

MINUTES OF THE House COMMITTEE ON Ways and Means

The meeting was called to order by Bill Bunten at  
Chairperson

1:30 ~~xx~~ p.m. on Wednesday, February 29, 1984 in room 514-S of the Capitol.

All members were present except:

Committee staff present: Ed Ahrens, Legislative Research  
Lyn Goering, Legislative Research  
Gloria Timmer, Legislative Research  
Jim Wilson, Office of the Revisor  
Dave Hanzlick, Administrative Assistant  
Nadine Young, Committee Secretary

Conferees appearing before the committee:  
David Monical, Legislative Research  
Others present (Attachment I)

The meeting was called to order at 1:40 p.m. by Chairman Bunten.

Chairman turned to consideration and decisions on Board of Regents' Institutions - System Issues. David Monical addressed the committee and explained the report section by section (Attachment II).

SECTION A - General Fees Fund Estimates

The Governor does not recommend increasing expenditure limitations at two of the schools and provides for no supplemental at three others. Governor does however recommend a revised expenditure limitation on the general fees fund at KSU of \$15,180,000.

Representative Solbach expressed objection to having fees taken away from KU, and said it's not a good idea to cut K-State 1/2 million for FY 84.

Representative Shriver moved we adopt the Governor's recommendation. Seconded by Representative Farrar. Motion carried.

Representative Meacham asked to be recorded as voting NO.

Representative Miller was recognized and spoke as follows: On a systemswide basis, we do have some institutions that do have excess fee money. The budget proposal is for that money to carry over and be spent in FY 85. Some institutions have suggested they reduce their FY 84 general fund appropriation and permit them to spend those fee monies this year. That would raise the ending balance and then add a like amount to their FY 85 budget.

Representative Miller made a conceptual systemswide motion for inclusion in the subcommittee reports as they come up, wherever appropriate. Seconded by Representative Meacham. Motion carried.

SECTION B - Academic Services Fee

Board of Regents approved a \$10 per student, per semester, academic services fee for all students at KU and KS. It is estimated this would raise \$325,000 at K-State and \$360,000 for KU.

Representative Chronister moved that we introduce legislation requiring that any of these fees be included in the budgets of the universities. Seconded by Representative Arbuthnot. The Motion carried.

SECTION C - Enrollment Adjustment

FY 85 budget requests from the Regents' Universities include a total of \$614,313 for funding of actual changes in student credit hours which occurred at the institutions between FY 82 and FY 83.

Representative Arbuthnot moved the request be approved. Seconded by Representative Meacham. Discussion followed concerning calculations. Monical requested that his staff be permitted to make technical adjustments to these calculations.

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Chairman said a motion was not necessary and turned to the next section.

SECTION D - Unclassified salary increases

Governor, for FY 85, recommends a 6.0% increase in the unclassified salary base. In addition, a total of \$2.0 million is recommended for the Board of Regents' Office for distribution to the institutions for further unclassified salary increases.

Representative Duncan moved to remove the \$2 million fund from the Board of Regents' Office and be distributed among the universities back into the base budget and they be given flexibility to put 50% into OOE, allowing them to put 50% in salary. Seconded by Representative Heinemann.

Representative Shriver requested to divide the issue into two parts. Representative Solbach suggested the motion be divided into three parts. Chairman ruled the motion be put in two parts....(1) Remove the \$2 million from the Board of Regents' Office and put into base budget. (2) Allow the universities to use up to 50% of the reallocated money for OOE or salaries. Vote was taken on the first part and the motion carried.

Chairman moved to the second part of Representative Duncan's motion. After considerable discussion, chairman asked for a vote. A division was requested and show of hands resulted in the following: Those in favor of the second part of the motion...9. Those opposed....9. Motion lost.

Chairman turned to the issue of salaries. Representative Meacham moved that we increase unclassified salaries to 7%. Seconded by Representative Miller. Motion carried.

SECTION E - Classified Salary Increases

Governor recommends classified salary increases for FY 85 which provide for 5.0% increase plus \$204 per year for each F.T.E. position.

Representative Chronister moved that we provide a 5.0% cost of living increase along with an additional 1% plus \$204 per year be added to classified salaries and go to merit pay. Seconded by Representative Miller. The motion carried.

SECTION F - Student Salary Increases

Governor recommends a 5.0% base salary increase for student hourly employees.

With regard to Student Salaries, Representative Solbach moved we adopt the Regents' recommendation for student salaries of 7%. There being no second on the motion, Representative Solbach made another motion for 6½%. Seconded by Representative Mainey. Motion failed.

With regard to Off-Campus Work Study Program, Representative Mainey moved to include Washburn U. in the off-campus work study at last year's level plus 5%. Seconded by Representative Meacham. Motion carried.

Representative Shriver made a motion that the balance they have in off-campus work study account be left in that account and allow them to spend it -- then next year take a look at it and make a decision on what to do with the money then. Representative Chronister seconded. Representative Arbuthnot objected to the motion. After brief discussion, Chairman asked for a vote and the motion carried.

Representative Chronister moved that the proviso be modified to allow the match, as suggested on page 2-24 of the report, by nonstate public employees. Seconded by Representative Louis. Motion carried.

SECTION G - Other Operating Expenditures

(Refer to Table on page 2-27 which shows FY 85 requests and Governor's recommended 5.0% increase.



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Representative Shriver made a motion to increase OOE recommendation of the Governor from 5% to 7% as requested by the Board. Representative Farrar stated he would support a 6% increase, but not a 7% increase. Representative Shriver changed his motion to 6%. Seconded by Representative Solbach. Motion carried.

SECTION H - Utilities

Regents' request for FY 85 totaled \$2,108,163 in general use funds to provide for a 10% increase in utility expenditures. (Refer to table on page 2-32 of report to show Governor recommended 8.0% increases).

Representative Farrar made a motion that Governor's recommended 8% increase be cut back to 7%. Representative Mainey seconded. Representative Solbach objected to the motion on the basis that KU had to cut down on air conditioning in order to save money, and that this merely cuts down on productivity. It was pointed out that KU last year was able to reduce their utility costs and it is the consensus of the committee that this provides a good incentive to conserve energy. A vote was taken and the motion carried.

Utility Savings, Page 2-34

Representative Duncan moved that the bill be given a proviso to reappropriate the utility savings for energy conservation. Seconded by Representative Rolfs. Motion carried.

SECTION I - Fee Waivers

Regents are requesting for FY 85, a total of \$695,191 for tuition waivers for Graduate Teaching Assistants (GTA). Governor is recommending no change in the present 60% fee waiver policy. (Refer to page 2-36 of the report).

Representative Duncan moved that the subject of tuition waivers be addressed on an individual basis by the individual subcommittees. Seconded by Representative Solbach. Representative Rolfs objected and feels it should be handled on a systemwide basis. Representative Miller also objected to the motion and feels it sets up an undesirable situation. The motion failed.

Representative Shriver moved to give the universities authority to waive fees up to 75%. Representative Wisdom made a substitute motion not to put a limitation on the fee waiver as long as the state is not funding it. Seconded by Representative Farrar. Division was requested on the vote. Those in favor of the substitute motion....8. Those opposed....12. The motion lost.

Representative Duncan moved that the fee waiver for next year be raised to 65%. Seconded by Representative Lowther. Motion carried.

SECTION J - Stipends - Graduate Research Assistants

Regents requested for FY 85 a total of \$230,000 to provide additional support for GRAs, however, the Governor does not recommend the request be granted.

SECTION K - Servicing New Buildings

A total of \$356,746 is requested for costs associated with servicing new facilities. Representative Farrar made a motion to treat these new buildings separately by each of the subcommittees. Representative Chronister seconded. Motion carried.

SECTION L - Research for Economic Development

Regarding Centers of Excellence, Representative Meacham referred to HB 3081 by the Committee on Communications, Computers and Technology, which is a multi-year appropriations bill that deals with Centers of Excellence. Representative Meacham moved to remove the Centers of Excellence issue from HB 3081 and work it separately. Chairman ruled that at this time, a motion is not needed.

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SECTION M - Student Tuition

Monical called the committee's attention to two items that are not included in this report. One has to do with a request for \$141,615 supplemental appropriation for current FY of telephone increases; and the other is a request of \$558,670 for FY 85, also for telephone increases.

Chairman announced that we would wait and let the budget division review and then see if the Governor wants to submit a budget amendment, and this committee would consider this matter at that time.

Representative Shriver made a motion that each subcommittee insert language in the separate subcommittee reports on Regents, that the Ways and Means Committee goes on record as supporting higher education and would commit more funds as they become available. Representative Duncan seconded.

Representative Meacham made a substitute motion that is essentially the same as the motion made by Representative Shriver except that the phrase "on the same basis for which it was removed by the 83 Legislature" be included. Representative Luzzati seconded.

Representatives Shriver and Solbach supported the substitute motion; however, Representatives Arbuthnot and Louis expressed objection to the motion, saying it is unnecessary language.

Chairman asked for a vote and a division was requested. Those in favor...7  
Those opposed...8. The motion lost.

Chairman referred back to the original motion and a vote was taken. Division was called for. Those in favor of the original motion...7. Those opposed..8. Motion lost.

Meeting adjourned at 3:30 p.m.



2-29-84

|     | Name            | Address   | Representing             |
|-----|-----------------|-----------|--------------------------|
| 1.  | J. B. Doherty   | Topeka    | Dir. of Budget           |
| 2.  | Mary Doherty    | Topeka    | ASK                      |
| 3.  | Chris Graves    | Topeka    | ASK                      |
| 4.  | Kirk Wilkins    | "         | AAUP                     |
| 5.  | Pam Douglas     | Lawrence  | KU                       |
| 6.  | Loti Topeka     | Lawrence  | WDK                      |
| 7.  | Jene Barker     | Lawrence  | Sen Winter               |
| 8.  | Don Doherty     | Lawrence  | ESU                      |
| 9.  | WARREN CORMAN   | TOPEKA    | BD. OF REGENTS           |
| 10. | Tom Purman      | Topeka    | Dir. of Regts            |
| 11. | Jim Doherty     | Lawrence  | FHSU                     |
| 12. | Mike F. Kner    | Manhattan | KSU                      |
| 13. | Pat Sedemann    | Wichita   | WSU                      |
| 14. | Bill Hollenback | Pittsburg | PSU                      |
| 15. | Robert Ende     | Lawrence  | The University of Kansas |
| 16. |                 |           |                          |
| 17. |                 |           |                          |
| 18. |                 |           |                          |
| 19. |                 |           |                          |
| 20. |                 |           |                          |
| 21. |                 |           |                          |
| 22. |                 |           |                          |
| 23. |                 |           |                          |
| 24. |                 |           |                          |
| 25. |                 |           |                          |

*David Monical*

Budget Memo 84-2  
Legislative Research Department

SUBJECT: Board of Regents' Institutions -- Systemwide Summary and Issues

Introduction

The following table summarizes the revised institutional estimates for FY 1984, requests for FY 1985, and the Governor's recommendations for each year for all of the institutions under the governance of the Board of Regents (excluding the Board of Regents' Office):

| <u>Expenditure Summary</u>      | <u>Agency<br/>Est. FY 84</u> | <u>Governor's<br/>Rec. FY 84</u> | <u>Agency<br/>Req. FY 85</u> | <u>Governor's<br/>Rec. FY 85</u> |
|---------------------------------|------------------------------|----------------------------------|------------------------------|----------------------------------|
| <b>Operating Expenditures:</b>  |                              |                                  |                              |                                  |
| State General Fund              | \$279,174,859                | \$278,506,231                    | \$316,355,025                | \$298,806,701                    |
| General Fees Fund               | 64,218,103                   | 63,870,831                       | 68,603,412                   | 70,240,342                       |
| Land Grant Funds                | 6,424,782                    | 6,424,782                        | 6,780,977                    | 6,780,977                        |
| Hospital Revenue Funds          | 57,032,167                   | 55,242,167                       | 57,014,298                   | 59,892,365                       |
| Hospital Equipment <sup>a</sup> | 935,000                      | 935,000                          | —                            | —                                |
| Interest                        | 190,000                      | 190,000                          | 230,000                      | 230,000                          |
| General Use Funds               | \$407,974,911                | \$405,169,011                    | \$448,983,712                | \$435,950,385                    |
| Other Funds                     | 163,096,570                  | 163,096,570                      | 174,518,151                  | 172,020,212                      |
| Subtotal                        | <u>\$571,071,481</u>         | <u>\$568,265,581</u>             | <u>\$623,501,863</u>         | <u>\$607,970,597</u>             |
| <b>Capital Improvements:</b>    |                              |                                  |                              |                                  |
| State General Fund              | \$ 993,105                   | \$ 993,105                       | \$ 4,933,803                 | \$ —                             |
| Educational Building            |                              |                                  |                              |                                  |
| Fund                            | 15,558,166                   | 15,693,909                       | 17,463,300                   | 12,904,610                       |
| Other Funds                     | 6,124,329                    | 6,210,794                        | 7,077,388                    | 6,535,388                        |
| Subtotal                        | <u>\$ 22,675,600</u>         | <u>\$ 22,897,808</u>             | <u>\$ 29,474,491</u>         | <u>\$ 19,439,998</u>             |
| <b>TOTAL</b>                    | <u><u>\$593,747,081</u></u>  | <u><u>\$591,163,389</u></u>      | <u><u>\$652,976,354</u></u>  | <u><u>\$627,410,595</u></u>      |
| <b>Percentage Change:</b>       |                              |                                  |                              |                                  |
| All Funds                       | 5.6%                         | 5.1%                             | 9.2%                         | 7.0%                             |
| State General Fund              | 1.7                          | 1.5                              | 13.3                         | 7.3                              |
| General Use Funds               | 5.8                          | 5.1                              | 10.1                         | 7.6                              |
| <b>F.T.E. Positions:</b>        |                              |                                  |                              |                                  |
| Classified                      | 8,517.0                      | 8,516.6                          | 8,553.1                      | 8,469.9                          |
| Unclassified                    | 7,768.9                      | 7,770.4                          | 7,876.7                      | 7,775.4                          |

a) Financed from the Educational Building Fund. The Governor's FY 1984 recommendations reflect this expenditure as a capital improvement.

*Atch. 2*



The requested and recommended expenditures are based on a number of factors. Universities engage in many activities, but the three primary missions center on instruction, research, and public service. Of these, only the instructional function readily lends itself to any obvious measure of level of activity — enrollment.

Two types of enrollment data are frequently used in discussions of higher education — headcount and full-time equivalent. Headcount enrollment is simply an unduplicated count of the number of students enrolled at a particular time. Full-time equivalent enrollments are derived from the number of student credit hours in which students are enrolled. Typically the total number of student credit hours in a category is divided by a measure of full-time equivalency such as 15 for undergraduate credit hours, 9 for graduate credit hours, and 12 for professional school credit hours. Since some students attend on a part-time basis, full-time equivalent (F.T.E.) enrollment is often substantially less than headcount enrollment. Headcount and full-time equivalent enrollments by institution are displayed below. (Additional enrollment data are contained in the "other information" section of each institution's Budget Analysis.)

### Headcount Enrollments

| <u>Institution</u>         | <u>Fall<br/>1982</u> | <u>Fall<br/>1983</u> | <u>Change</u>  | <u>Percent<br/>Change</u> |
|----------------------------|----------------------|----------------------|----------------|---------------------------|
| University of Kansas       | 24,400               | 24,219               | (181)          | (0.7)%                    |
| Kansas State University    | 19,082               | 18,053               | (1,029)        | (5.4)                     |
| Wichita State University   | 17,187               | 17,242               | 55             | 0.3                       |
| Emporia State University   | 5,768                | 5,358                | (410)          | (7.1)                     |
| Pittsburg State University | 5,438                | 5,271                | (167)          | (3.1)                     |
| Ft. Hays State University  | 5,513                | 5,476                | (37)           | (0.7)                     |
| Kansas Technical Institute | 628                  | 710                  | 82             | 13.1                      |
| KSU Vet. Medical Center    | 415                  | 417                  | 2              | 0.5                       |
| KU Medical Center          | 2,348                | 2,401                | 53             | 2.3                       |
| TOTAL                      | <u>80,779</u>        | <u>79,147</u>        | <u>(1,632)</u> | <u>(2.0)%</u>             |

### Full-Time Equivalent

| <u>Institution</u>         | <u>Fall<br/>1982</u> | <u>Fall<br/>1983</u> | <u>Change</u>  | <u>Percent<br/>Change</u> |
|----------------------------|----------------------|----------------------|----------------|---------------------------|
| University of Kansas       | 21,974               | 21,593               | (381)          | (1.7)%                    |
| Kansas State University    | 17,276               | 16,500               | (776)          | (4.5)                     |
| Wichita State University   | 11,357               | 11,427               | 70             | 0.6                       |
| Emporia State University   | 4,795                | 4,515                | (280)          | (5.8)                     |
| Pittsburg State University | 4,570                | 4,480                | (90)           | (2.0)                     |
| Ft. Hays State University  | 4,376                | 4,316                | (60)           | (1.4)                     |
| Kansas Technical Institute | 513                  | 517                  | 4              | 0.8                       |
| KSU Vet. Medical Center    | 666                  | 670                  | 4              | 0.6                       |
| KU Medical Center*         | —                    | —                    | —              | —                         |
| TOTAL                      | <u>65,527</u>        | <u>64,018</u>        | <u>(1,509)</u> | <u>(2.3)%</u>             |

\* F.T.E. enrollments are not computed for the Medical Center.

Obviously, operating budget requests of the magnitude submitted by the institutions present many issues the Legislature may wish to consider. A number of these matters can be evaluated appropriately as systemwide policy issues since they have an impact upon more than one institution. These systemwide policy issues are reviewed and discussed in the sections which follow. The individual budget analyses in Section One of this document address the requests unique to the individual campuses.

### Background

Financing of Budgets. The term "general use funds" is central to discussion of the financing of institutional operating budgets. This term refers to those funds which can be used to provide general financial support for campus operations. Basically, general use funds include State General Fund appropriations, General Fees



Fund revenues (primarily tuition income), and interest on endowment earnings. For Kansas State University they also include certain federal land grant funds and for the University of Kansas Medical Center and the Kansas State University Veterinary Medical Center, the funds also include revenues from hospital and laboratory operations.

In contrast, "restricted use funds" are funds which must be used in a manner consistent with the conditions attached to the receipt of the funds. While subject to appropriation by the Legislature, the majority of the restricted use funds are treated as "no limit" appropriation accounts. That is, the institution has the authority to make expenditures from the fund subject to the limitation of available resources. Certain restricted use funds, such as the Sponsored Research Overhead Fund, are subject to expenditure limitations, and the institutions cannot expend resources in excess of the limitation without legislative approval. Other examples of restricted use funds include parking fees, student union fees, federal research grants, and income generated by campus revenue producing activities.

Because the primary legislative concern in the financing of institutional budgets is with general use funds, unless specifically stated otherwise, references to dollar amounts will be only to general use funds.

Budget Activity Structure. The budget activity structures employed by the universities follow a generally uniform format. The basic budget activities are the Educational Program, Institutional Support, Physical Plant Operations, Utilities, Research, Public Service, Scholarships and Fellowships, and Mandatory Transfers. The Educational Program can be further subdivided into the subactivities or programs of Resident Instruction, Academic Support, and Student Services.

Formula Funding. The expression "formula funding" refers to a set of formulas and procedures adopted by the State Board of Regents which institutions must use to submit their funding requests to the Board, the Governor, and ultimately, the Legislature. The budget requests for FY 1985 are the sixth requests submitted to the Legislature under formula funding procedures. While the data generated and procedures followed under formula funding are sometimes germane to legislative deliberations, it should be recognized that formula funding is primarily a mechanism used by the Board of Regents to assess the adequacy and appropriateness of institutional resource requests. Thus, while the legislative request is structured in terms of formula funding concepts, the formula approach does not take into account many of the factors which impinge on legislative appropriation decisions.

Formula funding is based on a series of formulas designed to measure relative funding needs within several program areas. The methodology employed uses comparable institutions ("peer institutions") in other states in an effort to provide "benchmarks" upon which to base funding at a particular Kansas institution. The system is actually comprised of separate formulas in each of seven major program areas: Academic Instruction, Research, Libraries and Audiovisual Services, Student Services, Academic Administration, Institutional Support, and Physical Plant. These formulas relate such factors as student credit hours, headcount enrollments, costs per credit hour, various weighting devices, and ratios within and among the program areas to estimate the total resources necessary to attain the appropriate peer group average.

The Board of Regents develops the legislative budget request for each institution by first determining the request for systemwide maintenance items (i.e., unclassified salaries, other operating expenditures, etc.) These items are normally treated as percentage increases to a specific base budget level. Following determination of the appropriate percentage maintenance increases, the current year base is increased to provide a maintenance adjusted request for the subsequent fiscal year. The Board then compares the maintenance adjusted estimate with the resources which would be generated if an institution were funded at the average of its peers. The relationship to the peers is then used as a factor in determining the type and amount of "program improvements" which the Board recommends. In some cases the program improvements are specific to institutions and in others they represent a systemwide attempt to reduce "deficits" with peer institutions.

Because all activities at all institutions are not comparable, some items may be requested as "individually justified program enhancements." For example, requests for new degree programs fall into this category because (under formula procedures) they generate no "resources" until they have been in operation two years.

In addition to developing a request for legislative appropriations based on the formula procedures, the Board also requests funding changes due to enrollment fluctuations. The 1981 Legislature adopted a policy of enrollment adjustment funding which incorporates some components and data elements of the Regents' formula procedure. The FY 1985 request for enrollment adjustment funding follows the legislative policy and is discussed in more detail below.

Summary. From the legislative perspective, operating budget requests from Board of Regents' institutions can be viewed as containing four general components: systemwide maintenance increases (normally percentage increases applied to base budget levels); systemwide program improvements or enhancements common to two or more institutions; specific requests relating to individual campuses; and enrollment related budget adjustments. Principal funding sources are general and restricted use funds, with the former comprised primarily of State General Fund appropriations and tuition revenue.

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In any given year, a variety of issues can be approached from a systemwide perspective. Those items given systemwide treatment for the 1984 Legislature are shown below.



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| A              | General Fees Fund Estimates                 |
| B              | Academic Services Fees                      |
| C              | Enrollment Adjustments                      |
| D              | Unclassified Salary Increases               |
| E              | Classified Salary Increases                 |
| F              | Student Salary Increases                    |
| G              | Other Operating Expenditures                |
| H              | Utilities                                   |
| I              | Fee Waivers -- Graduate Teaching Assistants |
| J              | Stipends -- Graduate Research Assistants    |
| K              | Servicing New Buildings                     |
| L              | Research for Economic Development           |
| M              | Student Tuition                             |
| N              | Base Budget Reductions                      |

Section A  
General Fees Fund Estimates

Regents' Request. The Board of Regents' has approved five requests for FY 1984 for budgetary adjustments based on revised estimates of tuition revenues to the General Fees Fund. Requested are two increases in the FY 1984 expenditure limitation on the General Fees Fund and three requests for State General Fund supplemental appropriations to offset decreases in budgeted revenues. Expenditure limitation increases will provide additional resources for FY 1984 over previously approved levels while State General Fund supplemental appropriations will serve to maintain expenditures at the previously approved levels. The requests, by institution, are shown below.

Requested FY 1984 General Fees Fund Adjustments

| <u>Institution</u> | <u>General Fees Fund<br/>Original Limitation</u> | <u>General Fees Fund<br/>Requested Adjustment</u> | <u>State General<br/>Fund Request</u> |
|--------------------|--|---|---------------------------------------|
| KU                 | \$ 22,691,000                                    | \$ 417,879  | \$ --                                 |
| WSU                | 10,200,000                                       | 38,935  | --                                    |
| KSU                | 15,616,080                                       | (483,561)   | 483,561                               |
| ESU                | 3,165,685  | (25,787)  | 25,787                                |
| FHSU               | 2,967,146  | (36,274)  | 36,274                                |

Requested State General Fund supplemental appropriations total \$545,622 and the requests for additional expenditure authority total \$456,814.

The Governor does not recommend increasing the expenditure limitations at KU and WSU and provides for no State General Fund supplemental appropriations at KSU, ESU, and FHSU. The Governor does recommend a revised expenditure limitation on the General Fees Fund at KSU of \$15,180,000 (\$47,481 over the requested limitation and \$436,080 under the original expenditure limitation).

Legislative policy regarding these two types of requests has been somewhat mixed. While there have been supplemental appropriations for replacing revenue shortfalls so that mid-year budgetary reductions are not required, the approval of additional expenditure authority through the release of fee income has not always been granted. Since 1981, when the Legislature adopted a new procedure for funding enrollment change, additional fee income has not been released as the institutional budgets are adjusted based on actual enrollment changes following a two fiscal year lag. This was done in part to remove incentives for heavy class scheduling in fall semesters and to allow institutions time to plan for budgetary adjustments (particularly if budgetary reductions are required). With the adoption of this policy, the Legislature also chose to ignore (for budgetary purposes) anticipated enrollments for the upcoming fiscal year, operating on the assumption that enrollments would be the same as in the current fiscal year. Thus, anticipated enrollments for the upcoming year are only used for estimating revenues and are not employed in establishing expenditure levels.

In assessing these FY 1984 requests, the Legislature should note the following. In the case of the three campuses experiencing enrollment decline and requesting supplemental appropriations, the enrollment decline was not only from that estimated, but also below the actual enrollment for the previous fall. In contrast, while Wichita State experienced an actual enrollment increase, the University of Kansas lost 181 headcount and 381 full-time equivalent enrollments between the fall 1982 and fall 1983. Thus, the request from the University of Kansas for additional funding is because enrollments did not decline as much as anticipated in estimating fee income, not because the University experienced an actual enrollment increase.

Before acting on this request, the Legislature may wish to reexamine FY 1984 fee income following revisions based on actual spring enrollments. This may eliminate some of the shortfalls at the three campuses requesting supplemental funding. If excess resources are available at other campuses they can always be reappropriated to FY 1985 and budgeted for expenditure in that fiscal year. After receipt of spring semester fee estimates the Legislature will be in a position to revise both FY 1984 and FY 1985 expenditure limitations for all campuses based on the most recent data to become available during the 1984 Session.

## Section B Academic Services Fee

Background. On May 20, 1983, the Board of Regents approved a \$10 per student per semester Academic Services Fee for all students at the University of Kansas and Kansas State University (the fee is \$1.00 per credit hour for part-time students). The fee was effective with the fall 1983 semester and for the current fiscal

year (FY 1984) is estimated to raise \$325,000 at Kansas State University and \$360,000 at the University of Kansas. The fee income and any expenditures are reflected in the budget as a no-limit restricted fee as expenditures are specifically designated as being for support of library acquisitions and academic computing.

For FY 1985, Kansas State requests the creation of an Academic Services Fee account within the Restricted Fee Fund. While the University of Kansas mentions, in its budget request, that it is authorized by the Board of Regents' to collect the Academic Services Fee, the document includes no formal request for creation of a specific account.

Restricted Fees. By appropriation act each of the institutions possesses a Restricted Fees Fund comprised of various restricted fee accounts and appropriated with no limit as to expenditures. The general authority for charging these fees and tuition is established in K.S.A. 1982 Supp. 76-719 which states that "The Board of Regents shall fix tuition, fees and charges to be collected by each state educational institution" and further provides that "if a state educational institution collects a student-activity fee, the funds so collected shall be set apart and used for the purpose of supporting appropriate student activities."

In the appropriations act a Restricted Fees Fund is created at each campus subject to a variety of provisos. The first proviso, uniform for each campus, provides "That restricted fees shall be limited to receipts for the following accounts:" where there follows a listing of specific account titles. For Kansas State, the final item in this list reads as follows: "other specifically designated receipts not available for the general operations of the University" (1983 Laws, Ch. 22, Sec. 3(b)). For the University of Kansas, the last entry in the listing is "departmental commercial receipts for all sales, refunds, and all other collections or receipts not specifically enumerated above" (1983 Laws, Ch. 22, Sec. 7(b)). Following the proviso listing Restricted Fees accounts is a proviso allowing the endowment associations to construct buildings on state-owned property under certain conditions. All Restricted Fees Fund appropriations include a proviso that the Board of Regents may, subject to State Finance Council approval, amend or change the list of restricted fees. Finally, all appropriations include the proviso that "all restricted fees shall be used solely for the specific purpose or purposes for which collected."

A key element in characterizing a restricted fee is that it is not available for the general operations of the institution or is in some way restricted as to its use by a condition of its receipt. Typically restricted fees funds are income to the institution whose expenditure is defined or restricted by the granting agency. Examples include dormitory income, charges for services, gifts, and grants. Additionally, restricted fees have also included departmental charges to students for such items as library fines, breakage in laboratory courses, and charges for special workshops. Except for student activity fees, student health fees, and debt service fees, it appears that no fee other than the General Fee (tuition) is charged to all students as a general condition of their enrollment. Fees may be charged for enrollment in certain courses (science labs and music lessons) where receipts are deposited in restricted fee accounts but the general tuition charged to all students is deposited in the General Fees Fund.



The Legislature should also be aware that the use of restricted fees charged to students for specific courses or for enrollment in specific academic units has been on the increase for the past several years. For example, new fees for the fall of 1983 include a \$3 per credit hour School of Engineering Laboratories Fee and a \$15 per semester per student School of Architecture and Urban Design Course Fee at the University of Kansas. Pittsburg State was authorized a \$15 per semester Computer Access Fee charged to each student requesting a computer identification number. Wichita State was also authorized to commence a new Computer Laboratory Fee of \$20 a semester.

Issues. The proliferation, in recent years, of restricted fees charged to students as a condition of their enrollment in particular schools or courses raises several issues for legislative consideration. The institutions and the Board have maintained since the late 1970s that funding provided by the Legislature has been inadequate to meet their needs and offset the pressures created by inflation. As a result, it appears that the institutions have increasingly turned to charges on students for specific courses and activities as a way of generating additional operating income for academic units. The Academic Services Fees represent the largest (in terms of revenues) and most general (in terms of applicability) fees which have yet emerged as a result of this trend. Nonetheless, in addition to examining the appropriateness of the Academic Services Fees, the Legislature may also wish to examine the increasingly prevalent practice of charging additional student fees for enrollments in designated courses or schools. In essence, such charges represent a cost to the student over and above the general fee and may even be viewed as a hidden tuition charge.

It should be noted that such special course fees may not be without justification. Costs vary among schools and levels of instruction and among different types of courses. At issue is not whether such fees should be charged, but rather what are the constraints on their imposition and what is the role of the Legislature in authorizing their creation.

The reason for reviewing at length the relevant provisos attached to the Restricted Fees Fund appropriation is to raise the question as to the role of the Legislature with regard to the approval of the Restricted Fee Accounts. The proviso requiring State Finance Council approval would seem to indicate that the Legislature has reserved for itself (except for this specific delegation) the final decision as to modifications in the listing of Restricted Fee Accounts. This is further reinforced by the routine submission, in the institutional budget requests, of changes (additions, deletions, modifications) to the list of accounts. However, it has been suggested that the general nature of the final items in the listings (cited above) provide general authority for the Regents' and the institutions to modify the Restricted Fee Accounts by their own action.

It appears that there are two general issues the Legislature may wish to examine. First is whether the Legislature should establish a clear policy with regard to academic charges to students other than tuition. Such a policy might take into account when such charges are to be authorized and under what conditions they are acceptable. Because the student is faced with a variety of costs other than tuition, and because the Board and the Legislature have generally attempted to keep tuition at a relatively low level, such a policy would need to address the relationship between tuition and these

other special fees. The second general issue has to do with the role of the Legislature in the creation and approval of these fees. Is some modification to the proviso language (or a statutory authorization) necessary to clarify whether these restricted fee accounts can be created prior to Legislative approval? Additionally, should the Legislature require greater budgetary detail regarding the receipt and expenditure of these restricted fee accounts?

In addition to the general issues surrounding the restricted fee assessments on students, there are several specific issues with regard to the Academic Services Fees themselves. Initially, the Legislature needs to determine whether these fees are restricted or general in nature. Clearly their use has been restricted, but they are charged to all students as a condition of enrollment, as is tuition. A second issue is the impact of these fees on university expenditures. The 1983 Legislature approved FY 1984 expenditures for the University of Kansas and Kansas State University without prior knowledge that each institution was going to increase combined expenditures for library acquisitions and academic computing by over \$300,000. Whether knowledge of these additional resources would have made a difference in appropriated expenditures is a question only the Legislature can answer. Finally, the Legislature needs to decide whether, and under what conditions, to allow these charges to continue and what its policy will be regarding their use on other campuses. Presumably, all of the institutions would have a need for these additional resources and, if such fees are allowed for all campuses, what modifications should be made in other existing restricted fees charged to students.

### Section C Enrollment Adjustment

Request. The FY 1985 budget requests from the Regents' Universities include a total of \$614,313 for funding of actual changes in student credit hours which occurred at the institutions between FY 1982 and FY 1983. This request is based upon the enrollment adjustment policy adopted by the 1981 Legislature which relates the costs of actual enrollment changes to the institutions' budgeted expenditures. If the costs exceed a 3 percent corridor around total general use expenditures for the Educational Program, Institutional Support, and Physical Plant, a funding adjustment is requested. The enrollment adjustment procedure determines a dollar amount to be requested and the institutions are allowed discretion over how they wish the request to be allocated (staff, operating expenditures, etc.). Shown below are the two institutional requests for FY 1985.

FY 1985

Enrollment Adjustment Request

| <u>Institution</u> | <u>F.T.E.<br/>Unclassified</u> | <u>F.T.E.<br/>Classified</u> | <u>Salaries<br/>and<br/>Wages</u> | <u>Other<br/>Operating<br/>Expenditures</u> | <u>Total<br/>Request</u> |
|--------------------|--------------------------------|------------------------------|-----------------------------------|---|--------------------------|
| WSU                | 28.3                           | 2.0                          | \$ 679,028                        | \$ 93,173                                   | \$ 772,201               |
| ESU                | —                              | —                            | —                                 | (157,888)                                   | (157,888)                |
| TOTAL              | <u>28.3</u>                    | <u>2.0</u>                   | <u>\$ 679,028</u>                 | <u>\$ (64,715)</u>                          | <u>\$ 614,313</u>        |

Fiscal year 1985 represents the first year of a new enrollment cycle using actual FY 1982 enrollments as the base. As a result, only two institutions had enrollment changes of sufficient magnitude to move costs outside the corridor. Wichita State requests additional resources due to actual enrollment increases and Emporia State requests a budget reduction due to actual enrollment declines.

The Governor recommends the funding adjustments and positions as requested by the institutions.

Background. In adopting a revised mechanism for enrollment adjustment funding, the 1981 Legislature included a statement of the policy within the Ways and Means Subcommittee Report on the Board of Regents' Office. This step was taken to insure that the Regents' institutions (and other interested parties) would have available a statement of legislative policy with respect to enrollment adjustment procedures. Much of what follows is taken from that policy statement.

The policy adopted by the Legislature is designed to be more sensitive to actual enrollment patterns than previously employed formulas which related staffing changes to changes in full-time equivalent (F.T.E.) enrollments. The key features of the legislative policy, and which the Board of Regents at the time of adoption deemed essential, are as follows:

1. adjustments should be based upon actual, rather than projected enrollments;
2. enrollments for an entire fiscal year, not just one semester, should be employed;
3. the patterns of enrollment and differences in the cost of instruction by course level and academic discipline should be taken into account; and
4. consideration should be given to cost implications of the entire educational program — not simply instruction.

Procedures. To implement these features the Legislature adopted a formula which is based upon changes in actual student credit hours between fiscal years (not just changes in fall enrollments). Changes in student credit hours by course level and discipline are related to the actual student credit hour costs by level and discipline at the respective Kansas institution. There are 24 academic disciplines (agriculture, biological science, mathematics, etc.) and four levels of instruction (lower division, upper division, graduate 1, and graduate 2) for which changes in student credit hours and their costs are calculated. Following is an example of this procedure taken from an institutional budget request.

EXAMPLE

Calculation of Costs of Enrollment Changes

| Discipline         | Change in SCH<br>FY 1979-FY 1982 |              |            | FY 1983 Adjustment Cost<br>Per SCH |          |          |
|--------------------|----------------------------------|--------------|------------|------------------------------------|----------|----------|
|                    | LD                               | UD           | GI         | LD                                 | UD       | GI       |
| Biological Science | 426                              | (574)        | (36)       | \$55.79                            | \$106.00 | \$167.39 |
| Business           | 89                               | 436          | 227        | 19.00                              | 22.81    | 53.18    |
| Subtotal           | <u>515</u>                       | <u>(138)</u> | <u>191</u> | <u>—</u>                           | <u>—</u> | <u>—</u> |

| Discipline         | FY 1984 Funding Adjustment Dollars |                    |                 |                    |
|--------------------|------------------------------------|--------------------|-----------------|--------------------|
|                    | LD                                 | UD                 | GI              | TOTAL              |
| Biological Science | \$23,767                           | \$ (60,844)        | \$ (6,026)      | \$ (43,103)        |
| Business           | 1,691                              | 9,945              | 12,072          | 23,708             |
| Subtotal           | <u>\$25,458</u>                    | <u>\$ (50,899)</u> | <u>\$ 6,046</u> | <u>\$ (19,395)</u> |

This example illustrates several components of the legislative enrollment adjustment procedure. Although total student credit hour production in the two disciplines increased, the amount of resources to be requested decreased. This is due to the sensitivity of the procedure to the differences in cost by level and discipline and the reflection of these cost differences through actual changes in enrollment by level and discipline. The result is that an institution could have an overall increase in enrollment, but require fewer resources because of shifts of student credit hours into lower cost academic disciplines. Conversely, an institution could have an overall enrollment decline, but require additional resources because of increased enrollments in high cost disciplines. This sensitivity to enrollments and costs by level and discipline appears to be a highly desirable component of the procedure — particularly since it is based upon actual enrollments and cost patterns.



When the above calculations are performed for all 24 disciplines and four levels of instruction, the dollar amount of resources generated by the academic instruction component of the procedure has been derived. At this point another set of formulas is applied to generate potential resource requirements for other components of the institution's budget. The amount for libraries and audio-visual services is based upon a dollar amount per actual change in weighted F.T.E. students. Student services support is related to a dollar amount per actual changes in total headcount students while support for campus security is based on changes in on-campus headcount enrollment. Academic administration and institutional support are percentages (based on actual cost data) of the other components. When the dollar amounts for all of the various components are added together, the result is the "total funding adjustment because of enrollment changes" which occurred between the base year (1982) and the most recent fiscal year (1983). It is at this point that the Legislature's policy regarding the "corridor" comes into play.

Under the "corridor" policy, each institution is expected to absorb the costs of enrollment changes within specified percentages of its base budget (Educational Program and Physical Plant). These percentages are  $\pm 1.5$  percent for the University of Kansas, Kansas State, and Wichita State and  $+1.0$  percent to  $-2.0$  percent at Emporia, Pittsburg, and Fort Hays. The application of this policy is as follows: if additional funding appears indicated, the current year's base budget is multiplied by the percentage for the upper "corridor" limit (i.e., 1.5 percent or 1.0 percent) to derive the "margin" of enrollment cost change the institution must absorb. This amount is subtracted from the "total funding adjustment" previously derived. If the total funding adjustment is less than the upper limit on the "corridor," no funding request is to be made as the institution is "within the corridor." If the "total funding adjustment" is above the upper limit of the "corridor," the difference between the "total funding adjustment" and the upper limit is the amount which the institution may request. However, this request is reduced by any previous enrollment adjustment funding provided to insure that the institution is only compensated once for the increased enrollments. The converse of this procedure is followed when an institution's "total funding adjustment" is below the lower limit of the "corridor."

The "corridor" concept used in the enrollment adjustment procedure represents one of its more unique components. It recognizes the ability of institutions to absorb relatively minor increases in enrollments and the difficulty of removing resources in response to relatively minor declines. In this regard it provides a mechanism to attempt to assess the marginal costs of changes in enrollments rather than the total average cost. That is to say, if the total average cost per student credit hour at an institution is \$100.00 and the institution produces 10,000 student credit hours, the cost of adding or deleting one credit hour is not the average cost, but a lesser marginal cost. The "corridor" is a technique to simulate this margin. It should be remembered, however, that the "corridor" is established around the base budget, not around enrollments. In this way, enrollment changes are always considered with regard to their fiscal implications.

Because the legislative policy focuses on the costs of enrollment changes, it does not include any built-in assumptions concerning staffing ratios or allocation of requested resources. The Legislature has allowed institutions discretion over where additional resources are to be added or deleted within the total amount of the request.

Thus, some institutions may request resources which more heavily emphasize staffing than others. By not specifying precisely how additional (or deleted) resources are to be allocated, the institutions have the flexibility to make adjustments in areas of greatest need.

Implementation. To implement this policy, the 1981 Legislature recommended that enrollment adjustments be considered over cycles of three fiscal years. A base year is established for each cycle and changed when a new cycle is begun. The FY 1984 request represented the third year of the initial cycle which used FY 1979 as its base. The Legislature determined that a new cycle would begin with the FY 1985 request; the "new" base year became FY 1982 and the request is based upon actual changes which occurred between FY 1982 and FY 1983.

The original implementation policy is outlined below:

|                   |                               |                 |
|-------------------|-------------------------------|-----------------|
| 1981 Legislature: | Request Year:                 | FY 1982         |
|                   | Period of Enrollment Change:  | FY 1979-FY 1980 |
|                   | Base Budget (for "corridor"): | FY 1981         |
| 1982 Legislature: | Request Year:                 | FY 1983         |
|                   | Period of Enrollment Change:  | FY 1979-FY 1981 |
|                   | Base Budget (for "corridor"): | FY 1982         |
| 1983 Legislature: | Request Year:                 | FY 1984         |
|                   | Period of Enrollment Change:  | FY 1979-FY 1982 |
|                   | Base Budget (for "corridor"): | FY 1983         |
| 1984 Legislature: | Request Year:                 | FY 1985         |
|                   | Period of Enrollment Change:  | FY 1982-FY 1983 |
|                   | Base Budget (for "corridor"): | FY 1984         |

This schedule has been followed and the "new" base year enrollment is used to calculate enrollment changes beginning with the FY 1985 request to the 1984 Legislature. It should be noted that in each year of the three-year cycle, any appropriations received in previous years of the cycle are subtracted from the amounts to be requested. This insures that, in a cycle, the institutions are not compensated twice for the same increase in enrollment nor penalized twice for previous budgetary reductions due to enrollment declines.

Prior Years Funding. The Legislature has consistently implemented the enrollment adjustment procedures for FY 1982 through FY 1984. This resulted in additional cumulative appropriations of \$4,307,258. Shown below, by institution, is the funding provided by the Legislature between FY 1982 and FY 1984 and the request for FY 1985.

Cumulative Enrollment Adjustment Funding

FY 1982-FY 1985

| <u>Institution</u> | <u>Actual<br/>FY 82</u> | <u>Actual<br/>FY 83</u> | <u>Actual<br/>FY 84</u> | <u>Cumulative<br/>FY 82-FY 84</u> | <u>Request<br/>FY 85</u> |
|--------------------|-------------------------|-------------------------|-------------------------|-----------------------------------|--------------------------|
| KU                 | \$273,431               | \$ 405,444              | \$ (577,476)            | \$ 101,399                        | \$ --                    |
| KSU                | 227,584                 | 1,614,739               | 560,158                 | 2,402,481                         | --                       |
| WSU                | 32,793                  | 399,076                 | 1,172,280               | 1,604,149                         | 772,201                  |
| ESU                | 61,601                  | (61,601)                | (34,475)                | (34,475)                          | (157,888)                |
| PSU                | --                      | 31,225                  | 187,422                 | 218,647                           | --                       |
| FHSU               | 16,686                  | 148,190                 | (149,819)               | 15,057                            | --                       |
| <b>TOTAL</b>       | <u>\$612,095</u>        | <u>\$2,537,073</u>      | <u>\$1,158,090</u>      | <u>\$4,307,258</u>                | <u>\$614,313</u>         |

Funding adjustments have varied greatly among the institutions depending on enrollment fluctuations by level and discipline. It should be noted that in the funding period FY 1982 - FY 1984 the additional resources were based on a systemwide increase in actual student credit hours of 91,133 (5.1 percent). The funding provided equated to \$47.26 per unweighted credit hour or about 43 percent of the unweighted average cost per credit hour of approximately \$110. This indicates that, in the first three years of funding provided under the policy, it was successful in adjusting resources at the margin rather than at average costs and in reflecting actual cost differences by level and discipline.

Policy Considerations. The Regents' institutions have made no formal requests for changes in the legislative enrollment adjustment policy. However, one technical issue deserves some comment. This has to do with how new or discontinued programs are treated under the formula. At present, new programs, if they receive special start-up funding, are not included under the formula for three fiscal years in order to allow an appropriate base of credit hour production to be established and to avoid compensating the institutions twice (once when start-up funding is provided and again when the program produces increased credit hours). However, no decision has formally been made regarding program discontinuance (i.e. when an institution formally closes enrollment into a program with the intent of elimination and subsequent reallocation of resources into other areas). If the resources for the program being discontinued are retained in the formula, as enrollments decline, theoretically resources are lost and are not available for reallocation. Therefore, the Legislature may wish to consider removing enrollment and cost data from the formula calculations when an institution provides prior and formal notification of its intent to discontinue a specific program. There are two programs at Wichita State, Engineering Technology and off-campus Administration of Justice, which are being discontinued and where it would be appropriate to remove their enrollments and resources from the calculation of the FY 1986 enrollment adjustment. In addition, because of the unique circumstances regarding the School of Library Science at Emporia State (loss of accreditation and drop in enrollment even as resources are being supplied to regain accreditation), it might also be a candidate for temporary removal from the adjustment procedures. Although a technical matter, allowing such exclusions may provide an appropriate context to encourage internal reallocations of resources.

Section D  
Unclassified Salary Increases

Request. For FY 1985 the Regents' institutions request \$3,869,580 to provide for annualization of the 4.5 percent FY 1984 salary increase in FY 1985 and \$12,536,782 to provide for a 7.0 percent increase in unclassified salary funding for FY 1985 above the revised FY 1984 base. Shown below is the FY 1984 base, requests for FY 1985, and the Governor's recommendations. These amounts are for adjustments to the salary base only and exclude any associated fringe benefits.

FY 1985  
Unclassified Salary Increases

| <u>Institution</u> | <u>FY 84<br/>Base</u> | <u>Regents' Request</u>              |                           | <u>Governor's Recommendation</u>     |                           |
|--------------------|-----------------------|--------------------------------------|---------------------------|--------------------------------------|---------------------------|
|                    |                       | <u>FY 84<br/>Annual-<br/>ization</u> | <u>FY 85<br/>Increase</u> | <u>FY 84<br/>Annual-<br/>ization</u> | <u>FY 85<br/>Increase</u> |
| KU                 | \$ 49,461,083         | \$1,088,628                          | \$ 3,538,464              | \$1,088,393                          | \$ 3,032,967              |
| KSU                | 48,946,113            | 1,083,140                            | 3,502,050                 | 1,083,140                            | 3,001,792                 |
| WSU                | 21,516,253            | 473,463                              | 1,539,438                 | 473,463                              | 1,320,927                 |
| ESU                | 9,393,425             | 206,702                              | 672,009                   | 209,528                              | 572,125                   |
| PSU                | 9,091,199             | 206,887                              | 650,877                   | 202,849                              | 553,862                   |
| FHSU               | 8,455,002             | 186,051                              | 604,874                   | 186,051                              | 518,357                   |
| KTI                | 1,306,568             | 29,398                               | 93,518                    | 29,398                               | 80,157                    |
| VMC                | 2,513,674             | 55,311                               | 179,834                   | 55,311                               | 154,151                   |
| KUMC               | 24,539,979            | 540,000                              | 1,755,718                 | 540,000                              | 1,504,949                 |
| TOTAL              | <u>\$175,223,296</u>  | <u>\$3,869,580</u>                   | <u>\$12,536,782</u>       | <u>\$3,868,133</u>                   | <u>\$10,739,287</u>       |

The Governor, for FY 1985, recommends a 6.0 percent increase in the unclassified salary base. In addition, a total of \$2.0 million is recommended for the Board of Regents' Office for distribution to the institutions for further unclassified salary increases. This \$2.0 million represents (including fringe benefits) approximately a 1.0 percent base increase.

Within the additional salary dollars authorized for expenditure, the Regents' institutions have flexibility over how these funds are allocated. In essence, the base increases in salary dollars provided to the institutions are to be distributed to unclassified staff on the basis of merit. This is in contrast to the manner in which classified personnel salary increases have traditionally been provided. In the past, funds have been authorized to upgrade the pay plan (cost of living increases) for all classifications in addition to any expenditures authorized for merit adjustments.



The Legislature should note that while funds were authorized for a 4.5 percent increase in unclassified salary base for FY 1984 merit increases, funding was only provided for one-half the fiscal year resulting in an annualized base increase for FY 1984 of 2.25 percent over FY 1983. As a result, the following discussion will specify the appropriated base increase as 4.5 percent while discussions of average FY 1984 salaries will reflect the additional expenditures of 2.25 percent.

Institutional Salary Policies. In reviewing the FY 1985 request, it is appropriate to examine the manner in which institutions have allocated salary increase funds for the current fiscal year. The institutions are allowed to distribute the average annual base increase in varying percentages rather than on a uniform percentage basis. This procedure recognizes the need to reward unclassified employees on the basis of merit and for flexibility in the recruiting and retention of faculty members. The institutions are expected to distribute the funds budgeted on a merit basis with the result that faculty members who have excelled could receive a substantial percentage increase, while others, who have not progressed as rapidly, could receive less than the average salary base increase budgeted. The following data illustrate for FY 1984 the distribution of unclassified salary increases (based on the 2.25 percent in available resources rather than the 4.5 percent authorized).

FY 1984 Distribution of Unclassified Salary Increases:  
Full-Time Continuing Unclassified Staff

| <u>Inst.</u> | <u>No.</u>   | <u>.1</u>   | <u>3.0</u>  | <u>5.0</u>              | <u>7.0</u>  | <u>9.0</u>   | <u>12.0%</u> |            | <u>Avg.</u>   | <u>Percent</u> |
|--------------|--------------|-------------|-------------|-------------------------|-------------|--------------|--------------|------------|---------------|----------------|
|              | <u>Incr.</u> | <u>to</u>   | <u>to</u>   | <u>to</u>               | <u>to</u>   | <u>to</u>    | <u>and</u>   | <u>No.</u> | <u>Dollar</u> | <u>Incr.</u>   |
|              |              | <u>2.9%</u> | <u>4.9%</u> | <u>6.9%</u>             | <u>8.9%</u> | <u>11.9%</u> | <u>Above</u> |            | <u>Incr.</u>  | <u>Incr.</u>   |
| KU           | 54           | 1,077       | 169         | 30                      | 13          | 3            | 11           | 1,357      | \$ 690        | 2.32%          |
| KSU          | 39           | 957         | 177         | 32                      | 10          | 2            | 5            | 1,222      | 746           | 2.50           |
| WSU          | 9            | 487         | 107         | 6                       | 3           | 2            | 4            | 618        | 623           | 2.52           |
| ESU          | 9            | 206         | 41          | 8                       | —           | —            | 1            | 265        | 636           | 2.46           |
| PSU          |              |             |             | M I S S I N G   D A T A |             |              |              |            |               |                |
| FHSU         | 13           | 175         | 22          | 13                      | 4           | 1            | —            | 228        | 681           | 2.54           |
| KTI          | —            | 40          | 7           | —                       | —           | —            | —            | 47         | 521           | 2.25           |
| VMC          | 2            | 61          | 8           | —                       | —           | 1            | —            | 72         | 869           | 2.40           |

It needs to be emphasized that this distribution reflects only the 2.25 percent in additional salary dollars for FY 1984, not the annualized increases for staff based upon a 4.5 percent increase in the authorized base. On an annualized basis the percent increments can be doubled to reflect the actual distribution of salary increases effective in January, 1984. For example, the 5.0 to 6.9 percent interval in the above table reflects annualized increases of 10.0 to 13.8 percent. Additionally, the aggregate percentage increases reflected in the right-hand column can also be doubled to reflect the annualized salary increases. Thus, 2.32 percent represents an average increase of 4.64 percent on an annualized basis.

Because the increased expenditures for FY 1984 totaled 2.25 percent and the authorized base increase was 4.5 percent, it is clear that all institutions except Kansas Technical Institute were able to provide average increases for continuing staff in excess of the percentage increases budgeted. To a great extent the additional increase reflects turnover savings and minimal increases allocated to some unfilled positions. It should also be noted that even though resources may be constrained, institutions still have the flexibility to award extraordinary merit increases.

Institutional Comparison. The budgeted average salaries for faculty in the six universities (excluding PSU, KTI, KUMC, and the VMC) reflect a systemwide nine-month average faculty salary of \$28,048 for FY 1984. As noted in the previous section, the average unclassified salary increase tends to be larger than the budgeted increase, due in part to changes in the number and salaries of employees. The average salaries (12 month converted to 9 month) shown below include all faculty and staff budgeted for FY 1984, not just those who were also on staff in FY 1983 (as shown in the previous section). Additionally, these average salaries reflect only the 2.25 percent increase in expenditures, not the impact of the authorized 4.5 percent increase in the base. Thus, they understate the annualized average salaries as authorized for FY 1984.

FY 1984 Budgeted Academic Year Average Salaries  
All Ranks

| <u>Institution</u> | <u>Faculty Only</u>     |                       | <u>All Unclassified</u> |                       |
|--------------------|-------------------------|-----------------------|-------------------------|-----------------------|
|                    | <u>Number</u>           | <u>Average Salary</u> | <u>Number</u>           | <u>Average Salary</u> |
| KU                 | 1,018                   | \$30,890              | 1,393                   | \$28,493              |
| KSU                | 1,139                   | 27,586                | 1,222                   | 27,290                |
| WSU                | 544                     | 25,461                | 690                     | 25,179                |
| ESU                | 204                     | 26,127                | 284                     | 25,346                |
| PSU                | M I S S I N G   D A T A |                       |                         |                       |
| FHSU               | 204                     | 25,258                | 228                     | 25,870                |
| TOTAL*             | 3,109                   | \$28,048              | 3,817                   | \$27,118              |

\* The total average salaries shown are weighted to reflect the number of unclassified positions at each institution.

The comparison of average faculty salaries by institution deserves some additional comment. One would reasonably expect that the larger institutions would have higher salaries given differences in institutional roles, levels of advanced instruction, and the fact they must be salary competitive in academic professions in which the three smaller institutions do not offer instruction. The difference between the average budgeted faculty salaries at the University of Kansas and Kansas State University is accounted for, in part, by the relatively large number of faculty in the instructor rank at Kansas State, reflecting the substantial number of staff in cooperative extension and agricultural research. The similarity of average faculty salaries at

Emporia, Fort Hays, and Wichita State also appears to be the result of the distribution of faculty by rank, although, in this instance the similarity is caused by the relatively large proportion of professors at Emporia and Fort Hays and the relatively smaller proportion at Wichita State. Because of the impact which average salary by rank has on aggregate average salaries, the FY 1984 budgeted average salaries by rank (12 months converted to 9 months) are shown below for each university.

FY 1984 Budgeted Academic Year Average Faculty Salaries  
By Rank

| <u>Inst.</u> | <u>Professor</u>        |             | <u>Associate Professor</u> |             | <u>Assistant Professor</u> |             | <u>Instructor</u> |             |
|--------------|-------------------------|-------------|----------------------------|-------------|----------------------------|-------------|-------------------|-------------|
|              | <u>No.</u>              | <u>Avg.</u> | <u>No.</u>                 | <u>Avg.</u> | <u>No.</u>                 | <u>Avg.</u> | <u>No.</u>        | <u>Avg.</u> |
| KU           | 512                     | \$36,573    | 325                        | \$26,354    | 154                        | \$23,974    | 27                | \$17,149    |
| KSU          | 421                     | 34,260      | 313                        | 26,484      | 280                        | 22,666      | 125               | 18,886      |
| WSU          | 107                     | 35,405      | 141                        | 27,372      | 227                        | 22,392      | 69                | 16,234      |
| ESU          | 95                      | 28,944      | 71                         | 24,345      | 36                         | 22,446      | 2                 | 21,792      |
| PSU          | M I S S I N G   D A T A |             |                            |             |                            |             |                   |             |
| FHSU         | 79                      | 29,022      | 67                         | 24,331      | 52                         | 21,598      | 6                 | 17,766      |
| TOTAL*       | 1,214                   | \$34,580    | 917                        | \$26,252    | 749                        | \$22,767    | 229               | \$17,878    |

\* The total average salaries shown are weighted to reflect the number of faculty in each rank at each institution.

Previous Years' Increases. The following table provides a comparison of the base budget salary increases appropriated by the Legislature and two measures of inflation for FY 1973 - FY 1984.

Percent Increase Authorized for Unclassified Salary Adjustments

| <u>Fiscal Year</u> | <u>KU</u>     | <u>KSU</u>    | <u>WSU</u>    | <u>ESU</u>    | <u>PSU</u>    | <u>FHSU</u>   | <u>CPI-U</u>     | <u>PCE</u>       |
|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|------------------|------------------|
| 1974               | 5.5%          | 5.5%          | 5.5%          | 5.5%          | 5.5%          | 5.5%          | 9.0%             | 8.1%             |
| 1975               | 10.0          | 11.0          | 10.0          | 11.0          | 11.0          | 11.0          | 11.1             | 9.7              |
| 1976               | 10.0          | 10.0          | 10.0          | 10.0          | 10.0          | 10.0          | 7.1              | 6.0              |
| 1977               | 8.0           | 8.0           | 8.0           | 8.0           | 8.0           | 9.0           | 5.8              | 5.3              |
| 1978               | 6.0           | 6.0           | 6.0           | 6.0           | 6.0           | 7.0           | 6.7              | 6.1              |
| 1979               | 7.0           | 7.0           | 7.0           | 7.0           | 7.0           | 7.0           | 9.4              | 8.1              |
| 1980               | 6.5           | 6.5           | 6.5           | 6.5           | 6.5           | 6.5           | 13.3             | 9.7              |
| 1981               | 9.0           | 9.0           | 9.0           | 9.0           | 9.0           | 9.0           | 11.6             | 9.7              |
| 1982               | 7.0           | 7.0           | 7.0           | 7.0           | 7.0           | 9.0           | 8.7              | 7.0              |
| 1983               | 7.5           | 7.5           | 7.5           | 7.5           | 7.5           | 10.2          | 4.3              | 4.8              |
| Inc. 73-83         | <u>108.8%</u> | <u>110.7%</u> | <u>108.8%</u> | <u>110.7%</u> | <u>110.7%</u> | <u>124.2%</u> | <u>129.6%</u>    | <u>104.9%</u>    |
| 1984               | 4.5           | 4.5           | 4.5           | 4.5           | 4.5           | 4.5           | 4.3 <sup>a</sup> | 4.8 <sup>a</sup> |
| Inc. 73-84         | <u>118.2%</u> | <u>120.2%</u> | <u>118.2%</u> | <u>120.2%</u> | <u>120.2%</u> | <u>134.2%</u> | <u>139.5%</u>    | <u>114.7%</u>    |

a) Estimated.

Several comments are required to appropriately interpret the above table. First, the appropriated increases for FY 1983 exclude allocation of the \$900,000 in special salary enrichment which equated systemwide to an approximately 0.7 percent base increase. Second, the authorized increase for FY 1984 is the annualized 4.5 percent rather than the 2.25 percent increase in expenditures. Finally, the two measures of inflation used are the Consumer Price Index for All Urban Consumers (U. S. City Average) and the Personal Consumption Expenditures component of the Gross National Product-Deflator. The percentages displayed for these two measures represent the percent change in the 12-month average index from one fiscal year to the next. Both measures are displayed because the CPI-U tends to overemphasize the housing costs component while the PCE treats housing costs in a more conservative fashion.

As shown in the above table, at various times in the past 11 years efforts have been made to recognize individual campus needs. These differential salary adjustments have been designed primarily to upgrade salaries at Fort Hays State University. In addition, through FY 1983 and as estimated for FY 1984, the cumulative appropriated salary increases have fallen within the range of the two measures of inflation; that is, the cumulative percentage salary increases are less than inflation as measured by the CPI-U and have exceeded inflation as measured by the PCE. However, it should be noted that no claims are being made concerning the adequacy of the unclassified salary base in FY 1973. If the salary base, according to some criterion, was inadequate in that year, even if the increases have kept up with inflation, presumably the base would remain inadequate in FY 1984. The table is designed to reflect relative increases in the unclassified salary base in the intervening period since the FY 1973 base year.



It was noted above that, due to several factors, institutions have the flexibility to provide average salary increases to continuing staff which may be in excess of appropriated increases to the unclassified salary base. This is because, in part, the universities typically have savings from personnel turnover which can be used to supplement appropriated increases to the salary base. The table below displays the average percentage increases provided to full-time continuing unclassified staff. It includes allocation of the \$900,000 in salary enrichment funds provided for FY 1983 and annualizes the salary increases for FY 1984.

Average Percent Increase for Full-Time  
Continuing Unclassified Staff

| <u>Fiscal<br/>Year</u> | <u>KU</u>     | <u>KSU</u>    | <u>WSU</u>    | <u>ESU</u>    | <u>PSU</u>       | <u>FHSU</u>   | <u>CPI-U</u>     | <u>PCE</u>       |
|------------------------|---------------|---------------|---------------|---------------|------------------|---------------|------------------|------------------|
| 1974                   | 6.4%          | 6.4%          | 6.0%          | 5.6%          | 5.9%             | 5.8%          | 9.0%             | 8.1%             |
| 1975                   | 10.5          | 11.2          | 10.3          | 11.4          | 11.3             | 10.9          | 11.1             | 9.7              |
| 1976                   | 10.5          | 10.2          | 9.1           | 10.4          | 10.0             | 11.0          | 7.1              | 6.0              |
| 1977                   | 8.5           | 8.2           | 7.9           | 8.0           | 8.3              | 10.4          | 5.8              | 5.3              |
| 1978                   | 6.4           | 6.3           | 6.0           | 6.0           | 6.1              | 7.7           | 6.7              | 6.1              |
| 1979                   | 7.4           | 7.4           | 7.3           | 7.1           | 7.3              | 8.0           | 9.4              | 8.1              |
| 1980                   | 6.9           | 6.8           | 6.7           | 6.5           | 6.9              | 6.7           | 13.3             | 9.7              |
| 1981                   | 9.6           | 9.5           | 9.5           | 10.2          | 9.0              | 8.8           | 11.6             | 9.7              |
| 1982                   | 8.0           | 7.7           | 7.6           | 7.8           | 7.5              | 9.0           | 8.7              | 7.0              |
| 1983                   | 8.9           | 9.1           | 8.5           | 8.7           | 8.3              | 10.8          | 4.3              | 4.8              |
| Inc. 73-83             | <u>122.0%</u> | <u>121.3%</u> | <u>113.5%</u> | <u>119.0%</u> | <u>116.9%</u>    | <u>134.5%</u> | <u>129.6%</u>    | <u>104.9%</u>    |
| 1984                   | 4.6           | 5.0           | 5.0           | 4.9           | 4.5 <sup>a</sup> | 5.1           | 4.3 <sup>a</sup> | 4.8 <sup>a</sup> |
| Inc. 73-84             | <u>132.2%</u> | <u>132.4%</u> | <u>124.2%</u> | <u>129.7%</u> | <u>126.6%</u>    | <u>146.4%</u> | <u>139.5%</u>    | <u>114.7%</u>    |

a) Estimated.

A comparison of the average increases granted with those appropriated reveals a relatively consistent pattern of average percentage increases in excess of appropriated percentage increases to the base. Further, when attention is focused on the average increases granted versus the appropriated base increases, the difference between the cumulative average increases and inflation as measured by the CPI-U lessens. In addition, the growth in average salary increases is significantly greater than the growth in the index of Personal Consumption Expenditures over the same period.

In comparing percentage salary increases with inflation, therefore, attention should be given to the index used to measure inflation as salary increases have exceeded inflation with respect to one index (PCE) and lagged behind inflation with respect to another (CPI-U). However, if deficiencies in salaries existed prior to FY 1974, there is little to indicate that these deficiencies have been eliminated even though average increases have exceeded one measure of inflation.

Section E  
Classified Salary Increases

Request. For FY 1985 the Regents' institutions request \$1,897,526 to provide for annualization of the 4.5 percent FY 1984 salary increase in FY 1985 and \$4,354,434 to provide for a 5.0 percent increase in classified employee salaries. Shown below are the FY 1984 base, requests for FY 1985, and the Governor's recommendation. These amounts are for adjustments to the salary base only and exclude any associated fringe benefits.

FY 1985  
Classified Salary Increases

| <u>Institution</u> | <u>FY 84<br/>Base</u> | <u>Regents' Request</u>              |                           | <u>Governor's Recommendation</u>     |                           |
|--------------------|-----------------------|--------------------------------------|---------------------------|--------------------------------------|---------------------------|
|                    |                       | <u>FY 84<br/>Annual-<br/>ization</u> | <u>FY 85<br/>Increase</u> | <u>FY 84<br/>Annual-<br/>ization</u> | <u>FY 85<br/>Increase</u> |
| KU                 | \$ 15,208,725         | \$ 334,607                           | \$ 777,167                | \$ 334,607                           | \$ 1,000,302              |
| KSU                | 13,677,905            | 299,347                              | 698,823                   | 299,347                              | 895,683                   |
| WSU                | 6,417,600             | 141,218                              | 328,557                   | 141,218                              | 420,397                   |
| ESU                | 2,923,745             | 64,336                               | 149,404                   | 65,784                               | 189,322                   |
| PSU                | 3,001,484             | 70,422                               | 153,595                   | 67,533                               | 193,577                   |
| FHSU               | 2,649,254             | 58,038                               | 135,365                   | 58,038                               | 173,513                   |
| KTI                | 462,304               | 10,402                               | 23,636                    | 10,402                               | 30,266                    |
| VMC                | 1,665,316             | 36,390                               | 85,079                    | 36,390                               | 108,824                   |
| KUMC               | 39,175,801            | 882,766                              | 2,002,808                 | 882,766                              | 2,557,813                 |
| TOTAL              | <u>\$ 85,182,134</u>  | <u>\$1,897,526</u>                   | <u>\$ 4,354,434</u>       | <u>\$1,896,085</u>                   | <u>\$ 5,569,697</u>       |

The Governor recommends classified salary increases for FY 1985 which provide for 5.0 percent increase plus \$204 per year for each F.T.E. position.

The request is made pursuant to instructions issued by the Division of the Budget in the summer of 1983 which directed all agencies to submit their FY 1985 budget requests under the assumption of providing a 5.0 percent salary increase. Because the issue of classified salary increases is a matter affecting all state agencies and is not unique to the Regents' institutions, no analysis will be presented regarding this request.

Section F  
Student Salary Increases

Request. For FY 1985 the Regents' institutions request \$132,479 to provide for annualization of the 4.5 percent FY 1984 salary increase in FY 1985 and \$429,913 to provide for 7.0 percent increase in student salary funding for FY 1985 above the revised FY 1984 base. Shown below is the FY 1984 base, requests for FY 1985, and the Governor's recommendations.

FY 1985  
Student Salary Increases

| <u>Institution</u> | <u>FY 84<br/>Base</u> | <u>Regents' Request</u>              |                           | <u>Governor's Recommendation</u>     |                           |
|--------------------|-----------------------|--------------------------------------|---------------------------|--------------------------------------|---------------------------|
|                    |                       | <u>FY 84<br/>Annual-<br/>ization</u> | <u>FY 85<br/>Increase</u> | <u>FY 84<br/>Annual-<br/>ization</u> | <u>FY 85<br/>Increase</u> |
| KU                 | \$ 1,332,308          | \$ 29,318                            | \$ 95,324                 | \$ 29,318                            | \$ 68,079                 |
| KSU                | 1,420,901             | 31,269                               | 101,652                   | 31,269                               | 72,608                    |
| WSU                | 918,514               | 20,212                               | 65,759                    | 20,212                               | 47,024                    |
| ESU                | 651,927               | 13,912                               | 45,233                    | 16,049                               | 36,467                    |
| PSU                | 506,053               | 12,436                               | 36,299                    | 12,716                               | 28,896                    |
| FHSU               | 698,283               | 14,969                               | 49,928                    | 14,970                               | 35,661                    |
| KTI                | 28,989                | —                                    | 2,029                     | —                                    | 1,451                     |
| VMC                | 84,744                | 1,865                                | 6,063                     | 1,865                                | 4,330                     |
| KUMC               | 386,155               | 8,498                                | 27,626                    | 8,498                                | 19,733                    |
| TOTAL              | <u>\$ 6,027,874</u>   | <u>\$ 132,479</u>                    | <u>\$ 429,913</u>         | <u>\$ 134,897</u>                    | <u>\$ 314,249</u>         |

The Governor recommends a 5.0 percent base salary increase for student hourly employees.

Policy Changes. The 1983 Legislature made two changes regarding the funding of student hourly employees. The first change was to appropriate student salaries and wages as a separate line item from salaries and wages for classified and unclassified employees. The second change was creation of a student off-campus work study program and appropriation of \$281,000 to the six Regents' universities and Washburn for funding the program in FY 1984. The off-campus work study program is subject to the proviso that salary expenditures for the program must be equally matched by salary expenditures from private employers. In appropriating student salaries as a separate line item, a similar proviso was added permitting salary expenditure for off-campus work study provided an equal salary match was provided by the private employer. Shown below are the FY 1984 appropriations for the off-campus work study program and the Governor's FY 1985 recommendations.

Off-Campus Work Study Program

| <u>Institution</u> | <u>FY 1984<br/>Appropriations</u> | <u>FY 1985<br/>Gov. Rec.</u> | <u>Percent<br/>Increase</u> |
|--------------------|-----------------------------------|------------------------------|-----------------------------|
| KU                 | \$ 89,639                         | \$ 96,192                    | \$ 7.3%                     |
| KSU                | 70,531                            | 75,687                       | 7.3                         |
| WSU                | 46,365                            | 49,758                       | 7.3                         |
| ESU                | 19,670                            | 20,650                       | 5.0                         |
| PSU                | 18,546                            | 19,551                       | 5.4                         |
| FHSU               | 17,984                            | 18,883                       | 5.0                         |
| Subtotal           | \$ 262,735                        | \$ 280,721                   | 6.8%                        |
| Washburn           | 18,265                            | —                            | (100.0)                     |
| TOTAL              | \$ 281,000                        | \$ 280,721                   | (0.1)%                      |

No rationale is included in the Governor's Budget Report regarding the differences in the recommended funding increases among the campuses for this program. However, given that the provisos for the two appropriation lines are similar, the Legislature may wish to consider a single appropriation line which could allow for off-campus work study expenditures or some limitation on the amount which could be expended off-campus. Additionally, the Legislature may wish to consider modifying the proviso so that state funds are eligible for match not only from private employers but also by nonstate public employers or by nonstate university funds (i.e. endowments, alumni associations, etc.).

(Staff Note: There are several technical items with regard to the institutional requests which will have to be addressed; e.g. transfers from student salaries to other salaries at Emporia and Pittsburg, no annualization increase at Kansas Technical Institute, and the omission of the work-study program from Emporia's FY 1985 request. These adjustments will be made to the individual requests in accordance with the systemwide decisions as to level of funding and appropriation language.)

Discussion. Consideration of appropriate levels of student salaries needs to begin with a recognition of the twin role of such employment: to provide the student with a source of income while in school (financial aid) and to provide services to the university which might otherwise have to be provided by a regular employee (institutional support). Additionally, it needs to be recognized that general use support for student salaries typically represents less than one-half of total institutional expenditures for student salaries. This is because of the major emphasis by the federal government on the College Work-Study Program, the availability of funding from restricted use sources such as research grants, and the large number of students employed in auxiliary enterprises such as student unions and dormitories. Shown below are general use, restricted use, and total expenditures for actual FY 1983 and as budgeted for FY 1984 for the six universities.



Actual and Budgeted Expenditures for Student Salaries

| Institution | Actual FY 1983     |                    |                     | Budgeted FY 1984   |                    |                     |
|-------------|--------------------|--------------------|---------------------|--------------------|--------------------|---------------------|
|             | G.U.               | R.U.               | Total               | G.U.               | R.U.               | Total               |
| KU          | \$1,394,872        | \$2,356,143        | \$ 3,751,015        | \$1,332,308        | \$2,324,894        | \$ 3,657,202        |
| KSU         | 1,271,174          | 2,825,371          | 4,096,545           | 1,420,901          | 2,564,014          | 3,984,915           |
| WSU         | 859,896            | 853,413            | 1,713,309           | 918,514            | 991,864            | 1,910,378           |
| ESU         | 634,868            | 688,732            | 1,323,600           | 651,927            | 795,251            | 1,447,178           |
| PSU         | 461,822            | 556,828            | 1,018,650           | 506,053            | 580,703            | 1,086,756           |
| FHSU        | 616,790            | 819,430            | 1,436,220           | 698,283            | 802,830            | 1,501,113           |
| TOTAL       | <u>\$5,239,422</u> | <u>\$8,099,917</u> | <u>\$13,339,339</u> | <u>\$5,527,986</u> | <u>\$8,059,556</u> | <u>\$13,587,542</u> |

The fluctuations in expenditures between the two fiscal years is due to base budget reductions on the general use side and the difficulty of accurately projecting various restricted revenue sources. However, except for the University of Kansas and Kansas State University, all institutions are anticipating greater resources in FY 1984 than FY 1983 (and Kansas State shows a significant increase in the general use budget). In each fiscal year, general use expenditures represent about 40 percent of expenditures for student salaries. It should also be noted that the Legislature has little direct control over restricted use revenues for student salaries, particularly those from federal sources for the College Work-Study Program.

One way of characterizing the impact of these resources on students is to examine expenditures per Full-Time Equivalent (FTE) student enrolled. However, this measure tends to understate the impact slightly as typically student hourly employees are undergraduate students enrolled on campus. This understatement is particularly evident at the University of Kansas where, in the fall 1983, 25 percent of the FTE enrollment is at the graduate and professional level. Therefore, the following table reflects expenditures per on-campus undergraduate FTE student for each fiscal year. Fall 1982 enrollments are used for FY 1983 calculations and fall 1983 enrollments are used for FY 1984 expenditures.

Student Salary Expenditures per On-Campus  
Undergraduate F.T.E.

| Institution              | Actual FY 1983 |           |           | Budgeted FY 1984 |           |           |
|--------------------------|----------------|-----------|-----------|------------------|-----------|-----------|
|                          | G.U.           | R.U.      | Total     | G.U.             | R.U.      | Total     |
| KU                       | \$ 81.30       | \$ 137.32 | \$ 218.62 | \$ 77.31         | \$ 134.91 | \$ 212.22 |
| KSU                      | 84.38          | 187.55    | 271.93    | 97.42            | 175.80    | 273.22    |
| WSU                      | 67.94          | 67.43     | 135.37    | 72.82            | 78.64     | 151.46    |
| ESU                      | 151.16         | 163.98    | 315.14    | 162.21           | 197.87    | 360.08    |
| PSU                      | 118.42         | 142.77    | 261.19    | 123.37           | 141.57    | 264.94    |
| FHSU                     | 158.64         | 210.76    | 369.40    | 184.93           | 212.61    | 397.54    |
| Weighted<br>Average      | \$ 92.13       | \$ 142.44 | \$ 234.57 | \$ 98.14         | \$ 143.08 | \$ 241.22 |
| Institutional<br>Average | \$ 110.31      | \$ 151.64 | \$ 261.95 | \$ 119.68        | \$ 156.90 | \$ 276.57 |
| TOTAL FTE                |                |           | 56,867    |                  |           | 56,328    |

Consideration of the above table serves to highlight several issues. The first is the significant role student salaries (both general and restricted use) play as a source of student financial aid. Given annual tuition and fees for a full-time resident undergraduate in the fall 1983, the student salaries per F.T.E. undergraduate range from 20 to 40 percent of the institutional fees depending on the campus. A second consideration is that the amount of funding per student is a function not only of the available dollars, but also enrollment trends. For example, two institutions could have identical budgets for two years. If one experiences an enrollment increase it will have less per student available than the previous year. If one experiences an enrollment decline, it will have more available on a per student basis. This suggests that consideration may be given to providing general use support based on some student driven factor such as F.T.E. enrollment rather than simply incrementing the base year to year. This is particularly the case when there are no increases in the federal minimum wage (frozen at \$3.35 per hour since FY 1982) as the federal work-study program requires that students in the program be paid minimum wage. Nonetheless, both changes in wage rates and enrollments could be accounted for in setting the budgets. Under current policy, institutions have the option, within available resources, to either increase salaries or increase the number of hours worked, or both.

A final consideration has to do with the distribution of the dollars themselves. While restricted use expenditures may reflect student need (the College Work-Study Program is need-based) other factors enter in. For example, Fort Hays has a relatively large number of students in dormitories and is thus able to generate student employment. Wichita State, on the other hand, has relatively few students in dormitories and is in an environment where many students live at home and have jobs off-campus, thereby reducing demand for on-campus employment below that which would occur at an institution where most students live on-campus. At issue is the range of general use support per F.T.E. at similar campuses, such as among the three regional institutions and between the University of Kansas and Kansas State.

Section G  
Other Operating Expenditures

Request. For FY 1985 the Regents' institutions are requesting \$4,884,221 for a 7.0 percent base increase for other operating expenditures. Shown below are the FY 1984 base budgets for other operating expenditures, the requests for FY 1985, and the Governor's recommended 5.0 percent increase.

FY 1985  
Other Operating Expenditures

| <u>Institution</u> | <u>FY 1984<br/>Base</u> | <u>FY 1985<br/>Request</u> | <u>Governor's<br/>Recommendation</u> |
|--------------------|-------------------------|----------------------------|--------------------------------------|
| KU                 | \$13,812,869            | \$ 966,901                 | \$ 690,644                           |
| KSU                | 12,700,567              | 889,042                    | 635,033                              |
| WSU                | 5,826,167               | 407,829                    | 291,308                              |
| ESU                | 2,359,243               | 165,147                    | 118,942                              |
| PSU                | 2,326,955               | 162,887                    | 116,347                              |
| FHSU               | 2,358,903               | 165,123                    | 117,953                              |
| KTI                | 664,822                 | 46,537                     | 33,241                               |
| VMC                | 1,570,955               | 109,967                    | 78,549                               |
| KUMC               | 28,154,109              | 1,970,788                  | 1,407,706                            |
| TOTAL              | <u>\$69,774,590</u>     | <u>\$4,884,221</u>         | <u>\$ 3,489,723</u>                  |

Other operating expenditures (O.O.E.) are used to purchase all commodities, equipment, goods, and services, other than utilities, used or acquired by the institutions. Expenditures from O.O.E. budgets can include everything from major pieces of scientific equipment to library books to faculty travel.

Budgeting Procedures. While most state agencies are required to submit detailed proposals showing how they wish to expend other operating funds, including identification of items by object of expenditure, such is not the case with the Regents' institutions. Under present budgeting procedures, O.O.E. increases are treated as additions to a base budget and, within available resources, institutional expenditures are constrained only by available resources and by state purchasing requirements.

In addition, although State General Fund appropriations for salaries and other operating expenditures must be expended on items in those categories, such is not the case with expenditures from the General Fees Fund, which can be expended in either category. Thus, if salary expenditures are less than budgeted, an institution has the flexibility to increase its O.O.E. expenditures. Such a practice is frequently the case, as actual personnel turnover salary savings may often be in excess of the budgeted turnover salary savings (shrinkage) as applied to the gross salaries at each institution.

Actual and Budgeted Expenditures. By comparing the actual general use expenditures for other operating expenditures with those budgeted, it is possible to see whether institutions have had additional resources available for O.O.E. due to savings in other areas. The following table shows the difference between legislatively approved O.O.E. expenditures and actual O.O.E. expenditures. This is derived by comparing the approved budget for each fiscal year (adjusted for supplemental appropriations and one-time only items) with actual expenditures. The percentage change column shows the percentage increase/decrease which actual expenditures represented over budgeted expenditures.

Difference Between Actual and Budgeted  
Other Operating Expenditures

| Year | KU         |         | KSU         |         | WSU        |         |
|------|------------|---------|-------------|---------|------------|---------|
|      | Difference | Percent | Difference  | Percent | Difference | Percent |
| 1977 | \$ 265,379 | 3.1%    | \$1,714,992 | 24.7%   | \$ 322,080 | 9.3%    |
| 1978 | 377,165    | 4.1     | 1,646,414   | 20.9    | 370,232    | 9.5     |
| 1979 | 549,170    | 5.0     | 2,098,860   | 23.1    | 470,309    | 10.9    |
| 1980 | 480,349    | 4.2     | 1,695,182   | 18.3    | 302,912    | 6.8     |
| 1981 | (44,348)   | (0.4)   | 2,077,981   | 21.4    | 305,441    | 6.2     |
| 1982 | (347,426)  | (2.6)   | 2,246,080   | 21.0    | 456,104    | 8.7     |
| 1983 | 224,231    | 1.8     | 1,594,440   | 14.3    | 697,766    | 14.2    |

| Year | ESU        |         | PSU         |         | FHSU       |         |
|------|------------|---------|-------------|---------|------------|---------|
|      | Difference | Percent | Difference  | Percent | Difference | Percent |
| 1977 | \$ 269,531 | 16.2%   | \$ (17,683) | (1.1)%  | \$ 121,651 | 8.4%    |
| 1978 | 363,860    | 20.4    | 70,263      | 4.6     | 87,307     | 5.7     |
| 1979 | 351,768    | 17.2    | 114,483     | 6.2     | 51,804     | 2.6     |
| 1980 | 516,323    | 25.5    | 180,604     | 9.3     | 60,977     | 3.1     |
| 1981 | 486,863    | 22.9    | 101,944     | 4.6     | 87,004     | 4.1     |
| 1982 | 440,482    | 19.5    | 62,324      | 2.9     | 146,410    | 6.4     |
| 1983 | 126,742    | 5.6     | 11,754      | 0.5     | 87,928     | 4.0     |

The 1982 Legislature responded to the figures shown in the above table with regard to Kansas State and Emporia State. The response took two forms: at Emporia State salary shrinkage was increased by \$200,000 for FY 1983 due to the long-term pattern of salary underspending; at Kansas State, where the increased O.O.E. expenditures were primarily in extension and research, the University was requested to include in its FY 1984 budget proposals to bring budgeted and actual expenditures into closer correspondence. As a result of legislative action, the Emporia State budget was reduced by \$200,000 for FY 1983 and on a permanent basis by \$100,000 in FY 1984. In the case of Kansas State University, the FY 1984 request included a proposal for a permanent base transfer of \$600,000 from salaries to other operating expenditures along with the elimination of 25.9 unfilled full-time equivalent positions. The Legislature approved this permanent transfer for FY 1984.

It should also be noted that FY 1983 represented a year in which the institutions were forced to undergo a 4.3 percent reduction in expenditures after the fiscal year began. Because of the need to meet these lapses of appropriations,



institutions may not have filled positions as they became vacant which could have resulted in additional underspending of salaries.

What the above table indicates is that, even though appropriated increases for other operating expenditures have not exceeded 7.5 percent in any of the last six years, the universities have been able, with few exceptions, to supplement the appropriated increases with savings in other areas. This supplement is also in addition to any specific other operating expenditure additions approved by the Legislature--such as library improvements, payments for increased telephone rates and equipment purchases. In addition, during FY 1982 the universities had available an additional \$936,266 for other operating expenditures not reflected in the above due to a one-time only release of tuition income. In considering requests for additional other operating expenditures based upon the relatively modest appropriated percentage increases to the budgeted base, the Legislature should note that, typically, actual other operating expenditures exceed those budgeted.

Distribution. The current procedure of requesting and appropriating a uniform percentage increase to a base budget level has the advantage of simplicity. However, should there be inequities in the budgeted base levels then this approach does nothing more than perpetuate those inequities by applying the same percentage increase to all. Further, because institutions request and sometimes have approved program improvements with substantial other operating expenditure components, the relationships among the institutional base budgets can be further distorted.

The following table relates other operating expenditures in the Institutional Support and Educational Programs to full-time equivalent enrollment. The Institutional Support and Educational Programs of the universities are the most closely related to student enrollment, as other operating expenditures in the areas of Research, Public Service, and Physical Plant tend to be related to factors other than enrollment. The table displays (per F.T.E.) the original FY 1982 budget, actual FY 1982 expenditures, approved FY 1983 budget, the actual FY 1983 expenditures, estimated FY 1984 expenditures and requested FY 1985 expenditures (based on fall 1983 actual enrollments).

Educational Program and Institutional Support  
Other Operating Expenditures per F.T.E.

| <u>Institution</u> | <u>FY 1982<br/>Budget</u> | <u>FY 1982<br/>Actual</u> | <u>FY 1983</u>             |                           | <u>FY 1984<br/>Estimate</u> | <u>FY 1985<br/>Request</u> |
|--------------------|---------------------------|---------------------------|----------------------------|---------------------------|-----------------------------|----------------------------|
|                    |                           |                           | <u>Original<br/>Budget</u> | <u>FY 1983<br/>Actual</u> |                             |                            |
| KU                 | \$474.04                  | \$464.52                  | \$ 516.86                  | \$454.98                  | \$485.74                    | \$576.15                   |
| KSU                | 406.90                    | 387.68                    | 424.50                     | 424.23                    | 457.94                      | 548.56                     |
| WSU                | 410.93                    | 432.79                    | 412.55                     | 395.15                    | 414.09                      | 454.42                     |
| ESU                | 378.41                    | 451.56                    | 411.62                     | 412.20                    | 414.27                      | 463.47                     |
| PSU                | 380.61                    | 422.77                    | 413.24                     | 380.39                    | 415.63                      | 471.87                     |
| FHSU               | 426.10                    | 466.06                    | 456.12                     | 456.47                    | 475.02                      | 602.23                     |
| Weighted Avg.      | \$427.83                  | \$434.40                  | \$ 454.20                  | \$427.78                  | \$454.60                    | \$533.02                   |
| Inst. Avg.         | \$412.83                  | \$437.56                  | \$ 439.15                  | \$420.57                  | \$443.78                    | \$519.45                   |
| F.T.E.             | 64,693                    | 64,952                    | 64,952                     | 64,348                    | 64,348                      | 62,831                     |

The table highlights several issues with respect to financing of other operating expenditures. First, using a uniform measure, such as F.T.E. enrollment, reveals substantial differences in the amounts budgeted among the campuses. Second, as enrollments decline, the resources available per F.T.E. student increase if there is not a corresponding reduction in other operating expenditures. Conversely, an institution which is experiencing growth may fall behind in its O.O.E. resources per student. Third, the budgetary reductions due to the imposition of the allotment system had a mixed effect on the institutions depending on whether enrollments increased or decreased, where the institutions chose to make reductions (salaries or other operating expenditures), and increases originally authorized by the Legislature for FY 1983. Finally, it can be observed that the FY 1985 request (both the 7.0 percent systemwide and any special improvements), coupled with a decline (in fall 1983) in F.T.E. enrollments at all institutions except Wichita State, will result in substantial increases per F.T.E. over the approved FY 1984 expenditures. The weighted average for all institutions indicates a 17.3 percent increase for FY 1985 over the FY 1984 estimates.

Historical Analysis. The institutions justify, in part, the requested 7.0 percent increase for FY 1985 other operating expenditures with the claim that appropriated increases have failed to keep up with inflation. While this claim is correct, it ignores the impact of any program improvement funding, special allocations, or year end shifts from salaries to other operating expenditures. When these resources are considered, resulting in comparisons of actual rather than budgeted expenditures, and when changes in enrollment are taken into account, the difference between growth in other operating expenditures and growth in inflation can more accurately be represented.

The primary device for measuring inflation in universities is the Higher Education Price Index developed by staff at the National Center for Educational Statistics and now produced by Research Associates of Washington. This index is more appropriate than any other in assessing price changes facing colleges and universities because it more accurately reflects the goods and services an institution actually purchases, rather than those purchased by households or businesses.

From fiscal year 1977 through fiscal year 1983 the percentage growth in the overall index was 63.6 percent. However, the subindexes which reflect changes in the price of specific categories of other operating expenditures exhibited different rates of growth: 58.7 percent for services; 56.6 percent for supplies and materials; 54.2 percent for equipment; and 76.4 percent for books and periodicals. Over this same period the appropriated base increases for other operating expenditures grew by 45.9 percent. However, as noted above, the appropriated increases to the base do not take into account other appropriations for O.O.E. nor the impact of enrollment changes on other operating expenditures per student.

The following table identifies the percentage change in actual and budgeted other operating expenditures for the Institutional Support and Educational Programs between FY 1977 and FY 1983. Shown are the percentage changes for other operating expenditures both in total dollars and per full-time equivalent student. It should also be noted that FY 1983 represents a year in which the institutions were forced to undergo mid-year budget recisions and in many cases these reductions were taken in the O.O.E. portion of the operating budget. The differences in the percentage change in budgeted versus actual expenditures reflect this impact on the O.O.E. budgets.

Percentage Change in Other Operating Expenditures

FY 1977 - FY 1983

|               | <u>Total Expenditures</u> |               | <u>Expenditures Per F.T.E.</u> |               |
|---------------|---------------------------|---------------|--------------------------------|---------------|
|               | <u>Budgeted</u>           | <u>Actual</u> | <u>Budgeted</u>                | <u>Actual</u> |
| KU            | 66.0%                     | 51.5%         | 54.2%                          | 44.8%         |
| KSU           | 65.1                      | 56.3          | 57.6                           | 55.3          |
| WSU           | 54.3                      | 44.3          | 46.5                           | 26.5          |
| ESU           | 48.7                      | 18.6          | 59.7                           | 26.1          |
| PSU           | 36.6                      | 22.6          | 42.1                           | 21.1          |
| FHSU          | 65.5                      | 48.2          | 63.9                           | 54.4          |
| Weighted Avg. | 60.3%                     | 46.2%         | 54.4%                          | 39.1%         |

By comparing the percentage changes shown in this table with the previously mentioned changes in the Higher Education Price Index, institutional claims regarding erosion of purchasing power are placed in context. In terms of total budgeted dollars (and to a lesser extent, budgeted expenditures per F.T.E.), several institutions were close to or exceeded various components of the index. However, the impact of the FY 1983 budget recisions had a significant effect on actual expenditures indicating that in FY 1983 institutional expenditures had been eroded by inflation. Changes for FY 1984 (a 6.5 percent increase) may alleviate some of the loss but it is clear that inflationary pressures coupled with budgetary reductions have had a detrimental effect on institutional budgets for other operating expenditures.

Section H  
Utilities

Request. For FY 1985 the Regents' institutions are requesting a total of \$2,109,163 in general use funds to provide for a 10.0 percent increase in utility expenditures. (This excludes any requested increases for servicing new facilities which are discussed below in Section K.) Shown below are the FY 1984 base utility budgets, the requested systemwide increase, and the Governor's recommended 8.0 percent increases.

Utilities

FY 1984 Base and FY 1985 Requests

| <u>Institution</u> | <u>FY 1984<br/>Base</u> | <u>FY 1985<br/>Request</u> | <u>Governor's<br/>Recommendation</u> |
|--------------------|-------------------------|----------------------------|--------------------------------------|
| KU                 | \$ 5,815,405            | \$ 581,541                 | \$ 465,232                           |
| KSU                | 4,079,209               | 407,921                    | 326,337                              |
| WSU                | 2,298,434               | 229,844                    | 183,875                              |
| ESU                | 838,155                 | 83,815                     | 67,052                               |
| PSU                | 887,252                 | 88,725                     | 70,980                               |
| FHSU               | 818,623                 | 81,862                     | 65,490                               |
| KTI*               | 82,431                  | 8,243                      | 4,436                                |
| VMC                | 1,044,366               | 104,437                    | 83,549                               |
| KUMC               | 5,227,753               | 522,775                    | 418,220                              |
| TOTAL              | <u>\$21,091,628</u>     | <u>\$ 2,109,163</u>        | <u>\$ 1,685,171</u>                  |

\* Kansas Technical Institute requests that for FY 1985 its utilities be appropriated as a separate line item as is presently the case for all of the other institutions. Additionally, the Governor's recommendation for KTI constitutes only a 5.4 percent increase in utility expenditures.

Legislative Practice. The current legislative policy of providing separate line item appropriations for utilities began in the 1976 Session. With the exception of the 1982 Session, when 75 percent of the requested supplemental requests were appropriated, this policy has been followed consistently. The policy, as reflected in the subcommittee report of the House Ways and Means Committee reads as follows:

1. Appropriations for utilities should be by separate line item to permit close monitoring of appropriations and expenditures.
2. Utility costs should be fully funded and the institutions should not be required to shift funds from other purposes in order to finance utilities.
3. Legislative budget review should focus on consumption to insure campuses are making efforts to limit consumption.



Under procedures developed over past legislative sessions, the Regents institutions will submit a supplemental FY 1984 request should additional funds be required to pay for utilities costs in the current fiscal year.

The 1983 Legislature provided supplemental appropriations for FY 1983 and added a proviso to the line item appropriation for utilities allowing expenditure in FY 1984 of any balances for other operating expenditures or energy conservation capital improvements. Continuation of this proviso for the current fiscal year will require legislative action in the 1984 Session. The impact of this proviso for FY 1983 is discussed below.

Estimating Utility Costs. Depending on the circumstances, the 1983 Legislature made both reductions and additions to the utility budgets of the campuses. In addition, provision was made to allow for a carry forward to FY 1984 of any FY 1983 savings and expenditure of these savings was authorized for either other operating expenditures or energy conservation improvements. Shown below are actual utility expenditures for FY 1982 and FY 1983 and estimated expenditures for FY 1984. (Kansas Technical Institute and the Medical Center are excluded because of their special circumstances.)

Actual and Budgeted Utility Expenditures

FY 1982 - FY 1984

| <u>Inst.</u> | <u>Actual Expenditures FY 1982</u> | <u>Actual Expenditures FY 1983</u> | <u>Base Budget FY 1984</u> | <u>Difference FY 84 Base FY 83 Exp.</u> | <u>Percent Difference FY 84-FY 83</u> |
|--------------|------------------------------------|------------------------------------|----------------------------|---|---------------------------------------|
| KU           | \$ 4,755,621                       | \$ 4,983,410                       | \$ 5,815,405               | \$ 831,995                              | 16.7%                                 |
| KSU          | 3,155,210                          | 3,558,594                          | 4,079,209                  | 520,615                                 | 14.6                                  |
| WSU          | 1,640,025                          | 1,904,381                          | 2,298,434                  | 394,053                                 | 20.7                                  |
| ESU          | 676,293                            | 769,199                            | 838,155                    | 68,956                                  | 9.0                                   |
| PSU          | 672,820                            | 802,292                            | 887,252                    | 84,960                                  | 10.6                                  |
| FHSU         | 672,946                            | 766,419                            | 819,741                    | 53,322                                  | 7.0                                   |
| VMC          | 1,147,799                          | 861,599                            | 1,044,366                  | 182,767                                 | 21.2                                  |
| TOTAL        | <u>\$ 12,720,714</u>               | <u>\$ 13,645,894</u>               | <u>\$15,782,562</u>        | <u>\$2,136,668</u>                      | <u>15.7%</u>                          |

An examination of the above data indicates that if supplemental utility appropriations are required for FY 1984, they are liable to be more modest than such appropriations in recent years. This is due in part to the fact that the institutions underspent utilities by over \$900,000 in FY 1983 but the budget for FY 1984 included these estimated expenditures plus a 6.5 percent increase. However, weather conditions and rate changes could have a major impact on the need for additional utility funds in the current fiscal year.

Energy Conservation. In spite of the efforts to conserve energy on the campuses, energy costs continue to escalate. The Legislature has provided, at various times in the past, funding for energy conservation studies and specific capital improvements designed to reduce energy consumption or improve the efficiency of energy utilization. Yet, in spite of these efforts, energy costs continue to increase at a

dramatic rate, primarily due to increases in the per unit price. The conservation measures, therefore, result not so much in actual dollar savings as in the avoidance of even more substantial cost increases. Institutions are gathering data to relate consumption patterns and energy costs on the various campuses. The information will show the amount of Btus (British thermal units) used per gross square foot of building space per degree day. This measure controls for differences in the amount of space (but not space type) among the campuses and for fluctuations in climate from year to year and in various parts of the state. When this information is collected the Legislature will be in a better position to assess the success of energy conservation measures on the campuses.

Utility Cost Savings. The 1983 Legislature adopted a proviso to the FY 1983 supplemental utility appropriations allowing for reappropriation into FY 1984 of any savings and expenditure in FY 1984 of these resources for either other operating expenditures or energy conservation capital improvements. Shown below are the original FY 1983 utilities budget, FY 1983 supplemental adjustments, actual FY 1983 expenditures, and utility savings reappropriated for FY 1984.

FY 1983 Utility Savings

| <u>Inst.</u> | <u>Original<br/>FY 1983<br/>Budget</u> | <u>Supplemental<br/>FY 1983<br/>Appropriations</u> | <u>Actual<br/>FY 1983<br/>Expenditures</u> | <u>FY 83 Savings<br/>Reappropriated<br/>For FY 1984</u> |
|--------------|--|--|--|---|
| KU           | \$ 4,689,982                           | \$ 616,775   | \$ 4,983,410                               | \$ 323,347  |
| KSU          | 3,582,874                              | 123,030  | 3,558,594                                  | 147,310   |
| WSU          | 1,724,321                              | 341,003  | 1,904,381                                  | 160,943   |
| ESU          | 718,446                                | 68,554   | 769,199                                    | 17,801  |
| PSU          | 667,296                                | 135,000  | 802,292                                    | 4   |
| FHSU         | 768,660                                | —  | 766,419                                    | 2,241   |
| VMC          | 1,187,303                              | (206,678)  | 861,599                                    | 119,026   |
| KUMC         | 3,908,223                              | 929,669  | 4,704,457                                  | 133,435   |
| TOTAL        | <u>\$17,247,105</u>                    | <u>\$ 2,007,353</u>                                | <u>\$ 18,350,351</u>                       | <u>\$ 904,107</u>                                       |

The \$904,107 in FY 1983 savings represent 45.0 percent of the supplemental adjustments. While the institutions plan to use the bulk of this funding for energy conservation measures (except at PSU, FHSU, and the Medical Center), it represents a substantial windfall in funding for energy conservation. Although these savings will be used in a manner to avoid future utility cost increases, the Legislature may wish to examine the extent to which this type of proviso actually provides an appropriate incentive for energy conservation and results in actual savings or represents an artifact of the budgetary process. The issue is as follows. In providing a line item appropriation for utilities, the Legislature has adopted a tacit policy of paying the utility bill without requiring the institutions to make adjustments in other components of the budget. In the past, any savings have either been lapsed at the end of the fiscal year or reappropriated to offset the future year's utility expenditures. Given this procedure, institutions have had no incentive to overestimate supplemental requests and the Legislature has had no reason to subject these supplemental requests to close scrutiny because any savings would revert to the state treasury. Under a proviso such as that employed in FY 1983, however, an incentive exists to overestimate utility costs to

insure funding is available to complete the fiscal year and perhaps to make additional funding available for other projects. This places the Legislature in the difficult position of attempting to precisely estimate utility costs during the Session to ensure the institutions have funds to pay the bills, but no additional resources other than those which might be generated through conservation measures. Given the vagaries of the weather and the frequency of rate changes, it would be difficult to provide precise estimates which do not include some type of cushion for unanticipated cost increases. Under the current proviso any such savings would be retained by the institutions.

The issue of energy conservation is an important consideration in the institutional budgets. Over \$21 million, representing 5 percent of total general use funding (7.6 percent of the State General Fund support), is budgeted for utilities in the current fiscal year. While the Legislature may wish to provide an environment which is conducive to energy conservation on the campuses (over and above the responsibility of campus managers to use state resources wisely), it may wish to consider whether allowing expenditure of any utility savings in a given fiscal year provides an inducement with sufficient controls.

Section I  
Fee Waivers -- Graduate Teaching Assistants

Request. For FY 1985 the Regents' institutions are requesting a total of \$695,191 for tuition waivers for Graduate Teaching Assistants (GTA). The waivers are reductions in income to the General Fees Fund. In addition to increasing the amount of tuition waived because of a scheduled tuition increase in the fall of 1984, the institutions also request that the maximum amount of tuition waived be increased from 60 percent to 75 percent. Shown below are estimated fee waivers for FY 1984, the amount requested for FY 1985 to accommodate the tuition increase, and the request for 75 percent tuition waivers. The Governor recommends no change in the present 60 percent fee waiver policy for FY 1985.

Requested G.T.A. Tuition Waivers

| <u>Institution</u> | <u>FY 1984<br/>Waiver<br/>Authorization</u> | <u>FY 1985<br/>Waivers<br/>at 60%</u> | <u>FY 1985 Request<br/>Waivers<br/>at 75%</u> | <u>Requested<br/>Increase</u> |
|--------------------|---|---------------------------------------|---|-------------------------------|
| KU                 | \$ 227,500                                  | \$ 273,000                            | \$ 341,250                                    | \$ 113,750                    |
| KSU                | 102,030                                     | 122,550                               | 153,188                                       | 51,158                        |
| WSU                | 65,000                                      | 72,000                                | 72,000  | 7,000                         |
| ESU                | 38,353                                      | 42,188                                | 47,942  | 9,589                         |
| PSU                | 30,912                                      | 41,712                                | 52,140  | 21,228                        |
| FHSU               | 17,562                                      | 21,568                                | 28,671  | 11,109                        |
| TOTAL              | <u>\$ 481,357</u>                           | <u>\$ 573,018</u>                     | <u>\$ 695,191</u>                             | <u>\$ 213,834</u>             |

The request would provide a 75 percent reduction in resident tuition for all GTAs holding appointments of four-tenths (0.4) F.T.E. or greater. For GTAs with lesser appointments, a proportionately lower waiver percentage would be authorized.

The Legislature should note that the requests, as submitted by the institutions, contain variations which are not explained. The formula which should be used for this request is to increase the FY 1984 waivers by the appropriate percentage increase in graduate tuition for FY 1985 (19.5 percent at KU, KSU, WSU, and 22.7 percent at ESU, PSU, FHSU) to determine the waivers for FY 1985 under current policy. This 1985 base should then be increased by 25 percent (the percentage increase from 60 to 75 percent waivers) to determine the total waivers under the requested policy. Shown below are the corrected requests.

Revised Requested G.T.A. Tuition Waivers

| <u>Institution</u> | <u>FY 1984<br/>Waiver<br/>Authorization</u> | <u>FY 1985<br/>Waivers<br/>at 60%</u> | <u>FY 1985<br/>Waivers<br/>at 75%</u> | <u>Requested<br/>Increase</u> |
|--------------------|---|---------------------------------------|---------------------------------------|-------------------------------|
| KU                 | \$ 227,500                                  | \$ 271,863                            | \$ 339,829                            | \$112,329                     |
| KSU                | 102,030                                     | 121,926                               | 152,408                               | 50,378                        |
| WSU                | 65,000                                      | 77,675                                | 97,094                                | 32,094                        |
| ESU                | 38,353                                      | 47,059                                | 58,824                                | 20,471                        |
| PSU                | 30,912                                      | 37,929                                | 47,411                                | 16,499                        |
| FHSU               | 17,562                                      | 21,549                                | 26,936                                | 9,374                         |
| TOTAL              | <u>\$ 481,357</u>                           | <u>\$ 578,001</u>                     | <u>\$ 722,502</u>                     | <u>\$241,145</u>              |

A comparison of the revised and original requests indicates that, as submitted by the institutions, the requests for 75 percent GTA tuition waivers in FY 1985 are understated by a total of \$27,311.

Discussion. The current fee waiver policy was established by the 1979 Legislature which authorized the waivers based upon level of appointment and within a



set dollar amount. Graduate Teaching Assistants with a 0.4 F.T.E. teaching appointment and above are entitled to a 60 percent tuition waiver, while students with lesser appointments receive a proportionately lower tuition waiver percentage. This policy has not been changed since its adoption, although the Regents have requested additional waiver authority in every fiscal year except 1984.

The institutions maintain that this program is necessary to insure their competitiveness, with respect to other graduate programs, in attracting quality graduate students to Kansas institutions. In most graduate programs across the country, Graduate Teaching Assistants receive a stipend and some type of tuition waiver. Stipends in Kansas institutions vary greatly and range from below \$1,000 to over \$7,000 an academic year depending on the institution, department, and nature of the appointment.

Although stipends will vary, current tuition charges appear modest even under the current policy. A graduate student enrolling full-time and holding a .4 F.T.E. appointment will, in the current academic year, pay a maximum tuition of \$328 at KU, KSU, and WSU, and \$258 at ESU, PSU, and FHSU. For FY 1985, with no change in policy, the same student would pay \$392 at the larger schools and \$316 at the regional universities. If the Regents' requested 75 percent waiver were adopted, FY 1985 tuition to these students for the academic year would be \$245 at KU, KSU and WSU, and \$198 at ESU, PSU and FHSU. This relatively low tuition is the result not only of the waiver policy, but also the waiver of out-of-state fees if the student is a nonresident. At issue is whether the tuition under the current policy is so great as to provide a barrier to the enrollment of qualified graduate students and whether it could be a determining factor in their decision as to which institution to attend.

Another issue the Legislature may wish to examine is the variation among the institutions in the amount of waivers authorized. No enunciated policy exists to explain why Fort Hays has only 46 percent of the authorization level of Emporia and 57 percent of that at Pittsburg when all three institutions have the same tuition and similar levels of graduate enrollment. Perhaps an appropriate number of waivers should be established for each campus prior to decisions concerning the amounts of tuition waiver authorization.

#### Section J Stipends — Graduate Research Assistants

Request. For FY 1985 a total of \$230,000 is requested to provide additional support for Graduate Research Assistants (GRA). The request provides \$100,000 each for the University of Kansas and Kansas State University and \$30,000 for Wichita State University. In essence, the request provides for 230 increments of \$1,000 each to be added to the existing stipends for GRAs so as to improve the ability of the three institutions to compete for quality graduate students.

The Governor does not recommend the requested \$230,000 for additional Graduate Research Assistant stipends.

Discussion. Although none of the institutions requested additional funding for GRAs in exactly this manner, the Board of Regents in July 1983 directed these three institutions to include this item in their FY 1985 budget requests. It appears that

the intent is to provide \$1,000 awards to potential GRAs over and above whatever stipend they would regularly be paid. This additional award or fellowship is viewed as providing a financial inducement in attracting top quality graduate students to Kansas institutions and as a way of overcoming what the institutions maintain is less than adequate funding for current stipends. At present, GRAs on nine-month appointments may receive over \$7,000 but most appear to be compensated at levels between \$3,500 and \$6,000. The requested \$1,000 stipends would be in addition to the regular compensation and would be awarded only to the most meritorious students. The institutions also maintain that this request is desirable because Graduate Research Assistants are not eligible for the tuition waivers available to Graduate Teaching Assistants.

Section K  
Servicing New Buildings

Request. The FY 1985 requests from the institutions include a total of \$356,746 for costs associated with the servicing of new facilities. The requests include funding for the addition of 5.6 F.T.E. classified positions and partial year salary funding for positions added in FY 1984. Shown below are the requests from each institution.

FY 1985 Requests  
Servicing New Buildings

| <u>Institution</u> | <u>Classified<br/>F.T.E.</u> | <u>Salaries</u>  | <u>O.O.E.</u>   | <u>Utilities</u>  | <u>Total</u>     |
|--------------------|------------------------------|------------------|-----------------|-------------------|------------------|
| KU                 | 4.4                          | \$ 64,316        | \$17,832        | \$ 116,087        | \$198,235        |
| KSU                | 1.2                          | 13,728           | 4,798           | —                 | 18,526           |
| PSU                | —                            | 44,439           | 12,517          | 68,029            | 124,985          |
| KTI                | —                            | —                | —               | 15,000            | 15,000           |
| TOTAL              | <u>5.6</u>                   | <u>\$122,483</u> | <u>\$35,147</u> | <u>\$ 199,116</u> | <u>\$356,746</u> |

The Governor recommends positions, salaries, and other operating expenditures as requested. Utilities at KTI are recommended at the requested \$15,000, while at PSU the recommendation is \$43,538 and at KU utilities are recommended at \$74,027.

Formulas. For a number of years the Board of Regents has requested, and the Legislature has generally provided, funding for servicing new buildings based on estimated costs per gross square foot (GSF). The formulas applied have authorized the addition of 1.0 F.T.E. classified position for each 8,770 GSF of new space and expenditures for other operating support and utilities based on a cost per GSF basis. For FY 1985, other operating expenditures are requested at \$.046 GSF and utilities vary from \$.050 per GSF at Kansas Technical Institute to \$2.20 per GSF at Summerfield and Learned Halls at KU to \$2.50 per GSF for the science building at Pittsburg to \$2.75 per GSF for the Haworth Hall addition at the University of Kansas. In past years utility costs were requested at a uniform rate for all buildings on all campuses. This request

represents the first attempt in recent years to differentiate utility costs based on the types of programs in the facility and potential usage factors. As a result, except for the Haworth Hall addition, the requested utility funding per GSF is below the FY 1984 request of \$2.54 per gross square foot.

Legislative Practice. As noted above, except for minor variations in staffing and occasional reductions in the request for utilities per gross square foot, the Legislature has generally followed the Regents' formulas for servicing new space. However, such a formulated approach fails to take into account not only differences in the facilities and programs themselves, but also differences among the institutions with regard to existing funding for physical plant support. As a result, the Legislature may wish to consider reviewing requests for support of new facilities in the context of the individual institutional budget rather than on a systemwide basis. This could allow for closer scrutiny in assessing the extent to which the formula-driven request actually reflects the needs of the individual facility and campus.

## Section L Research for Economic Development

Background. This section will provide a general overview of three programs in or affecting Regents' institutions with regard to the involvement of the universities in the state's economic development activities. This approach is taken because of the initiatives of the 1983 Legislature regarding advanced technology in the state and because these programs involve agencies other than the Regents' institutions. This summary will not include a discussion of any specific program improvements requested by the universities which may have an impact on research and economic development as these are discussed in the analysis of the individual budget requests.

Research Projects Grants. The 1983 Legislature created the Kansas Advanced Technology Commission within the Department of Economic Development (1983 H.B. 2311). In appropriating funding for the Commission's operations (1983 Laws, Ch. 34, Sec. 8), the Legislature provided \$610,000 from the State General Fund for research project grants at the University of Kansas (\$220,000), Kansas State University (\$175,000), Wichita State University (\$130,000), and Pittsburg State University (\$85,000). On the basis of proposals submitted by the institutions and up to the maximum dollars available for each campus, the Commission awards research grants to the universities for projects with the potential of promoting advanced technology development and improving the state's economic climate. Each of the specific grant awards is to be matched 150 percent from private sources to ensure appropriate private sector commitment and involvement. This matching requirement results in each project being supported 40 percent from state resources and 60 percent from private resources.

The Commission has, to date, awarded numerous grants to the institutions. However, because of certain technical problems which have arisen regarding matching requirements, the Legislature may expect the Commission to recommend legislation making modifications in the program.

The FY 1985 budget request from the Department of Economic Development includes \$1.5 million for this program. The request also includes continuation of the requirement for a 150 percent match from private sources.

The Governor recommends a total of \$610,000 for continuation of the Research Projects Grants program in FY 1985. The recommendation continues the requirement of a 150 percent match from private sources.

Centers of Excellence. The 1983 Legislature created three Centers of Excellence at the University of Kansas, Kansas State University, and Wichita State University. These centers are designed to serve as a focal point for research and development at the universities in areas which have potential for improving the state's economy. To date, the Board of Regents has approved the creation of the Center for Bioanalytical Research at the University of Kansas and the Center for Productivity Enhancement at Wichita State University. A final decision on the Kansas State University Center for Artificial Intelligence and Automated Control Systems is pending following completion of negotiations regarding private matching funds.

While the Centers of Excellence are mentioned in the enabling legislation for the Advanced Technology Commission (1983 Laws, Ch. 250, Sec. 3(d)(2)), they are created by appropriations act (1983 Laws, Ch. 22, Sec. 3(a), 7(a), 8(a)). For FY 1984 the Legislature appropriated \$130,000 from the State General Fund for the support of each center and required that prior to expenditure, \$195,000 (150 percent) in private matching funds must be secured.

For fiscal year 1985 the Regents' institutions have requested no changes in funding for the centers other than the systemwide increases for salaries and other operating expenditures. This results in FY 1985 requests of approximately \$140,000 for each center. In each case, additional private matching funds of 150 percent are budgeted for FY 1985.

The Governor recommends the following FY 1985 State General Fund appropriations for the Centers of Excellence: KSU - \$136,591; KU - \$137,429; and WSU - \$136,500. The recommendation includes continuation of the 150 percent match from private sources.

Regents' Distinguished Professors. For FY 1985 a total of \$400,000 in expenditures from the State General Fund is requested for the Board of Regents' Office to undertake a substantial expansion of the Regents' Distinguished Professors Program. This program has been funded at \$57,500 in recent years and provided salary supplements for two professorships at the University of Kansas (\$12,500 each), two at Kansas State (\$10,000 each), and one at Wichita State (\$12,500). The requested \$400,000 would provide for ten professorships at \$15,000 each and \$25,000 for each professorship to provide for operating and equipment support.

This request focuses on attracting top quality researchers to the universities and, because of the inclusion of resources for laboratory and equipment support, appears to be emphasizing professorships in scientific and technological areas. The Regents' indicate in their justification for this funding that a primary rationale is to provide a greater emphasis on research in advanced technology areas.

The Governor recommends a total of \$100,000 for the Regents' Distinguished Professors Program in FY 1985. The recommendation funds five professorships at \$15,000 each and provides an additional \$5,000 for each professorship for laboratory supplies and equipment.



Section M  
Student Tuition

Background. Under K.S.A. 76-719 the Board of Regents has the responsibility to set student tuition for the institutions under its control. However, in 1966 the Legislative Council recommended a general policy that:

Resident and nonresident basic fees be fixed at a level so that total basic fee income will provide on the average, 25 percent of the cost of the general educational program, i.e., excluding the cost of organized research, extension services, auxiliary enterprises, and capital improvements.

The Council also recommended that nonresident graduate students be charged the same incidental fee as nonresident undergraduates. The Council suggested that rather than change fees annually, that the 25 percent level be an average based on several (three to four) years.

This policy has generally been followed by the Regents and the Legislature since 1966. In recent years tuition rate review has tended to become more frequent than formerly with the result that tuition increases are considered more frequently than every three to four years. However, the general policy of systemwide tuition receipts representing approximately 25 percent of systemwide expenditures (for what are now known as the Educational Program, Institutional Support and Physical Plant Operations — including utilities) has been retained throughout the period.

Policy Review. Given the established policy of a "25 percent fee/cost ratio", it is worthwhile to examine the extent to which this goal has been attained in recent years. The following table shows the actual fee/cost ratio by institution for FY 1980-FY 1983, the estimated fee/cost ratio for FY 1984, and the fee/cost ratio as reflected in the FY 1985 requests and Governor's recommendations. Fee income is based on the revised fee estimates submitted by the institutions following fall 1983 enrollment. It should be noted that these ratios are based on tuition receipts, not expenditures from the General Fees Fund which typically include carryforward balances from previous years.

Fee/Cost Ratios

|       | <u>Actual<br/>FY 80</u> | <u>Actual<br/>FY 81</u> | <u>Actual<br/>FY 82</u> | <u>Actual<br/>FY 83</u> | <u>Estimated<br/>FY 84</u> | <u>Requested<br/>FY 85</u> | <u>Gov. Rec.<br/>FY 85</u> |
|-------|-------------------------|-------------------------|-------------------------|-------------------------|----------------------------|----------------------------|----------------------------|
| KU    | 21.9%                   | 21.9%                   | 24.2%                   | 23.4%                   | 26.1%                      | 25.8%                      | 26.7%                      |
| KSU   | 21.6                    | 22.7                    | 24.9                    | 23.1                    | 24.3                       | 23.7                       | 24.4                       |
| WSU   | 19.6                    | 20.2                    | 23.3                    | 22.8                    | 25.1                       | 23.6                       | 25.1                       |
| ESU   | 14.9                    | 15.1                    | 16.9                    | 15.8                    | 17.3                       | 17.2                       | 17.7                       |
| PSU   | 15.5                    | 15.4                    | 17.1                    | 16.3                    | 17.4                       | 17.4                       | 18.0                       |
| FHSU  | 15.5                    | 16.3                    | 17.3                    | 15.8                    | 17.2                       | 17.2                       | 17.7                       |
| TOTAL | 20.0%                   | 20.4%                   | 22.6%                   | 21.6%                   | 23.6%                      | 23.0%                      | 23.9%                      |

With the Regents' decision in 1982 to begin increasing tuition on a more frequent basis than every three to four years, it is clear that tuition has begun to account for an increasing percentage of costs. The impact of this policy has been compounded by the appropriation lapses in FY 1983 and the base reductions made in FY 1984. The reduced FY 1984 base budget coupled with a 20.0 percent increase in tuition results in the highest fee/cost ratio in six years with two institutions exceeding the system aggregate goal of 25.0 percent. With a further tuition increase of approximately 10 percent for FY 1985 (plus an \$80 per year increase for graduate study), the requested fee/cost ratio still remains relatively high in comparison to previous years.

In the current fiscal year, academic year tuition for full-time resident graduate and undergraduate students is \$820 at KU, KSU, and WSU and \$644 at ESU, PSU, and FHSU. As approved by the Board for FY 1985, tuition at KU, KSU, and WSU will be \$900 for full-time resident undergraduates and \$980 for full-time resident graduate students. Comparable FY 1985 tuitions at ESU, PSU, and FHSU are \$710 for undergraduates and \$790 for graduate students.

The table also reveals the relationship between fee/cost ratios at the three larger institutions in comparison with those at the three smaller. Typically the three large institutions exhibit fee/cost ratios in excess of 20 percent, while those ratios at the three smaller institutions tend to fluctuate around 16 percent. These differential ratios are the result of two related factors. The first has to do with a conscious policy to keep a lower charge per student at the smaller institutions than that charged to students at the larger institutions. The second factor relates to the size of institutional budgets which reflect very similar types of fixed costs at both the large and small institutions. That is, certain institutional expenditures are not related at all to size, but rather to the fact that the institution is open in the first place. Therefore, to attain 25 percent of costs at a large institution could result in a lower tuition to the student than the tuition necessary to attain 25 percent of costs at a small institution -- because of the fixed costs and the fact there are fewer students among whom to spread the costs.

Policy Issues. The policy of relating aggregate tuition revenue to a fixed percentage of cost has several strengths. It is simple to understand and easy to evaluate. It allows for differential rates of tuition (if wished) as the fee/cost ratio is not calculated on an individual's tuition, but on aggregate tuition receipts. The policy is also fair in the sense that students at similar institutions are expected to make similar contributions to their costs of education. Finally, if the Legislature deems the relationship between fees and costs to be reasonable, then the students and the state are paying their respective "fair share."

However, such a fee/cost ratio policy is not without its shortcomings. The initial difficulty is in determining exactly what constitutes the appropriate costs and what should be the appropriate ratios to be borne by the students and the state. Further, if the ratio is applied to aggregate revenues and if the institution has a uniform tuition rate for students at all levels and disciplines, then students in low cost programs are subsidizing students in high cost programs. This same "subsidy" relation can occur when the policy encompasses different types of institutions all contributing to an aggregate fee/cost ratio. This is the case with the Regents' system where the larger institutions contribute proportionately more than the smaller institutions in order to attain a systemwide fee/cost ratio approaching 25 percent.

Section N  
Base Budget Reductions

Governor's Recommendation. For FY 1985 the Governor recommends base budget reductions for the institutions totaling \$1,927,590. Included with the reductions are the elimination of 24.4 F.T.E. unclassified and 18.0 F.T.E. classified positions. The FY 1985 reductions follow FY 1984 base reductions totaling \$11,686,373 (excluding the University of Kansas Medical Center) and FY 1983 appropriation lapses of \$9,570,616 (again excluding KUMC). Shown below are the recommended reductions for each campus.

Governor's Recommended  
FY 1985 Base Budget Reductions

| Inst. | Unclassified       |             | Classified       |             | O.O.E.           | Total              |             |
|-------|--------------------|-------------|------------------|-------------|------------------|--------------------|-------------|
|       | Salaries           | F.T.E.      | Salaries         | F.T.E.      |                  | Exp.               | F.T.E.      |
| KU    | \$ 572,705         | 9.1         | \$188,314        | 9.9         | \$ —             | \$ 761,019         | 19.0        |
| KSU   | 331,416            | 6.0         | 125,310          | 3.0         | —                | 456,726            | 9.0         |
| WSU   | 248,681            | 4.0         | 74,924           | 2.0         | —                | 323,605            | 6.0         |
| ESU   | 146,332            | 3.0         | 10,968           | 0.6         | —                | 157,300            | 3.6         |
| PSU   | 62,341             | 2.3         | 60,437           | 2.5         | 28,742           | 151,520            | 4.8         |
| FHSU  | 50,000             | —           | —                | —           | —                | 50,000             | —           |
| VMC   | 16,608             | —           | 10,812           | —           | —                | 27,420             | —           |
| TOTAL | <u>\$1,428,083</u> | <u>24.4</u> | <u>\$470,765</u> | <u>18.0</u> | <u>\$ 28,742</u> | <u>\$1,927,590</u> | <u>42.4</u> |

As can be seen, the Governor's recommended reductions are all in the areas of salaries (except for Pittsburg) and do not include any base budget reductions in other operating expenditures. Total base budget reductions identified by the institutions in complying with the Budget Division allocation of a "B Level Budget" were \$3,443,892. The Budget Division chose not to reduce budgets in other operating expenditures and to make no base budget reductions at the University of Kansas Medical Center and Kansas Technical Institute. This results in the recommended salary reductions of \$1,898,848. In essence, the Governor's recommendations impose these recommended savings in order to fully fund his salary recommendations.

Distribution. On June 2, 1983 the Board of Regents received from the Division of the Budget its A and B level State General Fund budget allocations for FY 1985. The allocations totaled \$288,793,000 at the A level and \$307,226,000 at the B level. In building budget requests within the constraints of these targets, the Regents authorized maintenance increases for each campus and made certain assumptions regarding tuition and other general use receipts. Based on estimated general use expenditures, it became necessary for each institution to "force" a budgetary reduction in order to stay within the total State General Fund allocation provided by the Budget Division. These reductions (to attain the B level allocation) totaled \$3,443,892 which included a \$2,303,075 reduction in salaries and a \$1,140,817 reduction in other operating expenditures. These reductions, as authorized by the Board, generally incorporated a combination of prorata reductions and reductions based upon the percentage difference in funding between the Regents' institution and its "peers" (i.e. the closer to "peer" funding, the greater the reduction; the further from the "peer" average funding, the smaller the reduction).

The Budget Division took the percentage share of total reductions for each campus and applied it only to the \$2,303,075 in salary reductions, thereby not assessing a budget reduction for other operating expenditures (except at PSU where the \$28,742 represents discontinuance of bus service no longer required with the completion of a replacement for Carney Hall). Following this redistribution of salary reductions, it was decided not to assess any reduction at KUMC or KTI. The result, subject to a variety of minor mechanical errors, is the base budget reductions shown in the above table.

Rationale. The reasons behind this base budget reduction are not made clear in the Governor's Budget Report. With reference to recommended salary increases, the Governor's Budget Report states that part of the increased salary budget "reflects the reallocation of existing resources." However, other than these general statements, no identification is provided as to why the budgets are reduced by these specific dollar amounts at these campuses.