

Approved: 4-3-97
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Phil Kline at 1:38 p.m. on March 25, 1997 in Room 514-S of the Capitol.

All members were present except: Representative Helgeson - Excused
Representative Landwehr - Excused

Committee staff present: Russell Mills, Kathy Porter, Mark Burenheide, Legislative Research Department;
Jim Wilson, Mike Corrigan, Revisor of Statutes Office;
Marcia Ayres, Appropriations Secretary; Helen Abramson, Administrative Aide

Conferees appearing before the committee: Ms. Sue Peterson, Kansas State University
Dr. Steve Williams, Kansas Department of Wildlife & Parks
Ms. Amelia J. McIntyre, Kansas Department of Wildlife & Parks

Others attending: See attached list

The minutes for March 14, 17, and 18 were distributed for review by the members.

Hearing on HB 2213 - Repealing KSU-Salina, college of technology's separate agency status for budget purposes

Ms. Peterson. Sue Peterson, assistant to the president for governmental relations, spoke in support of **HB 2213** which was introduced to implement the Governor's budget recommendation merging the budget for the K-State/Salina campus into the K-State main campus budget and thus provide efficiencies and savings. (Attachment 1)

There being no questions, the hearing was closed.

Hearing on SB 43 - Appropriations for FY 97, supplemental appropriations for Department of Wildlife and Parks

Secretary Williams. The Secretary referenced a Legislative Post Audit Report dated April of 1996 because it summarizes the events that led to the negotiations which occurred last May. He reviewed how the Kansas Legislature passed a bill in 1972 that gave the state authority to enter into a contract with the Corps of Engineers to acquire and develop land at what is now El Dorado State Park. There were five major supplements to the original master plan over the years which increased the original contract costs. In 1991 the Corps informed the Department that it owed the federal government approximately \$432,000 a year over the next 36 years to pay for the state's obligation in this development.

There was a variety of reasons why payment wasn't initiated in the early '90s, and currently the state is in arrears for three years on payment of the state's obligation. Once Secretary Williams was appointed in 1995, the Governor wanted him to address this commitment. A meeting was held with the Corps in January of 1996 and Legislative Post Audit came out with its report in April. The original figure for the state's 50% share of the costs was approximately \$8 1/2 million but through the negotiations of outside legal counsel and the Department's legal counsel, a settlement amount of \$8,170,755.09 was reached last May.

Secretary Williams introduced Amelia McIntyre, legal counsel for the Department, who reviewed the negotiations reached last May. She explained the negotiations which avoided litigation and reduced the amount deemed owed by the Post Audit Report. (Attachment 2)

Questions followed and the hearing was closed.

A motion was made by Representative Farmer, seconded by Representative Minor, to amend SB 43 by including an appropriation of \$95,000 in EDIF money for the Encampment Building at the Kansas State Fair.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S Statehouse, at 1:30 P.M. on March 25, 1997.

No discussion. The motion carried.

A motion was made by Representative Farmer, seconded by Representative Reinhardt, to pass **SB 43** as amended. The motion carried.

A motion was made by Representative Reinhardt, seconded by Representative Peterson, to pass **HB 2213**. No discussion. The motion carried.

A motion was made by Representative O'Connor, seconded by Representative Feuerborn, to approve the Minutes of March 14, 17, and 18. The motion carried.

The meeting adjourned at 2:15 p.m.

The next meeting is scheduled for March 26, 1997.



Office of the President

110 Anderson Hall
Manhattan, Kansas 66506-0112
913-532-6221
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**Statement Presented to
The Honorable Phil Kline, Chairman
House Appropriations Committee
March 25, 1997
HB 2213**

Kansas State University and Kansas State University-Salina support the passage of HB 2213.

This legislation was introduced to implement the Governor's budget recommendation merging the budget for the K-State-Salina campus into the K-State main campus budget. This recommendation for merger is important and provides efficiencies and savings:

- 1.) Eliminates a state agency.
- 2.) Permits implementation of tuition accountability for the Salina campus in FY '98.
- 3.) Eliminates bureaucracy required to charge and bill for functions and services performed by the Manhattan campus.
- 4.) Creates efficiency for both campuses and provides flexibility for the President to manage functions.

The merger of the Kansas College of Technology in Salina and State was approved by the Kansas Legislature and the Governor in 1991. At that time the faculty, staff, and citizens of the college and the City of Salina were concerned about loss of identity for the Institution. This legislation does not affect the name of the Salina campus. It remains the same. This merger of the College of Technology budget into the main campus budget makes administration of this college identical to all the other nine colleges of K-State.

This merger of budgets has been endorsed by the Salina Chamber of Commerce and the Salina Airport Authority.

Attached to this statement are two documents:

- 1.) The subcommittee recommendations made by Representative Farmer's subcommittee and adopted by this committee on March 12, 1997.
- 2.) A letter to Representative Farmer stating Dr. Wefald's commitment to convert the Salina campus to linear tuition and to the tuition accountability plan in the fall of 1997.

rp

Attachments

*Appropriations
3-25-97
Attachment 1*

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Governor, with the following observation:

1. Although the Subcommittee ultimately decided to concur with the Governor's recommendation to merge the KSU-Salina budget with the KSU main campus budget, the decision was a difficult one. There are concerns regarding the loss of identity of the Salina budget within the larger main campus one. The Subcommittee was assured, however, that similar information to that now reflected in the separate budget document of KSU-Salina would be readily available for review in the future, as would information on any other college within the University. There are also advantages to merging the budgets - the President has agreed to seek permission from the Board of Regents to implement linear tuition on the Salina campus for the Fall 1997 semester and to include the Salina campus under the tuition accountability concept that currently applies to the Manhattan campus. Beginning with the FY 1999 budget cycle, no enrollment adjustment requests would be made for the Salina campus. The Subcommittee notes, that House Bill No. 2213, currently pending in this Committee, would need to be enacted for the consolidation to take place.



Office of the President

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March 10, 1997

The Honorable Mike Farmer
Chair, House Appropriations Subcommittee on Education
Room 182 West
State Capitol
Topeka, KS 66612

Dear ~~Representative~~ ^{Mike} Farmer:

I am writing to provide additional information supporting the Governor's recommendation to consolidate the operating budgets of our Salina Campus and Main Campus. As we indicated during our earlier discussion with your subcommittee, the proposed budget consolidation will eliminate unnecessary duplication and increase our flexibility in managing operations in Manhattan and Salina. This recommendation can be implemented while maintaining an appropriate level of financial accountability.

At its February meeting, the Board of Regents unanimously endorsed the Governor's recommendation to consolidate the Manhattan and Salina budgets. If this consolidation is approved during the 1997 Legislative session, we will ask the Regents for permission to implement linear tuition on the Salina campus for the upcoming fall semester and to include our College of Technology under the tuition accountability concept that currently applies to the Manhattan campus. Beginning with the FY 1999 budget cycle, we would no longer seek state enrollment growth funds for the College of Technology and would not request supplemental appropriations to offset future General Fees shortfalls should enrollment levels decline.

I hope this additional information is helpful as your subcommittee continues its deliberation of this issue. I believe it is in the best interest of the State and the university to concur with the Governor's recommendations to consolidate these budgets by passing House Bill 2213 during the current Legislative session.

Sincerely,



Jon Wefald
President

dh

cc: Representative Phil Kline
Senator Dave Kerr
Dr. Steve Jordan

(1-3)



STATE OF KANSAS

DEPARTMENT OF WILDLIFE & PARKS

Office of the Secretary
900 SW Jackson, Suite 502
Topeka, KS 66612
913/296-2281 FAX 913/296-6953



Memorandum

To: House Appropriations Committee
From: Amelia J. McIntyre, Legal Counsel
Re: El Dorado State Park Recreational Development Repayment Obligation / S.B. No. 43
Date: March 25, 1997

In an effort to provide additional background to the House Appropriations Committee with respect to the repayment of the State's portion of the recreational development costs of El Dorado State Park, we wanted to share with you the basis for the settlement reached with the U.S. Army Corps of Engineers ("Corps"). The settlement is reflected in Senate Bill No. 43. The settlement has the support of Governor Graves, and the Governor's Budget Report has provided for the settlement amount.

The Corps agreed by letter dated December 2, 1996, a lump sum payment of \$8,170,755.09, would repay the non-Federal costs for recreation development at El Dorado Lake. A copy of such letter is attached for your further reference. The repayment may be made anytime up to May 30, 1997. The lump sum settlement payment is broken out on a chart prepared by the Corps which is also attached. The bottom line reduction between the amount deemed owed by the Legislative Division of Post Audit in April 1996 (which essentially was the beginning point of negotiation) was \$374,547. The key components making up that difference were:

- Lands and Damages were reduced to reflect the lack of development of the Lost Lakes area. There are no plans for development.
- Engineering, Design, Supervision, and Administration costs were increased to reflect costs incurred by the Department during construction. These additional development costs (totaling approximately \$344,000) increased the total costs, of which the department would pay 50%, however, they also increased our credit for work-in-kind (credited at 100%).
- The negotiating team was successful in eliminating the late payment interest that would have cost the state approximately \$95,000.

A chart highlighting those differences is also attached.

cc: Secretary Steve Williams
Jamie Clover Adams, Governor's Legislative Liaison

Appropriations
3-25-97
Attachment 2



DEPARTMENT OF THE ARMY
TULSA DISTRICT, CORPS OF ENGINEERS
P. O. BOX 61
TULSA, OKLAHOMA 74121-0061

DEC 2 1996

8503-01
DEC 5 1996
Triplett, Woolf & Garretson

REPLY TO
ATTENTION OF:

Office of Counsel

SUBJECT: El Dorado Lake, Kansas Contract No. DACW56-72-G-0221

Mr. Lee Thompson
Triplett, Woolf & Garretson, LLP
Centre City Plaza
151 North Main, Suite 800
Wichita, KS 67202-1409

Dear Mr. Thompson:

This letter is in response to your letters of July 31, 1996, September 11, 1996, and October 21, 1996, Ms. Amelia McIntyre's letter of September 30, 1996, and the meeting held with my staff on September 27, 1996, at the Tulsa District Office. I appreciate your efforts to resolve this serious issue.

You requested May 30, 1997 as the date for repayment of the non-Federal costs for recreation development at El Dorado Lake because funds for the lump sum payment will, if appropriated by the Kansas Legislature, be appropriated in the legislative session which ends in April 1997. For purposes of the lump sum payment, I agree that the repayment may be made on or before May 30, 1997. As I stated in my letter of October 9, 1996, the lump sum payment of \$8,170,755.09 will repay the non-Federal costs for recreation development at El Dorado Lake.

If you have further questions regarding this matter, please contact Ms. Kay Hoover at 918-669-7572 or 7178.

Sincerely,

Timothy L. Sanford
Colonel, U.S. Army
District Engineer

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CONTRACT DACW56-72-C-0221
RECREATION DEVELOPMENT
EL DORADO LAKE, KANSAS

	Initial Federal	Cost Non-Federal	Interest During Construction	Totals
Lands & Damages	\$ 458,132.00		\$ 171,181.11	\$ 629,313.11
Recreation Facilities	13,261,029.05	\$ 889,828.13	1,027,584.77	15,178,441.95
Engineering & Design	1,461,905.28	164,186.00	158,005.81	1,784,097.09
Supervision & Administration	664,513.96	180,311.72	92,470.21	937,295.89
Totals	\$15,845,580.29	\$1,234,325.85	\$ 1,449,241.90	\$ 18,529,148.04
Total Non-Federal Allocation (50% of Total Cost of Recreation):				9,264,574.02
Total Credit for Work-in-Kind				1,093,818.93
Total Remaining Non-Federal Costs				\$ 8,170,755.09

El Dorado State Park - Recreation Development Costs

Preliminary and Negotiated Totals - 9/27/96

Cost Category	Initial Federal	Cost Non-Federal	Interest during Construction	Preliminary Totals	Negotiated Deviation	Negotiated Totals
Lands and Damages	\$672,121.00		\$171,181.11	\$843,302.11	(\$213,989.00)	\$629,313.11
Recreation Facilities	\$13,261,029.05	\$889,828.13	\$1,027,584.77	\$15,178,441.95		\$15,178,441.95
Engineering & Design	\$1,461,905.28		\$158,005.81	\$1,619,911.09	\$164,186.00	\$1,784,097.09
Supervision & Admin	\$664,513.96		\$92,470.21	\$756,984.17	\$180,311.72	\$937,295.89
Total Cost	\$16,059,569.29	\$889,828.13	\$1,449,241.90	\$18,398,639.32	\$130,508.72	\$18,529,148.04
Total Non-Federal Allocation (50% of total cost)				\$9,199,319.66	\$65,254.36	\$9,264,574.02
Total Credit for Work-In-Kind				(\$749,321.25)	(\$344,497.68)	(\$1,093,818.93)
Total Late Payment Interest (1992 to Aug 1996)				\$95,303.90	(\$95,303.90)	\$0.00
Total Remaining Non-Federal Costs (State Obligation)				<u>\$8,545,302.31</u>	<u>(\$374,547.22)</u>	<u>\$8,170,755.09</u>

Note:

Preliminary totals from Legislative Post Audit Committee (LPA 96-50, April 1996)

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