

## **2014 LEAGUE OF WOMEN VOTERS OF KANSAS E-REPORT #5**

Paul Johnson – February 14, 2014

### **SCHOOL FUNDING UPDATE**

The school funding decisions continue to linger. Everyone is waiting for a decision from the Kansas Supreme Court on the school finance case before them. Friday mornings around 9:30 a.m. is the time when the Court releases their decisions so the watch continues on. The Governor has recommended a \$38 million increase in funding for public schools to hold the Base State Aid Per Pupil (BSAPP) at \$3,838 for 2014 and \$3,852 for 2015. The Kansas House has formed a special committee to study the Governor's recommendation for the state to fund all-day kindergarten. The Governor's proposal was not vetted to legislative leadership before the program was announced so that has not improved its chances.

The \$38 million increase over two years is driven primarily by two factors that the Legislature must estimate before the school year starts the following fall. One factor is the estimate what 20 mills of local property tax will generate for the school funding formula. If the estimate falls short, the State of Kansas must provide additional resources. This has been particularly challenging given the decline in property values during the recession and now a sluggish recovery. The second estimate is the number of students who will be enrolled. From 2012 to 2013 the number of students increased from 456,000 to 457,896 but not all students are counted the same. For poor students who receive free school lunch or are at-risk academically, Kansas provides a special weighting of .456 so 'at-risk' students are counted at 1.456 times the BSAPP of \$3,838. So while there are 457,896 actual students when weighting is factored in the student count is at 680,000. In the last five years, the number of free lunch students has increased from 152,000 to 190,000 – a 26% increase while actual student growth has been only 3%. When you add free lunch students – who are below 130% of the federal poverty line – and reduced lunch students – who are below 185% of the federal poverty line – the combined population represent 50% of all K-12 students.

The debate over state funding of all-day kindergarten is far from settled. Today only 15 of the 286 school districts do not offer all-day kindergarten while 20 districts charge tuition of up to \$1,375 per semester. Many schools use the extra funding they get from the 'at-risk' funding to fund the program while other schools fund the program from a mix of sources. The cost of the Governor's proposal starts at \$16 million a year and increases to \$80 million a year in five years. There is such a debate under the dome now on present funding levels for schools and how effectively these funds are being utilized. The Governor is putting more funds into shoring up the retirement system

(KPERS) for school employees but that money does not directly impact the classroom. There is a question how this expansion of state funding for all-day kindergarten would be considered by the Kansas Supreme Court in relation to the lawsuit. In the 2015 budget picture, the Governor is using 'one-time' ending balances and only a 4% ending balance – as opposed to 7.5% - to construct the 2015 State budget. Conservative deficit hawks in the Kansas House have grave concerns over this excessive spending so state funding for all-day kindergarten may be an unaffordable.

### **THE ENERGY EFFICIENCY INVESTMENT ACT**

Kansas City Power & Light (KCP&L) – that serves 200,000 customers in Kansas and many more in Missouri – requested the introduction of Senate Bill 374 that is titled 'AN ACT creating the energy efficiency investment act'. The goal of this act is to 'promote the implementation and expansion of cost-effective demand-side programs and investments in Kansas. It shall be the policy of the state to value demand-side program investments equal to traditional investments in supply and delivery infrastructure as much as is practicable'. (Demand-side programs include energy efficiency measures, load management, demand response and interruptible loads.) KCP&L has installed these demand-side programs in Missouri since 2005. Over 250,000 customers have participated. From KCP&L's view point, energy efficiency is the cheapest way to meet energy demand and the quickest to deploy. KCP&L has enough power plants in place now and could meet all new demand with energy efficiency and renewable energy.

This bill could be a seismic change in electric utility planning for Kansas. This bill could force the Kansas Corporation Commission (KCC) to fundamentally re-configure electric utility regulation. The basis of utility regulation in Kansas was first introduced in 1918 and fully codified in 1934. In exchange for a regulated monopoly status to serve a given region of the state with no competition by another electric or natural gas company, the company is required to provide 'sufficient and efficient service'. The definition of 'efficient service' needs to be updated to the 21<sup>st</sup> century. With the technological improvements seen in lighting, air conditioners, refrigerators, programmable thermostats and weatherization products, it is much cheaper to save electricity than to produce new power. While Kansas has 1.1 million occupied homes, the KCC and the utilities have no idea how many of these residences are adequately insulated. The greatest use of electricity in Kansas comes in the summer and is driven by air conditioning but no analysis has been done on replacing inefficient room or central unit air conditioners before generating costly peak load electricity. This bill would finally force the KCC to do some basic demand-side analysis and develop specific numbers for energy efficient investments that could save Kansans millions of dollars by buying less Wyoming coal and putting those dollars into improving our homes and businesses.

This bill deserves our support and is a great beginning for a very necessary energy efficiency discussion in Kansas. Kansas ranks 48<sup>th</sup> of the 50 states in having utility based or government funded energy conservation programs. The debate can start with this bill and its focus on electricity but that should be just a start. Over 75% of all residences in Kansas are heated by natural gas. Westar – the largest electric utility in Kansas – has 680,000 customers while 325,000 of these customers have natural gas for heating. A quality energy audit and a complete weatherization plan would save both on natural gas heating costs and air conditioning bills. Another major challenge is how to provide energy efficiency services to rental properties? 32% of the 1.1 million occupied residences in Kansas are rentals. Midwest Energy in Hays has developed energy conservation improvements to rental units by providing energy audits, developing a cost-effective energy conservation plan and connecting the cost of the plan to the electric meter so any occupant is realizing the energy savings and funding repayment through their electric bill. (In practice, the occupant pays an electric bill that does not change for five to seven years and Midwest captures the energy savings to pay off the conservation investments). There is always a battle between electric and natural gas utilities over fuel switching so the KCC would need to mediate that battle. SB 374 is being heard before the Senate Utilities committee on Thursday Feb. 20 at 1:30 p.m. in Room 548-S. This bill will generate much debate and as written will be opposed by Kansas Gas Service – the largest natural gas utility in Kansas. So it is unlikely SB 374 will move this year but a substantive debate on energy efficiency by a major electric utility has begun and it will be back next year.

### **THE LOCAL FOOD AND FARM TASK FORCE**

Senate Bill 380 establishes a statewide task force to 'prepare a local food and farm plan containing policy and funding recommendations for expanding and supporting local food systems and for assessing and overcoming obstacles necessary to increase locally grown food production'. This bill was introduced as a Senate Agriculture committee bill on February 10 and will be heard before the Senate Agriculture committee on Wednesday Feb. 19 at 8:30 a.m. in Room 159-S. This bill is modeled after the 'Iowa Local Food and Farm Plan' that was completed in September 2011.

<http://www.leopold.iastate.edu/pubs-and-papers/iowa-local-food-and-farm-plan>

This task force will have 18 members including legislators, economists, farm organization representatives, KSU, food stamp and WIC administrators, small business development centers, beginning farmer loan program, Kansas Department of Agriculture and farmer's market managers. Local food data has been researched by Dr. Rhonda Janke at KSU as well as by the Douglas County Food Policy Council. The data shows that while Kansans spend \$767 million a year on fruits and vegetables, only \$32

million (4%) is grown locally. The interest in local foods continues to expand as the number of farmers markets have doubled to 118 in the last 20 years. The consumer demand for local produce and meats continues to grow rapidly so more specialty crop farmers will be needed as well as an expansion of local meat processors. Several rural grocery stores have closed over the last few years and communities are assessing their options to provide food for their residents. Kansas has several under-served regions where quality produce is not available. The USDA food plate recommends that 50% of one's food plate should be fruits and vegetables but less than 15% of Kansans reach that recommendation. Expansion of local foods could be a great benefit for the health of Kansans and an economic boost for both rural and urban counties.

### **LEGISLATION TO WATCH**

**Senate Bill 323** – this bill will have future conservation easements terminate upon the death of the grantor or upon a specified term of years in the contract.

**House Bill 2550** – this bill repeals the 'Required Atmospheric Mercury Deposition Monitoring Network'.

**Senate Bill 156** – increases campaign contribution limits for several offices in Kansas.

**Senate Bill 211** – Elections; municipalities; primary and general elections; date change; partisan.

**Senate Bill 280** – establishing a new net metering policy.

### **WEEK OF FEBRUARY 17 – 21, 2014**

**House Appropriations** - Tuesday Feb. 18 at 9 a.m. in Room 112-N: Budget Report on Education.

**House Utilities and Communications** – Wednesday Feb. 19 at 9 a.m. in Room 582-N: HB 2465 – Utilities and generation of electricity by renewable sources.

**House Elections** – Wednesday Feb. 19 at 1:30 p.m. in Room 281-N: Hearing on HB 2535 – Campaign finance; legislators, candidates, others may solicit but not accept donations during legislative session.

**House Social Services Budget** – Tuesday Feb 18 at 3:30 p.m. in Room 144-S: Kansas Department for Children and Families: budget overview, agency testimony, public testimony

**Senate Agriculture** – Wednesday Feb 19 at 8:30 a.m. in Room 159-S: SB 380 – Establishing the local food and farm task force.

**Senate Ethics and Elections** – Wednesday Feb. 19 at 9:30 a.m. in Room 159-S: SB 211 – Elections, municipalities, primary and general elections; date change; partisan

**Senate Utilities** – Tuesday Feb 18 at 1:30 p.m. in Room 548-S: SB 280 – net metering – Thursday Feb. 20 – SB 374 – energy efficiency investment act.

(Note: A number of bills were introduced this last week. Go to the Kansas Legislature website: [http://www.kslegislature.org/li/b2013\\_14/measures/bills/](http://www.kslegislature.org/li/b2013_14/measures/bills/) and hit the (>I) and it will take you to latest bills filed. You can scroll up by number and title.)