

Approved _____

3/2/87
Date

MINUTES OF THE House COMMITTEE ON Appropriations

The meeting was called to order by Bill Bunten at
Chairperson

5:00 ~~am~~/p.m. on Thursday, February 26, 1987 in room 514-S of the Capitol.

All members were present except: Representatives Wisdom and Chronister (both excused)

Committee staff present: Gloria Timmer, Legislative Research
Diane Duffy, Legislative Research
Jim Wilson, Revisors Office
Sharon Schwartz, Administrative Aide
Nadine Young, Committee Secretary

Conferees appearing before the committee:

Stan Koplík, Board of Regents
Dr. Don Wilson, President of Pittsburg State University
Mark Tallman, A.S.K.
Marti Aaron, Kansas University
Dr. Robert Lineberry, Kansas University
Guest List (Attachment 1)

HB 2393, concerning list of products and services offered to state agencies and unified school districts by the Kansas industries for the blind division and rehabilitation services or other rehabilitation facilities.

A statement regarding this bill was provided by Dr. Robert C. Harder (Attachment 2). The purpose of the bill is to allow SRS to charge a small publication fee to those facilities that advertise their products or services in the Catalog of Blind and Handicapped Made Products".

A statement by Richard Schutz, Director of the Division of Services for the Blind was presented to the committee (Attachment 3) in support of the bill.

Representative Vancrum moved that HB 2393 be recommended favorable for passage. Representative Goossen seconded. Motion carried.

HB 2383 -- concerning state educational institutions under the control and supervision of the state board of regents; relating to rates of tuition; amending K.S.A. 76-719 and repealing the existing section.

Representative Vancrum presented the bill to the committee and also presented a proposed balloon amendment (Attachments 4 and 5). The bill would increase tuition rates for resident and non-resident students on a gradual increase over the next five years. The amendment addresses a serious objection that the students have--50% of the new money from tuition would be automatically released to the institution that raised the additional tuition, to be spent on educational cost. Representative Vancrum moved that the amendment be adopted. Representative Ott seconded. Motion carried.

Stan Koplík appeared in opposition to the bill (Attachment 6). He said the immediate consequences of HB 2383 are troublesome and would cause many concerns for the Board.

Dr. Don Wilson spoke in opposition to the bill, stating that they would no longer be competitive if the bill passes. He recommends that rather than a statute to this effect, that this committee consider an annual report from the Board allowing discussion of these issues.

Mark Tallman of A.S.K. testified in opposition to the bill (Attachment 7). He said an increase in tuition would create a real hardship on students. A report entitled "The Cost of College" by The Associated Students of Kansas was distributed and a copy is on file in the office of House Appropriations.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations

room 514-S, Statehouse, at 5:00 ~~am~~/p.m. on Thursday, February 26, 1987

Marti Aaron, Campus Director for Students of K.U. appeared in opposition to the bill (Attachment 8).

Chairman turned to HB 2384 which authorizes admissions criteria for Board of Regents institutions.

Representative Vancrum presented the bill (Attachment 9). He said the need for remedial courses is increasing and the number of students who withdraw for academic reasons has reached a shocking level. There was considerable discussion concerning this issue. Representative Heinemann asked about historical data or records that would give a reason why so many students do not return, and if not, where they go on to after their first year. It was suggested that staff come up with these figures. It was felt by some committee members that this might establish certain institutions as being only for the elite, thereby shutting out many potential students.

Dr. Robert Lineberry, Dean of Liberal Arts & Sciences for K. U. addressed the committee as a proponent of the bill (Attachment 10). He did say that it is important this new law, if adopted, be permissive and not a mandate of the Legislature. K. U. has already adopted a more rigorous curriculum which goes into effect this fall and will require better high school preparation to complete it satisfactorily.

Stan Koplík of the Regents office made a brief statement in support of HB 2384.

Mark Tallman, representing Associated Students of Kansas, stated that A.S.K. does not support changes in the open admission policy at this time. However, because the bill is permissive, they do not oppose HB 2384 (Attachment 11).

Marti Aaron appeared in support (Attachment 12). She represents the Associated Students of Kansas. She would however like to see students included in these discussions to a greater extent.

Meeting recessed until 8:00 a.m. Friday, February 27, 1987.

Chairman called the meeting to order at 8:05 a.m. All members were present.

Committee continued with consideration of subcommittee reports for HB 2272.

DEPARTMENT OF HUMAN RESOURCES

Representative King presented the subcommittee report for FY 1987 and FY 1988 (Attachment 13). Subcommittee concurred with Governor's recommendation with slight adjustment. Representative King moved that the subcommittee reports be adopted. Representative Lowther seconded. Motion carried.

KANSAS COMMISSIONER ON THE BICENTENNIAL OF THE U.S. CONSTITUTION

Subcommittee concurs with including line item in the appropriations bill. Representative Chronister moved that the subcommittee report (Attachment 14) be adopted. Representative Heinemann seconded. Motion carried.

INSURANCE DEPARTMENT

Representative Dyck presented the subcommittee report for FY 1987 (Attachment 15). Subcommittee concurs with the Governor's recommendations with one exception.

Representative Guldner presented the FY 1988 subcommittee report (Attachment 16). There was discussion concerning Item 4 which deals with worker's compensation fund. Subcommittee learned there are other problems with pleadings and that there appear to be some excessive attorney fees. There is a task force looking into the problems.

Representative Brady presented a Minority Report (Attachment 17) which takes exception to Item #3 of the subcommittee report concerning the large number

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations,

room 514-S, Statehouse, at 5:00 ~~am~~/p.m. on Thursday, February 26, 1987.

of unclassified employees in this agency. The Minority Report recommends that Department of Administration be asked to direct a study on the staffing configuration to include a review of present job descriptions and classifications. Representative Dyck responded that if this is done, then it should be done across the board. He said this is a regulatory agency and they deal with classified information.

Representative Brady moved that the Minority Report be adopted. It was seconded by Representative Turnquist. Motion failed.

Representative Dyck moved that the subcommittee report be adopted. It was seconded by Representative Guldner. Motion carried.

Kansas Commission on Veteran's Affairs

Representative Helgerson presented the subcommittee report (Attachment 18). Subcommittee concurs with Governor's recommendations except the recommendation to restore the \$58,977 reduction in positions. They believe the retention of the current staffing level is necessary to meet the increased demands.

Representative Hoy presented a Minority Report (Attachment 19) which concurs with the Governor's recommendation to delete 4.0 FTE positions from the agency. This action would not close any office, it would merely cut back on the number of hours for some of the staff.

Representative Turnquist suggested a proviso, if the Minority Report is adopted, to stipulate that "it is the intent of the subcommittee not to close any office. Representative Hoy agreed.

Representative Miller moved to amend the Minority Report to include the continuation of the one veteran's service representative position. Representative Teagarden seconded. Motion failed.

Representative Hoy moved to amend the Minority Report to include the proviso language suggested by Representative Turnquist above. Representative Dyck seconded. Division called for on the vote. The motion carried, 10 to 7.

DEPARTMENT OF COMMERCE

Representative Helgerson presented the subcommittee report for FY 1987 (Attachment 20). There was considerable discussion concerning Item #1 that proposes to add \$316,000 from SGF for a supplemental appropriation for Kansas Industrial Training associated with a commitment to General Motors.

Chairman Bunten asked someone to find out where the \$500,000 appropriation for this year is being spent and why the additional \$316,000 is needed. He told the committee if these questions and concerns cannot be satisfied, then the report would be changed on the floor.

Representative Hoy presented the FY 1988 report (Attachment 21). Representative Teagarden moved to amend the report to transfer the two FTE positions from the Department of Commerce back into the Department of Agriculture. Representative Wisdom seconded. Representatives Turnquist and Hamm felt that these people could represent agriculture just as well in the Department of Commerce department in promoting sales, etc. On the motion offered by Representative Teagarden, the motion failed.

Representative Hoy moved that the subcommittee reports be adopted. Representative Turnquist seconded. Motion carried.

On the bill, Representative Heinemann moved that HB 2272, as amended, be recommended favorable for passage. Representative Hamm seconded. Motion carried.

Meeting adjourned at 9:45 a.m.

Date 2-26-87

Name	Address	Representing
David Mimica	Topeka	Washburn
John F. Connelly	Pittsburg	Pittsburg State U
Paul Nicker	Pittsburg	Pittsburg State Univ
Steve Hudson	Pittsburg	P.S.U.
Ken Goff	Emporia	ESU
Keith Craft	Halena	KTI
Armond Curborg	Topeka	Dept Human Resources
Marty Kennedy	Topeka	Budget
Greuter Storey		Budget
Susan Shuff	Topeka	Budget Division
Paul Schuder	Topeka	Dept. of Human Resources
Bill Hollenback	Pittsburg	PSO
TED D. AYLES	TOPEKA	KANSAS Bd of Regents
ROBT L LINEBERRY	Lawrence	KU
Markus Rasmussen	Lawrence	KU
Don Wilson	Pittsburg State Univ	
Stanley Z. Koplik	Topeka	Regents
Carolyn Speer	Lawrence	KU ASK
Martie Aaron	Lawrence	KU
Chris Graves	Topeka	ASK
Mark Walker	Topeka	ASK
John Buzbee	Lawrence	University of Kansas

8:00 AM

Date 2-27-87

Name

Address

Representing

D. B. Dallon

Topeka

Budget

James Schmidt

Topeka

Dept. of Human Resources

A. Caroling

Topeka

Dept. of Human Resources

Sid Smoler

Topeka

Dept. of Human Resources

State Department of Social and Rehabilitation Services

Statement Regarding H.B. 2393

1. Title -- AN ACT concerning the list of products and services offered to state agencies and unified school districts by the Kansas industries for the blind division and rehabilitation services or other rehabilitation facilities; amending K.S.A. 1985 Supp. 75-3320 and repealing the existing section.
2. Purpose -- The purpose of this bill is to authorize the secretary of social and rehabilitation services to charge a reasonable publication fee to those rehabilitation facilities that advertise their products or services in the list furnished by the secretary. The list referred to in K.S.A. 75-3320 is the "Catalog of Blind and Handicapped Made Products" published each year.
3. Background -- From eight to ten Kansas workshops and facilities usually advertise products or services in the list furnished by the secretary of SRS to the department of administration and unified school districts, but the cost of publishing and distributing the list has been assessed against only Kansas industries for the blind. This has added to Kansas industries for the blind's financial burden during a time when it has been under increasing budgetary pressure.
4. Effect of Passage -- An equitable distribution of the cost of producing the list of products and services offered for sale will ease the financial burden on Kansas industries for the blind and will be a step in the direction of enabling that program to break even financially. Authority to charge reasonable publication fees to all facilities that advertise products and services in the list will reduce Kansas industries for the blind's costs by at least \$1,500. This is roughly 1% of the program's expenditures in FY 1986.

Robert C. Harder
Secretary
Social and Rehabilitation Services
296-3271
February 26, 1987

State Department of Social and Rehabilitation Services

Testimony in Support of H.B. 2393

Mr. Chairman and Members of the Committee:

I appear today in support of H.B. 2393 which authorizes the secretary of social and rehabilitation services to charge a reasonable publication fee to those rehabilitation facilities that advertise their products or services on the list of products furnished to the department of administration, state agencies, and unified school districts. The list is the "Catalog of Blind and Handicapped Made Products" published each year. From eight to ten Kansas workshops and facilities usually advertise products in the list. Kansas Industries for the Blind has borne the entire cost of publishing and distributing the list. We believe that other participating facilities should be charged a reasonable publication fee in order to lessen the financial burden to Kansas industries for the blind.

SRS supports this bill because it will equitably distribute the cost of publishing the product list among all participating facilities rather than having Kansas Industries for the Blind bear the cost alone. I urge your passage of H.B. 2393.

Richard Schutz, Director

Division of Services for the Blind

Rehabilitation Services

Social and Rehabilitation Services

296-4454

February 26, 1987

for

Robert C. Harder, Secretary

Office of the Secretary

Social and Rehabilitation Services

296-3271

February 26, 1987

STATE OF KANSAS



TOPEKA

HOUSE OF
REPRESENTATIVES

MEMORANDUM

BOB VANCURUM
REPRESENTATIVE, TWENTY-NINTH DISTRICT
9004 W. 104TH STREET
OVERLAND PARK, KANSAS 66212
(913) 341-2609
STATE CAPITOL, ROOM 175-W
TOPEKA, KANSAS 66612
(913) 296-7688

COMMITTEE ASSIGNMENTS
MEMBER: APPROPRIATIONS
TAXATION
JUDICIARY
JOINT COMMITTEE ON SPECIAL CLAIMS
AGAINST THE STATE

TO: HOUSE APPROPRIATIONS COMMITTEE
FROM: ROBERT J. VANCURUM
DATE: FEBRUARY 26, 1987
RE: REGENTS INSTITUTIONS--SETTING OF TUITIONS FOR RESIDENTS AND
NON-RESIDENTS HB 2383

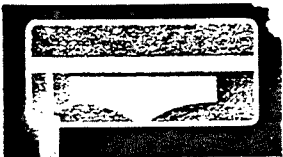
Dear Colleagues:

The total budgets of our six regents institutions now total \$495 million, \$327 million being state general fund dollars. Of this amount, the regents consider that \$276 million is "educational costs" and of this approximately \$74 million is raised from tuition. The regents view this as covering 26.7% of the educational costs with tuition. These are estimated costs for FY 1987. The breakdown between residents and non-residents is indicated on the attached memo from the Board of Regents, but they estimate that slightly less than 20% of the "educational costs" for residents is covered by tuition and in the case of non-residents, approximately 55%.

The numbers mean different things to different people. The numbers tell me that tuition is covering only about 15% of general fund cost per resident and substantially less than 50% for non-residents. We should stop being complacent about this situation. For Kansas taxpayers to be subsidizing over 50% of the cost of educating non-resident undergraduates, many in courses that are being over-subscribed already in order to go back to California, Chicago or New York to build up their economy is an unacceptable situation to me.

I have passed out a balloon amendment or substitute version of the bill. With this amendment, the bill merely encourages the Board over the next five years to move up resident tuition to 22% of educational costs (20% in regional institutions) and for overall nonresident tuition to be gradually moved to three times the resident rate. This is the least we should do since nonresidents still will have over a third of the cost of their education subsidized by Kansas taxpayers. We have removed one of the impediments to this in HB 2020, which redefines who a nonresident is. This is a perfect companion measure.

The bill as amended also addresses a serious objection the students have--50% of the new money from tuition would be automatically released to the institution that raised the increased tuition, to be spent on educational costs. The other 50% would presumably replace SGF money at that institution.



KANSAS BOARD OF REGENTS

SUITE 609 • CAPITOL TOWER • 400 SW EIGHTH • TOPEKA, KANSAS 66603-3911 • (913) 296-3421

M E M O R A N D U M

TO: Ted D. Ayres
General Counsel

FROM: Marvin A. Burris *MB*
Associate Director for Budget

RE: FY 1987 FEE-COST RATIOS FOR RESIDENT AND NON-RESIDENT STUDENTS

DATE: January 28, 1987

A fee-cost ratio for the six Regents universities is determined by dividing total tuition revenue by total Education Program costs funded from general use funds, i.e. state general fund appropriations and tuition.

For FY 1987, the universities have estimated that they will collect a total of \$73.9 million in tuition from all students, including full-time, part-time, residents and non-residents. The most current estimate of FY 1987 Educational Program cost, which reflects the 3.8% recision, is \$276.6 million. The resulting systemwide fee-cost ratio for FY 1987 is 26.7%.

As you can see, the fee-cost ratio is computed in the aggregate. We do not collect revenue data from the institutions which would categorize tuition revenue as collected from resident or non-resident students. Likewise, educational costs are neither budgeted nor accounted for on the basis of student residency status. Thus, we have no precise way of separating the cost of educating a resident from the cost of educating a non-resident. As a result, we cannot precisely determine separate fee-cost ratios for resident and non-resident students.

However, by using available data on the proportion of resident and non-resident students enrolled in the Fall Semester 1986 and by making certain revenue and cost assumptions, we have computed the following estimated fee-cost ratios for FY 1987:

	<u>Resident</u>	<u>Non-Resident</u>	<u>Aggregate</u>
Doctoral Universities	20.3%	56.7%	28.3%
Regional Universities	<u>18.3</u>	<u>43.6</u>	<u>20.7</u>
All Regents Universities	19.8%	55.4%	26.7%

cc: Stanley Koplik
Tom Rawson

Restricted use =
 Restricted Fees
 Research overhead

SGF
 + tuition
 + hosp. revenue
 No rest. use

GENERAL USE FUNDS

	ORIGINAL BUDGET FY 1987	GOVERNOR'S RECOMMENDATION FY 1987	GOVERNOR'S RECOMMENDATION FY 1988	PERCENT INCREASE OF GOVERNOR'S FY 1988 RECOMMENDATION OVER:	
				ORIGINAL BUDGET FY 1987	GOVERNOR'S RECOMMENDATION FY 1987
KU	113,106,614	110,893,335	118,339,077	4.6	6.7
KUMC	138,239,227	136,201,617	140,483,883	1.6	3.1
KSU	105,018,097	102,378,639	108,386,795	3.2	5.9
KSUVMC	9,113,223	8,883,644	9,594,519	5.3	8.0
WSU	50,242,506	48,849,152	52,022,512	3.5	6.5
ESU	20,331,138	19,705,559	20,971,642	3.2	6.4
PSU	20,706,442	20,161,572	21,819,764	5.4	8.2
FHSU	19,733,878	19,125,635	20,412,970	3.4	6.7
KTI	3,489,220	3,366,740	3,381,851	-3.1	0.4
TOTAL	479,980,345	469,565,893	495,413,013	3.2	5.5 3.8 recession 1.7%

lapse =
 \$ 12M
 from requests

STATE GENERAL FUND

	ORIGINAL BUDGET FY 1987	GOVERNOR'S RECOMMENDATION FY 1987	GOVERNOR'S RECOMMENDATION FY 1988	PERCENT INCREASE OF GOVERNOR'S FY 1988 RECOMMENDATION OVER:	
				ORIGINAL BUDGET FY 1987	GOVERNOR'S RECOMMENDATION FY 1987
KU	82,754,480	77,792,324	85,149,699	2.9	9.5
KUMC	52,878,070	42,340,458	59,514,244	12.5	40.6
KSU	80,696,332	77,346,099	83,715,582	3.7	8.2
KSUVMC	6,006,633	5,777,054	6,137,189	2.2	6.2
WSU	36,841,200	35,077,120	39,199,168	6.4	11.8
ESU	16,421,917	15,796,338	16,757,353	2.0	6.1
PSU	16,240,110	15,553,265	17,240,066	6.2	10.8
FHSU	15,829,617	15,221,374	16,394,404	3.6	7.7
KTI	3,173,832	3,051,355	3,129,851	-1.4	2.6
TOTAL	310,842,191	287,955,387	327,237,556	5.3	13.6

HOUSE BILL No. 2383

By Committee on Appropriations

2-12

PROPOSED AMENDMENTS TO H.B. NO. 2383

For Consideration by Committee on Appropriations

Attachment 5
House Appropriations 2/26/87

0017 AN ACT concerning state educational institutions under the
0018 control and supervision of the state board of regents; relating
0019 to rates of tuition; amending K.S.A. 76-719 and repealing the
0020 existing section.

0021 *Be it enacted by the Legislature of the State of Kansas:*

0022 Section 1. K.S.A. 76-719 is hereby amended to read as fol-
0023 lows: 76-719. (a) Subject to K.S.A. 76-742 and amendments
0024 thereto, the board of regents shall fix tuition, fees and charges to
0025 be collected by each state educational institution. If a state
0026 educational institution collects a student-activity fee, the funds
0027 so collected shall be set apart and used for the purpose of
0028 supporting appropriate student activities.

0029 (b) *The board of regents may fix differential tuition rates for*
0030 *each state educational institution and may fix different tuition*
0031 *rates for different courses or levels of study. The tuition rates*
0032 *shall be fixed by the board of regents with the stated goal of*
0033 *recovering, insofar as practicable, for each state educational*

0034 *institution: (1) A total amount equal to ~~25%~~ or more of the*
0035 *educational cost to ~~the state educational institution~~ of provid-*
0036 *ing courses of undergraduate and graduate study from all per-*
0037 *sons who are residents for fee purposes and enrolled therein;*
0038 *and (2) a total amount equal to 50% or more of the educational*
0039 *cost to ~~the state educational institution~~ of providing courses of*
0040 *undergraduate and graduate study from all persons who are*
0041 *nonresidents for fee purposes and enrolled therein. ~~As used in~~*
0042 *this section, "educational cost" means the total amount of general*
0043 *use expenditures reduced by the expenditures attributable to*
0044 *public service, research and scholarships and other assistance.*

0045 Sec. 2. K.S.A. 76-719 is hereby repealed.

, other than Kansas technical institute, by the end of a transition period commencing with the 1988-89 academic year and ending with the 1992-93 academic year, in accordance with the following

each state educational institution, other than Kansas technical institute, Fort Hays state university, Emporia state university and Pittsburg state university

; and (3) a total amount equal to 60% or more of the educational cost to the university of Kansas, university of Kansas medical center, Kansas state university, Kansas state university veterinary medical center and Wichita state university, of providing courses of undergraduate and graduate study from all persons who are nonresidents for fee purposes and enrolled therein.

(c) It is the intent of the legislature that not less than 2/3 of the increased amounts of tuition received pursuant to any increases in the rates of tuition fixed by the board of regents pursuant to subsection (b) shall be applied to supplementing the educational costs of the state educational institution receiving such amounts, including educational program enhancements and improvements other than capital improvements.
(d) As used in this section, "educational

TESTIMONY ON HOUSE BILL 2383
HOUSE APPROPRIATIONS COMMITTEE

Stanley Z. Koplik
Executive Director
Kansas Board of Regents
February 26, 1987

Mr. Chairman and Members of the Committee:

The Board of Regents has historically been charged with setting tuition and fees at the institutions under its jurisdiction. In a sense, the Board's unilateral authority is misleading because as long as General Fees are part of the appropriations process, the setting of fees is ultimately accomplished with considerable input from this body. I would go on to say that the motion adopted by this committee last week calling for the Board of Regents to consider a "substantial" increase in non-resident fees will play a major part in upcoming Board deliberations on fees for FY 1989; these discussions are scheduled to begin in March. It is important to note that largely in response to this committee's concerns, the Board several years ago formally organized a Tuition and Fees Committee which would meet at least annually to recommend appropriate fee levels to the Board of Regents. The Committee consists of Regents, Presidents, and students who consider data from a variety of sources as they deliberate alternatives, including potential outcomes.

The immediate consequences of H.B. 2383 are troublesome. Our concerns range from the mechanical - i.e., measuring institutional compliance for accountability purposes and differentiating educational costs between residents and non-residents when both are in the same class-to the more important aspect of the immediate tuition increase for residents where semester increases would range from 16% (\$83) at Wichita State University to 52% (\$229) at Pittsburg State University. By establishing differential tuition rates at each institution, inferences will immediately be drawn as to relative quality between more expensive and less expensive institutions. As a matter of public policy, do we want to intensify competition through a cost factor alone?

The Board shares a common goal with this committee. Both bodies want to establish fair and reasonable tuition rates based upon the character and condition in Kansas. Perhaps this objective is best met by continuing the informal, that is, non-statutory, agreement on fee-cost ratios. At the present time, as you know, this stands at 25 percent systemwide. I am not suggesting that the ratio forever retain permanency. But if it is to be altered, the Board would like to see a plan developed which includes incentives for improving institutional quality resulting from dramatic fee increases, instead of giving the impression that students will pay more and the state will pay less for the same product.

The Board of Regents will most assuredly cooperate with this committee. Without prescribing statutory mandates, this committee can set guidelines or expectations and call on the Board to report periodically on its progress in meeting those guidelines. Those guidelines can prescribe a timeframe and could also allow institutions to keep a part of increased fees without compromising usual standards of state support. In this manner, I believe we can reinforce an opportunity to work together as we have done in the past.



ASSOCIATED STUDENTS OF KANSAS

The Student Governments of the State Universities

Suite 608 • Capitol Towers • 400 S.W. 8th St. • Topeka, Ks. 66603 • (913) 354-1394

Christine A. Graves
Executive Director

Mark E. Tallman
Director of Legislative Affairs
and Development

MEMBERS:

Associated Student Government
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316-343-1200 ext. 5494

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913-628-5311

Student Government Association
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Student Union
Manhattan, Kansas 66506
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Student Government Association
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Pittsburg, Kansas 66762
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Student Government Association
University of Kansas
Burge Union
Lawrence, Kansas 66045
913-864-3710

Student Government Association
The Wichita State University
Campus Activities Center
Wichita, Kansas 67208
316-689-3480

TO: Members of the House Appropriations Committee
FROM: Mark Tallman, Legislative Director
DATE: February 26, 1987

RE: HB 2383

Position

ASK supports the 25% fee/cost ratio as currently defined. We oppose changes in the tuition formula that would increase the overall ratio paid by students at the state universities.

I. Why we support the current ratio.

We believe a fee/cost ratio is appropriate because:

- A. It indexes tuition to universities budgets. Students share in the cost of improvements. They get what they pay for.
- B. It indirectly links tuition to the health of the state economy. The state economy influences both the ability of the state to fund the universities, and the ability of the people of the state to pay tuition.

We believe 25% is an appropriate fee/cost ratio because:

- A. It has been recognized as the "fair share" students should contribute for over 20 years.
- B. It has produced tuition rates which are consistent with comparable institutions.
 1. We are at the mid-point of tuition charges regionally.
 2. Five of the six universities are at or higher than the average resident tuition of the peers.

II. Why we oppose raising the fee/cost ratio".

The relative ability of students to afford costs has been eroded in recent years.

- A. Tuition has increased faster than inflation and per capita income.
- B. It has increased faster than student aid programs, including student salaries.
- C. The future of student aid programs at the federal level is not promising.

(more)

III. Why a higher tuition policy would not be appropriate state policy.

The current policy has helped contribute to our highly educated Kansas population, one of our state's great strengths.

Like any other rising cost, higher tuition discourages consumers. We should be encouraging qualified students to seek the education that will make them more productive contributors to the state.

The impact of increased tuition is highly regressive, i.e., the burden falls most heavily on lower-income students and their families.

The higher resident tuition is relative to other institutions across the nation, the less "price advantage" can we offer to top students when they decide where to attend college.

IV. Any increases in tuition should be compensated to insure that students are not displaced.

Kansas spending on student aid is relatively low.

If non-resident tuition is increased, it should be compensated for by higher fee waivers and graduate stipends.

Conclusion

ASK believes the current formula has worked well. If it needs to be fine-tuned, we suggest setting a minimum fee/cost ratio for all students at each institution of 20% at the Regional schools, and setting tuition as the doctoral institutions at a level that would result in a systemwide total of 25%.

ASSOCIATED STUDENTS OF KANSAS

The University of Kansas

105 Burge Union
Lawrence, Kansas 66045
(913) 864-3710

My name is Martie Aaron and I am the Campus Director for the Associated Students of Kansas at the University of Kansas. Students at K.U. are opposed to H.B. 2383 as it currently stands for the reasons outlined by Mark Tallman, Legislative Director for A.S.K. We believe, however, that this bill serves as a starting point for a serious discussion about tuition levels in general. Students are politically astute enough to realize that there is a definite sentiment among some legislators to increase tuition. We strongly believe that at this point in time there are several questions that must be answered before a well - informed decision can be made on this issue. In particular, we believe there are four questions that should be answered before we are asked to pay more in tuition.

First, what is the optimal tuition level? Should such a decision be based on a market analysis where one compares K.U.'s tuition level to that of other universities? If such comparisons are deemed useful, what standard of comparison should be used? Should we compare ourselves to universities within our region, our peer universities, or a national average? The comparisons in each of these categories varies significantly. K.U.'s annual resident tuition is \$47 below the national average, and \$44 below the Big 8 average, while it is \$10 above the average of our peer universities. K.U.'s out of state tuition is \$647 below the Big 8 average and \$954 below our peer institution average. Clearly, determining the proper standard of comparison is in and of itself a difficult decision.

Second, if tuition is increased, will this money be used for improving educational quality? If tuition increases are only to be used to offset the state's commitment to funding higher education, then we would oppose any tuition increase. There must be some sort of guarantee to the students that the tuition increase will result in more money available for higher education.

Third, are students going to become cash cows? It is safe to say that there is some understanding on campus of the financial difficulties the state is experiencing and a recognition of the fact that there is less money available for higher education. Therefore, students are probably less hostile to the idea of a tuition increase now than they have been in the past. If students are to shoulder the burden of a tuition increase now, there should be a corresponding commitment on the part of the State Legislature to place high priority on improving the funding of higher education when the state's economy improves. We believe this is the only fair way to respond to the current situation.

Fourth, should there be an increase in out of state tuition, resident tuition, or both? Before considering increasing out of state tuition, there needs to be hard evidence that this will not deter students from coming to K.U. The diversity of the student body is one of K.U.'s strongest points, and this should not be endangered by tuition increases. Also, to bring K.U.'s out of state tuition in line with that of other universities would generate something in the neighborhood of \$5 - \$6 million. A significant portion of that money should be used to fund improvements in K.U.'s graduate programs, which has been identified as one of our university's top missions. For example, graduate fee waivers should definitely be increased to 100% and G.T.A. stipends should be increased.

Before resident tuition is increased, we need to take a good long look at the effect this would have on access. As Mark pointed out, tuition in Kansas has been increasing at a faster pace than both economic indicators and the amount of available financial aid. The worst mistake that could be made would be to price students out of an education.

In summary, students urge this committee to resist the temptation to act on this issue before the necessary information is available. The sort of in - depth study that is needed on this issue may require a special interim committee study. Such a study would be much more likely to produce a comprehensive long - term plan for appropriate tuition policy.

Again, I would like to thank you for the opportunity to present these concerns. I would be happy to answer any questions you may have.



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS

MEMBER: APPROPRIATIONS
TAXATION
JUDICIARY
JOINT COMMITTEE ON SPECIAL CLAIMS
AGAINST THE STATE

BOB VANCURUM
REPRESENTATIVE, TWENTY-NINTH DISTRICT
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OVERLAND PARK, KANSAS 66212
(913) 341-2609
STATE CAPITOL, ROOM 175-W
TOPEKA, KANSAS 66612
(913) 296-7688

MEMORANDUM

TO: HOUSE APPROPRIATIONS COMMITTEE

FROM: ROBERT J. VANCURUM

DATE: FEBRUARY 26, 1987

RE: HB 2384---OPEN ADMISSIONS POLICY

This bill addresses another serious problem facing our Regents' institutions. Not only is the total number of students growing again after several years of flat or declining enrollments, but the number of students at the institutions that need remedial courses is increasing and the number that withdraw for academic reasons has reached a shocking level. Over 33% of our freshmen do not come back for their sophomore year. See the attachment received from the Board of Regents. This means that the taxpayers are paying over 80% of the costs of educating a substantial number of students who probably shouldn't have been at that institution in the first place. This is a tremendous waste of taxpayers dollars--but a worse waste of young careers. How many people have we all seen fail at a large university, return to community college for a year or two then do fine at a university?

There are many ways to address this problem. I have suggested that we give the Board of Regents the discretion to impose minimum admissions standards at one or more of our Regents' universities. I would hope they would do so as soon as such standards could be developed, but I am aware that on December 19, 1986 the former members of the Regents Board restated their longstanding commitment to open admissions.

Especially since the committee has not elected to release tuition fees badly needed by several of our institutions to cover rapid growth, I think it is important to explore every possible way of restricting the growth of enrollment at these institutions--to those who will benefit the most from the experience.

This committee should also consider whether the peer institutions to which we are comparing our universities have an open admissions policy or not. I submit it is not reasonable for us to expect our institutions to take any high school graduate from Kansas, bring him or her through hundreds of hours of remedial courses and still be as efficient in using its resources as a school that limits enrollments.

I would be happy to answer any other questions.

Full Time Equiv.

Comparison Fall Enrollments 1980, 1984, 1985 and 1986

	x 80 to 85																			Soph to Freshmen *****
	Freshmen	Sophomor	Jr	Sr	Other Undr Gd	1st Prof	Masters	PhD	TOTAL	Freshmen	Sophomor	Jr	Sr	Other Undr Gd	1st Prof	Masters	PhD	TOTAL		
Univ of Ks																				
1980	5,277	3,673	3,177	4,021	216	676	2,150	1,857	21,047											
1984	5,330	3,551	3,381	3,731	600	643	2,718	1,826	21,780	8.58	-3.10	7.68	-5.57	104.17	-3.70	27.63	-0.97	5.39		
1985	5,730	3,559	3,421	3,797	441	651	2,744	1,839	22,182	7.50	0.23	1.18	1.77	-26.50	1.24	0.96	0.71	1.85	-33.23	
1986	6,220	3,845	3,515	3,815	369	624	2,751	1,955	23,094	8.55	8.04	2.75	0.47	-16.33	-4.15	0.26	6.31	4.11	-32.90	
Kansas State																				
1980	4,357	3,163	3,527	3,414	284		1,350	579	16,674											
1984	3,842	2,753	3,156	3,806	300		1,470	654	15,981	-15.77	-14.57	-20.87	12.21	-1.06		6.00	13.13	-7.87		
1985	3,670	2,702	2,791	3,831	281		1,431	655	15,361	-4.48	-1.85	-11.57	0.66	-6.33		-2.65	0.15	-3.88	-29.67	
1986	3,603	2,583	2,818	3,611	303		1,589	709	15,216	-1.83	-4.40	0.97	-5.74	7.83		11.04	8.24	-0.94	-29.62	
Wichita State																				
1980	2,586	1,743	1,496	1,718	725		2,085	29	10,382											
1984	2,573	1,792	1,699	1,965	737		2,332	33	11,131	-1.39	-2.64	15.24	14.49	-2.34		11.65	27.59	6.06		
1985	2,550	1,697	1,724	1,967	708		2,328	37	11,011	-0.89	-5.30	1.47	0.10	-3.93		-0.17	12.12	-1.88	-34.05	
1986	2,640	1,581	1,576	1,950	588		2,333	51	10,719	3.53	-6.04	-0.58	-0.86	-16.95		0.21	37.84	-2.65	-38.00	
Emporia State																				
1980	1,432	882	924	885	69		718		4,830											
1984	1,186	743	797	855	58		811		4,450	-18.16	-19.05	-12.01	-2.48	-7.25		12.81		-9.77		
1985	1,172	714	813	785	64		810		4,358	-1.18	-3.90	2.01	-8.19	10.34		-0.12		-2.07	-39.80	
1986	1,090	734	809	804	66		841		4,344	-7.00	2.80	-0.49	2.42	3.13		3.83		-0.32	-37.37	
Ft. Hays State																				
1980	1,189	842	847	864	38		554		4,334											
1984	1,127	674	821	858	6		754		4,240	-9.50	-16.27	-4.72	0.35	-89.47		44.22		-1.75		
1985	1,076	705	807	867	4		799		4,258	-4.53	4.60	-1.71	1.05	-33.33		5.97		0.42	-37.44	
1986	1,087	682	836	847	4		821		4,277	1.02	-3.26	3.59	-2.31	0.00		2.75		0.45	-36.62	
Pittsburg																				
1980	1,052	706	830	875	100		586		4,149											
1984	859	692	795	915	56		619		3,936	-16.44	-2.41	-7.47	0.23	-11.00		19.45		-1.06		
1985	879	689	768	947	89		700		4,072	2.33	-0.43	-3.40	3.50	58.93		13.89		3.46	-1	
1986	945	664	831	981	127		762		4,310	7.51	-3.63	0.20	3.59	42.70		8.86		5.84	-24.1	
Total Regents																				
1980	15,893	11,009	10,801	11,697	1,432	676	7,443	2,465	61,416											
1984	14,917	10,205	10,649	12,130	1,757	643	8,704	2,513	61,518	-5.13	-8.57	-4.42	4.25	10.82	-3.70	18.39	2.68	-0.28		
1985	15,077	10,066	10,324	12,194	1,587	651	8,812	2,531	61,242	1.07	-1.36	-3.05	0.53	-9.68	1.24	1.24	0.72	-0.45	-32.52	
1986	15,585	10,089	10,385	12,008	1,457	624	9,097	2,715	61,960	3.37	0.23	0.59	-1.53	-8.19	-4.15	3.23	7.27	1.17	-33.08	

Testimony to House Committee on H.B. 2384

Robert L. Lineberry, Dean of the College of
Liberal Arts and Sciences, University of Kansas

February 26, 1987

I am pleased and honored to have the opportunity, at the invitation of Representative Vancrum, to make a statement about H.B. 2384, a bill which authorizes the Kansas Board of Regents to implement variable admissions criteria at the Regents' institutions.

All of us at the University keenly appreciate the difficult task facing the Governor and the Legislature this year. We know that the issues facing the State are real ones and we hope to do all that we can to assist our State in these troubling times. The issue we face here, although not directly about the urgent issues of economic growth, is far from casually related to the future of our State.

Let me first say a few words about my position and our interest in this issue at the University of Kansas. I am Dean of the College of Liberal Arts and Sciences at the University, and have been since 1981. I am also a Professor of Political Science. I have taught freshman American government for 20 consecutive years, at Texas, Northwestern and here. Our College is the largest academic unit at the University of Kansas, with a fall, 1987 enrollment of nearly 13,000 undergraduate students and 2000 graduate students. Our College enrolls about two-thirds of the freshmen students at the University of Kansas, but we provide general education courses to an even larger proportion of the student population. We work closely with both the professional schools at the University and with the public schools throughout the State. We take a particular pride in the fact that the College sends a biennial publication, called Teacher to Teacher to every high school teacher in the State of Kansas and the Kansas City, Missouri area. It is important to us as a College, and to us as a University, to have a strong partnership with the public schools.

The purpose of H.B. 2384 is to place in the hands of the Regents -- which I believe is a proper place -- authority for determining admissions criteria at the several Regents' institutions. Specifically, it permits the Board to adopt different standards at one institution from those adopted for another institution. I support this legislation, as does the University of Kansas. It is important, too, that this is permissive, and not mandatory, legislation.

Traditionally, the State of Kansas has been committed to the concept that every student who graduates from an accredited high school in the state should have the opportunity to pursue his or

her academic goal at an institution of their choice. At the University of Kansas, and throughout our State, we have placed great emphasis on the goal of equality of opportunity for higher education.

We have placed equal emphasis on excellence in our higher education system. It is no accident that the University of Kansas remains an institution of choice for outstanding students from other states and other nations. What President Reagan calls "competitiveness," what we in Kansas often call economic development, what we all know we need as a State and nation, will not be achieved without high quality higher education. Breakthrough research in biotechnology, in pharmacy, in the understanding of human behavior cannot be achieved in an institution which does not put quality first. And, quite frankly, quality cannot always be achieved if quantity is our ever-present worry.

When I became Dean of the College in August, 1981, we were just breaking the 10,000 mark in the number of undergraduate students enrolled with us in the College. I expect to see us break the 13,000 student mark next fall.

We now face a very grave mismatch of enrollments and resources at our university. I have sometimes described the situation in our College -- and there are certainly other parts of the University in comparable circumstances -- as "gridlock." This occurs when we simply run out of space, staff, and slots. And it happens with greater frequency annually. Let me give you one concrete example from last fall.

We are exceptionally proud of the Department of Spanish and Portuguese, one of the best five such departments in the country. Last fall, the Department of Spanish and Portuguese had a 24 percent enrollment growth over the past year. The Department, reasonably enough, tried to accommodate students who had already been in Spanish the year before. Thus, first year Spanish closed early, reached gridlock and 150 students were turned away who wanted to take first year Spanish. The Department had to take on additional graduate teaching assistants, and the graduate teaching assistant staff went from 24 to 44 in a single year. And this was done with no new faculty. Here is an example of how constant worries over sheer quantity may eventually erode quality.

Let me also say something about the undergraduate student profile at the University of Kansas. It is a strong one, and continues to be so. ACT scores of entering freshmen continue to be ahead of national averages. We are also particularly pleased that minority enrollment is growing, in sharp contrast to national patterns.

The Regents have recently been concerned about the academic preparation of students coming to institutions of higher education. We share those concerns at the University and

strongly support the Regents' efforts. As you know, the Regents have recommended a high school preparatory curriculum. Our studies have focused on the percent of our new students who have met those suggested courses. Here is our information:

- o The Regents suggest four units of English. At the University of Kansas, 86 percent of our entering students have met this suggestion.

- o The Regents suggest three units of mathematics. An equivalent 86 percent have completed this. As Dean of the College, though, I continue to be distressed that more than 1000 students annually must initially enroll in high school level mathematics.

- o The Regents suggest three units of social studies. About 68 percent have done this.

- o The Regents suggest three units of natural science. About 54 percent have done this.

- o The Regents suggest two units of foreign language. Some 58 percent have done this.

Overall, though, less than 20 percent of our entering students have met all the Regents' suggested curriculum in high school.

Within the College, we have adopted a new curriculum, which goes into effect this fall. It will, quite honestly, be a much more rigorous curriculum. It will require better high school preparation to complete it satisfactorily.

The Regents have also adopted individual mission statements for the various institutions. Their statement of our mission emphasizes a strong research and graduate presence for the University, but calls upon us to continue to offer strong undergraduate programs to well-prepared students. I believe that all of us at the University of Kansas support this conception of our mission. We must, though, take seriously their injunction that the quality of undergraduate education we offer is most suitable to the adequately prepared student.

H. B. 2384 would permit the Regents to work closely with the universities and with the high schools to insure better preparation for university-level education. It does not close the door of higher education to anyone. It would not mandate an immutable curriculum, which schools and students might or might not be able to meet. It would permit variability, perhaps in accord with different missions of different institutions. We think at the University of Kansas that this is a sound idea and we support it.



ASSOCIATED STUDENTS OF KANSAS

The Student Governments of the State Universities

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Christine A. Graves
Executive Director

Mark E. Tallman
Director of Legislative Affairs
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MEMBERS:

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University of Kansas
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Student Government Association
The Wichita State University
Campus Activities Center
Wichita, Kansas 67208
316-689-3480

TO: Members of the House Appropriations Committee
FROM: Mark Tallman, Legislative Director
DATE: February 26, 1987

RE: HB 2384

Position

ASK does not support changes in the open admission policy at the state universities at this time. However, because the bill is permissive, we do not oppose HB 2384.

ASK supports the current open admissions policies at the state universities. Like the Board of Regents, our policy council re-affirmed this stand as recently as last fall.

However, our policy council did indicate that the association would not oppose different admissions standards at the University of Kansas, if the students of KU agreed with those changes.

Because this bill is permissive and would not require a change admission policies; but would allow different policies as approved by our policy council, I believe ASK would not oppose this bill.

We would stress that we are not endorsing changes in admissions standards at this time, and believe that student representatives should be included in any changes developed by the institutions and the Board of Regents.

Thank you.

ASSOCIATED STUDENTS OF KANSAS

The University of Kansas

105 Burge Union
Lawrence, Kansas 66045
(913) 864-3710

My name is Martie Aaron and I am the Campus Director for the Associated Students of Kansas at the University of Kansas. Believe it or not, K.U. students have more on their minds this legislative session than fee release. We realize that fee release is simply a short - term solution to a much more deep - seeded problem. We support H.B. 2384 because it would provide K.U. and the Board of Regents the flexibility to determine whether the current open admissions policy continues to be in the best interests of the students, the institution, and the state.

Kansas has a long and proud history of open admission at all of the state universities. Recently, however, the growing problems related to the quantity and quality of students at the University of Kansas have called this policy into question.

First, K.U. simply cannot withstand continued enrollment increases and maintain its level of academic excellence. The Legislature does not appear willing to make the financial commitment that would be required to maintain the open admissions policy at K.U. We may have arrived at the point where we may have to seriously consider placing a "cap" on enrollment.

Second, it is becoming clear from the increasing demand for remedial courses that students are unprepared to deal with the academic rigors of college. This situation is unfair both to the students and the institution. Again, it may be time to establish criteria that students must meet before being admitted to K.U., such as successful completion of the Regents Recommended High School Curriculum.

If the headlines were to read "Legislature Kills Open Admission Policy" the day after this bill passed, I would at this time be expressing strong opposition to this measure. HB 2384, however, contains no such drastic move. Rather, it permits the Board of Regents and the individual state universities to examine in detail the wide variety of issues involved with changes in the open admission policy. I could speak for hours concerning the wide variety of issues I feel need to be addressed in such a discussion, and the Legislature could devote months to trying to find the optimum situation. This bill recognizes the fact that the decision regarding the continuation of the open admissions policy should be made by those most capable of evaluating the ramifications of various policy choices: the Board of Regents in co - operation with the individual universities.

These issues related to long - term enrollment planning are already being studied in detail at K.U. I would ask you to urge the universities to include students in this decision - making process. I am concerned that the students have thus far been excluded from the discussions that have occurred on our campus.

SUBCOMMITTEE REPORT

Agency: Dept. of Human Resources **Bill No.** 2395

Bill Sec. 11

Analyst: Efird

Analysis Pg. No. 246

Budget Pg. No. 2-11

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 34,711,256	\$ 34,514,988	\$(1,418,483)
Other Assistance	201,649,895	201,649,895	--
Subtotal -- Operating	<u>\$236,361,151</u>	<u>\$236,164,883</u>	<u>\$(1,418,483)</u>
Capital Improvements	138,761	138,761	--
TOTAL	<u>\$236,499,912</u>	<u>\$236,303,644</u>	<u>\$(1,418,483)</u>
State General Fund:			
State Operations	\$ 1,321,914	\$ 1,252,654	--
FTE Positions	964.5	964.0	--

Agency Request/Governor's Recommendation

The agency's revised FY 1987 budget includes an increase in expenditures for computer-related equipment and a supplemental from the State General Fund. The agency requests an increase of \$1,380,175 over the approved FY 1987 budget of \$600,000 for purchasing a new mainframe computer and support equipment. The agency proposes replacing its current communications network with new devices at a cost of \$1,380,175, in addition to purchasing the new mainframe computer for \$446,920. The agency also requests a supplemental appropriation of \$19,781 from the State General Fund to finance its other operating expenditures.

The Governor concurs with the agency's revised estimate of \$1,980,175 for new computer and telecommunications equipment. Reductions of State General Fund expenditures amounting to \$69,262 are recommended by the Governor, including \$49,481 of lapses contained in 1987 H.B. 2049. A supplemental requested by the agency for other operating expenses of \$19,781 is recommended by the Governor, with an additional reduction of \$19,781 of salaries and wages recommended to be lapsed as an offset to the adjustment.

House Subcommittee Recommendations

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

1. Shift expenditures of \$1,380,175 for the telecommunications equipment from FY 1987 to FY 1988 due to delays this fiscal year in bidding the equipment.

2. Reduce expenditures in Workers Compensation by \$38,308 due to savings in microfilming of \$28,000 and due to capital outlay of \$10,308 in FY 1986 that was budgeted in FY 1987.



Representative Jim Lowther
Subcommittee Chairperson



Representative Kenneth King



Representative John Solbach

296.87

SUBCOMMITTEE REPORT

Agency: Dept. of Human Resources Bill No. 2272 Bill Sec. 7
 Analyst: Efird Analysis Pg. No. 246 Budget Pg. No. 2-11

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 34,768,962	\$ 32,215,286	\$ 505,639
Other Assistance	227,493,998	226,066,051	--
Subtotal -- Operating	<u>\$262,262,960</u>	<u>\$258,281,337</u>	<u>\$ 505,639</u>
Capital Improvements	95,761	95,761	--
TOTAL	<u><u>\$262,358,721</u></u>	<u><u>\$258,377,098</u></u>	<u><u>\$ 505,639</u></u>
State General Fund:			
State Operations	\$ 1,893,695	\$ 1,281,821	\$ (42,000)
Other Assistance	1,357,947	--	--
TOTAL	<u><u>\$ 3,251,642</u></u>	<u><u>\$ 1,281,821</u></u>	<u><u>\$ (42,000)</u></u>
 FTE Positions	 986.5	 927.0	 (18.0)

Agency Request/Governor's Recommendation

The agency's operating budget reflects an increase of almost \$26 million, but most is attributed to higher estimated payments for Unemployment Insurance benefits. The Governor's recommendations include an estimated \$27,000,000 increase in unemployment benefit payments in FY 1988, while all other categories of expenditures decrease when compared with FY 1987 recommendations.

An increase of 22.5 FTE positions is requested by the agency in FY 1988. Twelve new positions would be assigned to Unemployment Insurance Services; two new positions would be assigned to Employment Services; seven new positions would be assigned to Workers' Compensation; and one and one-half new positions would be assigned to Administration for economic development research. The Governor recommends a net reduction of 37.0 FTE positions as a result of abolishing 42.0 current positions and establishing 5.0 new positions. Unemployment Insurance would gain five positions under the Governor's plan; the Work Incentive (WIN) Program would be discontinued along with 34.0 FTE positions; other programs with personnel reductions include Support Services (3.0) FTE; Industrial Safety (2.0) FTE; Labor Relations (2.0) FTE; and Hispanic Affairs (1.0) FTE.

The agency requests an increase from State General Fund financing of \$1,929,728 over the current fiscal year. Most new financing would be used to replace federal funds for the Dislocated Workers Program. The agency is requesting \$275,157 for administrative costs and \$1,357,947 for assistance to dislocated workers be financed from the State General Fund. In addition, the agency is requesting increases of \$161,995 for other salaries and wages plus \$134,632 for

other operating expenses to finance other agency operations. The Governor recommends an increase of \$29,167 in State General Fund financing in FY 1988. No state financing is recommended for the Dislocated Workers Program. Salaries and wages are increased \$21,312 by the Governor's recommendations, and other operating expenditures are increased \$7,855.

Subcommittee Recommendations

The Subcommittee concurs with the Governor with the following exceptions:

1. Reduce expenditures and FTE positions for the Employment Security Systems Institute (ESSI) based on new information provided by the agency. FY 1988 reductions of \$716,435 in the ESSI Fund and of 16.0 FTE positions in the ESSI program are recommended because of federal funding reductions and the shift to financing from a consortium of states.
2. Add expenditures of \$1,380,175 in FY 1988 for purchase of new data processing telecommunications hardware. Financing of \$966,122 from the Employment Security Administration Fund and \$414,053 from the Special Employment Security Fund is reduced in FY 1987 because of a delay in securing federal approval and the same expenditure estimates are added in FY 1988.
3. Delete 3.0 FTE positions and \$166,101 in FY 1988 as the result of abolishing three Assistant Secretary positions. Financing of \$45,000 from the State General Fund and \$121,101 from other funds is reduced. The Subcommittee heard that major reorganization of the department may be anticipated and that the abolition of these three positions was the first phase. The Subcommittee urges the new Secretary who takes office on March 9, 1987, to provide information later this session about the reorganization as plans are developed.
4. Add \$3,000 from the State General Fund for travel expenses of Hispanic Affairs.
5. Restore 1.0 industrial safety inspector FTE position and shift financing of \$21,196 from the State General Fund other operating expenditures account to pay salary and benefits of an entry-level position.
6. Add estimated expenditures of \$5,000 from the Dispute Resolution Fund to reflect the level of activity in FY 1986 which was \$4,594.
7. Make technical adjustments in bill to reflect the Governor's recommendations. Add \$7,857 to the Boiler Inspection Fee Fund expenditure limitation and \$990 to the Title III JTPA limitation on state operations.

8. Recommend that the Secretary review the impact of consolidating the Job Service and Job Training units into a single program as recommended by the Governor's Budget Report and report no later than January 11, 1988, about the continuance of FY 1987 staffing levels in the requested budget for FY 1988; maintenance of the number of managers (as defined by salary range 27 or higher); and benefits compared with costs that the state may anticipate in FY 1988 if no reductions in staff and management are made.
9. The Subcommittee did not review the Labor Management program in detail. However, in requesting information about prevailing wage and apprenticeship training at the end of the review, certain changes in personnel assignments which differ from previous years were partially identified. The Subcommittee did not have time to deal with the reorganization and recommends that the Senate Subcommittee look at this area.



Representative Jim Lowther
Subcommittee Chairperson



Representative Kenneth King



Representative John Solbach

SUBCOMMITTEE REPORT

Agency: Kansas Commissioner on the
Bicentennial of the U.S.
Constitution

Bill No. 2272

Bill Sec. 17

Analyst: Efird

Analysis Pg. No. 307

Budget Pg. No. --

Agency Request/Governor's Recommendation

The 1986 Legislature authorized establishing the Commission.

No FY 1988 budget was submitted by the agency and no recommendations were made by the Governor concerning expenditures. The Governor includes a gifts, grants, and donations fund line item in HB 2272. Also included is a conversion of materials and equipment fund line item.

House Subcommittee Recommendation

The Subcommittee concurs with including line items in the appropriations bill. The 1986 Legislature had approved the same two line items for FY 1987.

Rochelle Chronister

Rep. Rochelle Chronister, Chairperson

Bill Bunten

Rep. Bill Bunten

Lee Hamm

Rep. Lee Hamm

David Heinemann

Rep. David Heinemann

Don Maney

Rep. Don Maney

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SUBCOMMITTEE REPORT

Agency: Insurance Department

Bill No.

Bill Sec.

Analyst: Rampey

Analysis Pg. No. 273

Budget Pg. No. 1-127

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 7,850,738	\$ 7,701,790	\$ (42,895)
Local Aid	3,622,966	3,622,966	--
Other Assistance	24,236,259	24,346,259	--
TOTAL	<u>\$35,709,963</u>	<u>\$35,561,015</u>	<u>\$ (42,895)</u>
State General Fund:			
State Operations	\$ 3,836,855	\$ 3,687,907	\$ (42,895)
FTE Positions	148.2	148.2	--

House Subcommittee Recommendations

FY 1987. The Subcommittee concurs with the Governor's recommendations, with the following exception:

1. Reduce expenditures from the State General Fund in FY 1987 by \$42,895, of which \$35,000 would be lapsed at the end of the fiscal year and the remainder (\$7,895) would be reappropriated for FY 1988.

The Subcommittee's action would implement a voluntary reduction proposed by the Insurance Commissioner. The Commissioner informed the Governor and the Legislature that he would reduce his FY 1987 budget by \$42,895, in the interest of combating revenue shortfalls. That amount, combined with the Governor's reduction contained in 1987 H.B. 2049, represents a 5 percent reduction from the approved by 1987 State General Fund appropriation.

Harold P. Dyck

Representative Harold Dyck
Subcommittee Chairperson

Harold Guldner

Representative Harold Guldner

Bill Brady

Representative Bill Brady

331.87

SUBCOMMITTEE REPORT

Agency: Insurance Department

Bill No. 2272

Bill Sec. 9

Analyst: Rampey

Analysis Pg. No. 273

Budget Pg. No. 1-127

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 8,400,025	\$ 8,220,437	\$ --
Local Aid	3,860,158	3,860,158	--
Other Assistance	25,777,077	25,777,077	--
TOTAL	<u>\$38,037,260</u>	<u>\$37,857,672</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$ 4,110,641	\$ 3,929,243	\$ --
FTE Positions	154.0	149.2	--

House Subcommittee Recommendations

FY 1988. The Subcommittee concurs with the Governor's recommendations, with the following exceptions and comments:

1. The Subcommittee recommends that the Insurance Department be authorized to transfer an amount of money not to exceed \$92 from the Conversion of Materials and Equipment Fund to the Commissioner's Travel Reimbursement Fund. The purpose of the transfer would be to bring the balance of the travel fund to \$1,000 by adding \$91.92 to the present balance of \$908.08.

The Subcommittee further recommends that the travel fund be made a revolving fund so that whenever the Commissioner of Insurance attends or participates in a meeting as a public official and receives travel expenses or an honorarium, the Department can pay the Commissioner's expenses from the Fund and reimburse the Fund later. This recommendation is in response to a recommendation made by the Legislative Division of Post Audit that the state have adequate controls to ensure that the state does not pay for travel expenses already reimbursed by nonstate entities.

2. The Subcommittee recommends that the expenditure limitation on the Insurance Department's Conversion of Materials and Equipment Fund be changes from "0" to "no-limit." The change would permit the Department to use money in the Fund that has accrued from the sale of old equipment to purchase new equipment.

3. The Subcommittee concurs with the Governor's recommendation that eligible unclassified employees be given an average 1.6 percent step increase. However, it calls attention to the fact that the Insurance Department has a large number of unclassified employees, many of whom have been assigned to a salary range that corresponds to the Civil Service pay plan, who have not received a step increase in the last several years or who have received increases that are less than those received by classified employees. The Subcommittee notes that the Legislature has shown no consistent policy with regard to unclassified employees and has approved step increases for unclassified employees of some agencies and not others. In the interest of adhering to a state policy that is consistent for all agencies, the Subcommittee is reluctant to depart from the Governor's recommended average increase of 1.6 percent. However, the Subcommittee agrees with the Department that many of its unclassified employees have not been treated fairly.
4. The Subcommittee wishes to call the Legislature's attention to the present condition of the Workers' Compensation Fund, a fund administered by the Commissioner of Insurance which was created to promote the state policy of encouraging employers to hire handicapped workers. The Fund is comprised of an annual \$4.0 million transfer from the State General Fund and an annual assessment against insurance carriers, self-insurers, and group-funded workers' compensation pools.

In a letter to the Governor and to the Legislature dated February 16, 1987, the Insurance Commissioner reported that, because of greater-than-expected growth in the number of claims against the Fund, the percentage of cases in which awards are made, and the size of the awards, the present balance in the Fund will not be sufficient to meet the Fund's liability through the rest of FY 1987. (The present balance is \$2.8 million. Obligations against the Fund for the rest of FY 1987 are estimated to be \$7.5 million.)

Beginning March 1, 1987, the Insurance Commissioner intends to require employers (or their insurers) to pay all claims against the Fund in which they are involved. (This authority of the Commissioner is set forth in K.S.A. 44-569(c).) As soon after July 1, 1987 as possible, the Commissioner will reimburse employers from the Workers' Compensation Fund for payments that otherwise would have been made from the Fund.

The Subcommittee thinks the Legislature needs to be aware of this situation, partly because it is likely that assessments against insurance carriers, self-insurers, and group-funded workers' compensation pools (and, consequently, against employers who pay for the insurance coverage) could increase sharply in FY 1988.



Representative Harold Dyck
Subcommittee Chairperson



Representative Harold Guldner

Representative Bill Brady

331.88

MINORITY REPORT

I concur with the Subcommittee report, except for item 3. In my opinion, the concern expressed by the Department about salaries calls attention to the large number of unclassified positions the Department has. Surely the Department's 86.2 FTE unclassified positions are not all involved in policy making. In fact, a large percentage are policy examiners who, it would seem, perform duties that would more appropriately place them in the classified service.

It is my recommendation that the Department of Administration be asked to direct that a study be done of the Department's staffing configuration. The study should include a review of present job descriptions and classifications to determine whether, using objective personnel standards to define categories of employment in state government, the Department's positions are appropriately classified. The results of the study should be made available to the 1988 Legislature.


Representative Bill Brady

SUBCOMMITTEE REPORT

**Agency: Kansas Commission on
Veteran's Affairs**

Bill No. 2272

Bill Sec. 14

Analyst: Hunn

Analysis Pg. No. 304

Budget Pg. No. 2-63

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 1,329,882	\$ 1,265,901	\$ 58,977
Other Assistance	20,000	22,000	--
TOTAL	<u>\$ 1,349,882</u>	<u>\$ 1,287,901</u>	<u>\$ 58,977</u>
State General Fund:			
State Operations	\$ 1,264,143	\$ 1,203,685	\$ 58,977
Other Assistance	20,000	22,000	--
TOTAL	<u>\$ 1,284,143</u>	<u>\$ 1,225,685</u>	<u>\$ 58,977</u>
FTE Positions	59.0	55.0	4.0

Agency Request/Governor's Recommendation

The agency requests \$21,695 in supplemental funding from the State General Fund in FY 1987. The supplemental funding is requested for two purposes: (1) \$18,785 is requested to offset reductions in federal funding for salaries and wages from the Veteran's Administration; and (2) \$3,000 is for a projected increase in claims reimbursed through the state's tuition assistance program.

The Governor recommends \$11,184 in supplemental funding from the State General Fund in FY 1987 for salaries and wages and no supplemental funding for tuition assistance. The reduced supplemental funding recommendation is based on the agency holding several positions vacant to achieve reductions required by 1987 H.B. 2049, which lapsed \$15,189 from the agency's State General Fund appropriation.

The agency's FY 1988 request of \$1,349,882 is based on no change in existing programs or staffing.

The Governor's FY 1988 recommendation of \$1,287,901 is based on a reduction of eight full-time clerical positions to part-time positions, elimination of one Veteran's Service Representative position, and incorporation of Grants to World War I veterans into the budget of the Veteran's Commission.


House Subcommittee Recommendations

FY 1987. The Subcommittee concurs with the Governor's recommendation for FY 1987.

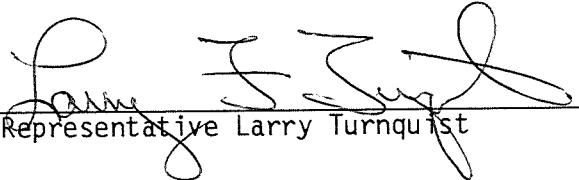
FY 1988. The Subcommittee concurs with the Governor's recommendations with the following adjustment:

1. The Subcommittee recommends \$58,977 for restoration of the reductions in positions. The Subcommittee believes the Kansas Commission on Veteran's Affairs performs a valuable function in assisting veterans in obtaining federal benefits and that without such services, there might be increased reliance on state assistance programs at a greater cost to the state. The Subcommittee also notes that there are an increasing number of WW II veterans in need of assistance and that retention of the current staffing level is necessary to meet the demands of this increasing population.

Representative Rex Hoy
Subcommittee Chairperson



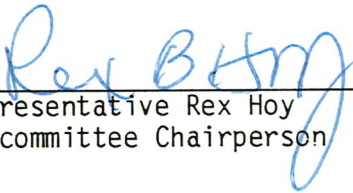
Representative Henry Helgersen



Representative Larry Turnquist

MINORITY REPORT

I do not concur with the Subcommittee report for FY 1988. I concur with the Governor's recommendation to delete 4.0 FTE positions from the agency.


Representative Rex Hoy
Subcommittee Chairperson

694.88

SUBCOMMITTEE REPORT

Agency: Department of Commerce

Bill No. 2395

Bill Sec. 6

Analyst: West

Analysis Pg. No. 255

Budget Pg. No. 1-107

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 6,093,963	\$ 5,962,092	\$ 166,000
Local Aid	14,000,000	14,000,000	--
Other Assistance	2,614,990	2,398,268	30,000
TOTAL	<u>\$22,708,953</u>	<u>\$22,360,360</u>	<u>\$ 196,000</u>
State General Fund:			
State Operations	\$ 5,211,713	\$ 5,079,141	\$ 166,000
Local Aid	--	--	--
Other Assistance	2,614,990	2,398,268	30,000
TOTAL	<u>\$ 7,826,703</u>	<u>\$ 7,477,409</u>	<u>\$ 196,000</u>
FTE Positions	92.0	90.0	--

Agency Request/Governor's Recommendations

The Department of Commerce proposes an FY 1987 budget of \$22,708,953 including \$7,826,703 from the State General Fund. The FY 1987 budget estimate provides \$6,093,963 including \$5,211,713 from the State General Fund for state operations, \$14,000,000 for federal aid to local units of government, and \$2,614,990 from the State General Fund for other assistance, grants, and benefits. The FY 1987 estimate reflects the reappropriation of \$819,240 for university high technology grants from FY 1986, providing \$1,429,240 for the program in FY 1987, and a reduction of \$1,000,000 from federal aid to local units of government.

The state operations budget request reflects the shift of \$1,429,240 for university high technology research matching grants from state operations to other assistance, grants, and benefits. In addition, the Department received a \$40,000 grant from the Economic Development Administration, U.S. Department of Commerce, to perform planning activities related to economic development, requests an expenditure limitation increase of \$2,452 for the federal Community Development Block Grant Administrative Match Fund, and requests an expenditure limitation increase of \$241 for the federal Minority Business Grant Fund to offset lower than anticipated State General Fund reappropriations, for an increase in federal funding of \$42,693. In addition, the agency anticipates a decrease of \$1,869 from the State General Fund in salary expenditures for the Small Business program.

The Governor recommends an FY 1987 budget of \$22,360,360 including \$7,447,409 from the State General Fund. The Governor's FY 1987 recommendation reflects the lapse of \$313,754 from the State General Fund by H.B. 2049 plus additional State General Fund savings of \$35,540 and a net increase of \$701 from other funding sources. The recommendation provides \$5,962,092 including \$5,079,141 from the State General Fund for state operations, \$14,000,000 for federal aid to local units of government, and \$2,398,268 from the State General Fund for other assistance, grants, and benefits. The Governor concurs with the shift of expenditures for university high technology grants from state operations to other assistance. In addition, the Governor recommends an expenditure limitation increase of \$3,045 for the federal Community Development Block Grant Administrative Match Fund.

House Subcommittee Recommendations

FY 1987. The House Subcommittee concurs with the Governor's recommendations, with the following adjustments:

1. Add \$316,000 from the State General Fund for a supplemental appropriation for the Kansas Industrial Training (KIT) program associated with an outstanding commitment to General Motors. The Subcommittee notes the training package agreed to by the state totals \$890,000, with the final payment totaling \$225,000 in FY 1988.
2. Lapse \$50,000 from the amount provided for the European office, to partially finance Subcommittee recommendation number 1, based on a later than anticipated start-up date.
3. Lapse \$100,000 from the funds provided for industrial advertising in FY 1987 to partially finance Subcommittee recommendation number 1.
4. Add \$30,000 for grants for Certified Development Companies (CDCs). The Subcommittee learned that a CDC made a miscalculation on the amount of funds it would receive under the grant program and is in danger of failing, if additional funds are not provided. Due to the success this CDC has had in job development and its importance to economic development in its region, the Subcommittee recommends that additional funds be made available.



Representative Rex Hoy
Subcommittee Chairperson



Representative Henry Helgeson, Jr.



Representative Larry Turnquist

SUBCOMMITTEE REPORT

Agency: Department of Commerce

Bill No. 2272

Bill Sec. 8

Analyst: West

Analysis Pg. No. 255

Budget Pg. No. 1-107

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 8,339,063	\$ 6,850,874	\$ --
Local Aid	28,850,000	14,000,000	500,000
Other Assistance	2,337,397	4,154,959	(402,000)
TOTAL	<u>\$39,526,460</u>	<u>\$25,005,833</u>	<u>\$ 98,000</u>
State General Fund:			
State Operations	\$ 7,444,667	\$ 5,389,263	\$ --
Local Aid	14,850,000	--	--
Other Assistance	2,191,522	1,709,084	98,000
TOTAL	<u>\$24,486,189</u>	<u>\$ 7,098,347</u>	<u>\$ 98,000</u>
Economic Development Initiatives Fund:			
State Operations	\$ --	\$ 100,000	\$ --
Local Aid	--	--	500,000
Other Assistance	--	2,800,000	(500,000)
TOTAL	<u>\$ --</u>	<u>\$ 2,900,000</u>	<u>\$ --</u>
FTE Positions	106.5	91.0	1.0

Agency Request/Governor's Recommendations

For FY 1988, the Department requests expenditures of \$39,526,460, including \$24,486,189 from the State General Fund. The budget request provides \$8,339,063 for state operations, \$14,000,000 for federal aid to local units of government, \$14,850,000 from the State General Fund for state aid to local units of government, and \$2,337,397 including \$2,191,522 from the State General Fund for other assistance, grants, and benefits. The state operations request would be financed by \$7,444,667 from the State General Fund, \$375,231 from federal funds, and \$519,165 from other funding sources.

The Department's FY 1988 request represents an increase of \$16,817,507 (including \$16,659,486 from the State General Fund) above the current year estimate. Major increases include \$695,000 for expanded advertising campaigns in the Tourism and Industrial Development Divisions, \$500,000 for the Kansas Industrial Training (KIT) program, and \$14,949,865 to establish a state grant and loan program. This proposed program would provide grants and loans to communities for infrastructure development and establishment of business incubators to support local economic development efforts.

The Governor recommends an FY 1988 budget of \$25,005,833, including \$7,098,347 from the State General Fund. The FY 1988 recommendation provides \$6,850,874, including \$5,389,263 from the State General Fund, for state operations; \$14,000,000 for federal aid to local units of government; and \$4,154,959, including \$1,709,084 from the State General Fund, for other assistance, grants, and benefits. The recommendation includes \$2,900,000 from the State Economic Development Initiatives Fund. Projects to be funded include \$500,000 for training equipment grants for area vocational-technical schools and community colleges, \$250,000 to establish an export loan guarantee program, \$100,000 for feasibility studies for local communities interested in establishing business incubators, \$1,550,000 to support research and development projects associated with the Kansas Technology Enterprise Corporation (KTEC), and an additional \$500,000 for the Kansas Industrial Training (KIT) program (increasing the KIT program to a total of \$1,000,000 for that program in FY 1988). The Governor does not recommend funding for the requested state grant and loan program or expanded advertising campaigns in the Tourism and Industrial Development Divisions.

House Subcommittee Recommendations

FY 1988. The House Subcommittee concurs with the Governor's recommendations, with the following adjustments:

1. The Subcommittee notes that expenditures to provide grants to community colleges and area vocational-technical schools for business training equipment acquisition should be categorized as state aid to local units of government, instead of other assistance, grants, and benefits.
2. The Subcommittee notes that under the terms of the bill, none of the \$2,900,000 recommended from the Economic Development Initiatives Fund by the Governor for FY 1988 can be expended until the entire amount has been transferred and credited from the Gaming Revenues Fund.
3. Add \$98,000 from the State General Fund for grants for Certified Development Companies (CDCs). The agency presented testimony indicating that, based on the current level of activity by the CDCs, the additional funding could be required. In addition, the Subcommittee received testimony that individual CDCs should be self-supporting after receiving state assistance for five years, unless their role in economic development would be expanded by the Legislature and Department of Commerce. The Subcommittee strongly urges the Department of Commerce to establish a system of regular audits to ensure the job creation role of the CDCs.
4. The Subcommittee recommends that the proviso associated with the business training equipment grants be amended to clarify the intent that the equipment grants are to be linked with job creation.

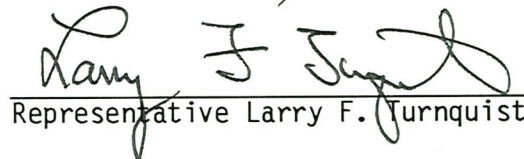
5. The Subcommittee notes that the Governor's FY 1988 recommendation for grants to Small Business Development Centers (SBDCs) of \$175,000 is \$75,000 below the amount originally approved by the Legislature for the current year. The Subcommittee received some reports that the recommended level of funding could lead to the closing of some satellite centers. The Subcommittee urges the Senate Subcommittee to examine the effect the proposed level of funding would have on the SBDC system.
6. The Subcommittee notes that the proposed performance audit report entitled Job Training Programs in Kansas -- Part II, which would review the effectiveness of job training programs in Kansas, has been approved by the Legislative Post Audit Committee and would strongly urge future committees and subcommittees to closely review the report's findings and recommendations upon completion of the report.
7. Shift \$170,000 for contractual representation in Japan from the Industrial Development Division to the Administration Division.
8. Shift funding for the CDBG-funded position recommended for transfer by the Governor to the Community Development Division back to Executive Industry Development.
9. Add 1.0 FTE for the existing Business Training Coordinator. This position reportedly is currently funded by the Department of Education using an FTE position in the Department of Human Resources and is housed in the Department of Commerce. This recommendation would transfer the FTE to the Department of Commerce.



Representative Rex B. Hoy
Subcommittee Chairperson



Representative Henry Helgerson, Jr.



Representative Larry F. Turnquist