

SENATE SUBCOMMITTEE REPORT

House Bill No. 2439

Sec. 7 -- University of Kansas

*Ross O. Doyen*

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Senator Ross O. Doyen  
Subcommittee Chairperson

  
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Senator Mike Johnston

2439cs/RH/pb

SUBCOMMITTEE REPORT

Agency: University of Kansas      Bill No. N/A      Bill Sec. N/A  
 Analyst: Hauke      Analysis Pg. No. 143      Budget Pg. No. 3-83

<u>Expenditure Summary</u>	<u>Agency Req. FY 87</u>	<u>Governor's Rec. FY 87</u>	<u>Subcommittee Adjustments</u>
State General Fund	\$ --	\$(1,795,459)	\$ (347,806)
General Fees Fund	1,271,224	2,748,877	--
Dormitory Funds	1,050,000	--	1,050,000
Parking Lot Funds	100,000	100,000	--

Summary of Agency Request/Governor's Recommendation

The University request included \$1,271,224 in release of General Fee Fund balances, the result of tuition income from increased student numbers. The Governor is recommending an increase of \$2,748,877 to the General Fees fund expenditure limitation, of which \$1,795,459 would replace State General Fund expenditures and \$953,418 would allow an expenditure increase, due to increased enrollment.

House Subcommittee Recommendation

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

1. Based upon the systemwide recommendations of the full Committee.  
 Lapse \$317,806 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 \$317,806 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 \$2,113,265 the total lapsed and allows expenditure of \$635,612 due to increased enrollment. (Note: This recommendation was included in H.B. 2100.)
2. The Subcommittee reviewed expenditures to date for the off-campus work study program. The 1986 Legislature approved \$154,210 for the program during FY 1987, a total which was reduced to \$126,210 by H.B. 2049 lapses. Nevertheless, analysis of projected expenditures reveals that only \$95,700 is likely to be spent in FY 1987

and only \$90,647 was spent in FY 1986. Therefore, the Subcommittee recommends reduction of the Governor's revised FY 1987 recommendation by \$30,000. The Subcommittee recommends that this amount be reappropriated to FY 1988 and new appropriations be reduced by an equal amount. The Subcommittee recommends that the University review its administration of this program, which has been popular and well received on several other campuses.

3. The Subcommittee concurs with the FY 1987 recommendations of the Joint Committee on State Building Construction. This recommendation includes \$1,050,000 from the Housing System Repairs, Equipment, and Improvement Fund, which is appropriated without limit, that was not included in the Governor's recommendation. The FY 1987 recommendations of the Joint Committee also include concurrence with the Governor on a \$100,000 increase in the Parking Fees Fund expenditure limitation for parking lot improvements.

#### House Committee Recommendation

The House Committee concurs with the Subcommittee recommendations.

#### Senate Subcommittee Recommendations

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 recommendations of the full Committee, the Subcommittee appropriates anticipated FY 1987 utility savings of \$110,233 to the Other Operating Expenditures line item and lapses an equal amount from the Utilities line item.
3. The Subcommittee restores the \$30,000 deleted by the House for Off Campus Work Study. The Subcommittee learned that the University has entered into contracts allowing expenditure of the entire FY 1987 appropriation.

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SUBCOMMITTEE REPORT

Agency: University of Kansas

Bill No. 2439

Bill Sec. 7

Analyst: Hauke

Analysis Pg. No. 177

Budget Pg. No. 3-83

<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	\$ 93,214,784	\$ 84,991,634	\$(1,888,450)
General Fees Fund	32,912,970	32,905,855	70,875
Endowment Interest	40,000	40,000	--
General Use Funds	<u>\$126,167,754</u>	<u>\$117,937,489</u>	<u>\$(1,817,575)</u>
Restricted Use	60,603,202	60,603,202	111,053
Subtotal - State Operations	<u>\$186,770,956</u>	<u>\$178,540,691</u>	<u>\$(1,706,522)</u>
Other Assistance:			
State General Fund	\$ 161,921	\$ 158,065	\$ --
Other General Use	243,523	243,523	--
Restricted Use	<u>8,353,749</u>	<u>8,353,749</u>	<u>--</u>
Subtotal - Other Assistance	<u>\$ 8,759,193</u>	<u>\$ 8,755,337</u>	<u>\$ --</u>
Total General Use Operating Funds	<u>\$126,573,198</u>	<u>\$118,339,077</u>	<u>\$(1,817,575)</u>
Total Operating Expend.	<u>\$195,530,149</u>	<u>\$187,296,028</u>	<u>\$(1,706,522)</u>
Capital Improvements:			
State General Fund	\$ 1,572,602	\$ 1,500,000	\$(1,492,398)
Educ. Building Fund	6,589,900	3,912,900	1,500,000
Other Funds	<u>8,838,100</u>	<u>7,288,100</u>	<u>1,550,000</u>
Subtotal - Capital Improvements	<u>\$ 17,000,602</u>	<u>\$ 12,701,000</u>	<u>\$ 1,557,602</u>
GRAND TOTAL	<u><u>\$212,530,751</u></u>	<u><u>\$199,997,028</u></u>	<u><u>\$ (148,920)</u></u>
FTE Positions:			
Classified	1,964.4	1,951.9	--
Unclassified	<u>2,313.8</u>	<u>2,278.3</u>	<u>--</u>
TOTAL	<u><u>4,278.2</u></u>	<u><u>4,230.2</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 \$533,214 in salaries and wages expenditures for a 1 percent increase in the employer contribution to the unclassified employee retirement program.
  - b. Deletion of \$360,858 for a special other operating expenditure allocation, which was not to become a part of the agency base.
  - c. Decrease of \$96,289 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 a 2 percent increase in their base budget for other operating expenditures.
  - d. Deletion of \$39,399 to the Governor's recommendations for other operating expenditure, due to inclusion of supplemental funding for KANS-A-N telecommunications expenditures in this budget. The Committee is not recommending additional funding of KANS-A-N expenditures.
  - e. Deletion of \$635,612 in the Governor's State General Fund salary and wages appropriation and shift of expenditures in that amount to the General Fees Fund. This adjustment deletes the additional General Fee Fund expenditures, which the Governor recommended be released due to increased enrollments during FY 1987.
2. The Subcommittee recommends a decrease of \$111,053 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 52.5 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 observes that the subject of a FY 1988 Fee Release may receive additional review throughout the Legislative process. The Subcommittee believes that the title "fee release" may be inappropriate for the Governor's recommended \$635,612 FY 1988 adjustment. The Governor's recommendation was a method of providing funds to the university during the interval between an enrollment influx and receipt of the official enrollment adjustment in FY 1989. A major enrollment adjustment will undoubtedly occur, given 1,048 additional students, when the fall of 1986 is compared to the fall of 1985. The Subcommittee recommends that if any of this "fee release" or "temporary enrollment adjustment" is financed throughout the Legislative process, it not become a part of the agency's base budget.

4. The Subcommittee concurs with the recommendations of the Joint Committee on State Building Construction. The Joint Committee's recommendations contain three differences compared to those of the Governor as follows:
  - a. The Joint Committee does not concur with the Governor that \$1,500,000 from the State General Fund be appropriated to replace Educational Building Fund expenditures for the New Science Library during FY 1988.
  - b. The Joint Committee recommends appropriation of \$7,602 as a State General Fund line item to finance a one-time special assessment for street improvements adjacent to the Geological Survey's Well Sample Library.
  - c. The Joint Committee recommends that the budget reflect \$1,550,000 in expenditures from the Housing System Repairs, Equipment, and Improvement Fund for renovation of various dormitories. These expenditures are from a fund appropriated without limitation.
  
5. The Subcommittee reviewed the appropriation of \$82,300, which was made by the 1986 Legislature for the Law School. The Subcommittee observes that this appropriation was to be an incentive for the law school to reduce its enrollment and the appropriation was to replace the tuition loss resulting from 50 fewer students. The Subcommittee concurs with the concept of reducing the size of the law school. However, the Subcommittee learned that the reduction in headcount was 23, rather than 50. Therefore, the Subcommittee recommends that the FY 1988 appropriation be \$41,150, rather than the \$82,300 approved for FY 1987.
  
6. The Subcommittee reviewed the FY 1987 appropriation of \$180,262 for Econometric Modeling. That appropriation was made to the Board of Regents and was granted by the Board to the University of Kansas. The University has included those funds in its budget base. The Subcommittee understands that the econometric modeling projects will not be totally completed during FY 1987 and will require ongoing maintenance when they are finished during FY 1988. Nevertheless, the Subcommittee believes that the ongoing appropriation for the models should be substantially less than required to develop them during FY 1987 and FY 1988. To facilitate monitoring of this the Subcommittee recommends: (1) a FY 1988 line item appropriation of \$183,888 for econometric modeling; (2) reduction of the salaries and wages line item by \$162,094; and (3) reduction of the other operating expenditures line item by \$21,794. Further, the Subcommittee recommends that the agency request this as a separate line item during FY 1989 and that their request detail amounts necessary for ongoing maintenance of the models. The Subcommittee believes that the request in FY 1989 should be significantly less than required during FY 1988.

7. The Subcommittee observes that the Governor's systemwide recommendations for General Fees Funds presumed 75 percent tuition waiver for graduate teaching assistants (GTAs), rather than the 100 percent requested by the Board of Regents. The Governor's General Fee Fund receipts estimates for the University of Kansas were inadvertently calculated at 100 percent GTA fee waiver. The Subcommittee increases General Fees Fund expenditures by \$70,875 and decreases State General Fund expenditures by an equal amount to consistently reflect the Governor's intent on tuition waiver.

#### House Committee Recommendations

The House Committee concurs with the Subcommittee's recommendations with two exceptions:

1. The House Committee deletes item 1e and item 3 from the Subcommittee report. This action restores the \$635,612 fee release, which the Governor recommended for FY 1988.
2. Deletion of \$1,191,563 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).
3. Deletion of \$24,561 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 Recommendation

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

1. Restoration of \$533,214 for a 1 percent retirement contribution (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	\$(1,935,748)	\$ 83,055,886	395,063
General Fees Fund	70,875	32,976,730	128,403
Endowment Interest	--	40,000	--
General Use Funds	\$(1,864,873)	\$116,072,616	\$ 523,466
Restricted Use	111,053	60,714,255	--
Subtotal - State Operations	<u>\$(1,753,820)</u>	<u>\$176,786,871</u>	<u>\$ 523,466</u>
Other Assistance:			
State General Fund	\$ --	\$ 158,065	\$ --
Other General Use	--	243,523	--
Restricted Use	--	8,353,749	--
Subtotal - Other Assistance	<u>\$ --</u>	<u>\$ 8,755,337</u>	<u>\$ --</u>
Total General Use Operating Funds	<u>\$(1,864,873)</u>	<u>\$116,474,204</u>	<u>\$ 523,466</u>
Total Operating Expend.	<u>\$(1,753,820)</u>	<u>\$185,542,208</u>	<u>\$ 523,466</u>
Capital Improvements:			
State General Fund	\$(1,492,398)	\$ 7,602	\$ 7,614
Educ. Building Fund	1,500,000	5,412,900	--
Other Funds	1,550,000	8,838,100	--
Subtotal Capital Improvements	<u>\$ 1,557,602</u>	<u>\$ 14,258,602</u>	<u>\$ 7,614</u>
GRAND TOTAL	<u>\$(196,218)</u>	<u>\$199,800,810</u>	<u>\$ 531,080</u>
FTE Positions:			
Classified	--	1,951.9	--
Unclassified	--	2,278.3	--
TOTAL	<u>--</u>	<u>4,230.2</u>	<u>--</u>

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 \$346,381 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 \$5,739 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 \$180,429 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 expenditures limitation on the General Fees fund by \$128,403 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, \$203,212 is estimated to result from increased FY 1988 revenues. Those increases are offset by FY 1987 decreases of \$74,809, which will reduce the FY 1988 beginning balance.
  - e. Decrease of the utility budget by \$110,233 to reflect carryforward to FY 1988 of revised FY 1987 utility estimates.
- 2. The Subcommittee recommends restoration of the \$41,150 deleted by the House from the Law School. The Subcommittee believes that over three years the University has complied with the agreement to reduce the Law School enrollment by 50 students. Therefore, the Subcommittee believes that reduction of this item is inappropriate.
  - 3. The Subcommittee recommends restoration of \$35,000 to the House deletion for telecommunications. The Subcommittee learned that the FY 1986 base, upon which the Department of Administration and the Legislative staff produced their calculations, was overstated, due to inclusion of one-time expenditures. Therefore, the House action deletes \$33,000 to \$43,000 more than is appropriate. Therefore, the Subcommittee recommends restoration of \$35,000 in the amounts deleted.
  - 4. The Subcommittee recommends appropriation of \$7,614 for a special sewer assessment, adjacent to University property in Wichita. The Subcommittee learned that in addition to the street assessment, which the House included, a special sewer assessment is also due.

5. The Subcommittee learned that H.B. 2439 would lapse two accounts for Haworth Hall renovation, at the end of FY 1987. It was determined that these accounts were proposed for lapse, as it was earlier anticipated that the project would be completed by the end of FY 1987. More recent information, submitted by the University, indicates that certain phases of the project will not be completed by the end of fiscal year 1987. Therefore, the Subcommittee recommends that these two accounts not be lapsed. This recommendation will not impact the Educational Building Fund balances and is largely a technical item.
6. The Subcommittee recommends appropriation of \$25,000 from the State General Fund to finance a student exchange program between the University of Kansas and the Peoples Republic of China. This exchange program was approved during May of 1986 by representatives of Henan Province and former Governor John Carlin.

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