Editor's Note: Kansas Economic Crisis As Cautionary Tale; We Must Change Course

The Kansas Legislature adjourned for a four-day weekend late Thursday, but has been instructed by leadership of both houses to return ready to work next Tuesday and get the job of passing a school finance bill and state budget done. We urge you to contact your Legislator over the holiday weekend and let them know your thoughts on the state's education needs and the need to raise revenues to meet critical needs of our Kansas schools, communities, infrastructure, and services.

Please pay particular attention to comments below about how the Kansas Budget experiment and Trump tax plan for the nation closely resemble each other. Duane Goossen lays it out well, and a nine-minute video from David Hammett at Loud Light explains how Kansas got to this crisis. Following this Kansas news, the National Sustainable Agriculture Coalition (NSAC) provides an excellent overview of how the Trump budget proposed federal cuts and reductions will decimate rural development and communities, the local food movement, food access for the most vulnerable, and conservation and research programs.

Most consider this budget "dead on arrival" as Congress must act on all of these suggestions and has reacted negatively to much of the proposed budget. But make no mistake about it, this proposal reflects the values of the Trump administration. Rural Americans must ask themselves if this is the way to make America great again?

Kansans, who are experiencing all too well what cuts to programs and services really mean, have a responsibility to let the rest of the country know what these draconian cuts - and the tax plan that so resembles Kansas' failed experiment- really mean for working families, for farmers, for food access, and communities.

Mary Fund, Editor
School Funding and Tax Bill Progress?  
by Paul Johnson

On the 100th day of the 2017 Kansas Legislature, the Kansas House finally held a floor debate and approved a new school funding formula - Sub for HB 2410. The Kansas Senate Select Committee on Education Finance is close to passing a bill that will be debated on the Senate floor next week.

What has not passed is a tax bill that will fund the regular State budget along with the additional spending for a new school bill. While House leadership insisted on passing a tax bill before acting on school finance, the stars did not align as one income tax bill went down by 10 votes at the first of the week. A second tax bill is queued up for House debate early next week but it is unclear if it raises enough revenue.

Every additional day of this veto session costs Kansas taxpayers $45,000 as the clock ticks toward an unconstitutional school formula on July 1.

The mystery remains on what the Kansas Supreme Court considers adequate and whether this House bill or a Senate bill meets that test? After working on Sub for HB 2410 for three months, this bill adds $180 million new funds in 2018 and an additional $100 million in 2019. This bill includes special weightings to target the 25% of Kansas public school students who are underperforming with additional funds as directed in the Kansas Supreme Court's ruling.

The Democrats offered an amendment to increase the new funding to $200 million a year for three years. The original House bill had a five year plan of $150 million annually for a total of $750 million. This House bill adds $280 million over two years and after that ties the funding formula to a Midwest consumer price index that might add $20-30 million a year going forward.

The State Board of Education had requested sharply higher funding levels - in the range of $700 million annually. The vote on the Democrats higher funding amendment was 47 to 75. Politics may be the real play here. Narrow the new funding to schools as much as possible and pass the skimpiest tax bill as possible while challenging the Kansas Supreme Court to define adequate. If the Court declares the new school funding formula inadequate - then a special session of the Legislature will be convened and lawmakers will have the judges to blame for more tax increases.

The first tax conference committee bill defeated on the House floor would have raised $551 million in 2018 and $626 million in 2019 by reinstating the three income tax brackets, eliminating the income tax exemption on 'non-wage' business income (the LLC loophole) and erasing the law that mandates future income tax reductions. The reinstated third income tax bracket was set at $60,000 annual income down from the previous law of $100,000. While this bill garnered just 53 votes, it was a bipartisan vote with lawmakers crossing party lines. Some argued that while not perfect, this might be the best tax proposal offered.

Now comes the next tax package to be debated in the House next week.
organizations and individuals engaged in regional planning and development to service the needs of all parts of Kansas in an effective and efficient manner. For more information about our organization and programs, and to become a member or donate, please visit [http://kardo.ncrpc.org](http://kardo.ncrpc.org).

**Kansas Farmers Union** is the state's oldest active farm organization working to protect and enhance the economic interests & quality of life for family farmers, ranchers & rural communities. For more information go to: [www.kansasfarmersunion.com](http://www.kansasfarmersunion.com).

**League of Women Voters of Kansas** is a grassroots volunteer political organization with nine local chapters across Ks.. For nearly 100 years, LWVK has encouraged the informed and active participation of citizens in government. For more information, contact [lwvk.org](http://lwvk.org).

**Women for Kansas** is a grassroots initiative of like minded women whose mission is to return moderation to the Statehouse. Eleven chapters around the state welcome you. For more information go to: [http://womenforkansas.org](http://womenforkansas.org).

**Friends of Policy Watch:**

* Flint Hills Renewable Energy & Efficiency Cooperative - [fhreec.org](http://fhreec.org/)

This new tax bill - Sub for SB 30 - raises $488 million in 2018 and $460 million in 2019. The bulk of the new revenue comes from income tax but the bill also includes increasing the liquor tax and adding sales tax to certain 'non-essential' services. There are only two income tax brackets in this proposal but it does eliminate the 'LLC' loophole and current law of mandatory income tax reductions. The liquor tax is raised from 8% to 10% and the 'non-essential' service sales tax would apply to auto towing, security systems, pet care, commercial lawn services and personal services such as haircuts and tanning. The House passed a bill adding sales tax to these services but the Senate has never debated such a proposal. The Senate had discussed adding a utility fee to help fund schools but that has now been dropped.

The tax debate is far from settled and will take several more attempts to find consensus. The debate now is whether to pass a slimmed down tax package that questionably funds the State budget & schools with the Governor's signature, or a more robust tax package that funds the State budget and schools adequately but must withstand the Governor's veto? Did the electorate vote in so many new lawmakers last fall to truly fix the revenue crisis facing Kansas, and will they act accordingly?

Contact Paul Johnson at [pdjohnson@centurylink.net](mailto:pdjohnson@centurylink.net)

**The Kansas Tax Experiment Now to be Played Out Nationally?**

Duane Goossen - who served 12 years as the Kansas Budget Director and is now senior policy analyst at the Kansas Center for Economic Growth - has written an open letter to the Kansas Congressional delegation concerning the proposed Trump tax plan. This Trump plan resembles the Brownback experiment now playing out in Kansas.

The Trump plan consolidates income tax rates and reworks deductions while eliminating the estate tax. The Trump plan offers an enormous tax break to individuals who receive 'business pass through income' thus allowing business income to be sheltered from income tax while people who earn a paycheck must pay tax. The same economist who advised Brownback now advises Trump with the same 'fairy dust' arguments that tax cuts grow the economy, tax cuts pay for themselves and everyone will benefit.

Today Kansas has an anemic economy with one of the lowest rates of job growth in the nation. The dramatic drop in income tax revenue has broken the State budget, wiped out reserves, boosted state debt, and put public education at risk. The bulk of the tax benefits went to the wealthiest Kansans while the tax bill to low-income Kansans actually went up. State General Fund revenue has fallen $1 billion below expenses. Political energy now goes into crisis management rather than building our future. Do we want that for the entire country?

"The Kansas Tax Experiment is right before you so if you vote for the Trump tax plan you cannot say 'I didn't know'".
For Live Audio Streaming Information, Calendars, Schedules, and Bills Go to: http://kslegislature.org/li/

Don't know your legislative district number? Here's how to identify your legislator, click Here

Quicklink 3
How To Contact Your Legislator
2017-2018 KS House of Representatives Roster – Click Here.
2017-2018 KS Senate Roster
Click Here.

Quicklink 3
Click Here for a simple pdf of How to Get Involved in State Government/Policy

FEDERAL FOOD AND FARM NEWS
Budget Proposal Throws Administration's Promises to Rural America Out the Window

Washington, DC, May 23, 2017 - President Trump's FY 2018 budget request - "A New Foundation for American Greatness" - seeks to cut nearly $230 billion (21 percent) from the U.S. Department of Agriculture's (USDA) bottom line, a reduction that would effectively cripple the Department's ability to serve American family farmers effectively.

"It is disappointing that the Administration has put forward a budget proposal that shows such disregard and disrespect for farmers and rural communities," said Greg Fogel, National Sustainable Agriculture Coalition (NSAC) Policy Director. "This proposal spells disaster not only for America's farmers and ranchers, but for our environment and our nation. By gutting the programs that help farmers start and grow their businesses, conserve resources and increase efficiency, and connect with supply chains that allow them to feed their neighbors, this proposal bluntly dismisses the contribution that rural communities make to this country."

"We are particularly concerned with the proposed cuts to the Sustainable Agriculture Research and Education (SARE) program, the total elimination of numerous Rural Business Cooperative Service programs, and the severe funding reductions for Farm Service Agency operating loan programs," said Fogel. "Fortunately, we expect much of this budget request to be dead on arrival with appropriators."

The Administration's budget request seeks to affect more than just FY 2018 appropriations; it also seeks to undo the rigorous work of the House and Senate Agriculture Committees by rewriting the farm bill and raiding...
programs with mandatory funding. Of particular concern to NSAC are policy changes that propose to cut $193 billion from the Supplemental Nutrition Assistance Program (SNAP) and eliminate the Conservation Stewardship Program (CSP), Regional Conservation Partnership Program (RCCP), Specialty Crop Block Grants (SCBG), and Farmers Market and Local Food Promotion Program (FMLFPP).

"The agriculture, conservation, and nutrition communities must come together to oppose this distorted vision for the 2018 farm bill. Any attempt to produce budget reconciliation bills that would rewrite the farm bill during this Congress should be vigorously opposed," said Fogel.

NSAC urges Congress to reject the following proposals:

Rural Development

- This budget confirms the Administration's plan to dismantle Rural Development - despite the widespread interest in and support for its programs amongst farmers and rural communities. The proposal seeks to eliminate funding for nearly all Rural Business Cooperative Service programs, including Value Added Producer Grants and the Appropriate Technology Transfer for Rural Areas.

Conservation

- Cuts $91 million to Conservation Technical Assistance (CTA), the program which helps USDA to deliver on-the-ground technical assistance to farmers interested in implementing conservation activities.
- While the budget does not propose any immediate cuts to CSP acreage in FY 2018, it proposes to completely eliminate CSP and RCPP in the future. CSP is USDA's largest voluntary working lands conservation program and is currently used by thousands of farmers to apply resource saving practices and systems on their land.
- No immediate cut to the Conservation Reserve Program is included, however the proposal does include policy language that would undermine USDA's ability to help farmers install conservation buffers that reduce nutrient loss.

On-Farm Research and Food Safety

- Includes a 30 percent cut to SARE, USDA's only farmer-driven research program, which provides millions in grant funding each year to support farmer-led agricultural innovations.
- Provides flat funding for the Food Safety Outreach Program, a critical support program that helps farmers and food processors navigate and comply with complex food safety regulations.
Marketing and Nutrition

- Zeroes out funding for the WIC Farmers Market Nutrition Program (FMNP).
- Eliminates FMLFPP, a competitive grants program that helps fuel farmer entrepreneurship in the local and regional food sector.
- Eliminates the SCBG Program, which helps state departments of agriculture enhance the competitiveness of specialty crops.
- Cuts $193 billion from SNAP, a program that helps millions of low-income individuals access healthy food.

NSAC will publish additional analysis of the Administration's FY 2018 budget proposal on our website: http://sustainableagriculture.net.

The Kansas Rural Center is a member of the National Sustainable Agriculture Coalition (NSAC), which is a grassroots alliance that advocates for federal policy reform supporting the long-term social, economic, and environmental sustainability of agriculture, natural resources, and rural communities. Learn more at http://sustainableagriculture.net

Trump's Proposed Budget Cuts Would Spell Disaster for Rural America

May 24, 2017 From the National Sustainable Agriculture Coalition

The outcry from farmers, farm and food groups, and Members of Congress came swiftly this week following the release of President Trump's fiscal year (FY) 2018 budget proposal. The nation got its initial preview of the Administration's priorities this March in an outline budget document termed "the skinny budget". This week the full proposal, which did not stray from the original agenda despite significant early pushback, was released. By putting forward a budget proposal that so blatantly seeks to dismantle critical support programs for farmers and rural communities, President Trump has put the final nail in the coffin of an already tenuous relationship with American agriculture.

The Trump budget calls for deep cuts across most federal agencies, including those housed within the U.S. Department of Agriculture (USDA), which would see a 21 percent cut to its FY 2018 discretionary funding. Such a significant reduction would force USDA to lay off thousands of staff members across the country, and according to the Trump budget plan, include the elimination or severe reduction of many food, farm, and nutrition programs. With non-defense discretionary funding for federal programs already at its lowest level since the Eisenhower years, the Administration's budget would likely cause unprecedented strife to industries and communities across the nation.

This budget proposal is also unique in that it goes beyond the traditional laying out of discretionary funding priorities by seeking to reopen the
farm bill to make a wide range of changes to food, farm, and agricultural policies. Though many opponents of the budget have confidently asserted that the President's proposal would be "dead on arrival" in Congress, the tone set by this toxic proposal is still likely to have some serious impact on the budget and appropriations debate processes. Read more by clicking here - http://sustainableagriculture.net/blog/trump-budget-proposal-disaster/

About Policy Watch and Sponsors

Contributors to KRC are automatically on the Policy Watch list, if they provide an e-mail address; or you can subscribe just for the Updates for $25. KRC will send complimentary copies to non-contributors for several issues upon request. To get information on how to support Policy Watch, click HERE.

In 2017, KRC is partnering with the Kansas Natural Resource Council (KNRC), Audubon of Kansas (AOK), Kansas Association of Regional Development Organizations (KARDO), Kansas Farmers Union (KFU), and League of Women Voters of Kansas (LWVK) to send Policy Watch to their members. We thank them for their support.

In addition, the following organizations are supporting KRC's Policy Watch as Friends of Policy Watch: Women for Kansas and Flint Hills Renewable Energy and Efficiency Cooperative.

To opt out of receiving Policy Watch as a member of one of these organizations see the following.

If you are receiving PolicyWatch because you are an Audubon of Kansas member, or want more information about AOK, or to be removed, contact Monica Goss at monica.goss@audubonofkansas.org.
If a member of KNRC, contact Zack Pistora zackpistora@gmail.com.
If a member of KARDO, contact John Cyr at jcyr@nckcn.com.
If a member of KFU contact Mercedes Taylor-Puckett at kfu.mercedes@gmail.com.
If a member of LWVK, contact lwv.kansas@gmail.com.

If you are on KRC's mailing list, and would like to opt out of receiving KRC Weekly Updates, please contact Joanna Voigt at jvoigt@kansasruralcenter.org.

The Kansas Rural Center
4021 SW 10th Ave. #337
Topeka, Ks. 66604
866-579-5469
www.kansasruralcenter.org

If you have any questions about Policy Watch, contact Mary Fund, editor, at mfund@kansasruralcenter.org, or contact Paul Johnson at pdjohnson@centurylink.net.