

MINUTES OF THE HOUSE AGRICULTURE COMMITTEE

The meeting was called to order by Chairman Dan Johnson at 3:30 p.m. on March 10, 2004, in Room 423-S of the Capitol.

All members were present except:

Representative John Faber- excused
Representative Bruce Larkin- excused

Committee staff present:

Raney Gilliland, Legislative Research Department
Gordon Self, Revisor of Statutes Office
Kay Scarlett, Committee Secretary

Conferees appearing before the committee:

Patricia Mehlhop, Fish and Wildlife Service, United States Department of the Interior
Dr. George Ham, Interim Dean of the College of Agriculture and Interim Director of K-State Research and Extension at Kansas State University

Others attending:

See attached list.

Patricia Mehlhop, Fish and Wildlife Service, United States Department of the Interior, addressed the committee answering prepared questions concerning the possible listing of the black-tailed prairie dog under the Federal Endangered Species Act. The black-tailed prairie dog is currently a candidate for listing as threatened with a listing priority of 8 on a scale of 1 to 12, with 1 being the highest priority. The priority rankings are based on the magnitude and immediacy of threats to the species. The prairie dog has had a listing priority of 8 since it was put on the candidate list in February, 2000. Unless there is a sudden change in the magnitude or immediacy of the threats to the black-tailed prairie dog, the Service does not anticipate proposing it for listing in the near future. If the prairie dog is listed, the Service will move forward with addressing critical habitat, including on private lands.

In reviewing **HB 2027**, as amended in the Senate, and now in Conference Committee, Ms. Mehlhop reported that if passed and enforced with the current language, it would not substantially change the threats to black-tailed prairie dogs in Kansas and thus, would not by itself change their assessment of the need to list the species. Passage and enforcement of **HB 2027** does not pose threats beyond what currently exists. She stated that what could decrease threats to the species in Kansas, is the addition of language that was struck from **HB 2027** that addresses management, as well as control. This is the version of the bill that passed the House in the 2003 legislative session. (Attachment 1)

Dr. George Ham, Interim Dean of the College of Agriculture and Interim Director of K-State Research and Extension at Kansas State University, discussed the many accomplishments of K-State Research and Extension and implications of the FY 2005 budget on their programs. Although their research projects are funded through grants written and received by faculty, he explained that K-State Research and Extension relies on the State General Fund to provide a base of funding to maintain faculty and staff positions, plus minimal operating dollars to permit them to meet their research and extension mission. K-State Research and Extension needs the Legislature's help if they are going to survive and help make Kansas State University a leading land-grant institution as they meet their mission of teaching, research, and extension and providing "Knowledge for Life" to all citizens of Kansas. (Attachment 2)

The meeting adjourned at 4:50 p.m. The next meeting is scheduled for March 15, 2004.

United States Department of the Interior

FISH AND WILDLIFE SERVICE Mountain-Prairie Region

IN REPLY REFER TO:

MAILING ADDRESS:
Post Office Box 25486
Denver Federal Center
Denver, Colorado 80225-0486

STREET LOCATION:
134 Union Blvd.
Lakewood, Colorado 80228-1807

**Comments Prepared for Members of the House Agriculture Committee
of the
Kansas State Legislature
March 10, 2004
by
Patricia Mehlhop**

How close is the U.S. Fish & Wildlife Service (Service) to listing the black-tailed prairie dog under the Federal Endangered Species Act?

The black-tailed prairie dog is currently a candidate for listing as threatened with a listing priority of 8 on a scale of 1 to 12, with 1 being the highest priority. The priority rankings are based on the magnitude and immediacy of threats to the species. Currently, this region of the Service is responsible for seven species that have a higher listing priority than the prairie dog. We assess the status of each candidate species annually in light of all new information available and determine whether the rank should be changed. A compilation of the priority ranks for each species is usually published annually as a Candidate Notice of Review. The Service has been delayed in publishing the 2003 Candidate Notice of Review, but the document is moving forward and should be published in the near future. The prairie dog has had a listing priority of 8 since it was put on the candidate list in February 2000.

Once a species has risen to a sufficiently high priority for listing, the Service publishes in the Federal Register a proposal to list the species. Listing or a withdrawal from listing usually occurs one year after the listing is proposed. Because seven other species have a higher listing priority in the Region of the Service, unless there is a sudden change in the magnitude or immediacy of the threats to the black-tailed prairie dog, the Service does not anticipate proposing it for listing in the near future.

Has Forest Guardians filed a suit against the Service following their Notice of Intent in October 2003? What are the repercussions if they do?

Forest Guardians has not filed a suit against to Service. In their 60-day Notice of Intent, they

House Agriculture Committee
March 10, 2004
Attachment 1

argued that the Service is procrastinating with moving forward to propose listing the black-tailed prairie dog, and in a press release, they indicated that they hoped the Service would prevent the litigation by moving forward with a listing proposal. We do not know why they have not proceeded with the litigation, but suspect that they may be waiting for the Candidate Notice of Review to be published to learn whether we have made the listing priority higher, thereby demonstrating that we are moving closer to proposing that the black-tailed prairie dog be listed.

If Forest Guardians proceeds with litigation, we cannot predict the outcome, because it is determined by the court. Three outcomes are possible. 1) If the court rules in favor of Forest Guardians, the judge could order the Service to move forward with listing and set one or more deadlines for us to meet. 2) If the court rules in favor of the Service, the suit will be dismissed and we will proceed as though the suit was never filed. 3) Lawyers for both parties may choose to settle out of court, and we cannot predict what that settlement would be. It normally takes well over a year for any of these three outcomes to occur.

What are the Service's comments on the proposed language in HB 2027 relative to preventing listing?

The Service has reviewed the marked version of HB 2027 that is currently at <http://www.kslegislature.org/>. If passed and enforced with the current language, it would not substantially change the threats to black-tailed prairie dogs in Kansas and, thus, would not by itself change our assessment of the need to list the species. In making our determination in 2000 that the species warranted listing as threatened, the Service had to consider five factors named in the Endangered Species Act. In conducting our annual review of the status and priority rank of candidate species, we consider those same five factors. We would address the impact of HB 2027 under three of the five factors in our annual assessments following passage of the legislation, should it occur.

Under Factor A, we consider the destruction, modification or curtailment of habitat. The Service considers chemical control a curtailment of habitat inasmuch as the quantity of occupied habitat is reduced. In our most recent status assessment of October 2002, we concluded that there was no threat of habitat curtailment across the range of the species. However, we addressed chemical control and curtailment further under Factor E (see below). If passage of HB 2027 results in an increased curtailment of habitat in Kansas, the Service would reconsider that conclusion in future annual status assessments.

Factor D addresses the inadequacy of existing regulatory mechanisms. In our 2002 annual status assessment, we concluded that the threat of inadequate regulatory mechanisms relating to chemical control was low to moderate and that it was non-imminent. Clearly, passage of HB 2027 would render regulatory mechanisms over chemical control of prairie dogs in Kansas equivalent to current law, so the Service would have to take that into consideration in future annual assessments.

Factor E addresses all other natural and manmade factors affecting the continued existence of the black-tailed prairie dog that are not addressed by the other factors. The Service considers chemical control under Factor E. In our 2002 annual assessment, we concluded that impacts on

the species due to chemical control programs are a low-magnitude threat, especially where large black-tailed prairie dog complexes, such as exist on Tribal lands, could be impacted. However, we also concluded there is a threatened curtailment of habitat of moderate magnitude due to chemical control on many plague-free black-tailed prairie dog populations in South Dakota and Nebraska. Since we are unaware of any such plague-free, large complexes in Kansas, we considered the threat in the State to be low. As stated in addressing Factor A, if passage of HB 2027 results in increased chemical control and increased curtailment of habitat, the Service would have to reconsider those increased threats in future annual assessments.

The Service has to consider threats due to chemical control across the historic range of the species, not only in Kansas. Passage and enforcement of HB 2027 does not pose threats beyond what currently exist. What could decrease threats to the species in Kansas is the addition of language that was struck from HB2027 that addresses management as well as control. As a member of the Western Association of Fish and Wildlife Agencies, Kansas Wildlife and Parks in 2003 approved the 11-State conservation plan for the black-tailed prairie dog as an addendum to the 1999 Black-tailed Prairie Dog Conservation Assessment and Strategy, which Kansas signed. It is not clear to the Service that, given other threats to the species, Kansas can actually meet the objectives of the plan under either the current law or HB 2027.

If the black-tailed prairie dog is listed, what are the implications for critical habitat?

If the prairie dog is listed, the Service will move forward with addressing critical habitat, including on private lands. We will first decide whether designating critical habitat is prudent and determinable. Recent court decisions have rarely favored Service conclusions that critical habitat designation is not prudent.

The designation of critical habitat has only one regulatory impact: Federal agencies must, in consultation with us, insure that any action they authorize, fund or carry out is not likely to result in the destruction or adverse modification of critical habitat. We define destruction or adverse modification as a direct or indirect alteration that appreciably diminishes the value of critical habitat for the survival and recovery of the species. Federal agency actions that could cause destruction or adverse modification of critical habitat may include some agricultural practices funded through the Farm Bill. For example, if an agricultural producer wanted to receive funds under the Farm Bill to terrace his native rangeland for crop production, that might present a problem if that land is designated critical habitat. However, the same action would be allowable if the producer chose to spend his own funds to do the terracing and no prairie dogs were present at the time.

What are the penalties for taking a listed species?

Taking, which includes killing, harming and harassing a listing species is a Class A misdemeanor. The maximum penalty for a violation by an individual is 1 year in prison and/or a \$100,000 fine. The fine increases to a maximum of \$200,000 if the violation is by an entity. A

single poisoning action is 1 count. The exact penalty would be determined by a judge following Federal Sentencing Guidelines. Additional penalties could be incurred if a poisoning event resulted in secondary poisoning of migratory birds.

It is highly likely that if the black-tailed prairie dog is listed as threatened the Service will issue a rule that is allowed under the Endangered Species Act that would let take occur in certain situations. Since listing is not imminent, we have not discussed the situations under which take would be allowed, but they are likely to include those that present a health or safety risk and those that create severe nuisance problems.

K-State Research and Extension Legislative Testimony
by Dr. George E. Ham
March 10, 2004

Chairman Johnson and members of the committee, thank you for the opportunity to discuss K-State Research and Extension and some implications of the proposed FY 2005 budget. I am George Ham, Interim Dean of the College of Agriculture and Interim Director of K-State Research and Extension at Kansas State University. I would like to make a few comments in regard to K-State Research and Extension and then discuss the implications of the FY 2005 budget on our programs.

Kansas State University is the nation's first Land-Grant University. Kansas was the first state in the nation through legislative action to meet all land-grant charter steps specified by the Morrill Act of 1862. This is something we as Kansans should know and be very proud of. Kansas was settled by educators and we know the value of investing in education.

All of you should have received "An Informal Report to the Kansas Legislature, January 2004." Jim Suber, a former reporter with the Topeka Capital-Journal and currently a freelance writer, wrote that this report should be required reading for everybody, including all legislators. He indicated that this has a tremendously interesting set of information on the accomplishments of K-State Research and Extension. We obviously agree with his conclusion and hope everyone does read our report.

People often ask, "Do we do the same old things. Do we change and do new things?" The answers are "yes" and "yes." Yes, we do some of the same old things like breed new varieties of wheat and soybeans and work on improved grain sorghum germ plasm. Yes, we continue to educate today's youth through 4-H and other youth development programs. Yes, we work to protect air, soil, and water quality - as the issues surrounding these important areas change and evolve. Yes, we continue to work on food safety and to educate our state's poor about proper nutrition and food preparation.

However, we do change and do new things. In addition to the new project information reported to you in our 2004 Kansas legislative report, I wanted to mention some items which are so new they were not even in that legislative report.

Kansas is known as "The Wheat State." K-State is presently leading an effort to find funding from various sources to start a very large project to map the genome of wheat. The wheat genome, which is 5.3 times larger than the human genome, will likely be the largest genome sequenced. Even if we never commercialize biotech wheat, this new knowledge will be applied in the field for developing new varieties through natural breeding processes.

Research conclusions just released from the Konza Prairie Biological Station contain an exciting result, which is that landowners need not limit their controlled burning to just a couple weeks

during the spring. In fact, if conditions are right, prescribed burns can start as early as February and could go as late as early summer. Spreading the fires out from February to May means there will be less smoke in the atmosphere and less risk of exceeding EPA air quality tolerances around cities to the east of Kansas.

A recent grant received by Dr. Jay Ham (we are not related) and others at K-State will investigate ammonia losses from a commercial cattle feedlot. This work will help the cattle industry and EPA develop a realistic Ammonia Emissions Inventory for the Great Plains. Dr. Ham will use unique equipment crafted by himself to monitor the ammonia emissions. The information will be collected 24 hours a day, seven days a week, for two years. No one in the world has conducted such a comprehensive study. We are truly on the cutting edge with this research.

Another group of researchers has recently finished work with a new aqueous ozone technology, designed to make food safer by eliminating *Listeria monocytogenes*. BOC, manufacturer of this new technology, submitted its proprietary technology to KSU for testing and validation. BOC then submitted the KSU results to the USDA as evidence that the technology will reduce surface contamination of *Listeria* and reduce the risk of this pathogen in ready-to-eat meat and poultry products.

Researchers at the U.S. National Nuclear Security Administration's Sandia National Laboratories and Kansas State University have shown that chemical formulations previously developed at Sandia to decontaminate chemical and biological warfare agents are likely effective at killing the virus that causes severe acute respiratory syndrome (SARS). The team is now pursuing funding to conduct similar tests on the SARS coronavirus and hopes to test other emerging viruses such as the avian influenza virus.

Not investing in education is like people eating their seed during a drought. When it next rains, what will they plant? We are concerned about how we can generate new ideas through research, educate our young adults through teaching, and share this information with all citizens in the State through Extension without proper funding. This is our mission at a land-grant university - teaching, research, and extension, providing "Knowledge for Life."

Today, I would like to talk about the research and extension parts of our mission, which are carried out under a separate budget at K-State, known publicly as K-State Research and Extension, and in budget document parlance as "Extension Systems and Agricultural Research Programs or ESARP."

K-State's original ESARP budget request to the Governor for FY05 asked for the 6 percent block grant increase requested by the Board of Regents plus an additional 2 percent above that. The 2 percent additional request was because K-State Research and Extension generates no tuition dollars, as its role is to conduct research and extension activities and not to teach undergraduate and graduate students.

As the university has experienced increasing costs and unfunded mandates the past few years, the teaching budget has been supplemented with increased tuition dollars. K-State Research and Extension, with no access to tuition dollars to enhance the budget, has been forced to simply cut. To do this, we shifted dollars to maintain as many classified and unclassified personnel as we could. However, we have been forced to close many positions and did an early retirement

package for faculty. As a result, our budget today stands at a mixture of approximately 89% salary and benefits and only 11% Other Operating Expenses, which is higher than is desirable. This provides very little maneuvering room when new budget mandates or reductions come along. New reductions mean cuts in personnel.

Since Governor Sebelius' State-of-the-State presentation, we have worked with the K-State budget staff to analyze the impact of the Governor's budget and develop initial strategies to address the challenges and opportunities contained within the recommendations of that budget. The Kansas Board of Regents has stated its approval of the Governor's budget recommendations, and K-State echoes that support. The Board has also recognized the importance of discussing the implications of those recommendations as we develop plans for the coming year.

Analysis of the budget shows that the Governor has recommended a funding increase which is less than 1 percent compared to the 6 percent requested by the Board of Regents and includes only a slight enhancement of K-State Research and Extension funds to offset the fact we do not receive tuition. This funding increase, when added to our estimated budget underfundings and recalls, results in an estimated overall budget shortfall of \$1,701,988 for FY2005.

The new projects I just mentioned a few moments earlier in my presentation are all funded through grants written and received by our faculty. We rely on the State General Fund to provide a base of funding which will maintain faculty and staff positions plus minimal operating dollars to permit us to meet our research and extension mission. The shortfall in state funds is negatively impacting our research and program delivery system.

If you will refer to your handout, on the first page with all the numbers, you will see that the proposed budget shows a 3 percent COLA of \$1,190,833 for FY 2005. The items listed under Item #1 on the top portion of the table include items not funded in the Governor's proposed budget, which includes the annualized salary and benefits of \$68,307; this amount would be needed to bring the base pay up to cover the three pay periods not funded at the new salary level at the beginning of FY 2004. Also, the benefit rate increases of \$931,661 was not covered, which includes a 22 percent health care increase, and other benefit cost increases. Also, the COLA 3 percent shortfall was \$24,247, which represents the cost of the difference between the actual cost and the proposed budget.

Item #2, \$156,756, is a general use budget reduction for efficiency savings. This number is derived from a tax of 10 percent on our expenditures over the FY2000-2003 time period that were supported by State General Fund monies.

Item #3, \$219,003, is to cover shortfalls for research and extension to implement the proposed 3 percent salary and benefit increases for the federal general use budget, including Hatch, McIntyre Stennis and Smith-Lever funds.

Item #4, \$491,426, is the estimated increase in the ESARP block grant which we would receive from the recommended block grant increase to the Board of Regents. As you will recall, we requested a 6 percent block grant increase and an additional 2 percent amount for ESARP. This figure does include a slight enhancement for ESARP above the base block grant increase. The estimated amount of \$491,426, is a 1.05 percent increase in our FY2004 Base of \$46,679,781.

Additional reductions, shown on the bottom part of the table, include a vehicle moratorium reduction of \$220,853 which is based on the number of vehicles we had purchased during fiscal years 2000-2003. In addition, budget efficiency savings on fees were targeted at \$521,872, which are restricted fee funds we must return to the State of Kansas. In total, K-State Research and Extension is targeted to return \$521,872 in restricted fees as administrative efficiencies reductions. This includes \$3,004 on the fertilizer research fund which the Kansas Agribusiness Retailers Association's predecessor organization (KFCA) helped establish. These are funds provided on a 4 cent per ton tax on fertilizers sold in Kansas. The agricultural land use value project is targeted to return \$3,582; restricted fees are targeted for \$365,482; sponsored research overhead would be \$116,873; and the Kansas Artificial Breeding Service Unit would be taxed for \$32,931.

While we appreciate the estimated block grant amount of \$491,426 (see #4) the proposed budget recommends, this amount of money plus unfunded increases in annualizing salaries and benefits, plus unfunded health care and other benefit costs, and the recommended return of restricted fees for the Vehicle Moratorium Reduction, the recall of funds for the Budget Efficiency Savings, and a shortfall of matches to federal funds actually result in a net loss to our budget of \$1,701,988.

The proposed budget recommended transferring some restricted use funds to the State's General Fund. Restricted use funds do not include state general appropriations but do include revenue associated with grants, fees, contracts and other non-legislated sources. We see the impacts of the budget recommendations having at least four major impacts.

The first impact concerns the fact that the transfers are to be 10 percent of an average of certain expenditures over the time period FY2000-2003. The problem for us is that some of our expenditures are based on grants that we no longer have. Federal and private grants specifically say their money is only to be used for the intended purpose spelled out in the grant. Thus, legally, we cannot transfer that money to the State General Fund. Thus, to meet our requirement of transferring 10 percent of past expenditures, we may have to transfer money already budgeted for personnel or other operating expenditures. This becomes another new cut to our budget.

A second impact of the transfer of restricted use funds comes from the fact we have many diverse self-supporting activities within K-State Research and Extension, including our cattle feed lots at Hays, Mound Valley, and Manhattan; our agronomy, horticulture, and research fields located state-wide; our crop variety testing program; our soil testing laboratory; our plant DNA mapping unit; and others. Under Board of Regents' policies, we either charge market rates or breakeven rates. Thus, a transfer from restricted use funds cannot be made up. For example, if a unit's budget is \$100,000 and we transfer \$10,000 out, all we can do in that fiscal year is not pay personnel and/or cut operating expenses. Unlike a business, we cannot carry over a loss from this fiscal year, then charge more for services next year, and recoup the difference.

While this recommended transfer of restricted use funds for FY2005 is not the first, it is the largest. I must be honest and tell you we cannot continue to operate our many self-supporting feedlots, fields, laboratories and other fee funded programs and services across the state with continued transfers. We will have no choice but to close some or all of them.

A third impact we see from the transfers is on faculty and staff morale. In the past, we were told, "The State General Fund cannot totally fund your operations, so be aggressive. Go out and raise money in the form of grants and contracts to fund your research and extension programs." I am pleased to say we have increased our grants and contracts funding markedly in recent years.

With the proposed 10 percent tax on these Restricted Use Fee funds and a 10 percent tax on our Facilities and Administrative (F & A) Cost Rates funds, in addition to smaller taxes over the past three years, we have a real morale breaker. When people retire or resign, the remaining faculty pick up additional assignments. This makes it more difficult to find the time to work on new research or extension proposals. The final blow is the tax on expenditures and the facilities cost rates. Many of our faculty are being recruited by other universities and USDA-ARS. We try to counter-offer for our best faculty and keep them at K-State.

The fourth impact due to the proposed budget is on faculty and students. The proposed budget shortfall for FY 2005 of \$1,701,988 on top of the \$2,320,226 for FY 2003 is a devastating blow to K-State Research and Extension. Currently, we have many open positions in K-State Research and Extension throughout the system. This includes many important positions, such as the feedlot nutrition extension specialist, the Ag Econ grain marketing position, the Southeast Area livestock specialist at Chanute, the Agriculture Economist in the Northwest Area, Family and Consumer Science Specialists in the Southwest and Northeast Areas, and numerous other important positions in the system

In our Agronomy department, we have lost an extension position in range management. In order to cover this extension appointment, a teaching faculty member had his teaching appointment cut in half, which has resulted in classes not being offered as often as in the past. Students must stay at K-State longer to finish their class work, with a resulting increase in tuition and living expenditures. Open positions in soil fertility and soil management areas have forced Dr. David Mengel, Agronomy Department Head, to teach a class this fall, as he is the only remaining faculty member qualified to teach it. This example could be repeated in several other departments.

We have closed a number of classified support positions. As a result, a number of our research faculty are spending more time doing day-to-day maintenance work which normally would have been conducted by classified technicians. This cuts into faculty time for planning projects and analyzing research results.

In order to make a better fit between our programs, facilities, and personnel, we are examining the possibility of perhaps closing some facilities and programs and making noticeable reductions in other programs. We are basing this on our priority statement which was developed and used to close positions in FY 2004.

We will continue to refine and follow the recommendations of the prioritization statement as we move forward to balance our programs with the personnel we have to manage them. Just last week, we implemented a system-wide hiring freeze on all campus, area, and county positions. Since our budget is 89 percent salaries and benefits, future budget cuts will result in the loss of more personnel, not just in Manhattan, but in many locations state-wide.

By now, I am sure you are wondering, as was I, how did we get in this fix? Didn't we receive some budget increases the past few years? If so, what happened to them? We went back and analyzed the changes during the past four fiscal years, FY2000-2004, and found that we did receive some budget increases but also received an equal number of reductions. Plus, the unfunded salary and benefit increases, the unfunded additional health care costs, and other shortfalls, meant we had to realign our budget internally, moving operating dollars to salary and benefit portions of the budget. The increases were not enough and resulted in flat budgets after four years. This leaves us in no position for more budget cuts.

This month, we will start moving into the new Bioprocessing and Industrial Value-Added Program facility. This is an exciting new opportunity for Kansas, creating new products from our agricultural products, entering new markets, and creating new businesses. However, staffing this new facility will be about impossible with our projected budget shortfall. We still have to pay the remaining \$4 million we owe on the building, which is due on August 2007. Without base support from the State General Fund, it will be tough.

In 2006, we will open up the new Biosecurity Research Institute. Again, this is an exciting opportunity to put Kansas State University in the lead nationally and internationally. K-State Research and Extension will be a key player in addressing livestock and plant diseases, both those introduced intentionally and accidentally. Again, without full support of our base, this program may never reach its future potential. We cannot afford to lose more key personnel and help get these new facilities operational.

In addition to the \$1,190,833 budget increase recommended by the Governor, we would like to request funding to cover our current projected budget shortfall of \$1,024,215 to cover annualizing salaries and benefits, health care and other benefits, and the salary shortfall and a deletion of the mandated general use budget reduction of \$156,756 for a total of \$1,180,971. In addition, we request relief from the return of restricted fees for the motor vehicle moratorium reduction of \$220,853 and the budget efficiency savings of \$521,872 for a total of \$742,725. This would cover \$1,923,696 of our budget shortfall. This assumes that the \$491,426 block grant increase remains in the budget.

This would leave us with the \$219,003 shortfall for salaries and benefits increases on federal funds and the reduction of \$50,715 in the federal budget. These two shortfalls total of \$269,718.

President Wefald's vision is to elevate Kansas State University to Top 10 status within the nation's land-grant universities. As the nation's first such university, we feel that is a worthy goal which would be a great economic benefit to the state. We need your help if K-State Research and Extension is going to survive and help make K-State a leading land-grant institution as we meet our mission of teaching, research, and extension - and providing "Knowledge for Life" to all citizens of Kansas.

Thank you for the opportunity to speak before the committee today. I will be happy to respond to questions, if there any.

03/10/2004

K-STATE RESEARCH & EXTENSION
GOVERNORS RECOMMENDATION FOR FY 2005
SUMMARY

	Summary	AES	CES	P-Plant	Total
FY 2004 Base	46,679,781	28,343,979	17,586,786	749,016	46,679,781
Governor Proposed 3% COLA	1,190,833	704,851	467,467	18,515	1,190,833
Proposed Appropriation	<u>47,870,614</u>	<u>29,048,830</u>	<u>18,054,253</u>	<u>767,531</u>	<u>47,870,614</u>
<i>Non-Funded & Short Falls on GU FY 04 Base</i>					
1. The Governor did not fund the following increases:					
Annualized Salary & Benefits	68,307	39,936	27,323	1,048	68,307
Benefit Rate Increase	931,661	525,474	376,795	29,392	931,661
COLA 3% Shortfall	24,247	5,853	17,980	414	24,247
Subtotal	<u>1,024,215</u>	<u>571,263</u>	<u>422,098</u>	<u>30,854</u>	<u>1,024,215</u>
2. The Governor mandated a GU Reduction	<u>156,756</u>	<u>95,182</u>	<u>59,066</u>	<u>2,508</u>	<u>156,756</u>
3. Research & Extension implementation on federal GU	<u>219,003</u>	<u>87,402</u>	<u>131,601</u>	<u>0</u>	<u>219,003</u>
Subtotal non-funded	<u>1,399,974</u>	<u>753,847</u>	<u>612,765</u>	<u>33,362</u>	<u>1,399,974</u>
4. The Governor proposed a Block Grant increase This will help with shortfalls.	<u>(491,426)</u>	<u>(299,027)</u>	<u>(185,558)</u>	<u>(6,841)</u>	<u>(491,426)</u>
Net Shortfall in GU Funding	<u>908,548</u>	<u>454,820</u>	<u>427,207</u>	<u>26,521</u>	<u>908,548</u>
PERCENT OF FY 04 STATE BUDGET BASE		1.60%	2.43%	3.54%	1.95%
PERCENT OF FY 04 STATE & FEDERAL BUDGET BASE		1.56%	2.04%	0	1.78%
<i>ADDITIONAL REDUCTIONS</i>					
1. The Governor recommended recalling FU Funds for:					
Vehicle Moratorium Reduction	220,853	110,853	110,000	0	220,853
Budget Efficiency Savings	521,872	260,936	260,936	0	521,872
Subtotal State Reduction	<u>742,725</u>	<u>371,789</u>	<u>370,936</u>	<u>0</u>	<u>742,725</u>
2. Federal Government base reduction, .63% on GU funds					
Hatch - AES Research	15,678	15,678			15,678
Multi-State Research - AES Research	4,798	4,798			4,798
McIntire Stennis - Forestry	922	922			922
Smith Lever - Extension	29,317		29,317		29,317
Subtotal Federal Reduction	<u>50,715</u>	<u>21,398</u>	<u>29,317</u>	<u>0</u>	<u>50,715</u>
3. Total Additional Reductions	<u>793,440</u>	<u>393,187</u>	<u>400,253</u>	<u>0</u>	<u>793,440</u>
Grand Total All Non-funded and Reductions	<u>1,701,988</u>	<u>848,007</u>	<u>827,460</u>	<u>26,521</u>	<u>1,701,988</u>