



Kansas Experts' Letter on Recovery Policy

JANUARY 28, 2021

Today, more than 40 experts in economics, education, public health, finance, infrastructure, and public administration in Kansas released a joint letter calling on state leadership to balance the budget with tax increases instead of counterproductive budget cuts.

To download a PDF version of the letter and list of signatories, click [here](#).

Dear Governor Kelly, House Speaker Ryckman, and Senate President Masterson:

Kansas is facing enormous health and economic challenges fighting the COVID-19 pandemic, along with revenue shortfalls from the ongoing economic recession. We write to you as experts in economics, education, public health, finance, infrastructure, and public administration to urge you to heed the overwhelmingly clear economic history and research and not pursue counterproductive spending cuts to balance the state budget.

We recognize that Kansas, unlike the federal government, must run a balanced budget. Unfortunately, while other states have a median of 28 days of outlays in their rainy day funds, Kansas' current rainy day fund wouldn't allow for a single day. In addition, while federal direct aid to states could be used to fill budget gaps, additional aid has yet to come through. We recognize this will make balancing next year's operating budget exceptionally difficult.

We are therefore concerned that the state will pursue counterproductive spending cuts to balance its budget.

Kansas spends most of its budget on health, education, public safety, public transportation, and safety net programs. Large cuts in these critical areas would erode the health and infrastructure needed to continue combatting COVID-19, increase an already high level of inequality, and exacerbate the economic downturn.

Cutting local aid to cities and towns for police and fire protection, parks, and public works weaken public safety and infrastructure. Reducing funding for early learning, K-12 schools, and higher education diminishes the state's long-standing investment in human capital, creating long-term consequences for worker productivity and economic growth.

Kansas has been here before, having experienced significant revenue declines during former Gov. Sam Brownback's administration. That loss of revenue led to three credit downgrades and four years of budget shortfalls. Kansas policymakers chose to balance the budget with nine rounds of budget cuts. Those cuts led to public schools ending the school year early, transportation projects and repairs being postponed, delayed KPERs payments for public employees, and paltry investments in education and human services.

This time, instead of budget cuts, the state should maintain spending levels for schools, public safety, infrastructure, and health by increasing taxes.

For example, a modest increase in the income tax rate for Kansans could raise between \$120 and \$240 million per year, depending on how the income brackets and tax rates are set.

As the leaders of our state government, all of you have the responsibility for setting priorities and making the difficult choices that lie ahead.

In a recession, our professional recommendation is that balancing the budget by cutting spending to specific programs has a more negative effect on economic growth than balancing the budget through targeted tax increases on Kansas income earners. We therefore encourage you to raise revenue rather than cut the social and physical infrastructure that will be necessary to protect the health and economic well-being of our fellow Kansans, our communities, and our state.

NOTE: Institutions (and titles) are listed for identification purposes and should not be viewed as signatories to the letter.

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