



# **Bright and Carpenter Consulting, Inc.**

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## **February 2, 2018 Legislative Update**

Week four of the 2018 Kansas Legislative Session continued with committee work. The main-focus of this week was the swearing in of new Governor Jeff Colyer and Governor Brownback's resignation. In addition, a prominent new candidate for Insurance Commissioner announced her candidacy and a controversy over spending on K12 transportation funding came to light.

### **Governor Colyer**

Dr. Jeff Colyer officially became Governor of Kansas in a swearing in ceremony on Wednesday. This had been anticipated for more than six months following former Governor Brownback's nomination by President Trump as Ambassador for Religious Freedom. The former Lieutenant Governor became Governor and promising a new tone and vowing to listen and work with one and all to solve the challenges facing Kansas.

### **Insurance Commissioner**

On Monday, four term Senator Vicki Schmidt of Topeka, officially announced she would be entering the race for Insurance Commissioner of Kansas. Senator Schmidt enters the race to succeed one-term Commissioner Ken Selzer who chose not to run again and is running for the Republican nomination for Governor. Senator Schmidt, who chairs the Senate Public Health and Welfare committee, does not have to give up her seat, as she is in the middle of her four-year term. The only other Republican candidate currently in the race is Clark Shultz who was defeated four years ago by Selzer and now works for Selzer in the Kansas Insurance Department.

### **K12 Transportation Controversy**

Last Friday, an emergency meeting was held by the State Board of Education to consider whether Deputy Commissioner of Education Dale Dennis, the state's top school finance formula administrator, should be placed on paid administrative leave. The issue at hand was Dennis' decades long distribution of student transportation funds to school districts without legislative authority.

The issue came to light following an audit of the K12 Transportation Budget. The audit revealed that Dennis had appropriated around \$10 million more each year than was called for in the formula to determine funds. Senate President Susan Wagle, House Speaker Ron Ryckman, Senate Majority Leader Jim Denning, and Senate Education Committee Chairperson Molly Baumgardner, all Republicans, called for the action while the state conducts a full audit of the K12 finances and expenditures.

Dennis' explanation was that he had been instructed in 1984 by the Senate Vice President Charlie Angell (who passed away in 2014) to use a "curve of best fit" formula to distribute funds and that he has done so ever since despite it not being allowed in state statute.

The State Board of Education, on a 9-1 vote, instructed Education Commissioner Randy Watson to continue the employment of Dennis and that no action was to be taken against him. What happens next is not certain. Several bills have been introduced to change statute to make the manner in which Dennis has been distributing transportation funds legal. In addition, there are continued calls for a full audit of K12 funding and distribution to see what else may be occurring.

## **KCC**

Pat Apple will vacate his seat on the three-member Kansas Corporation Committee at the end of his term on March 15<sup>th</sup>. Before leaving for his new position Governor Brownback set a February 9<sup>th</sup> deadline for applicants to make their desire known and to have their application completed. Governor Colyer will now nominate the new member to take over for Apple.

## **Budget Update**

More informational heading for the Legislature's budget committees this week and both sides held hearings on bills.

The Senate Ways and Means Committee held hearings on a bill to require legislative action in the future before changes are made to medical assistance programs. This is part of an ongoing struggle between legislators and the administration on state programs for medical assistance. The KanCare system and expansion of Medicaid in Kansas are part of the political struggle, and since these programs are a sizable part of the budget.

The Ways and Means Committee also held hearings on establishing a cyber security agency in the executive branch. With more data being used and stored by the State, cyber security is a growing concern for legislators. Cyber attacks are becoming more frequent and state governments are looking to strengthen their ability to protect their data.

The House Appropriations Committee held hearings on a bill on collecting debts owed to the state which third party vendors, like casinos, might hold. The committee passed a similar bill last year. There is continued interest by committee members to address this for collecting child support and similar debts.

The House committee also had an informational hearing on the oil and gas industry in Kansas. The severance tax revenues collected are usually discussed in committee, but the industry as a whole is not as familiar to some committee members. The Chair of the committee thought the members would benefit from knowing more about this industry with its national and global reach.

Both Chairs announced that budget subcommittees will start meeting, and the House could hear its first budget subcommittee report next week.

## **Next Week**

Next week we will see continued action on bills as well. We also anticipate an address by Governor Colyer to a joint session of the House and Senate. SB 307, the amusement ride bill will be heard next week in the Senate Fed and State Committee. There is compromise language being discussed that will address agritourism issues as well as the slide height for waterslide inspections. In addition, the Senate Ways and Means Committee will continue work on a bill to set up a taskforce to examine the states needs for a new transportation program.

