

DEPARTMENT OF AGRICULTURE

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 9,693,976	\$ 9,197,072	\$ 8,851,362	\$ 10,100,678	\$ 9,940,678
Other Funds	32,970,786	38,388,798	38,388,798	34,966,144	34,520,104
TOTAL	\$ 42,664,762	\$ 47,585,870	\$ 47,240,160	\$ 45,066,822	\$ 44,460,782
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 42,664,762	\$ 47,585,870	\$ 47,240,160	\$ 45,066,822	\$ 44,460,782

Percentage Change:

Operating Expenditures					
State General Fund	1.2 %	(5.1) %	(8.7) %	9.8 %	12.3 %
All Funds	3.8	11.5	10.7	(5.3)	(5.9)
FTE Positions	104.0	123.0	123.0	122.0	122.0
Non-FTE Perm.Uncl.Pos.	215.5	233.5	233.5	232.0	232.0
TOTAL	319.5	356.5	356.5	354.0	354.0

AGENCY OVERVIEW

The Department of Agriculture is responsible for implementing food safety, consumer and environmental protection, and water resource allocation programs. This includes the assurance of a safe meat, milk, and egg supply; safety of the food supply through inspection at food processing and retail establishments; the responsible and judicious use of pesticides and nutrients; the protection of Kansas' natural and cultivated plants; the integrity of weighing and measuring devices in commerce; and that the waters of Kansas are put to beneficial use. The agency consists of six programs: Administration, Agri-Business Services, Water Resources, Animal Health, Conservation, and Agriculture Marketing. The Secretary of Agriculture is a gubernatorial appointee and serves as head of the agency.

MAJOR ISSUES FROM PRIOR YEARS

The **2007 Legislature** added \$584,217 from the State Water Plan Fund for the Interstate Water Issues subprogram for consultants in both the Arkansas and Republican River litigation and on-going expenses related to compact compliance, along with \$92,340 and 1.0 non-FTE position for the Ozark Plateau Aquifer Water Initiative Strategic Plan. The 2007 Legislature also added \$145,000 from the State General Fund for the replacement of one large scale test truck for the Weights and Measures subprogram.

The **2008 Legislature** transferred the Food Service Inspection program, including regulation of food service establishments (restaurants) and lodging, from the Kansas Department of Health and Environment (KDHE) to the Department of Agriculture. The transfer included \$1,811,893, including \$184,962 from the State General Fund, and 38.0 FTE positions, from the KDHE budget to the Department of Agriculture budget. In addition, the 2008 Legislature requested an audit be conducted on the feasibility of combining several state agencies. The resulting performance audit report was entitled “Agricultural-Related Agencies: A K-GOAL Audit Determining Whether Cost Savings Could Be Achieved By Making the Animal Health Department and the Conservation Commission Part of the Department of Agriculture.”

The **2010 Legislature** deleted \$233,797, all from the State General Fund, to achieve a State General Fund reduction of approximately 2.5 percent from the Governor’s recommendation for FY 2011, and added \$29,000, all from the State General Fund, to continue agricultural land valuations performed by the Agricultural Statistics program for FY 2011. The same amount was deleted from the Department of Revenue’s FY 2011 budget. This amount fully funded the land valuations for FY 2011.

The **2010 Legislature** also added \$75,000, all from the Economic Development Initiatives Fund (EDIF), for Grain Warehouse Inspection program expenditures for FY 2011, and language for FY 2011 that allowed the agency to reappropriate. The Legislature also added language establishing a new fund called the Lodging Fee Fund with a no limit expenditure limitation and added language stating that expenditures may be made from the fund for Lodging Inspection program expenditures.

The **2011 Legislature** approved Executive Reorganization Order (ERO) number 40. ERO 40 transferred the Agriculture Products Development Division within the Department of Commerce to the Department of Agriculture and renamed it the Marketing and Promotions program; consolidated the Kansas Animal Health Department and the Livestock Commissioner within the Department of Agriculture as the Animal Health Division; and consolidated the State Conservation Commission within the Department of Agriculture as the Conservation Division.

The **2011 Legislature** also added \$1.0 million, all from the special revenue funds, for replacement vehicles, grain warehouse inspections, the Conservation Reserve Enhancement program, streamgage monitoring, livestock market reporting, non-point source pollution, aid to conservation districts, the Compliance Education Fee Fund, and feral swine eradication. Those increases were partially offset by reductions totaling \$826,891, including \$227,025 from the State General Fund, for the Water Supply Restoration program, self-funded longevity bonus payments, office supplies, cell phone expenditures, a 5.0 percent information technology reduction, an administration activities reduction, a death and disability contribution moratorium, and an across-the-board reduction.

The **2012 Legislature** added \$468,983 and 6.0 FTE positions to restore funding and positions that were deleted for savings from the Voluntary Retirement Incentive Program for FY 2013. The 2012 Legislature also approved the addition of \$465,907, all from special revenue funds, and restored 3.0 FTE positions deleted by the Governor to the Division of Water Resources for FY 2013 to assist in the processing of water appropriation applications. The approved budget also shifted \$672,281, all from the State Water Plan Fund, from water rights purchased to the Water Transition Assistance program and Conservation Enhancement program for FY 2013.

The **2013 Legislature** added language to allow the agency to transfer funds between line items in the State Water Plan Fund appropriation with approval from the State Finance Council for FY 2014 and FY 2015.

The **2014 Legislature** added \$321,114, all from the Veterinary Examiners Fee Fund, and 4.0 FTE positions to consolidate the Board of Veterinary Examiners into the agency in accordance with 2014 SB 278 for FY 2015.

The **2014 Legislature** added \$210,000, including \$160,000 from the State General Fund and \$50,000 from the State Water Plan Fund, to fund wheat genetics research at the Kansas Wheat Innovation Center, and directed the agency to utilize State Water Plan Fund monies for expenditures other than salaries and wages for FY 2015.

The **2014 Legislature** deleted \$160,000, all from the State General Fund, for supplemental funding for the Weights and Measures program for FY 2015.

The **2014 Legislature** deleted \$50,000, all from the State Water Plan Fund, for streambank stabilization projects for FY 2015.

The **2015 Legislature** added language requiring the Department of Agriculture to submit a zero base budget request for use as a pilot program for the budget process.

The **2015 Legislature** also added \$500,000, all from the Economic Development Initiatives Fund, for the Agriculture Marketing program for FY 2017. The Legislature also deleted the funding for and language authorizing the Conservation Reserve Enhancement Program for FY 2017.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests FY 2016 expenditures of \$47.6 million all funds, an all funds increase of \$5.4 million or 12.7 percent, including \$9.2 million from the State General Fund, a decrease of \$10,000, or 0.1 percent, from the approved amount. The increase is largely attributable to the receipt of federal LIDAR grants for detailed data collection, marketing expenditures from the marketing development fund, FEMA floodplain mapping grants, software for an online pesticide licensing registration program, and the biofuel incentive program for upgrading fuel pumps to handle additional ethanol blends.

The **Governor** recommends FY 2016 expenditures of \$47.2 million, a decrease of \$345,710, or 0.7 percent, all from the State General Fund, from the agency request. The reduction is attributable to shifting funding from the State General Fund from FY 2016 to provide the requested funding for Agricultural Marketing for FY 2017.

FY 2017 – Budget Year. The **agency** requests FY 2017 expenditures of \$45.1 million, an all funds increase of \$3.3 million all funds, or 8.0 percent, including \$10.1 million from the State General Fund, an increase of \$345,710, or 3.5 percent, above the approved amount. The increase is largely attributable to the receipt of federal LIDAR grants for detailed data collection, federal FEMA floodplain mapping, software for an online pesticide licensing registration program, agricultural marketing, and implementation of the Conservation Reserve Enhancement Program.

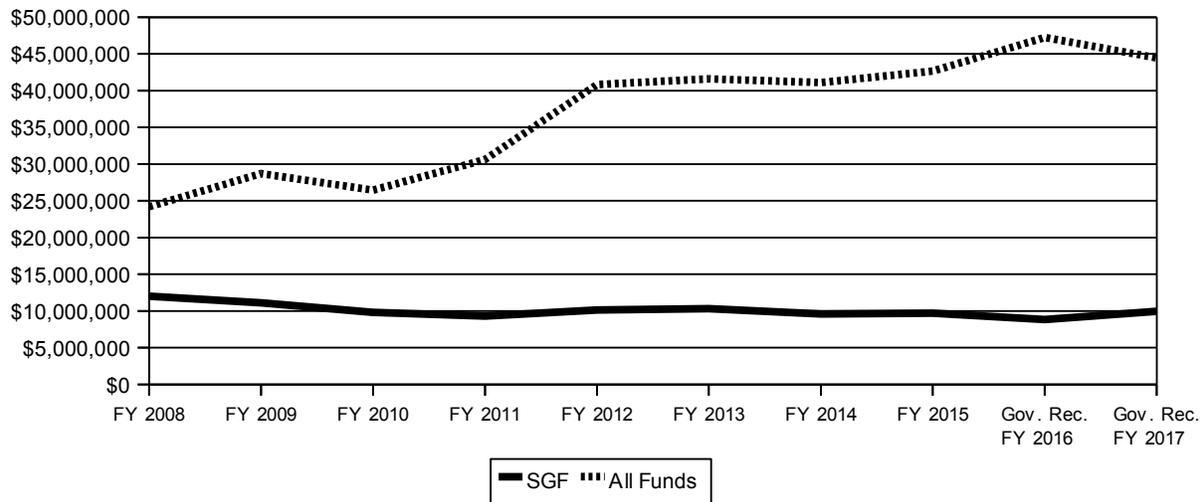
The **Governor** recommends FY 2017 expenditures of \$44.5 million, a decrease of \$606,040, or 1.3 percent, below the agency request. The reduction includes a decrease of

\$160,000, or 1.6 percent, from the State General Fund. The recommendation includes the following adjustments:

- A reduction of \$446,040, all from the State Water Plan Fund, for funding for the Conservation Reserve Enhancement Program (CREP);
- A reduction of \$150,000, all from the State General Fund, for savings accrued from holding open vacant positions; and
- An addition of language placing the Board of Veterinary Examiners Fee Fund under the control of the Department of Agriculture for FY 2017. The Board of Veterinary Examiners and the Department of Agriculture were merged on a trial basis for FY 2015 and FY 2016 pursuant to 2014 SB 278; this merger will end in FY 2017 unless legislation is passed to extend the merger.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 12,012,274	7.0 %	\$ 24,192,194	(13.3)%	314.5
2009	11,109,261	(7.5)	28,703,135	18.6	344.5
2010	9,796,750	(11.8)	26,450,210	(7.8)	341.5
2011	9,306,234	(5.0)	30,611,208	15.7	341.5
2012	10,143,610	9.0	40,822,187	33.4	353.5
2013	10,309,478	1.6	41,602,901	1.9	275.2
2014	9,582,162	(7.1)	41,101,813	(1.2)	357.5
2015	9,693,976	1.2	42,664,762	3.8	104.0
2016 Gov. Rec.	8,851,362	(8.7)	47,240,160	10.7	123.0
2017 Gov. Rec.	9,940,678	12.3	44,460,782	(5.9)	122.0
Ten-Year Change Dollars/Percent	\$ (2,071,596)	(17.2)%	\$ 20,268,588	83.8 %	(192.5)

Summary of Operating Budget FY 2015 - FY 2017

Department of Agriculture

	Actual 2015	Agency Estimate				Governor's Recommendation			
		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:									
Administration	\$ 6,858,805	\$ 7,596,384	\$ 6,350,782	\$ (1,245,602)	(16.4) %	\$ 7,250,674	\$ 6,190,782	\$ (1,059,892)	(14.6)%
Agri-Business Services	13,934,395	14,964,290	15,161,010	196,720	1.3	14,964,290	15,161,010	196,720	1.3
Water Resources	7,343,999	9,974,031	9,444,910	(529,121)	(5.3)	9,974,031	9,444,910	(529,121)	(5.3)
Animal Health	3,162,153	3,002,807	2,973,688	(29,119)	(1.0)	3,002,807	2,973,688	(29,119)	(1.0)
Conservation	9,325,451	9,576,736	8,674,366	(902,370)	(9.4)	9,576,736	8,228,326	(1,348,410)	(14.1)
Ag Marketing	2,039,959	2,471,622	2,462,066	(9,556)	(0.4)	2,471,622	2,462,066	(9,556)	(0.4)
TOTAL	\$ 42,664,762	\$ 47,585,870	\$ 45,066,822	\$ (2,519,048)	(5.3) %	\$ 47,240,160	\$ 44,460,782	\$ (2,779,378)	(5.9)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 21,307,348	\$ 23,495,224	\$ 24,285,788	\$ 790,564	3.4 %	\$ 23,495,224	\$ 24,042,664	\$ 547,440	2.3 %
Contractual Services	11,637,015	12,220,421	11,264,546	(955,875)	(7.8)	11,874,711	11,254,546	(620,165)	(5.2)
Commodities	969,826	1,041,152	975,591	(65,561)	(6.3)	1,041,152	975,591	(65,561)	(6.3)
Capital Outlay	1,342,176	1,260,617	1,120,340	(140,277)	(11.1)	1,260,617	1,120,340	(140,277)	(11.1)
Debt Service	0	0	0	0	0.0	0	0	0	0.0
Subtotal - Operations	\$ 35,256,365	\$ 38,017,414	\$ 37,646,265	\$ (371,149)	(1.0) %	\$ 37,671,704	\$ 37,393,141	\$ (278,563)	(0.7)%
Aid to Local Units	2,885,965	2,101,348	2,092,637	(8,711)	(0.4)	2,101,348	2,092,637	(8,711)	(0.4)
Other Assistance	4,522,432	7,467,108	5,327,920	(2,139,188)	(28.6)	7,467,108	4,975,004	(2,492,104)	(33.4)
TOTAL	\$ 42,664,762	\$ 47,585,870	\$ 45,066,822	\$ (2,519,048)	(5.3) %	\$ 47,240,160	\$ 44,460,782	\$ (2,779,378)	(5.9)%
Financing:									
State General Fund	\$ 9,693,976	\$ 9,197,072	\$ 10,100,678	\$ 903,606	9.8 %	\$ 8,851,362	\$ 9,940,678	\$ 1,089,316	12.3 %
State Water Plan Fund	9,267,314	10,402,238	8,687,652	(1,714,586)	(16.5)	10,402,238	8,241,612	(2,160,626)	(20.8)
Economic Development Initiatives Fund	566,516	561,160	1,055,627	494,467	88.1	561,160	1,055,627	494,467	88.1
Federal Funds	6,233,008	8,964,118	6,894,998	(2,069,120)	(23.1)	8,964,118	6,894,998	(2,069,120)	(23.1)
All Other Funds	16,903,948	18,461,282	18,327,867	(133,415)	(0.7)	18,461,282	18,327,867	(133,415)	(0.7)
TOTAL	\$ 42,664,762	\$ 47,585,870	\$ 45,066,822	\$ (2,519,048)	(5.3) %	\$ 47,240,160	\$ 44,460,782	\$ (2,779,378)	(5.9)%

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$9,357,072 for the Kansas Department of Agriculture in FY 2016. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- A reduction of \$150,000 on July 30th, as the result of the authority given under 2015 Senate Sub. for HB 2135.

This adjustment changes the FY 2016 approved State General Fund to \$9,207,072. That amount is reflected in the table below as the currently approved FY 2016 State General Fund amount. The agency’s budget was submitted after the Governor’s July allotment.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 9,207,072	\$ 9,197,072	\$ (10,000)	\$ 8,851,362	\$ (355,710)
All Other Funds	33,001,657	38,388,798	5,387,141	38,388,798	5,387,141
TOTAL	\$ 42,208,729	\$ 47,585,870	\$ 5,377,141	\$ 47,240,160	\$ 5,031,431
FTE Positions	142.5	123.0	(19.5)	123.0	(19.5)

The **agency** requests FY 2016 expenditures of \$47.6 million all funds, an all funds increase of \$5.4 million or 12.7 percent, including \$9.2 million from the State General Fund, a decrease of \$10,000, or less than 0.1 percent, from the approved amount. The request includes adjustments to several objects of expenditure that are detailed below.

- **Salaries and Wages.** The agency requests FY 2016 salaries and wages expenditures of \$23.5 million, an all funds increase of \$24,031, or 0.1 percent, above the approved amount. Salaries and wages expenditures support 123.0 FTE and 233.5 non-FTE positions in FY 2016, a decrease of 19.5 FTE and an increase of 18.0 non-FTE positions from the approved amount. The agency is transferring FTE positions to unclassified non-FTE positions, and any future position openings or current employees qualifying for a promotion or merit raise will be filled as unclassified;
- **Contractual Services.** The agency requests FY 2016 contractual services expenditures of \$12.2 million, an all funds increase of \$2.9 million, or 31.2 percent, above the approved amount. The increase is largely attributable to the receipt of \$1.2 million in federal LIDAR grants, which provide detailed data

collection regarding elevation to improve accuracy and decrease need for on the ground surveys. Other increases include rolling forward unused State Water Plan Funds, largely for nonpoint source pollution; marketing expenditures from the marketing development fund; and promoting participation in the buffer incentive program. Contractual services also include building rental, meals, repairs, and other various expenditures;

- **Commodities.** The agency requests FY 2016 commodities expenditures of \$1.0 million, an all funds increase of \$156,303, or 17.7 percent, above the approved amount. The increase is largely attributable to a new USDA Agricultural Marketing grant for increasing awareness and sales of existing farmers' markets, and rolling forward unused State Water Plan Fund expenditures for basin management. Commodities expenditures also include vehicle supplies, gasoline, and scientific equipment;
- **Capital Outlay.** The agency requests FY 2016 capital outlay expenditures of \$1.3 million, an all funds increase of \$265,586, or 26.7 percent, above the approved amount. The increase is largely attributable to software for an online pesticide licensing registration program and passenger car replacements. Capital outlay expenditures also include computers, scientific equipment, and trucks;
- **Aid to Local Units.** The agency requests FY 2016 aid to local units expenditures of \$2.1 million, an all funds decrease of \$825,879, or 28.2 percent, below the approved amount. The decrease is largely attributable to recategorizing some aid as other assistance; and
- **Other Assistance.** The agency requests FY 2016 other assistance expenditures of \$7.5 million, an all funds increase of \$2.7 million, or 56.8 percent, above the approved amount. The increase is largely attributable to the biofuel incentive program, which is a federal grant for upgrading fuel pumps to blender pumps and is mostly pass-through to the Kansas Corn Commission, and rolling forward unused State Water Plan Fund amounts.

The **Governor** recommends FY 2016 expenditures of \$47.2 million, a decrease of \$345,710, or 0.7 percent, all from the State General Fund, from the agency request. The reduction is attributable to shifting funding from the State General Fund from FY 2016 to provide the requested funding for Agricultural Marketing for FY 2017.

Governor's Allotments

The 2015 Legislature, through the enactment of Senate Sub. for HB 2135, authorized the Director of the Division of the Budget to lapse appropriations or transfer funding from special revenue funds to the State General Fund (SGF), up to a total of \$100.0 million, at any time during FY 2016 if the Director determines the unencumbered ending balance of the SGF for FY 2016 will be less than \$100.0 million. This authority does not apply to appropriations for the Judicial Branch, Legislative Branch agencies, debt service, employer contributions to the Kansas Public Employees Retirement System (KPERs), the Department of Education (except the agency's operating expenditures account), or demand transfers to the school district capital improvements fund. On July 30, 2015, the Director announced various SGF lapses and transfers totaling \$60.7 million of which \$17.7 million require legislative approval.

On November 6, 2015, the Consensus Revenue Estimating Group met to revise the SGF Revenue Estimate for FY 2016. The estimate was decreased by \$159.1 million, for FY 2016. Excluding Governor recommended legislative adjustments, the ending balance for FY 2016 was estimated to require \$135.9 million in adjustments to achieve a zero ending balance. This estimate assumes that human services caseloads are funded at the recommended level and school finance KPERS contributions are reduced to reflect current estimates. As a result, on November 6, 2015 the Director exercised his authority under Senate Sub. for HB 2135 to make an additional \$56.9 million in revenue adjustments. The Governor further made \$52.6 million in expenditure reductions under the Governor's allotment authority. Finally, the Governor recommended the Legislature make an additional \$14.3 million in revenue adjustments.

Between the July and November adjustments, the Governor has reduced expenditures by a total of \$73.2 million, made \$79.4 million in revenue adjustments, and recommended the Legislature enact an additional \$32.0 million through the allotment authority and authority under 2015 Senate Sub. for HB 2135 or the special allotment statute. These adjustments, including the recommended Legislative adjustments, would result in a State General Fund ending balance of approximately \$5.6 million in FY 2016. This estimate excludes monthly SGF receipts subsequent to the November 6, 2015 consensus revenue estimate and any further adjustments made within the FY 2016 Governor's Budget Recommendation. The impact of these adjustments on this agency is described below.

GOVERNOR'S ALLOTMENTS			
<u>Allotment</u>	<u>SGF</u>	<u>All Funds</u>	<u>FTE</u>
July Special Allotment			
Vacant Position Savings			
TOTAL	\$ (150,000)	\$ (150,000)	0.0

The agency had originally planned on hiring for some vacant positions, but delayed the hiring plans in order to attain these savings.

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$9.8 million for the Kansas Department of Agriculture in FY 2017. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 9,754,968	\$ 10,100,678	\$ 345,710	\$ 9,940,678	\$ 185,710
All Other Funds	31,988,666	34,966,144	2,977,478	34,520,104	2,531,438
TOTAL	\$ 41,743,634	\$ 45,066,822	\$ 3,323,188	\$ 44,460,782	\$ 2,717,148
FTE Positions	138.5	122.0	(16.5)	122.0	(16.5)

The **agency** requests FY 2017 expenditures of \$45.1 million, an all funds increase of \$3.3 million all funds, or 8.0 percent, including \$10.1 million from the State General Fund, an increase of \$345,710, or 3.5 percent, above the approved amount. The request includes adjustments to several objects of expenditure that are detailed below.

- **Salaries and Wages.** The agency requests FY 2017 salaries and wages expenditures of \$24.3 million, an all funds increase of \$318,373, or 1.3 percent, above the approved amount. Salaries and wages expenditures support 122.0 FTE and 232.0 non-FTE positions in FY 2016, a decrease of 16.5 FTE and an increase of 16.5 non-FTE positions from the approved amount. The agency is transferring FTE positions to unclassified non-FTE positions, and any future position openings or current employees qualifying for a promotion or merit raise will be filled as unclassified;
- **Contractual Services.** The agency requests FY 2017 contractual services expenditures of \$11.3 million, an all funds increase of \$2.5 million, or 29.1 percent, above the approved amount. The increase is largely attributable to the receipt of \$1.3 million in federal LIDAR grants, which provide detailed data collection regarding elevation to improve accuracy and decrease need for on the ground surveys. Other large increases include federal FEMA floodplain mapping, reclassifying some State Water Plan Fund expenditures for nonpoint source pollution as contractual services, and expenditures for streambank stabilization in the Blue River Basin. Contractual services also include building rental, meals, repairs, and other various expenditures;
- **Commodities.** The agency requests FY 2017 commodities expenditures of \$975,591, an all funds increase of \$115,546, or 13.4 percent, above the approved amount. The increase is largely attributable to increased expenditures for veterinary examiners and reclassifying some State Water Plan Fund basin management expenditures as commodities. Commodities expenditures also include vehicle supplies, gasoline, and scientific equipment;
- **Capital Outlay.** The agency requests FY 2017 capital outlay expenditures of \$1.1 million, an all funds increase of \$337,376, or 43.1 percent, above the approved amount. The increase is largely attributable to software for an online pesticide licensing registration program, a federal grant from the Food and Drug Administration to implement Animal Feed Regulatory Program Standards, scientific equipment, and vehicle replacements. Capital outlay expenditures also include computer replacements;

- **Aid to Local Units.** The agency requests FY 2017 aid to local units expenditures of \$2.1 million, an all fund decrease of \$834,590, or 28.5 percent, below the approved amount. The decrease is largely attributable to recategorizing State Water Plan Fund expenditures for watershed dam construction and lake restoration aid as other assistance; and
- **Other Assistance.** The agency requests FY 2017 other assistance expenditures of \$5.3 million, an all funds increase of \$846,971, or 18.9 percent, above the approved amount. The increase is largely attributable to recategorizing some aid to local units expenditures as other assistance. Additionally, the increase includes an enhancement request for authority to implement the Conservation Reserve Enhancement Program. These increases are offset by decreases in nonpoint source pollution assistance arising from recategorizing those expenses as contractual services.

The **Governor** recommends FY 2017 expenditures of \$44.5 million, a decrease of \$606,040, or 1.3 percent, below the agency request. The reduction includes a decrease of \$160,000, or 1.6 percent, from the State General Fund. The recommendation includes the following adjustments:

- A reduction of \$446,040, all from the State Water Plan Fund, for funding for the Conservation Reserve Enhancement Program (CREP);
- A reduction of \$150,000, all from the State General Fund, for savings accrued from holding open vacant positions; and
- A decrease of \$10,000, all from the State General Fund, for a technical correction related to the calculation of hospitality funds.

Supplemental Detail

FY 2017 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Agricultural Marketing	\$ 345,710	\$ 345,710	0.0	\$ 345,710	\$ 345,710	0.0
Conservation Reserve Enhancement Program	0	446,040	0.0	0	0	0.0
TOTAL	\$ 345,710	\$ 791,750	0.0	\$ 345,710	\$ 345,710	0.0

The **agency** requests FY 2017 supplemental totaling \$791,750, including \$345,710 from the State General Fund. The supplemental request includes the following:

- **Agricultural Marketing.** The agency requests \$345,710, all from the State General Fund, to fund agricultural marketing. Since agricultural marketing was returned to the Department of Agriculture in FY 2012 pursuant to Executive Reorganization Order 40, the program was funded primarily with market

development funds, which produces revenue slower than expenditures from the fund. The agency reallocated funding internally and successfully competed for 10 grants, but requests additional funding to maintain current activities; and

- **Conservation Reserve Enhancement Program (CREP).** The agency requests a *proviso* to implement CREP, including funding of \$446,040, all from the State Water Plan Fund. CREP targets high-priority conservation issues identified by local, state, or tribal governments or non-governmental organizations. In exchange for removing environmentally sensitive land from production and introducing conservation practices, farmers, ranchers, and agricultural land owners are paid an annual rental rate. Participation is voluntary, and the contract period is typically 10 to 15 years, along with other federal and state incentives as applicable per each CREP agreement.

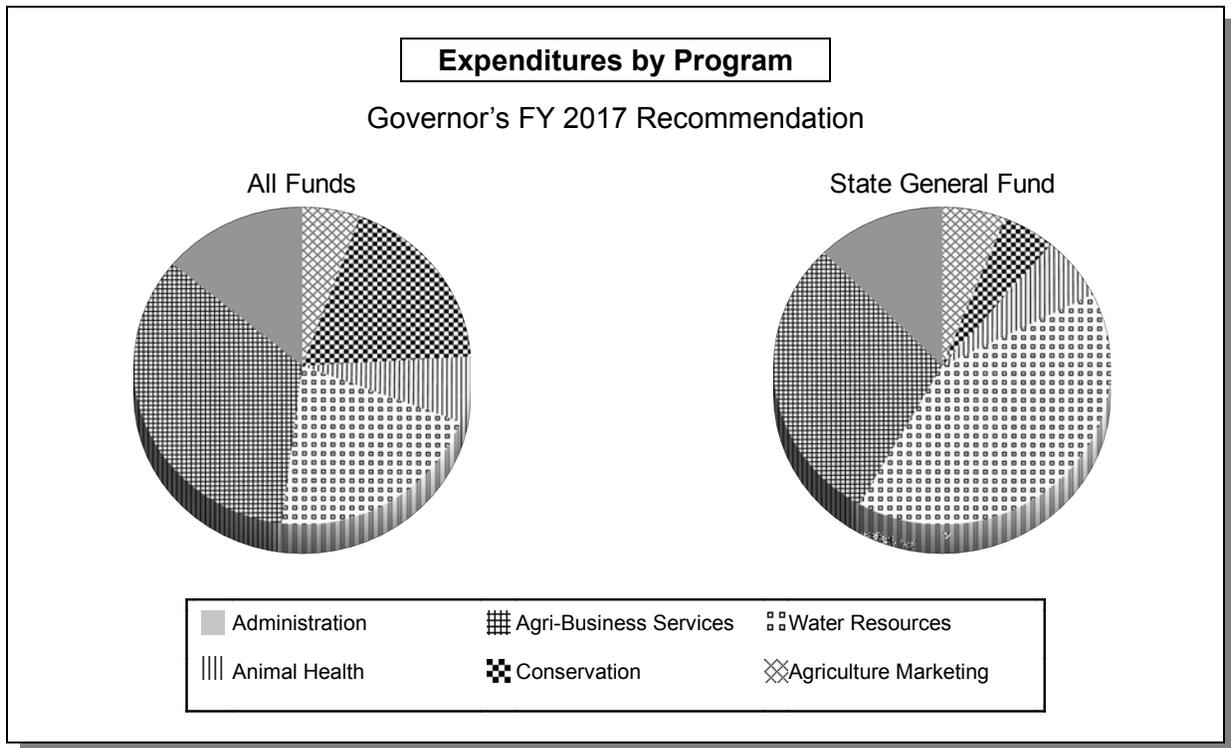
The **Governor** recommends FY 2017 supplemental funding of \$345,710, all from the State General Fund, for agricultural marketing. This increase is funded by a corresponding decrease to FY 2016 funding from the State General Fund for this agency. The Governor does not recommend the requested supplemental funding for CREP.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	22.4 %	22.4 %
State Water Plan Fund	19.3	18.5
Economic Development Initiatives Fund	2.3	2.4
Federal Funds	15.3	15.5
All Other Funds	40.7	41.2
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

PROGRAM DETAIL



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Administration	\$ 6,190,782	13.9 %	\$ 1,231,168	12.4 %
Agri-Business Services	15,161,010	34.1	2,926,800	29.4
Water Resources	9,444,910	21.2	4,037,400	40.6
Animal Health	2,973,688	6.7	638,800	6.4
Conservation	8,228,326	18.5	500,800	5.0
Agriculture Marketing	2,462,066	5.5	605,710	6.1
TOTAL	\$ 44,460,782	100.0 %	\$ 9,940,678	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017

Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	7.8	10.8	10.8	10.8	10.8
Agri-Business Services	48.3	58.3	58.3	58.3	58.3
Water Resources	27.0	33.0	33.0	33.0	33.0
Animal Health	13.9	13.9	13.9	12.9	12.9
Conservation	7.0	7.0	7.0	7.0	7.0
Ag Marketing	0.0	0.0	0.0	0.0	0.0
TOTAL	104.0	123.0	123.0	122.0	122.0

A. Administration

The Administration program provides the general policy, outreach, coordination, and management functions for the agency. This program is divided into three subprograms: Administrative Services and Support, Record Center, and Statistical Services and support. The Administrative Services and Support subprogram provides the agency's fiscal, personnel, legal, and information resource services. The goal of the Record Center subprogram is to maintain credible records to provide consistent and equitable implementation of Kansas statutes as they relate to the agency. This includes the issuance of licenses, permits, registrations, and certifications, and the issuance of renewal notices. The Statistical Services and Support subprogram is responsible for providing meaningful, accurate, and objective statistical information and services to Kansas residents and the Kansas agricultural industry. Agriculture marketing has been moved to a separate program effective this budget cycle.

ADMINISTRATION					
SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 3,150,040	\$ 3,299,122	\$ 3,299,122	\$ 3,463,011	\$ 3,313,011
Contractual Services	3,033,956	2,643,297	2,297,587	2,570,456	2,560,456
Commodities	151,852	81,146	81,146	75,996	75,996
Capital Outlay	474,056	272,819	272,819	241,319	241,319
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 6,809,904</u>	<u>\$ 6,296,384</u>	<u>\$ 5,950,674</u>	<u>\$ 6,350,782</u>	<u>\$ 6,190,782</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	48,901	1,300,000	1,300,000	0	0
TOTAL	<u>\$ 6,858,805</u>	<u>\$ 7,596,384</u>	<u>\$ 7,250,674</u>	<u>\$ 6,350,782</u>	<u>\$ 6,190,782</u>
Financing:					
State General Fund	\$ 1,745,855	\$ 1,170,938	\$ 825,228	\$ 1,391,168	\$ 1,231,168
All Other Funds	5,112,950	6,425,446	6,425,446	4,959,614	4,959,614
TOTAL	<u>\$ 6,858,805</u>	<u>\$ 7,596,384</u>	<u>\$ 7,250,674</u>	<u>\$ 6,350,782</u>	<u>\$ 6,190,782</u>
FTE Positions	7.8	10.8	10.8	10.8	10.8
Non-FTE Uncl. Perm. Pos.	32.3	32.3	32.3	32.4	32.4
TOTAL	<u>40.1</u>	<u>43.1</u>	<u>43.1</u>	<u>43.2</u>	<u>43.2</u>

The **agency** requests FY 2017 expenditures for the Administration program of \$6.4 million, an increase of \$106,703 all funds, or 1.7 percent, including a decrease of \$408,924 from the State General Fund, or 22.7 percent, from the approved amount. The adjustment is largely attributable to salaries and wages, contractual services, and commodities expenditures.

- **Salaries and Wages.** The agency requests FY 2017 salaries and wages expenditures of \$3.5 million for the Administration program, an increase of \$353,309, or 11.4 percent, above the approved amount. The increase is attributable to adding 3.0 FTE positions;

- **Contractual Services.** The agency requests FY 2017 contractual services expenditures of \$2.6 million for the Administration program, a decrease of \$191,269, or 6.9 percent, below the approved amount. The decrease is largely attributable to professional fees; and
- **Commodities.** The agency requests FY 2017 commodities expenditures of \$75,996 for the Administration program, a decrease of \$34,461, or 31.2 percent, below the approved amount. The decrease is largely attributable to reduced expenditures for office supplies.

The **Governor** recommends FY 2017 expenditures in the Administration program of \$6.2 million, including \$1.2 million from the State General Fund. The reduction includes a decrease of \$160,000, or 2.5 percent, below the agency request, all from the State General Fund. The recommendation includes the following adjustments:

- A reduction of \$150,000, all from the State General Fund, for savings accrued from holding open vacant positions; and
- A decrease of \$10,000, all from the State General Fund, for a technical correction related to the calculation of hospitality funds.

B. Agri-Business Services

The Agri-Business Services program is an aggregation of three programs that were identified in previous years as Food Safety & Consumer Protection, Environmental Protection, and Agricultural Laboratories.

The **Food Safety and Consumer Protection** program focuses on protecting the health and well-being of all consumers in the state. The program ensures a safe food supply from farm to fork; safe and sanitary lodging facilities; that inputs to agriculture are safe, quality products that are not misrepresented to consumers; that state-licensed grain warehouses are solvent and protecting the quality of stored grains; and that weighing and measuring devices used in commerce are accurate. All of these program functions are intended to protect consumers, but also benefit the agriculture industry by maintaining a climate of consistency and confidence in the marketplace. The Meat and Poultry Inspection subprogram conducts inspections to ensure safe and wholesome meat and poultry products, and to detect and eliminate those items that pose a health threat, are improperly labeled, or serve as a source of economic fraud to the consumer. The Division of Food Safety and Lodging subprogram inspects all regulated food establishments, food processors, and lodging establishments. The Dairy Inspection subprogram regulates the milk production, transportation, processing, and distribution industry in Kansas. The Agricultural Commodity Assurance (ACAP) subprogram regulates seed, commercial feeding stuffs, medicated feed mills, eggs, and tissue residue investigations. The Weights and Measures subprogram is responsible for ensuring that devices involving weight, measurement, or price scanning in commerce are accurate in order to protect the consumer and provide equity in the marketplace. The Grain Warehouse Inspection subprogram ensures that depositors of grain in public warehouses are protected from fraud and that warehouses maintain accurate inventory records.

The **Environmental Protection** program works to ensure the protection and health of the state's natural and cultivated plant resources and the environment. This is accomplished through activities focused on prevention and ensuring the safe and proper use of pesticides and

nutrients. The program is divided into two subprograms: Pesticide and Fertilizer and Plant Protection. The Pesticide and Fertilizer subprogram regulates pesticide and fertilizer products and chemical applicators. The Plant Protection and Weed Control subprogram protects the state's natural and cultivated plant resources from pests, diseases, and weeds.

The **Agricultural Laboratories** program provides analytical services necessary to enforce the regulatory functions of the agency. Analytical laboratory services are provided for the Meat and Poultry Inspection, Dairy Inspection, Agricultural Commodities Assurance program, and Pesticide and Fertilizer subprograms. Sample inspections are conducted to protect the health and safety of all Kansans and to facilitate accuracy of labeling of products offered for sale in the state.

AGRI-BUSINESS SERVICES SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 10,108,680	\$ 11,144,796	\$ 11,144,796	\$ 11,468,148	\$ 11,468,148
Contractual Services	2,155,154	2,390,570	2,390,570	2,292,224	2,292,224
Commodities	680,789	712,562	712,562	722,018	722,018
Capital Outlay	989,772	714,609	714,609	676,867	676,867
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 13,934,395</u>	<u>\$ 14,962,537</u>	<u>\$ 14,962,537</u>	<u>\$ 15,159,257</u>	<u>\$ 15,159,257</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	1,753	1,753	1,753	1,753
TOTAL	<u>\$ 13,934,395</u>	<u>\$ 14,964,290</u>	<u>\$ 14,964,290</u>	<u>\$ 15,161,010</u>	<u>\$ 15,161,010</u>
Financing:					
State General Fund	\$ 2,771,208	\$ 2,804,670	\$ 2,804,670	\$ 2,926,800	\$ 2,926,800
All Other Funds	11,163,187	12,159,620	12,159,620	12,234,210	12,234,210
TOTAL	<u>\$ 13,934,395</u>	<u>\$ 14,964,290</u>	<u>\$ 14,964,290</u>	<u>\$ 15,161,010</u>	<u>\$ 15,161,010</u>
FTE Positions	48.3	58.3	58.3	58.3	58.3
Non-FTE Uncl. Perm. Pos.	119.0	130.9	130.9	129.3	129.3
TOTAL	<u>167.3</u>	<u>189.2</u>	<u>189.2</u>	<u>187.6</u>	<u>187.6</u>

The **agency** requests FY 2017 expenditures for the Agri-Business program of \$15.2 million, an increase of \$189,489 all funds, or 1.3 percent, including an increase of \$176,742 from the State General Fund, or 6.4 percent, above the approved amount. The adjustment is largely attributable to salaries and wages, commodities, and capital outlay expenditures.

- **Salaries and Wages.** The agency requests FY 2017 salaries and wages expenditures of \$11.5 million for the Agri-Business program, a decrease of \$208,272, or 1.8 percent, below the approved amount. The decrease is attributable to savings resulting from replacing outgoing staff with unclassified personnel;

- **Commodities.** The agency requests FY 2017 commodities expenditures of \$722,018 for the Agri-Business program, an increase of \$82,489, or 12.9 percent, above the approved amount. The decrease is largely attributable to reduced expenditures on gasoline; and
- **Capital Outlay.** The agency requests FY 2017 capital outlay expenditures of \$676,867 for the Agri-Business program, an increase of \$241,441, or 55.4 percent, above the approved amount. The decrease is largely attributable to software for an online pesticide licensing registration program.

The **Governor** concurs with the agency request for the Agri-Business program for FY 2017.

C. Water Resources

The Division of Water Resources provides a public safety function through management of the state's scarce water resources and inspection of water structures. The program is divided into three subprograms: Water Management Services; Water Appropriation; and Water Structures. The Water Management Services subprogram is responsible for administrative, fiscal, legal, and legislative functions, in addition to supervising water conservation issues, data entry for the Water Rights Information System, management of the Geographic Information System, hydrologic studies, as well as coordinating with other water-related agencies and facilitating the stakeholder process in the state. The Water Appropriation subprogram manages, regulates, and protects water resources to ensure a substantial, long-term water supply. The Water Structures subprogram regulates human activities that affect the flow of rivers and streams, to ensure that such activities are properly planned, constructed, operated, and maintained. The Basin Management Team was consolidated into the Water Management Services subprogram in FY 2012.

**WATER RESOURCES
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 4,908,494	\$ 5,696,428	\$ 5,696,428	\$ 5,905,864	\$ 5,905,864
Contractual Services	2,621,306	3,989,535	3,989,535	3,296,390	3,296,390
Commodities	50,998	83,679	83,679	83,302	83,302
Capital Outlay	(239,447)	201,389	201,389	159,354	159,354
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 7,341,351</u>	<u>\$ 9,971,031</u>	<u>\$ 9,971,031</u>	<u>\$ 9,444,910</u>	<u>\$ 9,444,910</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	2,648	3,000	3,000	0	0
TOTAL	<u>\$ 7,343,999</u>	<u>\$ 9,974,031</u>	<u>\$ 9,974,031</u>	<u>\$ 9,444,910</u>	<u>\$ 9,444,910</u>
Financing:					
State General Fund	\$ 3,902,023	\$ 3,868,761	\$ 3,868,761	\$ 4,037,400	\$ 4,037,400
All Other Funds	3,441,976	6,105,270	6,105,270	5,407,510	5,407,510
TOTAL	<u>\$ 7,343,999</u>	<u>\$ 9,974,031</u>	<u>\$ 9,974,031</u>	<u>\$ 9,444,910</u>	<u>\$ 9,444,910</u>
FTE Positions	27.0	33.0	33.0	33.0	33.0
Non-FTE Uncl. Perm. Pos.	44.0	47.0	47.0	47.0	47.0
TOTAL	<u>71.0</u>	<u>80.0</u>	<u>80.0</u>	<u>80.0</u>	<u>80.0</u>

The **agency** requests FY 2017 expenditures for the Water Resources program of \$9.4 million, an increase of \$1.9 million all funds, or 24.6 percent, including an increase of \$97,125 from the State General Fund, or 2.5 percent, above the approved amount. The adjustment is largely attributable to contractual services and capital outlay expenditures.

- **Contractual Services.** The agency requests FY 2017 contractual services expenditures of \$3.3 million for the Water Resources program, an increase of \$1.7 million, or 110.1 percent, above the approved amount. The increase is attributable to federal LIDAR grants, which provide detailed data collection regarding elevation to improve accuracy and decrease need for on the ground surveys, and federal FEMA floodplain mapping funds; and
- **Capital Outlay.** The agency requests FY 2017 capital outlay expenditures of \$159,354 for the Water Resources program, an increase of \$55,893, or 54.0 percent, above the approved amount. The increase is largely attributable to truck replacements.

The **Governor** concurs with the agency request for the Water Resources program for FY 2017.

D. Animal Health

The Animal Health program ensures the public health, safety and welfare of Kansas' citizens and enhances the economic viability of the state's livestock production through livestock identification, animal health planning and preparedness, disease prevention, and control and eradication of infectious and contagious livestock and domestic animal disease in the state of Kansas. The program also regulates facilities that produce, sell, board, train, rescue, offer for adoption, or harbor companion animals and enforce the laws governing such facilities. The program directs a Brand Registration and Inspection program, identifies ownership of lost or stolen livestock; informs the public of the status of the health of livestock in the state, and promotes understanding and gains public assistance in achieving this mission. The Animal Health program was transferred to KDA in FY 2012 as part of Executive Reorganization Order No. 40. The Board of Veterinary Examiners is currently part of the Animal Health program as part of a trial merger scheduled to expire at the end of FY 2016; the budget for the Board is nonetheless included in this budget for both FY 2016 and FY 2017.

ANIMAL HEALTH SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 1,725,411	\$ 1,675,039	\$ 1,675,039	\$ 1,709,909	\$ 1,709,909
Contractual Services	1,338,566	1,212,159	1,212,159	1,194,970	1,194,970
Commodities	40,614	52,409	52,409	53,809	53,809
Capital Outlay	57,562	63,200	63,200	15,000	15,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 3,162,153</i>	<i>\$ 3,002,807</i>	<i>\$ 3,002,807</i>	<i>\$ 2,973,688</i>	<i>\$ 2,973,688</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 3,162,153</u>	<u>\$ 3,002,807</u>	<u>\$ 3,002,807</u>	<u>\$ 2,973,688</u>	<u>\$ 2,973,688</u>
Financing:					
State General Fund	\$ 630,417	\$ 612,356	\$ 612,356	\$ 638,800	\$ 638,800
All Other Funds	2,531,736	2,390,451	2,390,451	2,334,888	2,334,888
TOTAL	<u>\$ 3,162,153</u>	<u>\$ 3,002,807</u>	<u>\$ 3,002,807</u>	<u>\$ 2,973,688</u>	<u>\$ 2,973,688</u>
FTE Positions	13.9	13.9	13.9	12.9	12.9
Non-FTE Uncl. Perm. Pos.	10.2	10.3	10.3	10.3	10.3
TOTAL	<u>24.1</u>	<u>24.2</u>	<u>24.2</u>	<u>23.2</u>	<u>23.2</u>

The **agency** requests FY 2017 expenditures for the Animal Health program of \$3.0 million, an increase of \$246,002 all funds, or 9.0 percent, including an increase of \$22,527 from the State General Fund, or 3.7 percent, above the approved amount. The adjustment is largely attributable to contractual services.

- **Contractual Services.** The agency requests FY 2017 contractual services expenditures of \$1.2 million for the Animal Health program, an increase of \$200,789, or 20.2 percent, above the approved amount. The increase is largely

attributable to sharing a new employee with the Attorney General's office. The new employee, a retired law enforcement officer, will be a special inspector to investigate crimes like cattle thefts.

The **Governor** concurs with the agency request for the Animal Health program for FY 2017.

E. Conservation

Prior to FY 2012, the State Conservation Commission was a separate agency that was established in 1937 to promote soil and water conservation. The mission of the Commission was to administer conservation programs designed to enable local entities and individuals to protect and enhance Kansas' natural resources. The Conservation program operates eight subprograms, including: Aid to conservation districts, watershed dam construction, water resource cost-share, water supply restoration, non-point source pollution, riparian and wetland protection, land reclamation, and water quality buffer initiatives. The Conservation program was transferred to KDA as part of Executive Reorganization Order No. 40.

CONSERVATION SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 716,370	\$ 738,131	\$ 738,101	\$ 764,388	\$ 671,264
Contractual Services	1,556,604	1,101,543	1,101,543	1,024,129	1,024,129
Commodities	6,353	7,445	7,445	7,445	7,445
Capital Outlay	57,709	2,000	2,000	2,000	2,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,337,036</i>	<i>\$ 1,849,119</i>	<i>\$ 1,849,089</i>	<i>\$ 1,797,962</i>	<i>\$ 1,704,838</i>
Aid to Local Units	2,885,753	2,101,348	2,101,348	2,092,637	2,092,637
Other Assistance	4,102,662	5,626,269	5,626,269	4,783,767	4,430,851
TOTAL	<u>\$ 9,325,451</u>	<u>\$ 9,576,736</u>	<u>\$ 9,576,706</u>	<u>\$ 8,674,366</u>	<u>\$ 8,228,326</u>
Financing:					
State General Fund	\$ 484,447	\$ 480,347	\$ 480,347	\$ 500,800	\$ 500,800
All Other Funds	8,841,004	9,096,389	9,096,389	8,173,566	7,727,526
TOTAL	<u>\$ 9,325,451</u>	<u>\$ 9,576,736</u>	<u>\$ 9,576,736</u>	<u>\$ 8,674,366</u>	<u>\$ 8,228,326</u>
FTE Positions	7.0	7.0	7.0	7.0	7.0
Non-FTE Uncl. Perm. Pos.	1.0	2.0	2.0	2.0	2.0
TOTAL	<u>8.0</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>

The **agency** requests FY 2017 expenditures for the Conservation program of \$8.7 million, an increase of \$540,935 all funds, or 6.7 percent, including an increase of \$12,530 from the State General Fund, or 2.6 percent, above the approved amount. The adjustment is largely attributable to salaries and wages, contractual services, and other assistance expenditures.

- **Salaries and Wages.** The agency requests FY 2017 salaries and wages expenditures of \$764,388 for the Conservation program, an increase of \$150,306, or 24.5 percent, above the approved amount. The increase is largely attributable to salaries and wages associated with the requested approval of the Conservation Reserve Enhancement Program;
- **Contractual Services.** The agency requests FY 2017 contractual services expenditures of \$1.0 million for the Conservation program, an increase of \$344,001, or 50.6 percent, above the approved amount. The increase is attributable to architects and engineers funded by federal Natural Resource Conservation Service water quality grants, as well as from the State Water Plan Fund for nonpoint source pollution; and
- **Other Assistance.** The agency requests FY 2017 other assistance expenditures of \$4.8 million for the Conservation program, an increase of \$881,218, or 22.6 percent, above the approved amount. The increase is largely attributable to recategorizing some aid to local expenditures as other assistance (a shift of \$834,590), but also includes the enhancement request for approval of the Conservation Reserve Enhancement Program (\$352,916), offset in part by decreases in nonpoint source pollution expenditures resulting from recategorization of those expenses (\$273,096).

The **Governor** recommends FY 2017 expenditures for the Conservation program of \$8.2 million, a decrease of \$446,040, or 5.1 percent, below the agency request, all from the State Water Plan Fund. The recommendation includes the following adjustment:

- A reduction of \$446,040, all from the State Water Plan Fund, for funding for the Conservation Reserve Enhancement Program (CREP).

F. Agricultural Marketing

Agriculture marketing was transferred to the Department in FY 2011 as part of Executive Reorganization Order Number 40. This program is focused on growing the agricultural industry in Kansas through loan programs, marketing, and agricultural initiatives. This program was previously categorized as a subprogram within the Administration program.

**AGRICULTURAL MARKETING
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 698,353	\$ 941,708	\$ 941,708	\$ 974,468	\$ 974,468
Contractual Services	931,429	883,317	883,317	886,377	886,377
Commodities	39,220	103,911	103,911	33,021	33,021
Capital Outlay	2,524	6,600	6,600	25,800	25,800
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 1,671,526</u>	<u>\$ 1,935,536</u>	<u>\$ 1,935,536</u>	<u>\$ 1,919,666</u>	<u>\$ 1,919,666</u>
Aid to Local Units	212	0	0	0	0
Other Assistance	368,221	536,086	536,086	542,400	542,400
TOTAL	<u>\$ 2,039,959</u>	<u>\$ 2,471,622</u>	<u>\$ 2,471,622</u>	<u>\$ 2,462,066</u>	<u>\$ 2,462,066</u>
Financing:					
State General Fund	\$ 160,026	\$ 260,000	\$ 260,000	\$ 605,710	\$ 605,710
All Other Funds	1,879,933	2,211,622	2,211,622	1,856,356	1,856,356
TOTAL	<u>\$ 2,039,959</u>	<u>\$ 2,471,622</u>	<u>\$ 2,471,622</u>	<u>\$ 2,462,066</u>	<u>\$ 2,462,066</u>
FTE Positions	0.0	0.0	0.0	0.0	0.0
Non-FTE Uncl. Perm. Pos.	9.0	11.0	11.0	11.0	11.0
TOTAL	<u>9.0</u>	<u>11.0</u>	<u>11.0</u>	<u>11.0</u>	<u>11.0</u>

The **agency** requests FY 2017 expenditures for the Agriculture Marketing program of \$2.5 million, an increase of \$373,589 all funds, or 17.9 percent, including an increase of \$445,710 from the State General Fund, or 278.6 percent, above the approved amount. The adjustment is largely attributable to contractual services.

- Contractual Services.** The agency requests FY 2017 contractual services expenditures of \$886,377 for the Agriculture Marketing program, an increase of \$386,377, or 77.3 percent, above the approved amount. The increase is largely attributable to an supplemental request to provide sufficient resources for the program. The agency indicates that this increase is necessary to maintain current activities and 10 non-FTE positions. These funds are expended for promoting farm product sales distribution and merchandising, studying and recommending efficient and economical marketing methods, and gathering and diffusing information regarding prevailing prices and commercial movement of farm products, all to develop new markets and sales for Kansas agricultural commodities and food products. Specifically, contractual services expenditures in this program are largely related to e-commerce marketing and international trade development contracts.

The **Governor** concurs with the agency request for the Agricultural Marketing program for FY 2017.

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Total establishments licensed	15,900	15,492	15,500	15,560
Number of Grade A dairy farm inspections	906	897	910	912
Notices of noncompliance issued to meat and poultry establishments	1,033	471	1,033	1,033
Percentage of licensed elevators examined	100.0%	98.0%	100.0%	100.0%
Total scale inspections	4,200	4,200	5,040	5,100
Total food establishment inspections	21,851	21,287	21,400	21,600
Average number of days to process a complete application for a new water right	15	15	15	15
Number of private high hazard dam inspections reviewed	130	40	130	130
Number of floodplain fill or levee permits completed	120	161	120	120
Number of cost-share contracts funded	797	1,057	797	797
Percentage of conservation districts receiving the maximum level of state financial assistance	61.0%	61.0%	62.0%	62.0%
Number of livestock market brand inspections	187,500	139,562	151,000	150,000
Number of existing brand registrations renewed	3,000	2,744	3,500	3,500
Number of feedlot licenses issued	375	479	400	380
Number of deer licenses issued	50	84	48	48
Number of livestock market vet inspections	2,250,000	1,972,675	2,096,000	2,050,000