

Approved

Jan. 24, 1983
Date

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by BILL BUNTEN at
Chairperson

1:30 ~~am~~ p.m. on Thursday, January 20, 1983 in room Old Supreme Court Rm. of the Capitol.

All members were present except: Sandy Duncan -- excused

Committee staff present: Lyn Entrikin-Goering -- Legislative Research Dept.
Bill Gilmore -- Legislative Research Dept.
LewJene Schneider -- Administrative Assistant
Charlene Wilson -- Committee Secretary

Conferees appearing before the committee:

Mr. Stan Koplik, Executive Director, Board of Regents
Mr. Jim Pickert, Chairman, Board of Regents
Mr. Jordan Haines, Regent
Mr. James Appleberry, President, Pittsburg State University
Mr. Duane Acker, President, Kansas State University
Mr. Gene Budig, President, University of Kansas

OTHERS PRESENT: (See Attachment I)

The Joint Session of the House and Senate Ways and Means Committees was called to order by Chairman Buntten.

Chairman Buntten welcomed Senator Paul Hess, Chairman of the Senate Ways and Means Committee, and members of his committee as well as all others present.

Mr. Stan Koplik was called upon by the Chairman to preside over the introduction of the speakers as necessary. Mr. Koplik thanked the Chairman for the opportunity to appear before the Joint Session of the House and Senate Ways and Means Committees to present the Regents' recommendations for Higher Education funding. He indicated that the presentation would include some of the things that they are doing and some of the things they hope that the Legislature can do to help them reach some of their goals. Five presentations followed, the contents of which can be found in Attachment II, Kansas Board of Regents FY84 Budget Recommendations. The testimony of each of those persons appearing before the committees is included in this attachment. Mr. James Pickert and Mr. Jordan Haines addressed the committees on the area of Regents' Statements. Mr. James Appleberry addressed the issue of FY 1983 Budget Reduction. Mr. Duane Acker stressed the area of Maintaining Quality in FY 1984 and Mr. Gene Budig's statements dealt with the area of Special Equipment/Library Needs.

Questions were addressed during and following the testimony of the conferees. Representative Farrar commented that the 4% cut apparently has been very drastic. He questioned what % did the positions that were withheld contribute to the 4% that they were trying to make up at the Universities. Mr. Appleberry was not able to address this statement adequately at this time, but indicated that this information would be researched and made available at a later time.

Representative Farrar also questioned the dropping of remedial classes. Apparently, remedial classroom use has been very successful and he wondered if this had been cut across all of the Universities. Mr. Appleberry indicated that at Pittsburg State this was one of the positions that had remained open, in the areas of Reading, English and Math.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS,
 Old Supreme
 room Ct. Rm., Statehouse, at 1:30 ~~XXX~~ p.m. on Thursday, January 20, 1983

Senator Hess asked what the projected loss of enrollment was because of the 4% cuts. Mr. Koplik commented that most of the students that were going to enroll in the Fall of 1982 were already enrolled by the time the 4% cuts began to unfold. What this amounted to for these students is that they may have had to alter their programs some, due to the cuts. The number and kinds of classes they wanted to take might have been effected by the 4% cut. Mr. Koplik indicated that the net effect of actually loosing students due to the 4% cut is probably very minimal. Mr. Acker agreed that the loss was minimal and that inconvenience was felt more than a loss.

Chairman Buntten asked how they go about being flexible enough within the University to deal with a repidly expanding area, such as Computer Science. Mr. Budig responded that every reasonable effort is made to accomodate student needs and that this is a very high priority at all of the Regents' Institutions. He indicated that it is done through a process of re-allocation, meaning sound academic planning and the assignment of resources within the Institutions. They attempt to plan in advance and anticipate what the students will need. This has been very difficult in recent years with the tremendous expansion in the areas such as Engineering, Computer Science and certain areas of Business.

Representative Arbuthnot questioned if there will be a problem matching their part of the contribution if the High Technology recommendations of the Governor are adopted. Mr. Budig indicated that, as far as the University of Kansas is concerned, there would be no problem. Mr. Koplik and Mr. Acker also agreed that there should be no problem.

Chairman Buntten questioned why, for example comparing Ft. Hays State with Washburn University, it costs 25% more to educate a student at Ft. Hays than it does at Washburn when they are very similar in their programs. In light of this fact, why would the cuts have such a detrimental effect on the Regent Institutions. Mr. Koplik commented that a greater amount of diversity exists at the Regnets' Institutions as compared to Washburn University. He stated that it is very difficult to compare the state appropriation for Washburn University without having a clear understanding that there is a great amount of diversity, public service activity, research and a greater emphasis on graduate training at the Regents' Universities than at Washburn. Chairman Buntten reiterated that as the Legislature begins to review these budgets, the question arises why it costs nearly 25% more to educate a student at Ft. Hays than at Washburn. Mr. Koplik could not address this specific question with any surety at this time but indicated that, given some time to work on the question, he could have an answer later on.

Senator Hess expressed some concern over the fact that in Kansas, many dollars are spent in Higher Education but we never seem to get very far along when it comes to getting the salary for those persons who are teaching up to a level where they ought to be to attract the types of people we really want to attract and keep. Mr. Koplik addressed this by saying that Kansas does support Higher Education very well but even though per capita appropriations show Kansas to rank favorably in the nation the fact is that Kansas also provides, for a state of 2.3 million people, a very good range of programs at its' public universities. In order for a state the size of Kansas to have the type of national reputation that is enjoyed by several of its institutions it is going to take money. Mr. Koplik stated that the salaries are very fair in the state of Kansas. He also stated that in order to maintain the programs that we have, a greater committment of money is going to be needed. The fact is that Kansas has some very fine things going that cost money and the question arises as to whether we are going to maintain them and what would be the price of letting them go.

The meeting was adjourned at 2:30 p.m.

NAME	ADDRESS	REPRESENTING
1. Ron Pflueger	2709 Cottonwood Lane	Fort Hays State U.
2. Bob Kelly	515 Capital Federal Bldg.	Ks Independent Colleges
3. Murray Darrin	1416 Mumfords Bldg	Bd of Regents
4. Bill Hollenbeck		PSU
5. Gene Kasper	Topeka	Bd. of Regents
6. Tom Ramm	"	"
7. Robert How	Lawrence	U of Kansas
8. Arthur McMullen	Hutchinson	Bd of Regents
9. WARREN GORMAN	TOPEKA	" " "
10. Joseph Hughes	KU Medical Center	K.U.
11. Charles R. Sturges	KU Medical Ctr	KU
12. Eugene Staples	" "	"
13. Ruth L. Nitzsche		KU
14. Gene Busby		KU
15. Paul Wilcox		ICOME
16. Ron Jensen	Lawrence Lawrence J-W	Lawrence J-W
17. Chris Graves	1700 College	Assoc. Students of Ks
18. Wint Winters Jr	143-N	2nd District
19. Richard W. Ende	The University of Kansas	
20. Helen Duncan	State House	Division of Budget
21. Dale Busby	Concordia Ks	Intern / Rep B. Fuller
22. Gerald Karr		Senate
23. Stephen Cloud		House of Rep.
24. David Kahn		Gov office
25. Barry Swanson		Gov. office

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GUESTS

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DATE _____

NAME

ADDRESS

REPRESENTING

- | NAME | ADDRESS | REPRESENTING |
|--------------------|------------|----------------------|
| 1. David B Dallam | Statehouse | Division of Budget |
| 2. Sandra McDonald | Topeka | KS State Nurse Assoc |
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FY 1984 BUDGET RECOMMENDATIONS
PRESENTATION TO JOINT MEETING OF HOUSE AND SENATE
WAYS AND MEANS COMMITTEES

KANSAS BOARD OF REGENTS

James W. Pickert, Chairman

Patricia W. Caruthers
Archie R. Dykes
Jordan L. Haines
Wendell E. Lady

Sandra L. McMullen
John G. Montgomery
George Wingert

Stanley Z. Koplik, Executive Director

January 20, 1983

Atch. II

AN OVERVIEW OF THE BOARD OF REGENTS BUDGET RECOMMENDATIONS
FOR FISCAL YEAR 1984

The Board of Regents is responsible for annually presenting the financial needs of its institutions to the Governor and Kansas Legislature. Each year the Board spends several days reviewing and evaluating institutional budget requests. That review process includes two days of formal budget hearings during which institutional heads present their most important needs to the Board.

The Board of Regents is fully aware of our current economic climate and the need to be responsive to potentially more restrictive economic conditions in Kansas during Fiscal Year 1984. At the same time the Board also recognizes its responsibility to present the needs of Kansas public higher education to the Governor, Legislature and the citizens of the State. The Board has attempted to balance these responsibilities in making its Fiscal Year 1984 budget recommendations. The essential parts of those recommendations are described below.

RECOMMENDATIONS FOR MAINTAINING PROGRAM QUALITY

Faculty Compensation. The Board of Regents is recommending a faculty salary increase of 9% for Fiscal Year 1984 and an increase that would raise the state's contribution to retirement to 6% of a faculty member's salary (it is currently 5%). The recommendation will provide merit increases to faculty, help retain and attract faculty in high-demand areas and upgrade salaries and fringe benefits to a level more comparable to the peer institutions.

Support Staff Salaries. The Board of Regents is recommending a support staff salary increase of 7%. This recommendation is consistent with guidelines issued by the Division of the Budget for civil service pay increases.

Student Wages. The Board is recommending a 9% increase in the base budget for student wages. This increase is recommended to provide additional student employment, rather than to provide for wage increases to existing student employees.

Other Operating Expenses. The Board of Regents is recommending a 10% increase in Other Operating Expenses in order to partially recoup the losses in purchasing power caused by appropriations that haven't kept pace with inflation during recent years; provide funding more comparable to the peer institutions; and allow for anticipated increases in necessary supplies and services.

Utilities. In order to provide a more realistic budget for utilities and to accommodate expected rate increases, the Board is recommending a 20% increase for Fiscal Year 1984. A recommendation of this magnitude is required in spite of the demonstrated cost savings resulting from the energy conservation program initiated by the Board a few years ago.

RECOMMENDATIONS FOR FUNDING GROWTH THAT HAS OCCURRED

Enrollment Adjustment. The Board is recommending enrollment adjustment funding using the enrollment corridor system implemented by the 1981 Legislature. That system reflects actual university enrollment changes by academic program and course level.

Servicing New Buildings. The Board is recommending additional funding for custodial, maintenance and utilities costs for new buildings that will be opened during Fiscal Year 1984. This recommendation is based upon procedures that have been accepted by the Governor and Legislature for several years.

RECOMMENDATIONS FOR IMPROVING PROGRAM QUALITY

The Board of Regents reviewed additional institutional requests for improving program quality. The individual improvement projects included in this amount were those judged to be most essential by the chief administrators of the Regents institutions. After careful study and evaluation, the Board is recommending the following requests for improving program quality.

Library Acquisitions. The Board is recommending \$310,000 to improve the quality of institutional libraries. Comparisons with nationally recognized standards and cost analysis studies have consistently shown that libraries are among the most seriously underfunded programs in the Regents system. The rapid increase in book and periodical costs during recent years has severely reduced the number of volumes that can be acquired annually.

Academic Computing. There has been an unprecedented increase in the demand for computer services in the Regents system during the past few years. The need to provide students with an acceptable level of computer literacy has in itself resulted in the saturation of existing computing resources. The Board is recommending \$531,000 to improve the quality and accessibility of computing in the Regents system.

Replacement of Instructional Equipment. Much of the instructional equipment at the Regents institutions was purchased with federal funds during the 1960's and early 1970's. That equipment is outdated and some of it is in disrepair because of inadequate equipment repair and replacement funding. In recommending \$565,000 for this item, the Board recognizes that modern, well-maintained equipment plays an essential role in providing a quality education for Kansans.

Other Recommendations for Quality Improvement. The Board of Regents is recommending \$504,482 to replace lost federal revenue. Almost all of this recommendation is to replace lost federal revenue in the Health Sciences. In addition, the Board is recommending \$236,169 to improve the quality of specific institutional programs.

FUNDING FOR NEW ACADEMIC PROGRAMS

The Board of Regents is responsible for approving all new academic programs offered by the Regents institutions. It has developed an objective program approval process in order to carry out this responsibility. The Board is recommending \$200,895 to provide requested start-up costs for five new academic programs in Fiscal Year 1984. Most of this additional funding will cover the cost of starting three new academic programs in the Health Sciences.

SUMMARY OF BOARD OF REGENTS RECOMMENDATIONS

Operating Budget
Fiscal Year 1984

Institution	Fiscal Year 1983 General Use Base Budget*	Program Maintenance	Enrollment Adjustment	Servicing New Buildings	New Academic Programs
KU	\$ 90,212,631	\$10,364,502	\$ (577,476)	\$ 407,687	\$ 28,932
KUMC	111,056,119	13,068,826	-	276,712	37,670
KSU	84,868,776	9,480,549	566,812	531,332	-
KSUVMC	7,332,719	874,282	-	-	-
WSU	38,268,403	4,320,643	1,172,280	363,252	90,000
ESU	17,702,273	1,958,957	(34,475)	-	44,293
PSU	17,072,858	1,900,705	187,422	117,319	-
FHSU	16,161,521	1,808,137	(116,949)	-	-
KTI	2,638,268	294,437	383,703	-	-
Total	\$385,313,568	\$44,071,038	\$1,581,317	\$1,696,302	\$200,895

Institution	Program Improvements					Total Program Improvements	Total Additional General Use Funds Recommended
	Library Acquisitions	Academic Computing	Replacement of Instructional Equipment	Replacement of Lost Federal Funds	Other Improvements		
KU	\$100,000	\$175,000	\$175,000	\$ -	\$195,646	\$ 645,646	\$10,869,291
KUMC	-	-	100,000	249,482	-	349,482	13,732,690
KSU	100,000	250,000	100,000	-	-	450,000	11,028,693
KSUVMC	-	-	-	225,000	-	225,000	1,099,282
WSU	60,000	40,000	40,000	-	-	140,000	6,086,175
ESU	-	-	-	30,000	131,028	161,028	2,129,803
PSU	25,000	20,000	25,000	-	-	70,000	2,275,446
FHSU	-	20,000	25,000	-	40,000	85,000	1,776,188
KTI	25,000	26,000	100,000	-	20,108	171,108	849,248
Total	\$310,000	\$531,000	\$565,000	\$504,482	\$386,782	\$2,297,264	\$49,846,816

*Adjusted to reflect the 4% reduction



Board of Regents - State of Kansas

Suite 1416 Merchants National Bank Tower
Topeka, Kansas 66612-1251 (913) 296-3421

Revised as of December 17, 1982

Statewide Priority Listing of Capital Improvements

Priority No.	Campus	Project	FY 1984 Item Request	Cumulative Total
1	Board	Major Repairs, Special Maintenance and Remodeling	\$4,000,000	\$ 4,000,000
2	Board	Technical Assistance for Energy Conservation	475,000	4,475,000

NOTE: Although all the capital improvement items on this list are ranked in descending order of priority, the Board of Regents has clearly indicated the extraordinary importance of major repairs and energy conservation. These two items stand far above those ranked behind because of the critical need to maintain our physical plants and continue to seek ways to conserve energy. We must make a strong commitment to preserve the integrity of existing campus facilities before we embark upon new projects, however necessary these new projects may be.

3	KU	Bailey Hall HVAC Replacement	270,200#	4,745,200
4	KSU	Nichols Gym Reconstruction	3,739,760#	8,484,960
5	WSU	Addition to Ablah Library and Media Center	499,920°	8,984,880
6	KUMC	Hazardous Waste Incinerator	359,000#	9,343,880
7	PSU	Replace Utility Tunnel - Russ to Porter	98,500#	9,442,380
8	FHSU	Sheridan Coliseum	121,473*	9,563,853
9	ESU	Animal Facility - Breukelman	66,000#	9,629,853
10	KTI	Technology Center - Phase I	3,024,000#	12,653,853
11	KUMC	Addition to Applegate Energy Ctr.	2,850,000#	15,503,853
12	KSU	Energy Conservation	668,000#	16,171,853
13	WSU	Remodeling for College of Business Growth	475,200#	16,647,053
14	PSU	Completion of Carney Hall - Relocation of Programs	181,500#	16,828,553
15	KU	New Library	386,000*	17,214,553
16	ESU	Remodel Plumb Hall	157,300*	17,371,853
17	FHSU	Martin Allen Remodeling	6,250*	17,378,103
18	KTI	Remodel Chapel into Women's Dormitory	45,000*°	17,423,103
19	Board	Remodeling for the Handicapped	1,887,150#	19,310,253
20	KSU	Resurface and Repair Streets	329,500#	19,639,753

*Preliminary Planning

°Final Planning

#Construction

Statewide Priority Listing of
 Capital Improvements (continued)
 Revised December 17, 1982
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<u>Priority No.</u>	<u>Campus</u>	<u>Project</u>	<u>FY 1984 Item Request</u>	<u>Cumulative Total</u>
21	KU	Renovation of Art and Design Bldg.	\$ 488,290#	\$20,128,043
22	KUMC	Remodel for Reuse of Old Hospital- Phase I	1,427,000#	21,555,043
23	KSU	Chemistry-Biochemistry and Plant Science Greenhouses	472,030*	22,027,073
24	KU	Power Plant Energy Conservation	1,130,000#	23,157,073
25	WSU	Recital Hall Addition to Duerksen	1,919,840#	25,076,913
26	KUMC	Radiology Suite in Emergency Room	648,000#	25,725,713
27	PSU	Porter Building Remodeling	233,000*°	25,958,713
28	FHSU	Remodel Davis Hall Annex	95,000#	26,053,713
29	ESU	Replace Elevator in Stacks - W.A.W. Library	77,000#	26,130,713
30	KTI	Renovate Aero Classroom-Laboratory Building #714	122,165*°	26,252,878
31	KU	Spooner Hall Renovation	206,800*°	26,459,678
32	KSU	Improve Chilled Water Distribution System	750,000#	27,209,678
33	KUMC	Institutional Programming-Physical	127,000	27,336,678
34	ESU	Summer Boiler - Power Plant	82,500#	27,419,178
35	PSU	McPherson Drive Improvements	27,000*°	27,446,178
36	KU	Alterations & Repairs to Dyche Hall	294,800#	27,740,978
37	ESU	Install Capacitors to Improve Power Factor	36,300#	27,777,278
38	KSU	Plant Science Complex Phase II	194,380*	27,971,658
39	KU	Various Building Roof Replacements	588,100#	28,559,758
40	FHSU	North Campus Chilling Station	41,000*	28,600,758
41	PSU	Roof Replacements-Yates and McCray Halls	16,000*°	28,616,758
42	ESU	Roof Replacement - Stormont Maintenance Center	90,000#	28,706,758
43	KU	State Biological Survey Facility	330,000*°	29,036,758
44	KSU	New Centrifugal Chiller for Central Chilling Plant	456,500#	29,493,258
45	FHSU	Picken Hall Remodeling	67,800*	29,561,058
46	PSU	Campus Sidewalks	35,000#	29,596,058
47	FHSU	Farm Improvements - 4th Year of 5 Year Plan	200,000#	29,796,058

*Preliminary Planning
 °Final Planning
 #Construction

BUDGET STATEMENT

For the Ways and Means Committees' Joint Budget Hearings
January 20, 1983

By James Pickert, Chairman
Kansas Board of Regents

Senator Hess, Representative Bunten and members of your committees:

We appreciate this opportunity to briefly discuss our budget needs for Fiscal Year 1984.

The State of Kansas and its citizens have made a significant investment in our future by developing a system of public higher education. The return on that investment is measured not only by contributions to economic growth, but by the fundamental contributions to the life of each Kansan that is provided by the scholars and scientists seeking to improve our understanding and quality of life.

A strong system of higher education in Kansas represents our State's main resource for developing leaders with vision, informed participants in civic life, highly competent teachers and other professionals, talented artists and skilled workers. Unless we fully develop the abilities of our citizens, economic growth and societal well-being cannot be fully achieved. Thus, the most important continuing challenge to the Regents system is to educate our citizens and conduct the necessary research to support the technological and information-based society that is rapidly emerging. Without a sustained investment in higher education, our way of life will lose its vitality.

The Board of Regents is responsible for annually presenting the financial needs of its institutions to the Governor and Kansas Legislature. Each year the Board and its staff spends considerable time reviewing and evaluating institutional budget requests. That review process includes formal budget hearings during which institutional heads present their most important needs to the Board.

The Board of Regents is fully aware of our current economic climate and the need to be responsive to potentially more restrictive economic conditions in Kansas during Fiscal Year 1984. At the same time the Board also recognizes its responsibility to present the needs of Kansas public higher education to the Governor, Legislature and the citizens of the State. We have attempted to balance those responsibilities in making our Fiscal Year 1984 budget recommendations.

Regent Jordan Haines, Chairman of the Board's Fiscal Affairs Committee, will briefly summarize our budget request for Fiscal Year 1984. Following Jordan's presentation, President Appleberry will describe the impact that the 4 percent funding recession has had on our institutions; President Acker will discuss the importance of maintaining the quality of our existing base budget; and Chancellor Budig will speak to the need for additional funding for instructional equipment, academic computing and library acquisitions. After these brief presentations are finished, we will be pleased to respond to questions you might have about our budget request.

Before I introduce Jordan, I would like to recognize other Regents who are in attendance today. I would also like to take this opportunity to formally introduce our new Executive Director, Mr. Stanley Koplik. I know that you will come to appreciate, as we have already appreciated, the leadership that Stan is providing as we work together to solve problems currently confronting higher education.

At this time I would like to introduce Regent Haines.

BUDGET STATEMENT

For the Ways and Means Committees' Joint Budget Hearings
January 20, 1983

By Jordan Haines
Kansas Board of Regents

Let me begin by reiterating Regent Pickert's statement of appreciation for your sustained support for higher education. Largely, through your efforts, we have indeed established a system of institutions of which we can be proud.

Kansans have traditionally recognized that without the trained leadership provided by the state's institutions, our future would be bleak indeed; without the technical and managerial skills provided by our institutions, desirable new industries would not locate in this state; without continuous agricultural research and dissemination of its findings, this state's primary business would severely erode from its present strong condition. Funding provided for the operation of our institutions in Fiscal Year 1984 will be replenished many times over during succeeding years.

We are as aware as anyone of the current fiscal dilemma of the State. We will work with the administration and legislature to resolve our common problems. We already accept the fact that resources are not presently available to fully fund our needs. Within this context, however, our needs have not diminished as has state revenue.

I am not here today to tell you the Regents system will collapse if we do not receive the Board's requested increase of 9% for unclassified and student salaries, 10% for OOE and 7% for classified salaries. But I am here to tell you that in the long run, as time and economic conditions permit, and as the best judgment of these committees prevail, the Regents system does need your continued support. We can only tell you of the needs in higher education. It is your responsibility to translate those requests into a viable program for the State within the broad context of the State's current resources and anticipated future growth.

Having already reduced the current year's state general fund budget for the Regents system by 4 percent, we are acutely aware of the fiscal conditions currently confronting the State of Kansas. We are more than willing to do our fair share to ensure that our state emerges from this period of fiscal uncertainty in an even stronger condition than before. We are saving. We are conserving. Our needs are real, however, and must be recognized now, and as we look to the future. It is important to remember with the Board of Regents request, you are making an investment in leadership for Kansas.

At this time, President Appleberry will briefly describe the impact that the 4 percent funding recision has had on programs in the Regents system. He will be followed by President Acker and Chancellor Budig. These gentlemen will describe needs for program maintenance and special equipment and libraries, respectively.

Chairmen Buntten, Chairman Hess, Members of the Joint Committee:

I want to spend the next few minutes talking about the negative impact which the 4 percent reduction in the funding base has had on the academic, research and service programs at the seven Regent institutions. This impact will be even more destructive if those cuts are carried into the coming year.

Last summer when the state of Kansas experienced a revenue shortfall, the Kansas Board of Regents and the Regent institutions agreed to voluntarily reduce the level of expenditure which had been appropriated for higher education for fiscal year 1983. We agreed to this reduced expenditure level because we understood the plight of the state and wished to do our part in supporting the efforts of the Governor and legislative leadership to assist the state of Kansas in meeting its constitutional fiscal responsibilities. At that time we were aware that the 4 percent reduction would have a significant negative impact on the operation of our institutions. However, we believed that by prudent management and by delaying temporarily some badly needed improvements, we could survive this year without spending those funds, but we knew the consequences.

We were cautiously optimistic that part or all of these funds might be restored before the end of the year if the economy improved and if the original state revenue projections were met. However, we were also fully prepared to operate temporarily even if the funds were not restored.

Fiscal year 1983 is nearing its end. The Regent institutions will live within their reduced budgets. We will survive this year. However, it would be naive and short-sighted for the Governor or the Legislature to believe that, because we have survived this year with the 4 percent cut, we can continue to operate effectively and efficiently if these funds are not restored.

Indeed, the opposite is true. If these funds are not restored, some of the important obligations that we have been able to meet this year will not be met in the future. While the potential impact of a permanent reduction in funding are many and complex, there are a few issues common to all Regent institutions that can be summarized today.

The first issue is that of operating budgets. In years past, we have spoken to the Ways and Means Committees about the erosive impact which inflation has had upon the operating budgets of the Regent institutions. We have presented data year after year to suggest that on the average, the rate of inflation, as well as the actual costs paid for the commodities which universities purchase, has averaged more than twice the rate of increase in the institutions' OOE budgets. Before the reduction in funding, we were barely treading water in terms of purchasing supplies, equipment and laboratory instruments. And yet, a significant portion of the reduced budget expenditures in the current year has necessarily occurred in the OOE support funds. This year the Regent institutions have not purchased instructional equipment needed by our various academic programs. Our engineering

and technology programs, and our computer operations have been particularly hard hit. These two areas are important since the institutions in the state of Kansas are facing increased demands for academic programs in engineering, computer science and the technologies. Kansas institutions lag substantially behind in their computer capability and in their ability to replace instructional equipment in programs, such as engineering, computer science, engineering technology and the hard sciences.

As one example, this past year because of the budget reduction, Pittsburg State rescinded all of the funds which had been specifically designated by the Legislature last year to purchase instructional equipment in our School of Technology and Applied Science and our Vocational Technical Institute. The acquisition of this equipment was an extremely high priority for the University. The fact that we did not purchase the equipment after the budget reduction reflects the fact that we simply had no other place to cut these expenditures. Wichita State University eliminated all capital equipment purchases.

During the current year, the Regent institutions had planned to expand and upgrade computer services for the academic programs and to develop more efficient administrative procedures which require computer support. Indeed, the state of Kansas is implementing an integrated personnel payroll system which has been funded at the state level, but which has cost consequences on our campuses that have never been recognized or funded. Such upgrading in the state and on our campuses is important; because during the past year alone, several of us have experienced a doubling of the number of academic users and a tripling of the number of courses requiring computer services. Additionally, at Pittsburg State alone, we experienced an increase of nearly 30,000 transactions and jobs processed during the past 18 months. Kansas Technical Institute withheld almost \$60,000 in planned computer equipment purchases.

In general, Kansas higher education institutions have been fighting an uphill battle to "catch up" with our colleagues in surrounding states. A conservative estimate is that Kansas Regent institutions collectively have at least a ten-year gap in computer capability. This gap will grow if we do not have the funds to begin a "catch up" process. If the reduced funds are not restored to our base, we will have to defer indefinitely the computer upgrading which all of us need and which all of us have already postponed. It is interesting that this impact is occurring at the time we are making a major effort statewide to attract high-technology industry.

Second, enrollment has been strong at all of the Regent institutions and continues to exceed even our own forecasts. While our instructional responsibilities grow in some areas and lessen in others, the budget reduction has made us less than effective in meeting our instructional commitments. All of us were forced to trim our budget for part-time personnel and for off-campus classes. In

many academic areas, our part-time faculty are an integral part of meeting our instructional commitments. Our reduced part-time faculty allocations caused us not to be able to meet all the demand for freshman English and lower division mathematics. Further, all of our institutions have experienced a growth in business, computer science and engineering, and we have been forced to rely upon part-time faculty to support these areas. Because of the budget reductions, we were forced to cut back sharply in the number of students which could be accommodated in these areas.

As just one example, at Pittsburg State University, we turned away more than 100 students in the fall and spring semesters of the current year who wished to enroll in courses in computer sciences. This spring we were unable to offer a course in accounting law, even though a course must be offered eventually in order to prepare our students to sit for the CPA exams. We have postponed the filling of several faculty positions, including the Chairperson of the Department of Physics on our campus. We have held positions open longer than would be wise, such as the Director of the Library and the Director of the Vocational Technical Institute. The University of Kansas held open five full-time positions in the library. It is simply not reasonable to expect that these positions be held open in the future if we are to continue program quality.

At all of our institutions, we have an ongoing responsibility to the citizens of the state to provide courses in communities away from our campus to assist in the recertification of teachers, nurses and other professionals. Citizens of the state of Kansas depend upon these courses. They have adjusted to a temporary reduction in off-campus courses, but they have a right to expect that our off-campus course offerings will be restored next year.

Third, academic support services have been drastically reduced. At Wichita State University, they were forced to reduce the amount of time the Library was open for students. All of us have reduced dramatically our expenditure for acquisitions in our libraries, even though we have experienced a real dollar cut in our acquisitions budget for many years. As one example of the impact of these cuts in acquisitions budgets, our institutions will find it increasingly difficult to meet the demands of the accrediting groups which will visit our campuses. At Pittsburg State, we will experience accreditation visits from the Accrediting Board for Engineering and Technology, the National Council for Accreditation of Teacher Education, the North Central Association (which accredits our entire institution and all of its programs), and the American Assembly of Collegiate Schools of Business. With reduced hours of operation in our libraries and with cuts in our acquisitions budgets, we are in even a more difficult position as these accrediting teams visit our campuses. The knowledge explosion is continuing -- and we are experiencing a growing gap between the library holdings which we presently possess, and those which we need to serve our students. The

gap is especially significant, once again, in the engineering, sciences, computer sciences, technology and areas which support high technology.

Faculty development at all of our institutions has been dramatically affected by the budget reduction. At Emporia State University, all out-of-state travel was suspended. These actions seriously affect the ability of our faculty to keep current with their respective fields of study. The funds which were allocated for out-of-state travel encourage the sharing of scholarship by our faculty through reading papers, participating in symposiums, participating as discussants at conferences and exhibiting or performing works of art. If Kansas is to keep up with the knowledge explosion, we must provide a minimum level of interaction of our faculty with those from other institutions and other parts of the country. Without this support, our opportunity to secure external grants, our opportunity for working with faculty at other institutions, and our ability to share and gain ideas from others will be seriously eroded.

Fourth, our universities have deferred maintenance of our physical plant. While all of us have some new buildings on our campuses, we all have buildings which have served us for many decades. Our older buildings are, for the most part, continuing to serve us well. If we are able to maintain our physical plant -- old and new -- only then will the state be spared major capital improvement funds in future years. Almost any physical structure can withstand a few months or even a year of less than adequate maintenance, but it takes only a relatively short period of time before substantial deterioration occurs. We have reduced the care of our campus grounds; we have minimized our funding for snow and ice removal in the winter -- and fortunately we have been helped by good weather thus far; we have reduced our security personnel, and we have held maintenance personnel positions open longer than we would have desired. All of these reductions can save money in the short run, but only at the risk of mortgaging our future and increasing the long run expenditures for the plant and equipment on our campuses.

In summary, we were given an opportunity last year to tighten our belts and survive for a few months with a significant temporary reduction of state funds in order to help the state adjust to its revenue shortfall. We supported the efforts of the Governor and the legislative leaders. Because of the ravages of inflation -- because of shifts in enrollments and because Kansas has placed a new and appropriate emphasis on economic development through the attraction of high-technology and industry, the belt tightening cannot continue indefinitely without seriously and irreversibly damaging our educational process. The long run economic development of Kansas will be retarded if the shortrun budget rescission is extended. Real dollar budget cuts of past years has relieved us of most of our budgetary flexibility. The impact of the budget reduction has been

felt in the areas of enrollment, academic programming, faculty development, student services, physical plant, computer applications and the myriad of support services critical to the state of Kansas. The impact on the entire academic community has been one of frustration and concern, plus a willingness to labor longer with less to maintain the quality of the instruction and services provided to the students and the state. This is a temporary commitment on the part of our campuses, and it will be very detrimental to the students if we continue to ask our already committed and hard working faculty and staff to continue their extra efforts over any extended period of time. Since the product of our institutions is the development of creative minds, time is needed by students and faculty to promote that development. It does not thrive well when that time is shortchanged. We need your help in meeting our educational obligations to the state and nation in the years to come.

Thank you very much.

Maintenance of Current Programs

I appreciate the opportunity to discuss with you some matters which will ultimately determine the health and quality of public education in Kansas. We are all aware that the country and the State are experiencing a severe and prolonged recession. Since revenues are tied to the level of economic activity, the State's ability to support public services is diminished. And we recognize that the State is properly committed to a variety of other services which, like higher education, require funds in order to function.

There is no problem in making a case for higher education and its needs. For perspective, it is worth recalling that every study of comparable state universities in comparable states has shown that the universities under the Kansas Board of Regents have consistently conducted their programs at very low cost per student. This has been possible primarily because our faculty salaries have been lower than those at comparable universities, administrative costs at the Regents' universities have been much lower than those elsewhere, and we have not spent as much as other institutions on libraries, equipment, and other types of program support.

All across the country, public universities are dealing with the consequences of a prolonged recession. If the challenge seems more severe in Kansas, it is only because we begin with the disadvantages of a relatively low financial base.

Regent Haines has provided background on our faculty salary request. I will not dwell further on that except to note that it has been a number of years since we have been able to offer increases which match those in the cost of living.

For delivery by President Duane Acker, Kansas State University at a joint Ways and Means Committee Meeting, January 20, 1983

Equally serious is our inability to provide adequate operating funds for our teaching, research and extension faculty and programs. Instructional equipment is generally outdated and in scant supply; faculty do not have needed money to obtain the film, publications, and demonstration aids they need for the classroom or for extension programs; there are few funds for inviting a distinguished scholar to provide a seminar or lecture. The faculty are energetic and they work hard; but they've become increasingly frustrated by our inability to provide what they need with which to work effectively.

On another topic, let me acknowledge that energy costs continue to mount at our universities as they do in your homes. Our sensitivity to this concern has been at a high level since the 1970's. The Regents' universities have instituted sizeable conservation and cost saving measures. While you can be assured that we will continue to pursue and implement conservation measures, I don't want to mislead you as to the future. We have already done much of what it is reasonable to do in conservation. Significant additional savings cannot be anticipated.

Finally, a word about the budget adjustment for enrollment. Although the formula has changed from time to time, both the Board of Regents and the Legislature have long recognized that resource requirements change as a function of enrollment. The current procedure, called the "corridor concept," is the most sophisticated in our history, and probably the most logical and defensible. It provides adjustments only for significant changes, using a full year's student-credit enrollment to calculate change, and taking into account the costs of different types and levels of instruction. The procedure provides a sensitive and sensible way to insure that meaningful enrollment changes result in appropriate changes in budgets. The procedure is designed to help assure Kansans that the quality of their public universities will be reasonably stable.

Although the Governor has recommended that you continue to recognize and respond to enrollment changes in your appropriations, he has also recommended a reduction in the base budgets of each university. During the past three fiscal years, Wichita State University has experienced an increase in enrollment of 698 FTE and a proportionate increase in student credits taught. The "corridor" budget procedure calls for \$1,172,280 of additional funding for this increased enrollment. The Governor's recommendation, though including funds for this increase, would lower the base significantly. The net result would be 14 fewer positions, though enrollment has grown. A reduction in base has the same effect on a university as would failure to fund enrollment growth.

If the State's financial resources require a reduction in the base budgets of our universities, it is my strong recommendation that it be considered an advance deposit on a downward enrollment adjustment we anticipate in the Regents' system in the years ahead. If future enrollments decrease they should not result in decreased resources until the amount of the negative enrollment adjustment exceeds the amount of the base reduction. For institutions where enrollment reductions will not likely occur (e.g., the Veterinary Medical Center at KSU), we suggest that, as economic recovery occurs, any base reductions required at this time be restored. Obviously, you cannot act for future legislators. But by considering and endorsing proposals like this, you will make clear your intent to prevent a permanent reduction in the quality of our universities.

Thank you for your time and attention.

Statement by Gene A. Budig
January 20, 1983

Higher education can play a key role in creating a prosperous future for Kansans, as it does for other states. Our institutions of higher learning are essential to the state's cultural and economic development. The relationship between higher education and the public interest is widely recognized in the statehouse, in corporate boardrooms, and on our campuses.

In its "Strategy for the Eighties", the Kansas Department of Economic Development cites university research and training as highly significant for the advance of high technology industries within the state.

Leaders in business and industry have been widely quoted as endorsing the importance of higher education to their needs in the Wall Street Journal, the Washington Post, the new USA Today, the Chronicle of Higher Education, and in such regional newspapers as the Kansas City Star and Times and the Wichita Eagle-Beacon.

Our Regents institutions are ready to join with the state and with private enterprise as partners in the economic future of business, industry, and agriculture.

What is required of higher education in this partnership? What is needed now to prepare our students to meet the challenges of the future?

The aspects of higher education most frequently cited as essential to economic stability and growth are, first, our ability to provide a skilled and educated workforce. In the high tech environment, workers need a firm educational foundation for advanced skills and specialized training.

A second significant factor is our ability to contribute to employee training. Dealing with a rapidly expanding body of knowledge requires that employees return frequently to centers of learning to update and refresh their educations. Opportunities to pursue graduate level degrees are important. Professional continuing education is important.

The third factor is our ability to share learning resources, including highly specialized tools and information. The new high tech society is an information enterprise. The most important resources are those for the storage and retrieval of information--computer systems and libraries.

Fourth is the ability of higher education to share expertise. Industry needs access to specialists, to faculty experts, to make the best possible use of new knowledge as it becomes available.

These roles and responsibilities depend on the availability within universities of persons who are experts in their fields of study, and they must have for their work advanced and sophisticated instructional equipment, scientific instrumentation, and enhanced libraries and computer resources.

Increased funding for operating and support expenses is a top priority of the Regents institutions at this time. Increased funding for these expenses is essential to our efforts to provide an adequate education for our students, to attract and retain top quality faculty members, and to continue aggressive and productive research and service.

Our educational capabilities were eroded by inflation during the past decade. Now, when these capabilities are most needed, our institutions are hobbled by worn or obsolete instruments, inadequate capacity to meet student demands for education in technical areas, and incomplete informational holdings.

According to a recent report by the Association of American Universities to the National Science Foundation, the nation's top universities lag

significantly behind business and industry in the quality of their equipment. Teaching and research equipment in major universities is, on the average, twice as old as instruments in industrial research laboratories. In Kansas, this lag is generally greater than the national average. This means that students at the state universities in Kansas are not being prepared adequately for the new high technology business environment.

At the University of Kansas, an AAU school, students are learning elementary principles of chemistry on analytical balances designed and manufactured in the early 1950s for the industrial environment of that era. These balances are not capable of the precision in measurement needed to demonstrate what is known in chemistry today. But the cost of replacing thirty to forty of these balances would be about \$50,000. Similar problems with instructional equipment exist in virtually all disciplines and at all of our institutions.

At Kansas State University, for example, deterioration of supplies and equipment for teaching was cited by a departing chemistry professor as the main reason for leaving higher education for private industry. Even before this year's budget cutbacks, he found his department strangled by the lack of funds for teaching and research supplies and equipment.

In the Regents universities, the demand for technological education far exceeds the capacity of the schools to provide such training. The University of Kansas, for example, can provide simultaneous access to the University's main computer to only 126 students; therefore only one half of one percent of the University's students can use the computer at the same time. For instruction today, computing is as essential as library resources. Virtually every discipline of learning makes some use of computing. Industry demands computer literacy from our students. It is perhaps an understatement to say that the computer revolution is the most significant technological development in our history. If we are not able to prepare our students for

the impact of the computer on our lives and our ways of doing business, then we are not fulfilling our responsibilities.

The private sector is willing to invest in university research. Its share of university research funding has doubled in the past decade. Even today, however, private investment accounts for only 4 percent of research funding in higher education nationwide. And these investments tend to be made at institutions where a strong base of public support for research already exists. That is why more and more states are recognizing the importance of providing a strong base for public higher education to attract private investment in institutions as well as in their states.

This is a decade of uncommon opportunity and perhaps uncommon risk. Between now and the year 2000, 75 percent of the economic growth in the United States is expected to occur in areas depending on high technology. Recent capital investments have occurred almost entirely in these areas.

Not only is high technology a key factor in economic growth, it is essential to economic stability. Even those segments of the economy not directly engaged in the production of high technology hardware are increasingly incorporating technologic advances to improve their operations. Existing enterprises, from agricultural to manufacturing, rely on support from and developments at their universities.

The funds provided for operating expenses and equipment directly affect our ability to respond to high technology opportunities within the state. Our instrumentation and informational resources determine our ability to attract and retain top faculty and good students. These resources determine our ability to conduct high level research and our ability to attract private and federal funds for research support. These resources are highly significant in our ability to train students to work in modern

industrial and professional environments and our ability to place our students in situations that make maximum use of their training and expertise.

Most important, the level of support from the state for equipment and operating expenses will determine our success in serving as a full partner with the state and with the private sector in creating an economic future for Kansas. We urge you to provide necessary support for OOE funds and monies to help us in partnership with other private and public agencies attract high tech developments for our state.