

## **2014 LEAGUE OF WOMEN VOTERS OF KANSAS E-REPORT #4**

Paul Johnson – February 7, 2014

### **KANSAS BIOSCIENCE AUTHORITY UPDATE**

The Kansas Bioscience Authority (KBA) was established in 2004 by the state legislature to help grow the bioscience sector into a pillar of the Kansas economy. The KBA invests in the bioscience sectors in which Kansas has established leadership and expertise such as human health, animal health, agricultural and bio-based products & energy. The vision is that Kansas will be a global destination for bioscience innovation, commercialization, growth and economic development.

The fundamental mission of the KBA is changing. When started in 2004 with the assistance of state universities, the plan was to recruit rising star scholars, determine types of facilities and research needed plus provide matching grants for federal grants. This mission was more basic research and building an infrastructure for the biosciences. Thus investments were made to attain the National Cancer Center designation at the University of Kansas and the National Bio- and Agro-defense Facility (NBAF) at Kansas State University. Since 2004, \$272 million has been invested in nearly 90 bioscience companies and other institutions. One revenue stream was to determine the number of new bio-science employees in the state and dedicate the taxes they pay to the KBA. There were also bonding authority given to the KBA to assist with new start-ups. Economic development funds from the lottery and casino gambling were pledged to the KBA. Questions arose over the fiscal efficiency and decision making at KBA - so Governor Brownback ordered a review and selected a new executive director – Duane Cantrell. Projects funded can be viewed at <http://www.kansasbioauthority.org/>.

2013 was a year of review and change brought on by the new director. To improve the return on invested funds, KBA has implemented a comprehensive strategic shift to a market-based, sustainable financial model through a balanced investment strategy while attracting private capital for investment in the state. The KBA administration has been reduced from 28 employees to 15 employees operating at half the budget saving \$3 million a year. The plan is by 2019 that KBA will have moved to a market-based, self-financing model independent of any funding from the Kansas Legislature. The clearly identified priorities are in human health, animal health and bio-agriculture. There have been discussions with a large foundation that wants to move into animal science. A large national hospital group wants to invest in intellectual technology. KBA needs \$105 million more in state funding through 2019 to obtain its self-sufficiency.

## **MEDICAID EXPANSION IN KANSAS**

As of January 2014, Kansas is one of 24 states that have not expanded the Medicaid program. Kansas has one of the lowest standards for Medicaid eligibility for non-elderly adults in the country. For parents and guardians, income must be less than 33% of the federal poverty level – about \$7,770 annual income for a family of four. In most cases, childless adults who are not disabled or elderly cannot qualify for Medicaid in Kansas regardless of how poor they are. The tax credits for the Affordable Care Act start at an income of 100% of the federal poverty level (\$23,550 family of four, \$11,490 for an individual). There are approximately 182,000 Kansans in the 'Medicaid Gap' that are too poor for the new health insurance tax credits but too rich to qualify for Medicaid (if they can participate at all). The Kansas Health Institute has a detailed issue paper on this 'Medicaid Gap' with a map of Kansas showing where eligible residents live by region. <http://www.khi.org/documents/2014/jan/28/issue-brief-kansas-eligibility-gap/>

The Kansas Hospital Association has hired former Secretary of Health and Human Services (HHS) Mike Leavitt and his consulting firm to provide options for Kansas to expand Medicaid and convince the Governor to take leadership on this issue. States such as Arkansas - with a conservative Republican Governor - have expanded Medicaid through the use of spending Medicaid dollars for private health insurance plans. This fits Kansas since Medicaid has been privatized in Kansas – called KanCare – and these three private health care firms cover over 400,000 Kansans. Without the expansion of Medicaid in Kansas, hospitals – especially in the rural areas – and other providers will be impacted by large numbers of people who will not gain health insurance and add to the uncompensated care. The federal government will pay the full cost for Medicaid expansion for two years and 90% of the cost of the expansion thereafter.

## **TELECOMMUNICATIONS TWO-STEP**

Senate Bill 304 would prohibit cities and counties from providing public broadband networks and internet service to their residents and businesses. The city of Chanute runs a high-speed broadband network for their schools, city buildings, hospital, banks and businesses. The Chanute city commission voted to offer this network to areas three miles outside city limits. This bill would have killed this plan and possibly interfere with Google's expansion in Kansas City, KS. The Senate Commerce Committee chairwoman had this bill on a fast track with one day of hearings on Feb. 4 and final action on Feb. 6. The blow back was severe by groups in Kansas and nationwide. The decision has been made to pull the bill, start a dialogue between the proponents & opponents and see if a compromise bill can be written.

## **THE STATE REVENUE RIDDLE**

The income tax revenue continues to decline as the Governor's tax policy is fully enacted. Press reports struggle to cover these changes. The 'consensus revenue estimators' meet twice a year (April and November) to update revenue changes in accordance with statutory changes. Last November, they factored in the lower income tax revenue so the recent January revenue report came in very close to the revised estimate. The real number is that individual income taxes have fallen from \$1.796 Billion in January 2013 to \$1.418 (\$378 million – 21%) for the first seven months of the 2014 fiscal year. The hope was that the sales tax revenue would increase significantly to offset some of the income tax decline. The November estimate for sales tax was \$196 million but the actual collection was \$191 million. By this April, the revenue estimators may have a better revenue understanding of the complete elimination of individual income taxes from 191,000 sole proprietorships, limited liability corporations (LLC's) and subchapter S corporations. For a great blog on how Kansas budgets are living off ending balances and questioning whether adequate revenues are in place for future budgets, read KHI's Duane Goossen's latest writing: <http://www.khi.org/weblogs/budget-blog/2014/jan/31/where-did-states-bank-balance-come/>

## **THE PLIGHT OF THE PRAIRIE CHICKEN**

The Kansas Secretary of State needs another fight with the federal government. This time it is over the lesser and greater prairie chicken and the federal Endangered Species Act. Claiming that these prairie chickens are non-migratory – thus never leaving Kansas – Mr. Kobach asserts that Kansas has sovereignty over these birds. Senate Bill 276 would prohibit any federal or state employee from enforcing or attempting to enforce any federal law, treaty, regulation or executive action that specifically regulates the habitats of the prairie chickens. Thus no farming practices or other human activity such as oil drilling or erecting electric power lines can be limited to protect habitat. The violation of this bill by federal or state employees would be severity level 10, nonperson felony. Any action against federal employees would be determined invalid in a federal court but it is less certain what would happen to state employees in state court.

In typical fashion with the Senate Natural Resources committee, the one day of hearings on this bill was not posted till one day before the hearing thus assisting the proponents and hindering the opponents. As usual the friends of the committee chair such as the Kansas Farm Bureau and the Kansas Electric Cooperatives were suited up and ready to support this governmental power grab. Opponents of this bill were not at this one hearing. The good news is that the Kansas Department of Wildlife, Parks and

Tourism presented information regarding a five-state comprehensive plan titled 'The Lesser Prairie Chicken Range-wide Conversation Plan'. The other states involved include Colorado, New Mexico, Oklahoma and Texas. The hope is that this voluntary plan will prevent the federal government from listing the prairie chickens as endangered but will allow most economic activity. There is concern that the U.S. Fish and Wildlife Service will make a decision by March. Opponents to the endangered listing say that the 90% loss of population is primarily driven by the drought and the prairie chickens will rebound as the drought subsides. SB 276 was voted out of committee on February 3 and now sits on the Senate Calendar. The Senate Natural Resources committee is holding an informational hearing on the aforementioned plan on February 10.

### **REGULATING 2,4-D SPRAYING IN DOUGLAS COUNTY**

Senator Tom Holland introduced Senate Sill 318 that would block any 2,4-D pesticide on agricultural land or right-of-ways from May 1 to October 15 of each calendar year. This bill came at the request of grape growers and has the support of cotton growers. As farmers have over used 'Round-Up Ready glyphosate pesticides' on their genetically engineered corn and soybeans, resistant 'super weeds' are appearing and farmers are turning to 2,4-D to control these weeds. The United States Department of Agriculture is preparing a draft environmental impact study on Dow's Enlist technology that paves the way for deregulation of 2,4-D tolerant crops which would mean a substantial increase in the use of 2,4-D. The use of highly volatile compounds, applications in winds directly towards sensitive crops (such as grapes and tomatoes), the lack of FDA residue tolerance levels, and adequate record keeping requirements are all major issues that have not been addressed.

### **WEEK OF FEBRUARY 10 TO 14**

**Senate Natural Resources** on Monday Feb. 10 in Room 159-S at 8:30 a.m.: Lesser Prairie Chicken Conservation Management Plan informational hearing.

**Senate Ethics & Elections** on Wednesday Feb. 12 in Room 159-S at 9:30 a.m.: Action on campaign finance and elections: HB 2130, HB 2112, SB 98, SB 156 – on Thursday Feb 13: hearing on HB 2210 – elections; change of party affiliation.

**Senate Ways & Means** on Monday Feb. 10 in Room 548-S at 10:30 a.m.: Education caseloads in Governor's Budget Recommendations report by staff.

**Senate Way & Means Social Services Subcommittee** on Thursday Feb 13 at 3:30 p.m. in Room 548-S: Kansas Department of Children and Families budget report and the Temporary Assistance for Needy Families program report.

**House Appropriations** on Monday Feb. 10 at 9 a.m. in Room 112-N: Budget reports on CURB, Kansas Corporation Commission, Kansas Department of Agriculture, Department of Wildlife, Parks and Tourism and Kansas Water Office.

**House Federal & State Affairs** on Tuesday Feb 11 at 9 a.m. in Room 346-S: Final action on HB 2508: Amendments to statutes regulating abortion.

**House and Senate Education** on Tuesday Feb. 11 at 1:30 p.m. in Room 281-N: Report on at-risk student weightings, funding, student count and at-risk annual reports review.

**House Elections** on Monday Feb. 10 at 1:30 p.m. in Room 281-N: HB 2227 – municipalities elections in odd-numbered years; non-partisan.

**House Social Services Budget** on Monday Feb. 10 at 3:30 p.m. in Room 144-S: Mental Health Hospitals and Mental Health issues – public testimony.

Note: February 10 is the final day for most committees to introduce bills. Check 'current happenings' at [www.kslegislature.org](http://www.kslegislature.org).