

## **State of the State...Wow...**

Last night Governor Brownback delivered his 2015 state of the state address in which he said nothing about how he plans to clean up the mess he and his allies have spent the last four years creating.

Several things in the speech stood out.

### **KPERS**

First, the Governor lauded the Legislature for strengthening KPERS. Yes, they did and KNEA, state employees, and retiree groups were a large part of the effort. Agreements were made to increase both employee and employer contributions as part of that effort. Active KPERS employees received notice of the increase in their contributions this fall. Teachers and other school employees are doing their part.

Unfortunately, the "strengthening" done by the state as the employer has become just something for the Governor to use to partially offset the disaster caused by this income tax cuts for the wealthiest Kansans. While you are honoring your commitment to higher contributions, the state has already abandoned its commitment.

### **School Finance**

Then he got to school finance.

It's hard to know where to begin.

Let's start with the assertion that the school finance formula has locked in "automatic, massive increases." Wow. The last real increases in school finance came after the Montoy lawsuit (a decade ago) and they were large. But those increases were quickly abandoned as a result of the great recession. That money has never been restored and base state aid per pupil is now, when adjusted for inflation, at the 1992 level.

The only significant "increase" since then was the result not of putting in more funding but simply renaming KPERS employer contributions as school funding.

To deal with school funding, the Governor proposes ditching the formula entirely. Just throw it out and spend the next two years trying to put a new formula together. Wow.

If you look at his budget proposal, here's what he would do:

End the formula.

Look at what each district received in 2015.

Block grant that amount to districts in 2016 and 2017.

Aside from frozen funding, there are other questions left unanswered. What if your at-risk, bilingual, or special education populations grow? What happens when student enrollment increases? What about increases in the costs of paper, health insurance, utilities, etc.? Without a formula to make rational funding decisions, how would any of these issues be addressed?

But perhaps there is a more sinister idea here. Is this an attempt to get out from under the court rulings in Gannon? The court has ruled that the state has not met its constitution obligation in financing the school funding formula. If that formula goes away, then does that ruling go away with it? Is this just an attempt to restart the clock and avoid responsibility?

### **Constitutional amendments**

The governor also tossed out a couple of constitutional amendments.

One would require the state to pay its debt before anything else. Under Brownback's leadership, the state has seen multiple credit rating downgrades. Moody's and Standard and Poor's both think that the revenue crisis brought on by Brownback's tax cuts makes investing in Kansas' bonds a little bit more risky. What if the state doesn't have the revenue to pay off those bonds and meet its other obligations? Well, change the constitution so the state uses whatever money it has to pay off the bonds and, if there's anything left, provide services. Just trying to put off the next downgrade.

The other change would further politicize our court system. The Governor proposes that we eliminate merit selection of justices for the Supreme Court. He won the ability to control appointments to the appellate court last year but the selection of Supreme Court justices is contained in the constitution.

Brownback has proposed either the "federal system" where the administration gets to select who is considered subject to approval of the Senate or direct election of Supreme Court justices. Either way, these proposals would serve only to politicize our courts.

The Governor proclaims that this would be more open to public accountability but experience indicates otherwise. In the first appellate court selection made under the new rules, the administration refused to disclose who was being considered or what the qualifications were of the candidates. It was the first time the selection was made in secret. It resulted in the Governor appointing his own legal counsel to the court.

This is not to say the appointee was not qualified but without knowing who was being considered, one has to simply take the word of one man that this was the best candidate. We have never had to do that in the past.

Direct election of justices removes judicial independence entirely. Do you want to go before a justice whose first obligation is to his/her campaign donors or do you want a fair hearing? Kansas does not need to turn the selection of an independent judiciary over to political whim or campaign donors.

## **The March to Zero**

Probably the most troubling aspect of the speech last night was the assertion that "we will continue our march to zero income taxes."

Personal income taxes account for more than 42% of the state's revenue. Corporate income taxes account for another 7%. If you were to eliminate 50% of your household income, would you still be able to provide for your family?

We've already seen that the state cannot meet its obligations with the first round of income tax reductions. How can the state possibly provide needed services if it eliminates half of its revenue?

So the only thing we can think to say at this point is, "Wow. Really, Governor?"

[Click here to read the text of the speech.](#)<sup>[1]</sup>

## **Tax proposals are out**

While there is still much analysis to be done of the Governor's budget and tax proposals

that were released this morning, we can give you a thumb-nail sketch.

On taxes, Brownback first proposes a modest slow-down in the implementation of future income tax cuts.

Currently we have two income tax brackets; 2.7% for low income earners, 4.6% for others. The low bracket is scheduled to drop to 2.4% in 2016 and 2.3% in 2017 and then hold steady. The upper bracket is set to remain at 4.6% for 2016 and 2017, dropping to 3.9% in 2018.

The proposal would hold the upper bracket at 4.6% in 2018 while reducing the lower bracket to 2.66% in 2016 and freezing it there. This does not eliminate reductions but slows them down. Revenue would still decrease but at by far less.

Then there are proposals to increase revenue elsewhere.

Brownback proposes increases in cigarette and liquor taxes, and a tax amnesty program for 2016 that would hopefully result in the collection of delinquent taxes owed. He also proposes speeding up reductions in income tax deductions. Those who itemize taxes would see their deductions reduced.

Finally he proposes a 103% cap on new revenue. Current law would require that new revenues exceeding 2% would be used to pay for further income tax reductions. This proposal would allow the state to use 3% of any increase in tax revenue before enacting more rate reductions.

All of these changes would add \$211.1 million in 2016 and \$212.6 million in 2017 - far less than what is needed to balance the budget.

## **Bills**

Two bills of interest are now floating.

**Senate Bill 2** would allow school districts to offer two year contracts to teachers with 10 or fewer years of experience and three year contracts to those with more than 10 years of experience.

If enacted, those teachers granted such contracts might feel somewhat more secure in their employment now that the legislature has granted school districts the ability to non-renew

teachers for no reason whatsoever and removed a teacher's right to an impartial hearing on the non-renewal.

Unfortunately without negotiating with the teachers on how and when such contracts might be granted, the implementation of such a policy would likely created morale issues when some teachers get them and others don't.

Which brings us to **Collective Bargaining**. Introduced in committee but not yet released is a bill to limit collective bargaining to only salaries and hours. This is the bill that was rejected by the full K-12 Student Performance and Efficiency Task Force but contained in the minority report authored by KPI's Dave Trabert, the Kansas Chamber's Mike O'Neal, and commission members Dennis DePew and Sam Williams.

When we get a number on it, we'll let you know.

SB 2 has a hearing in the Senate Education Committee next Thursday.

### Links

1. <http://click.email.nea.org/?qs=8309e182183a08b318c4ed437f499c277c7f510718527d19609742a59bd1f41d1e15c042d03fd60f>

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