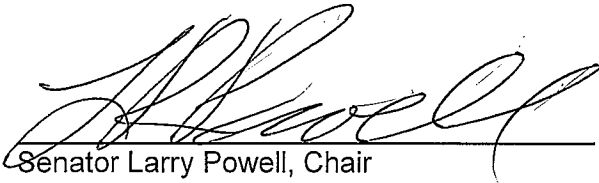


FY 2013, FY 2014, and FY 2015

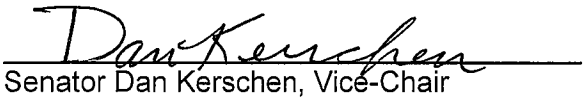
Senate Ways and Means Subcommittee

Department of Agriculture



Senator Larry Powell, Chair

Senator Marci Francisco, Ranking Minority
Member



Senator Dan Kerschen, Vice-Chair

Senate Ways and Means Committee
Date: 02-13-2013
Attachment #: 4

Senate Subcommittee Report

Agency: Department of Agriculture

Bill No. SB 76

Bill Sec. --

Analyst: Boudewyns

Analysis Pg./ No. 23

Budget Page No. 398

Expenditure Summary	Agency Estimate FY 2013	Governor Recommendation FY 2013	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 16,086,466	\$ 10,309,466	\$ 0
Other Funds	32,692,515	32,686,322	0
Subtotal	<u>\$ 48,778,981</u>	<u>\$ 42,995,788</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>\$ 48,778,981</u></u>	<u><u>\$ 42,995,788</u></u>	<u><u>\$ 0</u></u>
FTE positions	276.0	276.0	0.0
Non FTE Uncl. Perm. Pos.	79.5	79.5	0.0
TOTAL	<u><u>355.5</u></u>	<u><u>355.5</u></u>	<u><u>0.0</u></u>

Agency Estimate

The **agency** estimates revised FY 2013 operating expenditures totaling \$48.8 million, including \$16.1 million from the State General Fund, \$10.4 million from the State Water Plan Fund, and \$626,625 from the Economic Development Initiatives Fund. The revised estimate is an all funds increase of \$7.0 million, or 16.7 percent, above the amount approved by the 2012 Legislature and the State General Fund estimate is an increase of \$5,777,000, or 56.0 percent, above the approved amount. The State General Fund increase is due to the supplemental request for emergency livestock water supply funding. The remainder of the increase is due to the reappropriation of State Water Plan Fund (\$1.0 million), as well as the undermarket pay adjustments.

Governor's Recommendation

The **Governor** does not recommend the supplemental funding request for emergency livestock water supply funding and concurs with the remainder of the FY 2013 revised estimate.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's FY 2013 revised estimate.

Senate Subcommittee Report

Agency: Department of Agriculture

Bill No. SB 110

Bill Sec. 135

Analyst: Boudewyns

Analysis Pg. No. 23

Budget Page No. 398

Expenditure Summary	Agency Request FY 2014	Governor Recommendation FY 2014	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 13,016,899	\$ 11,726,428	\$ 55,525
Other Funds	30,974,153	31,101,141	(266,970)
Subtotal	<u>\$ 43,991,052</u>	<u>\$ 42,827,569</u>	<u>\$ (211,445)</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>\$ 43,991,052</u></u>	 <u><u>\$ 42,827,569</u></u>	 <u><u>\$ (211,445)</u></u>
 FTE positions	 277.0	 274.0	 (3.0)
Non FTE Uncl. Perm. Pos.	79.5	79.5	0.0
TOTAL	<u><u>356.5</u></u>	<u><u>353.5</u></u>	<u><u>(3.0)</u></u>

Agency Request

The **agency** requests FY 2014 operating expenditures totaling \$44.0 million, including \$13.0 million from the State General Fund, \$9.7 million from the State Water Plan Fund, and \$634,966 from the Economic Development Initiatives Fund. The request is an all funds decrease of \$4.8 million, or 9.8 percent, and a State General Fund decrease of \$3.1 million, or 19.1 percent, below the revised FY 2013 estimate. The request includes enhancement funding totaling \$2.7 million, including \$2,670,029 from the State General Fund. Absent the enhancement, the request is an all funds decrease of \$7.5 million, or 15.4 percent, below the revised FY 2013 estimate and is a State General Fund decrease of \$5.7 million, or 35.7 percent, below the revised estimate. The State General Fund decrease is due to the supplemental request in FY 2013 for the emergency livestock water supply funding in FY 2013 that is not requested in FY 2014. The remainder of the decrease is due to a reduction in the amount of cost-share projects that the Division of Conservation is able to participate in due to a reduction in State Water Plan funding, as well as a decrease in federal grants coming into the agency.

Governor's Recommendation

The **Governor** recommends \$42.8 million, including \$11.7 million from the State General Fund and \$9.7 million from the State Water Plan Fund, for FY 2014 operating expenditures. The recommendation is an all funds decrease of \$1.2 million, or 2.6 percent, and a State General Fund decrease of \$1.3 million, or 9.9 percent, below the agency's FY 2014 request. Included in

the recommendation is the Governor's proposal to merge the Kansas Board of Veterinary Examiners to within the Department of Agriculture in the Division of Animal Health. The recommendation includes an enhancement of \$2,000,000, State General Fund, for sorghum research. The decrease is attributed to the adoption of the agency's reduced resources budget totaling \$297,567, all funds, including \$266,871 from the State General Fund; as well as an EDIF reduction of \$63,497 in the Administration program; and a reduction to vacant salaries and wages totaling \$344,783, all from the State General Fund. Additionally, the Governor did not recommend \$700,029, all funds, in enhancement funding. These reductions were offset by an undermarket salary adjustment approved by the State Finance Council in September.

The Governor's recommendation includes a decrease of \$24,577, including \$48,880 from the State General Fund, to reflect the Governor's recommendation to reduce the Kansas Public Employees Retirement System (KPERS) death and disability employer contribution from the statutory 1.0 percent to 0.85 percent for FY 2014.

The Governor recommends 274.0 FTE positions, a decrease of 3.0 FTE positions from the agency's request. 4.0 FTE positions associated with the agency's reduced resources budget are eliminated, and 2.0 FTE positions requested as part of the enhancement request are not recommended. The total reduction in FTE positions is offset by the addition of 3.0 FTE positions due to the addition of the Board of Veterinary Examiners.

The recommendation is a decrease of \$168,219, or 0.4 percent, all funds and an increase of \$1.4 million, or 13.7 percent, State General Fund from the FY 2013 recommendation. The increase in State General Fund dollars is attributed to the \$2,000,000 in enhancement funding for sorghum research, offset by the adoption of the reduced resources budget. The recommendation is a decrease of 2.0 FTE positions due to the reduced resources budget and not funding the enhancement request for additional 1.0 FTE position, offset however by the addition of the Board of Veterinary Examiners.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation for FY 2014 with the following adjustments and notations:

1. Delete \$266,970, all from the Veterinary Examiners Fee Fund, and 3.0 FTE from the Animal Health program to keep the Kansas Board of Veterinary Examiners as a separate state agency for FY 2014.
2. Add \$55,525, all from the State General Fund, to restore funding eliminated by the Governor as a part of the State General Fund reductions for vacant salaries and wages in the Water program. The position was one of two newly created positions to aid in processing permits under the newly changed water appropriation laws. The Subcommittee recommends that the agency be given flexibility in applying the remainder of the State General Fund reduction (\$289,253) for vacant salaries and wages.
3. The Subcommittee recommends adding standard proviso language that has been included in past years. See attached.
4. The Subcommittee recommends that the Senate Committee examine the 10.0 percent reduction to State Water Plan Fund expenditures, including the full transfer of \$400,000 to the Kansas Corporation Commission for the Abandoned Oil and Gas Well Plugging program which was not reduced by 10.0 percent.

Senate Subcommittee Report

Agency: Department of Agriculture

Bill No. SB 110

Bill Sec. 136

Analyst: Boudewyns

Analysis Pg. No. 23

Budget Page No. 398

Expenditure Summary	Agency Request FY 2015	Governor Recommendation FY 2015	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 9,787,377	\$ 0
Other Funds	0	30,237,434	(268,434)
Subtotal	<u>\$ 0</u>	<u>\$ 40,024,811</u>	<u>\$ (268,434)</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>\$ 0</u></u>	<u><u>\$ 40,024,811</u></u>	<u><u>\$ (268,434)</u></u>
FTE positions	0.0	274.0	(3.0)
Non FTE Uncl. Perm. Pos.	0.0	79.5	0.0
TOTAL	<u><u>0.0</u></u>	<u><u>353.5</u></u>	<u><u>(3.0)</u></u>

Agency Request

There were no **agency** budget requests made for FY 2015 by any state agencies other than those agencies designated in statute as biennial budget agencies. The Governor's budget recommendations to the 2013 Legislature do, however, include funding recommendations for each state agency for FY 2015.

Governor's Recommendation

The **Governor** recommends FY 2015 expenditures of \$40.0 million, including \$9.8 million from the State General Fund and \$8.7 million from the State Water Plan Fund. The recommendation is a decrease of \$2.8 million, or 6.5 percent, all funds and \$1.9 million, or 16.5 percent, State General Fund below the Governor's FY 2014 recommendation. There was no change in authorized FTE positions.

The reduction is attributed to the the \$2,000,000 from the State General Fund recommended for sorghum research in FY 2014 and not recommended in FY 2015, as well as a reduction in the Conservation Division due to an across the board reduction in State Water Plan funding for all agencies. The reduction is due to the elimination of statutory transfers from the State General Fund and Economic Development Initiatives Fund to the State Water Plan Fund. These reductions are offset by an increase in employer contributions for group health insurance and retirement.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation for FY 2015 with the following adjustments and notations:

1. Delete \$268,434, all from the Veterinary Examiners Fee Fund, and 3.0 FTE from the Animal Health program to keep the Kansas Board of Veterinary Examiners as a separate state agency for FY 2015.
2. The Subcommittee recommends adding standard proviso language that has been included in past years. See attached.
3. The Subcommittee recommends that the Senate Committee examine the 10.0 percent across-the-board reduction to State Water Plan Fund expenditures, including the full transfer of \$400,000 to the Kansas Corporation Commission for the Abandoned Oil and Gas Well Plugging program which was not reduced by 10.0 percent.

KANSAS DEPARTMENT OF AGRICULTURE

TECHNICAL AMENDMENT REQUEST TO APPROPRIATION BILLS (SB 110 & HB 2231)

In reviewing the appropriation bills of the 2013 Session of the Kansas Legislature it was discovered that language from previous years has been removed. This language is identified in red print below.

This language is not new, but merely a continuation of language from previous year's approved legislation.

The Department respectfully requests a technical amendment to include the language from prior years into this year's appropriation bill. The amendments are to Senate Bill 110, Section 135 (c) and House Bill 2231, Section 135 (c) and read in part:

Water resources cost share.....
\$2,166,424

Provided, That any unencumbered balance in the water resources cost share account in excess of \$100 as of June 30, 2013, is hereby reappropriated for fiscal year 2014: *Provided further*, That the initial allocation for grants to conservation districts for fiscal year 2014 shall be made on a priority basis, as determined by the secretary 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% of the budget amount for fiscal year 2014 for the water resources cost share account.

Kansas water quality buffer initiatives.....
\$277,759

Provided, That any unencumbered balance in the Kansas water quality buffer initiatives account in excess of \$100 as of June 30, 2013, is hereby reappropriated for fiscal year 2014: *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 2014 in accordance with contracts, which are hereby authorized to be entered into by the secretary of agriculture, for such grants or incentives.

Conservation reserve enhancement program.....
\$499,913

Provided, That any unencumbered balance in the water transition assistance program/conservation reserve enhancement program account in excess of \$100 as of June 30, 2013, is hereby reappropriated to the conservation reserve enhancement program account for fiscal year 2014: *Provided further*, That,

in addition, fiscal year 2014 expenditures, from the water transition assistance program/conservation reserve enhancement program account, are authorized to be made by the division of conservation of the Kansas department of agriculture ~~for the conservation reserve enhancement program~~: *And provided further*, That all expenditures under the water transition assistance program/conservation reserve enhancement program, referred to as CREP in this subsection, are subject to the following criteria: (1) The total number of acres enrolled in Kansas in CREP for the seven fiscal years 2008, 2009, 2010, 2011, 2012, 2013, and 2014 shall not exceed 40,000 acres; (2) the number of acres eligible for enrollment in CREP in Kansas shall be limited to one-half of the number of acres represented by contracts in the federal conservation reserve program that have expired in the prior year in counties within the CREP area, except that if federal law permits the land enrolled in the CREP program to be used for agricultural purposes such as planting of agricultural commodities, including, but not limited to, grains, cellulosic or biomass materials, alfalfa, grasses, legumes or other cover crops then the number of acres eligible for enrollment shall be limited to the number of acres represented by contracts in the federal conservation reserve program that have expired in the prior year in counties within the CREP area; (3) lands enrolled in the conservation reserve program as of January 1, 2008, shall not be eligible for enrollment in CREP; (4) no more than 25% of the acreage in CREP may be in any one county; (5) no water right that is owned by a governmental entity, except a groundwater management district, shall be purchased or retired by the state or federal government pursuant to CREP; and (6) only water rights in good standing are eligible for inclusion under CREP: *And provided further*, That to be a water right in good standing the following criteria must be met: (A) At least 50% of the maximum annual quantity authorized to be diverted under the water right has been used in any three years from 2001 through 2005; (B) in the years 2001 through 2005 the water rights used for the acreage in CREP shall not have exceeded the maximum annual quantity authorized to be diverted and shall not have been the subject of enforcement sanctions by the division of water resources in the last four years; and (C) the water right holder has submitted the required annual water use report required by K.S.A. 82a-732, and amendments thereto, for each of the most recent 10 years; *And provided further*, That the Kansas department of agriculture shall submit a CREP report to the senate committee on natural resources and the house committee on agriculture and natural resources at the beginning of the 2014 regular session of the legislature which shall contain a description of program activities and shall include: (i) The total water rights, measured in acre feet, retired in CREP during fiscal year 2008, fiscal year 2009, fiscal year 2010, fiscal year 2011, fiscal year 2012, fiscal year 2013 and fiscal year 2014, to date, (ii) the acreage enrolled in CREP during fiscal year 2008, fiscal year 2009, fiscal year 2010, fiscal year 2011, fiscal year 2012, fiscal year 2013 and fiscal year 2014, to date, (iii) the dollar amounts received and expended for CREP during fiscal year 2008, fiscal year 2009, fiscal year 2010, fiscal year 2011, fiscal year 2012, fiscal year 2013 and fiscal year 2014, to date, (iv) the economic impact of the CREP, (v) the change in groundwater levels in the CREP area during fiscal year 2008, fiscal year 2009, fiscal year 2010, fiscal year 2011, fiscal year 2012, fiscal year 2013 and fiscal year 2014, to date, (vi) the annual amount of water usage in the CREP area during fiscal year 2008, fiscal year 2009, fiscal year 2010, fiscal year 2011, fiscal year 2012, fiscal year 2013 and fiscal year 2014, to date, (vii) an assessment of meeting each of the program objectives identified in the agreement with the farm service agency, and (viii) such other information as the Kansas department of agriculture shall specify.

SENATE MINORITY REPORT

KANSAS DEPARTMENT OF AGRICULTURE

FY 2015

For the Kansas Department of Agriculture, I do not agree with the Governor's recommendation for \$2.0 million from the State General Fund for sorghum research. I propose the following adjustments to the Kansas Department of Agriculture's budget:

1. Delete \$2.0 million, all from the State General Fund, that was recommended to fund sorghum research in FY 2014.
2. Transfer \$1.0 million from the State General Fund to the State Water Plan Fund for FY 2014 to restore some of the statutory transfers to the Fund that have been eliminated in the Governor's budget recommendation.



Senator Marci Francisco, Ranking Minority Member,
Agriculture and Natural Resources Subcommittee, Ways
and Means Committee

February 13, 2013

