

KLPG Capitol Highlights

2019 Legislature, Week Two

About KLPG:

KLPG is a bipartisan, voluntary, independent, non-profit corporation comprised of elected county commissioners in rural counties interested in preserving & strengthening constitutional government.



ECONOMIC OPTIMISM

Wichita State University's Center for Economic Development & Business Research Director said in a presentation to state lawmakers that he is optimistic about the Kansas economy in part because it has made lots of corrections in several markets in recent years. There is concern that trade policies could derail the progress and that the agriculture industry in Kansas will continue to have a negative impact in 2019 as it has for the past two years. Another big concern is the housing market, which has shown signs of struggle. Bank lending on new housing has dropped off because yields are so low. However, on the upside the state's aerospace industry is seeing a resurgence and is expected to continue to grow and be a boost for the overall economy plus after a decade of shifting from a high-skill to low-skill workforce, there are signs of that reversing. A tight labor market has given employees more leverage in seeking higher wages because businesses must now compete for skilled workers.

MEDICAID EXPANSION PROPOSED

Representative Kathy Moore formally introduced a bill this week in the House Appropriations Committee and the Senate Ways and Means Committee that would facilitate expanding Medicaid to provide coverage for an additional 150,000 Kansans. The legislation, which has already been endorsed by Governor Kelly, closely resembles a bill previously passed by the House & Senate in 2017 but vetoed by the then sitting governor costing the health system in Kansas billions in federal tax dollars. For this updated version to pass, supporters will need 63 votes in the House and 21 in the Senate. The plan expands eligibility for medical assistance to individual adults under age 65 who earn less than \$16,611.70. The legislation requires the Kansas Department of Health and Environment to refer non-disabled adults who enroll in expanded Medicaid to the state's existing workforce training programs and work search resources if they are unemployed or working less than 20 hours a week. The federal government will pay 90% of the total cost to expand making the state's cost \$14 million. The proposal includes a provision that would end the expansion if the federal government curtails financial assistance. Kansas is one of only 14 states that have not yet expanded Medicaid under provisions of the Affordable Care Act. Based on a series of surveys, most Kansans endorse Medicaid expansion. If passed this session, the plan would begin January 1, 2020.

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Capitol Highlights is a weekly legislative summary of recent Kansas government, and other statewide news, gathered and compiled independently by Pinegar, Smith & Associates from news media reports.

ELECTRIC COSTS DEBATED

A Senior Vice President of Evergy, (which was created in 2018 by the merger of KCP&L and Westar) told a House committee that his company is extremely concerned about rate competitiveness and suggested complaints about excessive electric rates in Kansas didn't consider their massive investment in renewable sources of power or compliance with federal mandates on emissions from coal plants. He said the company had a vested interest in offering rates attractive to companies being recruited to Kansas while also providing a reliable service to consumers that generated a reasonable rate of return for investors and noted a rate study was submitted to the Kansas Corporation Commission revealing electricity prices were in line with national averages and had entered a period of stability. The study showed price advantages Kansas consumers had enjoyed were now eroding because of flat or falling power consumption by industry, a drop in export sales of energy, influence of modest natural gas prices, mandated

environmental retrofits to coal plants, as well as transmission infrastructure and wind farm investment. However, a spokesperson for the Kansas Industrial Consumers Group countered that the cost of electricity in Kansas is higher than all surrounding states and urged the Legislature to order a comprehensive analysis of electricity pricing. In reaction to that suggestion the Evergy representative stated it wasn't necessary for lawmakers to wade into the rate issue because the merger agreement prohibits any base rate changes for five years, through December 2023, and it has already led to rate reductions of \$60 million annually.

MEETING FOOD NEEDS

Paula Peters, Associate Director of Extension Programs at Kansas State reported that the nutrition assistance component to the Farm Bill served the interest of low-income Kansans. The Farm Bill signed by POTUS invested 80% of funding into nutrition and food programs. Kansas extension services receives \$700,000 annually for a special nutrition education program that employs community members to help peers improve diet and physical activity. In the 2018 fiscal year, Kansas received \$299 million for food stamps, which provided aid to 219,000 people with "food insecurity" issues. The challenge of providing adequate access to food in Kansas was influenced by loss of the grocery stores in about 85 rural communities

since 2010. Kansas ranked 44th in the nation for enrolling only 69% of eligible people in food stamps.

TEACHERS BRING CONCERNS TO CAPITAL

During a visit to the State Capitol, 2019 Kansas Teacher of the Year Whitney Morgan said that in her Wyandotte High School classroom she routinely is responsible for students who speak a dozen different languages, exhibit varying degrees of literacy, and reflect inconsistent exposure to formal education primarily because most have lived in the United States for less than three years. Morgan was among a group of eight elite teachers who shared their visions for educational attainment with members of the House and Senate. They encouraged Kansas officials to reduce class sizes, expand teacher development programs and reconsider data used to drive instruction. Sharon Kuchinski of Leavenworth High School spoke of the teaching profession's crisis in recruitment due to the modest salaries of teachers earn vs other degreed occupations; Megan Clark, of Clear Creek Elementary stressed the importance of arts education as an experience that builds students' motor skills, self-expression and creativity; T.J. Warsnak of Halstead High School regaled the role of extracurricular activities in ushering students toward academic achievement by building leadership, resilience, and organizational skills that support academic rigor; Nicole Corn of at Sunset Hill Elementary discussed why Kindergarten is a critical time for exploration that expands young minds; Signe Cook, of Park

Elementary pointed out the fact that two-thirds of students in the U.S. experience trauma by age 16 noting that the influence of school counselors on children suffering can't be understated yet the ratio of students and school counselors in Kansas is 473:1 way above the national average of 250:1.

HEMP PRODUCTION CONSIDERATIONS

Marty Draper, Kansas State University Associate Dean of Research and Graduate Programs told the Senate Ways and Means Committee significant challenges must be overcome to meaningfully integrate industrial hemp into the state's production agriculture system. Overhaul of state and federal law regarding the cultivation of hemp represent an opportunity for scientists and farmers to explore prospects of growing a version of marijuana that provides raw material in manufacturing of textiles and other products. A state law adopted by the 2018 Kansas Legislature paved the way for research on the plant by higher education institutions. Mike Beam, Interim Secretary of The Kansas Department of Agriculture, reminded committee members that individual states were authorized to develop plans for commercial hemp production subject to approval by the U.S. Department of Agriculture noting that if Kansas chooses

to submit a state plan for USDA approval lawmakers will need to advance legislation this session.

REPAYING KPERS PLANNED

The Kansas Senate's Budget Committee voted to earmark \$115 million to be credited to the Public School Employee Unit, which has the largest unfunded liability in the Kansas Public Employees Retirement System, to make up for a missed payment three years ago. The state is obligated to pay the principal amount plus 8% interest to settle the pension debt, which generates \$630,000 interest monthly. Senate Majority Leader Jim Denning urged senators to pass Senate Bill 9 out, get it over to the House, and to the governor's desk as quickly as possible. However, Senator Tom Hawk said the bill should be tabled until fiscal analysts produced a new state tax revenue report in April so that lawmakers would have a consensus revenue estimate and a better long-term picture of what the state budget will be.

RURAL REVITALIZATION COMMITTEE FORMED

A new Kansas Legislature standing committee has been recently established: The Rural Revitalization Committee. The intention is to address issues tied to depopulation of rural Kansas communities including health care, broadband availability,

sustainability of water resources, transportation networks and access to agricultural markets. The committee will also evaluate economic incentives such as the Rural Opportunity Zones to determine effectiveness and gaps in tax programs that attract business growth. The move to form this group was compelled by the 2018 election cycle in which House and Senate leadership drifted toward urban centers. The 2020 Census is expected to further concentrate legislative districts in bigger cities, raising questions about future influence of rural lawmakers. The 17-member committee is chaired by Representative Don Hineman with Representative Adam Smith serving as vice chairman. The committee is currently meeting daily to establish goals and has not brought forward any legislation at this time.

HOMELESS ASSISTANCE GRANTS

Fiscal Year 2018 Continuum of Care Renewal Grants have allotted almost two billion dollars for nearly six thousand programs across the country dedicated to sheltering and assisting the homeless. The latest government data suggest there are more than half a million homeless people in the U.S. The grants are identical to those given out last year and the funding is unaffected by the recently resolved shutdown as it comes from the previous year's budget. More grants could be awarded soon now that the government is fully re-open. Kansas was awarded 33 grants for a total of \$7,243,664.