


SENATE SUBCOMMITTEE REPORT

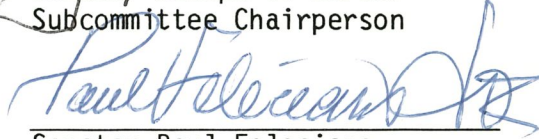
House Bill No. 2395

Kansas State University
KSU-Veterinary Medical Center

House Bill No. 2439

Kansas State University
KSU-Veterinary Medical Center


Senator Joseph C. Harder
Subcommittee Chairperson


Senator Paul Feleciano

2395cs/RH/pb

SUBCOMMITTEE REPORT

Agency: Kansas State University

Bill No. 2395

Bill Sec. 14

Analyst: Hauke

Analysis Pg. No. 149

Budget Pg. No. 3-35

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
State General Fund	\$ 327,984	\$ (289,640)	\$ (31,018)
General Fees Fund	124,146	710,715	--
Federal General Use Funds	(327,984)	(327,984)	--

Summary of Agency Request/Governor's Recommendation

The University request includes \$124,146 in release of General Fee fund balances, the result of tuition income from increased student headcount. The Governor is recommending an increase of \$710,715 to the General Fees Fund expenditure limitation, of which \$617,624 would replace State General Fund expenditures and \$93,091 would allow an expenditure increase, due to increased enrollment. The University request and Governor's recommendation also includes supplemental State General Funds of \$327,984 to replace a loss of federal funding for the Extension Program (\$159,974) and the Agricultural Experiment Stations (\$168,010).

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation with the following exceptions:

1. Based upon the systemwide recommendations of the full Committee.

Lapse \$31,018 from the State General Fund due to release of 50 percent of unanticipated tuition collections rather than 75 percent as recommended by the Governor. The net effect of this transaction shifts an additional \$31,018 in expenditures from the State General Fund to the General Fees Fund. The Committee recommends that the General Fund savings, resulting from these shifts, be lapsed rather than reappropriated. The recommendation increases to \$648,642 the total lapsed and allows expenditure of \$62,073 due to increased enrollment. (Note: This recommendation was included in H.B. 2100.)

House Committee Recommendation

The Committee concurs with the Subcommittee recommendation. The Committee made one technical change to H.B. 2395, by appropriating \$168,010 to the Organized Research account rather than the Experimental Fields account.

Senate Subcommittee Recommendation

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

1. The Subcommittee recommends release of 75 percent of unanticipated tuition collections, rather than 50 percent as recommended by the House. (Note: This systemwide recommendation was included in H.B. 2100.)
2. Based upon the systemwide recommendation of the full Committee, the Subcommittee reduces FY 1987 utility expenditures by \$9,614. These savings are in the utilities line item and will lapse at the end of FY 1987.

367.87

SUBCOMMITTEE REPORT

Agency: Kansas State University

Bill No. 2439

Bill Sec. 3

Analyst: Hauke

Analysis Pg. No. 149

Budget Pg. No. 3-35

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 91,425,442	\$ 83,582,614	\$ (777,079)
General Fees Fund	16,950,083	18,058,498	--
Land Grant Funds	6,022,031	6,512,715	--
Endowment Interest	100,000	100,000	--
General Use Funds	<u>\$114,497,556</u>	<u>\$108,253,827</u>	<u>\$ (777,079)</u>
Restricted Use	53,767,798	54,092,902	121,305
Subtotal - State Operations	<u>\$168,265,354</u>	<u>\$162,346,729</u>	<u>\$ (655,774)</u>
Aid to Local Units:			
Restricted Use	\$ 84,976	\$ 84,976	\$ --
Other Assistance:			
State General Fund	\$ 136,277	\$ 132,968	\$ --
Other General Use	--	--	--
Restricted Use	<u>5,706,181</u>	<u>5,706,181</u>	<u>--</u>
Subtotal - Other Assistance	<u>\$ 5,842,458</u>	<u>\$ 5,839,149</u>	<u>\$ --</u>
Total General Use			
Operating Funds	<u>\$114,633,833</u>	<u>\$108,386,795</u>	<u>\$ (777,079)</u>
Total Operating Expend.	<u>\$174,192,788</u>	<u>\$168,270,854</u>	<u>\$ (655,774)</u>
Capital Improvements:			
State General Fund	\$ --	\$ --	\$ --
Educ. Building Fund	6,438,000	6,768,000	--
Other Funds	<u>11,365,000</u>	<u>11,365,000</u>	<u>--</u>
Subtotal - Capital Improvements	<u>\$ 17,803,000</u>	<u>\$ 18,133,000</u>	<u>\$ --</u>
GRAND TOTAL	<u>\$191,995,788</u>	<u>\$186,403,854</u>	<u>\$ (655,774)</u>
FTE Positions:			
Classified	1,878.2	1,861.1	--
Unclassified	<u>2,197.4</u>	<u>2,198.4</u>	<u>--</u>
TOTAL	<u>4,075.6</u>	<u>4,059.5</u>	<u>--</u>

House Subcommittee Recommendations

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

1. Based upon the systemwide recommendations of the full Committee:
 - a. Deletion of \$419,838 in salaries and wages expenditures for a 1 percent increase in the employer contribution to the unclassified employee retirement program.
 - b. Deletion of \$184,968 for a special other operating expenditure allocation, which was not to become a part of the agency base.
 - c. Increase of \$89,032 in the Governor's recommendations for the other operating expenditures base budget. This adjustment is necessary to finance the Committee recommendation that each institution receive an overall 2 percent increase in their base budget for other operating expenditures.
2. The Subcommittee recommends a decrease of \$121,305 in the University's budget for other operating expenditures due to installation of a new telecommunications system. The Governor's recommendations for this system financed all expenditures from general use funds. Inasmuch as 59 percent of the costs associated with the new system will be financed from restricted use funds, the Subcommittee recommends reduction in the General Fund appropriation.
3. The Subcommittee deletes \$100,000 from the utility account. The Subcommittee reviewed utility appropriations and believes that this amount was a mathematical error in the Governor's recommendations.
4. The Subcommittee is recommending that \$100,000 be shifted from the salaries and wages account of KSU to the salaries and wages account of the Veterinary Medical Center. The Subcommittee notes that KSU typically shifts a relatively large sum from salaries and wages to other operating expenditures. The Subcommittee believes its recommendations will assist in addressing staffing deficiencies at the Veterinary Medical Center.
5. The Subcommittee received a request from the University for \$125,000 to repair a generator. The generator is important to KSU as it produces electricity at less cost than that which must be purchased from Kansas Power and Light Company. The payback on repair of this generator is approximately one to 1.3 years. The generator is used most during the winter months and it must be repaired by the beginning of the next heating season, if cost savings are to be realized from it. Materials furnished to the Joint Committee on State Building Construction by the Board Office indicate an unobligated balance of approximately \$65,000 in the

Board's major maintenance account, which the Subcommittee recommends be devoted to this project in FY 1987. The Subcommittee recommends that the remaining \$60,000 be appropriated to KSU in FY 1988 to allow completion of repairs on this generator.

6. The Subcommittee reviewed the University's request for operating funds related to the telecommunications center. The Subcommittee notes that KSU received \$6.0 million in federal funds for this project. However, the federal funds are for equipping and constructing a center and do not include operating funds. Consequently, the University is requesting \$1.5 million from the State General Fund for operations from the Legislature. The Subcommittee is not recommending appropriation of additional funds for operation of this center. The Subcommittee believes that it is not appropriate for the state to be obligated by receipt of federal funds for a project not specifically approved by the Legislature. Therefore, the Subcommittee recommends that operating funds for the center be financed by internal reallocations or by amending the grant request to include operating funds.
7. The Subcommittee recognizes that the telecommunications center is to be an important resource for the Extension program and that a primary focus of the center will be Extension. However, in approving this Center on May 15, 1986, the Board of Regents indicated that it was to be used by the other institutions, as well as KSU. The Subcommittee believes that the control of the Center should not be in an office that is unique to the mission of only one university. Therefore, the Subcommittee recommends that the control of this Center be in the KSU Office Of The Provost, rather than in the Office of Extension.
8. The Subcommittee learned that operating funds for Weber Hall were inadvertently omitted from the agency's request. The remodeled and expanded Weber Hall will become operational during the fall of 1987. The Subcommittee would recommend favorable consideration of a Governor's Budget Amendment on Weber operations when and if one is received. The University has requested \$128,651 in operating funds for this building.
9. The Subcommittee concurs with the recommendations of the Joint Committee on State Building Construction concerning capital improvements at Kansas State University. The Joint Committee has recommended approval of all improvements recommended by the Governor.

MINORITY REPORT

I concur with the recommendations of the Subcommittee with one exception. I recommend a 3.5 percent decrease corridor on the enrollment adjustment during FY 1988, rather than the 2.5 percent corridor contained in the Governor's recommendations. My recommendation coincides with that of the Special Committee on Financing of Regents' Institutions. During FY 1988 a 3.5 percent decrease corridor would only impact Kansas State University. It would reduce their negative enrollment adjustment by \$342,145.

The Special Committee on Financing Regents' Institutions also recommended that all program improvements be financed through internal reallocations. Since no FY 1988 program improvements were recommended by the Governor it appears that all program redirection must be derived by reallocations during the coming year. Therefore, I believe it is important to finance the corridor recommendations of the Special Committee.

House Committee Recommendations

The House Committee concurs with the recommendations of the majority Subcommittee report with the following adjustments:

1. Deletion of \$1,133,945 from unclassified salaries. This deletion finances a 1.5 percent salary increase for six months, rather than a 2.5 percent increase for 12 months (Systemwide Recommendations).
2. Deletion of \$27,504 from student salaries. This deletion finances a 1.5 percent salary increase for six months, rather than a 2.5 percent increase for 12 months (Systemwide Recommendations).

House Committee of the Whole

The House Committee of the Whole concurs with the House Committee recommendations with the following adjustments:

1. Restoration of \$419,838 in salaries and wages expenditures for a 1 percent increase in employer retirement contribution.

<u>Expenditure Summary</u>	<u>House Adj. FY 88</u>	<u>House Total Rec.</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$(1,518,690)	\$ 82,063,924	\$ (61,255)
General Fees Fund	--	18,058,498	646,624
Land Grant Funds	--	6,512,715	100,000
Endowment Interest	--	100,000	--
General Use Funds	\$(1,518,690)	\$106,735,137	\$ 685,369
Restricted Use	121,305	54,214,207	(42,000)
Subtotal - State Operations	\$(1,397,385)	\$160,949,344	\$ 643,369
Aid to Local Units:			
Restricted Use	\$ --	\$ 84,976	\$ --
Other Assistance:			
State General Fund	\$ --	\$ 132,968	\$ --
Other General Use	--	--	--
Restricted Use	--	5,706,181	--
Subtotal - Other Assistance	\$ --	\$ 5,839,149	\$ --
Total General Use			
Operating Funds	\$(1,518,690)	\$106,868,105	\$ 643,369
Total Operating Expend.	\$(1,397,385)	\$166,873,469	\$ 643,369
Capital Improvements:			
State General Fund	\$ --	\$ --	\$ --
Educ. Building Fund	--	6,768,000	--
Other Funds	--	11,365,000	--
Subtotal - Capital Improvements	\$ --	\$ 18,133,000	\$ --
GRAND TOTAL	<u>\$(1,397,385)</u>	<u>\$185,006,469</u>	<u>\$ 643,369</u>
FTE Positions:			
Classified	--	1,861.1	--
Unclassified	--	2,198.4	--
TOTAL	--	4,059.5	--

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the House recommendations with the following adjustments:

1. Based upon the systemwide recommendations of the full Committee:
 - a. Addition of \$323,987 in unclassified salaries and wages expenditures to finance a 2.5 percent salary increase for six months, rather than the 1.5 percent salary increase for six months recommended by the House.

- b. Addition of \$7,861 in student salaries and wages expenditures to finance a 2.5 percent salary increase for six months, rather than the 1.5 percent increase recommended by the House.
 - c. Addition of \$92,484 as a one-time allocation for other operating expenditures. This amount is 1.5 percent of the statewide base for other operating expenditures in the Educational Program and is distributed based upon standing in relationship to peer institutions.
 - d. Increase of the expenditure limitation on the General Fees fund by \$646,624 and decrease of the State General Fund appropriation for salaries and wages by an equal amount. This adjustment is based upon fee fund estimates, which were revised following spring, 1987 enrollments. Of this amount, \$294,580 is estimated to result from increased FY 1987 receipts and \$352,044 is estimated to result from increased FY 1988 receipts.
 - e. Decrease of the utility budget by \$9,614 to reflect carryforward to FY 1988 of revised FY 1987 utility estimates.
2. The Subcommittee concurs with Governor's Budget Amendment No. 3 concerning transfer of the Community Resources Program from the Department of Commerce to Kansas State University. Therefore, the Subcommittee recommends that \$42,000 be appropriated to KSU during FY 1988 for this program. The Restricted Use budget is reduced by that amount, as the Department of Commerce will no longer contract with KSU for the program. Appropriate adjustments have already been made in the Department of Commerce budget.
3. The Subcommittee concurs with Governor's Budget Amendment No. 3 concerning the financing of maintenance costs at Weber Hall during FY 1988. The Governor is recommending \$128,651 for these costs, of which \$58,345 would finance three maintenance positions; \$58,588 would finance utilities; and \$11,718 would finance other operating expenditures. These maintenance costs were inadvertently omitted from the agency request and therefore the Governor's recommendation. Nevertheless, the expanded and renovated Weber Hall will re-open during August 1987. Therefore, the Subcommittee concurs with the Governor that the budget should be amended to include this expenditure.

4. The Subcommittee concurs with Governor's Budget Amendment No. 3 concerning federal funding for the extension program. The Governor is recommending: (1) expenditure of \$100,000 in unanticipated federal extension funding during FY 1988; (2) reduction of the State General Fund appropriation for Extension operations at KSU by \$100,000; and (3) increase of the State General Fund appropriation for support of the FACTS program in the Department of Agriculture by \$100,000. The Subcommittee concurs with all three components of the Governor's recommendation and recommends that the additional funding in the Department of Agriculture be appropriated in a manner that limits its use to the FACTS program.
5. The Subcommittee does not concur with the House action, which reduces the KSU budget by \$100,000 and shifts that funding to program improvements at the Veterinary Medical Center. The Subcommittee believes that program improvements at the Veterinary Medical Center should be considered on their own merits and not to the detriment of other KSU programs. The Subcommittee would give consideration to further information concerning financing needs at the Veterinary Medical Center, within the limits of available funding. However, the Subcommittee deletes this shift of funds between KSU and the Center.
6. The Subcommittee learned that Kansas State University has discussed with the Legislative Research Department staff the need to realign the Governor's State General Fund recommendations among the various line items of appropriation. Exact information concerning this had not been received when the Subcommittee considered the budget. The Subcommittee authorizes the staff to incorporate this requested realignment in the Senate postings to H.B. 2439 provided it is within the same total originally recommended by the Governor.

SUBCOMMITTEE REPORT

Agency: KSU-Veterinary Med. Ctr. Bill No. 2395

Bill Sec. New

Analyst: Hauke

Analysis Pg. No. 158

Budget Pg. No. 3-39

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 90,133	\$ 90,133	\$ --
General Fees Fund	(104,561)	(104,561)	--

Summary of Agency Request/Governor's Recommendation

The agency is requesting and the Governor is recommending (in Governor's Budget Amendment No. 3) \$104,561 from the State General Fund to offset a reduction in General Fee Fund receipts. The reduced fee revenue largely results from a decline in students attending through contractual arrangements with other states. Consequently, the Center did not receive the \$14,000 which accompanies each contractual student.

Governor's Budget Amendment No. 3 also reduces budgeted utility expenditures by \$14,428.

House Recommendation

The House did not consider this item, as their review occurred prior to the revised Fee Fund estimates.

Senate Subcommittee Recommendation

As a part of its systemwide recommendations, the Subcommittee's recommendations coincide with those contained in Governor's Budget Amendment No. 3.

367-3.87

SUBCOMMITTEE REPORT

Agency: KSU-Vet. Med. Center

Bill No. 2439

Bill Sec. 4

Analyst: Hauke

Analysis Pg. No. 158

Budget Pg. No. 3-39

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 7,021,422	\$ 6,137,189	\$ 34,236
General Fees Fund	2,309,330	2,309,330	--
Hospital Revenues	1,110,000	1,148,000	--
General Use Funds	<u>\$10,440,752</u>	<u>\$ 9,594,519</u>	<u>\$ 34,236</u>
Restricted Use	355,441	355,441	--
Subtotal - State Operations	<u>\$10,796,193</u>	<u>\$ 9,949,960</u>	<u>\$ 34,236</u>
Capital Improvements:			
State General Fund	\$ --	\$ --	\$ --
Educ. Building Fund	--	--	--
Subtotal - Capital Improvements	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
GRAND TOTAL	<u><u>\$10,796,193</u></u>	<u><u>\$ 9,949,960</u></u>	<u><u>\$ 34,236</u></u>
FTE Positions:			
Classified	135.4	131.4	--
Unclassified	<u>88.4</u>	<u>88.4</u>	<u>--</u>
TOTAL	<u><u>223.8</u></u>	<u><u>219.8</u></u>	<u><u>--</u></u>

House Subcommittee Recommendations

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

1. Based upon the systemwide recommendations of the full Committee:

- a. Deletion of \$33,958 from the salaries and wages account for a 1 percent increase in the employer contribution to the unclassified employee retirement program.
- b. Deletion of \$31,806 for a special other operating expenditure allocation, which was not to become a part of the agency base.

2. The Subcommittee reviewed the agency request for program improvements at the Veterinary Medical Center. The Subcommittee believes

that it is important to continue progress toward increasing the number of faculty positions who are at or above the level of Assistant Professors. Presently, the Center has only 71 of its positions at such rank. Therefore, the Subcommittee shifts \$100,000 from the KSU salaries and wages account to the Veterinary Medical Center to allow upgrade of an additional two positions. Position authority already exists for these faculty positions.

House Committee Recommendations

The House Committee concurs with the Subcommittee recommendations with the following adjustments:

1. Deletion of \$66,073 from unclassified salaries. This deletion finances a 1.5 percent salary increase for six months, rather than a 2.5 percent increase for 12 months (Systemwide Recommendations).
2. Deletion of \$1,713 from student salaries. This deletion finances a 1.5 percent salary increase for six months, rather than a 2.5 percent increase for 12 months (Systemwide Recommendations).

House Committee of the Whole

The House Committee of the Whole concurs with the House Committee with the following adjustment:

1. Restoration of \$33,958 for a 1 percent retirement contribution increase (Systemwide Recommendation).

<u>Expenditure Summary</u>	<u>House Adj. FY 88</u>	<u>House Total Rec.</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 408	\$ 6,137,597	\$ (71,638)
General Fees Fund	--	2,309,330	(7,519)
Hospital Revenues	--	1,148,000	--
General Use Funds	\$ 408	\$ 9,594,927	\$ (79,157)
Restricted Use	--	355,441	--
Subtotal - Other Operations	\$ 408	\$ 9,950,368	\$ (79,157)
Capital Improvements:			
State General Fund	\$ --	\$ --	\$ --
Educ. Building Fund	--	--	--
Subtotal - Capital Improvements	\$ --	\$ --	\$ --
GRAND TOTAL	\$ 408	\$ 9,950,368	\$ (79,157)
FTE Positions:			
Classified	--	131.4	--
Unclassified	--	88.4	--
TOTAL	--	219.8	--

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the House recommendations with the following adjustments:

1. Based upon the systemwide recommendations of the full Committee:
 - a. Addition of \$18,878 in unclassified salaries and wages expenditures to finance a 2.5 percent salary increase for six months, rather than the 1.5 percent salary increase for six months recommended by the House.
 - b. Addition of \$490 in student salaries and wages expenditures to finance a 2.5 percent salary increase for six months, rather than the 1.5 percent increase recommended by the House.
 - c. Addition of \$15,903 as a one-time allocation for other operating expenditures. This amount is 1.5 percent of the base for other operating expenditures in the Educational Program.
 - d. Decrease of the expenditure limitation on the General Fees fund by \$7,519 and increase of the State General Fund appropriation for salaries and wages by an equal

amount. This adjustment is based upon fee fund estimates, which were revised following spring, 1987 enrollments.

- e. Decrease of the utility budget of \$14,428 to reflect carryforward to FY 1988 of revised FY 1987 utility estimates.
2. The Subcommittee observes that technical changes are necessary to H.B. 2439 position limitations to correctly reflect the position limits recommended by the Governor. The Subcommittee recommends that the bill be corrected to reflect 131.4 classified positions and 88.4 unclassified positions. As the bill now reads the classified limit is understated by 2.0 and the unclassified limit is overstated by 2.0.
3. The Subcommittee does not concur with the House action, which reduces the KSU budget by \$100,000 and shifts that funding to program improvements at the Veterinary Medical Center. The Subcommittee believes that program improvements at the Veterinary Medical Center should be considered on their own merits and not to the detriment of other KSU programs. The Subcommittee would give consideration to further information concerning financing needs at the Veterinary Medical Center, within the limits of available funding. However, the Subcommittee deletes this shift of funds between KSU and the Center.

The Subcommittee believes that the needs of the Veterinary Medical Center and its certification are of critical importance, particularly given the new contract with Nebraska which will impact students during FY 1988. Therefore, the Subcommittee believes the needs of the Center should be reviewed again in the Omnibus bill.