Kansas is now at the critical crossroads. These crossroads will define the quality of life in Kansas for now and years to come. With the self-inflicted ‘income tax reduction’ revenue crisis, Kansas is virtually broke. The essential infrastructures of education, highways, the judiciary, social services and public services are all at risk. The 2017 Kansas Legislature will have some difficult decisions to straighten out this mess before it gets any worse. At the same time - essential pillars of the Kansas economy such as affordable housing, energy planning and agriculture are ignored. 2017 could well be the defining time for governing and moving Kansas forward at these crossroads.

Kansas is at the crossroad of re-balancing revenues or watching the slide to inferiority continue. The income tax accounted for 28% of revenues in 2010. Exponential economic growth could not replace the lost revenue of $1 in income tax with 6.5 cents in sales tax. The politics were very clear with only 5% of the wealthiest Kansas taxpayers receiving 75% of the income tax reductions while all Kansans choked on a higher sales tax and increased property taxes. Re-establishing the income tax cuts will take time while the revenue picture to Kansas continues to darken. To counter further destruction to essential state services in 2017, the gas tax should be increased at this time of lower gas prices thus freeing ‘highway-bound’ sales tax for other state services. The property tax for schools was 35 mills in 1995 and reduced to 20 mills by 2000. Some increase will be needed to stabilize public school funding. Once the income tax is properly restored and state revenues are stabilized, there should be a planned reduction in the sales tax on groceries since Kansas has the second highest food sales tax in the country.

Kansas is at the crossroad of supporting public education. K-12 funding topped out at $4,400 for state base aid per pupil prior to the 2009 great recession and was subsequently cut to $3,852. Since 2010, public education funding has increased - to cover shortfalls in the public retirement system for school employees - but basic funding for classroom instruction has fallen behind inflation and frozen in the two year public education block grant that ends June 30, 2017. A new school funding formula is the task for the 2017 Kansas Legislature at a time of very questionable state revenues. During the same period of 2008 to 2017, higher education has experienced budget reductions of near 30%. Higher tuition (59% increase) and greater student debt has been the result. Higher education is one of the key economic development drivers training the workforce for the 21st century but budget cuts are curtailing those capabilities and de-touring the brightest educators from taking a position at underfunded Kansas universities and community colleges.

Kansas is at a crossroad in regards to an independent judiciary. Several legislative attempts - in the past four years - have been made to politicize the selection of Kansas Supreme Court justices after the voters in the 1960’s established in the Kansas constitution an independent, nonpartisan process of selection. The plan now is to vote out - through retention elections - four of the seven sitting Kansas Supreme Court justices this fall. The Governor could than select four new justices in the last two years of his term.
Kansas is at a crossroad in regards to health care. Over 300,000 Kansans have no health insurance. The expansion of Medicaid (KanCare) would cover over 150,000 of these uninsured Kansans. Several rural hospitals are in danger of closing without this expansion. With the continuing revenue crisis, KanCare was cut by 4% to help balance the State budget thus putting greater pressure on health care providers. Mental health services have also been cut in these times of budget crisis. The State’s promise - to assist the 27 community mental health centers to cover the uninsured – has declined. The State’s mental health hospitals have suffered under budget challenges, staff shortages and the loss of federal certification. Children’s health insurance program balances have been raided to fund other state programs instead of covering more uninsured children. Concerning adult obesity, Kansas has now vaulted to the 7th highest state with a rate of 34%. Last session, lawmakers passed a law restricting cities and counties from pursuing healthy food initiatives while 10 counties have established local food policy councils to promote healthy foods and counter the obesity epidemic. According to the Kansas Health Institute, one of six Kansas households in 2015 was food insecure and challenged to have enough food for the entire month.

Kansas is at a crossroad concerning affordable housing. Kansas has no comprehensive focus on affordable housing. During Governor Bill Graves’ tenure, there was a statewide affordable housing task force that compiled detailed data on housing needs for all Kansans and specific groups such as the elderly, the disabled and the mentally ill. Kansas has approximately 1.2 million housing units with 68% owner-occupied and 32% rental. 40% of these renters (around 160,000 units) are cost burdened paying over 35% of income for housing thus stressing the household’s ability to pay for utilities or food or medicine. A number of these renters are single women with children and many of them are facing food insecurity. While Kansas is promoting the repopulating of 86 counties as rural opportunity zones with income tax cuts and student loan assistance, available and affordable housing is a primary barrier to new residents. Rural communities struggle to entice new businesses - such as manufactures - without providing the assurance of adequate housing. Kansas is the only state in the country that does not have a true statewide first-time home buyer program that is subsidized by the federal ‘private activity bond’ tax credit program through the Kansas Department of Commerce. Kansas operates this program for the entire state through Sedgwick and Shawnee counties with inadequate staffing and resources.

Kansas is at a crossroad in terms of energy planning. In the last 15 years, Kansas has made significant progress in renewable energy by now generating 20% of all electricity from several large wind farms. For the investor owned utilities that provide 80% of the state’s electricity and natural gas, there are three important general dockets before the Kansas Corporation Commission (KCC) that will impact future energy opportunities. In docket one, the KCC will determine what fees will homes with solar panels or small wind systems pay to the utility to be hooked up to the electrical grid. There are now financing options with banks to assist homeowners with installing solar panels and pay for the system with affordable monthly payments. Besides a fair monthly charge for utility connection, there will be a debate over what utilities should pay for the extra power supplied by these solar panels. In docket two, the KCC will determine how all ratepayers should fund energy conservation and energy efficiency programs. Kansas City Power & Light (KCP&L) has $60 million of energy conservation programs in Missouri for residences and small businesses. KCP&L secured legislation to
give the KCC the latitude to introduce such programs in Kansas and secure the funding from all ratepayers similar to the funding of power plants. Kansas has been 45th of the 50 states in having utility based or governmental energy conservation programs. Kansas has never fully assessed the energy efficiency savings of insulating more homes, upgrading older appliances/motors (especially air conditioners) and adopting ‘state of the art’ lighting. Every dollar spent on these upgrades and not on Wyoming coal or natural gas is economic development for Kansas. In docket three, the KCC will determine if the purchase of Westar – Kansas’ largest electric utility – by Great Plains Energy – the parent company of KCP&L – is in the best interest of Kansas ratepayers. If these utilities - with monopoly status in defined service areas - continue to expect 8-10% return to stockholders, they should be required to develop comprehensive energy efficiency plans.

**Kansas is at a crossroad with the future of food and agriculture.** Kansas is just now assessing the opportunities to increase local food production. While a healthy diet involves five servings daily of fruits and vegetables, less than 15% of our residents meet that goal. Kansas imports 96% ($770 million a year) of the produce consumed in the state. Overall Kansans spend $7.2 billion a year on all food so a state goal of 10% local food would be $720 million kept in Kansas to circulate throughout the economy. The average age of the Kansas farmer is 59 while only 7% of Kansas farmers are under the age of 35. Specialty/niche crops and livestock are opportunities for beginning farmers. Kansas has a Beginning Farmer Loan Program located at the Kansas Development Finance Authority that could be better promoted and expanded. Consumer demand continues to skyrocket for local foods and natural, pasture-based meats. Kansas needs to assist with the expansion of local meat processors to meet this growing consumer demand. Kansas could work with food stamp recipients and WIC mothers to buy locally sourced foods. Kansas needs a local food coordinator to work across several agencies to help source local food for state institutions, schools, medical facilities and food assistance recipients.

**The crossroads are here.** Kansas lawmakers will have the fundamental challenge to fix the revenue crisis and make key investments in essential infrastructures. Kansas must rebalance revenues that are equitable and adequate to fund essential services. Kansas must develop a balanced school system that affords adequate funding and flexibility between the State and local districts. Kansas must support the independence of the judicial branch. Kansas must expand KanCare to cover more of the uninsured and promote a wellness environment of healthy lifestyles. Kansas must prioritize an affordable housing agenda to protect certain vulnerable populations and promote economic development statewide. Kansas must create a balanced energy policy that expands energy efficiency, captures wasted utility dollars locally and benefits from less pollution with health care savings and water savings. Kansas can develop a new agriculture and food policy that is more regional, more resilient to corporate consolidation and promotes health with local food production. The challenge is now before the Governor and the newly elected 2017 Kansas Legislature in January.