



Posted on Thu, Jan. 12, 2012

## Proposed budget provides for air subsidies, arts commission

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The governor's proposed budget fulfills several top priorities in Wichita and slightly decreases spending while building up reserves.

Under Gov. Sam Brownback's 2013 recommended budget, the state would allocate \$5 million to again subsidize low-cost airlines flying out of Wichita's Mid-Continent Airport. It's one of the city's top priorities and one that Brownback said he strongly supports.

The budget proposal also channels nearly \$5 million for aviation training and equipment at the National Center for Aviation Training, and another \$5 million in a grant for public-private aviation research at Wichita State University.

And it allots \$500,000 for Wichita's aquifer recharge project that drives year-after-year water rate increases for Wichita and several nearby cities. Mayor Carl Brewer voiced appreciation for the recommendation but he said he hopes the governor and legislature provide the full \$1 million the city sought.

Brownback's budget includes full funding for the current school finance formula, keeping per-pupil state aid flat at \$3,780. His proposal for future school spending, which faces criticism from Democrats, would start in the 2014 budget.

The spending plan for the fiscal year beginning July 1 increases state tax dollars set aside for social services as the administration prepares to overhaul the Medicaid program, which provides health coverage for the needy.

It also adds back \$200,000 in funding for the Arts Commission, which lost all funding in the current budget.

As foreshadowed in his State of the State address, the governor is preparing for income tax reductions and the elimination of several deductions and credits that have already drawn sharp criticism. He proposed limiting growth in state spending to 2 percent a year, with any revenues beyond that going to help reduce tax rates.

Budget Director Steve Anderson said if the 2 percent cap is put in place, some projections show state income tax would be eliminated in six years.

The governor's budget proposal would leave an ending balance of about 7.5 percent, a 1990 requirement that has been suspended for most of the past decade. The state's ending balance is projected to grow over the next few years until it reaches \$573 million – or a little more than 8 percent of total spending.

The proposal uses state-owned casino revenues to pay down debts on the parking garage at the Capitol and several other big ticket items.

Brownback's plan calls for spending a little less than \$6.1 billion in general state revenues on government programs, compared to a little more than \$6.1 billion under the current budget. The difference is about \$39 million, or a little less than 1 percent.

The overall budget, including spending financed with federal funds, would be \$14.1 billion during the next fiscal year. That's about 4.1 percent less than the overall amount in the current budget. The drop partly reflects a decline in federal transportation and disaster relief funds.

But Brownback's administration also expects federal funds to decrease in the future as the federal government wrestles with its own financial problems. Anderson said the state's commitment of its tax dollars to social services is rising – by about 2.5 percent overall, to nearly \$1.6 billion – because the federal government is decreasing its share of payments for states' Medicaid programs.

Brownback's proposal does not include across-the-board wage increases for state employees, although it provides longevity bonuses.

He has endorsed moving new state employees to a 401(k)-style retirement plan. But nothing in the budget appears to address the \$8.2 billion shortfall in the state's pension system that is projected to build by 2033.

Meanwhile, the proposal boosts funding to the Kansas Corporation Commission by more than \$500,000 to beef up its ability to expedite oil drilling permits and oversight of them in anticipation of rapid growth of exploration in south-central Kansas.

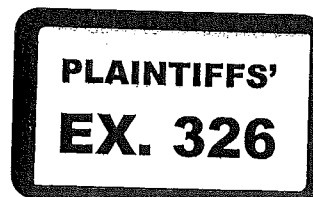
Kansas logged eight permits for horizontal drilling in 2010 and 23 last year. Brownback's budget projects 250 new permits this fiscal year and 500 in 2013.

"We don't want to impede that economic activity," he said. "We certainly want to have them to come in and develop those wells. But we also want to make sure they're good citizens while they're here. We're not going to allow them to come pollute our land and then leave."

Under the plan, public broadcasting stations would get \$1.4 million this year, but that would shrink to \$600,000 in 2013. Anderson called that a "lifeline" for public broadcasting stations to find more private funding.

### Arts funding revived

The plan also could revive the Kansas Arts Commission, which Brownback essentially eliminated last year by withdrawing all funding. Under his new proposal, the Arts Commission would move with the Film Commission into a new Creative Industries Commission within the Department of Commerce.



The newly formed commission would have \$200,000 to grant to creative ventures that create jobs or have some economic impact and to leverage federal grants. Meanwhile, the existing Arts Commission, which has no funding, would continue seeking private money and implement a program that generates money by selling special arts license plates.

Arts Commission Chairwoman Linda Browning Weis, of Manhattan, said it's hard to quantify how far that \$200,000 could go, but she said she's encouraged by the governor's recommendation.

"We have faith that it's working toward something that's positive," she said.

She voiced even more optimism about the license plate program.

Under the plan, which she said requires no new legislation, arts groups could sell the new license plates for \$100. Of that, \$50 would go to the organization selling them and \$50 would go to the Arts Commission, which could spend the money on community programs, such as local theaters.

The commission hopes to have 500 people committed to buying a license plate by Feb. 6.

"I see this as a very, very promising fundraising opportunity," she said.

Sarah Carkhuff Fizell, spokesperson for Kansas Citizens for the Arts, which advocates for public funding for the arts, said her group is pleased Brownback is open to funding the arts.

"However, \$200,000 is a long way away from \$2 million," she said, referring to the total amount that arts in the state used to get before the governor dismantled the arts commission last year. That amount included money from the state general fund and matching money from the National Endowment for the Arts and the Mid-America Arts Alliance.

"We want to make sure this money gets back out to the communities that needed it, and these jobs and educational programs that are so important to our communities are taken care of," she said.

As for Brownback's contingency that the arts commission provide an economic impact statement that convinces him its work would benefit the economy, Charkhuff-Fizell said it depends on how he defines economic impact.

"You can't just expect art galleries to hire new staff. The definition of economic development has to include people in the hospitality and food industries," she said. "When people come to see art openings and concerts, they eat dinner and stay the night. That's documented. I hope any formula they come up with includes those things."

The proposed budget allocates about \$39 million in tobacco settlement funds to programs such as early childhood education. That's down 32 percent from the nearly \$58 million in this year's budget. The budget assumes only \$40 million in tobacco funds in the next fiscal year, and the administration says it reflects uncertainties about the amount and timing of their arrival.

But a state advisory group that monitors the spending projected that Kansas will receive \$56 million in tobacco funds during the next fiscal year. And Shannon Cotsoradis, president and chief executive officer of Kansas Action for Children, said the change could hurt thousands of children.

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