

Missouri NEA Testimony to Tax Credit Review Commission
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September 12, 2012

On behalf of the Association, I thank you for the opportunity to present testimony to the Commission on this important issue. Missouri NEA would also like to thank the Governor and the Commission for providing leadership for the state on this important issue.

As you well know, the Commission has already done important work by analyzing existing tax credit programs in Missouri, documenting their impact on the economy and on the state budget and making recommendations for improving their efficiency and eliminating programs that have outlived their usefulness. Missouri NEA has joined the other organizations of the Education Roundtable in endorsing the report and recommendations of the Commission.

We are committed to helping the Governor, the Commission and the legislature move the state forward on this issue. Inefficient tax credits are making it more difficult to fund public education and other services now. The discussion of tax credits usually centers on job creation.

We should all remember that the investments we make in public education, both K-12 and post-secondary, are a key part of the long-term foundation of job creation across our state. In our dynamic twenty-first century world, high-quality public infrastructure is the bedrock upon which private sector success is built. Increasingly, the most important factor in creating new jobs is a workforce with the education and skills to meet the demands of new technologies and practices.

Public education can also help ensure a prosperous future for Missouri by preventing future problems, such as poverty, sickness and crime, before they occur. We pay our taxes forward, so that Missourians can have the goods and services we need in the future, just as we benefit today from those that were paid in the past to meet our community needs now. That's why the Commission's work on tax credit expenditures is so important to our state's future success.

According to the Commission's report, the state budget cost of tax credits for 2010 was more than \$500 million. The scale of this impact is comparable to some of the challenges the state is facing in funding education and other vital services.

Our public schools are like an orchestra. It takes all of the sections playing in harmony and doing their part. Elected officials, school boards, community stakeholders, administrators, teachers, students, and parents must all play their part together to have a great performance. Right now our state faces challenges to make sure we have that full orchestra working together.

Our school foundation formula funding has now been flat for three years running. The state is no longer meeting the requirements of its own funding law, and state funding is about \$450 million short of where it should be to fully fund that funding law.

Missouri NEA believes adequate and equitable school funding is a fundamental right for every student. The state must invest in classroom priorities that support student learning: early childhood education, smaller class sizes and a well-rounded education that will prepare our students to compete in the worldwide economy.

Trends in Missouri show cause for action now to make sure we prevent problems before they occur down the road. Students across the state lost a total of more than 3,000 teachers in the classroom over the last two years. This loss of staff increases class sizes, limits course offerings and reduces staff time available to meet the individual needs of each student.

Missouri's average teacher salary now ranks 46th out of 51 in the nation (D.C. included). Lower salaries make it harder for districts to recruit and retain the teachers they want for their students.

Missouri's state share of funding for schools is now 31% and ranks 48th out of the 50 states. Meanwhile, the increasing reliance on local funding has pushed Missouri's local share of funding for schools to about 59%, fifth highest among the states.

Perhaps the most telling figure showing the need to move forward now is the increase in poverty among Missouri's children. The fraction of public school students living in poverty, as measured by federal standards for lunch subsidy, has roughly doubled in the last seven years and now exceeds fifty percent. For the first time ever, the average student in Missouri public schools lives in poverty, as measured by eligibility for the federal Free or Reduced Price Lunch program. Schools need extra resources and staffing to make sure that every child is in school and ready to learn.

Faced with these challenges, we welcome renewed activity on the part of the Commission. Improving the efficiency of our tax credits and other tax expenditures offers an excellent opportunity to improve the state's tax policy and make a significant difference in the funding for public education and other programs that will help create a prosperous future and prevent future problems before they occur.

In the long run, these tax credit reforms will be an important part of a responsible tax policy that will fund adequate and sustainable investment in public education. Missouri NEA is part of a national organization and can offer the insights and experiences of educators in other states where innovative tax expenditure policies are being implemented. On behalf of the Association, I thank you for the opportunity to present our thoughts on this matter.