

Approved: March 18, 1994  
Date

## MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson August Bogina at 11:00 a.m. on March 16, 1994 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Debra Duncan, Legislative Research Department  
Scott Rothe, Legislative Research Department  
Julian Efird, Legislative Research Department  
Norm Furse, Revisor of Statutes  
Judy Bromich, Administrative Assistant  
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

### **HB 2731 -- APPROPRIATIONS FOR FY 95, STATE BOARD OF TAX APPEALS, DEPARTMENT OF REVENUE, KANSAS LOTTERY, KANSAS RACING COMMISSION, DEPARTMENT OF COMMERCE AND HOUSING, KANSAS DEVELOPMENT FINANCE AUTHORITY, KANSAS, INC., KANSAS TECHNOLOGY ENTERPRISE CORPORATION**

#### **Kansas Racing Commission**

Senator Bogina presented the FY 94 and FY 95 subcommittee reports (Attachment 1). In answer to a question, staff stated that current litigation involves the distribution of funds to different horse breeds. It was moved by Senator Kerr and seconded by Senator Morris that the reports be adopted. The motion carried on a voice vote.

#### **Department of Commerce and Housing**

Senator Rock presented the subcommittee reports for FY 94 and FY 95 (Attachment 2). There was lengthy discussion regarding the subcommittee's recommendation to add \$250,000 from the EDIF for enhanced rural economic development activities (item 3 of the FY 95 report). Senator Moran explained that the subcommittee's intent in making the recommendation was to shift the agency's focus to the recruitment and/or development of economic opportunities in rural communities because they believed the status quo of existing programs has not emphasized rural initiatives. Senator Rock noted that he had visited with the agency about using a portion of the \$250,000 to coordinate efforts to make successful program data (such as the Sedan project) available to other small communities.

Members discussed concerns about setting aside \$250,000 of unspecified funds without a coordinated plan. Senator Salisbury emphasized the importance of local effort and stated that, without it, there is nothing for the Department to facilitate. It was noted that the Kansas Economic Initiatives Opportunity Fund was established to address the problem of rural economic development and perhaps a portion of that fund could be set aside for the subcommittee's intentions.

In answer to Senator Karr's inquiry about multi county strategic grants, a representative from the Department stated that the steering committee has not made any firm recommendation to move into regional development. She noted that the Senate passed a bill that would move strategic planning to metro programs. Senator Karr suggested that it might be appropriate to encourage regions to develop cooperative efforts for success.

Senator Salisbury offered a conceptual amendment to the FY 95 report which was seconded by Senator Morris to add the subcommittee recommendation and the \$250,000 to the Strategic Planning and Action Grants and earmark the \$250,000 portion for rural application and that the amendment include a proviso to encourage

## CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on March 16, 1994.

rural regional efforts. The motion carried on a voice vote.

There was also discussion regarding the subcommittee's recommendation to add \$100,000 from the EDIF to support the Wichita World Trade Center. Senator Moran explained that federal funding for the Center is no longer available. He stated that the purpose of the \$100,000 would be for compensation of WI/SE employees who maintain the Center. Concern was expressed that this appropriation would become an annual expense of the State. It was moved by Senator Salisbury and seconded by Senator Vancrum that item 4 be deleted from the FY 95 report with the understanding that the issue would be revisited during the Omnibus. The motion carried on a voice vote.

Senator Moran moved, Senator Rock seconded, that the FY 94 subcommittee report and the FY 95 subcommittee report as amended be adopted. The motion carried on a voice vote.

Staff reviewed provisions of Sec. 8 of HB 2731 and noted that there was no subcommittee report for the Kansas Development Finance Authority. Section 8 authorizes the export Loan Guarantee Fund for KDFA; no expenditures are expected in FY 95.

Senator Kerr moved, Senator Rock seconded that HB 2731 as amended be recommended favorable for passage. The motion carried on a roll call vote.

### **HB 2753 -- APPROPRIATIONS FOR FY 95, AGRICULTURAL AND NATURAL RESOURCES AGENCIES**

#### **Wildlife and Parks**

Senator Moran reviewed the FY 94 and FY 95 subcommittee reports (Attachment 3). Senator Moran told members that if the Legislature utilizes the C level budget to satisfy the second eligibility requirement for the Federal Aid Program (Attachment 3-13), there would be \$400,000-\$500,000 remaining. Members concurred that, in all probability, the State will have to appropriate \$2.4 million to bring the Department into compliance. It was noted that the problem is the accounting procedure (fiscal year differences), not misspending. Concern was expressed about future costs of compliance.

It was moved by Senator Moran and seconded by Senator Brady that the subcommittee reports be adopted. The motion carried on a voice vote.

It was moved by Senator Brady and seconded by Senator Morris that HB 2753 be amended on page 16, line 20 by changing "of" to "to" as suggested by the revisor. The motion carried on a voice vote.

Senator Rock moved, Senator Morris seconded, that HB 2753 as amended be recommended favorable for passage. The motion carried on a roll call vote.

#### **INTRODUCTION OF BILLS**

It was moved by Senator Karr and seconded by Senator Lawrence that bill drafts 3 RS 2570, 3 RS 2441, 3 RS 2569 and 3 RS 2572 be introduced as requested by Secretary Seltsam. The motion carried on a voice vote.

Senator Moran moved, Senator Salisbury seconded, that 3 RS 1998, 3 RS 2612, 3 RS 2583 be introduced as requested by the Judiciary Committee. The motion carried on a voice vote.

Attachment 4, a summary of the status of the Budget Stabilization Fund Spending Recommendations prepared by KLRD, was distributed to members.

The Chairman adjourned the meeting at 12:20 P.M.

The next meeting is scheduled for March 17, 1994.



## GUEST LIST

COMMITTEE: SENATE WAYS AND MEANS

DATE: March 16, 1994

[illegible]

**SENATE SUBCOMMITTEE RECOMMENDATIONS**

Kansas Racing Commission  
H.B. 2752; H.B. 2731



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Senator Dave Kerr, Chairperson



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Senator Marge Petty

**SWAM**

March 16, 1994

Attachment 1

## SUBCOMMITTEE REPORT

**Agency:** Kansas Racing Commission

**Bill No.** 2752

**Bill Sec.** 8

**Analyst:** Efird

**Analysis Pg. No.** 126

**Budget Page No.** 478

<u>Expenditure Summary</u>	<u>Agency Est. FY 94</u>	<u>Gov. Rec. FY 94</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 3,060,834	\$ 2,990,187	\$ --
Other Assistance	1,394,557	1,394,557	--
Total -- Operating	<u>\$ 4,455,391</u>	<u>\$ 4,384,744</u>	<u>\$ --</u>
FTE Positions	43.5	41.5	--
Gaming Revenue Fund Transfers	\$ 6,373,312	\$ 5,851,668	\$ 191,105

### Agency Estimate/Governor's Recommendation

The Racing Commission estimates a reduction in approved expenditures for state operations. The revised FY 1994 expenditures for state operations are \$335,114 less than the approved funding. A reduction of 5.0 FTE positions also is included in the estimates. Transfers to the State Gaming Revenues Fund (SGRF) are revised, increasing from \$5.2 million to almost \$6.4 million, or \$1,128,863 higher than the approved estimate.

The Governor recommends a reduction of \$405,761 in approved expenditures for state operations and a reduction of 7.0 FTE positions. The Governor's estimates include an increase of \$607,109 in the FY 1994 transfers to the SGRF, compared to the FY 1994 approved estimate. Total SGRF transfers are estimated at \$5.85 million in FY 1994.

### House Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations, and makes the following comments and additional recommendations:

1. Based on parimutuel handle to date this fiscal year and additional receipts to the State Racing Fund above the Governor's estimates, the Subcommittee increases the revenue estimate to \$7,718,000 and adds \$191,105 to the SGRF transfers (for a total of \$6,042,773 estimated) in FY 1993, while maintaining an estimated ending balance of \$200,000 in the State Racing Fund.

### House Committee Recommendation

The Committee concurs.

<u>Expenditure Summary</u>	<u>House Rec. FY 94</u>	<u>Senate Sub. Adjustments</u>	<u>Senate Sub. Rec. FY 94</u>
All Funds:			
State Operations	\$ 2,990,187	\$ --	\$ 2,990,187
Other Assistance	<u>1,394,557</u>	<u>--</u>	<u>1,394,557</u>
Total--Operating	<u>\$ 4,384,744</u>	<u>\$ --</u>	<u>\$ 4,384,744</u>
FTE Positions	41.5	--	41.5
Gaming Revenue Fund Transfers	\$ 6,042,773	\$ --	\$ 6,042,773

**Senate Subcommittee Recommendation**

The Subcommittee concurs with the House recommendations for FY 1994.

## SUBCOMMITTEE REPORT

**Agency:** Kansas Racing Commission

**Bill No.** 2731

**Bill Sec.** 5

**Analyst:** Efird

**Analysis Pg. No.** 126

**Budget Page No.** 478

<u>Expenditure Summary</u>	<u>Agency Req. FY 95</u>	<u>Gov. Rec. FY 95</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 3,767,322	\$ 3,093,891	\$ --
Other Assistance	1,503,019	1,503,019	--
Total -- Operating	<u>\$ 5,270,341</u>	<u>\$ 4,596,910</u>	<u>\$ --</u>
FTE Positions	51.5	40.5	--
Gaming Revenue Fund Transfers	\$ 6,179,596	\$ 5,400,000	\$ (431,148)

### Agency Overview

The Kansas Racing Commission administers provisions of the Parimutuel Racing Act and serves as the regulatory entity for horse and greyhound racing. The primary charge of the Commission is to regulate the racing industry and the parimutuel wagering associated with the racing industry. The Commission lists as its primary objectives to: (1) regulate racing; (2) issue licenses and conduct hearings involving licensees; (3) monitor parimutuel wagering; (4) collect tax payments; (5) administer the Kansas bred and whelped programs; and (6) safeguard the health and safety of racing horses and greyhounds.

The Subcommittee has included materials submitted by the Commission which identify its mission and objectives, as well as some performance indicators. The Subcommittee believes that further refinement of these objectives and measurements will need to be undertaken before the Subcommittee can use them effectively next Session.

### Agency Request/Governor's Recommendation

For state operations, the Racing Commission requests an increase of \$706,488 and 8.0 new FTE positions associated with a new race track in Southeast Kansas at Frontenac. Increased financing is divided between the State Racing Fund and the Racing Reimbursable Expense Fund, with a net increase anticipated from all other funds. The Commission estimates almost \$6.2 million for SGRF transfers, a decrease of almost \$500,000 from FY 1994 estimates.

For state operations, the Governor recommends an increase of \$103,704 and a decrease of 1.0 FTE position. Increased financing is divided between the State Racing Fund and the Reimbursable Fund, with a net decrease anticipated from all other funds. The Governor estimates \$5.4 million in transfers to the SGRF, a decrease of about \$500,000 from this fiscal year's recommended amount. No revenue from a new track at Frontenac is included in the Governor's estimates.

## House Subcommittee Recommendations

The Subcommittee concurs with the Governor's FY 1995 recommendations and makes the following adjustments as well as other comments and recommendations:

1. Reduce the estimated transfer to the SGRF by \$431,148 in order to fund a recommended transfer of \$364,000 to the KBI and in order to maintain an estimated \$200,000 ending balance for the State Racing Fund.
2. Recommend that the House Subcommittee reviewing the Kansas Bureau of Investigation (KBI) budget later this Session (after the bill passes the Senate where it originates) examine the transfer from the Racing Commission which helps finance the KBI Gaming Unit and determine if the transfer is justified by work performed relative to parimutuel activities.
3. Request the Senate Subcommittee to obtain additional information about the status of the Racing Reimbursable Expenses Fund and to include those findings in its subcommittee report for consideration during the Omnibus period. The House Subcommittee heard a brief report about end of year cashflow problems in past years and would like to have the agency provide more detailed information about this matter and its proposed resolution for the Senate to consider. The House Subcommittee ran out of time to consider this matter.

**Special Revenue Funds.** Two funds provide most of the financing for the State Racing Commission. The State Racing Fund receives receipts from the parimutuel tax, admissions tax, licenses, and fines. The Racing Reimbursable Expense Fund revenue comes from fingerprint fees and from assessments paid by the tracks for services rendered by certain state personnel, such as judges, stewards and animal health officers.

**1. State Racing Fund Analysis.** Based on anticipated revenues and expenditures, the Governor's recommendations reflect a decreased transfer to the State Gaming Revenues Fund (SGRF) in FY 1995. The Governor does not appear to include transfers to the KBI in FY 1995 in the recommended cash flow for the State Racing Fund. The projected ending balance for FY 1995 is less than the required \$200,000 amount.

Resource Estimate	Actual FY 93	Gov. Rec. FY 94	Sub. Rec. FY 94	Gov. Rec. FY 95	Sub. Rec. FY 95
Beginning Balance	\$ 912,531	\$ 686,633	\$ 686,633	\$ 177,738	\$ 200,000
Net Receipts	7,617,706	7,504,633	7,718,000	7,238,633	7,238,633
Total Funds Available	\$ 8,530,237	\$ 8,191,266	\$ 8,404,633	\$ 7,416,371	\$ 7,438,633
Less:					
Expenditures	1,731,576	1,839,280	1,839,280	1,905,781	\$ 1,905,781
Transfers to KBI	289,984	322,580	322,580	(a)	364,000
Transfers to SGRF	5,822,000	5,851,668	6,042,773	5,400,000	4,968,852
Ending Balance	<u>\$ 686,677</u>	<u>\$ 177,738</u>	<u>\$ 200,000</u>	<u>\$ 110,590</u>	<u>\$ 200,000</u>

a) **KBI Transfer.** Any transfer would decrease the amount available for transfer to the SGRF. The Governor includes \$364,000 in the FY 1995 appropriations bill for transfer to the KBI.



**2. Racing Reimbursable Expense Fund Analysis.** The Governor's recommendations anticipate that net receipts will be received on a timely basis and will pay current expenditures. The FY 1993 ending balance shows a significant reduction from the beginning balance of last fiscal year since expenditures exceeded net receipts.

Resource Estimate	Actual FY 93	Gov. Rec. FY 94	Gov. Rec. FY 95
Beginning Balance	\$ 229,094	\$ 93,954	\$ 93,954
Net Receipts	570,701	679,920	717,392
Total Funds Available	\$ 799,795	\$ 773,874	\$ 811,346
Less: Expenditures	705,841	679,920	717,392
Ending Balance	<u>\$ 93,954</u>	<u>\$ 93,954</u>	<u>\$ 93,954</u>

#### House Committee Recommendation

The Committee concurs.

Expenditure Summary	House Rec. FY 95	Senate Sub. Adjustments	Senate Sub. Rec. FY 95
All Funds:			
State Operations	\$ 3,093,891	\$ --	\$ 3,093,891
Other Assistance	1,503,019	--	1,503,019
Total--Operating	<u>\$ 5,270,341</u>	<u>\$ --</u>	<u>\$ 5,270,341</u>
FTE Positions	40.5	--	40.5
Gaming Revenues Fund Transfers	\$ 4,968,852	\$ --	\$ 4,968,852

#### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the House, except for the following items for which additional recommendations and comments are offered:

1. Recommend that the Commission submit a request for a Governor's Budget Amendment to add staffing and funding in conjunction with the anticipated opening of a Southeast Kansas dog track in early September 1994.
2. Encourage the Commission to recognize shared responsibility with the existing race tracks regarding overtime pay for racing officials and to arrive at a decision regarding an assessment to meet the costs of the settlement on this issue. The Subcommittee believes that once this decision is made, the Commission and its staff must resolve the status of the Racing Reimbursable Expense Fund in order to maintain enough working capital in that fund to assure adequate financing will be

available at the end of each fiscal year to meet the July 1 payroll for racing officials paid from this fund. The Subcommittee expresses concern about past problems associated with this fund, and expects the Commission and its staff to report back to both Committees during the Omnibus period on the measures taken which will resolve this situation which apparently has been developing since 1990, or earlier. The settlement pay has brought this matter to a climax which the Subcommittee hopes will be solved administratively. The Subcommittee notes that passage of H.B. 2519 requiring annual financial audits and reviews will provide the Legislature with the same type of information about parimutuel operations for which the annual financial audit and review of the Lottery now provides about that industry.

# SUBCOMMITTEE REPORT

**Agency:** Department of Commerce  
and Housing

**Bill No.** 2752

**Bill Sec.** 9

**Analyst:** West

**Analysis Pg. No.** 135

**Budget Page No.** 114

Expenditure	Agency Est. FY 94	Governor's Rec. FY 94	Subcommittee Adjustments
All Funds:			
State Operations	\$ 11,208,073	\$ 11,210,267	\$ --
Aid and Other Assistance	49,597,956	67,490,500	300,000
Capital Improvements	267,300	267,300	--
TOTAL	<u>\$ 61,073,329</u>	<u>\$ 78,968,067</u>	<u>\$ 300,000</u>
State General Fund:			
State Operations	\$ 2,265,910	\$ 2,109,961	\$ --
Aid and Other Assistance	543,200	683,744	--
TOTAL	<u>\$ 2,809,110</u>	<u>\$ 2,793,705</u>	<u>\$ --</u>
Economic Development Initiatives Fund:			
State Operations	\$ 5,057,890	\$ 5,057,890	\$ --
Aid and Other Assistance	7,306,370	7,306,370	300,000
Capital Improvements	267,300	267,300	--
TOTAL	<u>\$ 12,631,560</u>	<u>\$ 12,631,560</u>	<u>\$ 300,000</u>
FTE Positions	115.5	115.5	--

## Agency Estimate/Governor's Recommendation

The agency's current year estimate is an increase of \$5,974,895 from federal and special revenue funds compared to the approved budget. The agency requests an expenditure limitation increase of \$569,102, from \$5,132,649 to \$5,701,751, on the HOME-Federal Fund in order to expend federal funds reappropriated from FY 1993.

The Governor's current year recommendation is a net increase of \$17,894,738 from the agency's estimate. Recommended State General Fund expenditures are a net reduction of \$15,405 from the agency's estimate to reflect additional expenditures authorized by the State Finance Council subsequent to the submission of the agency's budget, fringe benefit recalculations, and errors in the agency's detailed estimate. The Governor recommends an expenditure limitation increase from \$5,132,649 to no limit on the HOME-Federal Fund. The Governor's current year recommendation also includes federal funds of \$17,752,000 for flood disaster assistance which were received subsequent to the submission of the agency's budget.

SWAM  
March 16, 1994  
Attachment 2

### House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's FY 1994 recommendation, with the following adjustment:

1. The Subcommittee has been informed that the agency has committed all of the current year funding available for the Kansas Industrial Training (KIT) and the Kansas Industrial Retraining (KIR) programs. The Subcommittee recommends a supplemental appropriation of \$300,000 from the EDIF to provide a total of \$2,527,500 for the programs. The Subcommittee further recommends that the House Economic Development Committee review the KIT and KIR programs to determine if more targeted qualifications for the program should be adopted.

### House Committee Recommendation

The House Committee concurs with the recommendation of the Subcommittee .

### House Committee of the Whole Recommendation

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

Expenditure	House Adjustments	House Rec. FY 94	Senate Subcom. Adjustments
All Funds:			
State Operations	\$ --	\$ 11,210,267	\$ --
Aid and Other Assistance	300,000	67,790,500	--
Capital Improvements	--	267,300	--
TOTAL	<u>\$ 300,000</u>	<u>\$ 79,268,067</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$ --	\$ 2,109,961	\$ --
Aid and Other Assistance	--	683,744	--
TOTAL	<u>\$ --</u>	<u>\$ 2,793,705</u>	<u>\$ --</u>
Economic Development Initiatives Fund:			
State Operations	\$ --	\$ 5,057,890	\$ --
Aid and Other Assistance	300,000	7,606,370	--
Capital Improvements	--	267,300	--
TOTAL	<u>\$ 300,000</u>	<u>\$ 12,931,560</u>	<u>\$ --</u>
FTE Positions	--	115.5	--

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendation of the House.



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Senator Jerry Moran  
Subcommittee Chair



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Senator Richard R. Rock



# SUBCOMMITTEE REPORT

**Agency:** Department of Commerce  
and Housing

**Bill No.** 2731, 2653

**Bill Sec.** 6

**Analyst:** West

**Analysis Pg. No.** 135

**Budget Page No.** 114

Expenditure	Agency Req. FY 95	Governor's Rec. FY 95	Subcommittee Adjustments
All Funds:			
State Operations	\$ 14,740,798	\$ 11,869,715	\$ 75,000
Aid and Other Assistance	63,364,164	44,923,716	5,042,000
Capital Improvements	774,000	774,000	--
TOTAL	<u>\$ 78,878,962</u>	<u>\$ 57,567,431</u>	<u>\$ 5,117,000</u>
State General Fund:			
State Operations	\$ 2,548,706	\$ 2,048,633	\$ (294,100)
Aid and Other Assistance	1,473,000	794,807	--
TOTAL	<u>\$ 4,021,706</u>	<u>\$ 2,843,440</u>	<u>\$ (294,100)</u>
Economic Development Initiatives Fund:			
State Operations	\$ 6,712,383	\$ 5,167,072	\$ 369,100
Aid and Other Assistance	20,525,470	4,060,070	5,042,000
Capital Improvements	774,000	774,000	--
TOTAL	<u>\$ 28,011,853</u>	<u>\$ 10,001,142</u>	<u>\$ 5,411,100</u>
FTE Positions	124.5	116.5	--

## Agency Request/Governor's Recommendation

**1. New Positions.** The Kansas Department of Commerce and Housing for FY 1995 requests \$251,431 (\$219,676 State General Fund and \$31,775 federal funds) for 8.5 FTE new positions.

The Governor concurs with the addition of one new federally financed Community Program Consultant II in the Housing Division.

**2. Other Operating Expenditures.** KDCH requests \$9,706,605 for other operating expenses in FY 1995, an increase of \$3,101,074 from the current year. Of the requested increase, \$1,242,827 is associated with payments through the State of Kansas Investments in Lifelong Learning (SKILL) program and \$102,031 is associated with federally financed programs. Requested financing from the EDIF totals \$5,333,288, an increase of \$1,639,648 from the current year. Major increases are

requested for tourism marketing and promotion (\$1,384,557), industrial marketing and recruitment (\$110,000), and promotion of the state as a film location (\$101,921).

The Governor's FY 1995 recommendation for other operating expenses totals \$7,138,110, a reduction of \$2,388,495 from the agency's request. A lower level of activity in the SKILL program is associated with \$950,000 of this reduction. Recommended financing from the EDIF totals \$3,755,737, a reduction of \$1,577,551 from the agency's request and an increase of \$82,097 from the current year recommendation.

**3. Local Aid/Other Assistance.** The agency requests \$63,364,164 for local aid and other assistance payments, financed by \$1,473,000 from the State General Fund, \$20,525,470 from the EDIF, and \$41,365,694 from federal and special revenue funds. The request represents increases of \$929,800 from the State General Fund and \$13,219,100 from the EDIF, and a decrease of \$382,692 from other funding sources compared to the current year. The State General Fund request is associated with the HOME program, with the requested increase due in part to revenue shortfalls and federal limitations on the use of the State Housing Trust Fund. Major increases from the EDIF are requested for new State Community Development Block Grant (\$10,000,000), High Performance Incentive (\$75,000), and Incubator (\$50,000) programs and expansions of the Kansas Economic Initiative Opportunity Fund (from \$1,485,000 to \$5,000,000), KIT/KIR (from \$2,227,500 to \$2,727,500), and Tourism Grants (from \$1,029,600 to \$1,120,000) programs.

The Governor's FY 1995 recommendation for local aid and other assistance payments is a reduction of \$18,440,448 from the agency's request. Recommended State General Fund financing for HOME grants is \$794,807, a reduction of \$678,193 from the agency's request. No funding is recommended for the three new EDIF financed programs requested by the agency nor the Kansas Economic Initiative Opportunity Fund. Recommended funding for KIT/KIR remains level at \$2,227,500 and Tourism Grants are reduced from the current year amount of \$1,029,600 to \$279,600.

**4. Capital Improvements.** The agency requests \$774,000 from the EDIF in FY 1995 for rehabilitation and repairs to the state's traveler information centers (TIC) (\$24,000) and construction of a new TIC in Olathe. The 1993 Legislature authorized \$267,300 in the current year for land acquisition and planning of the Olathe TIC.

The Governor concurs with the agency's request for capital improvements.

### House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's FY 1995 recommendations, with the following adjustments:

1. Shift \$294,100 of State General Fund financed salaries to the EDIF. This would provide for equal financing for salaries between the State General Fund and the EDIF, excluding the Division of Housing.
2. As a technical adjustment, strike a duplicative reference to the Kansas Partnership Fund from the bill.
3. Add \$500,000 from the EDIF to provide a total of \$2,727,500 for KIT/KIR.

4. The Subcommittee notes that ten years ago, K.S.A. 74-5040 was passed which mandates that the agency establish one or more small business incubators in the state, but that no funding has been approved for the agency to carry out this directive. Since that time, several local groups and the Kansas Technology Enterprise Corporation have become involved with incubators. The Subcommittee recommends that legislation be introduced repealing K.S.A. 74-5040.
5. Add \$75,000 from the EDIF for the first year of a three-year program promoting the 175th anniversary of the Santa Fe Trail. In addition, the Subcommittee suggests that the agency consider some type of program, perhaps in conjunction with the Linger Longer program, which would provide a gift or recognition to people to stop at a certain number of sites along the trail.
6. Add \$75,000 from the EDIF for the High Performance Incentive Grants program authorized under K.S.A. 1993 Supp. 74-50,133.
7. The Subcommittee notes that the Governor's FY 1995 recommendation provides no new funding for the Kansas Economic Initiative Opportunity Fund (KEIOF) account of the EDIF, although any uncommitted amount of the current year funding would be available for FY 1995. This amount, assuming the passage of S.B. 456 and no other current year projects, is estimated to be \$533,000. The Subcommittee recommends the addition of \$4,467,000 from the EDIF for the KEIOF account. It is the intent of the Subcommittee that should H.B. 2576 (which statutorily creates KEIOF) become law, that this amount plus any uncommitted current year funding from the KEIOF account be transferred to the fund created by the bill.
8. The Subcommittee notes that the K-GOAL audit of the agency was completed too late for review by this Subcommittee and recommends that the Senate consider the K-GOAL audit in its deliberations.
9. The Subcommittee believes *Kansas!* is a fantastic magazine and recommends that the agency explore the expansion of nonsubscription sales opportunities for the magazine, which celebrates its 50th anniversary next year.
10. In reviewing the performance indicators of the agency as included in the agency's budget submission, the Subcommittee notes that many were activity indicators with no difference between the A, B, and C levels of funding. The agency has often collected data on its activities, not its outcomes. While the Subcommittee realizes that the current performance indicators were included in response to budget allocations and for a different purpose than the current effort toward performance based budgeting, the Subcommittee recommends that the agency concentrate on developing performance indicators which look prospectively. These indicators should also reflect prioritization between agency programs and the quality of service received by the agency's customers.

### House Committee Recommendation

The House Committee concurs with the recommendation of the Subcommittee.

### House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the recommendation of the Committee, with the following adjustments:

1. Delete the \$4,467,000 from the EDIF for the Kansas Economic Initiative Opportunity Fund account added by the Subcommittee and delete the authority for the agency to spend any amounts remaining from the FY 1994 appropriation for that account.

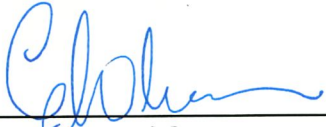
Expenditure	House Adjustments	House Rec. FY 95	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 75,000	\$ 11,944,715	\$ 258,225
Aid and Other Assistance	575,000	45,498,716	1,850,000
Capital Improvements	--	774,000	--
TOTAL	<u>\$ 650,000</u>	<u>\$ 58,217,431</u>	<u>\$ 2,108,225</u>
State General Fund:			
State Operations	\$ (294,100)	\$ 1,754,533	\$ 294,100
Aid and Other Assistance	--	794,807	--
TOTAL	<u>\$ (294,100)</u>	<u>\$ 2,549,340</u>	<u>\$ 294,100</u>
Economic Development Initiatives Fund:			
State Operations	\$ 369,100	\$ 5,536,172	\$ (4,100)
Aid and Other Assistance	575,000	4,635,070	1,850,000
Capital Improvements	--	774,000	--
TOTAL	<u>\$ 944,100</u>	<u>\$ 10,945,242</u>	<u>\$ 1,845,900</u>
FTE Positions	--	116.5	(1.0)

### Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendation of the House, with the following adjustments:

1. Authorize the reappropriation of any unencumbered FY 1994 funding for the database development project to FY 1995.

2. Add \$250,000 from the EDIF for tourism attraction development grants to provide \$490,000 for that program. Of this amount \$100,000 shall be for a special one-time grant to permit ADA compliance and renovations for Boot Hill in Dodge City. Expenditure of the \$100,000 would be contingent upon Boot Hill receiving matching funds of \$1 from nonstate sources for every \$2 from the state.
3. Add \$250,000 from the EDIF as a separate line item for enhanced rural economic development activities. The Subcommittee notes that the agency's resources do not permit sufficient industrial marketing, recruitment, or trade development activities in the rural areas of the state. The Subcommittee believes these additional resources are vital to assist the rural areas of the state in developing their full economic potential.
4. Add \$100,000 from the EDIF to support the Wichita World Trade Center.
5. Add \$20,000 from the EDIF for a special study evaluating the effectiveness of the Travel and Tourism Division's marketing and promotion strategy.
6. Add \$20,000 from the EDIF for special promotion activities for the Film Commission.
7. The Subcommittee has been informed that the new position recommended by the Governor for the Housing Division will be assuming administrative responsibilities over programs currently under local control. The Subcommittee believes local administration of the programs is preferred and recommends the deletion of \$31,775 from federal funds and 1.0 FTE position.
8. The Subcommittee notes that the budget as recommended by the House provides no funding for the Kansas Economic Initiative Opportunity Fund in FY 1995 and recommends the addition of \$1,500,000 from the EDIF as a separate account of the EDIF along with a proviso limiting its use to the same conditions as the current year.
9. Shift salary financing of \$294,100 from the EDIF to the State General Fund. This reverses House Subcommittee recommendation No. 1 and restores State General Fund financing to the same level as that recommended by the Governor.

  
\_\_\_\_\_  
Senator Jerry Moran  
Subcommittee Chair

  
\_\_\_\_\_  
Senator Richard R. Rock



# SUBCOMMITTEE REPORT

**Agency:** Department of Wildlife  
and Parks

**Bill No.** 2752

**Bill Sec.** 15

**Analyst:** Duncan

**Analysis Pg. No.** 708

**Budget Page No.** 618

Expenditure	Agency Est. FY 94	Governor's Rec. FY 94	Subcommittee Adjustments
All Funds:			
State Operations	\$ 22,918,769	\$ 22,791,720	\$ --
Local Aid	350,000	350,000	--
Other Assistance	0	0	--
Subtotal - Operating	\$ 23,268,769	\$ 23,141,720	\$ --
Capital Improvements	12,518,539	11,318,539	--
TOTAL	\$ 35,787,308	\$ 34,460,259	\$ --
State General Fund:			
State Operations	\$ 3,562,327	\$ 3,955,897	\$ (400,000)*
Capital Improvements	1,969,524	769,524	--
TOTAL	\$ 5,531,851	\$ 4,725,421	\$ (400,000)
EDIF:			
State Operations	\$ 0	\$ 0	\$ --
Capital Improvements	1,761,850	1,761,850	--
TOTAL	\$ 1,761,850	\$ 1,761,850	\$ --
State Water Fund:			
State Operations	\$ 163,400	\$ 113,400	\$ --
Capital Improvements	2,183,327	2,183,327	--
TOTAL	\$ 2,346,727	\$ 2,296,727	\$ --
FTE Positions	410.0	408.0	--

\* The Subcommittee recommends a transfer of \$400,000 from the State General Fund to the Park Fee Fund.

## Agency Estimate/Governor's Recommendation

**1. State Operations.** The agency estimates current year expenditures for state operations will total \$22,918,769, an increase of \$163,702 over \$22,755,067, the amount approved by the 1993 Legislature, as adjusted by State Finance Council action. The FY 1994 estimate includes \$3,562,327 from

SWAM  
March 16, 1994  
Attachment 3

the State General Fund, \$14,617,739 from the Wildlife Fee Fund, \$777,098 from the Boating Fee Fund, \$2,760,590 from the Park Fee Fund, and \$1,201,015 from other funding sources.

The Governor recommends \$22,791,720 for state operations in FY 1994, a decrease of \$127,049 from the agency's estimate. The recommendation reduces salaries and wages (\$48,627), and utilities (\$28,422), and reappropriates \$50,000 in rents from FY 1994 to FY 1995 to partially fund a new initiative for conservation easements. The FY 1994 recommendation includes \$3,955,897 from the State General Fund (\$393,570 increase), \$14,568,725 from the Wildlife Fee Fund (\$49,014 decrease), \$773,839 from the Boating Fee Fund (\$3,259 decrease), \$2,347,523 from the Parks Fee Fund (\$413,067 decrease), and \$1,145,736 from other funding sources (\$55,279 decrease). The recommendation reduces the agency's estimated FTE by 2.0 positions due to retirement reductions pursuant to H.B. 2211.

**2. FY 1994 and FY 1995 Flood Damage.** During the summer of 1993, several state parks were wholly or partially closed due to flooding. Three of these parks -- Glen Elder, Wilson and Tuttle Creek -- remained closed through the end of 1993. According to the agency some of the Wilson facilities remain under water and are not available for thorough inspection until spring. The agency states that wave action, exposure to wind, rain, and freezing will continue to damage park structures; many of which were 20 to 25 years of age and in poor physical condition.

The agency is currently working with the Kansas Department of Human Resources (DHR) to provide jobs to workers who are unemployed due to the summer floods. This program, via the Job Training Partnership Act (JTPA) offices, is financed by money provided to DHR from the U.S. Department of Labor. Over 100 workers have been employed to remove debris, paint flood damaged facilities, and cut down trees in the state parks.

The Department states that it contacted the Federal Emergency Management Agency (FEMA) regarding cost reimbursement for flood damage to state parks. According to the agency, because most of the parks are located in designated flood pools, there is little chance that federal money will be available for repair of those facilities. Money will be available to reimburse the Department for sandbagging and rescue efforts. The Department estimates this amount to be less than \$50,000.

The Department estimates that \$3,455,903 in FY 1994 and \$1,876,639 in FY 1995, for a total of \$5,332,542 will be required to repair damage to state owned facilities or property. (Staff Note: At the time of the budget submission, agency estimates were \$1,700,000 in FY 1994 and \$1,000,000 in FY 1995.) Current estimates vary from \$1,411,993 at Glen Elder to \$1,100 at Atchison State Fishing Lake. Damage estimates total \$3,671,633 for nine state parks, \$1,637,849 for wildlife areas, and \$23,060 for state fishing lakes.

State Park Flood Damage			Facilities Flooded, Destroyed, or Damaged	
1	Glen Elder	\$ 1,411,993	715	Improved campsites with utilities
2	Kanopolis	597,105	1,367	Primitive campsites
3	Wilson	499,560	5	Sewage dump stations
4	Perry	388,195	326	Miles of gravel road
5	Tuttle Creek	345,892	38	Boat ramps
6	Webster	250,200	6	Bathhouses
7	Milford	112,930	25	Docks and piers
8	Lovewell	24,484		
9	Clinton	41,274		
	TOTAL	<u>\$ 3,671,633</u>		

Land affected: 1,355 park acres; 23.5 miles of park shoreline; 44,000 acres of wildlife management areas.

Source: Kansas Department of Wildlife and Parks

The Department also estimates that due to whole or partial closure of many of the state parks, lost receipts to the Parks Fee Fund will total approximately \$400,000 in FY 1994 and \$400,000 in FY 1995. To offset this loss, the Department is requesting a transfer from the State General Fund directly into the Parks Fee Fund, for each of these fiscal years. According to the agency, without this transfer, the Parks Fee Fund balance will drop to a level below the amount necessary to meet the cash flow needs of the Department.

The Governor recommends State General Fund expenditures totaling \$500,000 in FY 1994 and \$1,000,000 in FY 1995 for flood repairs. The Governor does not recommend a **direct transfer** to the Parks Fee Fund of \$400,000 in FY 1994 and FY 1995 to offset projected fee reductions, but the Governor did increase State General Fund expenditures by \$400,000 for each of those fiscal years.

**3. Audit by the Inspector General, United States Fish, and Wildlife.** In the spring of 1993, the Office of the Inspector General conducted an audit of the Kansas Department of Wildlife and Parks (KDWP) "Sports Fisheries and Wildlife Restoration Federal Aid" program. The audit covered the time period from FY 1989 to FY 1992. Questions arose as to whether the Department used fishing and hunting license revenues for activities that were not directly related to sport fish and wildlife and whether the Department received federal grants that were the result of improper charges. At issue is approximately \$5.0 million received by the Department from Dingell-Johnson and Pittman-Robertson federal funds. The Department does not believe it acted erroneously, and filed an official response to the audit on December 15, 1993. A final decision will not be rendered until February or March, 1994. There is no appeal from the final decision. If the Department is found to have diverted funds, the State will be required to repay the Wildlife Fee Fund by June 30, 1993. Possible funding sources for the repayment would be the State General Fund or the EDIF. Failure to repay the fund will result in a freeze of federal funds which are estimated at \$4,500,000 for FY 1994 and \$5,000,000 for FY 1995.

**4. Local Aid.** The agency estimates payments from the federal Land and Water Conservation Fund of \$350,000 and the Governor concurs.

**5. Capital Improvements.** The agency estimates capital improvements totaling \$12,518,539, which includes \$1,969,524 from the State General Fund. The capital improvement estimate includes \$6,356,041 which was appropriated for FY 1994 and \$5,928,546 in reappropriated funds. The estimate also includes a supplemental request of \$1,700,000 from the State General Fund for flood damage repairs.

The Governor recommends \$11,318,539 for capital improvements, a decrease of \$1,200,000 from the agency's estimate. The recommendation includes \$500,000 from the State General Fund for flood damage repairs.

#### **House Subcommittee Recommendation**

The House Subcommittee concurs with the recommendations of the Governor with the following adjustments:

1. Transfer \$400,000 for state operations from the State General Fund to the Park Fee Fund to offset an anticipated decrease (due to the 1993 summer floods) in park fee receipts and increase the park fee fund by the same amount. The Governor recommended \$400,000 from the State General Fund for FY 1994 and included it in S.B. 556, the Emergency Supplemental bill. The Senate Committee on Ways and Means did not agree that replacement of operating funds warranted emergency funding. Therefore, the Senate Committee deleted the funding from S.B. 556, and recommended that the appropriation be included in H.B. 2752, the regular FY 1994 supplemental bill, which is subject to Subcommittee review.
2. Create a new no limit fund entitled "Bureau of Reclamation Federal Flood Aid Fund." The Subcommittee learned that the Bureau of Reclamation has agreed to provide \$175,000 in FY 1994 and \$175,000 in FY 1995 to partially repair flood damage at Webster State Park, Lovewell State Park and Glen Elder State Park.

#### **House Committee Recommendation**

Concur.

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

Concur.

Expenditure	House Adj. FY 94	House Rec. FY 94	Senate Sub. Adjustments
All Funds:			
State Operations	\$ --	\$ 22,791,720	\$ --
Local Aid	--	350,000	--
Other Assistance	--	0	--
Subtotal - Operating	\$ --	\$ 23,141,720	\$ --
Capital Improvements	--	11,318,539	--
TOTAL	\$ --	\$ 34,460,259	\$ --
State General Fund:			
State Operations	\$ (400,000)*	\$ 3,555,897	\$ --
Capital Improvements	--	769,524	--
TOTAL	\$ (400,000)	\$ 4,325,421	\$ --
EDIF:			
State Operations	\$ --	\$ 0	\$ --
Capital Improvements	--	1,761,850	--
TOTAL	\$ --	\$ 1,761,850	\$ --
State Water Fund:			
State Operations	\$ --	\$ 113,400	\$ --
Capital Improvements	--	2,183,327	--
TOTAL	\$ --	\$ 2,296,727	\$ --
FTE Positions	--	408.0	--

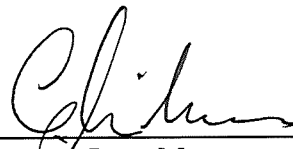
\* The Subcommittee recommends a transfer of \$400,000 from the State General Fund to the Park Fee Fund.

### Senate Subcommittee Recommendation

The Subcommittee concurs with the recommendations of the House, with the following adjustments:

1. Reduce the \$400,000 transfer from the State General Fund to the Park Fee Fund by \$190,000. The agency will still receive \$400,000 in state operations to supplement lost park receipts, however \$190,000 is funded in S.B. 556 the emergency supplemental bill.
2. Make a technical adjustment to the bill to accurately reflect the recommendation of the House.





\_\_\_\_\_  
Senator Jerry Moran  
Subcommittee Chair



\_\_\_\_\_  
Senator Bill Brady

# SUBCOMMITTEE REPORT

**Agency:** Department of Wildlife  
and Parks

**Bill No.** 2753, 2653

**Bill Sec.** 9

**Analyst:** Duncan

**Analysis Pg. No.** 708

**Budget Page No.** 618

Expenditure	Agency Req. FY 95	Governor's Rec. FY 95	Subcommittee Adjustments
All Funds:			
State Operations	\$ 24,264,649	\$ 22,765,621	\$ --
Local Aid	390,000	350,000	--
Other Assistance	0	0	--
Subtotal - Operating	\$ 24,654,649	\$ 23,115,621	\$ --
Capital Improvements	11,202,250	7,021,250	(50,000)
TOTAL	\$ 35,856,899	\$ 30,136,871	\$ (50,000)
State General Fund:			
State Operations	\$ 4,122,235	\$ 3,926,979	\$ (400,000)
Capital Improvements	1,550,000	1,000,000	--
TOTAL	\$ 5,672,235	\$ 4,926,979	\$ (400,000)
EDIF:			
State Operations	\$ 0	\$ 0	\$ --
Capital Improvements	1,304,837	402,337	--
TOTAL	\$ 1,304,837	\$ 402,337	\$ --
State Water Fund:			
State Operations	\$ 274,200	\$ 124,200	\$ --
Capital Improvements	3,000,000	1,500,000	(500,000)
TOTAL	\$ 3,274,200	\$ 1,624,200	\$ (500,000)
FTE Positions	410.0	408.0	--

## Agency Request/Governor's Recommendation

**1. State Operations.** The agency requests a state operations budget of \$24,264,649 in FY 1995, an increase of \$1,345,880 (5.9 percent) over the FY 1994 estimate. The request includes \$4,122,235 from the State General Fund, \$15,324,580 from the Wildlife Fee Fund, \$600,000 from the Boating Fee Fund, \$3,000,000 from the Parks Fee Fund, \$101,000 from the Nongame Wildlife Improvement Fund and \$1,116,834 for all other funds. The request also includes \$1,231,109 for 16 new initiatives or program enhancements including:

FY 1995 New Initiatives		
	Agency Request	Governor's Rec.
An increase of seasonal salaries	\$ 335,289	\$ 0
Replacement of an aircraft engine	25,000	0
Radios	65,000	0
Payment to the Bureau of Reclamation for Cedar Bluff administrative costs	15,000	0
Statewide stream monitoring	32,615	0
Neosho stream monitoring	74,200	74,200
KSU cooperative unit	40,000	0
Statewide urban fishing program	249,865	0
Trout stocking program	100,000	0
Native American reservation assistance	40,000	0
Law Enforcement Physical Fitness program	26,000	0
Conservation easements	150,000	50,000*
Easement access to the lower Arkansas River	50,000	0
Pilot training	5,400	0
Rails-to-trails operating expenditures	9,000	0
Waterfowl data management study	13,740	\$ 0
TOTAL	<u>\$ 1,231,109</u>	<u>\$ 124,200</u>
* The Governor recommended a reappropriation of \$50,000 from rents in FY 1994 to FY 1995 for this initiative.		

The Governor recommends \$22,765,621 for state operations in FY 1995, a decrease of \$1,499,028 from the agency's request. The recommendation includes \$3,926,979 from the State General Fund (\$195,256 decrease), \$14,738,422 from the Wildlife Fee Fund (\$586,158 decrease), \$607,170 from the Boating Fee Fund (\$7,170 increase), \$2,423,812 from the Parks Fee Fund (\$576,188 decrease) \$101,000 from the Nongame Wildlife Improvement Fund (no change), and \$1,069,238 from all other funds (\$47,596 decrease).

**2. Local Aid.** The agency requests \$390,000 from the federal Land and Water Conservation Fund to aid local units of government to assist in financing recreational facilities. The FY 1995 request is a \$40,000 increase over the current year estimate. The increase would fund a new initiative to expand the Native American law enforcement training program. The Governor recommends \$350,000 for local aid, a \$40,000 decrease from the agency's request.

**3. Capital Improvements.** The Department requests \$11,202,250 in FY 1995 for 19 capital improvement projects. The request includes \$1,550,000 from the State General Fund, \$1,423,913 from the Wildlife Fee Fund, \$3,000,000 from the State Water Fund, \$1,304,837 from the EDIF, \$1,500,000 from the State Highway Fund, \$2,101,000 from federal funds, \$200,000 from the Boating Fee Fund, and \$122,500 from other funding sources. Major items of expenditure include State Water Plan financing for the continued renovation of Cheyenne Bottoms (\$1,000,000), the phased development of Hillsdale State Park (\$1,000,000), and dam repair and maintenance (\$1,000,000); EDIF funding for rails-to-trails development (\$275,000), campground renovation (\$500,000), a beach house at Clinton State Park (\$105,000), half of the agency's rehabilitation and repair request (\$175,000), and part of the development

of the interior of the Wichita Education Center (\$302,337); and \$1,500,000 for the utilization of State Highway Funds for road maintenance of Department access roads. Although the agency's budget request originally estimated that \$1,000,000 would be needed for flood repair in FY 1995, that estimate has now been revised to \$1,876,639.

The Governor recommends \$7,021,250 for capital improvements in FY 1995. Recommended funding includes \$1,000,000 from the State General Fund, \$1,173,913 from the Wildlife Fee Fund, \$1,500,000 from the State Water Plan Fund, \$1,500,000 from the State Highway Fund, \$402,337 from the EDIF, \$1,000,000 in federal funds, and \$445,000 from other funding sources. The recommendation funds 11 projects including Cheyenne Bottoms (\$2,000,000), Hillsdale State Park (\$100,000), dam repair (\$1,000,000), flood damage repair (\$1,000,000), and the Wichita Education Center (\$451,250).

### **House Subcommittee Recommendation**

The House Subcommittee concurs with the recommendations of the Governor with the following adjustments:

#### **State Operations:**

1. Delete \$400,000 from the State General Fund for state operations and increase the expenditure limitation of the Park Fee Fund by \$400,000. The Governor recommended these funds to offset an anticipated decrease (due to the 1993 summer floods) in Park Fee Fund receipts. The Subcommittee agrees that the agency may need supplemental funding for park operations in FY 1995 but observes that the agency hopes to have as many facilities as possible open and operating by May 31, 1994. The Subcommittee recommends that Park Fee Fund receipts be reviewed during the 1995 Legislative Session.

#### **Capital Improvements:**

1. Delete \$500,000 from the State Water Plan Fund and add \$250,000 from the Wildlife Fee Fund for dam repair. The Subcommittee's recommendation would provide a total of \$750,000 from the Wildlife Fee Fund to initiate a program to repair the 38 earthen dams at the state fishing lakes.
2. Shift \$300,000 from the Wildlife Fee Fund for acquisition of land that habitually floods at Cheyenne Bottoms to initiate a program to renovate state fishing lakes. The Subcommittee notes that the agency requested \$500,000 from the Wildlife Fee Fund for fishing lake renovation. This project was the agency's fifth priority out of 19 requested projects. Cheyenne Bottoms land acquisition was the agency's 16th priority.
3. Add \$200,000 from the EDIF to implement the first phase of the Prairie Spirit rails-to-trails project from Ottawa to Iola. The Subcommittee notes that \$1,101,000 in federal Intermodal Surface Transportation Efficiency Act (ISTEA) funds are available for this project, requiring a state match of \$275,000. The Subcommittee heard testimony from several conferees including the Southeast Kansas Regional Planning Commission, the City Managers of Garnett and Iola, and various other interested

parties regarding economic development opportunities afforded by the development of recreational trails. The Subcommittee learned that the local communities have raised \$60,000 for this project.

4. Add a proviso to the line item for Hillsdale State Park capital improvement expenditures stating that no capital expenditures may be made for this project in FY 1995 until the Secretary of Wildlife and Parks certifies to the Director of Accounts and Reports that park admission fees are being charged for public use of Hillsdale State Park.
5. Create a new no limit fund entitled "Bureau of Reclamation Federal Flood Aid Fund" to enable the agency to receive \$175,000 designated by the Bureau of Reclamation to repair flood damage at Webster State Park, Lovewell State Park, and Glen Elder State Park.

#### **House Committee Recommendation**

The House Committee concurs with the following adjustment:

1. Add a proviso protecting landowners whose property adjoins the prairie spirit rail-to-trail project from liability.

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

Concur.



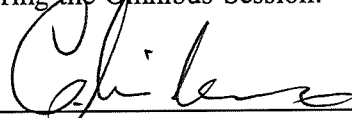
Expenditure	House Adj. FY 95	House Rec. FY 95	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ --	\$ 22,765,621	\$ --
Local Aid	--	350,000	--
Other Assistance	--	--	50,000
Subtotal - Operating	\$ --	\$ 23,115,621	\$ 50,000
Capital Improvements	(50,000)	7,021,250	--
TOTAL	<u>\$ (50,000)</u>	<u>\$ 30,136,871</u>	<u>\$ 50,000</u>
State General Fund:			
State Operations	\$ (400,000)	\$ 3,926,979	\$ 400,000
Other Assistance	--	--	50,000
Capital Improvements	--	1,000,000	--
TOTAL	<u>\$ (400,000)</u>	<u>\$ 4,926,979</u>	<u>\$ 450,000</u>
EDIF:			
State Operations	\$ --	\$ --	\$ --
Capital Improvements	--	402,337	--
TOTAL	<u>\$ --</u>	<u>\$ 402,337</u>	<u>\$ --</u>
State Water Fund:			
State Operations	\$ --	\$ 124,200	\$ --
Capital Improvements	(500,000)	1,500,000	--
TOTAL	<u>\$ (500,000)</u>	<u>\$ 1,624,200</u>	<u>\$ --</u>
FTE Positions	--	408.0	--

### Senate Subcommittee Recommendations

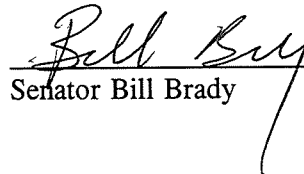
The Senate Subcommittee concurs with the recommendations of the House, with the following adjustments:

1. Restore \$400,000 from the State General Fund (as recommended by the Governor) and make a corresponding reduction in the Park Fee Fund. The Subcommittee's recommendation would replace park revenue anticipated to be lost due to decreased usage of the state parks. The Subcommittee notes that recommended funding for FY 1995 state park operations is \$97,262 below current year levels.

2. Add \$50,000 from the State General Fund for a pass through grant for Wildscape, a non-profit wildlife organization. The Subcommittee notes that Wildscape requests phased funding of \$50,000 in FY 1995, \$40,000 in FY 1996, and \$30,000 in FY 1997.
3. The Subcommittee held public hearings on the potential development of the Prairie Spirit rails-to-trails project from Ottawa to Iola. Both proponents and opponents presented testimony at the hearing. Proponents stressed the economic development features of the trail; opponents advocated for landowner rights, and discussed state spending priorities and potential landowner litigation.
4. The Subcommittee reviewed the proviso added by the House Committee to protect landowner rights along the Prairie Spirit rail-trail. The Subcommittee recommends that the proviso be amended to clearly state that the Department is not responsible for building new fences along the trail.
5. On March 7, 1994, the Department received the results of a federal audit conducted in early spring of 1993 by the Office of the Inspector General of the United States Department of the Interior, Fish and Wildlife Service (see attached). The Subcommittee discussed the audit letter with the Department, however, the agency is still conversing with regional U.S. Fish and Wildlife officials to ascertain the exact interpretation of the letter. The Subcommittee believes that, once the Department has had sufficient time to assess the criteria set out in the audit, a Governor's Budget Amendment should be forthcoming. The Subcommittee recommends that this item be reviewed during the Omnibus Session.



Senator Jerry Moran  
Subcommittee Chair



Senator Bill Brady



# United States Department of the Interior



## FISH AND WILDLIFE SERVICE

### Mountain-Prairie Region

IN REPLY REFER TO:

FA/KS

15

MAILSTOP 60152

*MAILING ADDRESS:*

*Post Office Box 25486  
Denver Federal Center  
Denver, Colorado 80225*

*STREET LOCATION:*

*134 Union Blvd.  
Lakewood, Colorado 80228*

MAR 7 1994

Theodore Ensley, Secretary  
Kansas Department of Wildlife and Parks  
Landon State Office Building  
900 Jackson, Room 502  
Topeka, Kansas 66612

Dear Secretary Ensley:

This letter is to inform you the Kansas Department of Wildlife and Parks (Department) is ineligible to participate in the Sport Fish and Wildlife Restoration Program as of this date. The Department has violated Administrative Requirements, Federal Aid in Fish and Federal Aid in Wildlife Restoration Acts prohibiting the diversion of license fees paid by hunters and fishermen to purposes other than administration of the State Fish and Wildlife Agency (50 CFR 80.4). In addition, the Department failed to maintain required State fishery program funding as required in 50 CFR 80.5(b)(2).

My decision was based on results of Department of Interior, Office of Inspector General Audit on "U.S. Fish and Wildlife Service Sport Fish and Wildlife Activities in the State of Kansas," which concluded the Department may have diverted \$3,253,457 in license revenue. Of this amount, \$845,099 were Sport Fish Restoration Funds spent on ineligible activities.

The Department will be eligible to participate in the Federal Aid Program again when all diverted license revenues are restored and the Department meets all of the following eligibility requirements for the Federal Aid Program.

1. The State of Kansas must repay \$2,408,358 to the Department Wildlife Fee Fund to correct the diversion and reimburse the Kansas Federal Aid Program \$845,099.

The Kansas Department of Wildlife and Parks diverted approximately \$3,253,457 in hunting and fishing license revenue between 1989 and 1992. Of the total diversion, \$845,099 was improperly charged to the Sport Fish Restoration Fund. The Department has already agreed to reimburse the Federal Aid Program for these charges.

2. The Department must develop a 3-year plan for expenditure of \$3,541,526 of additional State funds for the State fishery program to compensate for inadequate expenditures in previous years. This plan must be approved by the Fish and Wildlife Service (Service). These

funds may come from the Wildlife Fee Fund. Also, the Department must budget \$1,886,771 of State funds per year, in addition to Sport Fish Restoration Funds, for expenditure in the State fishery program.

When the Sport Fish Restoration Act was amended in 1985, Congress intended that additional funds resulting from expansion of the Program be added to existing State fishery program funds available from traditional sources and not used as a substitute ((50 CFR 80.5(b)(2))). Based on information provided by the Department, my staff has determined the Department has not maintained existing State fishery program base funding. During the period from 1986 to 1992, the Department should have spent \$13,207,397 (\$1,886,771 per year for 7 years) on the State fishery program. The Department actually spent \$9,665,871 (enclosure 1); \$3,541,526 less than the amount required to maintain eligibility for participation in the Sport Fish Restoration Program. The Department did not meet the required funding level for any year.

3. The Department must reconcile the agency cost accounting system maintained in Pratt, with the Standard Accounting Reporting System (STARS) maintained in Topeka for Kansas' FY 1993 and FY 1994.

Reconciled accounts must be audited by an independent auditor in conformance with 43 CFR Part 12 (Administrative Requirements and Cost Principles for Assistance Programs). Federal Aid reimbursements are to be accounted for in conformity with Generally Accepted Accounting Principles (modified accrual accounting). The audit report must include data on income and expenditures from the Wildlife Fee Fund and State expenditures for sport fish restoration activities. If this report reveals additional diversions of license revenue for FY 1993, discrepancies in Federal Aid reimbursements, or insufficient base funding expenditures for sport fish restoration activities, arrangements must be made for correcting these discrepancies before the Department will be declared eligible to participate in the Federal Aid Program. The report for FY 1994 must be submitted to the Service by August 1, 1995.

4. The Department must develop a plan of organization, methods, and procedures to ensure resource use is consistent with laws, regulations, and policies; resources are safeguarded against waste, loss, and misuse; and reliable data are obtained, maintained, and fairly disclosed in reports.

The Department does not have adequate internal controls, as required and defined in 43 CFR Part 12. Internal controls are lacking in both the State and Federal Aid portions of the State fish and wildlife program. Organizational structures must ensure lands acquired with Wildlife Fee Funds and Federal Aid Funds continue to serve the purposes for which they were acquired and other uses do not conflict with these purposes. Accounting procedures must ensure funds can be traced to a level of expenditure adequate to establish the expenditures were for eligible purposes (43 CFR 12.60).

Mr. Theodore Ensley

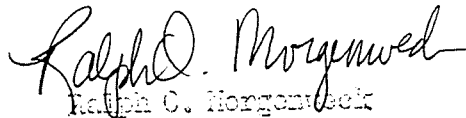
3

5. Kansas must report to the Service quarterly on income and expenditures from the Wildlife Fee Fund on a modified accrual basis. The first report is due September 1, 1994, and will cover activity for Kansas' FY 1994. The reports must disclose all income to the Wildlife Fee

Fund and all expenses incurred by the fund. The report must identify Federal Aid reimbursable expenses separately.

If you have questions about this matter, please contact Dr. Frank Schitoskey, Jr., Acting Deputy Assistant Regional Director--Federal Aid, at (303) 236-7392.

Sincerely,



Ralph C. Morgenweil  
Regional Director

Enclosure

KANSAS BASE FUNDING  
FOR SPORT FISH RESTORATION  
(\$1,886,771)

	TOTAL FISH EXPENDITURES	- SPORT FISH EXPENDITURES	= BASE FISH EXPENDITURES	DIFFERENCE FROM BASE (\$1,886,771)
FY 86	\$3,220,261	\$1,372,985	\$1,847,276	\$ -39,495
FY 87	3,028,414	1,509,448	1,518,966	-376,805
FY 88	3,491,462	1,619,238	1,872,224	-14,547
FY 89	3,921,541	3,004,715	916,826	-969,945
FY 90	3,954,973	3,092,411	862,562	-1,024,209
FY 91	4,093,709	2,486,249	1,607,460	-279,311
FY 92	3,702,386	2,661,829	1,040,557	-846,214
TOTALS	25,412,746	15,746,875	9,665,871	-3,541,526



ADDRESS ONLY THE DIRECTOR,  
FISH AND WILDLIFE SERVICE

In Reply Refer To:  
FWS/FA

# CONFIRMATION

United States Department of the Interior

FISH AND WILDLIFE SERVICE

WASHINGTON, D.C. 20240



REGISTERED MAIL

MAR - 2 1994

AFF

## Memorandum

To: Regional Director, Region 6

From: Director *William H. Butler*

Subject: Inspector General (IG) Draft Audit Report on "U.S. Fish and Wildlife Service (Service) Sport Fish and Wildlife Activities in the State of Kansas." C-IN-FWS-001-93

In response to your attached memorandum dated January 13, 1994, and the letter from the State of Kansas dated, December 15, 1993, I concur with your recommendation and request that you immediately inform the State of Kansas that they are "in diversion." The result of this finding of diversion is to require that the State of Kansas pay back \$3,253,457 in hunting and fishing license revenues that were diverted between 1989 and 1992. The diversion requirement applies to both the Federal Aid in Sport Fish Restoration and Federal Aid in Wildlife Restoration programs, and will remain in effect until the funds have been reimbursed and Kansas meets all eligibility requirements in 50 CFR 80.4.

Please continue to work with the State of Kansas and the Office of the Inspector General to resolve all of the issues resulting from the IG Audit. If you have questions or need additional information, please contact the Assistant Director-Ecological Services (Attention: Columbus Brown, Chief, Division of Federal Aid at 703/358-2156).

Attachment



MAR 7 1994



SWAM 16, 1994  
March 16, 1994  
Attachment 4

Status of Budget Stabilization Fund Spending Recommendations  
March 16, 1994

	Governor's Recommendations		Purpose	House Recommendations		Purpose	Senate Recommendations		Purpose
	FY 1994	FY 1995		FY 1994	FY 1995		FY 1994	FY 1995	
Beginning Balance	\$75,000,000	\$75,000,000		\$75,000,000	\$72,888,762		\$75,000,000	\$75,000,000	
Department of Social and Rehabilitation Services	--	50,000,000	Operating Expenditures (Assistance)	--	38,323,201	Operating Expenditures (Assistance)	--	--	
Youth Centers	--	--		--	--		--	2,300,000	Additional Beds; Expand Day Reporting
State Library	--	--		--	--		--	160,000	Computer Workstations
Department of Administration	--	--		--	--		--	613,790	Capital Improvements
Kansas Corporation Commission	--	--		300,000	(300,000) **	Loan for Operating Expenditures	--	--	
Animal Health Department	--	--		--	40,000	Livestock Indemnity	--	--	
Historical Society	--	--		1,811,238	500,000	Capital Improvements	1,811,238	802,517	Capital Improvements; Other One-Time Uses
State Fair	--	--		--	1,000,000	Capital Improvements	--	--	
Winfield State Hospital and Training Center	--	--		--	57,690	Capital Outlay	--	--	
Parsons State Hospital and Training Center	--	--		--	17,000	Capital Outlay	--	--	
Adjutant General	--	--		--	--		--	192,185	Capital Improvements
Board of Agriculture	--	--		--	--		--	24,000	Octane Analysis Devices
Ending Balance	\$75,000,000	\$25,000,000		\$72,888,762	\$33,250,871		\$73,188,762	\$70,907,508	

\*\*The KCC will receive a \$300,000 loan in FY 1994, to be repaid in FY 1995.