

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Stephen Morris at 10:30 a.m. on February 10, 2004, in Room 123-S of the Capitol.

All members were present except:

Senator Dave Jackson- excused

Committee staff present:

Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Chief Fiscal Analyst, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Susan Kannarr, Kansas Legislative Research Department
Amy Vanhouse, Kansas Legislative Research Department
Jill Wolters, Senior Assistant, Revisor of Statutes
Judy Bromich, Administrative Analyst
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Dick Bond, Kansas Children's Campaign Leadership Committee
Jill Docking, Kansas Children's Campaign Leadership Committee
Monica Murnan, Family Resource Center, Pittsburg, Kansas

Others attending:

See Attached List.

Bill Introductions

Senator Adkins moved, with a second by Senator Downey, to introduce two bills: An act concerning victim identity protection (3rs1837) and an act concerning children and minors; pertaining to death or injury under certain circumstances (3rs1723). Motion carried on a voice vote.

Chairman Morris referred the following bill to the KPERS Issues Subcommittee:

427--Taxation, subtraction from federal adjusted gross income of Washburn university retirement benefits

Kansas Children's Campaign Leadership Committee Briefing

The Chairman welcomed Dick Bond who presented a briefing on the Kansas Children's Campaign Leadership Committee (Attachment 1). Mr. Bond explained their efforts on behalf of children in Kansas as it relates to Smart Start funding. He mentioned that they are asking, along with the Kansas Children's Cabinet and the Governor's recommendation, to increase funding for Smart Start from \$3.2 million to \$10 million in the coming year. Mr. Bond noted that what convinced him that this is the right thing to do is when reading research and statistics about early childhood development, one learns that 90 percent of brain development occurs before the age of three. Smart Start is preparing children for school, for life and healthy families as well.

Mr. Bond turned the briefing over to Jill Docking. Ms. Docking explained that, with the deficit, she is mindful of the Legislature's responsibility as financial stewards for the fiscal health for the State of Kansas. She noted it was her understanding that the tobacco money should be used for enrichment of programs, not in place of State General Funding programs. She felt Smart Start has been incredibly effective in early childhood development in the state. Ms. Docking mentioned research shows that the core and fundamentals of early childhood education is what it is all built on and Smart Start is a program that enriches that.

Mr. Bond introduced, and Chairman Morris welcomed Monica Murnan, Executive Director, Family Resource Center in Pittsburg, Kansas. (No written testimony was submitted.) Ms. Murnan explained that Smart Start

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:30 a.m. on February 10, 2004, in Room 123-S of the Capitol.

is an infrastructure, not a program nor a project. It is designed to allow communities to assess their strengths and weaknesses while operating within boundaries of research, best practice and common sense.

Ms. Murnan noted that Smart Start Crawford County took on the root of the problem in early childhood care, education, health, quality, access and afford ability. She mentioned that they realized that there was a lack of infant childcare. At Smart Start Crawford County they instituted a simple salary schedule that rewards early childhood providers for time on the job and increased education. Now they have only a 6 percent turnover rate in that part of their program which is down from the 60 percent center-wide turnover rate previous to instituting a very simple two-page plan. She explained that they began providing preventative health services through their local clinic to uninsured and under-insured children, and it worked. They were able to provide easy access to services with very little money. Committee questions and discussion followed.

Senator Helgerson requested additional documentation regarding the information mentioned in the Smart Start written testimony about early care and education in that for every dollar invested in quality child development services, Kansas saves at least \$7 spent later to battle school failure, crime and unemployment. Senator Helgerson mentioned that he requested the additional documentation due to the many questions that Legislators have regarding the funding that has been used for prevention for children.

Copies of the Kansas Legislative Research Department Budget Analysis Report for FY 2004 and FY 2005 were available to the committee.

Subcommittee budget reports on:

Kansas Department of Wildlife and Parks (Attachment 2)

Subcommittee Chairman Bunten reported that the subcommittee on the Kansas Department of Wildlife and Parks concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with adjustments and notations.

Senator Salmans made a motion to remove Item No.5 from the Kansas Department of Wildlife and Parks subcommittee budget report in FY 2005. Motion died due to the lack of a second.

Senator Bunten moved, with a second by Senator Downey, to adopt the subcommittee budget report on the Kansas Department of Wildlife and Parks in FY 2004 and FY 2005. Motion carried on a voice vote.

State Water Office

State Conservation Commission (Attachment 3)

Subcommittee Chairman Bunten reported that the subcommittee on the State Water Office concurs with the Governor's recommendation in FY 2004 with an adjustment and concurs with the Governor's FY 2005 recommendations with adjustments and notations.

Senator Bunten moved, with a second by Senator Downey, to adopt the subcommittee budget report on the State Water Office in FY 2004 and FY 2005. Motion carried on a voice vote.

Subcommittee Chairman Bunten reported that the subcommittee on the State Conservation Commission concurs with the Governor's recommendations in FY 2004 and concurs with the Governor's recommendations in FY 2005 with notation.

Senator Bunten moved, with a second by Senator Downey, to adopt the subcommittee budget report on the State Conservation Commission in FY 2004 and FY 2005. Motion carried on a voice vote.

Staff distributed copies of the State Water Plan Fund Expenditures (Attachment 4).

Kansas Department of Agriculture

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:30 a.m. on February 10, 2004, in Room 123-S of the Capitol.

Animal Health Department
Kansas State Fair (Attachment 5)

Subcommittee Chairman Morris reported that the subcommittee on the Kansas Department of Agriculture concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with adjustments and notations.

Senator Downey moved, with a second by Senator Adkins, to adopt the subcommittee budget report on the Kansas Department of Agriculture in FY 2004 and FY 2005. Motion carried on a voice vote.

Subcommittee Chairman Morris reported that the subcommittee on the Animal Health Department concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with notations.

Senator Downey moved, with a second by Senator Adkins, to adopt the subcommittee budget report on the Animal Health Department in FY 2004 and FY 2005. Motion carried on a voice vote.

Subcommittee Chairman Morris reported that the subcommittee on the Kansas State Fair concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with adjustments and notations.

Senator Downey moved, with a second by Senator Adkins, to adopt the subcommittee budget report on the Kansas State Fair in FY 2004 and FY 2005. Motion carried on a voice vote.

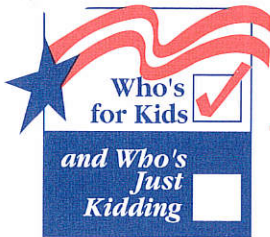
The meeting adjourned at 11:50 a.m. The next meeting is scheduled for February 11, 2004.

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

DATE February 10, 2004

NAME	REPRESENTING
Julia Thomas	DOB
Aaron Dunkel	DOB
Konnie Leffler	DOB
Carolyn M. Henderson	Ks S+N's Center
Robert Hensley	Children's Campaign
Dick Kewth	KIDWP
Mike Hayden	KIDWP
Nancy Street	Conservation Commissioner
Dick Bowd	Ks Children Campaign
Rochelle Chronist	"
Sheed	Ks Children's
Nancy Lindberg	Ks Children's Campaign
Bruce Linke	Children's Alliance
Paula Ellis	SRS
Carol Edward	KS Children's Campaign
Gary Bunn	KS Action for Children
Todd Johnson	KLA
Debra Dumas	KHHD
Mae A. Mussimanno	Ks Children's Cabinet
Melissa L. Ness	Connections Unlimited (Chair Children's Cabinet)
LAURA KELLY	KS CHILDREN'S CABINET
Monica Murnan	Family Resource Center



ABOUT THE KANSAS CHILDREN'S CAMPAIGN

Leadership Committee

Dick Bond
 Jill Docking
 Co-Chairs

Robert Bugg
 Rochelle Chronister
 Tim Emert
 Sheila Frahm
 Judy Frick
 Elias Garcia
 Pat Hurley
 Steve Kearney
 Barbara Lawrence
 Emerson Lynn Jr.
 Robert T. Stephan

Nancy Lindberg
 Director

Roy Miller
 Campaign Consultant

The Kansas Children's Campaign, founded in October 2001, is a non-partisan statewide network of community leaders and grassroots volunteers who are dedicated to improve the lives of children and families in Kansas by putting their needs at the center of political attention and action. The vision of the Kansas Children's Campaign is to create a political environment throughout Kansas to ensure voter and candidate attention to Kansas children who have no political voice of their own.

The Kansas Children's Campaign Leadership Committee has established a *Three Promises to Kansas Parents* platform to improve the lives of children and families across the state:

- **Early Care and Education:** For every dollar invested in quality child development services, Kansas saves at least \$7 spent later to battle school failure, crime and unemployment.
- **Parent and Family Support Services:** Foster care in Kansas averages over \$25,000 per child per year, in addition to the emotional toll that comes with breaking up families. Keeping a family together – with the right help to parents – can cost as little as several hundred dollars.
- **Out-of-School Programs:** The hours from 3-6 p.m. are the peak hours for teens to commit crimes; children to become crime victims; 16 and 17 year-olds to be in or cause a car crash; and for kids to smoke, drink or use drugs.

To help fulfill these *Three Promises*, the Kansas Children's Campaign is collaborating with the Kansas Children's Cabinet (the entity created by the Kansas Legislature to oversee expenditures of the Master Tobacco Settlement) to raise awareness of and seek additional funding for Smart Start Kansas, a framework to provide early learning and parent support grants to community programs across the state. The Campaign is also convening a task force to look into issues surrounding safe and constructive out-of-school programs for children of all ages.

The Kansas Children's Campaign is an initiative of Kansas Action for Children (KAC), a private, nonprofit, citizen-based corporation. KAC works on behalf of all children to ensure that their physical and emotional needs are met, and that they become healthy and contributing adults.

The Kansas Children's Campaign is a charitable, 501(c)(3) organization. The Campaign is not a PAC, does not endorse candidates, and does not take a position on ballot issues.

Senate Ways and Means
 2-10-04
 Attachment 1

Senate Subcommittee Reports
Kansas Department of Wildlife and Parks
FY 2004 and FY 2005



Senator Bill Bunten, Chairperson



Senator Christine Downey

Senator Dave Jackson

Senate Ways and Means
2-10-04
Attachment 2

Senate Subcommittee Report

Agency: Kansas Department of Wildlife and Parks

Bill No.

Bill Sec.

Analyst: Efird

Analysis Pg. No. 81

Budget Page No. 451

Expenditure	Agency Est. FY 04	Governor Rec. FY 04	Subcommittee Recommendation
Operating Expenditures:			
State General Fund	\$ 3,168,729	\$ 3,168,729	\$ 0
Other Funds	33,530,470	33,530,470	0
Subtotal – Operating	\$ 36,699,199	\$ 36,699,199	\$ 0
Capital Improvements:			
State General Fund	\$ 34,172	\$ 1,534,872	\$ 0
Other Funds	15,133,261	15,213,261	0
Subtotal – Cap. Impr.	\$ 15,167,433	\$ 16,748,133	\$ 0
TOTAL	\$ 51,866,632	\$ 53,447,332	\$ 0
FTE Positions			
Reportable Budget	406.5	406.5	0.0

Agency Request/Governor's Recommendation

The **agency's** revised operating budget includes reductions totaling \$30,886 in the approved amounts for three funds due to a delay implementing the salary adjustments. Other adjustments in the operating budget to the approved expenditures bring the total net reduction to \$158,590. The capital improvements budget is revised to account for an increase of \$8,612,723 due to carryover funds from prior fiscal years for numerous projects approved previously. Funding for a Cheyenne Bottoms tourist information center is estimated at \$1,999,264 in FY 2004, and appears in the revised budget. The project was discussed during the 2003 Legislature after being announced by the previous Governor at the end of that administration.

The **Governor** concurs with the agency's revised budget for operating expenditures and capital improvements, with two modifications in capital improvements. SGF financing of \$1,500,000 is recommended for a Tuttle Creek State Park project and \$80,000 is recommended for completing a shooting range project at the Cheney Wildlife Area. Both projects were requested by the agency after the budget submission. In addition, the Governor recommends repaying \$68,323 to the State Agricultural Production Fund for an amount of money in excess of that allowable after federal review of a transfer to the SGF for administrative expenses in FY 2003. Repayment is recommended from the Wildlife and Parks Nonrestricted Fund.

Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations in FY 2004.

Senate Subcommittee Report

Agency: Kansas Department of Wildlife and Parks

Bill No.

Bill Sec.

Analyst: Efird

Analysis Pg. No. 81

Budget Page No. 451

Expenditure	Agency Req. FY 05	Governor Rec. FY 05	Subcommittee Recommendations*
Operating Expenditures:			
State General Fund	\$ 3,351,507	\$ 2,732,319	\$ (37,062)
Other Funds	35,431,864	35,191,373	(523,425)
Subtotal – Operating	<u>\$ 38,783,371</u>	<u>\$ 37,923,692</u>	<u>\$ (560,487)</u>
Capital Improvements:			
State General Fund	\$ 100,000	\$ 0	0
Other Funds	6,647,314	5,284,491	0
Subtotal – Cap. Impr.	<u>\$ 6,747,314</u>	<u>\$ 5,284,491</u>	<u>\$ 0</u>
TOTAL	<u>\$ 45,530,685</u>	<u>\$ 43,208,183</u>	<u>\$ (560,487)</u>
FTE Positions			
Reportable Budget	406.5	406.5	0.0

* The entire adjustment reflects deletion of the Governor's recommended pay plan adjustments.

Agency Request/Governor's Recommendation

The **agency** requests a 5.7 percent increase in operating expenditures, with a 5.8 percent increase from the SGF financing. The **Governor** recommends a net increase of 3.3 percent in operating expenditures, with a reduction of 13.8 percent in SGF financing. A shift of \$500,000 from SGF financing to the Parks Fee Fund is recommended by the **Governor**. No change in staffing level is requested by the agency or recommended by the **Governor**.

The **agency** requests two enhancements in the FY 2005 operating budget, including \$1,253,573 for position reclassifications and \$100,000 for the first year of a 10-year project to purchase water rights in the Sebelius reservoir. The **Governor** concurs only with the request to reclassify positions and adds \$632,200 for partial funding.

The **agency** includes four enhancements in its capital improvements request that totals \$6,747,314, including enhancement funding of \$440,491 for the first-year cost of acquiring the Circle K Ranch, \$200,000 in funds for unidentified land acquisitions, \$100,000 for developing a new state park in Topeka, and \$1,015,703 for completing the Prairie Spirit Trail. The **Governor** concurs with most of the agency's base request, except \$100,000 for river access and \$137,800 for parks major maintenance are not recommended. The **Governor** recommends two enhancements in the capital improvements budget: the Circle K Ranch acquisition and development of a new state park in Topeka.

Subcommittee Recommendation


The Subcommittee concurs with the Governor's FY 2005 recommendations, with the following adjustments and notations:

1. Delete salary plan funding of \$560,487, including \$37,062 SGF, recommended by the Governor at a 3.0 percent base salary adjustment for all state employees and consider the pay plan in a separate bill.
2. Note a Governor's Budget Amendment has been requested by the Secretary to purchase water rights in the Sebelius reservoir for a two-year period in order to maintain the pool at a level conducive to recreation. Estimated cost is \$120,000 per year, with one-third of total funding contributed from each of three funds: Parks Fee Fund, Boating Fee Fund, and Wildlife Fee Fund since each area benefits from higher water levels.
3. Shift from capital improvement to state aid the accounting for \$137,800 in federal funds to reflect a reduction from the Parks Fee Fund of \$137,800 for matching federal Land and Water Conservation Fund money for major parks maintenance. The shift results in the federal funds of an equal amount having to be distributed to local units if not used for state park projects.
4. Note the Secretary cited as an example the repayment of \$68,323 to the State Agricultural Production Fund in FY 2004 due to a transfer in FY 2003 that was in excess of the amount allowable under federal indirect cost accounting. BEST transfers of \$332,692 in FY 2005 recommended from the Wildlife Fee Fund may include an amount yet to be determined that would result in the agency having to repay from other non-federal funds any disallowed amount. After the federal government sets the indirect administrative cost factor, any amount of money in excess of that allowable after federal review of a transfer to the SGF for administrative expenses would need to be repaid to avoid the issue of diversion.
5. Note the Circle K ranch acquisition proposal is based on an estimated value of \$4.4 million before the final appraisals are available and that the Subcommittee is supporting this purchase as the Secretary attempts to balance the needs relative to water with rural development, agriculture, and public recreation in the western part of the state.
6. Add a proviso that will apply in FY 2005 to river access projects along the Kansas River:

During the fiscal year ending June 30, 2004, 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, unless (A) the Secretary of Wildlife and Parks has obtained 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 proposed river access project is to be constructed, except that in the case of property within a municipality the Secretary shall obtain the written permission of the governing body, and (B) if a parcel of any such immediately adjacent real property is being leased, then the Secretary also has obtained the prior written permission for the proposed new river access project from the lessor of such immediately adjacent real property, except that in the case of property within a municipality the Secretary shall obtain the written permission of the governing body.

STATE CONSERVATION COMMISSION

KANSAS WATER OFFICE



Senator Bill Bunten, Chair



Senator Christine Downey

Senator Dave Jackson

Senate Ways and Means
2-10-04
Attachment 3

Senate Subcommittee Report

Agency: Kansas Water Office

Bill No. --

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. 1 - 65 Budget Page No. 447

Expenditure Summary	Agency Estimate FY 04	Gov. Rec. FY 04	Senate Subcommittee Adjustments
State General Fund	\$ 1,285,322	\$ 1,263,814	\$ 0
Other Funds	4,814,487	4,814,498	0
TOTAL	\$ 6,099,809	\$ 6,078,301	\$ 0
FTE Positions	22.5	22.5	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	23.5	23.5	0.0

Agency Estimate/Governor's Recommendation

The Kansas Water Office estimates \$6,099,809 for FY 2004 operating expenditures, which is an increase of \$464,839 from the amount approved by the 2003 Legislature. The estimate includes \$1,285,322 from the State General Fund, which is an increase of \$26,613 from the approved amount. The all other funds estimate is \$4,814,487, which is an increase of \$438,226 from the approved amount. The estimate includes \$1,372,218 for salaries and wages to fund 22.5 FTE positions. The estimate also includes \$4,677,083 for contractual services, \$29,308 for commodities and \$21,200 for capital outlay. Adjustments from the approved amount include the budgeted expenditure of KSIP funds and the receipt of a federal grant from the Environmental Protection Agency (EPA).

The Governor recommends \$6,078,301 for FY 2004 operating expenditures, which is an increase of \$443,331 from the amount approved by the 2003 Legislature. The recommendation includes \$1,263,814 from the State General Fund, which is an increase of \$5,105 from the approved amount. The all other funds estimate is \$4,814,487, which is an increase of \$438,226 from the approved amount. The recommendation includes \$1,350,710 for salaries and wages, \$4,677,083 for contractual services, \$29,308 for commodities, and \$21,200 for capital outlay. The Governor recommends the reduction of \$21,508 from the State General Fund to eliminate the funding for a vacant Civil Engineer I position. The Governor's recommendation for all other funds is consistent with the agency's estimate.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation, with the following adjustment.

1. The Subcommittee recommends the inclusion of a proviso granting carry over authority for the Assessment and Evaluation and Federal Cost Share programs from the State Water Plan Fund. The agency reports that due to the change in operational approach from the creation of the Subcabinet on Natural Resources,

several studies funded from these line items have been postponed or reprioritized.

Senate Subcommittee Report

Agency: Kansas Water Office

Bill No. --

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. 1 - 65 Budget Page No. 447

Expenditure Summary	Agency Request FY 05	Gov. Rec. FY 05	Senate Subcommittee Adjustments
State General Fund	\$ 2,627,238	\$ 1,297,854	\$ (34,005)
Other Funds	4,382,069	4,102,576	17,523
TOTAL	\$ 7,009,307	\$ 5,400,430	\$ (16,482)
FTE Positions	22.5	22.5	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	23.5	23.5	0.0

*The entire adjustment reflects deletion of the Governor's recommended pay plan adjustments.

Agency Request/Governor's Recommendation

The Kansas Water Office requests \$7,009,307 for FY 2005 operating expenditures, which is an increase of \$909,498 or 14.9 percent from the FY 2004 estimate. The request includes \$2,627,238 from the State General Fund, which is an increase of \$1,341,916 or 104.4 percent from the FY 2004 estimate. The all other funds request is \$4,382,069, which is a decrease of \$432,418 or 9.0 percent from the FY 2004 estimate. The request includes \$1,414,480 for salaries and wages to fund 22.5 FTE positions. The request also includes \$5,547,221 for contractual services, \$27,606 for commodities and \$20,000 for capital outlay. The agency request includes an enhancement package of \$1,336,039 from the State General Fund. The agency did not budget expenditures for federal grants and receipts in FY 2005, which is reflected in the reduction in all other funds expenditures for FY 2005.

The Governor recommends \$5,400,430 for FY 2004 operating expenditures, which is a decrease of \$677,871 or 11.2 percent from the FY 2004 recommendation. The recommendation includes \$1,297,854 from the State General Fund, which is an increase of \$32,040 or 2.7 percent from the FY 2004 recommendation. The all other funds estimate is \$4,102,576, which is a decrease of \$711,911 or 14.8 percent from the FY 2004 recommendation. The recommendation includes \$1,391,446 for salaries and wages, \$3,982,106 for contractual services, \$9,548 for commodities, and \$17,330 for capital outlay. The Governor recommends the reduction of \$27,011 from the State General Fund to eliminate the funding for a vacant Civil Engineer I position. The Governor's recommendation includes adjustments for a 3.0 percent pay plan increase and for operating reductions as recommended by the Budget Efficiency Savings Teams (BEST).

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation with the following adjustments and notations.

1. Delete \$36,482, including \$34,005 from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. The Subcommittee recommends the introduction of a bill to create the following:
 - a. The Water Supply Storage Assurance District Fund and to grant the agency the authority to make 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 Committee 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 Supply Storage Assurance District Fund was inadvertently abolished. A proviso creating the fund has been included in the appropriations bill since that time.
 - b. A fund for receiving and passing through local match funds for federal cost-share programs. A fund was created to allow the agency to partner with local governments to increase the amount of federal funding accessed in Kansas. 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. A proviso creating this fund has been included in the appropriations bill since the 2001 Legislative Session.
3. The agency reported on water releases from Kansas reservoirs for navigation on the Missouri River. In July and November of 2002, the U.S. Army Corps of Engineers released water from Milford, Tuttle Creek, and Perry Reservoirs to help meet navigation target flows in the Missouri River at Kansas City. The Kansas Water Office has been involved in negotiations with the Corps, encouraging the Corps to revise its regulations regarding the three reservoirs. The intent of the Kansas Water Office is to allow the Corps to only release water for navigation purposes from Tuttle Creek Reservoir. The agency reports that the state only has approximately 42 percent of the pool under contract at Tuttle Creek, while the entire pool is under contract at Milford and Perry. In addition, the water levels at Milford and Perry are historically more stable, resulting in more recreation at these two lakes. The agency anticipates a resolution to these discussions by the end of February, 2004. The Subcommittee is encouraged by these negotiations,

and commends the agency for seeking a resolution to this situation that did not involve litigation or the purchase of additional water storage.

4. The Subcommittee adds \$10,000 from the State Water Plan Fund and \$10,000 from the Economic Development Initiatives Fund for Project WET (Water Education for Teachers). Project WET is an educational program administered through the Kansas Association for Conservation and Environmental Education (KACEE) and provides water resources training and lesson plans for teachers in elementary and secondary schools.

Senate Subcommittee Report

Agency: State Conservation Commission **Bill No. --**

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol 1 - 52 **Budget Page No.** 103

Expenditure Summary	Agency Estimate FY 04	Gov. Rec. FY 04	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 1,959,776	\$ 1,924,776	\$ 0
Aid to Local Units	1,704,962	1,404,962	0
Other Assistance	7,520,575	7,270,575	0
TOTAL	\$ 11,185,313	\$ 10,600,313	\$ 0
State General Fund:			
State Operations	\$ 564,578	\$ 564,578	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	\$ 564,578	\$ 564,578	\$ 0
FTE Positions	14.5	14.5	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	15.5	15.5	0.0

Agency Estimate/Governor's Recommendation

The State Conservation Commission estimates \$11,185,313 for FY 2004 operating expenditures, which is an increase of \$1,650,014 or 17.3 percent from the amount approved by the 2003 Legislature. The estimate includes \$564,578 from the State General Fund for the administration of the agency, which is a decrease of \$812 from the approved amount. The all other funds estimate is \$10,620,735, which is an increase of \$1,650,526 or 18.4 percent from the approved amount. The increase is primarily due to the agency carrying over funds from FY 2003 from the State Water Plan Fund. Included in the estimate is \$672,605 for salaries and wages, \$1,273,768 for contractual services, \$12,805 for commodities, \$598 for capital outlay, \$1,704,962 for aid to local units, and \$7,520,575 for other assistance.

The Governor recommends \$10,600,313 for FY 2004 operating expenditures, which is an increase of \$1,065,014 or 11.2 percent from the amount approved by the 2003 Legislature. The recommendation includes \$564,578 from the State General Fund, which is consistent with the agency's estimate. The recommendation also includes \$10,035,735 from all other funds, which is an increase of \$1,065,826 or 11.9 percent from the approved amount. From the agency estimate, the Governor recommends reductions of \$285,000 in the Water Quality Buffer Initiatives program and \$300,000 in the Multipurpose Small Lakes program. Included in the recommendation is \$672,605 for salaries and wages, \$1,238,768 for contractual services, \$12,805 for commodities, \$598 for capital outlay, \$1,404,962 for aid to local units, and \$7,270,575 for other assistance.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.

Senate Subcommittee Report

Agency: State Conservation Commission **Bill No. --**

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol 1 - 52 **Budget Page No.** 103

Expenditure Summary	Agency Estimate FY 05	Gov. Rec. FY 05	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 1,890,097	\$ 1,780,637	\$ 0
Aid to Local Units	1,888,241	1,395,250	0
Other Assistance	7,762,598	6,083,561	0
TOTAL	\$ 11,540,936	\$ 9,259,448	\$ 0
State General Fund:			
State Operations	\$ 601,717	\$ 592,127	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	\$ 601,717	\$ 592,127	\$ 0
FTE Positions	14.5	14.5	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	15.5	15.5	0.0

Agency Request/Governor's Recommendation

The State Conservation Commission requests \$11,540,936 for FY 2005 operating expenditures, which is an increase of \$355,623 or 3.2 percent from the FY 2004 estimate. The request includes \$601,717 from the State General Fund for the administration of the agency, which is an increase of \$37,139 or 6.6 percent from the FY 2004 estimate. The all other funds estimate is \$10,939,219, which is an increase of \$318,484 or 3.0 percent from the FY 2004 estimate. Included in the estimate is \$722,407 for salaries and wages, \$1,153,713 for contractual services, \$13,977 for commodities, \$1,888,241 for aid to local units, and \$7,762,598 for other assistance. The request includes an enhancement package of \$2,251,982, including \$27,868 from the State General Fund.

The Governor recommends \$9,259,448 for FY 2005 operating expenditures, which is a decrease of \$1,340,865 or 12.6 percent from the FY 2004 recommendation. The recommendation includes \$592,127 from the State General Fund, which is an increase of \$27,549 or 4.9 percent from the FY 2004 recommendation. The recommendation also includes \$8,667,321 from all other funds, which is a decrease of \$1,368,414 or 13.6 percent from the FY 2004 recommendation. Included in the recommendation is \$707,376 for salaries and wages, \$1,061,115 for contractual services, \$12,146 for commodities, \$1,395,250 for aid to local units, and \$6,083,561 for other assistance. The recommendation includes the 3.0 percent pay plan increase and the other operating expenditure reductions recommended by the Budget Efficiency Savings Teams. The Governor recommends the enhancement of \$4,139 from the Land Reclamation Fee Fund for employee reclassification, but does not recommend the remainder of the enhancement package.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation with the following notation:

1. The Subcommittee commends the water-related agencies for working together to develop a State Water Plan Fund expenditure recommendation through the Subcabinet on Natural Resources. This is the first time the Subcommittee members recall a joint recommendation being formulated by the participating agencies.

State Water Plan Fund Expenditures

Expenditures

Agency/Program	Actual FY 2003	Agency Est. FY 2004	Gov. Rec. FY 2004	Agency Req. FY 2005	KWA Rec. FY 2005	Gov. Rec. FY 2005
<i>KCC--Well Plugging</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Department of Health and Environment</i>						
Contamination Remediation	1,215,843	1,060,434	1,060,434	1,100,000	1,060,434	983,867
TMDL Initiatives	353,693	346,224	346,224	321,019	246,019	320,088
Local Environmental Protection Program	1,585,616	1,674,856	1,674,856	1,603,896	1,502,737	1,502,737
Nonpoint Source Program	387,939	387,939	387,939	399,918	382,751	385,975
Total--Department of Health and Environment	\$ 3,543,091	\$ 3,469,453	\$ 3,469,453	\$ 3,424,833	\$ 3,191,941	\$ 3,192,667
<i>University of Kansas--Geological Survey</i>	\$ 44,996	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
<i>Department of Agriculture</i>						
Floodplain Management	60,482	65,562	65,836	65,549	65,549	66,852
Interstate Water Issues	247,692	239,216	240,076	245,304	245,304	248,859
Subbasin Water Resources Management	470,706	481,602	483,538	483,562	470,706	477,826
Water Appropriations Subprogram	49,323	74,034	74,420	69,455	69,455	71,302
Water Use	3,143	59,948	60,000	60,000	60,000	60,018
WISP	-	-	-	117,473	-	-
Total--Department of Agriculture	\$ 831,346	\$ 920,362	\$ 923,870	\$ 1,041,343	\$ 911,014	\$ 924,857
<i>State Conservation Commission</i>						
Water Resources Cost Share	3,496,163	4,228,478	4,228,478	4,400,000	3,496,163	3,495,218
Nonpoint Source Pollution Asst.	2,860,063	2,987,793	2,987,793	3,228,500	2,800,500	2,799,520
Aid to Conservation Districts	1,042,500	1,043,000	1,043,000	1,043,000	1,043,000	1,043,000
Watershed Dam Construction	635,236	362,212	362,212	705,000	352,500	352,499
Water Quality Buffer Initiative	152,387	563,031	278,031	307,471	307,471	307,157
Riparian and Wetland Program	309,520	250,480	250,480	350,000	250,000	249,782
Multipurpose Small Lakes	0	300,000	-	140,491	-	-
Water Rights Purchase	-	-	-	347,200	-	-
Total--Conservation Commission	\$ 8,495,869	\$ 9,734,994	\$ 9,149,994	\$ 10,521,662	\$ 8,249,634	\$ 8,247,176
<i>Kansas Water Office</i>						
Assessment and Evaluation	202,358	204,220	204,220	300,000	110,553	108,511
Federal Cost-Share Programs	160,286	100,000	88,094	-	-	-
GIS Data Access and Support Center	76,284	-	-	-	-	-
GIS Data Base Development	140,000	250,000	250,000	250,000	250,000	247,405
MOU - Storage Operations and Maintenance	405,518	419,385	431,291	454,870	454,870	450,151
Ogallala Aquifer Institute	40,000	40,000	40,000	-	-	-
PMIB Loan Payment for Storage	259,027	237,477	237,477	240,036	240,036	240,036
Public Information	25,376	35,000	35,000	-	-	-
Stream Gauging Program	353,180	367,830	367,830	382,543	382,543	378,878
Technical Assistance to Water Users	361,883	339,737	339,737	182,018	182,018	180,131
Water Planning Process	132,730	179,710	179,710	335,092	335,092	313,205
Water Resource Education	55,000	55,000	55,000	75,000	30,000	29,690
Weather Modification	99,513	4,305	4,305	-	-	-
Kansas Water Authority	22,101	25,000	25,000	37,500	37,500	37,384
Total--Kansas Water Office	\$ 2,333,256	\$ 2,257,664	\$ 2,257,664	\$ 2,257,059	\$ 2,022,612	\$ 1,985,391
<i>Department of Wildlife and Parks</i>						
Circle K Ranch Debt Service	-	-	-	440,491	440,491	440,491
River Recreation	-	-	-	100,000	-	-
Stream (Biological) Monitoring	50,000	40,000	40,000	40,000	-	-
Total--Department of Wildlife and Parks	\$ 50,000	\$ 40,000	\$ 40,000	\$ 580,491	\$ 440,491	\$ 440,491
Total Water Plan Expenditures	\$ 15,298,558	\$ 16,462,473	\$ 15,880,981	\$ 17,865,388	\$ 14,855,692	\$ 14,830,582

State Water Plan Resource Est.	Actual FY 2003	Agency Est. FY 2004	Gov. Rec. FY 2004	Agency Req. FY 2005	KWA Rec. FY 2005	Gov. Rec. FY 2005
Beginning Balance	\$ 1,666,000	\$ 1,666,504	\$ 1,666,504	\$ (227,020)	\$ 348,748	\$ 348,748
Adjustments						
Prior Year Recovery	574,224	-	-	-	-	-
Transfer to State General Fund	(20,543)	(5,724)	(5,724)	-	-	-
Transfer to Kansas Corporation Commission	-	-	-	(400,000)	(367,000)	(367,000)
Revenues						
State General Fund Transfer	3,773,949	3,773,949	3,773,949	3,773,949	3,773,949	3,748,839
Economic Development Fund Transfer	1,900,000	1,900,000	1,900,000	2,000,000	2,000,000	2,000,000
Municipal Water Fees	3,550,865	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Industrial Water Fees	1,207,480	1,190,000	1,190,000	1,200,000	1,200,000	1,200,000
Stock Water Fees	372,992	315,000	315,000	315,000	315,000	315,000
Pesticide Registration Fees	904,880	890,000	890,000	890,000	890,000	890,000
Fertilizer Registration Fees	2,738,590	2,730,000	2,730,000	2,940,000	2,940,000	2,940,000
Pollution Fines and Penalties	59,841	30,000	30,000	30,000	30,000	30,000
Sand Royalty Receipts	236,784	240,000	240,000	240,000	240,000	240,000
Total Receipts	\$ 14,745,381	\$ 14,568,949	\$ 14,568,949	\$ 14,888,949	\$ 14,888,949	\$ 14,863,839
Total Available	\$ 16,965,062	\$ 16,235,453	\$ 16,229,729	\$ 14,261,929	\$ 14,870,697	\$ 14,845,587
Less Expenditures	15,298,558	16,462,473	15,880,981	17,865,388	14,855,692	14,830,582
Ending Balance	\$ 1,666,504	\$ (227,020)	\$ 348,748	\$ (3,603,459)	\$ 15,005	\$ 15,005

*Senate Ways and Means
2-10-04
Attachment #*

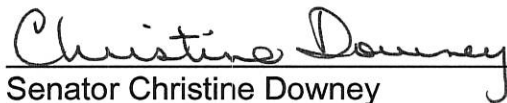
DEPARTMENT OF AGRICULTURE

ANIMAL HEALTH DEPARTMENT

KANSAS STATE FAIR



Senator Stephen Morris, Chair



Senator Christine Downey

Senate Ways and Means
2-10-04
Attachment 5

Senate Subcommittee Report

Agency: Department of Agriculture

Bill No. --

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. 1 - 3

Budget Page No. 45

<u>Expenditure Summary</u>	<u>Agency Estimate FY 04</u>	<u>Gov. Rec. FY 04</u>	<u>Senate Subcommittee Adjustments</u>
State General Fund	\$ 9,453,784	\$ 9,453,784	\$ 0
All Other Funds	11,882,414	11,885,922	0
TOTAL	<u>\$ 21,336,198</u>	<u>\$ 21,339,706</u>	<u>\$ 0</u>
FTE Positions	296.5	296.5	0.0
Non FTE Uncl. Perm. Pos.	16.5	16.5	0.0
TOTAL	<u>313.0</u>	<u>313.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The Department of Agriculture estimates \$21,336,198 for FY 2004 operating expenditures, which is an increase of \$1,442,795, or 7.3 percent, from the amount approved by the 2003 Legislature. The estimate includes \$9,453,784 from the State General Fund, which is consistent with the approved amount. The estimate also includes \$11,882,414 from all other funds, which is an increase of \$1,442,795 from the approved amount. Included in the estimate is \$14,343,653 for salaries and wages to fund 296.5 FTE positions, \$6,307,967 for contractual services, \$300,484 for commodities, and \$371,541 for capital outlay. The agency's estimate includes a \$1.4 million grant from the Federal Emergency Management Agency (FEMA) for the Water Structures program.

The Governor recommends \$21,339,706 for FY 2004 operating expenditures, which is an increase of \$1,446,303 or 7.3 percent from the amount approved by the 2003 Legislature. The recommendation includes \$9,453,784 from the State General Fund, which is consistent with the approved amount. The recommendation also includes \$11,885,922 from all other funds, which is an increase of \$1,446,303 from the approved amount. Included in the recommendation is \$14,347,161 for salaries and wages to fund 296.5 FTE positions, \$6,307,967 for contractual services, \$300,484 for commodities, and \$371,541 for capital outlay. The Governor concurs with the agency's all other funds increase for the FEMA grant and adjusted the State Water Plan Fund by \$3,508 to correct death and disability adjustments made in the State Water Plan Fund.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Subcommittee Report

Agency: Department of Agriculture

Bill No. --

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. 1 - 3

Budget Page No. 45

Expenditure Summary	Agency Estimate FY 05	Gov. Rec. FY 05	Senate Subcommittee Adjustments
State General Fund	\$ 9,911,869	\$ 9,518,030	\$ (207,682)
All Other Funds	10,781,759	10,774,910	(60,308)
TOTAL	<u>\$ 20,693,628</u>	<u>\$ 20,292,940</u>	<u>\$ (267,990)</u>
FTE Positions	296.5	296.5	0.0
Non FTE Uncl. Perm. Pos.	19.5	17.5	0.0
TOTAL	<u>316.0</u>	<u>314.0</u>	<u>0.0</u>

*Includes a reduction of \$378,437, including \$207,682 from the State General Fund for deletion of the Governor's recommended pay plan adjustments.

Agency Request/Governor's Recommendation

The Department of Agriculture requests \$20,693,628 for FY 2005 operating expenditures, which is a decrease of \$642,570 or 3.0 percent from the FY 2004 estimate. The request includes \$9,911,869 from the State General Fund, which is an increase of \$458,085 from the FY 2004 estimate. The request also includes \$10,781,759 from all other funds, which is a decrease of \$1,100,655 from the FY 2004 estimate. Included in the request is \$14,935,890 for salaries and wages to fund 296.5 FTE positions, \$5,260,205 for contractual services, \$245,413 for commodities, and \$252,120 for capital outlay. The agency's request includes an enhancement package totaling \$322,473, with \$205,000 from the State General Fund and \$117,473 from the State Water Plan Fund.

The Governor recommends \$20,292,940 for FY 2005 operating expenditures, which is a decrease of \$1,046,766 or 4.9 percent from the FY 2004 recommendation. The recommendation includes \$9,518,030 from the State General Fund, which is an increase of \$64,246 from the FY 2004 recommendation. The recommendation also includes \$10,774,910 from all other funds, which is a decrease of \$1,111,012 from the FY 2004 recommendation. Included in the recommendation is \$14,917,126 for salaries and wages to fund 296.5 FTE positions, \$4,963,274 for contractual services, \$22,6532 for commodities, and \$186,008 for capital outlay. The Governor does not recommend the enhancement package. The Governor's recommendation includes other operating expenditure adjustments recommended by the Budget Efficiency Savings Teams (BEST) of \$57,449 including \$10,174 from the State General Fund. The recommendation also includes a 3.0 percent pay plan increase and a reduced resources package of \$386,347 from the State General Fund.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation with the following adjustments and notations:

1. Delete \$378,437, including \$207,682 from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. The Subcommittee notes that on January 14, 2004, the Governor introduced Executive Reorganization Order No. 32, which transfers food inspection functions from the Department of Health and Environment (KDHE) to the Department of Agriculture (KDA). The Subcommittee is supportive of the ERO with the reorganization of some functions with KDA. The Subcommittee recommends the agency be structured with two division, a division of food safety and a division of agriculture. The Subcommittee notes that passage of the ERO may necessitate the Subcommittee and the full Ways and Means Committee to revisit this budget at or before Omnibus.
3. The Subcommittee notes that the fee increases passed by the 2002 Legislature are due to sunset on June 30, 2005. The Subcommittee is concerned that without continuation of these funds the agency will not have sufficient resources to fund essential agency programs. The Subcommittee is supportive of HB 2622 which removes the sunset from these fees.
4. The Subcommittee notes the reduced resources packages recommended by Governor, and notes that the recommendation includes the elimination of funding for seven FTE positions, including four within the Division of Water Resources. The Subcommittee is concerned that these reductions, coupled with reductions made in previous years, have created a strain on the agency's ability to complete their mission. The reduction in the dairy inspection was noted, and the agency reports that the program should continue to operate effectively with the Governor's recommended reduction of funding for one FTE position. The Subcommittee expresses concern over this reduction and it's potential negative consequences, as well as reductions in other programs.

The Subcommittee further notes that the Governor recommends the reduction of funding for two FTE positions in the Water Appropriations subprogram. Many of the fee increases from the 2002 session were directed toward water programs. The Subcommittee is concerned that the potential reauthorization of the increased fees coupled with decreases in funding for the agency's water programs, water rights holders will be paying larger sums of money for less services. The Subcommittee adds \$110,447 from released encumbrances and uncommitted funds from the State Water Plan Fund to finance two FTE positions in the Water Appropriations subprogram.

Senate Subcommittee Report

Agency: Animal Health Department

Bill No. --

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol 1 - 21

Budget Page No. 57

Expenditure Summary	Agency Estimate FY 04	Gov. Rec. FY 04	Senate Subcommittee Adjustments
State General Fund	\$ 575,245	\$ 575,245	\$ 0
All Other Funds	1,799,068	1,799,068	0
TOTAL	\$ 2,374,313	\$ 2,374,313	\$ 0
FTE Positions	31.0	31.0	0.0
Non FTE Uncl. Perm. Pos.	2.0	2.0	0.0
TOTAL	33.0	33.0	0.0

Agency Estimate/Governor's Recommendation

The Animal Health Department estimates \$2,374,313 for FY 2004 operating expenditures, which is consistent with the amount approved by the 2003 Legislature. The estimate includes \$575,245 from the State General Fund and \$1,799,068 from all other funds. The estimate includes \$1,400,192 for salaries and wages, \$937,226 for contractual services, \$35,895 for commodities, and \$1,000 for capital outlay.

The Governor concurs with the agency estimate.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.

Senate Subcommittee Report

Agency: Animal Health Department

Bill No. --

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol 1 - 21

Budget Page No. 57

Expenditure Summary	Agency Estimate FY 05	Gov. Rec. FY 05	Senate Subcommittee Adjustments
State General Fund	\$ 788,522	\$ 572,345	\$ (10,800)
All Other Funds	1,550,020	1,634,365	(24,748)
TOTAL	\$ 2,338,542	\$ 2,206,710	\$ (35,548)
FTE Positions	33.0	31.0	0.0
Non FTE Uncl. Perm. Pos.	2.0	2.0	0.0
TOTAL	33.0	33.0	0.0

*The entire adjustment reflects deletion of the Governor's recommended pay plan adjustments.

Agency Request/Governor's Recommendation

The Animal Health Department requests \$2,338,542 for FY 2005 operating expenditures, which is a decrease of \$35,771 or 1.5 percent from the FY 2004 estimate. The request includes \$788,522 from the State General Fund, which is an increase of \$213,277 or 37.1 percent from the FY 2004 estimate. The request includes \$1,520,228 for salaries and wages, \$772,327 for contractual services, \$44,987 for commodities, and \$1,000 for capital outlay. The agency requests an enhancement package of \$134,017, with \$198,402 from the State General Fund (an enhancement of \$64,385 would transfer financing of existing functions from special revenue funds to the State General Fund).

The Governor recommends \$2,206,710 for FY 2005 operating expenditures, which is a decrease of \$167,603 or 7.1 percent from the FY 2004 recommendation. The recommendation includes \$572,345 from the State General Fund, which is a decrease of \$2,900 or 0.5 percent from the FY 2004 recommendation. The recommendation includes \$1,419,574 for salaries and wages, \$750,143 for contractual services, \$36,603 for commodities, and \$390 for capital outlay. The Governor's recommendation includes a reduction of \$28,055 from the State General Fund for the salary of a senior administrative assistant. The recommendation also includes the Governor's 3.0 percent pay plan increase and the other operating expenditure reductions as recommended by the Budget Efficiency Savings Teams (BEST).

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation with the following notations:

1. Delete \$35,548, including \$10,800 from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.

2. The agency reported concern about the decision to end the state motor pool. As a result of this decision, ownership of 13 trucks was transferred to the agency. The agency reported that seven of these trucks have over 70,000 miles on them, with agency staff driving between 25,000 and 35,000 miles annually. The agency reported that with the ownership transfer, the agency is now responsible for the maintenance, insurance, and registration of these vehicles. The Subcommittee is concerned with the ability of the agency to meet these unanticipated expenses within their already tight budget.

The Subcommittee also heard testimony regarding maintenance concerns on the truck primarily driven by the Livestock Commissioner. The agency reported that this vehicle had 42,360 on it as of December 1, 2003 and that transmission work had been done on this truck several times at state expense. Since it was purchased through state contract, the warranty only covered the vehicle's first 35,000 miles. The Subcommittee notes that this manufacturer advertises 70,000 mile warranties. The Subcommittee noted that the state may be able to get this longer warranty, and, with a longer warranty, the transmission work would have been covered by the warranty. The Subcommittee expressed concern that by purchasing vehicles with a shorter warranty, the state may be incurring additional maintenance expense.

3. The Subcommittee heard testimony regarding a series of difficulties encountered in the repair of 17 laptop computers the agency purchased through state contract. The agency purchased 17 Gateway laptops on September 25, 2002, for a total purchase price of \$38,182. The agency provided the Subcommittee with documentation of the problems with the computers and the agency's communication with Gateway. As of January 23, 2004, the computers had not been repaired. On January 15, 2004, the Gateway service technician had taken 13 of the laptops to the Kansas City office for repair. The Subcommittee is concerned with this situation, particularly with the disruption to workflow within the agency and concern for purchases the agency had been with the state contract.
4. The agency reported on the status of the Animal Disease Control Fee Fund and the Animal Dealers Fee Fund. During the 2003 Interim, the Special Committee on Appropriations and Ways and Means reviewed the funding of the agency. The Committee directed the agency and the industry to work together to develop a fee proposal agreeable to both parties. Representatives of the livestock industry have met with the agency; however, a fee proposal has not yet been agreed upon. The agency reports that the Animal Disease Control Fee Fund has balances sufficient to fund the agency through FY 2005. However, with current revenues, the fund will be depleted by FY 2006. The agency reported that the Animal Dealers Fee Fund is depleted to a point where it will not have sufficient resources to fund the Facility Inspection program through FY 2005.
5. The Subcommittee received testimony from the kennel industry supporting the agency's Animal Facilities Inspection Program and the increase of fees to fund this program. The Subcommittee is very concerned about the low fund balance in this program and the ability of the agency to fund this program in future years. The Subcommittee noted SB 257, as amended by Ways and Means, which proposes to increase the fees in the kennel inspection program by 25 percent and impose a one dollar surcharge on adult dogs and cats maintained at a facility. The Subcommittee is supportive of the bill with amendments to strike the one dollar surcharge and increase the fees by 50 percent. The agency reported that

it would have sufficient funds for about two years with a 25 percent fee increase. Upon passage of the bill, the Subcommittee concurs with the agency's intent to increase the fees by 25 percent until an increase to the new statutory maximum (the entire 50 percent increase) is necessary. The Subcommittee also recommends that this issue be flagged for omnibus consideration, since the agency reports that this program will be unable to operate in FY 2005 without additional funds.

The Subcommittee is very supportive of the Animal Facilities Inspection Program and is encouraged by the positive changes that have resulted in this industry since the program's inception. Kansas now has a much stronger kennel industry and a good reputation in the national market as a result of this program. The Subcommittee feels it is necessary to increase the fees in this program to maintain its current level of regulation for this industry.

6. The Subcommittee heard testimony regarding the agency's work on the control of livestock diseases. The agency reported on a cooperative agreement between the Department and the U.S. Department of Agriculture (USDA) for several animal diseases. The agreement includes funding to double the surveillance of Bovine Spongiform Encephalopathy (BSE or mad cow disease). The agreement also includes funding for emergency management and surveillance of foreign animal diseases such as food and mouth disease. This funding is intended to enhance, not supplant existing program funding.

The agency also gave an update on the status of other animal diseases of concern. Kansas was declared Brucellosis Free and Pseudorabies Free in 1999, and has maintained the "free" status since that time. The state has been Tuberculosis Free since 1995; however, tuberculosis has been found in the national dairy herd. As a result of this, the Department is now requiring a negative test for tuberculosis on all dairy cows before they are imported into the state. In FY 2004, the agency has tested over 21,000 horses for Equine Infectious Anemia (EIA) with 5 positive tests. Horses imported into the state and all equine entered at the Kansas State Fair are required to have a negative test for EIA.

7. The agency also reported on its ability to respond to an emergency situation. The agency has sufficient resources to respond to the BSE issue, but will be depleted of funds within one week should an outbreak of food and mouth disease occur. The agency estimates that approximately 30 percent of its time is now devoted to emergency management.

The agency also reported that the Livestock Commissioner has been spending up to 75 percent of his time on the BSE issue. This has put a strain on both the Commissioner and the operations of the agency. The agency reported that in FY 2000, total travel expenditures for the Commissioner were \$3,235; however, travel expenditures for the first six months of FY 2004 were \$9,941. Annualized, this is over a six fold increase in travel expenditures. The Commissioner's duty to protect and support food safety and the livestock industry is critical to the vitality of the state's economy. Increased funding for the critical activities of this agency to support the livestock industry and the state's food system should be seriously considered.

Senate Subcommittee Report

Agency: Kansas State Fair

Bill No. --

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. 1 - 39 Budget Page No. 161

Expenditure Summary	Agency Estimate FY 04	Gov. Rec. FY 04	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 538,103	\$ 538,103	\$ 0
All Other Funds	3,912,839	3,911,366	0
Subtotal - Operating	\$ 4,450,942	\$ 4,449,469	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
All Other Funds	731,500	731,500	0
Subtotal - Capital Improvements	\$ 731,500	\$ 731,500	\$ 0
TOTAL	\$ 5,182,442	\$ 5,180,969	\$ 0
FTE Positions			
FTE Positions	23.0	23.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	23.0	23.0	0.0

Agency Estimate/Governor's Recommendation

The Kansas State Fair estimates \$4,450,942 for FY 2004 operating expenditures, which is a decrease of \$59,362 or 1.3 percent from the amount approved by the 2003 Legislature. The estimate includes \$538,103 from the State General Fund for the interest payment on the master plan capital improvements bonds, which is consistent with approved amount. The all other funds estimate is \$3,912,839, which is a decrease of \$59,362 from the amount approved by the 2003 Legislature. The estimate includes \$1,427,647 for salaries and wages, \$2,027,093 for contractual services, \$288,099 for commodities, \$100,000 for capital outlay, and \$608,103 for debt service interest.

The Governor recommends \$4,449,469 for FY 2004 operating expenditures, which is a decrease of \$60,835 or 1.3 percent from the amount approved by the 2003 Legislature. The recommendation includes \$538,103 from the State General Fund for the interest payment on the master plan capital improvements bonds, which is consistent with approved amount. The all other funds recommendation is \$3,911,366, which is a decrease of \$60,835 from the approved amount. The recommendation includes \$1,426,174 for salaries and wages, \$2,027,093 for contractual services, \$288,099 for commodities, \$100,000 for capital outlay, and \$608,103 for debt service interest. The difference of \$1,473 from the agency's estimate is attributed to an adjustment made in the agency's pay plan.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Subcommittee Report

Agency: Kansas State Fair

Bill No. --

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. 1 - 39 **Budget Page No.** 161

Expenditure Summary	Agency Estimate FY 05	Gov. Rec. FY 05	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 655,133	\$ 655,133	\$ 0
All Other Funds	4,075,158	3,910,998	14,160
Subtotal - Operating	<u>\$ 4,730,291</u>	<u>\$ 4,566,131</u>	<u>\$ 14,160</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
All Other Funds	746,500	746,500	0
Subtotal - Capital Improvements	<u>\$ 746,500</u>	<u>\$ 746,500</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 5,476,791</u></u>	<u><u>\$ 5,312,631</u></u>	<u><u>\$ 14,160</u></u>
FTE Positions	23.0	23.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>23.0</u></u>	<u><u>23.0</u></u>	<u><u>0.0</u></u>

*The entire adjustment reflects deletion of the Governor's recommended pay plan adjustments.

Agency Request/Governor's Recommendation

The Kansas State Fair requests \$4,730,291 for FY 2005 operating expenditures, which is an increase of \$279,349 or 6.3 percent from the FY 2004 estimate. The request includes \$655,133 from the State General Fund for the interest payment on the master plan capital improvements bonds. The all other funds request is \$4,075,158, which is an increase of \$162,319 from the FY 2004 estimate. The request includes \$1,430,701 for salaries and wages, \$2,202,620 for contractual services, \$285,417 for commodities, \$101,420 for capital outlay, and \$710,133 for debt service interest. Included in the request is an enhancement package of \$150,000 from the Economic Development Initiatives Fund for advertising and premiums.

The Governor recommends \$4,566,131 for FY 2005 operating expenditures, which is an increase of \$116,662 or 2.6 percent from the FY 2004 recommendation. The recommendation includes \$655,133 from the State General Fund for the interest payment on the master plan capital improvements bonds, which is consistent with the agency's request. The all other funds recommendation is \$3,910,998, which is a decrease of \$368 from the FY 2004 recommendation. The recommendation includes \$1,469,587 for salaries and wages, \$2,028,110 for contractual services, \$262,851 for commodities, \$95,450 for capital outlay, and \$710,133 for debt service interest. The Governor's recommendation includes a 3.0 percent pay plan increase and reductions in other operating expenditures for recommendations made by the Budget Efficiency Savings Teams.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation with the following adjustments and notations.

1. Delete \$38,886 from the State Fair Fee Fund to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. The Subcommittee recommends adding \$53,046 for reductions taken by the Governor for the BEST recommendations. The Kansas State Fair is functionally different from other state agencies, and feels it is unlikely to get a better price for the items targeted for the BEST reductions. For example, cell phone service was one area targeted by the reductions. The agency reports that they have a sponsorship with a cell phone provider who already offers the agency a significant savings for this line item. In addition, advertising was noted as an area for reduction. The agency reports that advertising is critical to the success of the Fair, and that reducing promotional efforts could, in fact, have a negative impact on the agency's revenues and its budget as a whole. The Fair also rents many pieces of equipment, many through local vendors, used only during the ten-day State Fair. Since it is only used during this short time period, it is inefficient to purchase these items. Overall, the agency utilizes sponsorships, partnerships, and local contracts for many necessary items for the operation of the Fair.

The Fair also expressed concern about the transfer occurring in July, just before the annual State Fair. The Fair tries to have a carryover balance of \$200,000 at the start of the fiscal year in order to have sufficient funds to get the State Fair started. For FY 2004 and FY 2005, the agency was only able to budget \$160,000 in carryover balances. With the BEST sweep of \$53,000, this results in a carryover balance of approximately \$100,000 to begin the 2004 Fair. In addition to budgeting a carryover balance, the agency is making every attempt to make the statutory revenue transfer of \$300,000 to the capital improvements fund in June. This is especially important since the transfer from the State General Fund is not budgeted for FY 2004 or FY 2005. The Subcommittee also noted that the agency requested an enhancement of \$150,000 from the Economic Development Initiatives Fund for advertising the Fair, which the state is unable to provide due to budget constraints.

The agency reports that it is willing to do its part as a state agency, but is concerned that, due to the uniqueness of their agency, they will be unable to compensate for the reductions with the efficiencies suggested by the BEST Teams.

3. The Subcommittee commends the Kansas State Fair on its outstanding performance during the 2003 Fair. The Subcommittee members have received many positive comments from the public on the Fair and the renovations on the fairgrounds. The agency reported that the master plan improvements are approximately 80 percent complete, and the Subcommittee members noted that they had noticed a considerable improvement in the appearance of the fairgrounds at the 2003 Fair.
4. The Subcommittee notes that the State Fair will be hosting the 2004 Great North American RV Rally June 21 to 24, 2004. This event is expected to attract over

5,000 campers. In FY 2003, the Fair hosted the Family Motor Coach Association (FMCA) convention, with a reported 4,716 motor coaches at the fairgrounds. The Subcommittee notes the success of the FMCA event and commends the agency for attracting groups such as these to the Fair. The agency reported that it is working diligently to attract additional non-fair activities to the Kansas State Fairgrounds.