As the wrap up session started April 29, state legislators were presented with a smorgasbord of tax increase proposals to help close the budget gap.

Sputtering tax collections has left a $422 million gap between spending and available revenue for the fiscal year that starts July 1.

“We have a certain hole to fill in the budget, and we’re the ones that have to do it,” Senate Assessment and Taxation Committee Chairman Les Donovan, R-Wichita, said to his committee members.

Donovan mentioned more than a dozen tax bills including a proposal by Gov. Sam Brownback to increase the cigarette tax by $1.50 per pack.

Others included applying the state sales tax to utility bills, reducing the state version of the Earned Income Tax Credit, which helps low-income working families, and removing the exemption of the first $20,000 of appraised residential property from the 20-mil school property tax levy.

Reducing the EITC was immediately tagged as a bad idea by Sister Therese Bangert, of Sisters of Charity of Leavenworth, who advocates on behalf of the poor. “People that are working should be able to have this credit,” she said, noting that most job growth in Kansas has been in low-wage jobs.

During a House Taxation Committee discussion, state Rep. Ken Corbet, R-Topeka, said he believed any tax increase would cause businesses to leave the state. “Money walks,” he said.

But Committee Vice Chairman Gene Suellentrop, R-Wichita, said the Legislature faced spending pressures, many of which are beyond the control of the Legislature. He mentioned court-ordered school funding, health care expenses and the need to shore up the state pension system.

Democrats and some moderate Republicans, however, blame the state’s fiscal problems on the huge income tax cuts signed into law by Gov. Sam Brownback in 2012 and they would like to repeal or peel those back.

Brownback said the cuts would spur the economy, but Kansas lags the national average in personal income and job growth.

And increased attention has fallen on a major part of the Brownback tax cuts; an exemption from state income taxes of the pass-through income for certain business owners.

As it turns out, many more businesses are taking advantage of this exemption than initially estimated and the hit on state revenues has been much greater than originally projected.

When it was approved, officials said it would affect about 190,000 businesses and reduce revenue to the state by approximately $160 million per year. But more than 330,000 businesses have benefitted from the exemption, reducing revenue to the state by $220 million per year, according to recent estimates.

Positions have been staked out already.

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“Whatever the solution will be, will probably be two or three parts,” said House Taxation Committee Chairman Marvin Klee, R-Overland Park.

School finance litigation continues

You may need a law degree to follow the procedural path of the current school finance lawsuit, but the cause of the dispute is pretty basic.

The Kansas Constitution requires the Legislature to “make suitable provision for the educational interests of the state.”

A group of school districts says the Legislature has failed to provide an adequate amount of funding, and that funding has not been equitable to many poor districts.

A three-judge panel agreed on both points. Last March, the Kansas Supreme Court agreed on the “equity” issues, and the Legislature responded by adding $135 million for funding local option budget and capital outlay state aid. However, the high court said the panel did not use the correct procedure on the “adequacy” side.

Since then, the three-judge panel again found that funding was inadequate based on the “Rose” standards for student success adopted as state education goals by both the Supreme Court and the Legislature. The state has appealed.

The Legislature learned that the estimate used for the additional funding approved last session was too low, and changed the formula to bring the costs down. It also repealed the school finance formula used since 1993 (with extensive...

...continued on page 2
Once again it is May, and our elected officials are struggling to get their work completed at the last minute. For observers and representatives alike, it is similar to how my brother used to describe his police career: long periods of boredom interspersed with brief moments of excitement.

We were in a great hurry to get block grants passed so we would have a school finance plan. Now we have a budget hole to fill that gets bigger every day and only two more weeks to finish the task on time. Throw in changes to KPERS and a host of smaller issues and it looks like we are on the verge of more all-nighters at the last hour.

My daughter just left my office talking about pulling all-nighters for two finals. I imagine she will be as receptive to my advice on the efficacy of this strategy as the Legislature.

My parents and I had dinner in Hays last week and we were discussing the phenomenon of waiting to the last minute to get your work done. I recalled the summer before my first teaching job, when my brother and I hired on to build a fence.

My dad was truly a gentleman farmer at that time, holding a second job as superintendent at Junction City to support his raging farm jones. He would give assignments on the weekends and my brother and I would do the work. The day before I was to leave for my teaching job, he called with a problem. He needed one last quarter mile section of fence done before we quit for the summer. If we could do it in one day, we would both get crisp $100 bills. My dad had/has an affinity for getting “one more thing” done, as anyone who has ever worked for him can attest. We were not surprised; the pay was good and we were young, strong, focused and dumb.

We started at the break of dawn and worked until the sun went down. This is stone post country folks, the posts that can withstand the charge of a 2000-pound bull, but will break if hit just right with a hammer. At the end of the day, we had broken a few posts, strung a lot of wire, built a tear-away over a draw and collected our $100 bills. It was a great sense of accomplishment.

Until Christmas, when we came home and asked, “Where’s dad?” My mom had the look that we knew ever so well, the look that said, “Lay low boys, until the heat is off.”

There is art and science to stringing wire. The art is knowing how to get it just tight enough in the summer so when the cold weather comes and the steel contracts it doesn’t pop like a violin string at an elementary orchestra concert. In our haste, we pulled just a little too hard. George knows about shrinkage, and so did we when Max came home cussing about the shoddy job that had been done that summer. I’m surprised he didn’t ask for his $100 back, but it was Christmas.

My concern about hastily constructed block grant bills and budget plans is that when Christmas comes around, the wires will pop, the cows will get out, and we will have already spent those crisp hundred dollar bills. Just as was the case 35 years ago, some emergencies can’t be foreseen. I sure hope the result isn’t the same.

Epilogue: Although his memory is still sharp, my dad has little memory of this incident. He did recall that he had bought some cheap barbed wire that summer and maybe that was the problem. Hmmm, there was no mention of poor materials 35 years ago, just poor workmanship!
We’ve been asked: What has been the economic impact of Kansas income tax cuts?

With the state’s budget problems deepening as the result of lower-than-expected tax revenues, Governor Sam Brownback has been defending deep state income tax cuts by noting recent improvements in the state economy. However, new data indicates that while the Kansas economy is growing, it has not improved compared to the rest of the nation or past performance.

The U.S. Bureau of Economic Analysis reported that Kansas personal income growth in 2014 - the first full year of the income tax reductions - was among the bottom 10 states in the country. Kansas personal income grew 2.9 percent, compared to the U.S. average of 3.9 percent, and ranked 42nd in the nation.

As the following chart shows, Kansas personal income growth in 2014 was lower than seven of the previous 10 years. In addition, the new Kansas consensus review estimate released in April projects Kansas personal income will continue to lag behind the U.S. average for the current year (2015) and the next two years.

In five of the past 10 years, Kansas personal income grew faster than the national average. If the consensus revenue report is accurate, it would mean Kansas will have lagged behind the U.S. average for four straight years - the first time since at least 2004.

Personal income measures the total income of a state’s population, and is partially determined by changes in the population. Per capita income is personal income divided by total population, which provides a measure of the average change in individual income.

The chart below compares Kansas per capita income with the national average. As the Governor has noted, Kansas per capita income has increased in recent years. However, Kansas remains slightly below the U.S. average, and the gap widened slightly in 2014.

The BEA report for 2014 shows Kansas ranked 23rd in the nation in 2014. Among states in the region Kansas ranked higher than Texas (24th), Iowa (25th), Oklahoma (27th), and Missouri (33rd), but lower than North Dakota (6th), Colorado (14th), Nebraska (19th) and South Dakota (21st).

Finally, the Governor has stressed the Kansas unemployment rate has dropped in recent years. Data from the U.S. Bureau of Labor Statistics shows the Kansas unemployment rate dropped to 4.2 percent in March of 2015, down from peak of 7.2 percent in 2010. The Kansas rate is now essentially at its pre-recession rate, under the previous tax structure.

The Kansas unemployment rate was in the mid-2000s, very close to the U.S. average. The national unemployment rate rose much higher during the recession and remains higher than in Kansas. However, the national rate has declined more rapidly. From March 2014 to March 2015, the first year of the full tax reduction implementation, the Kansas unemployment rate declined by 0.4 percent, less than half as much as the national decline of 1.1 percent.

The Kansas unemployment rate is at a historically low level - but it was just as low 10 years ago under the previous income tax structure.

It is important to remember the new Kansas income tax policy has been in effect for a relatively short period of time. However, as the Legislature considers ways to raise revenue to maintain funding for education and other state programs, it seems clear the lower income tax rates have not yet produced significantly better results than the previous rates.
New board members go to school on school board service

More than 350 newly elected school board members, experienced mentors and superintendents attended the first five KASB Board Member Workshops, with two more sessions scheduled later this spring.

The six hour programs deal with board powers and governance for successful students; legal responsibilities such as open meetings and employee relations; and the respective roles of board and administration.

Unlike previous years when new members learned about the school finance system, this session reviewed legislative actions to create a block grant program while developing a new finance formula, legal challenges and the significant differences among Kansas districts.

“It is an exciting time for new board members as they prepare to take office,” said KASB Executive Director Dr. John Heim. “These meetings are a chance to learn from KASB staff experts and mentor board members.”

School leaders can still attend board member workshops in Hays on May 29 and Topeka June 20. Board members elected in April will take office July 1. Boards will conduct organizational meetings in July.

Are you fully aware of Section 125 Plan benefits?

The cornerstone of any employee health and welfare benefit program is a Section 125 Plan that helps employers and employees maximize tax-saving opportunities.

A Section 125 Plan is an employer-sponsored program governed by the Internal Revenue Code which allows employees to purchase qualified insurance benefits on a pre-tax basis. This means you can enhance your employee benefits package while helping your employees save money, even possibly increasing their take-home pay. You may save money on taxes, too, so it’s a win-win situation for everyone.

If you are a business leader or the person in charge of managing employee benefits, consider these thought-provoking questions:

- If you have a Section 125 Plan, does it comply with all necessary plan document, election, and mid-year election change requirements?
- Does your plan include Flexible Spending Account (FSA) programs?
  - If so, do your employees fully understand the benefits of this program?
- Are your employees made aware of your employee benefit options annually?
- Are your new employees made aware of their employee benefit options at the time of hire?
- Do you offer supplemental benefits through an outside company?
  - If so, are your employees made aware of those offerings, and do they fully understand them?
- Do you enjoy the annual employee benefits enrollment process?
- Do you believe you do everything possible to educate and assist employees with their employee benefit options?

If you answered “no” to one or more of the questions above, you may need to seek the assistance of a professional. Now is the time to get educated and be prepared for your annual employee benefits enrollment.

For more information, please contact Jeremy Woydziak at 800-365-1167 or jeremy.woydziak@americanfidelity.com.

American Fidelity Assurance Company is a proud supporter of the Kansas Association of School Boards as a partner* and welcomes the opportunity to contribute this article. We currently administer over 8,200 Section 125 Plans nationwide.

*American Fidelity Assurance Company and this association are parties to an existing partnership agreement.
We need you! And the best part about it? You and your district/organization will benefit!

Informed. Involved.
Getting the most from your KASB membership!

GOOD
Join us for Seminars and Workshops held throughout the year.
Attend Fall Summits and Summer Advocacy Workshops.
Participate in New Board Member Training or serve as a mentor.
Make sure you are subscribed to KASB publications and emails, and respond to surveys and questionnaires.
Don’t miss the KASB Annual Conference in December!

BETTER
Get to know your Regional Vice-President and let them know your interests.
Expand your knowledge and involvement in national issues by joining KASB-NSBA’s National Connection.
Ask to place KASB information on your local board agenda and discuss during meetings.
Volunteer your district to host on-site KASB meetings.

BEST
Apply for KASB’s Leadership for Tomorrow program.
Serve as your district’s delegate to the annual Delegate Assembly.
Volunteer for one of KASB’s standing committees or governing boards:
- Nominating Committee
- Legislative Committee
- Workers Compensation Board of Trustees
- AdHoc Special Purpose Committees and Study Committees

kasb.org/informedinvolved or contact KASB for more information!
785-273-3600 | 800-432-2471

Serve as your district’s delegate to the annual Delegate Assembly.
Over the past year, KASB has been working to improve the way we provide data back to our members. We collect a lot of information from you throughout the year, and we want to ensure we provide it back to you in ways that are useable and useful. Here’s a brief overview of where you can go to find KASB’s data and what you can do with it.

All of the data KASB collects and reports out is available on a single page, with the exception of the administrator salary data (which is kept in the Members’ Only section of the website). Data is made available in two formats; in an interactive online tool, or in a downloadable Excel file. Find it all at www.kasb.org/data.

**Tableau**

KASB is using software called Tableau to provide data online in interactive visualization tools that can be customized and modified for your needs. Click on any of the “New Tab” buttons to be taken to a new browser tab where you can interact with the corresponding data set. To capture a chart, graph, or table, you can select “PDF” from the download menu (located at the bottom right of the tool) and generate a printable PDF.

**Excel**

Similar to past years, KASB is providing data in Excel files that can be downloaded and used. However, multiple years are being included in each file now to allow comparisons across districts and also across time. Click on any of the “download” buttons to download the file corresponding to the data you need. Then use the dropdown filters in the files to narrow down to only the information you are interested in.

**Assistance and feedback**

Because this represents a significant departure from how KASB has provided data to you in the past, we are ready and anxious to assist you in learning how to use the new tools, and also to get your feedback on what you like and what can be improved. Please contact Debbie or Ted at KASB by calling the main number or emailing research@kasb.org with your questions or feedback.
Leading the way:  
Board member do’s and don’ts

**Good Board Members DO**

- Recognize that their responsibility is not to run the schools, but to see that they are run well.
- Work through the properly appointed administrative officers according to the organization as planned.
- Function as part of a policy-forming and control board rather than as part of the administrative team.
- Refer, as far as possible, all complaints and requests to the appropriate administrative officer.
- Familiarize themselves in a broad and non-technical manner with the problems of the school system.
- Try to interpret to the superintendent the attitudes, wishes, and needs of the people of the district and try to interpret to the people the needs, problems and progress of the schools.
- Voice opinions frankly in board meetings and vote for what seems best for all children of the district.
- Recognize fully that the appropriate administrative officer is entirely responsible for carrying out a particular policy in accordance with state law and local regulations.
- Help to frame policies and plans only after considering the recommendations of the appropriate administrative officer, together with his/her reasons for making such recommendations.
- Require oral and written reports that are requested through the administration for the purpose of keeping the board properly informed on school matters.
- Give all school officials authority in keeping with their responsibilities. Vote only for the best-trained technical and professional employees who have been properly recommended by the superintendent.
- Visit the schools to gain clearer understanding of school problems, but not to interfere in the day-by-day administration of the schools.
- Establish criteria for evaluating the efficiency and effectiveness of the superintendent.
- Present personal criticism of school employees only to the appropriate administrative officer.
- Support and protect school officials in the performance of their duties.
- Give friendly counsel and advice to administrative officers.
- Be always mindful that the KEY WORK of the school board with the leadership of the superintendent is to improve student achievement.

**Good Board Members DO NOT**

- Interfere with the day-by-day routine of school administration and supervision.
- Refuse to support worthwhile school programs because of personal reasons.
- Show favoritism to relatives or friends.
- Make promises and commitments before the questions are fully discussed in the board meetings.
- Join a clique to control board activity.
- Use board membership for political or business advancement for themselves, their family or friends.
- Surprise the appropriate administrative officers in school board meetings.
2015 Summer Advocacy Meetings

May 27 - June 25
14 Locations

$20 per person includes light meal and handouts
Registration begins 30 minutes before stated meeting time.

Kansas school board members, administrators and building leaders are invited to attend KASB’s 2015 summer statewide advocacy tour meetings to learn more about the top issues facing Kansas education and help shape KASB’s advocacy positions.

The two-hour advocacy tour meetings will focus on two major issues: the development of a school accountability system, including changes in accreditation and student assessment; and determining key factors in the state’s school funding system. Participants will also be invited to recommend other issues for KASB’s legislative priorities and other policy positions.