

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 9:00 A.M. on February 16, 2005 in Room 514-S of the Capitol.

All members were present except:

- Representative J. Williams- excused
- Representative Newton- excused
- Representative Sawyer- excused

Committee staff present:

- Alan Conroy, Legislative Research Department
- J. G. Scott, Legislative Research Department
- Amy VanHouse, Legislative Research Department
- Reagan Cussimano, Legislative Research Department
- Julian Efird, Legislative Research Department
- Jim Wilson, Revisor of Statutes
- Mike Corrigan, Revisor of Statutes
- Nikki Feuerborn, Administrative Analyst
- Shirley Jepson, Committee Secretary

Conferees appearing before the committee:

Others attending:

See attached list.

- Attachment 1 Budget Committee report on Department of Wildlife and Parks
- Attachment 2 Budget Committee report on Department of Agriculture, Animal Health Department, Kansas State Fair, State Conservation Commission, Kansas Water Office
- Attachment 3 Written testimony from Kansas Soybean Association

Chair Neufeld moved to introduce legislation pertaining to unclaimed property changes. The motion was seconded by Representative Bethell. Motion carried.

Representative Powell, member of the Agriculture & Natural Resources Budget Committee, presented the Budget Committee report on the Department of Wildlife and Parks for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 1). The motion was seconded by Representative Schwartz.

The Budget Committee stated that they have been made aware of a cash flow problem in the Department of Wildlife and Parks which will not enable them to make the April payroll. Responding to a question from the Committee concerning fee funds, Julian Efird, Legislative Research Department, stated that there were no transfers of fee funds to the State General Fund (SGF) during FY 2004 from the Department of Wildlife and Parks. The Budget Committee stated that they understand the shortage is partially due to the decrease in the number of park visitors or entrance fees collected during FY 2005 and a possible problem with management of cash flow. Responding to another question, the Budget Committee noted that \$100,000 was expended for planning at State Park No. 24, stating that there has not been a transfer of land to the state at this time. The Committee indicated it's disapproval of the Department of Wildlife and Parks moving any funds from federal wildlife funds to cover the shortage because of the liability to the state and possible fine assessed by the federal government. The Committee suggested that the shortage be covered by a loan from the Pooled Money Investment Board (PMIB).

Representative Schwartz moved for a proviso to allow the Department of Wildlife and Parks to borrow funds, up to \$485,000, from the Pooled Money Investment Board (PMIB) to cover the cash flow shortage and replace the borrowed amount with park fee funds as they are available. The motion was seconded by Representative Powell. Motion carried.

Representative Schwartz moved to adopt the Budget Committee report for the Department of Wildlife and Parks for FY 2005 as amended. The motion was seconded by Representative Powell. Motion carried.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on February 16, 2005 in Room 514-S of the Capitol.

Representative Powell, member of the Agriculture & Natural Resources Budget Committee, presented the Budget Committee report on the Department of Wildlife and Parks for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 1). The motion was seconded by Representative Schwartz. Motion carried.

Representative Schwartz, Chair of the Agriculture & Natural Resources Budget Committee, presented the Budget Committee report on the Department of Agriculture for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 2). The motion was seconded by Representative Powell. Motion carried.

Representative Schwartz, Chair of the Agriculture & Natural Resources Budget Committee, presented the Budget Committee report on the Department of Agriculture for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 2). The motion was seconded by Representative Powell. Motion carried.

Information from the Kansas Soybean Association regarding the Budget Committee report was distributed to the Committee (Attachment 3).

Representative Schwartz, Chair of the Agriculture & Natural Resources Budget Committee, presented the Budget Committee report on the Animal Health Department for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 2). The motion was seconded by Representative Powell. Motion carried.

Representative Schwartz, Chair of the Agriculture & Natural Resources Budget Committee, presented the Budget Committee report on the Animal Health Department for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 2). The motion was seconded by Representative Powell. Motion carried.

Representative Powell, member of the Agriculture & Natural Resources Budget Committee, presented the Budget Committee report on the Kansas State Fair for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 2). The motion was seconded by Representative Schwartz. Motion carried.

Representative Powell, member of the Agriculture & Natural Resources Budget Committee, presented the Budget Committee report on the Kansas State Fair for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 2). The motion was seconded by Representative Schwartz. Motion carried.

Responding to a question concerning capital improvements and renovations at the Kansas State Fair grounds, Amy VanHouse, Legislative Research Department, indicated that work is continuing to bring the Old Mill, 4-H exhibit buildings, the grandstand, as well as all facilities, into compliance with ADA regulations, with the work being completed by FY 2007. Regarding attendance at the State Fair, the Budget Committee noted that the attendance is holding steady at this time, attractions are being enhanced and the facilities are being used throughout the year by other organizations and events.

Representative Powell, member of the Agriculture & Natural Resources Budget Committee, presented the Budget Committee report on the State Conservation Commission for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 2). The motion was seconded by Representative Schwartz. Motion carried.

Representative Powell, member of the Agriculture & Natural Resources Budget Committee, presented the Budget Committee report on the State Conservation Commission for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 2). The motion was seconded by Representative Schwartz. Motion carried.

In reference to Item No. 5, the Budget Committee stated that because the Legislature has not passed legislation

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on February 16, 2005 in Room 514-S of the Capitol.


to create the state match for the Wind Energy Conservation Easements federal program, the Budget Committee chose to recommend the deletion of this funding from the Governor's budget recommendation.

Representative Schwartz, Chair of the Agriculture & Natural Resources Budget Committee, presented the Budget Committee report on the Kansas Water Office for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 2). The motion was seconded by Representative Powell. Motion carried.

Representative Schwartz, Chair of the Agriculture & Natural Resources Budget Committee, presented the Budget Committee report on the Kansas Water Office for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 2). The motion was seconded by Representative Powell. Motion carried.

In reference to Item No. 2, Representative Gatewood expressed his support for the Governor's recommendation.

The meeting was adjourned at 10:35 a.m. The next meeting of the Committee will be held at 9:00 a.m. on February 17, 2005.



Melvin Neufeld, Chair

HOUSE APPROPRIATIONS COMMITTEE

February 16, 2005


9:00 A.M.

NAME	REPRESENTING
Vickilyn Deese	Budget
Wild Dwyer	Budget
Kennie Leffler	Budget
Mike Beam	Ks. Livestock Assn.
Raf Lynch	Leadership Mitchell County
Debra Duncan	Ks Animal Health
George Teagarden	Ks Animal Health
Ron Allen	Pawnee W/S District
JAMES M HEWES	Pawnee Watershed Dist
Lucas Bell	Kearney and Associates
John Spurgeon	KDW
Leslie Kaufman	Ks Coop Council
Mark Heim	SCC
Paul Foster	KDA
Tom Tunnell	KGFA
Dylan Simpson	KGFA
Kris Menz	Hen Van Fien

HOUSE BUDGET COMMITTEE REPORT

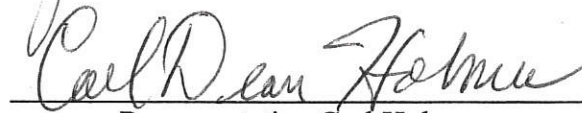
Kansas Department of Wildlife and Parks


February 16, 2005



Representative Sharon Schwartz, Chairperson

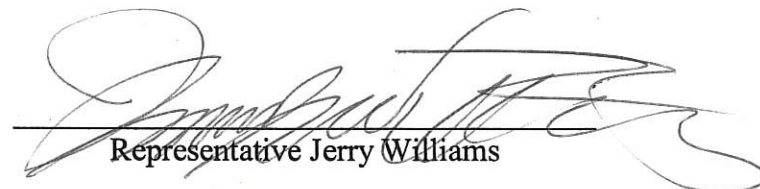

Representative Vaughn Flora


Representative Joann Freeborn


Representative Carl Holmes


Representative Larry Powell


Representative Tom Sloan


Representative Jerry Williams

HOUSE APPROPRIATIONS

DATE 2-16-2005
ATTACHMENT 1

House Budget Committee Report

Agency: Department of Wildlife and Parks

Bill No.

Bill Sec.

Analyst: Efirid

Analysis Pg. No. 87

Budget Page No. 449

Expenditure	Agency Est. FY 05	Governor Rec. FY 05	Budget Committee Adjustments
Operating Expenditures:			
State Operations	\$ 38,228,932	\$ 38,074,820	\$ (300,000)
State Aid	1,418,302	1,418,302	0
State Assistance	141,986	141,986	0
Subtotal	<u>\$ 39,789,220</u>	<u>\$ 39,635,108</u>	<u>\$ (300,000)</u>
Capital Improvements	16,812,722	13,563,833	0
TOTAL	<u><u>\$ 56,601,942</u></u>	<u><u>\$ 53,198,941</u></u>	<u><u>\$ (300,000)</u></u>
Financing:			
State General Fund	\$ 3,399,386	\$ 3,347,366	\$ (300,000)
Other Funds	53,202,556	49,851,575	0
TOTAL	<u><u>\$ 56,601,942</u></u>	<u><u>\$ 53,198,941</u></u>	<u><u>\$ (300,000)</u></u>
FTE Positions	406.5	406.5	0.0

Agency Estimate/Governor's Recommendation

The agency requests operating expenditures of \$39,789,220, a 5.7 percent increase over the actual FY 2004 expenses. The agency's revised operating budget includes a supplemental State General Fund request of \$1,118,782 for the State Parks operating budget and an increase of \$800,000 from the Wildlife Fee Fund that was approved previously by the State Finance Council for the Community Lakes Leasing Program to expand public fishing opportunities in Kansas. The supplemental State General Fund appropriation for \$1,118,782 is for two fiscal years, with the agency budgeting \$366,195 for expenditure in FY 2005 and \$752,587 for reappropriation to spend in FY 2006. The Governor's recommendation for operating expenditures is \$39,635,108, an increase of 5.2 percent over actual FY 2004 expenses. The Governor recommends a supplemental State General Fund appropriation of \$300,000 for the State Parks operating expenditures. The Governor concurs with \$800,000 for the Community Lakes Leasing Program expenditure.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendations and makes the following adjustments or observations:

- 1. Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2005 revised recommendation is a State General Fund increase of \$349,047 or 11.6 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature.
- 2. Omnibus Review of State Parks Funding.** The Budget Committee recommends deleting \$300,000 from the State General Fund recommended by

the Governor as a supplemental appropriation pending legislative consideration of SB 87 and the issue of funding for the State Parks. The Budget Committee recommends a further review during Omnibus of the Parks Fee Fund, with the agency directed to prepare revised estimates of receipts for FY 2005 and FY 2006 in order to evaluate the Governor's recommendations for expenditures from the Parks Fee Fund and the need for supplemental appropriations from the State General Fund to help finance any shortfalls in fee revenues.

The agency reports a serious cash flow problem is developing this fiscal year, and there may not be a sufficient balance in the Parks Fee Fund to meet two payrolls in April, 2005. The Budget Committee requests a monthly cash flow report from the agency for Omnibus review and will consider an amendment after additional information is provided. The agency mentioned the possibility of having the Pooled Money Investment Board loan the money for April's payrolls since revenues may increase in May and June 2005, thus allowing repayment. No authority exists for such a loan, however, and legislation would have to pass and be effective in the *Kansas Register* for a loan to take place this fiscal year.

3. **Motor Vehicle Purchases.** The Budget Committee notes the November, 13, 2003, Governor's moratorium on the purchase of new vehicles for two years included an exception for certain law enforcement vehicles. This agency requests and the Governor recommends capital outlay of \$185,860 in FY 2005 for replacement law enforcement motor vehicles. The Budget Committee was informed that no money has been spent this fiscal year for such acquisitions even though 10 vehicles were included for purchase.

House Budget Committee Report

Agency: Department of Wildlife and Parks

Bill No.

Bill Sec.

Analyst: Efird

Analysis Pg. No. 87

Budget Page No. 449

Expenditure	Agency Req. FY 06	Governor Rec. FY 06	Budget Committee Adjustments
Operating Expenditures:			
State Operations	\$ 39,483,114	\$ 39,311,830	\$ 0
State Aid	1,440,765	1,440,765	0
State Assistance	144,235	144,235	0
Subtotal	<u>\$ 41,068,114</u>	<u>\$ 40,896,830</u>	<u>\$ 0</u>
Capital Improvements	5,492,238	5,249,097	(615,000)
TOTAL	<u><u>\$ 46,560,352</u></u>	<u><u>\$ 46,145,927</u></u>	<u><u>\$ (615,000)</u></u>
Financing:			
State General Fund	\$ 3,501,460	\$ 2,857,538	\$ 0
Other Funds	43,058,892	43,288,389	(615,000)
TOTAL	<u><u>\$ 46,560,352</u></u>	<u><u>\$ 46,145,927</u></u>	<u><u>\$ (615,000)</u></u>
FTE Positions	406.5	406.5	0.0

Agency Request/Governor's Recommendation

The agency requests operating expenditures of \$41,068,114, a 3.2 percent increase over the current revised fiscal year budget. State General Fund financing of \$3,501,460 is requested for operating expenditures, an increase of 3.0 percent, or \$102,074 more than FY 2005. Included in the increased State General Fund operations financing is \$261,005 for enhancements and \$389,964 for ongoing programs. The agency includes enhancements totaling \$1,310,505 in its FY 2006 operating budget. Among the items are funding of \$957,000 for trucks, \$250,000 for managing the Circle K Ranch, and \$103,505 for managing State Park No. 24.

The Governor's recommendation for operating expenditures is \$40,896,830, an increase of 3.2 percent over the FY 2005 recommendation. State General Fund financing of \$2,857,538 is recommended by the Governor, a reduction of \$489,828 from the FY 2005 recommendation. The Governor's FY 2006 State General Fund recommendation includes a reduction of \$955,728 in the agency's request for base salaries. No FTE reductions are associated with the Governor's recommended base salaries reduction. The Governor recommends enhancement funding of \$799,500 for trucks, none for the Circle K Ranch, and none for State Park No. 24.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendations and makes the following adjustments or observations:

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2006 State General Fund recommendation for the agency totals

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\$2,857,538, a decrease of \$140,781 below the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent amounts recommended for the 2.5 percent base salary adjustment (\$22,645), the 27th payroll period (\$33,760), and the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$2,383), the recommendation is a decrease of \$199,569, or 6.7 percent below the approved amount.

2. **Omnibus Review.** The Budget Committee deletes capital improvement funding of \$615,000 for State Park No. 24 in order to be consistent with the Governor's recommendation that deleted FY 2006 operating expenditures of \$103,505 and 1.0 FTE for the new park operation. The Budget Committee recommends review of this issue during Omnibus to determine if any transfer of property has taken place and if the agency has received title to the land. In addition, the Budget Committee will consider the issue of whether it is appropriate to use State Water Plan Fund financing for capital improvements at State Park No. 24. The Budget Committee believes that a self-pay mechanism should be used to fund this park rather than for it to be used as a free park.
3. **Motor Vehicle Purchases.** The agency requests \$957,000 to purchase 48 pickup trucks in FY 2006. Financing is requested from the SGF, \$157,500; Boating Fee Fund, \$20,000; and Wildlife Fee Fund, \$790,500. The Governor recommends funding of \$779,500 from the Wildlife Fee Fund and \$20,000 from the Boating Fee Fund for trucks.

The Budget Committee notes that due to the deletion of State General Fund financing, the state parks will receive no new trucks. Vehicles purchased with financing from the Wildlife Fee Fund and the Boating Fee Fund generally can not be used in the state parks.

The Budget Committee notes capital outlay of \$185,860 in FY 2005 for replacement law enforcement motor vehicles has not been spent this fiscal year for such acquisitions even though 10 vehicles were included for purchase. The agency indicates this funding from the Wildlife Fee Fund could be carried over to FY 2006 if not expended in FY 2005.

4. **Capital Outlay Equipment Acquisition.** The Budget Committee believes that the agency should explore leasing rather than buying expensive equipment. The Budget Committee directs the agency to prepare a cost-benefit analysis to justify any purchases of equipment costing \$5,000 or more during the period from May 2005 to December 2005 and to present that report to the Budget Committee at the beginning of the 2006 Session.
5. **Proviso for Certification.** The Budget Committee recommends that all seed, forage and mulch purchased by any state agency shall be inspected and certified in accordance with standards consistent with the North American Weed Management Association.

During the fiscal year ending June 30, 2006, no moneys appropriated from the state general fund or any special revenue fund shall be expended by any state agency for the purchase or other acquisition of any seed, forage or mulch that is not certified by the Kansas department of agriculture in accordance with a memorandum of understanding entered into by the Kansas department of agriculture and the North American weed management association that such seed, forage or mulch meets the standards set forth in the North American weed management forage program: Provided, That, in addition to the other purposes for which expenditures may be made, expenditures shall be made by the Kansas

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department of agriculture to provide for staff members of the Kansas department of agriculture, who are qualified to certify seed, forage and mulch to meet any additional or supplemental certification requirements of state agencies, to assist any such additional or supplemental certifications as may be required by any other state agency.

6. **Bill Introduction.** The Budget Committee recommends a bill be introduced to require that all meetings of the Governor's Subcabinet on Natural Resources be subject to the Open Meetings Law.
7. **Circle K Ranch.** The Governor did not recommend funding for the acquisition or operating costs in FY 2006. The Budget Committee heard from the Secretary of Wildlife and Parks about the current proposal to borrow money from the Pooled Money Investment Board and to repay with 75.0 percent federal funds and 25.0 percent from the State Water Plan Fund as the water rights are retired. No purchase price has been agreed to, but the appraisal has been set at \$3.2 million. If an agreed to price is reached, the Secretary plans to ask the Governor to resubmit the proposed acquisition, plan for financing and operating, and alternatives to State Water Plan financing.
8. **New Strategic Plan.** The agency is currently in the process of preparing a new strategic plan for the department and the estimated date of completion is July 1, 2005. The Budget Committee would like copies of the new plan provided at the earliest opportunity.

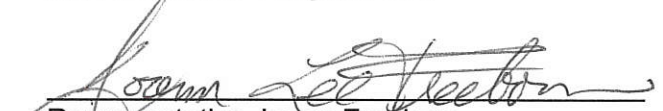
House Agriculture and Natural Resources Budget Committee

FY 2005 and FY 2006 Subcommittee Reports

Department of Agriculture
Animal Health Department
Kansas State Fair
State Conservation Commission
Kansas Water Office


Representative Sharon Schwartz, Chair

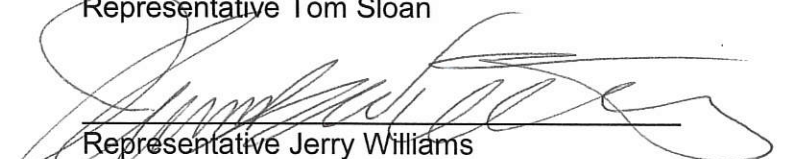

Representative Vaughn Flora


Representative Joann Freeborn


Representative Carl Holmes


Representative Larry Powell


Representative Tom Sloan


Representative Jerry Williams

HOUSE APPROPRIATIONS

DATE 2-16-2005
ATTACHMENT 2

House Budget Committee Report

Agency: Department of Agriculture

Bill No. --

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. I - 3

Budget Page No. 47

Expenditure Summary	Agency Estimate FY 05	Gov. Rec. FY 05	House Budget Committee Adjustments
State General Fund	\$ 9,563,094	\$ 9,563,094	\$ 0
All Other Funds	12,548,333	12,561,313	0
TOTAL	<u>\$ 22,111,427</u>	<u>\$ 22,124,407</u>	<u>\$ 0</u>
FTE Positions	302.5	302.5	0.0
Non FTE Uncl. Perm. Pos.	23.0	23.0	0.0
TOTAL	<u>325.5</u>	<u>325.5</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **Department of Agriculture** estimates expenditures of \$22,111,427 for FY 2005, including \$9,563,094 from the State General Fund, \$1,045,497 from the State Water Plan Fund, and \$11,502,836 from all other funds. The estimate is an increase of \$1,453,894 or 7.0 percent from the amount approved by the 2004 Legislature. The increase is attributed to increases and adjustments in fee funds and federal funds.

The **Governor** recommends expenditures of \$22,124,407 for FY 2005, including \$9,563,094 from the State General Fund, \$1,045,497 from the State Water Plan Fund, and \$11,515,816 from all other funds. The recommendation is an increase of \$1,466,874 or 7.1 percent from the amount approved by the 2004 Legislature. The recommendation is consistent with the agency's estimate with the inclusion of a technical adjustment in the Retail Food Inspection Program.

House Budget Committee Recommendation

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

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2005 revised recommendation is a State General Fund unchanged from the FY 2005 State General Fund amount approved by the 2004 Legislature.

House Budget Committee Report

Agency: Department of Agriculture

Bill No. --

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. I - 3

Budget Page No. 47

Expenditure Summary	Agency Request FY 06	Gov. Rec. FY 06	House Budget Committee Adjustments
State General Fund	\$ 10,112,504	\$ 10,485,429	\$ (121,727)
All Other Funds	12,158,602	12,487,983	(146,727)
TOTAL	\$ 22,271,106	\$ 22,973,412	\$ (268,454)
FTE Positions	302.5	302.5	0.0
Non FTE Uncl. Perm. Pos.	24.2	23.0	0.0
TOTAL	328.7	325.5	0.0

Agency Request/Governor's Recommendation

The **Department of Agriculture** requests expenditures of \$22,271,106 for FY 2006, including \$10,112,504 from the State General Fund, \$1,098,160 from the State Water Plan Fund, and \$11,060,442 from all other funds. The request is an increase of \$159,679 or 0.7 percent from the agency's FY 2005 request. Included in the request is \$15,597,726 for salaries and wages, \$5,348,355 for contractual services, \$566,264 for commodities, and \$758,761 for capital outlay. The request includes enhancements totaling \$594,709, with \$522,002 from the State General Fund.

For FY 2006, the **Governor** recommends expenditures of \$22,973,412, including \$10,485,429 from the State General Fund, \$1,126,071 from the State Water Plan Fund, and \$11,361,912 from all other funds. The recommendation is an increase of \$849,005 or 3.8 percent from the Governor's FY 2005 recommendation. Included in the recommendation is \$16,458,658 for salaries and wages, \$5,257,417 for contractual services, \$552,722 for commodities, and \$704,615 for capital outlay. The Governor recommends enhancements totaling \$444,434, with \$371,727 from the State General Fund. Recommended enhancements include funding for the Republican River Compact Feasibility Study, vehicles for the Meat and Poultry Inspection and Plant Protection programs, and funding for the Grain Warehouse Program. The recommendation also includes reductions totaling \$165,691, with \$126,305 from the State General Fund, for the Meat and Poultry Inspection, Agricultural Laboratory, Administrative Services, Water Management Services, and Pesticide and Fertilizer programs. The recommendation also includes the Governor's recommended salary and wage adjustments.

Statutory Budget Submission

K.S.A. 75-6701 requires that the budget submitted by the Governor and the budget ultimately approved by the Legislature provide for a State General Fund ending balance of at least 7.5 percent of expenditures for FY 2006. To comply with this provision, Volume 1 of the *Governor's Budget Report* includes a "statutory budget" designed to provide for a 7.5 ending balance. In general, this requires a 8.9 percent reduction to the FY 2006 State General Fund executive branch budget

recommendations submitted by the Governor. That reduction has not been applied to school finance funding in the Department of Education, to the Board of Regents and its institutions, or to the judicial or legislative branches. **For this agency, the reduction to the Governor's recommended FY 2006 State General Fund budget would total \$936,277.**

House Budget Committee Recommendation

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

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2006 State General Fund recommendation for the agency totals \$10,485,429, an increase of \$922,335 above the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent amounts recommended for the 2.5 percent base salary adjustment (\$250,292), the 27th payroll period (\$368,628), and the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$30,615), the recommendation is an increase of \$272,800, or 2.9 percent above the approved amount.
2. The Budget Committee recommends the creation of two new funds within the agency, a General Fees Fund and a Gifts and Donations Fund. The General Fees Fund would be used to deposit money collected by the agency where no current fee fund is appropriate to house the funds. For example, this fund would be used to deposit registration fees for a conference the agency is conducting. The Gifts and Donations Fund would be available for the agency to accept gifts or donations. The agency reported that General Motors has approached the agency about providing a vehicle to the agency to help promote the use of ethanol. The Budget Committee notes that in the language provided by the agency, the agency would be authorized to fix, charge, and collect fees. The Budget Committee recommends that language be included that this fund cannot be used to set additional fees in relation to the current statutory fees collected by the agency.
3. The Budget Committee concurs with the Governor's inclusion of an enhancement of \$150,000 from the State General Fund for activities related to the Republican River Compact. The Republican River Compact litigation was settled on December 15, 2002, and the Republican River Compact Administration (RRCA) groundwater model was completed on June 30, 2003. With the end of the litigation, each state has new responsibilities including:
 - a. completion of an updated inventory of dams by the end of 2004;
 - b. an annual exchange of water use and other data;
 - c. the running of a joint groundwater model; and
 - d. participating in use studies regarding conservation practices and potential system improvements.

The enhancement includes funding of \$125,000 to conduct a feasibility study with the Bureau of Reclamation and the State of Nebraska for potential system

improvements in the lower Republican basin to improve utilization of the water supply. The agency reported that anticipated funding requirements for this study are \$125,000 for FY 2007 and \$62,500 for FY 2008. The enhancement also includes \$25,000 dispute resolution. The settlement also provides for a mandatory dispute resolution process. In the event of a dispute, funding would be necessary for mediation or consultants.

4. The Budget Committee deletes funding recommended by the Governor of \$121,727 from the State General Fund and \$121,727 from federal funds to replace eight compact cars, ten mini vans, and to purchase an additional compact car for the Meat and Poultry Inspection Program. The Budget Committee also deletes \$25,000 from the Entomology Fee Fund to replace an existing pickup truck. The Budget Committee recommends that agency vehicle purchases be reviewed during Omnibus.
5. The Budget Committee concurs with the Governor's inclusion of an enhancement of \$100,000 from the State General Fund for the Grain Warehouse Program. The agency reported that the fees generated from this program are insufficient to operate the program and that the program will not be viable beyond FY 2006 without adjustments in revenue or expenditures. Along with the enhancement request, the agency plans to reduce program staffing by one FTE in FY 2005 and to increase fees by 30 percent in FY 2006. The Budget Committee recommends that an additional \$50,000 for this program be considered at Omnibus. The agency reported that a total of \$150,000 was necessary to maintain the program through FY 2010.
6. The Budget Committee noted that it had heard several reports that the Bluestem Pasture Survey had been discontinued, and that this is a popular publication produced by the Agricultural Statistics Program. The agency estimated that costs to produce the Bluestem Pasture Survey are approximately \$7,000. The Budget Committee encourages the agency to explore other methods to produce or finance this report including conducting an on-line survey or funding the publication from private or existing agency resources.
7. The Budget Committee continues to be concerned that salaries and wages for FTE positions are financed from the State Water Plan Fund for this agency. Currently, an agency proviso allows the agency to fund Water Appropriations Program FTE positions from the State Water Plan Fund.
8. The Budget Committee heard testimony from several agencies regarding proposed water conservation programs. The Budget Committee notes that there currently is a program administered by the Department of Agriculture for water flex accounts. With this program, a base average usage of water is determined based on the water actually used by from a water right during calendar years 1996 to 2000. Over a five year period, the water right holder is entitled to use 90 percent of the total five year amount. The Budget Committee encourages the agency to explore modifications to this program, such as determining the base average usage on a different time frame, such as from 1987 to 1996. The Budget Committee also notes that Groundwater Management District (GMD) No. 4 is considering offering an incentive for water users within the GMD if water use is lowered below the 90 percent level in the state program. These programs will be discussed at the Kansas Water Congress annual meeting on February 23, 2005.

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House Budget Committee Report

Agency: Animal Health Department

Bill No. --

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. I - 24

Budget Page No. 59

Expenditure Summary	Agency Estimate FY 05	Gov. Rec. FY 05	House Budget Committee Adjustments
State General Fund	\$ 644,357	\$ 644,357	\$ 0
All Other Funds	2,110,342	2,110,342	0
TOTAL	\$ 2,754,699	\$ 2,754,699	\$ 0
FTE Positions	33.0	33.0	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	34.0	34.0	0.0

Agency Estimate/Governor's Recommendation

The Kansas Animal Health Department estimates expenditures of \$2,754,699, including \$644,357 from the State General Fund for FY 2005. The estimate is a decrease of \$147,328, or 5.1 percent, from the amount approved by the 2004 Legislature.

The Governor recommends expenditures of \$2,754,699, including \$644,357 from the State General Fund for FY 2005. The Governor concurs with the agency's FY 2005 expenditure estimate.

House Budget Committee Recommendation

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

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2005 revised State General Fund recommendation is unchanged from the FY 2005 State General Fund amount approved by the 2004 Legislature.

House Budget Committee Report

Agency: Animal Health Department

Bill No. --

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. I - 24

Budget Page No. 59

Expenditure Summary	Agency Request FY 06	Gov. Rec. FY 06	House Budget Committee Adjustments
State General Fund	\$ 1,204,758	\$ 779,349	\$ (81,000)
All Other Funds	1,593,300	1,684,136	59,862
TOTAL	<u>\$ 2,798,058</u>	<u>\$ 2,463,485</u>	<u>\$ (21,138)</u>
FTE Positions	33.0	33.0	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u>34.0</u>	<u>34.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The Kansas Animal Health Department requests expenditures of \$2,798,058, including \$1,204,758 from the State General Fund for FY 2006. The request is an increase of \$43,359, or 1.6 percent, from the FY 2005 estimate. The request includes enhancement packages totaling \$499,502, with \$558,928 from the State General Fund. The enhancement request includes the shift of \$59,426 from special revenue fund expenditures to the State General Fund.

The Governor recommends expenditures of \$2,463,485, including \$779,349 from the State General Fund for FY 2006. The recommendation is a decrease of \$291,214 from the FY 2005 recommendation. The Governor recommends an enhancement package totaling \$81,000 from the State General Fund for vehicle replacement.

Statutory Budget Submission

K.S.A. 75-6701 requires that the budget submitted by the Governor and the budget ultimately approved by the Legislature provide for a State General Fund ending balance of at least 7.5 percent of expenditures for FY 2006. To comply with this provision, Volume 1 of the *Governor's Budget Report* includes a "statutory budget" designed to provide for a 7.5 ending balance. In general, this requires a 8.9 percent reduction to the FY 2006 State General Fund executive branch budget recommendations submitted by the Governor. That reduction has not been applied to school finance funding in the Department of Education, to the Board of Regents and its institutions, or to the judicial or legislative branches. **For this agency, the reduction to the Governor's recommended FY 2006 State General Fund budget would total \$69,591.**

House Budget Committee Recommendation

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

2-7

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2006 State General Fund recommendation for the agency totals \$779,349, an increase of \$134,992 above the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent amounts recommended for the 2.5 percent base salary adjustment (\$8,122), the 27th payroll period (\$43,117), and the Kansas Public Employees Retirement System (KPERS) death and disability increase (\$1,280), the recommendation is an increase of \$82,473, or 12.8 percent above the approved amount.
2. The Budget Committee recommends deleting funding of \$81,000 from the State General Fund recommended by the Governor for vehicle replacements. The Budget Committee recommends that agency vehicle purchases be reviewed during Omnibus.
3. The Budget Committee recommends adding \$59,862 from agency fee funds to reallocate employee positions within the agency. The agency request included an enhancement totaling \$59,862 from the State General Fund for this purpose. The agency reported that a review of current position descriptions indicated that 12 employees are operating at a level higher than their allocated positions. The reallocation would move ten inspectors to an Agricultural Inspector II position, the Administrative Officer to a Public Service Administrator I, and the Public Service Executive II to a Public Service Executive III. The Budget Committee recommends the enhancement be funded from agency fee funds, and that subsequent base budgets for the Animal Health Department include this funding from the State General Fund.
4. The Budget Committee recommends that during the interim a Legislative committee study the topic of consolidating the Animal Health Department with the Department of Agriculture.

House Budget Committee Report

Agency: Kansas State Fair

Bill No. --

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. 1 - 42 **Budget Page No.** 165

<u>Expenditure Summary</u>	<u>Agency Estimate FY 05</u>	<u>Gov. Rec. FY 05</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 547,905	\$ 547,905	\$ 0
Other Funds	4,601,629	4,601,629	0
Subtotal – Operating	\$ 5,149,534	\$ 5,149,534	\$ 0
Capital Improvements:			
State General Fund	\$ 1,000,000	\$ 1,000,000	\$ 0
Other Funds	103,530	103,530	0
Subtotal – Cap. Improvements	\$ 1,103,530	\$ 1,103,530	\$ 0
TOTAL	\$ 6,253,064	\$ 6,253,064	\$ 0
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 operating expenditures of \$5,149,534 for FY 2005, including \$547,905 from the State General Fund. The estimate is an increase of \$1,175,357 or 29.6 percent from the amount approved by the 2004 Legislature. The amount included from the State General Fund is attributed to pay the interest on the master plan capital improvement bonds. The estimate includes a supplemental request totaling \$537,772 from the State General Fund to pay the debt service on the second issuance of master plan capital improvement bonds.

The **Governor** recommends operating expenditures of \$5,149,534 for FY 2005, including \$547,905 from the State General Fund. The amount included from the State General Fund is budgeted to pay the interest on the master plan capital improvement bonds. The Governor's recommendation is consistent with the agency's FY 2005 estimate, and includes the supplemental request of \$537,772 from the State General Fund to pay the debt service on the second issuance of master plan capital improvement bonds.

Budget Committee Recommendation

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

2-9

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2005 revised recommendation is a State General Fund increase of \$537,772 above the FY 2005 State General Fund amount approved by the 2004 Legislature.
2. The Budget Committee notes that the increase in State General Fund expenditures is attributed to supplemental funding of \$537,772 to pay the debt service on the second issuance of master plan bonds. The Budget Committee concurs with the Governor's recommendation to include this funding to meet the state's obligation for the debt service payments.

House Budget Committee Report

Agency: Kansas State Fair

Bill No. --

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. 1 - 42 **Budget Page No.** 165

Expenditure Summary	Agency Request FY 06	Gov. Rec. FY 06	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 500,044	\$ 500,044	\$ 0
Other Funds	4,642,723	4,711,541	0
Subtotal – Operating	\$ 5,142,767	\$ 5,211,585	\$ 0
Capital Improvements:			
State General Fund	\$ 1,050,000	\$ 1,050,000	\$ 0
Other Funds	105,601	405,601	0
Subtotal – Cap. Improvements	\$ 1,155,601	\$ 1,455,601	\$ 0
TOTAL	\$ 6,298,368	\$ 6,667,186	\$ 0
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 Request/Governor's Recommendation

The **Kansas State Fair** requests operating expenditures of \$5,142,767, including \$500,044 from the State General Fund. The request is a decrease of \$6,767 or 0.1 percent from the FY 2005 agency estimate. The amount included from the State General Fund is attributed to pay the interest on the master plan capital improvements bonds. The agency requests one enhancement package totaling \$25,000 from the Economic Development Initiatives Fund for increased advertising efforts to the Hispanic community.

For FY 2006, the **Governor** recommends operating expenditures of \$5,211,585, including \$500,044 from the State General Fund. The recommendation is an increase of \$62,051 or 1.2 percent from the FY 2005 recommendation. The amount included from the State General Fund is budgeted to pay the interest on the master plan capital improvements bonds. The recommendation also includes funding for the Governor's recommended salary and wage adjustments for the 27th payroll period, a 2.5 percent salary increase, and KPERS death and disability. The Governor does not recommend the enhancement package for increased advertising efforts to the Hispanic community.

Statutory Budget Submission

K.S.A. 75-6701 requires that the budget submitted by the Governor and the budget ultimately approved by the Legislature provide for a State General Fund ending balance of at least 7.5 percent

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of expenditures for FY 2006. To comply with this provision, Volume 1 of the *Governor's Budget Report* includes a "statutory budget" designed to provide for a 7.5 ending balance. In general, this requires a 8.9 percent reduction to the FY 2006 State General Fund executive branch budget recommendations submitted by the Governor. That reduction has not been applied to school finance funding in the Department of Education, to the Board of Regents and its institutions, or to the judicial or legislative branches. **For this agency, the reduction to the Governor's recommended FY 2006 State General Fund budget would total \$138,408.**

Budget Committee Recommendation

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

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2006 State General Fund recommendation for the agency totals \$500,044, an increase of \$489,911 above the FY 2005 State General Fund amount approved by the 2004 Legislature. The increase is attributed to funding necessary to pay the debt service on the first and second issuance of master plan bonds. For this agency, the master plan debt service is the only item financed from the State General Fund.
2. The agency included an enhancement request of \$25,000 from the Economic Development Initiatives Fund (EDIF) for increased marketing and advertising to the state's Hispanic community. The Budget Committee recommends the State Fair consider incorporating activities at the Fair specifically targeted for this population, such as having a Hispanic Day on one of the Fair weekends. The Fair is encouraged to report back to the Budget Committee next year on the success of this type of activity before increased funding is added.
3. The Budget Committee notes that the State Fair is reporting declining participation in 4-H and FFA activities. The Fair noted that the 4-H program had moved some activities away from the Fair, but is planning to return many of them back for the 2005 State Fair. It was also reported that the new Agricultural Experiment Station Director at KSU is a strong supporter of the State Fair.
4. The Budget Committee directs the State Fair to report next year on the long-range plan for the Fair. The mission of the Fair is to promote and showcase Kansas agriculture. However, our society is increasingly moving away from agriculture. Specifically, the Budget Committee requests that the agency develop a plan to showcase and promote agriculture to a more urban society.
5. The agency reported that fees for using the RV park during the State Fair are \$300 for 12 nights, which includes gate admission for two people for each day. This equals \$25 per day. The regular adult gate admission is \$7.00, and the exhibitors and competitive exhibitors gate admission is \$3.00. The Budget Committee recommends that the agency consider increasing the fee for usage of the RV park.

6. The Budget Committee notes the following attendance numbers at the State Fair.

Gate Attendance to State Fair 2000-2005 est.					
2000	2001	2002	2003	2004	2005 (Estimate)
353,120	282,535	338,693	343,244	337,489	353,000

House Budget Committee Report

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

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. I - 57

Budget Page No. 109

Expenditure Summary	Agency Estimate FY 05	Gov. Rec. FY 05	House Budget Committee Adjustments
State General Fund	\$ 1,032,618	\$ 1,032,618	\$ 0
State Water Plan Fund	9,301,369	9,301,369	0
Other Funds	1,096,774	1,096,774	0
TOTAL	<u>\$ 11,430,761</u>	<u>\$ 11,430,761</u>	<u>\$ 0</u>
FTE Positions	14.0	14.0	0.0
Non FTE Uncl. Perm. Pos.	9.0	9.0	0.0
TOTAL	<u>23.0</u>	<u>23.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The State Conservation Commission estimates expenditures of \$11,430,761 for FY 2005, including \$1,032,618 from the State General Fund, \$9,301,369 from the State Water Plan Fund, and \$1,096,774 from all other funds. The estimate is an increase of \$1,730,822, or 17.8 percent from the amount approved by the 2004 Legislature.

The Governor recommends expenditures of \$11,430,761 for FY 2005, including \$1,032,618 from the State General Fund, \$9,301,369 from the State Water Plan Fund, and \$1,096,774 from all other funds. The recommendation is consistent with the amount estimated by the agency.

House Budget Committee Recommendation

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

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2005 revised recommendation is unchanged from the FY 2005 State General Fund amount approved by the 2004 Legislature.

House Budget Committee Report

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

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. I - 57

Budget Page No. 109

Expenditure Summary	Agency Request FY 06	Gov. Rec. FY 06	House Budget Committee Adjustments
State General Fund	\$ 2,042,742	\$ 1,146,189	\$ (500,000)
State Water Plan Fund	8,514,176	9,558,176	(1,310,000)
Other Funds	870,318	1,178,112	(254,483)
TOTAL	<u>\$ 11,427,236</u>	<u>\$ 11,882,477</u>	<u>\$ (2,064,483)</u>
FTE Positions	14.0	14.0	0.0
Non FTE Uncl. Perm. Pos.	9.0	9.0	0.0
TOTAL	<u>23.0</u>	<u>23.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The State Conservation Commission requests expenditures of \$11,427,236 for FY 2006, including \$2,042,742 from the State General Fund, \$8,514,176 from the State Water Plan Fund, and \$870,318 from all other funds. The request is a decrease of \$3,525 from the FY 2005 estimate. The request includes enhancements totaling \$1,683,715, including \$367,000 from the State General Fund.

The Governor recommends expenditures of \$11,882,477 for FY 2006, including \$1,146,189 from the State General Fund, \$9,558,176 from the State Water Plan Fund, \$300,000 from the Economic Development Initiatives Fund, and \$878,112 from all other funds. The recommendation is an increase of \$451,716 or 4.0 percent from the FY 2005 recommendation. The recommendation includes enhancements totaling \$2,111,000, with \$500,000 from the State General Fund and \$300,000 from the Economic Development Initiatives Fund for Wind Energy Conservation Easements, \$1,310,000 from the State Water Plan Fund for the Irrigation Transition Assistance Program, and \$1,000 from the State Water Plan Fund for aid to conservation districts in Pawnee County.

Statutory Budget Submission

K.S.A. 75-6701 requires that the budget submitted by the Governor and the budget ultimately approved by the Legislature provide for a State General Fund ending balance of at least 7.5 percent of expenditures for FY 2006. To comply with this provision, Volume 1 of the *Governor's Budget Report* includes a "statutory budget" designed to provide for a 7.5 ending balance. In general, this requires a 8.9 percent reduction to the FY 2006 State General Fund executive branch budget recommendations submitted by the Governor. That reduction has not been applied to school finance funding in the Department of Education, to the Board of Regents and its institutions, or to the judicial or legislative branches. **For this agency, the reduction to the Governor's recommended FY 2006 State General Fund budget would total \$102,347.**

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House Budget Committee Recommendation

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

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2006 State General Fund recommendation for the agency totals \$1,146,189, an increase of \$113,571 above the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent amounts recommended for the 2.5 percent base salary adjustment (\$23,177), the 27th payroll period (\$27,248), and the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$1,824), the recommendation is an increase of \$61,322, or 5.9 percent above the approved amount.
2. The Budget Committee recommends that the agency's provisos be examined at Omnibus. Since the bill was not available at the time the budget was reviewed, the Budget Committee was unable to review any provisos included in the Governor's recommended bill.
3. The Budget Committee notes that the HorseThief Reservoir Benefit District is planning to include a 0.15 percent sales tax on the April 5, 2005 ballot. The Budget Committee recommends that the HorseThief Reservoir project be reviewed during Omnibus, after the election has taken place.
4. The Budget Committee recommends adding \$45,517 from the Land Reclamation Fee Fund to reclassify seven unclassified FTE positions. The agency request included an enhancement totaling \$38,802 from the State General Fund and \$6,715 from the Land Reclamation Fee Fund to reclassify the positions. The agency reported that similar positions in other state agencies are considered classified. At the agency's request, the Division of Personnel Services conducted a study indicating that a salary reclassification would be necessary to provide a competitive salary with comparable positions in the classified service in other state agencies. The Budget Committee recommends that the entire enhancement, totaling \$45,517 be funded from the Land Reclamation Fee Fund, and that subsequent base budgets for the State Conservation Commission include this funding from the State General Fund.
5. The Budget Committee recommends deleting \$500,000 from the State General Fund and \$300,000 from the Economic Development Initiatives Fund for the Wind Energy Conservation Easements recommended by the Governor. The Budget Committee notes that some individuals have already signed contracts for wind energy development, and due to those contracts would be unable to sign up for this program. The individuals opposed to wind energy development would still be able to benefit from this program, even though they would not allow wind energy development on their property, with or without the easement program. The Budget Committee also notes that the Legislature has not considered legislation creating this program. The Budget Committee encourages the Education Budget Committee to consider adding the \$300,000 from the Economic Development Initiatives Fund to the Kansas State University Agricultural Extension budget.
6. The Budget Committee recommends deleting \$1,310,000 from the State Water Plan Fund for the Irrigation Transition Assistance Program. The Budget

Committee notes that this program was created by proviso in the 2004 appropriations bill and will sunset at the end of FY 2005. The House Environment Committee is currently considering legislation to make this a permanent program. The Budget Committee recommends further consideration of this item at Omnibus, allowing time for the Legislature to consider the policy implications of this program.

7. The Budget Committee notes that the Kansas Water Authority recommended that the aid to conservation districts funding be financed from the State General Fund rather than the State Water Plan Fund. The Governor recommends that the funding remain in the State Water Plan Fund. The Budget Committee acknowledges that, due to the state's financial condition, placing additional strains on the State General Fund is difficult, however, the Budget Committee is concerned about utilizing the State Water Plan Fund for its originally intended use.

House Budget Committee Report

Agency: Kansas Water Office

Bill No. --

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. I - 72

Budget Page No. 445

<u>Expenditure Summary</u>	<u>Agency Estimate FY 05</u>	<u>Gov. Rec. FY 05</u>	<u>House Budget Committee Adjustments</u>
State General Fund	\$ 1,402,523	\$ 1,402,523	\$ 0
All Other Funds	4,614,155	4,614,155	0
TOTAL	<u>\$ 6,016,678</u>	<u>\$ 6,016,678</u>	<u>\$ 0</u>
FTE Positions	22.5	22.5	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u>23.5</u>	<u>23.5</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The Kansas Water Office estimates expenditures of \$6,016,678, including \$1,402,523 from the State General Fund, \$2,310,470 from the State Water Plan Fund, \$10,000 from the Economic Development Initiatives Fund, and \$2,293,685 from all other funds for FY 2005. The estimate is an increase of \$396,524, or 7.1 percent, from the amount approved by the 2004 Legislature.

The Governor recommends expenditures of \$6,016,678, including \$1,402,523 from the State General Fund, \$2,310,470 from the State Water Plan Fund, \$10,000 from the Economic Development Initiatives Fund, and \$2,293,685 from all other funds for FY 2005. The recommendation is an increase of \$396,524, or 7.1 percent, from the amount approved by the 2004 Legislature. The Governor's recommendation is consistent with the agency's FY 2005 estimate.

House Budget Committee Recommendation

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

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2005 revised recommendation is a State General Fund increase of \$24,945 or 1.8 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature. The expenditure increase is attributed to expenditures from the agency's Kansas Savings Incentive Program (KSIP) account.
2. The Budget Committee notes that the agency transferred \$13,418 from the assessment and evaluation line item of the State Water Plan Fund to the stream gauging line item. The agency reported that this funding was transferred to cover an increase in the cost of operating the state-wide gauging network, as well as the cost to install an additional gauge and three monitoring wells according to agreements with the cities of Hays and Russell. The agency reported that while the additional gauge and monitoring wells have not been purchased, they are under contract.

House Budget Committee Report

Agency: Kansas Water Office

Bill No. --

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. I - 72

Budget Page No. 445

Expenditure Summary	Agency Request FY 06	Gov. Rec. FY 06	House Budget Committee Adjustments
State General Fund	\$ 1,760,481	\$ 1,450,692	\$ 0
All Other Funds	4,496,431	4,897,171	0
TOTAL	<u>\$ 6,256,912</u>	<u>\$ 6,347,863</u>	<u>\$ 0</u>
FTE Positions	22.5	22.5	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u>23.5</u>	<u>23.5</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The Kansas Water Office requests expenditures of \$6,256,912, including \$1,760,481 from the State General Fund, \$2,321,823 from the State Water Plan Fund, and \$2,174,608 from all other funds for FY 2006. The request is an increase of \$240,234, or 4.0 percent, from the agency's FY 2005 estimate.

The Governor recommends expenditures of \$6,347,863, including \$1,450,692 from the State General Fund, \$2,714,119 from the State Water Plan Fund, and \$2,183,052 from all other funds. The recommendation is an increase of \$331,185, or 5.5 percent, from the FY 2005 recommendation.

Statutory Budget Submission

K.S.A. 75-6701 requires that the budget submitted by the Governor and the budget ultimately approved by the Legislature provide for a State General Fund ending balance of at least 7.5 percent of expenditures for FY 2006. To comply with this provision, Volume 1 of the *Governor's Budget Report* includes a "statutory budget" designed to provide for a 7.5 ending balance. In general, this requires a 8.9 percent reduction to the FY 2006 State General Fund executive branch budget recommendations submitted by the Governor. That reduction has not been applied to school finance funding in the Department of Education, to the Board of Regents and its institutions, or to the judicial or legislative branches. **For this agency, the reduction to the Governor's recommended FY 2006 State General Fund budget would total \$129,537.**

House Budget Committee Recommendation

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

2-19

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2006 State General Fund recommendation for the agency totals \$1,450,692, an increase of \$73,114 above the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent amounts recommended for the 2.5 percent base salary adjustment (\$31,544), the 27th payroll period (\$46,732), and the Kansas Public Employees Retirement System (KPERs) death and disability increase (\$4,231), the recommendation is a decrease of \$9,393, or 0.7 percent below the approved amount.
2. The Budget Committee recommends deleting an account the Governor recommends be created to deposit any unspent balance in the State Water Plan Fund be deposited into to save funds for unfunded liability the state has with the Corps of Engineers for water storage that currently has no committed user.
3. The Budget Committee notes that the Kansas Water Authority recommended that the stream gauging funding be financed from the State General Fund rather than the State Water Plan Fund. The Governor recommends that the funding remain in the State Water Plan Fund. The Budget Committee acknowledges that, due to the state's financial condition, placing additional strains on the State General Fund is difficult, however, the Budget Committee is concerned about utilizing the State Water Plan Fund for its originally intended use.
4. The Budget Committee recommends inclusion of a proviso prohibiting the purchase of water storage space at Milford, Perry, Big Hill, and Hillsdale Reservoirs unless a contract is signed for the use of uncommitted water not in service in the reservoir.
5. The Budget Committee recommends deleting the proviso pertaining to the release of water from Cedar Bluff Reservoir for environmental, municipal, industrial, irrigation, or domestic purposes. The Budget Committee notes that 2005 HB 2393 (currently in the House Environment Committee) and 2005 SB 228 (currently in the Senate Natural Resources Committee) both transfer ownership and management of the state's portion of water controlled by the Kansas Water Office to the Kansas Department of Wildlife and Parks. The Budget Committee recommends that this issue be further reviewed during Omnibus.
6. The Budget Committee notes that a draft Memorandum of Understanding (MOU) has been developed to clarify the roles of several state agencies and the City of Hays regarding water supply in the Hays area. The MOU includes language stating that after various outlined actions have been taken, the Chief Engineer of the Division of Water Resources may review the hydrologic conditions in the Smoky Hill River Intensive Groundwater Use Control Area (IGUCA), and may consider possible modification to the IGUCA. The Budget Committee questions the need for modification of the IGUCA.

BUDGET COMMITTEE PROPOSAL

Kansas Department of Agriculture – FY 2006

February 16, 2005

General fees fund No limit

Provided, That expenditures may be made from the general fees fund for operating expenditures for the regulatory programs of the Kansas department of agriculture and for official hospitality: *Provided further*, That the secretary of agriculture is hereby authorized to fix, charge and collect fees in order to recover all or part of the costs incurred for such regulatory program activities and for official hospitality: *And provided further*, That such fees shall be fixed in order to recover all or part of the operating expenses incurred for the regulatory program activity or official hospitality for which such fees are imposed: *And provided further*, That all amounts received for such fees shall be deposited in the state treasury in accordance with the provisions of K.S.A. 75-4215 and amendments thereto and shall be credited to the general fees fund: *And provided further*, That the authority to fix, charge and collect such fees shall not authorize the secretary of agriculture to increase or otherwise change any fee authorized or fixed by any other statute or to fix, charge or collect any new or additional fees for any regulatory program of the Kansas department of agriculture for which fees are authorized or fixed by any other statute.



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February 14, 2005

Chairman Melvin Neufeld
House Appropriations Committee
Capitol Building
Topeka, KS 66612

Dear Chairman Neufeld,

I wish to express the Kansas Soybean Association's support of the House Appropriations Agriculture and Natural Resources Committee action that provides for the infusion of \$150,000 of state general funds into the grain warehouse program budget.

The Kansas Department of Agriculture's grain warehouse program is approximately \$150,000 short of funding for this upcoming year. This shortage has occurred even though the department raised the fees to their statutory maximum allowable rate in January of 2004 and has implemented various efficiencies within the program. While we understand the past philosophy of generating enough money to support the program through fees, we believe it is time for the state to share in supporting the program. Since this program protects our soybean farmers in case of fraud or bankruptcies, we feel it is essential that it be fully funded.

Since the Department of Agriculture recently raised fees, another increase could cause a number of these facilities to either exit the state program or pass the fee increase on to our farmers who would then receive lower prices for their soybeans.

Currently, there are no state general funds that go toward the grain warehouse program, even though the purpose of the program is to protect the public and depositors of grain stored in state licensed public warehouses. Missouri, Iowa and Nebraska all provide significant funding for there programs from general funds putting there grain purchasers at an advantage to ours in Kansas. State licensed grain warehouses are generally in smaller, rural communities and are key employers and contributors to the economy in that area. If a number of the grain warehouses were to close their doors our Kansas soybean farmers would have fewer marketing options and may have to drive a substantial distances when hauling their grain at harvest time. Longer driving distances for producers not only slow down harvest and reduce competition; they also increase road wear and lower soybean farmer profitability.

We were pleased that Governor Sebelius has supported this program with a proposed appropriation of \$100,000 of state general funds. On behalf of the soybean farmers we

HOUSE APPROPRIATIONS

DATE 2-16-2005
ATTACHMENT 3

represent, we request that you support the \$150,000 appropriation passed last week by the House Agriculture and Natural Resources Budget Committee.

We believe the House Appropriations Committee should support the grain warehouse program with the \$150,000 allocation. It is good for the rural economy, good for soybean producers, good for the general health of the grain industry and thus, good for all of Kansas. Thank you for your attention to this matter. If you would like to discuss this matter further, please do not hesitate to contact our staff, Dennis Hupe or Kenlon Johannes in Topeka at 271-1030, or me at any time.

Yours truly,

Kent J. Romine

Kent J. Romine, President
Kansas Soybean Association
674 SW 10 Road
Great Bend, KS 67530-9319
620-793-7829

Cc: House Appropriation Committee Members