



The TRUTH in Taxes and Education

Does NOT supporting tax increases equal not supporting public schools?

In the days leading up to the August 6th primary, there are a lot of words flying back and forth about public schools and how to fund them. We thought it would be timely to give you some statistics and figures to help you sort through the rhetoric. If you get the opportunity, ask your candidates about these numbers.

The TRUTH about the budget

The Kansas legislature extended their session this year (to a record 106 days) in order to deal with the "budget crisis." At one point a shortfall of \$700 million was predicted. Other numbers were thrown around periodically. The legislators were lobbied heavily to increase taxes in order to fund the public schools. The legislature finally approved a tax increase of \$252 million. But, according to some presenters at a recent forum about the relationship between taxes and education, Kansas schools did not get their increase from that tax increase; it was funded from the tobacco settlement fund. The schools will be getting \$2.4 billion from the state in the next fiscal year.

The TRUTH about taxes

According to the government census tax statistics, Kansas residents pay more in taxes than any of the other surrounding states. The 2001 per capital tax amounts are: Kansas - \$1,853.13; Oklahoma - \$1,832.81; Nebraska - \$1,767.54; Iowa - \$1,764.78; Colorado - \$1,712.86; and Missouri - \$1,569.74. [www.census.gov/govs/www/statetax.html]

The following are some of the taxes that were increased. Are you affected?

- Cigarette taxes increased from 24 cents a pack to 70 cents a pack.
- Sales tax increased from 4.9 percent to 5.3 percent.
- Franchise fees that corporations pay to do business in Kansas are doubled.
- A fifteen percent tax was reinstated on property inherited by distant relatives.

Soon after the budget was passed, some legislators were predicting that another tax increase will be called for next year. Will the next round of tax increases affect you?

The TRUTH about school budgets

Bill Bunten, a former state legislator who spent eight years as the Chair of the House Ways and Means committee (now renamed the Appropriations committee), has spent the last three years studying the detailed budget of the Topeka schools. He presented some of his findings at the recent

forum held in Overland Park. "What I found was a 286-page document with over 2,000 separate accounts. I found a document so complex and so flawed, that it is absolutely worthless," he said. Here is a small sampling of what he found:

- The budget is built from the top down, not bottom up as most businesses and enterprises are. The school district determines what funds are available from all sources and builds a budget that appropriates all of those dollars.
- The district doesn't budget by school, but for the entire district, so that you cannot tell what it costs to run a particular school, what it costs to maintain it, what the pupil-teacher ratios are, or what the staffing is.
- Principals and teachers have little or no input into the budget decisions affecting their school
- Actual costs for health care and insurance in fiscal year 2001 were \$2.7 million. Appropriations for 2002 were \$6.5 million.
- Actual expenditures from a "business management" account were \$308,000 in 2001. Appropriations for 2002 were \$9.5 million.
- Utility expenses for the administration building were \$131,000 in 2001. Appropriations for 2002 were \$1.7 million.

Mr. Bunten was quick to point out that the above numbers apply only to the Topeka school district. A cursory look at several other districts' budgets, however, showed similar things. He asked, "Do we really need more money for education?" And he said the answer is, "We don't know."

The TRUTH about small businesses

- Over the past 32 years, small business has created 2/3 of the new jobs in the country. During recessions and during the first half of a recovery, small businesses normally expand, while big businesses are laying off employees.
- In 2001, whether a business had a profit or not, the state of Kansas taxed it \$1500 per employee. In 2002, the Legislature increased that amount by another \$165. [www.kssmallbiz.com]
- The Small Business Survival Committee ranked Kansas 47th out of 50 states as being favorable to small business, due to the level of taxes and regulations in this state. [www.sbsc.com]
- Small business owners cannot simply raise prices when they need more money. Competition in the market place controls what price customers will pay. Have you not known of people who will drive a few miles across the state line to get a better price?

For more TRUTH about taxes and education, see www.edutruth.com, a web site maintained by Citizens for Education And a Strong Economy (CEASE).