

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Steve Morris at 10:40 a.m. on March 14, 2001 in Room 123-S of the Capitol.

All members were present except: All Present

Committee staff present:

Alan Conroy, Chief Fiscal Analyst, Kansas Legislative Research Department
Debra Hollon, Kansas Legislative Research Department
Amory Lovin, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Stuart Little, Kansas Legislative Research Department
Robert Chapman, Kansas Legislative Research Department
Audrey Nogle, Kansas Legislative Research Department
Paul West, Kansas Legislative Research Department
Norman Furse, Revisor of Statutes
Michael Corrigan, Assistant Revisor, Revisor of Statutes Office
Julie Weber, Administrative Assistant to the Chairman
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Barbara Hinton, Legislative Post Auditor, Legislative Post Audit
E. Dean Carlson, Secretary, Kansas Department of Transportation
Dr. Edward Hammond, President, Fort Hays State University

Others attending: See attached guest list

Subcommittee budget reports on:

Department of Agriculture (Attachment 1)

Chairman Morris reported that the Subcommittee concurs with the Governor's recommendation for FY 2001 with adjustments, recommendations and observations as listed in the subcommittee budget report.

Chairman Morris reported that the Subcommittee concurs with the Governor's recommendation for FY 2002 with adjustments, recommendations and observations as listed in the subcommittee budget report.

Committee questions and discussion followed with Jamie Clover Adams, Secretary, Department of Agriculture, regarding Item 3 adding \$31,000 from the Department's Feed Fee Fund to allow the Department to continue increased surveillance of feed products for Bovine Spongiform Encephalopathy (BSE).

Senator Kerr suggested that the Committee review the possibility at Omnibus of taking the limit off the fee fund and appropriating from it with finance council approval to avoid the Department of Agriculture being held up at any time in responding to a crisis. Chairman Morris mentioned that this can be identified as an Omnibus item or can be placed in the subcommittee report at this time.

Senator Barone moved, with a second by Senator Huelskamp, to remove the limit on the department's fee fund for FY 2002. Motion carried by a voice vote.

Animal Health Department (Attachment 2)

Chairman Morris reported that the Subcommittee concurs with the Governor's recommendation for FY 2001.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS on March 14, 2001 in Room 123-S of the Capitol.

Chairman Morris reported that the Subcommittee concurs with the recommendation for FY 2002 with adjustments, recommendations and observations as listed in the subcommittee budget report.

Senator Downey moved, with a second by Senator Schodorf, to remove the word "bureaucratic" from the subcommittee report on Animal Health for FY 2002 regarding Item 5. Motion carried by a voice vote.

Kansas State Fair (Attachment 3)

Chairman Morris reported that the Subcommittee concurs with the Governor's recommendation for FY 2001.

Chairman Morris reported that the Subcommittee concurs with the Governor's recommendation for FY 2002 with adjustments, recommendations and observations as listed in the subcommittee report.

Senator Schodorf moved, with a second by Senator Huelskamp, to adopt subcommittee budget reports on the Department of Agriculture, Animal Health and Kansas State Fair as amended. Motion carried by a voice vote.

State Conservation Commission (Attachment 4)

Senator Kerr reported that the Subcommittee concurs with the Governor's recommendation for FY 2001.

Senator Kerr reported that the Subcommittee concurs with the Governor's recommendation for FY 2002 with adjustments, recommendations and observations as listed in the subcommittee budget report.

Senator Huelskamp moved, with a second by Senator Jackson, to add a proviso in recognition that the water banking bill and SB 237 both require some start-up costs and to consider both of those bills at Omnibus if they pass. Motion carried by a voice vote.

Kansas Water Office (Attachment 5)

Senator Kerr reported that the Subcommittee concurs with the Governor's recommendation for FY 2001 with adjustments, recommendations and observations as listed in the subcommittee budget report.

Senator Kerr reported that the Subcommittee concurs with the Governor's recommendation for FY 2002 with adjustments, recommendations and observations as listed in the subcommittee budget report.

Senator Downey moved, with a second by Senator Huelskamp, to amend the subcommittee budget report on the Kansas Water Office and add a proviso that the Ogallala Aquifer Institute needs to be in contact with other regional entities who are doing the same type of activity. Motion carried by a voice vote.

Kansas Department of Wildlife and Parks (Attachment 6)

Senator Kerr reported that the Subcommittee concurs with the Governor's recommendations for FY 2001.

Senator Kerr reported that the Subcommittee concurs with the Governor's recommendations for FY 2002 with adjustments as listed in the subcommittee budget report.

Senator Kerr moved, with a second by Senator Jackson, to adopt the subcommittee budget reports on the State Conservation Commission, Kansas Water Office and Kansas Department of Wildlife and Parks as amended. Motion carried by a voice vote.

Copies of the State Water Plan Fund, FY 2001 and FY 2002, were distributed (Attachment 7)

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS on March 14, 2001 in Room 123-S of the Capitol.

Chairman Morris opened the public hearing on:

HB 2040—State-held lands, designation and disposition of surplus land

Staff briefed the committee on the bill.

Chairman Morris welcomed Barbara Hinton, Legislative Post Auditor, Division of Legislative Post Audit, in support of **HB 2040** (Attachment 8).

Chairman Morris welcomed Dean Carlson, Secretary, Kansas Department of Transportation (KDOT), who spoke in opposition to an amendment that was added to **HB 2040** by the House Appropriations Committee (Attachment 9). In his testimony, Secretary Carlson explained the exemption of the Secretary of Transportation from the requirement of filing records of all real property holdings and real estate transactions with the Director of Accounts and Reports. Committee questions and discussion followed.

There being no further conferees to appear before the Committee, the Chairman closed the public hearing on **HB 2040**.

Chairman Morris opened the public hearing on:

HB 2270—State board of regents, authority to exchange certain real estate with endowment association for Fort Hays state university

Staff briefed the committee on the bill.

Chairman Morris welcomed Dr. Edward Hammond, President, Ft. Hays State University, who spoke in support of **HB 2270**. Dr. Hammond explained the Fort Hays State University Proposed Site Development Plan 1 Alumni and Endowment Center (Attachment 10). The Chairman thanked Dr. Hammond for his appearance before the Committee.

Written testimony was received from Dick Carter, Jr., Director for External Affairs, Kansas Board of Regents, in support of **HB 2270** (Attachment 11).

There being no further conferees, the Chairman closed the public hearing on **SB 2270**. He turned the Committee's attention to discussion of **SB 2270**.

Senator Salmans moved, with a second by Senator Barone, to pass **HB 2270** as favorable and place on the Consent Calendar. Motion carried by a roll call vote.

The meeting was adjourned at 12:00 noon. The next meeting is scheduled for March 15, 2001.

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

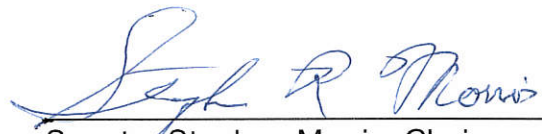
DATE March 14, 2001

NAME	REPRESENTING
3ds McDandd	KWO
Bill Watts	KDOT
Nancy Bogina	KDOT
Dean Carlson	KDOT
Joseph Krahn	KDOT
Bill Cgg	Kansas State Fair
Denny Stoecklein	" "
Michael West	Kearney Law Office
J.P. Papp	Budget
Jamie Clover Adams	KS Department of Agriculture
STEVE WILLIAMS	KDWP
HAROLD FLICKINGER	K.S. CONSERVATION COMMISSION
Stan Parke	Judicial Assn. of KS
Debbie Cole	Sen. Spoor Office Staff
Jack Josseland	KU
Albra Frideaux	FHSU
B. Mariani	Dept of Adm., DPS
JOE FRETOW	DOFA / FACILITIES MGMT
Danielle Nee	D of A
ERIC Sexton	WScu
David Miller	DOB
Paula Thomas	DOB

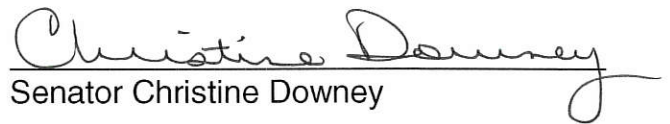
2001 AGRICULTURE SUBCOMMITTEE

FY 2001 and FY 2002

Department of Agriculture
Animal Health Department
Kansas State Fair



Senator Stephen Morris, Chairman



Senator Christine Downey



Senator Tim Huelskamp

Senate ways and means
3-14-01
Attachment 1

House Budget Committee Report

Agency: Department of Agriculture

Bill No. 2545

Bill Sec. 34

Analyst: Chapman

Analysis Pg. No. 3

Budget Page No. 49

Expenditure Summary	Agency Request FY 2001	Governor Recommendation FY 2001	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 19,788,428	\$ 19,835,220	\$ 50,000
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 19,788,428	\$ 19,835,220	\$ 50,000
Capital Improvements	0	0	0
TOTAL	\$ 19,788,428	\$ 19,835,220	\$ 50,000
State General Fund:			
State Operations	\$ 9,927,899	\$ 9,927,899	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 9,927,899	\$ 9,927,899	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 9,927,899	\$ 9,927,899	\$ 0
FTE Positions	303.2	303.2	0.0
Other Unclass. Positions	17.2	17.2	0.0
TOTAL	320.4	320.4	0.0

Agency 2001/Governor's Recommendation

The Department estimates FY 2001 expenditures of \$19,788,428. This is an increase of \$1,527,984 (8.4 percent) from the approved budget. The increase is due to additional funding from the agency's fee funds and federal grants, and mostly due to increases in the Agricultural Remediation Fund, which was created by 2000 SB 501. SB 501 established the Kansas Agricultural Remediation Board (KARB) to implement the Remediation Reimbursement Program, which was designed to help the grain and feed industries with the cost of voluntary cleanup of chemicals. SB 501 established a "no limit" expenditure limitation for the Agricultural Remediation Fund. The agency requests an increase in the expenditure limitation of the Water Appropriation Certification Fund, the Fertilizer Fee Fund, and the Egg Fee Fund, and also requests an increase in Federal Emergency Management Agency (FEMA) funds to be used for flood plain mapping.

The Governor recommends \$19,835,220 for FY 2001 operating expenditures. The Governor concurs with the agency's estimated request and adds \$46,792 from the State Water Plan

Fund for Best Management Practices in the Water Resources Program. According to the recommendation, funding for this State Water Plan project was inadvertently left out of the budget request by the agency.

House Budget Committee Recommendations

The Budget Committee concurs with the Governor's recommendation with the following adjustments, recommendations, and observations.

1. Increase the expenditure limitation on the Department's Feed Fee Fund in FY 2001 to increase surveillance of feed products in light of the current Bovine Spongiform Encephalopathy (BSE) crisis in Europe. The Budget Committee notes that this work is in addition to the regular annual inspections that encompass BSE currently performed by Agricultural Commodity Assurance Program (ACAP) inspectors. The amount includes \$22,000 for laboratory equipment to perform an FDA validated method for rapid detection of bovine derived materials in complete feeds. The amount also includes \$3,000 for laboratory supplies and \$25,000 for salaries and wages and travel. The Committee notes that the Department estimates expending the \$25,000 for salaries and wages and travel in the last quarter of FY 2001 to conduct comprehensive inspection coverage of rendering facilities, licensed FDA feed mills, and un-licensed state feed mills. No new FTEs are required to implement this recommendation; the Department will utilize existing field inspectors. The field inspectors are expected to enhance efforts in inspection, analysis, and follow-up to assure a 100 percent compliance with labeling and commingling issues related to "prohibited feedstuffs". Current funding for portions of these positions are the Agricultural Seed Fee Fund for \$5,000, the Egg Fee Fund for \$15,000, and Other Grant Funds for \$5,000.

House Committee Recommendation

The Committee concurs with the Budget Committee's recommendation.

Senate Subcommittee Report

Agency: Department of Agriculture

Bill No. 342

Bill Sec. 34

Analyst: Chapman

Analysis Pg. No. 3

Budget Pg. No. 49

Expenditure Summary	Agency Request FY 2001	Governor Recommendation FY 2001	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 19,788,428	\$ 19,835,220	\$ 50,000
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 19,788,428</u>	<u>\$ 19,835,220</u>	<u>\$ 50,000</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 19,788,428</u></u>	<u><u>\$ 19,835,220</u></u>	<u><u>\$ 50,000</u></u>
State General Fund:			
State Operations	\$ 9,927,899	\$ 9,927,899	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 9,927,899</u>	<u>\$ 9,927,899</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 9,927,899</u></u>	<u><u>\$ 9,927,899</u></u>	<u><u>\$ 0</u></u>
FTE Positions	303.2	303.2	0.0
Other Unclass. Positions	17.2	17.2	0.0
TOTAL	<u><u>320.4</u></u>	<u><u>320.4</u></u>	<u><u>0.0</u></u>

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation with the following adjustments, recommendations, and observations.

1. **Add \$50,000** from the Department's Feed Fee Fund and increase the expenditure limitation on the Feed Fee Fund in FY 2001 to increase surveillance of feed products in light of the current Bovine Spongiform Encephalopathy (BSE) crisis in Europe. The Budget Committee notes that this work is in addition to the regular annual inspections that encompass BSE currently performed by Agricultural Commodity Assurance Program (ACAP) inspectors. The amount includes \$22,000 for laboratory equipment to perform an FDA validated method for rapid detection of bovine derived materials in complete feeds. The amount also includes \$3,000 for laboratory supplies and \$25,000 for salaries and wages and travel. The Committee notes that the Department estimates expending the

\$25,000 for salaries and wages and travel in the last quarter of FY 2001 to conduct comprehensive inspection coverage of rendering facilities, licensed FDA feed mills, and un-licensed state feed mills. No new FTEs are required to implement this recommendation; the Department will utilize existing field inspectors. The field inspectors are expected to enhance efforts in inspection, analysis, and follow-up to assure a 100 percent compliance with labeling and commingling issues related to "prohibited feedstuffs". Current funding for portions of these positions are the Agricultural Seed Fee Fund for \$5,000, the Egg Fee Fund for \$15,000, and Other Grant Funds for \$5,000.

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House Budget Committee Report

Agency: Department of Agriculture

Bill No. 2557

Bill Sec. 81

Analyst: Chapman

Analysis Pg. No. 3

Budget Page No. 49

Expenditure Summary	Agency Request FY 2002	Governor Recommendation FY 2002	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 20,326,817	\$ 19,929,778	\$ 31,000
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 20,326,817	\$ 19,929,778	\$ 31,000
Capital Improvements	0	0	0
TOTAL	\$ 20,326,817	\$ 19,929,778	\$ 31,000
State General Fund:			
State Operations	\$ 10,537,448	\$ 10,043,354	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 10,537,448	\$ 10,043,354	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 10,537,448	\$ 10,043,354	\$ 0
FTE Positions	305.5	303.5	0.0
Other Unclass. Positions	14.2	14.2	0.0
TOTAL	319.7	317.7	0.0

Agency/Governor's Recommendation

The Department requests \$20,326,817 for FY 2002 operating expenditures. This is an increase of \$538,389 (2.7 percent) above the FY 2001 estimate. Specifically, the agency requests \$10,537,448 from the State General Fund, which is \$609,549 more than the current year request; \$9,789,369 from federal and special revenue funds; and, \$13,849,135 for salaries and wages of 319.7 positions (305.5 FTE positions and 14.2 other unclassified temporary positions). The salaries and wages request is an increase of \$414,909 (3.1 percent) above the FY 2001 estimate.

The Governor recommends \$19,929,778 for FY 2002 operating expenditures. This is an increase of \$94,558 (0.5 percent) from the FY 2001 recommendation and a decrease of \$397,039 (0.2 percent) from the agency's FY 2002 request. The Governor recommends a \$199,938 reduction in State General Fund expenditures through the adoption of the Department's submitted reduction package. The recommendation reduces salary expenditures by \$113,595 and other operating expenditures by \$86,343, but does not eliminate the 2.0 FTE positions included in the agency's

reduction package; the positions will be utilized by the agency in future fiscal years to provide flexibility to meet staffing needs. The Governor also recommends the agency's \$83,756 Water Resources enhancement package, funded by the State General Fund.

FY 2002 Enhancements						
Enhancement	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Water Resources Program	\$ 83,756	\$ 83,756	0.0	\$ 83,756	\$ 83,756	0.0
Failure Mode Effects Analysis	161,000	161,000	1.0	0	0	0.0
Document Imaging	60,000	60,000	0.0	0	0	0.0
Professional Civil Engineer I	71,022	71,022	1.0	0	0	0.0
Shrinkage Rate Decrease	131,289	131,289	0.0	0	0	0.0
Agricultural Research	50,000	50,000	0.0	0	0	0.0
TOTAL	\$ 557,067	\$ 557,067	2.0	\$ 83,756	\$ 83,756	0.0

House Budget Committee Recommendations

The Budget Committee concurs with the Governor's recommendation with the following adjustments, recommendations, and observations.

1. Increase the expenditure limitation on the Feed Fee Fund by \$31,000 in FY 2002 to allow the Department to continue increased surveillance of feed products for Bovine Spongiform Encephalopathy (BSE). The Budget Committee notes that this work is in addition to the regular annual inspections that encompass BSE currently performed by Agricultural Commodity Assurance Program (ACAP) inspectors. The \$31,000 includes \$25,000 for salaries and wages and travel, and \$6,000 for laboratory supplies. The Committee notes that the Department's expenditures for salaries and wages and travel in FY 2002 will continue the efforts from FY 2001 to conduct comprehensive inspection coverage of rendering facilities, licensed FDA feed mills, and un-licensed state feed mills. No new FTEs are required to implement this recommendation; the Department will utilize existing field inspectors. The field inspectors are expected to enhance efforts in inspection, analysis, and follow-up to assure a 100 percent compliance with labeling and commingling issues related to "prohibited feedstuffs".
2. Add a proviso that establishes a new civil litigation fee fund, as a no-limit fund that will be used to receive moneys from the Attorney General's office to deal with fees and costs associated with litigation over fraudulent meat sales.
3. The Budget Committee notes that legislation has been introduced—HB 2102 (which the agency says currently has no fiscal impact on its operations)—to address statutory inspection and metering of fuels. Any fiscal impact may need to be looked at during omnibus.

House Committee Recommendation

The Committee concurs with the Budget Committee's recommendation.

Senate Subcommittee Report

Agency: Department of Agriculture

Bill No. 348

Bill Sec. 81

Analyst: Chapman

Analysis Pg. No. 3

Budget Pg. No. 49

Expenditure Summary	Agency Request FY 2002	Governor Recommendation FY 2002	Senate Subcommittee Adjustments *
All Funds:			
State Operations	\$ 22,903,144	\$ 22,256,591	\$ (343,219)
Aid to Local Units	0	0	0
Other Assistance	9,150	9,150	0
Subtotal - Operating	<u>\$ 22,912,294</u>	<u>\$ 22,265,741</u>	<u>\$ (343,219)</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 22,912,294</u></u>	<u><u>\$ 22,265,741</u></u>	<u><u>\$ (343,219)</u></u>
State General Fund:			
State Operations	\$ 10,640,188	\$ 9,910,400	\$ (245,834)
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 10,640,188</u>	<u>\$ 9,910,400</u>	<u>\$ (245,834)</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 10,640,188</u></u>	<u><u>\$ 9,910,400</u></u>	<u><u>\$ (245,834)</u></u>
FTE Positions	312.5	305.5	(2.0)
Other Unclass. Positions	18.0	18.0	0.0
TOTAL	<u><u>330.5</u></u>	<u><u>323.5</u></u>	<u><u>(2.0)</u></u>

* Part of the adjustment includes deletion of the Governor's pay plan adjustments, while the other part is an increase of \$31,000 in other funds.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation with the following adjustments, recommendations, and observations.

1. **Delete \$374,219**, including \$245,834 from the State General Fund, based on the recommendation to delete funding for the Governor's pay plan adjustments from

individual agency budgets. This includes classified base increase (\$207,010), unclassified merit pool (\$29,277), and the longevity bonus (\$137,933).

2. **Delete 2.0 FTE positions** that the Governor recommends continue as part of the agency's total FTE count, but not be funded in FY 2002. The Subcommittee notes that the agency requested the deletion of the 2.0 FTE positions—an Apiary Inspector and a Policy and Program Analyst—as part of its reduction package request.
3. **Add \$31,000** from the Department's Feed Fee Fund and increase the expenditure limitation on the Feed Fee Fund by the same amount to allow the Department to continue increased surveillance of feed products for Bovine Spongiform Encephalopathy (BSE). The Budget Committee notes that this work is in addition to the regular annual inspections that encompass BSE currently performed by Agricultural Commodity Assurance Program (ACAP) inspectors. The \$31,000 includes \$25,000 for salaries and wages and travel, and \$6,000 for laboratory supplies. The Committee notes that the Department's expenditures for salaries and wages and travel in FY 2002 will continue the efforts from FY 2001 to conduct comprehensive inspection coverage of rendering facilities, licensed FDA feed mills, and un-licensed state feed mills. No new FTEs are required to implement this recommendation; the Department will utilize existing field inspectors. The field inspectors are expected to enhance efforts in inspection, analysis, and follow-up to assure a 100 percent compliance with labeling and commingling issues related to "prohibited feedstuffs".
4. Add a proviso that establishes a new civil litigation fee fund, as a no-limit fund that will be used to receive moneys from the Attorney General's office to deal with fees and costs associated with litigation over fraudulent meat sales.
5. The Subcommittee notes that through the enforcement mechanism of the Special Initiative to Address Blatant and Recurring Overpumping, within the Division of Water Resources, the Department identifies and ranks water users by the degree to which they have in the past exceeded their authorized quantity under their water right. The effort is focused on very large abusers and repeat offenders, and is used to curb the use of ground and surface water in excess of appropriated amounts. It is designed as a short term precursor to a broader based compliance enforcement program. Groundwater Management Districts (GMD) have decided to join in this effort. This project emphasizes public awareness and technical assistance to achieve compliance, with a compliance monitoring and an enforcement component to ensure participation and owner response. The Subcommittee notes that, to date, the Department has worked with 36 individuals or corporations who were determined to be persistent over-pumpers, and at least three have been carried over from last year.
6. The Subcommittee notes that the 2000 Legislature appropriated \$50,000 from the State General Fund in FY 2000 to fund a study of limiting the spread and enhancing the management of *sericea lespediza*. The Subcommittee recommends studying whether funding for the study be continued, at total cost of \$40,000 (\$30,000 for Kansas State University and \$10,000 to Emporia State University), during Omnibus.

House Budget Committee Report

Agency: Animal Health Department

Bill No. --

Bill Sec. --

Analyst: Chapman

Analysis Pg. No. 19

Budget Page No. 63

Expenditure Summary	Agency Request FY 2001	Gov. Rec. FY 2001	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 1,916,961	\$ 1,918,902	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	\$ 1,916,961	\$ 1,918,902	\$ 0
Capital Improvements	0	0	0
TOTAL	<u>\$ 1,916,961</u>	<u>\$ 1,918,902</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 631,338	\$ 631,338	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	\$ 631,338	\$ 631,338	\$ 0
Capital Improvements	0	0	0
TOTAL	<u>\$ 631,338</u>	<u>\$ 631,338</u>	<u>\$ 0</u>
FTE Positions	31.0	31.0	0.0
Unclass. Temp. Positions	0.0	0.0	0.0
TOTAL	<u>31.0</u>	<u>31.0</u>	<u>0.0</u>

Agency/Governor's Recommendation

The Animal Health Department estimates \$1,916,961 for FY 2001 operating expenditures, which is the amount approved by the 2000 Legislature.

The Governor recommends \$1,918,902 for FY 2001 operating expenditures. This is an increase of \$1,941 from the approved budget. The increase is due to a fringe benefits technical adjustment that is funded through the Animal Disease Control Fund.

*Senate Ways and Means
3-14-01
Attachment 2*

House Budget Committee Recommendations

The Budget Committee concurs with the Governor's recommendation.

House Committee Recommendations

The House Committee concurs with the Budget Committee's recommendations.

Senate Subcommittee Report

Agency: Animal Health Department

Bill No. - -

Bill Sec. - -

Analyst: Chapman

Analysis Pg. No. 19

Budget Pg. No. 63

Expenditure Summary	Agency Request FY 2001	Gov. Rec. FY 2001	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 1,916,961	\$ 1,918,902	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	<u>\$ 1,916,961</u>	<u>\$ 1,918,902</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 1,916,961</u></u>	<u><u>\$ 1,918,902</u></u>	<u><u>\$ 0</u></u>
State General Fund:			
State Operations	\$ 631,338	\$ 631,338	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	<u>\$ 631,338</u>	<u>\$ 631,338</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 631,338</u></u>	<u><u>\$ 631,338</u></u>	<u><u>\$ 0</u></u>
FTE Positions	31.0	31.0	0.0
Other Unclass. Positions	0.0	0.0	0.0
TOTAL	<u><u>31.0</u></u>	<u><u>31.0</u></u>	<u><u>0.0</u></u>

Agency Request/Governor's Recommendation

The Animal Health Department estimates \$1,916,961 for FY 2001 operating expenditures, which is the amount approved by the 2000 Legislature.

The Governor recommends \$1,918,902 for FY 2001 operating expenditures. This is an increase of \$1,941 from the approved budget. The increase is due to a fringe benefits technical adjustment that is funded through the Animal Disease Control Fund.

Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendation.

33385(3/14/1(7:31AM))

House Budget Report

Agency: Animal Health Department

Bill No. 2557

Bill Sec. 82

Analyst: Chapman

Analysis Pg. No. 19

Budget Page No. 63

Expenditure Summary	Agency Request FY 2002	Gov. Rec. FY 2002	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 2,074,424	\$ 2,010,935	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	\$ 2,074,424	\$ 2,010,935	\$ 0
Capital Improvements	0	0	0
TOTAL	<u>\$ 2,074,424</u>	<u>\$ 2,010,935</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 776,438	\$ 632,028	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	\$ 776,438	\$ 632,028	\$ 0
Capital Improvements	0	0	0
TOTAL	<u>\$ 776,438</u>	<u>\$ 632,028</u>	<u>\$ 0</u>
FTE Positions	33.0	31.0	0.0
Unclass. Temp. Positions	0.0	0.0	0.0
TOTAL	<u>33.0</u>	<u>31.0</u>	<u>0.0</u>

Agency/Governor's Recommendation

The Animal Health Department requests \$2,074,424 for FY 2002 operating expenditures. This is an increase of \$157,463 (8.2 percent) above the FY 2001 estimate. Specifically, the agency requests \$776,438 from the State General Fund, which is 37.4 percent of the total FY 2002 operating expenditures request, and \$1,297,986 from special revenue funds, which is 62.6 percent of the total request. The request also includes \$1,276,583 for salaries and wages for 33.0 FTE positions, which is an increase of \$85,722 (7.2 percent) over the FY 2001 estimate; the agency requests 2.0 new FTE Animal Facility Inspectors and \$87,432 from the State General Fund for the salaries (including benefits).

The Governor recommends \$2,010,935 for FY 2002 operating expenditures. This is an increase of \$92,033 (4.8 percent) from the FY 2001 recommendation, and a decrease of \$63,489 (3.1 percent) from the agency's FY 2002 request. Specifically, the Governor recommends \$632,028 from the State General Fund, which is 31.4 percent of the total FY 2002 operating expenditures recommendation, and \$1,378,907 from special revenue funds, which is 68.6 percent of the total

recommendation. The recommendation also includes \$1,238,129 for salaries and wages for 31.0 FTE positions, which is an increase of \$48,225 (4.1 percent) over the FY 2001 recommendation. The Governor does not recommend the agency's enhancement request of 2.0 new FTE Animal Facility Inspectors.

FY 2002 Enhancements						
Enhancement	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Salaries and Wages Funding Shift	\$ 46,574	\$ 0	0.0	\$ 0	\$ 0	0.0
Animal Facility Inspectors	87,432	87,432	2.0	0	0	0.0
Animal Pound and Shelter Relinquishment Fee	3,500	3,500	0.0	0	0	0.0
TOTAL	\$ 137,506	\$ 90,932	2.0	\$ 0	\$ 0	0.0

House Budget Committee Recommendations

The Budget Committee concurs with the Governor's recommendation with the following adjustments, recommendations, and observations.

1. The Budget Committee recommends that no shifting of expenditures to the Animal Disease Control Fund from the State General Fund occur after FY 2002. The Budget Committee notes that long term trends may have an impact on the agency's funding levels for its Animal Disease Control Fund. The Governor recommends shifting \$12,779 from the State General Fund to the Animal Disease Control Fund, thereby decreasing the fund's ending balance. The primary source of revenue to the fund is the \$0.15 per head that is collected at licensed livestock markets. The Committee notes that the long term trend for those numbers is to diminish. It is the Committee's observation that if fee fund levels fall below historically proven levels, shifting expenditures from the State General Fund to this fund could undermine the primary function of this agency and potentially harm the integrity of the fund in the future. The Governor's recommended fee fund ending balance in FY 2001 is \$596,523, or 100.9 percent of expenditures, and in FY 2002 is \$511,002, or 79.3 percent of expenditures.
2. The Budget Committee notes that in the agency's budget document, 725 "no-contact" inspections are recorded. No-contact inspections are those visits to animal breeders by inspectors where the breeders are not present. The Committee encourages the agency to try to schedule animal breeder inspections with breeders who have a prior record of passing inspections, and to continue to make surprise, unannounced inspection visits for those breeders who do not have a history of passing inspections.

House Committee Recommendations

The House Committee concurs with the Budget Committee's recommendations.

Senate Subcommittee Report

Agency: Animal Health Department

Bill No. 348

Bill Sec. 82

Analyst: Chapman

Analysis Pg. No. 19

Budget Pg. No. 63

Expenditure Summary	Agency Request FY 2002	Gov. Rec. FY 2002	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 2,074,424	\$ 2,010,935	\$ (33,899) *
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	<u>\$ 2,074,424</u>	<u>\$ 2,010,935</u>	<u>\$ (33,899)</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 2,074,424</u></u>	<u><u>\$ 2,010,935</u></u>	<u><u>\$ (33,899)</u></u>
State General Fund:			
State Operations	\$ 776,438	\$ 632,028	\$ (9,981)
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	<u>\$ 776,438</u>	<u>\$ 632,028</u>	<u>\$ (9,981)</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 776,438</u></u>	<u><u>\$ 632,028</u></u>	<u><u>\$ (9,981)</u></u>
FTE Positions	33.0	31.0	0.0
Other Unclass. Positions	0.0	0.0	0.0
TOTAL	<u><u>33.0</u></u>	<u><u>31.0</u></u>	<u><u>0.0</u></u>

* The entire reduction is for the Governor's employee salary adjustment.

Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendation with the following adjustments, recommendations, and observations.

1. **Delete \$33,899**, including \$9,981 from the State General Fund, based on the recommendation to delete funding for the Governor's pay plan adjustments from individual agency budgets. This includes classified base increase (\$21,893), unclassified merit (\$3,159), and the longevity bonus (\$8,848).
2. The Subcommittee notes the significant decrease in the agency's actual all funds expenditures from \$1,813,505 in FY 1994 to \$1,682,611 in FY 2000—a decrease of \$130,894.

3. The Subcommittee notes that the Governor recommends shifting \$12,779 from the State General Fund to the Animal Disease Control Fund, thereby decreasing the fund's ending balance. The Subcommittee notes that balances in this fund are used for emergencies (examples of emergencies include the recent outbreak of Foot and Mouth Disease in Great Britain and now in Europe). The primary source of revenue to the fund is the \$0.15 per head that is collected at licensed livestock markets. The Subcommittee also notes that long term trends may have an impact on the agency's funding levels for its Animal Disease Control Fund; the long term trend for the licensed livestock market fee is that it may diminish. It is the Subcommittee's observation that if fee fund levels fall below historically proven levels, shifting expenditures from the State General Fund to this fund could undermine the primary function of this agency and potentially harm the integrity of the fund in the future.
4. The Subcommittee notes that, since FY 1998, the Department has been able to collect \$44,615 out of \$135,075 in fines. The Department is looking into the possibility of contracting with the Department of Administration (DOA) to collect the fines, but DOA wants to retain 17 percent of every fine collected.
5. The Subcommittee notes that the Department's animal facility inspectors have come across problems USDA inspectors have sometimes failed to report. This points to the need for more state involvement and justifies the Department's request for more animal facility inspectors. For comparison, federal inspectors conduct on average 138 inspections a year, while state inspectors conduct anywhere from 200 to 400 inspections a year, depending on the size of the geographic district and miles traveled. It should be noted that part of the USDA's inspection problems are related to bureaucratic size, which sometimes hampers inspection efficiencies. The Subcommittee recommends examining the Department's enhancement request for 2.0 FTE Animal Facility positions (\$87,742 from the State General Fund) during Omnibus.

House Budget Committee Report

Agency: Kansas State Fair

Bill No. - -

Bill Sec. - -

Analyst: Chapman

Analysis Pg. No. 35

Budget Pg. No. 169

Expenditure Summary	Agency Request FY 2001	Gov. Rec. FY 2001	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 3,806,214	\$ 3,800,632	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	\$ 3,806,214	\$ 3,800,632	\$ 0
Capital Improvements	850,000	850,000	0
TOTAL	\$ 4,656,214	\$ 4,650,632	\$ 0
State General Fund:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	\$ 0	\$ 0	\$ 0
Capital Improvements	450,000	450,000	0
TOTAL	\$ 450,000	\$ 450,000	\$ 0
FTE Positions	22.0	22.0	0.0
Other Unclass. Positions	0.0	0.0	0.0
TOTAL	22.0	22.0	0.0

Agency Request/Governor's Recommendation

The State Fair estimates \$3,806,214 for total FY 2001 operating expenditures. This is an increase of \$124,041 from the approved budget. Estimated expenditures were realigned to account for actual expenditures. The change primarily results from a \$93,000 increase in contractual services and \$31,041 in commodities. The revised revenues for the State Fair have decreased \$162,425, mostly from reduced grandstand and gate admissions.

The Governor recommends \$3,800,632 for FY 2001 operating expenditures. This is an increase of \$118,459 from the approved budget and a decrease of \$5,582 (0.1 percent) from the agency's revised estimate. The decrease is comprised of \$490 in fringe benefit calculations and \$5,092 to increase shrinkage in the Maintenance Program from 1.7 to 2.8 percent. Compared to FY 2000 actual expenditures, this is an increase of \$213,590 (6.0 percent).

*Senate Ways and Means
3-14-01
Attachment 3*

House Budget Committee Recommendations

The Budget Committee concurs with the Governor's recommendation.

House Committee Recommendation

The Committee concurs with the Budget Committee's recommendation.

House Committee of the Whole Recommendation

The House Committee of the Whole has not considered this budget.

Senate Subcommittee Report

Agency: Kansas State Fair

Bill No. - -

Bill Sec. - -

Analyst: Chapman

Analysis Pg. No. 35

Budget Pg. No. 169

<u>Expenditure Summary</u>	<u>Agency Request FY 2001</u>	<u>Gov. Rec. FY 2001</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 3,806,214	\$ 3,800,632	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	<u>\$ 3,806,214</u>	<u>\$ 3,800,632</u>	<u>\$ 0</u>
Capital Improvements	850,000	850,000	0
TOTAL	<u><u>\$ 4,656,214</u></u>	<u><u>\$ 4,650,632</u></u>	<u><u>\$ 0</u></u>
State General Fund:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Capital Improvements	450,000	450,000	0
TOTAL	<u><u>\$ 450,000</u></u>	<u><u>\$ 450,000</u></u>	<u><u>\$ 0</u></u>
FTE Positions	22.0	22.0	0.0
Other Unclass. Positions	0.0	0.0	0.0
TOTAL	<u><u>22.0</u></u>	<u><u>22.0</u></u>	<u><u>0.0</u></u>

Agency Request/Governor's Recommendation

The State Fair estimates \$3,806,214 for total FY 2001 operating expenditures. This is an increase of \$124,041 from the approved budget. Estimated expenditures were realigned to account for actual expenditures. The change primarily results from a \$93,000 increase in contractual services and \$31,041 in commodities. The revised revenues for the State Fair have decreased \$162,425, mostly from reduced grandstand and gate admissions.

The Governor recommends \$3,800,632 for FY 2001 operating expenditures. This is an increase of \$118,459 from the approved budget and a decrease of \$5,582 (0.1 percent) from the agency's revised estimate. The decrease is comprised of \$490 in fringe benefit calculations and \$5,092 to increase shrinkage in the Maintenance Program from 1.7 to 2.8 percent. Compared to FY 2000 actual expenditures, this is an increase of \$213,590 (6.0 percent).

Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendation.

House Budget Report

Agency: Kansas State Fair

Bill No. 2557

Bill Sec. 83

Analyst: Chapman

Analysis Pg. No. 35

Budget Page No. 169

Expenditure Summary	Agency Request FY 2002	Gov. Rec. FY 2002	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 3,982,618	\$ 3,887,703	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	<u>\$ 3,982,618</u>	<u>\$ 3,887,703</u>	<u>\$ 0</u>
Capital Improvements	25,441,884	741,884	0
TOTAL	<u><u>\$ 29,424,502</u></u>	<u><u>\$ 4,629,587</u></u>	<u><u>\$ 0</u></u>
State General Fund:			
State Operations	\$ 0	\$ 134,000	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	<u>\$ 0</u>	<u>\$ 134,000</u>	<u>\$ 0</u>
Capital Improvements	24,300,000	300,000	0
TOTAL	<u><u>\$ 24,300,000</u></u>	<u><u>\$ 434,000</u></u>	<u><u>\$ 0</u></u>
FTE Positions	22.0	22.0	0.0
Other Unclass. Positions	0.0	0.0	0.0
TOTAL	<u><u>22.0</u></u>	<u><u>22.0</u></u>	<u><u>0.0</u></u>

Agency/Governor's Recommendation

The State Fair requests \$3,982,618 for FY 2002 operating expenditures. This is an increase of \$176,404 (4.6 percent) above the FY 2001 estimate. Specifically, the agency requests \$134,000 from the Economic Development Initiatives Fund (EDIF) for marketing and promotion of the Fair, and \$1,350,605 for salaries and wages of 22.0 FTE positions, which is an increase of \$64,260 (5.0 percent) over the FY 2001 estimate.

The Governor recommends \$3,887,703 for FY 2002 operating expenditures. This is an increase of \$87,071 (2.3 percent) from the FY 2001 recommendation and a decrease of \$94,915 (2.4 percent) from the agency's FY 2002 request. The Governor recommends a \$4,519 reduction for fringe benefit calculations, a \$2,158 reduction for the removal of unclassified merit payments, and a \$13,466 reduction to increase shrinkage from an agency average of 1.8 percent to 2.8 percent. The Governor also recommends shifting \$134,000 from the EDIF to the State General Fund and adding \$16,288 from the agency's fee fund for the Governor's Pay Plan.

FY 2002 Enhancements							
Enhancement	Agency Request			Governor's Recommendation			
	SGF	All Funds	FTE	SGF	All Funds	FTE	
Marketing and Promotion - EDIF	\$ 0	\$ 91,000	0.0	\$ 0	0	0.0	
Official Hospitality	\$ 0	\$ 5,000	0.0	\$ 0	5,000	0.0	
TOTAL	\$ 0	\$ 96,000	0.0	\$ 0	5,000	0.0	

House Budget Committee Recommendations

The Budget Committee concurs with the Governor's recommendation with the following recommendations and observations.

1. The Budget Committee realizes that the current Economic Development Initiatives Fund (EDIF) balance is negative, but recommends—provided that a positive balance exists—shifting the funding source from the State General Fund to EDIF during Omnibus for the state's support (\$134,000) of the Fair's operations. For the past several years, the Legislature has alternated the funding source for the state's support between the State General Fund and EDIF. The Budget Committee believes that the State Fair is a form of economic development and should be financed accordingly.
2. The Budget Committee notes the amount of the agency's ending fee fund balance. As recommended by the Governor, the ending fee fund balance for FY 2002 will be \$587,464, or 15.7 percent of expenditures. The Budget Committee encourages the agency to maintain its ending balance at or above \$150,000 to be able to meet future cash flow demands, particularly those that may arise from unanticipated natural gas costs.
3. The Budget Committee notes the agency's intention to implement its facilities master plan. The plan is estimated to cost approximately \$36 million over six years. The Committee suggests that the plan should be given consideration in the future, pending the state's financial situation. As a possible source of funding for the master plan, the Committee recommends using EDIF funding for the next fiscal year, and each following year, provided that such funds are available. The agency has received local city and county support of \$300,000 in FY 2002, contingent upon state financing of the master plan, from which the agency requests \$24,000,000 from the State General Fund. If funding is not provided by the state, local funds will not be available. The Committee suggests that one way to fund the master plan would be to bond the required \$24.0 million. Over a 10-year period, the first year's cost would be around \$180,000, and each following year around \$3.3 million. Over a 30-year period, the first year's cost would be around \$198,000, and each following year around \$1.8 million.

House Committee Recommendation

The Committee concurs with the Budget Committee's recommendation.

House Committee of the Whole Recommendation

The House Committee of the Whole has not considered this budget.

Senate Subcommittee Report

Agency: Kansas State Fair

Bill No. 348

Bill Sec. 83

Analyst: Chapman

Analysis Pg. No. 35

Budget Pg. No. 169

Expenditure Summary	Agency Request FY 2002	Gov. Rec. FY 2002	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 3,982,618	\$ 3,887,703	\$ 22,789 *
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	<u>\$ 3,982,618</u>	<u>\$ 3,887,703</u>	<u>\$ 22,789</u>
Capital Improvements	25,441,884	741,884	0
TOTAL	<u><u>\$ 29,424,502</u></u>	<u><u>\$ 4,629,587</u></u>	<u><u>\$ 22,789</u></u>
State General Fund:			
State Operations	\$ 0	\$ 134,000	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal—Operating	<u>\$ 0</u>	<u>\$ 134,000</u>	<u>\$ 0</u>
Capital Improvements	24,300,000	300,000	0
TOTAL	<u><u>\$ 24,300,000</u></u>	<u><u>\$ 434,000</u></u>	<u><u>\$ 0</u></u>
FTE Positions	22.0	22.0	0.0
Other Unclass. Positions	0.0	0.0	0.0
TOTAL	<u><u>22.0</u></u>	<u><u>22.0</u></u>	<u><u>0.0</u></u>

* The entire reduction of \$22,789 is for the Governor's employee salary adjustment.

Senate Subcommittee Recommendations


The Subcommittee concurs with the Governor's recommendation with the following adjustments, recommendations, and observations.

1. **Delete \$22,789** based on the recommendation to delete funding for the Governor's pay plan adjustments from individual agency budgets. This includes classified base increase (\$14,297), unclassified merit (\$1,932), and the longevity bonus (\$6,560).
2. The Subcommittee notes the number of events that take place outside of fair time and the year-round utilization of the Fair's buildings and grounds. For example, in a typical March of the calendar year the Fair hosts such events and activities as an HCC horsemanship class, a few wedding receptions, a horse show, girl and boy scout troop encampments, a flea market, Kansas Beef Expo, and a Home and Garden Expo. The Subcommittee encourages the agency to continue increasing the utilization of the Fair's buildings and grounds, while at the same time continue increasing business support.
3. The Subcommittee notes that the State Fair has planned a very ambitious and needed facilities master plan. While the state's current financial situation may not provide much immediate support, the Subcommittee is in favor of finding some way to finance the plan. The State Fair estimates that the total cost to implement the master plan is \$36.1 million and would require a minimum of six years to complete. The Subcommittee suggests looking at a variation of the proposed legislation (H.B. 2493), such as structuring the bill so that the state's commitment would possibly commence in FY 2004.

2001 AGRICULTURE SUBCOMMITTEE

FY 2001 and FY 2002

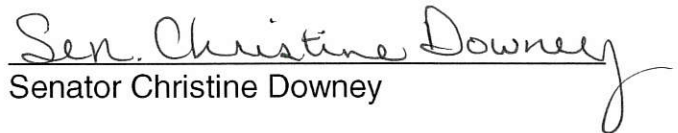
Conservation Commission
Water Office
Wildlife and Parks



Senator Dave Jackson



Senator Dave Kerr, Chairman



Senator Christine Downey

Senate Ways and Means
3-14-01
Attachment 4

House Budget Committee Report

Agency: State Conservation Commission

Bill No. 2545

Bill Sec. 35

Analyst: Chapman

Analysis Pg. No. 48

Budget Page No. 111

Expenditure Summary	Agency Request FY 2001	Gov. Rec. FY 2001	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 1,516,895	\$ 1,516,374	\$ 0
Aid to Local Units	2,072,750	2,072,750	0
Other Assistance	6,942,573	6,942,573	0
Subtotal - Operating	\$ 10,532,218	\$ 10,531,697	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 10,532,218	\$ 10,531,697	\$ 0
State General Fund:			
State Operations	\$ 594,962	\$ 594,441	\$ 0
Aid to Local Units	0	0	0
Other Assistance	4,500,000	4,500,000	0
Subtotal - Operating	\$ 5,094,962	\$ 5,094,441	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 5,094,962	\$ 5,094,441	\$ 0
FTE Positions	13.5	13.5	0.0
Unclass. Temp. Positions	0.0	0.0	0.0
TOTAL	13.5	13.5	0.0

Agency/Governor's Recommendation

The State Conservation Commission estimates \$10,532,218 for total FY 2001 operating expenditures. This is an increase of \$5,270 from the approved budget, which results from the agency's request for a supplemental request from the Land Reclamation Fee Fund for monitoring the status of reclamation sites.

The Governor recommends \$10,531,697 for FY 2001 operating expenditures, which includes \$5,270 over the approved amount from the Land Reclamation Fee Fund. This is \$521 below the approved State General Fund amount to account for a technical adjustment to salary expenditures.

House Budget Committee Recommendations

The Budget Committee concurs with the Governor's recommendation.

House Committee Recommendation

The House Committee concurs.

House Committee of the Whole Recommendation

The House Committee of the Whole has not considered this budget.

Senate Subcommittee Report

Agency: State Conservation Commission

Bill No. 342

Bill Sec. 35

Analyst: Chapman

Analysis Pg. No. 48

Budget Pg. No. 111

<u>Expenditure Summary</u>	<u>Agency Request FY 2001</u>	<u>Gov. Rec. FY 2001</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 1,516,895	\$ 1,516,374	\$ 0
Aid to Local Units	2,072,750	2,072,750	0
Other Assistance	6,942,573	6,942,573	0
Subtotal - Operating	<u>\$ 10,532,218</u>	<u>\$ 10,531,697</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 10,532,218</u></u>	<u><u>\$ 10,531,697</u></u>	<u><u>\$ 0</u></u>
State General Fund:			
State Operations	\$ 594,962	\$ 594,441	\$ 0
Aid to Local Units	0	0	0
Other Assistance	4,500,000	4,500,000	0
Subtotal - Operating	<u>\$ 5,094,962</u>	<u>\$ 5,094,441</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 5,094,962</u></u>	<u><u>\$ 5,094,441</u></u>	<u><u>\$ 0</u></u>
FTE Positions	13.5	13.5	0.0
Other Unclass. Positions	0.0	0.0	0.0
TOTAL	<u><u>13.5</u></u>	<u><u>13.5</u></u>	<u><u>0.0</u></u>

Agency Request/Governor's Recommendation

The State Conservation Commission estimates \$10,532,218 for total FY 2001 operating expenditures. This is an increase of \$5,270 from the approved budget, which results from the agency's request for a supplemental request from the Land Reclamation Fee Fund for monitoring the status of reclamation sites.

The Governor recommends \$10,531,697 for FY 2001 operating expenditures, which includes \$5,270 over the approved amount from the Land Reclamation Fee Fund. This is \$521 below the approved State General Fund amount to account for a technical adjustment to salary expenditures.

Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: State Conservation Commission

Bill No. 2557

Bill Sec. 84

Analyst: Chapman

Analysis Pg. No. 48

Budget Page No. 111

<u>Expenditure Summary</u>	<u>Agency Request FY 2002</u>	<u>Gov. Rec. FY 2002</u>	<u>House Budget Committee Adjustments</u>
All Funds:			
State Operations	\$ 1,698,761	\$ 1,545,975	\$ 50,000
Aid to Local Units	2,665,200	2,144,683	0
Other Assistance	7,589,523	7,277,707	0
Subtotal - Operating	<u>\$ 11,953,484</u>	<u>\$ 10,968,365</u>	<u>\$ 50,000</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 11,953,484</u></u>	<u><u>\$ 10,968,365</u></u>	<u><u>\$ 50,000</u></u>
State General Fund:			
State Operations	\$ 658,337	\$ 614,765	\$ 0
Aid to Local Units	0	0	0
Other Assistance	6,000,000	6,250,000	0
Subtotal - Operating	<u>\$ 6,658,337</u>	<u>\$ 6,864,765</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 6,658,337</u></u>	<u><u>\$ 6,864,765</u></u>	<u><u>\$ 0</u></u>
FTE Positions	14.5	13.5	0.0
Other Unclass. Positions	0.0	0.0	0.0
TOTAL	<u><u>14.5</u></u>	<u><u>13.5</u></u>	<u><u>0.0</u></u>

Agency/Governor's Recommendation

The Commission requests \$11,953,484 for total FY 2002 expenditures. This is an increase of \$1,421,266 (13.5 percent) above the FY 2001 estimate. The agency requests \$1,414,427 for six enhancement requests, of which \$42,477 comes from the State General Fund. Absent enhancements, the agency's FY 2002 request would be \$10,539,057.

The Governor recommends \$10,968,365 for total FY 2002 operating expenditures. This is a net increase of \$436,668 (4.1 percent) from the FY 2001 recommendation and a decrease of \$985,119 from the agency's FY 2002 request. The Governor recommends \$6,000,000 for the State General Fund demand transfer to the State Water Plan Fund to provide needed funding to address Total Maximum Daily Loads and other water issues. The Governor also recommends an additional \$250,000 transfer from the State General Fund to the State Water Plan Fund.

FY 2002 Enhancements						
Enhancement	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Total Maximum Daily Loads	\$ 42,477	\$ 762,477	1.0	\$ 0	\$ 335,134	0.0
Watershed Dam Construction Subprogram		50,000	0.0		0	0.0
Water Resources Cost Share Subprogram		50,000	0.0		0	0.0
Multipurpose Small Lakes Subprogram		192,750	0.0		0	0.0
Water Rights Purchase Subprogram	0	347,200	0.0	0	69,433	0.0
Land Reclamation Subprogram	0	12,000	0.0	0	12,000	0.0
TOTAL—FY 2002 Enhancement Request	\$ 42,477	\$ 1,414,427	1.0	\$ 0	\$ 416,567	0.0

House Budget Committee Recommendations

The Budget Committee concurs with the Governor's recommendation, with the following adjustments, recommendations, and observations.

1. Add a proviso capturing lapsed State Water Plan Funds from the Water Resources Cost Share program and the Non-Point Source Pollution program, and utilize those funds for enhancements to the Water Resources Cost Share program. The Committee notes that this proviso is a proactive way to enhance water conservation. The Committee also notes that the agency observes that over \$300,000 could be captured in lapsed funds. The language of the proviso might read: "That an amount not to exceed \$850,000 be allocated for fiscal year 2002 to conservation districts for cost-sharing grants to reduce water use and improve irrigation water use efficiency, with 50 percent of the total amount provided to projects capable of achieving a water use efficiency level of 92 percent or greater."
2. Add \$50,000 from the State Water Plan Fund for the agency's request for the Riparian and Wetland Program, from \$200,000 to \$250,000. This is an increase of \$50,000 (26.3 percent) from the FY 2001 recommendation. The funds will be used to restore riparian areas, wetlands, and associated habitats by providing technical, educational, and financial assistance to landowners and the public.

House Committee Recommendation

The House Committee concurs.

House Committee of the Whole Recommendation

The House Committee of the Whole has not considered this budget.

Senate Subcommittee Report

Agency: State Conservation Commission

Bill No. 348

Bill Sec. 84

Analyst: Chapman

Analysis Pg. No. 48

Budget Pg. No. 111

<u>Expenditure Summary</u>	<u>Agency Request FY 2002</u>	<u>Gov. Rec. FY 2002</u>	<u>Senate Subcommittee Adjustments *</u>
All Funds:			
State Operations	\$ 1,698,761	\$ 1,545,975	\$ 33,059
Aid to Local Units	2,665,200	2,144,683	0
Other Assistance	7,589,523	7,277,707	0
Subtotal - Operating	<u>\$ 11,953,484</u>	<u>\$ 10,968,365</u>	<u>\$ 33,059</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 11,953,484</u></u>	<u><u>\$ 10,968,365</u></u>	<u><u>\$ 33,059</u></u>
State General Fund:			
State Operations	\$ 658,337	\$ 614,765	\$ (15,091)
Aid to Local Units	0	0	0
Other Assistance	6,000,000	6,250,000	0
Subtotal - Operating	<u>\$ 6,658,337</u>	<u>\$ 6,864,765</u>	<u>\$ (15,091)</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 6,658,337</u></u>	<u><u>\$ 6,864,765</u></u>	<u><u>\$ (15,091)</u></u>
FTE Positions	14.5	13.5	0.0
Other Unclass. Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u><u>14.5</u></u>	<u><u>13.5</u></u>	<u><u>0.0</u></u>

* An addition of \$50,000 is offset by a deletion of \$16,941 for the Governor's pay plan adjustments.

Agency Request/Governor's Recommendation

The Commission requests \$11,953,484 for total FY 2002 expenditures. This is an increase of \$1,421,266 (13.5 percent) above the FY 2001 estimate. The agency requests \$1,414,427 for six enhancement requests, of which \$42,477 comes from the State General Fund. Absent enhancements, the agency's FY 2002 request would be \$10,539,057.

The Governor recommends \$10,968,365 for total FY 2002 operating expenditures. This is a net increase of \$436,668 (4.1 percent) from the FY 2001 recommendation and a decrease of \$985,119 from the agency's FY 2002 request. The Governor recommends \$6,000,000 for the State General Fund demand transfer to the State Water Plan Fund to provide needed funding to address Total Maximum Daily Loads and other water issues. The Governor also recommends an additional \$250,000 transfer from the State General Fund to the State Water Plan Fund.

Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendation with the following adjustments, recommendations, and observations.

1. **Delete \$16,941**, including \$15,091 from the State General Fund, based on the recommendation to delete funding for the Governor's pay plan adjustments from individual agency budgets. This includes classified base increase (\$4,571), unclassified merit (\$8,503), and the longevity bonus (\$3,867).
2. Modify the proviso currently included in S.B. 348, within the Water Quality Buffer Initiatives account to read: "That expenditures from this account for contractual educational and technical assistance for fiscal year 2002 shall not exceed \$50,000." The Subcommittee notes that these funds will be utilized to enter into a contractual arrangement with the USDA, Natural Resources Conservation Service (NRCS) to share the costs of a NRCS employee assigned to the agency to coordinate Buffer Initiative activities. It is also anticipated that a portion of these funds will be utilized to assist conservation districts in the local promotion of the Buffer Initiative through various means, including contacts with individual landowners. The Subcommittee would also note that the agency is expected to expend the maximum amount allowed under this proviso only if landowner demands for assistance do not exceed available funding.
3. **Add \$50,000** from the State Water Plan Fund--to the extent to which the funds are available--for the agency's request for the Riparian and Wetland Program, from \$200,000 to \$250,000. This is an increase of \$50,000 (26.3 percent) from the FY 2001 recommendation. The funds will be used to restore riparian areas, wetlands, and associated habitats by providing technical, educational, and financial assistance to landowners and the public.
4. Add a proviso capturing lapsed State Water Plan Funds from the Water Resources Cost Share program and the Non-Point Source Pollution program, and utilize those funds for enhancements to the Water Resources Cost Share program. The Subcommittee notes that this proviso is a proactive way to enhance water conservation. The Subcommittee also notes that the agency observes that over \$300,000 could be captured in lapsed funds. The language of the proviso might read: "That an amount not to exceed \$850,000 be allocated for fiscal year 2002 to conservation districts for cost-sharing grants to reduce water use and improve irrigation water use efficiency, with 50 percent of the total amount provided to projects capable of achieving a water use efficiency level of 92 percent or greater."

House Budget Committee Report

Agency: Kansas Water Office

Bill No. 2545

Bill Sec. 36

Analyst: Chapman

Analysis Pg. No. 63

Budget Pg. No. 455

Expenditure Summary	Agency Request FY 2001	Governor Recommendation FY 2001	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 6,101,751	\$ 6,018,624	\$ 8,500
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 6,101,751	\$ 6,018,624	\$ 8,500
Capital Improvements	0	0	0
TOTAL	\$ 6,101,751	\$ 6,018,624	\$ 8,500
State General Fund:			
State Operations	\$ 1,654,839	\$ 1,447,004	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 1,654,839	\$ 1,447,004	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 1,654,839	\$ 1,447,004	\$ 0
FTE Positions	23.5	23.5	0.0
Other Unclass. Positions	5.0	5.0	0.0
TOTAL	28.5	28.5	0.0

Agency Request/Governor's Recommendation

The Water Office estimates \$6,101,751 for FY 2001 total operating expenditures. This is a net decrease of \$31,398 from the approved budget. The net decrease results from: (1) the absence of \$150,000 from the State Water Plan Fund, approved by the State Finance Council to address water management issues on the Kansas River and included in the approved budget; (2) a \$207,835 supplemental request from the State General Fund which includes 1.0 FTE Accountant I position (\$22,080 salary) to assist with State Water Plan projects; (3) a \$25,292 supplemental increase in the State Water Plan Fund expenditure limitation; (4) a \$141,349 increase due to the Governor's Executive Directive No. 00-303; and, (5) a \$114,525 decrease in other funds. The agency requests \$1,286,943 in salaries and wages for 23.5 FTE positions and 5.0 other unclassified positions, of which 2.0 FTE positions are above the approved amount and are to provide technical assistance to water users.

*Senate Ways and Means
3-14-01
Attachment 5*

The Governor recommends \$6,018,624 for FY 2001 operating expenditures. This is a decrease of \$114,525 from the approved budget and of \$83,127 from the agency's revised estimate. The recommendation removes the \$207,835 supplemental request—but not the 1.0 FTE Accountant I position—from the State General Fund and the \$25,292 supplemental increase in the State Water Plan Fund expenditure limitation. The recommendation also includes a technical downward adjustment of \$9,860 to salaries and wages. The Governor concurs with the agency's request for 2.0 other unclassified positions. The Governor recommends the 1.0 FTE Accountant I position that started September 3, 2000, as a position that would assist with the agency's budget preparation activities.

House Budget Committee Recommendations

The Budget Committee concurs with the Governor's recommendation with the following adjustments, recommendations, and observations.

1. Add \$8,500 from the State Water Plan Fund to correspond with the agency's supplemental request for travel, lodging, and printing expenses related to approximately 30 High Plains Aquifer stakeholder meetings in western Kansas. The Budget Committee notes that stakeholders would include any person or organization impacted by changes in practices in irrigation related to the High Plains Aquifer, formerly known as the Ogallala aquifer. The Committee also notes that according to K.S.A. 82a-951, moneys from the State Water Plan Fund can be used for water-related activities.

House Committee Recommendation

The Committee concurs with the Budget Committee's recommendation.

Senate Subcommittee Report

Agency: Kansas Water Office

Bill No. 342

Bill Sec. 36

Analyst: Chapman

Analysis Pg. No. 63

Budget Pg. No. 455

Expenditure Summary	Agency Request FY 2001	Governor Recommendation FY 2001	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 6,018,624	\$ 5,767,445	\$ 16,740
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 6,018,624</u>	<u>\$ 5,767,445</u>	<u>\$ 16,740</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 6,018,624</u></u>	<u><u>\$ 5,767,445</u></u>	<u><u>\$ 16,740</u></u>
State General Fund:			
State Operations	\$ 1,447,004	\$ 1,442,819	0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 1,447,004</u>	<u>\$ 1,442,819</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 1,447,004</u></u>	<u><u>\$ 1,442,819</u></u>	<u><u>\$ 0</u></u>
FTE Positions	23.5	22.5	0.0
Other Unclass. Positions	5.0	1.0	0.0
TOTAL	<u><u>28.5</u></u>	<u><u>23.5</u></u>	<u><u>0.0</u></u>

Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendation with the following adjustments, recommendations, and observations.

1. **Add \$16,740** from the State Water Plan Fund to correspond with the agency's supplemental request for travel, lodging, and printing expenses related to approximately 30 High Plains Aquifer stakeholder meetings in western Kansas. The Subcommittee notes that stakeholders would include any member of the public and any person or organization affected by changes in practices in irrigation related to the High Plains Aquifer, which includes the Ogallala aquifer.

House Budget Committee Report

Agency: Kansas Water Office

Bill No. 2557

Bill Sec. 85

Analyst: Chapman

Analysis Pg. No. 63

Budget Pg. No. 455

<u>Expenditure Summary</u>	<u>Agency Request FY 2002</u>	<u>Governor Recommendation FY 2002</u>	<u>House Budget Committee Adjustments</u>
All Funds:			
State Operations	\$ 6,502,381	\$ 6,001,219	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 6,502,381</u>	<u>\$ 6,001,219</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 6,502,381</u></u>	<u><u>\$ 6,001,219</u></u>	<u><u>\$ 0</u></u>
State General Fund:			
State Operations	\$ 1,866,236	\$ 1,424,681	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 1,866,236</u>	<u>\$ 1,424,681</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 1,866,236</u></u>	<u><u>\$ 1,424,681</u></u>	<u><u>\$ 0</u></u>
FTE Positions	23.5	23.5	0.0
Other Unclass. Positions	5.0	5.0	0.0
TOTAL	<u><u>28.5</u></u>	<u><u>28.5</u></u>	<u><u>0.0</u></u>

Agency Request/Governor's Recommendation

The Water Office requests \$6,502,381 for FY 2002 operating expenditures. This is an increase of \$400,630 (6.6 percent) above the FY 2001 estimate. The increase is due to enhancement requests totaling \$446,000. The request includes \$1,866,236 from the State General Fund, \$2,731,097 from the State Water Plan Fund, and \$1,687,315 from the Water Marketing Fund. The agency requests \$1,383,070 in salaries and wages for 23.5 FTE positions and 5.0 other unclassified positions, an increase of \$96,127 (7.5 percent) over the FY 2001 estimate.

The Governor recommends \$6,001,219 for operating expenditures in FY 2002. This is a decrease of \$17,405 (0.3 percent) from the FY 2001 recommendation, and a decrease of \$501,162 from the agency's FY 2002 request. The Governor recommends \$1,424,681 from the State General Fund, \$2,670,392 from the State Water Plan Fund, and \$1,688,413 from the Water Marketing Fund. The recommendation includes \$1,389,408 in salaries and wages for 23.5 FTE positions and 5.0 other unclassified positions, which is an increase of \$112,325 (8.8 percent) from the FY 2001 recommendation and an increase of \$6,338 over the agency's FY 2002 request.

FY 2002 Enhancements						
Enhancement	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Funding Shift - Stream Gauging Station Contract	\$ 416,000	\$ 416,000	0.0	\$ 0	\$ 416,000	0.0
Public Participation Process	30,000	30,000	0.0	0	0	0.0
TOTAL	\$ 446,000	\$ 446,000	0.0	\$ 0	\$ 416,000	0.0

House Budget Committee Recommendations

The Budget Committee concurs with the Governor's recommendation with the following adjustments, recommendations, and observations.

1. Add a proviso that prohibits purchasing more water storage. The Committee notes the concern regarding the water storage space in the Milford and Perry Lakes. The Corps of Engineers could use a maximum of six feet of water from these lakes for navigational purposes so long as the State of Kansas, through the Kansas Water Office, has not called the remaining storage space into service. As a means to remind the Corps of Engineers of the State's potential to exercise its right to this water, the Water Office has requested over the past several years funds to call the water into use in case of drought. Neither the Kansas Water Authority nor the Governor has recommended funding for this water storage space. The Committee is concerned that the agency's annual request is not enough to convince the Corps of the State's interest in this water storage space. Therefore, the Committee wishes to state that should the Corps notify the Kansas Water Office of its intent to use water for navigational purposes on the Missouri River, the agency should take steps to protect the State's interests and, if necessary, notify the Legislature of the need for appropriate action.

2. Add a proviso authorizing the Water Office to transfer money from the sub-accounts of the Water Supply Storage Assurance District Fund to the Water Marketing Fund. Each year the agency receives money from the water assurance districts to repay the State General Fund for the amortized cost of purchasing storage space in federal reservoirs. For accounting purposes, these funds are credited to the district sub-accounts. The money is then transferred to the Water Marketing Fund in order to make repayments to the State General Fund for moneys previously advanced for the payment of water storage space which has been transferred to the Water Assurance Program. The Water Office has routinely made these transfers each fiscal year for the past several years. However, the Division of Accounts and Reports has determined that the agency does not have specific authority to make these transfers. This proviso is necessary for the agency to track the transfer of money, and to be able to make these transfers for more reasons than simply the repayment of the State General Fund (e.g., administration and enforcement expenses). The Committee supports the introduction of legislation (HB 2199) that essentially accomplishes the same thing.

3. Add a proviso authorizing the agency to borrow money from the Pooled Money Investment Board (PMIB) for a temporary shortage in the water marketing fund.

The Water Marketing Program supplies water to municipal and industrial users. The Water Marketing Fund receives the water fees from this program and makes payments to the U.S. Corps of Engineers for water storage and to the State General Fund for capital and interest payments. This transfer is a partial prepayment on the loan from the State General Fund. Over time the Water Marketing Fund has been collecting an internal reserve to reduce the effect of any dramatic water rate increases. By making a prepayment, the future cost of paying off the loan will decrease and could cause a small decrease in water rates. Since the Water Marketing Program operates on a calendar year rather than a fiscal year, this transfer could cause some short term cash flow difficulties. To help alleviate this concern, the Committee recommends allowing the Water Office to obtain a short term loan from the Pooled Money Investment Board to meet the financial obligations of the Water Marketing Program.

4. Add a proviso creating a fund for receiving and passing through local match funds for federal cost-share programs. These are federal programs which provide planning assistance to states and other entities and technical assistance to state, tribes, and other entities. A one-to-one match of state to federal dollars is required.
5. The Budget Committee recommends that the planning process should not continue for the Cedar Bluff Reservoir and that it should not continue to be recognized as a public water supply. The Committee affirms the Governor's recommendation that no funds be used for payment of the state's obligation to reimburse operation and maintenance costs associated with Cedar Bluff Reservoir.
6. The Budget Committee recommends that the Governor and the State Water Authority shift certain State Water Plan Fund expenditures to the State General Fund in FY 2003. The Budget Committee notes the following programs or projects, totaling \$640,342, that the Governor recommended be funded in FY 2002 with State Water Plan Funds, which the Committee believes are in violation of KSA 82a-951, which statute became law in 1989. The Committee has requested from the agency a supporting document detailing when each of the following projects began and how much they have been funded.
 - Data Access and Support Center office at Kansas University - \$143,773.
 - Geographic Information System administration - \$10,000.
 - Cedar Bluff Reservoir Operation and Maintenance costs - \$50,000 for payment of the state's obligation to reimburse operation and maintenance costs associated with Cedar Bluff Reservoir. The Kansas Water Office contracts with the Corps of Engineers for operation and maintenance at this reservoir, where the state owns water storage space which is not currently used by water marketing customers. The agency had estimated \$50,000 from the State Water Plan Fund for this bill. In FY 2001, this program is to be funded with \$59,000 from the State Water Plan Fund. Prior to FY 2001, this expense was paid from the State General Fund.

- Technical Assistance to water users (two part-time, classified temporary positions, 2.0 Environmental Scientist II positions; these two positions are funded from the State Water Plan Fund, which is appears to be contrary to Kansas Water Authority policy) - \$30,569 (salary).
 - Stream Gaging program - \$416,000.
7. The Budget Committee notes that funding River Recreation projects, or Boat Access Ramps, linked to the Lewis and Clark Bicentennial in 2004, does not fulfill requirements listed in KSA 82a-951. Funding for such Access Ramps should come from the Wildlife and Parks Boating Fee Fund.
 8. The Budget Committee recommends introduction of legislation that would codify items 3 and 4, discussed above.

House Committee Recommendations

The Committee concurs with the Budget Committee's recommendations with the following addition:

1. Amend item 6 above to read "unclassified" and not "classified."
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Senate Subcommittee Report

Agency: Kansas Water Office

Bill No. 348

Bill Sec. 85

Analyst: Chapman

Analysis Pg. No. 63

Budget Pg. No. 455

Expenditure Summary	Agency Request FY 2002	Governor Recommendation FY 2002	Senate Subcommittee Adjustments *
All Funds:			
State Operations	\$ 6,502,381	\$ 6,001,219	\$ 114,272
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 6,502,381</u>	<u>\$ 6,001,219</u>	<u>\$ 114,272</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 6,502,381</u></u>	<u><u>\$ 6,001,219</u></u>	<u><u>\$ 114,272</u></u>
State General Fund:			
State Operations	\$ 1,866,236	\$ 1,424,681	\$ 13,720
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 1,866,236</u>	<u>\$ 1,424,681</u>	<u>\$ 13,720</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 1,866,236</u></u>	<u><u>\$ 1,424,681</u></u>	<u><u>\$ 13,720</u></u>
FTE Positions	23.5	23.5	0.0
Other Unclass. Positions	5.0	5.0	0.0
TOTAL	<u><u>28.5</u></u>	<u><u>28.5</u></u>	<u><u>0.0</u></u>

* The adjustment includes a deletion of \$41,509 from the State General Fund for the Governor's recommended pay plan.

Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendation with the following adjustments, recommendations, and observations.

1. **Delete \$41,509** from the State General Fund, based on the recommendation to delete funding for the Governor's pay plan adjustments from individual agency budgets. This includes classified base increase (\$24,459), unclassified merit (\$2,279), and the longevity bonus (\$14,771).
2. **Add \$55,552** from the State Water Plan Fund to support the water planning process. The Subcommittee notes that the Kansas Department of Revenue has reported that efforts over the past two years to collect on fees on municipal, industrial and stockwater usage may yield an additional \$300,000 for the State Water Plan Fund, which is not presently reflected in Water Plan Fund expected revenues. The Subcommittee also notes that another \$100,000 was classified as

uncollectable (according to the Department of Revenue) and encourages the agency to closely reexamine these accounts. The Subcommittee comments favorably on the Kansas Water Office efforts in identifying these sources of revenue from uncollected fees. In summary, the Subcommittee recommends the additional \$300,000 be allocated as follows: \$16,740 in FY 2001 for approximately 30 stakeholder meetings; \$55,552 in FY 2002 to support the State Water Planning Process, and \$45,000 in FY 2002 for the Ogallala Aquifer Institute (see item three below). The Subcommittee further recommends that any remaining unexpended balance be deposited into the State Water Plan Fund to improve ending balances which have deteriorated over the past few years.

3. **Add \$45,000** from the State Water Plan Fund to support the Ogallala Aquifer Institute for a conservation program for the High Plains Aquifer region. The Subcommittee notes that this level of expenditure is contingent upon the availability of the additional \$300,000 in collections going into the State Water Plan Fund.
4. **Transfer \$55,229** from the Water Marketing Fund to the State General Fund and shift funding to finance the existing Civil Engineer position from the Water Marketing Fund to the State General Fund. The Subcommittee notes that this adjustment is revenue neutral, as the Civil Engineer position, currently financed from the Water Marketing Fund, would then be financed from the State General Fund based on receipts deposited to the State General Fund from the Water Marketing Program. The agency indicated that this flexibility is needed to utilize its only Civil Engineer position for additional engineering duties within the agency.
5. Add a proviso creating the Water Assurance Fund and authorizing expenditures from the fund. Each year the agency receives money from the Water Assurance Districts, which must be used to pay: (1) the federal government, for the annual capital cost of water supply storage space in reservoirs under the Water Assurance Act; (2) the Pooled Money Investment Board, for repayment of costs associated with the purchase of storage space in federal reservoirs for use by Assurance Districts; (3) the Water Marketing Fund, for water supply storage space previously paid for with revenue from Water Marketing Fund, when such storage has been transferred to the Water Assurance Program; (4) the federal government, for annual operational, maintenance, and repair costs associated with the water supply storage space dedicated for the use of Water Assurance Districts, and; (5) the Water Marketing Fund and the State General Fund, for costs incurred by the state for the administration and enforcement of applicable laws governing the operations and management of the Water Assurance Program, as provided in contracts with the Assurance Districts. The Subcommittee notes that the agency has routinely made these transactions since the inception of the Water Assurance Program. However, in 1998, the statute that established the Water Assurance Fund was inadvertently abolished. The Subcommittee believes that this proviso is necessary for the agency to receive and expend monies in accordance with the Water Assurance Act.
6. Add a proviso authorizing the agency to borrow money with interest from the Pooled Money Investment Board (PMIB), for up to five years, to stabilize the Water Marketing rate charged to customers, due to unusual operational maintenance and repair costs, and for an interest-free loan of less than one year in those years when there are short-term cash flow shortages. The Subcommittee notes that KSA 82a-1315(c)(b)(5) was enacted in 1991 to allow the Water Office

to maintain a reserve account within the Kansas Water Marketing Fund to meet any shortfalls in revenue or unusual expenses, thus stabilizing the annual rate charged to water customers. This proviso would allow the agency to accomplish this objective through a short-term loan rather than by a "reserve account."

7. Add a proviso creating a fund for receiving and passing through local match funds for federal cost-share programs. These are federal programs, which provide planning assistance to states and other entities, and technical assistance to state, tribes, and other entities. A one-to-one match of state to federal dollars is required.
8. The Subcommittee notes that the Kansas Water Office and the Kansas Water Authority, which is within and a part of the Kansas Water Office, were originally established to provide planning and policy recommendations on water to the Governor and Legislature, similar to Kansas Inc. This included a review and recommendation for all water-related agency budget requests regardless of the source of funding. In recent years, the Kansas Water Office has become more reliant on State Water Plan Funds, thus having dual roles, including that of an operational agency. The Subcommittee suggests that maintaining the planning and policy making function is paramount to carrying out the intent of the State Water Resources Planning Act (KSA 82a-901 *et seq.*). The Subcommittee notes that most of the State Water Plan dollars spent by the Kansas Water Office are contract dollars that are passed through to other entities, such as the Kansas Geological Survey. The Subcommittee suggests that continued use of State Water Plan Funds for operational functions of the Kansas Water Office may give the appearance of compromising the Kansas Water Authority's objectivity, when making recommendations to the Governor and Legislature and coordinating the water related activities of the state.

House Budget Report

Agency: Kansas Department of Wildlife and Parks **Bill No. --**

Bill Sec. --

Analyst: Nogle

Analysis Pg. No. 461

Budget Page No. 81

Expenditure Summary	Agency Est. FY 01	Governor's Recommendation FY 01	House Budget Adjustments
Operating Expenditures			
State Operations	\$ 32,869,606	\$ 32,567,308	\$ 0
Aid to Local Units	1,914,596	1,914,596	0
Other Assistance	35,000	35,000	0
Sub-Total—Operating	\$ 34,819,202	\$ 34,516,904	\$ 0
Capital Improvements	11,291,128	11,291,128	0
TOTAL	\$ 46,110,330	\$ 45,808,032	\$ 0
State General Fund	\$ 3,954,449	\$ 3,964,450	\$ 0
Other Funds	42,155,881	41,843,582	0
TOTAL	\$ 46,110,330	\$ 45,808,032	\$ 0
FTE Positions	394.5	397.5	0.0
Unclassified Temp. Positions	56.0	53.0	0.0
TOTAL	450.5	450.5	0.0

Agency Est./Governor's Recommendation

The **agency estimate** for FY 2001 operating expenditures of \$34,819,202 is an increase of \$117,361 (0.3 percent) more than the amount approved by the 2000 Legislature. The increase is due to an increase in federal funds for FY 2001.

The Governor recommends \$34,516,904 for FY 2001 operating expenditures. This is a decrease of \$184,937 (0.5 percent) from the amount approved by the 2000 Legislature and a reduction of \$282,296 from the agency's revised estimate.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation.

House Committee Recommendation

The Committee concurs with the Budget Committee recommendation.

Senate Subcommittee Report

Agency: Kansas Department of Wildlife and Parks **Bill No.** 342 **Bill Sec.** 37
Analyst: Nogle **Analysis Pg. No.** 461 **Budget Page No.** 81

Expenditure Summary	Agency Estimate FY 01	Governor's Recommendation FY 01	Senate Subcommittee Adjustments
Operating Expenditures			
State Operations	\$ 32,869,606	\$ 32,567,308	\$ 0
Aid to Local Units	1,914,596	1,914,596	0
Other Assistance	35,000	35,000	0
Sub-total Operating	\$ 34,819,202	\$ 34,516,904	\$ 0
Capital Improvements	11,291,128	11,291,128	0
TOTAL	\$ 46,110,330	\$ 45,808,032	\$ 0
State General Fund			
State General Fund	\$ 3,954,449	\$ 3,964,450	\$ 0
Other Funds	42,155,881	41,843,582	0
TOTAL	\$ 46,110,330	\$ 45,808,032	\$ 0
FTE Positions			
FTE Positions	394.5	397.5	0.0
Unclassified Temp. Positions	56.0	53.0	0.0
TOTAL	450.5	450.5	0.0

Agency Estimate/Governor's Recommendation

The **agency estimate** for FY 2001 is \$117,361 (0.3 percent) more than the amount approved by the 2000 Legislature. The increase is due to an increase in federal funds for FY 2001.

The Governor recommends \$34,516,904 (\$3,569,346 SGF and \$30,947,558 special revenue funds) for FY 2001 operating expenditures. This is a decrease of \$184,937 (0.5 percent) from the amount approved by the 2000 Legislature and a reduction of \$282,296 from the agency's revised estimate.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations.

House Budget Report

Agency: Kansas Department of Wildlife and Parks **Bill No. --**

Bill Sec. --

Analyst: Nogle

Analysis Pg. No. 461

Budget Page No. 81

Expenditure Summary	Agency Est. FY 02	Governor's Recommendation FY 02	House Budget Adjustments
Operating Expenditures			
State Operations	\$ 36,390,200	\$ 35,750,266	\$ 0
Aid to Local Units	1,735,000	1,735,000	330,000
Other Assistance	0	0	0
Sub-Total—Operating	<u>\$ 38,125,200</u>	<u>\$ 37,485,266</u>	<u>\$ 330,000</u>
Capital Improvements	6,252,500	5,834,000	(50,000)
TOTAL	<u><u>\$ 44,377,700</u></u>	<u><u>\$ 43,319,266</u></u>	<u><u>\$ 280,000</u></u>
State General Fund	\$ 4,931,184	\$ 4,375,369	\$ 0
Other Funds	39,446,516	38,943,897	280,000
TOTAL	<u><u>\$ 44,377,700</u></u>	<u><u>\$ 43,319,266</u></u>	<u><u>\$ 280,000</u></u>
FTE Positions	406.5	406.5	0.0
Unclassified Temp. Positions	56.0	54.0	0.0
TOTAL	<u><u>462.5</u></u>	<u><u>460.5</u></u>	<u><u>0.0</u></u>

Agency Est./Governor's Recommendation

The **agency requests FY 2002** operating expenditures of \$38,056,714, an increase of \$3,237,512 or 9.3 percent above the revised FY 2001 estimate.

The Governor recommends FY 2002 operating expenditures of \$37,485,266, an increase of \$2,968,362 (8.6 percent) from the FY 2001 recommendation and a decrease of \$639,934 (1.7 percent) from the agency's FY 2002 request.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation with the following adjustments:

1. Add a proviso allowing the expenditure of \$200,000 from the Boating Fee Fund for Kansas and Missouri river access.
2. The House Budget Committee recommends the addition of the following proviso regarding river access on the Kansas and Missouri Rivers: **() During the fiscal year ending June 30, 2002, no expenditures shall be made from any moneys appropriated for the department of wildlife and parks from the state general fund or any special revenue fund for construction of any new**

river access on the Kansas River or Missouri River unless the secretary of wildlife and parks has obtained (1) the prior written permission for the proposed river access from each owner of each parcel of real property on the river which is immediately adjacent to the real property upon which the new river access project is to be constructed, and (2) if a parcel of an such immediately adjacent real property is being leased, then the secretary of wildlife and parks also shall obtain the prior written permission for the proposed new river access from lessor of such immediately adjacent real property.

3. Add \$500,000 from the Economic Development initiatives fund for Local Government Outdoor Recreation Grants.
4. Delete \$250,000 Wildlife Conservation Fund (WCF) to limit expenditures for Land Acquisition from the WCF to \$250,000 for FY 2002.
5. The House Budget Committee recommends the addition of a proviso limiting wetlands acquisition to wetlands located within 1.1 mile of state owned property.
6. The House Budget Committee recommends the addition of a proviso limiting Playa Lake purchases to property within 1.1 miles of state owned property and prohibiting pumping of groundwater into the lake, leaving it fed only by rainwater.
7. The House Budget Committee recommends passage of SB 86, which amends KSA 32-1001 section 1(b) to increase the late fee charged to persons using state park facilities without paying the user fees from \$5 to \$15.
8. The House Budget Committee recommends passage of SB 147, which relates to certain fees collected by the Department of Wildlife and Parks; amending KSA 32-988 and 32-1172 and repealing the existing sections. The bill would increase the statutory minimum and maximum amounts charged by the agency for various fees.
9. The House Budget Committee commends the Department for its progress on dam repair across the state. By the end of FY 2001, 80 percent of the state's dams will have been repaired.

House Committee Recommendation

The House Committee concurs with the Budget Committee with the following adjustments:

1. Remove \$170,000 EDIF from the agency's Local Government Outdoor Recreation Grants program and add \$170,000 EDIF to the State Library Budget.
2. The Committee recommends the amendment of SB 147, a bill regarding changes to the statutory maximums on fees charged by the agency, to allow persons found in violation of state law by not purchasing various park permits to either pay the late fee and purchase the appropriate daily permit or purchase the appropriate annual permit.

Senate Subcommittee Report

Agency: Kansas Department of Wildlife and Parks

Bill No. 348

Bill Sec. 86

Analyst: Nogle

Analysis Pg. No. 461

Budget Page No. 81

Expenditure Summary	Agency Request FY 02	Governor's Recommendation FY 02	Senate Subcommittee Adjustments*
Operating Expenditures			
State Operations	\$ 36,390,200	\$ 35,750,266	\$ (592,605)
Aid to Local Units	1,735,000	1,735,000	0
Other Assistance	0	0	0
Sub-total Operating	\$ 38,125,200	\$ 37,485,266	\$ (592,605)
Capital Improvements	6,252,500	5,834,000	0
TOTAL	\$ 44,377,700	\$ 43,319,266	\$ (592,605)
State General Fund			
State General Fund	\$ 4,931,184	\$ 4,375,369	\$ (78,755)
Other Funds	39,446,516	38,943,897	(513,850)
TOTAL	\$ 44,377,700	\$ 43,319,266	\$ (592,605)
FTE Positions			
FTE Positions	406.5	406.5	0.0
Unclassified Temp. Positions	56.0	54.0	0.0
TOTAL	462.5	460.5	0.0

* The entire adjustment reflects removal of the Governor's pay plan.

Agency Request/Governor's Recommendation

The agency requests FY 2002 operating expenditures of \$38,056,714, an increase of \$3,237,512 or 9.3 percent above the revised FY 2001 estimate.

The Governor recommends FY 2002 operating expenditures of \$37,485,266, an increase of \$2,968,362 (8.6 percent) from the FY 2001 recommendation and a decrease of \$639,934 (1.7 percent) from the agency's FY 2002 request.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations with the following adjustments:

1. Delete \$592,605 all funds for the Governor's pay plan.

2. The Subcommittee recognizes that the Walk In Hunting Program (WIHA) is drawing more hunters into the field, which the Subcommittee believes has increased the incidence of trespass. The Subcommittee endorses the agency's efforts to supplement Wildlife and Parks presence during peak hunting times to address these concerns and encourages the agency to develop additional creative ways to address this issue in the future.
3. The Subcommittee notes that while inmate labor can be used for general maintenance at the state parks, the AmeriCorp is a projects-based program, designed to provide additional staff to complete improvement projects at the state parks facilities. Use of AmeriCorp workers for general maintenance would put the agency in violation of federal regulations.
4. The Subcommittee recommends that the agency review its fees in areas where operating costs have dramatically increased due to inflated natural gas prices, and other inflationary pressures.

State Water Plan Fund, FY 2001

Agency/Program	Gov. Rec. FY 2001	H. CMTE. ADJ. FY 2001	S. CMTE. ADJ. FY 2001
State Conservation Commission			
Buffer Initiative	80,000	0	0
Conservation District Aid	1,035,500	0	0
Multipurpose Small Lakes	230,000	0	0
Nonpoint Source Pollution Asst.	3,000,000	0	0
Riparian and Wetland Program	200,000	0	0
Water Resources Cost Share	4,450,000	0	0
Water Rights Purchase	0	0	0
Watershed Dam Construction	805,000	0	0
Total--State Conservation Commission	9,800,500	0	0
Kansas Water Office			
Assessment and Evaluation	200,000	0	0
Basin Assessment	0	0	0
Cheney Agricultural Nonpoint Source	0	0	0
Federal Cost-Share Programs	250,000	0	0
GIS Data Access and Support Ctr.	177,300	0	0
GIS Data Base Development	250,000	0	0
Groundwater Condition Eval.	70,000	0	0
High Plains Aquifer Stakeholder Meetings	0	8,500	16,740
Kansas Water Resource Research Institute	0	0	0
MOU Operation and Maintenance	429,787	0	0
PMIB Loan Payment for Storage	270,413	0	0
Public Information	30,000	0	0
Kansas River Study	150,000	0	0
Stream Gauging Program	370,000	0	0
Stream Team	0	0	0
Tech. Assist. to Water Users	440,000	0	0
Water Resource Education	60,000	0	0
Water Quality in Upper Arkansas River	0	0	0
Weather Modification	349,000	0	0
Total--Kansas Water Office	3,046,500	8,500	16,740
Department of Wildlife and Parks			
River Recreation	0	0	0
Stream Monitoring	50,000	0	0
Total--Wildlife and Parks	50,000	0	0
Department of Agriculture			
Best Management Practices	46,792	0	0
Floodplain Management	126,409	0	0
Interstate Water Issues	226,048	0	0
Subbasin Management Plan	634,540	0	0
Total--Department of Agriculture	1,033,789	0	0
Health and Environment			
Assessment of Sediment Quality	50,000	0	0
Contamination Remediation	1,397,023	0	0
Local Environmental Protection Program	1,800,000	0	0
Nonpoint Source Program	482,529	0	0
TMDL Initiatives	406,900	0	0
Use Attainability Analysis	0	0	0
Total--Health and Environment	4,136,452	0	0
KCC--Well Plugging	400,000	0	0
University of Kansas Geological Survey	0	0	0
Total Water Plan Expenditures	18,467,241	8,500	16,740
State Water Plan Resource Est.			
Beginning Balance	2,431,325	0	0
Revenues			
State General Fund Transfer	4,500,000	0	0
Economic Development Fund Transfer	2,000,000	0	0
Municipal Water Fees	3,685,000	0	0
Industrial Water Fees	1,300,000	0	0
Stock Water Fees	290,000	0	0
Pesticide Registration Fees	920,000	0	0
Fertilizer Registration Fees	2,997,618	0	0
Pollution Fines and Penalties	70,000	0	0
Sand Royalty Receipts	375,000	0	0
Returned Funds/Transfers In	860,086	0	0
Total Receipts	16,997,704	0	0
Total Available	19,429,029	0	0
Less Expenditures	18,467,241	8,500	16,740
Ending Balance	961,788	(8,500)	(16,740)
Remaining Balance		953,288	945,048

State Water Plan Fund, FY 2002

Agency/Program	Gov. Rec. FY 2002	H. CMTE. ADJ. FY 2002	S. CMTE. ADJ. FY 2002
State Conservation Commission			
Buffer Initiative	265,134	0	0
Conservation District Aid	1,038,000	0	0
Multipurpose Small Lakes	230,000	0	0
Nonpoint Source Pollution Asst.	3,150,000	0	0
Riparian and Wetland Program	200,000	50,000	50,000
Water Resources Cost Share	4,450,000	0	0
Water Rights Purchase	69,433	0	0
Watershed Dam Construction	805,000	0	0
Total—State Conservation Commission	10,207,567	50,000	50,000
Kansas Water Office			
Assessment and Evaluation	200,000	0	0
Basin Assessment	0	0	0
Cheney Agricultural Nonpoint Source	0	0	0
Federal Cost-Share Programs	250,000	0	0
GIS Data Access and Support Ctr.	143,773	0	0
GIS Data Base Development	250,000	0	0
Groundwater Condition Eval.	0	0	0
Kansas Water Resource Research Institute	0	0	0
MOU Operation and Maintenance	437,833	0	0
Ogallala Aquifer Institute	0	0	45,000
PMIB Loan Payment for Storage	263,991	0	0
Public Information	30,000	0	0
Kansas River Study	0	0	0
Stream Gauging Program	416,000	0	0
Stream Team	0	0	0
Tech. Assist. to Water Users	440,795	0	0
Water Resource Education	60,000	0	0
Water Quality in Upper Arkansas River	0	0	0
Water Planning Process	0	0	55,552
Weather Modification	178,000	0	0
Total—Kansas Water Office	2,670,392	0	100,552
Department of Wildlife and Parks			
River Recreation	0	0	0
Stream Monitoring	50,000	0	0
Total—Wildlife and Parks	50,000	0	0
Department of Agriculture			
Best Management Practices	0	0	0
Floodplain Management	136,647	0	0
Interstate Water Issues	243,905	0	0
Subbasin Management Plan	651,597	0	0
Total—Department of Agriculture	1,032,149	0	0
Health and Environment			
Assessment of Sediment Quality	50,000	0	0
Contamination Remediation	1,397,506	0	0
Local Environmental Protection Program	1,800,000	0	0
Nonpoint Source Program	482,435	0	0
TMDL Initiatives	406,900	0	0
Use Attainability Analysis	0	0	0
Total—Health and Environment	4,136,841	0	0
KCC--Well Plugging	400,000	0	0
University of Kansas Geological Survey	50,000	0	0
Total Water Plan Expenditures	18,546,949	50,000	150,552
State Water Plan Resource Est.	Gov. Rec. FY 2002	H. CMTE. ADJ. FY 2002	S. CMTE. ADJ. FY 2002
Beginning Balance	961,788	(8,500)	(16,740)
Revenues			
State General Fund Transfer	6,250,000	0	0
Economic Development Fund Transfer	2,000,000	0	0
Municipal Water Fees	3,500,000	0	0
Industrial Water Fees	1,150,000	0	250,000
Stock Water Fees	300,000	0	50,000
Pesticide Registration Fees	920,000	0	0
Fertilizer Registration Fees	2,968,000	0	0
Pollution Fines and Penalties	100,000	0	0
Sand Royalty Receipts	405,000	0	0
Returned Funds/Transfers In	0	0	0
Total Receipts	17,593,000	0	300,000
Total Available	18,554,788	(8,500)	283,260
Less Expenditures	18,546,949	50,000	150,552
Less Transfer to the State General Fund	0		
Ending Balance	7,839	(58,500)	132,708
Remaining Balance		(50,661)	140,547

**Testimony for the
Senate Ways and Means Committee
on HB 2040**

Barb Hinton, Legislative Post Auditor
March 14, 2001

Mr. Chairman and members of the Committee, thank you for allowing me to appear before you on behalf of the Legislative Post Audit Committee to testify in support of HB 2040. This bill addresses 2 recommendations we made in our recent performance audit, *State-held Lands: Reviewing the Management and Use of Those Lands in Kansas*. Our findings in this audit fell into 3 broad categories:

First, the State doesn't have a good system for inventorying and managing State lands. The last complete inventory was assembled in 1994, and doesn't include information about the use and purpose of each land parcel, as required. Also, KDOT, which is excluded by law from this Statewide inventory, doesn't have a good system for managing the land it owns. We'd found this same problem at KDOT in a 1976 audit. After that audit, KDOT completed a Statewide inventory of potentially surplus right-of-way, identifying more than 12,000 acres (4,000 parcels averaging 3 acres each) that could be sold. That inventory was kept up to date until 1997, when a computer was reformatted and the information was lost. The only hard copy we could find was from 1983.

Second, our work showed that State agencies own about 4,800 acres of land that could be considered potentially surplus, with an estimated value of \$6.8 million. About two-thirds of that land is located at Larned and Osawatomie State Hospitals and Lansing Correctional Facility. The sale of most of this property isn't restricted, but location or other conditions could make some parcels difficult to sell. Some of the most common reasons agencies cited for hanging on to their surplus land were:

- **the land might be needed for future agency expansion.** However, there are no concrete long-range plans to expand these agencies' facilities, and all these parcels also were surplus in 1976.
- **the land provides a buffer zone.** Although some buffer zones are needed, there are no State guidelines about their size. Federal guidelines say buffer zones should be kept to a minimum.
- **the land generates income that's used to fund agency programs.** For example, the Department of Corrections currently leases out about 1,700 acres at the Lansing and Norton Correctional Facilities, which generates more than \$150,000 a year to support those facilities' programs. However, the State's not in the business of owning land to generate income.
- **owning the land helps protect groundwater from pollution.** Again, State agencies generally aren't in the business of owning land to prevent pollution.

Third, we noted that, under current law, State agencies will continue to have little incentive to identify and sell surplus lands. That's because the law doesn't set up an independent authority to decide whether potentially surplus land should be sold, and provides no financial incentives for agencies to sell surplus lands.

The recommendations we made that are relevant to this bill addressed 2 issues.

First, to help ensure that there's a mechanism and incentive for State agencies to dispose of surplus land, we recommended that the law be changed to set up an independent authority and include some sort of financial incentive.

Second, because we thought requiring KDOT to conform to the real estate reporting requirements other agencies are subject to would help ensure it maintains better records of its land holdings, we recommended that KDOT be brought under those requirements. We recognized KDOT may not be able to recreate historical information on all the old parcels of land it owns.

HB 2040 would implement these recommendations.

That concludes my remarks about the bill you have before you, and I'd be happy to answer any questions.



**KANSAS DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY OF TRANSPORTATION**

**Docking State Office Building
915 SW Harrison Street, Rm. 730
Topeka, Kansas 66612-1568
Ph. (785) 296-3461 FAX (785) 296-1095
TTY (785) 296-3585**

E. Dean Carlson
Secretary of Transportation

Bill Graves
Governor

**TESTIMONY BEFORE THE
SENATE WAYS AND MEANS COMMITTEE**

**REGARDING HOUSE BILL 2040
SURPLUS REAL ESTATE**

March 14, 2001

Mr. Chairman and Members of the Committee:

I am Dean Carlson, Secretary of the Kansas Department of Transportation (KDOT). I appreciate the opportunity today to testify in opposition to an amendment that was added to House Bill 2040 by the House Appropriations Committee. This amendment eliminates the exemption of the Secretary of Transportation from the requirement of filing records of all real property holdings and real estate transactions with the Director of Accounts and Reports.

In March of last year, the department initiated action to enhance its property management functions by assigning additional staff positions to the responsibility of management and disposition of property. These people are fully engaged in dealing with the volume of external requests to sell or release property coupled with our internally generated sales of land no longer needed for highway purposes. Our current records and procedures enable the department to efficiently manage and dispose of property interests as needed. Proceeds from the sale of property, no longer needed for highway purposes, have totaled approximately \$6 million for the past ten-year period.

The elimination of the current exemption contained in K.S.A. 75-3516 (c) would require KDOT to prepare an inventory of all real estate holdings and to report all real estate transactions which must include acreage, location by city and county, a brief legal description, and the use and purpose of each lot, tract, or parcel of land held by KDOT.

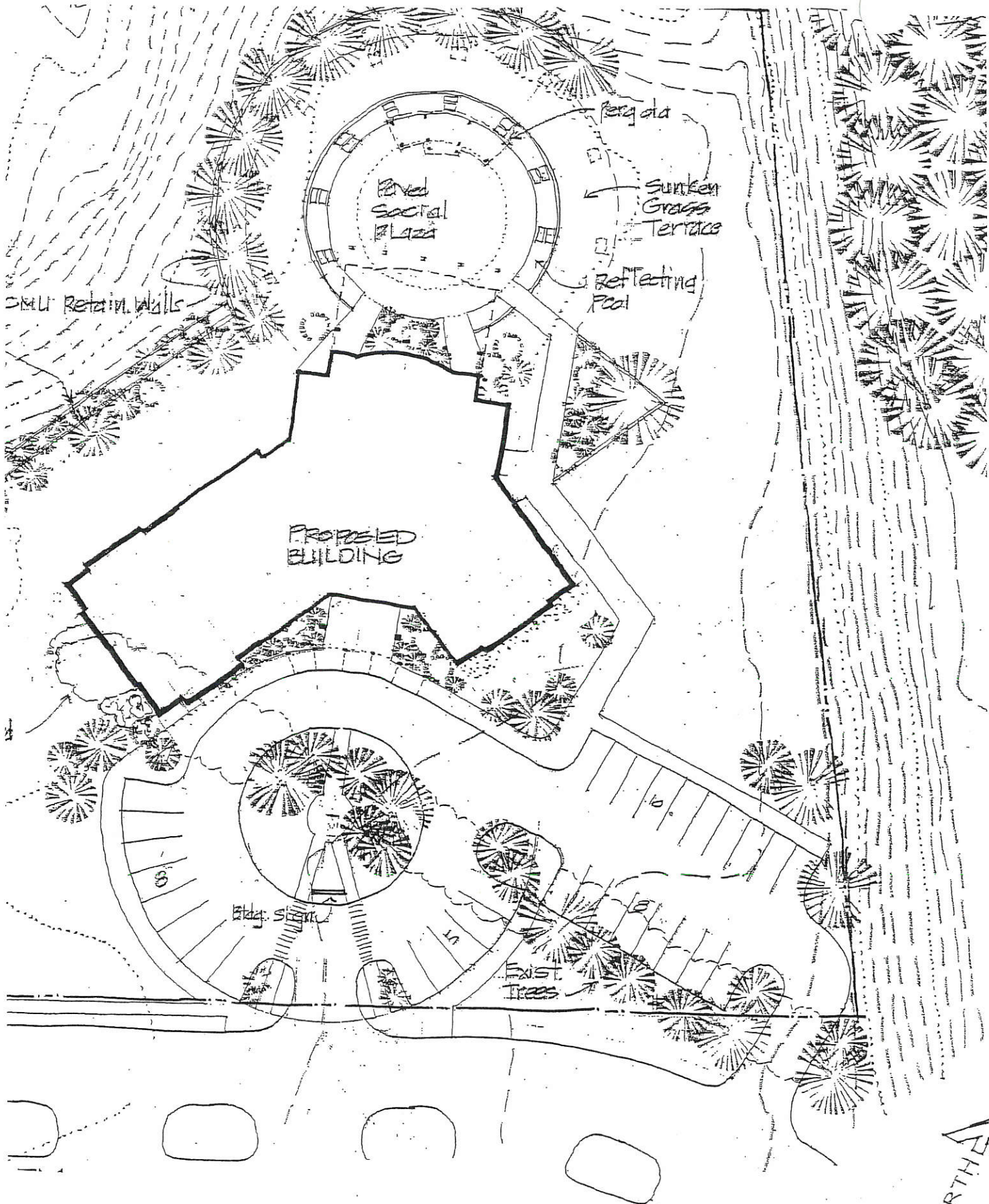
This undertaking would require the manual review of over 70 years of agency real estate records and transactions for land in all 105 counties in Kansas followed by data entry on the DA-84, Land Inventory Form, used by the Director of Accounts and Reports. This massive task is further complicated by the fact that the agency does not have any records

*Senate Ways and Means
3-14-01
Attachment 9*

pertaining to all the existing county, township, territorial, and fort-to-fort routes that were incorporated into the state highway system when it was created.

Based on a very conservative estimate of approximately 140,000 records and real estate transactions that have taken place in 105 counties over more than 70 years on the 10,000 mile state highway system, we estimate it would take seven FTE positions 16 years to complete this undertaking at a cost of \$5.5 million dollars. If privatized, we estimate the cost would be over \$7 million dollars.

All of KDOT's existing resources are fully engaged in maintaining highways and implementing the Comprehensive Transportation Program enacted by the legislature. The primary reason we are opposed to this amendment is that the preparation of this inventory would not significantly improve the agency's ability to manage and dispose of property which we already do. Also, we are at a loss to see how Accounts and Reports would use the information if it was furnished. We currently have five and one half FTE positions assigned to property management and disposal of excess property. Unless Accounts and Reports was to replicate their function and become knowledgeable about our program needs and uses for excess right-of-way, it is hard to see how they could have any impact, positive or negative.

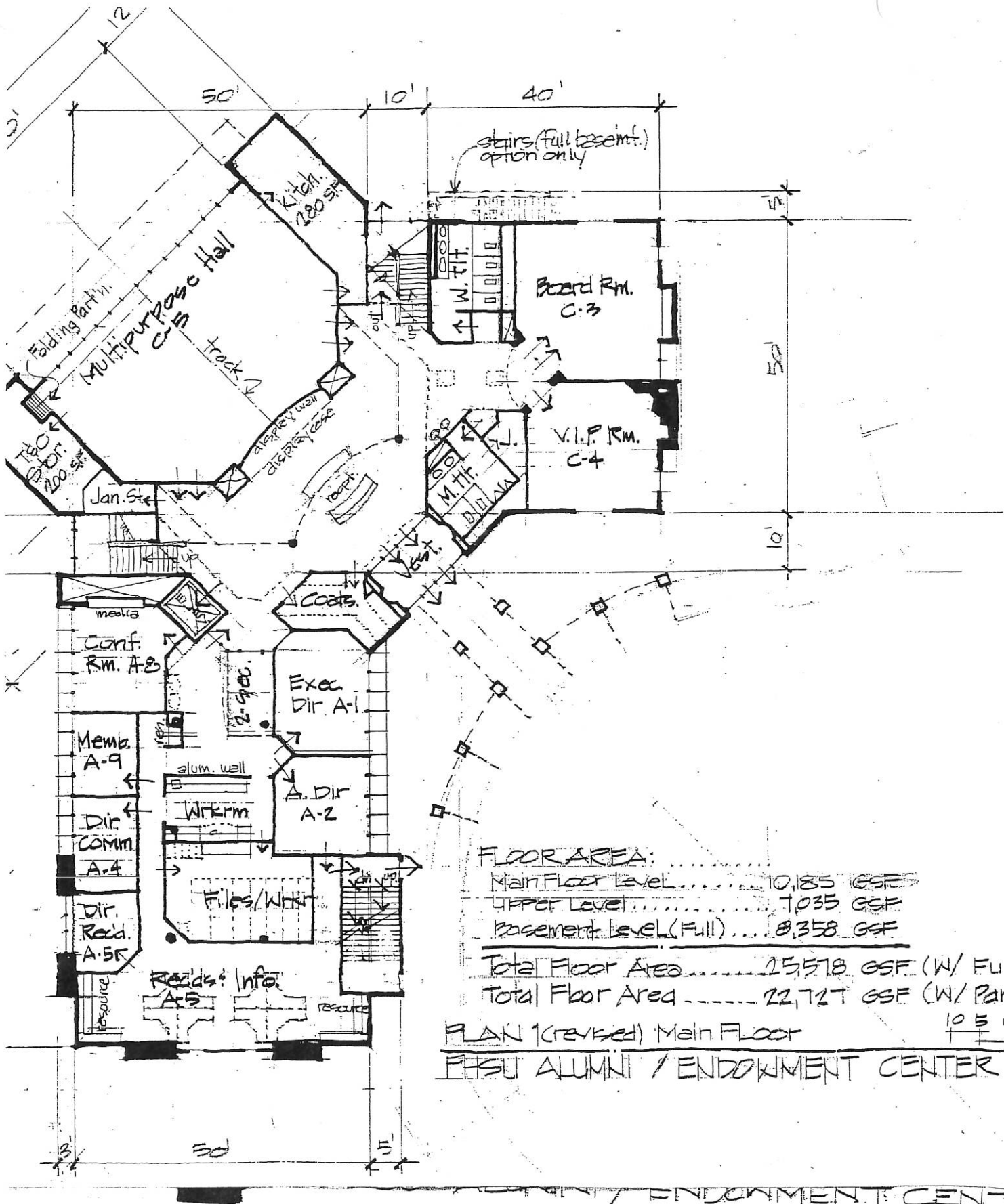


FORT HAYS STATE UNIVERSITY
 PROPOSED SITE DEVELOPMENT PLAN 1
 ALUMNI AND ENDOWMENT CENTER

11/5/2000 (REVISED 11/21/2000)

Senate Ways and Means
 3-14-01
 Attachment 10

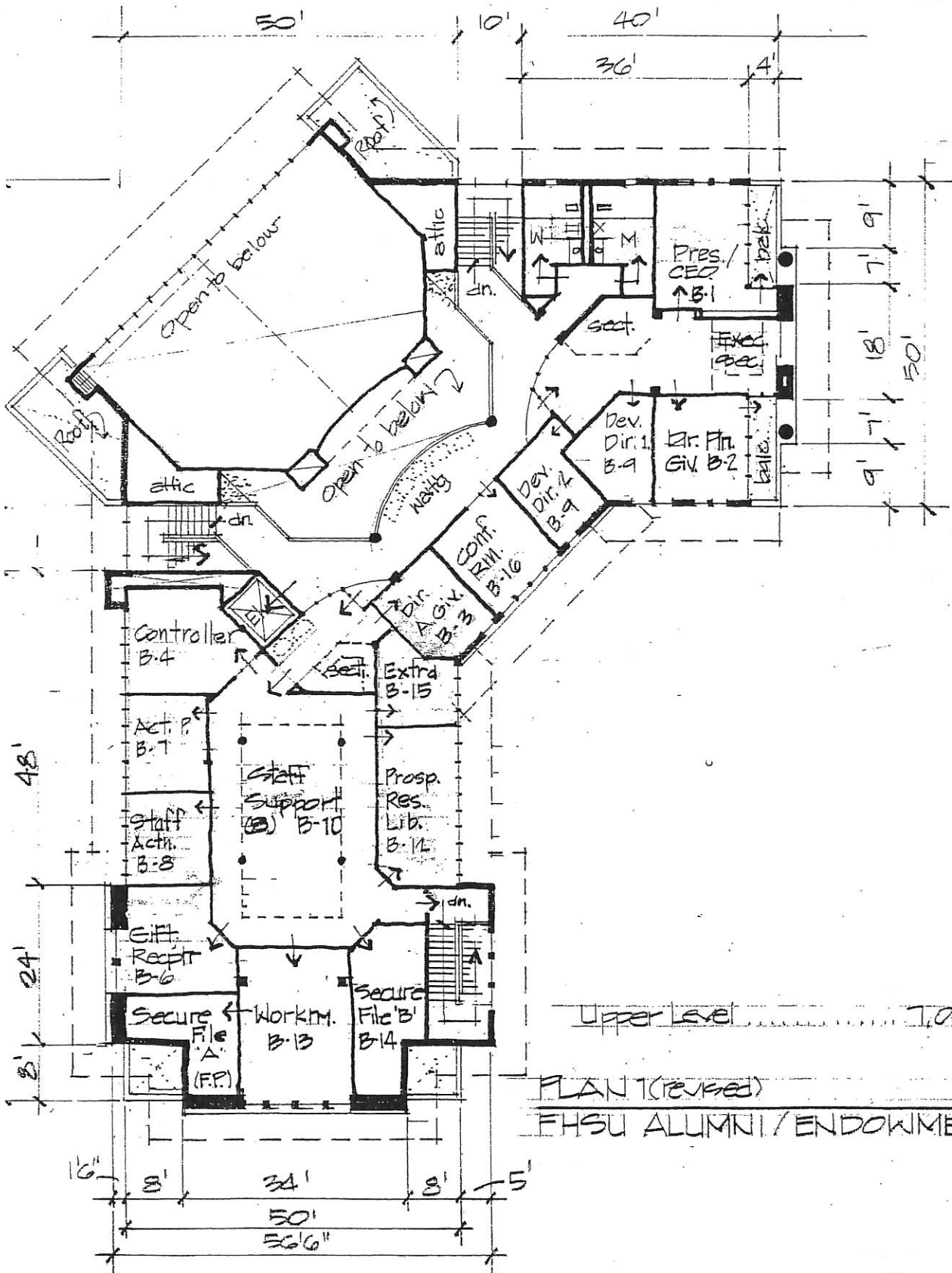
NORTH

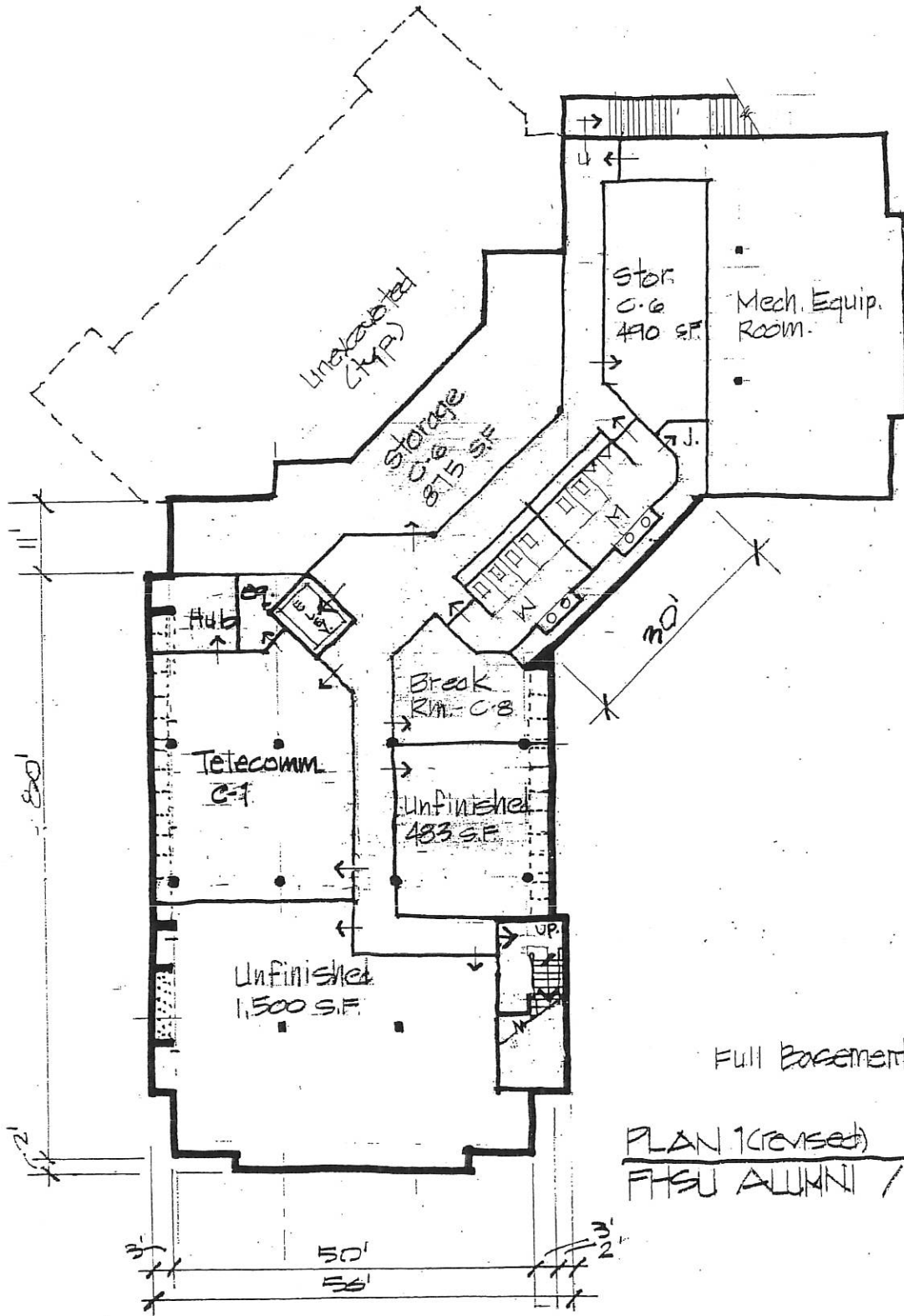


FLOOR AREA:

Main Floor Level	10,185 GSF
Upper Level	7,035 GSF
Basement Level (Full)	8,358 GSF
Total Floor Area	25,578 GSF (w/ Full)
Total Floor Area	22,727 GSF (w/ Partial)

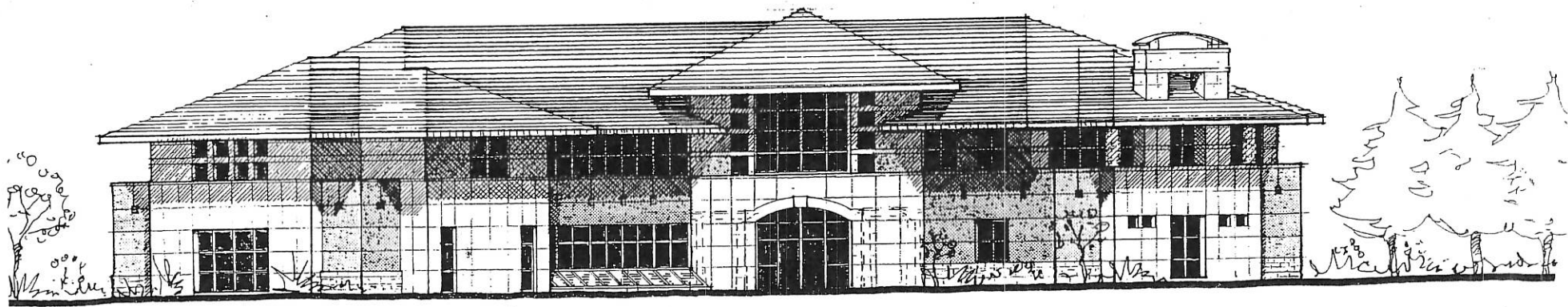
PLAN 1 (revised) Main Floor
 PSU ALUMNI / ENDOWMENT CENTER



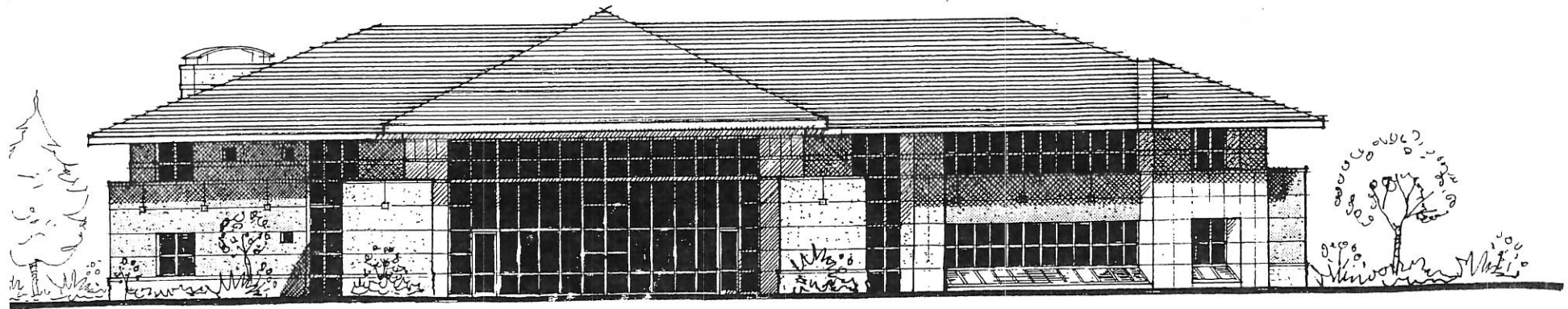


Full Basement Fr. 8,358 GSF

PLAN 1 (revised)
 FHSU ALUMNI / ENDOWMENT CE



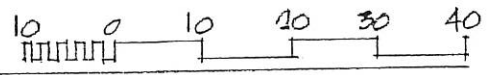
SOUTH ELEVATION (FRONT)



NORTH ELEVATION

PLAN 1 (REVISED)

FHSU ALUMNI / ENDOWMENT CENTER



11/30/2000



FORT HAYS STATE
UNIVERSITY



January 19, 2001

Debra Prideaux
Custer Hall
Alumni/Governmental Relations

Re: Land Appraisals

Dear Debra,

Enclosed are the land appraisal summaries for the properties in question in the proposed land exchange between Fort Hays State University and Fort Hays State University Endowment Association.

In summary, I submit the following analysis of the appraisals:

The total value of the Endowment property is \$149,000.

Endowment Tract 1 appraised value (attachment A): \$99,000.00
(Value conclusion)

Endowment Tract 2 appraised value (attachment B): \$50,000.00
(Market value)

The total value of the Fort Hays State University property is \$65,000.

FHSU Tract 1 appraised value (attachment C): \$32,000.00
(Market value)

FHSU Tract 2 appraised value (attachment D): \$33,000.00
(Market Value)

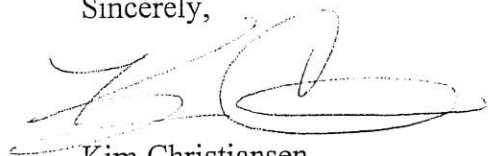
Thus, the \$149,000.00 in property value Fort Hays State receives from the Fort Hays State Endowment Association exceeds the \$65,000.00 value given to the Endowment Association from current Fort Hays State holdings by \$84,000.00. Thus, as required, the University benefits, from the appraised values, by the proposed land exchange.

The appraisals were completed pursuant to statutory requirements in K.S.A. 75-3043a and 76-147, in conjunction with and the cooperation of the Office of Judicial

Administrator. The complete appraisal documents are available in my office. I will be happy to forward a complete copy upon request. Kansas Board of Regents approval was granted in the course of their regular business meeting on June 22, 2000.

Please feel free to contact me if you need further information or have questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kim Christiansen', written over a horizontal line.

Kim Christiansen
Executive Assistant to the President
General Counsel

cc: file
Dr. Hammond

SUMMARY OF IMPORTANT INFORMATION

LOCATION OF PROPERTY

610 Park Street in Hays, Kansas.

PURPOSE OF THE APPRAISAL

To estimate the Market Value of the subject property.

FUNCTION OF THE APPRAISAL

This appraisal is to aid the client in financial matters.

SCOPE OF APPRAISAL PROCESS

The appraisal is based on information gathered by the appraiser from public records, other identified sources, inspection of the subject property and neighborhood, and selection of comparable sales within the subject market area. The original source of the comparable data is shown in the Data Source section of the market grid along with source of confirmation, if available. The original source is presented first. The sources and data are considered reliable. When conflicting information was provided, the source deemed most reliable was used. Data believed to be unreliable was not included in the report, nor used as a basis for the value conclusion.

DATE OF VALUATION

23 June 2000

LAND SIZE

39' x 125' = 4,875 sf

ESTIMATED LAND VALUE

\$ 14,400.00

VALUE INDICATED BY

COST APPROACH	\$ 135,000.00
SALES COMPARISON APPROACH	\$ 96,600.00
INCOME APPROACH	\$ 92,000.00

VALUE CONCLUSION

\$ 99,000.00

COPY

F HAYS

Borrower/Client Fort Hays State University			
Property Address 507 West 6th Street			
City Hays	County Ellis	State KS	Zip Code 67601
Lender N/A			

June 29, 2000

SUMMARY APPRAISAL
TRANSMITTAL LETTER

Fort Hays State University
600 Park Street
Hays, KS 67601

Pursuant to your request I have personally inspected and performed an appraisal on a residential property located at the above address.

The PURPOSE OF THE APPRAISAL is to estimate the MARKET VALUE (described further herein) of said property as of the specific date, said date reported below.

The FUNCTION OF THE APPRAISAL is for internal decision-making and mortgage lending purposes.

The SCOPE OF THE APPRAISAL is intended to comply with the USSPAP (Uniform Standards of Professional Appraisal Practice) under FIRREA and the Code of Professional Ethics and Standards of Professional Conduct of the National Association of Independent Fee Appraisers. The stands contain binding requirements and specific guidelines that specify the procedures to be followed in developing an appraisal, analysis, opinions and conclusions in a manner that will be clear and not misleading in the marketplace. The scope of the assignment further intends to comply with the American Bank requirements in their letter of November 30, 1991.

This letter is followed by the certification of the appraisal and the appraisal report, further describing the subject property and containing the reasoning and pertinent data supporting the estimate of value. Your attention is directed to the GENERAL UNDERLYING and LIMITING CONDITIONS, which are considered typical for this type of appraisal and have been included at the end of this report.

In conclusion, it is our opinion, that the market supports, as of June 23, 2000 for the herein-described property a MARKET VALUE of: \$50,000.00.

Respectfully Submitted:

J.D. Williams
J.D. Williams

COPY

Borrower/Client None			
Property Address US Hwy.183 Alt.			
City Hays	County Ellis	State KS	Zip Code 67601
Lender Fort Hays State University Endowment			

July 6, 2000

SUMMARY APPRAISAL
TRANSMITTAL LETTER

Fort Hays State University Endowment Association
601 Park Street
Hays, KS 67601

Pursuant to your request I have personally inspected and performed an appraisal on a residential property located at the above address.

The PURPOSE OF THE APPRAISAL is to estimate the MARKET VALUE (described further herein) of said property as of the specific date, said date reported below.

The FUNCTION OF THE APPRAISAL is for internal decision-making and mortgage lending purposes.

The SCOPE OF THE APPRAISAL is intended to comply with the USSPAP (Uniform Standards of Professional Appraisal Practice) under FIRREA and the Code of Professional Ethics and Standards of Professional Conduct of the National Association of Independent Fee Appraisers. The stands contain binding requirements and specific guidelines that specify the procedures to be followed in developing an appraisal, analysis, opinions and conclusions in a manner that will be clear and not misleading in the marketplace. The scope of the assignment further intends to comply with the American Bank requirements in their letter of November 30, 1991.

This letter is followed by the certification of the appraisal and the appraisal report, further describing the subject property and containing the reasoning and pertinent data supporting the estimate of value. Your attention is directed to the GENERAL UNDERLYING and LIMITING CONDITIONS, which are considered typical for this type of appraisal and have been included at the end of this report.

In conclusion, it is our opinion, that the market supports, as of June 23, 2000 for the herein-described property a MARKET VALUE of: \$32,000.00.

Respectfully Submitted:

J.D. Williams

J.D. Williams

COPY

Borrower/Client N/A			
Property Address Hwy. 183 Alt. Hays			
City Hays	County Ellis	State KS	Zip Code 67601
Lender Fort Hays State University Endowment			

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J.D. Williams
J.D. Williams

COPY

3
4 **HOUSE BILL No. 2270**

5
6 By Committee on Higher Education

7
8 2-1

9
0 AN ACT authorizing the state board of regents to exchange and convey
1 certain tracts of real estate located in Ellis county, Kansas, for and on
2 behalf of Fort Hays state university with the Fort Hays university en-
3 dowment association.
4

5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. (a) The state board of regents is hereby authorized and
7 empowered, for and on behalf of Fort Hays state university to exchange
8 and convey all of the rights, title and interest in the university real estate,
9 as defined by this section, for the endowment real estate, as defined by
10 this section.

11 (b) Conveyance of such rights, title and interest in such real estate,
12 and any improvements thereon, shall be executed in the name of the state
13 board of regents by its chairperson and executive officer. The deed for
14 such conveyance may be by warranty deed or by quitclaim deed as de-
15 termined to be in the best interests of the state by the state board of
16 regents in consultation with the attorney general.

17 (c) No exchange and conveyance of real estate and improvements
18 thereon as authorized by this section shall be made by the state board of
19 regents until the deeds and conveyances have been reviewed and ap-
20 proved by the attorney general and, if warranty deeds are to be the in-
21 struments of conveyance, title reviews have been performed or title in-
22 surance has been obtained and the title opinions or the certificates of title
23 insurance, as the case may be, have been approved by the attorney
24 general.

25 (d) As used in this section:

26 (1) "University real estate" means the following described real estate
27 located in Ellis county, Kansas:

28 Tract 1: A tract in the Northwest Quarter (NW/4) of Section Twenty-
29 Nine (29), Township Thirteen (13) South, Range Eighteen (18) West of
30 the 6th P.M. in Ellis county, Kansas, and more particularly described as
31 follows: Beginning at a point on the South line of said Northwest Quarter
32 (NW/4) of Section Twenty-Nine (29), 445.5 feet East of the Southwest
33 corner of said Northwest Quarter (NW/4), thence East along the South

1 line C. said Northwest Quarter (NW/4) 880.5 feet, thence North a right
2 angles 1317.5 feet, thence West at right angles 880.5 feet, thence South
3 at right angles 1317.5 feet to the point of beginning, being 26.63 acres
4 more or less, together with a permanent easement for ingress and egress
5 over and across the South forty (40) feet of said Northwest Quarter (NW/
6 4) of Section 29, in Township 13 South, Range 18 West of the 6th P.M.
7 for roadway purposes and all utility lines; subject to easements of record;
8 and

9 Tract 2: A tract of land situated in the Southwest Quarter of Section
0 Thirty-two (32), Township Thirteen (13) South, Range Eighteen (18)
1 West of the 6th P.M., Ellis county, Kansas, and more particularly de-
2 scribed as follows: Commencing at the Northwest corner of the South-
3 west Quarter (SW/4) of said Section Thirty-two(32); thence on a bearing
4 of North 87 degrees, 25 minutes, 00 seconds East along the North line
5 of the said Southwest Quarter (SW/4) a distance of 412.30 feet to the
6 centerline tangent of Highway 183 Alternate; thence on a bearing of
7 South 27 degrees, 57 minutes, 37 seconds East along the said centerline
8 of Highway 183 Alternate a distance of 1698.56 feet; thence on a bearing
9 of North 62 degrees, 02 minutes, 23 seconds East a distance of 200.00
10 feet to the point of beginning thence continuing on the last described
11 course a distance of 380.00 feet; thence on a bearing of South 35 degrees,
12 17 minutes, 17 seconds East a distance of 352.87 feet; thence on a bearing
13 of South 62 degrees, 01 minute, 48 seconds West a distance of 425.00
14 feet; thence on a bearing of North 27 degrees, 57 minutes, 37 seconds
15 West a distance of 350 feet to the point of beginning, said tract containing
16 3.234 acres; and

17 (2) "endowment real estate" means the following described real es-
18 tate located in Ellis county, Kansas:

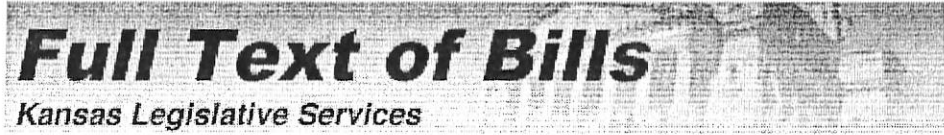
19 Tract 1: The real estate located at 610 Park Street, which is Lot 2,
20 Block 5, C.W. Reeder's Addition to the City of Hays, Kansas; and

21 Tract 2: The real estate located at 507 W. 6th Street, which is Lots 1
22 and 3, Block 5, C.W. Reeder's Addition to the City of Hays, Kansas.

23 Sec. 2. This act shall take effect and be in force from and after its
24 publication in the ~~statute book~~ **Kansas register**.

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10-14



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SESSION OF 2001

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2270

As Amended by House Committee on
Higher Education

Brief ⁽¹⁾

HB 2270 transfers property between Fort Hays State University and the Fort Hays University Endowment Association. Fort Hays State University will receive from the Endowment Association two tracts of land valued by independent appraisal at \$149,000. The Fort Hays Endowment Association would receive in exchange from the University two tracts of land valued at \$65,000.

Background

The bill was introduced by the Higher Education Committee. Property appraisals were undertaken pursuant to KSA 75-3043a and 76-147. The land transfer was approved by the Board of Regents.

10-15

The land Fort Hays State University will receive in the land transfer is in closer proximity to existing university facilities and will be used to locate the new Alumni Endowment Center built with private funds.

Fort Hays State University President, Dr. Ed Hammond, testified in support of the bill. The Higher Education Committee amended the bill to make it effective upon publication in the *Kansas Register*.

The bill has no fiscal impact.

1. *Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.ink.org/public/legislative/fulltext.cgi>

Statement to the Senate Committee on Ways & Means

HB 2270

Dick Carter, Jr.
Director for External Relations
Kansas Board of Regents

March 14, 2001

Good morning Chairman Morris and members of the Committee. My name is Dick Carter and I am Director for External Relations with the Kansas Board of Regents.

House Bill 2270 is a proposal that was forwarded to the Board of Regents by Fort Hays State University and the Fort Hays State University Endowment Association. The Board of Regents have reviewed this measure and have offered their "stamp of approval." This bill is included among the rest of the Board of Regents legislative initiatives for 2001.

I will allow Debra Prideaux, Director for the Fort Hays State University Endowment Association to provide you with the details of this simple bill. Should you have any questions, Debra would be the appropriate conferee to ask.

Senate Ways and Means
3-14-01
Attachment 11