

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:40 A.M. on January 20, 2006, in Room 123-S of the Capitol.

All members were present except:

Senator Jim Barone- excused
Senator Donald Betts- excused

Committee staff present:

Jill Wolters, Revisor of Statutes Office
Michael Corrigan, Revisor of Statutes Office
Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Michelle Alishahi, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Debra Hollon, Kansas Legislative Research Department
Susan Kannarr, Kansas Legislative Research Department
Carolyn Rampey, Kansas Legislative Research Department
Amy VanHouse, Kansas Legislative Research Department
Judy Bromich, Chief of Staff
Mary Shaw, Committee Secretary

Conferees appearing before the committee: none

Others attending:

See attached list.

Bill Introductions

Senator Steineger moved, with a second by Senator Schodorf, to introduce a conceptual bill regarding consolidation and school districts. Motion carried on a voice vote.

Senator Steineger moved, with a second by Senator Teichman, to introduce a bill concerning the consolidation of certain counties and political and taxing subdivisions therein (5rs1535). Motion carried on a voice vote.

Senator Schodorf moved, with a second by Senator Steineger, to introduce a bill concerning commerce; implementing the business ownership registration act (5rs1553). Motion carried on a voice vote.

Senator Schmidt moved, with a second by Senator Teichman, to introduce a bill concerning the donation of blood (5rs1737). Motion carried on a voice vote.

Chairman Umbarger introduced Kansas Legislative Research Department Fiscal Analysts who presented staff updates on the following funds:

- Economic Development Initiatives Fund (EDIF) Overview (Attachment 1)
- Economic Development Initiatives Fund (FY 2005 - FY 2007) (Attachment 2)
- Kansas Legislator Briefing Book, 2006, Children and Youth (Attachment 3)
- Children's Initiatives Fund, FY 2005 - FY 2007 (Attachment 4)
- State Water Plan Fund, Kansas Water Authority and State Water Plan (Attachment 5)

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:40 A.M. on January 19, 2006, in Room 123-S of the Capitol.

- State Water Plan Fund Expenditures (Attachment 6)
- Status of the State Building Funds (Attachment 7)

There was committee discussion and questions.

The meeting adjourned at 11:40 a.m. The next meeting was scheduled for January 24, 2006.

Economic Development Initiatives Fund (EDIF) Overview

The statutes governing the EDIF provide that it shall be used to finance programs ". . . supporting and enhancing the existing economic foundation of the state and fostering growth . . . to the state's economic foundation." With the exception of a statutory \$2.0 million transfer from the EDIF to the State Water Plan Fund, the Legislature annually appropriates the EDIF for individual projects and programs deemed to support and enhance the state's economic foundation.

The EDIF is funded through the State Gaming Revenue Fund (SGRF). A portion of state revenue from both the Lottery and parimutuel wagering is transferred to the SGRF. That fund is used essentially as a holding fund from which further transfers are made on a monthly basis. No more than \$50 million may be credited to the SGRF in any fiscal year. Amounts in excess of \$50.0 million are credited to the State General Fund.

The initial transfers from the State Gaming Revenue Fund, which began in 1986, were as follows:

1. County Reappraisal Fund (until June 30, 1989) - 30.0%
2. Split between Juvenile Detention Facilities Fund and Correctional Institutions Building Fund (Actual amount to be determined by appropriations act) - 10.0%
3. Economic Development Initiatives Fund (to be increased to 90% as of July 1, 1989) - 60.0%

During the 1988 Session, the Legislature delayed the increase in the transfer to the EDIF until July 1, 1990.

During the 1994 Session, the Legislature changed the transfers as of July 1, 1995 to the following:

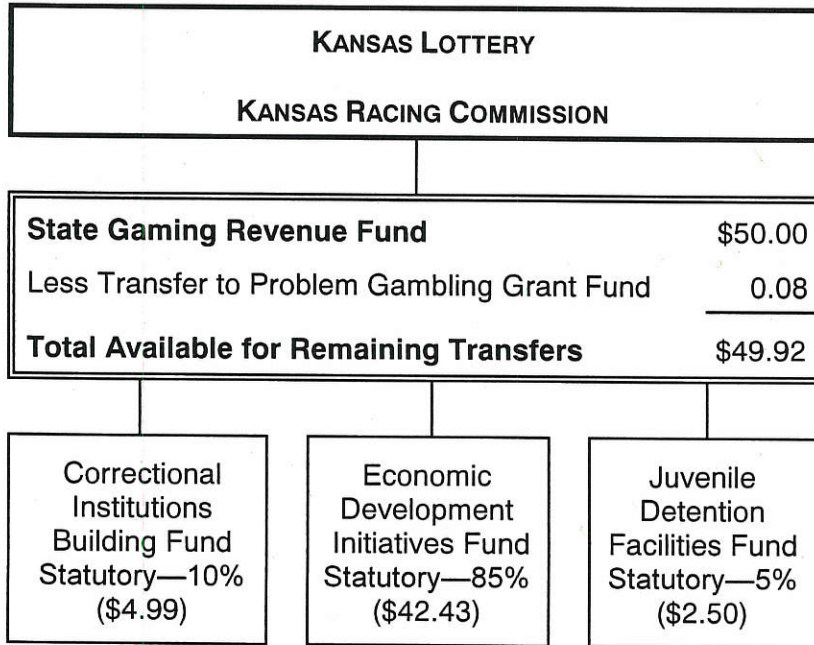
1. Correctional Institutions Building Fund - 10%
2. Juvenile Detention Facilities Fund - 5%
3. Economic Development Initiatives Fund - 85%

During the 2000 Session, the Legislature changed the transfers to the following:

1. Economic Development Initiatives Fund—\$42,432,000;
2. Correctional Institutions Building Fund—\$4,992,000;
3. Juvenile Detention Facilities Fund—\$2,496,000; and
4. Problem Gambling Grant Fund—\$80,000.

ECONOMIC DEVELOPMENT INITIATIVES FUND

Revenue Flow (In Millions)



**ECONOMIC DEVELOPMENT INITIATIVES FUND
FY 2005 - FY 2007**

Agency/Program	Actual FY 2005	Final Legislative Approved FY 2006	Governor's Recommendation FY 2006	Governor's Recommendation FY 2007
Department of Commerce				
Operating Grant	\$ 14,789,751	\$ 15,599,249	\$ 16,164,976	\$ 15,701,164
Older Kansans Employment Program	239,430	239,430	239,430	230,481
Kansas Economic Opportunity Initiative Fund	3,225,000	3,000,000	3,000,000	3,160,000
Kansas Existing Industry Expansion Program	300,000	-	-	-
Subtotal - Commerce	\$ 18,554,181	\$ 18,838,679	\$ 19,404,406	\$ 19,091,645
Kansas Technology Enterprise Corporation				
Operations	\$ 1,618,422	\$ 1,648,518	\$ 1,732,543	\$ 1,698,695
University & Strategic Research	5,677,796	5,550,950	5,449,891	5,345,205
Commercialization	1,379,494	1,715,082	2,116,334	1,790,249
Mid-America Manuf. Tech. Center (MAMTC)	1,474,359	1,586,478	1,528,152	1,547,788
Product Development	1,214,951	1,386,562	1,519,030	1,519,030
Subtotal - KTEC	\$ 11,365,022	\$ 11,887,590	\$ 12,345,950	\$ 11,900,967
Kansas, Inc.				
Operations	\$ 315,894	\$ 379,671	\$ 379,671	\$ 382,085
Kansas Racing and Gaming Commission				
Racing Operations	\$ -	\$ -	\$ -	\$ 200,000
Social and Rehabilitation Services				
Child Support Enforcement Call Center	\$ -	\$ -	\$ -	\$ 340,000
Board of Regents				
Tech. Innovation & Internship Prog. - AVTS	\$ 183,696	\$ 180,500	\$ 180,749	\$ 180,500
Post-secondary Aid - AVTS	6,957,162	6,957,162	6,957,162	6,957,162
Capital Outlay - AVTS	2,565,000	2,565,000	2,565,000	2,565,000
KSU - ESARP	300,000	300,000	300,000	-
Wichita State University - Aviation Research	1,828,778	-	292,058	-
Subtotal - Regents & Universities	\$ 11,834,636	\$ 10,002,662	\$ 10,294,969	\$ 9,702,662
Kansas Arts Commission				
Local Arts Grants	\$ 35,000	\$ -	\$ -	\$ -
Kansas Water Office				
Water Education for Teachers Project	\$ 10,000	\$ -	\$ -	\$ -
State Conservation Commission				
Conservation Easement Matching Funds*	\$ -	\$ 31,250	\$ 31,250	\$ 311,500
Multipurpose Small Lakes (Horse Thief Reservoir)	-	50,000	50,000	-
Subtotal - State Conservation Commission	\$ -	\$ 81,250	\$ 81,250	\$ 311,500
State Fair				
Largest Classroom	\$ -	\$ -	\$ -	\$ 19,960
Ticket Marketing	-	-	-	50,000
Subtotal - State Fair	\$ -	\$ -	\$ -	\$ 69,960
State Water Plan Fund Transfer	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Budget Efficiency and Savings Team Transfers	\$ 106,760	\$ -	\$ -	\$ -
Pay Plan and KPERS Death and Disability Rate Increase Transfer	\$ -	\$ 92,279 ¹	\$ -	\$ -
TOTAL TRANSFERS AND EXPENDITURES	44,221,493	43,282,131	44,506,246	43,998,819

EDIF Resource Estimate	Actual FY 2005	Legislative Approved FY 2006	Governor's Recommendation FY 2006	Governor's Recommendation FY 2007
Beginning Balance	\$ 2,974,689	\$ 168,881	\$ 2,519,677	\$ 1,082,692
Gaming Revenues	42,432,000	42,432,000	42,432,000	42,432,000
Other Income*	1,334,481	637,261	637,261	500,000
Total Available	\$ 46,741,170	\$ 43,238,142	\$ 45,588,938	\$ 44,014,692
Less: Expenditures and Transfers	44,221,493	43,282,131	44,506,246	43,998,819
ENDING BALANCE	\$ 2,519,677	\$ (43,989)	\$ 1,082,692	\$ 15,873

* Other income includes interest, transfers, reimbursements and released encumbrances.

¹ This amount is transferred to the State General Fund as part of a transfer of special revenue funds from amounts not required for the pay plan and KPERS death and disability rate increase due to adjustments by the Legislature.



Children and Youth

E-1 Tobacco/Children's Initiatives Fund

Other Children and Youth reports available:

E-2 Juvenile Justice Authority

E-3 Health Insurance for Children and Youth

E-4 Programs for Infants and Toddlers

E-5 Adoption by a Same-Sex Couple

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Children and Youth

E-1 Tobacco/Children's Initiatives Fund

In 1998, Kansas became one of 46 states to accept a tobacco settlement negotiated with four major tobacco companies. (The remaining four states settled individually.) The settlement, called the Master Settlement Agreement, is aimed at reducing the use of tobacco by young persons, settling legal claims by states against the tobacco industry, and providing reimbursement for health care costs of treating Medicaid patients whose illnesses were caused by tobacco. Under terms of the agreement, the tobacco industry is prohibited from targeting youth in marketing and is subject to restrictions concerning sponsorships, advertising, and tobacco promotions. The allocation formula is based on each state's smoking-related health care costs, with equal weight given to Medicaid-related and non-Medicaid-related costs. Each state and territory gets the proportion of the settlement that its smoking-related health care costs bear to the total. Kansas' share of the recovery is .83 percent, which, based on the original estimate, was expected to exceed \$1.5 billion over the first 25 years of the agreement. Payments are based on the tobacco companies' market share of tobacco product sales and are subject to an annual inflation factor of 3 percent or the increase in the Consumer Price Index, whichever is greater. The Master Settlement Agreement also provides that payments to states could be reduced if tobacco sales go down or if tobacco companies go out of business.

The tobacco industry is required to make payments to the states in perpetuity. Original estimates were that the industry would pay states \$206 billion through the year 2025. Not all tobacco companies are party to the settlement. Those that are not are required to put into escrow an amount of money equal to what they would pay under the settlement. This is to level the playing field so that non-participating manufacturers will not have a competitive advantage over participating manufacturers.

The Master Settlement Agreement does not impose any constraints on how the states may use their tobacco money. In Kansas, the 1999 Legislature enacted legislation which established a trust fund into which tobacco payments would be credited and created the Kansas Children's Cabinet to advise the Governor and the Legislature on programs that will be funded from tobacco money. The trust fund, named the "Kansas Endowment for Youth (KEY) Fund," is invested and managed by the Board of Trustees of the Kansas Public Employees Retirement System. The Legislature also created the Children's Initiatives Fund and provided that transfers would be made from the KEY Fund to the Children's Initiatives Fund on an annual basis. Transfers from the KEY Fund to the Children's Initiatives Fund are capped at \$45 million, plus a 2.5 percent annual inflation factor.

Tobacco Payments to Kansas

Kansas received its first tobacco revenues in 1999. In general, payments have been less than originally estimated. In FY 2005, tobacco revenues (\$53,131,448) and interest earnings (\$322,317) totaled \$53,453,765. Revenues are estimated to be \$55.0 million in FY 2006 and \$54.5 million in FY 2007.

Kansas Tobacco Revenues and Interest Earnings	
FY 1999	\$20,787,073
FY 2000	\$49,705,586
FY 2001	\$52,935,158
FY 2002	\$61,465,211
FY 2003	\$61,511,858
FY 2004	\$52,531,729
FY 2005	\$53,453,765
FY 2006 (est)*	\$55,000,000
FY 2007 (est)*	\$54,500,000

*Excludes Interest Earnings

Concern Over Future Payments

The amount of tobacco money the states will get is affected by several factors, including an overall decrease in tobacco consumption which results in diminished sales of tobacco products and lower payments to states. The market share of tobacco companies that are participating in the settlement also is being reduced by sales of nonparticipating manufacturers and there is the possibility that one or more of the major participating manufacturers could declare bankruptcy. According to Attorney General Kline, the most immediate and direct threat to the tobacco revenue stream is a clause in the Master Settlement Agreement which permits participating manufacturers to seek refund of money paid to the states when there is a drop in their market share below a threshold established in 1997. That threshold was triggered in 2003 and 2006 is the first year for which revenues could be reclaimed. A determination of whether refunds to participating manufacturers will be approved will not be made until late March 2006, just weeks prior to the April 15 due date for states to receive their payments. The estimated amount of money that could be withheld from the payment to Kansas for FY 2006 is \$9.6 million dollars, which would reduce the estimate of tobacco payments for FY 2006 from \$55.0 million to \$45.4 million.

Children's Initiatives Fund

The Children's Initiatives Fund was created by the 1999 Legislature to fund programs promoting the health and welfare of Kansas children. The Fund is administered by the Children's Cabinet, a 15-member committee consisting of appointees of the Governor and Legislature and ex officio members. The Cabinet is responsible for initiating audits and reviews of the programs receiving Children's Initiatives Fund funding. Expenditures from the Children's Initiatives Fund are requested by the Children's Cabinet through the Department of Social and Rehabilitation Services, recommended by the Governor and approved by the Legislature.

The Kansas tobacco settlement is the revenue source for the Children's Initiatives Fund. The settlement payments are placed in the KEY Fund. A large portion of those funds is transferred to the

Children's Initiatives Fund pursuant to KSA 38-2102. The initial transfer to the Children's Initiatives Fund in FY 2001 was \$30.0 million. It increased to \$40.0 million in FY2002 and to \$45.0 million in FY 2003, which is the statutory cap, except for a statutory inflation increase of 2.5 percent annually. The 2005 Legislature approved KEY Fund transfers of \$51.1 million in FY 2005 and \$51.7 million in FY 2006. The FY 2005 amount includes the transfer of all remaining balances in the KEY Fund at the end of the fiscal year.

The following table shows approved expenditures from the Children's Initiatives Fund for FY 2006.

Children's Initiatives Fund	
FY 2006 Approved Expenditures	
Department of Health and Environment	
Healthy Start/Home Visitor	\$ 250,000
Infants and Toddlers Program	800,000
Smoking Cessation/Prevention Program Grants	1,000,000
Juvenile Justice Authority	
Juvenile Prevention Program Grants	\$ 5,414,487
Juvenile Graduated Sanction Grants	3,585,513
Department of Social and Rehabilitation Services	
Children's Mental Health Initiative	\$ 3,800,000
Family Centered System of Care	5,000,000
Therapeutic Preschool	1,000,000
Community Services - Child Welfare	3,492,101
Child Care Services	1,400,000
Children's Cabinet Accountability Fund	541,802
HealthWave (SCHIP Portion)	2,000,000
Children's Cabinet - Smart Start Kansas	8,893,279
Children's Medicaid Increases	3,000,000
Immunization Outreach	500,000
Family Preservation	2,957,899
School Violence Prevention	228,000
Attendant Care for Independent Living (ACIL)	50,000
Department of Education	
Parent Education	\$ 2,500,000
Four Year Old At-Risk Programs	5,304,045
Vision Research	300,000
Special Education	1,225,000
University of Kansas	
Tele-Kid Health Care link	\$ 250,000
Transfer to State General Fund	\$ 2,212
TOTAL	\$ 53,494,338

For more information, contact:

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Children's Initiatives Fund

FY 2005 - FY 2007

	Actual FY 2005	Legislative Approved FY 2006	Gov. Rec. FY 2006	Gov. Rec. FY 2007
Department of Commerce				
After-School Program	\$ -	\$ -	\$ -	\$ 500,000
Department of Health and Environment				
Healthy Start/Home Visitor	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Infants and Toddlers Program (Tiny K)	800,000 ⁽¹⁾	800,000	800,000 ⁽¹⁾	1,200,000
Smoking Cessation/Prevention Program Grants	500,000	1,000,000	1,000,000	1,000,000
Subtotal - KDHE	\$ 1,550,000	\$ 2,050,000	\$ 2,050,000	\$ 2,450,000
Juvenile Justice Authority				
Juvenile Prevention Program Grants	\$ 5,414,486	\$ 5,414,487	\$ 5,414,487	\$ 5,414,487
Juvenile Graduated Sanctions Grants	3,585,513	3,585,513	3,585,513	3,585,513
Subtotal - JJA	\$ 8,999,999	\$ 9,000,000	\$ 9,000,000	\$ 9,000,000
Department of Social and Rehabilitation Services				
Children's Cabinet Accountability Fund	\$ 424,982	\$ 541,802	\$ 658,622	\$ 541,802
Children's Mental Health Initiative	3,800,000	3,800,000	3,800,000	3,800,000
Family Centered System of Care	4,992,500	5,000,000	5,000,000	5,000,000
Therapeutic Preschool	1,000,000	1,000,000	1,000,000	1,000,000
Child Care Services	1,400,000	1,400,000	1,400,000	1,400,000
Community Services - Child Welfare	3,106,230	3,492,101	3,492,101	3,492,101
HealthWave (SCHIP portion) ⁽²⁾	2,000,000	-	-	-
Smart Start Kansas - Children's Cabinet	8,032,832	8,893,279	9,753,728	8,693,279
Children's Medicaid Increases ⁽²⁾	3,000,000	-	-	-
Immunization outreach ⁽²⁾	229,455	-	-	-
Family Preservation	3,343,770	2,957,899	2,957,899	2,957,899
School Violence Prevention	228,000	228,000	228,000	228,000
Attendant Care for Independent Living (ACIL)	50,000	50,000	50,000	50,000
Pre-K Pilot	-	-	-	2,000,000
Subtotal - SRS	\$ 31,607,769	\$ 27,363,081	\$ 28,340,350	\$ 29,163,081
Division of Health Policy and Finance				
HealthWave	\$ -	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Medical Assistance	-	3,000,000	3,000,000	3,000,000
Immunization Outreach	-	500,000	500,000	500,000
Subtotal - DHPF	\$ -	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000
Kansas Health Policy Authority				
HealthWave	\$ -	\$ -	\$ -	\$ -
Medical Assistance	-	-	-	-
Immunization Outreach	-	-	-	-
Subtotal - KHPA	\$ -	\$ -	\$ -	\$ -
Department of Education				
Reading and Vision Research	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
Parent Education	2,618,299	2,500,000	2,541,456	2,500,000
Four-Year -Old At-Risk Programs	4,500,000	5,304,045	5,304,045	5,304,045
Special Education	952,487	1,225,000	1,225,000	1,225,000
Subtotal - Dept. of Ed.	\$ 8,370,786	\$ 9,329,045	\$ 9,370,501	\$ 9,329,045
University of Kansas Medical Center				
Tele-Kid Health Care Link	\$ 282,786	\$ 250,000	\$ 255,007	\$ 250,000
TOTAL	\$ 50,811,340	\$ 53,492,126	\$ 54,515,858	\$ 56,192,126

	Actual FY 2005	Legislative Approved FY 2006	Gov. Rec. FY 2006	Gov. Rec. FY 2007
Beginning Balance	\$ 3,240,850	\$ 1,447,220	\$ 3,147,150	\$ 751,198
Plus: Other Income	94,762	-	-	-
State General Fund Transfer	-	375,000	375,000	-
KEY Fund Transfer In	51,135,585	51,747,118	51,747,118	55,440,928
Total Available	\$ 54,471,197	\$ 53,569,338	\$ 55,269,268	\$ 56,192,126
Less: Expenditures	(50,811,340)	(53,492,126)	(54,515,858)	(56,192,126)
Transfer Out to State General Fund	(512,707)	(2,212)	(2,212)	-
ENDING BALANCE	\$ 3,147,150	\$ 75,000	\$ 751,198	\$ -

* Other Income includes released encumbrances, recoveries and reimbursements.

1) In addition to this amount, the Legislature directed that \$200,000 from Smart Start be granted to the Infants and Toddlers program (Tiny K), for total funding of \$1,000,000 in FY 2005 and FY 2006.

2) These programs were transferred to the Division of Health Policy and Finance in FY 2006 under the provisions of 2005 SB 272. The bill provided that the programs would transfer to the Health Policy Authority beginning in FY 2007. The Governor recommends the programs remain at DHPF for FY 2007.

Use of Children's Initiatives Fund Money

KSA 38-2102(b) directs the use of the Children's Initiatives Fund (CIF) as follows:

- CIF funds "... shall be used for the purposes of providing additional funding for programs, projects, improvements, services and other purposes directly or indirectly beneficial to the physical and mental health, welfare, safety and overall well-being of children in Kansas..."
- In allocating funding, the Legislature "...shall emphasize programs and services that are data-driven and outcomes-based and may emphasize programs and services that are generally directed toward improving the lives of children and youth by combating community-identified risk factors associated with children and youth becoming involved in tobacco, alcohol, drugs or juvenile delinquency."
- All programs must have a clearly articulated objective, be supported by credible research, constitute best practices in the field, have data available to benchmark the program's desired outcomes, have an evaluation and assessment component as part of the program design.
- CIF dollars "...shall not be used to replace or substitute for moneys appropriated from the state general fund in the immediately preceding fiscal year."

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January 20, 2006

State Water Plan Fund, Kansas Water Authority, and State Water Plan

The State Water Plan Fund was created by the 1989 Legislature for the purpose of implementing the State Water Plan (KSA 82a-903). Subject to appropriations acts, the fund may be used for the establishment and implementation of water-related projects or programs and related technical assistance. State Water Plan Funds may not be used to replace personnel or for recreational projects which do not meet the goals or objectives of the State Water Plan (KSA 82a-951).

Revenue

Revenue for the fund is generated from the following sources:

- **Water Protection Fees.** A water protection fee of 3 cents per 1,000 gallons of water is assessed on the following:
 - Water sold at retail by public water supply systems;
 - Water appropriated for industrial use; and
 - Water appropriated for stockwatering.
- **Fees Imposed on Fertilizer and Pesticides.** A tonnage fee on fertilizer and a fee for the registration of pesticides is assessed and transferred to the State Water Plan Fund in the following amounts:
 - Inspection fees are imposed on each ton of fertilizer sold, offered or exposed for sale, or distributed in Kansas. Of that fee, \$1.40 per ton is credited to the State Water Plan Fund.
 - Every agricultural chemical which is distributed, sold, or offered for sale within the state must be registered with an annual fee assessed for each registration. The law requires that \$100 from each registration fee be credited to the State Water Plan Fund.
- **Pollution Fines.** Certain fines and penalties are levied by the Department of Health and Environment for water-related pollution including:
 - Violation of terms or conditions relating to public water supply systems;
 - The commission of prohibited acts in relation to the operation of a public water supply system; and
 - Violations of law governing the disposal of solid and hazardous waste.

- **Sand Royalty Receipts.** A fee of \$0.0375 per ton of sand sold is deposited in the State Water Plan Fund.
- **Clean Water Drinking Fee.** A Clean Water Drinking Fee of 3 cents per 1,000 gallons of water is assessed on retail water sold by a public water supply system and delivered through mains, lines or pipes. Beginning in FY 2008, 101/106 of the Clean Drinking Water Fee receipts will be deposited in the State Water Plan Fund. Of the funding received from the fee, 85 percent is to be used to renovate and protect lakes which are used directly as a source of water for public water supply systems. The remaining 15 percent is to be used to provide on-site technical assistance for public water supply systems.
- **State General Fund Transfer.** By statute, \$6 million annually is to be transferred from the State General Fund to the State Water Plan Fund. In recent fiscal years this amount has been reduced in appropriations bills.
- **Economic Development Initiatives Fund Transfer.** By statute, \$2 million is to be transferred from the Economic Development Initiatives Fund to the State Water Plan Fund. In recent fiscal years this amount has been reduced in appropriations bills.

Kansas Water Authority

The Kansas Water Authority is a 24-member board which provides water policy advise to the Governor, Legislature, and the Director of the Kansas Water Office. The Authority is responsible for approving water storage sales, the State Water Plan, federal water contracts, and regulations and legislation proposed by the Kansas Water Office. The Authority meets quarterly. The Authority consists of 13 private citizens and 11 *ex officio* members.

Private citizen membership includes:

- One member appointed by the Governor (also serving as chairperson);
- One member appointed by the President of the Senate;
- One member appointed by the Speaker of the House;
- A representative of large municipal water users;
- A representative of small municipal water users;
- A board member of a western Kansas Groundwater Management District (including districts 1, 3, and 4);
- A board member of a central Kansas Groundwater Management District (including districts 2 and 5);
- A member of the Kansas Association of Conservation Districts;
- A representative of industrial water users;
- A member of the State Association of Watershed Districts;
- A member with a demonstrated background and interest in water use, conservation, and environmental issues; and
- Two representatives of the general public.

Ex Officio membership includes:

- The State Geologist;
- The Chief Engineer of the Division of Water Resources of the Kansas Department of Agriculture;
- The Secretary of the Kansas Department of Health and Environment;
- The Director of the Kansas Water Office (also serving as secretary);
- The Director of the Agricultural Experiment Station of Kansas State University;
- The Chairman of the Kansas Corporation Commission;
- The Secretary of the Kansas Department of Wildlife and Parks;
- The Secretary of the Kansas Department of Commerce;
- The Executive Director of the State Conservation Commission;
- The Secretary of the Kansas Department of Agriculture; and
- The Director of the Kansas Biological Survey.

One primary responsibility of the Kansas Water Authority is to consider and approve policy for inclusion in the State Water Plan. The Plan includes policy recommendations that have specific statewide or local impact and priority issues and recommendations for each of the twelve river basins in Kansas.

The top three priorities of the State Water Plan include:

- To protect and restore watersheds in order to improve water quality;
- To conserve and extend the life of the Ogallala Aquifer; and
- To develop regional public water supply strategies throughout the state.

Budgetary Process

In late spring, the State Water Plan Fund Consensus Revenue Estimating Group meets to review past and current receipts and expenditures from the fund as well as to estimate sources and amounts of revenue for the upcoming budget year. The group consists of representatives of the Kansas Water Office, Department of Revenue, Department of Agriculture, Department of Health and Environment, Division of the Budget, and the Legislative Research Department.

Historically, the Division of the Budget has assigned allocations to each agency for the expenditure of State Water Plan Fund monies. Beginning with the FY 2007 budget cycle, the Kansas Water Authority and the Division of the Budget agreed to allow the Authority to develop a budget recommendation in lieu of the Division's allocation process. For the FY 2007 budget, the Authority agreed to develop and provide a budget to the Division prior to August 15, 2005.

A five member budget subcommittee of the Authority meets in the summer to develop a State Water Plan Fund budget proposal. The budget is presented to the full Kansas Water Authority in August. The Authority approved budget is then used by the state agencies develop their budgets.

The Governor's budget includes recommended expenditures from the State Water Plan Fund when it is presented to the Legislature each January. Appropriations from the State Water Plan Fund are made by the Legislature.

State Water Plan Fund Expenditures

Expenditures	Actual	Agency Est.	Gov. Rec.	KWA Rec.	Agency Req.	Gov. Rec.
Agency/Program	FY 2005	FY 2006	FY 2006	FY 2007	FY 2007	FY 2007
<i>Department of Health and Environment</i>						
Contamination Remediation	984,286	1,183,818	1,183,818	953,023	1,153,024	955,567
TMDL Initiatives	241,552	323,338	323,338	298,741	300,904	299,269
Local Environmental Protection Program	1,502,624	1,502,850	1,502,850	1,502,737	1,502,727	1,502,737
Nonpoint Source Program	344,837	370,214	370,214	284,654	265,722	291,257
Watershed Restoration and Protection Strateg	0	800,000	800,000	800,000	800,000	800,000
Use Attainability Analysis	0	300,000	300,000	0	0	0
Total--Department of Health and Environment	\$ 3,073,299	\$ 4,480,220	\$ 4,480,220	\$ 3,839,155	\$ 4,022,377	\$ 3,848,830
<i>University of Kansas--Geological Survey</i>	39,144	40,856	40,856	0	40,000	40,000
<i>Department of Agriculture</i>						
Floodplain Management	65,953	68,773	68,773	0	0	0
Interstate Water Issues	246,398	254,986	254,986	0	0	0
Subbasin Water Resources Management	486,936	554,369	554,369	678,577	678,577	674,552
Water Appropriations Subprogram	181,750	187,925	187,925	0	0	0
Water Use	59,781	60,018	60,018	60,018	60,018	71,121
Kansas v. Colorado Compliance	0	0	0	0	0	1,027,764
Total--Department of Agriculture	\$ 1,040,818	\$ 1,126,071	\$ 1,126,071	\$ 738,595	\$ 738,595	\$ 1,773,437
<i>State Conservation Commission</i>						
Water Resources Cost Share	3,297,667	4,318,259	4,238,308	3,412,218	3,412,218	3,415,778
Nonpoint Source Pollution Asst.	2,725,854	3,081,317	3,081,317	2,757,520	2,757,520	2,757,520
Aid to Conservation Districts	1,043,000	1,044,000	1,044,000	1,044,000	1,048,000	1,048,000
Watershed Dam Construction	435,576	1,102,499	1,102,499	601,499	601,499	601,499
Water Quality Buffer Initiative	204,093	527,204	307,157	307,157	307,157	307,157
Riparian and Wetland Program	261,744	258,236	258,236	186,782	186,782	186,782
Multipurpose Small Lakes	0	236,333	236,333	1,100,000	1,100,000	1,100,000
Irrigation Transition/Water Rights Purchase	0	0	0	398,120	398,120	398,120
Salt Cedar Control Demonstrations	0	0	0	65,000	65,000	0
Conservation Reserve Enhancement Program	0	0	0	4,000,000	4,000,000	4,000,000
Lake Restoration/Management	0	0	0	400,000	200,000	400,000
Quick Response Incentive Grants	0	0	0	450,000	450,000	450,000
Kansas v. Colorado Irrigation Program	0	0	0	777,212	777,212	786,268
Total--Conservation Commission	\$ 7,967,934	\$ 10,567,848	\$ 10,267,850	\$ 15,499,508	\$ 15,303,508	\$ 15,451,124
<i>Kansas Water Office</i>						
Assessment and Evaluation	163,976	744,704	744,704	884,011	884,011	884,011
Federal Cost-Share Programs	72,094	0	0	0	0	0
GIS Data Base Development	247,405	247,405	247,405	247,405	247,405	247,405
MOU - Storage Operations and Maintenance	427,199	411,712	411,712	409,132	409,132	409,132
PMIB Loan Payment for Storage	235,159	237,945	237,945	237,945	237,945	237,945
Stream Gauging Program	392,296	412,668	412,668	0	0	0
Technical Assistance to Water Users	180,131	246,150	246,150	266,150	266,150	266,150
Weather Stations	0	0	0	60,000	60,000	60,000
Water Planning Process	267,215	313,205	313,205	0	0	0
Water Resource Education	36,500	60,000	60,000	84,000	84,000	84,000
Weather Modification	120,000	120,000	120,000	120,000	120,000	120,000
Kansas Water Authority	27,530	37,384	37,384	0	0	0
Total--Kansas Water Office	\$ 2,169,505	\$ 2,831,173	\$ 2,831,173	\$ 2,308,643	\$ 2,308,643	\$ 2,308,643
<i>Department of Wildlife and Parks</i>						
Almena Irrigation District	0	0	0	120,000	0	120,000
Stream (Biological) Monitoring	0	40,000	40,000	40,000	40,000	40,000
Total--Department of Wildlife and Parks	\$ -	\$ 40,000	\$ 40,000	\$ 160,000	\$ 40,000	\$ 160,000

Total Water Plan Expenditures **\$ 14,290,700** **\$ 19,086,168** **\$ 18,786,170** **\$ 22,545,901** **\$ 22,453,123** **\$ 23,582,034**

State Water Plan Resource Est.	Actual	Gov. Rec.	Gov. Rec.
	FY 2005	FY 2006	FY 2007
Beginning Balance	\$ 2,203,883	\$ 7,682,094	\$ 6,536,803
Adjustments			
Transfer to State General Fund	(52,072)	-	-
Released Encumbrances	1,000,969	1,236,879	700,000
Transfer to Kansas Corporation Commission	(667,000)	(400,000)	(400,000)
Revenues			
State General Fund Transfer	3,748,839	6,000,000	6,000,000
Economic Development Fund Transfer	2,000,000	2,000,000	2,000,000
Municipal Water Fees	3,220,072	3,334,000	3,520,000
Industrial Water Fees	1,052,932	1,100,000	1,051,000
Stock Water Fees	398,653	357,000	399,000
Pesticide Registration Fees	969,990	901,000	950,000
Fertilizer Registration Fees	2,917,628	2,856,000	2,917,600
Pollution Fines and Penalties	114,612	45,000	70,000
Sand Royalty Receipts	222,076	211,000	199,000
Kansas v Colorado Damage Award	4,842,212	-	-
Total Receipts	\$ 19,487,014	\$ 16,804,000	\$ 17,106,600
Total Available	\$ 21,972,794	\$ 25,322,973	\$ 23,943,403
Less: Expenditures	14,290,700	18,786,170	23,582,034
Ending Balance	\$ 7,682,094	\$ 6,536,803	\$ 361,369

Senate Ways and Means
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Attachment 6

Status of the State Building Funds

	FY 2004 Actual	FY 2005 Actual	FY 2006 Gov. Rec.	FY 2007 Gov. Rec.	FY 2008 Estimate	FY 2009 Estimate
Educational Building Fund						
Beginning Balance	\$ 6,602,449	\$ 6,089,057	\$ 8,148,466	\$ 1,022,423	\$ 1,701,546	\$ 2,361,100
Released Encumbrances	504,562	309,575	-	-	-	-
Receipts	25,370,869	26,780,563	29,774,990	31,054,123	32,045,804	33,205,691
Available Resources	<u>\$ 32,477,880</u>	<u>\$ 33,179,195</u>	<u>\$ 37,923,456</u>	<u>\$ 32,076,546</u>	<u>\$ 33,747,350</u>	<u>\$ 35,566,791</u>
Expenditures	26,388,823	25,030,729	36,901,033	30,375,000	31,386,250	32,897,838
Ending Balance	<u>\$ 6,089,057</u>	<u>\$ 8,148,466</u>	<u>\$ 1,022,423</u>	<u>\$ 1,701,546</u>	<u>\$ 2,361,100</u>	<u>\$ 2,668,953</u>

State Institutions Building Fund

Beginning Balance	\$ 15,385,641	\$ 15,372,013	\$ 11,735,074	\$ 9,907,420	\$ 10,240,594	\$ 12,466,998
Released Encumbrances	1,268,990	291,113	-	-	-	-
Receipts*	12,685,359	13,387,400	14,887,495	15,527,061	16,377,902	16,602,846
Available Resources	<u>\$ 29,339,990</u>	<u>\$ 29,050,526</u>	<u>\$ 26,622,569</u>	<u>\$ 25,434,481</u>	<u>\$ 26,618,496</u>	<u>\$ 29,069,844</u>
Expenditures	13,967,977	17,315,452	16,715,149	15,193,887	14,151,498	14,153,126
Ending Balance	<u>\$ 15,372,013</u>	<u>\$ 11,735,074</u>	<u>\$ 9,907,420</u>	<u>\$ 10,240,594</u>	<u>\$ 12,466,998</u>	<u>\$ 14,916,718</u>

* FY 2008 Estimated Receipts include a repayment of \$355,000 from the Commission for Veterans' Affairs.

Correctional Institutions Building Fund

Beginning Balance	\$ 1,585,102	\$ 2,046,674	\$ 1,477,937	\$ 22,362	\$ 18,495	\$ 18,495
Released Encumbrances	7,051	15,605	-	-	-	-
Receipts	4,992,062	4,992,147	4,992,000	4,992,000	4,992,000	4,992,000
Available Resources	<u>\$ 6,584,215</u>	<u>\$ 7,054,426</u>	<u>\$ 6,469,937</u>	<u>\$ 5,014,362</u>	<u>\$ 5,010,495</u>	<u>\$ 5,010,495</u>
Expenditures	4,537,541	5,576,489	6,447,575	4,995,867	4,992,000	4,992,000
Ending Balance	<u>\$ 2,046,674</u>	<u>\$ 1,477,937</u>	<u>\$ 22,362</u>	<u>\$ 18,495</u>	<u>\$ 18,495</u>	<u>\$ 18,495</u>