



**House Agriculture and Natural Resources Budget Subcommittee
Testimony on the FY 2018 & FY2019
Kansas Water Office State General Fund Budget
Tracy Streeter
January 31, 2017**

Chairman Schroeder and members of the Committee, I am Tracy Streeter, Director of the Kansas Water Office. I appear before you today to discuss the FY2018 and FY2019 budget of the Kansas Water Office.

This year was a successful effort of implementation for action items in the *Long-Term Vision for the Future of Water Supply in Kansas*, with 100 percent of the Phase I Action Items marked as “completed,” and more than 50 percent of Phase II items underway.

While it is great to celebrate these accomplishments there is still much to do and we must continually look ahead to the next phase of implementation and long-term planning.

Highlights of the Vision Action Items include the successful adoption of all 14 Regional Advisory Committee Action Plans, the establishment of Water Technology Farms, additional watershed efforts to improve reservoir health and sustainability as well as the advancement of tools such as limited-irrigation crop insurance and Water Conservation Areas to better manage western Kansas resources. These and many other Vision items are highlighted in the Annual report.

Essential to the ongoing implementation efforts of the Vision action items is the state-wide education and outreach effort, as well as an adequate funding mechanism to fund water resource project needs. Over the past year, both efforts have received specific attention by dedicated working groups to find solutions.

However, completion of many of these action items and initiation of the larger scale action items cannot be executed without additional funding. Kansans act on a shared commitment to have the water resources necessary to support the state’s social, economic and natural resource needs for current and future generations.

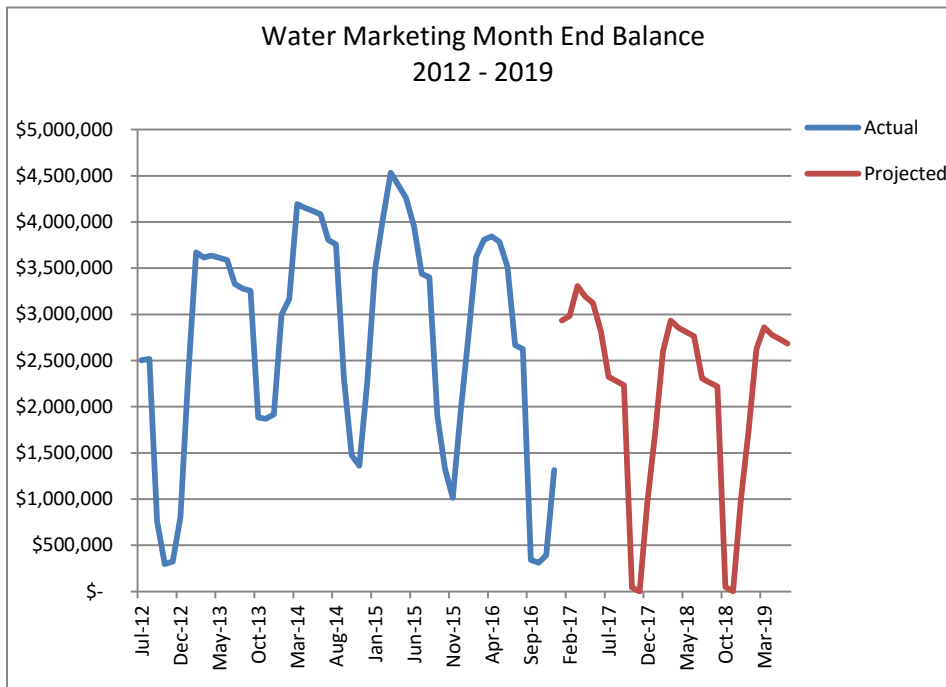
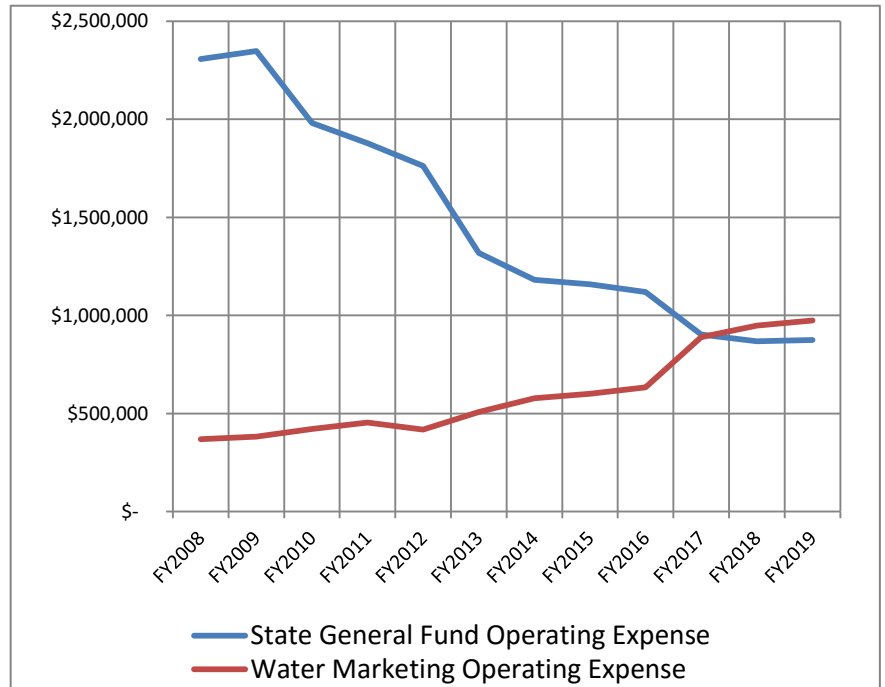
Budget Overview

The Kansas Water Office operational budget is funded primarily through three sources: the State General Fund, user fees from our Water Marketing and Water Assurance programs, and the State Water Plan Fund. Historically, the State General Fund supported salaries for 19 of our 22 employees, 70 percent of our office operations, and Kansas Water Authority-related expenses. Revenue under our Water Marketing and Water Assurance programs were used to fund three positions, their associated overhead, and the costs to purchase, operate and maintain state owned storage in federal reservoirs. State Water Plan Funds are used for implementation of a variety of projects that have been identified within the State Water Plan and recommended by the Kansas Water Authority. None of the State Water Plan Funds are used to support agency administration.

Over the past eight fiscal years the Kansas Water Office State General Fund appropriation has experienced a 60% reduction. As a result, the agency has left vacant positions unfilled and increased our reliance on Water Marketing Program revenue for administrative support.

In 2016, a SGF allotment reduced our FY 2017 appropriation from \$1,154,576 to \$904,576. This reduction of \$250,000 represents 21.7% of the SGF appropriation for the agency.

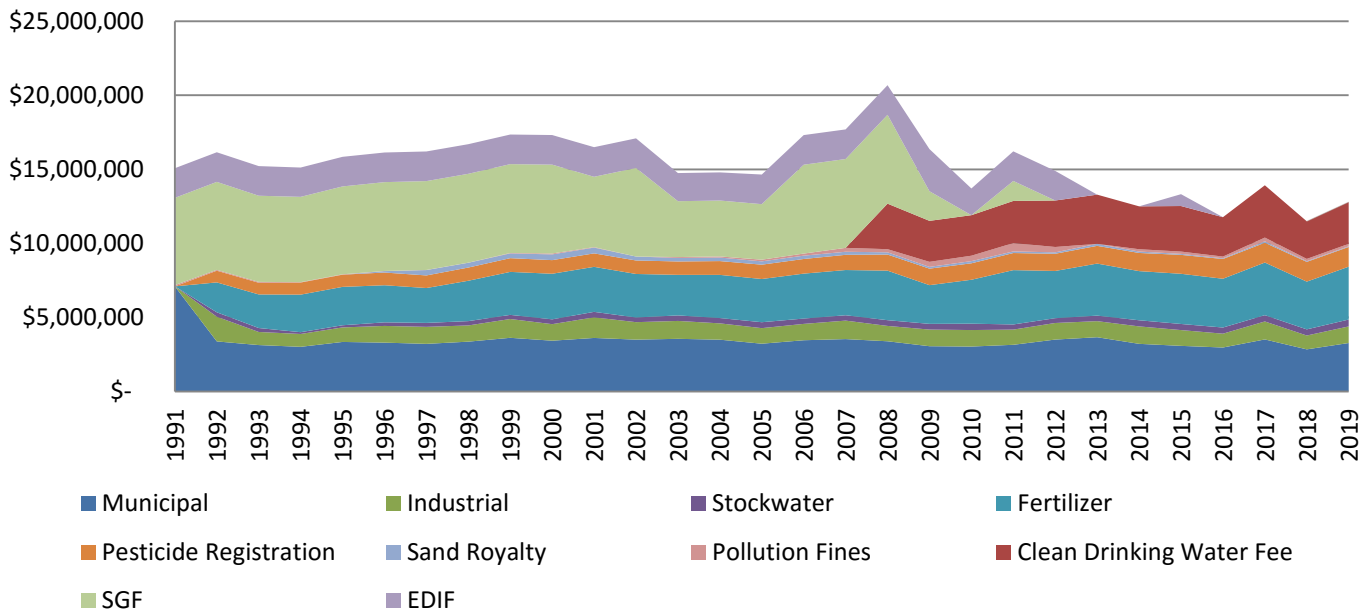
We mitigated this reduction by shifting additional operating expenses to the Water Marketing Fund. The increased reliance on Water Marketing Fund revenue for agency operations resulted in the shift of available funding from streambank stabilization projects above John Redmond and Tuttle Creek Reservoirs. The \$250,000 SGF reduction is recommended to be continued into FY 2018 and FY 2019.



Water fees assessed to support the Water Marketing Program are principally aimed at meeting contractual obligations to the Corps of Engineers for debt service and operations and maintenance at the 13 reservoirs under the Program. Further impacts to the SGF and Water Marketing Program will result in likely increases in annual fees assessed under the Marketing Program and/or significant impacts to cash/flow balances necessary to operate the program when fee revenues are diminished in high rainfall years. The graph at left shows the Water Marketing Fund month end balance and illustrates the depletion on the fund in FY 2018 and FY 2019.

In 1989, an important step in current water planning was taken with the creation of the State Water Plan Fund (SWPF) (K.S.A. 82a-951). The SWPF is used for establishing and implementing water related programs or projects identified in the Kansas Water Plan. Revenue for the SWPF is received from fees assessed to municipal, industrial and agricultural water-related users and includes a demand transfer from the State General Fund and Economic Development Initiatives Fund. Declines in SWPF revenue have occurred over the years as a result of overall fiscal stress on the state, weather, and elimination of a portion or all of the SGF and EDIF transfer. These cuts continued into FY2016, FY2017, and recommended in FY2018 and FY2019.

**State Water Plan Fund Fee Revenue
Fiscal Years 1991 - 2016 Actuals
Fiscal Years 2017 -2019 Estimate**



In FY 2016, fee revenue totals came in below estimates due to wetter conditions across the State of Kansas. The agencies that receive fund from the SWPF and the Kansas Water Authority Budget Committee decided to continue the level funding in FY2017, however, reducing funding in FY2018 and FY2019 to correct the reduced revenue estimates. Projections of cash flow indicate that we will not experience a fund balance issue in FY 2017, but would in future years without reduction of expenditures to match revenues. The FY2018 and FY2019 revenue estimates are based on 20 years of revenue data, correcting the anomalies that were seen during the drought, instead of the more recent approach of using only the last five years.

The State Water Plan fund is used to fund many water resource projects and continue to support the efforts of the vision action items.

The breakdowns of expenditures in the SWPF for the funding lines are as following:

	FY2016 Actual	FY2017 Budget	FY2018 Budget	FY2019 Budget
Assessment and Evaluation	\$530,213	\$639,755	\$500,000	\$450,000
GIS Database Development	\$112,306	\$112,306	\$50,000	\$0
MOU – Storage Operations and Maintenance	\$301,374	\$289,889	\$363,699	\$350,000
Technical Assistance to Water User	\$380,709	\$486,302	\$325,000	\$325,000
Streamgaging	\$431,282	\$431,282	\$350,000	\$431,282
Streambank Stabilization	\$400,000	\$400,000	\$0	\$0
Total	\$2,155,884	\$2,359,534	\$1,588,699	\$1,556,282

The following items are list of studies underway or anticipated for FY2017, FY2018, and FY2019 and are funded from Assessment and Evaluation line item of the State Water Plan Fund.

Project	Contractor / Cooperator	FY 2017	FY 2018	FY 2019
Reservoir Online Portal	Kansas Biological Survey	X		
John Redmond Streambank Mapping	Kansas Biological Survey	X		
Bathymetric Surveys	Kansas Biological Survey	X	X	X
Suspended Sediment Monitoring	U.S. Geological Survey	X	X	X
High Plains Index Wells	Kansas Geological Survey	X	X	X
SD-6 LEMA Economic Study	Kansas State University	X	X	
Missouri River Degradation	U.S. Army Corps of Engineers	X		
Equus Beds Aquifer Modeling	Kansas Geological Survey	X		
High Plains Model Maintenance	Kansas Geological Survey		X	X
Kansas River Alluvial Aquifer Modeling	Kansas Geological Survey.		X	X
WCA/Water Tech Farm Research	Kansas State University	X	X	X
Water Technology Farm Econ Research	Kansas State University	X	X	X
Mobile Drip Technology Evaluation	Kansas State University			
Vision Economic Study/Outreach		X	X	
Kansas River Taste and Odor Study	U.S. Geological Survey	X		
Kansas River Watershed Study	U.S. Army Corps of Engineers	X	X	X
Low Water Quality Inventory	Kansas Geological Survey	X		

With reduced revenue in the Water Marketing Program and SWPF, and reductions to the agency's SGF, it puts the future of our ability to deal with critical water issues at risk. We must support the priority projects and focus on implementing the *Long Term Water Vision for the Future of Water supply in Kansas*. It is our responsibility to future generations to appropriately invest in our water infrastructure.

Thank you for the opportunity to appear before you and discuss the Kansas Water Office budget. I will be happy to stand for questions at the appropriate time.