

Who Pays?

The Cost of Kansas' Tax Cuts for Local Communities



Kansas has sharply reduced state support for schools, libraries and other community services in recent years, forcing towns and cities to cut programs that Kansans depend upon or raise more money locally to sustain them. While the cuts by the state were initially prompted by the Great Recession, the substantial income tax cuts Kansas lawmakers enacted in 2012 and 2013 are draining even more resources and making it nearly impossible to replace vital aid to Kansas communities.

Since the recession hit in 2008:

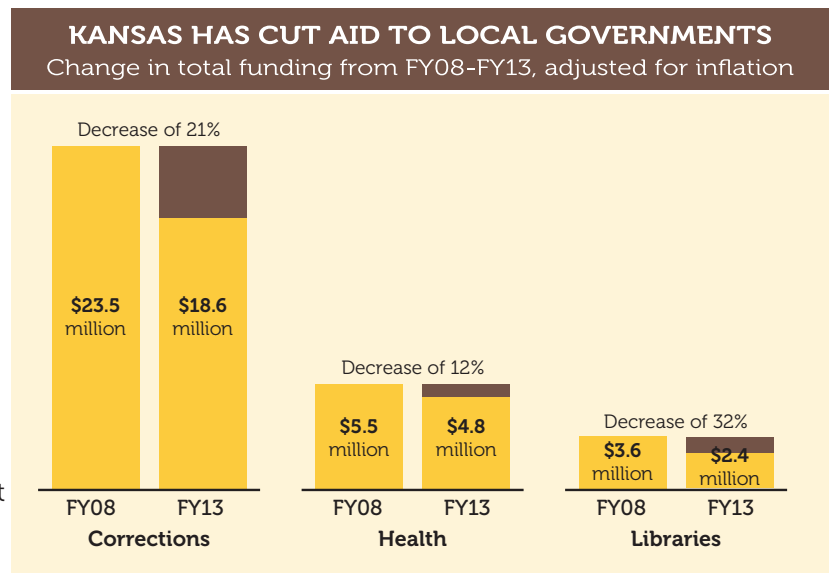
- **State aid for schools is down 8 percent,**¹ after adjusting for inflation, and state funding to help teachers improve their skills has been eliminated. These cuts are leading schools to increase class sizes; lay off teachers, counselors, nurses, and school librarians; and pass more costs on to parents by raising fees for school activities all coming at a time when a well-educated workforce is more important than ever to prospective employers.
- **State support for libraries has been cut by over 30 percent,**² forcing reductions in operating hours, cutbacks in book purchases, or the establishment of waiting lists for summer reading programs. In some areas, libraries are the only resource many people have for filling out online job applications and furthering their education.
- **State aid for local health services is down more than 12 percent.**³ Local health departments play a key role in providing health services, such as childhood immunizations, and addressing health emergencies in both rural and urban communities across Kansas.
- **State support for community-based corrections has been cut by 21 percent.**⁴ This vital program is helping make neighborhoods safe and reducing the number of repeat offenders, ultimately saving taxpayers money.

These deep cuts pose a serious problem for the state’s ability to compete in the future. Our economy, and the health of our towns and cities, depends on wise investments in the education, health, and safety of our people.

Why the services localities provide are important to Kansas’ future

In towns and cities across Kansas, local governments provide a range of services that are fundamental to community life and are building blocks of a strong workforce and a sound economy, as well as the state’s long-term economic health. Local providers of these services depend on support from the state.

The loss in funding from the state makes it difficult for communities to maintain a well-educated and healthy workforce, safe neighborhoods, and a good quality of life — the investments Kansas must make to attract and grow businesses.



¹ Analysis of data from Kansas Division of the Budget documents, multiple years. Includes all state aid except funding for the Kansas Public Employee Retirement System.

² Analysis of data from Kansas Division of the Budget documents, multiple years.

³ Analysis of fiscal documents from Kansas Department of Health and Environment, multiple years.

⁴ Analysis of data from Kansas Division of the Budget documents, multiple years.

Kansas has cut its support for localities deeply since the recession hit

Aid to local governments, which the state has routinely provided in various forms since the 1970s, plunged by over \$1 billion between 2008 and 2013 after adjusting for inflation. Part of this reduction is due to spending cuts in areas like public health, community corrections, education and libraries. Another portion came from the elimination of two important sources of state funding for localities – funds designed to help keep local property taxes stable and be shared by county and city governments to support programs and services (see text box).

Local governments have responded to the drop in state aid, in part, by raising local property taxes. From 2008 to 2012, the latest year for which property tax data are available, revenue from property taxes rose by \$59 million. Since then, some local governments have raised property taxes even further. Still, these property tax increases fall far short of what was needed to cover the over \$1 billion hole left by state cuts to local governments.

As the huge tax cuts Kansas enacted recently take effect over the next few years, they will result in an even greater decline in state revenues and continued cuts to communities, making it nearly impossible to rebuild what was lost during the recession.

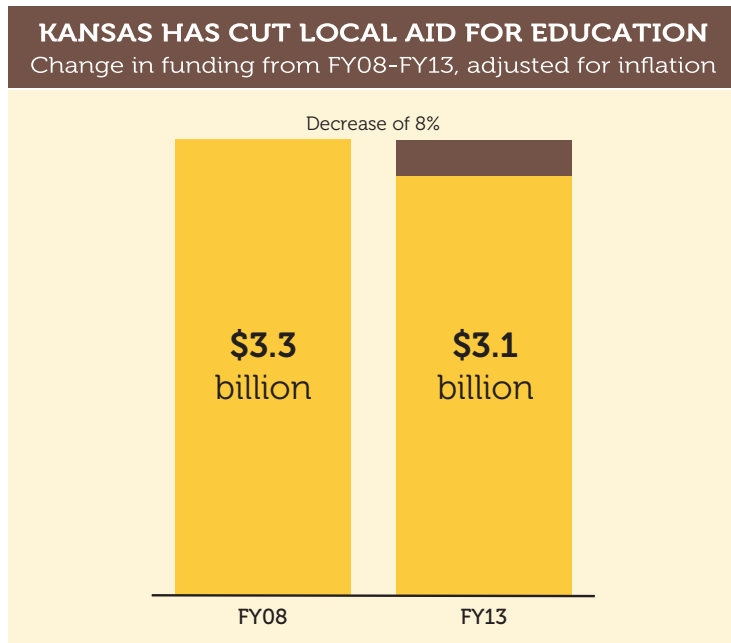
Cities and counties across the state have lost more than \$700 million since 2008 from lawmakers defunding of two important sources of local support – the Local Ad Valorem Tax Reduction Fund (LAVTRF) and the County and City Revenue Sharing Fund (CCRSF), both of which served as important support mechanisms for state support of county programs, especially in cases where funding was once provided but no longer exists. Intended to provide state-obtained revenue to local governments, LAVTRF and CCRSF enabled local governments to reduce their direct tax burden. Local officials could have used those funds to invest in the services critical to the health and safety of their communities.⁵ While state policymakers initially shut off money to these funds to make ends meet during the recession, as revenues improved during the economic recovery they had an opportunity to begin reinvesting in these transfers to locals. Instead, they chose to pursue income tax cuts that offer the greatest benefit to the wealthiest Kansans. As state support to local governments for services critical to Kansas' economic future has declined, local governments have been unable to rely upon this safety net to maintain or increase investments in neighborhood schools, libraries, community health and safe communities.

State funding for schools is down sharply

Kansas has already made some of the deepest education funding cuts in the country since 2008, and such cuts to neighborhood schools have serious consequences for kids' ability to get a quality education, the state's economic growth and local property taxes. The cuts make it harder for Kansas schools to pursue much-needed education reform and harder for the state to develop the highly educated workforce it will need to succeed in today's global economy.

⁵ Analysis of data from the Kansas Association of Counties Research Report, multiple years.

- Total state aid to school districts has been reduced by over \$263 million since fiscal year 2008, an 8 percent cut.⁶ As a result, Kansas schools are increasing class sizes, eliminating teaching and other staff positions, raising fees or - in some cases - closing entirely.
- Supports for programs that match new teachers with mentors in their district and provide for teaching excellence scholarships have been eliminated. Both were designed to keep good teachers from leaving the profession and encouraging professional growth through pursuit of national certification.
- Professional development funding to train teachers on new technologies, trends and innovative classroom practices has been eliminated.



While school districts worked hard during and immediately following the recession to minimize damage to the learning environment from declining revenue, without renewed investments many districts are now faced with reducing or eliminating programs and services.

State support for libraries has been cut by more than 30 percent

Libraries are hubs for communities and an important way for all Kansans to access books, attend community events and use library-provided services like the Internet. Libraries are of particular importance to families living in poverty, 44 percent of which visited public libraries to use computers and access the Internet (61 percent of young adults in those families used public library computers and the Internet for educational purposes). And among seniors living in poverty, 54 percent used public library computers for health or wellness needs.⁷ The amount of funding that a library receives directly impacts the quality of its services and its ability to meet the needs of the community, particularly during economic downturns.

Investments in local libraries have dropped 32 percent below pre-recession levels, forcing communities to reduce library operating hours and cut back on book purchases. For example:

- Cuts in Johnson County have led libraries to close earlier during the week and, in some cases, eliminate Sunday hours altogether putting a squeeze on the availability of valuable resources for students and community members alike. Branch closings have also been considered as a measure to address budget cuts.⁸
- In Wichita, budget reductions have led to longer waiting lists for books and other materials and curtailed the number and type of books the library can purchase for its collection.⁹

⁶ Analysis of data from Kansas Division of the Budget documents, multiple years. Includes all state aid except funding for the Kansas Public Employee Retirement System.

⁷ See "Opportunity for all: How the American Public Benefits from Internet Access at U.S. Libraries", <https://docs.gatesfoundation.org/Documents/OpportunityForAll.pdf>.

⁸ See "As county revenue declines, library budgets are on the block", <http://joco913.com/news/as-county-revenue-declines-library-budgets-are-on-the-block/>

⁹ See Wichita Public Library's "Minutes of a Regular Meeting of the Library Board of Directors", http://www.wichita.lib.ks.us/NR/rdonlyres/BA999C16-5CA8-4F61-9619-245D9B023E3A/0/20121218_Minutes.pdf.

- In Arkansas City, years of budget cuts and constraints have taken their toll, with the librarian noting “we are now to the point where we’re going to have to cut something that’s going to start affecting people really directly.”¹⁰
- In addition to providing valuable services to the community, libraries also boost local economies by purchasing goods locally and employing people in the community.

State aid for local health programs is down more than 12 percent

Local health departments, which serve Kansans in all 105 counties, provide vital services such as childhood and adult immunizations, physicals to ensure child health, home visitation to the elderly and disabled, and screening for sexually transmitted diseases. In addition, local health departments are one of the first responders to disease outbreak and containment, such as the recent whooping cough outbreak across the state and¹¹ measles outbreak in Southwest Kansas.¹² Despite the important role health departments play in ensuring healthy families and communities, Kansas ranks near the bottom nationally for state support for local public health.¹³

- Since the recession ended, total aid to local governments for health programs and services has declined by more than 12 percent, while the cost of providing public health services and the need for funding have grown.
- Support for Healthy Start, a home-based program that helps new and expecting parents has been cut by nearly 10 percent. This program is critical for parents who face multiple stressors and need education on child health and development, assistance with goal setting and connections to community services to enable them to become better parents.
- These reductions in support diminish the capacity of local health departments and impact their ability to quickly and robustly respond to community crises.
- These cuts place the burden on counties to increase funding from local revenue sources to ensure basic needs are provided to their communities or scale back on important programs and services.

State support for community-based corrections has been deeply cut

Community Corrections is a state and local partnership whose mission is to promote public safety by providing supervision to felony offenders, holding offenders accountable to their victims and the community, and improving offenders’ ability to live productively and lawfully. But since 2008, this investment in safe communities has seen a 21 percent reduction in funding. By reducing crime and repeat offenses, Community Correction’s services ultimately save taxpayers money. As a result of the declining support the state has seen:

- Reduced investments in programs to teach people how to make better decisions which may increase repeat offenses.
- Fewer parole officers meaning less intense supervision for people who have proven they need it.¹⁴

¹⁰ See Andrew Lawson, “Cuts for public library?”, May 23, 2013, http://www.arkcity.net/news/top_story/article_7c77354e-c368-11e2-80aa-001a4bcf887a.html.

¹¹ See Sarah Tucker, “Whooping cough outbreak in Kansas spurs calls for vaccinations”, June 13, 2012, <http://www.kansas.com/2012/06/13/2372495/whooping-cough-outbreak-in-kansas.html>.

¹² See KAKE News, “Health officials investigate measles outbreak in Finney County”, January 25, 2012, http://www.kake.com/health/headlines/Health_Officials_Investigate_Measles_Outbreak_In_Finney_County_138063683.html.

¹³ See Kansas Association of Local Health Departments, “2013 Legislative Priorities”, <http://kalhd.org/wp-content/uploads/2012/10/legislative-policy.pdf>.

¹⁴ See Deb Gruver, “Even with some funds restored, Corrections officials worry about crime going up”, June 16, 2013, <http://www.kansas.com/2013/06/16/2850887/even-with-some-funds-restored.html#storylink=cpy>

- Local governments wrestling with how to stretch budgets to prioritize safety in their communities, in some instances opting to use local dollars to make up for the cuts in state funding and in other instances proposing elimination of programs critical to the supervision of high-risk offenders.¹⁵

Last year's tax cuts will continue to cost Kansas communities in the years ahead

During the last legislative session lawmakers made it even harder for communities to regain ground lost since the recession, instead choosing to pass a second round of tax cuts that will cost Kansans and the State General Fund \$1.1 billion that could have gone to reinvesting in job-creating priorities like neighborhood schools, libraries, community health centers and safe communities across the state. In addition, any future growth in revenues will not be used to reinvest in services vital to Kansas communities but, instead, to further reduce taxes ultimately resulting in more lost revenue.

Now is the time to reverse this harmful trend which threatens both vibrant and struggling Kansas communities and the essential services they provide.

¹⁵ See Ben Fitch, "Agencies analyze impact of budget cuts", June 5, 2013, http://www.emporiamagazine.com/news/article_2fec5446-cdfb-11e2-9f72-10604b9f6eda.html.

