

FY 2012 and FY 2013

Senate Ways and Means Subcommittee

Department of Agriculture  
Kansas State Fair



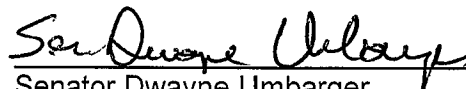
Senator Mark Taddiken, Chair



Senator Ruth-Teichman



Senator Marci Francisco



Senator Dwayne Umbarger

## Senate Subcommittee Report

**Agency:** Department of Agriculture

**Bill No.** 311

**Bill Sec.** 42

**Analyst:** Waltner

**Analysis Pg. No.** --

**Budget Page No.** 426

Expenditure Summary	Agency Estimate FY 2012	Governor Recommendation FY 2012	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 10,143,599	\$ 10,143,599	\$ 0
Other Funds	32,957,764	32,957,764	0
Subtotal	<u>\$ 43,101,363</u>	<u>\$ 43,101,363</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 TOTAL	 <u><u>\$ 43,101,363</u></u>	 <u><u>\$ 43,101,363</u></u>	 <u><u>\$ 0</u></u>
 FTE positions	 353.5	 353.5	 0.0
Non FTE Uncl. Perm. Pos.	57.5	57.5	0.0
TOTAL	<u><u>411.0</u></u>	<u><u>411.0</u></u>	<u><u>0.0</u></u>

### Agency Estimate

The **agency** estimates FY 2012 operating expenditures totaling \$43.1 million, including \$10.1 million from the State General Fund, \$11.9 million from the State Water Plan Fund, and \$395,300 from the Economic Development Initiatives Fund. The revised estimate is an all funds increase of \$2.4 million, or 5.8 percent, above the amount approved by the 2011 Legislature but the State General Fund estimate is the same as the approved amount. Most of the increase is due to reappropriated State Water Plan funds that are budgeted for grant programs in the Conservation program. In addition, the agency budgeted additional expenditures from special revenue funds and federal funds, which the agency states is necessary to maintain the same level of operations as FY 2011.

### Governor's Recommendation

The **Governor** concurs with the agency's FY 2012 revised estimate.

### Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation for FY 2012.

## Senate Subcommittee Report

**Agency:** Department of Agriculture

**Bill No. --**

**Bill Sec. --**

**Analyst:** Waltner

**Analysis Pg. No. --**

**Budget Page No. 426**

Expenditure Summary	Agency Request FY 2013	Governor Recommendation FY 2013	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 18,513,178	\$ 9,983,697	\$ 0
Other Funds	35,970,382	30,525,993	1,003,703
Subtotal	\$ 54,483,560	\$ 40,509,690	\$ 1,003,703
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
 TOTAL	 \$ 54,483,560	 \$ 40,509,690	 \$ 1,003,703
 FTE positions	 353.5	 339.5	 7.0
Non FTE Uncl. Perm. Pos.	57.5	57.5	0.0
TOTAL	411.0	397.0	7.0

### Agency Request

The **agency** requests FY 2013 operating expenditures totaling \$54.5 million, including \$18.5 million from the State General Fund, \$9.2 million from the State Water Plan Fund, \$565,435 from the Economic Development Initiatives Fund, and \$5.5 million from the Expanded Lottery Act Revenues Fund. The request is an all funds increase of \$11.4 million, or 26.4 percent, and a State General Fund increase of \$8.4 million, or 82.5 percent, above the revised FY 2012 estimate. The request includes enhancement funding totaling \$14.1 million, including \$8.2 million from the State General Fund and \$5.5 million from the Expanded Lottery Act Revenues Fund. Absent the enhancement funding, the request is an all funds decrease of \$2.7 million, or 6.4 percent, below the revised FY 2012 estimate but is a State General Fund increase of \$140,302, or 1.4 percent, above the revised estimate.

### Governor's Recommendation

The **Governor** recommends \$40.5 million, including \$10.0 million from the State General Fund and \$9.7 million from the State Water Plan Fund, for FY 2013 operating expenditures. The recommendation is an all funds decrease of \$14.0 million, or 25.6 percent, and a State General Fund decrease of \$8.5 million, or 46.1 percent, below the agency's FY 2013 request. Most of the difference is due to enhancement requests not being recommended by the Governor but the recommendation includes reductions for savings associated with the Voluntary Retirement Incentive Program and a portion of the agency's reduced resources estimate. The Governor did

include enhancement funding for the Agriculture Marketing program (\$250,000), the Grain Warehouse program (\$75,000), and feral swine eradication (\$175,000). The Governor's recommendation is also a decrease of \$2.6 million, or 6.0 percent, all funds and \$159,902, or 1.6 percent, State General Fund below the FY 2012 recommendation. Most of the reduction is due to State General Fund and State Water Plan Fund shifts in FY 2012 that are not available in FY 2013. The remainder is due to the Governor's adjustments mentioned above.

### **Senate Subcommittee Recommendation**

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

1. Add \$283,992, all from special revenue funds, 4.0 FTE positions, and increase the agency's vehicle fleet by five vehicles for school lunch inspections contingent on the passage of a bill authorizing the agency to perform two annual school inspections. A bill is being written but has not yet been introduced to accomplish that authorization. The United States Department of Agriculture (USDA) increased the requirement for school inspections from one inspection annually to two inspections annually. The additional FTE positions and vehicles will be used to accomplish the USDA's new regulation and will be purchased using fee funds received from school districts for the additional inspections.
2. Add \$253,804, all from special revenue funds, for the agency to purchase up to fifteen replacement vehicles. The vehicles identified for replacement have odometer readings between 120,531 and 245,158 and the fifteen vehicles represent less than one-quarter of the vehicles eligible to be replaced under the Department of Administration guidelines. The Subcommittee heard testimony that vehicles eligible for replacement in a program that receives fee revenue but with lower mileage than vehicles in programs that do not receive fee revenue are likely to be transferred to another program within the Department.
3. The committee heard concerns from conferees on the backlog of water appropriation application processing. The agency has experienced an increase from approximately 400 average annual applications to over 1,400 applications in FY 2011 and another 2,000 estimated for FY 2012 due to the drought conditions across the state.
4. Add \$465,907, all from the special revenue funds, and 3.0 FTE positions for water appropriation application processing. The Governor deleted 3.0 FTE positions and \$204,763, all from the State General Fund, for FY 2013. The agency reported that it will need those three positions and has adequate funding from drought term permit fees to fund the positions in FY 2013. The remainder of the additional funding will be used to fund 4.0 vacant FTE positions to establish a drought term permit and multi-year flex account permit processing team in the Division of Water Resources.
5. The Subcommittee notes that the agency is anticipating the addition of 6.0 FTE positions and approximately \$370,000 to be included in a Governor's Budget Amendment to restore positions and funding that were eliminated as part of the Voluntary Retirement Incentive Program. If the positions and funding are not included in a Governor's Budget Amendment, the Subcommittee recommends reviewing the additions of the 6.0 FTE positions and funding during final budget deliberations.
6. The Subcommittee recommends that the \$924,014, all from the State Water Plan Fund, included by the Governor for water rights purchase be used specifically for the Water

Transition Assistance Program and the Conservation Reserve Enhancement Program. Both of those existing programs deal with water rights retirement.

7. Add language authorizing the Conservation Reserve Enhancement Program for FY 2013. The language has been included in the appropriations bill each of the previous five Legislative sessions.
8. The Subcommittee recommends that the proviso language included for the State Conservation Commission in prior appropriations bills be included for the Department of Agriculture in FY 2013. 2011 Executive Reorganization Order Number 40 moved the State Conservation Commission into the Department of Agriculture as the Division of Conservation.
9. The Subcommittee notes that current statute states that the Department may perform annual inspections of pet animal facilities licensed by the agency. The Subcommittee encourages the agency to complete an annual inspection for all of the pet animal facilities licensed by the Department from within existing resources.

## Senate Subcommittee Report

**Agency:** Kansas State Fair

**Bill No.** 311

**Bill Sec.** --

**Analyst:** Waltner

**Analysis Pg. No.** --

**Budget Page No.** 448

Expenditure Summary	Agency Estimate FY 2012	Governor Recommendation FY 2012	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 940,469	\$ 940,469	\$ 0
Other Funds	4,697,399	4,697,399	0
Subtotal	<u>\$ 5,637,868</u>	<u>\$ 5,637,868</u>	<u>\$ 0</u>
<b>Capital Improvements:</b>			
State General Fund	\$ 910,000	\$ 910,000	\$ 0
Other Funds	817,390	817,390	0
Subtotal	<u>\$ 1,727,390</u>	<u>\$ 1,727,390</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 7,365,258</u></u>	<u><u>\$ 7,365,258</u></u>	<u><u>\$ 0</u></u>
FTE positions	25.0	25.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<u><u>25.0</u></u>	<u><u>25.0</u></u>	<u><u>0.0</u></u>

### Agency Estimate

The **agency** estimates revised operating expenditures totaling \$5.6 million, including \$940,469 from the State General Fund. The request is an all funds increase of \$34,377, or 0.6 percent, and a State General Fund increase of \$400,000, or 74.0 percent, above the approved amount. The change is due to an increase of \$34,377 from the State Fair Fee Fund and an adjustment in the funding sources between debt service principal and interest. The revised FY 2012 estimate for capital improvements totals \$1.7 million, including \$910,000 from the State General Fund, for ongoing maintenance and debt service principal.

### Governor's Recommendation

The **Governor** concurs with the agency's revised FY 2012 estimate.

### Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation for FY 2012.

## Senate Subcommittee Report

**Agency:** Kansas State Fair

**Bill No. --**

**Bill Sec. --**

**Analyst:** Waltner

**Analysis Pg. No. --**

**Budget Page No. 448**

Expenditure Summary	Agency Request FY 2013	Governor Recommendation FY 2013	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 883,819	\$ 393,998	\$ 0
Other Funds	4,831,940	8,624,685	0
Subtotal	\$ 5,715,759	\$ 9,018,683	\$ 0
Capital Improvements:			
State General Fund	\$ 1,370,000	\$ 460,333	\$ 0
Other Funds	652,000	7,784,511	400,000
Subtotal	\$ 2,022,000	\$ 8,244,844	\$ 400,000
 TOTAL	 \$ 7,737,759	 \$ 17,263,527	 \$ 400,000
 FTE positions	 25.0	 25.0	 0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	25.0	25.0	0.0

### Agency Request

The **agency** requests \$5.7 million, including \$883,819 from the State General Fund, for FY 2013 operating expenditures. This is an all funds increase of \$77,891, or 1.4 percent, but a State General Fund decrease of \$56,650, or 6.0 percent, from the FY 2012 revised estimate. The request includes \$120,000, all from the Economic Development Initiatives Fund, in enhancement funding for enhanced marketing and competitive exhibit premiums. Absent the enhancements the request is an all funds decrease of \$42,109, or 0.7 percent, and a State General Fund decrease of \$56,650, or 6.0 percent, below the FY 2012 revised estimate. The FY 2013 request for capital improvements totals \$2.0 million, including \$1.4 million from the State General Fund, for ongoing maintenance and debt service principal.

### Governor's Recommendation

The **Governor** recommends FY 2013 operating expenditures totaling \$9.0 million, including \$393,998 from the State General Fund and \$3.9 million from the Expanded Lottery Act Revenues Fund. The recommendation is an all funds increase of \$3.3 million, or 57.8 percent, above the agency's request but a State General Fund reduction of \$489,821, or 55.4 percent, below the agency's request. The recommendation is also an increase of \$3.4 million, or 60.0 percent, above the Governor's FY 2012 recommendation but a reduction of \$546,471, or 58.1 percent, from the State General Fund. The Governor also recommends \$8.2 million, including \$460,333 from the State General Fund for capital improvements expenditures in FY 2013. The

recommendation is an all funds increase of \$6.2 million, or 307.8 percent, above the agency's request. The increase in total funding is due to the Governor recommending the use of Expanded Lottery Act Revenues Fund expenditures to call a portion of the outstanding bonds that have been issued by the State Fair. In total, the recommendation includes \$11.2 million from the Expanded Lottery Act Revenues Fund for debt service principal and interest payments. This additional funding will reduce future debt service payments.

### **Senate Subcommittee Recommendation**

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

1. The Subcommittee notes that the Legislature has not met its obligation to the State Fair Capital Improvements Fund as established in KSA 2-223, which states that there will be a matching transfer up to \$300,000 from the State General Fund to the State Fair Capital Improvements Fund for every dollar the State Fair transfers to the State Fair Capital Improvements Fund from the State Fair Fee Fund. Between FY 2002 and FY 2012 the Legislature included proviso language in the appropriations bill to reduce or eliminate the transfer six times, which reduced funding to the State Fair Capital Improvements Fund by \$1.5 million over those eleven fiscal years (see Attachment 1). The Subcommittee recommends that the statutory transfer from the State General Fund to the State Fair Capital Improvements Fund take place in FY 2013 and in future fiscal years.
2. Add \$400,000, all from the Expanded Lottery Act Revenues Fund, in FY 2013 contingent upon receipts deposited in the Expanded Lottery Act Revenues Fund being more than \$80,454,000. The Subcommittee recommends using the first \$400,000 in receipts above the the estimated \$80.5 million to the Expanded Lottery Act Revenues Fund to begin repaying past obligations to the State Fair Capital Improvements Fund.
3. The Subcommittee notes that the FY 2013 Governor's recommendation includes Expanded Lottery Act Revenues Fund to retire the 2001 bond issue held by the State Fair. The State Fair still holds the 2004 series A-2 bonds. When the bonds were approved by the 2001 Legislature, Reno County and the City of Hutchinson each committed \$150,000 per year for 10 years (\$3.0 million total) to the debt service on the bonds. In addition, the State Fair committed \$400,000 per year for 10 years (\$4.0 million total) for debt service. The City and County commitments were met in FY 2011 and the State Fair commitment will be met in FY 2012. The remaining debt service on the 2004 A-2 bonds, according to the 2001 agreement, is to be repaid from the State General Fund (approximately \$2.2 million annually until 2022).
4. The Subcommittee notes that in 2012 the state fair will celebrate the 100th annual state fair in Kansas since it was designated the State Fair by the 1913 Legislature. In addition, in 2013 the State Fair will celebrate its 100th birthday.
5. The Subcommittee notes that the State Fair requested \$100,000 from the Economic Development Initiatives Fund in FY 2013 to promote the Fair's 100th birthday celebration and recommends that funding be reviewed during final deliberations of the FY 2013 appropriations bill.



**ATTACHMENT 1:**

***State Fair Capital Improvement Fund  
Matching History***

The State Fair Capital Improvements and Maintenance Fund was authorized by K.S.A. 2-223 in 1988.

On June 30, 1989, and each succeeding June 30, the Fair is to contribute at least five (5) percent from its qualified receipts to maintain and generate further balances in the Fund. On July 1, 1989, and each succeeding July 1, the State of Kansas will transfer an amount equal to that contributed by the Fair, but not to exceed \$300,000 in any one annual, single fiscal year.

<b>Fiscal Year</b>	<b>State Fair Contribution</b>	<b>State Contribution</b>	<b>Amount State Yet to Match</b>
1989	\$87,551	N/A	
1990	Exempt	\$87,551	
1991	\$149,779	Exempt	
1992	\$107,927	\$149,779	
1993	\$117,016	\$107,927	
1994	\$145,657	\$117,016	
1995	\$153,164	\$145,657	
1996	\$196,882	\$153,164	
1997	\$113,168	\$196,882	
1998	\$260,000	\$113,168	
1999	\$300,000	\$260,000	
2000	\$300,000	\$300,000	
2001	\$300,000	\$300,000	
2002	\$158,000	No match made	\$300,000
2003	\$243,000	\$294,000 (\$158,000 to match; additional for storm damage repair)	\$300,000
2004	\$300,000	No match made	\$543,000
2005	\$200,000	No match made	\$843,000
2006	\$25,000	\$200,000	\$843,000
2007	\$300,000	\$25,000	\$843,000
2008	\$300,000	\$300,000	\$843,000
2009	\$200,000	\$300,000	\$843,000
2010	\$300,000	No match made	\$1,043,000
2011	\$300,000 budgeted by KSF; \$50,000 added from Fee Fund by the Division of the Budget	No match made	\$1,343,000
2012	\$300,000 budgeted by KSF; \$50,000 added from Fee Fund by the Division of the Budget	\$159,207	\$1,483,793
2013	\$250,000 budgeted by KSF	The Governor has budgeted \$400,000 from EDIF for the SFCIF	\$1,383,793