



## **2016 KANSAS LEGISLATIVE E-REPORT #7**

Paul Johnson – February 19, 2016

### **LEGISLATIVE TIMELINE**

The 2016 Kansas Legislative leaders are rushing to finish this session. First adjournment set for February 26 is now February 22 or 23. The Legislature will be off till March 2. The plan for second adjournment has now been moved up a week to March 25 to begin the veto session break. The Kansas Legislature will reconvene on April 27 for the start of the veto session. April 27 will mark the 69<sup>th</sup> day of the session.

On April 20, the consensus revenue experts will meet to develop new revenue projections for the next 30 months. These new revenue projections must be used to finish off the 2016 State budget that ends on June 30 and to finalize the 2017 State budget. Given what happens with actual monthly revenues in February and March plus lower oil/natural gas severance taxes, it is very likely that the April 20 revenue projections will be lower forcing more difficult budget reductions. This political process seems very broken. The 2015 Kansas Legislature passed a two year budget for 2016 and 2017 so budget committees and subcommittees would have had extra time this session to debate the revenue mess in Kansas, the options to expand Medicaid without the need for new state funding and start crafting a new school funding formula but most of this debate has been blocked by the leadership. There is not a plan B to rectify the 'self-inflicted' revenue mess if the consensus revenue estimates are lowered.

### **'LIPSTICK' BUDGET BALANCING**

**HOUSE SUB. for SB 161** – the budget bill for 2016 and 2017 – has passed both the House and Senate and awaits the Governor's signature. As our state mental hospitals continue to struggle, \$2 million in state general funds (SGF) was added to address understaffing and recertification issues at Osawatomie State Hospital and \$1 million in SGF to address understaffing issues at Larned State Hospital for 2016. Right now the State of Kansas budget will have less than \$10 million in the ending balance on June 30

Since the balance will be below \$100 million, the Governor will have 'enhanced' allotment authority to selectively reduce state programs or transfer special revenue funds into the SGF. It seems certain the Governor will forego state contributions into the Kansas Public Employee Retirement System (KPERS) before June 30 but must repay these contributions by September 30 with 8% interest. Language was added to prohibit the privatization of Larned or Osawatomie State Hospitals without specific authorization by the Legislature. The Kansas Supreme Court ruling to add \$70 million to rectify equity funding issues in the school funding formula was ignored in this budget bill.

For the 2017 budget, \$30 million in SGF contributions to KPERS death and disability was deleted. The transfer of \$42 million in Children's Initiative Funds to the SGF was negated. The Children's Cabinet will technically control these funds although the Governor may adjust the funds. \$7.2 million of the \$42 million will come from the Temporary Assistance for Needy Families (TANF) block grant which will require the use of these TANF funds to be means tested. \$2.5 million in SGF is added to fund a 2.5% salary increase in Corrections for adult and juvenile corrections officers. (There is no salary increase for any other state employee. This has been the case since 2009.)

Again for 2017, the State's ending balances are below \$100 million so the Governor will have the same enhanced allotment authority to reduce SGF expenditures or transfer money from special revenue funds (such as the Highway Fund) to the SGF. While the Kansas Legislature could have re-balanced the revenue picture with fairer income taxes and had the time for such a debate, it is easier to slip out of town and let a lame duck Governor continue to denigrate public services. Once again - the Kansas Supreme Court order to rectify equity funding issues in the school funding formula was ignored for the 2017 budget. Larned and Osawatomie State Hospitals cannot be privatized without specific authorization by the Legislature. This budget bill did allocate \$50,000 for legal costs for the Kansas Legislature in regards to school funding issues before the Kansas Supreme Court. A constitutional showdown may be in the offing.

## **PUBLIC EDUCATION**

One debate has begun on creating a new school funding formula. **House Bill 2596** moves funding from a student based formula to a classroom based funding formula. This proposal could be fully debated next year before the Kansas Legislature. If passed, it would be piloted in 2018 in at least one school district in each of the four Congressional districts. If successful and workable, this classroom based funding formula would go statewide by 2019. The Kansas Legislative Post Audit would determine what qualifies as basic classroom instructional costs. HB 2596 is a broad framework with many details - such as the true cost to educate at-risk students or

special needs students – to be determined. What constitutes a classroom and instruction will have to be clearly delineated in statute. School superintendents and school board representatives have been working on developing a new school funding formula for the past year. Meanwhile the debate over tax credits for low income students attending private schools – **House Bill 2457** – could well be debated on the House floor on Monday. This bill was introduced in the House Federal and State Affairs committee so it is exempt from any time deadline to be passed.

## **CONSERVATION EASEMENTS**

**Senate Bill 425** allows boards of county commissioners to regulate granting of conservation easements on property located within such counties. A conservation easement may be created, conveyed, recorded, assigned, released, modified, terminated, or otherwise altered or affected in the same manner as other easements. Conservation easements would cease to be perpetual since they could be altered or terminated. Perpetual conservation easements protect important natural resources, prime farmland, tall grass prairies, wildlife habitat, and important water resources for future generations. These easements assist farm families with estate and succession planning providing beginning farmers an opportunity to purchase agricultural land at a discounted price. This bill authorizes county commissions to interfere with voluntary agreements between private landowners and private conservation organizations or government agencies who are currently authorized by law to accept and administer conservation easements. One hearing was held last Thursday on SB 425 where proponents were given 45 minutes of the hour to state their support but the 20 opponents in the room were told to come back some time in the future.

## **KANSAS CONSERVATION RESERVE ENHANCEMENT PROGRAM**

**Senate Bill 330** has now passed from the Senate Natural Resources committee and will be debated on the Senate floor next week. The Kansas Department of Agriculture division of conservation shall administer the conservation reserve enhancement program (CREP) on behalf of the state of Kansas pursuant to agreements with the United States Department of Agriculture for the purpose of implementing beneficial water quality and water quantity projects concerning targeted watersheds to be enrolled in CREP. All CREPs in Kansas shall not exceed 40,000 acres. No more than 25% of the acreage in CREP may be in any one county. Only partial field enrollments shall be accepted into a CREP established for water quality purposes. The Kansas Department of Agriculture will submit an annual CREP report documenting the acreage, total water rights retired, other water measurements and the economic impact.

## NATURAL RESOURCE BILLS

**Senate Sub. for House Bill 2059** creates an application requirement and fee to appropriate water that otherwise leaves the state. This bill would set the stage to appropriate water from the Missouri River. This bill passed the Senate Natural Resources committee but created great concerns over the cost and impact on negotiating with downstream states. This bill has now been placed back in the Senate Natural Resources committee for further debate..... **Senate Bill 384** changes and narrows the Kansas Nongame and Endangered Species Conservation Act. While this bill has had its hearing in the Senate Natural Resources committee, it was not worked by the committee this last week but will probably be worked in committee in March.

## STATE NUTRITION LABELING

**House Bill 2595** reserves regulation of nutrition labeling for food menu items in restaurants and vending machines to the legislature while bypassing local governments. The Kansas legislature has appointed local boards of county commissioners as the public health board in each county. HB 2595 would restrict local regulation and decision making on public health issues relating to nutrition. HB 2595 takes away the ability of the local community and its local board of health to determine its own programs and standards. HB 2595 could also stymie the development of community gardens and rezoning efforts of Kansas communities for urban agricultural use. HB 2595 was heard before the House Commerce, Labor and Economic Development committee on Wednesday and voted out of the committee on Thursday. It will be debated on the House floor on Monday – February 22.

## LOCAL FOOD AND FARM TASK FORCE

**Senate Bill 314** extends the 'local food and farm' task force through July 2017. This task force will submit a report to the 2017 Kansas Legislature. SB 314 passed the Senate on a vote of 38 to 1. The 2015 Local Food and Farm Task Force Report to the Kansas Legislature can be accessed at this site: <http://agriculture.ks.gov/divisions-programs/agricultural-marketing-advocacy-and-outreach-team/local-food-and-farm-task-force>