

Committee Reports to the 2024 Kansas Legislature

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Supplement

**Kansas Legislative Research Department
February 2024**

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*Providing objective research and fiscal
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**Special Committees;
Selected Joint Committees;
Other Committees,
Commissions, and
Task Forces**

Special Committee on Civil Asset Forfeiture
Special Committee on Energy and Utilities
Legislative Budget Committee
Special Education and Related Services
Funding Task Force



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Foreword

This publication is the supplement to the *Committee Reports to the 2024 Legislature*. It contains the reports of the following committees: Special Committee on Civil Asset Forfeiture, Special Committee on Energy and Utilities, Legislative Budget Committee, and Special Education and Related Services Funding Task Force.

Summary information for all interim reports' conclusions and recommendations is published in the January 2024 *Committee Reports to the 2024 Legislature*.

This publication is available in electronic format at <https://klrd.org>.

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Report of the Special Committee on Civil Asset Forfeiture to the 2024 Kansas Legislature

CHAIRPERSON: Representative Stephen Owens

VICE-CHAIRPERSON: Senator Kellie Warren

OTHER MEMBERS: Senators Elaine Bowers, David Haley, Jeff Longbine, and Rick Wilborn; and Representatives Ford Carr, Bob Lewis, Carl Maughan, Dan Osman, and John Resman

STUDY TOPIC

The Committee is directed to:

- Review current statutes and recommend possible changes concerning civil asset forfeitures. Such study will include a review of a report submitted by the Judicial Council on this matter.

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Special Committee on Civil Asset Forfeiture

REPORT

Conclusions and Recommendations

The Committee recommends the following reform measures related to the Kansas Standard Asset Seizure and Forfeiture Act be considered by the 2024 Legislature:

- Deleting offenses involving controlled substances that apply primarily to a “user” from the list of offenses giving rise to forfeiture;
- Requiring seizing agencies to return property if certain timelines are not met to engage an attorney or otherwise move the case forward;
- Prohibiting pre-forfeiture waivers of rights in property;
- Allowing a proportionality hearing to be requested at any time;
- Requiring a judge to determine whether there is probable cause supporting forfeiture as a preliminary matter;
- Requiring an automatic stay of discovery in the forfeiture proceeding during a criminal proceeding alleging the same conduct;
- Establishing that a seizing agency can be ordered to pay a prevailing claimant’s attorneys’ fees; and
- Requiring the State to prove property is subject to forfeiture by a “clear and convincing” standard.

The Committee also recommended the following items be further studied by a standing committee of the 2024 Legislature:

- Transfers and federal adoptions;
- The right to a jury trial in forfeiture proceedings;
- The right to counsel in forfeiture proceedings; and
- Where forfeiture proceeds should be directed.

Proposed Legislation: None.

BACKGROUND

The Legislative Coordinating Council authorized the Special Committee on Civil Asset Forfeiture (Committee) to review current statutes and recommend possible changes concerning civil asset forfeitures. The Committee was also directed to review the report submitted by the Civil Asset Forfeiture Advisory Committee of the Judicial Council on this matter. The Committee was authorized to meet for one day during the 2023 Interim Session.

COMMITTEE ACTIVITIES

The Committee met on December 6, 2023, and heard testimony from several stakeholders on the topic of civil asset forfeiture.

Presentation on Kansas Civil Asset Forfeiture Laws and HB 2380 Overview

An Assistant Revisor, Office of Revisor of Statutes, provided a brief overview of each section of law contained in the Kansas Standard Asset Seizure and Forfeiture Act, KSA 60-4101, *et seq.*

Overview of Recent Changes to Forfeiture Laws in Other States

The Director of Policy and Research, Council of State Governments (CSG) Midwest, presented information regarding recent forfeiture law changes in other states.

The Director stated new civil asset forfeiture laws have been passed in ten other CSG Midwest states in the past decade. He discussed unique aspects of each new law and also provided a summary of the general topics addressed by the enacted legislation, including the standard or burden of proof, innocent property owners, requirement of a conviction, reporting and record-keeping, and how forfeiture proceeds may be used.

Presentation on Kansas Asset Seizure and Forfeiture Repository Data

A Kansas Bureau of Investigation (KBI) Program Consultant discussed the agency's repository for civil asset information that was established by law enacted in 2018. The Consultant discussed the KBI website where law

enforcement agencies within the state report asset seizure and forfeiture information. She also discussed statistics for calendar year 2022 and compared those figures with prior years. Discussion occurred on topics such as agency compliance with reporting requirements, whether private counsel was used in judicial proceedings, and property values provided to the reporting system.

Presentation of Civil Asset Forfeiture Advisory Committee Report

The Chairperson of the Civil Asset Forfeiture Advisory Committee, Kansas Judicial Council, presented the Advisory Committee's report, which was approved without recommendation by the Judicial Council on December 1, 2023. The Chairperson stated the 2023 Advisory Committee is the second Advisory Committee appointed by the Judicial Council to study and make recommendations on the topic of civil asset forfeiture. He further noted HB 2459, enacted by the 2018 Legislature, contained recommendations made by the 2017 Advisory Committee.

The Chairperson explained the Advisory Committee met five times during the summer and fall of 2023, agreeing on eight reform measures. He stated some of the agreed-upon reforms are contained in HB 2380, and others originated from Advisory Committee discussion. The Chairperson explained each of these measures, and whether the measure was supported unanimously by Advisory Committee members. The Chairperson also explained six reform measures that were considered but not recommended by the majority of Advisory Committee members.

The Chairperson noted the Advisory Committee advises against the passage of HB 2380 and instead has written draft legislation incorporating the eight reform measures outlined in the Advisory Committee report.

Presentations from Proponents of Changing Kansas Forfeiture Laws

The Committee heard testimony from stakeholders who expressed support for changing current forfeiture laws.

A representative of the Kansas Justice Institute stated the process of civil asset forfeiture, as

currently allowed by Kansas statute, is fundamentally unfair, and reforms are needed to improve procedural due process rights of individuals affected by asset forfeiture.

A representative of Americans for Prosperity stated data does not show that the use of asset forfeiture does anything to reduce crime or improve public safety, and the current law in Kansas does not afford necessary due process protections for innocent property owners.

Neutral Comments on Changing Kansas Forfeiture Laws

The Director of the KBI stated his support for the recommendations made by the Civil Asset Forfeiture Advisory Committee, but warned against making additional changes to Kansas forfeiture laws that would interfere with the ability of law enforcement to use civil asset forfeiture as a tool in combating criminal activity, especially drug trafficking.

Opponents to Changing Kansas Forfeiture Laws

The Superintendent of the Kansas Highway Patrol noted that while the agency is opposed to HB 2380 as drafted, the agency is generally supportive of the Advisory Committee's recommendations, and provided a detailed response to recommendations related to making certain property ineligible for forfeiture and fee-shifting.

A representative of the Overland Park Police Department stated the Department would be opposed to any change that would affect the ability of law enforcement to seize assets and property used by criminals to commit crimes, and believes the current scheme of civil asset forfeiture affords adequate due process protections for those with a claim to the property seized.

A representative of the Kansas Association of Chiefs of Police expressed concerns about several provisions of HB 2380, but expressed support for removing simple possession from the list of crimes for which forfeiture proceedings may be initiated.

A representative of the Kansas Narcotics Association and the Kansas Peace Officers Association stated that while forfeiture is an

effective tool used by law enforcement in combating drug offenses, it is also used in response to many other crimes, such as human trafficking and sex crimes against children. The representative also expressed concern regarding the implications of shifting fees to seizing agencies in certain circumstances.

A representative of the Kansas Sheriffs' Association explained the Association is in support of some recommendations made by the Advisory Committee, such as exempting simple possession from the list of offenses giving rise to forfeiture and to exempting firearms from any minimum-value threshold. The representative stated additional discussion regarding value thresholds should occur.

Committee Discussion and Recommendations

The Committee first discussed four reform measures that had been unanimously supported by the Advisory Committee (deleting certain crimes from the list of covered offenses and conduct; seizing agency must return property if certain timelines are not met; prohibiting pre-forfeiture waivers of rights in property; and allowing a proportionality hearing to be requested at any time). These four measures were approved without objection.

The Committee then discussed four reform measures that were not unanimously supported by the Advisory Committee (requiring an early probable cause hearing; requiring an automatic stay of discovery; fee-shifting; and making certain property ineligible for forfeiture). Two measures, requiring an early probable cause hearing and requiring an automatic stay of discovery, were approved without objection. A voice vote was taken on the fee-shifting measure upon a member's objection; the recommendation was approved. Discussion on making certain property ineligible for forfeiture ensued, with the Committee ultimately deciding not to recommend this reform measure.

The Committee discussed five reform measures that were not recommended by the Advisory Committee: requiring the State to prove property is subject to forfeiture by a "clear and convincing" standard; transfers and federal adoptions of seizures; the right to a jury trial in

forfeiture proceedings; the right to counsel in forfeiture proceedings; and where forfeiture proceeds should be directed. The Committee voted to recommend raising the State's burden of proof, and recommended the remaining items be further studied by a standing committee in the 2024 Legislature.

CONCLUSIONS AND RECOMMENDATIONS

In summary, the Committee recommended the following reforms to the Kansas Standard Asset Seizure and Forfeiture Act be considered by the 2024 Legislature:

- Deleting offenses involving controlled substances that apply primarily to a “user” from the list of offenses giving rise to forfeiture;
- Requiring seizing agencies to return property if certain timelines are not met to engage an attorney or otherwise move the case forward;
- Prohibiting pre-forfeiture waivers of rights in property;
- Allowing a proportionality hearing to be requested at any time;
- Requiring a judge to determine whether there is probable cause supporting forfeiture as a preliminary matter;

- Requiring an automatic stay of discovery in the forfeiture proceeding during a criminal proceeding alleging the same conduct;
- Establishing that a seizing agency can be ordered to pay a prevailing claimant's attorneys' fees; and
- Requiring the State to prove property is subject to forfeiture by a “clear and convincing” standard.

The Committee also recommended the following items be further studied by a standing committee of the 2024 Legislature:

- Transfers and federal adoptions;
- The right to a jury trial in forfeiture proceedings;
- The right to counsel in forfeiture proceedings; and
- Where forfeiture proceeds should be directed.

Report of the Special Committee on Energy and Utilities to the 2024 Kansas Legislature

CHAIRPERSON: Representative Leo Delperdang

VICE-CHAIRPERSON: Senator Mike Petersen

OTHER MEMBERS: Senators Michael Fagg, Marci Francisco, Tim Shallenburger, and Kellie Warren; and Representatives Emil Bergquist, John Carmichael, Tobias Schlingensiepen, Carl Turner, and Laura Williams

STUDY TOPIC

The Committee is directed to review the following topics pertaining to electric rates and reliability, impacts of renewable energy, a statewide Energy Plan, and siting of transmission lines:

- **Electric rates and reliability** — evaluate current and future expectations regarding new rules of the U.S. Environmental Protection Agency, the transition to solar and wind power in Kansas, and the “National Interest Electric Transmission Corridor” and its possible impact on transmission lines and associated costs;
- **Electric rates and reliability** — review expansion of the Kansas Corporation Commission (KCC), possibly adding a seat for a member of the general public;
- **Transmission lines** — review the role of the KCC in the siting of transmission lines;
- **Transmission lines** — study the need for transmission lines for connectivity to other transmission organizations; the reliability of the national power grid; and the impact on land use and valuation when a transmission line is constructed, rebuilt, or upgraded;

- **Transmission lines** — study use of eminent domain procedures and the equitable balance between landowners, public utilities, and ratepayers; and the cost of transmission lines used to export renewable energy and the impact to ratepayers and landowners;
- **Renewable energy** — review rules, regulations, and statutes on renewable energy in other states and evaluate applicable measures in Kansas, receive input regarding current and future impacts of renewable energy sources, and make recommendations to the 2024 Legislature regarding further study or needed legislation on renewable energy;
- **Statewide Energy Plan** — review processes that states like Kansas have used to develop and implement state energy plans;
- **Statewide Energy Plan** — develop a state energy plan that would identify and design a pathway for a prosperous energy future using Kansas resources, infrastructure, and workforce talent to promote economic competitiveness and a healthy environment; and
- **Statewide Energy Plan** — review the benefits and drawbacks of statewide energy planning; study how the state could capitalize on energy as a key resource and area of strategic importance to the state’s economy and economic development efforts; and explore energy supply and demand challenges, reliability, and potential ways to minimize costs and maximize production benefits while supporting economic development.

Special Committee on Energy and Utilities

REPORT

Conclusions and Recommendations

The Special Committee on Energy and Utilities made no formal recommendations, but explored the following topics:

- Jurisdiction and role of the state commissioner at the Southwest Power Pool;
- Bid process;
- Federal Energy Regulatory Commission;
- Generational interconnection queue;
- Transmission line builds, rebuilds, and cost allocation, including the Wolf Creek to Blackberry transmission line order;
- Resource adequacy and integrated resource plans;
- Transmission line siting process and eminent domain;
- Stakeholders and landowner concerns;
- State energy plans;
- State Energy Office and federal funding;
- Kansas Infrastructure Hub; and
- The future of oil, gas, and clean energy in Kansas.

Proposed Legislation: None.

BACKGROUND

The Legislative Coordinating Council (LCC) appointed the Special Committee on Energy and Utilities, composed of 11 members: 6 members of the House Committee on Energy, Utilities and Telecommunications and 5 members of the Senate Committee on Utilities.

COMMITTEE ACTIVITIES

The LCC approved four meeting days for the Committee during the 2023 Interim. The Committee met October 16, October 17, and November 6, 2023, in the Statehouse.

October 16 Meeting

Overview of Jurisdiction and the Role of the State Commissioner at Southwest Power Pool

The Kansas Representative to the Southwest Power Pool's (SPP) Regional State Committee (RSC) and Chairperson of the Kansas Corporation Commission (KCC) provided an overview of the KCC's formal and informal participation in transmission issues.

The formal participation includes statutory authorization for the KCC to participate in the SPP RSC and Cost Allocation Working Group and authorization for the KCC to intervene in state and federal proceedings with intervention and advocacy at the Federal Energy Regulatory Commission (FERC) and in federal courts.

The informal participation of the KCC maintains internal working groups dedicated to tracking and participating in FERC and SPP issues as well as regular meetings with Kansas utilities and stakeholders to discuss FERC jurisdictional issues.

The Commissioner explained issues from the RSC, including cost allocation, resource adequacy, and financial transmission rights and planning for remote resources.

Overview and Jurisdiction of the Federal Energy Regulatory Commission

The Executive Director of Clean Energy and General Counsel, Edison Electric Institute, provided an overview of authority and jurisdiction of FERC, state public utility commissions, North American Electric Reliability Corporation, and independent system operators/regional transmission organizations.

The Executive Director explained the structure of FERC and discussed examples of policy, procedures, and other matters that do and do not fall under FERC regulation. The Executive Director also provided notes regarding interstate commerce, state jurisdiction, and state economic regulators.

Overview of U.S. Department of Energy National Transmission Needs Study

The Senior Technical Advisor, Transmission Division, U.S. Department of Energy (DOE), Grid Deployment Office (GDO), provided an overview of the role of the GDO and the three divisions that make up the GDO: Power Generation Assistance Division, Transmission Division, and Grid Modernization Division.

The Senior Technical Advisor provided a breakdown of the \$25.0 billion funding available to the divisions of the GDO. She discussed the National Transmission Needs Study, done pursuant to the Federal Power Act, as amended by the federal Bipartisan Infrastructure Law, which directs the DOE to conduct assessments of historic and expected transmission capacity constraints and congestion every three years, with consultation from states, Indian tribes, and regional grid entities.

The Senior Technical Advisor provided geographic areas where transmission needs exist and could benefit from an upgraded or new transmission facility. She explained the GDO reviewed existing studies to analyze current and future needs in reliability, resource adequacy, clean energy, congestion, curtailment, resilience, electrification, non-wires alternatives, and barriers to transmission development.

Generational Interconnection Queue

The Executive Vice President and General Counsel, SPP, provided information about the current generating fleet and recent updates. He stated that, as of January 1, 2023, the SPP had 98,608 megawatts (MW) of generating capacity, and he discussed renewable and clean energy standards nationally and in the SPP footprint.

He explained generator interconnection (GI) is a tariff-based service provided by transmission providers to facilitate the orderly interconnection of new generation to the grid. He then explained the purpose of SPP's GI process and provided information regarding requests pending to join the SPP GI.

The Executive Vice President and General Counsel discussed backlog clearing and stated of the 2.012 terawatts in the GI Queue nationwide,

754.42 gigawatts were added in 2022. He noted that since 2017, 161 GI agreements have been executed, adding 31,005 MW to the system.

The Executive Director and General Counsel then discussed FERC Order No. 2023 and noted the SPP has requested an extension for the required compliance filing.

Transmission Line Builds, Rebuilds, and Cost Allocation—Midwest Energy

The Vice President of Engineering and Energy Supply, Midwest Energy, provided information on the following three issues:

- Inequities of the current SPP cost allocation process for building transmission lines;
- Possible methods to partially address those inequities; and
- Suggestions for improvements to the transmission siting process.

The Vice President provided a breakdown of transmission cost allocation and who pays for it:

- Sponsored — Project owner builds and receives credit for use of transmission lines;
- Directly-assigned — Project owner builds and is responsible for cost recovery and receives credit for use of transmission lines; and
- Highway/Byway — Costs are allocated on the benefits realized throughout the regions and local areas; most SPP projects are paid for under this methodology.

He noted the Highway/Byway cost allocation applies to most SPP-driven projects, whether intended to solve reliability, economic, or policy issues, or some combination thereof. He followed by providing a cost allocation by voltage breakdown:

- 300 kilovolts (kV) and above — region pays 100.0 percent and local zone pays 0.0 percent;
- Above 100 kV and below 300 kV — region pays 33.0 percent and local zone pays 67.0 percent; and
- 100 kV and below — region pays 0.0 percent and local zone pays 100.0 percent.

The Vice President explained the cost allocation principle should begin with requiring the entity causing the cost to be the payer of the cost, but there should be a reasonable matching of cost payers and benefit recipients for the service provided. These factors guide the cost of service studies and rate design for retail and transmission.

The Vice President noted the SPP C2 cost allocation waiver (C2 waiver), which is a proposed project-specific opportunity that spreads costs across the SPP footprint, all while generation exports are using pre-existing grid at no charge, not just C2 waiver candidate projects. He then mentioned the SPP has been working on the development of an alternative waiver approach for C2 waiver litigation.

The Vice President discussed a proposal from Midwest Energy that would create a state user fee, which is intended to ultimately provide a revenue credit to transmission owners to reduce the rate impact on customers for the transmission system being used to export energy, and the associated economic benefits, outside Kansas.

He concluded by stating Midwest Energy is developing a proposal to work with both the KCC and SPP to improve transmission siting and ensure that landowners have an opportunity to fully participate in the siting process.

Transmission Line Builds, Rebuilds, and Cost Allocation—Sunflower Electric Power Corporation

The Senior Vice President and Chief Operating Officer (COO) of Transmission, Sunflower Electric Power Corporation, explained two primary types of transmission facilities result

from the SPP planning process: reliability projects and economic projects.

- Reliability projects are those that are needed to ensure the lights stay on; and
- Economic projects are primarily needed to relieve congestion on the transmission grid and to increase access to lower-cost resources.

The conferee explained the “cost causation principle,” which is that the cost allocation for transmission facilities should be assigned in a manner that accounts for the benefits being received (those who are benefiting from transmission should be paying their fair share for that transmission). The Senior Vice President and COO for Transmission then discussed how and why the current SPP Highway/Byway cost allocation methodology does not suit certain geographic areas anymore.

He then discussed the C2 waiver on cost allocation and possible SPP and FERC solutions and explained what Kansas can do to help find solutions:

- Promote fair cost allocation for utilization of transmission capacity in Kansas based on Kansas exporting low-cost renewable energy to serve load out of the state;
- Continue to enable regulatory support;
- Provide outreach to other states that will be in this position in the near future; and
- Continue to support the efforts of U.S. senators from Kansas in their interactions with FERC on behalf of Kansas.

Transmission Line Builds; Infrastructure and Cost Allocation—NextEra Energy Transmission, LLC

The Vice President of NextEra Energy Transmission, LLC, provided an overview of payroll, land lease payments, and ad valorem taxes.

He discussed the SPP’s GI study process and its three phases, stating the study takes between four and seven years and the company would prefer the study to be completed in one to two years instead.

Transmission Lind Builds; Infrastructure and Cost Allocation—ITC Great Plains, LLC

The Vice President, Transmission Planning, ITC Great Plains, LLC, stated the company owns, operates, and maintains electric transmission systems and assets across seven states in the Midwest and Great Plains region, serving more than 25,000 MW of connected load and operating more than 16,000 miles of electric transmission lines.

He explained ITC is in the business of infrastructure, and the demands of Kansas infrastructure are rapidly changing. He further explained that in 2015, the SPP did not declare a single grid advisory order, but in 2022, the SPP issued 2 weather advisories, 12 resource advisories, 5 conservative operation advisories, and 2 Energy Emergency Alert-level advisories. He noted the Midcontinent Independent System Operator has experienced a similarly large increase in grid operational orders over a similar time frame.

The Vice President stated ITC is a transmission planner and noted the focus of ITC is the grid, the demands placed upon the grid, and the need to ensure customers have access to reliable energy every hour of the year, but there is instability in generation, distribution, and transmission. He further explained:

- Generation resources are undergoing a wholesale transition from traditional “dispatchable generation” resources to generation resources that are “weather-dependent.” He noted weather-dependent resources require different technology that influences the grids’ stability and design of protection systems;
- There is instability in the design and demand placed upon the distribution system. New generation resources could create backflow from the distribution system up and onto the transmission

system, thus stressing protection systems and introducing new flows on the transmission system. There is also an exponential load growth on the distribution system due to the increasing trend of electrification of transportation, which the current distribution system was not designed to support; and

- There is an instability in transmission space, which is caught between the unprecedented change of both the demands placed on the distribution system and wholesale generation fleet change, without timely dispatching of power. When impacted, the symptoms manifest as system loading, voltage instability, frequency stability, system inertia, and protection system design.

The Vice President discussed FERC Order No. 1000 and the effects that FERC and Order 1000 have had on certain non-regional transmission organization regions. He stated Order 1000 has failed, and long-term consequences could prove disastrous for system reliability, system restoration, and local community engagement.

He stated the FERC cost allocation standard has caused controversy and confusion, and he provided context regarding the FERC cost allocation standard:

- Transmission assets have a useful life often exceeding 70 years. The uses of the transmission system today are likely very different than the contemplated uses when the assets were constructed decades ago;
- The electric utility industry is rapidly changing. Cost allocation is often the largest impediment to transmission development;
- The cost of failure in the industry is real. Overinvestment is difficult to achieve. The cost of underinvestment is difficult to quantify but many times exponentially greater than the cost of overinvestment; and

- Human existence is sustained by electricity. In fact, this industry is the most fundamental to society because it powers all others.

Transmission Line Builds; Infrastructure and Cost Allocation—Evergy

The Vice President of Transmission and the Director of Transmission Systems Operations at Evergy provided an overview of Evergy's Transmission Plan, reliability and resiliency changes, and key Kansas transmission projects.

October 17 Meeting

Overview of Resource Adequacy

The Executive Vice President and General Counsel at SPP provided an overview of SPP, stating its footprint covers a 552,885-square-mile service territory, serving approximately 18.0 million people, and explained the SPP:

- Is a 501(c)(6) nonprofit corporation;
- Is one of nine regional grid operators;
- Has 113 member companies in 15 states; and
- Serves as “air traffic control” for a high-voltage grid.

He discussed the top grid priorities:

- Assure adequate generation to maintain reliability under normal and extreme conditions;
- Protect the grid from cyberattacks;
- Build transmission to connect new generation and customers to the grid;
- Facilitate robust wholesale markets that make low-cost energy widely available; and
- Reduce risks and costs associated with extreme events.

The Executive Vice President and General Counsel provided information about the SPP Regional State Committee (RSC), noting there are retail regulatory commissioners from Arkansas, Iowa, Kansas, Louisiana, Minnesota, Missouri, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, and Texas. He explained the four areas of authority the RSC oversees: cost allocation, financial transmission rights, planning for remote resources, and resource adequacy.

The Executive Vice President and General Counsel explained resource adequacy, SPP's current resource adequacy approach, and planning reserve margin.

He discussed resource adequacy challenges in a changing grid:

- Influx of intermittent renewable generation;
- Thermal generation retirements;
- Resource under-performance and unavailability;
- Increasing load and volatility;
- Extreme weather events; and
- Reducing margins.

He provided a breakdown of SPP's energy mix, thermal generation impacts, and challenges (electrification for transportation and extreme weather/changing climate).

Integrated Resource Plans

The Vice President of Strategy and Long-term Planning at Evergy provided an overview of Evergy and integrated resource plans.

She also provided an overview of SPP, noting statistics regarding peak demand records, and explained how Evergy interacts with SPP in market operations, transmission operations, transmission plannings, and resource adequacy.

She followed by providing information regarding resource adequacy capacity requirements, factors impacting resource adequacy, capacity accreditation, and future capacity needs.

The Vice President discussed the SPP Integrated Market, carbon restrictions, and impact of commodity prices and carbon restrictions on generation.

She explained Evergy's 2023 preferred portfolio for its integrated resource plans and provided information about the process for selecting a preferred portfolio.

The Vice President concluded by stating future considerations:

- Near-term execution of renewable and thermal additions will have to manage ongoing supply chain and transmission interconnection-driven delays;
- There has been a significant uptick in renewable pricing, and Evergy will need to evaluate whether that change is structural or costs will come down in the future;
- Continued acceleration of economic development activity could impact the ability to retire generation using coal and could require additional new capacity resources;
- New or changing environmental regulations cause acceleration of coal retirements and could drive dependence on new, dispatchable, non-emitting technologies earlier in the time horizon in order to maintain reliability; and
- Ongoing monitoring on dispatchable, non-emitting technologies (e.g., nuclear, long-duration energy storage, hydrogen) will assist in determining feasibility and economics.

Panel Discussion — Updates, Perspectives, Integrated Resource Plans, Load Forecasts, and Plans Moving Forward

Representatives of the Kansas City Board of Public Utilities; Kansas Electric Power Cooperative, Inc.; Kansas Municipal Energy Agency; Kansas Power Pool Energy; Midwest Energy; and Sunflower Electric Power Corporation provided feedback regarding integrated resource plans, load forecasts, and future plans in Kansas.

Panel Testimony

Kansas City Board of Public Utilities

The COO of the Kansas City Board of Public Utilities (KCBPU) discussed KCBPU-owned resource capabilities and peaks and forecast consumption from 2019 to 2028. He concluded by providing a chart of KCBPU’s generation mix and related output.

Kansas Electric Power Cooperative, Inc.

The Executive Vice President and Chief Executive Officer (CEO) of Kansas Electric Power Cooperative, Inc. (KEPCo), provided insight into future plans for KEPCo. She discussed KEPCo’s current resource planning and transmission. KEPCo is a transmission-dependent utility and it utilizes the facilities of five Kansas transmission owners in SPP to provide service to KEPCo members. She provided a fact sheet about KEPCo, which provided background information about KEPCo and its diverse power supply.

Kansas Municipal Energy Agency

The General Manager of Kansas Municipal Energy Agency (KMEA) provided history and background information about KMEA and discussed energy management projects; power supply projects; member internal generation; and current KMEA efforts, which include pursuing large scale solar, community solar, and behind-the-meter Caterpillar generator sets.

Kansas Power Pool Energy

The General Manager and CEO of Kansas Power Pool (KPP) Energy provided history and background about KPP Energy and reviewed generating and non-generating members. He

reviewed KPP capacity sources and current and recent projects.

Midwest Energy

The CEO of Midwest Energy reviewed regional resource adequacy challenges and discussed factors that influence capacity requirements for Midwest Energy, which include electric vehicle load growth and reducing peak load and near-term capital and capacity replacement requirements.

He also provided a fact sheet and concluded by proposing the following to the Committee for consideration: review property tax exemptions for dispatchable thermal generation and energy storage technologies.

Sunflower Electric Power Corporation

The Senior Vice President of Sunflower Electric Power Corporation (Sunflower) provided the Committee with a fact sheet and discussed basic supply adequacy requirements of the SPP, capacity accreditation trends and uncertainties, peak demand trends and uncertainties, and planning reserve margin trends and uncertainties.

He then reviewed Sunflower plans to meet future generation resource needs, required builds, preferred siting, and construction timelines.

Presentation and Discussion on Wolf Creek to Blackberry Transmission Line Order

The Chief Engineer at the KCC provided an overview of transmission line siting processes and discussed the transmission line siting of the Wolf Creek-Blackberry Order. He explained the routing study principles in transmission line siting:

- Minimize length;
- Minimize angles;
- Maintain as much distance as practicable from residential areas, individual homes, and public facilities (e.g., religious facilities and schools);
- Minimize impacts to social resources, such as residences and cultural resources;

- Minimize impacts to natural resources, such as wetlands, woodlands, and wildlife;
- Minimize impacts to airports and airstrips;
- Minimize conflict with current and planned uses of land;
- Minimize visual contrast with the natural landscape;
- Follow existing rights-of-way for existing infrastructure, such as roads and electric transmission lines, as appropriate; and
- Avoid federal and state lands and conservation and restricted easement areas.

He provided insight into a public meeting and hearing that was held regarding the transmission line siting of the Wolf Creek-Blackberry Order.

The Chief Engineer provided an overview of competitive bidding and the current request for proposal process.

He also discussed a current investigation into principles and priorities to be established for evaluating the reasonableness of the location of a proposed transmission line in future line siting proceedings.

Overview of the Law on Eminent Domain Authority for Public Utilities

An Assistant Revisor of Statutes from the Office of Revisor of Statutes provided an overview of eminent domain for public utilities.

He explained the State possesses an inherent sovereign power of eminent domain to take private property for public use. The Legislature may delegate the State’s power of eminent domain to public and private entities, including cities, counties, school districts, community colleges, State Board of Regents, Kansas Turnpike Authority, Secretary of Transportation, railroad entities, oil and gas entities for storage and waste disposal, Secretary of Health and Environment, irrigation districts, Secretary of Wildlife and Parks,

airport authorities, watershed districts, drainage districts, industrial districts, fire districts, water districts, airports, municipal energy agencies, and telecommunications providers.

He noted the Legislature delegated the power of eminent domain to certain private corporations that serve a public interest, including public utilities holding a certificate of convenience by the KCC.

The Assistant Revisor of Statutes discussed:

- The Eminent Domain Procedure Act, which established the procedural requirements for an entity to lawfully exercise its eminent domain authority;
- The Public Use Requirement, which states eminent domain can only be used to take private property for “public use”; and
- “Just compensation,” which through the Fifth Amendment of the *U.S. Constitution* and Article 12, §4 of the *Kansas Constitution* prohibits the taking of private property without just compensation.

Panel Discussion: Siting Stakeholders and Landowner Concerns

Representatives for the Kansas Farm Bureau, Kansas Livestock Association, Sierra Club, Stand for the Land, and The Nature Conservancy shared their thoughts and concerns regarding transmission line siting, energy policy, and eminent domain.

Kansas Farm Bureau

A representative for Kansas Farm Bureau (KFB) discussed transmission siting and eminent domain, stating KFB has long supported private property rights, and recent developments with out-of-state companies have created a certain level of angst among KFB members across Kansas. She explained the importance of just compensation and discussed the KFB working group, which suggested additional policy language that would require a condemning authority to pay reasonable attorneys’ fees to parties whose property is being condemned, regardless of the outcome of the process.

The representative then provided an overview of energy policies KFB actively does and does not support.

Kansas Livestock Association

The Associate Counsel for the Kansas Livestock Association (KLA) reviewed KLA testimony from Committee hearings on SB 166 (Senate Committee on Utilities) and SB 312 (Senate Committee on Local Government) during the 2023 Legislative Session, stating KLA advocates for the protection of landowner property rights. She stated the KLA fully supports legislation aimed at limiting the use of eminent domain simply as a means to aid companies in gaining access to private property and increasing their own profit margins. Additionally, she said, KLA supports the repeal of any laws providing private entities the use of eminent domain and believes companies should be required to negotiate these developments in the free market if they cannot demonstrate a public benefit to the citizens of Kansas.

The Associate Counsel discussed the issue of transmission line sites and their distance from homes and other operations. She stated KLA supports the creation of setback requirements from habitable structures and livestock facilities for transmission lines as well as other energy structures. She concluded discussing setbacks, which provide protection to surrounding areas from transmission lines being placed close to an individuals' home or livestock facility.

Sierra Club

The Kansas lobbyist for the Sierra Club provided background information about the organization, explained the overarching goal of the organization is to save a livable planet for future generations, and strongly supported renewable energy. He discussed the following points:

- Kansas stands to significantly benefit from new regional transmission development, and incorporating broader economic and environmental considerations in transmission and energy policymaking will maximize returns;

- Better and more transmission is needed, but how this is accomplished and how much is needed must be determined; and
- Process and community-level planning are key in successful transmission projects.

He concluded by encouraging the Committee to support policy measures that will expedite transmission investment while also maximizing planning processes, clean energy solutions, and habitat and wildlife management techniques to complement responsible transmission siting.

Stand for the Land

A representative from Stand for the Land provided information regarding eminent domain and the concerns of Kansas landowners and citizens, specifically regarding the loss of private property. She stated renewable energy is hurting rural Kansans and discussed the SPP has influence over the Legislature, especially in regard to grid control and zero-carbon legislation. She advocated to make Kansas a pro-land state and encouraged the Committee to focus on energy policies that benefit Kansans.

The Nature Conservancy

The State Director of The Nature Conservancy (TNC) provided information on renewable energy development and key wildlife areas that overlap with wind and solar sites. He described the Site Renewables Right tool, which TNC created to assist developers in their siting efforts. He explained the tool, which, although not a replacement for site-specific analysis and agency consultation, provides developers and stakeholders with map layers of habitats, migration routes, and other high-impact considerations. He stated the next generation of energy development will face a tough test in balancing reliability, affordability, and sustainability.

November 6 Meeting

Overview of State Energy Plans

A Research Analyst from the Kansas Legislative Research Department provided a high-level overview of state energy plans in other states and a brief history of state energy plans in Kansas.

Overview of the Iowa Energy Plan

The Executive Director of the Iowa Utility Association provided an overview of the Iowa Utility Association and discussed Iowa's renewable energy, stating that in 2023, Iowa had approximately 12,800 MW of in-state generating capacity fueled by renewable energy sources at utility-scale power facilities.

He discussed Iowa's wind footprint, the wind corridor, and two renewable energy projects:

- MidAmerican Energy Company — proposed \$3.9 billion Wind Prime; and
- Alliant Energy — approved \$1.0 billion Clean Energy Blueprint.

The Executive Director spoke about infrastructure and grid security in Iowa and explained why utilities matter for the state:

- Utilities are important for Iowa's growth (forward thinking and provides a competitive advantage);
- Creates sustainable energy while positively impacting the environment; and
- Strengthens and enhances the energy grid (implementation of new technology).

Overview of the State Energy Office and Federal Funds

The Executive Director of the KCC provided information about the Kansas Energy Office from FY 2016 to FY 2023. She explained the Kansas Energy Office is split into three primary programs:

- Energy Assessments and Rural Energy for America Program Grant assistance;
- Energy education (*i.e.*, presentations, workshops, and events); and
- Facility Conservation Improvement Program.

She then provided energy assessments by industry, industry type by fiscal year (FY 2016

through FY 2023), House district, Senate district, and renewable energy by fiscal year.

The Executive Director then discussed the history of the Kansas Energy Office, which is entirely federally funded, state energy office locations in other states, and Department of Energy grants.

Overview of Evergy Rate Case

The Chief of Revenue Requirements for the KCC discussed the publicly available information regarding the rate case for Evergy then before the KCC.

Overview of the Kansas Infrastructure Hub

The Interim Senior Director of the Kansas Department of Transportation discussed the Bipartisan Infrastructure Law (BIL), also known as the Infrastructure Investment and Jobs Act, which provides a national infrastructure investment of \$1.2 trillion across the next 5 years and includes nearly 400 programs across 12 federal agencies. BIL funding is split into two groups:

- Formula — guaranteed dollars that are distributed through new or existing programs. Currently, Kansas' statewide BIL funds compile to \$3.8 billion, which are further distributed as the following:

1. Transportation — \$3.2 billion;
2. Energy and power — \$40.0 million;
3. Broadband — \$100.0 million;
4. Water and sewer — \$454.0 million;
5. Resilience — \$25.0 million; and
6. Cybersecurity — \$14.0 million.

- Discretionary — earned, competitive dollars that are distributed through new or existing programs. Merit-based distribution is as follows:

1. \$50.0 million grant program;
2. \$5.0 million to Waterville, Kansas;
3. \$10.0 million to Lincoln, Nebraska; and
4. \$35.0 million to Boulder, Colorado.

The Executive Director explained how the BIL is focused and its moneys used, stating the BIL is for:

- Infrastructure sectors (transportation; climate, energy and environment; broadband; and resilience);
- Projects (dams, lead pipes, carbon capture, roads, and bridges); and
- All types of recipients (e.g., cities, counties, metropolitan planning organizations, tribes, and states).

The Executive Director explained the structure for coordinating BIL activities in Kansas, which is broken down by Hub Lead, Subcabinets, and Advisory groups. She provided the Committee with Kansas infrastructure grades that have been assigned through the American Society of Civil Engineers. She reviewed the Hub Lead's history and success plan.

She then explained the Build Kansas Fund, which is designed to address critical local needs and maximize opportunities. This one-time \$215.0 million state investment extends through FY 2027. Additionally, an annual investment of \$5.0 million can be used for capacity extension, and a one-time \$200.0 million investment would provide matching funding leverage. She addressed the two-pronged approach for meeting community needs:

- Prong 1 — \$5.0 million annually for capacity extension. This would help identify needs or project ideas, find funding programs and grants, provide grant-writing assistance to submit projects for funding, and administer federal dollars; and
- Prong 2 — \$200.0 million for matching funds through the life of the BIL, which would meet local match requirements.

She then provided a detailed map of the federal BIL funding application process and the Build Kansas Fund application process.

Energy Future — Oil and Gas

The President of the Kansas Independent Oil and Gas Association (KIOGA) provided information about global crude oil supply and demand dynamics. He reviewed oil price history in Kansas over the past three years. He then noted that, according to the October 2023 U.S. Energy Information Administration's Short-term Energy Outlook, Kansas crude oil prices were expected to average \$79 during the fourth quarter of 2023.

He discussed the energy transition from oil and fossil fuels to renewables, stating the prevailing view of a linear trajectory of change is misleading and potentially dangerous. He added the Organization of the Petroleum Exporting Countries anticipates oil consumption climbing 16.0 percent over the next two decades.

The KIOGA President then provided information regarding the crude oil market structure. He explained Kansas oil and gas production will likely remain a conventional, small business operation that will be tweaked with technology. He explained natural gas is a preferred source of energy, with more than 50.0 percent of U.S. homes using natural gas for heating purposes.

The President provided an overview of economic impact and current actions by the oil and gas industry.

He listed key challenges and opportunities in the oil and gas industry, including electric rates, labor market, energy policy, emissions, the 2024 United Nations Climate Change Conference talks, carbon tax, and agricultural concerns (e.g., lesser prairie chicken listing as a "threatened" species under the federal Endangered Species Act).

He concluded by discussing what can be done to preserve this country's affordable, reliable energy; fossil fuels in the decades to come; and the question of what will power America in the future.

Energy Future — Clean Energy

The Director and Public Policy Consultant for Advanced Power Alliance and CEO of Gencur Svaty Public Affairs provided a list of member companies that participate in the Advanced Power Alliance, and explained the need for diverse energy resources.

She informed the Committee that Kansas is second in the nation for wind energy production as a share of total electric generation, and has 3,800 active wind turbines at 45 wind farms. She further explained 47.4 percent of all electricity comes from clean energy.

The Director discussed utility-scale solar and provided the following information:

- Kansas ranks 46th in solar production;
- In Kansas, 18,164 homes are powered by solar;
- 0.28 percent of the state's electricity comes from solar;
- Kansas has 47 solar companies (6 manufacturers, 23 installers/developers, and 18 others);
- Solar investment has totaled \$258 million in the state;
- Prices have fallen 43 percent over the past decade; and
- Solar growth projection is 1,347 MW over the next 5 years.

She then discussed the benefit of using hydrogen in Kansas and introduced the Committee to Team HARVEST and its proposal, and Harvest Hydrogen (H2). She explained the application process to be accepted into the H2 program. She also described the U.S. National Clean Hydrogen Strategy, which is broken into three strategies:

- Target strategic, high-impact end uses;
- Reduce the cost of clean hydrogen; and
- Focus on regional networks.

She stated these strategies would support the goal of affordable clean hydrogen for a net-zero

carbon future and a sustainable, resilient, and equitable economy. Additionally, benefits would include emissions reductions, job growth, and energy security and resilience. She reviewed the DOE roadmap for a national hydrogen ecosystem, and Kansas' strategic advantages (diversified electrical generation portfolio, salt deposits) and advantages to Kansas (economic impacts, community benefits, and ammonia price and supply stabilization).

CONCLUSIONS AND RECOMMENDATIONS

The Committee concluded its meetings without making any formal recommendations, but explored the following topics:

- Jurisdiction and role of the state commissioner at the SPP;
- Federal Energy Regulatory Commission;
- Generational interconnection queue;
- Transmission line builds, rebuilds, and cost allocation, including the Wolf Creek to Blackberry transmission line order;
- Resource adequacy and integrated resource plans;
- Transmission line siting process and eminent domain;
- Stakeholder and landowner concerns;
- State energy plans;
- State Energy Office and federal funding;
- Kansas Infrastructure Hub; and
- The future of oil, gas, and clean energy in Kansas.

Report of the Legislative Budget Committee to the 2024 Kansas Legislature

CHAIRPERSON: Representative Troy Waymaster

VICE-CHAIRPERSON: Senator Rick Billinger

OTHER MEMBERS: Senators J.R. Claeys and Pat Pettey; and Representatives Will Carpenter, Henry Helgerson, and Kyle Hoffman

CHARGE

Review State Budget Issues

The Legislative Budget Committee is statutorily directed to compile fiscal information and study and make recommendations on the state budget, including revenues and expenditures, and the organization and functions of the State, including its departments, subdivisions, and agencies, with a view of reducing the cost of state government and increasing efficiency and economy. In addition to its statutory duties, the Committee is to review the following:

- American Recovery Plan Act and the Bipartisan Infrastructure Law programs and funding;
- Medicaid reimbursement rates;
- Kansas lottery, expanded lottery, and history racing revenues;
- BUILD Kansas program implementation;
- Kansas mental health initiatives;
- K-12 and postsecondary education and higher education grants and expenditures;
- Recommendations of two task forces — the Governor’s Wildfire Task Force and the Early Childhood Transition Task Force; and
- The Attracting Powerful Economic Expansion (APEX) program implementation.

January 2024

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Legislative Budget Committee

ANNUAL REPORT

Conclusions and Recommendations

The Legislative Budget Committee (Committee) recommends the Legislature consider the statutory restrictions and parameters of the Budget Stabilization Fund.

The Committee also recommends the House Committee on Appropriations and the Senate Committee on Ways and Means receive updates regarding and consider the following items:

- Providing supplemental funding for the Food Assistance Program so that child care providers may continue to receive the Tier 1 reimbursement rate;
- Reviewing the planned capital improvements for the Kansas State Fair, including the proposed plan to remove the racetrack located on the State Fairgrounds;
- Reviewing KPERS Tier 3 benefits and whether those benefits adequately meet the needs of employees and employers; and
- Reviewing the recommendations made by the various Task Forces that met during the 2023 Interim.

Proposed Legislation: None.

BACKGROUND

The Legislative Budget Committee (Committee) is statutorily directed in KSA 46-1208 to compile fiscal information.

It is also directed to study and make recommendations on the state budget, revenues, and expenditures, and on the organization and functions of the State, including its departments, subdivisions, and agencies, with a view of reducing the cost of state government and increasing efficiency and economy.

COMMITTEE ACTIVITIES

The Legislative Coordinating Council authorized five meeting days for the Committee during the 2023 Interim. The Committee met four times during the 2023 Interim, on August 22,

September 28, November 7, and December 14. The Committee also met on April 26, 2023, during the 2023 Session.

Revenues and Spending (Receipts, Budget Stabilization, and Reappropriations)

August 22 meeting. The Principal Economist for the Kansas Legislative Research Department (KLRD) provided an update on actual receipts in FY 2023, which were \$52.7 million, or 17.3 percent, above the estimate. This accounts for a transfer of \$13.0 million to the Budget Stabilization Fund. While corporate income taxes were above the estimate, individual income taxes, retail sales, and insurance premium taxes were below the estimate. The Principal Economist noted that certain taxes were impacted by the federal SALT Parity Act enacted in 2022 HB 2239 and indicated that lower receipts from insurance premiums are due to companies availing themselves of tax credits. Expenditures in FY

2024 are estimated at \$12.8 million, which leaves ending balances of \$2.9 billion in the State General Fund (SGF) and \$1.7 billion in the Budget Stabilization Fund. These amounts account for the fiscal impact of the Panasonic Attracting Powerful Economic Expansion (APEX) Program project.

The Assistant Director for Fiscal Affairs for KLRD provided an overview of the Budget Stabilization Fund. The fund receives moneys when state revenues exceed expectations and conserves the balance for periods of economic recession. Expenditures may be authorized only by an act of appropriation or by actions of the State Finance Council. The 2023 Legislature directed a one-time transfer of \$600.0 million SGF to the fund and extended the period for making the annual transfers to FY 2025. Additionally, a total of \$13.0 million from the SGF was transferred to the fund due to receipts to the SGF exceeding estimates.

The Assistant Director for Fiscal Affairs also provided an overview of the appropriations process and discussed the \$596.9 million in SGF reappropriations for FY 2024. The majority of reappropriations relate to unexpended funding from the Evidence Based Juvenile Program Fund, Federal Medical Assistance Percentage (FMAP) savings, and capital projects that require multiple years to complete, such as the Hays armory.

September 28 meeting. The Principal Economist for KLRD provided an update on SGF receipts through August 2023. Total receipts were below the estimate by \$22.1 million, or 1.8 percent, while SGF receipts from taxes only were below the estimate by \$10.6 million, or 0.8 percent. The Principal Economist indicated that the decrease from the estimate is mainly due to refunds attributable to the SALT Parity Act that continue to reduce individual income tax receipts and the fact that more insurance premium tax credits were claimed than was anticipated. KLRD staff also provided the quarterly economic indications report. Of note was the Federal Reserve raising interest rates at the fastest rate since the 1980s. Interest rates exceeding 5.0 percent were the highest rates seen since prior to the Great Recession. Discussion about what impacts a federal shutdown would have on the state also occurred.

November 7 meeting. The Assistant Director for Fiscal Affairs for KLRD provided an overview of the FY 2023 actual spending process. Agencies were finalizing their budgets submitted in September. KLRD provided a ten-year spending trend analysis for the purposes of visualizing the drivers of increases in SGF spending over time. K-12 education spending without Kansas Public Employees Retirement System (KPERS) spending was the primary driver from FY 2017 and forward. Human Services aid, one-time Legislature-approved spending utilizing COVID-19 American Rescue Plan Act (ARPA) funds, and higher education were other drivers more recently.

KLRD staff also informed Committee members of the *Fiscal Facts* publication mailed to legislators as a resource when meeting with constituents. It contains ten-year trend line tables, pie charts, agency breakdowns, and major legislature actions.

December 14 meeting. The Principal Economist for KLRD provided an update on the revised FY 2024 and FY 2025 Consensus Revenue Estimates. For FY 2024, the overall estimate was decreased by \$67.7 million. Of this amount, the estimate for total taxes was decreased by \$65.0 million, while the estimate for other revenues was decreased by \$2.7 million.

The initial estimate for FY 2025 is \$10.257 billion. The forecast for FY 2025 represents a 0.3 percent decrease below the newly revised FY 2024 total.

Agriculture (State Fair Capital Improvements, Wildfire Task Force, and Well Plugging)

August 22 meeting. A representative of the Kansas State Fair provided an update on capital projects totaling \$14.5 million SGF, which include Bison Arena renovations, currently in the planning stage; asphalt repairs; Expo Center repairs; Oz Gallery and Centennial Hall air conditioning; and the public address system that will enable emergency broadcasts.

The State Fair representative described efforts to remove the racetrack. In 2004, the Kansas State Fair Board determined the racetrack would be removed due to an incident that nearly injured

spectators and created an unsafe environment for fair attendees. Costs to replace concrete safety barriers are prohibitive and revenue from racing events is insufficient when compared with operating costs. Beyond the Hutchinson Grand National Auto Races, interest among race promoters is limited. The 18-acre site will be used for parking, vendor space, and staging for entertainers.

Also at the August 22 meeting, a representative of the Department of Agriculture provided an agriculture outlook for Kansas. Exports of Kansas products totaled \$5.5 billion in 2022, which is an increase of \$165.0 million above 2021 exports. Meat and cereals remain the primary commodities exported, with top destinations of Mexico, Japan, and Canada. Other topics the representative covered included drought conditions, the Governor's Kansas Ag Growth Summit addressing water and workforce issues, the U.S. Department of Agriculture grant program for resilient food systems, and recent budget enhancements to support engineer positions.

The representative of the Department of Agriculture also provided an update on the Governor's Wildfire Task Force, which was established in July 2022 to make recommendations on how Kansans can better prevent, respond to, and recover from wildfires. The task force is chaired by the Secretary of Agriculture and includes representatives from the Kansas Division of Emergency Management, Office of the State Fire Marshal, Kansas Forest Service, Department of Wildlife and Parks, local fire departments, and the Legislature. A final report was anticipated for October 2023.

November 7 meeting. A representative of the Kansas Department of Agriculture who is also the Chairperson of the Kansas Wildfire Task Force provided information on the status of the task force, stating it planned to finalize its recommendations in late 2023, and stated the report focused on wildfire mitigation and prevention, response to wildfires, and recovery.

A representative of the Kansas Corporation Commission provided an overview of the State Plugging Program, which provided:

- A map of the 11,240 wells plugged in Kansas since 1996 and where the funds were used;
- Historical statutory funding and current funding sources;
- Number of contractors plugging wells;
- Award of federal dollars through the Bipartisan Infrastructure Law (BIL) to plug oil and gas wells and the BIL impact;
- Changes to contracting practices; and
- Plans to apply for additional grants opportunities.

Commerce (Sunflower Summer Program, APEX, Build Kansas, and Workforce)

September 28 meeting. A representative of the Department of Commerce provided an update on the Sunflower Summer Program. The Program is designed to give students and parents the opportunity to explore Kansas attractions for free and was a success again in 2023. The tourism division of the Department of Commerce is taking over the program from the Department of Education, which has run the program for the past couple of years. According to the Department of Commerce, expanding the list of participating attractions is a top priority before summer 2024.

Also at the September 28 meeting, the representative of the Department of Commerce provided an update on the APEX Program projects with Panasonic and Integra. According to the Department of Commerce, the Panasonic agreement includes a \$4.0 billion capital investment, 4,000 planned new jobs, 4,000 additional jobs that could be created by suppliers and community businesses, and 16,500 construction jobs. The first claim for APEX benefits will be in FY 2024. The Integra agreement includes \$1.8 billion in capital investment, 1,994 planned new jobs, 3,161 additional jobs that could be created by suppliers and community businesses, and the construction of a new 1 million-square-foot facility. It is reliant on the company securing U.S. Department of

Commerce CHIPS and Science Act funding, and the deadline for that decision has been moved from October 1, 2023, to December 1, 2023.

The Secretary of Transportation reviewed the federal BIL, the Kansas Infrastructure Hub, and Build Kansas. The goal is to leverage BIL funds into the state using Build Kansas and the Kansas Infrastructure Hub to apply for the grants offered through the BIL. The Secretary further described Build Kansas, sharing the review process for applications, the means test, and the fund distribution process, with an acknowledgment that these will all be refined as the project continues.

December 14 meeting. Representatives of the Kansas Department of Commerce and Kansas Department of Labor (KDOL) provided Committee members with an update on economic development issues. According to a representative of the Department of Commerce, Kansas has had an extremely successful year in economic development, adding \$3.0 billion of capital investment projects. Many small projects are taking place all across the state in addition to the large projects. The Kansas Department of Commerce's deal pipeline includes about 220 projects and the agency hopes to land as many of them as possible. Two significant projects, Integra and EMP Shield, are pending federal CHIPS Act approval.

Hiring of approximately 4,000 employees for the Panasonic APEX Program project is anticipated to start in the spring of 2024. Sales tax exemption benefits are the only benefits Panasonic is currently receiving. No tax returns have been filed to claim investment tax credits, and Panasonic does not have enough critical mass of employees to seek the payroll reimbursements.

A representative of KDOL provided an overview of the Kansas workforce. The first data source the representative reviewed was the Job Openings and Labor Turnover Survey (JOLTS), which is a business establishment survey. JOLTS incorporates different data sources into the state model and is the least current due to a two-month lag. The first JOLTS chart provided showed the total non-farm job openings, hires, and total separations. Other than during the COVID-19 pandemic, hires and total separations are largely stable, between 40,000 and 60,000. There was a

significant increase in job openings after the recession induced by the pandemic, and the number remains elevated compared with openings over the past ten years.

General Government (Docking Building, State Employee Retirement, Lottery Receipts, License Plates, Digital Driver's Licenses, Unemployment Insurance, and State Services for Unlawful Immigrants)

August 22 meeting. A representative of the Department of Administration provided an update on reconstruction of the Docking State Office Building (Docking Building). The building is scheduled to be demolished to grade level by December 2023, with reconstruction beginning shortly after. The reconstructed Docking Building, which will be a three-level structure with state agency offices, conferencing space, and an exhibition area, will include innovative heating and cooling systems. Occupancy of the facility is planned for June 2025. The total project cost is estimated at \$109.0 million.

September 28 meeting. A representative of KPERS presented information on the status of the KPERS Trust Fund. As of December 31, 2022, the KPERS Trust Fund funded ratio was 73.4 percent, an increase of 1.8 percent above the ratio for the previous year. The increase is attributable to \$1.125 billion in additional contributions. The KPERS representative also reviewed 2023 HB 2100 Environmental, Social, and Governance (ESG) legislation and provided an update on KPERS Tier 3.

Representatives of the Kansas Lottery and Kansas Racing and Gaming Commission provided an update of the consensus revenue estimate (CRE) projections for traditional lottery and casino gaming and revenue from sports betting. The estimates for traditional lottery and casino gaming are on track with the spring 2023 CRE, with a return to revenue slightly higher than pre-COVID-19 levels for three of the four casinos. The State's share of sports betting revenue for the first fiscal year, which was 10 months of operations, is just above \$5.8 million. The representative of Kansas Racing and Gaming Commission also answered questions on the historical horse racing facility.

November 7 meeting. A Managing Fiscal Analyst for KLRD provided a high-level overview of the FY 2024 and FY 2025 agency enhancement requests. For FY 2024, the overall funding for the requests totals about \$131 million, with a significant portion referred to the pay plan shortfall. For FY 2025, the overall funding for the requests total about \$831 million. Preliminary items with a large SGF impact within each function of government and for both fiscal years were highlighted.

A representative of the Kansas Department of Revenue (KDOR) provided an overview on mobile driver's license, which will not replace the hard card license. It is an identification on a mobile device wherein some information can be redacted to support the minimum data required for a particular situation. The Transportation Security Administration (TSA) accepts mobile identification for approved TSA PreCheck customers.

The mobile driver's license project is estimated to take four to five years. KDOR indicated the plan is to organize a committee to research the issues. Partners include law enforcement, businesses, and other state agencies. Rough estimates for the project are about \$300,000 to \$500,000 for the implementation.

A representative of KDOR, presented an update on the embossed license plate replacement and the duplicate license plate text replacement projects. On September 8, 2023, the first phase of the project to replace the license plate text to avoid issuing the same license numbers across multiple plate types was started. The embossed plates with a standard background replacement project is in the testing phase. As funds become available, plate patterns for additional plate types, such as firefighters and universities, will be replaced throughout the next year or two. KDOR also will be changing the standard background on standard license plates issued by approximately the second quarter of 2024.

December 14 meeting. A representative of the KDOL provided the KDOL mission statement and the agency's five primary 2023 goals, an update on the employment trust fund and unemployment insurance modernization project, and information on the call center. The unemployment insurance

trust fund portion of the presentation included the following information:

- The balance in the trust fund before the pandemic, which performed better than projected during the pandemic;
- Deposits related to improper payments identified through an audit; and
- An overview of the trust fund solvency process along with the current 2023 solvency certification.

The Chairperson acknowledged the KDOL Government Affairs Director, who was in the audience, and expressed appreciation for the customer service she provides. Additional Committee members also expressed their appreciation for her service.

Spending on unlawful immigrants. The Assistant Director for Fiscal Affairs for KLRD provided information on state spending that can go to unlawful immigrants from programs administered by the State.

According to a Fiscal Analyst from KLRD, based on FY 2024 undocumented Kansas pupil estimates of 8,000, the State Department of Education spends approximately \$40.7 million in K-12 education expenditures per school year.

The Department of Corrections currently houses 160 unlawful immigrants, costing approximately \$7.0 million per year. On occasion, the agency receives federal funds to partially defray those expenses.

Many programs and intervention services administered by the Department for Children and Families do not screen for documented or immigration status.

According to Kansas Department of Health and Environment (KDHE), local public health programs cannot deny services to anyone based on citizenship status. Programs and services provided by local public health departments include Women, Infants, and Children (WIC) and birth defect screening. KDHE also noted services provided by federally qualified health centers.

Limited assistance with emergency services may be provided to non-citizens who do not have a documented status or whose immigration status does not meet the rules for full Medicaid or the Children’s Health Insurance Program.

According to the Kansas Department for Aging and Disability Services, services and programs available to undocumented individuals include services provided under or by the Federal Mental Health Block Grant; Substance Use, Prevention, Treatment, and Recovery Block grants; community mental health centers; and substance use disorder provider funding.

The KLRD Assistant Director noted the terms used for unlawful immigrants change from agency to agency based on that agency’s regulations.

Education (Higher Education Capital Improvements, Plasma Games, Education Caseloads)

September 28 meeting. The President of the State Board of Regents provided an update on the state university facilities capital renewal initiative, which is partially funded by federal ARPA moneys. The 2023 Legislature appropriated \$10.0 million each year for demolition in FY 2023 and for FY 2024. The entire \$10.0 million has been allotted for FY 2023, and \$4.5 million remains to be allotted in FY 2024. According to the President of the State Board of Regents, no facilities are listed for Fort Hays State University, as that university began demolition before the initiative started and does not have the same footprint or need as the other state universities. He also reported that the dairy farm at Kansas State University is also not included on the list of facilities, as the farm is part of a longer-term plan rather than the initiative.

Representatives from the University of Kansas Medical Center and Wichita State University spoke on the Joint Health Sciences Project. They provided an update on the location in downtown Wichita and a time line, including construction beginning in early 2024 and an estimated completion date in 2026. The 2023 Legislature appropriated \$205.0 million in total for this project, with \$23.0 million SGF, \$15.0 million from Strengthening People and Revitalizing Kansas (SPARK), and \$167.0 million in ARPA

funding. The representatives from the universities mentioned a concern that the ARPA money was not fully provided due to language in the appropriations bill, leaving the project with a loss of \$41.0 million in funding. The representatives requested that the project be funded to the original amount of \$205.0 million by the State.

The Chief Executive Officer of Plasma Games gave a presentation on that educational program. Plasma Games is a 3D video game platform that strives to help engage and inspire students to want to work in activities and jobs related to science, technology, education, and mathematics and career technical education. The presentation included a demonstration of the game, which is customizable for schools and jobs within Kansas to allow students to envision studying and working in the state after high school, according to the Chief Executive Officer. The program is being utilized in at least eight other states.

December 14 meeting. A Fiscal Analyst for KLRD provided an updated on the FY 2024 and FY 2025 revised Education Consensus Caseload Estimates. For FY 2024, the all funds estimate is \$5.7 billion, including \$4.8 billion SGF. The estimate is an increase of \$10.0 million and an SGF decrease of \$50.9 million from the approved amount. The decrease is due to adjustments in the State Foundation Aid. Property taxes are estimated to increase, resulting in an increase in the 20 mills school district finance funds and a decrease in SGF. KPER rates decreased and contribution amounts for KPERS have decreased.

For FY 2025, the all funds estimate is \$5.9 billion, including \$4.9 billion SGF. The estimate is an all funds increase of \$215 million and an SGF increase of \$208.8 million. The estimated increase is mostly due to changes in the State Foundation Aid and property tax evaluations being higher than in the previous year.

Human Services (Medicaid Unwinding, Human Services Caseloads, Equifax, Early Childhood Task Force)

August 22 meeting. A KDHE representative provided an update on efforts to end continuous Medicaid eligibility afforded during the COVID-19 public health emergency, which is referred to as “unwinding.” Beginning in March 2023, Medicaid

members were issued renewal notices based on chronological order. During unwinding, regular Medicaid eligibility determinations rules apply. Challenges with postal service delivery, weekend deadlines, and unsigned renewal notices were noted. Of the individuals sent notice, 69,875 were approved to continue Medicaid, 78,850 have been disenrolled, and 134,983 were waiting determinations.

December 14 meeting. A Managing Fiscal Analyst for KLRD provided an update on the FY 2024 and FY 2025 revised Human Services Consensus Caseload Estimates. The estimate for FY 2024 is a decrease of \$65.8 million, or 1.3 percent, from all funding sources, including an SGF decrease of \$55.5 million, or 3.6 percent, compared with the FY 2024 approved amount. The estimate for FY 2025 is an increase of \$122.6 million, or 2.5 percent, from all funding sources, including an SGF increase of \$45.9 million, or 3.1 percent, above the FY 2024 revised estimate

A representative of the Governor’s Kansas Early Childhood Transition Task Force provided links to the meeting materials on the Governor’s website, an overview of the early childhood governance landscape in Kansas, and an overview of the task force’s membership and approach to deriving its report and recommendations.

The Chairperson requested more information on the time line for expenditures that would affect the FY 2026 budget and described task force discussions about there being some immediate early childhood needs. The Chairperson also requested more information about the immediate needs regarding early childhood for the Legislature to address in FY 2024.

A representative of the Kansas Children’s Cabinet and Trust Fund (Children’s Cabinet) provided more information about the current needs. The Children’s Cabinet representative stated the child care landscape is important to the economic well-being of Kansas. Some priorities in the Children’s Cabinet report involve focusing on investments in the existing programs and services as well as looking at how to reorganize the governance. According to the representative, a grant program was used to accelerate the growth of child care programs across the state using one-time pandemic relief funds, and a new source of

funding would be needed to continue the program. The Children’s Cabinet also focused on enhancing and improving the provider experience by modernizing the process for becoming a licensed provider and adding capacity.

A representative of Equifax Workforce Solutions provided information about the data and services provided to government agencies in their administration of public assistance programs. Verification services are used by government agencies to make eligibility determinations to independently verify applicant-provided information potentially to learn about unreported or additional income data, facilitate *ex parte* decisions, and improve program integrity. Current employment and income information is used for the Medicaid unwinding process and other benefit eligibility programs. According to Equifax, additional data sets, such as incarceration data and death indicator, and a solution called Contact Complete, would be helpful to benefit determinations, communication re-certification, and eligibility.

Public Safety (Asset Forfeiture, White Powder Incident, KDHE Lab, Highway Patrol Aircraft, Attorney General Litigation)

August 22 meeting. Representatives of the Kansas Bureau of Investigation (KBI) and the Kansas Highway Patrol (KHP) provided an overview of state Asset Forfeiture Funds programs at their respective agencies. Revenue to these funds, which derives from assets seized from suspected criminal activity, require a court order authorizing receipt and are subject to federal and state audits. The KBI representative discussed features of the agency’s website that detail utilization of seized assets forfeiture funding at local law enforcement entities.

Representatives of the KBI, KHP, and the Office of State Fire Marshal discussed the white powder threat letter incident in June 2023, which involved the mailing of threatening letters containing an unknown white powder to more than 100 state legislators in Kansas and other states. The response in Kansas was led by the KBI until the matter was identified as a multi-state incident, at which time the Federal Bureau of Investigation assumed lead. Due to an open federal investigation

on the matter, comments from conferees were limited. The representative estimated a total of \$755,885 in resources was expended in response to the incident.

A representative of the Department of Administration stated the new KDHE Laboratory is in the construction phase, with roof placement soon to occur. The structure is on target for occupancy by December 2024. Plans for disposition of the current laboratory facilities at Forbes Field are under development.

September 28 meeting. A representative of the KHP presented information on the progress of acquisition of new aircraft for State use. The Cessna upgrades have been completed and the agency expected to receive the Cessna Caravan later that same day. The KHP purchased two helicopters, with the first being completed in December 2023 and the second to be built by summer 2024.

The representative from KHP also discussed a collaboration with the Hays Regional Airport for a new aircraft hangar next to the one that the KHP currently rents. The city and the airport would build the hangar and KHP would buy it from them. KHP would then only have to pay the land lease. The cost to the State would be \$1.5 million, split into two payments of \$725,000 over two fiscal years.

November 7 meeting. A representative of the Office of Revisor of Statutes informed committee members that on October 30, 2023, the Committee was notified that the contract with the Attorney General for legal services for natural gas recovery litigation was awarded to Hilgers PLLC. Members were sent a copy of the contract on October 30.

Pursuant to KSA 75-37,135(b), the awarded contract for such legal services is to be submitted to the Committee, and within 30 days of submission, the Committee may hold a public hearing and shall issue a report noting concerns, if any. No Committee member requested a hearing. The contract has been reviewed by members and no concerns were noted.

Transportation (Transportation Plan, Train Crew Requirements)

August 22 meeting. A representative of the Kansas Department of Transportation (KDOT), reviewed progress on the Eisenhower Legacy Transportation Program (IKE Program), provided a list of projects in the construction and development pipelines, and noted spending for each KDOT district. By the end of FY 2023, a total of \$700.0 million will have been let for IKE Program projects, and KDOT is on target to reach the goals of this ten-year transportation program, which include:

- Minimum investment for highway modernization and expansion projects of \$460 million;
- Minimum investment of \$4.45 billion in highway preservation;
- 40.0 percent of funding allocated by FY 2025; and
- At least \$8.0 million in spending per county.

The KDOT representative also discussed programs for other transportation modes, such as public transit, aviation, rail, and bike and pedestrian paths. Topics on which the representative provided information included the Aviation Task Force, Innovative Technology Program, electric vehicle charging stations, bridge projects, and broadband.

December 14 meeting. A representative of KDOT provided an overview of the two-person train crew requirements for operating railroads. The regulation, KAR 36-43-1, was proposed in May 2023 with a public hearing held after the statutory 60-day period on July 17, 2023. Public comments were taken until August 2, 2023. The regulation became effective on November 3, 2023, to improve safety and welfare of the general public. KDOT is allowing a grace period for railroads to come into compliance until April 1, 2024.

Review of Other Interim Committee Recommendations

At the November 7, 2023, meeting, representatives of KLRD provided a summary of recommendations for these committees meeting during the 2023 Interim:

- Special Committee on Nursing Facility Reimbursement Rate Methodology;
- Special Committee on Mental Health;
- Special Committee on Child Care Centers and Child Care Homes;
- Special Committee on Intellectual and Developmental Disability Waiver Modernization; and
- The Governor's Early Childhood Transition Task Force.

CONCLUSIONS AND RECOMMENDATIONS

The Committee recommends the Legislature consider the statutory restrictions and parameters of the Budget Stabilization Fund.

The Committee also recommends the House Committee on Appropriations and the Senate Committee on Ways and Means receive updates regarding and consider the following items:

- Providing supplemental funding for the Food Assistance Program so that child care providers may continue to receive the Tier 1 reimbursement rate;
- Reviewing the planned capital improvements for the Kansas State Fair, including the proposed plan to remove the racetrack located on the State Fairgrounds;
- Reviewing KPERS Tier 3 benefits and whether those benefits adequately meet the needs of employees and employers; and
- Reviewing the recommendations made by the various Task Forces that met during the 2023 Interim.

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Report of the Special Education and Related Services Funding Task Force to the 2024 Kansas Legislature

CHAIRPERSON: Melanie Haas

VICE-CHAIRPERSON: Representative Valdenia Winn

OTHER MEMBERS: Senator Molly Baumgardner, Senator Renee Erickson, Representative Adam Thomas, Representative Kristey Williams, Amy Haussler, Kathy Kersenbrock-Ostmeyer, Monica Ross, Chris Wyant, Brent Yeager

CHARGE

Provisions in the 2023 education finance bill (New Section 7 of House Sub. for SB 113) direct the Task Force to:

- Study and make recommendations for changes in the existing formula for funding of special education and related services;
- Conduct hearings and receive and consider suggestions from teachers, parents, the State Department of Education, the State Board of Education, other governmental officers and agencies, and the general public concerning funding for special education and related services; and
- Make and submit reports to the Legislature on the work and recommendations of the Task Force concerning recommendations, including legislative changes, on or before January 14 of each year.

January 2024

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Special Education and Related Services Funding Task Force

REPORT

Conclusions and Recommendations

The Special Education and Related Services Funding Task Force made the following recommendations:

- The final distribution of Special Education State Aid to school districts should be made no later than August 1 of each year;
- The Kansas Department of Health and Environment and the Kansas Department for Aging and Disability Services should work to increase codes available to school districts and other education organizations for utilizing Medicaid to fund eligible special education services, including services for children 0–3 years of age;
- The Task Force should study how distribution of special education funds currently occurs and whether elements of school district size, services rendered, or other factors are causing special education funding disparities among school districts;
- The State Department of Education should quickly distribute a survey to school districts regarding the Three-Cueing System;
- The Legislature should adopt the State Board of Education’s request for increasing Special Education State Aid over the next four years to achieve state reimbursement of 92.0 percent of special education excess costs; and
- The Task Force should continue to study the equitable funding of special education and its additional components and should continue to meet for further study of the issues surrounding special education and related services.

Proposed Legislation: None.

BACKGROUND

The Special Education and Related Services Funding Task Force has statutory duties assigned by its authorizing legislation in KSA 2023 Supp. 72-3442. The statute authorizes the Task Force to set its own agenda and to meet at any time and at any place within the state on the call of the Chairperson. The Task Force consists of the following members:

- Two members appointed by the Speaker of the House of Representatives;
- Two members appointed by the President of the Senate;
- One member appointed by the Minority Leader of the House of Representatives;

- One member appointed by the Minority Leader of the Senate;
- One member appointed by the State Board of Education;
- Two members appointed by the State Department of Education who are professionals in the field of special education and related services;
- One member appointed by the State Department of Education who is a professional in early childhood development services and provides services for a Tiny-K program; and
- One member who is a parent of a student who receives special education services and is appointed in alternating calendar years by the Speaker of the House of Representatives and the President of the Senate.

The following duties are assigned to the Task Force by KSA 2023 Supp. 72-3442:

- Study and make recommendations for changes in the existing formula for funding of special education and related services;
- Conduct hearings and receive and consider suggestions from teachers, parents, the State Department of Education, the State Board of Education, other governmental officers and agencies, and the general public concerning funding for special education and related services; and
- Make and submit reports to the Legislature on the work of the Task Force concerning recommendations of the Task Force.

COMMITTEE ACTIVITIES

The Task Force met during the 2023 Interim, as authorized by the Legislative Coordinating Council, on January 5, 2024. It elected its chairperson and vice-chairperson at that meeting.

State Department of Education

A representative of the State Department of Education provided an overview of how Special Education State Aid was historically determined and how the current funding statutes are largely based upon administrative policy from the 1990s. He also discussed how special education funding is currently determined, the current amounts and distributions of Special Education State Aid, and alternative funding and distribution models for special education state aid.

The agency representative further elaborated on the State Board of Education's unanimous recommendation to the Legislature to establish a four-year funding plan to increase Special Education State Aid back to the 92.0 percent of excess costs required by law.

Public Testimony

The Task Force received oral and written-only testimony from members of the public, including representatives of several organizations, regarding how the State should address funding special education services.

Game On for Kansas Schools

A representative of Game On for Kansas Schools provided testimony urging the Task Force to continue its work and the increasing of Special Education State Aid.

Kansas Association of School Boards

A representative of the Kansas Association of School Boards provided testimony on the services provided to school districts by the organization, the work done to increase federal special education funding, and the need to increase Special Education State Aid to the 92.0 percent to fully cover state special education excess costs.

Kansas National Education Association

A representative of the Kansas National Education Association described how the organization's policy agenda is developed and requested the Task Force members review the pertinent special education policy recommendations listed in his written testimony. He also noted that not all the policy recommendations involved funding.

Kansas Policy Institute

A representative of the Kansas Policy Institute provided information on the purpose of that organization and its belief that special education services are not being underfunded.

Kansas PTA

A representative of the Kansas PTA provided testimony advocating for the full funding of the 92.0 percent of special education costs by the State.

Private Citizens

A private citizen provided testimony on his daughter's experience receiving special education services. He also noted the need for the State to focus on funding across the lifespan and the current difficulties that exist when an individual transitions from K-12 services to adult services.

A private citizen, self-identified as a special education teacher, described a normal work day for her. She addressed the need for increased funding due to the expensive nature of required equipment and the current lack of para-educators.

A private citizen provided testimony on the experiences of her two children who receive special education services and the need for the State to increase funding for special education services.

A private citizen, self-identified as a special education teacher, discussed his experiences and the difficulty of hiring and retaining qualified special education staff without additional state aid.

Unified School District 453 Leavenworth

Two representatives of Unified School District 453, the Assistant Director of Special Education

and the Superintendent, provided testimony. The Assistant Director discussed her district's actions to ensure the success of its special education services. She also noted the need for the district to transfer general fund money to backfill inadequate Special Education State Aid and described how the inability of districts to retain staff leads to the use of more expensive contractors to provide the required services.

The Superintendent spoke to his belief that the current formula was not broken, that reimbursement to districts for expenses was the best model, and that the current system of many districts utilizing interlocal or cooperative organizations is effective. He did, however, note that increasing funding would not immediately fix the system, as it would take time for system capacity to increase.

Unified School District 512 Shawnee Mission

A representative of Unified School District 512 provided testimony on her experience as a special education teacher. She noted the current need for districts to transfer significant amounts of money from their general funds to special education and the impact that has on general education services.

DISCUSSION AND RECOMMENDATIONS

Following testimony, the Task Force discussed the members' vision for the Task Force and issues brought up during testimony.

The Task Force made the following recommendations at the conclusion of the meeting:

- The final distribution of Special Education State Aid to school districts should be made no later than August 1 each year;
- The Kansas Department of Health and Environment and the Kansas Department of Aging and Disability Services should work to increase codes available to school districts and other education organizations for utilizing Medicaid to fund eligible special education services, including services for children 0–3 years of age;

- The Task Force should study how distribution of special education funds currently occurs and whether elements of school district size, services rendered, or other factors are causing special education funding disparities among school districts;
- The State Department of Education should quickly distribute a survey to school districts regarding the Three-Cueing System;
- The Legislature should adopt the State Board of Education's request for increasing Special Education State Aid over the next four years to achieve state reimbursement of 92.0 percent of special education excess costs; and
- The Task Force should continue to study the equitable funding of special education and its additional components and should continue to meet for further study of the issues surrounding special education and related services.

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