

# State Representative

# Don Hineman

## Don's Legislative Update

January 24, 2016

### A Budget Crisis, but with a Ray of Hope

The 2016 Kansas legislative session began last week and so far things are off to a slow start. Governor Brownback gave his State of the State message on Tuesday. Many observers shared my disappointment and surprise that the governor failed to mention the serious financial challenges facing the state. I noted that it could well be the defining issue of the 2016 legislative session.

Two months ago [I wrote](#) about the difficult situation the state is in, with current revenue receipts falling short of budgeted expenditures. Some folks maintain we have a spending problem and not a revenue problem, and that the solution to the shortfall is to cut state budgets some more. However many legislators as well as Kansas citizens have now come to the conclusion that any further budget cuts will affect vital governmental services and do real harm to the people of the state.

Since November the state's financial picture has actually gotten a bit worse, as December receipts once again followed the recent trend and failed to meet expectations. Last week Governor Brownback presented his Governor's Budget Report (GBR) as a pathway to solution.

[Budget Director's Overview Presentation](#)

[Governor's Budget Report, Volume I](#)

[Governor's Budget Report, Volume II](#)

However we have a problem. If the recommendations contained in this report were adopted, and given what we know of December revenue shortfalls, the projected ending balance at the end of the current fiscal year on June 30 would be only \$9 million. That is enough to fund state government for twelve and a half hours. If everything works as projected, we will end the fiscal year with only enough money in the bank to get us to noon of the next day. And things rarely work as projected.

Fortunately another report issued last week shines a ray of hope on this difficult situation. An efficiency study of state government was commissioned by the Legislative Coordinating Council last spring at a cost of \$2.6 million. Alvarez and Marsal, the firm which conducted the study, released their findings last Tuesday in a [266-page report](#) containing 105 recommendations for streamlining government and making it more efficient and cost-effective. Their estimate of the total savings over five years if all of their recommendations were adopted is an impressive \$2.04 billion.

Alvarez and Marsal identified the greatest potential for five-year savings in these areas:



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### Useful Phone Numbers

Department On Aging  
800-432-3535

Child/Adult Abuse Hotline  
800-922-5330

Child & Family Services  
888-369-4777

Education	\$609 million
Department of Revenue	\$382 million
Medicaid	190\$ million
Risk management and Insurance	\$177 million
Procurement	\$142 million
Information Technology	\$43 million

I have reviewed their recommendations and am impressed with the depth of their study and the common-sense nature of most of their recommendations. In fact some of them are so common-sense that we should have already known about them, and in a few instances we did. An example is the recommendation to hire more agents and auditors at Department of Revenue for the purposes of collecting delinquent taxes (page 208). I remember discussion of this matter as early as 2010, and in fact we appropriated more funds for the hiring of extra personnel at that time. But since then staffing has again declined and the need has grown. Alvarez and Marsal estimate that this step alone could generate \$322 million for the state over the next five years.

So will we act on these recommendations? I believe we will, at least in part. Bureaucratic inertia is an ever-present problem, and departmental control and turf battles will no doubt arise. The Department of Revenue is already acting on the suggestion mentioned above, but at least one other department head has registered resistance to some of the suggestions for his department. However we have the opportunity to turn suggestions into fully-enacted cost-saving and streamlining measures, and there is no better time for that than when the state is in a full-blown budget crisis as it is now.

It is probably unrealistic to think that we can or will achieve the entire \$2.04 billion of savings. But I am very encouraged that many of the suggestions in the report can and should be put into practice. I intend to do whatever I can to move the process along.

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## Realignment or Consolidation?

This past week Representative John Bradford (R-Leavenworth) introduced [House Bill 2504 to "realign" school districts](#) throughout the state. Funny thing though. His realignment looks a lot like district consolidation. This bill requires all counties with fewer than 10,000 students to consolidate into a county-wide district. In counties with more than 10,000 students, districts would be consolidated such that no district would have fewer than 1,500 students. The State Board of Education would redraw the lines in 2017 and would then redraw them each subsequent 10 years.

Obviously this would have very significant impacts on rural school districts throughout the state, including all of the twenty school districts which are contained within [my legislative district](#). Can the state save some money by consolidating? Yes, of course. But the savings come with significant costs at both the state and local level, and there is continuing controversy about how great the net savings might be. A [Legislative Post Audit study](#) of the question in February 2010 estimated that \$138 million per year could be saved by forcing consolidation of districts with fewer than 1600 students. However such a plan would involve the bussing of an additional 7,000 students and thousands of more miles of student transit would be the result throughout Kansas.

**Consumer Protection**  
800-423-2310

**Crime Tip Hotline**  
800-252-8477

**Crime Victim Assistance**  
800-828-9745

**Gov- Brownback**  
800-748-4408

**Highway Road Conditions**  
511 (in Kansas)

**Housing Hotline**  
800-752-4422

**KanCare Assistance**  
866-305-5147

**Kansas Lottery**  
800-544-9467

**Legislative Hotline**  
800-432-3924

**Mental Health Services**  
888-582-3759

**School Safety Hotline**  
877-626-8203

**Social Security**  
800-772-1213

**Taxpayer Assistance**  
785-368-8222

**Tax Refund Status**  
800-894-0318

**Unclaimed Property**  
800-432-0386

**Unemployment Insurance**  
800-292-6333

**Vital Statistics**  
785-296-1400

**Voter Registration**  
800-262-8683

**Welfare Fraud Hotline**  
800-432-3913

**Worker's Comp**  
800-332-0353

Other costs would be incurred in the need to construct additional buildings or classrooms at the new centralized locations. One intangible but quite real cost, of course, is the cost to a community if the consolidation plan leads to the closing of an attendance center or the elimination of a district. Quite often this is the final step toward extinction of the community.

The study issued two final recommendations. The first was to consider limiting or eliminating the provision allowing districts to enter into long-term inter-local agreements with another district to share entire grades. The second recommendation was enhance incentives to encourage districts to voluntarily consolidate. There was no recommendation to force consolidation, and any top-down initiative to do so, as HB 2504 would do, is absolutely the wrong approach. I find it quite significant that the Alvarez and Marsal study, while including a number of suggestions for savings in the K-12 system, did not recommend any move toward forced consolidation. I view HB 2504 as a big-government approach to problem solving, and I will fight it vigorously.

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## Constituent Survey

Last fall I conducted a survey of my constituents, first as a mail-in survey and then followed up with an online version. I received 119 mail responses and 57 online for a total of 156. I caution that this is not a scientific unbiased poll and yet I find the results quite interesting:

	Yes	No
Do you support the \$431 million sales tax increase passed by the 2015 legislature?	21.6%	65.3%
Should Kansas expand Medicaid?	74.4%	19.3%
Did the courts rule correctly regarding K-12 funding?	59.1%	23.9%

When asked if K-12 was adequately funded, 60.2% said no, 26.7% thought funding was adequate, and only 8.5% thought funding was excessive.

When asked what steps the state should take to balance the budget, 57.1% advocated for discontinuing the tax cut of 2012. 39.5% suggested spending cuts and 15.1% promoted raising the sales tax even further. Only 3.4% supported an increase in property taxes as a way to cure the state's financial woes.

On the question of what issues the legislature should focus more time and attention on, respondents replied:

Taxes and Budget	66.4%
Education	57.1%
Highways	36.1%
26.1%	26.1
Second Amendment Issues	16.0%
Public Safety	15.1%

Right to Life Issues	14.3%
Marriage and Family Issues	14.3%

Thank you to everyone who responded. This information will be valuable to me as I deal with the issues which await us during the 2016 legislative session.

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## Subscribe or Forward

This newsletter is primarily intended for the residents of the 118th District (all of Wichita, Scott, Lane, Logan, Gove, Trego, and Sheridan Counties and portions of Thomas and Graham Counties). However it is available to anyone who finds it of interest. Please forward to your friends, or if you are not now receiving a FREE subscription to my newsletter, [click here to sign up](#).

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### Cowboy Logic

There is no vaccine for stupidity.

### Quote of the day

“Education costs money, but then so does ignorance.” -- *Clas Moser*

### Sermon in a sentence

Talk is cheap because the supply exceeds the demand.

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### Representative Don Hineman

Visit My Website at <http://www.hinemanforkansas.org/>

116 S. Longhorn Road	Room 50A, State Capitol Building
Dighton, Kansas 67839	300 SW 10th Street
Phone: 620-397-2504	Topeka, Kansas 66612
Fax: 620-397-755	Phone: 785-296-7636
Email: <a href="mailto:dhineman@st-tel.net">dhineman@st-tel.net</a>	Email: <a href="mailto:don.hineman@house.ks.gov">don.hineman@house.ks.gov</a>

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Newsletter Paid for by Hineman For Kansas - Derek Martin, Treasurer