

Who is controlling the state budget?



# A Review of Kansas' **Performance-Based Budgeting**

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## Executive Summary

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The State of Kansas is scheduled to spend more than \$22 billion this year. Still, there is little accountability for spending that money.<sup>1</sup> That is because Kansas does not have a budget or appropriations process; it has a spending process that simply distributes money.

The Kansas Legislature passed performance-based budgeting (PBB) legislation in 2016. Yet Governors Brownback and Kelly did not compel agencies to implement it with fidelity to the spirit of the law (Gov. Colyer's brief tenure did not include the formulation of a budget). Forms are sometimes completed, but the reports contain very little information. The metrics that do exist offer little to ensure taxpayers' money is spent efficiently.

Agencies submit their self-determined performance measures, but the vast majority merely reflect activity, processes, or even simply the hiring of more employees. Instead, the system should be built around desired outcomes established by the Legislature in consultation with agencies.

State agencies submitted performance measures that had a variety of problems, making it clear that many agency objectives are unmoored for legislative goals. An egregious example is in the Adjutant General's Department's Public Affairs Office, where two outcomes measured the percent-

age of time the Joint Information Center was staffed. It begs the question: why would the office not be staffed? These measurements are not meaningful representations of the program's day-to-day performance. The point of PBB is to measure outcomes – such as the homelessness rate – not the number of staff or the time those people are at their desks.

Using the state's metrics, we found 132 state programs spending \$815 million on programs with declining outcomes in FY 2021. Moreover, included in those state programs were 65 programs that did not report any performance measures despite receiving state taxpayer funds. These are all issues of little accountability and oversight over state programs.

The report's findings underscore the need for the implementation of substantive legislative oversight of the state's budget and appropriation process. The Legislature did the initial work of passing the statute, and it now needs to make sure that it is implemented and functions as intended. With this report, the Kansas Legislature can better ensure state agency compliance and maintain quality services for Kansans. A true PBB system will make government more efficient, reducing its cost and the taxation needed to pay for it. In that case, this report can serve as a road map to economic progress.

# Introduction

A government budget review is not about taking a hack and slash approach to government services. On the contrary, it is a process by which the state can discover which is a quality investment of taxpayer funds and which are not. State programs that are accomplishing their stated goals should receive more taxpayer funds. Programs that are not meeting their stated goals should be reevaluated instead of receiving more. The result is a more effective government and an efficient use of taxpayer dollars. Moreover, it creates a consistent opportunity to return more dollars to hardworking Kansas taxpayers.

Performance-based Budgeting (also called priority-based budgeting) helps government officials increase efficiency by controlling costs, streamlining agencies' activities, and eliminating waste. As opposed to baseline budgets, a starting (base) allocation with subsequent yearly increases, PBB focuses on outcomes and whether funding is adjusted appropriately.

In December 2021, the Kansas Legislative Research Department (KLRD) released the "Submitted Performance

Measures for the FY 2023 Budget" report. The KLRD report is 658 pages long, covering six major sectors, 91 agencies, hundreds of programs, and thousands of lines of program goals, outcomes, outputs, and funding received between 2019 and 2021.

This paper takes a narrow focus on a representative set of programs to demonstrate the shortcomings in their metrics themselves. It looks at how many state programs cannot meet their own stated standards and outcomes despite seeing increases in taxpayer funding. It then takes a narrow focus on a representative set of programs to demonstrate the shortcomings in their metrics themselves. We also offer other observations on issues with the KLRD report and outline a path forward for legislators.

PBB creates an opportunity to find inefficient activity and save money through transparency. A defined public benefits process is bipartisan and focused on reaching the common goal of effective government spending.

PBB became law in 2016, but Governors neglected it for half a decade.<sup>1</sup> The law was allowed three years for implementation, it was not until fall 2021 that agencies submitted their 2023 fiscal year budget performance measures. In December 2021, the KLRD released a compiled report.<sup>2</sup> The forward to the report identifies it as "to incorporate information on agency performance measures and program effectiveness into the budget process."

At the end of the 2021 legislative session, the Legislature had state agencies submit performance measures so that the House Appropriations committee could better apply the law.<sup>3,4</sup> The state agency submissions were to include the following information.

- The consequences of not funding the program  
This section undermines the purpose of critically evaluating efficiency if a "sky is falling"-esque warning is placed near the top of each program's section. It gives the message of "Do not question our workings or else we will fall apart."
- The specific Kansas Statute that serves as the basis for the program
- Description of the program as either "Mandatory" or "Discretionary"
- Description of the program as having a "Maintenance of Effort" or match requirement
- Description of the program's priority level
- Program goals
- Program History
- Outcome performance measures from the fiscal year 2019 to the fiscal year 2021

## PERFORMANCE-BASED BUDGETING DEFINED

Performance (or Priority) based budgeting (PBB) is a budget process that asks, "Is the public getting what it paid for efficiently and effectively?" The practice follows the following steps.

1. Assign a measurable public benefit to each tax dollar spent. (Outcome)
2. Insist state agencies assign measures to ensure they meet such goals. (Output)
3. Review performance to assess whether changes in public benefit are meeting expectations.
4. Use performance reviews to determine the following year's appropriation.

For example, let us say there is a program with a public benefit (Outcome) to decrease the homeless population in a region. An intermediate measure assigned to that outcome could be providing beds at homeless shelters whereas the ultimate outcome could be reducing the homeless population altogether (output). The Agency should then assess whether appropriated funds are helping people become secure in their housing, finding state employment, etc. Suppose the appropriated funds lead to increased output and an increased outcome. In that case, the Agency should see the same or increased appropriated funds. If not, the Legislature should pull funds until reforms are adopted or redirect those funds into a similar program with better results.

- Output performance measures from fiscal year 2019 to fiscal year 2021
- Projections into fiscal years 2022 and 2023

The projections are difficult to understand because it is unclear whether they are goals the program wants to achieve in the future or just estimates of what outcomes will be next year. There needs to be more explicit goal-setting if the future is to be discussed in any form.

- State General Fund (SGF) Allocation to the program
- Non-State General Fund Allocation to the program
- Federal Fund Allocation to the program

## ■ Performance-Based Budgeting as a Solution

Nobel Laureate Milton Friedman once explained the fundamental difference between the public and private sectors. He opined,

“If a private organization makes a mistake, does things badly, it will lose money and it will have to go out of business. If a public organization does things badly and a governmental organization does things variedly and makes bad mistakes, it will be expanded... I have never argued that government initiatives may not be just as good as private initiatives. The problem with government is not in the things it tries but in the absence of any mechanism for recognizing error.”<sup>5</sup>

If customers disapprove of a product or service quality in the private sector, they stop purchasing it. However, for government products/services, customers are forced to pay taxes whether they are provided a good product/service. The interaction of supply and demand tells a business whether they should adapt and change its processes or shut down. Government is not an interaction of supply and demand. Therefore, if left alone, the government can become a wasteful distributor of taxpayer funds, providing services with diminishing quality.

The Honorable Maurice P. McTigue, former New Zealand cabinet minister and member of parliament exemplifies how Friedman’s idea can work in the real world. McTigue was one of the architects of the “New Zealand Miracle,” a bipartisan, dramatic reformation of the country’s government and economy by implementing market-driven, pro-growth policies in the 1980s and 90s.<sup>6</sup> McTeague asked policymakers to review expenses and question if those expenses were providing the public a good return on investment. He outlined processes for agency heads to identify and prioritize spending, list their public benefit, and monitor its success in providing that public benefit. His budget and economic reforms led the country from inflation as high as 17.15% in 1980 to 1.29% by the time he left domestic office in 1993.<sup>7</sup> It also led to almost doubling the economic wellbeing of the nation’s residents (gross national income per resident).

Like most state governments, Kansas has a spending problem. From FY 2005 to the approved budget for FY 2022, Kansas All Funds spending increased by 111.3% to \$22.3 billion.<sup>1,8</sup> State General Fund spending, the component of the budget financed by income, sales, and various smaller taxes for the state, increased by 81.5% to \$8.5 billion over the same period. The dramatic growth in state spending and the impact on Kansas families is further discussed on page 8 of this report. Even those who support these dramatic increases should want to see that the money is being spent well. Those questioning the spending increases should hope that a PBB-approach can help deliver better service at a better price.

This paper will examine whether Kansas state agency budgets are providing public services effectively and efficiently. That is, providing services sufficient to the community’s needs at the most effective costs possible. As noted in Kansas Policy Institute’s 2014 Legislator’s Budget Guide,

*Priority-based Budgeting requires each Agency and the Legislature to prioritize every program or service from most to least effective. Programs and services at the top of agencies’ lists can still be reviewed for efficiency opportunities. Those on the bottom of the list can be considered for possible elimination and/or being scaled back.*<sup>9</sup>

## ■ Fundamental Issues with Kansas’ PBB Reporting

Before even considering the results of performance-based budgeting, Kansas’ system is marred by fundamental reporting issues that make it difficult to evaluate anything further. Many sub-par outcome measures can be defined into groups based on the agencies’ metrics. They include, but are not limited to, the following:

- Metric unaligned to goals, success unclear
- Outside agency control
- Outcomes are not tied to program goals
- Outcome measures increase taxpayer burden

KLRD’s report makes clear that many outcomes frequently fall into multiple categories at the same time.

### “Metric unaligned to goals, success unclear” outcomes

Outcomes in this category are described as outcomes that do not define an increase or a decrease in some metric. These outcomes merely list some aggregate numbers without the context of a goal to be measured. An example of this outcome is “Maintenance Work” by the Office of Facilities and Property Management (OFPM) in the Kansas Department of Administration. It is expected that the OFPM should maintain the grounds around state government properties. However, it is not clear whether the goal of “Maintenance Work” is to rise, fall, or remain steady.

It is unclear from this report how often “Maintenance Work” achieves its stated goals for the public.

Another example is the “Exemptions/Grievances/Other Closed” outcome by the Regular Division in the Board of Tax Appeals (BOTA). Resolving or closing exemptions/grievances is undoubtedly a good practice. However, knowing whether the BOTA is closing a few or many grievances does not sufficiently track additional value.

Also, what is to prevent BOTA from closing more cases, and boosting their metric, by dismissing too many cases? For example, OFPM’s “Maintenance Work” outcome could have a time constraint (average work orders completed in a week). As currently written, OFPM’s metric could likely encourage maintenance work to be done when it is not needed. Staff could “maintain” a new structure that is not due for rehabilitation work for several more years. As for BOTA’s “Exemption/Grievances/Other Closed,” the outcome could be a share of “Exemption/Grievances/Other” filed in a specific period. This hypothetical term can give the Agency a closing rate to achieve or maintain.

### **“Outcomes outside agency control”**

“Outcomes outside agency control” are those which are difficult to manage or affect through the direct purview of the agency. A notable example is the “Number of Cases Docketed” by the Appellate Courts in the Kansas Judicial Branch. This outcome measure also falls under the first problem metric listed above. Additionally, the number of cases appearing before the court is primarily out of the appellate court’s control. In other words, the Appellate Court has no significant impact on the number of cases docketed because the Appellate Court system cannot create cases for judicial consideration.

Another instance of an “outside agency control” outcome is in the Kansas Legislature Revisor of Statutes. This office is responsible for drafting bills, amendments, and other policies for legislators. While this office’s fundamental job is to create these pieces of legislation, they are somewhat dependent on the ebb and flow of the Legislature itself: a constantly increasing number of bills is not necessarily better for the performance of the Revisor of Statutes and Legislature, as bills vary in length, purpose, etc. Some outcomes in this office are appropriate, such as some about separate legislator deadlines and the total number of statute publications or drafts created.

There should be a direct causal link between a state agency’s program activities and the outcomes it wishes to see. Without that link, state agencies could be accused of “paper pushing”; creating busy work without tangible benefit to the intended public audience. Moreover, unproductive work can only stem from an unproductive use of taxpayer dollars.

### **“Outcomes are not tied to program goals”**

The previous examples highlighted state agencies whose program activities are not influencing outcomes. The following examples are state agencies whose outcomes have no tie to their stated program goals. State agencies’ submitted performance measures reports outline measures that evaluate whether an agency is achieving program goals (defined as “outcomes”). The Kansas Department of Wildlife and Parks fails to report such an evaluation. The Agency’s Parks and Administration Division lists “Park Fee Fund Revenue,” “Cabin Fee Fund Revenue,” and “Wildlife Fee Fund Revenue” as outcome measures. However, these fee fund measures do not reveal any connection to the Agency’s goals. They are listed as,

- To effectively manage, protect, and administer the state’s parks, its visitors, and associated wildlife efficiently while providing a diversity of quality outdoor recreation experiences with particular regard toward natural resource protection
- To promote Kansas’ quality outdoor recreation activities and quality of life experiences
- To enhance the public’s knowledge of the importance of outdoor recreation to the Kansas economy
- To provide an accurate and dependable licensing and permitting platform
- To provide accurate and timely accounting for all budgets within the Agency
- To provide accurate information regarding all aspects of our Agency to our constituents

Merely listing fee fund revenue is not a bellwether of whether the Agency is providing “accurate and timely accounting.” Of course, increasing fee revenue suggests that people are using the facilities and parks. Still, it says nothing about satisfaction, accounting, and other goals tied directly to agency goals. Any fee-based agency could simply increase fee revenue by raising the actual fees themselves. Especially over the last two years, does this metric tell us anything, given the increase in Americans seeking COVID-era outdoor isolation?<sup>10</sup>

### **“Outcome measures increase taxpayer burden”**

Outcomes for some programs are simply attempts to justify more spending, effectively claiming that the way to improve the program is through increased taxpayer support. This is a disconnect from the purpose of PBB. Programs should focus on fixing a particular problem and thus measure its performance. The Legislature, and by extension, the agency should consider how to do this at the most efficient cost for taxpayers.

An instance of this falling short is the Kansas State Department of Education Administration department. The three

outcomes of the state include the “deployment of a statewide student information system or comparable platform” measured as a percent, “percent of assignments filled by fully licensed educators” measured as a percent, and “total amount of state aid savings generated by fiscal auditing” measured in millions of dollars.

The program goal listed for the licensed educators’ outcome is to “ensure Kansas educators are qualified and prepared to improve the learning of Kansas students.” The big issue with this outcome is that teachers are hired at the district level, not at the level of this outcome which is the statewide Department of Education. The other issue is that it assumes licensure is a sign of better quality, which is disproven by current research that teachers with higher level degrees and accreditation do not substantially outperform peers that do not.<sup>11</sup> Having this as a statewide goal implies that more state control or involvement in local hiring is a “good thing” for the outcome. Furthermore, the outcome implies that more licensing is good but does not consider its impact relative to the cost and time it took to achieve. This outcome also falls under “outside agency control.” Never mind the larger, bipartisan push for occupational licensure reform, this metric serves as a barrier to entry for those hoping to help educate children thereby increasing costs. Additionally, as an “outside agency control” failure as well, KSDE is tracking something for which it functionally has no control.

Fiscal auditing is good, but when the only measure there is “the more auditing the better” instead of correcting procedures and misallocation of funds then nothing is done to ensure good accounting practices to begin with. Furthermore, State aid is distributed by formula, largely based on enrollment, not how money is spent or categorized. Savings only occur if KSDE has authority to compel compliance, and in most cases, it does not. The auditing outcome represents a program goal of “fiscal accountability.” Still, increasing amounts of audit discoveries could imply that the underlying accounting practices are not strong enough.

### ■ Analysis of PBB Results

In addition to the faulty metrics outlined above, there are many clear-cut instances where an agency could use more oversight. Though there are many ways to approach this, we decided to closely look at programs that had one of two situations using the agency’s own metrics:

1. Programs where the public benefit is worsening, and SGF outlay is increasing
2. Programs where no public benefit is listed

In fiscal year 2021, state agencies funneled \$815 million to programs with declining or undefined outcome measures. Still, they saw their funding increase compared to 2019, notwithstanding the validity of these often poor or

ignored outcome measures. In any case, these programs deserve more oversight. Table 1 highlights a few, but the entirety of these programs can be found in the appendix.

Again, all data in this section is from the agencies’ own reporting and their self-identified measures of success. It is important to read the examples highlighted here considering the previous section on the shortcomings of the metrics themselves.

**Table 1**

<b>PBB Unsupervised Spending by Government Sector</b>		
<b>Government Sector</b>	<b>2019</b>	<b>2021</b>
Agriculture and Natural Resources .....	\$4,493,880	\$5,503,093
Education .....	\$54,426,492	\$56,921,402
General Government .....	\$127,844,099	\$134,700,388
Human Services .....	\$303,556,234	\$348,552,000
Public Safety .....	\$242,507,123	\$268,968,486
<b>Grand Total .....</b>	<b>\$732,827,828</b>	<b>\$814,645,369</b>

Source<sup>3</sup>

### Judicial Branch

The Kansas Judicial Branch has two programs that have seen declining outcomes with the same or increased amounts of funding:

- Judicial Administration
- District Courts

This Department was rife with poorly reasoned outcomes. For instance, the only outcome measure for Information Services Support was the number of employees who served in information services support and training roles, which was equal to the total number of judicial employees. The program did not mention the number of IT appointments performed, the success of said appointments, the amount of technology downtime, the number of new programs installed, etc. The better the outcomes, the easier it is to analyze programs and isolate places for more efficient spending.

The Judicial Administration manages the behind-the-scenes work of courts as a workplace, including managing employees. The outcomes of the number of employees and judges receiving payroll services and the number of employees and judges on the state employee’s health plan have increased by 0.84% and 5.11%, respectively. Still, the number of vouchers processed was halved, meaning less paperwork was processed. A \$181,946 increase in SGF funding despite these two small gains and one significant loss means that spending should be reevaluated.

The Kansas District Court outcomes include the number of citizen review boards and programs to help place children affected by the court system, cases involving child support,

and the number of offenders supervised. Having only three outcomes for the state’s entire district court systems is underwhelming – especially since two measure success for just one factor of child wellbeing.

**Table 2**

<b>Judicial Branch “Judicial Administration”</b>			
<b>Outcome Measures</b>	<b>2019</b>	<b>2021</b>	<b>2019-21 Change</b>
No. of employees and judges receiving payroll services.....	1914	1930	0.8%
No. of employees and judges participating in SEHP.....	1467	1542	5.1%
No. of vouchers processed.....	5600	2818	-49.7%
SGF Funding.....	\$2,077,178	\$2,259,124	8.8%

*Source*<sup>3</sup>

The outcomes chosen by the Kansas District Courts are all declining. The number of certified CASA and CRB programs decreased from 31 to 24, cases involving child support decreased by 10,152, and the number of supervised offenders dropped by 5,199. Yet the SGF funding has increased from \$94,966,404 to \$98,216,360.

**Table 3**

<b>Judicial Branch “District Courts”</b>			
<b>Outcome Measures</b>	<b>2019</b>	<b>2021</b>	<b>2019-21 Change</b>
No. of certified CASA and CRB programs.....	31	24	-22.6%
No. of cases involving Title IV-D child support .....	139,900	129,748	-7.3%
No. of offenders supervised .....	22,000	17,001	-22.7%
SGF Funding.....	\$94,966,404	\$98,216,360	3.4%

*Source*<sup>3</sup>

Kansas’ Appellate Court outcomes were also mediocre. Outcomes measuring the number of cases docketed and opinions issued mainly depend on the number of cases that come into the circuit. For instance, the decrease in docketed cases may have been due to the COVID-19 pandemic causing a slowdown in courts, which is far out of the controllable purview of what the courts could control into the future.

**Kansas Department of Health and Environment - Health**

In 2021, \$22.7 million went to programs at the Kansas Department of Health and Environment-Health (KDHE-Health) with declining outcomes. According to the performance measures submitted to the Kansas Legislative Research Division, four programs had identified inefficiencies:

- Bureau of Community Health Systems
- Bureau of Family Health
- Bureau of Health Promotion
- Bureau of Oral Health

The KDHE-Health program, “Bureau of Community Health Systems,” has four outcomes. The program has also seen state general fund allocation grow 19.2% from 2019 to 2021. However, out of its four programs, Outcomes 1 and 2 show a worsening performance, and Outcome 3 has no data recorded. The fourth outcome, while showing negative growth, is a measure of an improving public benefit.

**Table 4**

<b>KDHE-Health: Bureau of Community Health Systems</b>			
<b>Outcome Measures</b>	<b>2019</b>	<b>2021</b>	<b>2019-21 Change</b>
No. of acute and continuing care critical care access hospitals...	85	82	-3.5%
No. of unduplicated patients served by state-funded primary care clinics .....	296,053	289,037	-2.4%
No. of instances of individualized technical assistance for local health departments .....	Not Listed	Not Listed	Not Listed
No. of cases submitted to trauma registry by hospitals within 60 days of patient discharge .....	14,009	12,311	-12.1%
SGF Funding.....	\$11,602,251	\$13,827,671	19.2%

*Source*<sup>3</sup>

Within the “Bureau of Family Health,” there are three outcomes, with the first outcome measure recorded as an inefficiency. This outcome was the “percent of children receiving services from Part C who substantially increased their growth in positive social-emotional skills by the time they turned three years of age or exited the program.” This measure should increase over time but instead fell 5.8% percent while state general fund spending rose 31.1%.

**Table 5**

<b>KDHE-Health: Bureau of Family Health</b>			
<b>Outcome Measures</b>	<b>2019</b>	<b>2021</b>	<b>2019-21 Change</b>
% of children receiving services from Part C who substantially increased their growth in positive social-emotional skills by age 3 or exit of program .....	69.0%	65.0%	-5.8%
% of mothers who breastfed their infants at 6 months of age ...	58.2%	58.7%	0.9%
Cost of WIC food package per person.....	\$383.36	\$381.81	-0.4%
SGF Funding.....	\$6,256,000	\$8,204,000	31.1%

*Source*<sup>3</sup>

From 2019 to 2021, the Kansas Bureau of Health Promotion has seen a 32.8% increase in state taxpayer funding. However, the program has significant inefficiencies and declining public outcomes. A notable outcome measure is an increase in the “percentage of adults that eat fruit less than once a day.” Other notable outcomes are the increases

**Table 6**

**KDHE-Health: Bureau of Health Promotion**

Outcome Measures	2019	2021	2019-21 Change
% of adults reporting behaviors related to physical activity, cigarette smoking nutrition & seatbelt use			
a. Not participating in leisure time physical activity .....	27.9%	27.1%	-2.9%
b. Currently smoke cigarettes.....	17.4%	16.2%	-6.9%
c. Ate fruit < 1 time/day .....	37.5%	41.4%	10.4%
d. Ate vegetables < 1 time/day.....	17.3%	19.9%	15%
Use of electronic vapor products			
a. Adults currently use e-cigarettes	not provided	7%	—
b. Students currently use at least 1 day during last 30 days .....	not provided	22%	—
Est. % of children always restrained in automobile child restraints			
a. 0-4 years of age.....	98%	not provided	—
b. 5-9 years of age.....	88%	not provided	—
c. 10-14 years of age.....	87%	not provided	—
d. 15-17 years of age.....	87%	not provided	—
No. of provider referrals of patients to the Quitline for tobacco cessation .....	452	146	-67.7%
No. of prescriptions with 90+ daily MME of opioids.....	202,056	150,000	-25.8%
Ave. cost per reduction in 1 prescription .....	3.71	7.36	98.4%
No. of cancer screenings provided ...	11,166	14,300	28.1%
Ave. cost per cancer screening.....	58.42	107.25	83.6%
% State Health Objectives related to chronic disease and injury			
a. Met (out of total) .....	47%	0%	new baseline
b. Showing progress (out of those not met) .....	60%	0%	new baseline
Suicide rate per 100,000 population			
a. Ages 10-17 .....	5.3	12.4	134%
b. Ages 18-64 .....	23.8	25.7	8.0%
c. Ages 65+ .....	16.7	23.7	41.9%
SGF Funding .....	\$360,000	\$478,000	32.8%

Source<sup>3</sup>

in “average cost of cancer screenings” and “average cost per reduction in 1 prescription.” The percentage of state chronic disease and injury health objectives has fallen to zero in three years. Whether this is on purpose or unintentional is not clear. Moreover, the most notable outcome performance is the increase in suicide rates among all listed age groups.

Under the “Bureau of Oral Health,” there are seven outcomes, with five underperforming and state taxpayer funding rising 45.86%. The underperforming measures are:

- “Increase the % of Kansas 3rd Graders with Sealants Placed.”
- “Number of Kansas Schools with a Sealant Program funded by BOH.”
- “Kansas Children Screened for Dental Disease through a State Uniform School Screening Process.”

**Table 7**

**KDHE-Health: Bureau of Oral Health**

Outcome Measures	2019	2021	2019-21 Change
Decrease the % of Kansas children with untreated dental decay.....	10%	2%	-80.0%
Increase the % of Kansas 3rd graders with sealants placed .....	12%	2%	-83.3%
Average cost of Kansas school screening program .....	794,200	328,275	-58.7%
Number of Kansas schools that have a sealant program .....	262	260	-0.8%
Kansas children screened for dental disease .....	158,840	65,655	-58.7%
Risk factor surveillance system oral health questions funded .....	3	0	-100.0%
Publicly released reports, presentations, dental ....education events .....	20	20	0.0%
SGF Funding .....	\$141,810	\$206,851	45.9%

Source<sup>3</sup>

- “Risk Factor Surveillance System Oral Health Questions Funded.”
- “Publicly” Released Reports, Presentations, and Dental Education Events produced by BOH.”

Within the entire KDHE-Health agency, there are outcomes with no data collected. These include:

- “Use of electronic vapor products”
- “Estimated % of children always restrained in automobile child restraints.”
- “# of instances of individualized technical assistance for local health departments”

Reviewing KDHE-Health revealed several outcomes reasonably assumed to be a “defined public benefit.” Most outcomes are health-related, which allows objectivity and specificity. However, the many underperforming outcomes invite questions on whether it is an appropriate role of government and/or whether the Agency can create a material effect on its stated outcomes.

**Further Agency Review**

Another challenging area to analyze is the state’s six public universities. In 2021, these schools and associated medical centers received \$608,597,684 from the SGF. However, in the KLRD report, each school is not defined with outcomes and outputs but upwards of five indicators that differ for each University. A Wichita State indicator of the number of students evaluates the number of degrees awarded. In contrast, for Pittsburg State, the focus is on retention rates. KU has research rankings as an indicator, while KSU uses philanthropic giving as a rank indicator. Each of these Regents institutions differs slightly in their specialties and goals. Still, some commonalities between

the institutions should exist to allow for more straightforward comparisons. Analyzing universities likely warrants a separate paper of its own. Kansas universities have a responsibility to set clear outcomes and plan to meet them in the most efficient way possible.

The Kansas Department of Corrections is another example of PBB reports having a lack or the complete non-existence of outcomes relative to other programs. None of the 14 programs under the Kansas Department of Corrections' direct preview had outcomes listed or were left entirely blank. Most of the other programs had only output measures listed. Similar reporting holes were prevalent amongst the state's seven correctional facilities. For instance, Ellsworth Correctional Facility's Classification and Programs says it provides case management and information about prisoners. Yet, the only measure available is an output measure that lists the number of inmates employed, which seems out of the purview of the direct effects of the Classification and Programs division. When outputs were available, they were often incomplete too. Take the Department of Corrections Administration as an example. The outputs were difficult to measure in the first place, as four of the six did not have 2019 data reported. One was measured by a "Yes" or "No," and one had no data for many years.

For a further look at agencies with declining outcomes and increasing funding, refer to the Appendix at the back of this report.

### ■ Need for Budget Reform

Like most state governments, Kansas has a spending problem. From FY 2005 to the approved budget for FY 2022, Kansas State Funds spending increased by 138.1% to \$17.1 billion.<sup>12,13</sup> Breaking this 19-year period into two for comparison shows that State Funds increased by \$2.9 billion, or 40.5% overall or 4.5% per year, from 2005 to 2013 and by \$7 billion, or 70% overall or 5.7% per year, from 2014 to 2023.

The growth in spending has far outpaced the critical measure of population growth and inflation based on the consumer price index. This measure is a stable and accurate way to represent taxpayers' expectations and ability to pay for government spending.<sup>14</sup> From 2005 to 2023, Kansas' resident population grew by 6.0%, while the Kansas consumer price index (CPI) grew by 50.4%.<sup>15,16</sup> The compounded population growth and inflation over this time was 59.3%.

High taxation and spending choices are directly linked. The consequence of high spending is high taxation, which stifles economic growth. Research published in Kansas Policy Institute's Green Book shows that the states that spend less, tax less ... and grow more. In 2020, the states that tax income spent 52% more per resident than the

**Table 8**

### Superior Economic Growth in States with Lower Taxes

Economic Measure	States without income taxes	States with income taxes	10 lowest state & local tax burden	10 highest state & local tax burden
Private GDP '98-'21 .....	199%	147%	166%	157%
Private Jobs '98-'20.....	45%	18%	33%	19%
Wage Growth '98-'21.....	198%	143%	155%	155%
Domestic Mig. '00-'21 .....	9%	-3%	5%	-9%

Source<sup>15</sup>

states without an income tax. The states that do not tax income also had superior growth in private-sector employment and GDP.

Kansas has the 15th highest rate of state tax collections per capita to support an average spending per resident, \$474 higher than the 50-state average and 55% more than spent by states without an income tax.<sup>17</sup> That is largely why Kansas has the 13th highest rate of state government employment per capita.

An unhealthy tax climate for business has contributed to Kansas' five-decade streak of economic stagnation, which includes a net loss of 185,509 people through domestic migration since 2000. States with lower tax burdens have seen population gains upwards of 10% of their populations. Wage disbursement in the non-income-taxing states grew 198% between 1998 and 2021, but only increased by 143% in the states that tax income.

### ■ Recommendations

Kansas has the 10th worst rate of private job creation nationwide and 13th worst rate of wage growth since 1997. Moreover, the Sunflower State is lagging behind others that have enacted sweeping pro-growth tax reforms. Setting the corporate income tax on a path to 0%, lowering personal income tax rates, and controlling the growth of regulation and government has made North Carolina one of the fastest-growing economies in the country.<sup>18</sup> Lower spending per resident in Tennessee means residents pay some of the lowest state and local taxes, including no state personal income tax.<sup>19</sup> In September 2022, the Idaho Legislature brought their state down to a flat income tax of 5.8% to provide relief in the wake of high tax collections and inflation.<sup>20</sup> Unlike previous tax reform attempts in Kansas, these reforms were possible through balancing budgets in the long run.<sup>21</sup>

This report stems from the belief that government budget processes should focus on whether expenditures effectively and efficiently use taxpayer money. The passage of performance-based budgeting was a step in the right direction. It is also beneficial to see some state agencies complying with the law's reporting requirements. However, despite the law being passed in 2016, there are few signs

that the law is being adequately enforced or even utilized. Most outcome measures outlined for programs do not accurately reflect the benefits of those programs for taxpayers. And even by the established standards, hundreds of millions of dollars are going to inefficient or poorly watched-over programs.

The Legislature should enact an enforcement mechanism to incentivize compliance. The Legislature could strengthen the law by creating automatic across-the-board spending cuts (or at least no increases) unless review and changes based on observations of the performance-based budgeting process lead to more efficient operations. Or that the PBB process itself is being completed (see discussion on Page 8 where the Department of Corrections left materials blank). The Legislature can also require a report from the Governor on performance-based budgeting savings and whether the funds will be reallocated or returned to the state general fund balance. It could serve as the basis for the governor's budget proposal every two years. State

agencies should present performance measures to the House and Senate budget committees. The Legislature could also enact a law to automatically deny any additional appropriation of funds to a state program if the state program is not improving a public benefit.

As a starting point, the 2023 Legislature should clearly communicate that this is the end of the road for state agencies ignoring the statute. This could be done via a budget proviso. Furthermore, the Legislature should closely evaluate one agency or department budget next year to serve as a model for what is to be done in the future by the entire state enterprise.

Unless spending restraint is enacted and taxpayer dollars are spent wisely, Kansas families will continue to suffer from economic stagnation. PBB is a key way, which is already in Kansas statute, to help achieve a more-prosperous future for Kansas families, businesses, and communities.

## Conclusion

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Kansas government spending has far outpaced population growth and inflation. As a result, Kansas' general fund spending is \$1.7 billion higher than where it should be if spending were constrained in line with inflation and population growth. This bloated spending hampered innovation and directly contributed to decades-long economic stagnation.

Americans for Prosperity and Kansas Policy Institute believe government budget processes should focus on

whether government programs are run effectively and efficiently. This means a year-round review of clearly defined and relevant measures that gauge how efficiently programs operate. Enforcing performance-based budgeting creates a continuous improvement process on par with firms in the private sector. This creates an opportunity to find processing errors, ensure that money is well-used, and create effective bipartisan collaboration.

# Appendix

**Table 9 All Programs with Declining Outcomes**

Government Sector	Agency	Program	Total Outcome Measures	Declining Outcomes	2019	2021
Agriculture & Nat. Resources	Kansas State Fair	Administration	3	1	\$0	\$310,205
Agriculture & Nat. Resources	Kansas State Fair	Facilities	2	1	\$150,000	\$613,293
Agriculture & Nat. Resources	Kansas Dept. of Agriculture	Administration	5	5	\$900,000	\$1,000,000
Agriculture & Nat. Resources	Kansas Dept. of Agriculture	Dairy & Feed Safety	3	1	\$18,200	\$18,416
Agriculture & Nat. Resources	Kansas Dept. of Health - Environment	Bureau of Water	3	2	\$139,620	\$148,862
Agriculture & Nat. Resources	Kansas Dept. of Health - Environment	Bureau of Environmental Remediation	3	2	\$500,000	\$500,000
Agriculture & Nat. Resources	Kansas Dept. of Health - Environment	Office of Laboratory Services	3	1	\$1,892,539	\$1,946,037
Agriculture & Nat. Resources	Kansas Water Office	Water Planning and Implementation	3	1	\$893,521	\$966,280
Education	Kansas State Dept. of Education	Child Nutrition and Wellness	3	1	\$323,526	\$333,870
Education	Kansas State Dept. of Education	Standards and Assessments	4	2	\$2,609,381	\$2,626,987
Education	State Library of Kansas	Reference Division	9	4	\$3,743,255	\$3,743,255
Education	State Library of Kansas	Statewide Services	3	2	\$0	\$0
Education	State Library of Kansas	Talking Books	7	2	\$0	\$0
Education	Kansas State Dept. of Education	Career and Technical Education	2	1	\$1,058,605	\$1,113,986
Education	Kansas State Dept. of Education	Financial Aid	0	0	\$3,480,745	\$3,916,185
Education	Kansas State Dept. of Education	Kansas Children's Cabinet	4	4	\$20,234,400	\$20,281,709
Education	Kansas State School for the Deaf	Administration	2	1	\$287,407	\$352,902
Education	Kansas State Historical Society	Cultural Resources	3	1	\$431,173	\$438,508
Education	Board of Regents	Student Financial Assistance Program	3	1	\$22,258,000	\$24,114,000
General Government	Behavioral Sciences Regulatory Board	Licensing and Renewals	3	3	\$705,352	\$771,344
General Government	Board of Nursing	Discipline	6	6	\$538,099	\$654,145
General Government	Dept. of Administration	Office of Facilities and Property Mgmt.	8	6	\$2,321,402	\$2,475,168
General Government	Dept. of Administration	Office of Chief Counsel	6	2	\$196,319	\$249,434
General Government	Division of the Budget	Division of the Budget	6	4	\$1,517,547	\$1,650,625
General Government	Judicial Branch	Judicial Administration	3	1	\$2,077,178	\$2,259,124
General Government	Judicial Branch	District Courts	3	3	\$94,966,404	\$98,216,360
General Government	Judicial Branch	Judicial and Professional Review	0	0	\$2,875	\$4,522
General Government	Kansas Dept. of Labor	Administrative and Support Services	0	0	\$169,439	\$937,116
General Government	Kansas Legislative Research Dept.	Kansas Legislative Research Department	6	4	\$3,776,000	\$4,067,000
General Government	Kansas Dept. of Labor	Labor Market Information Services	3	2	\$3,142	\$87,592
General Government	Legislative Division of Post Audit	Legislative Division of Post Audit	3	1	\$2,478,401	\$3,006,994
General Government	Office of the Attorney General	Fiscal	0	0	\$10,405	\$300
General Government	Office of the Attorney General	Information Technology	0	0	\$34,388	\$675
General Government	Office of the Attorney General	Solicitor's Divison	0	0	\$59,753	\$3,713
General Government	Office of the Attorney General	Solicitor's Criminal	0	0	\$381,440	\$456,897
General Government	Office of the Attorney General	Solicitor's Civil	0	0	214301	\$385,427
General Government	Office of the Attorney General	FALD	0	0	\$28,064	\$3,465
General Government	Office of the Attorney General	FALD ANE	0	0	\$292,375	\$374,094
General Government	Office of the Attorney General	Criminal Litigation	0	0	\$1,590,296	\$1,872,916
General Government	Office of the Attorney General	Kansas Intelligence Fusion Center	0	0	\$57,864	\$64,358
General Government	Office of the Attorney General	Open Government	0	0	\$91,001	\$96,821
General Government	Office of the Attorney General	Consumer Protection	7	4	\$128,540	\$136,558
General Government	Office of the Attorney General	Sexually Violent Predator Program	0	0	\$272,103	\$285,625
General Government	Office of the Attorney General	Victim Services	6	3	\$353,368	\$392,207
General Government	Office of the Attorney General	Office of Medicaid Inspector General	8	1	\$126,677	\$244,512
General Government	Office of the Attorney General	COVID	0	0	\$0	\$2,236
General Government	Office of the Governor	Kansas Governor's Grants Program	3	2	\$5,399,319	\$5,451,448
General Government	State Board of Indigents' Defense Serv.	Trial Level Public Defender Program	3	1	\$9,762,455	\$10,260,120
General Government	State Board of Indigents' Defense Serv.	Legal Services for Prisoners	4	3	\$289,592	\$289,592
Human Services	Dept. for Aging and Disability Services	Operations	0	0	\$5,956,259	\$4,401,494
Human Services	Dept. for Aging and Disability Services	Aging & Disabilities Comm. Service Programs	23	15	\$18,485,934	\$19,502,847
Human Services	Dept. for Aging and Disability Services	State Hospital Commission	0	0	\$0	\$588,254
Human Services	Dept. for Children and Families	Economic and Employment Eligibility Field Staff	2	2	\$13,622,659	\$14,235,148
Human Services	Dept. for Children and Families	Vocational Rehabilitation Field Staff	2	1	\$1,304,787	\$1,449,702
Human Services	Dept. for Children and Families	Region Administration	0	0	\$18,741,016	\$18,969,090
Human Services	Dept. for Children and Families	Families First Program	1	1	\$0	\$2,076,876
Human Services	Dept. for Children and Families	Foster Care Grants for Children Receiving Out-of-Home Services	3	2	\$149,702,398	\$171,336,559
Human Services	Dept. for Children and Families	Licensing Foster Care Homes	0	0	\$1,748,532	\$1,962,246
Human Services	Dept. for Children and Families	Independent Living	2	1	\$451,821	\$756,708
Human Services	Dept. for Children and Families	Family Services	0	0	\$731,619	\$782,219
Human Services	Dept. for Children and Families	Foster Care Federal Disability Advocacy	0	0	\$248,656	\$235,000
Human Services	Dept. for Children and Families	Human Trafficking	0	0	\$91,983	\$7,500
Human Services	Dept. for Children and Families	Prevention and Protection Services Admin.	0	0	\$3,717,289	\$5,237,001
Human Services	Dept. for Children and Families	Food Distribution	0	0	\$72,853	\$91,300
Human Services	Dept. for Children and Families	SNAP Employment and Training	3	2	\$28,723	\$72,797

**Table 9 All Programs with Declining Outcomes (cont.)**

Government Sector	Agency	Program	Total Outcome Measures	Declining Outcomes	2019	2021
Human Services	Dept. for Children and Families	EES Administration	0	0	\$1,348,440	\$1,342,151
Human Services	Dept. for Children and Families	Head Start Collaboration	0	0	\$19,985	\$20,596
Human Services	Dept. for Children and Families	Child Support Administration	3	2	\$800,000	\$2,147,441
Human Services	Dept. for Children and Families	Tribal Grants	0	0	\$350,573	\$350,573
Human Services	Dept. for Children and Families	Electronic Benefits Transfer (EBT) & Eligibility Determination	0	0	\$726,092	\$728,126
Human Services	Dept. for Children and Families	Services for the Blind	1	1	\$10,775	\$10,993
Human Services	Dept. for Children and Families	Deaf and Hard of Hearing Services	1	1	\$173,410	\$188,831
Human Services	Dept. for Children and Families	Workforce Innovation and Opportunity Act Requirements	1	1	\$19,571	\$50,974
Human Services	Dept. for Children and Families	Rehabilitation Services Administration	0	0	\$408,525	\$602,471
Human Services	Dept. for Children and Families	Rehabilitation Services Independent Living	0	0	\$1,836,240	\$1,877,009
Human Services	Dept. for Children and Families	Developmental Disability Council	1	1	\$5,890	\$6,506
Human Services	Dept. for Children and Families	Executive and Administrative Services	0	0	\$6,688,074	\$8,309,482
Human Services	Dept. for Children and Families	Legal Services	0	0	\$832,796	\$847,832
Human Services	Dept. for Children and Families	Audit Services	0	0	\$874,333	\$724,767
Human Services	Dept. for Children and Families	Organizational Health and Development	0	0	\$881,173	\$470,196
Human Services	Dept. for Children and Families	Information Technology Services	0	0	\$14,457,699	\$18,451,231
Human Services	Dept. for Children and Families	Personnel Services	0	0	\$266,463	\$355,093
Human Services	Dept. for Children and Families	COVID-19 Expenditures	0	0	\$0	\$31,697
Human Services	Dept. of Health & Environment - Health	Bureau of Community Health Systems	4	3	\$11,602,251	\$13,827,671
Human Services	Dept. of Health & Environment - Health	Bureau of Family Health	3	1	\$6,256,000	\$8,204,000
Human Services	Dept. of Health & Environment - Health	Bureau of Health Promotion	10	9	\$360,000	\$478,000
Human Services	Dept. of Health & Environment - Health	Bureau of Oral Health	7	4	\$141,810	\$206,851
Human Services	Kansas Comm. on Veterans Affairs Office	Veterans Cemeteries	2	1	\$598,218	\$667,593
Human Services	Kansas Comm. on Veterans Affairs Office	Kansas Soldiers Home & Kansas Veterans Home	9	7	\$2,392,459	\$2,393,138
Human Services	Kansas Comm. on Veterans Affairs Office	Administration	0	0	\$549,515	\$729,929
Human Services	Kansas Guardianship Program	Administration	3	1	\$1,164,026	\$1,314,717
Human Services	Kansas Neurological Institute	Physical Plant and Central Services	3	1	\$3,215,172	\$3,567,812
Human Services	Kansas Neurological Institute	Medical and Surgical Services	3	1	\$1,185,677	\$2,018,785
Human Services	Larned State Hospital	Psychiatric Services Program	3	1	\$6,020,410	\$6,404,377
Human Services	Larned State Hospital	Ancillary Services	6	3	\$6,598,966	\$8,849,216
Human Services	Osawatomie State Hospital	Administration	3	2	\$3,090,150	\$3,217,405
Human Services	Osawatomie State Hospital	OSH Clinical	3	1	\$13,088,118	\$13,253,609
Human Services	Parsons State Hospital & Training Center	Administration	11	9	\$566,170	\$884,437
Human Services	Parsons State Hospital & Training Center	Ancillary Services	2	2	\$1,197,064	\$2,745,097
Human Services	Parsons State Hospital & Training Center	Medical and Surgical Services	4	2	\$925,660	\$1,568,653
Public Safety	Dept. of Corrections	Administration	0	0	\$4,556,514	\$4,877,417
Public Safety	Dept. of Corrections	Evasions, Apprehensions, & Investigations	0	0	\$1,209,374	\$1,002,666
Public Safety	Dept. of Corrections	Information Technology	0	0	\$4,835,374	\$8,482,829
Public Safety	Dept. of Corrections	Community Corrections	0	0	\$19,985,390	\$20,217,835
Public Safety	Dept. of Corrections	Reentry & Offender Programs	0	0	\$4,836,028	\$6,109,156
Public Safety	Dept. of Corrections	Inmate Health Care	0	0	\$72,355,932	\$81,841,684
Public Safety	Dept. of Corrections	Juvenile Services	0	0	\$24,201,575	\$27,199,804
Public Safety	Dept. of Corrections	Debt Service	0	0	\$515,433	\$0
Public Safety	Ellsworth Correctional Facility	Classification & Programs	0	0	\$2,174,785	\$2,253,733
Public Safety	Ellsworth Correctional Facility	Support Services	0	0	\$3,130,650	\$3,201,218
Public Safety	Ellsworth Correctional Facility	Capital Improvements	0	0	\$382,128	\$265,962
Public Safety	El Dorado Correctional Facility	Southeast Unit	0	0	\$3,404,103	\$2,681,812
Public Safety	El Dorado Correctional Facility	Support Services	0	0	\$3,866,364	\$5,257,557
Public Safety	Hutchinson Correctional Facility	Administration	2	2	\$2,067,206	\$2,182,943
Public Safety	Hutchinson Correctional Facility	Security	11	3	\$20,384,830	\$23,894,656
Public Safety	Hutchinson Correctional Facility	Support Services	0	0	\$6,376,180	\$7,746,711
Public Safety	Kansas Juvenile Correctional Facility	Education	0	0	\$2,510,090	\$2,732,279
Public Safety	Kansas Juvenile Correctional Facility	Security	0	0	\$8,581,988	\$9,670,175
Public Safety	Kansas Juvenile Correctional Facility	Central Services	0	0	\$3,724,384	\$4,442,844
Public Safety	Lansing Correctional Facility	Support Services	0	0	\$5,968,975	\$4,137,939
Public Safety	Larned Correctional Mental Health Fac.	Classification & Programs	0	0	\$1,756,501	\$1,808,608
Public Safety	Larned Correctional Mental Health Fac.	Support Services	0	0	\$1,536,093	\$1,794,507
Public Safety	Norton Correctional Facility	Security	0	0	\$9,612,172	\$10,444,892
Public Safety	Norton Correctional Facility	East Unit	0	0	\$1,942,228	\$2,128,504
Public Safety	Norton Correctional Facility	Support Services	0	0	\$2,635,967	\$3,062,224
Public Safety	Topeka Correctional Facility	Security	0	0	\$10,912,902	\$12,457,962
Public Safety	Topeka Correctional Facility	Support Services	0	0	\$2,353,125	\$2,856,156
Public Safety	Kansas Bureau of Investigation	Forensic Laboratory Division	3	3	\$6,934,663	\$7,694,924
Public Safety	Kansas Sentencing Commission	Field Investigation Division	3	2	\$6,456,415	\$6,513,159
Public Safety	Adjutant General's Department	Civil Air Patrol	0	0	\$42,236	\$42,236
Public Safety	Adjutant General's Department	Kansas Intelligence Fusion Center	3	1	\$222,779	\$339,494
Public Safety	Adjutant General's Department	Disaster Recovery Payments	0	0	\$3,034,739	\$1,626,600

# Endnotes

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- <sup>12</sup> Kansas Division of the Budget, Budget Comparison Reports FY 2005-2023, Schedule 1.1 and 1.2. <https://budget.kansas.gov/comparison-reports/>
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