

KANSAS WATER OFFICE

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 1,020,024	\$ 1,015,621	\$ 1,017,121	\$ 1,023,216	\$ 922,239
Other Funds	8,500,317	11,641,580	11,641,580	13,992,918	12,327,918
<i>Subtotal</i>	<i>\$ 9,520,341</i>	<i>\$ 12,657,201</i>	<i>\$ 12,658,701</i>	<i>\$ 15,016,134</i>	<i>\$ 13,250,157</i>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
<i>Subtotal</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>
TOTAL	\$ 9,520,341	\$ 12,657,201	\$ 12,658,701	\$ 15,016,134	\$ 13,250,157
Percentage Change:					
Operating Expenditures					
State General Fund	13.8 %	(0.4) %	(0.3) %	0.7 %	(9.3) %
All Funds	8.6	32.9	33.0	18.6	4.7
FTE Positions	20.0	23.0	21.0	21.0	21.0

For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

AGENCY OVERVIEW

The Kansas Water Office is the water planning, policy, and coordination agency for the State. The agency, in conjunction with the Kansas Water Authority, develops water policies through an open planning process; facilitates the coordination of agencies' activities regarding water; and operates a raw water marketing program to ensure an adequate supply for the citizens, municipalities, environment, and industries in the state.

Through the agency's operations and the guidance of the Kansas Water Authority, the Kansas Water Office focuses on water policy planning, including developing the State Water Plan, which details the management, conservation, and development of water resources for the state. Working with the 12 major river basins, the agency develops basin planning sections for the State Water Plan, which documents objectives and critical issues occurring in each of the basins. Additionally, the agency provides the coordination function in focusing action on priority issues as identified in the basin sections of the Kansas Water Plan.

In addition, the agency administers the following programs and acts: Assessment and Evaluation program, Water Marketing program, Water Assurance program, Water Conservation program, the public water supply component of the Multipurpose Small Lakes program, the Kansas Water Planning Act, State Water Plan Storage Act, Kansas Weather Modification Act,

portions of the Water Appropriations Act, and the Water Transfer Act. The agency also negotiates with the federal government for water supply storage in federal lakes.

The Kansas Water Authority provides water policy advice to the Governor, Legislature, and the Director of the Kansas Water Office. Its 24-member board is responsible for approving water storage sales, the State Water Plan, federal contracts, and regulations and legislation proposed by the Kansas Water Office.

MAJOR ISSUES FROM PRIOR YEARS

The **2010 Legislature** approved the transfer of \$1.3 million from the State General Fund (SGF) to the State Water Plan Fund for fiscal year (FY) 2011 and appropriated the transfer to be used by four specific programs: Contamination Remediation (\$226,161), Treece Superfund Buyout (\$350,000), Interstate Water Issues (\$137,945), and Aid to Conservation Districts (\$634,138). The 2010 Legislature also changed the expenditure limitation for the State Conservation Storage Water Supply Fund from \$0 to no limit for FY 2011.

The **2011 Legislature** suspended the \$6.0 million demand transfer to the State Water Plan Fund and added funding for the Wichita Aquifer Storage and Recovery Project (\$11,390) and the memorandum of understanding with the Army Corps of Engineers (\$80,702). Those additions were offset by reductions for technical assistance for water users (\$25,000), assessment evaluation (\$16,702), and several universal reductions (\$72,274).

The **2012 Legislature** added \$500,000, all from the Expanded Lottery Act Revenues Fund, for FY 2013 for the Wichita Aquifer Storage and Recovery project and \$40,000, all from the State Water Plan Fund, for Water Resource Education. The funding was subsequently vetoed by the Governor. The Legislature also added \$200,000, all from the State Water Plan Fund, for FY 2013 for the weather modification program contingent upon ten counties participating in the project. The 2012 Legislature suspended the \$6.0 million transfer from the State Water Plan Fund.

The **2013 Legislature** added \$100,000, all from the State Water Plan Fund, for the Weather Modification program in FY 2014.

Also in **2013**, the Governor charged the agency with leading the development of a 50-year vision for water in Kansas. The vision was to be incorporated into the Kansas Water Plan. The agency was to conduct multiple meetings with stakeholders through March 2014 and produce a first draft of the 50-year vision in the summer of that year. The vision was to be completed by November 2014.

The **2014 Legislature** deleted \$419,000, all from the Water Marketing Fund, to reduce FY 2015 bond payments for the John Redmond Reservoir dredging project from \$2,109,400 to \$1,690,400.

The **2015 Legislature** added \$400,000 for both FY 2016 and FY 2017, all from the State Water Plan Fund, for streambank stabilization.

The **Governor's May 2016 allotment** deleted \$250,000, all SGF, and added \$250,000, all from the Water Marketing Fund, for FY 2017.

The **2016 Legislature** deleted \$8,262, including \$5,731 SGF, to eliminate the remaining three quarters of Kansas Public Employees Retirement System (KPERs) Death and Disability payments for FY 2017.

The **2017 Legislature** transferred \$1.2 million, all SGF, to the State Water Plan Fund for FY 2018. The Legislature also added \$1.0 million, all from the State Water Plan Fund, for streambank stabilization for FY 2018. It also added \$100,000, all from the State Water Plan Fund, for a Kansas River Alluvial aquifer observation well network and \$100,000, all from the State Water Plan Fund, for reservoir bathymetric surveys and biological research, for FY 2018.

The **2018 Legislature** transferred \$200,000 in FY 2018 and \$2.8 million for FY 2019, all SGF, to the State Water Plan Fund and transferred \$500,000 from the Economic Development Initiatives Fund to the State Water Plan Fund for FY 2019.

The **2018 Legislature** also added \$1.8 million from the State Water Plan to the Kansas Water Office for water-related projects for FY 2019. Projects include the Equus Beds chloride plume (\$50,000), water technology farms (\$75,000), the Milford Lake Watershed Regional Conservation Partnership Program project (\$200,000), harmful algae bloom research (\$100,000), streambank stabilization effectiveness research (\$100,000), Kansas river alluvial monitoring research (\$50,000), bathymetric research (\$100,000), Water Vision education (\$100,000), watershed conservation best practices implementation (\$900,000), and \$100,000 to fund 1.0 FTE position for a water resource planner.

The **2019 Legislature** transferred \$1.3 million from the SGF to the State Water Plan Fund for FY 2020. The Legislature also added \$100,000, all SGF, for a 1.0 FTE Water Resource Planner position for FY 2020.

The **2020 Legislature** transferred \$2.0 million from the SGF to the State Water Plan Fund and \$413,325 from the Economic Development Initiatives Fund to the State Water Plan Fund. The Legislature also added \$1.2 million, all from the State Water Plan Fund, for dewatering projects in Haysville (\$200,000), watershed conservation practices (\$300,000), and water injection dredging (\$660,000).

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** estimates revised FY 2021 expenditures of \$12.7 million, including \$1.0 million from the State General Fund (SGF). This is an all funds decrease of \$975,809, or 7.2 percent, and an SGF decrease of \$1,500, or 0.1 percent, below the FY 2021 approved amount. The SGF decrease is due to an inadvertent lapse of funds for hospitality expenditures. The all funds decrease is primarily due to decreased expenditures on water injection dredging, dewatering projects, watershed conservation practices implementation, and water improvement projects in the Republican River basin. These decreases are partially offset by increased expenditures on a flood study, the Arbuckle Group study, Milford Lake Watershed project, and reservoir surveys due to State Water Plan Fund reappropriations.

The **Governor** recommends FY 2021 expenditures of \$12.7 million, including \$1.0 million SGF. This is an increase of \$1,500, or less than 0.1 percent, all SGF, above the agency's FY 2021 revised estimate. The increase is due to the Governor recommending the addition of funds inadvertently lapsed from the agency's FY 2021 revised estimate.

FY 2022 – Budget Year. The **agency** requests FY 2022 expenditures of \$15.0 million, including \$1.0 million SGF. This is an all funds increase of \$2.4 million, or 18.6 percent, and an SGF increase of \$7,595, or 0.7 percent, above the FY 2021 revised estimate. The SGF increase is due to increased expenditures on group health insurance and supplies for the Governor's Water Conference for FY 2022, which was held virtually in FY 2021. The all funds increase is primarily due to the agency's dewatering project, Arbuckle Group study, watershed conservation practices, water technology farms, and water injection dredging enhancement requests.

The **Governor** recommends FY 2022 expenditures of \$13.3 million, including \$922,239 SGF. This is an all funds increase of \$591,456 above the FY 2021 recommendation, but a decrease of \$1.8 million, or 11.8 percent, and an SGF decrease of \$100,977, or 9.9 percent, below the agency's FY 2022 request. The SGF decrease is due to the Governor recommending the implementation of the agency's reduced resources budget. This decrease is partially offset by an SGF increase caused by the Governor recommending the inclusion of \$1,494, which was inadvertently omitted from the agency's FY 2022 request. The all funds decrease is due to the Governor not recommending the agency's Arbuckle Group study or water injection dredging enhancements. The Governor also only partially recommended the agency's watershed conservation practices enhancement.

PERFORMANCE MEASURES

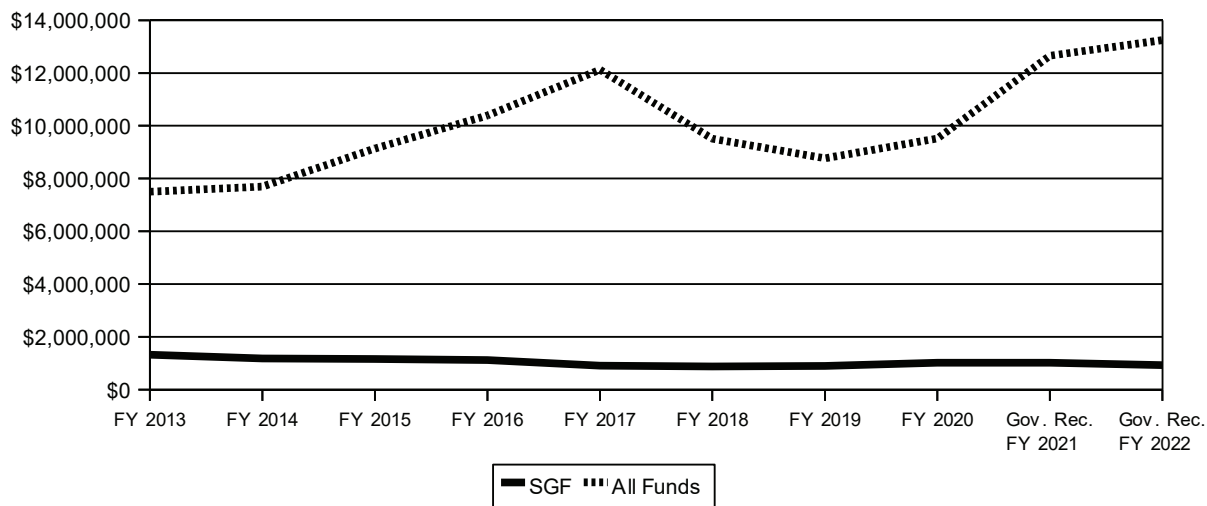
The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Vision Action Items Underway or Completed*	N/A	219	N/A	249	258	262
Number of Research and Technical Studies Underway or Completed*	N/A	14	N/A	15	16	15
Number of Irrigation Water Rights Directly Served*	N/A	51	N/A	51	51	51
Percent of Time Water Demands Are Met by Public Water Supply Program	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 9.5	\$ 8.8	\$ 11.2	\$ 9.5	\$ 12.7	\$ 13.3
FTE Positions	19.0	20.0	21.0	20.0	23.0	21.0

* New Measure for FY 2020

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 1,319,859	(25.1)%	\$ 7,500,801	(23.6)%	19.0
2014	1,182,230	(10.4)	7,694,691	2.6	21.0
2015	1,158,682	(2.0)	9,136,814	18.7	18.0
2016	1,120,859	(3.3)	10,389,076	13.7	20.5
2017	904,576	(19.3)	12,124,647	16.7	16.0
2018	874,376	(3.3)	9,506,982	(21.6)	19.0
2019	896,722	2.6	8,767,111	(7.8)	20.0
2020	1,020,024	13.8	9,520,341	8.6	20.0
2021 Gov. Rec.	1,017,121	(0.3)	12,658,701	33.0	21.0
2022 Gov. Rec.	922,239	(9.3)	13,250,157	4.7	21.0
Ten-Year Change Dollars/Percent	\$ (397,620)	(30.1)%	\$ 5,749,356	76.6 %	2.0

Summary of Operating Budget FY 2020 - FY 2022

	Actual FY 2020	Agency Estimate			Governor's Recommendation				
		Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
By Program:									
Water Planning and Administration	\$ 4,269,220	\$ 6,447,442	\$ 8,556,988	\$ 2,109,546	32.7 %	\$ 6,448,942	\$ 6,791,011	\$ 342,069	5.3 %
Water Supply Contracts	5,251,121	6,209,759	6,459,146	249,387	4.0	6,209,759	6,459,146	249,387	--
TOTAL	\$ 9,520,341	\$ 12,657,201	\$ 15,016,134	\$ 2,358,933	18.6 %	\$ 12,658,701	\$ 13,250,157	\$ 591,456	4.7 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 1,547,248	\$ 1,730,641	\$ 1,682,658	\$ (47,983)	(2.8) %	\$ 1,730,641	\$ 1,580,187	\$ (150,454)	(8.7) %
Contractual Services	7,223,450	9,830,611	11,822,085	1,991,474	20.3	9,832,111	10,298,579	466,468	4.7
Commodities	106,862	98,340	128,782	30,442	31.0	98,340	128,782	30,442	31.0
Capital Outlay	20,325	27,609	27,609	0	0.0	27,609	27,609	0	0.0
Debt Service	0	0	0	0	--	0	0	0	--
<i>Subtotal - Operations</i>	\$ 8,897,885	\$ 11,687,201	\$ 13,661,134	\$ 1,973,933	16.9 %	\$ 11,688,701	\$ 12,035,157	\$ 346,456	3.0 %
Aid to Local Units	7,028	0	0	0	--	0	0	0	--
Other Assistance	615,428	970,000	1,355,000	385,000	39.7	970,000	1,215,000	245,000	25.3
TOTAL	\$ 9,520,341	\$ 12,657,201	\$ 15,016,134	\$ 2,358,933	18.6 %	\$ 12,658,701	\$ 13,250,157	\$ 591,456	4.7 %
Financing:									
State General Fund	\$ 1,020,024	\$ 1,015,621	\$ 1,023,216	\$ 7,595	0.7 %	\$ 1,017,121	\$ 922,239	\$ (94,882)	(9.3) %
State Water Plan Fund	2,884,654	3,249,170	5,658,130	2,408,960	74.1	3,249,170	3,993,130	743,960	22.9
Water Marketing Fund	4,610,642	5,703,927	5,794,223	90,296	1.6	5,703,927	5,794,223	90,296	1.6
All Other Funds	1,005,021	2,688,483	2,540,565	(147,918)	(5.5)	2,688,483	2,540,565	(147,918)	(5.5)
TOTAL	\$ 9,520,341	\$ 12,657,201	\$ 15,016,134	\$ 2,358,933	18.6 %	\$ 12,658,701	\$ 13,250,157	\$ 591,456	4.7 %

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

The 2020 Legislature approved a State General Fund (SGF) budget of \$1.0 million for the Kansas Water Office in FY 2021. One adjustment has been made subsequently to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- A decrease of \$6,057 as the result of the Governor's July 1, 2020 SGF allotment.

This adjustment changes the FY 2021 approved SGF amount to \$1.0 million. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

	CHANGE FROM APPROVED BUDGET				
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 1,017,121	\$ 1,015,621	\$ (1,500)	\$ 1,017,121	\$ 0
All Other Funds	12,615,889	11,641,580	(974,309)	11,641,580	(974,309)
TOTAL	\$ 13,633,010	\$ 12,657,201	\$ (975,809)	\$ 12,658,701	\$ (974,309)
FTE Positions	21.0	23.0	2.0	21.0	0.0

The **agency** estimates revised FY 2021 expenditures of \$12.7 million, including \$1.0 million SGF. This is an all funds decrease of \$975,809, or 7.2 percent, and an SGF decrease of \$1,500, or 0.1 percent, below the FY 2021 approved amount. The SGF decrease is due to an inadvertent lapse of funds for hospitality expenditures. The all funds decrease is due to decreased expenditures on contractual services, commodities, and other assistance. The all funds decrease is partially offset by \$736,216 in reappropriated moneys from the State Water Plan Fund. The revised estimate includes the Governor's proposed allotment plan to decrease the agency's State Water Plan Fund expenditures by \$1.2 million in FY 2021. This proposed allotment plan requires legislative approval. The agency's revised estimate includes 23.0 FTE positions, which is an increase of 2.0 FTE positions above the approved number. This increase is caused by a computer error that increased the FTE number. Major expenditures are detailed below:

- **Contractual Services.** The agency estimates revised contractual services expenditures of \$9.8 million, including \$216,089 SGF. This is an all funds decrease of \$659,963, or 6.3 percent, and an SGF decrease of \$7,599, or 3.4 percent, below the FY 2021 approved amount. The SGF decrease is due to decreased expenditures on travel. The all funds decrease is due to decreased expenditures on water injection dredging, dewatering projects, and water improvement projects in the Republican River basin. These decreases are partially offset by increased expenditures on a

flood study, the Arbuckle Group study, and reservoir surveys due to State Water Plan Fund reappropriations;

- Commodities.** The agency estimates revised commodities expenditures of \$98,340, including \$7,940 SGF. This is an all funds decrease of \$26,903, or 21.5 percent, and an SGF decrease of \$3, or less than 0.1 percent, below the FY 2021 approved amount. These decreases are due to decreased expenditures on supplies to hold the Governor's Water Conference due to the Conference being held virtually in FY 2021; and
- Other Assistance.** The agency estimates revised aid to local units expenditures of \$970,000, all from special revenue funds. This is a decrease of \$295,000, or 23.3 percent, below the FY 2021 approved amount. This decrease is due to decreased expenditures on watershed conservation practices, partially offset by increased expenditures on the Milford Lake Watershed Project due to State Water Plan Fund reappropriations.

The **Governor** recommends FY 2021 expenditures of \$12.7 million, including \$1.0 million SGF. This is an increase of \$1,500, or less than 0.1 percent, all SGF, above the agency's FY 2021 revised estimate. The increase is due to the Governor recommending the addition of funds inadvertently lapsed from the agency's revised FY 2021 estimate. The Governor's recommendation includes the Governor's proposed allotment plan to decrease the agency's State Water Plan Fund expenditures by \$1.2 million in FY 2021. This proposed allotment plan requires legislative approval. The Governor's recommendation includes 21.0 FTE positions, which is a decrease of 2.0 FTE positions below the agency's revised estimate. This decrease is caused by the correction of the computer error which caused the inclusion of 2.0 additional FTE positions in the agency estimate.

Governor's Allotments

On June 29th, 2020, the Governor announced SGF allotments or reductions for FY 2021 of \$374.5 million. Included in the Governor's allotted budget were \$146.7 million in human services caseload adjustments, \$79.3 million to delay the FY 2021 State Foundation Aid payment for K-12 Education, \$46.7 million in reductions due to a suspension of KPERS Death and Disability contributions, and \$101.8 million in other adjustments.

Allotments included in this document reduce the FY 2021 approved budget without any required Legislative approval and are included in the approved amounts in the table above. As it relates to this agency, the allotment adjustments totaled \$6,057. The allotments applied to this agency are detailed below:

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
July Allotment KPERS Death and Disability Contribution	\$ (6,057)	\$ (6,057)	0.0

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY				
	Agency Request	Governor's Recommendation	Difference	
Total Request/Recommendation	\$ 15,016,134	\$ 13,250,157	\$ (1,765,977)	
FTE Positions	21.0	21.0	0.0	
Change from FY 2021:				
<i>Dollar Change:</i>				
State General Fund	\$ 7,595	\$ (94,882)		
All Other Funds	2,351,338	686,338		
TOTAL	\$ 2,358,933	\$ 591,456		
<i>Percent Change:</i>				
State General Fund	0.7 %	(9.3) %		
All Other Funds	20.2	5.9		
TOTAL	18.6 %	4.7 %		
Change in FTE Positions	(2.0)	0.0		

The **agency** requests FY 2022 expenditures of \$15.0 million, including \$1.0 million SGF. This is an all funds increase of \$2.4 million, or 18.6 percent, and an SGF increase of \$7,595, or 0.7 percent, above the FY 2021 revised estimate. The SGF increase is due to increased expenditures on salaries and wages and commodities, partially offset by a decrease in contractual services. The all funds increase is due to increased expenditures on contractual services and other assistance. The agency's FY 2022 request includes 21.0 FTE positions, which is a decrease of 2.0 FTE positions below the FY 2021 revised estimate. This decrease is due to the correction of a computer error in FY 2021. Major expenditures are detailed below:

- **Salaries and Wages.** The agency requests FY 2022 salaries and wages expenditures of \$1.7 million, including \$798,585 SGF. This is an all funds decrease of \$47,983, or 2.8 percent, and an SGF increase of \$10,993, or 1.4 percent, from the FY 2021 revised estimate. The all funds decrease is due to an additional vacant position. The SGF increase is due to increased employer contributions for group health insurance;
- **Contractual Services.** The agency requests FY 2022 contractual services expenditures of \$11.8 million, including \$209,149 SGF. This is an all funds increase of \$2.0 million, or 16.9 percent, and an SGF decrease of \$6,940, or 3.2 percent, from the FY 2021 revised estimate. The all funds increase is primarily due to the agency's dewatering project, Arbuckle Group study, and water injection dredging enhancement requests. The SGF decrease is primarily due to decreased expenditures on computer services;
- **Commodities.** The agency requests FY 2022 commodities expenditures of \$128,782, including \$11,482 SGF. This is an all funds increase of \$30,442, or 31.0 percent, and an SGF increase of \$3,542, or 44.6 percent, above the FY

2021 revised estimate. These increases are due to increased expenditures for the Governor's Water Conference for FY 2022, which was held virtually in FY 2021; and

- **Other Assistance.** The agency requests FY 2022 other assistance expenditures of \$1.4 million, all from special revenue funds. This is an increase of \$385,000, or 39.7 percent, above the FY 2021 revised estimate. This increase is due to increased expenditures on watershed conservation practice implementation and water technology farms due to the agency's enhancement request, partially offset by decreased expenditures on the Milford Lake Watershed Project.

The **Governor** recommends FY 2022 expenditures of \$13.3 million, including \$922,239 SGF. This is an all funds increase of \$591,456 above the FY 2021 recommendation, but a decrease of \$1.8 million, or 11.8 percent, and an SGF decrease of \$100,977, or 9.9 percent, below the agency's FY 2022 request. The SGF decrease is due to the Governor recommending the implementation of the agency's reduced resources budget. This decrease is partially offset by an SGF increase resulting from the Governor recommending the inclusion of \$1,494, which was inadvertently omitted from the agency's FY 2022 request. The all funds decrease is due to the Governor not recommending the agency's Arbuckle Group study or water injection dredging enhancements. The Governor also only partially recommended the agency's watershed conservation practices enhancement.

Enhancement Detail

FY 2022 ENHANCEMENTS						
Enhancements	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Flood-Related Studies	\$ 0	\$ 200,000	0.0	\$ 0	\$ 200,000	0.0
Water Technology Farms	0	100,000	0.0	0	100,000	0.0
Watershed Conservation Practices	0	500,000	0.0	0	360,000	0.0
Arbuckle Group Study	0	150,000	0.0	0	0	0.0
Water Injection Dredging	0	1,375,000	0.0	0	0	0.0
TOTAL	\$ 0	\$ 2,325,000	0.0	\$ 0	\$ 660,000	0.0

The **agency** requests five enhancements, totaling \$2.3 million, all from the State Water Plan Fund. These enhancements include:

- \$200,000 for assessment and evaluation for flood-related studies, including a basin by basin study and cost-share expenditures for further studies;
- \$100,000 for water technology farms to implement irrigation technology and reduce sediment and nutrient runoff;
- \$500,000 for watershed conservation practices to implement best management practices within reservoir watersheds;
- \$150,000 for a study of the Arbuckle Group formation, a rock formation used for fluid-waste disposal, oil production, and fresh water; and

- \$1.4 million for water injection dredging demonstration project at Tuttle Creek Lake.

The Kansas Water Authority also requests the reinstatement of the demand transfers from the SGF (\$6.0 million) and the Economic Development Initiatives Fund (\$2.0 million) to the State Water Plan Fund for FY 2022.

The **Governor** recommends \$660,000, all from the State Water Plan Fund, in enhancement requests for FY 2022. This recommendation includes \$200,000 for flood-related studies, \$100,000 for water technology farms, and \$360,000 for watershed conservation practices.

FY 2022 Reduced Resources

The Governor has requested that specified agencies with SGF moneys provide a reduced resources budget submission of 10.0 percent for FY 2022. The information below provides details of the agency's reduced resources budget submission for the SGF.

FY 2022 REDUCED RESOURCES						
Item	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Salaries and Wages	\$ (102,471)	\$ (102,471)	0.0	\$ (102,471)	\$ (102,471)	0.0

The **agency** submits a reduced resources budget of \$102,471, all SGF. The agency states implementation of the reduced resources package would result in holding open 1.5 FTE positions.

The **Governor** recommends the implementation of the agency's reduced resources budget.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **This agency has no longevity payments for FY 2021 or FY 2022.**

Kansas Public Employees Retirement System (KPERs). The employer retirement contribution rate, including Death and Disability contributions, for the KPERs State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERs Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERs State and School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERs State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERs layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERs Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERs Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERs School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Fund	6.8 %	7.0 %
State Water Plan Fund	37.7	30.1
Water Marketing Fund	38.6	43.7
All Other Funds	16.9	19.2
TOTAL	100.0 %	100.0 %

(Note: Totals may not add due to rounding.)

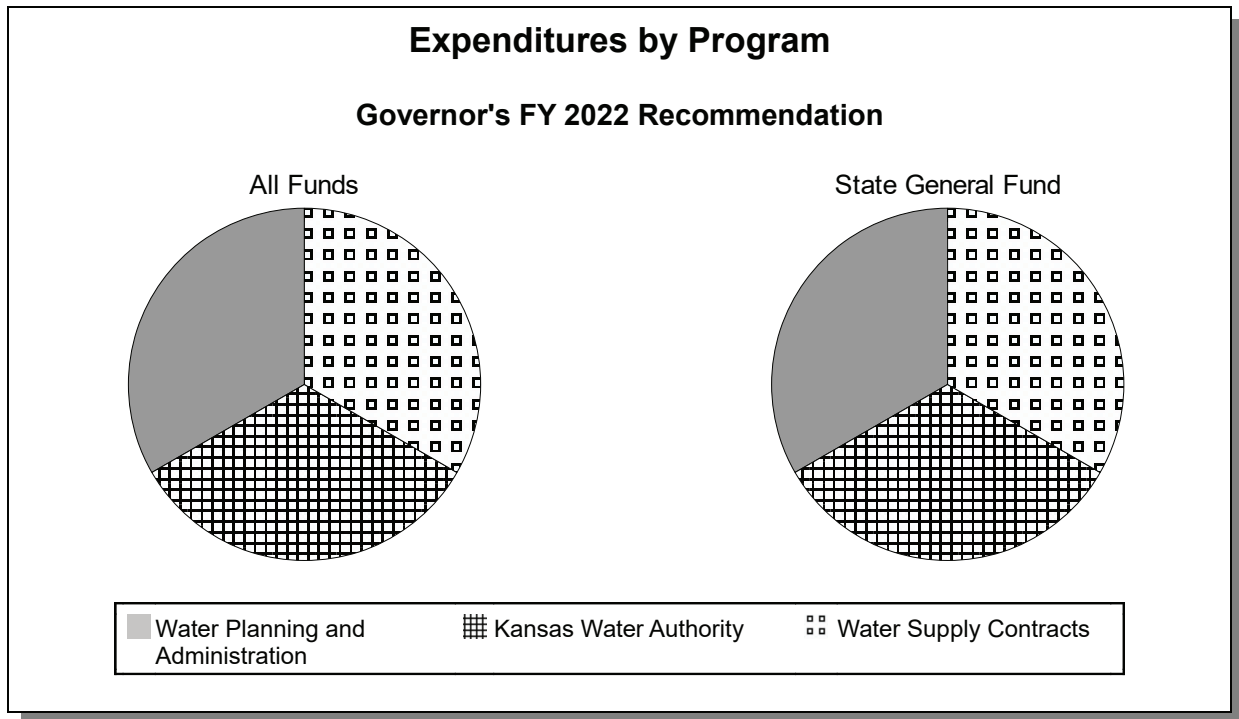
Water Marketing Fund Analysis

Under the federal Water Supply Act of 1958, federal reservoirs constructed in Kansas for the purpose of flood control were authorized to include storage space for municipal and industrial water supplies. In 1961, the Legislature provided financial assurance for inclusion of water storage in the federal reservoirs constructed in the state. In 1974, the Legislature passed the State Water Plan Storage Act, which authorizes the agency to contract with water purchasers for sale of water from any reservoir included in the Kansas Water Marketing program. The Water Marketing Fund was created by the 1991 Legislature.

Revenue for the Water Marketing program is generated by the sale of water supplied under contracts with public water suppliers and industries from State-owned storage in federal lakes purchased from the U.S. Army Corps of Engineers. The price for water is set annually according to an established formula and is not negotiable. The Fund is then used to meet the State's contractual water storage obligations to the federal government through transfers to the State Conservation Storage Water Supply Fund. The table below summarizes receipts, expenditures, and transfers for the Water Marketing Fund as requested by the agency and as recommended by the Governor.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 6,135,956	\$ 6,641,059	\$ 6,641,059	\$ 6,191,202	\$ 6,191,202
Revenue	5,534,338	5,668,644	5,668,644	6,043,872	6,043,872
Transfers in	0	0	0	0	0
<i>Funds Available</i>	<i>\$ 11,670,294</i>	<i>\$ 12,309,703</i>	<i>\$ 12,309,703</i>	<i>\$ 12,235,074</i>	<i>\$ 12,235,074</i>
Less:					
Expenditures	\$ 4,610,642	\$ 5,703,927	\$ 5,703,927	\$ 5,794,223	\$ 5,794,223
Transfers Out	418,593	414,574	414,574	418,324	418,324
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 6,641,059	\$ 6,191,202	\$ 6,191,202	\$ 6,022,527	\$ 6,022,527
Ending Balance as Percent of Expenditures	144.0%	108.5%	108.5%	103.9%	103.9%
Month Highest Ending Balance	February \$ 6,726,021	February \$ 7,279,697	February \$ 7,279,697	February \$ 6,786,579	February \$ 6,786,579
Month Lowest Ending Balance	December \$ 2,673,284	December \$ 2,893,345	December \$ 2,893,345	December \$ 2,697,353	December \$ 2,697,353

PROGRAM DETAIL



Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Water Planning and Administration	\$ 6,791,011	51.3 %	\$ 922,239	100.0 %
Water Supply Contracts	6,459,146	48.7	0	0.0
Kansas Water Authority	0	0.0	0	0.0
TOTAL	\$ 13,250,157	100.0 %	\$ 922,239	100.0 %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022

Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Water Planning and Administration	9.0	10.5	9.5	9.5	9.5
Water Supply Contracts	11.0	12.5	11.5	11.5	11.5
TOTAL	20.0	23.0	21.0	21.0	21.0

(Note: For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.)

A. Water Planning and Administration

The Water Planning and Implementation program covers the major agency responsibility for the development of the Kansas Water Plan. The administration of the Kansas Water Planning Act, Kansas Weather Modification Act, and portions of the Water Appropriations and Water Transfer acts are housed in this program.

The Water Planning and Implementation program also houses the Kansas Water Authority, which is statutorily within the Kansas Water Office. The Authority is responsible for advising the Governor, Legislature, and the Director of the Kansas Water Office on water policy issues; approving the Kansas Water Plan; accounting for and making recommendations on the expenditures of State Water Plan Funds; and approving water storage sales, water marketing rate setting, federal contracts, administrative regulations, and legislation proposed by the Kansas Water Office. The Authority is composed of 24 members that represent stakeholder groups and are informed of water-related issues representing water users, water interests, environmental interests, and the general public.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Vision Action Items Underway or Completed	N/A	219	N/A	249	258	262
Number of Research and Technical Studies Underway or Completed	N/A	14	N/A	15	16	15
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 5.4	\$ 4.6	\$ 5.9	\$ 4.3	\$ 12.8	\$ 13.5
FTE Positions	10.0	9.5	10.0	9.0	9.5	9.5

WATER PLANNING AND ADMINISTRATION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 798,733	\$ 787,592	\$ 787,592	\$ 798,585	\$ 696,114
Contractual Services	2,734,145	4,572,201	4,573,701	6,255,312	4,731,806
Commodities	102,088	94,040	94,040	124,482	124,482
Capital Outlay	11,798	23,609	23,609	23,609	23,609
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 3,646,764</i>	<i>\$ 5,477,442</i>	<i>\$ 5,478,942</i>	<i>\$ 7,201,988</i>	<i>\$ 5,576,011</i>
Aid to Local Units	7,028	0	0	0	0
Other Assistance	615,428	970,000	970,000	1,355,000	1,215,000
TOTAL	\$ 4,269,220	\$ 6,447,442	\$ 6,448,942	\$ 8,556,988	\$ 6,791,011
Financing:					
State General Fund	\$ 1,020,024	\$ 1,015,621	\$ 1,017,121	\$ 1,023,216	\$ 922,239
All Other Funds	3,249,196	5,431,821	5,431,821	7,533,772	5,868,772
TOTAL	\$ 4,269,220	\$ 6,447,442	\$ 6,448,942	\$ 8,556,988	\$ 6,791,011
FTE Positions	9.0	10.5	9.5	9.5	9.5

The **agency** requests FY 2022 Water Planning and Administration Program expenditures of \$8.6 million, including \$1.0 million SGF. This is an all funds increase of \$2.1 million, or 32.7 percent, and an SGF increase of \$7,595, or 0.7 percent, above the FY 2021 revised estimate. The SGF increase is due to increased expenditures on salaries and wages and commodities, partially offset by a decrease in contractual services. The all funds increase is due to increased expenditures on contractual services and other assistance. Major expenditures are detailed below:

- **Salaries and Wages.** The agency requests salaries and wages expenditures of \$798,585, all SGF. This is an increase of \$10,993, or 1.4 percent, above the FY 2021 revised estimate. The increase is due to increased expenditures on group health insurance and KPERS contributions;
- **Contractual Services.** The agency requests contractual services expenditures of \$6.3 million, including \$209,149 SGF. This is an all funds increase of \$1.7 million, or 36.8 percent, and an SGF decrease of \$6,940, or 3.2 percent, from the FY 2021 revised estimate. The all funds increase is primarily due to the agency's dewatering project, Arbuckle Group study, and water injection dredging enhancement requests. The SGF decrease is primarily due to decreased expenditures on computer services;
- **Commodities.** The agency requests commodities expenditures of \$124,482, including \$11,482 SGF. This is an all funds increase of \$30,442, or 32.4 percent, and an SGF increase of \$3,542, or 44.6 percent, above the FY 2021 revised estimate. These increases are due to increased expenditures for the Governor's Water Conference for FY 2022, which was held virtually in FY 2021; and
- **Other Assistance.** The agency requests FY 2022 other assistance expenditures of \$1.4 million, all from special revenue funds. This is an increase of \$385,000, or 39.7 percent, above the FY 2021 revised estimate. This increase is due to increased expenditures on watershed conservation practice implementation and water technology farms due to the agency's enhancement request, partially offset by decreased expenditures on the Milford Lake Watershed Project.

The **Governor** recommends FY 2021 Water Planning and Administration Program expenditures of \$6.8 million, including \$922,239 SGF. This is an all funds decrease of \$1.8 million, or 20.7 percent, and an SGF decrease of \$100,977, or 9.9 percent, below the agency's FY 2022 request. The SGF decrease is due to the Governor recommending the implementation of the agency's reduced resources budget. This decrease is partially offset by an SGF increase resulting from the Governor including \$1,494 that was inadvertently omitted from the agency's FY 2022 request. The all funds decrease is due to the Governor not recommending the agency's Arbuckle Group study or water injection dredging enhancements. The Governor also only partially recommended the agency's watershed conservation practices enhancement.

B. Water Supply Contracts

The Public Water Supply program administers supply programs to ensure an adequate supply of water for Kansans receiving water from State-owned storage in federal and state reservoirs. These programs include the water marketing, water assurance, Lower Smoky Hill access district, and the public water supply components of the Multipurpose Small Lakes program (KSA 82a-1601 *et seq.*). The Kansas Water Office negotiates with the federal government for water supply storage in federal lakes and coordinates reservoir operations to meet multiple uses, primarily benefiting municipal and industrial customers.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Irrigation Water Rights Directly Served	N/A	51	N/A	51	51	51
Percent of Time Water Demands Are Met by Public Water Supply Program	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 4.1	\$ 4.1	\$ 5.3	\$ 5.3	\$ 6.2	\$ 6.5
FTE Positions	9.0	10.5	11.0	11.0	11.5	11.5

WATER SUPPLY CONTRACTS SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 748,515	\$ 943,049	\$ 943,049	\$ 884,073	\$ 884,073
Contractual Services	4,489,305	5,258,410	5,258,410	5,566,773	5,566,773
Commodities	4,774	4,300	4,300	4,300	4,300
Capital Outlay	8,527	4,000	4,000	4,000	4,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 5,251,121</i>	<i>\$ 6,209,759</i>	<i>\$ 6,209,759</i>	<i>\$ 6,459,146</i>	<i>\$ 6,459,146</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 5,251,121</u>	<u>\$ 6,209,759</u>	<u>\$ 6,209,759</u>	<u>\$ 6,459,146</u>	<u>\$ 6,459,146</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	5,251,121	6,209,759	6,209,759	6,459,146	6,459,146
TOTAL	<u>\$ 5,251,121</u>	<u>\$ 6,209,759</u>	<u>\$ 6,209,759</u>	<u>\$ 6,459,146</u>	<u>\$ 6,459,146</u>
FTE Positions	11.0	12.5	11.5	11.5	11.5

The **agency** requests FY 2022 Water Supply Contracts expenditures of \$6.5 million, all from special revenue funds. This is an increase of \$249,387, or 4.0 percent, above the FY 2021 revised estimate. The increase is due to increased expenditures on contractual services, partially offset by decreased expenditures on salaries and wages. Expenditures are detailed below:

- **Salaries and Wages.** The agency requests salaries and wages expenditures of \$884,073, which is a decrease of \$58,976, or 6.3 percent, below the FY 2021 revised estimate. The decrease is due to the resignation of the Program Director; and
- **Contractual Services.** The agency requests contractual services expenditures of \$5.6 million, which is an increase of \$308,363, or 5.9 percent, above the FY 2021 revised estimate. The increase is due to increased expenditures on operation and maintenance on federal reservoirs.

The **Governor** concurs with the agency's FY 2022 Water Supply Contracts program request.