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Tax Reform that Invests in Thriving Communities



The Right Tax Reform Will...

Invest In the Commonwealth
Clean Up the Tax Code
Fix Our Upside Down Tax Code

Tax Reform that Invests in Thriving Communities



Invest In the Commonwealth





State Budget Funds Key Public Systems

Education

- Early childhood education/child care
- K-12 education
- Higher education
- Arts and heritage

Health care

- Health care for poor, children, people with disabilities, elderly in nursing homes
- Public health

Human services & supports

- Child and domestic violence protection
- Foster care & adoption
- Medicaid Waivers

Infrastructure

- Roads
- Public transit
- Water & sewer systems

Environmental protection

- Land conservation
- Environmental regulation
- State parks
- Forest management
- Home weatherization

Public safety & justice

- Court system
- State police and prisons
- Disaster relief
- Consumer & worker safety regulation

Economic & workforce development

- Small business development
- Workforce training
- Tourism
- Agricultural development



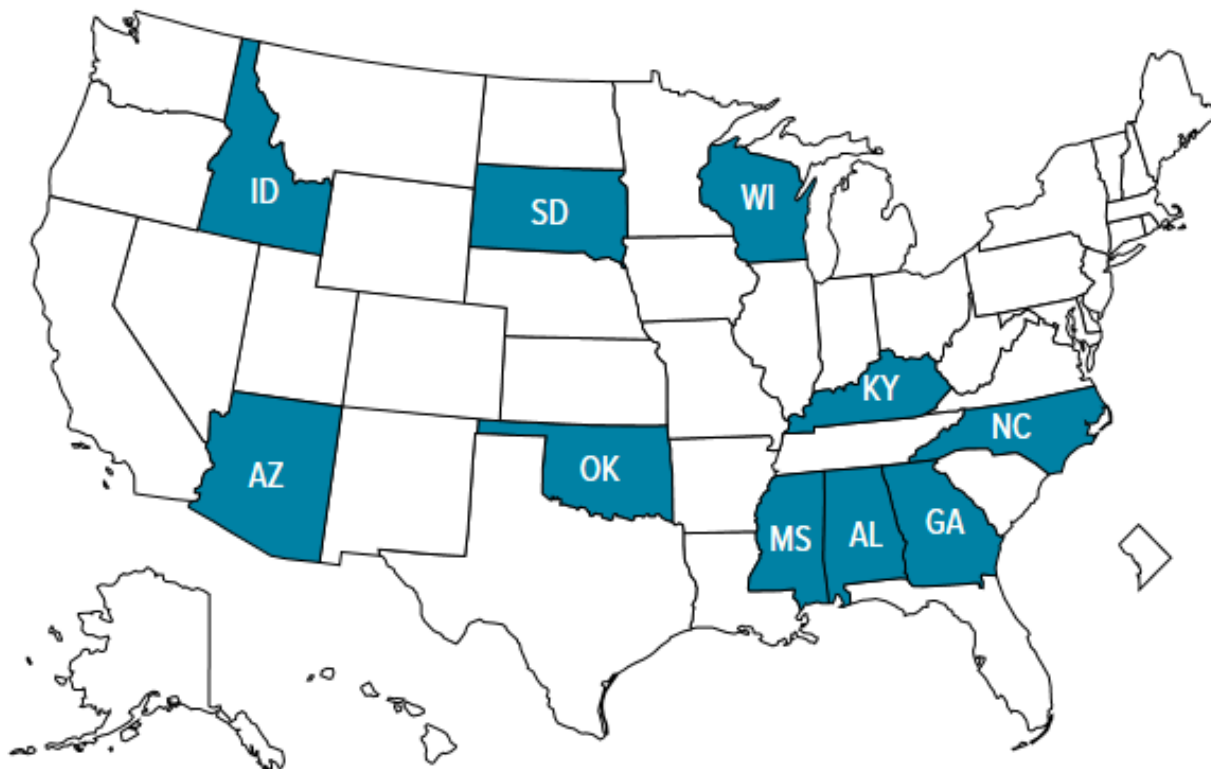
When We Invest, We Succeed

- 1990 K-12 Education
 - Ranked 48th in Nation
 - Unconstitutional school funding
- Kentucky Education Reform Act
 - Raised \$1B for education
 - SEEK formula helped close the gap between districts
- Now
 - Ranked 29th in the Nation (2016)
 - #1 in nation low income to high income graduation rate gap (2013)

K-12 SEEK Funding

Fact Sheets: States With Biggest K-12 Funding Cuts

At least 31 states provided less state funding per student in the 2014 school year than in the 2008 school year, before the recession took hold. This map shows the ten states with the biggest cuts. Click on a state to see its fact sheet.



Kentucky
had 6th
highest cuts
in the US
(2014)

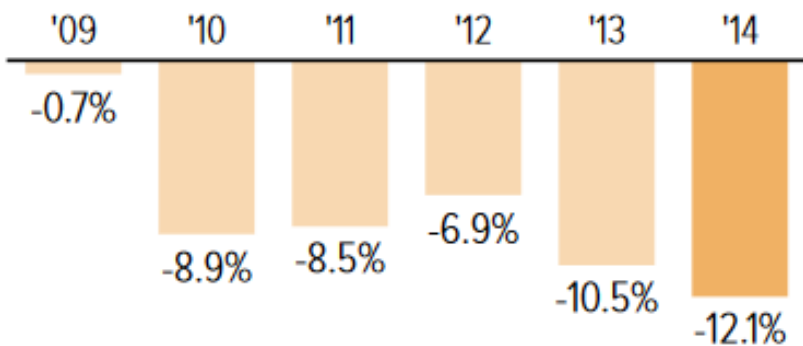


K-12 SEEK Funding

State funding per student down by one-eighth

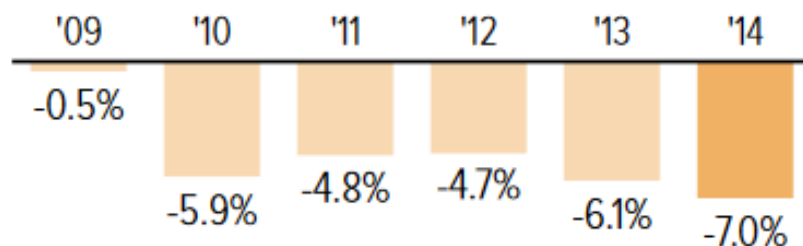
Kentucky state funding per student fell by **12.1 percent** between 2008 and 2014. Only nine states imposed larger cuts.

Change in state K-12 funding per student relative to 2008, adjusted for inflation



Local governments in Kentucky raised school funding over the same period, but not by enough to fully offset the state cut. **Total state and local school funding combined fell by 7.0 percent** per student between 2008 and 2014.

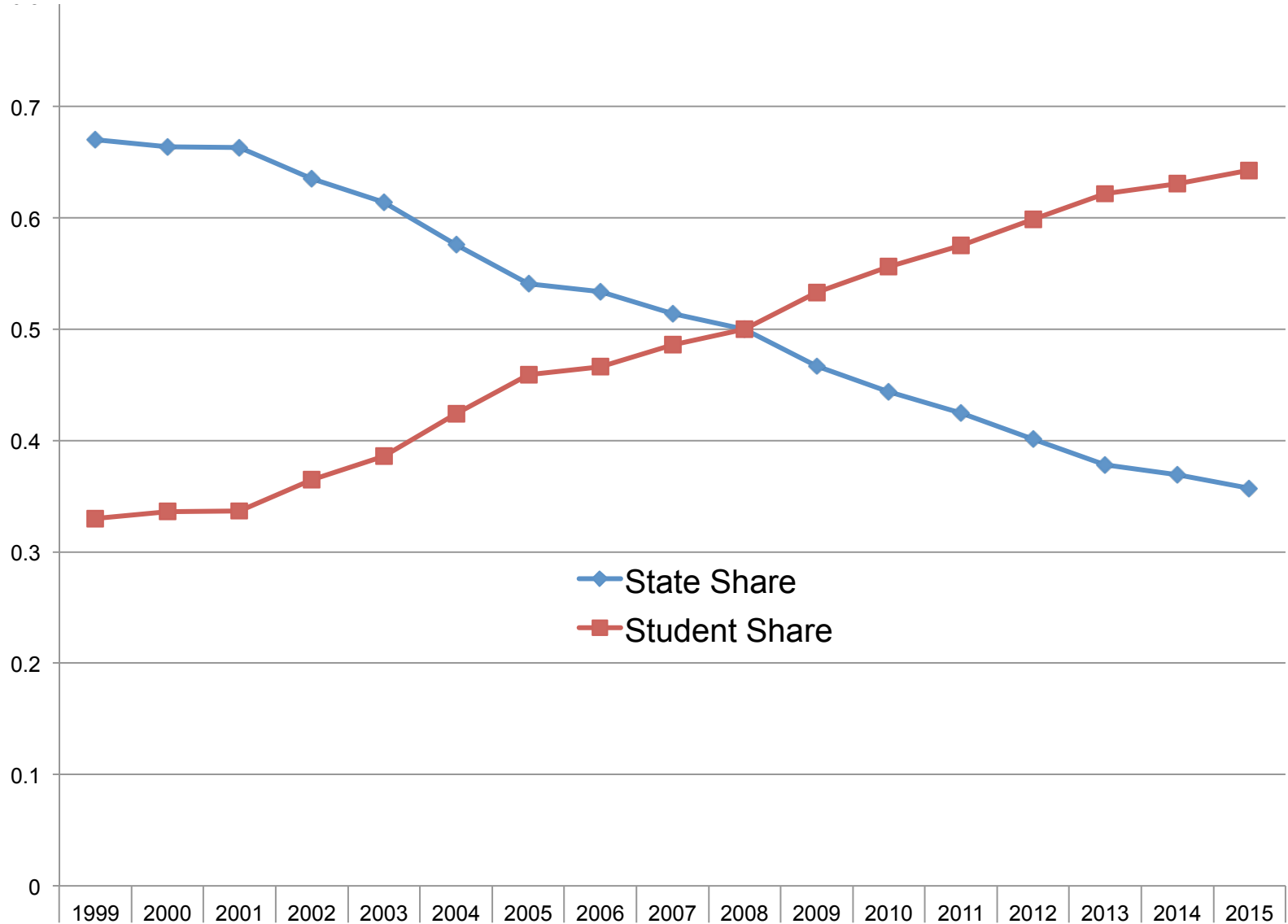
Change in state and local K-12 funding per student relative to 2008, adjusted for inflation



Kentucky's "general" or "formula" funding per student — the primary form of state funding for schools — fell by 0.2 percent this year and is **10.6 percent below the 2008 level** due to earlier cuts.



Cost of Higher Education Shifting from State to Students





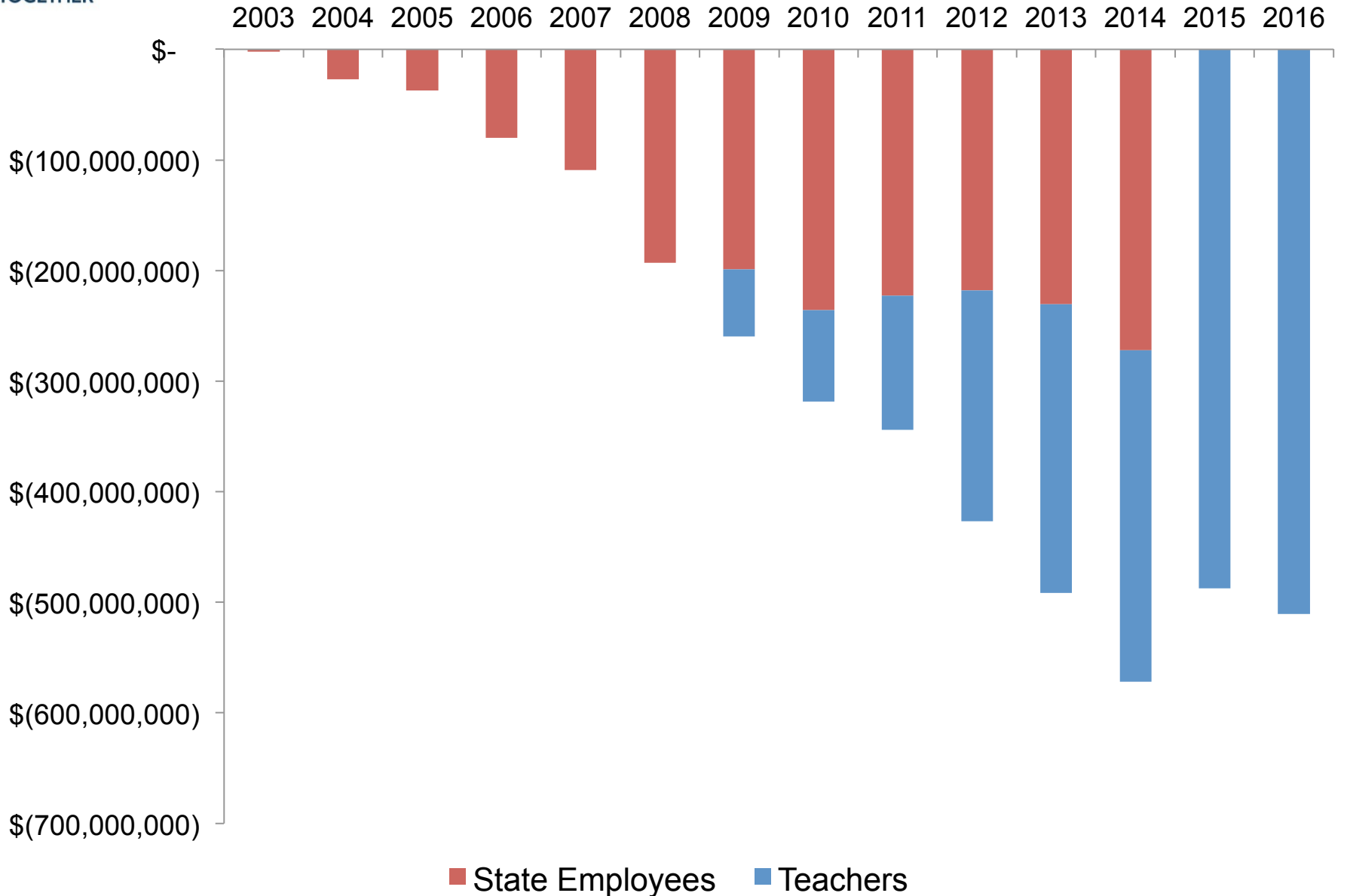
Many Other Areas Cut Deeply Since 2008

- Kentucky Arts Council 47%, KET 30%, Libraries 25%
- Secretary of State, Attorney General, Auditor 27%-35%
- Environmental protection 27%
- Vocational rehabilitation 24%
- Commission on Human Rights, Women 19%, 25%
- Nature Preserves Commission, 23%
- Public health 15%
- Public defenders 13%





State Contribution Shortfalls to Public Employee Pension Systems





Worst State Credit Ratings

47. Michigan

47. Arizona

47. Kentucky

48. New Jersey

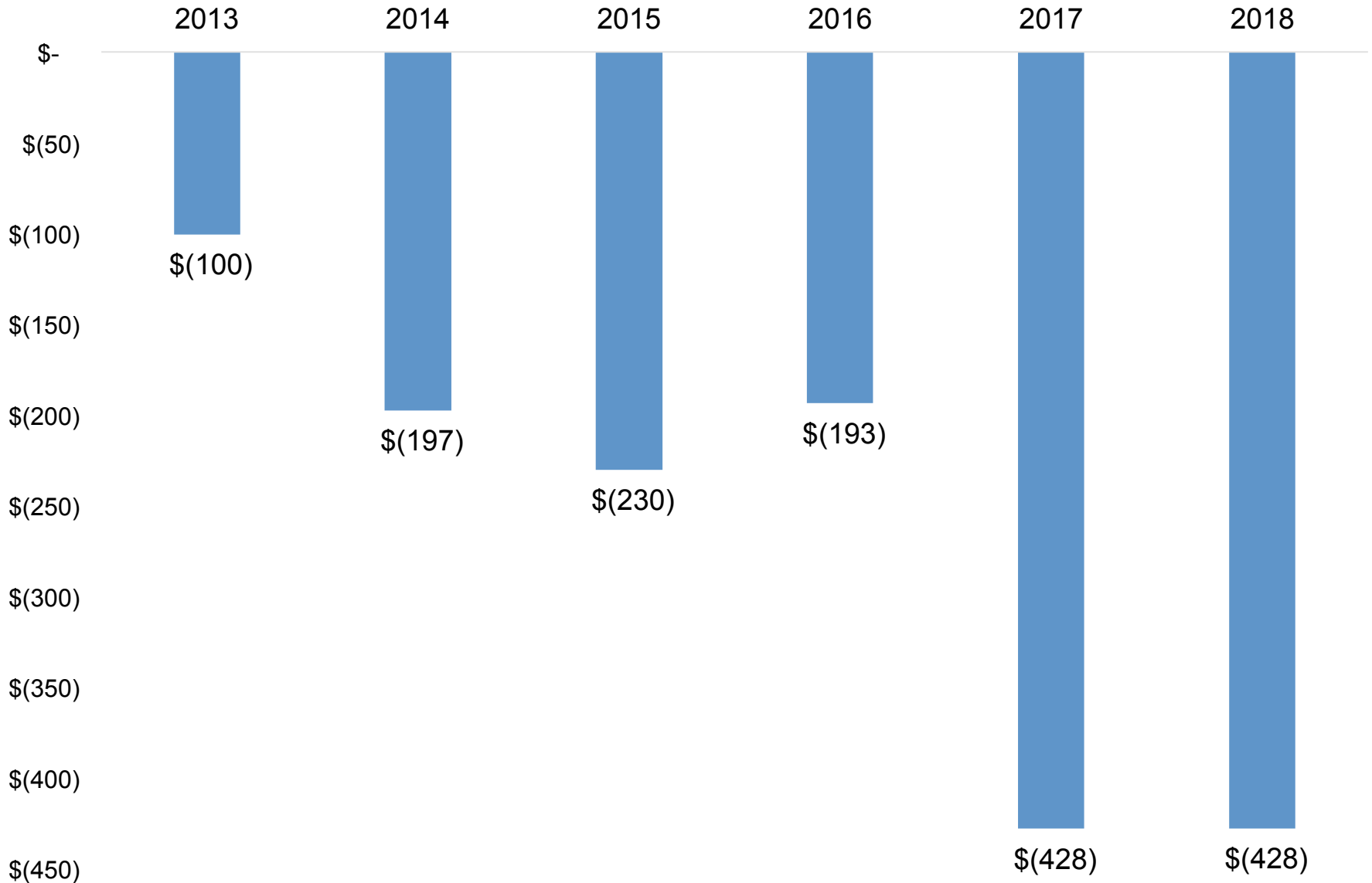
49. California

50. Illinois

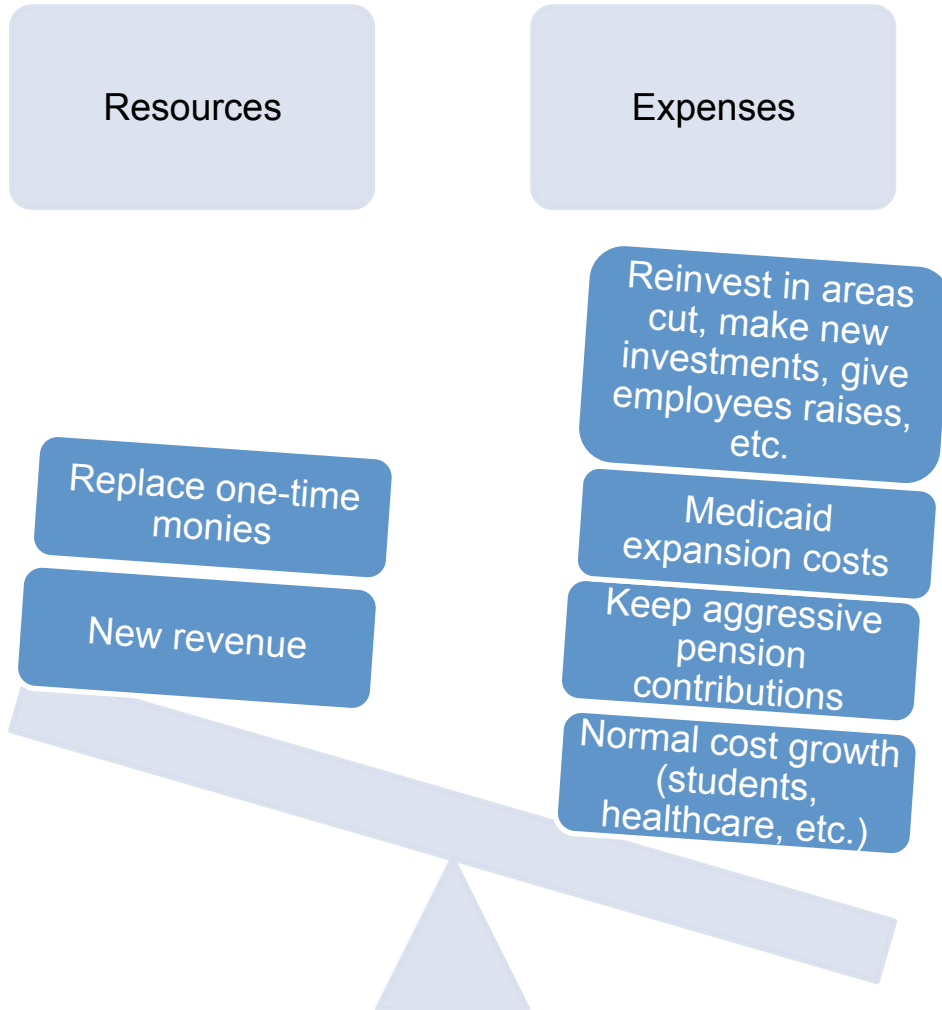


New Two-Year Budget Built on Big Structural Deficit

(Millions of Dollars)



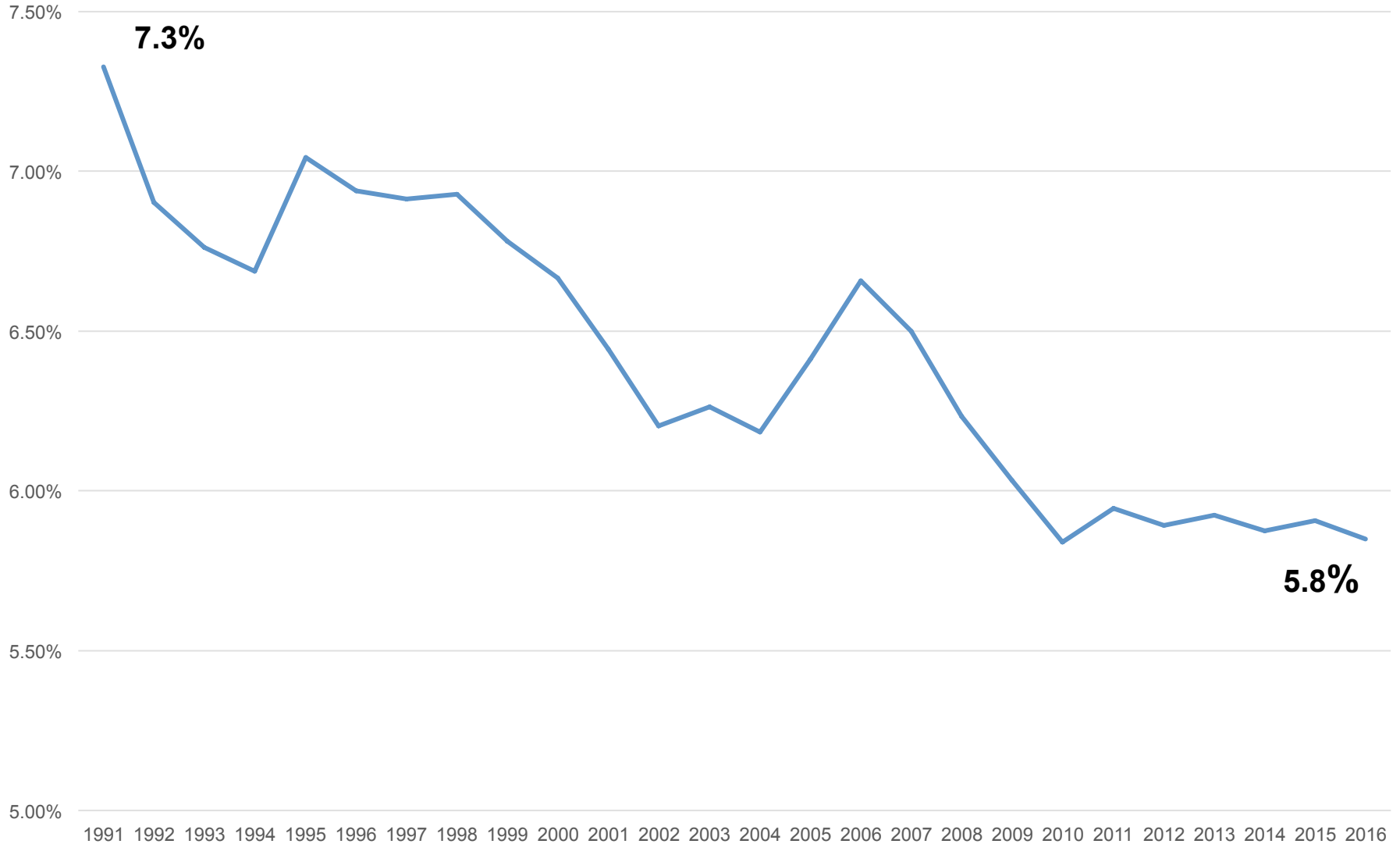
Challenge Facing Next Budget





We Have Less Than We Did

General Fund Eroding Relative to Economy

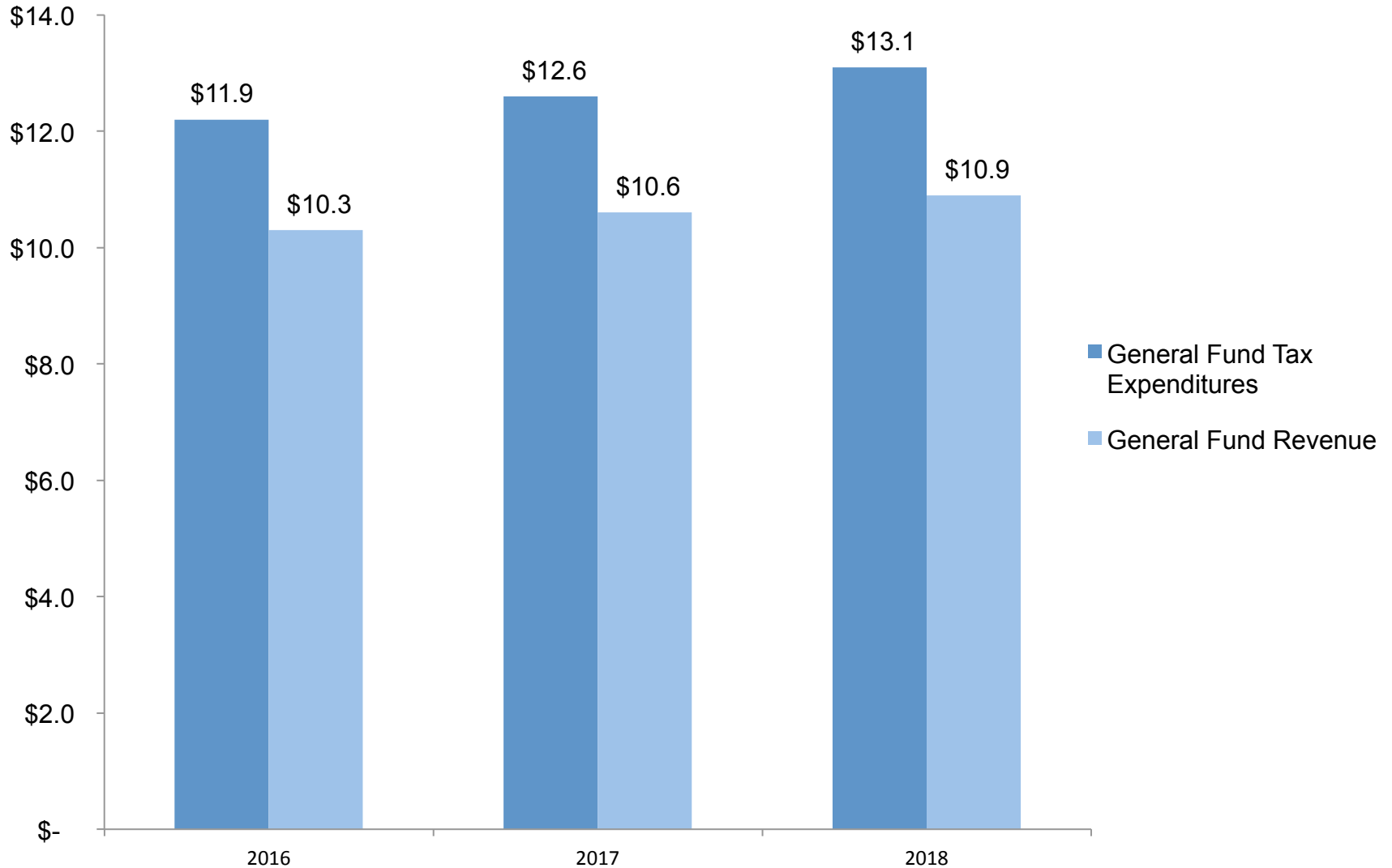


Clean Up the Tax Code





KY Losing More to General Fund Tax Breaks than Collecting in General Fund Revenue





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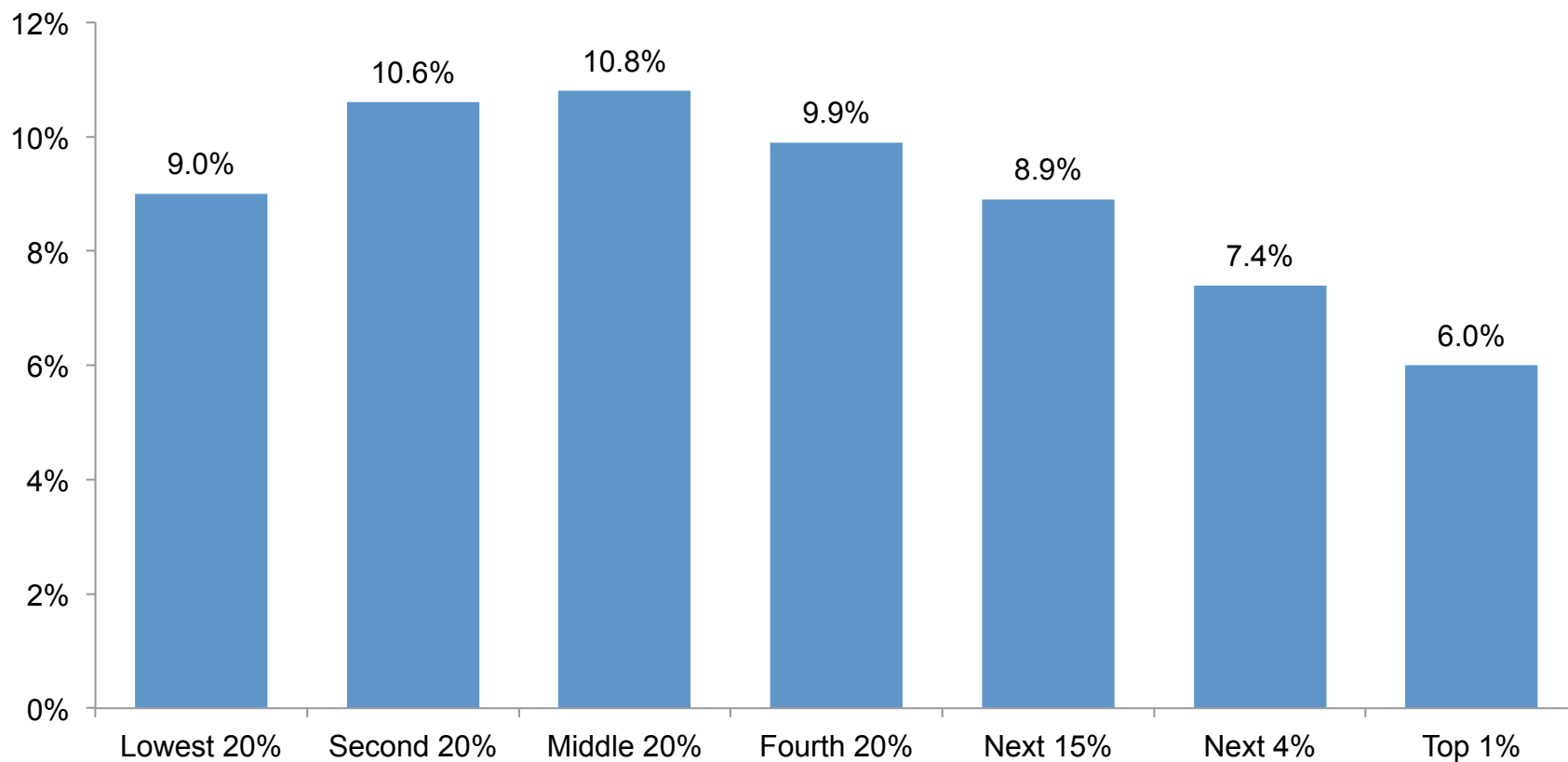
Fix an Upside Down Tax Code





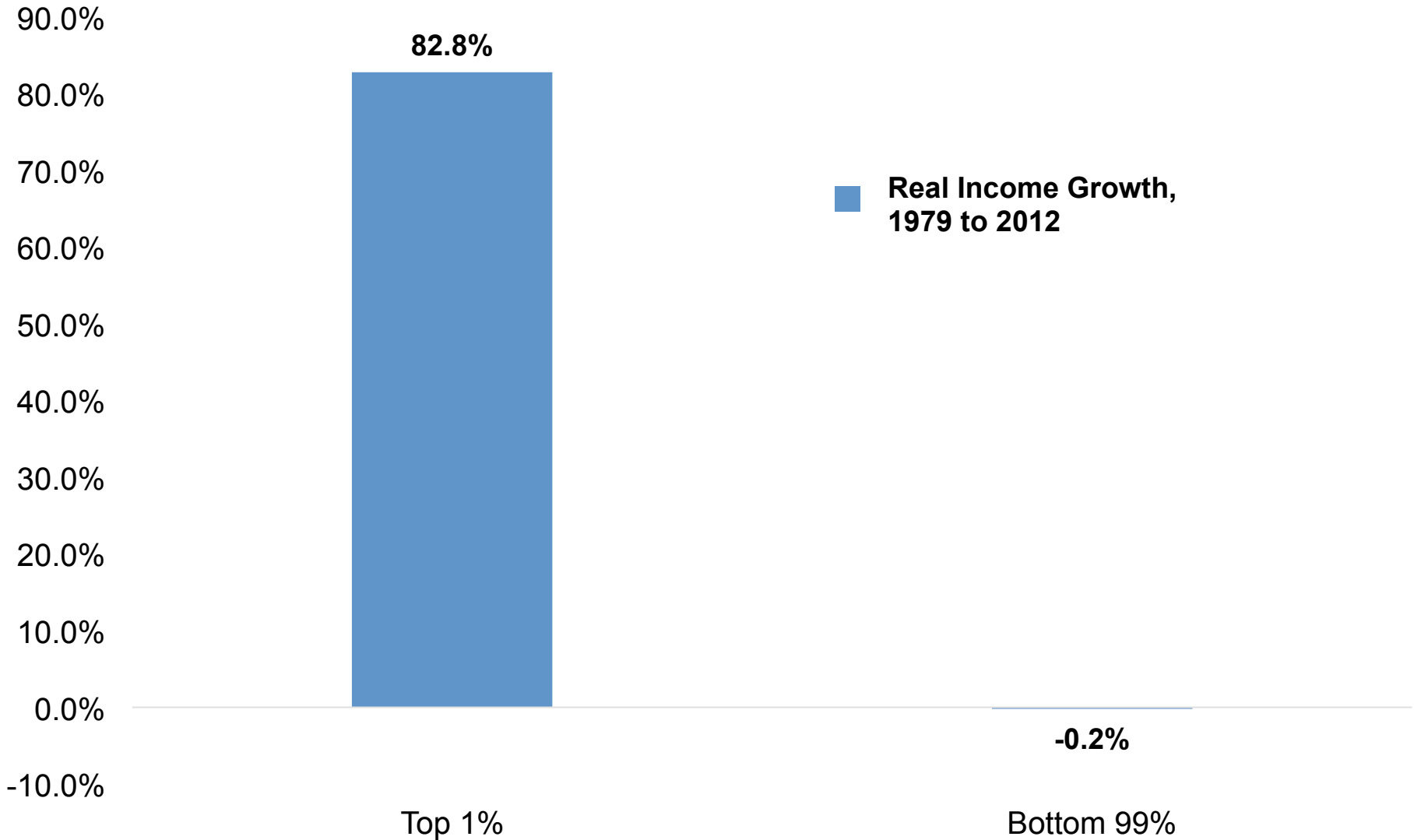
State and Local Taxes Are Upside Down

Those at the Bottom Pay More as a Share of Family Income Than Those at the Top



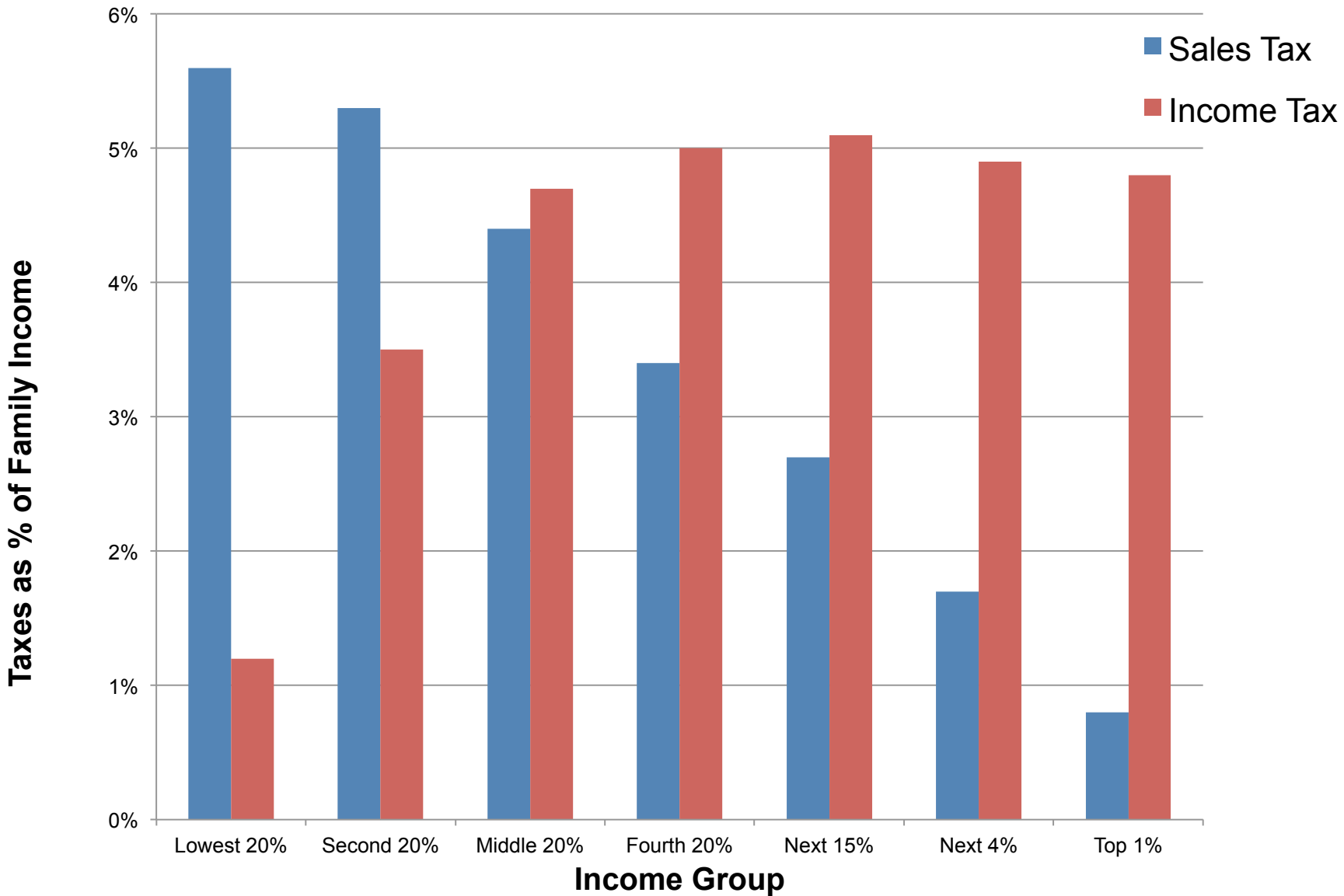


Top 1% Took Home All Real Income Growth Over Last 3.5 Decades in Kentucky





Who Pays Sales Taxes Vs. Who Pays Income Taxes in Kentucky





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Find Out More

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