative agenda and aggressively promotes those positions approved by a majority vote.

This democratic method of setting policy assures that the positions advanced by NFIB reflect the consensus view of the entire small-business community rather than the narrow interests of any particular trade group. Lawmakers wanting to know how proposed legislation and regulation will affect Main Street businesses can get the authoritative answer from NFIB's legislative office in Topeka.

NFIB-Kansas by Industry Classification

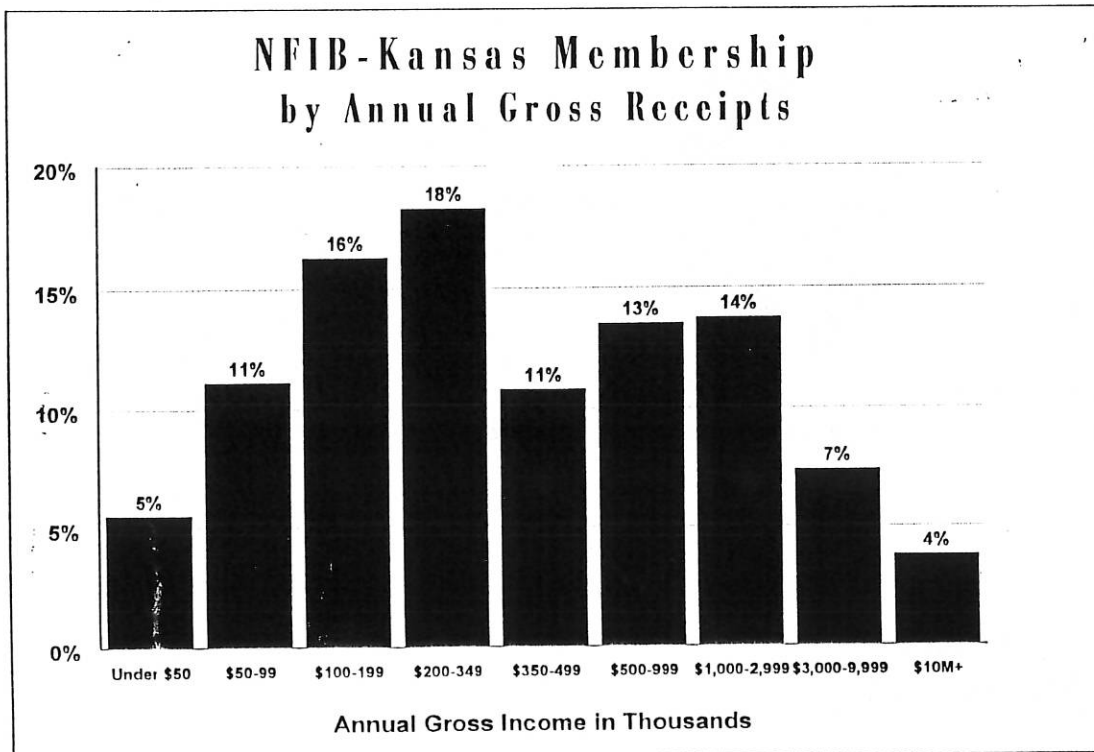
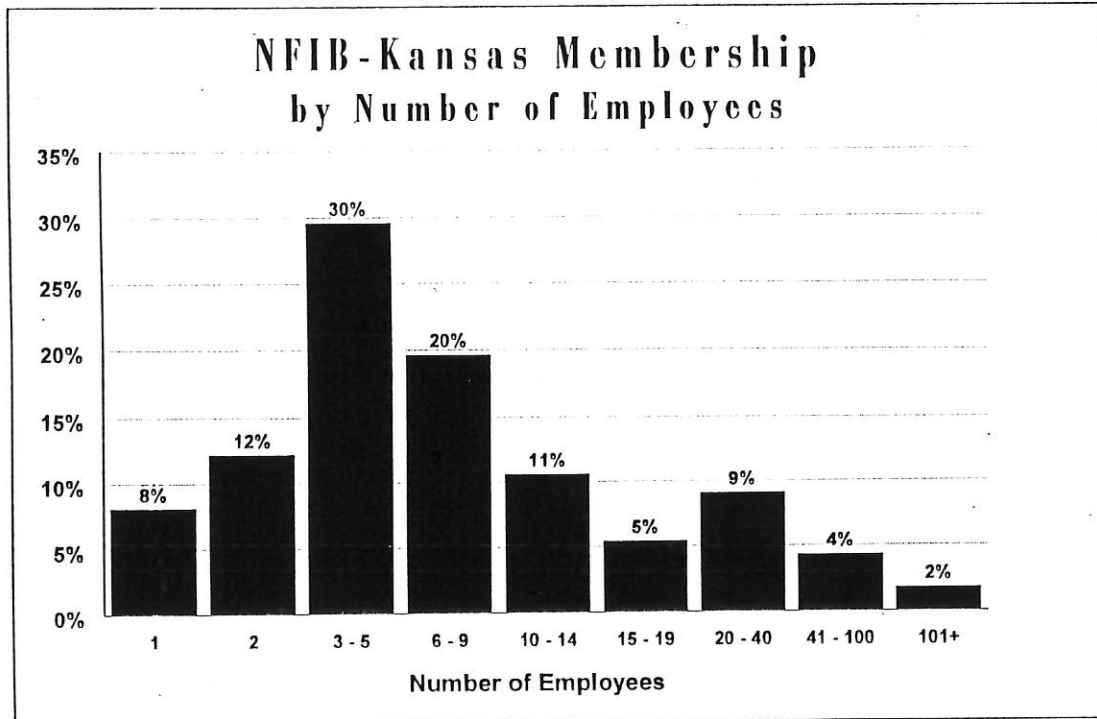


...and NFIB works for small business.

Hal Hudson, Kansas State Director
3601 S.W. 29th St. – Suite 116-B – Topeka, Kansas 66614-2015
Tel. 785/271-9449 – Fax. 785/273-9200 – E-mail: hal.hudson@nfib.org

NFIB-Kansas Membership Profile

NFIB-Kansas represents the entire spectrum of independent business, from one-person home-based operations to enterprises employing more than 100 people. The typical NFIB-Kansas member is quite small, employing six workers and ringing up gross sales of about \$340,000 per year. Yet, in aggregate, the membership is a potent economic force, employing more than 110,000 and earning about \$8 billion (gross) annually.





PUBLIC POLICY STATEMENT

HOUSE APPROPRIATIONS COMMITTEE

RE: HCR 5067 – enacting a cap on state expenditures.

**March 17, 2000
Topeka, Kansas**

**Presented by:
Leslie Kaufman, Assistant Director
Public Policy Division
Kansas Farm Bureau**

Chairman Adkins and members of the House Appropriations Committee, thank you for the opportunity to appear today in support of the concept of limiting state spending contained in HCR 5967. I am Leslie Kaufman, the Assistant Director of Public Policy for Kansas Farm Bureau.

Farm Bureau members are very concerned with state tax levels and state spending. For several years, KFB has had policy concerning the imposition of a state spending lid. Again this past November, the voting delegates at our annual meeting approved policy language relating to state expenditures:

- Expenditures by the state in any fiscal year should never exceed projected revenues receipts for that fiscal year; and
- We firmly believe government spending should not rise faster than the increase in personal income for Kansas citizens and taxpayers.

We believe HCR 5067 is one mechanism which could help ensure limited growth in state spending. As such, we encourage the committee to act favorably on this resolution. Thank you.

House Appropriations
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Attachment 7

LEGISLATIVE TESTIMONY



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HCR 5067

March 17, 2000

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the
House Appropriations Committee

by

Marlee Bertholf
Director of Taxation & Small Business

Mr. Chairman and members of the Committee:

My name is Marlee Bertholf and I am the Director of Taxation and Small Business for the Kansas Chamber of Commerce and Industry (KCCI). Thank you for the opportunity to express our members' support of HCR 5067.

The basic concept of HCR 5067 is summarized in three words: ability to pay. It is premised on the principle that government spending should not climb faster than Kansans' ability to pay for that spending. KCCI presently has a policy in place that states: "KCCI supports either a constitutional or statutory limitation on the growth rate of the state general fund spending which is tied to an appropriate index of personal income growth, and which exempts any new state

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 2,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 48% of KCCI's members having less than 25 employees, and 78% having less than 100 employees. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

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3-17-00
Attachment 8

ing for highways, while encouraging restraint in local government spending growth.

KCCI supports a limitation of growth at the state level, but because of our commitment to the state's infrastructure would like to see an exemption for new state spending for the highway program.

In 1995, KCCI along with other business leaders commissioned a public opinion poll. The poll showed broad based public support for restraint in state spending. The idea received at least 64% support from every voting age group, every Congressional district, each gender, and each major party affiliation. KCCI believes that spending should be based on the ability to pay. HCR 5067 would permit reasonable spending growth, present no threat to any existing state program, and may actually grant stability to programs that annually battle for their existence. However, it would do so within a sensible and more predictable framework of overall restraint.

Business needs governmental stability in order to plan for further expansion. KCCI would urge you to support HCR 5067.



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George Mason University

Gene W. Wunder, Ph.D.
Washburn University

Testimony before the Kansas Legislature
House Committee on Appropriations
Re: State spending limitation, HCR 5067

March 17, 2000

by
Bob L. Corkins
KPPI Executive Director

Honorable Chair and Members of the Committee:

My name is Bob Corkins of the Kansas Public Policy Institute. KPPI is a nonpartisan, nonprofit research firm that educates people about free-market economic principles in the context of today's important public policy debates. KPPI was founded in Wichita in 1996, is now based in Topeka, and declines any government funding of our work.

KPPI's direct involvement with the Legislature is minor, but HCR 5067 covers a topic on which we've published supporting research that warrants my appearance today. The title of our paper written three years ago does not refer to a \$3 billion SGF budget that has now grown to \$4.4 billion. It refers to a projected \$3 billion savings over a five year period if spending growth were constrained to personal income growth. For many reasons, the constitutional lid on spending growth would be in perfect harmony with KPPI's mission to advance the principles of limited government, individual rights, personal responsibility and truly open markets.

The proposed limit would be anything but harsh. Aggregate Kansas income has been rising at more than triple the pace of inflation. Even if the proposed yardstick were inflation, spending would still be allowed to increase every year — the idea here being to slow down spending growth, not perform actual cuts. At its heart, the proposal aims to stop state government from taking a larger and larger percent of Kansans' income, to stop governmental power from growing relative to the power of the individual. It would be a check against knee-jerk, statist responses to public problems; a check against encroaching socialism.

A shortcoming of the proposal is that it fails to encompass local governments. Kansans sincere about meaningful property tax relief need this measure applied to the source of the problem: local spending. The past decade's practice of switching from local to state funding for K-12 education has masked substantial growth in public school spending while causing only short-term pauses in property tax revenue growth. Furthermore, a spending lid applied only to the state may prompt the state to shed many of its responsibilities on to the locals, thereby ratcheting property taxes higher still. It's better that our state and local governments live by the same basic rules, collaborating on their roles with all being held fiscally accountable. For those favoring "local control" principles, the citizens of any local unit could be given the right to opt out of the spending lid if approved by local public vote.

Finally, I'll highlight tremendous advantages that the policy proposal would enable. Much of KPPI's work over the last two years has focused on the merit of reducing state income tax rates. In 1998, we began research that culminated in the Heritage Center for Data Analysis report that I am providing you. We asked what would happen to the Kansas economy if state spending were limited to the growth rate of Kansas personal income, and if all tax revenues collected in excess of the spending limit were then used to "buy down" (so to speak) our state income tax rates.

The detailed results are outlined in my attachment and make a strong case for curbing government growth in the manner being proposed today. Thank you for your time and consideration.

House Appropriations
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Attachment 9



KANSAS PUBLIC POLICY INSTITUTE

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January 16, 1997

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Washburn University

The \$3 Billion Question: Will The Legislature Finally Let Kansans Vote on Controlling Government Spending?

by Bryan Riley¹

A proposed constitutional spending-restraint amendment could save the average Kansas household more than \$3,000 in state taxes over the next five years. This amendment is based on the idea that a government should grow no faster than its citizens' incomes. While a growing number of states are adopting similar measures, several obstacles will make it difficult for Kansans to win the opportunity to vote on a spending-restraint amendment in 1997.

Background:

During the past ten years, the Kansas government has grown twice as fast as the average Kansan's income.² To stop this trend, many policymakers have endorsed a constitutional amendment to limit the Kansas government's growth to personal income growth in Kansas. As Gov. Bill Graves put it:

[In the past,] instead of setting priorities and making tough decisions about the level of government services, we simply raised taxes — beyond the current income of the state. This trend has stifled Kansas' economy and diminished the personal income of every Kansan. It's a trend we cannot afford to continue. That's why I've taken the lead to implement a constitutional cap on spending.³

¹Bryan Riley is Executive Director of the Kansas Public Policy Institute.

²Based on 1985-1994, data from State of Kansas, Economic and Demographic Report and Budget Report, various years.

³Taxpayers Allied to Control Kansas Spending press release, October 2, 1995, p. 1.

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Why a constitutional spending-restraint amendment is necessary:

Without a constitutional spending limit, the state government is likely to continue to take an ever-growing share of Kansans' pocketbooks. Kansas, Inc. President Charles Warren identified several factors behind state spending growth, including the pressure on legislators to support programs that benefit their constituents:

Legislators view their primary responsibility as service to their constituencies and their district. Their task is to ensure that those they represent receive their fair share or more of the state's largesse.⁴

Warren further explained the one-sided impact of lobbyists on state spending:

While the statehouse is full of lobbyists, most of them have two roles: 1) To advocate more programs and spending for their interest group; or 2) to stop laws that will reduce their group's influence or share of the pie. When committee hearings are held, proponents and opponents appear on behalf of narrow interests. No one is there to testify against new programs and increased spending from a broader public interest perspective.⁵

Viewed in isolation, it is easy to make a case for generously funding any *specific* program. As a result of this one-sided pressure, even legislators who go to Topeka with the belief that spending decisions are better left to Kansas families and entrepreneurs than state government officials often are hard-pressed to turn down requests for new spending. The proposed spending-restraint amendment would help right this imbalance by making legislators balance demands for new spending against the requirement that total state spending not exceed personal income growth.

Critics say it shouldn't take a constitutional amendment to force the government to control its spending. Indeed, last year state spending actually declined, and Gov. Graves has proposed an austere budget for FY98. But as long as the lopsided

pressure for more spending exists, Kansans have little reason to be optimistic about continuing to slow government spending growth. The historical record suggests that expecting the Kansas government to voluntarily control its spending over the long term represents the triumph of hope over experience.

A 1993 survey found that 72 percent of voting-age Kansans support a constitutional amendment to limit state spending to personal income growth.

⁴Charles R. Warren, Ph.D., "The Growth of Government Spending in Kansas," Kansas, Inc., November 27, 1994, p. 7.

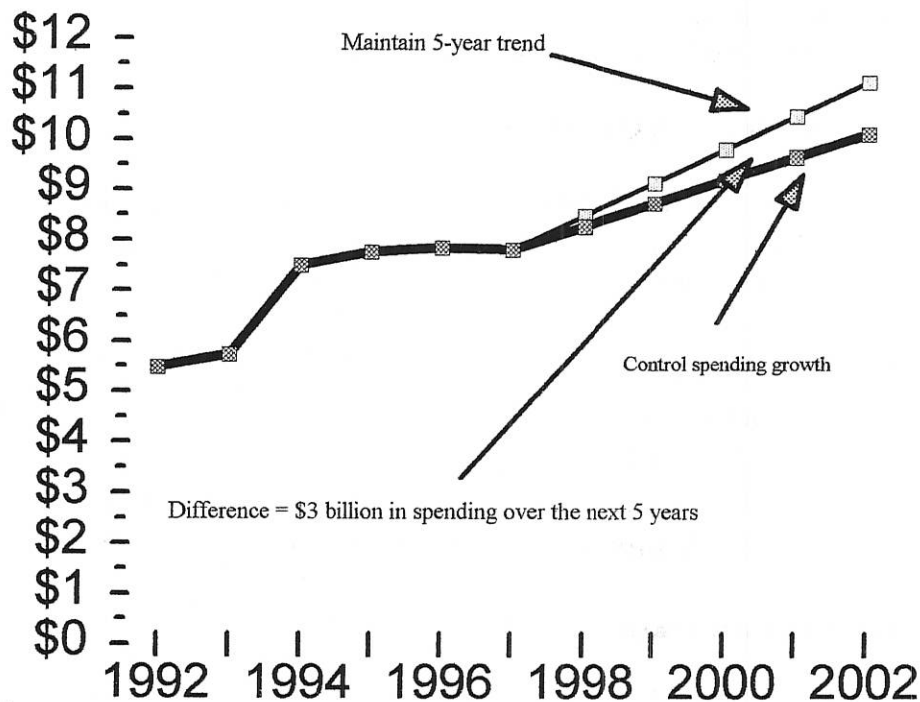
⁵Warren, p. 7.

What a spending-restraint amendment would mean to the average Kansas household:

During the last five years, total state government spending increased 44 percent faster than personal income in Kansas. Suppose that during the next five years, the government limits its spending increases to personal income growth. Under this scenario, state spending would increase by “only” 29.5 percent.⁶ This restraint represents potential savings to the average Kansas household of more than \$3,000 during that time frame.⁷

Figure 1

State Government Spending (Billions of Dollars)



⁶During 1991-1996, the most recent five years for which figures are available, personal income in Kansas grew by 29.5 percent. (Institute for Public Policy and Business Research (IPPBR), Kansas Economic Outlook, Vol. 2, No.2, 2nd Quarter 1996, <http://www.ukans.edu/cwis/units/IPPBR/ksdata/keo/table1.htm>, and U.S. Bureau of Economic Analysis, “Survey of Current Business,” August 1995, in IPPBR, Kansas Statistical Abstract 1993-94, p. 272).

⁷KPPI calculations based on figures from The Governor’s Budget Report for fiscal years 1994 and 1997. Population and household estimates from Kansas Statistical Abstract.

How a constitutional spending-restraint amendment would work:

The spending-restraint proposal that has received the most attention in Kansas would require a 3/5 vote of both houses of the legislature for state spending to increase faster than personal income. While the spending-restraint amendment often is referred to as a "spending cap," it really is more of a brake on uncontrolled spending growth than a cap on total government spending. The amendment would allow government spending to grow *at least as fast* as personal income, with provisions for spending to continue to grow *even faster* than Kansans' incomes.

"While the statehouse is full of lobbyists, most of them have two roles: 1) To advocate more programs and spending for their interest group; or 2) to stop laws that will reduce their group's influence or share of the pie."
 --Charles Warren, *Kansas, Inc.*

1.3 Million Spending-Restraint Fans Can't be Wrong:

A 1993 survey sponsored by the Kansas Chamber of Commerce and Industry (KCCI) found that 72 percent of voting-age Kansans -- about 1.3 million citizens -- support a constitutional amendment to limit state spending to personal income growth.⁸

A U.S. Joint Economic Committee review of state tax trends from 1960 to 1993 found that relatively low-tax states grew nearly one-third faster than high-tax states.

Most Kansans continue to be frustrated about their inability to slow the growth of government. A Wichita Eagle survey posed the following question: "What is the biggest problem in your day-to-day life you believe government could help alleviate?"⁹ The leading answer was "taxes," cited by 33.8 percent of Kansans. No other issue even came close. Sixteen percent cited

the category "other," 13.4 percent cited health care, and none of the 16 other possible answers scored in the double digits. Given their concern about high taxes, Kansans deserve the opportunity to vote on whether the state government's income should continue to grow faster than their own.

⁸Associated Press, "Poll: Most Kansans Support Constitutional Spending Cap," The Wichita Eagle, March 13, 1993, p. 1D.

⁹"What's the Biggest Problem This Country Faces?," The Wichita Eagle, June 30, 1996, p. 14A.

The record of spending-restraint amendments in other states:

Many states, including Missouri, Colorado, and Oklahoma, have enacted measures to limit the growth of state government. A 1994 Cato Institute study found that states enacting tax and spending limits lowered their per-capita state spending from 0.8 percentage points above the national average to 2.9 percentage points below the U.S. average.¹⁰

Giving citizens more control over their paychecks has the added benefit of fueling economic growth. For example, a U.S. Joint Economic Committee review of state tax trends from 1960 to 1993 found that relatively low-tax states grew nearly one-third faster than high-tax states.¹¹

Devolution of federal programs under a state spending-restraint amendment:

The spending-restraint amendment takes on added importance as the federal government considers devolving programs to state and local governments. The tendency will be for state- and local-government

bureaucracies to replace federal-government bureaucracies, resulting in little savings for taxpayers or added economic growth for Kansas. A spending-restraint amendment would help make sure that if the federal government scales back programs, the benefits will reach all the way into Kansas households without being sidetracked to Topeka.

Expecting the Kansas government to voluntarily control spending over the long term represents the triumph of hope over experience.

What happens when times get tough? Under the proposed spending-restraint amendment, the legislature would retain the option of increasing spending faster than personal income growth with a 3/5 vote. A better approach would be for the government to budget for down times. When times are good, many families and businesses create reserves to cushion them during bad times. There's no reason the government can't take similar precautions. It already has a statutory ending balance requirement of 7.5 percent of State General Fund spending.¹²

¹⁰Dean Stansel, "Taming Leviathan: Are Tax and Spending Limits the Answer?" Cato Institute Policy Analysis No. 213, July 25, 1994, p. 1.

¹¹Richard K. Vedder, Distinguished Professor of Economics, Ohio University, "State and Local Taxation and Economic Growth: Lessons for Federal Tax Reform," Joint Economic Committee, December 1995.

¹²The Governor's 1997 Budget Report, Vol. 1, January 8, 1996, p. 17.

Why constitutional spending restraint should be a top priority:

A constitutional control on government spending would give Kansans much-needed protection against the current built-in spending bias. As Gov. Graves put it, "We should all be able to agree that government expenditures should not exceed the ability of citizens to pay for them."¹³

The best way to control government spending is to change the rules of the game and make spending advocates fight for a piece of a "fixed" government pie. Without this constraint, spending is likely to continue its upward trend, consuming an ever-growing share of the Kansas economy and of Kansas families' paychecks. Unlike families, whose ability to spend money is limited by their incomes, the state government has always been able to hit up taxpayers to finance its growing budget. That's why a spending-restraint amendment would be one of the most important constitutional reforms in the state's history.

¹³Gov. Bill Graves, "The Governor's Legislative Message to the 1996 Legislature," January 8, 1996, p. 13.



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FOR IMMEDIATE RELEASE

December 14, 1998
Contact: Bob Corkins

Kansas Think Tank Projects Major Benefits from Eliminating State Income Tax

TOPEKA — Drawing on the talents of a native Kansan, now a noted national economist, the Kansas Public Policy Institute (KPPI) today published a report revealing major state benefits from a plan to steadily phase out Kansas' personal income tax.

"Almost immediately," according to William Beach, KPPI research adjunct and director of the national Heritage Center for Data Analysis, "Kansans would gain 19,000 new jobs and \$800 million in disposable personal income while state government revenues continue to grow."

KPPI, a free market oriented research group based in Topeka, issued its findings based on the idea of cutting state income taxes each year to the extent by which state tax revenues grow faster than Kansans' personal income. The results show projected increases in Kansas' population, jobs, personal income, and gross state product that would follow from a steady commitment to the concept.

The researchers calculate that if Kansas personal income taxes were reduced by roughly \$200 million per year, then by the end of calendar year 2003:

- * Kansas' population would be over 2,400 larger than without the income tax reductions;
- * Total employment would be over 30,500 above baseline projections;
- * Personal income growth would be more than \$1 billion higher than if no tax change were made, nearly amounting to an additional \$1,200 for every adult and child in Kansas;
- * Gross state product would exceed current estimates by more than \$1.8 billion; and
- * Despite the income tax reductions, aggregate Kansas state and local government tax revenue would climb each year, falling only 3.1% short of CY2003 revenues expected in the absence of any tax cut.

(more)

House Appropriations
3-17-00
Attachment 11

William Beach, a graduate of Washburn University in Topeka and whose extended family still resides in the area of Newton, Kansas, is now a Senior Fellow in Economics at the Heritage Foundation in Washington, D.C. Heritage's Center for Data Analysis, directed by Beach, generated today's report with the aid of WEFA Inc. and a highly sophisticated, state-of-the-art computer modeling system.

The Heritage Foundation is a national free market research institute and WEFA Inc. -- the Wharton Econometric Forecasting Associates -- is an international economic information and consulting firm founded in 1963 by Nobel Laureate Dr. Lawrence R. Klein of the University of Pennsylvania.

KPPI president Bob Corkins characterized the size of assumed tax reductions in the CDA/WEFA analysis as being relatively modest from one year to the next.

"We asked our researchers to assume that annual state tax revenues will rise no faster than average personal income growth," he explained. "If you do that, then these are the results Kansas can expect. But many people argue that we shouldn't let state tax revenues rise even that fast. Personal income growth here has been more than double the rate of inflation."

Corkins contends the breadth and even-handedness of their idea is what separates it from other tax reform proposals. "Kansas must move away from a piecemeal approach to its tax structure," he said. "We need to stop dwelling on special new tax incentives, tax credits, exemptions and other targeted interests. Decades of state and federal tax history point to a clear winner: simple income tax rate cuts which treat everyone the same produce the biggest economic bang for the buck."

William Beach served as an economist for the state of Missouri from 1981-85, designed and managed the state's economic models, and advised then-governor John Ashcroft on public finance matters. He was also a top economist for the Sprint Corp., in Kansas City, Mo., and from 1990-95 served as the president of the Institute for Humane Studies in Fairfax, Va.

Beach holds a master's degree in history and economics from the University of Missouri-Columbia. He has authored two books, his articles often appear in major national publications, and he has been featured on several national news programs.

Today's information elaborates on a KPPI study released last summer entitled *The Neglected Potential of Simple Income Tax Reform* by doctors Henry Butler, of the University of Kansas, and Randall Holcombe, of Florida State University.

KPPI is a non-profit, privately funded 501(c)(3) research organization espousing the merits of limited government, individual rights, personal responsibility and free markets.

A REPORT OF THE HERITAGE CENTER FOR DATA ANALYSIS

**Analysis of Tax Cap
Proposal of the
Kansas Public Policy
Institute**

Project #82

January 11, 1999





A tax-exempt public policy research institute

Mr. Bob L. Corkins
Executive Director
Kansas Public Policy Institute
P. O. Box 1946
Topeka, Kansas 66601-1946

Dear Mr. Corkins:

This letter and attachments constitute our final report on a project that you asked the Center for Data Analysis to undertake on July 8, 1998. In your letter of that date, you described a change to Kansas tax policy that would limit the annual growth in the total state and local government revenues. You also asked William Beach, the Center's Director, to prepare a Center analysis of this policy change. Your proposal calls for the rate of revenue growth to be no greater than the three-year moving average growth rate in Kansas personal income. When total state revenue growth exceeds this limit, the state legislature will reduce Kansas tax rates to a level that will refund excess tax revenues.

We are pleased to present to you our report based on this July 8 request and subsequent refinements. This report supplements analysis sent to you in August. Please note that nothing contained in this report represents the views of The Heritage Foundation or WEFA, Inc. Nor should this report be interpreted as an endorsement of the proposed policy change.

Methodology

Table 1 shows the annual growth rates of total Kansas tax revenues and Kansas nominal personal income by state government fiscal year. Kansas tax revenue data, upon which the revenue growth rates of Table 1 are based, contain the effects of inflation and count the revenues of all governments in Kansas. Counting all revenues rather than just the revenues of the state government was necessary in order to assess the economic effects of state tax limitation. Our Kansas economic model contains only tax revenues from all governments. As explained later, this comprehensive definition of tax revenues did not pose an insurmountable difficulty in estimating the percentage reduction in state-level revenues that such a limitation policy would impose.

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We chose to compare these changes in revenue with comparable, non-inflation adjusted personal income growth rates. Table 1 also contains a three-year moving average of nominal personal income growth rates. This table shows that total Kansas government revenues grew faster than the three-year moving average of personal income in 1996 and 1997. It also is important to note that personal income is expected to grow slightly faster than tax revenues across the forecast period, 1998 through 2003.

The Kansas Public Policy Institute supplied us with historical state government income tax liabilities as well as comparable state effective income tax rates. These data cover state tax years 1988 through 1996. Using personal income growth rates contained in Table 1, Center analysts determined that a tax limitation policy would have reduced tax year 1996 income tax collections for state government by \$84.7 million. This reduction in income tax revenues implies a reduction in the effective income tax rate for tax year 1996 from 3.24 percent to 3.10 percent, or a reduction of 4.32 percent (14 basis points). Projecting forward to tax year 1998, the income tax portion alone of state tax revenues would fall by \$101 million under a tax limitation policy.

Data on state-level sales, use, excise, and corporate profits taxes were not available at the time this analysis was performed. Many governments do include these revenues when calculating the basis for determining whether current year collections breach a tax limitation level. Center analysts assumed that a Kansas tax limitation policy would include all state-based revenues (including public gaming) and would not include transfers of revenue from other governments, principally the federal government.

With this assumption in hand, Center analysts introduced a 4.32 percent reduction of the average effective tax rate into the Kansas economic model. This percentage reduction reflects the decreases in effective tax rates needed to "refund" the excess tax collections of tax year 1996. The Center assumed that the rate reduction in percentage terms would extend over all future rates, even though the current forecasts of personal income growth do not indicate that state revenues will grow faster than income between 1999 and 2003. Thus, no additional reductions in the effective tax rate were entertained in the Center's simulation.

Center analysts further assumed that this reduction in the effective tax rate would result in a slightly higher labor effort by Kansas workers and a lower after-tax cost of capital. Specifically, the labor force participation rate is assumed to rise by .12 percent and the cost of capital to fall by 10 basis points. These assumptions were introduced into the model beginning with the first calendar quarter of 1998. No other adjustments were made to the economic model.

The Center uses a model of the Kansas economy that was built by the economists at WEFA, Inc. WEFA is a nationally recognized economics consulting company located in Philadelphia. The Center not only uses WEFA's Kansas model, but also employs its U.S. Macroeconomic Model and models for the other 49 states in the Center's analysis of how public policy change affects economic activity. It is important to note that none of the conclusions reached in this project reflect the views or opinions of WEFA, Inc.

Results

Table 2 contains the results of the Center's simulation. Significant improvement in state economic performance would likely result from this tax policy change. For example, the broadest measure of economic activity, Gross State Product, increases by \$1.2 billion in 1998, or by 1.5 percent. Total employment in the state grows by 19,240 jobs in 1998 over current forecasts without the tax policy change. This growth in output and in jobs is accompanied by a small increase in unemployment (18 basis points) that disappears by the third year of the simulation.

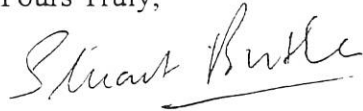
The increased levels of economic activity and accompanying employment gains result in significant improvement to per capita income and total disposable income. Per capita income grows by an average of \$1,005 higher than the baseline over the six-year forecast period. Total disposable income (what families keep after taxes) increases substantially: by 2003, Kansas households will likely have \$1.1 billion more in disposable income, for an increase of 1.45 percent over the economic forecasts without the policy change.

A significant percentage (a little more than 36 percent by 2003) of this growth in disposable income stems from the reductions in total Kansas tax revenue. The Kansas economic model projects reductions in tax revenues between \$243 million in 1998 to \$364 million in 2003.

Also attached are graphs showing simulation results for Kansas gross state product, total employment, and total Kansas tax revenues.

William W. Beach, the Center's Director, was the principal economist for this project.

Yours Truly,



Stuart Butler
Vice President, Domestic Policy

Encls.

Table 1
Relationship Between Total Kansas Revenue Growth
and Kansas Personal Income Growth

State Fiscal Year	Kansas Personal Income Annual Growth Rate	State Revenue Annual Growth Rate	Three-Year Moving Average Kansas Personal Income
1994	3.60	7.61	
1995	5.90	10.31	
1996	6.00	11.99	5.17
1997	5.70	11.85	5.87
1998	5.10	4.24	5.60
1999	4.80	2.05	5.20
2000	4.40	4.06	4.77
2001	4.50	4.31	4.57
2002	4.10	3.89	4.33
2003	4.30	4.17	4.30

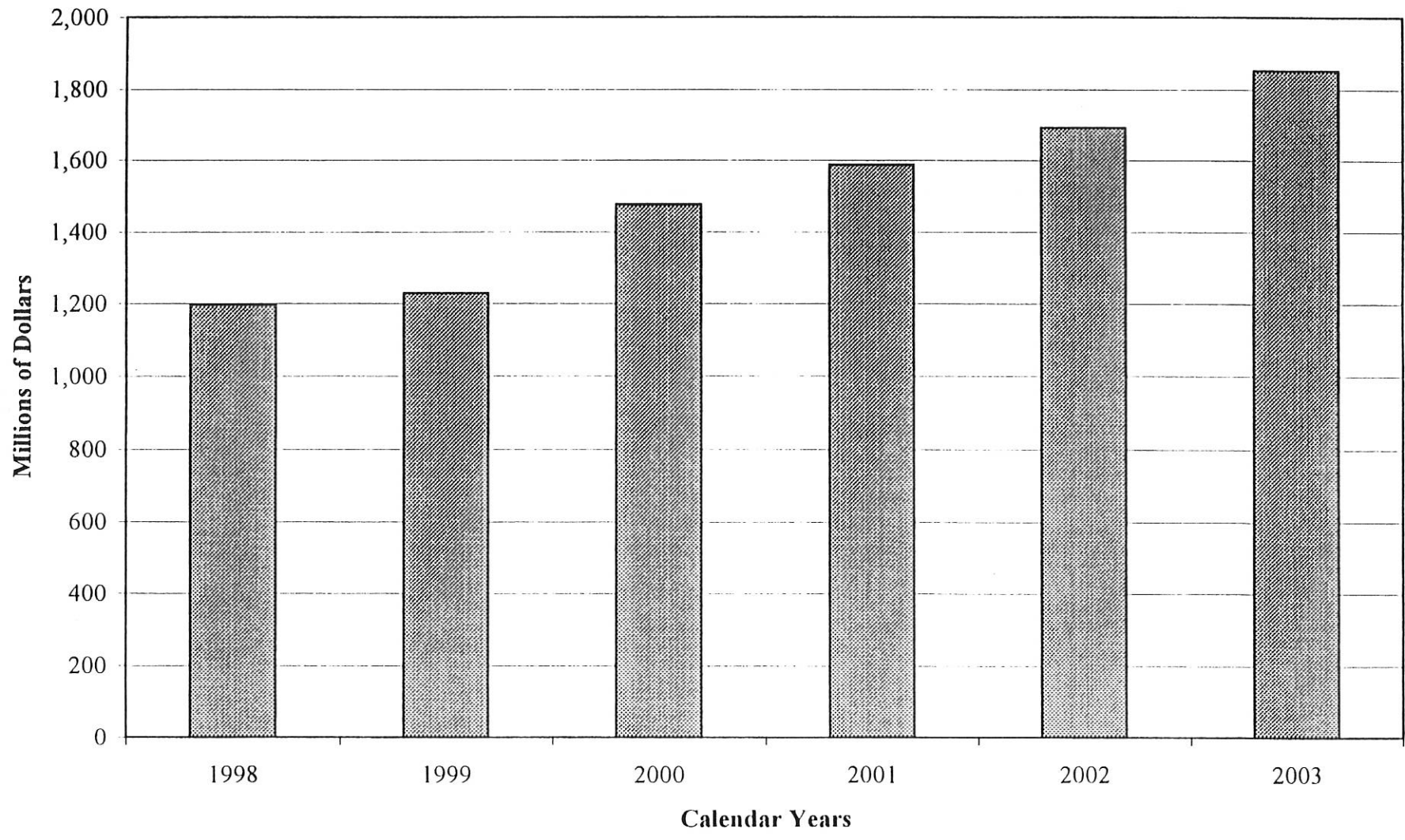
Table 2
State Economic Effects of KPPI Revenue Limitation Proposal

Economic Indicator	Calendar Year					
	1998	1999	2000	2001	2002	2003
Gross State Product	(Millions of Dollars)					
With Policy Change	78,677.76	82,763.19	87,013.54	91,399.94	96,046.62	101,090.49
Without Policy Change	77,481.01	81,534.08	85,537.09	89,812.90	94,354.51	99,237.10
Difference	1,196.75	1,229.11	1,476.45	1,587.04	1,692.10	1,853.39
Per Capita Income	(Dollars)					
With Policy Change	51,390.33	52,543.37	54,165.61	55,565.77	56,823.65	58,229.94
Without Policy Change	50,602.37	51,652.06	53,201.46	54,507.46	55,686.61	57,033.90
Difference	787.95	891.31	964.15	1,058.31	1,137.04	1,196.03
Disposable Personal Income	(Millions of Dollars)					
With Policy Change	59,046.24	62,237.74	65,939.44	69,507.06	73,107.35	77,014.25
Without Policy Change	58,230.08	61,270.32	64,948.59	68,507.49	72,042.15	75,915.25
Difference	816.16	967.43	990.86	999.56	1,065.20	1,099.00
Wage & Salary Income	(Millions of Dollars)					
With Policy Change	38,144.91	40,384.58	43,087.72	45,731.11	48,415.02	51,209.43
Without Policy Change	37,702.83	39,842.33	42,507.30	45,109.79	47,712.25	50,482.63
Difference	442.08	542.25	580.42	621.32	702.77	726.80
Total Population	(Thousands)					
With Policy Change	2,627.20	2,645.41	2,662.89	2,680.45	2,697.48	2,714.30
Without Policy Change	2,626.67	2,644.22	2,661.45	2,678.59	2,695.38	2,711.90
Difference	0.52	1.19	1.44	1.86	2.10	2.40
Total Households	(Thousands)					
With Policy Change	1,003.19	1,011.52	1,019.44	1,028.42	1,037.33	1,045.23
Without Policy Change	1,002.99	1,011.06	1,018.89	1,027.70	1,036.52	1,044.31
Difference	0.20	0.45	0.55	0.71	0.81	0.92
Total Employment	(Thousands)					
With Policy Change	1,392.29	1,409.42	1,427.26	1,448.45	1,467.53	1,486.92
Without Policy Change	1,373.05	1,387.48	1,402.16	1,420.54	1,437.67	1,456.38
Difference	19.24	21.94	25.10	27.91	29.86	30.54
Unemployment Rate	(Percent of Civilian Labor Force)					
With Policy Change	3.74	3.74	3.80	3.65	3.60	3.53
Without Policy Change	3.56	3.65	3.76	3.66	3.66	3.57
Difference	0.18	0.09	0.04	-0.01	-0.05	-0.04
Total Government Employment	(Thousands)					
With Policy Change	245.92	250.17	252.63	256.17	259.33	262.03
Without Policy Change	243.36	246.99	249.22	252.50	255.43	257.97
Difference	2.55	3.19	3.41	3.67	3.89	4.06

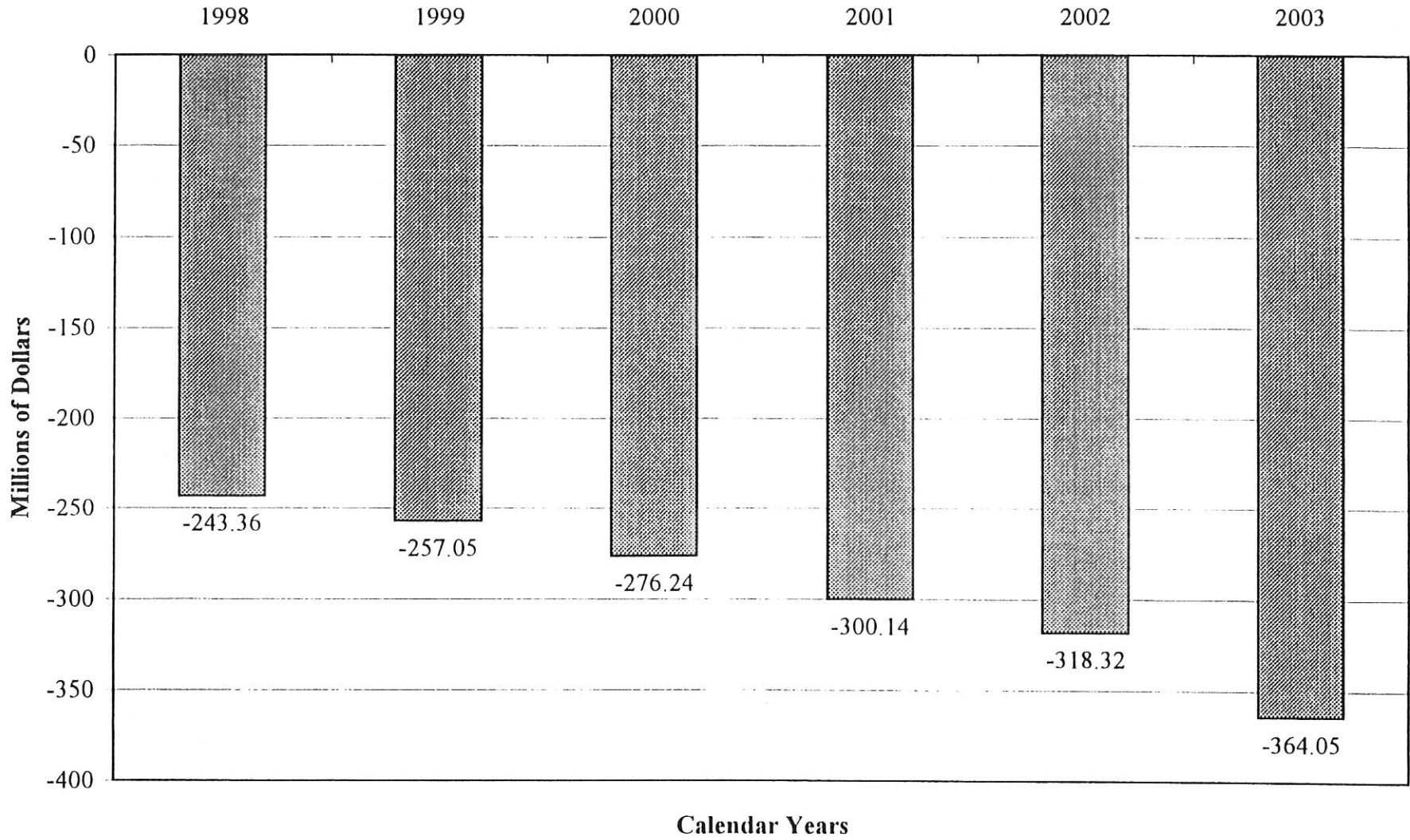
Table 2
State Economic Effects of KPPI Revenue Limitation Proposal

Total Service Employment			(Thousands)			
With Policy Change	801.63	818.39	834.60	849.67	863.74	878.32
Without Policy Change	790.57	806.31	820.08	833.55	846.47	860.58
Difference	11.06	12.08	14.51	16.12	17.27	17.74
Total Construction Employment			(Thousands)			
With Policy Change	61.52	60.22	60.32	60.66	60.82	61.01
Without Policy Change	60.60	59.09	58.91	58.99	58.95	59.02
Difference	0.92	1.14	1.41	1.67	1.87	1.99
Total Manufacturing Employment			(Thousands)			
With Policy Change	215.20	214.84	214.61	216.80	218.95	220.00
Without Policy Change	211.23	210.08	209.69	211.26	213.07	214.26
Difference	3.97	4.76	4.93	5.54	5.87	5.74
Durable Manufacturing Employment			(Thousands)			
With Policy Change	124.35	123.00	122.78	123.10	123.54	123.33
Without Policy Change	121.75	120.06	120.02	120.21	120.62	120.70
Difference	2.60	2.94	2.76	2.89	2.93	2.63
Non-Durable Manufacturing Employment			(Thousands)			
With Policy Change	90.85	91.84	91.84	93.70	95.40	96.67
Without Policy Change	89.48	90.02	89.67	91.06	92.46	93.56
Difference	1.38	1.82	2.17	2.64	2.95	3.11
State Tax Revenues			(Millions of Dollars)			
With Policy Change	9,488.14	9,674.13	10,057.94	10,479.75	10,880.57	11,302.27
Without Policy Change	9,731.51	9,931.18	10,334.18	10,779.89	11,198.89	11,666.32
Difference	-243.36	-257.05	-276.24	-300.14	-318.32	-364.05

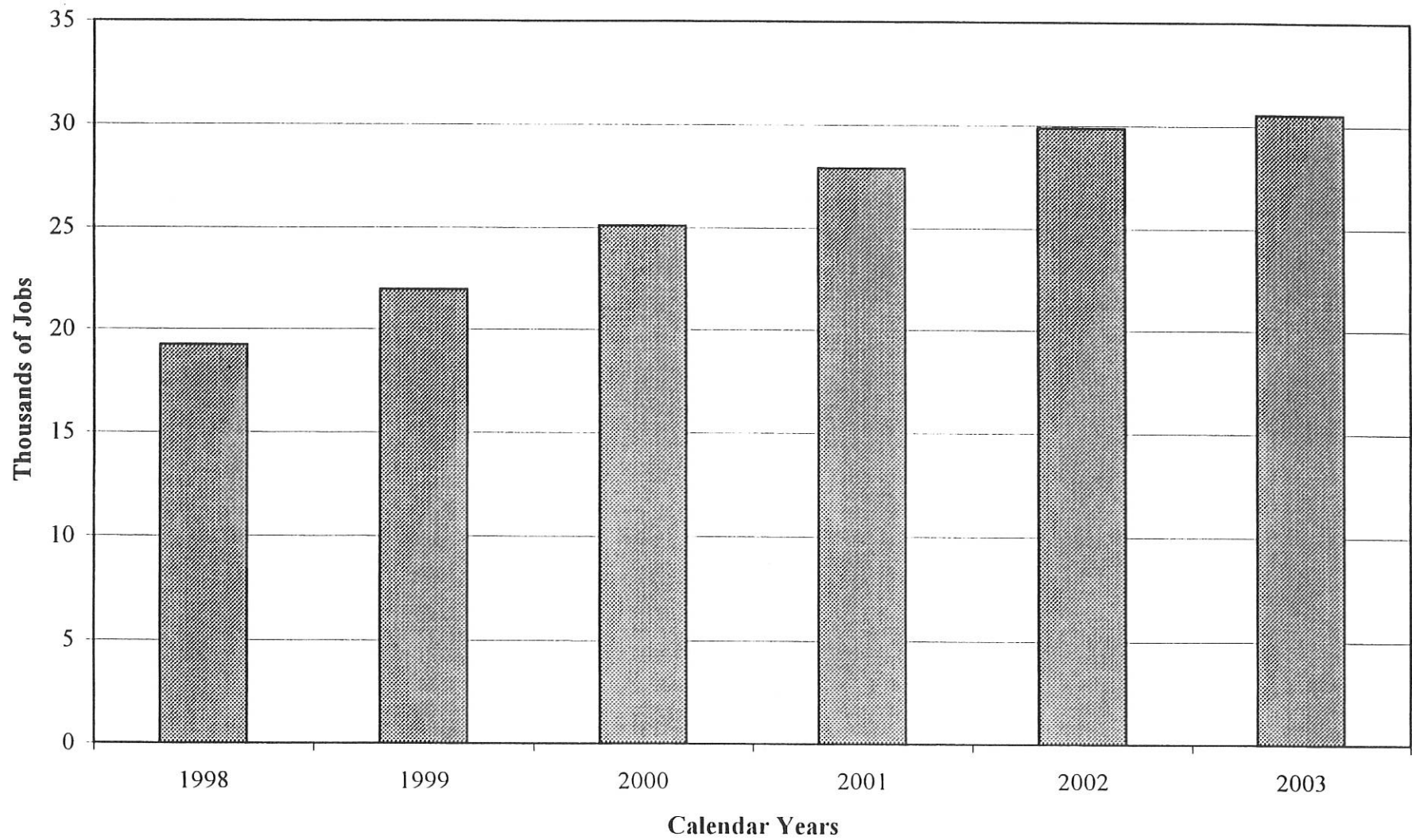
Change in Kansas Gross State Product



Potential Reductions in Total State Revenues from Tax Limitation Provision



Change in Kansas Total Employment



STATE FINANCIAL AID TO SCHOOL DISTRICTS, 1998-99
(Amounts in thousands of dollars)

GENERAL REVENUE FUNDS

General State Aid.....	1,703,703
Supplemental General State Aid (LOB).....	64,998
School District Capital Improvement.....	22,669
Special Education Services Aid.....	218,843
Inservice Education Aid.....	3,993
Parent Education Program.....	4,607
School Food Assistance Aid.....	2,365
School District Juvenile Detention Facilities.....	3,320
Adult Basic Education Aid.....	988
Ed. Deaf/Blind-Sev. Handicapped Aid.....	110
Structured Mentoring Program.....	975
Innovative Program Assistance/Educ. Excellence.....	1,600
TOTAL GENERAL REVENUE FUNDS.....	2,028,171

SPECIAL REVENUE FUNDS

Fee Fund — State Safety Aid.....	1,527
Fee Fund — Motorcycle Safety Fund.....	55
TOTAL SPECIAL REVENUE FUNDS.....	1,582

STATE BUDGET STABILIZATION FUND

Technology Grants.....	9,940
TOTAL STATE BUDGET STABILIZATION FUND.....	9,940
GRAND TOTAL STATE AID.....	2,039,693

FEDERAL FINANCIAL AID TO SCHOOL DISTRICTS, 1998-99
(Amounts in thousands of dollars)

Adult Basic Education Aid.....	793
Food Assistance.....	913
Elementary and Secondary Aid.....	5,676
Education of Handicapped Children (Title VIB).....	29,631
Carl D. Perkins (Technical Preparation).....	546
Educate America Act.....	3,676
School Breakfast Program.....	9,238
National School Lunch Program.....	48,683
Child/Adult Care Food Program.....	1,039
Title I - Education Deprived Children.....	54,350
ESEA, Title VI.....	2,843
Early Childhood Aid.....	3,975
Title I - Migrant.....	8,220
Carl D. Perkins - Title I - Basic Grants.....	4,134
Education Research Grants and Project Adm.....	216
Charter Schools.....	1,409
School-to-work.....	542
Title II - Eisenhower Professional Development.....	2,146
Drug Abuse Education.....	3,336
Corporation for National & Community Service.....	129
TOTAL FEDERAL FUNDS.....	181,495

House Appropriations
3-17-00
Attachment 12

LOCAL SCHOOL PROPERTY TAXES, 1998 LEVY

(Amounts in thousands of dollars)

FUND	AD VALOREM	PRORATION*	TOTAL
General	336,539	41,294	377,833
Supplemental General (LOB)	216,453	26,559	243,012
Bond & Interest	133,925	16,433	150,358
Adult Education	840	103	943
Capital Outlay	67,793	8,318	76,111
Employee Benefits	558	68	626
Library	2,822	346	3,168
Recreation	1,663	204	1,867
Retirement	974	120	1,094
Special Assessment	1,914	235	2,149
Special Liability Expense	189	23	212
Miscellaneous	2	0	2
TOTAL	763,672	93,703	857,375
TOTAL USD PROPERTY TAX REVENUE			857,375

* Combined USD revenue from motor vehicle taxes, recreational vehicle taxes, and IRB in-lieu-of tax payments.

ESTIMATED TOTAL SCHOOL EXPENDITURE, 1998-99	
Local Ad Valorem Taxes.....	763,672,000
Prorated Property Taxes.....	93,703,000
State Aid-General Fund.....	2,028,171,000
State Aid-Other Funds.....	11,522,000
Federal Aid.....	181,495,000
KPERS (Estimated USD portion).....	84,061,000
 GRAND TOTAL.....	 \$ 3,162,624,000
 FTE Enrollment 9-20-98.....	 450,150.40
 Total spending per pupil, 1998-99.....	 \$ 7,025.71
ESTIMATED TOTAL SCHOOL EXPENDITURE, 1994-95	
Local Ad Valorem Taxes.....	\$ 815,406,000
Prorated Property Taxes.....	126,909,000
State Aid-General Fund.....	1,586,138,000
State Aid-Other Funds.....	8,882,000
Federal Aid.....	142,038,000
KPERS (Estimated USD portion).....	51,339,000
 GRAND TOTAL.....	 \$ 2,730,712,000
 FTE Enrollment 9-20-94.....	 440,684.20
 Total spending per pupil, 1994-95.....	 \$ 6,196.53

Comparisons, 1994-95 v. 1998-99

Aggregate USD spending increased \$431.9 million (15.8%)

Spending per pupil increased \$829.18 (13.4%)

USD property tax revenue decreased \$84.9 million (9%)



Kansas Association of REALTORS®

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TO: HOUSE APPROPRIATIONS COMMITTEE

FROM: KAREN FRANCE, DIRECTOR, GOVERNMENTAL AFFAIRS

DATE: MARCH 17, 2000

SUBJECT: GOVERNMENT SPENDING LIMITS, HCR 5067

Thank you for the opportunity to testify. On behalf of the Kansas Association of REALTORS®, I appear today in support of the concepts presented in HCR 5067. A government spending limitation amendment is an idea whose time has come. However, it is even more timely to have it extended to local taxing subdivisions. If it applies to both the state and local units it could serve three important purposes.

First, this amendment could replace the local unit tax lid that was allowed to expire last year. It would restrict spending by local units without the utilization of any "loopholes" or exemptions. It is a straightforward way of limiting spending which would be in place from year to year, without having the property tax discussions that have become an annual event since the implementation of Classification and Reappraisal in 1989. Such a spending limitation for all levels of government takes away the complaint made by local governments that the legislature is advocating spending limits for local units of government without limiting state budgets.

Second, this amendment brings both fiscal responsibility and flexibility to the government budget making process. Because the growth of government costs would be predictable from year to year, governments at all levels can establish long term planning methods, within the parameters of the cost limitations.

The logical fallout of this amendment would be that local units could be given legislative authority for alternative taxes, including additional sales tax authority, earnings tax authority or income tax surcharges. They could then alter their tax mix, as long as the total amount spent did not increase above the limits provided by the amendment. In the same vein, the state could change the current tax mix between income tax, sales tax, property tax etc., as long as the total amount spent did not increase above the spending limits for the year. Meanwhile, the tax base for all units of government could grow within the limits.

The amendment provides for methods by which the state can handle emergencies if they arise and it could be amended to provide emergency measures for local units. Emergency provisions give enough flexibility to handle concerns about "bad years" or falling on "bad times".

Third, this amendment would answer the demand of voters that government be more efficient and responsive. Taxpayers ask over and over, "Why can't government be run like a business?" While we know it cannot be completely run like a business, a spending limitation would force the government to live within its means. A business cannot continually raise its prices in order to cover increased costs. The market prevents it. Thus businesses must continually look to keeping their costs in line if they are to survive in the market place. A spending lid amendment would be the equivalent of the "market place" competition for government. It would put a limit on the expense side of the balance sheet, thus providing the "incentive" to keep costs in line. Government would have to prioritize its services in order to deliver the best product for the best prices.

In summary, we believe this amendment provides many answers to questions that plague the legislature on an annual basis. We believe such an amendment would help return confidence to government without placing unreasonable restrictions on the hands of government officials. We believe the people would strongly support such an amendment if given the chance to vote. We ask that you give them that chance.

House Appropriations
3-17-00
Attachment 13



TO: House Committee on Appropriations
FROM: Mark Tallman, Assistant Executive Director for Advocacy
DATE: March 17, 2000

RE: **Testimony on H.C.R. 5067 – Limitations on State Expenditures**

Mr. Chairman, Members of the Committee:

We appreciate the opportunity to comment on H.C.R. 5067, which would limit annual increases in state expenditures to the lesser of either 5% or the average annual percentage growth in Kansas personal income over the past three years. It would also allow this limit to be exceeded by a declaration of need by the Governor and approval of three-fifths of the Legislature.

The Delegate Assembly of KASB, which includes a voting representative of each member school district, has adopted the following statement: *Tax Limitation. Arbitrary limits on state or local taxes should not be imposed.*

As a result, we oppose H.C.R. 5067. The Kansas Constitution already provides ample checks and balances for the people of Kansas: frequent elections, two chambers of the Legislature, a Governor with line-item veto. Placing limits on state expenditures, and then allowing those limits to be exceeded by a "supermajority" would simply make it more difficult for the Governor and Legislature to meet the needs of Kansas, or to make changes in the balance of local, state and federal activities.

For example, a significant portion of the growth in state spending in the 1990's was simply a shift in educational funding from property taxes imposed by local school districts to state funding. Of the \$800 million identified in the Governor's budget report for tax reductions over the past six years, more than half were reductions in the statewide school levy, which required replacement by the state general fund. It does not appear that this type of expenditure would be exempted from the limitations in H.C.R. 5067.

Perhaps more important, we believe that state needs, especially in the area of education, may at times require greater increases in real budget support than this resolution would allow. Schools are being asked to educate all students to a higher level than has ever before been achieved. At the same time, increasing numbers of students face unprecedented social and family problems that interfere with learning. If we are going to meet the needs of these students, it is going to take more than an "ordinary" increase in resources. The demands of special education are a clear example of this challenge.

State spending on education is the best investment the state can make in its future. We oppose H.C.R. 5067 because it would limit the Legislature's ability to make that investment.

Thank you for your consideration.

House Appropriations
3-17-00
Attachment 14



SEDGWICK COUNTY, KANSAS

GOVERNMENT RELATIONS

MARCI HESS, DIRECTOR

525 N. MAIN ● SUITE 315 ● WICHITA, KANSAS 67203 ● TELEPHONE: (316) 383-7552 ● FAX: (316) 383-7509 ● EMAIL: marcih@fn.net

HOUSE APPROPRIATIONS COMMITTEE TESTIMONY CONCERNING FY2001 DEMAND TRANSFERS

March 16, 2000

This testimony is being presented on behalf of the Board of Sedgwick County Commissioners.

The Board of Sedgwick County Commissioners passed a resolution on March 8, 2000 urging the Governor and the 2000 Legislature to reconsider the proposed cuts to the three demand transfer programs (Local Ad Valorem Tax Reduction (LAVTR), City-County Revenue Sharing, and the Motor Carrier Property Tax component of the Special City-County Highway Fund).

As you continue working on the FY2001 budget, please consider the following:

- The demand transfers affirm the historical partnership in service provision between the Sedgwick County and the State of Kansas. Together, we have addressed many common problems, such as juvenile justice and mental health issues. The maintenance of this funding stream from the state is important in providing the services our citizenry needs.
- The Governor's recommended cuts merely shift the state budget problem to the local level. It is not fair that Sedgwick County residents should have to pay higher property taxes or suffer reduced county services in order to balance the state budget.
- Demand transfers are used to reduce property taxes or pay for necessary services, especially those mandated by the state.
- Sedgwick County is willing to share proportionately in the budget constraints of the State General Fund, but we feel the Governor's recommended cuts in the demand transfer programs is especially deep.

Thank you for this opportunity to express our concerns. We understand the pain of making these tough decisions, and we appreciate your assistance in balancing the expected budget shortfall fairly and proportionately.

House Appropriations
3-17-00
Attachment 15

HOUSE BILL No. 3000

By Committee on Appropriations

2-22

9 AN ACT concerning the ombudsman of corrections; relating to juvenile
10 offenders; amending K.S.A. 74-7403, 74-7404, 74-7405a and 74-7406
11 and repealing the existing sections.

12
13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. K.S.A. 74-7403 is hereby amended to read as follows: 74-
15 7403. (a) The governor shall appoint an ombudsman of corrections
16 who shall serve at the pleasure of the governor. The compensation paid
17 to the ombudsman shall be fixed by the governor. The secretary of ad-
18 ministration shall provide the ombudsman with office space at Topeka.
19 The ombudsman may appoint such employees as may be necessary to
20 carry out the duties of the office of ombudsman of corrections and as are
21 within available appropriations. Clerical positions shall be in the classified
22 service under the Kansas civil service act and all other employees shall
23 be in the unclassified service under the Kansas civil service act. Any mis-
24 feasance or discrepancy in administration or any unreasonable treatment
25 of inmates in the custody of the secretary of corrections or inmates housed
26 by any entity under contract with the secretary of corrections which the
27 ombudsman discovers or the inmates bring to the attention of the om-
28 budsman shall be brought to the attention of the secretary of corrections
29 and shall be made known in periodic reports and in an annual report
30 issued by the ombudsman. The ombudsman shall forward complaints and
31 grievances directly to the secretary of corrections for consideration by the
32 secretary.

33 (b) *Any misfeasance or discrepancy in administration or any unrea-*
34 *sonable treatment of juvenile offenders in the custody of the commissioner*
35 *of juvenile justice* ~~*or juvenile offenders housed by any entity under con-*~~
36 ~~*tract with the commissioner of juvenile justice which the ombudsman*~~
37 ~~*discovers or*~~ *which the juvenile offenders bring to the attention of the*
38 *ombudsman shall be brought to the attention of the commissioner of ju-*
39 *venile justice and shall be made known in periodic reports and in an*
40 *annual report issued by the ombudsman. The ombudsman shall forward*
41 *complaints and grievances concerning treatment of juvenile offenders di-*
42 *rectly to the commissioner of juvenile justice.*

43 (c) *The ombudsman of corrections shall have access to any juvenile*

House Appropriations
3-17-00
Attachment 1b

1 records maintained by the juvenile justice authority unless disclosure of
2 such records are prohibited by federal law.

3 Sec. 2. K.S.A. 74-7404 is hereby amended to read as follows: 74-
4 7404. (a) The ombudsman of corrections may enter and inspect at any
5 reasonable time: (1) Any premises under the control of the secretary of
6 corrections or under the control of any entity housing inmates under
7 contract with the secretary of corrections; and (2) ~~any premises under
8 the control of the commissioner of juvenile justice or any entity housing
9 juvenile offenders under contract with the commissioner of juvenile justice~~
10 and may delegate that authority in writing to any employee of the office
11 acting as an ombudsman.

the Atchison juvenile correctional facility, Beloit juvenile correctional facility, Larned juvenile correctional facility and Topeka juvenile correctional facility

12 (b) If the ombudsman of corrections or any employee of the office
13 acting as an ombudsman who has been delegated in writing the authority
14 granted under subsection (a) is denied access to any premises under the
15 control of the secretary of corrections, the secretary or the secretary's
16 designee, within 24 hours after the denial, shall give the ombudsman a
17 written statement of the reason for the denial of access.

18 (c) If the ombudsman of corrections or any employee of the office
19 acting as an ombudsman who has been delegated in writing the authority
20 granted under subsection (a) is denied access to any premises under the
21 control of the commissioner of juvenile justice, the commissioner or such
22 commissioner's designee, within 24 hours after the denial, shall give the
23 ombudsman a written statement of the reason for the denial of access.

(d) the complainant shall exhaust all facility grievance procedures prior to the ombudsman's action on a complaint or grievance.

24 Sec. 3. K.S.A. 74-7405a is hereby amended to read as follows: 74-
25 7405a. Records of the office of the ombudsman of corrections or of the
26 corrections ombudsman board which relate to complaints by correctional
27 inmates, juvenile offenders or employees shall not be disclosed directly
28 or indirectly to any person except as authorized by the ombudsman of
29 corrections or by a majority vote of the corrections ombudsman board.

30 Sec. 4. K.S.A. 74-7406 is hereby amended to read as follows: 74-
31 7406. No documents relating to complaints, investigations or studies in
32 the possession of the ombudsman of corrections or any employee of the
33 ombudsman shall be read, copied or taken by any officer or employee of
34 the department of corrections or the juvenile justice authority, as the case
35 may be, except as authorized by the ombudsman or the employee of the
36 ombudsman.

37 Sec. 5. K.S.A. 74-7403, 74-7404, 74-7405a and 74-7406 are hereby
38 repealed.

39 Sec. 6. This act shall take effect and be in force from and after its
40 publication in the statute book.