

SUBCOMMITTEE REPORT

HOUSE BILL NO. 2395 -- FY 1987 SUPPLEMENTAL
APPROPRIATION BILL


- Sec. 17 -- Board of Agriculture
- Sec. 18 -- Board of State Fair Managers
- Sec. 19 -- Kansas Water Office

HOUSE BILL NO. 2182 -- FY 1988 APPROPRIATIONS BILL

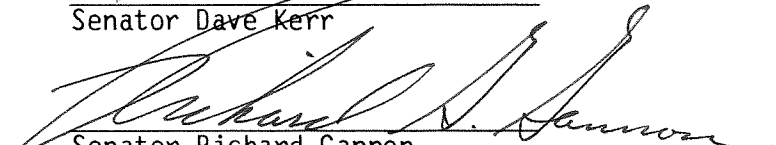
- Sec. 2 -- Board of Agriculture
- Sec. 3 -- Animal Health Department
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Senator Joseph C. Harder
Subcommittee Chairperson



Senator Dave Kerr



Senator Richard Gannon

SUBCOMMITTEE REPORT

Agency: Board of Agriculture

Bill No. 2395

Bill Sec. 18

Analyst: Rothe

Analysis Pg. No. 577

Budget Pg. No. 5-1

<u>Expenditure Summary</u>	<u>Agency Est. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 7,329,432	\$ 6,966,332	\$ --
Agency Fee Fund	2,238,356	2,262,595	--
Grain Commission Funds	1,286,717	1,286,669	--
Federal Meat and Poultry Inspection Fund	1,181,919	1,181,577	--
Other Federal Funds	361,120	363,737	6,060
Other Special Funds	7,500	7,500	--
Subtotal	<u>\$12,405,044</u>	<u>\$12,068,410</u>	<u>\$ 6,060</u>
Capital Improvements:			
State General Fund	\$ 9,887	\$ 9,887	\$ --
TOTAL	<u>\$12,414,931</u>	<u>\$12,078,297</u>	<u>\$ 6,060</u>
 FTE Positions	 316.5	 316.5	 --

Agency Estimate/Governor's Recommendation

The agency's revised FY 1987 estimate of operating expenditures of \$12,405,044 reflects a net increase of \$59,456 above expenditures approved by the 1986 Legislature, and is \$767,346 (6.6 percent) above actual FY 1986 expenditures. The revised FY 1987 estimate includes \$7,329,432 from the State General Fund, an increase \$174,860 above the amount approved, and \$5,075,612 from special revenue funds, a decrease of \$115,404 from the amount approved.

The Governor recommends FY 1987 operating expenditures totaling \$12,068,410, a reduction of \$336,634 from the agency's revised estimate. The recommendation includes \$6,966,332 from the State General Fund (a reduction of \$363,100) and \$5,102,078 from special revenue funds (an increase of \$26,466). The State General Fund recommendation includes a lapse of \$251,874 as approved in H.B. 2049 during the 1987 Legislative Session, and a supplemental appropriation of \$63,634 to offset fee fund shortfalls.

House Subcommittee Recommendation

FY 1987. The Subcommittee concurs with the Governor's recommendation with the following adjustments:

1. Shift \$30,060 from internal State General Fund savings to legal services in the FACTS program. \$30,000 has been identified as savings by the agency. The Subcommittee recommends that \$24,000 of this amount be used for FACTS legal services and the remaining \$6,060 be used for item 2. The Subcommittee also believes there is an additional \$9,000 in savings within the FACTS program which could be transferred to legal services.
2. Add \$12,120 to reinstate a Veterinarian II position in the Meat and Poultry Inspection program for the remainder of FY 1987, including \$6,060 from internal State General Fund savings and \$6,060 from the federal Meat and Poultry Fund. Funding for the position was lapsed in H.B. 2049.
3. Delete \$20,000 from the State General Fund for salaries and wages and add \$20,000 from the State General Fund for other operating expenditures to make a technical adjustment in the House supplemental appropriations bill (H.B. 2395).
4. The Subcommittee further recommends that the agency take the appropriate steps toward implementing a FACTS legal services co-pay fund. The recommendation is to provide the first two hours of legal assistance to eligible clients at no cost. An hourly fee would be charged for legal assistance provided beyond two hours. Fee receipts would be utilized to offset costs associated with provision of contracted legal services in the FACTS program. The Subcommittee further recommends the addition of a no-limit line item in the appropriation bill to be utilized for this purpose.

House Committee Recommendation

The Committee concurs with the Subcommittee's recommendation.

House Committee of the Whole Recommendation

The House concurs with the Committee's recommendation.

Senate Subcommittee Recommendation

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec. FY 1987</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ --	\$ 6,966,332	\$ --
Agency Fee Fund	--	2,262,595	--
Grain Commission Funds	--	1,286,669	--
Federal Meat and Poultry Inspection Fund	--	1,181,577	--
Other Federal Funds	6,060	369,797	--
Other Special Funds	--	7,500	--
Subtotal	<u>\$ 6,060</u>	<u>\$12,074,470</u>	<u>\$ --</u>
Capital Improvements:			
State General Fund	\$ --	\$ 9,887	\$ --
TOTAL	<u>\$ 6,060</u>	<u>\$12,084,357</u>	<u>\$ --</u>
FTE Positions	--	316.5	--

FY 1987. The Subcommittee concurs with the recommendations of the House.

046.87

SUBCOMMITTEE REPORT

Agency: Board of Agriculture

Bill No. 2182

Bill Sec. 2

Analyst: Rothe

Analysis Pg. No. 577

Budget Pg. No. 5-1

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$10,101,509	\$ 6,744,087	\$ 68,526
Agency Fee Funds	2,416,077	2,161,968	40,000
Grain Commission Funds	1,093,305	1,075,734	--
Federal Meat and Poultry Inspection Fund	1,138,281	1,050,426	28,889
Other Federal Funds	484,157	334,157	182,145
Other Special Funds	9,000	9,000	--
Subtotal	<u>\$15,242,329</u>	<u>\$11,375,372</u>	<u>\$ 319,560</u>
Capital Improvements:			
State General Fund	\$ 95,000	\$ 82,000	\$ --
TOTAL	<u>\$15,337,329</u>	<u>\$11,457,372</u>	<u>\$ 319,560</u>
 FTE Positions	 358.5	 292.0	 7.0

Agency Request/Governor's Recommendation

The agency requests \$15,242,329 for operating expenditures in FY 1988, an increase of \$2,837,285 (22.9 percent) over the FY 1987 revised estimate. Of the increase, \$1,487,602 is attributed to salaries and wages, \$300,952 to travel, \$281,144 to fees for professional services, \$300,532 to capital outlay, and \$467,055 to all other expenditures. The FY 1988 request includes \$10,101,509 from the State General Fund, a \$2,772,077, or 37.8 percent increase over the FY 1987 revised estimate, and represents 66.3 percent of the total FY 1988 operating request. The agency requests a total of 358.5 FTE positions, an increase of 42.0 FTE over FY 1987. Expenditures requested for the new positions include \$1,142,837 for salaries and \$797,674 for other costs for a total of \$1,940,511.

The Governor recommends FY 1988 operating expenditures of \$11,375,372, a reduction of \$3,866,957 from the agency's request. The recommendation includes \$6,744,087 from the State General Fund (a reduction of \$3,357,422) and \$4,631,285 from special revenue funds (a reduction of \$509,535). The reduction includes \$1,890,874 from requested salaries and wages, \$1,610,553 from contractual services, \$76,295 from commodities, and \$289,235 from capital outlay. The Governor recommends a reduction of 24.5 FTE in the agency's position limitation as approved by the 1986 Legislature. The Governor recommends the addition of 1.0 position in the Division of Water Resources and the following reductions: 2.0 from the Administration Division; 9.5 from the Division of Inspections; 7.0 from

the Laboratory; 2.0 from the Marketing Division; and 5.0 from the Plant Health Division (Noxious Weeds). Salaries of 19.0 of these positions were lapsed in H.B. 2049.

House Subcommittee Recommendation

FY 1988. The Subcommittee concurs with the Governor's recommendation with the following adjustments:

1. Reappropriate \$139 from the State General Fund for other operating expenditures and reduce expenditures from the Meat and Poultry Inspection Fee Fund by \$11,514 to correct technical errors in the agency's FY 1988 appropriations bill (H.B. 2182).
2. Delete \$244,562 and 5.0 FTE positions from the State General Fund for the FACTS program. The Subcommittee recommends that funding and positions for the FACTS program be included in the omnibus bill upon passage of an extension by both the House and Senate.
3. The Subcommittee recommends the implementation of a FACTS legal services co-pay fund. The recommendation is to provide the first two hours of legal assistance to eligible clients at no cost. An hourly fee would be charged for legal assistance provided beyond two hours. Fee receipts would be utilized to offset costs associated with the provision of contractual legal services in the FACTS program. The Subcommittee further recommends inclusion of a no-limit line item in the appropriation bill to be utilized for this purpose.
4. Add \$57,777 and 1.0 FTE position to reinstate a Veterinarian II position in the Meat and Poultry Inspection program, including \$28,888 from the State General Fund and \$28,889 from the federal Meat and Poultry Fund.
5. Add \$227,106 and 8.0 FTE positions in the Water Structures program for dam safety inspection. The recommendation includes \$50,361 and 1.0 Civil Engineer II from the State General Fund, and \$176,745 and 4.0 Civil Engineers, 1.0 Geologist, and 2.0 clerical positions from federal funds. The Subcommittee further recommends that the agency investigate the feasibility for initiating a fee system to offset costs associated with the inspection of dams.
6. Add \$25,000 from the State General Fund for a study in the Division of Water Resources.
7. Add \$120,000 to fund a "Blueprint for Agriculture" study, including \$40,000 from the State General Fund, \$40,000 from private industry funds, and \$40,000 from university in-kind funds.
8. Add \$5,400 from the federal Certification of Pesticide Applicators Fund for an optical scanning system for use with the pesticide applicator certification examination program.

9. Add \$168,839 and 3.0 FTE positions from the State General Fund to enhance the agency's domestic marketing program. The recommendation includes \$92,835 for salaries and \$76,004 for other operating expenditures.
10. The Subcommittee calls attention to H.B. 2520 which creates an Anhydrous Ammonia Fees Fund. The fund would enable the agency to register the 640 active anhydrous ammonia facilities in Kansas. Based on a \$50 annual fee per facility, estimated FY 1988 receipts would be \$32,000. In addition, H.B. 2520 would also require registration of the six portable reactor units producing ammoniated solutions for agricultural purposes in Kansas. Based on a \$250 annual fee, estimated FY 1988 receipts would be \$1,500. The Subcommittee recommends that upon passage of H.B. 2520 by both the House and the Senate, total FY 1988 expenditures from the proposed fund of \$33,500 be utilized to offset State General Fund expenditures.
11. The Subcommittee notes that the Joint Committee on State Building Construction concurred with the Governor's recommendation to expend \$82,000 from the State General Fund for roof and driveway improvements to the Agricultural Laboratory. The Subcommittee concurs with that recommendation.

House Committee Recommendation

The Committee concurs with the Subcommittee's recommendation with the following adjustment:

1. Delete \$168,839 and 3.0 FTE positions from the State General Fund associated with the agency's domestic marketing program.

House Committee of the Whole Recommendation

The House concurs with the Committee's recommendation.

Senate Subcommittee Recommendation

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec. FY 1988</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ (100,313)	\$ 6,643,774	\$ 654,380
Agency Fee Fund	40,000	2,201,968	--
Grain Commission Funds	--	1,075,734	--
Federal Meat and Poultry Inspection Fund	28,889	1,079,315	(28,889)
Other Federal Funds	182,145	516,302	--
Other Special Funds	--	9,000	--
Subtotal	<u>\$ 150,721</u>	<u>\$11,526,093</u>	<u>\$ 625,491</u>
Capital Improvements:			
State General Fund	\$ --	\$ 82,000	\$ --
TOTAL	<u>\$ 150,721</u>	<u>\$11,608,093</u>	<u>\$ 625,491</u>
FTE Positions	4.0	296.0	10.0

FY 1988. The Subcommittee concurs with the recommendations of the House with the following adjustments:

1. Add \$344,562 from the State General Fund and 5.0 FTE for the FACTS program, including \$143,060 for salaries and \$201,502 for OOE. The recommendation includes \$100,000 for legal services as recommended in Governor's Budget Amendment No. 3. The 1987 Legislature has extended the FACTS program to July 1, 1990.
2. Add \$81,546 from the State General Fund and 2.0 FTE Weed Program Specialists to the Noxious Weeds program, including \$58,781 for salaries and \$22,765 for OOE. As a result of the FY 1987 State General Fund lapse, four of the five positions in this program were eliminated.
3. Add \$112,000 from the State General Fund and 2.0 FTE Agricultural Marketing Specialists to enhance the agency's domestic marketing program. The recommendation includes \$56,940 for salaries and \$55,060 for OOE.
4. Add \$120,000 from the State General Fund and 2.0 FTE Agricultural Marketing Specialists for international marketing of raw products by the Board of Agriculture rather than by the Department of Commerce. The recommendation includes \$84,824 for salaries and \$35,176 for OOE. The Subcommittee recommends that the Department of Commerce maintain international marketing of value-added agricultural products. The Subcommittee further recommends that the Secretaries of the Board of Agriculture and the Department of Commerce cooperate in the international marketing of Kansas agricultural products.

5. Add \$12,500 from the State General Fund for temporary clerical help in the agricultural laboratory, including \$10,000 for salaries and \$2,500 for OOE.
6. Add \$12,660 from the State General Fund for data storage upgrade.
7. Delete \$57,777 and 1.0 FTE Veterinarian II position in the Meat and Poultry program, including \$28,888 from the State General Fund and \$28,889 from the federal Meat and Poultry Fund.
8. The Subcommittee notes that Governor's Budget Amendment No. 3 recommends the reduction of \$66,562 from the State General Fund and 2.0 FTE positions from the Kansas Water Office and the addition of \$66,562 and two positions to the Division of Water Resources at the Board of Agriculture, to implement S.B. 39 and S.B. 40. S.B. 40 has passed, but S.B. 39 remains in House Committee. The Subcommittee suggests that implementation of the Governor's Budget Amendment be deferred until S.B. 39 is enacted.

046.88

SUBCOMMITTEE REPORT

Agency: Animal Health Department

Bill No. 2182

Bill Sec. 3

Analyst: Rothe

Analysis Pg. No. 598

Budget Pg. No. 5-17

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 475,000	\$ 266,836	\$ 4,450
Special Revenue Funds	985,810	1,135,786	--
TOTAL	<u>\$ 1,460,810</u>	<u>\$ 1,402,622</u>	<u>\$ 4,450</u>
FTE Positions	40.0	40.0	--

Agency Request/Governor's Recommendation

The agency's FY 1988 request is \$1,460,810, of which \$475,000 (32.5 percent) is from the State General Fund. The total request is an increase of \$65,690 above the revised FY 1987 estimate. Increases requested for FY 1988 include \$18,506 for salaries, \$22,316 for rents due to a planned move to new offices, \$17,367 for travel due to mileage and subsistence rate increases, \$5,000 to print a new brand book, and \$2,501 for all other. Finally, the request includes a financing shift of \$202,413 from special revenue funds to the State General Fund in order to reverse the decline in fee fund balances.

The Governor recommends \$1,402,622 for FY 1988, a reduction of \$58,188 from the amount requested. Recommended financing includes \$266,836 from the State General Fund (19 percent, a reduction of \$208,164 from the amount requested) and \$1,135,786 from special revenue funds (81 percent, an increase of \$149,976). The Governor concurs with the agency's requested increase of \$22,316 for rents due to a move to new offices, and of \$5,000 to print a new brand book. The Governor recommends \$10,000 in FY 1988, in addition to \$5,000 in FY 1987, for the purchase of a computer system.

House Subcommittee Recommendation

FY 1987. The Subcommittee concurs with the Governor's recommendation.

FY 1988. The Subcommittee concurs with the Governor's recommendation with the following exception:

1. Add \$4,450 from the State General Fund to purchase brucellosis vaccination ear tags.

2. The Subcommittee reviewed the agency fee structure and notes a serious decline in ending balances from \$414,213 in FY 1985 to \$90,526 in FY 1988. Over half of the agency's fee receipts are derived from the Livestock Market Fee (currently at the statutory maximum of \$.10 per head) and the Veterinary Inspection Fee (currently \$.07) both collected upon inspection of livestock at the 70 Kansas livestock markets. However, of the 4,250,000 livestock annually marketed, only 2,500,000 are sold at livestock markets. In fact, the number of markets has decreased from 89 in FY 1978 and the number of livestock sold at livestock markets has declined from 3,191,817 in FY 1978. As the number of inspections has declined the agency has attempted to increase receipts by raising inspection fees, resulting in still lower market sales. The Subcommittee concludes that declining market sales and fee fund balances will result in a severe drain on the State General Fund beginning in FY 1989 or FY 1990 unless a restructuring of agency fees is accomplished. The Subcommittee recommends that the agency immediately begin to review its current fees as well as to investigate the feasibility of implementing alternative or additional fees. The Subcommittee further recommends that the agency return to the Subcommittee in January, 1988 with a proposal to resolve its critical financing problems.

House Committee Recommendation

The House Committee concurs with the Subcommittee's recommendation.

House Committee of the Whole Recommendation

The House concurs with the Committee's recommendation.

Senate Subcommittee Recommendation

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec. FY 1988</u>	<u>Senate Subcommittee Adjustment</u>
State Operations:			
State General Fund	\$ 4,450	\$ 271,286	\$ (4,450)
Special Revenue Funds	--	1,135,786	--
TOTAL	<u>\$ 4,450</u>	<u>\$ 1,407,072</u>	<u>\$ (4,450)</u>
FTE Positions	--	40.0	--

FY 1988. The Senate Subcommittee concurs with the House's recommendation with the following adjustments:

1. Delete \$4,450 from the State General Fund for the purchase of vaccination ear tags.

2. The Subcommittee concurs that the agency review its fee structure. However, the Subcommittee does not believe that fee increases have caused a decline in cattle market sales.

055.88

SUBCOMMITTEE REPORT

Agency: Kansas State Fair

Bill No. 2395

Bill Sec. 19

Analyst: Rothe

Analysis Pg. No. 607

Budget Pg. No. 5-29

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 2,159,341	\$ 2,174,317	\$ (17,795)
Capital Improvements	847,498	767,498	--
TOTAL	<u>\$ 3,006,839</u>	<u>\$ 2,941,815</u>	<u>\$ (17,795)</u>
State General Fund:			
Capital Improvements	\$ 847,498	\$ 767,498	\$ --
FTE Positions	16.0	16.0	--

Agency Estimate/Governor's Recommendation

Although total receipts for the 1986 Kansas State Fair were \$53,233 higher than receipts from the 1985 Fair, the 1986 Fair generated approximately \$226,500 less revenue than originally anticipated. Gate attendance increased from 298,457 during the 1985 Fair to 312,144 during the 1986 Fair. 1984 gate attendance was 343,241. Grandstand attendance was 101,844 in 1984, 71,844 in 1985, and 64,103 in 1986. The agency's revised FY 1987 estimate of operating expenditures totals \$2,159,341, a reduction of \$183,623 from the amount approved during the 1986 Legislative Session. The agency requests an FY 1987 supplemental appropriation of \$120,000 from the State General Fund for special maintenance of fairground facilities.

The Governor recommends operating expenditures of \$2,174,317 for FY 1987, an increase of \$14,976 above the agency's request. The Governor recommends the expenditure of \$25,000 from the Nonfair Days Activities Fund to conduct a study on the feasibility of using fairground facilities for parimutuel racing events. The Governor recommends a supplemental appropriation of \$40,000 from the State General Fund for special maintenance of fairground facilities in addition to the \$80,000 appropriated by the 1986 Legislature.

House Subcommittee Adjustments

FY 1987. The Subcommittee concurs with the Governor's recommendation with the following exception:

1. Delete \$17,795 from salaries including \$14,236 from the Nonfair Days Activities Fund and \$3,559 from the State Fair Fee Fund. The Special Events Coordinator position, approved during the 1986 Legislature, has not yet been filled.

The fee fund analysis, based on the House Subcommittee's adjustments, is as follows:

<u>Resource Estimate</u>	<u>Actual FY 1986</u>	<u>Estimated FY 1987</u>
<u>State Fair Fee Fund:</u>		
Beginning Balance	\$ 171,862	\$ 51,347
Net Receipts	1,972,142	2,025,375
Funds Available	<u>\$ 2,144,004</u>	<u>\$ 2,076,722</u>
Less: Expenditures	1,960,272	1,962,203
Nonexpense Items	132,385	76,775
Ending Balance	<u><u>\$ 51,347</u></u>	<u><u>\$ 37,744</u></u>
 <u>Nonfair Days Act. Fund:</u>		
Beginning Balance	\$ 134,851	\$ 95,872
Net Receipts	132,093	155,900
Funds Available	<u>\$ 266,944</u>	<u>\$ 251,772</u>
Less: Expenditures	162,948	194,319
Nonexpense Items	8,124	9,200
Ending Balance	<u><u>\$ 95,872</u></u>	<u><u>\$ 48,253</u></u>

House Committee Recommendation

The House Committee concurs with the Subcommittee's recommendation.

House Committee of the Whole Recommendation

The House concurs with the Committee's recommendation.

Senate Subcommittee Recommendation

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec. FY 1987</u>	<u>Senate Subcommittee Adjustments</u>
<u>All Funds:</u>			
State Operations	\$ (17,795)	\$ 2,156,522	\$ --
Capital Improvements	--	767,498	30,000
TOTAL	<u><u>\$ (17,795)</u></u>	<u><u>\$ 2,924,020</u></u>	<u><u>\$ 30,000</u></u>
 <u>State General Fund:</u>			
Capital Improvements	\$ --	\$ 767,498	\$ 30,000
FTE Positions	--	16.0	--

FY 1987. The Subcommittee concurs with the recommendations of the House with the following adjustment:

1. Add \$30,000 from the State General Fund for special maintenance of fairground facilities for total expenditure of \$150,000.

373.87

SUBCOMMITTEE REPORT

Agency: Kansas State Fair

Bill No. 2182

Bill Sec. 5

Analyst: Rothe

Analysis Pg. No. 607

Budget Pg. No. 5-29

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 2,451,016	\$ 2,342,263	\$ 6,023
Capital Improvements	1,301,000	150,000	--
TOTAL	<u>\$ 3,752,016</u>	<u>\$ 2,492,263</u>	<u>\$ 6,023</u>
State General Fund:			
Capital Improvements	\$ 1,301,000	\$ 150,000	\$ --
FTE Positions	16.0	16.0	--

Agency Request/Governor's Recommendation

For FY 1988, the Fair requests operating expenditures of \$2,451,016, an increase of \$291,675 above the revised FY 1987 estimate of \$2,159,341. The request includes \$11,720 to provide a 5 percent salary adjustment to temporary positions, and \$15,000 for additional printing to support the Fair's 75th anniversary celebration. Other increases include \$30,389 for all other salaries and wages, \$217,612 for other contractual services, \$10,300 for commodities, and \$6,654 for capital outlay. The Fair requests \$1,101,000 to complete renovation of the grandstand. The total project cost is estimated to be \$2,071,000.

The Governor recommends FY 1988 operating expenditures of \$2,342,263, a reduction of \$108,753 from the agency's request. The recommendation eliminates the requested 5 percent salary adjustment for temporary employees, and reduces printing costs by \$15,000, repairs by \$10,000, utilities by \$13,000, capital outlay by \$19,050, other contractual services by \$32,372, and other supplies by \$8,500. The Governor does not recommend continued funding for the grandstand renovation project for FY 1988, pending the results of a study to examine the feasibility of using the fairgrounds for parimutuel racing events.

House Subcommittee Recommendation

FY 1988. The Subcommittee concurs with the Governor's recommendation with the following adjustments:

1. Add \$4,273 from the State Fair Fee Fund for open class award premiums. The Subcommittee's recommendation includes \$104,273 for FY 1988 for premiums which are utilized to defray the expense of exhibiting at the State Fair.
2. Add \$1,750 from the State Fair Fee Fund for the Youth subprogram. The minimum age restriction will be lowered for 4-H show participants from 12 to 10 years of age during the 1987 Fair resulting in additional expenditures for judges' travel, as well as premiums, ribbons, and trophies.

The fee fund analysis, based on the House Subcommittee's adjustments, is as follows:

<u>Resource Estimate</u>	<u>Actual FY 1986</u>	<u>Estimated FY 1987</u>	<u>Estimated FY 1988</u>
<u>State Fair Fee Fund:</u>			
Beginning Balance	\$ 171,862	\$ 51,347	\$ 37,744
Net Receipts	1,972,142	2,025,375	2,352,586
Funds Available	\$ 2,144,004	\$ 2,076,722	\$ 2,390,330
Less: Expenditures	1,960,272	1,962,203	2,154,043
Nonexpense Items	132,385	76,775	133,459
Ending Balance	<u>\$ 51,347</u>	<u>\$ 37,744</u>	<u>\$ 102,828</u>
<u>Nonfair Days Act. Fund:</u>			
Beginning Balance	\$ 134,851	\$ 95,872	\$ 48,253
Net Receipts	132,093	155,900	181,900
Funds Available	\$ 266,944	\$ 251,772	\$ 230,153
Less: Expenditures	162,948	194,319	194,243
Nonexpense Items	8,124	9,200	9,200
Ending Balance	<u>\$ 95,872</u>	<u>\$ 48,253</u>	<u>\$ 26,710</u>

House Committee Recommendation

The House Committee concurs with the Subcommittee's recommendation.

House Committee of the Whole Recommendation

The House concurs with the Committee's recommendation.

Senate Subcommittee Recommendation

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec. FY 1988</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 6,023	\$ 2,348,286	\$ 15,000
Capital Improvements	--	150,000	--
TOTAL	<u>\$ 6,023</u>	<u>\$ 2,498,286</u>	<u>\$ 15,000</u>
State General Fund:			
Capital Improvements	\$ --	\$ 150,000	\$ --
FTE Positions	--	16.0	--

FY 1988. The Subcommittee concurs with the recommendations of the House with the following adjustment:

1. Add \$15,000 from the State Fair Fee Fund for the youth subprogram.

373.88

SUBCOMMITTEE REPORT

Agency: Grain Inspection Department

Bill No. 2395

Bill Sec. NA

Analyst: Rothe

Analysis Pg. No. 604

Budget Pg. No. 5-37

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
State Operations:			
Special Revenue Fund	\$ 5,042,875	\$ 5,033,668	\$ (17,490)
FTE Positions	175.0	175.0	--

Agency Estimate/Governor's Recommendation

The agency estimates FY 1987 operating expenditures of \$5,042,875 as approved by the 1986 Legislature. The agency eliminated a Grain Sampler Weigher I and a Keyboard Operator I, and added a Personnel Administrator I for a total of 175 FTE positions, one below the position limitation of 176 approved by the 1986 Legislature.

The Governor recommends \$5,033,668 in operating expenditures for FY 1987 a reduction of \$9,207 from the agency's estimate. The recommendation includes increases of \$48,875 for contract sampling and \$13,329 for salaries above the agency's estimate, and reductions of \$25,364 from capital outlay, \$24,557 from travel, \$11,902 from rents, and \$9,588 from other costs.

House Subcommittee Recommendation

FY 1987. The Subcommittee concurs with the Governor's recommendation with the following exceptions:

1. Delete \$57,490 from salaries. Turnover savings are possible due to vacancies in 2.0 Grain Sampler Weigher I positions (12 months), 1.0 Grain Sampler Weigher I (eight months), and 1.0 Assistant Director (five months). The Subcommittee further recommends the elimination of these positions in FY 1988.
2. Add \$40,000 for contract sampling for total expenditures of \$275,000. The Subcommittee supports the program in that receipts continue to exceed agency expenditures. Actual FY 1985 expenditures of \$174,274 for contract sampling returned \$507,993 in receipts. Actual FY 1986 expenditures of \$229,360 returned \$700,997 in receipts.

The fee fund analysis, based on the House Subcommittee's adjustments, is as follows:

<u>Resource Estimate</u>	<u>Actual FY 1986</u>	<u>Estimated FY 1987</u>
Beginning Balance	\$ 2,066,788	\$ 1,954,427
Net Receipts	4,669,532	4,674,982
Total Funds Available	\$ 6,736,320	\$ 6,629,409
Less: Expenditures Reportable	4,532,207	5,016,178
Federal Fees Remitted	249,686	255,000
Ending Balance	<u>\$ 1,954,427</u>	<u>\$ 1,358,231</u>

House Committee Recommendation

The House Committee concurs with the Subcommittee's recommendation.

House Committee of the Whole Recommendation

The House concurs with the Committee's recommendation.

Senate Subcommittee Recommendation

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec. FY 1987</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
Special Revenue Fund	\$ (17,490)	\$ 5,016,178	\$ --
FTE Positions	--	175.0	--

FY 1987. The Senate Subcommittee concurs with the recommendations of the House.

258.87

SUBCOMMITTEE REPORT

Agency: Grain Inspection Department Bill No. 2182 Bill Sec. 4
Analyst: Rothe Analysis Pg. No. 604 Budget Pg. No. 5-37

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
State Operations: Special Revenue Fund	\$ 5,238,962	\$ 5,033,712	\$ (21,674)
FTE Positions	175.0	175.0	(3.0)

Agency Request/Governor's Recommendation

The agency requests FY 1988 operating expenditures of \$5,238,962, an increase of \$196,087 (3.9 percent) above the agency's FY 1987 estimate. The increase is due in large part to the agency's proposal to expand the contract sampling program, as well as to increases in motor pool, subsistence, and lodging rates.

The Governor recommends \$5,033,712 in operating expenditures for FY 1988, a reduction of \$205,250 from the agency's request. The recommendation includes reductions of \$45,490 from salaries, \$110,385 from travel, \$26,175 from contract sampling, and \$23,200 from other costs.

House Subcommittee Recommendation

FY 1988. The Subcommittee concurs with the Governor's recommendation with the following exceptions:

1. Delete \$46,674 from salaries and decrease the FTE position limitation by three to reflect the elimination of 3.0 Grain Sampler Weighers I.
2. The Subcommittee calls attention to H.B. 2246 which proposes the elimination of the agency's Assistant Director, Personnel Director, and Supervising Weighmaster. The Subcommittee recommends that a salary decrease of \$120,522 be included in the omnibus bill upon passage of H.B. 2246 by both the House and Senate.
3. Add \$25,000 for contract sampling for total expenditures of \$275,000.
4. The Subcommittee notes the agency's need for additional license fee income. Because figures show that minimum (\$250) and maximum (\$3,050) warehouseman license fees are already higher than fees charged in surrounding states, the Subcommittee does not recommend a fee increase at this time.

5. The Subcommittee recommends that legislation be introduced that would permit the agency to charge a public warehouseman an annual warehouse capacity fee for each functional unit owned rather than a fee based on the total capacity of all functional units owned.
6. The Subcommittee recommends that legislation be introduced that would change the frequency of grain warehouse inspections from at least three times in two years to at least once a year. The proposed change would enable examiners to perform lengthier or more frequent examinations of problem warehouses. Second, to conform with an April 1, 1987 federal rule change, the legislation would increase from \$25,000 to \$50,000 the minimum net worth requirement to operate a public grain warehouse, and would raise the maximum net worth requirement by increasing the rate used to determine the requirement from \$.20 to \$.25 per bushel of warehouse storage capacity.
7. The Subcommittee recommends that legislation be introduced that would permit a public warehouseman, in lieu of a bond, to submit an FDIC-insured certificate of deposit to the director of the Grain Inspection Department for the benefit of all persons selling grain to the warehouseman.
8. The Subcommittee recommends that when a check for grain by a warehouseman does not clear a bank within ten days, the grain producer may ask that the grain be put back in the warehouseman's daily position record as an open storage obligation. The Subcommittee recommends the introduction of legislation to accomplish the recommendation.
9. The Subcommittee supports H.B. 2173 which was passed by the House. This bill authorizes the Director of the Grain Inspection Department to bring civil action in the district court against any grain warehouseman who has adulterated grain. The Subcommittee urges the agency to utilize this cause of action to clearly demonstrate that Kansas supports the sale of clean grain. Receipts collected from civil damages and the award of attorney fees are to be deposited in the agency's Grain Inspection Fee Fund and should be more than sufficient to offset costs associated with civil action.

The fee fund analysis, based upon the Subcommittee's adjustments, is as follows:

<u>Resource Estimate</u>	<u>Actual FY 1986</u>	<u>Estimated FY 1987</u>	<u>Estimated FY 1988</u>
Beginning Balance	\$ 2,066,788	\$ 1,954,427	\$ 1,358,231
Net Receipts	4,669,532	4,674,982	4,678,750
Total Funds Available	<u>\$ 6,736,320</u>	<u>\$ 6,629,409</u>	<u>\$ 6,036,981</u>
Less: Expenditures Reportable	4,532,207	5,016,178	5,012,038
Federal Fees Remitted	249,686	255,000	255,000
Ending Balance	<u>\$ 1,954,427</u>	<u>\$ 1,358,231</u>	<u>\$ 769,943</u>

House Committee Recommendation

<u>Expenditure Summary</u>	<u>House Sub- committee Adj. FY 88</u>	<u>House Sub- committee Rec. FY 88</u>	<u>House Committee Adjustments</u>
State Operations:			
Special Revenue Funds	\$ (21,674)	\$ 5,012,038	\$ (79,632)
FTE Positions	(3.0)	172.0	(2.0)

The House Committee concurs with the Subcommittee's recommendation with the following adjustment:

1. Delete \$79,632 from salaries and decrease the FTE position limitation by two to reflect the elimination of the Assistant Director and Personnel Director positions.

The fee fund analysis, based upon the Committee's adjustment is as follows:

<u>Resource Estimate</u>	<u>Actual FY 1986</u>	<u>Estimated FY 1987</u>	<u>Estimated FY 1988</u>
Beginning Balance	\$ 2,066,788	\$ 1,954,427	\$ 1,358,231
Net Receipts	4,669,532	4,674,982	4,678,750
Total Funds Available	\$ 6,736,320	\$ 6,629,409	\$ 6,036,981
Less: Expenditures Reportable	4,532,207	5,016,178	4,932,406
Federal Fees Remitted	249,686	255,000	255,000
Ending Balance	<u>\$ 1,954,427</u>	<u>\$ 1,358,231</u>	<u>\$ 849,575</u>

House Committee of the Whole Recommendation

The House concurs with the Committee's recommendation.

Senate Subcommittee Recommendation

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec. FY 1988</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
Special Revenue Funds	\$ (101,306)	\$ 4,932,406	\$ --
FTE Positions	(5.0)	170.0	--

FY 1988. The Senate Subcommittee concurs with the recommendations of the House and notes the following:

1. The agency asked the Subcommittee to consider adding \$16,000 to replace a 1983 scale truck with 87,200 miles of use. The Subcommittee anticipates a Governor's Budget Amendment on this item and recommends that the item be considered in the Omnibus Bill.

258.88

SUBCOMMITTEE REPORT

Agency: Kansas Wheat Commission Bill No. 2395 Bill Sec. NA
 Analyst: Rothe Analysis Pg. No. 614 Budget Pg. No. 5-47

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
State Operations:			
Special Revenue Fund	\$ 1,314,520	\$ 1,299,142	\$ (35,820)
FTE Positions	8.0	8.0	--

Agency Estimate/Governor's Recommendation

The agency's FY 1987 estimate of expenditures of \$1,314,520 reflects a decrease of \$89,336 from the amount approved during the 1986 Session, and a decrease of \$294,112 from FY 1986 actual expenditures. Most of the decrease results from an \$88,269 reduction in proposed research contracts.

The Governor recommends \$1,299,142 for FY 1987, a reduction of \$15,378 from the agency's estimate. Recommended increases include \$472 for salaries and wages and \$500 for communications. Reductions include \$12,000 from travel and subsistence, \$1,600 from supplies, and \$2,750 from other costs.

House Subcommittee Recommendation

FY 1987. The House Subcommittee concurs with the Governor's recommendation with the following exceptions:

1. Reduce contractual research by \$36,450 including \$20,000 from special projects, \$11,400 from Kansas State University projects, and \$5,050 from the Wheat Foods Council. The recommendation reduces the Governor's recommendation from \$826,281 to \$789,831.
2. Add \$630 for capital outlay to replace a broken chair and for additional computer software.

The Subcommittee reviewed the Commission's revised estimate of receipts for FY 1987. The following table reflects receipt and expenditure adjustments made by the Subcommittee:

<u>Resource Estimate</u>	<u>Actual FY 1986</u>	<u>Estimated FY 1987</u>
Beginning Balance	\$ 806,533	\$ 593,200
Net Receipts	1,485,403	1,003,220
Total Funds Available	<u>\$2,291,936</u>	<u>\$1,596,420</u>
Less: Expenditures	1,609,069	1,263,322
Nonreportables	89,667	60,500
Ending Balance	<u>\$ 593,200</u>	<u>\$ 272,598</u>

House Committee Recommendation

The House Committee concurs with the Subcommittee's recommendation.

House Committee of the Whole Recommendation

The House concurs with the Committee's recommendation.

Senate Subcommittee Recommendation

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec. FY 1987</u>	<u>Senate Subcommittee Adjustment</u>
State Operations:			
Special Revenue Fund	\$ (35,820)	\$ 1,263,322	\$ --
FTE Positions	--	8.0	--

FY 1987. The Subcommittee concurs with the recommendation of the House.

SUBCOMMITTEE REPORT

Agency: Kansas Wheat Commission Bill No. 2182 Bill Sec. 6
Analyst: Rothe Analysis Pg. No. 614 Budget Pg. No. 5-47

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
State Operations: Special Revenue Fund	\$ 1,428,303	\$ 1,350,547	\$ (80,462)
FTE Positions	8.0	8.0	--

Agency Request/Governor's Recommendation

The agency requests expenditures of \$1,428,303 for FY 1988, an increase of \$113,783 over the revised FY 1987 estimate. The increase is due in large part to increased funding for contracts with Kansas State University and the U.S. Wheat Associates (\$94,469), and for salary step movement and reallocations (\$9,364).

The Governor recommends \$1,350,547 for FY 1988, a reduction of \$77,756 from the agency's request. Reductions include \$38,000 for the U.S. Wheat Associates contract, \$20,000 for other contracts, \$7,000 for travel and subsistence, \$5,000 for public service announcement costs, and \$7,756 for other costs.

House Subcommittee Recommendation

FY 1988. The House Subcommittee concurs with the Governor's recommendation with the following exceptions:

1. Reduce contractual research by \$80,812, including reductions of \$71,512 from the U.S. Wheat Associates and \$14,300 from Kansas State University projects, and an increase of \$5,000 for research with the Wheat Foods Council. The recommendation reduces the Governor's recommendation from \$862,750 to \$781,938.
2. Reduce capital outlay by \$150 to reflect the replacement of a chair in FY 1987 rather than in FY 1988.
3. Add \$500 for supplies associated with 4-H wheat test plots and with promotion of resale items.

4. The Subcommittee suggests that as the Commission becomes aware of value-added research projects, it should not feel limited to being the sole contractor of such research. The Commission is encouraged to approach the Department of Commerce and other agencies for alternative funding sources.

The Subcommittee reviewed the Commission's revised estimate of receipts for FY 1987 and FY 1988. The following table reflects receipt and expenditure adjustments made by the Subcommittee:

<u>Resource Estimate</u>	Actual FY 1986	Estimated FY 1987	Estimated FY 1988
Beginning Balance	\$ 806,533	\$ 593,200	\$ 272,598
Net Receipts	1,485,403	1,003,220	1,327,000
Total Funds Available	<u>\$ 2,291,936</u>	<u>\$ 1,596,420</u>	<u>\$ 1,599,598</u>
Less: Expenditures	1,609,069	1,263,322	1,270,085
Nonreportables	89,667	60,500	78,100
Ending Balance	<u>\$ 593,200</u>	<u>\$ 272,598</u>	<u>\$ 251,413</u>

House Committee Recommendation

The House Committee concurs with the Subcommittee's recommendation.

House Committee of the Whole Recommendation

The House Concurs with the Committee's recommendation.

Senate Subcommittee Recommendation

<u>Expenditure Summary</u>	House Adjustments	House Rec. FY 1988	Senate Subcommittee Adjustments
State Operations:			
Special Revenue Fund	\$ (80,462)	\$ 1,270,085	\$ 6,922
FTE Positions	--	8.0	--

FY 1988. The Subcommittee concurs with the recommendation of the House with the following adjustment:

1. Increase contractual research with the U.S. Wheat Associates (USWA) by \$6,922 based on the receipt of a revised USWA budget.
2. The Subcommittee requests the Commission provide the 1988 Legislature a summary of USWA members and a list of tangible benefits received by Kansas as a USWA member.

391.88

SUBCOMMITTEE REPORT

**Agency: State Conservation
Commission**

Bill No. 2182

Bill Sec. 7

Analyst: Powers

Analysis Pg. No. 617

Budget Pg. No. 5-27

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
State General Fund:			
State Operations	\$ 583,704	\$ 322,565	\$ --
Aid to Local Units	6,699,468	1,777,476	--
Other Assistance	7,750,000	1,730,000	--
TOTAL	<u>\$15,033,172</u>	<u>\$ 3,830,041</u>	<u>\$ --</u>
FTE Positions	12.0	7.0	--

Agency Request/Governor's Recommendation

The agency's State General Fund budget request for FY 1988 totals \$15,033,172, an increase of \$11,235,871 or 296 percent above the agency's FY 1987 revised estimate of \$3,797,301. The request includes funding for 5 FTE positions, of which 3.0 FTE would be classified positions and 2.0 FTE would be unclassified professional staff. Also requested are major increases in ongoing state aid and assistance programs. The Commission requested \$150,000 for contractual services to assist in watershed planning assistance.

The Governor recommends a total of \$3,830,041 in FY 1988 expenditures, including funding for 7.0 FTE positions. The recommendation includes a 1.6 percent step movement increase for unclassified employees. In addition, \$100,000 is recommended for watershed planning assistance targeted for the Upper Black Vermillion watershed area where river channelization has created a major downstream siltation problem. The following table lists the expenditure levels for conservation programs contained in the FY 1987 Governor's recommendation, including the \$144,931 lapsed in 1987 H.B. 2049, the FY 1988 agency request, and the FY 1988 Governor's recommendation:

<u>Local Aid/ Other Assistance Programs</u>	<u>FY 1987 Gov. Rec.</u>	<u>FY 1988 Request</u>	<u>FY 1988 Gov. Rec.</u>
State Aid to Conservation			
Districts	\$ 770,955	\$ 767,476	\$ 767,476
Watershed Dam Construction	998,316	2,000,000	769,648
Multipurpose Small Lakes Program	110,000	3,859,751	320,352
Water Resources Cost-Share Program	1,370,601	2,750,000	1,500,000
High Priority Cost-Share Program	188,645	5,000,000	230,000
Benefit Area Program	--	72,241	--
TOTAL	<u>\$ 3,438,517</u>	<u>\$14,449,468</u>	<u>\$ 3,587,476</u>

House Subcommittee Recommendation

FY 1987. The Subcommittee concurs with the Governor's recommendation.

FY 1988. The House Subcommittee concurs with the Governor's budget recommendations with the following qualifications:

1. The Subcommittee notes that the Governor has not recommended any appropriation for a salary upgrade of unclassified professional employees. The agency had requested \$15,012 for that purpose. The Subcommittee was told that the Governor will be submitting a proposal with the salary plan revision which will provide a pool of funds to be used to fund unclassified salary upgrades. The Subcommittee supports the funding of the salary upgrade of the unclassified professional employees, as requested.
2. The Subcommittee also notes that the funding enhancements requested by the agency are part of the fiscal requirements to implement the State Water Plan in FY 1988. Expenditures totaling \$12,768,216 are projected for implementation of various elements of the State Water Plan in the next fiscal year. Of that amount, \$6,988,927 is identified as the funding needed to implement programs under the jurisdiction of the State Conservation Commission. The Subcommittee feels that one consolidated decision must be made by this Legislature as to the total amount needed to fund the State Water Plan, rather than separate decisions affecting the budgets of several agencies with Water Plan proposals. In addition, the Kansas Water Authority should develop a priority list of Kansas Water Plan programs and projects for consideration by the Legislature. The Subcommittee endorses enhanced funding of State Water Plan programs, particularly the water resources cost-share program and the high priority cost-share program. However, given the prevailing fiscal constraints, the Subcommittee recommends that any decision regarding funding of the State Water Plan should be delayed until estimates of future revenues are more favorable.

It should be noted that the Governor's FY 1988 recommendation of \$3,830,041 for the Conservation Commission represents an increase of only \$36,740 over the amount appropriated for FY 1987; a total of \$144,931 was lapsed in the FY 1987 budget.

3. The Subcommittee proposes the following changes to the appropriation language in 1987 H.B. 2182, section 7, concerning the State Conservation Commission. On lines 285 and 315, the references to privately-owned land should read "privately and publicly owned" land. Both the Water Resources cost-sharing program and the state targeted cost-share program are available on both privately and publicly owned land. Finally, on line 301, the line item should read "For assistance in construction of watershed dams," in lieu of "for construction of watersheds."

House Committee Recommendation

<u>Expenditure Summary</u>	<u>House Subcommittee Adjustment</u>	<u>Subcommittee Rec. FY 88</u>	<u>House Committee Adjustments</u>
State General Fund:			
State Operations	\$ --	\$ 322,565	\$ (25,000)
Aid to Local Units	--	1,777,476	(100,000)
Other Assistance	--	1,730,000	(129,399)
TOTAL	<u>\$ --</u>	<u>\$ 3,830,041</u>	<u>\$ (254,399)</u>
FTE Positions	--	7.0	--

The Committee concurs with the Subcommittee's recommendation with the following adjustment:

1. Delete \$254,399 from the State General Fund from State Operations (\$25,000), Aid to Local Units (\$100,000), and Other Assistance (\$129,399).

House Committee of the Whole
Recommendation

The House concurs with the Committee's recommendation with the following adjustment:

1. The line item for Multipurpose Small Lakes Program -- Yates Center reservoir, \$140,352 is deleted and the item Multipurpose Small Lakes Program, \$140,352 is inserted with a proviso that expenditures may be made from this account for the Yates Center reservoir and for the Centralia Lake Project -- Site 50.

Senate Subcommittee Recommendation

<u>Expenditure Summary</u>	<u>House Adjustment</u>	<u>House Rec. FY 88</u>	<u>Senate Subcommittee Adjustments</u>
State General Fund:			
State Operations	\$ (25,000)	\$ 297,565	\$ --
Aid to Local Units	(100,000)	1,677,476	(42,160)
Other Assistance	(129,399)	1,600,601	--
TOTAL	<u>\$ (254,399)</u>	<u>\$ 3,575,642</u>	<u>\$ (42,160)</u>
FTE Positions	--	7.0	

The Senate Subcommittee concurs with the House Committee of the Whole's recommendation with the following adjustment:

1. Delete \$42,160 from the State General Fund for the Multipurpose Small Lakes Program. The recommendation includes insertion of Multipurpose Small Lakes Program -- Centralia lake project -- site 50, \$98,192, and deletion of Multipurpose Small Lakes Program -- \$140,352.

The Subcommittee notes that if a proposal recommended in the Kansas Water Office Subcommittee Report is implemented, the Centralia Lake Project -- Site 50 could be funded out of the balance in the State Conservation Storage Water Supply Fund. In addition, consideration could be given to using that source to fund the Yates Center reservoir project and the watershed planning assistance targeted for the Upper Black Vermillion Watershed area.

634.88

SUBCOMMITTEE REPORT

Agency: Kansas Water Office Bill No. 2182 Bill Sec. 8
 Analyst: Powers Analysis Pg. No. 623 Budget Pg. No. 5-45

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
State General Fund:			
State Operations	\$ 3,476,989	\$ 3,195,033	\$ --
Federal Funds	--	--	--
TOTAL	<u>\$ 3,476,989</u>	<u>\$ 3,195,033</u>	<u>\$ --</u>
FTE Positions	22.0	22.0	--

Agency Request/Governor's Recommendation

The agency's FY 1988 request is for \$3,476,989 from the State General Fund. The total request represents an increase of \$943,878 or 27.0 percent above the agency's revised estimate, which is largely attributable to the state expenditure of \$776,445 for operation and maintenance costs at John Redmond Lake. The costs are for major embankment and riprap repair made on the main dam at John Redmond. The full operation and maintenance costs for such repairs are recovered in the following fiscal year through the rate setting procedures adopted by the Legislature for the sale of state-controlled water from certain federal reservoirs in the state.

The FY 1988 budget request includes additional funding of: \$93,500 for continuation of the Stream/Aquifer Interaction Study; \$100,000 for continuation of a research project on the Dakota Aquifer; \$68,150 for additional gauges to collect surface water and sediment data to assist implementation of large reservoir management, river restoration policies, and minimum desirable streamflow policies in the State Water Plan; and \$61,234 for increased payment to the federal government in the annual principal and interest payment on Hillsdale Lake.

The Governor recommends the expenditure of \$3,195,033, an increase of \$677,670 over the FY 1987 recommendation. The recommended increase is attributable to inclusion of the repair costs at John Redmond Lake, the increased payment on Hillsdale Lake, and the deletion of payments to the federal government on Milford Reservoir for water not needed to satisfy water demands of water contract holders.

House Subcommittee Recommendation

FY 1987. The Subcommittee concurs with the Governor's recommendation.

FY 1988. The Subcommittee concurs with the Governor's recommendation with the following qualification:

1. The Subcommittee supports the continuation of the Dakota Aquifer research project that was funded by the Legislature for FY 1986 with the appropriation of \$100,000 from the Conservation Fee Fund of the State Corporation Commission. The Subcommittee understands that the study, which had been delayed in its implementation, will be concluded by July 1, 1987. The Subcommittee also understands that the State Corporation Commission has received authority from the Finance Council to expend \$24,000 in federal funds for study of the Dakota aquifer. In the 1986 Session, H.B. 3078 was enacted which transferred the duties of protection of groundwater from oil and gas activities from the Department of Health and Environment to the State Corporation Commission. The study of the Dakota aquifer, funded by the U.S. Geological Survey, was transferred to the Commission along with the Department staff persons who were engaged in the study and were transferred to the Commission under H.B. 3078. The Subcommittee proposes that any additional funding for the Dakota aquifer study be placed in the State Corporation Commission budget.

House Committee Recommendation

The House Committee concurs with the Subcommittee's recommendation.

House Committee of the Whole Recommendation

The House concurs with the Committee's recommendation.

Senate Subcommittee Recommendation

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec. FY 88</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ --	\$ 3,195,033	\$ --
Federal Funds	--	--	--
TOTAL	<u>\$ --</u>	<u>\$ 3,195,033</u>	<u>\$ --</u>
FTE Positions	--	22.0	

The Senate Subcommittee concurs with the House Committee of the Whole's recommendation with the following adjustment:

1. The Subcommittee notes that Governor's Budget Amendment No. 3 recommends the reduction of \$66,562 from the State General fund and

2.0 FTE positions from the Kansas Water Office and the addition of \$66,562 and two positions to the Division of Water Resources at the Board of Agriculture to implement S.B. 39 and S.B. 40. S.B. 40 has passed, but S.B. 39 remains in House Committee. The Subcommittee suggests that implementation of the Governor's Budget Amendment be deferred until S.B. 39 is enacted.

2. The Subcommittee recommends that legislation be introduced to use the Pooled Money Investment Board to provide the earnest money that is required by the federal government as part of a Memorandum of Understanding between the state of Kansas and the U.S. Department of Army concerning the purchase of municipal and industrial water supply storage. The Subcommittee proposes that \$4,000,000 be set aside in a separate account with interest returning to the PMIB, and the full amount restored to the PMIB at the end of the ten-year agreement, July 1, 1996.

If the above proposal can be implemented, the Subcommittee suggests that the balance in the State Conservation Storage Water Supply fund be used to fund State Water Plan activities in the State Conservation Commission budget which includes the Multipurpose Small Lakes projects, particularly the Centralia Lake Project -- Site 50, and the Yates Center reservoir, and the watershed planning assistance targeted for the Upper Black Vermillion Watershed area. The effect of this proposal would be to supplant State General Fund expenditures for certain projects in the State Conservation Commission's budget.

709.88