

Approved February 5, 1988
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by SENATOR MERRILL WERTS, VICE CHAIRMAN at
Chairperson

11:10 a.m./~~xxx~~p.m. on February 4, 1988 in room 123-S of the Capitol.

All members were present except:

Senators Bogina and Johnston were excused.

Committee staff present:

Research Department: Scott Rothe, Gloria Timmer

Committee Staff: Judy Bromich, Nedra Spingler, Secretary Pro Tem

Conferees appearing before the committee:

Dr. Stanley Koplek, Executive Director, Kansas Board of Regents

The Vice Chairman introduced Dr. Stanley Koplek, Executive Director, Kansas Board of Regents, who gave a briefing on the Board's Margin of Excellence proposal and the Governor's recommendations as they affect the base budget. Ray Hauke of his staff assisted with questions.

Dr. Koplek explained the background of the Margin of Excellence program which is a change by the Board in its approach for funds from the Legislature. It demands from the Board that its appeals for funds be compelling, reasonable, and defensible and moves away from asking for a flat percentage increase of the budget base. Its target objective is to plan for the future with a three-year (1989, 1990, 1991) effort in order to achieve 95% of the funding peer institutions receive, with the faculty salary target being 100% in three years. He believed this can be achieved with help from the State and self-help through the Medical Center revenues, tuition, and fees. At present, Kansas institutions are at 86% of its peer group. The Margin of Excellence campaign has educated a broader group as to systemwide needs. This group includes the media, educational boards, and professional associations. He said the limited budget increases of the past several years have resulted in Kansas' institutions of higher learning being non-competitive, and people and businesses over the state have indicated the need for a better standing for higher education as it relates to the future of Kansas. He pointed out that second-best educational institutions produce a second-best economy.

Dr. Koplek reviewed the Regents Report 88-1 (Attachment No.1). He noted that all of the Board's requests regarding page 1 (A) were included in the Governor's budget. In (B), he pointed out that the Governor's recommendation targeted instructional faculty salaries only. The Board had requested an increase for all unclassified positions which would include researchers, library professionals, and all faculty. In (C) (2), Dr. Koplek called attention to the increase in revenues from the Medical Center which has grown from 31% support to 63%, and last year serviced patients from every county in Kansas except one. He noted that the Mission-Related Enhancements (page 2, top table) program contains an evaluation component which measures its success. The Governor did not recommend funds for the six universities for those MREs. However, more was recommended in the base budget than requested because of the cost of living increase. Dr. Koplek said the Board had no objection to the recommendation regarding the substantial amount of funding in the budget derived from the Medical Center's revenues and from fees.

In response to questions, Dr. Koplek said Kansas institutions rank 14th in the nation in per capita support through appropriations for higher education. It ranks 6th in the nation in utilization by its residents of higher education institutions with 63% of its population utilizing secondary education courses. If per capita and utilization are factored together, the appropriation per student would rank in the mid 30 percents.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

room 123-S, Statehouse, at 11:10 a.m.~~a.m.~~ on February 4, 1988.

With regard to the reasons for the inclusion of North Carolina institutions, which have limited enrollment, in the peer group comparisons, Dr. Koplek said the enrollment requirements of the University of North Carolina were far more stringent than those the Board proposes for Kansas. North Carolina has been included in the peer group since 1978, and Kansas appropriated more that year per student than did North Carolina, but the latter's has increased since then.

With regard to the Governor's instructional faculty salary increase recommendation, Dr. Koplek believed it would cause internal divisiveness because of the gray area in determining who should be included. If approved, there should be a clear statement of intent for use of the funds, and they would be administered according to the recommendation.

Dr. Koplek had no objection to the mechanism of funding for the Governor's recommendations for the Margin of Excellence program. In order to finance the raises requested for unclassified employees that were not included in budget recommendations, \$532,000 would be needed to include research positions, \$354,000 for public service which includes extension service, and \$128,000 for library positions. A chart outlining these costs will be furnished to the committee. He believed the Regents would support a concept that the Legislature provide an incentive program requiring institutions to produce a reasonable share of costs.

Dr. Koplek explained that requests for each campus were determined by assessing the needs of each to achieve the three-year, 95% peer parity enhancement and 100% faculty parity goals as the needs of each university vary. He believed the method used to determine the Governor's recommendations for institutions and those used by the Regents were compatible. He had no objection to the plan for distribution of the budget to each campus, and, if no funds for Mission Enhancement are approved this year, he would still have no quarrel with the distribution procedure. If the Legislature should not fund years two and three of the Margin of Excellence program, Dr. Koplek said that in those years the budget allocation for each institution would correct possible inequities put in place the first year.

The minutes of the meeting of February 2, 1988, were approved.

The meeting was adjourned at 12:05 p.m.

★ KANSAS BOARD OF REGENTS ★



REGENTS REPORT 88-1

SUMMARY: MARGIN OF EXCELLENCE REQUEST
AND GOVERNOR'S RECOMMENDATIONS

FY 1989

Board Request and Governor's Recommendation by Item

A. Base Budget Improvements (Program Maintenance)

1. The Governor approved the Board's request for:

- 5% unclassified staff
- 4% student salaries
- 4% other operating expenditures
- \$3.2 million enrollment adjustments
- \$1.4 million new building support
- \$2.6 million classified staff step movement

B. Faculty Salary Parity

1. The Governor recommends \$5.0 million of \$6.3 million requested to achieve faculty parity at the 6 universities.

C. Mission Related Program Enhancements

1. The Governor recommends \$.4 million for salary improvements at the 3 institutions which are not part of the peer cost study.
2. The Governor recommends \$1.7 million for other program enhancements at KU Medical Center.
3. The Governor is not recommending other Mission Related Program Enhancements.

ATTACHMENT 1
SWAM 2-4-88

**Board Request and Governor's Recommendation by Amount
of Additional Funding**

	<u>Board's Request (\$ millions)</u>	<u>Governor's Recommendations (\$ millions)</u>
Base Budget Improvements (Program Maintenance for Salaries, OOE Enrollment Adj., and Svcg. New Bldg.)	25.4	25.6*
Margin of Excellence		
Faculty Salary Parity	6.3	5.0
Mission-Related Enhancements		
Six Universities	4.5	0
Other Institutions	<u>4.4</u>	<u>2.1</u>
 TOTAL	 40.6	 32.7

*Additionally the Governor recommends \$4.5 million for a 4% classified cost-of-living increase, which was not included in the Board's original request.

**COMPARISON OF GOVERNOR'S RECOMMENDATIONS WITH BOARD'S REQUEST
FACULTY SALARY PARITY - FY 1989**

	<u>Board Request</u>		<u>Governor's Recommendation</u>		
	<u>Amount</u>	<u>% of Total Unclassified Base</u>	<u>Amount</u>	<u>% of Total Unclassified Base</u>	<u>% of Instrc. Unclassified Base</u>
KU	\$2,027,000	2.8	\$1,490,000	2.1	2.8
KSU	2,000,000	2.9	1,101,267	1.6	2.9
WSU	1,284,000*	4.0	1,282,159	4.0	5.2
ESU	350,000	2.8	274,536	2.2	2.8
PSU	498,000	3.8	392,455	2.9	3.8
FHSU	<u>602,000</u>	<u>5.2</u>	<u>473,054</u>	<u>4.0</u>	<u>5.2</u>
	\$6,761,000*	3.2	\$5,013,471	2.4	3.5

*Includes \$.4 million to be financed by internal reallocation

COMPARISON OF GOVERNOR'S RECOMMENDATIONS WITH BOARD REQUEST
MISSION RELATED ENHANCEMENTS

FY 1989

	<u>Board Request</u>	<u>Governor's Recommendation</u>
KU	\$1,930,000	\$ -
KSU	1,739,000	-
WSU	208,453	-
ESU	117,000	-
PSU	167,000	-
FHSU	<u>354,000</u>	-
Subtotal Universities	\$4,515,453	\$ -
KUMC	\$3,669,053	\$1,963,408
KSU-Vet. Med.	660,000	125,000
KTI	<u>117,000</u>	<u>48,720</u>
TOTAL	\$8,961,506	\$2,137,128

COMPARISON OF GOVERNOR'S RECOMMENDATIONS WITH BOARD'S REQUEST

SOURCE OF GENERAL USE FINANCE - FY 1989

	Approved FY 1988 General Use Budget (in Millions)	FY 1988 Annualized General Use Base Budget (in Millions)	FY 1989 Gov. Rec. (in Millions)	FY 1989 Increase Requested by Board Amount	%	FY 89 Incr. Rec. by Gov. Amount	%
State General Fund	\$322.8	\$328.4*	\$332.4	\$18.0	5.5	\$4.0	1.2
General Fees	86.4	86.4	97.4	10.2	11.8	11.0	12.8
Land Grant and Other	6.7	6.7	6.7				
Hospital Revenue	<u>77.5</u>	<u>77.5</u>	<u>99.6</u>	<u>12.4</u>	<u>16.0</u>	<u>22.1</u>	<u>28.4</u>
Total General Use Funds	\$493.4	\$499.0	\$536.1	\$40.6	8.1	\$37.1	7.4

*Includes \$5.6 million to annualize FY 1988 salary increase and previously authorized program improvements.