

MINUTES OF THE HOUSE AGRICULTURE AND NATURAL RESOURCES BUDGET

The meeting was called to order by Chairman Larry Powell at 1:34 P.M. on February 19, 2008 in Room 431-N of the Capitol.

All members were present except:

Carl Holmes - excused.

Committee staff present:

Heather O'Hara, Kansas Legislative Research Department  
Reed Holwegner, Kansas Legislative Research Department  
Michael Steiner, Kansas Legislative Research Department  
Jason Thompson, Revisor of Statutes  
Joyce Bishop, Committee Secretary

Conferees appearing before the committee:

Susan Duffy, Executive Director, Kansas Corporation Commission

Others attending:

See attached list.

Jason Thompson presented information regarding **HB 2735**, an act concerning the state corporation commission; relating to transfers to the abandoned oil and gas well fund. This bill in effect changes the expiration date on this from 2009 to 2016.

Susan Duffy, Executive Director of the Kansas Corporation Commission (KCC), made a presentation regarding **HB 2735** (Attachment 1)

Representative Jason Watkins moved that the bill be passed. Representative Sharon Schwartz seconded the motion. The motion passed unanimously. The bill will be put on the consent calendar.

Heather O'Hara presented budget information on the Animal Health Department (Attachment 2).

Chairman Powell instructed Heather to prepare the committee budget recommendation to include the Governor's recommendations and also include \$5,000 to cover additional costs incurred due to the 2007 floods, and add an additional \$17,000 to the 2009 budget for one additional vehicle.

Reed Holwegner presented information regarding the Department of Commerce budget.

Chairperson Powell instructed Reed to make a note in the committee's budget report regarding the differing views on the Work Force Center hours. He also instructed Reed to send a letter to Legislative Post Audit to look into the AJLA software.

Michael Steiner presented budget information on the Board of Veterinary Examiners (Attachment 3).

Chairperson Powell instructed Michael to make the committee budget report in agreement with the Governor's recommendations.

Michael Steiner presented budget information on the Board of Accountancy (Attachment 3).

Chairperson Powell instructed Michael to make the committee budget report in agreement with the Governor's recommendations.

Michael Steiner presented budget information on the Department of Credit Unions (Attachment 3).

Chairperson Powell instructed Michael to make the committee budget report in agreement with the Governor's recommendations.

CONTINUATION SHEET

MINUTES OF THE House Agriculture and Natural Resources Budget at 1:30 P.M. on February 19, 2008 in Room 431-N of the Capitol.

Michael Steiner presented budget information on the Securities Commissioner (Attachment 3).

Chairperson Powell instructed Michael to make the committee budget report in agreement with the Governor's recommendations.

Heather O'Hara presented budget information on the Department of Agriculture (Attachment 4).

No committee recommendations were made on this budget pending further information from Department of Agriculture staff.

The meeting adjourned at 3:07pm.

The next meeting is scheduled for February 20, 2008.





*Kathleen Sebelius, Governor  
Thomas E. Wright, Chairman  
Michael C. Moffet, Commissioner  
Joseph F. Harkins, Commissioner*

**House Appropriations  
Agriculture & Natural Resources Budget Committee  
February 11, 2008 at 1:30 p.m., Room 431-N  
House Bill 2735**

**By  
Susan K. Duffy, Executive Director  
Bob Jenkins, Coordinator of Abandoned Well Plugging and Site  
Remediation**



*Conservation Division*  
**Abandoned Oil  
& Gas Well**  
*Status Report*

**January 14, 2008**

Ref. Abandoned Oil & Gas Well / Remediation Site Fund

# Abandoned Exploration and Production Wells

## Introduction

Legislative action during the 1996 session resulted in the creation of the Abandoned Well Plugging and Site Remediation Fund. K.S.A. 55-192 and K.S.A. 55-193 for the first time provided for alternative funding to the Kansas Corporation Commission for the expressed purpose of addressing the problem of abandoned exploration and production wells located within the state. The legislation requires in part that the Commission prepare and maintain an inventory of all abandoned wells with a special focus on wells which, (1) the State of Kansas has assumed the plugging liability because of the lack of a potentially responsible party (No PRP); and, (2) pose either an ongoing or potential threat to the environment (Priority I). The Commission was further directed to develop and maintain such an inventory on a computer database and report to the office of the Governor and certain legislative committees the status of the inventory as well as the Commission's efforts towards plugging those wells which pose a threat to the public safety and / or environment.

## Computer Database / Data Collection

The application used in the inventory tracking system is a Microsoft Access database on a PC based platform. Field data is collected on site in the four District Field areas. It is then entered into the system where it can be used to create a variety of reports concerning the abandoned wells. The amount of information on each well is extremely variable and is primarily dependent on the location of the well and its age. Those wells located in the Eastern portion of the state are generally older wells with very little detailed information available from industry or historical Commission files.

## Priority Ranking (Priority I)

Wells within the Priority I grouping have been subdivided on the basis of resources impacted and by the location or condition of the individual abandoned well. Impacts are categorized as: surface waters (SW), groundwater (GW), or concern public safety issues (PS). The listing below provides definitions for Priority Action Levels within the Priority I inventory. In general, Level "A" wells are the most serious cases while Level "C" wells are less serious.

### Priority I Action Levels

#### Level A – Surface Water (SW)

Wells actively discharging oil or brine into surface waters with significant ongoing impacts to surface water. (Includes wells with moderate to high volumes of discharge impacting public water supplies or sole source water supplies.)

Priority I Action Levels (cont.)

Abandoned Wells

Page 2

Level A – Groundwater (GW)

Wells creating significant ongoing or potential impacts to groundwater supplies through water quality degradation or loss of water supplies through downward drainage. (With emphasis on impacts to groundwater supplies used for public water supplies or sole source supplies and cases of active subsidence caused by downward drainage.)

Level A – Public Safety (PS)

Wells creating an ongoing or current threat to public safety. (Includes wells with active gas flows with danger of ignition or open large diameter wellbores or casings in urban or suburban settings.)

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Level B – Surface Water (SW)

Wells intermittently to actively discharging oil or brine into surface waters with ongoing impacts to surface water. (Includes wells with low to moderate volumes of discharge impacting water resources outside of public water supplies. Alternative water supplies available.)

Level B – Groundwater (GW)

Wells creating ongoing or potential impacts to groundwater supplies through water quality degradation or loss of water supplies through downward drainage. (Includes wells with impacts to groundwater supplies outside of public water supply areas and cases of strong potential for subsidence.)

Level B – Public Safety (PS)

Wells creating a current or ongoing threat or potential danger to public safety. (Includes wells with active gas flows with danger of ignition and/or open large diameter wellbores or casings located in rural, low population areas.)

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Level C – Surface Water (SW)

Wells located in sensitive groundwater areas, which are intermittently discharging oil and/or brine or have potential for discharge into surface waters. (Includes wells located in sensitive groundwater areas, which have low volume to intermittent discharges or high fluid levels.)

Level C – Groundwater (GW)

Wells located in sensitive groundwater areas which have potential impacts to groundwater supplies or loss of water resources through downward drainage. (Includes wells located in sensitive groundwater areas with abnormally high fluid levels.)

Level C – Public Safety (PS)

Wells creating a potential danger to public safety. (Includes secured gas wells in populated areas or large diameter wells in isolated settings.)

**Priority Ranking (Priority II)**

Wells within the Priority II grouping consist of wells of relatively modern construction which do not pose either an ongoing or potential threat to the public safety or the environment. These wells have adequate surface pipe in place with which to protect shallow freshwater aquifers and are generally located in environmentally non-sensitive areas. These wells fall within the lowest priority ranking for authorization of plugging with Abandoned Oil and Gas Well / Remediation Fund monies. It is important that these wells be documented within the inventory and periodically inspected to determine if well conditions have changed to a sufficient degree to warrant upgrading to Priority I status.

**Status of the Inventory**

The current status of the abandoned oil and gas well inventory stands at 16,133 wells. This total, which includes both Priority I and Priority II wells, represents a total increase of 485 wells over that reported in January 2007. This increase represents the addition of 487 Priority I wells to the inventory and a decrease of two Priority II wells. The original 1995 estimate of wells fitting the criteria of Priority I ranking with no potential responsible party available to fund plugging operations was 14,759 wells. The field staff, as of the date of this report, checked and verified 14,948 of these types of wells. As a percentage of the total original estimate, the statewide inventory is complete, however KCC staff continue to find and add to the inventory an average of 400-500 abandoned wells per year. The accompanying map and diagrams provide an overview of the data collected with respect to Priority I severity levels and impacts on both a statewide basis and within individual KCC District areas. The tables below summarize this data.

PRIORITY I WELLS – TOTAL NUMBER OF WELLS

District	Level A	Level B	Level C	Total
1	18	29	50	97
2	153	45	56	254
3	2628	5242	6170	14040
4	236	195	126	557
Totals	3035	5511	6402	14948

PRIORITY I WELLS – TOTAL NUMBER OF WELLS

District	Surface Water (SW)	Groundwater (GW)	Public Safety (PS)
1	1	96	0
2	15	163	76
3	3161	10606	273
4	15	520	22
Totals	3192	11385	371



TOTAL NO. OF ABANDONED WELLS REQUIRING ACTION

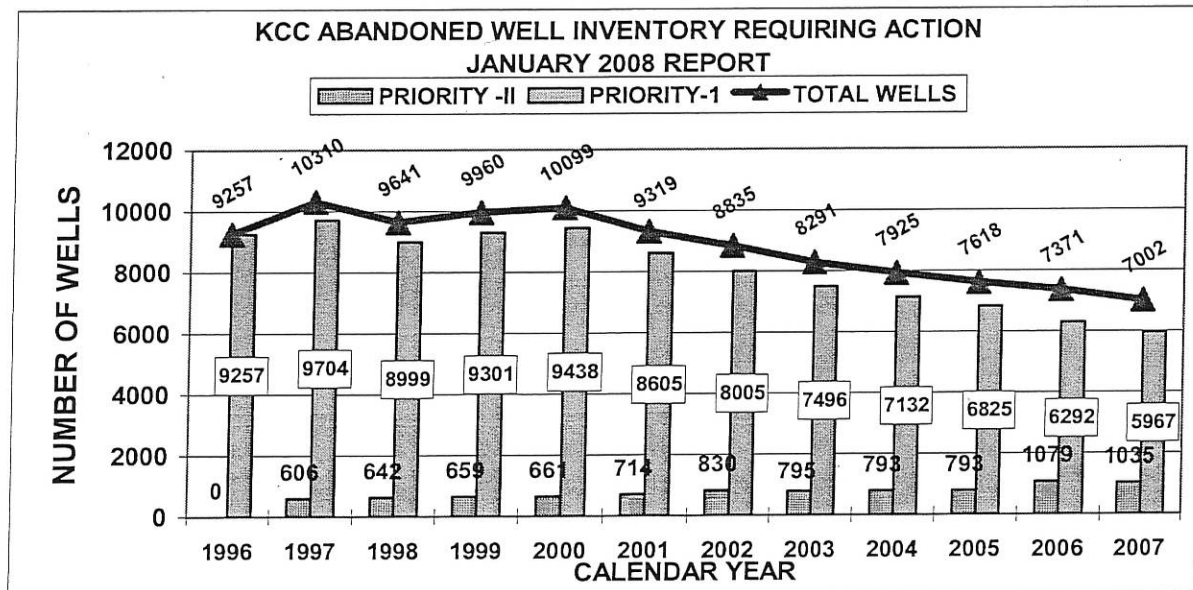
District	Priority 1	Priority 2	Total
1	4	0	4
2	51	35	86
3	5833	997	6830
4	79	3	82
Totals	5967	1035	7002

PRIORITY 1 WELLS BY POLLUTION LEVEL – REQUIRING ACTION

District	Level A	Level B	Level C	Total
1	1	0	3	4
2	0	20	31	51
3	43	1405	4385	5833
4	0	36	43	79
Totals	44	1461	4462	5967

It should be emphasized that this inventory is an ongoing and active system that is currently being updated on a weekly basis. While certain trends can be recognized within the system, specific well data must be considered as part of a dynamic process and subject to change as the inventory proceeds.

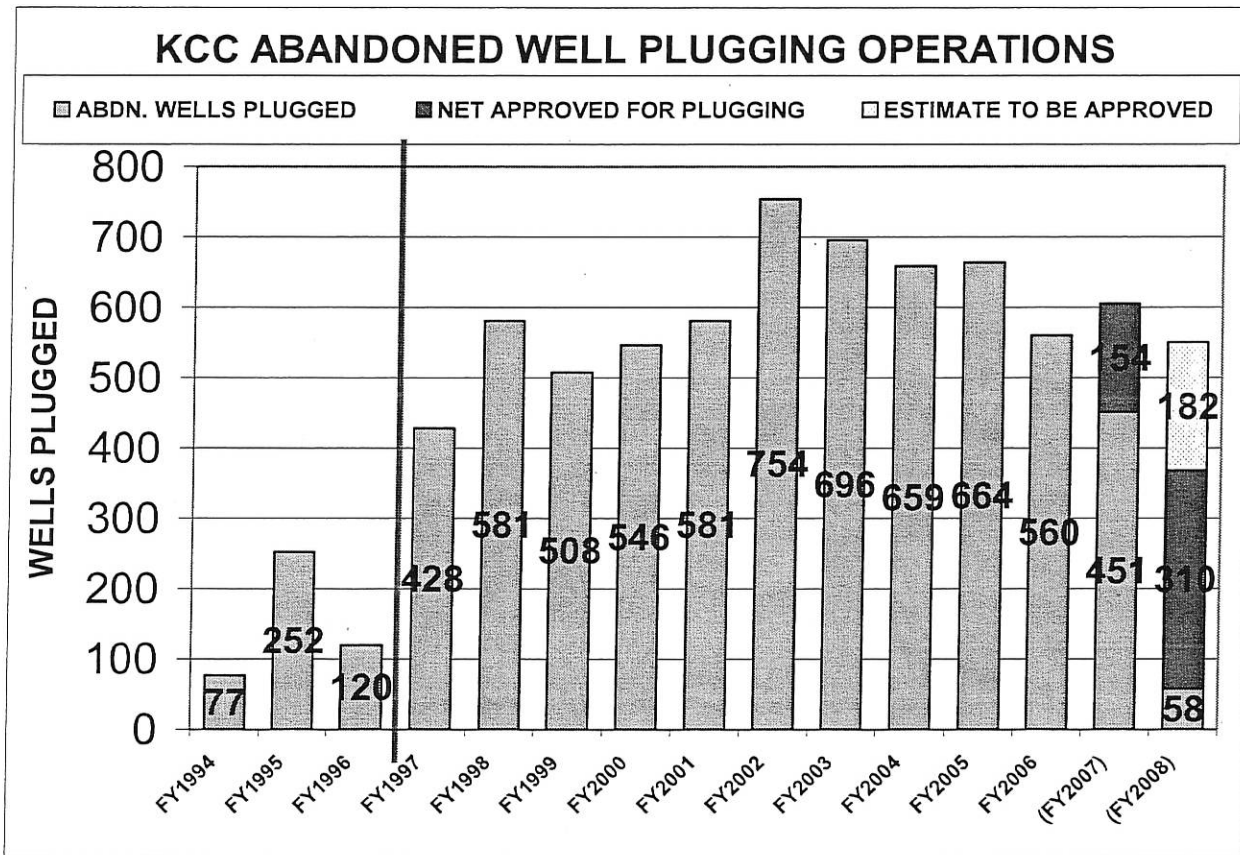
The complete inventory of individual wells awaiting plugging authorization is provided in Appendix A and B of this report. The wells in these listings show the following data for each well: Priority Level, Lease Name, Well Number, District, County, Spot Location, Section, Township, Range, and Impact. Appendix C provides data for wells which have either been plugged or have been approved for plugging with expenditures from the Abandoned Oil and Gas Well / Remediation Fund. An accounting of approved expenditures to date is also enclosed within this section.



2007 / 2008 REPORT DETAIL  
ABANDONED WELLS PLUGGED / APPROVED TO BE PLUGGED

	FY 2007 (YTD)	FY 2008 (YTD)
NO. OF ABANDONED WELLS (Approved for plugging)	636	368
ADJUSTMENTS TO NO. OF ABANDONED WELLS APPROVED FOR PLUGGING (Wells not located, wells identified as previously plugged, wells reprocessed for PRP)	-31	0
NET NO. OF ABANDONED WELLS (Approved for plugging)	605	368
NO. OF ABANDONED WELLS (Plugging Operations Completed)	451	58
NO. OF ABANDONED WELLS (Plugging operations completed, invoiced and paid)	397	36

The number of wells plugged annually has increased significantly since the inception of the Abandoned Oil and Gas Well / Remediation Fund in FY97. A total of **6,511** abandoned wells have been plugged under this program to date. The graph below summarizes this data:



**Abandoned Well Plugging Program Forecast**

The table below is an updated three-year forecast for the Abandoned Well Plugging Program, as presented in the Kansas Corporation Commission, Conservation Division budget for fiscal year 2009.

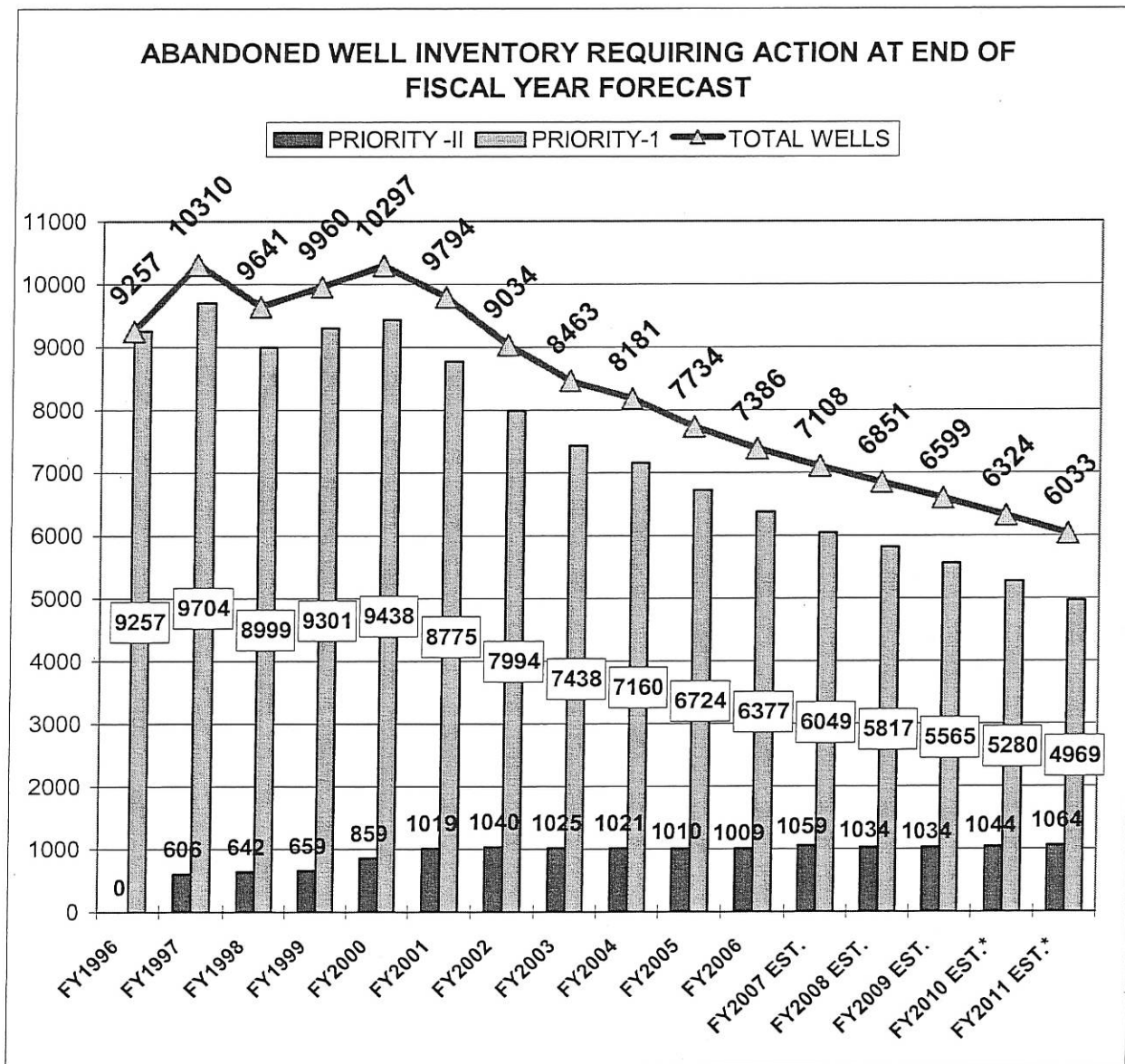
The average plugging costs per well have increased substantially in 2007 due to the very high oil & gas prices which drive supply and demand for industry contractors. These projections are dependent on the continued funding of this program. The current sunset date for the Abandoned Well Plugging Fund is June 30, 2009. The KCC is requesting an extension of the Abandoned Well Plugging and Site Remediation Fund during the 2008 Legislative session to continue plugging abandoned wells in Kansas at meaningful levels.

<b>ACTUAL / PROJECTED WELL PLUGGING BY FISCAL YEAR</b>			
	<b>AW TOTAL\$</b>	<b># PLUGGED</b>	<b>AVG WELL \$</b>
FY1997	\$1,514,692	428	\$3,539
FY1998	\$1,396,143	581	\$2,403
FY1999	\$1,092,200	508	\$2,150
FY2000	\$1,552,278	546	\$2,843
FY2001	\$1,963,199	581	\$3,379
FY2002	\$1,786,226	754	\$2,369
FY2003	\$2,192,400	696	\$3,150
FY2004	\$1,985,567	659	\$3,013
FY2005	\$2,224,400	664	\$3,350
FY2006	\$2,061,360	560	\$3,681
FY2007 EST	\$2,418,000	624	\$3,875
FY2008 EST	\$2,508,019	557	\$4,500
FY2009 EST	\$2,216,418	462	\$4,800
FY2010 EST *	\$2,526,482	495	\$5,100
FY2011 EST *	\$2,488,142	461	\$5,400

\*Current program sunset is June 30, 2009.

\*Assume transfers of \$400,000 from General Fund in FY10 & FY11.

The chart below projects the number of abandoned wells requiring action at the end of each fiscal year if well plugging can be achieved at the levels forecast in the table shown above. The net reduction in abandoned wells requiring action each year is the composite of wells plugged, wells added to the inventory as a result of new finds or responsible parties moving to defunct status, and wells otherwise removed from inventory or as responsible parties are discovered. At this time, it is projected that at the scheduled Fund sunset at the end of fiscal year 2009, there will be 5,84 Priority 1 wells and 1,034 Priority 2 wells still requiring action.

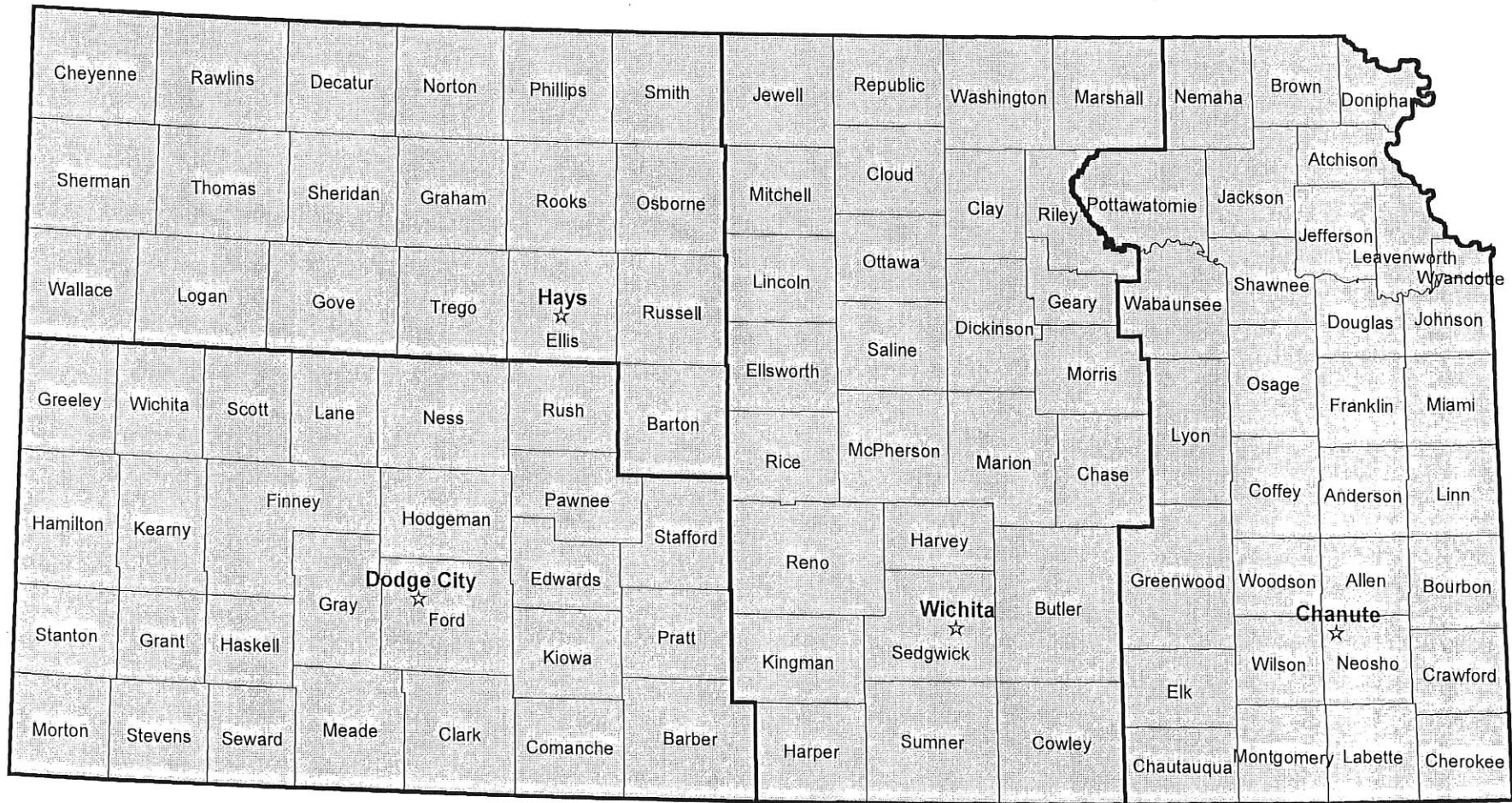


\*Current program sunset is June 30, 2009.

\*Assume transfers of \$400,000 from General Fund in FY10 & FY11.

# KCC Conservation Districts

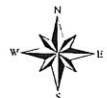
Q1-10



☆ District Field Offices

□ Consv\_Dist

■ County



Miles



**KANSAS  
CORPORATION  
COMMISSION**

Q1-1

# STATEWIDE PRIORITY 1 WELLS

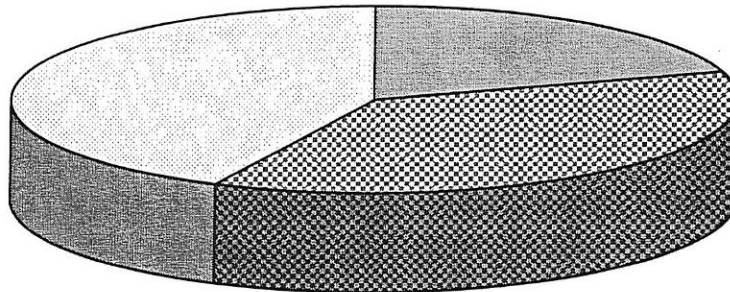
## Inventory Status December 31, 2007

Total Number of Priority 1 Wells Listed

Since 7/1/1996: 14,948

Level C  
Wells: 6,402  
43%

Level A  
Wells: 3,035  
20%

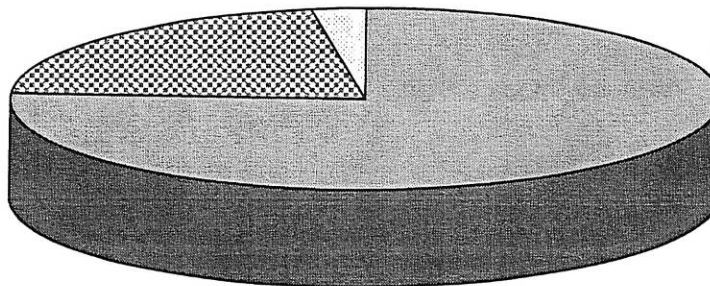


Level B  
Wells: 5,511  
37%

## Impact of Priority 1 Wells

Surface  
Water  
Impacts:  
3,192  
21%

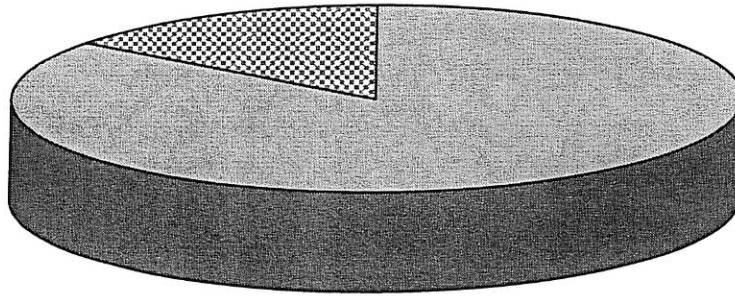
Public Safety  
Impacts: 371  
2%



Groundwater  
Impacts:  
11,385  
77%

**STATEWIDE TOTAL NUMBER OF ABANDONED  
WELLS REQUIRING ACTION: 7,002**

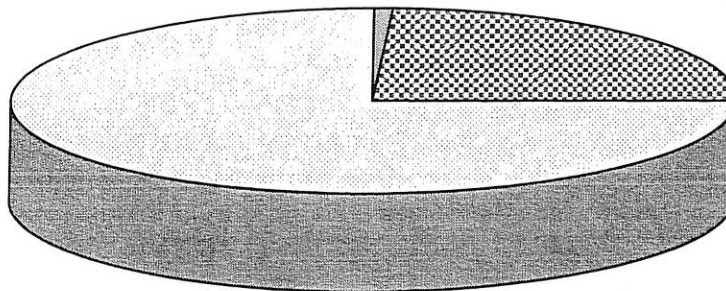
**Priority 2  
Wells: 1,035  
15%**



**Priority 1  
Wells: 5,967  
85%**

**ABANDONED WELLS BY POLLUTION LEVEL  
PRIORITY 1 WELLS REQUIRING ACTION: 5,967**

**Level A  
Wells: 44  
1%**



**Level B  
Wells: 1,461  
24%**

**Level C  
Wells: 4,462  
75%**

# District 1

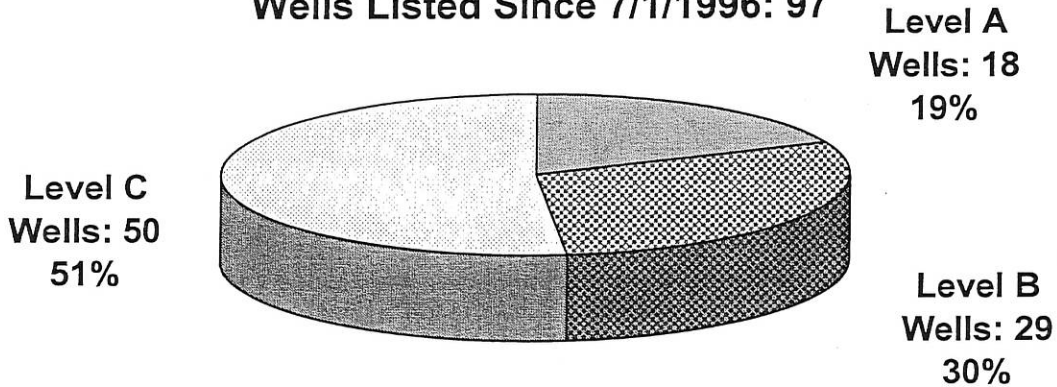
**Loc. of Field Office:** Dodge City

**Staffing Level:** 1 Supervisor, 1 Environmental Geologist, 7 Field staff, and one support staff.

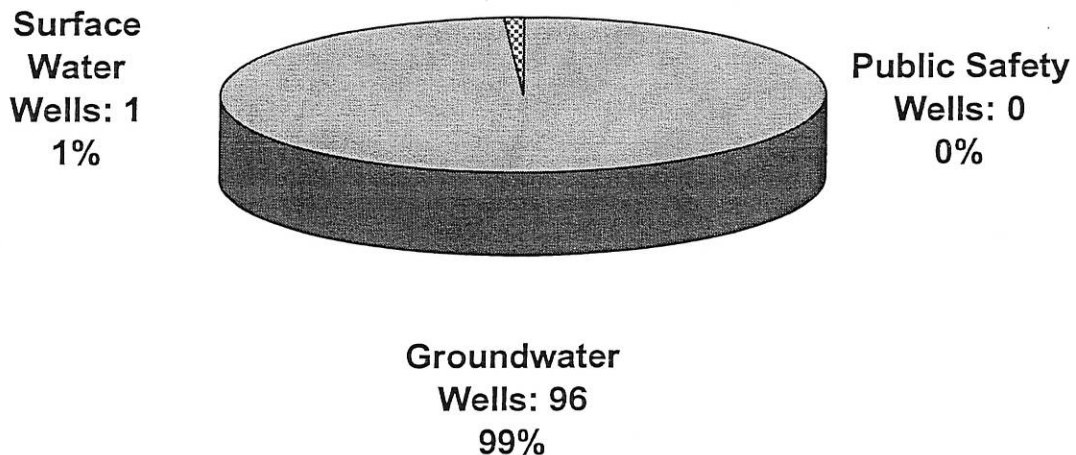
**Description:** The field area assigned to the District I field office encompasses a total of 27 counties in the southwestern portion of the state. Oil and gas production has been established in all of the counties within the district. In general oil production in the eastern portion of this district is of an older vintage than in the western part. Wells in this district are some of the deepest in the state. Operations are spread through a large geographic area in the district with a large concentration of gas wells within the Hugoton-Panoma area.

**Inventory Status:** Wells identified to date represent approximately 57% of the original 170 Priority I wells estimated for this district.

## Total Number Of Priority 1 Wells Listed Since 7/1/1996: 97



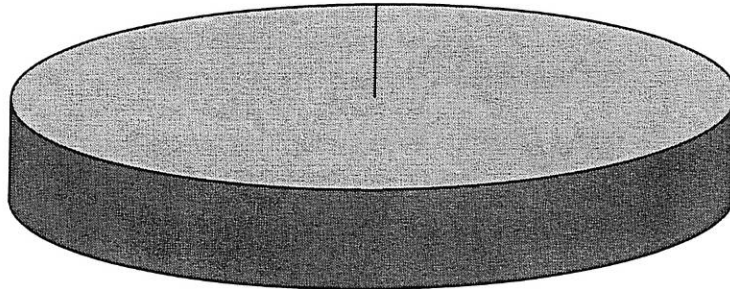
## Impact of Priority 1 Wells





**DISTRICT 1  
NUMBER OF ABANDONED WELLS  
REQUIRING ACTION: 4**

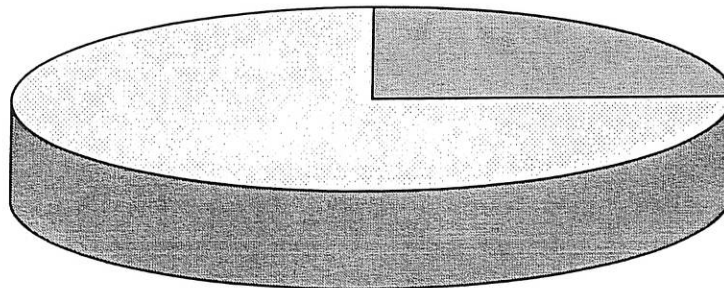
**Priority 2  
Wells: 0  
0%**



**Priority 1  
Wells: 4  
100%**

**ABANDONED WELLS BY POLLUTION LEVEL  
PRIORITY 1 WELLS REQUIRING ACTION: 4**

**Level A  
Wells: 1  
25%**



**Level C  
Wells: 3  
75%**

## District 2

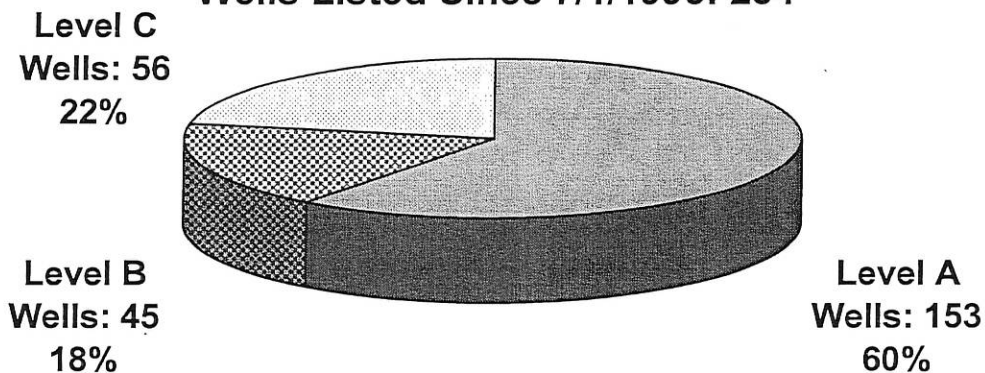
**Loc. of Field Office:** Wichita

**Staffing Level:** 1 Supervisor, 2 Environmental Geologists, 7 Field Staff, and 1 Support Staff.

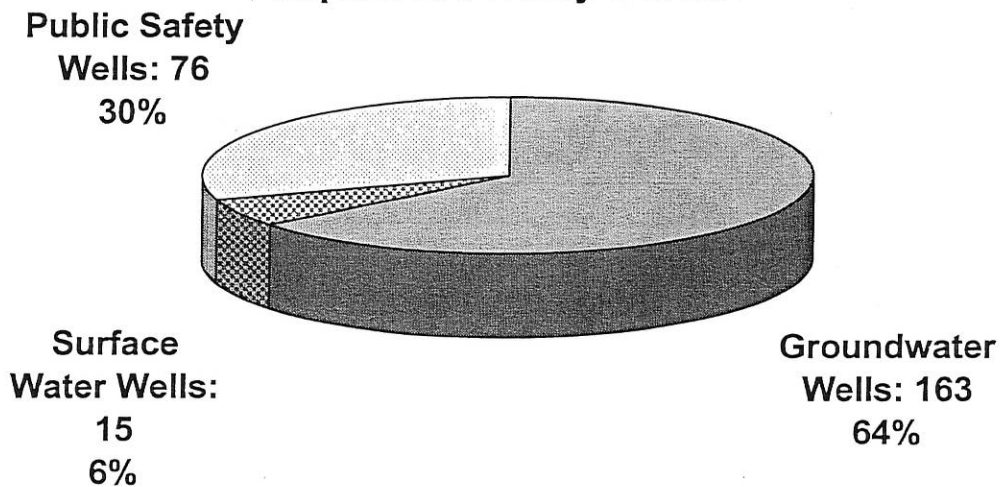
**Description:** The field area under the control of the District II office includes 27 counties in the central part of the state. Of the 27 counties in the district 20 are or have been productive of oil and gas. Groundwater supplies to large metropolitan areas within the district have received some negative impacts from oil and gas operations. In general the production on the eastern side of the District is shallower and older in vintage. Operations are generally concentrated south of Interstate 70 with small to moderate sized independent operators being the rule rather than the exception.

**Inventory Status:** Wells identified to date represent approximately 154% of the original 165 Priority I wells estimated for this district.

### Total Number Of Priority 1 Wells Listed Since 7/1/1996: 254

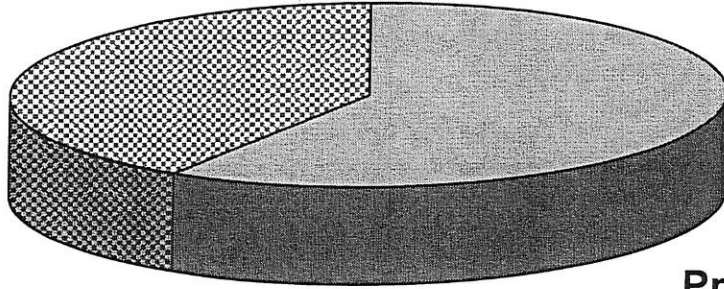


### Impact of Priority 1 Wells



**DISTRICT 2  
NUMBER OF ABANDONED WELLS  
REQUIRING ACTION: 86**

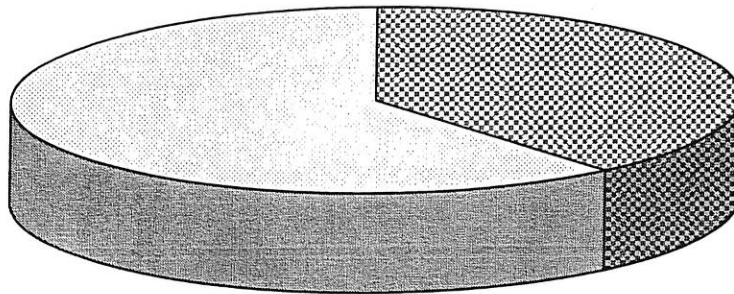
**Priority 2  
Wells: 35  
41%**



**Priority 1  
Wells: 51  
59%**

**ABANDONED WELLS BY POLLUTION LEVEL  
PRIORITY 1 WELLS REQUIRING ACTION: 51**

**Level A  
Wells: 0  
0%**



**Level B  
Wells: 20  
39%**

**Level C  
Wells: 31  
61%**

# District 3

**Loc. of Field Office:** Chanute

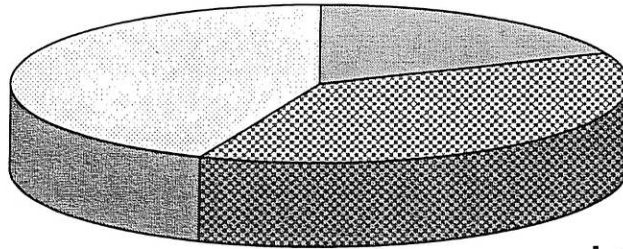
**Staffing Level:** 1 Supervisor, 1 Environmental Geologist, 10 Field Staff, and 2 Support Staff.

**Description:** The field area assigned to the District III field office encompasses a total of 32 counties in the eastern portion of the state. Oil and gas production has been established in all but four counties within the boundaries of the district. In general the production in this district comes from low volume wells producing from shallow depths. The district has the highest concentration of injection and/or disposal wells of any of the field districts. Small to moderate sized independent producers operate the majority of the active leases.

**Inventory Status:** Wells identified to date represent approximately 107% of the original 13,182 Priority I wells estimated for this district. It is estimated that the number of wells with public safety and surface water concerns or impacts will increase within this district as the inventory proceeds.

## Total Number of Priority 1 Wells Listed Since 7/1/1996: 14,040

**Level C**  
Wells: 6,170  
44%

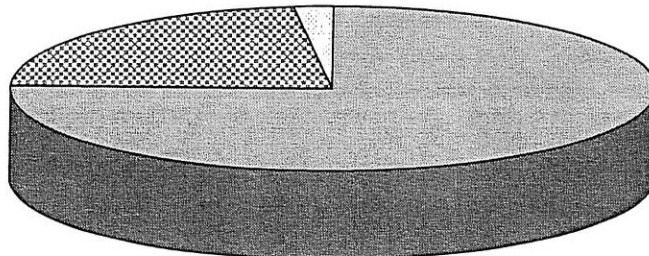


**Level A**  
Wells: 2,628  
19%

**Level B**  
Wells: 5,242  
37%

## Impact of Priority 1 Wells

**Surface  
Water Wells:**  
3,161  
23%

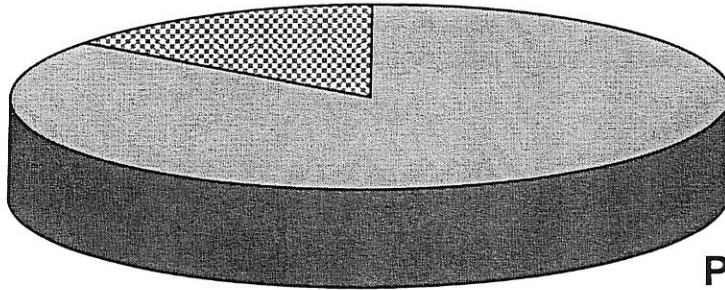


**Public Safety**  
Wells: 273  
2%

**Groundwater  
Wells:** 10,606  
75%

**DISTRICT 3  
NUMBER OF ABANDONED WELLS  
REQUIRING ACTION: 6,830**

**Priority 2  
Wells: 997  
15%**

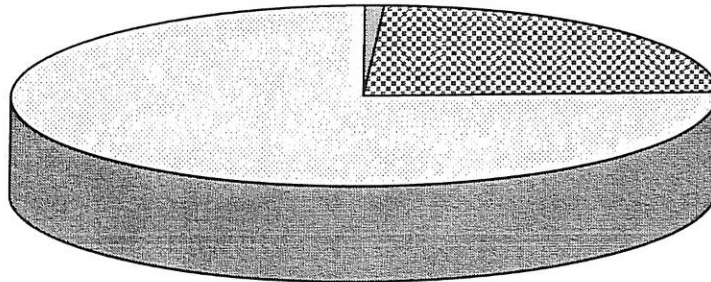


**Priority 1  
Wells: 5,833  
85%**

**ABANDONED WELLS BY POLLUTION LEVEL  
PRIORITY 1 WELLS REQUIRING ACTION: 5,833**

**Level A  
Wells: 43  
1%**

**Level B  
Wells: 1,405  
24%**



**Level C  
Wells: 4,385  
75%**

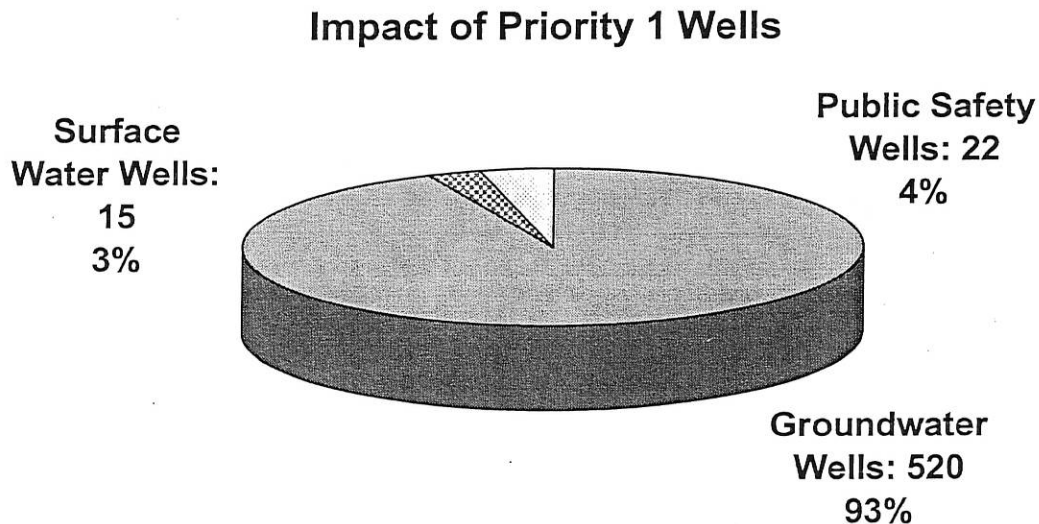
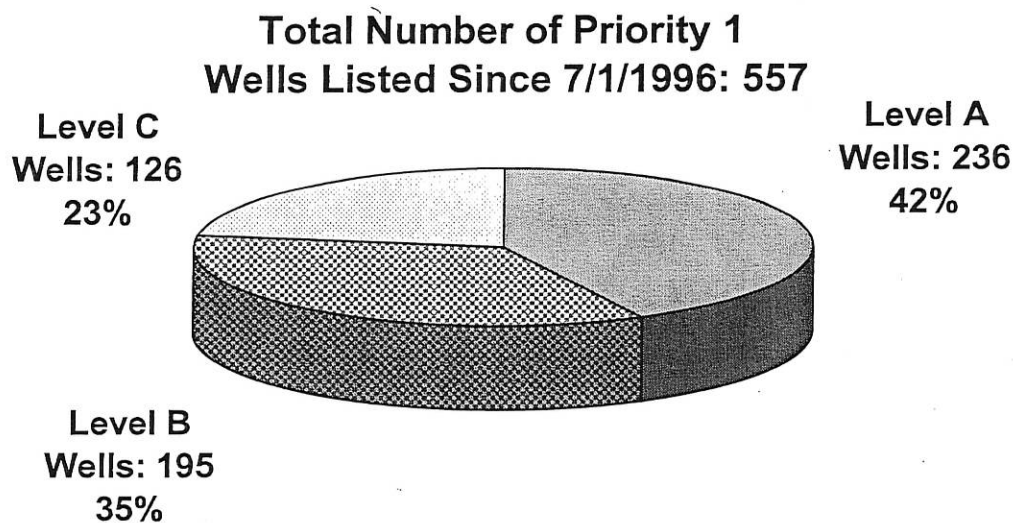
## District 4

**Loc. of Field Office:** Hays

**Staffing Level:** 1 Supervisor, 1 Environmental Geologist, 9 Field Staff, and 2 Support Staff.

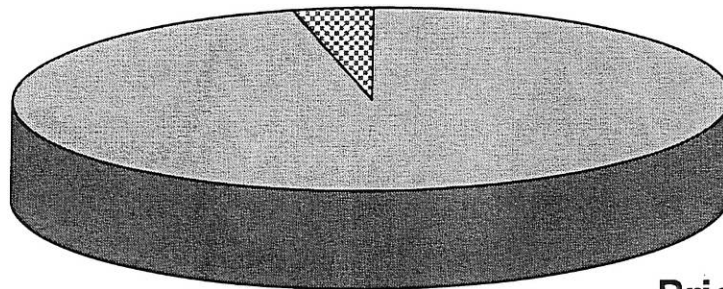
**Description:** The field area assigned to the District IV field office includes 19 northwestern counties, 18 of which are or have been productive of oil and gas. As with most of the productive area in the state, the productive area in the eastern portion of this district is of the oldest vintage. Protection of both shallow and intermediate groundwater aquifers is of critical importance to this area.

**Inventory Status:** Wells identified to date represent approximately 45% of the original 1,242 Priority I wells estimated for this district.



**DISTRICT 4  
NUMBER OF ABANDONED WELLS  
REQUIRING ACTION: 82**

**Priority 2  
Wells: 3  
4%**

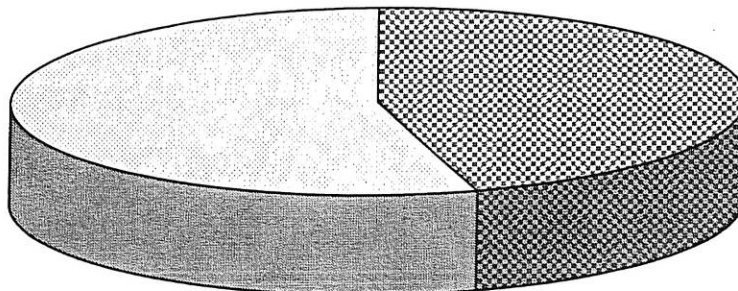


**Priority 1  
Wells: 79  
96%**

**ABANDONED WELLS BY POLLUTION LEVEL  
PRIORITY 1 WELLS REQUIRING ACTION: 79**

**Level A  
Wells: 0  
0%**

**Level C  
Wells: 43  
54%**



**Level B  
Wells: 36  
46%**



***Conservation Division  
Remediation Site  
Status Report***

***January 14, 2008***

*Ref. Abandoned Oil & Gas Well / Remediation Site Fund*



**Abandoned Oil and Gas Well / Remediation Site Fund  
Remediation Sites  
Status Report**

**Introduction**

During the 1996 legislative session House Substitute for Senate Bill 755 was passed. A part of this legislation created an Abandoned Oil and Gas Well / Remediation Fund the expressed purpose of which was to provide funding to the Kansas Corporation Commission with which to both plug abandoned wells and remediate contamination sites related to oil and gas activities. The legislation requires that the Kansas Corporation Commission prepare an annual Remediation Site Status Report for the office of the Governor and certain legislative committees. This report for the period January 1, 2007 through December 31, 2007 contains information for each of the sites with regard to the following: (1) A description and evaluation of the site; (2) the immediacy of the threat to public health and environment; (3) the level of remediation sought; (4) any unusual problems associated with the investigation or remediation; (5) any remedial efforts completed during the review period; (6) current contaminate level; (7) status of the site; (8) direct and indirect costs associated with remedial efforts; and (9) an estimate of the cost to achieve the recommended level of remediation or an estimate of the cost to conduct an investigation sufficient to determine the cost of remediation.

**Site Inventory**

The inventory of sites listed in the current Remediation Site Status Report consists of 63 sites. This report includes sites that were transferred to the control of the Kansas Corporation Commission (KCC) from the Kansas Department of Health and Environment (KDHE) by legislative action in 1995 and in-house sites already under KCC jurisdiction. Of the original 109 sites, four were combined with other sites. During previous evaluation periods, 62 sites have been resolved and 20 sites have been added. The current evaluation period, January 1, 2007 through December 31, 2007, resulted in the resolution of 2 sites, resulting in a total of 61 active sites. Summary tables for site impacts and immediacy levels as well as estimated costs are found at the beginning of the report. The tables below provide an overview of distribution of sites with respect to both resources impacted and the range of immediacy levels for required remediation.

**Distribution of Active Sites with Respect to Impacted Resources**

<b>Impacted Resources</b>	<b>Number of Sites</b>
Public Water Supply	9
Domestic Supply	25
Stock Supply	15
Irrigation Supply	12
Other	86

\*Some sites have impacts to multiple resources

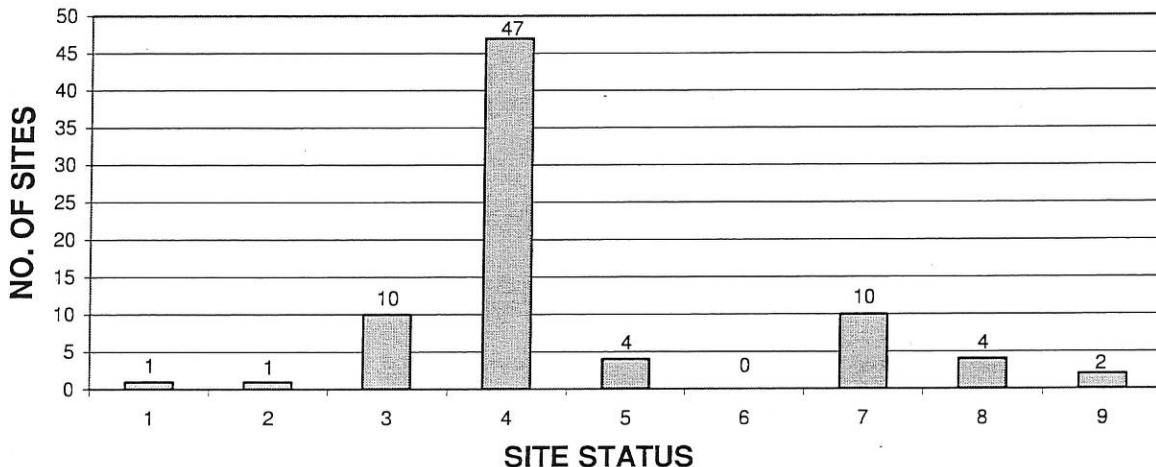
### Distribution of Active Sites with Respect to Immediacy Levels

Range of Immediacy Level	No. of Sites
Low & Low to Moderate	28
Moderate	12
Moderate to High & High	11
Other (Under Remediation)	10
Total	61

### Site Status

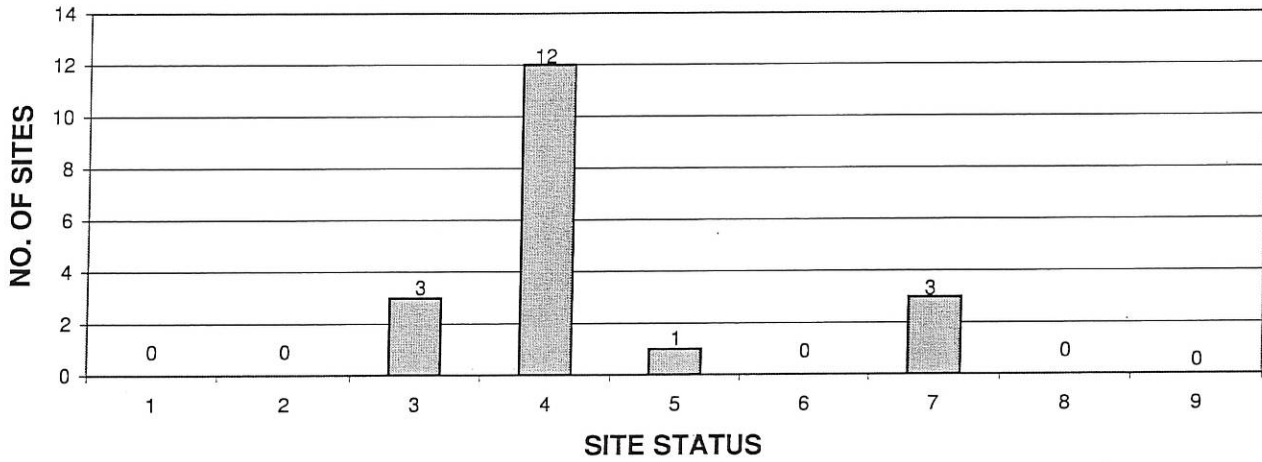
In general each contamination site has a definable life cycle. This cycle follows a sequence of investigatory and remedial activities which move the site towards ultimate resolution. The first phase of the cycle is the site assessment. This phase defines general site parameters and conditions that form the basis for additional efforts at the site. Once the assessment is complete the site moves on to a new phase. This next phase may be short term or long term monitoring followed closely by resolution of the site. While another scenario may include an extensive investigation phase followed by the installation of a monitoring system whose sample results may indicate the necessity for certain remedial activities and additional post remediation monitoring prior to resolution of the site. The following graphs depict the current status of the 63 listed sites on a statewide and K.C.C. District basis.

### STATEWIDE DISTRIBUTION OF SITES BY STATUS



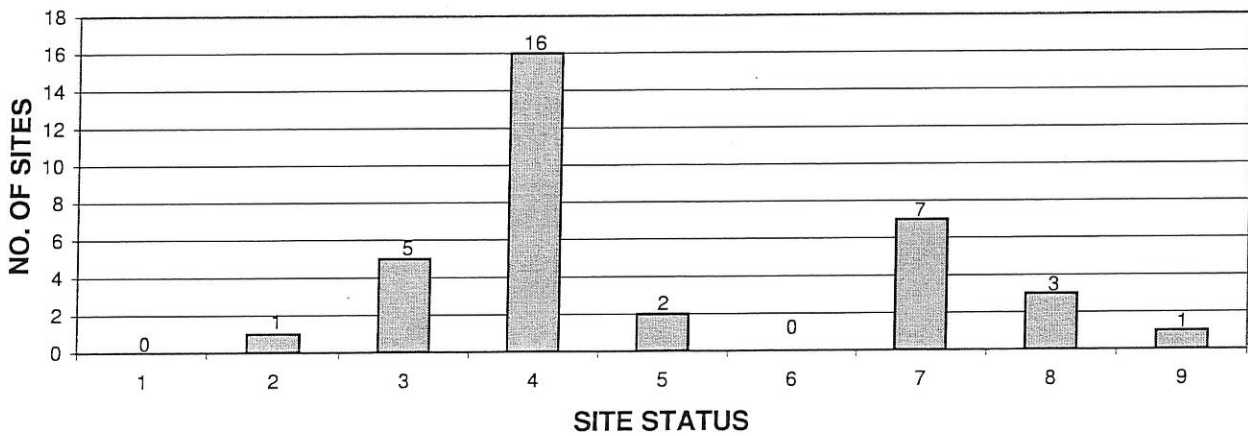
1. SITE ASSESSMENT	2. SHORT TERM MONITORING	3. INVESTIGATION
4. LONG TERM MONITORING	5. REMEDIATION PLAN	6. INSTALLATION
7. REMEDIATION	8. POST REMEDIATION MONITORING	9. RESOLVED

## DISTRICT 1 DISTRIBUTION OF SITES BY STATUS



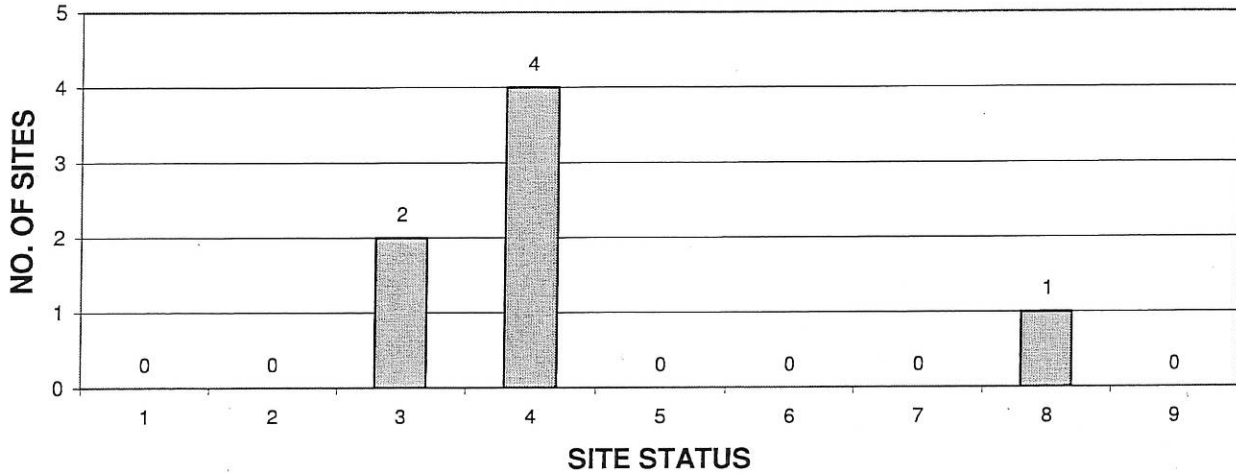
1. SITE ASSESSMENT	2. SHORT TERM MONITORING	3. INVESTIGATION
4. LONG TERM MONITORING	5. REMEDIATION PLAN	6. INSTALLATION
7. REMEDIATION	8. POST REMEDIATION MONITORING	9. RESOLVED

## DISTRICT 2 DISTRIBUTION OF SITES BY STATUS



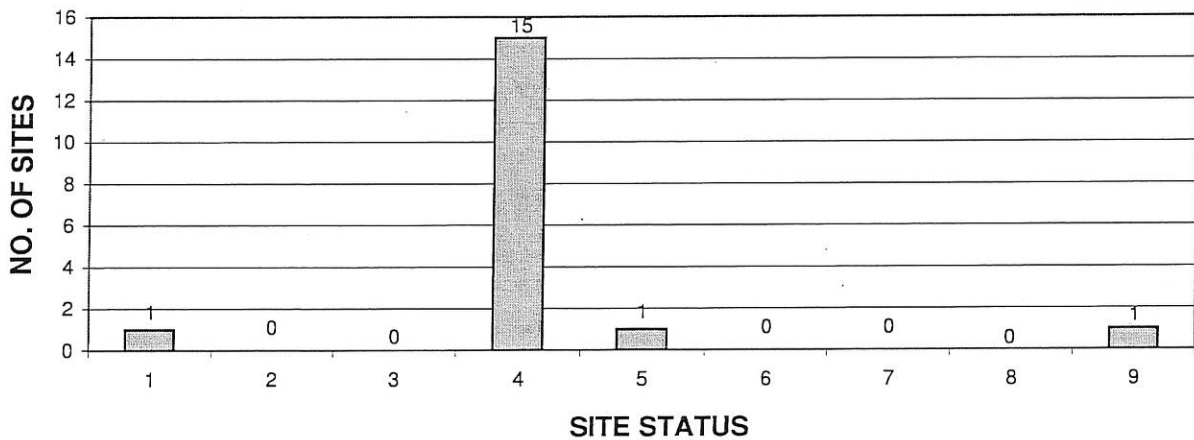
1. SITE ASSESSMENT	2. SHORT TERM MONITORING	3. INVESTIGATION
4. LONG TERM MONITORING	5. REMEDIATION PLAN	6. INSTALLATION
7. REMEDIATION	8. POST REMEDIATION MONITORING	9. RESOLVED

### DISTRICT 3 DISTRIBUTION OF SITES BY STATUS



1. SITE ASSESSMENT	2. SHORT TERM MONITORING	3. INVESTIGATION
4. LONG TERM MONITORING	5. REMEDIATION PLAN	6. INSTALLATION
7. REMEDIATION	8. POST REMEDIATION MONITORING	9. RESOLVED

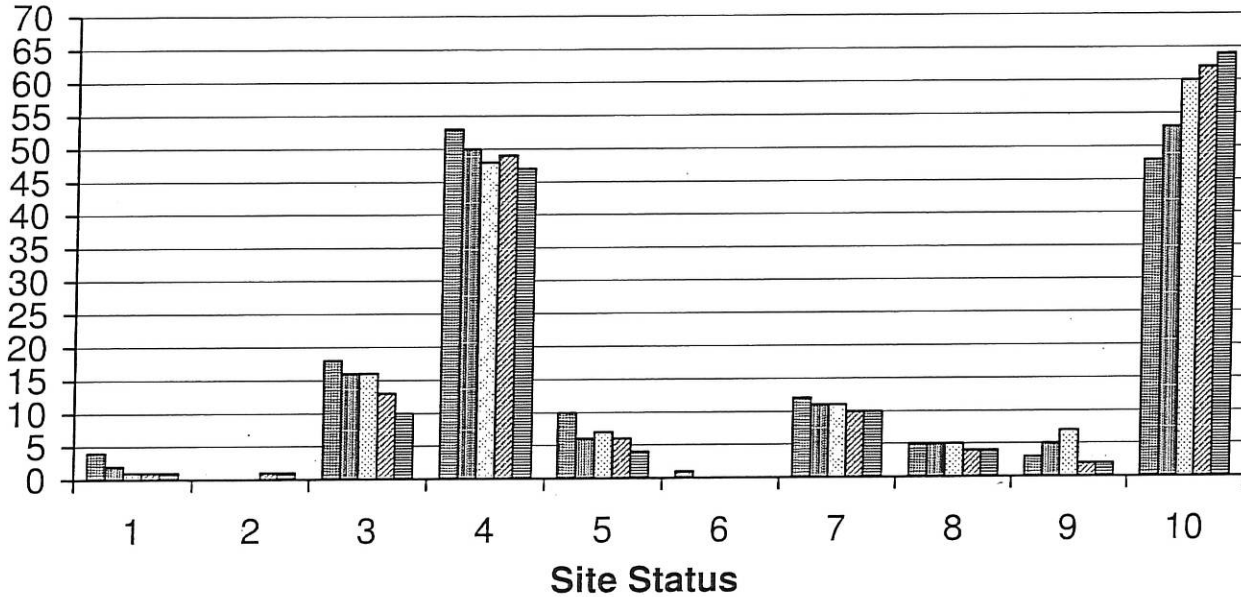
### DISTRICT 4 DISTRIBUTION OF SITES BY STATUS



1. SITE ASSESSMENT	2. SHORT TERM MONITORING	3. INVESTIGATION
4. LONG TERM MONITORING	5. REMEDIATION PLAN	6. INSTALLATION
7. REMEDIATION	8. POST REMEDIATION MONITORING	9. RESOLVED

This graph depicts the distribution of sites by status for the reporting periods 2004 through 2008.

## Distribution of Sites by Status for Reporting Periods 2004 - 2008



2004
  2005
  2006
  2007
  2008

- |                            |                                |                  |
|----------------------------|--------------------------------|------------------|
| 1. SITE ASSESSMENT         | 2. SHORT TERM MONITORING       | 3. INVESTIGATION |
| 4. LONG TERM MONITORING    | 5. REMEDIATION PLAN            | 6. INSTALLATION  |
| 7. REMEDIATION             | 8. POST REMEDIATION MONITORING | 9. RESOLVED      |
| 10. RESOLVED - CUMMULATIVE |                                |                  |

### Conclusions

This report provides information concerning the location, resource impact, immediacy level, and site description and status for 63 listed contamination / remediation sites related to exploration and production activities in the state. In addition, data is presented with regard to staff expenditures for site management, administration, and inspections, as well as authorization and/or expenditures against the Abandoned Well / Remediation fund for investigatory and remedial activities at the sites.

The Conservation Division of the Kansas Corporation Commission is committed to working with the oil and gas industry of the state, as well as other resource stakeholders within government and the public in general to provide a scientifically sound and technically based remediation program.

H. Ag. & Natural Resources  
 Budget Committee  
 2/19/08  
 Attachment 2

## Animal Health Department

### FY 2008 Supplemental Requests

Supplemental Requests	Agency Request			Governor's Rec.			Subcommittee Rec.		
	SGF	All Funds	FTE	SGF	All Funds	FTE	SGF	All Funds	FTE
Staff Overtime/Compensatory Time*	\$ 27,176	\$ 27,176	0.0	\$ -	\$ -	0.0			

\*The agency requested \$129,011 from FEMA for reimbursement of expenses incurred after the Greensburg tornado.  
 The agency received \$92,470 from FEMA, which is \$36,541 short of full reimbursement

### FY 2009 Enhancement Requests

Enhancement Requests	Agency Request			Governor's Rec.			Subcommittee Rec.		
	SGF	All Funds	FTE	SGF	All Funds	FTE	SGF	All Funds	FTE
Staff Overtime/Compensatory Time	\$ 32,633	\$ 32,633	0.0	\$ -	\$ -	0.0			
4.0 FTE Agriculture Inspector II positions	246,512	246,512	4.0	-	-	0.0			
Computer/Printer Replacement	44,116	44,116	0.0	-	-	0.0			
Pounds/Shelters Relinquishment Fees	10,000	10,000	0.0	5,000	5,000	0.0			
Veterinary Bills	10,000	10,000	0.0	5,000	5,000	0.0			
Three New Vehicles	51,000	51,000	0.0	17,000	17,000	0.0			
<b>TOTAL</b>	<b>\$ 394,261</b>	<b>\$ 394,261</b>	<b>4.0</b>	<b>\$ 27,000</b>	<b>\$ 27,000</b>	<b>0.0</b>			

HOUSE AG & NATURAL RESOURCES  
 BUDGET COMMITTEE  
 DATE: 2/19/08  
 ATTACHMENT: 2 - 1

(Attachment 2)

Changes Between Approved to Agency Request To Governor Recommendation

Agency	Approved FY 2008	Agency FY 2008	Gov Rec FY 2008	Agency Change From Approved	Gov Rec Change From Approved
Board of Accountancy	\$ 308,097	\$ 354,776	\$ 354,776	\$ 46,679	KSIP Exp.
Department of Credit Unions	\$ 927,530	\$ 942,497	\$ 942,497	\$ 14,967	\$66,492 KSIP Exp. (\$51,525) Retirement and Vacant Position
Securities Commissioner	\$ 2,782,929	\$ 3,153,166	\$ 3,075,326	\$ 370,237	\$238,477 KSIP Exp. \$34,639 Reduced Shrinkage, Investigator \$77,840 Supp. Examiner Pay (\$719) Revised Investor Ed. Fund Estimate \$20,000 Upward Adjustment for Posting Error

Agency	Approved FY 2009	Agency FY 2009	Gov Rec FY 2009	Agency Change From Approved	Gov Rec Change From Approved
Board of Accountancy	\$ 307,966	\$ 310,900	\$ 315,829	\$ 2,934	Associated with filling staff positions.
Department of Credit	\$ 915,887	\$ 849,316	\$ 894,213	\$ (66,571)	(\$78,171) Operating Reductions \$11,600 Vehicle Replacement
Securities Commissioner	\$2,779,616	\$2,911,934	\$2,912,771	\$ 132,318	\$34,810 Investigator Pay \$78,228 Examiner Pay (\$720) Revised Investor Ed. Fund Estimate \$20,000 Upward Adjustment for Posting Error

H Ag & Natural Resources  
 Budget Committee  
 2/19/08  
 Attachment 3

HOUSE AG & NATURAL RESOURCES  
 BUDGET COMMITTEE  
 DATE: 2/19/08  
 ATTACHMENT: 3-1

## DEPARTMENT OF AGRICULTURE

Expenditure	Actual FY 2007	Agency Est. FY 2008	Gov. Rec. FY 2008	Agency Req. FY 2009	Gov. Rec. FY 2009
Operating Expenditures:					
State General Fund	\$ 11,230,458	\$ 12,162,274	\$ 12,162,274	\$ 12,459,269	\$ 12,303,319
Other Funds	16,671,308	13,582,728	13,771,017	14,276,137	14,599,522
TOTAL	<u>\$ 27,901,766</u>	<u>\$ 25,745,002</u>	<u>\$ 25,933,291</u>	<u>\$ 26,735,406</u>	<u>\$ 26,902,841</u>
Percentage Change:					
Operating Expenditures:					
State General Fund	9.6%	8.3%	8.3%	2.4%	1.2%
All Funds	20.7	(7.7)	(7.1)	3.9	3.7
FTE Positions	308.5	314.5	314.5	317.5	316.5
Non-FTE Perm. Uncl. Pos.	30.0	24.0	24.0	24.0	24.0
TOTAL	<u>338.5</u>	<u>338.5</u>	<u>338.5</u>	<u>341.5</u>	<u>340.5</u>

## AGENCY OVERVIEW

The Kansas Department of Agriculture is responsible for implementing food safety, consumer and environmental protection, and water resource allocation programs including the assurance of a safe meat, milk and egg supply; the responsible and judicious use of pesticides and nutrients; the protection of Kansas' natural and cultivated plants; the integrity of weighing and measuring devices in commerce; and that the waters of Kansas are put to beneficial use. The agency consists of five programs including Administration, Food Safety and Consumer Protection, Regulation of Water Resources, Agricultural Laboratories, and Environmental Protection. The Secretary of Agriculture is a gubernatorial appointee and serves as head of the agency.

## MAJOR ISSUES FROM PRIOR YEARS

The **2001 Legislature** approved the implementation of the Kansas Water Banking Act. A water bank is a private not-for-profit corporation chartered by the state which leases water from holders of water rights that have been deposited in the bank. The water bank also provides safe deposit accounts for the deposit of unused water from a bankable water right for future use.

The **2002 Legislature** increased fees or created new fees in the Pesticide and Fertilizer, Dairy Inspection, Water Resources, and Weights and Measures subprograms. For **FY 2003**, the State Water Plan Fund allocation for the agency was reduced by 10.0 percent. In addition, the **2002 Legislature** eliminated the funding for three FTE positions in FY 2003.

The **2003 Legislature** reduced agency FTE positions by 4.0 in FY 2004. The positions were vacant and were not funded.



In **October 2003**, Legislative Post Audit completed an audit titled "Food Safety Programs in Kansas: Evaluating Possible Costs and Efficiencies of Combining Them." The audit reviewed the possible consolidation of food safety programs in the Department of Agriculture (KDA) and the Kansas Department of Health and Environment (KDHE). The audit indicated that a consolidated food safety program may result in cost savings and an improved food safety program, including more consistent inspections and increased communication. For the **2003 Interim**, the Special Committee on Agriculture was charged with the following topic: "Consolidation of Food Safety Functions. Review and study the possibility of consolidation of the food safety functions of the Department of Health and Environment and the Kansas Department of Agriculture."

**Executive Reorganization Order No. 32** transferred most of the food safety regulatory functions from the Department of Health and Environment (KDHE) to the Department of Agriculture beginning October 1, 2004. The **2004 Legislature** authorized the transfer of \$320,198 and 6.0 FTE positions in FY 2005 from the KDHE to facilitate the program transfer. Included in the transfer was the licensing, inspection and regulation of retail food stores (grocery stores); food service establishments located in retail food stores; mobile retail ice cream vendors; food vending machines, companies, and dealers; and food processing plants. Regulation of food service establishments (restaurants) remains with the KDHE.

In **August 2004**, Legislative Post Audit completed an audit titled, "Department of Agriculture: Reviewing the Grain Warehouse Inspection Program." The audit provides an overview of grain warehouse regulation in Kansas including the study of whether the existing program is adequate for protecting farmers who have grain stored in public warehouses.

The agency completed in 2004 the Registration, Enforcement, and Compliance System (RECS), which converts the agency's many nonintegrated databases to a single agency-wide integrated database. The project was approved by the Executive Branch Chief Information Technology Officer.

The **2006 Legislature** added \$255,000 from the State General Fund and 3.0 FTE positions in FY 2007 for high hazard dam inspections and \$1.0 million from the State Water Plan Fund and 3.0 FTE positions for the Modeling Engineer and Field Compliance staff in FY 2007.

The **2007 Legislature** added \$584,217 from the State Water Plan Fund for the Interstate Water Issues Subprogram for consultants in both the Arkansas and Republican River litigations and ongoing expenses related to compact compliance, along with \$92,340 and 1.0 non-FTE Environmental Scientist II position for the Ozark Plateau Aquifer Water Initiative Strategic Plan (WISP). The 2007 Legislature also added \$145,000 from the State General Fund for the replacement of one large scale test truck for the Weights and Measures Program.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2008 – Current Year.** The **agency** requests a revised FY 2008 budget totaling \$25.7 million, a decrease of \$1.1 million, or 4.2 percent, below the amount approved by the 2007 Legislature. The request includes State General Fund expenditures of \$12.2 million, the approved amount. The decrease in the agency's request is attributed to a decrease of \$1.4 million in federal funding, the result of a change in priorities by the Federal Emergency Management Agency (FEMA). The decrease in federal funding is partially offset by an increase of \$269,894 in special revenue funds for various adjustments to revenue fund estimates.

The **Governor** recommends a revised FY 2008 budget totaling \$25.9 million, an increase of \$189,225, or 0.7 percent, above the agency's FY 2008 revised estimate. The recommendation

includes an adjustment to agency revenues of \$89,225, all from special revenue funds, and \$100,000 additional funding from special revenue funds for homeland security.

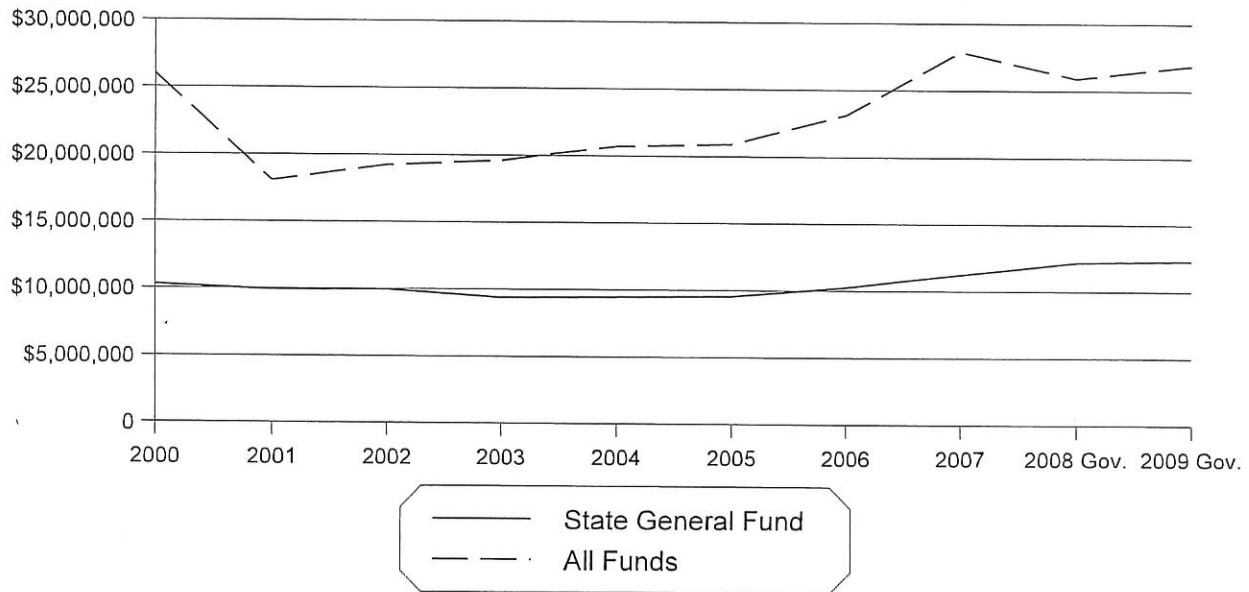
**FY 2009 – Budget Year.** The **agency** requests a FY 2009 budget of \$26.7 million, an increase of \$991,340, or 3.9 percent, above the revised current year estimate. The agency requests State General Fund expenditures of \$12.5 million, an increase of \$296,995, or 2.4 percent, above the revised current year estimate. The FY 2009 request includes enhancement funding of \$1.2 million, including \$927,731 from the State General Fund. Absent the enhancement requests, the agency's FY 2009 request totals \$25.5 million, a decrease of \$212,082, or less than 1.0 percent, from the agency's revised current year estimate, including a State General Fund reduction of \$630,736, or 5.1 percent.

The **Governor** recommends a FY 2009 budget of \$26.9 million, an increase of \$167,435, or 0.6 percent, above the agency's FY 2009 request and an increase of \$969,550, or 3.7 percent, above the Governor's FY 2008 revised recommendation. The recommendation includes \$613,149 for enhancement funding, including \$424,914 from the State General Fund, and \$665,856, including \$346,867 from the State General Fund, for the Governor's pay plan.

**OPERATING EXPENDITURES  
FY 2000–FY 2009**

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2000	\$ 10,282,060	(3.0)%	\$ 26,034,491	21.1%	303.2
2001	9,927,899	(3.4)	18,079,788	(30.6)	300.7
2002	9,969,187	0.4	19,281,350	6.6	300.5
2003	9,373,904	(6.0)	19,641,058	1.9	296.5
2004	9,453,389	0.8	20,708,517	5.4	296.5
2005	9,560,294	1.1	20,934,139	1.1	302.5
2006	10,248,828	7.2	23,123,519	10.5	302.5
2007	11,230,458	9.6	27,901,766	20.7	308.5
2008 Gov. Rec.	12,162,274	8.3	25,933,291	(7.1)	314.5
2009 Gov. Rec.	12,303,319	1.2	26,902,841	3.7	316.5
Ten-Year Change Dollars/Percent	\$ 2,021,259	19.7%	\$ 868,350	3.3%	13.3

**OPERATING EXPENDITURES  
FY 2000–FY 2009**



**Summary of Operating Budget FY 2007-FY 2009**

	Actual FY 2007	Agency Request				Governor's Recommendation			
		Estimate FY 2008	Request FY 2009	Dollar Change from FY 08	Percent Change from FY 08	Rec. FY 2008	Rec. FY 2009	Dollar Change from FY 08	Percent Change from FY 08
<b>By Program:</b>									
Administrative Services & Support	\$ 6,405,541	\$ 5,827,716	\$ 5,592,142	\$ (235,574)	(4.0)%	\$ 6,009,511	\$ 6,027,277	\$ 17,766	0.3%
Food Safety & Consumer Protection	6,592,499	7,365,730	7,422,281	56,551	0.8	7,365,730	7,479,804	114,074	1.5
Water Resources	10,931,533	8,412,470	9,281,114	868,644	10.3	8,419,900	9,280,756	860,856	10.2
Agricultural Laboratories	1,226,485	1,262,173	1,584,587	322,414	25.5	1,262,173	1,277,680	15,507	1.2
Environmental Protection	2,745,708	2,875,977	2,855,282	(20,695)	(0.7)	2,875,977	2,837,324	(38,653)	(1.3)
<b>TOTAL</b>	<u>\$ 27,901,766</u>	<u>\$ 25,744,066</u>	<u>\$ 26,735,406</u>	<u>\$ 991,340</u>	<u>3.9%</u>	<u>\$ 25,933,291</u>	<u>\$ 26,902,841</u>	<u>\$ 969,550</u>	<u>3.7%</u>
<b>By Major Object of Expenditure:</b>									
Salaries and Wages	\$ 16,343,245	\$ 17,853,912	\$ 17,820,875	\$ (33,037)	(0.2)%	\$ 17,853,912	\$ 18,378,549	\$ 524,637	2.9%
Contractual Services	8,460,421	6,032,318	6,834,345	802,027	13.3	6,221,543	6,924,356	702,813	11.3
Commodities	812,335	765,283	748,322	(16,961)	(2.2)	765,283	747,572	(17,711)	(2.3)
Capital Outlay	1,333,531	1,087,553	1,331,864	244,311	22.5	1,087,553	852,364	(235,189)	(21.6)
Subtotal - Operations	\$ 26,949,532	\$ 25,739,066	\$ 26,735,406	\$ 996,340	3.9%	\$ 25,928,291	\$ 26,902,841	\$ 974,550	3.8%
Aid to Local Units	0	0	0	0	0.0	0	0	0	0.0
Other Assistance	952,234	5,000	0	(5,000)	(100.0)	5,000	0	(5,000)	(100.0)
<b>TOTAL</b>	<u>\$ 27,901,766</u>	<u>\$ 25,744,066</u>	<u>\$ 26,735,406</u>	<u>\$ 991,340</u>	<u>3.9%</u>	<u>\$ 25,933,291</u>	<u>\$ 26,902,841</u>	<u>\$ 969,550</u>	<u>3.7%</u>
<b>Financing:</b>									
State General Fund	\$ 11,230,458	\$ 12,162,274	\$ 12,459,269	\$ 296,995	2.4%	\$ 12,162,274	\$ 12,303,319	\$ 141,045	1.2%
State Water Plan Fund	1,878,622	1,404,031	1,376,573	(27,458)	(2.0)	1,411,461	1,405,008	(6,453)	(0.5)
All Other Funds	14,792,686	12,177,761	12,899,564	721,803	5.9	12,359,556	13,194,514	834,958	6.8
<b>TOTAL</b>	<u>\$ 27,901,766</u>	<u>\$ 25,744,066</u>	<u>\$ 26,735,406</u>	<u>\$ 991,340</u>	<u>3.9%</u>	<u>\$ 25,933,291</u>	<u>\$ 26,902,841</u>	<u>\$ 969,550</u>	<u>3.7%</u>

5-6

**A. FY 2008 – Current Year**

<b>CHANGE FROM APPROVED BUDGET</b>					
	Approved 2007 Legislature	Agency Estimate FY 2008	Agency Change from Approved	Governor Rec. FY 2008	Governor Change from Approved
State General Fund	\$ 12,162,274	\$ 12,162,274	\$ 0	\$ 12,162,274	\$ 0
All Other Funds	14,721,162	13,581,792	(1,139,370)	13,771,017	(950,145)
<b>TOTAL</b>	<b>\$ 26,883,436</b>	<b>\$ 25,744,066</b>	<b>\$ (1,139,370)</b>	<b>\$ 25,933,291</b>	<b>\$ (950,145)</b>
FTE Positions	314.5	314.5	0.0	314.5	0.0

The **agency** estimates FY 2008 operating expenditures of \$25.7 million, a decrease of \$1.1 million, or 4.2 percent, below the approved amount. The revised estimate includes \$12.2 million from the State General Fund, which is the same as the approved amount.

The agency anticipates an increase of \$269,894 in special revenue funds for FY 2008. This increase is offset by a decrease in federal funding of \$1.4 million, the result of a shift in priorities by the Federal Emergency Management Agency (FEMA). Prior to FY 2008, FEMA had placed priority on flood plain mapping and Kansas has received a significant amount of funding for mapping projects. For FY 2008, FEMA will shift its priority from mapping to the first phase of scoping, which consists of communications with local communities. This first, or preliminary, stage of the scoping project is less expensive than mapping, but the agency anticipates funding for the second phase of scoping will increase in FY 2009.

The **Governor** recommends FY 2008 operating expenditures of \$25.9 million, an increase of \$189,225, or 0.7 percent, above the agency's FY 2008 revised estimate. The increase is attributed to adjustments made to special revenue funds, including \$81,795 in additional homeland security funds as part of the state's contribution to the Multi-State Partnership for Security in Agriculture and \$7,430 in the State Water Plan Fund for a shortfall in the pay plan financing approved by the 2007 Legislature. The recommendation also includes an additional \$100,000, all from special revenue funds, for homeland security.

**Kansas Savings Incentive Program (KSIP) Expenditures**

The agency does not anticipate any KSIP expenditures.

**B. FY 2009 – Budget Year**

<b>FY 2009 OPERATING BUDGET SUMMARY</b>			
	Agency Request	Governor's Recommendation	Difference
<b>Total Request/Recommendation</b>	<b>\$ 26,735,406</b>	<b>\$ 26,902,841</b>	<b>\$ 167,435</b>
Change from FY 2008:			
Dollar Change:			
State General Fund	\$ 296,995	\$ 141,045	
All Other Funds	694,345	828,505	
TOTAL	<u>\$ 991,340</u>	<u>\$ 969,550</u>	
Percent Change:			
State General Fund	2.4%	1.2%	
All Other Funds	5.1	6.0	
TOTAL	<u>3.9%</u>	<u>3.7%</u>	
Change in FTE Positions	3.0	2.0	

The **agency** requests a FY 2009 budget of \$26.7 million, an increase of \$991,340, or 3.9 percent, above the revised current year estimate. The request includes State General Fund expenditures of \$12.5 million, an increase of \$296,995, or 2.4 percent, above the revised current year estimate. The request would fund 317.5 FTE positions.

The request includes enhancement funding of \$1.2 million, including \$927,731 from the State General Fund, which accounts for the increase in the agency's request for FY 2009. The enhancement requests are discussed in more detail below. Absent the enhancement requests, the FY 2009 request is an overall decrease of \$212,082, or less than one percent, from the agency's revised current year estimate, including a State General Fund reduction of \$630,736, or 5.1 percent.

The FY 2009 request detailed by funding source is as follows:

The State General Fund request totals \$12.5 million, which is an increase of \$296,995, or 2.4 percent, above the FY 2008 revised estimate. The request includes enhancement requests of \$927,731. Absent the enhancement requests, the State General Fund request is \$11.5 million, which is \$630,736, or 5.2 percent, below the FY 2008 revised estimate. The agency anticipates decreases in funding for capital outlay, including computer and professional/scientific equipment, as well as shrinkage in salaries and wages of 5.8 percent.

The State Water Plan Fund request totals \$1.4 million, which is a decrease of \$27,458, or 2.0 percent, below the FY 2008 revised estimate. The decrease includes a reduction of \$55,323 in Subbasin Water Resources Management due to one-time purchases in FY 2008, reductions in salaries and wages due to shrinkage, and an increase for contractual obligations for consultants to

peer review the agency's hydrologic models; an increase of \$27,763 in Water Management for computer purchases and contractual obligations for consultants, related to data analysis and modeling for the water compacts; and a reduction in other programs of \$102.

The all other funds request totals \$12.9 million, which is an increase of \$721,803, or 5.9 percent, above the FY 2008 revised request. The request includes enhancement requests of \$274,755. Absent the enhancement requests, the all other funds request is \$12.6 million, which is \$447,048, or 3.7 percent, above the FY 2008 revised request. The increase is primarily attributed to an increase in federal funding for the second phase of the scoping project prioritized by the Federal Emergency Management Agency (FEMA), which was discussed in the FY 2008 revised estimate analysis, in the amount of \$935,000. The increase anticipated by the agency is partially offset by decreases in other funds, due to salaries and wages shrinkage, one-time purchases in FY 2008, and other adjustments made to fee fund revenues.

The **Governor** recommends FY 2009 operating expenditures of \$26.9 million, an increase of \$969,550, or 3.7 percent, above the Governor's FY 2008 recommendation, and an increase of \$167,435, or 0.6 percent, above the agency's FY 2009 request. The recommendation includes \$12.3 million from the State General Fund, a decrease of \$155,950, or 1.3 percent, below the agency's FY 2009 request.

The recommendation includes enhancement funding of \$613,149, including \$424,914 from the State General Fund, and \$665,856, including \$346,867 from the State General Fund, for the Governor's pay plan. The State General Fund recommendation includes enhancement funding of \$160,000 from the State General Fund for one large scale test truck and \$264,914 for the State General Fund portion of the Governor's recommendation to replace 22 agency vehicles. Absent the enhancements, the Governor's recommendation is \$26.3 million, including \$11.9 million from the State General Fund, representing a total decrease of \$445,714 (1.7 percent) below the agency's FY 2009 request.

The State Water Plan Fund recommendation totals \$1.4 million, which is an increase of \$28,435, or 2.1 percent, above the agency's FY 2009. The increase is attributed to the Governor's pay plan. Absent the State Water Plan Fund recommendation, the all other funds expenditure recommendation totals \$13.2 million, which is an increase of \$294,950, or 2.3 percent, above the agency's FY 2009 request. The increase is attributed to the recommended enhancement requests that are funded from special revenue funds (\$188,235), in addition to the Governor's pay plan (\$290,554). The Governor also recommends a decrease in homeland security funding by \$262,646.

FY 2009 ENHANCEMENTS							
Enhancement	Agency Request			Governor's Recommendation			
	SGF	All Funds	FTE	SGF	All Funds	FTE	
Vehicle Replacement	\$ 341,987	\$ 447,900	0.0	\$ 264,914	\$ 350,600	0.0	
Large Scale Test Truck	160,000	160,000	0.0	160,000	160,000	0.0	
Fleet Increase	0	0	0.0	0	0	0.0	
Dairy - Ag Insp II, vehicle	66,407	66,407	1.0	0	49,407	1.0	
Retail Food - Ag Insp II, vehicle	0	68,842	1.0	0	53,142	1.0	
Ag Labs - LC/MS/MS	225,000	325,000	0.0	0	0	0.0	
SE Position - new vehicle	17,000	17,000	0.0	0	0	0.0	
Water Approp - temp. positions	74,444	74,444	0.0	0	0	0.0	
Water Structures - admin. position	42,893	42,893	1.0	0	0	0.0	
TOTAL	<u>\$ 927,731</u>	<u>\$ 1,202,486</u>	<u>3.0</u>	<u>\$ 424,914</u>	<u>\$ 613,149</u>	<u>2.0</u>	

### Enhancements Detail

- **Vehicle Replacement.** The **agency** requests \$447,900, including \$341,987 from the State General Fund, for replacement of 28 agency vehicles. The **Governor** recommends \$350,600, including \$264,914 from the State General Fund, for the replacement of 22 vehicles.
- **Large Scale Test Truck.** The **agency** requests \$160,000, all from the State General Fund, for a large scale test truck in the Weights and Measures subprogram. The subprogram currently has two test trucks. The 2007 Legislature approved funding to replace one test truck and this request would replace the second truck that has alignment problems, excessive tire wear, steering issues, and a hazardous cable loading system. The **Governor** recommends \$160,000, all from the State General Fund, to replace one large scale test truck in the Weights and Measures subprogram.
- **High Mileage Vehicle.** The **agency** requests to keep a high mileage vehicle for use in the undercover gas purchase program. Currently, a personal vehicle is used by the employee performing investigations of fuel quality and quantity, with mileage and fuel reimbursed by the agency. The agency estimates the vehicle will save the agency \$3,170 per year. The **Governor** does not recommend this enhancement.
- **Dairy Subprogram Agriculture Inspector and Vehicle.** The **agency** requests \$66,407, all from the State General Fund, for a 1.0 Agriculture Inspector II FTE position and the purchase of a vehicle in the Dairy subprogram. The agency anticipates dairy production in western Kansas will increase by approximately 260,000 pounds of milk per day in FY 2009. Because the Department of Agriculture is statutorily required to inspect, sample and test new facilities, the agency believes its current single inspector for western Kansas (based in Syracuse) will not be able to inspect the new facilities and conduct monthly regulatory samples within the 30 - 60 day time frame. The **Governor** recommends \$49,407, all from special revenue funds, and 1.0 Agriculture



Inspector II FTE position, and the purchase of one vehicle in the Dairy subprogram which is included in the first enhancement.

- **Retail Food Subprogram Agriculture Inspector and Vehicle.** The **agency** requests \$68,842, all from special revenue funds, for a 1.0 Agriculture Inspector II FTE position and the purchase of a vehicle in the Retail Food subprogram. The subprogram currently has one inspector. The agency anticipates increases in monthly inspection and training will overextend current staff capabilities. The federal Food and Drug Administration (FDA) has set an ideal ratio of inspectors to facilities at 1 to 250. The current Kansas ratio is 1 to 459. The **Governor** recommends \$53,142, all from special revenue funds, for a 1.0 Agriculture Inspector II FTE position, and the purchase of one vehicle in the Retail Food subprogram which is included in the first enhancement.
- **LC/MS/MS.** The **agency** requests \$325,000, including \$225,000 from the State General Fund, for the purchase of an additional Liquid Chromatograph/Mass Spectrometer/Mass Spectrometer (LC/MS/MS) for the Agricultural Laboratories Program, Feed and Pesticides subprograms. The agency currently has one LC/MS/MS system that was purchased with federal Environmental Protection Agency (EPA) funds and it can only be used for the analysis of pesticide products and related investigations. The agency envisions additional uses for another LC/MS/MS, mainly in testing animal feeds and consumer food products, as well as assisting in backlog and providing backup in case of instrument breakdown. The **Governor** does not recommend this enhancement.
- **Plant Protection and Weed Control Subprogram Vehicle.** The **agency** requests \$17,000, all from the State General Fund, for one vehicle in the Plant Protection and Weed Control subprogram for the Southeast area specialist position. Currently, a truck is being leased through a rental company that prohibits towing a trailer. This position frequently uses an all-terrain vehicle for inspection work within the assigned area, but due to the rental company contract, the all-terrain vehicle is loaded into the back of the pickup, rather than into a trailer. The agency anticipates the new vehicle also would be used to tow other trailers in emergencies. The **Governor** does not recommend this enhancement.
- **Temporary Office Assistant Positions.** The **agency** requests \$74,444, all from the State General Fund, for eight temporary Office Assistant positions in the Water Appropriations subprogram to perform scanning, quality control, and management of the more than 75,000 water rights files into an electronic storage system, with related expenditures for the purchase of additional hard drives that will store the imaged files. The agency estimates this project will take five years to complete, beginning in FY 2009. The agency does not request any FTE positions for this enhancement. The **Governor** does not recommend this enhancement.
- **Administrative Specialist Position.** The **agency** requests \$42,893, all from the State General Fund, for a 1.0 Administrative Specialist FTE position in the Water Structures subprogram, to complete standard clerical tasks in order to allow the existing Public Service Administrator I position to focus on database management associated with the subprogram's regulation of dams, stream obstructions, levees, and other flood plain fills through the state. The **Governor** does not recommend this enhancement.

FY 2009 REDUCED RESOURCES						
Item	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Eliminate Accountant III position	\$ (48,837)	\$ (48,837)	0.0	\$ 0	\$ 0	0.0
Eliminate Tech Support I position	(47,854)	(47,854)	0.0	0	0	0.0
Reduce Water Approp funding	(51,926)	(51,926)	0.0	0	0	0.0
Eliminate Lab Tech II position	(45,428)	(45,428)	0.0	0	0	0.0
Reduce Pest/Fert funding	(36,586)	(36,586)	0.0	0	0	0.0
TOTAL	<u>\$ (230,631)</u>	<u>\$ (230,631)</u>	<u>0.0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0.0</u>

### FY 2009 Reduced Resources

**Eliminate Funding for Accountant III Position.** Eliminate funding of \$48,837, all from the State General Fund, for an Accountant III position in the agency fiscal office. According to the agency, this position performs functions associated with federal funding, including accounting for the funds and properly reporting all grant activity, as well as acting as backup staff, which would severely diminish the agency's ability to meet required federal guidelines.

**Eliminate Funding for Technical Support Consultant I Position.** Eliminate funding of \$47,854, all from the State General Fund, for a Technical Support Consultant I position in the Information Technology (IT) unit. According to the agency, this position assists user problems and performs repair and replacement of systems in the agency, in addition to the Kansas Water Office, the State Conservation Commission and the Board of Governmental Ethics, with whom the agency has agreements to provide IT support. Without the position, the agency states the agency and its partners would not have enough IT support.

**Reduce Funding in the Water Appropriations Subprogram.** Reduce funding in the Water Appropriations subprogram by \$51,926, all from the State General Fund, by removing funds for an Environmental Scientist I position. According to the agency, the position is responsible for automation of water use reporting on the internet, quality control of water use data from owners, ownership changes, and customer service related to water use. Without this position, the agency believes there would be an adverse impact upon the workload in the program.

**Eliminate Funding for Laboratory Technician II Position.** Eliminate funding of \$45,428, all from the State General Fund, for a Laboratory Technician II position in the Agricultural Laboratories Program. According to the agency, the position is responsible for testing routine meat samples, labeling policies and testing requirements, and conducting quality assurance. Without this position, the agency believes its ability to perform safety and quality performance tests would be severely limited.

**Reduce Funding in the Pesticide and Fertilizer Subprogram.** Reduce funding in the Pesticide and Fertilizer subprogram by \$36,586, all from the State General Fund, by removing funds for swine nutrient utilization plan activity, which is a subcomponent of the Kansas Department of Health and Environment (KDHE) confined animal feeding operation nutrient management program. Without this funding, the agency believes KDHE would have to address this issue and any remaining funding will be reallocated to the Fertilizer subprogram.

The **Governor** does not recommend any items of the reduced resources budget.

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's FY 2009 recommendation includes a 2.5 percent base salary adjustment for all employees for the entire fiscal year. The Governor's total recommendation for the pay increase is \$55.2 million, including \$27.1 million from the State General Fund. (This amount assumes that the Regents will elect to provide the same salary increases provided to other state agencies. Funding for the Regents portion of the increase which totals \$27.4 million, including \$12.5 million from the State General Fund, is included in the Regents operating grant increase recommended by the Governor.) **For this agency**, the recommended pay increase totals \$391,583, including \$203,340 from the State General Fund.

**Classified Employee Pay Plan.** During the 2007 interim, the State Employee Compensation Oversight Commission was charged with the development of a new pay plan for classified employees for the Governor, Chief Justice of the Supreme Court and 2008 Legislature to consider. The Commission endorsed the recommendation of the Hay Group that five separate pay plans be created for state employees in the classified service, with different opportunities for pay increases to acknowledge the different types of work performed. The five pay plans recommended include: a **management pay plan** for the limited number of classified employees (*i.e.* Public Service Executive III, Public Service Executive IV, Corrections Manager I) involved in managerial functions (pay increases will be solely based on performance); a **professional individual contributor** pay plan for employees (*i.e.* Public Service Executive II, Registered Nurse Senior, Applications Developer II) in positions requiring knowledge of principles and theories of a professional discipline that is normally obtained through a college curriculum (pay for this group will be set within broad bands to reflect different levels of work and performance against established standards); a **protective service** pay plan for uniformed officers of the Department of Corrections, Juvenile Justice Authority, Highway Patrol troopers and all other positions that meet the definition of police or law enforcement officer (pay increases would be based on achievement of milestone and certification events as well as time on the job and performance); a **basic vocational pay plan** for employees (*i.e.* Senior Administrative Assistant, Administrative Assistant, Custodial Specialist) assigned to positions that perform routine, structured, work where performance can be measured on a pass/fail basis (pay increases will be based on the traditional step movement approach, based on time on the job); and a **general** classified pay plan for those employees (*i.e.* Administrative Specialist, Human Service Specialist, Mental Health/Developmental Disability Technician) who do not fall within the parameters of the other four plans (the pay ranges will have steps below the market rate and an open range above the market rate).

The time frame to fully implement the recommended plan is five years. Under the Governor's recommendations, the classified employees will be divided into three groups to first address those with the greatest salary disparity to the market rate. In the first year, FY 2009, the basic vocational classes, as well as what *Volume 1 of the Governor's Budget Report* characterizes as "isolated worst cases" will be addressed. For FY 2009, the Governor recommends \$16.0 million, including \$8.5 million from the State General Fund, to finance the first year. The Governor also recommends that estimated future costs for the market adjustments be appropriated during the 2008 Legislative Session through a multi-year appropriation. **For this agency**, the Governor recommends \$274,273 including \$143,527 from the State General Fund, to finance the FY 2009 plan for the basic vocational classes and for those positions identified as having the most disparity relative to market rate.

**FY 2008 One-Time Bonus Payment.** The 2007 Legislature authorized a one-time bonus payment of \$860 for all classified employees. Unclassified employees' appointing authority received a salary pool equivalent to the bonus payment. The bonus payment was made on December 14, 2007, and was included in employees' retirement calculations. **For this agency**, the bonus payment of \$296,046, including \$230,183 from the State General Fund, was not continued in FY 2009.

**Longevity Bonus Payments.** The Governor recommends continuation of the current "temporary" longevity bonus payment program. The recommendation provides for a bonus of \$50 per year of service, with a 10-year minimum (\$500) and a 25-year maximum (\$1,250). The current statutory provisions of the longevity bonus payment are \$40 per year of service, with a 10-year minimum (\$400), and a 25-year maximum (\$1,000). The estimated cost for the recommended FY 2009 payments is \$14.7 million, including \$7.0 million from the State General Fund. **For this agency**, the Governor recommends longevity funding totaling \$147,200, including \$77,007 from the State General Fund.

**Kansas Public Employees Retirement System (KPERs) Rate Adjustments.** A total of \$7.5 million, including \$3.4 million from the State General Fund, is included in the Governor's FY 2009 recommendations for KPERs adjustments. The FY 2009 rate for KPERs regular and school members will increase by 0.6 percent, from 6.37 percent to 6.97 percent, when compared to FY 2008. This increase is attributable to the annual statutory increase for financing the unfunded liability of the KPERs fund.

**State Water Plan Fund.**

The State Water Plan Fund is a statutory fund (KSA 82a-951) that was created by the 1989 Legislature for the purpose of implementing the State Water Plan. 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 FTE positions or for recreational projects that do not meet the goals or objectives of the State Water Plan (KSA 82a-903).

Revenue for the Fund is generated by a water protection fee levied on public, industrial, and stock water users; a per ton tax on fertilizer; a registration fee on pesticides; certain fines levied by the Kansas Department of Health and Environment (KDHE); sand royalty receipts; public water suppliers; and annual transfers of \$6,000,000 from the State General Fund and \$2,000,000 from the State Economic Development Initiatives Fund (EDIF).

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 Clean Drinking Water Fee, 85.0 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 15.0 percent is to be used to provide on-site technical assistance for public water supply systems.

The Department of Agriculture administers the following programs funded through the State Water Plan Fund:

- **Kansas v. Colorado Compact Compliance.** This program is responsible for ensuring that the decisions in the *Kansas v. Colorado* lawsuit related to the Kansas-Colorado Arkansas River Compact are implemented in a manner that provides Kansas with the water to which it is entitled, that Kansas makes the best use of those waters, and that Kansas fulfills its responsibilities under the Compact.
- **Interstate Water Issues.** This program is responsible for protecting the state's interest in and entitlement to the use and benefits of the waters of interstate river basins, particularly the Republican River, Arkansas River, and Missouri River, and for fulfilling Kansas' obligations to other states.
- **Subbasin Water Resources Management.** This program is responsible for providing proactive management, regulation, and protection of the state's water resources to ensure a substantial, long-term water supply for Kansas' citizens.
- **Water Use.** This program was transferred from the Kansas Water Office to the Department of Agriculture in FY 2004. The agency contracts with the U.S. Geological Survey to accomplish water use follow-up and quality control.

Expenditures	State Water Plan Fund Expenditures					
	Actual FY 2007	Agency Est. FY 2008	Gov. Rec. FY 2008	KWA Rec. FY 2009	Agency Req. FY 2009	Gov. Rec. FY 2009
<i>Kansas v. Colorado</i> Compliance	\$ 1,150,846	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Interstate Water Issues	667,776	584,217	591,647	584,647	573,577	583,635
Subbasin Water Resources Mgmt.	0	759,814	759,814	739,996	739,996	761,373
Water Use	60,000	60,000	60,000	60,000	60,000	60,000
<b>TOTAL</b>	<u>\$ 1,878,622</u>	<u>\$ 1,404,031</u>	<u>\$ 1,411,461</u>	<u>\$ 1,384,213</u>	<u>\$ 1,376,573</u>	<u>\$ 1,405,008</u>

For FY 2008, the **agency** estimates expenditures from the State Water Plan Fund of \$1,404,031, which is the same amount approved by the 2007 Legislature.

The **Governor** recommends FY 2008 State Water Plan Fund expenditures of \$1,411,461 for FY 2008, which is an increase of \$7,430, or 0.5 percent, above the agency's FY 2008 estimate. The increase is attributed to financing a shortfall in funding for the pay plan approved by the 2007 Legislature.

For FY 2009, the **agency** estimates expenditures from the State Water Plan Fund of \$1,376,573, a decrease of \$27,458, or 2.0 percent, below the FY 2008 revised estimate. The agency requests adjustments in the following programs:

- Subbasin Water Resources Management Program. The request for the Subbasin Water Resources Management Program decreases by \$55,323 in FY 2009. This decrease is the result of a one-time purchase of computer hardware and software for the new water management position that was approved by the 2007 Legislature, as well as decreases in salaries and wages for shrinkage, and decreases in commodities. These decreases are partially offset by an increase of \$12,516 in contractual services, due to contractual obligations for consultants to peer review the agency's hydrologic models;
- Water Management. The request for the Water Management Program increases by \$27,763 in FY 2009. This increase is the result of computer purchases, in addition to increases in contractual services for contracting with consultants related to data analysis and modeling for the Arkansas River Compact and the Republican River Compact; and
- A reduction in other programs of \$102.

The **Governor** recommends State Water Plan Fund expenditures of \$1,405,008, a decrease of \$6,453, or 0.5 percent, below the Governor's FY 2008 recommendation, and an increase of \$28,435, or 2.1 percent, above the agency's FY 2009 request. The recommendation includes \$55,893 for the Governor's FY 2009 pay plan.

### Funding Sources

Funding Source	Agency Req. Percent of Total FY 2009	Gov. Rec. Percent of Total FY 2009
State General Fund	46.6%	45.7%
State Water Plan Fund	5.1	5.2
All Other Funds	48.2	49.0
TOTAL	<u>100.0%</u>	<u>100.0%</u>

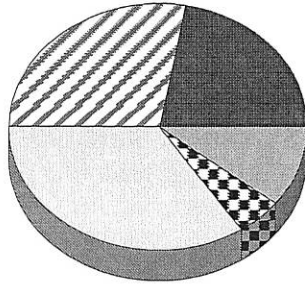
**Note:** Percentages may not add due to rounding.

PROGRAM DETAIL

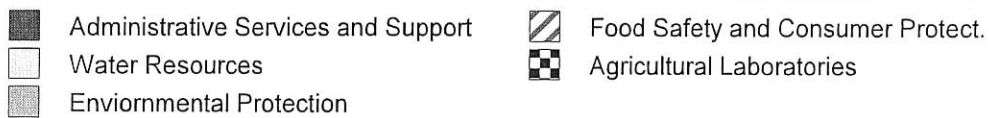
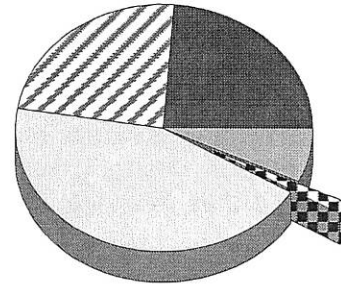
**Expenditures by Program**

Governor's FY 2009 Recommendation

All Funds



State General Fund



PROGRAM	Gov. Rec. All Funds FY 2009	Percent of Total	Gov. Rec. SGF FY 2009	Percent of Total
Administrative Services & Support	\$ 6,027,277	20.9%	\$ 2,943,135	22.1%
Food Safety & Consumer Protect.	7,479,804	27.8	2,912,473	23.7
Water Resources	9,280,756	34.7	5,399,554	43.7
Agricultural Laboratories	1,277,680	5.9	201,470	3.4
Environmental Protection	2,837,324	10.7	846,687	7.1
<b>TOTAL</b>	<b>\$ 26,902,841</b>	<b>100.0%</b>	<b>\$ 12,303,319</b>	<b>100.0%</b>

**FTE POSITIONS BY PROGRAM – FY 2007- FY 2009**

Program	Actual FY 2007	Agency Est. FY 2008	Gov. Rec. FY 2008	Agency Req. FY 2009	Gov. Rec. FY 2009
Administrative Services & Support	57.0	57.1	57.1	57.1	57.1
Food Safety & Consumer Protect.	112.0	112.0	112.0	114.0	114.0
Water Resources	86.5	92.4	92.4	93.4	92.4
Agricultural Laboratories	17.0	17.0	17.0	17.0	17.0
Environmental Protection	36.0	36.0	36.0	36.0	36.0
<b>TOTAL</b>	<b>308.5</b>	<b>314.5</b>	<b>314.5</b>	<b>317.5</b>	<b>316.5</b>

## A. Administrative Services and Support

The Administrative Services and Support Program provides the general policy, outreach, coordination, and management functions for the agency. This program is divided into three subprograms: Administrative Services and Support, Record Center, and Statistical Services and Support.

The **Administrative Services and Support** subprogram provides the agency's fiscal, personnel, legal, and information resource services. The goal of the **Record Center** subprogram is to maintain credible records to provide consistent and equitable implementation of Kansas statutes as they relate to the agency. This includes the issuance of licenses, permits, registrations, and certifications, and the issuance of renewal notices. The **Statistical Services and Support** subprogram is responsible for providing meaningful, accurate and objective statistical information and services to Kansas residents and the Kansas agricultural industry.

ADMINISTRATIVE SERVICES AND SUPPORT SUMMARY OF EXPENDITURES FY 2007-FY 2009					
Item	Actual FY 2007	Agency Est. FY 2008	Gov. Rec. FY 2008	Agency Req. FY 2009	Gov. Rec. FY 2009
<b>Expenditures:</b>					
Salaries and Wages	\$ 3,104,012	\$ 3,207,524	\$ 3,207,524	\$ 3,168,823	\$ 3,513,042
Contractual Services	2,168,693	2,410,459	2,592,254	2,300,339	2,391,255
Commodities	91,547	97,575	97,575	97,602	97,602
Capital Outlay	92,778	107,158	107,158	25,378	25,378
Subtotal - Operations	\$ 5,457,030	\$ 5,822,716	\$ 6,004,511	\$ 5,592,142	\$ 6,027,277
Other Assistance	948,511	5,000	5,000	0	0
TOTAL	<u>\$ 6,405,541</u>	<u>\$ 5,827,716</u>	<u>\$ 6,009,511</u>	<u>\$ 5,592,142</u>	<u>\$ 6,027,277</u>
<b>Financing:</b>					
State General Fund	\$ 2,636,868	\$ 2,690,896	\$ 2,690,896	\$ 2,753,109	\$ 2,943,135
All Other Funds	3,768,673	3,136,820	3,318,615	2,839,033	3,084,142
TOTAL	<u>\$ 6,405,541</u>	<u>\$ 5,827,716</u>	<u>\$ 6,009,511</u>	<u>\$ 5,592,142</u>	<u>\$ 6,027,277</u>
FTE Positions	57.0	57.1	57.1	57.1	57.1
Non-FTE Uncl. Perm. Pos.	2.4	3.3	3.3	3.3	3.3
TOTAL	<u>59.4</u>	<u>60.4</u>	<u>60.4</u>	<u>60.4</u>	<u>60.4</u>

For FY 2008, the **agency** estimates Administrative Services and Support expenditures of \$5.8 million, including \$2.7 million from the State General Fund. The estimate is \$577,825, or 9.0 percent, below FY 2007 actual expenditures, while the State General Fund estimate is \$54,028, or 2.0 percent, above the FY 2007 actual amount. Decreases are anticipated in the United States Department of Agriculture (USDA) Drought Assistance Grant, which was dispersed by the USDA in FY 2007 for \$948,511 for severe drought conditions, especially in counties where losses occurred to forage-fed livestock as a result of the drought. The agency anticipates that \$5,000 will remain in FY 2008 to be used for grants to catfish producers.

The **Governor** recommends Administrative Services and Support expenditures of \$6.0 million, including \$2.7 million from the State General Fund. The recommendation is \$181,795, or 3.1 percent, above the agency's FY 2008 revised estimate. The increase is attributed to an increase in contractual services of \$181,795, all from federal funds, for homeland security, as requested by the Kansas Highway Patrol, as part of the state's contribution to the Multi-State Partnership for Security in Agriculture.

For FY 2009, the **agency** requests Administrative Services and Support expenditures of \$5.6 million, including \$2.8 million from the State General Fund. The request is \$235,574, or 4.0 percent, below the FY 2008 revised estimate, while the State General Fund request is \$62,213, or 2.3 percent, above the revised estimate. Decreases are anticipated in agency operations spending due to one-time technology purchases in FY 2008 and due to expenditures in FY 2008 associated with establishing a special fee or assessment in order to finance the costs of developing the Financial Management System (FMS), in accordance with 2007 SB 357. The increase in State General Fund expenditures is attributed to an increase in salaries and wages.

The **Governor** recommends Administrative Services and Support expenditures of \$6.0 million, including \$3.0 million from the State General Fund. The recommendation is \$17,776, or 0.3 percent, above the Governor's FY 2008 recommendation, and \$435,135, or 7.8 percent, above the agency's FY 2009 request. The increase is attributed to an increase in salaries and wages of \$349,090, including \$193,332 from the State General Fund, for the Governor's pay plan, which is partially offset by an increase of \$4,871 in salaries and wages shrinkage. The remaining increase is the addition of \$90,916, all from federal funds, for homeland security, as requested by the Kansas Highway Patrol, as part of the state's contribution to the Multi-State Partnership for Security in Agriculture.



## B. Food Safety and Consumer Protection

The Food Safety and Consumer Protection Program provides public safety and consumer protection functions through regulation of the production and sale of meat, poultry, eggs, agricultural grains, seeds, and feeding stuffs, and the assurance of the accuracy of weighing and measuring devices in commerce. The Program seeks to protect the consumer, while at the same time benefit the agricultural industry by maintaining a climate of consistency and confidence in the marketplace. The Program is divided into six subprograms: Meat and Poultry Inspection, Retail Food Inspection, Dairy Inspection, Agricultural Commodities Assurance Program (ACAP), Weights and Measures, and Grain Warehouse Inspection.

The **Meat and Poultry Inspection** subprogram conducts inspections to ensure safe and wholesome meat and poultry products to detect and eliminate those items that pose a health threat, are improperly labeled, or serve as a source of economic fraud to the consumer. The **Retail Food Inspection** subprogram provides food safety inspections to ensure a safe food supply. The **Dairy Inspection** subprogram regulates the milk production, transportation, processing, and distribution industry in Kansas. The **Agricultural Commodities Assurance Program (ACAP)** regulates seed, commercial feeding stuffs, medicated feed mills, eggs, and tissue residue investigations. The **Weights and Measures** subprogram is responsible for ensuring that devices involving weight, measurement, or price scanning in commerce are accurate in order to protect the consumer and provide equity in the marketplace. The **Grain Warehouse Inspection** subprogram ensures that depositors of grain in public warehouses are protected from fraud and that warehouses maintain accurate inventory records.

<b>FOOD SAFETY AND CONSUMER PROTECTION SUMMARY OF EXPENDITURES FY 2007-FY 2009</b>					
Item	Actual FY 2007	Agency Est. FY 2008	Gov. Rec. FY 2008	Agency Req. FY 2009	Gov. Rec. FY 2009
<b>Expenditures:</b>					
Salaries and Wages	\$ 4,866,376	\$ 5,349,036	\$ 5,349,036	\$ 5,356,966	\$ 5,474,489
Contractual Services	939,864	1,148,532	1,148,532	1,141,654	1,141,654
Commodities	305,912	300,758	300,758	302,349	302,349
Capital Outlay	479,784	567,404	567,404	621,312	561,312
Subtotal - Operations	<u>\$ 6,591,936</u>	<u>\$ 7,365,730</u>	<u>\$ 7,365,730</u>	<u>\$ 7,422,281</u>	<u>\$ 7,479,804</u>
Other Assistance	563	0	0	0	0
TOTAL	<u><u>\$ 6,592,499</u></u>	<u><u>\$ 7,365,730</u></u>	<u><u>\$ 7,365,730</u></u>	<u><u>\$ 7,422,281</u></u>	<u><u>\$ 7,479,804</u></u>
<b>Financing:</b>					
State General Fund	\$ 2,583,774	\$ 2,771,298	\$ 2,771,298	\$ 2,956,057	\$ 2,912,473
All Other Funds	4,008,725	4,594,432	4,594,432	4,466,224	4,567,331
TOTAL	<u><u>\$ 6,592,499</u></u>	<u><u>\$ 7,365,730</u></u>	<u><u>\$ 7,365,730</u></u>	<u><u>\$ 7,422,281</u></u>	<u><u>\$ 7,479,804</u></u>
FTE Positions	112.0	112.0	112.0	114.0	114.0
Non-FTE Uncl. Perm. Pos.	3.5	2.5	2.5	2.5	2.5
TOTAL	<u><u>115.5</u></u>	<u><u>114.5</u></u>	<u><u>114.5</u></u>	<u><u>116.5</u></u>	<u><u>116.5</u></u>

For FY 2008, the **agency** estimates Food Safety and Consumer Protection expenditures of \$7.4 million, including \$2.7 million from the State General Fund. The estimate is \$773,231, or 11.7 percent, above the FY 2007 actual expenditures, and the State General Fund estimate is \$187,524, or 7.3 percent, above the FY 2007 actual expenditures. Increases in this program for FY 2008 are anticipated due to the enhancement requests approved by the 2007 Legislature, which included \$399,600 for vehicles and \$100,000 for replacement of one large scale test truck. Other increases are estimated in salaries and wages for fringe benefits.

The **Governor** concurs with the agency's revised FY 2008 estimate.

For FY 2009, the **agency** requests Food Safety and Consumer Protection expenditures of \$7.4 million, including \$3.0 million from the State General Fund. The request is \$56,551, or 0.8 percent, above the FY 2008 revised request, and the State General Fund request is \$184,759, or 6.7 percent, above the FY 2008 revised request. Increases in FY 2009 are attributed to the agency's enhancement requests for this program, which include \$160,000 from the State General Fund for replacement of one large scale test truck, keeping one high mileage vehicle in the Weights and Measures subprogram, \$66,407 from the State General Fund and 1.0 FTE position in the Dairy subprogram, \$68,842, all from special revenue funds, and 1.0 FTE position in the Retail Food subprogram, and 24 replacement vehicles for various subprograms totaling \$377,900, including \$288,987 from the State General Fund. The increases are partially offset by other decreases in contractual services and commodities.

The **Governor** recommends Food Safety and Consumer Protection expenditures of \$7.5 million, including \$3.0 million from the State General Fund. The recommendation is \$114,074, or 1.5 percent, above the Governor's FY 2008 recommendation, and \$57,523, or 0.8 percent, above the agency's request. The increase is attributed to an increase in salaries and wages of \$207,709, including \$49,436 from the State General Fund, for the Governor's pay plan and for 2.0 FTE Agriculture Inspector II positions in the Dairy and Retail Food subprograms, which is partially offset by additional salaries and wages shrinkage of \$1,440. The recommendation also includes enhancement funding for vehicles, as well as \$160,000, all from the State General Fund, for a large scale test truck.

## C. Water Resources

The Water Resources Program provides a public safety function through management of scarce water resources and inspection of water structures. The program is divided into four subprograms: Water Management Services, Water Appropriations, Water Structures, and the State Water Plan.

The **Water Management Services** subprogram is responsible for administrative, fiscal, legal, and legislative functions, in addition to supervising water conservation issues, data entry for the Water Rights information System, management of the Geographic Information System (GIS), hydrologic studies, as well as coordinating with other water-related agencies. The **Water Appropriations** subprogram manages, regulates, and protects water resources to ensure a substantial, long-term water supply. The **Water Structures** subprogram regulates human activities that affect the flow of rivers and streams, to ensure that such activities are properly planned, constructed, operated, and maintained. The **State Water Plan** subprogram develops proactive management strategies through the Subbasin Water Resource Management Team and Interstate Water Issues to protect water resources and ensure long-term water supply.

<b>WATER RESOURCES</b>					
<b>SUMMARY OF EXPENDITURES FY 2007-FY 2009</b>					
Item	Actual FY 2007	Agency Est. FY 2008	Gov. Rec. FY 2008	Agency Req. FY 2009	Gov. Rec. FY 2009
<b>Expenditures:</b>					
Salaries and Wages	\$ 5,536,605	\$ 6,205,512	\$ 6,205,512	\$ 6,241,841	\$ 6,269,638
Contractual Services	4,613,017	1,806,597	1,814,027	2,688,444	2,687,539
Commodities	226,551	182,815	182,815	159,171	158,421
Capital Outlay	552,200	217,546	217,546	191,658	165,158
Subtotal - Operations	\$ 10,928,373	\$ 8,412,470	\$ 8,419,900	\$ 9,281,114	\$ 9,280,756
Other Assistance	3,160	0	0	0	0
TOTAL	<u>\$ 10,931,533</u>	<u>\$ 8,412,470</u>	<u>\$ 8,419,900</u>	<u>\$ 9,281,114</u>	<u>\$ 9,280,756</u>
<b>Financing:</b>					
State General Fund	\$ 5,126,725	\$ 5,554,081	\$ 5,554,081	\$ 5,442,075	\$ 5,399,554
State Water Plan Fund	1,878,622	1,404,031	1,411,461	1,376,573	1,393,379
All Other Funds	3,926,186	1,454,358	1,454,358	2,462,466	2,487,823
TOTAL	<u>\$ 10,931,533</u>	<u>\$ 8,412,470</u>	<u>\$ 8,419,900</u>	<u>\$ 9,281,114</u>	<u>\$ 9,280,756</u>
FTE Positions	86.5	92.4	92.4	93.4	92.4
Non-FTE Uncl. Perm. Pos.	21.1	16.2	16.2	16.2	16.2
TOTAL	<u>107.6</u>	<u>108.6</u>	<u>108.6</u>	<u>109.6</u>	<u>108.6</u>

For FY 2008, the **agency** estimates Water Resources expenditures of \$8.4 million, including \$5.6 million from the State General Fund. The estimate is \$2.5 million, or 23.0 percent, less than the FY 2007 actual expenditures, while State General Fund expenditures are \$427,356, or 8.3 percent, above FY 2007 actual expenditures. Decreases are anticipated in the program for FY 2008 due to a decrease in federal funding of \$1.4 million, which is the result of a shift in priorities by the Federal Emergency Management Agency (FEMA) for flood plain mapping projects.

The **Governor** recommends Water Resources expenditures of \$8.4 million, including \$5.6 million from the State General Fund. The recommendation is an increase of \$7,430, all from the State Water Plan Fund, above the agency's FY 2008 revised estimate. The increase is due to financing a shortfall in the amount appropriated to the agency for the pay plan approved by the 2007 Legislature.

For FY 2009, the **agency** requests Water Resources expenditures of \$9.3 million, including \$5.4 million from the State General Fund. The request is \$868,644, or 10.3 percent, above the FY 2008 revised estimate, while the State General Fund request decreases by \$112,006, or 2.0 percent. The increase in operating expenditures is primarily due to increased funding provided by the federal government for the next phase of flood plain mapping, or scoping. The agency anticipates an increase for scoping as the next phase moves from the preliminary stage in FY 2008 to more intensive projects in FY 2009. The agency also requests enhancements of \$74,444 from the State General Fund for eight temporary office assistant positions in the Water Appropriations subprogram, a 1.0 Administrative Specialist FTE position in the Water Structures subprogram for \$42,893, all from the State General Fund, along with \$19,000, all from the State General Fund, for one replacement vehicle.

The **Governor** recommends Water Resources expenditures of \$9.3 million, including \$5.3 million from the State General Fund. The recommendation is a \$860,856, or 10.2 percent, above the Governor's FY 2008 recommendation, and a decrease of \$358, or less than 0.1 percent, below the agency's FY 2009 request. The Governor recommends \$145,184, including \$100,903 from the State General Fund, for the pay plan, which is partially offset by \$9,205 in additional salaries and wages shrinkage. The increase in salaries and wages also is offset by decreases in capital outlay (\$26,500) for professional equipment and technology, commodities (\$750), and contractual services (\$905).

## D. Agricultural Laboratories

The Agricultural Laboratories Program provides analytical services necessary to enforce the regulatory functions of the agency. Analytical laboratory services are provided for the Meat and Poultry Inspection, Dairy Inspection, Agricultural Commodities Assurance Program (ACAP), and Pesticide and Fertilizer subprograms. Sample inspection is conducted to protect the health and safety of all Kansans, and to facilitate accuracy of labeling of products offered for sale in the state.

<b>AGRICULTURAL LABORATORIES</b>					
<b>SUMMARY OF EXPENDITURES FY 2007-FY 2009</b>					
Item	Actual FY 2007	Agency Est. FY 2008	Gov. Rec. FY 2008	Agency Req. FY 2009	Gov. Rec. FY 2009
<b>Expenditures:</b>					
Salaries and Wages	\$ 797,233	\$ 835,029	\$ 835,029	\$ 822,668	\$ 840,761
Contractual Services	222,067	239,380	239,380	278,725	278,725
Commodities	94,816	102,300	102,300	97,904	97,904
Capital Outlay	112,369	85,464	85,464	385,290	60,290
Subtotal - Operations	<u>\$ 1,226,485</u>	<u>\$ 1,262,173</u>	<u>\$ 1,262,173</u>	<u>\$ 1,584,587</u>	<u>\$ 1,277,680</u>
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 1,226,485</u>	<u>\$ 1,262,173</u>	<u>\$ 1,262,173</u>	<u>\$ 1,584,587</u>	<u>\$ 1,277,680</u>
<b>Financing:</b>					
State General Fund	\$ 183,564	\$ 228,756	\$ 228,756	\$ 423,450	\$ 201,470
All Other Funds	1,042,921	1,033,417	1,033,417	1,161,137	1,076,210
TOTAL	<u>\$ 1,226,485</u>	<u>\$ 1,262,173</u>	<u>\$ 1,262,173</u>	<u>\$ 1,584,587</u>	<u>\$ 1,277,680</u>
FTE Positions	17.0	17.0	17.0	17.0	17.0
Non-FTE Uncl. Perm. Pos.	1.0	0.0	0.0	0.0	0.0
TOTAL	<u>18.0</u>	<u>17.0</u>	<u>17.0</u>	<u>17.0</u>	<u>17.0</u>

For FY 2008, the **agency** estimates Agricultural Laboratories expenditures of \$1.3 million, including \$228,756 from the State General Fund. The estimate is \$35,688, or 2.9 percent, more than FY 2007 actual expenditures, and the State General Fund estimate is \$45,192, or 24.6 percent, above FY 2007 actual expenditures. The increase is primarily attributed to increases in salaries and wages due to the pay plan approved by the 2007 Legislature, along with increases in rent and scientific and professional supplies.

The **Governor** concurs with the agency's revised FY 2008 estimate.

For FY 2009, the **agency** requests Agricultural Laboratories expenditures of \$1.6 million including \$423,450 from the State General Fund. The request is \$322,414, or 25.5 percent, above the FY 2008 revised estimate, and the State General Fund request is \$194,694, or 85.1 percent, above the FY 2008 revised estimate. The increase is attributed to the agency's enhancement request of \$325,000, including \$225,000 from the State General Fund, for an additional Liquid Chromatograph/Mass Spectrometer/Mass Spectrometer (LC/MS/MS).

The **Governor** recommends FY 2009 Agricultural Laboratories expenditures of \$1.3 million, including \$201,470 from the State General Fund. The recommendation is \$15,507, or 1.2 percent, above the Governor's FY 2008 recommendation, and a decrease of \$306,907, or 19.4 percent, below the agency's FY 2009 request. The Governor does not recommend the agency's enhancement request for an additional Liquid Chromatograph/Mass Spectrometer/Mass Spectrometer (LC/MS/MS). The recommendation includes \$19,268, including \$3,216 from the State General Fund, for the Governor's pay plan, which is partially offset by \$1,175 in additional salaries and wages shrinkage.

### **E. Environmental Protection**

The Environmental Protection Program works to ensure the protection and health of the state's natural and cultivated plant resources and the environment. This is accomplished through activities focused on prevention and ensuring the safe and proper use of pesticides and nutrients. The program is divided into two subprograms: Plant Protection and Weed Control, and Pesticide and Fertilizer.

The goal of the **Plant Protection and Weed Control** subprogram is to protect the state's natural and cultivated plant resources from pests, diseases, and weeds. The **Pesticide and Fertilizer** subprogram regulates pesticide and fertilizer products and chemical applicators.

<b>ENVIRONMENTAL PROTECTION SUMMARY OF EXPENDITURES FY 2007-FY 2009</b>					
Item	Actual FY 2007	Agency Est. FY 2008	Gov. Rec. FY 2008	Agency Req. FY 2009	Gov. Rec. FY 2009
<b>Expenditures:</b>					
Salaries and Wages	\$ 2,039,019	\$ 2,256,811	\$ 2,256,811	\$ 2,230,577	\$ 2,280,619
Contractual Services	516,780	427,350	427,350	425,183	425,183
Commodities	93,509	81,835	81,835	91,296	91,296
Capital Outlay	96,400	109,981	109,981	108,226	40,226
Subtotal - Operations	<u>\$ 2,745,708</u>	<u>\$ 2,875,977</u>	<u>\$ 2,875,977</u>	<u>\$ 2,855,282</u>	<u>\$ 2,837,324</u>
Other Assistance	0	0	0	0	0
TOTAL	<u><u>\$ 2,745,708</u></u>	<u><u>\$ 2,875,977</u></u>	<u><u>\$ 2,875,977</u></u>	<u><u>\$ 2,855,282</u></u>	<u><u>\$ 2,837,324</u></u>
<b>Financing:</b>					
State General Fund	\$ 699,527	\$ 917,243	\$ 917,243	\$ 884,578	\$ 846,687
All Other Funds	2,046,181	1,958,734	1,958,734	1,970,704	1,990,637
TOTAL	<u><u>\$ 2,745,708</u></u>	<u><u>\$ 2,875,977</u></u>	<u><u>\$ 2,875,977</u></u>	<u><u>\$ 2,855,282</u></u>	<u><u>\$ 2,837,324</u></u>
FTE Positions	36.0	36.0	36.0	36.0	36.0
Non-FTE Uncl. Perm. Pos.	2.0	2.0	2.0	2.0	2.0
TOTAL	<u><u>38.0</u></u>	<u><u>38.0</u></u>	<u><u>38.0</u></u>	<u><u>38.0</u></u>	<u><u>38.0</u></u>

For FY 2008, the **agency** estimates Environmental Protection expenditures of \$2.9 million, including \$917,243 from the State General Fund. The estimate is \$130,269, or 4.7 percent, more than FY 2007 actual expenditures, and the State General Fund request is \$217,716, or 31.1 percent,

above FY 2007 actual expenditures. The increase is due to an increase in salaries and wages, which is the result of the pay plan approved by the 2007 Legislature.

The **Governor** concurs with the agency's FY 2008 revised estimate.

For FY 2009, the **agency** requests Environmental Protection expenditures of \$2.9 million, including \$884,578 from the State General Fund. The request is \$20,695, or 0.7 percent, below the FY 2008 revised estimate, and the State General Fund request is \$32,665, or 3.6 percent, less than the FY 2008 revised estimate. Although the agency requests \$68,000, including \$51,000 from the State General Fund, for replacement of four vehicles in this program, the request for FY 2009 decreases primarily in salaries and wages due to shrinkage. Other expenditures also are budgeted to decrease, because at the time of submitting the budget, the agency had not yet received notification on federal funding for certain projects that this program would normally supervise.

The **Governor** recommends Environmental Protection expenditures of \$2.8 million, including \$846,687 from the State General Fund. The recommendation is \$38,653, or 1.3 percent, below the Governor's FY 2008 recommendation, and a decrease of \$17,958, or 0.6 percent, below the agency's FY 2009 request. The Governor does not recommend the enhancement request of \$68,000 to replace four vehicles in this program. The recommendation includes \$52,832, with \$14,074 from the State General Fund, for the Governor's pay plan, which is partially offset by \$2,790 in additional salaries and wages shrinkage.

<b>PERFORMANCE MEASURES</b>			
	Actual FY 2007	Gov. Rec. FY 2008	Gov. Rec. FY 2009
<b>Administration</b>			
Completed Legal Cases	552	582	577
Financial Transaction Error Rate	.40%	.29%	.24%
Agriculture Statistical Publications Released	100	96	95
<b>Food Safety &amp; Consumer Protection</b>			
Grade A Dairy Farm Inspections	2146	2228	2200
Percent of Pet and Animal Feed Samples Collected in Compliance	85.0%	85.0%	90.0%
Percent of Licensed Meat and Poultry Plants with Acceptable Reviews	94.0%	96.0%	97.0%
Grain Warehouses Examined	140	135	130
Percent of Small Scales Found Accurate	94.0%	96.0%	96.0%
Total Food Establishment Inspections	3512	4074	4725
<b>Water Resources</b>			
Percent of Water Use Permits:			
Returned on Time	98.0%	98.0%	98.0%
Accurate and on Time	78.0%	80.0%	80.0%
High Hazard Dams Rated as Unsafe	1	3	3
Floodplain Studies in Progress	32	25	15
<b>Agricultural Laboratories</b>			
Feed and Fertilizer Samples Tested	1254	1300	1000
Dairy Samples Tested	6018	6050	6100
Percent of Employees Cross-Trained for Additional Laboratory Duties	60.0%	67.0%	71.0%
<b>Environmental Protection</b>			
Sites Surveyed for Pests	867	900	900
Sites Where Exotic Pests Were Found	14	15	15
Pesticide Applicator Examinations Administered	2598	2500	2500

## Senate Subcommittee Report

**Agency:** Department of Agriculture      **Bill No.** SB 358      **Bill Sec.** 51

**Analyst:** Krahl      **Analysis Pg. No.** Vol.1-3      **Budget Page No.** 47

<u>Expenditure Summary</u>	<u>Agency Estimate FY 07</u>	<u>Governor's Recommendation FY 07</u>	<u>Senate Subcommittee Adjustments</u>
<b>Operating Expenditures:</b>			
State General Fund	\$ 11,382,335	\$ 11,382,335	\$ 0
Other Funds	15,897,433	15,897,451	0
Subtotal - Operating	<u>\$ 27,279,768</u>	<u>\$ 27,279,786</u>	<u>\$ 0</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 27,279,768</u></u>	<u><u>\$ 27,279,786</u></u>	<u><u>\$ 0</u></u>
<b>FTE Positions</b>			
FTE Positions	308.5	308.5	0.0
Non FTE Uncl. Perm. Pos.	28.5	28.5	0.0
<b>TOTAL</b>	<u><u>337.0</u></u>	<u><u>337.0</u></u>	<u><u>0.0</u></u>

### Agency Estimate

The Department of Agriculture estimates FY 2007 operating expenditures of \$27,279,768, an increase of \$1,436,229, or 5.6 percent, above the approved amount. The estimate includes State General Fund expenditures of \$11,382,335, an increase of \$20,426, or 0.2 percent, above the approved amount to fully fund the pay plan approved by the 2006 Legislature. Expenditures from the State Water Plan totals \$2,018,603, a decrease of \$18 below the approved amount. All other funds of \$15,897,433, is an increase of \$1,415,803, or 9.8 percent, above the approved amount and is due to increased federal funds including \$948,511 for drought assistance. The estimate includes: \$17,019,294 for salaries and wages to fund a total of 337.0 FTE positions; \$7,484,046 for contractual services; \$793,526 for commodities; \$1,034,391 for capital outlay; and \$948,511 for other assistance.

### Governor's Recommendation

The Governor recommends FY 2007 operating expenditures of \$27,279,768, an increase of \$1,436,247, or 5.6 percent, above the approved amount and is an increase of \$18 above the agency's estimate for an adjustment from the State Water Plan Fund.

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.



**Senate Committee Recommendation**

The Senate Committee concurs with the Senate Subcommittee's recommendation.

**Senate Committee of the Whole Recommendation**

The Senate Committee of the Whole concurs with the Senate Committee's recommendation.

**House Budget Committee Report**

**Agency:** Department of Agriculture      **Bill No.** HB 2541      **Bill Sec.** 51

**Analyst:** Krahl      **Analysis Pg. No.** Vol.1 - 3      **Budget Page No.** 47

<u>Expenditure Summary</u>	<u>Agency Estimate FY 07</u>	<u>Governor's Recommendation FY 07</u>	<u>House Budget Committee Adjustments</u>
<b>Operating Expenditures:</b>			
State General Fund	\$ 11,382,335	\$ 11,382,335	\$ 0
Other Funds	15,897,433	15,897,451	0
Subtotal - Operating	<u>\$ 27,279,768</u>	<u>\$ 27,279,786</u>	<u>\$ 0</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 27,279,768</u></u>	<u><u>\$ 27,279,786</u></u>	<u><u>\$ 0</u></u>
<b>FTE Positions</b>	308.5	308.5	0.0
<b>Non FTE Uncl. Perm. Pos.</b>	28.5	28.5	0.0
<b>TOTAL</b>	<u><u>337.0</u></u>	<u><u>337.0</u></u>	<u><u>0.0</u></u>

**Agency Estimate**

The Department of Agriculture estimates FY 2007 operating expenditures of \$27,279,768, an increase of \$1,436,229, or 5.6 percent, above the approved amount. The estimate includes State General Fund expenditures of \$11,382,335, an increase of \$20,426, or 0.2 percent, above the approved amount to fully fund the pay plan approved by the 2006 Legislature. Expenditures from

the State Water Plan total \$2,018,603, a decrease of \$18 below the approved amount. All other fund expenditures of \$15,897,433, are an increase of \$1,415,803, or 9.8 percent, above the approved amount due to increased federal funds including \$948,511 for drought assistance. The estimate includes: \$17,019,294 for salaries and wages to fund a total of 337.0 FTE positions; \$7,484,046 for contractual services; \$793,526 for commodities; \$1,034,391 for capital outlay; and \$948,511 for other assistance.

### **Governor's Recommendation**

The Governor recommends FY 2007 operating expenditures of \$27,279,786, an increase of \$1,436,247, or 5.6 percent, above the approved amount and an increase of \$18 above the agency's estimate for an adjustment from the State Water Plan Fund.

### **House Budget Committee Recommendation**

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

### **House Committee of the Whole Recommendation**

The House Committee of the Whole concurs with the House Committee's recommendation.

### **Conference Committee Recommendation**

The Conference Committee concurs with the Governor's recommendation.

### **Omnibus**

There was no Omnibus activity.

### Final Legislative Action

<u>Expenditure Summary</u>	<u>Gov. Rec. FY 07</u>	<u>Legislative Approved FY 07</u>	<u>Omnibus Bill FY 07</u>	<u>Final Legislative Approved FY 07</u>
All Funds:				
State Operations	\$ 26,331,275	\$ 26,331,275	\$ 0	\$ 26,331,275
Other Assistance	948,511	948,511	0	948,511
Subtotal - Operating	\$ 27,279,786	\$ 27,279,786	\$ 0	\$ 27,279,786
Capital Improvements	0	0	0	0
TOTAL	<u>\$ 27,279,786</u>	<u>\$ 27,279,786</u>	<u>\$ 0</u>	<u>\$ 27,279,786</u>
State General Fund:				
State Operations	\$ 11,382,335	\$ 11,382,335	\$ 0	\$ 11,382,335
Other Assistance	0	0	0	0
Subtotal - Operating	\$ 11,382,335	\$ 11,382,335	\$ 0	\$ 11,382,335
Capital Improvements	0	0	0	0
TOTAL	<u>\$ 11,382,335</u>	<u>\$ 11,382,335</u>	<u>\$ 0</u>	<u>\$ 11,382,335</u>
FTE Positions	308.5	308.5	0.0	308.5
Non FTE Uncl. Perm. Pos.	28.5	28.5	0.0	28.5
TOTAL	<u>337.0</u>	<u>337.0</u>	<u>0.0</u>	<u>337.0</u>

## Senate Subcommittee Report

**Agency:** Department of Agriculture      **Bill No.** SB 357

**Bill Sec.** 82

**Analyst:** Krahl      **Analysis Pg. No.** Vol.1-3

**Budget Page No.** 47

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 12,967,941	\$ 12,262,586	\$ (510,878)
Other Funds	13,997,431	14,638,384	(131,064)
Subtotal - Operating	\$ 26,965,372	\$ 26,900,970	\$ (641,942)
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 0	\$ 0	\$ 0
 TOTAL	 \$ 26,965,372	 \$ 26,900,970	 \$ (641,942)
 FTE Positions	 315.5	 308.5	 0.0
Non FTE Uncl. Perm. Pos.	23.5	29.5	0.0
TOTAL	339.0	338.0	0.0

### Agency Request

The Department of Agriculture requests FY 2008 operating expenditures of \$26,965,372, a decrease of \$314,396, or 1.2 percent, below the FY 2007 estimate. The request includes State General Fund expenditures of \$12,967,941, an increase of \$1,585,606, or 13.9 percent, above the FY 2007 estimate and includes \$1,709,126 for enhancement requests. All other funds includes expenditures of \$13,997,431, a decrease of \$1,900,002, or 12.0, percent below the FY 2007 estimate and includes State Water Plan expenditures of \$738,595, a decrease of \$1,280,008, or 63.4 percent, below the FY 2007 estimate. The all other funds expenditures also include \$206,675 in enhancement requests. Without the enhancement requests, the Department's FY 2008 request is \$25,059,571, a decrease of \$2,220,197, or 8.1 percent, below the FY 2007 estimate and State General Fund expenditures of \$11,258,815, a decrease of \$123,520, or 1.1 percent, below the FY 2007 estimate. The FY 2008 operating expenditures include: \$17,331,482 for salaries and wage and funding for 315.5 FTE positions and 23.5 Non-FTE Unclassified Permanent Positions for a total of 339.0 positions; \$7,370,302 for contractual services; \$848,364 for commodities; and \$1,415,224 for capital outlay.

## **Governor's Recommendation**

The Governor recommends FY 2008 operating expenditures of \$26,900,970, a decrease of \$378,816, or 1.4 percent, below the FY 2007 recommendation and a decrease of \$64,402, or 0.2 percent, below the Department of Agriculture's request. State General Fund expenditures of \$12,262,586, are an increase of \$880,251, or 7.7 percent, above the FY 2007 recommendation and a decrease of \$705,355, or 5.4 percent, below the Department of Agriculture's request. The State General Fund recommendation includes \$492,893 for enhancements and \$510,878 for the Governor's recommended pay plan adjustments. All other funds expenditures of \$14,638,384, are a decrease of \$1,259,067, or 7.9 percent, below the FY 2007 recommendation and an increase of \$640,953, or 4.6 percent, above the Department of Agriculture's request and include \$716,564 for enhancements. All other funds include State Water Plan Fund expenditures of \$1,322,812, a decrease of \$695,809, or 34.5 percent, below the FY 2007 recommendation and an increase of \$584,217, or 44.2 percent, above the agency's request and expenditures for enhancements concerning interstate water issues. The Governor's FY 2008 recommendation includes the addition of \$641,942, including \$510,878 from the State General Fund, for the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. The recommendation includes: salaries and wages of \$17,938,635 to fund 308.5 FTE positions and 29.5 Non-FTE unclassified permanent positions for a total of 338.0 positions; \$7,369,397 for contractual services; \$847,614 for commodities; and \$747,324 for capital outlay.

## **Senate Subcommittee Recommendation**

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

1. Delete \$641,942, including \$510,878 from the State General Fund for the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. Funding for pay plan adjustments and longevity payments will be considered later.
2. The Subcommittee wishes to review at Omnibus the agency's enhancement request to convert non - FTE permanent unclassified positions to classified FTE positions. The 2006 Legislature approved the shift of operational expenses from the State Water Plan Fund to the State General Fund and to conform to that request, the agency is requesting that 6.0 non FTE unclassified positions be converted to classified FTE positions. Those positions include: two interstate water unclassified positions in the Water Management Services Program; one floodplain management position in the Water Structures Program and three positions in the State Water Plan Basin Management Team. Currently these positions are special project officers whose positions would become environmental scientist positions in the Water Resources Division. The request will not increase the agency's authorized number of employees. The fiscal impact would include \$275 per employee for salaries, longevity (for those eligible) and fringe benefits for a total of \$1,645 from the State General Fund for all six FTE positions.

**Senate Committee Recommendation**

The Senate Committee concurs with the Senate Subcommittee's recommendation.

**Senate Committee of the Whole Recommendation**

The Senate Committee of the Whole concurs with the Senate Committee's recommendation.

**House Budget Committee Report**

**Agency:** Department of Agriculture      **Bill No.** HB 2542      **Bill Sec.** 82

**Analyst:** Krahl      **Analysis Pg. No.** Vol.1-3      **Budget Page No.** 47

<u>Expenditure Summary</u>	<u>Agency Request FY 08</u>	<u>Governor's Recommendation FY 08</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 12,967,941	\$ 12,262,586	\$ (1,003,771)
State Water Plan	738,595	1,322,812	81,219
Other Funds	13,258,836	13,315,572	(263,411)
Subtotal - Operating	<u>\$ 26,965,372</u>	<u>\$ 26,900,970</u>	<u>\$ (1,185,963)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 TOTAL	 <u>\$ 26,965,372</u>	 <u>\$ 26,900,970</u>	 <u>\$ (1,185,963)</u>
 FTE Positions	 315.5	 308.5	
Non FTE Uncl. Perm. Pos.	23.5	29.5	
TOTAL	<u>339.0</u>	<u>338.0</u>	<u>0.0</u>

**Agency Request**

The Department of Agriculture requests FY 2008 operating expenditures of \$26,965,372, a decrease of \$314,396, or 1.2 percent, below the FY 2007 estimate. The request includes State General Fund expenditures of \$12,967,941, an increase of \$1,585,606, or 13.9 percent, above the FY 2007 estimate and includes \$1,709,126 for enhancement requests. All other funds expenditures of \$13,997,431 are a decrease of \$1,900,002, or 12.0 percent below the FY 2007 estimate and

include State Water Plan expenditures of \$738,595, a decrease of \$1,280,008, or 63.4 percent, below the FY 2007 estimate. The all other funds expenditures also include \$206,675 in enhancement requests. The FY 2008 operating expenditure request includes: \$17,331,482 for salaries and wage and funding for 315.5 FTE positions and 23.5 Non-FTE Unclassified Permanent Positions for a total of 339.0 FTE positions; \$7,370,302 for contractual services; \$848,364 for commodities; and \$1,415,224 for capital outlay.

### **Governor's Recommendation**

The Governor recommends FY 2008 operating expenditures of \$26,900,970, a decrease of \$378,816, or 1.4 percent, below the FY 2007 recommendation and a decrease of \$64,402, or 0.2 percent, below the Department of Agriculture's request. State General Fund expenditures total \$12,262,586, an increase of \$880,251, or 7.7 percent, above the FY 2007 recommendation. The State General Fund recommendation includes \$492,893 for enhancements and \$510,878 for the Governor's pay plan adjustments. All other funds expenditures of \$14,638,384 are a decrease of \$1,259,067, or 7.9 percent, below the FY 2007 recommendation and includes \$716,564 for enhancements. All other funds expenditures include State Water Plan Fund expenditures of \$1,322,812, a decrease of \$695,809, or 34.5 percent, below the FY 2007 recommendation. The Governor's FY 2008 recommendation includes the addition of \$641,942, including \$510,878 from the State General Fund, for recommended pay plan adjustments and the longevity enhancement. The recommendation includes: salaries and wages of \$17,936,635 to fund 308.5 FTE positions and 29.5 Non-FTE unclassified permanent positions for a total of 338.0 FTE positions; \$7,369,397 for contractual services; \$847,614 for commodities; and \$747,324 for capital outlay.

### **House Budget Committee Recommendation**

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

1. Delete \$641,942, including \$510,878 from the State General Fund, for the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. Funding for pay plan adjustments and longevity payments will be considered later.
2. Delete \$513,400, including \$381,053 from the State General Fund, for the replacement of 26 vehicles and one large scale truck for review at Omnibus.
3. Delete \$11,121 from the State Water Plan Fund, to hold the Subbasin Water Resources Management funding consistent with the Kansas Water Authority recommendation at \$667,474 for FY 2008.
4. Of the recommended \$111,840 from the State General Fund for the Ozark Plateau Aquifer System and Spring Water Initiative Strategic Plan (WISP), delete \$19,500 from the State General Fund for a vehicle purchase for review at Omnibus, and shift the remaining \$92,340 from the State General Fund to the State Water Plan Fund. The \$92,340 includes salaries and wages of \$58,587 for one Environmental Scientist II Non-FTE unclassified position and \$33,753 for corresponding operating expenditures to implement actions through enhanced

water management and the regulatory process to resolve water issues in southeast Kansas.

5. Transfer \$584,217 from the Water Litigation Proceeds Suspense Fund into the State Water Fund Plan to allow expenditures for the Interstate Water Issues program. As part of the water litigation settlement with Colorado, the State of Kansas received \$1.1 million from the State of Colorado in June 2006 that has not yet been allocated. The expenditures are for consultants for both the Arkansas River and Republican River litigations and ongoing expenses related to compact compliance.
6. The Budget Committee recommends an interim study to investigate issues concerning intensive groundwater use control areas (IGUCA's). The scope of this study shall include but not be limited to, intensive groundwater use control area law, the Kansas Water Appropriation Act, conflicts between these laws and the need for controls over future creation or expansion of IGUCA's.

### House Committee Recommendation

The House Committee concurs with the Budget Committee's recommendation with the following adjustment:

1. Redistribute funding of \$86.4 million, including \$44.3 million from the State General Fund, in FY 2008 based on the House Committee's recommended pay plan, to be distributed by the State Finance Council. The pay plan includes the following, utilizing the same funding recommended by the Governor.
  - A 1.0 percent base salary adjustment for all employees effective at the beginning of FY 2008;
  - A \$1,450 one time salary bonus to be paid in two installments in FY 2008 for full-time equivalent classified employees, who earn a satisfactory or better performance rating, excluding elected officials, legislators, justices and judges;
  - Provides \$150 for every full time equivalent employee for the employee's deferred compensation plan that must be matched dollar for dollar by the employee to receive the funds;
  - Provides a permanent one pay grade, or a 5.0 percent increase (in addition to the 1.0 percent base salary adjustment and one time salary bonus) for job classes that are more than 25 percent behind the average market pay in the recent Hay Group Pay Study - Phase 1;
  - Shifts funding for the recommended classified longevity bonus payment increase (from \$40 to \$50 per year) into the FY 2008 salary funding to help finance the 1.0 percent base salary adjustment and one-time salary bonus;

The House Committee recommends the creation of a State Employee Pay Philosophy Task Force which would consist of: six legislators, three members appointed by the Governor, one



member appointed by the Chief Justice and one member appointed by the Chairperson of the Board of Regents. The Task Force would be required to have their work completed by June 15, 2007.

The House Committee also recommends the creation of a nine member State Employee Pay Plan Special Committee (all legislators) to begin work on the development of a new state employee pay plan for presentation to the FY 2008.

### **House Committee of the Whole Recommendation**

The House Committee of the Whole concurs with the House Committee's recommendation.

### **Conference Committee Recommendation**

1. Delete \$641,942, including \$510,878 from the State General Fund, for the Governor's recommended pay plan adjustments. Funding for the new pay plan will be appropriated to the State Finance Council for distribution to state agencies based on the recommended pay plan. As it applies to this agency, the revised pay plan consists of:
  - Provides a 2.0 percent base salary increase for classified employees (an unclassified employee's appointing authority will receive a salary pool equivalent to the base increase). The base increase will apply to permanent and temporary employees.
  - Provides a 5.0 percent targeted increase for classified employees that are more than 25 percent behind the average market pay in the recent Hay Group Pay Study - Phase 1 (1,533 employees).
  - Provides a classified bonus payment of \$860, to be included in retirement calculations, payable on December 14, 2007 (an unclassified employee's appointing authority will receive a salary pool equivalent to the bonus payment).
  - Provides a \$10 per year increase (from \$40 to \$50 per year) for a longevity bonus for classified employees.
2. Deleted \$11,121, all from the State Water Plan Fund for sub-basin water resources to hold the at Kansas Water Authority FY 2008 recommendation.
3. Deleted \$532,900, including \$400,553 from the State General Fund, for the replacement of 28 vehicles.
4. Shift \$92,340 from the State General Fund to the State Water Plan Fund for the Ozark Plateau Aquifer and Spring Water Initiative Strategic Plan (WISP) in Southeast Kansas.

**Omnibus**

1. Add \$532,900, including \$400,553 from the State General Fund for the replacement of 28 vehicles.
2. Add \$1,645, all from the State General Fund, for the conversion of 6.0 FTE positions from unclassified positions to classified positions in the Water Resources Program.

**State Finance Council**

1. Add \$633,884, including \$501,261 from the State General Fund, for the implementation of the pay plan approved by the Legislature in HB 2368.

**Final Legislative Action**

<u>Expenditure Summary</u>	<u>Gov. Rec. FY 08</u>	<u>Legislative Adjustments FY 08</u>	<u>Legislative Approved FY 08</u>	<u>Omnibus and State Finance Council FY 2008</u>	<u>Final Legislative Approved FY 2008</u>
All Funds:					
State Operations	\$ 26,900,970	\$ (1,185,963)	\$ 25,715,007	\$ 1,168,429	\$ 26,883,436
Other Assistance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal - Operating	\$ 26,900,970	\$ (1,185,963)	\$ 25,715,007	\$ 1,168,429	\$ 26,883,436
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$ 26,900,970</u>	<u>\$ (1,185,963)</u>	<u>\$ 25,715,007</u>	<u>\$ 1,168,429</u>	<u>\$ 26,883,436</u>
State General Fund:					
State Operations	\$ 12,262,586	\$ (1,003,771)	\$ 11,258,815	\$ 903,459	\$ 12,162,274
Other Assistance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal - Operating	\$ 12,262,586	\$ (1,003,771)	\$ 11,258,815	\$ 903,459	\$ 12,162,274
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$ 12,262,586</u>	<u>\$ (1,003,771)</u>	<u>\$ 11,258,815</u>	<u>\$ 903,459</u>	<u>\$ 12,162,274</u>
FTE Positions	308.5	0.0	308.5	6.0	314.5
Non FTE Uncl. Perm. Pos.	<u>28.5</u>	<u>0.0</u>	<u>28.5</u>	<u>0.0</u>	<u>28.5</u>
TOTAL	<u>337.0</u>	<u>0.0</u>	<u>337.0</u>	<u>6.0</u>	<u>343.0</u>