

Memorandum

To: Kansas Association of Addiction Professionals

From: Stuart J. Little, Ph.D.

Date: January 11, 2010

Re: KAAP Legislative Update January 11, 2010

2010 Session Begins

The 2010 Kansas Legislative Session begins on Monday, January 11, 2010. Following the 2009 Session and massive budget reductions, two rounds of Governor's allotments to make further budget reductions, and revenue collections that continue to decline each month, the 2010 Session promises to hold great challenges and foretells continued problems.

Governor Mark Parkinson will make his State of the State address on Monday night, January 11, and his detailed budget information should be available sometime Tuesday. On Monday night, we can expect the Governor to comment on the current revenue crisis and discuss his plans to amend the current year and FY 2011 budgets. The Governor has stated he believes the educational and social service systems have been reduced enough. His budget will likely recommend some types of revenue enhancements to attempt to address what is anticipated as an approximately \$350 million budget deficit. The Legislature will then be confronted with decisions that will require balancing of the proposed budget reductions and potential revenue enhancements. One of the key unknown factors is whether state revenue collections will continue to fall below estimates; for example, December 2009 estimates were \$16.8 million below estimates (including a one-time tax amnesty infusion that masked the actual shortfall).

When the Governor's budget information is available, I will send it along.

Budget Issues

The dominant issue governing almost all other issues will be the budget. Because of the decline in state revenue beginning in late 2008, the 2009 legislative session was noted for large budget reductions in K-12 funding and all other areas of state government. The 2009 session saw reductions in the current year (FY 2009) budget as well as the FY 2010 budget. Because of continued declines in revenue, the Governor made additional allotment reductions in July and November. Revenue estimates were revised downward in November to reflect the continued stagnant economy and subsequent revenue collections.

The budget situation this session will focus on a number of main themes. Legislators will respond to the Governor's budget recommendation which will likely contain few additional cuts to state agencies (he believes social services and corrections

entities cannot sustain additional reductions) and no additional reductions to K-12 education (as he believes any further reductions will violated the minimum funding requirements of the American Recovery and Reinvestment Act [ARRA] federal funding). Use of the federal ARRA funds were contingent on funding K-12 education at a floor level of the 2006 levels and good analysis suggests the state could drop below that level only under potential penalty of losing federal ARRA funds. ARRA funding, however, also produces one major challenge for the Legislature because the \$1.7 billion in federal ARRA funds end in the middle of the 2011 fiscal year. The ARRA funds minimized budget reductions, but have created a funding whole in the 2011 budget as those federal funds will need to be replaced with state funds.

The budget process, given the continued anemic state revenues, and the end of ARRA funding, presents the greatest challenge for the Legislature in recent memory. The Governor and the Legislature will be attempting to discern how much revenue they need, and then wrestle with the decision of whether to further reduce expenditures or raise revenue an amount to fill the hole. The Governor will propose revenue enhancements—possibly sales taxes, cigarette taxes, or income taxes—to fill the budget hole and avoid further budget reductions. The Legislature, on the other hand, is divided on how they will proceed. Certainly there will be supporters of the Governor’s proposals on revenue. Many legislators believe additional budget reductions, including K-12 reductions, can happen. They believe the current economy, unemployment, and revenue figures warrant greater efficiency or frugality in Government to bridge this current revenue crisis. The Legislature will have to determine the level of funding reductions they can tolerate compared to the potential negative political and economic impact of a tax increase.

Legislators and Politics

The entire Kansas House of Representatives will face reelection in the fall of 2010. Senators are not up for reelection this year. There will also be elections of all state-wide offices, including the Office of the Governor. Because Governor Parkinson is not seeking reelection, and there is no Democrat currently seeking the nomination, the Governor’s political power during the session may be limited—except of course for his power to Veto budget reduction bills. It is certain that reelection politics will impact the decisions legislators make on policy issues, but more importantly on the budget and taxation issues. Perhaps as equally important will be political calculations made by some elected officials in anticipation a new administration would find in January 2011.

As usual, politics and partisan politics will always play a role in shaping the debate over budgets, taxes, and the ultimate resolution of the session. Assuming state revenue collections continue to remain flat, or decline, it is a good guess the 2010 legislature will struggle through the session attempting to implement further budget reductions and urging agencies to seek greater efficiencies. For now, it is unclear if there will be majorities willing to implement further cuts. There likely will be additional budget reduction bills that may not pass, or be vetoed by the Governor, and there is little likelihood of mustering the votes to over-ride vetoes. Eventually, by the end of the session in April or May, if the legislature has failed to pass additional spending

reductions, at that point the legislature will have no choice but to attempt to put together a revenue package. This process will not be easy or quick.

Substance Abuse and Counseling Issues

Clearly, we will be closely monitoring revenue and budget issues during the 2010 session to ensure that legislators are aware of the potential impact of any additional budget reductions. As described in the rest of this memo, they will be wrestling much of the session with the need to make decisions about further cuts compared to seeking additional revenue. The Governor's budget, released this week, will give us some indication of what additional reductions may be coming.

KAAP's main policy objective during this 2010 legislative session will be securing passage of the addiction counselor licensure legislation. The bill should be introduced in the first week or two and a hearing should follow shortly. Throughout the fall of 2009, KAAP was been working to ensure the addiction counselor field is educated on the issues related to the bill and most importantly licensure supporters are contacting their legislators. Addiction counselors will continue to receive updates on the status of the legislation and will be encouraged to make additional legislative contacts to gain support.

Other issues being monitored this session for KAAP include:

- Protection of state and federal funding
- Support restoration of the recommended 10 percent Medicaid reduction
- Support the liquor tax fund
- Support public safety programs: 4th time DUI, SB 123
- Support close oversight of parity
- Support planned use for Problem Gaming and Other Addictions Fund

KAAP Legislative Day. One of the best ways KAAP members and all supporters of addiction counselor licensure issues can support our efforts is to participate in KAAP Legislative Day, which will be held on February 11 at the Statehouse. Additional details will be available soon but mark the date on your calendar now.

Wrap Up

Clearly, there will be an almost endless variety of issues and challenges during this session as legislators struggle to make decisions on policy, budgets, and taxes. We will do our best to keep you informed of what is happening and to make sure the legislature knows what we want to see done. I would hope during the session, as you all

hear of issues through your various contacts and organizations, that if you believe we could benefit, please share your knowledge with us.

Finally, this session, I will be assisted working in Topeka by my Associate Shannon Bell and Travis Lowe. Both have valuable experience in Topeka and will be helping to make sure your interests are addressed.

Again, if you have any questions or issues, please do not hesitate to contact me.

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