



FY 2012

HOUSE AGRICULTURE AND NATURAL RESOURCES BUDGET COMMITTEE

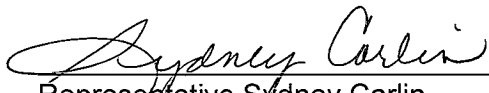
Kansas Corporation Commission
Kansas State Fair Board
Department of Agriculture
Animal Health Department
State Conservation Commission


Representative Sharon Schwartz, Chair

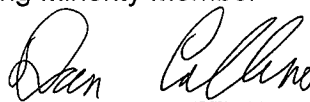

Representative Steven Johnson



Representative Don Schroeder, Vice-Chair


Representative Harold Lane


Representative Sydney Carlin,
Ranking Minority Member


Representative Larry Powell


Representative Dan Collins


Representative Tom Sloan


Representative Carl Holmes

Appropriations Committee

Date March 14, 15, 16

Attachment 3

Senate Subcommittee Report

Agency: Kansas Corporation Commission **Bill No. --**

Bill Sec. --

Analyst: Younker

Analysis Pg. No. --

Budget Page No. 42

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	28,126,410	27,575,310	200,000
Subtotal	<u>\$ 28,126,410</u>	<u>\$ 27,575,310</u>	<u>\$ 200,000</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>\$ 28,126,410</u></u>	<u><u>\$ 27,575,310</u></u>	<u><u>\$ 200,000</u></u>
FTE positions	214.0	212.0	0.0
Non FTE Uncl. Perm. Pos.	6.5	6.5	0.0
TOTAL	<u><u>220.5</u></u>	<u><u>218.5</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests a FY 2012 budget totaling \$28.1 million, all from special revenue funds, which is an increase of \$129,224, or 0.5 percent, above the agency's revised FY 2011 estimate. The FY 2012 request includes an enhancement request totaling \$651,100, all from special revenue funds. Absent the enhancement request, the FY 2012 request is \$27.5 million, which is a decrease of \$521,876, or 1.9 percent, below the revised FY 2011 estimate. The decrease is attributable to a reduction in ARRA funds and one-time expenditures including funding for the Kansas Electric Transmission Authority (KETA). KETA will request funding independently for FY 2012. The 214.0 FTE positions the agency requested did not change from the current year estimate.

Governor's Recommendation

The **Governor** recommends a FY 2012 budget totaling \$27.6 million, all from special revenue funds, which is a decrease of \$551,100, or 2.0 percent, below the agency's FY 2012 request and a decrease of \$421,876, or 1.5 percent below the Governor's FY 2011 recommendation. The recommendation does not include the \$400,000 transfer from the State General Fund to the Abandoned Oil and Gas Well Fund and the Governor does not recommend enhancement funding at this time. The recommendation includes \$100,000 from the Public Service Regulation Fund for the KETA. Further, the Governor recommends a reduction in 2.0 FTE positions as part of a statewide initiative to eliminate vacant FTE positions

Appropriations Committee

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Attachment 3-2

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's FY 2012 recommendation with the following adjustment:

1. Add \$200,000, all from special revenue funds, to approve part of the agency's FY 2012 enhancement request, the replacement of ten agency vehicles, all of which have met the mile-out threshold (100,000 miles for cars and 140,000 miles for trucks).

Senate Ways and Means Committee Recommendation

The **Senate Ways and Means Committee** concurs with the Subcommittee recommendation.

House Budget Committee Report

Agency: Kansas Corporation Commission **Bill No. --** **Bill Sec. --**

Analyst: Younker **Analysis Pg. No.** 1574 **Budget Page No.** 42

<u>Expenditure Summary</u>	<u>Agency Request FY 2012</u>	<u>Governor Recommendation FY 2012</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	28,126,410	27,575,310	116,100
Subtotal	\$ 28,126,410	\$ 27,575,310	\$ 116,100
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
TOTAL	\$ 28,126,410	\$ 27,575,310	\$ 116,100
FTE positions	214.0	212.0	0.0
Non FTE Uncl. Perm. Pos.	6.5	6.5	0.0
TOTAL	220.5	218.5	0.0

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Attachment 3-3

Agency Request

The **agency** requests a FY 2012 budget totaling \$28.1 million, all from special revenue funds, which is an increase of \$129,224, or 0.5 percent, above the agency's revised FY 2011 estimate. The FY 2012 request includes an enhancement request totaling \$651,100, all from special revenue funds. Absent the enhancement request, the FY 2012 request is \$27.5 million, which is a decrease of \$521,876, or 1.9 percent, below the revised FY 2011 estimate. The decrease is attributable to a reduction in American Recovery and Reinvestment Act (ARRA) funds and one-time expenditures including funding for the Kansas Electric Transmission Authority (KETA). KETA will request funding independently for FY 2012. The 214.0 FTE positions the agency requested did not change from the current year estimate.

Governor's Recommendation

The **Governor** recommends a FY 2012 budget totaling \$27.6 million, all from special revenue funds, which is a decrease of \$551,100, or 2.0 percent, below the agency's FY 2012 request and a decrease of \$421,876, or 1.5 percent below the Governor's FY 2011 recommendation. The recommendation does not include the \$400,000 transfer from the State General Fund to the Abandoned Oil and Gas Well Fund and the Governor does not recommend enhancement funding at this time. The recommendation includes \$100,000 from the Public Service Regulation Fund for KETA. Further, the Governor recommends a reduction of 2.0 vacant FTE positions as part of a statewide initiative to eliminate vacant FTE positions.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's FY 2012 recommendation with the following adjustments:

1. Add \$116,100, all from the Conservation Fee Fund, to approve part of the agency's FY 2012 enhancement request. These funds will be used for the replacement of six agency vehicles (five trucks and one car), all of which have met the mile-out threshold (100,000 miles for cars and 140,000 miles for trucks).
2. The Committee recommends a proviso that the fines and penalties associated with the civil assessment program be deposited directly into the State General Fund. The agency estimates that it will collect \$766,499 in fines and penalties associated with the civil assessment program in FY 2012. The Committee also recommends deleting the proviso transferring \$1.3 million from the Kansas Corporation Commission's Motor Carrier Fee Fund to the Kansas Highway Patrol's Motor Carrier Safety Assistance Program State Fund.
3. The Committee notes that it was the intent of the Legislature that the Kansas Corporation Commission receive \$400,000 per fiscal year from the State General Fund for the abandoned oil and gas well plugging program. The Governor did not recommend the transfer of \$400,000 for FY 2012 from the State General Fund to the Abandoned Oil and Gas Well Fund. The Committee is aware that with one accident a water supply could be compromised. The Committee recommends that the \$400,000 statutory transfer from the State General Fund be revisited at Omnibus if there are resources available for the transfer. The Committee also recommends that the Joint Committee on Energy and Environmental Policy study the abandoned oil and gas well plugging program during the Interim. Further

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Attachment 3-11

information regarding the abandoned oil and gas well plugging program is attached to this report.

4. The Efficiency Kansas program is designed to help Kansans identify and finance cost-effective energy efficiency improvements in their homes and small businesses. The program takes a whole house approach to energy efficiency to ensure that improvements work together and generate the greatest energy savings for each dollar spent. The Kansas Corporation Commission is currently exploring other alternatives to ensure the expenditure of the approximately \$34.0 million in remaining ARRA funds by April 2012. All alternatives to the Efficiency Kansas program must be related to energy efficiency and reviewed and approved by the federal Department of Energy. The Committee encourages the Kansas Corporation Commission to research what other states are doing to expend their ARRA funds by April 2012.

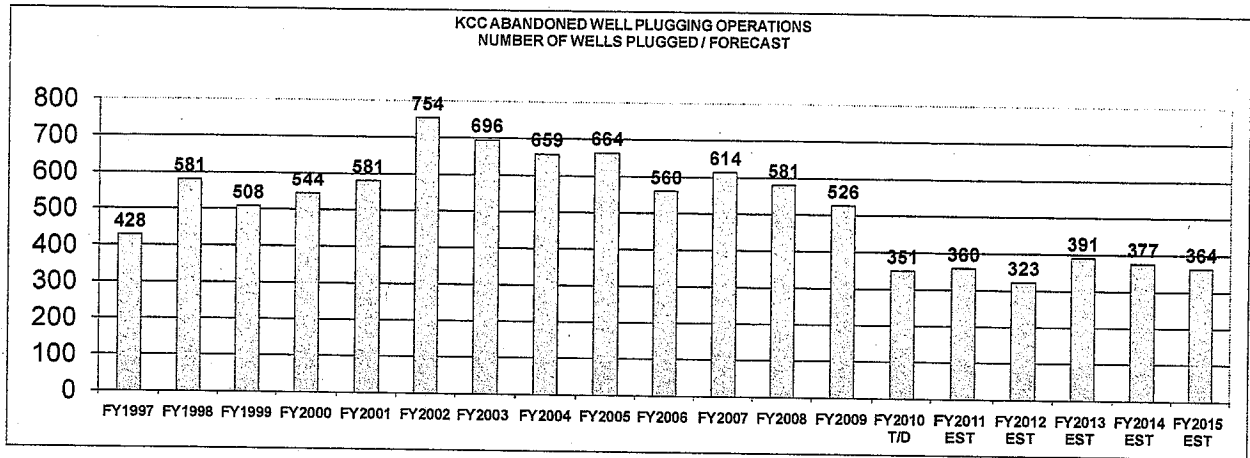
Appropriations Committee

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Attachment 3-5

Abandoned Oil and Gas Well Plugging Program

KSA 55-192 provides for the plugging of abandoned wells and the remediation of contamination sites related to pre-July 1, 1996, oil and gas activities that have no responsible parties. There are still in excess of 5,665 abandoned wells that need to be plugged at an average cost of \$4,500 per well and 58 active remediation sites. A well left unplugged can impact surface and ground water and be a general threat to public safety. Since 1997 the KCC has plugged over 8,400 abandoned wells.



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Date March 14, 15, 16

Attachment 3-6

Senate Subcommittee Report

Agency: Kansas State Fair

Bill No. --

Bill Sec. --

Analyst: Allen

Analysis Pg. No. 81

Budget Page No. 440

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 540,469	\$ 540,469	\$ 0
Other Funds	5,206,152	5,046,412	39,740
Subtotal	<u>\$ 5,746,621</u>	<u>\$ 5,586,881</u>	<u>\$ 39,740</u>
Capital Improvements			
State General Fund	\$ 1,310,000	\$ 1,310,000	\$ 0
Other Funds	525,873	118,923	0
Subtotal	<u>\$ 1,835,873</u>	<u>\$ 1,428,923</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 7,582,494</u></u>	<u><u>\$ 7,015,804</u></u>	<u><u>\$ 39,740</u></u>
FTE positions	25.0	24.0	1.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>25.0</u></u>	<u><u>24.0</u></u>	<u><u>1.0</u></u>

Agency Request

The **agency** requests a FY 2012 operating budget of \$5.7 million, including \$540,469 from the State General Fund, an increase of \$149,167, or 2.7 percent, above the revised FY 2011 estimate. The increase is primarily attributable to the agency's request for enhancement funding of \$159,740, including \$120,000 from the Economic Development Initiatives Fund (EDIF), for marketing and promotion of the State Fair and for competitive premiums for exhibitors, and funding for 1.0 additional FTE position for an administrative assistant position for the Competitive Exhibits Department funded from the State Fair Fee Fund (\$39,740). Absent the enhancement funding, the FY 2012 request totals \$5,586,881, a decrease of \$10,573, or 1.9 percent, below the revised FY 2011 estimate. The State General Fund increase is \$245,615, or 83.3 percent, above the FY 2011 estimate, and is due to debt service principal payments.

The **agency** requests capital improvement expenditures of \$1.8 million, including \$1.3 million from the State General Fund, an increase of \$404,281, or 28.8 percent, above the revised FY 2011 estimate. The increase is mostly due to the agency's enhancement request of \$376,950, all from special revenue funds, for roof replacements on several buildings. Absent the enhancement, the rehabilitation and repair request is \$118,923. In addition, the agency requests \$1.3 million, all from the State General Fund, for a debt service principal payment in FY 2012.

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Attachment 3-7

Governor's Recommendation

The **Governor** recommends \$5.6 million for FY 2012 expenditures, including \$540,469 from the State General Fund. The recommendation is a decrease of \$10,573, or 0.2 percent, below the FY 2011 recommendation and a decrease of \$159,740, or 2.8 percent, below the agency's FY 2012 request. The Governor does not recommend the agency's enhancement requests, totaling \$159,740, including \$120,000 from the Economic Development Initiatives Fund (EDIF) and \$39,740 from the State Fair Fee Fund. The Governor recommends transferring \$50,000 from the agency's State Fair Fee Fund to the State Fair Capital Improvement Fund in FY 2012, which would increase the agency's total transfer from the State Fair Fee Fund to the State Fair Capital Improvements Fund \$350,000 from \$300,000. The transfer decreases the agency's expenditures by \$50,000.

The **Governor** concurs with the agency's capital improvement request, but does not recommend the enhancement request of \$376,950, from the State Fair Capital Improvements Fund, for the building roof replacements.

Senate Subcommittee Recommendation

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

1. Add 1.0 FTE position and \$39,740, all from the State Fair Fee Fund, for an administrative assistant position for the Competitive Exhibits Department. The Subcommittee requests that the agency report back to the Subcommittee during FY 2013 budget hearings as to the greater efficiency gained by allowing the department director to concentrate more on increasing sponsorship and entries for the various departments instead of the duties that the new position will be performing.
2. The Subcommittee notes that the State of Kansas has failed its obligation according to K.S.A. 2-223 which provides that an amount to match capital improvements up to \$300,000 will be transferred to the State Fair Capital Improvements Fund from the State General Fund on July 1 of each year. The Legislature has suspended this match in FY 2004, FY 2005, FY 2010, and FY 2011. The Governor recommends suspending the match again in FY 2012, and due to the shortfall within the State Fair Capital Improvement Fund in FY 2012, recommends transferring \$159,207 from the Economic Development Initiatives Fund (EDIF) to the State Fair Capital Improvement Fund, leaving the State Fair Capital Improvement Fund with a \$0 ending balance in FY 2012.

Senate Committee Recommendation

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

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Attachment 3-8

House Budget Committee Report

Agency: Kansas State Fair

Bill No. --

Bill Sec. --

Analyst: Allen

Analysis Pg. No. 81

Budget Page No. 440

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 540,469	\$ 540,469	\$ 0
Other Funds	5,206,152	5,046,412	0
Subtotal	<u>\$ 5,746,621</u>	<u>\$ 5,586,881</u>	<u>\$ 0</u>
Capital Improvements			
State General Fund	\$ 1,310,000	\$ 1,310,000	\$ 0
Other Funds	525,873	118,923	0
Subtotal	<u>\$ 1,835,873</u>	<u>\$ 1,428,923</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 7,582,494</u></u>	<u><u>\$ 7,015,804</u></u>	<u><u>\$ 0</u></u>
FTE positions	25.0	24.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>25.0</u></u>	<u><u>24.0</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests a FY 2012 operating budget of \$5.7 million, including \$540,469 from the State General Fund, an increase of \$149,167, or 2.7 percent, above the revised FY 2011 estimate. The increase is primarily attributable to the agency's request for enhancement funding of \$159,740, including \$120,000 from the Economic Development Initiatives Fund (EDIF), for marketing and promotion of the State Fair and for competitive premiums for exhibitors, and funding for 1.0 additional FTE position for an administrative assistant position for the Competitive Exhibits Department funded from the State Fair Fee Fund (\$39,740). Absent the enhancement funding, the FY 2012 request totals \$5,586,881, a decrease of \$10,573, or 1.9 percent, below the revised FY 2011 estimate. The State General Fund increase is \$245,615, or 83.3 percent, above the FY 2011 estimate, and is due to debt service principal payments.

The **agency** requests capital improvement expenditures of \$1.8 million, including \$1.3 million from the State General Fund, an increase of \$404,281, or 28.8 percent, above the revised FY 2011 estimate. The increase is mostly due to the agency's enhancement request of \$376,950, all from special revenue funds, for roof replacements on several buildings. Absent the enhancement, the rehabilitation and repair request is \$118,923. In addition, the agency requests \$1.3 million, all from the State General Fund, for a debt service principal payment in FY 2012.

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Attachment 3-9

Governor's Recommendation

The **Governor** recommends \$5.6 million for FY 2012 expenditures, including \$540,469 from the State General Fund. The recommendation is a decrease of \$10,573, or 0.2 percent, below the FY 2011 recommendation and a decrease of \$159,740, or 2.8 percent, below the agency's FY 2012 request. The Governor does not recommend the agency's enhancement requests, totaling \$159,740, including \$120,000 from the Economic Development Initiatives Fund (EDIF) and \$39,740 from the State Fair Fee Fund. The Governor recommends transferring \$50,000 from the agency's State Fair Fee Fund to the State Fair Capital Improvement Fund in FY 2012, which would increase the agency's total transfer from the State Fair Fee Fund to the State Fair Capital Improvements Fund to \$350,000 from \$300,000. The transfer decreases the agency's expenditures by \$50,000.

The **Governor** concurs with the agency's capital improvement request, but does not recommend the enhancement request of \$376,950, from the State Fair Capital Improvements Fund, for the building roof replacements.

House Budget Committee Recommendation

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

1. The Budget Committee commends the State Fair for many accomplishments. These include the highest attendance record since 1998 at the 2009 State Fair, record setting carnival revenue, and increasing non-fair events, including the Cushman Motor Scooter National Convention, estimated to bring in 2,000 spectators and the Family Motor Coach Association Six State Area Rally, estimated to bring in 800 spectators.
2. The Budget Committee encourages the State Fair to incorporate a "Legislative Livestock Fitting and Showing" event. Similar events are held at other state's fairs, including Colorado, Nebraska, and South Dakota. The Budget Committee notes that it is the mission of the State Fair to "Showcase Agriculture" and this would be an opportunity for legislators to share this experience. The Budget Committee also notes that a generous donation has been offered to sponsor the event.
3. The Subcommittee notes that the State of Kansas has not transferred funding according to K.S.A. 2-223 which provides that an amount to match capital improvements up to \$300,000 will be transferred to the State Fair Capital Improvements Fund from the State General Fund on July 1 of each year. The Legislature has suspended this match in FY 2002, FY 2004, FY 2005, FY 2010, and FY 2011 for a total of \$1,343,000. The Governor recommends suspending the match again in FY 2012, and due to the shortfall within the State Fair Capital Improvement Fund in FY 2012, recommends transferring \$159,207 from the Economic Development Initiatives Fund (EDIF) to the State Fair Capital Improvement Fund, leaving the State Fair Capital Improvement Fund with a \$0 ending balance in FY 2012.
4. The Budget Committee notes that there are two roofs on the State Fair grounds that are currently leaking and the agency has requested funding to replace the roofs on three buildings. Due to the State of Kansas not transferring the State General Fund match to the State Fair Capital Improvement Fund, there is no funding for the maintenance needs of the facilities.

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Attachment 3-10

Senate Subcommittee Report

Agency: Department of Agriculture

Bill No. --

Bill Sec. --

Analyst: Allen

Analysis Pg. No. 23

Budget Page No. 418

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 10,783,297	\$ 10,420,624	\$ 0
Other Funds	17,449,744	29,855,818	179,785
Subtotal	<u>\$ 28,233,041</u>	<u>\$ 40,276,442</u>	<u>\$ 179,785</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>\$ 28,233,041</u></u>	<u><u>\$ 40,276,442</u></u>	<u><u>\$ 179,785</u></u>
FTE positions	341.5	353.5	0.0
Non FTE Uncl. Perm. Pos.	44.5	45.5	0.0
TOTAL	<u><u>386.0</u></u>	<u><u>399.0</u></u>	<u><u>0.0</u></u>

Agency Request

The agency requests a FY 2012 operating budget of \$28.2 million, a decrease of \$2.3 million, or 7.5 percent, below the revised FY 2011 estimate. The decrease is mainly attributable to the agency receiving less federal funding for FY 2012. The request includes enhancement funding that totals \$1.5 million, including \$1.3 million from the State General Fund. Absent the enhancement funding, the agency's FY 2012 request totals \$26.7 million, a decrease of \$3.8 million, or 12.4 percent, below the agency's revised FY 2011 estimate. The request would include 341.5 FTE positions.

The FY 2012 request detailed by funding source is as follows:

The **State General Fund** request totals \$10.8 million, an increase of \$1.5 million, or 15.9 percent, above the revised FY 2011 estimate. The request includes enhancement funding of \$1.3 million from the State General Fund. Absent the enhancement request, the State General Fund request would total \$9.5 million, an increase of \$188,800, or 2.0 percent, above the agency's revised FY 2011 estimate. The agency anticipates increases for operating expenditures within several of the agency's programs, primarily for salaries and wages and increased employee benefits.

The **State Water Plan Fund** request totals \$1.2 million, an increase of \$253,525, or 25.5 percent, above the revised FY 2011 estimate. The increase is attributable to the agency

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Attachment 3-11

assuming the full statutory transfer of \$6.0 million from the State General Fund to the State Water Plan Fund.

The all other funds request totals \$16.2 million, a decrease of \$4.0 million, or 24.8 percent, below the revised FY 2011 estimate. The decrease is mainly attributable to less Federal Emergency Management Agency (FEMA) funding for FY 2012, in FY 2011 the funding was mostly carry forward from FY 2010.

Governor's Recommendation

The **Governor** recommends FY 2012 operating expenditures of \$40.3 million, an increase of \$12.0 million, or 42.7 percent, above the agency's FY 2012 request, and an increase of \$9.8 million, or 32.0 percent, above the Governor's FY 2011 recommendation. The Governor recommends transferring the Animal Health Department, State Conservation Commission, and the Agriculture Marketing Program of the Department of Commerce to the Department of Agriculture.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation, but notes the following:

1. Add \$89,910, all from fee funds, and \$89,875, all from federal funds, for the replacement of vehicles for FY 2012.
2. The Subcommittee would like to review, prior to final committee action on the FY 2012 appropriations bill, available funding for the Grain Warehouse Inspection Program for FY 2012.
3. The Subcommittee would like to review, prior to final committee action on the FY 2012 appropriations bill, available funding for the Livestock Market Reporting for FY 2012.
4. The Subcommittee recommends the agency fund the Livestock Market Reporting out of existing resources for FY 2012.
5. The Subcommittee recommends adding the following proviso language to the FY 2012 appropriation bill:

"Licensing online transition.....\$0

Provided, That the Department of Agriculture may pro-rate license fees and/or alter license due dates as needed in order to transition to online license applications and renewals."

6. The Subcommittee is concerned about the future funding of the Grain Warehouse Inspection Program. The Department of Agriculture requested \$75,000 for FY 2012 for this Program that was not included in the Governor's recommendation. The Subcommittee also notes that the lack of funding for this program will require the agency to layoff 1.0 FTE position for FY 2012. The Subcommittee recommends adding the following proviso language to the FY 2012 appropriation bill:

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 Attachment 3-12

"During the fiscal year ending June 30, 2012, the above agency shall make every effort to ensure services performed in the grain warehouse inspection program will not be compromised by budget reductions for the fiscal year ending June 30, 2012."

7. The Subcommittee supports the need for an additional veterinary position within the Animal Disease Control Program and suggests sharing the position with the Meat and Poultry Program within the Department of Agriculture, if this is not an option, then the Subcommittee encourages the Department of Agriculture to work with the Animal Health Department to restore the veterinary position for the Animal Disease Control Program.

Senate Committee Recommendation

The **Committee** concurs with the Subcommittee's recommendation with the following adjustments and notation:

1. Delete \$400,000, all from the State Water Plan Fund, to reduce funding for the Water Supply Restoration Program.
2. Add \$150,000, all from the State Water Plan Fund, to increase funding for the Non-Point Source Pollution.
3. Add \$150,000, all from the State Water Plan Fund, to increase funding for Aid to Conservation Districts.
4. Add \$40,000, all from the State Water Plan Fund, for Subbasin Water Resources Management Program, to replace State General Fund expenditures for Subbasin Water Resources Management Program. The Subcommittee recommends the agency fund use \$40,000, all from the State General Fund, that was previously planned to be used to fund the Subbasin Water Resources Management Program for the needed veterinary position in the Animal Health Division.
5. Allow the agency to purchase a vehicle for up to \$28,000, all from the motor pool fund, for a non-reportable/off budget expenditure for replacement of an agency pick up truck that currently has 180,000 miles. The motor pool fund gains receipts from fees paid by agency programs for use of the agency's vehicles. This fund is also used to pay for vehicle maintenance and repair. The request would purchase a new four door half-ton 4x4 pick up for use in areas where 2 wheel-drive would not be adequate.
6. Add language to allow any unencumbered balance in items funded from the State Water Plan Fund, in excess of \$100 as of June 30, 2011, to be reappropriated to those items for FY 2012. This language was in the FY 2011 appropriation bill. (see attached)
7. Add proviso language to allow for up to 6.0 percent of the appropriated amount for FY 2011 from the water resources cost share account be expended for contractual technical expertise and/or non-salary state conservation commission administration expenditures. This language was in the FY 2011 appropriation bill. (see attached)
8. Add proviso language detailing specific expenditures within items funded by the State Water Plan Fund. This language was in the FY 2011 appropriation bill. (see attached)
9. Add proviso language detailing the Conservation Reserve Enhancement Program (CREP). This language was in the FY 2011 appropriation bill. (see attached)

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Attachment 3-13

10. Add language to authorize the agency to make expenditures, from the Water Transition Assistance Program (WTAP) account for the Conservation Reserve Enhancement Program (CREP). The State Conservation Commission administers the state's portion of the Conservation Reserve Enhancement Program. CREP has carried forward previous appropriations to meet the fiscal matching requirements of the USDA. Due to significant budget shortfalls, the Governor was forced to lapse the funding for CREP in the FY 2011 budget recommendations to the Legislature. Both the Governor and the Department of Agriculture support CREP. After consultation with the Kansas Water Office and the Department of Agriculture, the only methodical program area to reach into was the Water Transition Assistance Program. This program also makes a payment to the landowner to compensate for permanent dismissal of the water right, however, at 100.0 percent state and/or local funding.

As the subcommittee considered this option, it took into account the CREP only requires a one-time payment of \$62/acre for tier 1 soils or \$35 for tier 2 soil and the USDA is responsible for 15 annual payments of the county irrigated rental rate, \$125 to \$155/acre. The acres enrolled in this program will reduce annual consumptive use at a very low cost for Kansas. (see attached)

11. As the State of Kansas develops the "Animal Health Corridor," we should be mindful of the programs that are insuring good publicity about the good health of animals in Kansas. The Animal Facility Inspection Program, now within the Animal Health Department, is charged with the regulation and enforcement of the Kansas Pet Animal Act. The Subcommittee is aware of the Executive Reorganization Order No. 40 to make the Animal Health Department a part of the Department of Agriculture. The Committee supports the need to maintain adequate staff, including a program director, in the Animal Facility Inspection Program, if this reorganization takes place.
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Appropriations Committee

Date March 14, 15, 16

Attachment 314

House Budget Committee Report

Agency: Department of Agriculture

Bill No. --

Bill Sec. --

Analyst: Allen

Analysis Pg. No. 23

Budget Page No. 418

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	House Budget Committee Adjustments
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Capital Improvements			
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Other Funds	0	0	0
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TOTAL	<u><u>386.0</u></u>	<u><u>399.0</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests a FY 2012 operating budget of \$28.2 million, a decrease of \$2.3 million, or 7.5 percent, below the revised FY 2011 estimate. The decrease is mainly attributable to the agency receiving less federal funding for FY 2012. The request includes enhancement funding that totals \$1.5 million, including \$1.3 million from the State General Fund. Absent the enhancement funding, the agency's FY 2012 request totals \$26.7 million, a decrease of \$3.8 million, or 12.4 percent, below the agency's revised FY 2011 estimate. The request would include 341.5 FTE positions.

The FY 2012 request detailed by funding source is as follows:

The **State General Fund** request totals \$10.8 million, an increase of \$1.5 million, or 15.9 percent, above the revised FY 2011 estimate. The request includes enhancement funding of \$1.3 million from the State General Fund. Absent the enhancement request, the State General Fund request would total \$9.5 million, an increase of \$188,800, or 2.0 percent, above the agency's revised FY 2011 estimate. The agency anticipates increases for operating expenditures within several of the agency's programs, primarily for salaries and wages and increased employee benefits.

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The **State Water Plan Fund** request totals \$1.2 million, an increase of \$253,525, or 25.5 percent, above the revised FY 2011 estimate. The increase is attributable to the agency assuming the full statutory transfer of \$6.0 million from the State General Fund to the State Water Plan Fund.

The all other funds request totals \$16.2 million, a decrease of \$4.0 million, or 24.8 percent, below the revised FY 2011 estimate. The decrease is mainly attributable to less Federal Emergency Management Agency (FEMA) funding for FY 2012, in FY 2011 the funding was mostly carry forward from FY 2010.

Governor's Recommendation

The **Governor** recommends FY 2012 operating expenditures of \$40.3 million, an increase of \$12.0 million, or 42.7 percent, above the agency's FY 2012 request, and an increase of \$9.8 million, or 32.0 percent, above the Governor's FY 2011 recommendation. The Governor recommends transferring the Animal Health Department, State Conservation Commission, and the Agriculture Marketing Program of the Department of Commerce to the Department of Agriculture.

House Budget Committee Recommendation

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

1. The Budget Committee notes that this report contains funding for the Animal Health Department, State Conservation Commission and the Agricultural Marketing Division transferred from the Department of Commerce and that the Budget Committee's concurrence is contingent upon approval of the Governor's Executive Reorganization Order (ERO) No. 40, or passage of legislation that is comparable to the Governor's ERO. If the Governor's ERO is not approved by the Legislature, and if no legislation comparable to the ERO passes, then the Budget Committee recommends funding the Animal Health Department and the State Conservation Commission as independent state agencies, and the Agricultural Marketing Division within the Department of Commerce and reviewing funding and FTE positions during Omnibus.
2. The Budget Committee wishes to emphasize that Agriculture is the biggest industry in the State of Kansas and less than half a cent of a tax dollar collected in Kansas is spent on Agriculture programs. These programs are essential for the State of Kansas.
3. Add \$20,000, from special revenue funds, for Livestock Market Reporting, with funding to be reviewed prior to final committee action on the FY 2012 appropriations bill. The Budget Committee notes that the Kansas Livestock Association respectfully urges the addition of funding (\$20,000) for two livestock auction market reports that have previously been part of a state-federal agreement. These reports play a vital role in the price discovery of feeder cattle and are ultimately used by the industry through the Chicago Mercantile Exchange's (CME) Feeder Cattle Index. By funding these two reports the state can provide a significant service to the state's \$6.0 billion industry. This service is best provided by an objective, third party source, such as the Department of Agriculture.

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4. Add \$45,000, all from the State Water Plan Fund, for streamgauge monitoring in western Kansas to assure that Colorado is in compliance with the Arkansas River Compact.
5. Add \$179,785, all from special revenue funds, for the replacement of vehicles for FY 2012. The Budget Committee would allow the agency flexibility to purchase the vehicles due to Executive Reorganization Order No. 40, which transfers the Animal Health Department, State Conservation Commission, and the Agricultural Marketing Division from the Department of Commerce to the Department of Agriculture. The Budget Committee also recommends the agency use the current vehicles that are being replaced, if feasible, within other programs operated by the agency.
6. Add \$175,000, from special revenue funds, for the eradication of feral swine, with funding to be reviewed prior to final committee action on the FY 2012 appropriations bill. As part of the Wildlife Animal and Plant Health Inspection Service (APHIS) contact with private landowners participating in the program, the United States Department of Agriculture (USDA) verifies reported feral hog damage. The agency reported \$3.17 million in agricultural damage. That amount does not include damage to natural resources. The feral swine eradication program use of trapping and aerial gunning from helicopters has decreased the Kansas population from about 2,000 feral swine a few years ago to about 500 feral swine today.
7. Add \$75,000, all from special revenue funds, for the Grain Warehouse Inspection Program, with funding to be reviewed prior to final committee action on the FY 2012 appropriations bill. The Budget Committee is concerned about the lack of funding for the Grain Warehouse Inspection Program. The Department of Agriculture requested \$75,000 for FY 2012 for this program that was not included in the Governor's recommendation.
8. Add \$28,000, all from the motor pool fund, for replacement of an agency pick up truck that currently has over 170,000 miles. The motor pool fund gains receipts from fees paid by agency programs for use of the agency's vehicles. This fund is also used to pay for vehicle maintenance and repair. The request would purchase a new four door half-ton 4x4 pick up for use in areas where 2 wheel-drive would not be adequate.
9. Add language that requires the agency to make every effort to ensure services performed in the Grain Warehouse Inspection Program will not be compromised by budget reductions for FY 2012. (see attached proviso language #1)
10. Add language that allows the Department of Agriculture to pro-rate license fees and/or alter license due dates as needed in order to transition to online license applications and renewals. (see attached proviso language #2)
11. Add language creating the Compliance Education Fee Fund, which civil penalties and fines may be deposited for the purpose of compliance education. (see attached proviso language #3)
12. Add proviso language detailing specific expenditures within projects funded by the State Water Plan Fund. This language was in the FY 2011 appropriation bill. (see attached proviso language #4, 5, 8, 9, and 10)
13. Add language to allow any unencumbered balance in projects funded from the State Water Plan Fund, in excess of \$100 as of June 30, 2011, to be reappropriated to those projects for FY 2012 (except funding for Conservation Reserve Enhancement Program

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(CREP)). This language was in the FY 2011 appropriation bill. (see attached proviso language #5-11)

14. Add proviso language to allow for up to 6.0 percent of the appropriation for FY 2012 from the water resources cost share account of the State Water Plan Fund be expended for contractual technical expertise and/or non-salary Conservation Division administration expenditures. This language was in the FY 2011 appropriation bill. (see attached proviso language #5)
15. Review during Omnibus the possible addition of language to authorize the agency to make expenditures, from the Water Transition Assistance Program (WTAP) account for the Conservation Reserve Enhancement Program (CREP) and to allow any unencumbered balance for CREP, in excess of \$100 as of June 30, 2011, to be reappropriated to CREP for FY 2012.
16. Review during Omnibus the funding for an additional veterinary position for the Animal Disease Control Program. The Budget Committee supports the need for an additional veterinary position in western Kansas within the Animal Disease Control Program and suggests sharing the position with the Meat and Poultry Program within the Department of Agriculture. The Budget Committee also would like to review the possibility of the Department of Agriculture working with the Animal Health Department to restore the veterinary position for the Animal Disease Control Program. This position has become of even higher importance due to the retirement of a USDA inspector in western Kansas.
17. The Budget Committee encourages the Secretary of Agriculture to work closely with the transferred agencies to ensure the continuation of the missions of those agencies. Especially, as the State of Kansas develops the "Animal Health Corridor," the Legislature and the Department should be mindful of the programs that are insuring the good health of animals in Kansas, as well as the importance of food safety and security for the general public's benefit.
18. The Budget Committee requests the introduction of legislation concerning feral swine.
19. The Budget Committee appreciates that the Administration and the Secretary of Agriculture, is focusing on what is best for Kansas, the Department of Agriculture, and the new divisions within the agency. In addition, the Budget Committee commends the attitude of the Secretary of the Department of Agriculture for being prepared to make a win-win situation for all involved, with great synergies and efficiencies, while at the same time improving customer service to the agriculture community and to the public.

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Attachment 3-18

Department of Agriculture Provisos - FY 2012

1. Grain Warehouse Inspection Program

Provided, That during the fiscal year ending June 30, 2012, the above agency shall make every effort to ensure services performed in the grain warehouse inspection program will not be compromised by budget reductions for the fiscal year ending June 30, 2012.

2. Licensing

Licensing online transition.....\$0

Provided, That the above agency may pro-rate license fees and/or alter license due dates as needed in order to transition to online license applications and renewals for the fiscal year ending June 30, 2012.

3. Compliance Education Fee Fund

Provided, There is hereby created a compliance education fee fund within the department of agriculture into which civil penalties and fines may be deposited for the purpose of compliance education.

Compliance education fee fund.....\$250,000

4. State General Fund - Administrative Operations

And provided further, That expenditures may be made from this account or any special revenue fund of the above named agency to allow 100% grant-funded projects relating to stream bank stabilization, and to and to allow lakes to be under the multi- purpose small lakes program if the lake is used for two of the following purposes: flood control, public water supply storage or recreation, not-withstanding the provisions of any other legislative enactment.

5. State Water Plan – Water Resource Cost-Share

Provided, That any unencumbered balance in the water resources cost share account in excess of \$100 as of June 30, 2011, is hereby reappropriated to the water resources cost share account for fiscal year 2012:

Provided further, That the initial allocation for grants to conservation districts for fiscal year 2012 shall be made on a priority basis, as determined by the division of conservation of the Kansas department of agriculture and the provisions of the state water plan:

And provided further, That expenditures from this account for contractual technical expertise and/or non-salary administration expenditures of the division of conservation of the Kansas department of agriculture shall not exceed the amount equal to 6.0 percent of the budget amount for fiscal year 2012 for the water resources cost share account.

6. State Water Plan – Nonpoint Source Pollution Assistance

Provided, That any unencumbered balance in the nonpoint source pollution assistance account in excess of \$100 as of June 30, 2011 is hereby reappropriated for fiscal year 2012.

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7. State Water Plan – Conservation District Aid

Provided, That any unencumbered balance in the conservation district aid account in excess of \$100 as of June 30, 2011 is hereby reappropriated for fiscal year 2012.

8. State Water Plan – Watershed Dam Construction

Provided, That any unencumbered balance in the watershed dam construction account in excess of \$100 as of June 30, 2011, is hereby reappropriated for fiscal year 2012:

Provided further, That expenditures from the watershed dam construction account are hereby authorized for engineering contracts for watershed planning as determined by the above agency.

9. Lake Restoration – Water Supply Restoration Program (WSRP)

Provided, That any unencumbered balance in the lake restoration (Water Supply Restoration) account in excess of \$100 as of June 30, 2011, is hereby reappropriated for fiscal year 2012:

Provided further, department of agriculture shall make expenditures during fiscal year 2012 from the lake restoration account from fiscal year 2009 encumbered moneys under contract in the water supply restoration program, for the installation of an alternative public water supply solution for Washington county rural water district no. 1.

10. State Water Plan – Kansas Water Quality Buffer Initiative

Provided, That any unencumbered balance in the Kansas water quality buffer initiatives account in excess of \$100 as of June 30, 2011, is hereby reappropriated for fiscal year 2012:

Provided further, That all expenditures from the Kansas water quality buffer initiatives account shall be for grants or incentives to install water quality best management practices:

And provided further, That such expenditures may be made from this account from the approved budget amount for fiscal year 2012 in accordance with contracts, which are hereby authorized to be entered into by the secretary of agriculture, for such grants or incentives.

11. State Water Plan – Riparian and Wetland Program

Provided, That any unencumbered balance in the riparian and wetland program account in excess of \$100 as of June 30, 2011, is hereby reappropriated for fiscal year 2012.

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Attachment 3-20