

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 9:00 A.M. on February 17, 2006 in Room 514-S of the Capitol.

All members were present except:

- Representative Shari Weber- excused
- Representative Tom Sawyer- excused

Committee staff present:

- Alan Conroy, Legislative Research Department
- J. G. Scott, Legislative Research Department
- Matt Spurgin, Legislative Research Department
- Julian Efird, Legislative Research Department
- Amy VanHouse, Legislative Research Department
- Jim Wilson, Revisor of Statutes
- Mike Corrigan, Revisor of Statutes
- Nikki Feuerborn, Administrative Assistant
- 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 Transportation
- Attachment 3 Budget Committee Reports on Kansas Water Office and State Conservation Commission

Representative Pilcher-Cook moved to introduce legislation concerning the ethical research act. The motion was seconded by Representative McCreary. Motion carried.

HB 2953 was referred to Social Services Budget Committee.

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

Representative Powell, member of the Agriculture and Natural Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Department of Wildlife and Parks for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 1). Motion was seconded by Representative Schwartz.

Representative Landwehr moved to amend the Budget Committee report on the Department of Wildlife and Parks for FY 2006 by adding language to encourage the passage of **HB 2817**, prescribing certain procedures for acquisition of land by the Department of Wildlife and Parks. The motion was seconded by Representative Bethell. Motion carried.

The Committee voiced concern with:

- The sale of a parcel of land at Rocky Ford, owned by the State, that resulted in a portion of the dam being sold in error.
- Liability of attorney or abstractor who reviewed the sale of the land at Rocky Ford for the Department of Wildlife and Parks.
- Tracts of land at State Park No. 24 that the Department of Wildlife and Parks wished to purchase; however, lay across the railroad tracks along the river and could pose a danger to anyone accessing the land.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on February 17, 2006 in Room 514-S of the Capitol.

The Committee requested that the Agriculture and Natural Resources Budget Committee review the contracts between the Department of Wildlife and Parks and any private businesses doing business on property located within the State parks.

Representative Powell moved to adopt the Budget Committee report on Department of Wildlife and Parks for FY 2007 as amended. The motion was seconded by Representative Schwartz. Motion carried.

Representative McCreary, Chair of the Revenue, Judicial, Transportation and Retirement Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Department Transportation for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 2). Motion was seconded by Representative Gatewood. Motion carried.

Representative McCreary, Chair of the Revenue, Judicial, Transportation and Retirement Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Department Transportation for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 2). Motion was seconded by Representative Hutchins. Motion carried.

Representative Schwartz, Chair of the Agriculture and Natural Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Kansas Water Office for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 3). Motion was seconded by Representative Powell. Motion carried.

Representative Schwartz, Chair of the Agriculture and Natural Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Kansas Water Office for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 3). Motion was seconded by Representative Powell. Motion carried.

Representative Williams, member of the Agriculture and Natural Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the State Conservation Commission for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 3). Motion was seconded by Representative Schwartz. Motion carried.

Representative Williams, member of the Agriculture and Natural Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the State Conservation Commission for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 3). Motion was seconded by Representative Schwartz.

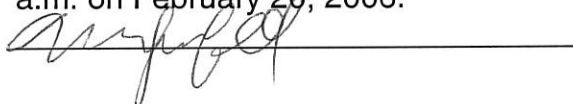
Representative Hutchins moved to amend the Budget Committee report on the State Conservation Commission for FY 2007 by deleting the \$311,500 to be funded from the Economic Development Initiatives Fund (EDIF) for conservation easements until such legislation has passed and review the issue at Omnibus. The motion was seconded by Representative Schwartz. Motion carried.

Representative Williams moved to adopt the Budget Committee report on the State Conservation Commission for FY 2007 as amended. The motion was seconded by Representative Powell. Motion carried.

Chairman Neufeld appointed the following members to a Sub Committee to address Level 5 and Level 6 issues:

Representative Bethell, Chairman, Representative Ballard, Representative Henry, Representative Light, Representative Pilcher-Cook, Representative Sharp.

The meeting was adjourned at 10:10 a.m. The next meeting of the Committee will be held at 9:00 a.m. on February 20, 2006.

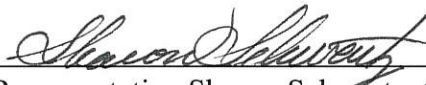


Melvin Neufeld, Chairman

HOUSE BUDGET COMMITTEE REPORT


Department of Wildlife and Parks

February 15, 2006




Representative Sharon Schwartz, Chairperson

Representative Vaughn Flora



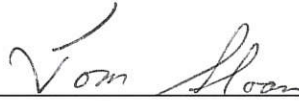
Representative Joann Freeborn



Representative Carl Holmes



Representative Larry Powell



Representative Tom Sloan



Representative Jerry Williams

HOUSE APPROPRIATIONS

DATE 2-17-2006
ATTACHMENT 1

House Budget Committee Report

Agency: Department of Wildlife and Parks

Bill No.

Bill Sec.

Analyst: Efird

Analysis Pg. No. Vol. II-1142 **Budget Page No.** 441

Expenditure	Agency Est. FY 06	Governor Rec. FY 06	Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 3,754,096	\$ 3,699,557	\$ 0
Other Funds	38,083,786	37,965,022	0
Subtotal	\$ 41,837,882	\$ 41,664,579	\$ 0
Capital Improvements:			
State General Fund	\$ 14,175	\$ 14,175	\$ 0
Other Funds	17,660,741	18,493,901	0
Subtotal	\$ 17,674,916	\$ 18,508,076	\$ 0
TOTAL	\$ 59,512,798	\$ 60,172,655	\$ 0
FTE Positions	406.5	406.5	0.0

Agency Estimate

Compared with approved amounts, the agency's revised estimate includes an increase of \$191,649 State General Fund and \$317,147 special revenue funds for operating expenditures in FY 2006. For operating expenditures, the agency's revised FY 2006 budget request includes \$191,649 State General Fund carryover from FY 2005 that was not spent on National Guard license and park permit reimbursements last fiscal year. State General Fund financing for the National Guard program that is available in FY 2006 totals \$457,649, of which \$82,754 is allocated for license reimbursements and \$374,895 for park permit reimbursements. The net increase in FY 2006 special revenue funds financing results from decreases both in both salaries and wages expenditures and in capital outlay expenses, and from increases in expenditures for contractual services and commodities, when compared with the approved budget amounts.

Governor's Recommendation

The Governor recommends an increase of \$335,493 all funds, including \$137,110 State General Fund. The State General Fund recommendation is the net of adding the National Guard reimbursements of \$191,649 and subtracting additional shrinkage savings of \$54,539. The Governor's recommendation also includes net adjustments of \$198,383 special revenue funds in other expenditures estimated in FY 2006.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Department of Wildlife and Parks

Bill No.

Bill Sec.

Analyst: Efird

Analysis Pg. No. Vol. II-1142

Budget Page No. 441

Expenditure	Agency Req. FY 07	Governor Rec. FY 07	Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 3,860,045	\$ 3,603,045	\$ 1,080,000
Other Funds	39,157,582	38,829,756	(1,861,725)
Subtotal	\$ 43,017,627	\$ 42,432,801	\$ (781,725)
Capital Improvements:			
State General Fund	\$ 305,000	\$ 0	0
Other Funds	5,185,000	5,885,000	0
Subtotal	\$ 5,490,000	\$ 5,885,000	\$ 0
TOTAL	\$ 48,507,627	\$ 48,317,801	\$ (781,725)
FTE Positions	407.5	407.5	0.0

Agency Request

The agency's request includes no funding for operations of either the Circle K Ranch or State Park No. 24. Operating expenditures financing is requested for \$3,860,045 State General Fund and \$39,157,582 special revenue funds. The State General Fund request is an increase of \$105,949 from the revised current fiscal year estimate. The special revenue funds request is an increase of slightly less than \$1.1 million from the revised current fiscal year estimate.

A net increase in State General Fund financing of \$105,949 would be used partially to fund 1.0 new FTE position and operating costs of the new section of the Prairie Spirit Trail that is schedule to open in FY 2007. The increase in State General Fund financing also would be used to fund motor vehicle purchases requested by the agency for next fiscal year. Absent the agency's requested enhancements of \$2.1 million, the FY 2007 budget would decrease \$935,555, including \$216,051 State General Fund, when compared with the revised current year estimates.

Governor's Recommendation

The Governor recommends a reduction of \$96,512 in State General Fund and an increase of \$864,734 special revenue funds when compared with the revised current fiscal year recommendation. The Governor recommends new financing of \$1.0 million special revenue funds in FY 2007 by transferring an additional \$1.0 million from the State Highway Fund, to be used for operating expenditures of the State Parks.

The net increase for expenditures in the Governor's recommendation is attributed to enhancement funding of \$65,000 State General Fund for the Prairie Spirit Trail, the 2.5 percent pay plan adjustment funding of \$476,537 special revenue funds, and one-time capital outlay enhancement funding of \$781,725 special revenue funds for trucks.

House Budget Committee Recommendation

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

- FY 2007 Baseline Budget.** To establish a baseline FY 2007 budget, the FY 2006 budget, as approved by the 2005 Legislature, was adjusted to reflect salary adjustments (removal of the 27th payroll period funding included in FY 2006, annualization of the FY 2006 phased in 2.5 percent base salary adjustment and statutorily required adjustments for Kansas Public Employees Retirement System (KPERS) rates, KPERS death and disability insurance, and longevity). In addition, adjustments were made for required debt service payments, revenue transfers, and consensus items including school finance funding and caseload estimates for the Department of Social and Rehabilitation Services, the Department of Administration, the Department on Aging, and the Board of Indigents' Defense Services. Finally, adjustments were made for one-time items which impact specific agency budgets.

For this agency, the FY 2006 approved budget totaled \$46,168,183, including \$3,562,447 from the State General Fund. The approved budget was reduced by a net total of \$1,189,695, including \$13,965 from the State General Fund, to establish a baseline budget for FY 2007. The reductions included \$390,195 in salary adjustments, and \$799,500 in one-time adjustments for motor vehicle purchases.

- Comparison of FY 2007 Baseline Budget to Governor's Recommendation.** The table below reflects the difference between the Governor's recommendation and the baseline budget.

	<u>SGF</u>	<u>All Funds</u>
Governor's Recommendation	\$ 3,603,045	\$ 48,317,801
Baseline Budget	<u>3,548,482</u>	<u>44,978,488</u>
Dollar Difference	<u>\$ 54,563</u>	<u>\$ 3,339,313</u>

Percent Difference 1.5% 6.9%

The following table reflects items included in the Governor's recommendation which differ from the baseline budget.

	<u>SGF</u>	<u>All Funds</u>
Base Salary Adjustment	\$ 0	\$ 436,537
New Vehicle Purchases	0	781,725
Prairie Spirit Trail	65,000	65,000
Capital Improvements	0	1,053,903
State Parks Financing	0	1,000,000
Other Net Adjustments	<u>(10,437)</u>	<u>2,148</u>
TOTAL	<u>\$ 54,563</u>	<u>\$ 3,339,313</u>

3. **Vehicles Enhancement and Reduction.** The Budget Committee recommends removing \$781,725 special revenue funds for the purchase of replacement vehicles in FY 2007 and for the issue to be considered during the Omnibus period. In addition, the Budget Committee notes the Governor's recommendation that agencies reduce 200 vehicles in the state fleet by July of 2006. This agency is slated to have 25 fewer vehicles as a result of this policy. The Budget Committee is concerned that the policy has not been reviewed sufficiently, and that an adverse consequence will occur for this agency. Because of the large number of seasonal employees, particularly at State Parks, who need vehicles, these older cars and pickups provide a means of providing low-cost transportation. Without these vehicles for seasonal park employees, a reduction in support for State Parks is included in the Governor's FY 2007 recommendation. Without \$97,000 from the State General Fund for replacement vehicles for State Parks, which the Governor did not include in FY 2007 recommended enhancement financing, the agency will be unable to purchase replacement vehicles. This issue should be reviewed at Omnibus, along with funding that the Governor did recommend for other replacement vehicles.
4. **Financing for State Parks.** The Budget Committee adds \$1.0 million from the State General Fund and reduces the transfer recommended by the Governor from the State Highway Fund by \$1.0 million for State Parks operating expenditures. The Budget Committee does not believe it is appropriate to pay for State Parks operating expenditures with money from the State Highway Fund after the recent State Finance Council approval for issuance of \$210 million in State General Fund financed highway bonds for road construction.

The Budget Committee also recommends an interim study during 2006 on the topic of State Parks financing, with a focus on restoring State General Fund financing and reducing State Park admission fees. The Budget Committee is concerned about the erosion of State General Fund support for State Parks, and the reluctance of the Governor to restore financing from the State General Fund. The Budget Committee notes that the former Governor also contributed to the reduction in State General Fund financing for State Parks and failed to support restoring State General Fund financing.

5. **State Park Admissions.** The Budget Committee believes that every time the agency raised State Park fees in recent years, both Governors and the Legislature took advantage of the situation to cut State General Fund support. The agency should be encouraged now to find ways to reduce admission fees. One method might be a shift to collecting individual entrance fees, rather than motor vehicle entrance fees. The process might be automated so individual cards could be provided as proof of paid admission and to use in reentering parks.
6. **Royalty Revenues.** The agency should investigate the possibility of leasing oil and gas rights to companies in order to acquire royalty revenues. The state owns five of the 24 state parks, some of which have considerable oil and gas activity in the vicinity.
7. **Reciprocal Agreements.** The agency should study the use of reciprocal agreements with surrounding states in order to provide a regional base for park visitors and collection of fees for admission to parks in multiple states.

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8. **Rocky Ford Land Sale.** The Budget Committee recommends the agency revise its procedures for selling property. The Budget Committee notes that approximately 9.5 acres of land was sold as part of a larger transaction, and that the 9.5 acres was not supposed to be sold. The agency did not find out about the additional transfer of land until after the sale because no accurate survey was available.
9. **Funding for Prairie Spirit Trail.** The Budget Committee adds \$80,000 from the State General Fund and reduces \$80,000 from the Parks Fee Fund in FY 2007. This action allows deletion of a proviso authorizing expenditures from the Parks Fee Fund for the Prairie Spirit Trail. The Budget Committee concurs with the Governor who recommends new funding of \$65,000 State General Fund in FY 2007 to allow the third trail segment to open.
10. **State Park No. 24.** The Budget Committee recommends a prohibition against the agency acquiring tracks 1, 2, 3, 4, 5, and 8 in the area of State Park No. 24, and also a prohibition on expenditures for operating expenses, unless approved by the Legislature. The Budget Committee also recommends a written report to the 2007 Legislature by the agency in response to the alternatives of either letting the City of Topeka operate the park as a free park, or letting the agency operate the park as a paying park.
11. **Employee Housing.** The agency should review its policy of allowing agency personnel to occupy houses on its property, the amount of rents charged for such housing, and the necessity of having agency personnel located in such housing relative to their job responsibilities. A report shall be provided to the 2007 Legislature concerning employee housing.
12. **State Parks.** Except for seasonal and emergency temporary closures of limited-term duration, and prior to any announcement of possible state park or parks closure, the Secretary of Wildlife and Parks shall appear before the Legislature or one of its representative bodies and present a written protocol for park closure clearly outlined. If the Secretary does not appear and submit appropriate documentation, then no additional funds shall be expended from the Parks Fee Fund for the operation of state parks.
13. **Additional Provisos Recommended for Bill.** The Budget Committee recommends continuing two provisos from prior years that are not found in the Governor's FY 2007 recommended bill, including river access acquisition procedures and prohibiting acquisition of the Circle K Ranch, unless approved by the Legislature. The Budget Committee recommends the agency work with the standing committee and review provisos that need to be included in statute.

Recommended Provisos

During the fiscal year ending June 30, 2007, 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 (1) in any case of a new river access project on the Kansas river to be located wholly or partially outside an incorporated municipality, 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, and, 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, and (2) in any case of a new river access project on the Kansas river to be located wholly within an incorporated municipality, the secretary has obtained the prior written permission for the proposed new river access project from the governing body of the municipality.

During the fiscal year ending June 30, 2007, no expenditures shall be made from any moneys appropriated for the department of wildlife and parks or any other state agency from the state general fund or any special revenue fund for fiscal year 2007 by this or other appropriation act of the 2006 regular session of the legislature for the acquisition, operation, or maintenance of the Circle K Ranch except upon specific authorization of such acquisition, operation or maintenance in an appropriation act of the legislature enacted into law.

FY 2006 and FY 2007

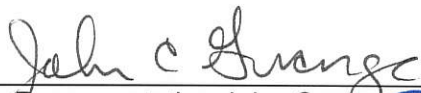
HOUSE REVENUE, JUDICIAL, TRANSPORTATION,
AND RETIREMENT BUDGET COMMITTEE

Kansas Department of Transportation


Representative Bill McCreary, Chair

Representative Eric Carter


Representative Doug Gatewood


Representative John Grange


Representative Mike O'Neal


Representative Tom Thull


Representative Shari Weber

HOUSE APPROPRIATIONS

DATE 2-17-2006
ATTACHMENT 2

House Budget Committee Report

Agency: Kansas Department of Transportation **Bill No. --** **Bill Sec. --**

Analyst: Alishahi **Analysis Pg. No.** Vol. I-743 **Budget Page No.** 397

Summary of Operating Budget	Agency Estimate FY 06	Governor's Recommendation FY 06	House Budget Committee Adjustments
Expenditures:			
Agency Operations	\$ 253,927,307	\$ 253,618,244	\$ 0
Debt Service	123,242,151	123,242,151	
Aid to Local Units	173,905,536	173,905,536	
Other Assistance	9,196,545	9,196,545	0
Other Operations	945,867,030	945,867,030	0
Subtotal-Reportable	\$ 1,506,138,569	\$ 1,505,829,506	\$ 0
Nonreportable	128,944,768	128,944,768	0
TOTAL	\$ 1,635,083,337	\$ 1,634,774,274	\$ 0
Financing:			
State General Fund	\$ 0	\$ 0	\$ 0
State Highway Fund	1,192,130,657	1,191,821,594	0
All Other Funds	314,007,912	314,007,912	0
Subtotal-Reportable	\$ 1,506,138,569	\$ 1,505,829,506	\$ 0
Nonreportable	128,944,768	128,944,768	0
TOTAL	\$ 1,635,083,337	\$ 1,634,774,274	\$ 0
FTE Positions	3,237.5	3,237.5	0.0
Non-FTE Unclass. Perm. Pos.	29.0	29.0	0.0
TOTAL	3,266.5	3,266.5	0.0

Agency Estimate

The **agency** estimates FY 2006 reportable operating expenditures of \$1.5 billion, an increase of \$135.3 million or 9.9 percent above the approved amount. The difference between the approved amount and the agency's revised estimate for the current year is the result of:

- An increase of \$3.8 million for agency operations, including:
 - An additional \$1,775,237 for Kansas Savings Incentive Program expenditures; and
 - An additional \$2,035,394 from the State Highway Fund for a **supplemental request** to increase the agency's fuel budget for the Regular Maintenance program;
- A decrease of \$6.2 million for debt service;

- A decrease of \$1.7 million in state and federal aid; and
- An increase of \$139.4 million for other operations, including an additional \$125.8 million for the State Projects subprogram. The increase in this subprogram reflects a number of projects that were not let in time to be counted as FY 2005 expenditures. Instead, they will be released in FY 2006.

Governor's Recommendation

The **Governor** recommends FY 2006 reportable operating expenditures of \$1.5 billion, an increase of \$135.0 million or 9.8 percent above the approved amount. The recommendation is \$309,063 less than the agency's revised current year estimate and includes a decrease of \$309,063 from the State Highway Fund for salaries and wages which reflects the Governor's recommendation to reduce the amount of family health insurance the agency budgeted for vacant positions in FY 2006.

In addition, the Governor recommends the agency's supplemental request.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Kansas Department of Transportation **Bill No. --** **Bill Sec. --**

Analyst: Alishahi **Analysis Pg. No.** Vol. I-743 **Budget Page No.** 397

<u>Summary of Operating Budget</u>	<u>Agency Request FY 07</u>	<u>Governor's Recommendation FY 07</u>	<u>House Budget Committee Adjustments</u>
Expenditures:			
Agency Operations	\$ 263,295,411	\$ 264,212,960	\$ (2,700,000)
Debt Service	127,306,230	127,306,230	0
Aid to Local Units	173,246,571	173,246,571	0
Other Assistance	18,176,156	18,176,156	0
Other Operations	654,716,929	645,086,982	0
Subtotal-Reportable	<u>\$ 1,236,741,297</u>	<u>\$ 1,228,028,899</u>	<u>\$ (2,700,000)</u>
Nonreportable	133,099,261	133,099,261	0
TOTAL	<u>\$ 1,369,840,558</u>	<u>\$ 1,361,128,160</u>	<u>\$ (2,700,000)</u>
Financing:			
State General Fund	\$ 0	\$ 0	\$ 0
State Highway Fund	933,947,632	925,235,234	(2,700,000)
All Other Funds	302,793,665	302,793,665	0
Subtotal-Reportable	<u>\$ 1,236,741,297</u>	<u>\$ 1,228,028,899</u>	<u>\$ (2,700,000)</u>
Nonreportable	133,099,261	133,099,261	0
TOTAL	<u>\$ 1,369,840,558</u>	<u>\$ 1,361,128,160</u>	<u>\$ (2,700,000)</u>
FTE Positions	3,237.5	3,237.5	0.0
Non-FTE Unclass. Perm. Pos.	29.0	29.0	0.0
TOTAL	<u>3,266.5</u>	<u>3,266.5</u>	<u>0.0</u>

Agency Request

The **agency** requests budget year reportable operating expenditures of \$1.2 billion, a decrease of \$269.4 million or 17.9 percent below the FY 2006 revised estimate. The request includes an enhancement totaling \$4,271,637 from the State Highway Fund (SHF) to replace 270 vehicles. **Without the enhancement**, the agency's request is a decrease of \$273.7 million or 18.2 percent below the current year revised estimate. The decrease mainly reflects a reduction in the State Projects subprogram which is \$253.8 million or 44.3 percent below the FY 2006 current year revised estimate. The FY 2006 revised estimate included a number of construction projects that were not let in time to be counted as FY 2005 expenditures. The FY 2007 request for State Projects reflects a return to a normal level of activity.

Governor's Recommendation

The **Governor** recommends FY 2007 operating expenditures of \$1.2 billion, a decrease of \$277.8 million or 18.4 percent below the FY 2006 recommendation. The recommendation is \$8.7 million or 0.7 percent less than the agency's FY 2007 request and includes:

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- An additional \$3,134,342 from SHF for a 2.5 percent base salary increase for classified employees and a 2.5 percent merit pool for unclassified employees;
- A decrease of \$307,608 from SHF that reflects a reduction in the amount of family health insurance the agency budgeted for vacant positions in FY 2007;
- A reduction of \$368,366 from SHF that reflects an increase in the shrinkage rate from 4.5 percent to 4.75 percent;
- An additional \$30,818 from SHF for retention bonuses for trade employees;
- An additional \$2,700,000 from SHF to purchase 131 vehicles; and
- A reduction of \$9,629,947 from SHF in the amount the agency budgeted for expenditures in the Building Projects subprogram.

Staff Note: The Governor's FY 2007 recommendation for the Department of Administration includes \$4,992,724 from the State General Fund to pay the first debt service payment interest payment on the \$210.0 million in State General Fund bonds that the State Finance Council approved for the CTP. Although these funds are included in the Department of Administration budget, they are also a part of the Transportation function of government.

House Budget Committee Recommendation

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

1. **FY 2007 Baseline Budget.** To establish a baseline FY 2007 budget, the FY 2006 budget, as approved by the 2005 Legislature, was adjusted to reflect salary adjustments (removal of the 27th payroll period funding included in FY 2006, annualization of the FY 2006 phased in 2.5 percent base salary adjustment and statutorily required adjustments for Kansas Public Employees Retirement System (KPERS) rates, KPERS death and disability insurance, and longevity). In addition, adjustments were made for required debt service payments, revenue transfers, and consensus items including school finance funding and caseload estimates for the Department of Social and Rehabilitation Services, the Department of Administration, the Department on Aging, and the Board of Indigents' Defense Services. Finally, adjustments were made for one-time items which impact specific agency budgets.

For this agency, the FY 2006 approved budget totaled \$1,370,815,472 all funds. The approved budget was reduced by a net total of \$7,687,575 all funds to establish a baseline budget for FY 2007. The reductions included \$2,561,050 in salary adjustments, \$3,009,450 in one-time adjustments, and \$2,117,075 for debt service payments.

2. **Comparison of FY 2007 Baseline Budget to Governor's Recommendation.** The table below reflects the difference between the Governor's recommendation and the baseline budget.

	SGF	All Funds
Governor's Recommendation	\$ 0	\$ 1,228,028,899
Baseline Budget	0	1,363,127,896
Dollar Difference	<u>\$ 0</u>	<u>\$ (135,098,997)</u>

Percent Difference 0.0% (11.0)%

The following table reflects items included in the Governor's recommendation which differ from the baseline budget.

	SGF	All Funds
Base Salary Adjustment	\$ 0	\$ 3,134,342
Health Insurance Adjustment	0	(307,608)
Shrinkage Adjustment	0	(368,366)
Retention Bonuses for Trade Employees	0	30,818
Vehicle Purchases	0	2,700,000
Building Projects	0	1,623,046
Construction and Maintenance Adjustments	0	(160,051,304)
State and Federal Aid Adjustment	0	6,595,536
Other Net Adjustments	0	11,544,539
TOTAL	<u>\$ 0</u>	<u>\$ (135,098,997)</u>

3. **Vehicle Purchases.** Delete \$2.7 million from the State Highway Fund to remove funding recommended by the Governor to replace 131 vehicles in FY 2007 and review at Omnibus.

4. **State Highway Fund Transfer.** The Budget Committee notes that the Governor's FY 2007 recommendation includes a State Highway Fund transfer of \$2.7 million to the Department of Wildlife and Parks Access Road Fund, an increase of \$1.0 million above the FY 2006 approved amount. The Budget Committee concurs with the recommendation of the Agriculture and Natural Resources Budget Committee to replace the additional \$1.0 million transfer in FY 2007 with \$1.0 million from the State General Fund.

5. **FTE Positions.** The Budget Committee notes that upon completion of the Comprehensive Transportation Program (CTP), the agency intends to eliminate 138.0 FTE positions that were granted to the Kansas Department of Transportation when the CTP was authorized by the 1999 Legislature.


FY 2006 and FY 2007

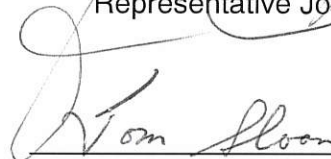
AGRICULTURE AND NATURAL RESOURCES BUDGET COMMITTEE

Kansas Water Office
State Conservation Commission



Representative Sharon Schwartz, Chair


Representative Carl Holmes


Representative Joann Freeborn


Representative Tom Sloan

Representative Vaughn Flora


Representative Larry Powell


Representative Jerry Williams

HOUSE APPROPRIATIONS

DATE 2-17-2006
ATTACHMENT 3

House Budget Committee Report

Agency: Kansas Water Office

Bill No. --

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. II-1126

Budget Page No. 437

Expenditure Summary	Agency Estimate FY 06	Gov. Rec. FY 06	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 7,593,493	\$ 7,593,493	\$ 0
Aid to Local Units	0	0	0
Other Assistance	181,058	181,058	0
Subtotal - Operating	<u>\$ 7,774,551</u>	<u>\$ 7,774,551</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 7,774,551</u></u>	<u><u>\$ 7,774,551</u></u>	<u><u>\$ 0</u></u>
State General Fund:			
State Operations	\$ 1,440,009	\$ 1,440,009	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 1,440,009</u>	<u>\$ 1,440,009</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 1,440,009</u></u>	<u><u>\$ 1,440,009</u></u>	<u><u>\$ 0</u></u>
FTE Positions	22.5	22.5	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u><u>23.5</u></u>	<u><u>23.5</u></u>	<u><u>0.0</u></u>

Agency Estimate

For FY 2006, the **agency's** revised expenditure request totals \$7,774,551, which is an increase of \$1,444,760 or 22.8 percent above the amount approved by the 2005 Legislature. The request includes \$1,440,009 from the State General Fund and \$6,334,542 from all other funds.

Governor's Recommendation

For FY 2006, the **Governor** recommends expenditures of \$7,774,551, which is an increase of \$1,444,760 or 22.8 percent above the amount approved by the 2005 Legislature. The recommendation includes \$1,440,009 from the State General Fund and \$6,334,542 from all other funds.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation with the following adjustment.

1. **Groundwater Management District #3.** The Budget Committee recommends that the full Committee add a proviso allowing the Attorney General to negotiate a loan agreement with Groundwater Management District #3 from the Interstate Water Litigation Reserve Account of the State General Fund. The funding would be used for purposes related to water rights. The Budget Committee recommends a cap of \$1,000,000 on the loan amount. Funding for this account is a portion of the money received as a result of the water litigation between Kansas and Colorado.

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Budget Page No. 437

<u>Expenditure Summary</u>	<u>Agency Request FY 07</u>	<u>Gov. Rec. FY 07</u>	<u>House Budget Committee Adjustments</u>
All Funds:			
State Operations	\$ 7,364,162	\$ 7,378,853	\$ 0
Aid to Local Units	0	0	0
Other Assistance	3,500,000	3,500,000	(3,500,000)
Subtotal - Operating	<u>\$ 10,864,162</u>	<u>\$ 10,878,853</u>	<u>\$ (3,500,000)</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 10,864,162</u></u>	<u><u>\$ 10,878,853</u></u>	<u><u>\$ (3,500,000)</u></u>
State General Fund:			
State Operations	\$ 2,184,414	\$ 2,196,044	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 2,184,414</u>	<u>\$ 2,196,044</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 2,184,414</u></u>	<u><u>\$ 2,196,044</u></u>	<u><u>\$ 0</u></u>
FTE Positions	22.5	22.5	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u><u>23.5</u></u>	<u><u>23.5</u></u>	<u><u>0.0</u></u>

Agency Request

For FY 2007, the agency requests expenditures of \$10,864,162, which is an increase of \$3,089,611 or 39.7 percent above the FY 2006 revised request. The request includes \$2,184,414 from the State General Fund and \$8,679,748 from all other funds.

Governor's Recommendation

For FY 2007, the Governor recommends expenditures of \$10,878,853, which is an increase of \$3,104,302 or 39.9 percent above the FY 2006 recommendation. The recommendation includes \$2,196,044 from the State General Fund and \$8,682,809 from all other funds.

House Budget Committee Recommendation

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

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1. **FY 2007 Baseline Budget.** To establish a baseline FY 2007 budget, the FY 2006 budget, as approved by the 2005 Legislature, was adjusted to reflect salary adjustments (removal of the 27th payroll period funding included in FY 2006, annualization of the FY 2006 phased in 2.5 percent base salary adjustment and statutorily required adjustments for Kansas Public Employees Retirement System (KPERs) rates, KPERs death and disability insurance, and longevity). In addition, adjustments were made for required debt service payments, revenue transfers, and consensus items including school finance funding and caseload estimates for the Department of Social and Rehabilitation Services, the Department of Administration, the Department on Aging, and the Board of Indigents' Defense Services. Finally, adjustments were made for one-time items which impact specific agency budgets.

For this agency, the FY 2006 approved budget totaled \$6,328,791, including \$1,433,384 from the State General Fund. The approved budget was reduced by a net total of \$26,037, including \$23,580 from the State General Fund to establish a baseline budget for FY 2007. The reductions included \$26,037 in salary adjustments.

2. **Comparison of FY 2007 Baseline Budget to Governor's Recommendation.** The table below reflects the difference between the Governor's recommendation and the baseline budget.

	<u>SGF</u>	<u>All Funds</u>
Governor's Recommendation	\$ 2,196,044	\$ 10,878,853
Baseline Budget	<u>1,409,804</u>	<u>6,302,754</u>
Dollar Difference	<u>\$ 786,240</u>	<u>\$ 4,576,099</u>
<i>Percent Difference</i>	<i>55.8%</i>	<i>72.6%</i>

The following table reflects items included in the Governor's recommendation which differ from the baseline budget.

	<u>SGF</u>	<u>All Funds</u>
Base Salary Adjustment	\$ 36,959	\$ 40,020
SWPF Adjustments	779,765	374,288
Water Conservation Projects Fund	0	3,500,000
Other Net Adjustments	<u>(30,484)</u>	<u>661,791</u>
TOTAL	<u>\$ 786,240</u>	<u>\$ 4,576,099</u>

3. **Water Conservation Projects Fund.** Delete \$2,500,000 from the Water Conservation Projects Fund for consideration at Omnibus. The Water Conservation Projects Fund was established in 1996 to receive funding resulting from the water litigation between Kansas and Colorado and is to be used on projects in the Upper Arkansas River Basin in areas directly impacted by the litigation. The agency requested additional funding in FY 2006 to begin feasibility studies for potential projects in this area. The Budget Committee requests further information and a more developed proposal before funding is allocated for projects from this fund. The Budget Committee directs the agency to meet with the Arkansas River Litigation Funds Committee and to report back to the Budget Committee prior to Omnibus. A Budget Committee meeting will be scheduled in late March to review this item.

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4. **Conservation Reserve Enhancement Program.** Delete \$1,000,000 from the Water Conservation Projects Fund for the Conservation Reserve Enhancement Program (CREP) for consideration at Omnibus. The Kansas State University Department of Agricultural Economics is currently conducting an analysis of the economic impact of the proposed CREP. The results of the analysis are projected to be available later in the Legislative session. In addition, no hydrologic data exists to document the benefits of a CREP. The agency reports that an environmental assessment will be conducted by the United States Department of Agriculture (USDA) on the proposed CREP. The assessment is paid for by USDA and will examine the consequences of the CREP on the biological, cultural, water, earth, air, and recreational resources, as well as the socioeconomic and environmental justice of the project. Prior to funding the project, the Budget Committee requests information on the methodology used for the environmental assessment and its extent. Also requested are reasons, if any, property may not be enrolled due to the results of the assessment.
5. **Augmentation of Rattlesnake Creek.** Add a proviso directing the agency to work with Groundwater Management District No. 5 to start negotiations involving the purchase of water rights for the stream flow augmentation of the Rattlesnake Creek. The Budget Committee directs the agency to report back on this issue during the 2007 Legislative Session.
6. **Weather Stations.** The Budget Committee notes that the budget includes \$60,000 from the State Water Plan Fund for weather stations. This program would support crop water management through weather stations for irrigation scheduling, a mobile irrigation lab, field demonstrations, and one-on-one assistance. The existing stations are located in Southwest Kansas. The agency reported that this appropriation should provide enough resources to expand the program into other areas of the state.
7. **Colorado Water Litigation Settlement Funds.** Add a proviso stating that only the Legislature can authorize expenditures from the Water Conservation Reserve Account of the State Water Plan Fund.

House Budget Committee Report

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

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. I-1111

Budget Page No. 109

Expenditure Summary	Agency Estimate FY 06	Gov. Rec. FY 06	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 2,406,060	\$ 2,406,060	\$ 0
Aid to Local Units	2,496,732	2,496,732	0
Other Assistance	7,312,685	7,012,687	0
Subtotal - Operating	<u>\$ 12,215,477</u>	<u>\$ 11,915,479</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 12,215,477</u></u>	<u><u>\$ 11,915,479</u></u>	<u><u>\$ 0</u></u>
State General Fund:			
State Operations	\$ 644,009	\$ 644,009	0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 644,009</u>	<u>\$ 644,009</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 644,009</u></u>	<u><u>\$ 644,009</u></u>	<u><u>\$ 0</u></u>
FTE Positions	13.0	13.0	0.0
Non FTE Uncl. Perm. Pos.	<u>8.0</u>	<u>8.0</u>	<u>0.0</u>
TOTAL	<u><u>21.0</u></u>	<u><u>21.0</u></u>	<u><u>0.0</u></u>

Agency Estimate

For FY 2006, the State Conservation Commission estimates expenditures of \$12,215,477, which is an increase of \$1,043,915 or 9.3 percent above the amount approved by the 2005 Legislature. The estimate includes expenditures of \$644,009 from the State General Fund \$10,567,848 from the State Water Plan Fund, \$81,250 from the Economic Development Initiatives Fund, and \$922,370 from all other funds.

Governor's Recommendation

For FY 2006, the Governor recommends expenditures of \$11,915,479, which is an increase of \$743,917 or 6.7 percent above the amount approved by the 2005 Legislature. The recommendation includes expenditures of \$644,009 from the State General Fund, \$10,267,850 from the State Water Plan Fund, \$81,250 from the Economic Development Initiatives Fund, and \$922,370 from all other funds. The difference from the agency request is attributed to a technical adjustment in the State Water Plan Fund.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation.

House Budget Committee Report

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

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. II-1111

Budget Page No. 109

Expenditure Summary	Agency Request FY 07	Gov. Rec. FY 07	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 2,067,961	\$ 2,090,896	\$ 0
Aid to Local Units	3,013,399	3,213,399	0
Other Assistance	11,918,252	11,862,308	(5,236,268)
Subtotal - Operating	<u>\$ 16,999,612</u>	<u>\$ 17,166,603</u>	<u>\$ (5,236,268)</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 16,999,612</u></u>	<u><u>\$ 17,166,603</u></u>	<u><u>\$ (5,268,268)</u></u>
State General Fund:			
State Operations	\$ 856,466	\$ 873,402	\$ 0
Aid to Local Units	900	900	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 857,366</u>	<u>\$ 874,302</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 857,366</u></u>	<u><u>\$ 874,302</u></u>	<u><u>\$ 0</u></u>
FTE Positions	13.0	13.0	0.0
Non FTE Uncl. Perm. Pos.	8.0	8.0	0.0
TOTAL	<u><u>21.0</u></u>	<u><u>21.0</u></u>	<u><u>0.0</u></u>

Agency Request

For FY 2007, the State Conservation Commission requests expenditures of \$16,999,612, which is an increase of \$4,784,135 or 39.2 percent above the FY 2006 revised request. The request includes expenditures of \$857,366 from the State General Fund, \$15,303,508 from the State Water Plan Fund, \$311,500 from the Economic Development Initiatives Fund, and \$527,238 from all other funds. The request includes enhancements totaling \$6,006,962, with \$199,250 from the State General Fund.

Governor's Recommendation

For FY 2007, the Governor recommends expenditures of \$17,166,603, which is an increase of \$5,251,124 or 44.1 percent above the FY 2006 recommendation. The recommendation includes \$874,302 from the State General Fund, \$15,451,124 from the State Water Plan Fund, \$311,500 from the Economic Development Initiatives Fund, and \$527,677 from all other funds. The recommendation includes enhancements of \$5,951,768, including \$189,000 from the State General Fund. Salaries and wages are also adjusted due to the one-time 27th payroll period in FY 2006.

House Budget Committee Recommendation

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

1. **FY 2007 Baseline Budget.** To establish a baseline FY 2007 budget, the FY 2006 budget, as approved by the 2005 Legislature, was adjusted to reflect salary adjustments (removal of the 27th payroll period funding included in FY 2006, annualization of the FY 2006 phased in 2.5 percent base salary adjustment and statutorily required adjustments for Kansas Public Employees Retirement System (KPERS) rates, KPERS death and disability insurance, and longevity). In addition, adjustments were made for required debt service payments, revenue transfers, and consensus items including school finance funding and caseload estimates for the Department of Social and Rehabilitation Services, the Department of Administration, the Department on Aging, and the Board of Indigents' Defense Services. Finally, adjustments were made for one-time items which impact specific agency budgets.

For this agency, the FY 2006 approved budget totaled \$11,171,562, including \$634,112 from the State General Fund. The approved budget was reduced by a net total of \$50,267, including \$12,777 from the State General Fund to establish a baseline budget for FY 2007. The reductions included \$19,017 in salary adjustments, and \$31,250 in one-time adjustments.

2. **Comparison of FY 2007 Baseline Budget to Governor's Recommendation.** The table below reflects the difference between the Governor's recommendation and the baseline budget.

	<u>SGF</u>	<u>All Funds</u>
Governor's Recommendation	\$ 874,302	\$ 17,166,603
Baseline Budget	<u>621,335</u>	<u>11,742,630</u>
Dollar Difference	<u>\$ 252,967</u>	<u>\$ 5,423,973</u>
<i>Percent Difference</i>	<i>40.7%</i>	<i>46.2%</i>

The following table reflects items included in the Governor's recommendation which differ from the baseline budget.

	<u>SGF</u>	<u>All Funds</u>
Base Salary Adjustment	\$ 17,315	\$ 23,314
SWPF Shift	189,000	0
Conservation Easements	0	311,500
Aid to Conservation Districts	0	4,000
Conservation Reserve Enhancement Program	0	4,000,000
Quick Response Areas	0	450,000
Multipurpose Small Lakes Rehabilitation	0	400,000
Water Rights Purchase	0	786,268
Other Net Adjustments	46,652	(551,109)
TOTAL	<u>\$ 252,967</u>	<u>\$ 5,423,973</u>

3. **Conservation Reserve Enhancement Program.** Delete \$4,000,000 from the State Water Plan Fund for the Conservation Reserve Enhancement Program

(CREP) for consideration at Omnibus. The Kansas State University Department of Agricultural Economics is currently conducting an analysis of the economic impact of the proposed CREP. The results of the analysis are projected to be available later in the Legislative session. In addition, no hydrologic data exists to document the benefits of a CREP.

4. **Conservation Easements.** Add a proviso limiting the use of funding for conservation easements only to easements to preserve the economic viability and long term sustainability of Fort Riley. The Governor's recommendation includes funding of \$311,500 from the Economic Development Initiatives Fund for this program.
5. **Water Rights Purchase Program.** Delete \$786,268 from the State Water Plan Fund for the Water Rights Purchase Program. The Budget Committee notes that it is supportive of the permanent retirement of water rights as long as it does not impair the local economy. The Budget Committee notes that HB 2710, currently in the House Committee on Environment, establishes a Water Rights Transition Assistance Program. The Budget Committee recommends consideration of this funding at Omnibus.
6. **Quick Response Areas.** Delete \$450,000 from the State Water Plan Fund for the Water Resources Cost Share - Quick Response Areas. This program would provide additional incentive payments to encourage the use of the existing Environmental Quality Incentives Program (EQIP). The Budget Committee directs the agency to provide additional information on this program for consideration at Omnibus.