

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by BILL BUNTEN at
Chairperson

8:30 a.m./~~XXXX~~ on Thursday, March 10, 1983 in room 514-S of the Capitol.

All members were present except:

Committee staff present: Marlin Rein -- Legislative Research
Lyn Entrikin Goering -- Legislative Research
Bill Gilmore -- Legislative Research
Jim Wilson -- Office of the Revisor
LewJene Schneider -- Administrative Assistant
Charlene Wilson -- Committee Secretary

Conferees appearing before the committee:

Others present: (Attachment I).

The meeting was called to order by Chairman Bunten at 8:30 a.m.

The Chairman indicated that no further discussion would be held on HB 2496 or 2497 for the time being. He stated that apparently there are some questions that have necessitated further research on these bills before they can be considered further.

The Chairman turned to consideration of subcommittee reports on the Regents' Institutions.

House Bill 2135, UNIVERSITY OF KANSAS FY83.

Representative Shriver reported on this area. The subcommittee concurs with the Governor's recommendation. Representative Shriver moved the adoption of the subcommittee report. Seconded by Representative Heinemann. The motion carried. (Attachment II).

House Bill 2148, Section 7, UNIVERSITY OF KANSAS FY84.

Representative Duncan reported on this section. The subcommittee concurs with the Governor's recommendations with some adjustments. (Attachment III). Numerous committee questions addressed this subcommittee report. Representative Luzzati questioned why, in item 6, the \$150,000.00 for evaluation of shelter homes for victims of domestic violence had been deleted. Representative Duncan indicated that this had not been a request by the University but had been added by the Governor into the University's budget.

Representative Solbach asked what the legal ramifications could be of the legislature going in and putting pressure on the University as to how they should use the money in the grant. Representative Heinemann indicated that as far as the provisions of the man's will go, it had been stated that the money was to be used by the University of Kansas Endowment Association for such purpose at the University of Kansas for which state and other funds were not available. Representative Duncan indicated that the funds are not available to put the gift computer into operation and this had been determined by the subcommittee to be a priority due to the fact that there is a great lack of access for academic computers to students. This new computer would allow 32 new monitors and terminals to be added to the existing system. Representative Solbach further commented that he feels this might have a chilling effect on other donors to the University if they feel the legislature is going to come in and dictate how the University is to spend the grants it receives.

Representative Duncan indicated that due to the fact that this report may need to be amended that the final motion on this subcommittee report should be deferred until a later point in the meeting. The Chairman concurred with this suggestion.

House Bill 2135, Section 5, KANSAS STATE UNIVERSITY FY83.

Representative Hoy reported on this section. The subcommittee concurs with the Governor's recommendation. Representative Wisdom moved the adoption of the subcommittee report. Seconded by Representative Meacham. Motion carried. Atch. IV

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS,
 room 514-S, Statehouse, at 8:30 a.m. ~~XXX~~ on Thursday, March 10, 1983.

House Bill 2148, Section 3, KANSAS STATE UNIVERSITY FY 84.

Representative Rolfs reported on this section. The subcommittee concurs with the Governor's recommendation with some adjustments. (Attachment V). Representative Luzzati questioned if any review of operating expenditures had taken place by the subcommittee. Representative Rolfs indicated that they hadn't gotten into an evaluation of their base budget as such. What they had done was to look at what it had been felt by the University was needed. The problem that came up here was that the subcommittee didn't have a base against which to compare. Representative Meacham added that one thing that hampered a real in depth review of the OOE component, especially right now, is the source of funds. They have federal funds, state funds and county funds that all go into this. It is going to take more time than is allowed now to get this information together to enable this area to be addressed in more depth.

Representative Rolfs moved the adoption of the subcommittee report. Seconded by Representative Meacham. The motion carried.

House Bill 2135, K.S.U. Veterinary Medical Center FY83.

Representative Rolfs reported on this section. The subcommittee concurs with the Governor's recommendation with one adjustment. (Attachment VI). Representative Rolfs moved the adoption of the subcommittee report. Seconded by Representative Wisdom. The motion carried.

House Bill 2148, Section 4, K.S.U. VETERINARY MEDICAL CENTER FY84.

Representative Meacham reported on this section. The subcommittee concurs with the Governor's recommendation with some adjustments. (Attachment VII). Representative Meacham moved the adoption of the subcommittee report. Seconded by Representative Rolfs. The motion carried.

House Bill 2148, Section 9, KANSAS UNIVERSITY MEDICAL CENTER FY84.

Representative Arbuthnot reported on this section. The subcommittee has recommended that the KU Med Center be removed from HB 2148 to permit the subcommittee additional time in which to study the significant funding problems created by the Governor's budget recommendations for both FY83 and FY84. However, the subcommittee has made some tentative decisions and expressed those to the full committee in this subcommittee report. (Attachment VIII). Representative Luzzati commented that her signature was absent from the report because she felt that this report was premature and she was unable to agree with some of the recommendations. She further stated that her main objection to this report was the fact that it seems to be rushing to some conclusions that time has not permitted them to reach fully. Representative Hamm indicated that he feels that the subcommittee is not living up to it's responsibility by not making a recommendation at this time and he also had not signed the subcommittee report.

Chairman Buntin indicated that a letter was going to be written to the Governor requesting his input into this matter. Also letters will be sent to all of the Board of Regents requesting that they give some attention to this matter and get back to the committee with some input. If nothing is received from either source, then the subcommittee will make the decisions themselves.

Representative Chronister expressed serious concern about the Children's Rehab Unit being included in this report. Representative Arbuthnot indicated that up until this time, the program has been Federally funded, and it is apparent that those funds will be cut back. He further added that, as the report indicated, state funds do not appear to be available. He stated that although the subcommittee recognizes the importance and the good that the Children's Rehab Unit is doing, they did not feel comfortable about recommending additional state funds.

Representative Chronister moved that the Children's Rehab Unit recommendation not be considered final and be removed from this report to be reconsidered. The motion was seconded by Representative Wisdom.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS,
room 514-S, Statehouse, at 8:30 a.m. ~~XXX~~ on Thursday, March 10, 1983.

Representative Rolfs offered a substitute motion that all of the items, with the exception of the conclusion, be deleted from the subcommittee report. The motion was seconded by Representative Hamm.

Representative Arbuthnot stated that the subcommittee felt very strongly that some message needs to be sent to the Med Center and this is why these items have been addressed in this subcommittee report. The motion carried.

Representative Miller moved that the subcommittee report be adopted as amended. Seconded by Representative Arbuthnot. The motion carried.

Regarding the reconsideration of the subcommittee report on Wichita State University which had been given on March 7, Representative Shriver moved to delete the portion on the \$100,000.00 for libraries and computers and substitute in lieu thereof \$50,000.00 in the base OOE budget for Wichita State University. He further made the same motion on the University of Kansas. The motions were simultaneously seconded by Representative Meacham. The motions carried.

Representative Lowther moved, that in addition to the motion made by Representative Shriver, that the last two sentences of item 4 in the Wichita State University subcommittee report be deleted from the report. Seconded by Representative Mainey. The motion carried.

Chairman Bunten requested being recorded as voting "no" on the motion.

Representative Meacham moved the adoption of the subcommittee report on Wichita State University as amended. Seconded by Representative Mainey. The motion carried.

Representative Duncan moved the adoption of the University of Kansas subcommittee report as amended. Seconded by Representative Shriver. The motion carried.

The Chairman turned to consideration of final action on HB 2148.

House Bill No. 2148, -- "AN ACT making and concerning appropriations for the fiscal year ending June 30, 1984, for Fort Hays state university, Kansas state university, Kansas state university veterinary medical center, Emporia state university, Pittsburg state university, university of Kansas, Wichita state university, university of Kansas medical center, Kansas technical institute and state board of regents' authorizing certain transfers, imposing certain restrictions and limitations, and directing or authorizing certain receipts and disbursements and acts incidental to the foregoing."

Representative Meacham moved that a proviso be inserted relative to the Board of Regents Office budget indicating that the fund for search expenses shall be paid out of the Board of Regents Office budget and not by the Wichita State University Endowment Association. Seconded by Representative Luzzati.

Representative Solbach offered a substitute motion incorporating Representative Meacham's motion but additionally striking item 12 from the subcommittee report for the University of Kansas FY84. The motion was seconded by Representative Rolfs.

Representative Duncan requested that the motion be divided for voting. The Chairman concurred with this request. On the motion by Representative Solbach that item 12 be deleted from the University of Kansas subcommittee report, the motion carried.

Following considerable committee discussion, the motion proposed by Representative Meacham regarding the search at Wichita State University, the motion carried.

Representative Meacham moved that we distribute 50% of the cut on a pro rata basis including the Vet Med Center and Kansas University Medical Center and the balance of the cut be distributed among all of the institutions excluding the Vet Med Center and Kansas University Medical Center on a pro rata basis. The motion was seconded by Representative Luzzati. Data on which this amendment was made was distributed to the members of the committee. (Attachment IX).

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS,

room 514-S, Statehouse, at 8:30 a.m. ~~XXX~~ on Thursday, March 10, 1983.

Representative Duncan was opposed to the motion due to the fact that it does not include all institutions on an equal basis.

Representative Chronister stated that this motion, if adopted, could effect all of the work that has been done thusfar by the subcommittees on all of the budgets. Funds to the institutions have been based on money available and this motion would effect everything.

Representative Arbuthnot questioned if the motion was defeated in this committee whether it would be brought up on the floor of the House. Representative Meacham indicated that he has serious reservations about adopting peer review formula funding approach and distributing cuts when we have never used it in distributing resources of this state in higher education before, and in light of that fact, if the motion were to lose in committee, it could very likely be brought up on the floor of the House.

Following further committee consideration on the motion by Representative Meacham, Representative Solbach moved that HB 2148 be reported favorable for passage as amended. The motion was seconded by Representative Dyck. The motion carried.

Representatives Lowther, Meacham, Holderman and Luzzati requested being recorded as voting "no" on the motion.

The meeting was adjourned at 10:25 a.m.

NAME	ADDRESS	REPRESENTING
1. Richard von Fonde	Lawrence	The University of Kansas
2. Atz. Kyli	Topeka	Regents
3. Norma Daniels	Topeka	Senate
4. A Gen:	Wichita	Egle-Beau
5. Dr. Suedemann	Wichita	Wichita State Academy
6. Mark Vollma	Topeka	Assoc. Students / KS
7. Dana Hawkins	Topeka	ASK
8. Bill Hollenback	Pittsburg	PSU
9. Loren Busby	Lawrence	Luzati + KU
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Atch. I

SUBCOMMITTEE REPORT

Agency: University of Kansas Bill No. 2135 Bill Sec.

Analyst: Monical Analysis Pg. No. 72 Budget Pg. No. 3-79

<u>Expenditure Summary</u>	<u>Agency Req. FY 83</u>	<u>Governor's Rec. FY 83</u>	<u>Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 71,575,961	\$ 71,299,154	\$ --
General Fees Fund	18,908,713	18,611,670	--
Interest	25,000	25,000	--
General Use Funds	<u>\$ 90,509,674</u>	<u>\$ 89,935,824</u>	<u>\$ --</u>
Other Funds	51,019,710	51,884,716	--
Subtotal	<u>\$142,529,384</u>	<u>\$141,820,540</u>	<u>\$ --</u>
Capital Improvements:			
State General Fund	\$ 185,919	\$ 100,919	\$ --
Educational Building Fund	3,688,892	3,688,892	--
Other Funds	1,158,124	1,158,124	--
Subtotal	<u>\$ 5,032,935</u>	<u>\$ 4,947,935</u>	<u>\$ --</u>
TOTAL	<u>\$147,562,319</u>	<u>\$146,768,475</u>	<u>\$ --</u>
F.T.E. Positions:			
Classified	1,980.2	1,980.2	--
Unclassified	2,258.3	2,258.3	--

Agency Request/Governor's Recommendation

The agency's budget request contains two supplemental funding adjustments other than those pursuant to the budget allotments. Requested are a \$297,043 increase in the expenditure limitation on the General Fees Fund due to greater than anticipated enrollments and \$85,000 for additional brick repair on Murphy Hall. The Governor does not recommend the release of \$297,043 in additional tuition income and recommends funding the Murphy Hall project in FY 1984. The other adjustment recommended by the Governor consists of reducing the budget to reflect the withholding of merit increases for classified employees.

House Subcommittee Recommendations

The House Subcommittee concurs with the Governor's recommendations.

Atch. II

SUBCOMMITTEE REPORT

Agency: University of Kansas Bill No. 2148 Bill Sec. 7
 Analyst: Monical Analysis Pg. No. 72 Budget Pg. No. 3-79

<u>Expenditure Summary</u>	<u>Agency Req. FY 84</u>	<u>Governor's Rec. FY 84</u>	<u>Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 82,583,745	\$ 73,358,526	\$ (9,514,444)
General Fees Fund	21,650,621	22,691,000	--
Interest	25,000	25,000	--
General Use Funds	<u>\$104,259,366</u>	<u>\$ 96,074,526</u>	<u>\$ (9,514,444)</u>
Other Funds	56,602,349	55,319,045	375,060
Subtotal	<u>\$160,861,715</u>	<u>\$151,393,571</u>	<u>\$ (9,139,384)</u>
Capital Improvements:			
State General Fund	\$ 2,318,300	\$ --	\$ --
Educational Building Fund	6,575,890	5,515,000	(315,000)
Other Funds	560,000	560,000	--
Subtotal	<u>\$ 9,454,190</u>	<u>\$ 6,075,000</u>	<u>\$ (315,000)</u>
TOTAL	<u>\$170,315,905</u>	<u>\$157,468,571</u>	<u>\$ (9,454,384)</u>
F.T.E. Positions:			
Classified	1,985.4	1,931.4	(0.7)
Unclassified	2,264.3	2,235.2	(5.0)

Agency Request/Governor's Recommendation

The University's request for FY 1984 includes the following systemwide items: a 9.0 percent increase for unclassified salaries and a 1.0 percent increase in the state's retirement contribution for unclassified employees; a 7.0 percent increase for classified salaries; a 9.0 percent increase for student salaries; a 10.0 percent increase for other operating expenditures; and a 20.0 percent increase for utilities. Additional funding of \$175,000 is requested for equipment purchases; \$175,000 for increased support of computer operations; and \$100,000 for library acquisitions. In adjusting for enrollment changes the request includes a reduction of \$577,476 (\$499,865 in salaries and \$77,611 in other operating expenditures). To maintain new buildings entering service, the University requests a total of \$407,687 (\$58,119 for salaries, \$16,893 for other operating expenditures, and \$332,675 for utilities) and the addition of 4.5 F.T.E. classified positions. The University also requests \$28,932 and 1.0 F.T.E. unclassified position to establish a bachelor's degree program in Atmospheric Science. A total of \$195,646 in State General Fund support is requested for operation of the Fire Service Training Program to replace funding formerly transferred from the Fire Marshal's Fee Fund. This request also includes the addition of a 0.7 F.T.E. classified and 5.0 F.T.E. unclassified positions.

Requested capital improvements include \$270,200 to replace the heating, ventilating, and air conditioning system in Bailey Hall; \$386,000 for planning of a new library; \$488,290 for remodelings in the Art and Design Building and Broadcasting Hall; \$1,130,000 for energy conservation measures in the power plant; \$206,800 for planning renovation of Spooner Hall; \$294,800 for repairs to Dyche Hall; \$588,100 for various roof repairs; and \$330,000 to plan a facility for the State Biological Survey. Included in the request is \$5,200,000 previously appropriated for construction of an addition to Haworth Hall. Items requested from local funds include \$130,000 for student union maintenance; \$330,000 for residence hall maintenance; and \$100,000 for parking lot improvements. *Atch. 114*

The Governor recommends the following systemwide adjustments: a 4.0 percent increase for unclassified, classified, and student salaries; a 7.0 percent increase for other operating expenditures; and a 20.0 percent increase for utilities. The Governor's recommendations include the reduction of \$577,476 as requested due to enrollment changes. Funding for servicing new buildings is recommended at the requested level of \$407,687 along with the addition of 4.5 F.T.E. positions. State General Fund appropriations of \$176,061 are recommended for support of the Fire Service Training Program along with the addition of 5.7 F.T.E. positions. The Governor also recommends a State General Fund appropriation of \$50,000 for support of the Law Enforcement Training Center due to reductions in estimated receipts to the Law Enforcement Training Center Fund. A State General Fund appropriation of \$150,000 is recommended to finance an evaluation of "shelter homes" as recommended by the Governor's Task Force on Domestic Violence. Because of fiscal constraints, the Governor recommends a base budget reduction of \$3,484,666 (\$1,904,006 in salaries and \$1,580,660 in other operating expenditures) and the deletion of 54.0 F.T.E. classified and 28.1 F.T.E. unclassified positions.

Recommended capital improvements from the Educational Building Fund include \$85,000 for brickwork repair on Murphy Hall (requested as a FY 1983 supplemental appropriation) and \$230,000 for replacement of the air handling system in Bailey Hall. From local funds the Governor recommends the expenditure of \$130,000 for student union maintenance, \$330,000 for residence hall maintenance, and \$100,000 for parking lot improvements. Because of favorable construction bids the Governor also recommends modification to the multi-year appropriations for construction of an addition to Haworth Hall. This recommendation is contained in H.B. 2156 and lapses \$450,000 from the FY 1985 appropriation of \$5,000,000 and lapses \$1,006,375 from the FY 1986 appropriation of \$1,475,000.

House Subcommittee Recommendations

The House Subcommittee concurs with the Governor's recommendations with the following adjustments and comments:

1. Based on systemwide considerations the Subcommittee recommends the following adjustments:
 - a. Deletion of \$2,938,074 for salary increases.
 - b. Deletion of \$5,960,654 for utility costs.
 - c. Deletion of \$215,716 to reflect a recommended 5.5 percent increase in other operating expenditures.
 - d. Deletion of \$85,000 for Murphy Hall brick repair and \$230,000 for replacement of the heating, ventilating, and air conditioning system in Bailey Hall. These items will be considered along with all other newly recommended capital improvements following review by the Joint Committee on State Building Construction. All new capital improvement projects recommended by the Governor will be considered in conjunction with H.B. 2156.

2. The Subcommittee recommends that the line items of appropriation previously employed by the Legislature be restored.
3. The Subcommittee recommends deletion of the provisos relating to drilling, by the Geological Survey, of a gas well on the grounds of Osawatomie State Hospital. Drilling has been completed and the provisos are no longer required.
4. The Subcommittee recommends the following changes to restricted fee accounts:
 - a. Change "Institute for Social and Environmental Studies" to "Center for Public Affairs."
 - b. Addition of the following account titles: "Applied English Center; Cartographic Services; Economic Education; Study Abroad Programs; Recreational Activities; Animal Care Activities."
5. The Subcommittee recommends the deletion of \$50,000 from the State General Fund for support of the Law Enforcement Training Center. The Subcommittee recommends that the University charge tuition for those students seeking college credit for the basic law enforcement training program and further recommends the creation of a "Law Enforcement Training Center Fees Fund" for receipt of any tuition so charged. The Subcommittee recommends that any expenditures from this fee fund be for support of the Law Enforcement Training Center and endorses continuation of the proviso prohibiting any credit hours generated by the Law Enforcement Training Center from being included in the University's base budgeted enrollment figures.
6. The Subcommittee recommends deletion of \$150,000 for evaluation of shelter homes for victims of domestic violence.
7. The Subcommittee concurs with the addition of State General Fund support for the Fire Service Training Program, but recommends the deletion of 0.7 F.T.E. classified and 5.0 F.T.E. unclassified positions. The change in the position limitation is not required and was due to an error in the University's budget request.
8. The Subcommittee recommends enactment of legislation to continue in existence the \$40 intent to drill fee which provides revenue to the Geological Survey Fund. The Subcommittee also recommends that the language regarding expenditures from the Geological Survey Fund be amended to include operating expenditures of the Geological Survey.
9. The Subcommittee notes the Governor's recommendation includes an expenditure limitation of \$186,538 on the Geological Survey Fund for equipment purchases. This has been offset by a corresponding reduction in expenditures from the State General Fund. The Subcommittee recommends that this expenditure limitation be increased by \$200,000 to \$386,538 with a corresponding reduction in State General Fund appropriations for the

Geological Survey. This recommendation does not increase total expenditure authority but shifts \$200,000 from the State General Fund to the Geological Survey Fund. It is the Subcommittee's intention that the additional support from the Geological Survey Fund be used to support the activities of the well core sample library in Wichita. The Subcommittee feels that the Geological Survey Fund is an appropriate source of support for the well sample library as its primary users are from private industry. The Subcommittee notes that these recommendations are contingent upon continuation of the intent to drill fee and the Geological Survey Fund.

10. The Subcommittee recommends deletion of the proviso allowing for purchase of insurance for women's intercollegiate athletics from the State General Fund. The University is the only Regent's institution continuing to purchase such insurance in this manner and, although the premium amount is modest (\$1,300), the Subcommittee feels that this insurance should be purchased from Athletic Corporation funds.
11. The Subcommittee notes with concern the impending cancellation of the Regents Honesty Blanket Bond. Were it not for the provisions of K.S.A. 75-4106, which prevents cancellation until substitute coverage is in effect, the institutions would currently be uninsured. The Subcommittee makes the following observations regarding this matter: (1) It appears that cancellation is attributable, in part, to the University's failure to follow appropriate procedures in consulting with the Commissioner of Insurance prior to the filling of claims. The Subcommittee trusts that the University's awareness of these procedures will eliminate any such oversight in the future; (2) the Subcommittee is concerned with the financial control procedures employed by the University which allowed for the occurrence of such losses. The Subcommittee recommends that the University evaluate its financial control procedures and report to the Committee prior to the 1984 Legislative Session on steps which have been taken to minimize the possibility of such losses in the future; (3) the Subcommittee is also concerned with the apparent lack of communication among the public entities involved: the University, the Board of Regents, and the Committee on Surety Bonds and Insurance. The Subcommittee trusts that the consequences resulting from these incidents will lead, in the future, to increased coordination and communication among the parties involved.
12. The Subcommittee acknowledges the University's receipt of a gift from the Honeywell Corporation of a Honeywell CP-6 Computer. The University has identified the costs of bringing this computer on-line for instructional use as \$175,060 (\$79,560 on-going costs and \$95,500 one-time costs). The Subcommittee also notes the bequest of Lee M. Bush (Class of 1911) totaling \$1.2 million dollars to the Kansas University Endowment Association. The will states in Article III that the bequest be used by the University of Kansas Endowment Association "for such purposes at the University of Kansas for which state and other funds are not available, as may be recommended by the Chancellor of the University and approved by the Board of Trustees of the said Association." The Subcommittee recommends that the Chancellor notify the Kansas University Endowment Association that "state and other funds are not available" to commence operations of the Honeywell computer gift and recommend that funding of \$175,060 be provided from the Lee M. Bush bequest to finance the operation of this computer in FY 1984.


HOUSE SUBCOMMITTEE REPORTS

1983 H.B. 2148 (1984 APPROPRIATIONS)
UNIVERSITY OF KANSAS

1983 H.B. 2135 (1983 APPROPRIATIONS)
UNIVERSITY OF KANSAS



Representative J. Sanford, Duncan,
Subcommittee Chairman



Representative David J. Heinemann



Representative Jack Shriver

SUBCOMMITTEE REPORT

Agency: Kansas State University Bill No. 2135 Bill Sec. 5

Analyst: Monical Analysis Pg. No. 52 Budget Pg. No. 3-37

<u>Expenditure Summary</u>	<u>Agency Req. FY 83</u>	<u>Governor's Rec. FY 83</u>	<u>Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 65,245,720	\$ 64,546,755	\$ —
General Fees Fund	13,482,351	13,578,785	—
Land Grant Funds	6,055,705	6,320,161	—
Interest	85,000	85,000	—
General Use Funds	\$ 84,868,776	\$ 84,530,701	\$ —
Other Funds	50,796,278	50,796,278	—
Subtotal	<u>\$135,665,054</u>	<u>\$135,326,979</u>	<u>\$ —</u>
Capital Improvements			
State General Fund	\$ 5,000	\$ 5,000	\$ —
Educational Building Fund	4,445,216	4,433,216	—
Other Funds	2,072,990	2,065,697	—
Subtotal	<u>\$ 6,523,206</u>	<u>\$ 6,503,913</u>	<u>\$ —</u>
TOTAL	<u>\$142,188,260</u>	<u>\$141,830,892</u>	<u>\$ —</u>

F.T.E. Positions:

Classified	1,871.2	1,871.2	—
Unclassified	2,242.6	2,242.6	—

Agency Request/Governor's Recommendation

The agency's budget request contains four supplemental funding adjustments other than those pursuant to the budget allotments. Requested are a \$96,434 State General Fund appropriation to offset reductions in tuition income to the General Fees Fund; a \$50,000 supplemental appropriation to offset reductions in federal land-grant instructional funds; a \$214,456 supplemental appropriation to offset reductions in federal land-grant research funds; and a \$7,293 supplemental appropriation to fully finance a special assessment for street repairs on North Manhattan Avenue.

The Governor recommends none of the requests for supplemental appropriations and reduces expenditures to reflect the withholding of classified merit increases and a \$12,000 lapse in Educational Building Funds for final planning of Nichols Gymnasium.

House Subcommittee Recommendations

The House Subcommittee concurs with the Governor's recommendations.

IV

SUBCOMMITTEE REPORT

Agency: Kansas State University Bill No. 2148 Bill Sec. 3

Analyst: Monical Analysis Pg. No. 52 Budget Pg. No. 3-37

<u>Expenditure Summary</u>	<u>Agency Req. FY 84</u>	<u>Governor's Rec. FY 84</u>	<u>Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 76,430,813	\$ 68,773,478	\$ (7,498,616)
General Fees Fund	15,765,059	15,616,080	--
Land Grant Funds	6,424,782	6,424,782	--
Interest	148,000	148,000	--
General Use Funds	\$ 98,768,654	\$ 90,962,340	\$ (7,498,616)
Other Funds	55,931,569	54,852,706	--
Subtotal	<u>\$154,700,223</u>	<u>\$145,815,046</u>	<u>\$ (7,498,616)</u>
Capital Improvements:			
State General Fund	\$ 2,870,410	\$ --	\$ --
Educational Bldg. Fund	3,739,760	1,500,000	(1,500,000)
Other Funds	894,685	894,685	--
Subtotal	<u>\$ 7,504,855</u>	<u>\$ 2,394,685</u>	<u>\$ (1,500,000)</u>
TOTAL	<u>\$162,205,078</u>	<u>\$148,209,731</u>	<u>\$ (8,998,616)</u>
F.T.E. Positions:			
Classified	1,882.0	1,847.2	--
Unclassified	2,242.4	2,196.5	--

Agency Request/Governor's Recommendation

The University's request for FY 1984 includes the following systemwide items: a 9.0 percent increase for unclassified salaries and a 1.0 percent increase in the state's retirement contribution for unclassified employees; a 7.0 percent increase for classified salaries; a 9.0 percent increase for student salaries; a 10.0 percent increase for other operating expenditures; and a 20.0 percent increase for utilities. Additional funding of \$100,000 is requested for equipment purchases; \$250,000 for increased support of computer operations; and \$100,000 for library acquisitions. In adjusting for enrollment changes, the request includes the addition of \$566,812 (\$408,192 in salaries and \$158,620 in other operating expenditures) for support of 14.0 F.T.E. unclassified and 8.0 F.T.E. classified positions. To maintain new buildings entering service, the University requests a total of \$531,332 (\$207,370 for salaries, \$54,869 for other operating expenditures, and \$269,093 for utilities) and the addition of 14.5 F.T.E. classified positions. In order to bring budgeted expenditures into closer correspondence with actual expenditures, the University requests that \$600,000 budgeted for salaries be transferred to other operating expenditures. This request includes the deletion of 14.2 F.T.E. unclassified and 11.7 F.T.E. classified positions.

Requested capital improvements include \$3,739,760 (plus \$2,000,000 in FY 1985) for construction of a classroom and office facility within the shell of Nichols Gymnasium. Other requested capital improvements include \$668,000 for energy conservation projects; \$329,500 to resurface and repair streets; \$472,030 for planning of a chemistry-biochemistry building; \$750,000 for a chilled water distribution system; \$194,380 for planning Phase II of the Plant Sciences Complex; and \$456,500 for a centrifugal chiller. Requested projects from local funds are \$394,685 for parking lot improvements and \$500,000 for dormitory maintenance and repair.

Atch. V

The Governor recommends the following systemwide adjustments: a 4.0 percent increase for unclassified, classified, and student salaries; a 7.0 percent increase for other operating expenditures; and a 20.0 percent increase for utilities. The Governor's recommendations include the addition of \$566,812 and 22.0 F.T.E. positions due to enrollment changes. The Governor also recommends the transfer of \$600,000 from salaries to other operating expenditures and the deletion of 25.9 F.T.E. positions as requested by the University. Funding for servicing new buildings is recommended at the requested level of \$531,332 along with the addition of 14.5 F.T.E. positions. Because of fiscal constraints, the Governor recommends a base budget reduction of \$3,294,126 (\$2,751,162 in salaries and \$542,964 in other operating expenditures) and the deletion of 34.8 F.T.E. classified and 45.9 F.T.E. unclassified positions.

Recommended capital improvements include multi-year funding totaling \$5,739,760 from the Educational Building Fund for reconstruction of Nichols Gym. The recommendation appropriates \$1,500,000 for FY 1984 and \$4,239,760 for FY 1985 and is contained in H.B. 2156. Other capital improvements recommended are \$394,685 for parking lot improvements and \$500,000 for dormitory maintenance, both to be financed from local funds.

House Subcommittee Recommendations

The House Subcommittee concurs with the Governor's recommendations with the following adjustments and comments:

1. Based on systemwide considerations the Subcommittee recommends the following adjustments:
 - a. Deletion of \$2,749,931 for salary increases.
 - b. Deletion of \$4,568,542 for utility costs.
 - c. Deletion of \$173,489 to reflect a recommended 5.5 percent increase in other operating expenditures.
 - d. Deletion of \$6,654 to correct an error in the requested funding for enrollment adjustments.
 - e. Deletion of \$1,500,000 for reconstruction of a classroom-office facility within the shell of Nichols Gymnasium. This item will be considered along with all other newly recommended capital improvements following review by the Joint Committee on State Building Construction. All new capital improvement projects recommended by the Governor will be considered in conjunction with H.B. 2156.
2. The Subcommittee recommends the addition of a proviso to the Student Coliseum Bond Fee Fund which would allow for investment of the funds and the crediting of interest to the Fee Fund. Further, the proviso should authorize that any interest collected on the investment of the bond fees during FY 1983 shall be transferred to the Student Coliseum Bond Fee Fund on July 1, 1983.

3. The Subcommittee concurs with the recommended transfers from salaries to other operating expenditures in the areas of research and extension. The Subcommittee also recognizes that the FY 1984 transfers represent only the first phase and additional transfers will be requested for FY 1985 in an attempt to bring budgeted and actual expenditures into closer agreement. The Subcommittee is concerned that the University followed the practice of underspending salaries to provide additional support for other operating expenditures for a long period without legislative review. It is the Subcommittee's intention to review in detail the operating expenditures component of the extension and research budgets in conjunction with the FY 1985 budget request. This detailed review is deferred until that time to allow the University an opportunity to develop its final proposals for transferring salary funds from unfilled positions to other operating expenditures. The Subcommittee expects the University to provide a detailed justification for retention of any funds to be transferred to other operating expenditures as part of its FY 1985 legislative budget request.
4. The Subcommittee notes that the University has responded to concerns expressed by the 1982 Legislature and that a program statement for Weber Hall remodeling and additions is on file with the Board of Regents and the Joint Committee on State Building Construction. The Subcommittee, therefore, recommends that the Joint Committee on State Building Construction review this program statement and the proposed project as part of its activities during the 1983 Interim. The Subcommittee also notes the efforts of the University in attempting to improve the facilities in Weber Hall for use by the Animal Science Department. Such improvements consist of \$83,000 in University funds for purchase and installation of a refrigeration system and \$41,415 for roof replacement in the current fiscal year. Additionally, the University proposes using \$116,500 from its FY 1984 major repairs allocation for additional roof repairs on Weber Hall and its associated arena.

SUBCOMMITTEE REPORT

Agency: K.S.U. Veterinary Medical Center Bill No. 2135 Bill Sec. 1

Analyst: Monical Analysis Pg. No. 58 Budget Pg. No. 3-41

<u>Expenditure Summary</u>	<u>Agency Req. FY 83</u>	<u>Governor's Rec. FY 83</u>	<u>Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 4,947,340	\$ 4,675,569	\$ --
General Fees Fund	1,624,852	1,624,852	--
Hospital Revenue Fund	985,527	985,527	--
General Use Funds	\$ 7,557,719	\$ 7,285,948	\$ --
Other Funds	328,651	328,651	--
Subtotal	<u>\$ 7,886,370</u>	<u>\$ 7,614,599</u>	<u>\$ --</u>
Capital Improvements:			
State General Fund	\$ 2,102	\$ 2,102	\$ --
Educational Building Fund	32,000	32,000	--
Other Funds	--	--	--
Subtotal	<u>\$ 34,102</u>	<u>\$ 34,102</u>	<u>\$ --</u>
TOTAL	<u>\$ 7,920,472</u>	<u>\$ 7,648,701</u>	<u>\$ --</u>
F.T.E. Positions:			
Classified	119.1	119.1	--
Unclassified	89.5	89.5	--

Agency Request/Governor's Recommendation

The agency's budget request contains one supplemental funding adjustment other than those pursuant to the budget allotments. This request is for a \$225,000 State General Fund supplemental appropriation to offset the loss of federal capitation grant funding.

The Governor does not recommend replacement of federal capitation grants and also reduces the budget to reflect the withholding of merit increases for classified employees. Further, the Governor's recommendations do not include a transfer to the Hospital and Diagnostic Laboratory Improvement Fund should revenues exceed the \$950,000 revenue floor.

House Subcommittee Recommendations

The House Subcommittee concurs with the Governor's recommendations with the following adjustment:

1. The Subcommittee recommends that if receipts to the Hospital and Diagnostic Laboratory Revenue Fund exceed the revenue floor of \$950,000, that one-half of the excess be transferred to the Hospital and Diagnostic Improvement Fund in accordance with Chapter 25, 4(d) and (e) of the 1982 Session Laws. No granting of additional expenditure authority is required and it is unlikely that this action will lower substantially the FY 1984 limitation on the Hospital and Diagnostic Laboratory Revenue Fund. The Subcommittee makes no further adjustment in anticipation of a Governor's budget amendment.

Atch. VI

SUBCOMMITTEE REPORT

Agency: KSU Vet. Med. Center Bill No. 2148 Bill Sec. 4
 Analyst: Monical Analysis Pg. No. 58 Budget Pg. No. 3-41

<u>Expenditure Summary</u>	<u>Agency Req. FY 84</u>	<u>Governor's Rec. FY 84</u>	<u>Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 6,099,292	\$ 5,144,209	\$ (1,635,111)
General Fees Fund	1,528,263	1,700,000	--
Hospital Revenue Fund	1,015,000	1,170,000	--
General Use Funds	\$ 8,642,555	\$ 8,014,209	\$ (1,635,111)
Other Funds	360,952	352,727	--
Subtotal	<u>\$ 9,003,507</u>	<u>\$ 8,366,936</u>	<u>\$ (1,635,111)</u>
Capital Improvements:			
State General Fund	\$ --	\$ --	\$ --
Educational Building Fund	--	--	--
Other Funds	--	--	--
Subtotal	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
TOTAL	<u><u>\$ 9,003,507</u></u>	<u><u>\$ 8,366,936</u></u>	<u><u>\$ (1,635,111)</u></u>
F.T.E. Positions:			
Classified	119.1	117.4	--
Unclassified	100.0	88.4	--

Agency Request/Governor's Recommendation

The agency's request for FY 1984 includes the following systemwide items: a 9.0 percent increase for unclassified salaries and a 1.0 percent increase in the state's retirement contribution for unclassified employees; a 7.0 percent increase for classified salaries; a 9.0 percent increase for student salaries; a 10.0 percent increase for other operating expenditures; and a 20.0 percent increase for utilities. Additional funding of \$225,000 (\$113,400 for salaries and \$111,600 for other operating expenditures) and 10.5 F.T.E. unclassified positions are requested to replace the loss of federal capitation funding. The revenue floor on the Hospital and Diagnostic Laboratory Revenue Fund (above which the institution retains 50 percent of the additional income) is requested at \$950,000.

The Governor recommends the following systemwide adjustments: a 4.0 percent increase for unclassified, classified, and student salaries; a 7.0 percent increase for other operating expenditures; and a 20.0 percent increase for utilities. The Governor also recommends that the revenue floor on the Hospital and Diagnostic Laboratory Revenue Fund be increased to \$990,000. Because of fiscal constraints, the Governor recommends a base budget reduction of \$137,007 (\$116,383 in salaries and \$20,624 in other operating expenditures) and the deletion of 1.7 F.T.E. classified and 1.1 F.T.E. unclassified positions.

No capital improvements were requested or recommended for the Veterinary Medical Center.

Atch. VII

House Subcommittee Recommendations

The House Subcommittee concurs with the Governor's recommendations with the following adjustments and comments:

1. Based on systemwide considerations the Subcommittee recommends the following adjustments:
 - a. Deletion of \$187,321 for salary increases.
 - b. Deletion of \$1,424,764 for utility costs.
 - c. Deletion of \$23,026 to reflect a recommended 5.5 percent increase in other operating expenditures.
2. The Subcommittee concurs with the Governor's recommended expenditure limitation of \$1,170,000 on the Hospital and Diagnostic Laboratory Revenue Fund. However, the Subcommittee recommends that the revenue floor be increased from the \$990,000 recommended by the Governor to \$1,015,000. This recommendation results in a 6.8 percent increase over the \$950,000 revenue floor in the current year and more accurately reflects estimated revenues for FY 1983 and FY 1984.
3. The Subcommittee recognizes the University's efforts in attempting to develop a separate budget for the Hospital and Diagnostic Laboratory Revenue Fund as requested by the 1982 Legislature. However, the Subcommittee is concerned that the present procedures reflect only expenditures from Hospital and Diagnostic Laboratory Funds and may understate total expenditures in support of this activity. The Subcommittee encourages the University to continue its efforts in specifically identifying expenditures associated with hospital and laboratory operations. This information will enable the Legislature to fully assess the needs of the hospital and laboratory in relation to the other activities of the Veterinary Medical Center.

VII

SUBCOMMITTEE REPORT

Agency: Kansas University Medical Center Bill No. 2148 Bill Sec. 9

Analyst: Rein Analysis Pg. No. 85 Budget Pg. No. 3-83

<u>Expenditure Summary</u>	<u>Agency Req. FY 84</u>	<u>Governor's Rec. FY 84</u>	<u>Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 68,793,926	\$ 59,023,571*	\$
General Fees Fund	4,314,836	4,459,000	
Hospital Revenue Fund	<u>53,072,167</u>	<u>53,072,167</u>	
Subtotal - General Use	\$126,180,929	\$116,554,738	\$
Other Funds	<u>33,212,532</u>	<u>32,795,429</u>	
Subtotal - Operating	<u>\$159,393,461</u>	<u>\$149,350,167</u>	\$
Capital Improvements:			
State General Fund	\$ 2,561,800	\$ --	\$
Other Funds	<u>6,691,893</u>	<u>4,171,893</u>	
Subtotal - Capital Improvements	\$ 9,253,693	\$ 4,171,893	\$
TOTAL	<u>\$168,647,154</u>	<u>\$153,522,060</u>	\$
F.T.E. Positions:			
Classified	3,174.8	3,132.1	
Unclassified	1,350.7	1,338.3	

* Reflects Governor's Budget Amendment No. 1.

Summary of Agency Request/Governor's Recommendations

The University's general use fund request totals \$126,180,929; the Governor's recommendation \$116,554,738. Apart from systemwide issues, the University requested \$37,670 to initiate a Ph.D. program in nursing, \$249,482 to offset in part the loss of federal funds for the Children's Rehabilitation Unit, and \$100,000 for biomedical research equipment. None of the special requests were recommended by the Governor.

The University requested \$4,880,766 to continue the Medical Scholarship Program (subsequently revised to \$4,205,276). The Governor's recommendation of \$3,353,292 assumes no new students will be admitted to the program in the coming academic year.

The University's capital improvement request of \$9,253,693 includes \$359,000 for a Hazardous Waste Incinerator, \$1,427,000 for remodeling of the older hospital areas, \$2,850,000 for expanding the power plant, and \$648,800 for equipping an emergency room radiology suite. The only project recommended by the Governor is \$380,000 for a Hazardous Waste Incinerator of sufficient size to accommodate the requirements of both the University of Kansas and Kansas State University.

The University did submit a request in February asking for authority to expend \$525,000 from the Hospital Fund to remodel space for Rehabilitation Medicine Clinical Services. The Governor has not addressed this latest request.

Atch. VIII

House Subcommittee Recommendations

For reasons noted later in this report, the Subcommittee is recommending that the University of Kansas Medical Center be removed from H.B. 2148 to permit the Subcommittee additional time to address the significant funding problems created by the Governor's budget recommendation for both FY 1983 and FY 1984. However, the Subcommittee has made some tentative decisions and wishes to advise the full Committee of those actions.

First of all, the Governor's recommendations for FY 1984 should be adjusted due to Committee systemwide decisions as follows:

1. Delete \$1,444,376 for the 4 percent increase for unclassified staff.
2. Delete \$2,788,595 for the 4 percent increase for classified staff.
3. Delete \$380,108 for the 4 percent increase in residency stipends.
4. Delete \$83,893 for the 7 percent increase in support of Wichita hospital-based residents.
5. Delete \$15,166 for the 4 percent increase in student salaries.
6. Delete \$4,843,076 for utilities.
7. Reduction of \$400,352 due to revising the increase for other operating expenditures from 7.0 to 5.5 percent.
8. Delete the \$380,000 for the hazardous waste incinerator.

Medical Scholarships. As the Committee is aware, the Governor has proposed that no new students be entered into the Medical Scholarship Program. The Subcommittee devoted considerable time to this issue and is in agreement with the Governor to the extent that further reductions in the scope of the program are probably warranted. The Subcommittee favors a more gradual restricting of the program. One consideration is that those students selected for admission this fall were advised that 100 scholarships would be available as currently authorized by law. The Senate Ways and Means is currently considering S.B. 282 which would carry out the Governor's recommendation. It is understood that the Senate will amend the bill to permit a gradual reduction in program scope beginning in FY 1985 when only 75 new scholarships would be allowed and reducing the program further to 50 entrants in FY 1986. The Subcommittee concurs with this approach but notes that \$851,984 would have to be added to the Governor's FY 1984 recommendation.

When S.B. 282 is considered by our Committee, further actions should be considered including the creation of a Medical Scholarship Fund into which default payments from prior recipients would be deposited. Such repayments could then be used to supplant State General Funds in the continued financing of the program. The Subcommittee also believes that the current statute should be examined for other refinements that might be desired. One issue that has surfaced concerns the student (Type I recipient) who enters into a practice in Kansas but not a medically-underserved area. Under the current law, the physician is required to repay the full scholarship including the tuition allowance. This inequity should be examined for possible change.

Childrens' Rehab Unit. The Subcommittee concurs with the Governor's recommendation to not allow special funding for this request. While the program has considerable merit, the seriousness of other funding problems is such as to preclude special funding for this request.

Affiliated Family Practice. S.B. 17 will remove the current \$80,000 limit on state support for the Salina program. The Subcommittee is aware that loss of a federal training grant will escalate an already-serious funding problem. The University did not include special funding for this program nor did the Governor. The Subcommittee notes that the University is providing substantial support for residency training in Topeka for which special funding has never been provided. The Subcommittee believes that the University administration should address the funding needs of the mandated Salina program from the resources it has available for outreach efforts.

Wichita Branch. Because of the expanding role of the Branch in Salina and graduate training programs in Wichita, additional staffing authorizations are needed. The Subcommittee recommends that an additional 4.0 F.T.E. unclassified positions be authorized. Funding would be from nonstate funds.

Conclusion. As noted earlier, the Subcommittee recommends that the Medical Center appropriation be removed from H.B. 2148. The Subcommittee is convinced that the institution has serious financial problems in both FY 1983 and FY 1984. To address those responsibly is not possible with the current schedule for completion of Committee work on H.B. 2148. The University has indicated a need for an additional \$1.8 million in expenditure authority for the current fiscal year. Part of this problem is directly associated with the lapsing of \$1.2 million which the University inadvertently omitted from its budget. The problem is aggravated by the lack of turnover and salary shrinkage savings for nursing personnel.

The FY 1984 recommendation of the Governor only magnifies the problem. Shrinkage is further increased, hospital operating expenses reduced by the base budget reductions and yet, the funding of the Governor's budget assumes an average 10 percent increase in hospital rates and income. To provide a realistic budget, both in terms of allowable expenditures and reasonable revenue expectations, requires additional time. The Subcommittee will continue to work on these major issues and will provide a final report within two weeks.



Representative Bob Arbuthnot
Subcommittee Chairman



Representative Ruth Luzzati



Representative Bill Bunten

Representative Lee Hamm



Representative Robert H. Miller

~~7,210,880~~
~~- 2,062,313~~
~~- 137,007~~
5,011,560 ~~6,537,806~~

	(1) Pro-Rata Distribution	(2) 50% Pro-Rate Reduction include UMC or KUMC	(3) %	(4) 50% Pro-Rata Reduction Excluding UMC & KUMC	Total Amount	%
KU	23.8%	1,716,189	34.2	2,235,930	3,952,119	27.7
KSU	22.3%	1,608,026	32.1	2,098,636	3,706,662	26.0
WSU	10.1%	728,299	14.5	947,982	1,676,281	11.8
ESU	4.6%	331,700	6.6	431,495	762,795	5.4
PSU	4.5%	324,490	6.5	424,957	749,447	5.3
FHSU	4.2%	302,856	6.0	398,806	701,662	4.9
Sub-Total	69.5%	5,011,560	100.0	6,537,806	11,549,368	81.1
UMC	1.9%	137,007		--	137,007	1.0
KUMC	28.6%	2,062,313		500,000	2,562,313	17.9
Totals	100.0	7,210,880		7,037,806	14,248,688	100.0

(1) Page No 83-8

(2) Page No 83-8

(3) 69.5% Pro-Rata; each university share divided by 69.5 equal a share of the 6,537,806 to be allocated.

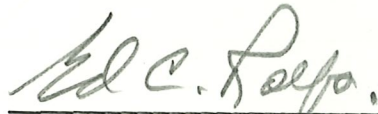
(4) new Pro-Rata share of 2nd half less UMC + KUMC @ \$500,000

(5) add 1st half to 2nd half pro-rata on all but UMC & KUMC. Atch. IX

HOUSE SUBCOMMITTEE REPORTS

1983 H.B. 2148 (1984 APPROPRIATIONS)
Kansas State University
K.S.U. Veterinary Medical Center

1983 H.B. 2135 (1983 APPROPRIATIONS)
Kansas State University
K.S.U. Veterinary Medical Center



Representative Ed Rolfs,
Subcommittee Chairman



Representative Mike Meacham



Representative Bill Wisdom