

Approved April 25, 1988  
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by SENATOR AUGUST "GUS" BOGINA at  
Chairperson

11:00 a.m./~~p.m.~~ on March 17, 1988 in room 123-S of the Capitol.

All members were present except:

Committee staff present:

Research Department: Scott Rothe, Alan Conroy, Ellen Piekalkiewicz

Revisor's Office: Norman Furse

Committee Office: Judy Bromich, Pam Parker

Conferees appearing before the committee:

BILL INTRODUCTION

Senator Johnston moved, Senator Feleciano seconded, the introduction of the following bills:

7 RS 2674 - An act relating to Kansas, Inc.; concerning the funding of activities.

7 RS 2741 - An act relating to sales taxation; concerning the definition, taxation and exemption of certain sales of property and services.

The motion carried on a voice vote.

HB 2794 - Appropriations for FY 1989, state board of regents and higher education institutions. (Continuation of Systemwide Issues)

Information was distributed regarding increases in salaries for state classified employees, Regents' faculty and classroom teachers of school districts, in private sector wages and in the rate of inflation. (Attachment 1) Staff continued review of the Systemwide Issues by using the FY 1989 Budget Analysis and Attachment 1 from the meeting of March 16. Staff noted that the full House made no changes to the recommendations made by the House Appropriations Committee.

Health Insurance Supplementals, FY 1988

Senator Harder moved, Senator Werts seconded, to concur with the Governor's recommendation for supplemental funding for increased health insurance costs. The motion carried on a voice vote.

Fee Releases, FY 1988

Senator Gannon moved, Senator Feleciano seconded, to concur with the Governor and House recommendations that 75 percent of the revenues resulting from the larger than expected enrollment be released during the fiscal year in which the unexpected enrollment occurred. This systemwide total is \$999,879. The motion carried on a voice vote.

Fee Fund Shortfalls, FY 1988

Senator Feleciano moved, Senator Gannon seconded, to concur with the Governor and House recommendations for Kansas University Medical Center and Fort Hays State University to provide supplemental funding of \$182,669 from the State General Fund due to less than anticipated general fee collections. The motion carried on a voice vote.

CONTINUATION SHEET

MINUTES OF THE SEANTE COMMITTEE ON WAYS AND MEANS

room 123-S, Statehouse, at 11:00 a.m./~~pm~~ on March 17, 1988

Enrollment Adjustments

During discussion of Enrollment Adjustments, staff called attention to a letter regarding Wichita State University which had been distributed to Committee members upon the request of Senator Feleciano. (Attachment 2) No action was taken on Enrollment Adjustments at this time.

Unclassified Salaries, FY 1989

Senator Feleciano moved, Senator Werts seconded, to concur with the recommendation by the Governor and the House to provide an average five percent salary increase for unclassified personnel. The motion carried on a voice vote.

Student Salaries, FY 1989

Senator Feleciano moved, Senator Werts seconded, to recommend an increase equivalent to a five percent increase in Student Salaries, amounting to an addition of approximately \$68,000, with one-half allocated to the Kansas Career Work Study program and the other half to student salaries on the institutions' campuses. The motion carried on a voice vote.

Other Operating Expenditures, FY 1989

Senator Johnston moved, Senator Gannon seconded, to concur with the recommendation by the Governor and the House for a total of \$2,954,152 for a four percent increase to the other operating expenditure base. The motion carried on a voice vote.

Utilities, FY 1989

Senator Feleciano moved, Senator Werts seconded, to concur with the House recommendation for utilities supplementals. The motion carried on a voice vote.

Senator Winter noted that several years ago a proviso was put on the utility line item in the University of Kansas budget allowing KU to negotiate the purchase of natural gas. Following discussion, Senator Winter made a conceptual motion to provide the same proviso to all Regents institutions for gas and electricity in order to have the ability to negotiate for lower prices. Senator Feleciano seconded the motion and it carried on a voice vote.

Servicing New Buildings, FY 1989

Senator Harder moved, Senator Talkington seconded, to concur with the recommendation by the Governor and the House for a total of \$1,400,419 and 29.8 FTE positions for the servicing of new buildings. The motion carried on a voice vote.

Senator Winter moved, Senator Werts seconded, to recommend a four percent increase that was in the classified base in addition to classified pay plan step movement. The motion carried on a voice vote.

Margin of Excellence

Staff distributed and reviewed information on FY 1989 faculty salary parity requests -- by budget activity. (Attachment 3) Staff explained that the Governor recommended the funding allocated to the Instruction budget activity and recommended the funding for teaching faculty only.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS,  
room 123-S, Statehouse, at 11:00 a.m.~~pm~~ on March 17, 1988

Discussion with the institutions indicates that not all "teaching faculty" are budgeted in Instruction, i.e., part of a salary may be budgeted in instruction, part in research. The recommendation made by the House is for total funding of the Margin of Excellence faculty salary parity request.

Staff distributed, and Senator Bogina reviewed, his recommended proposal. (Attachment 4) Staff explained that this proposal gives the percentage of the total request that the Board approved and used that percentage for salary and wages and the percentage for program enhancements and distributed the available funds based on those percentages. Senator Bogina noted that this proposal raises each institution at the same percentage rate. One question was with Wichita State University and the other question asks whether funding should be 8.2 percent salary increases for unclassified physical plant staff, institutional support or five percent. Following discussion, Senator Winter offered a motion to approve Senator Bogina's proposal as described in Attachment 4. Senator Werts seconded the motion. Following further discussion, the motion was tabled until the next meeting.

The meeting was adjourned.





ATTACHMENT 1  
SWAM 3/17/88

INCREASES IN SALARIES FOR STATE CLASSIFIED EMPLOYEES, REGENTS' FACULTY AND CLASSROOM TEACHERS OF SCHOOL DISTRICTS, IN PRIVATE SECTOR WAGES AND IN THE RATE OF INFLATION

Fiscal Year	State Classified Service <sup>1</sup>	Regents' Faculty <sup>2</sup>	Classroom Teachers <sup>3</sup>	Inflation Rate <sup>4</sup>	Weekly Wage Private Sector <sup>5</sup>
1974	5.0%	5.5%	*	9.0%	7.7%
1975	5.5%; \$30 minimum increase per month	10.0% - KU and WSU 11.0% - Others	7.25%	11.1	9.3
1976	5.0% plus \$25 per month	10.0%	10.5	7.1	8.2
1977	2.8% plus \$15 per month	9.0% - Ft. Hays 8.0% - Others	6.88	5.8	7.1
1978	3.0% or \$25 per month, whichever less; 2.0% for employees on Step F or above who were not eligible for a longevity increase	7.0% - Ft. Hays 6.0% - Others	6.62	6.7	6.3
1979	7.25%, subject to a maximum increase of \$125 per month	7.0%	5.92	9.4	8.6
1980	4% plus \$26 per month	6.5%	7.41	13.4	9.6
1981	New pay plan adopted; it was estimated that nearly all employees received at least an 8% increase and that the average increase was about 11%	9.0%	11.41	11.5	9.8
1982	5.0%	9.0% - Ft. Hays 7.0% - Others	9.4	8.7	8.7
1983	6.5%	10.2% - Ft. Hays <sup>a</sup> 7.5% - Others <sup>a</sup>	9.76	4.3	5.1
1984	4.5% effective 12/18/83	4.5% effective 12/18/83	5.99	3.7	4.8
1985	5.0% plus \$204 (\$102 in two payments)	7.0%	8.38	3.9	3.7
1986	New pay plan adopted; wide variation in individual percentage increases, but est. to average about 6%	5.0 <sup>c</sup>	7.41	2.9	3.8
1987	3.0% <sup>b</sup>	2.5% <sup>c</sup>	3.68 (est.)	2.2	
1988	2.0% effective 12/18/87 <sup>d</sup>	3.0% effective 12/18/87 <sup>c</sup>	4.0 (est.)		

1. So-called "cost of living" adjustments. The increases shown are in addition to merit pay or step increases, if any, to which individual employees were entitled in the fiscal year. Through FY 1980, merit increases of between 4 percent and 5 percent were typical until an employee reached the top of his range. There were no separate merit increases in FY 1981 when a new pay plan was implemented (classified personnel were assigned to specific ranges and steps on the new plan). Merit increases were approved in the budget for FY 1982, ranging from 5 percent to 7.5 percent for those entitled to such increases. A merit increase of about 1.25 percent for FY 1983, as authorized by the 1982 Legislature, was first deferred by order of the Governor and then was eliminated by the 1983 Legislature. No money was appropriated for merit increases in FY 1984 and 1985. The new pay plan adopted in 1985 permits step increases of approximately 2.5 percent for eligible employees in FY 1986 and thereafter (no "cost of living" increase in FY 1986).
  2. Base budget salary increases appropriated by the Legislature. Institutions under the Board of Regents allocate their appropriations for salary increases on a merit basis, not by a uniform or flat percentage increase. Thus, some faculty members received a higher percentage increase than shown in this column while others received less.
  3. Statewide average increase (excluding fringe benefits) for teachers in all unified school districts as reported by the State Department of Education.
  4. Consumer Price Index -- All Urban Consumers: the increase in the average index for the fiscal year (July-June).
  5. Source: Kansas Department of Human Resources. Based on fiscal year unemployment insurance coverage; excludes farm and government employment.
    - a) Also, \$900,000 was appropriated for allocation among faculty in specified curricula at all institutions.
    - b) In addition, salary upgrades for the clerical job series were approved beginning in the last six months of FY 1987.
    - c) The state's contribution for faculty retirement was increased from 5 percent to 6 percent in FY 1986, to 7 percent in FY 1987, and to 8 percent in FY 1988.
    - d) Plus salary upgrades for the mechanics, repairers, and operators job classes, effective 12/18/87.
- \* Not possible to compute percentage increase because comparable data are not available for FY 1973.

# KANSAS BOARD OF REGENTS

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

March 2, 1988

Ms. Gloria Timmer  
Fiscal Analyst  
Kansas Legislative Research Dept.  
Room 545-N., Statehouse  
Topeka, Kansas 66612

Dear Gloria:

You requested clarification of the Board's position concerning reallocation of enrollment adjustment reductions to offset new funding requests in the Margin of Excellence. At its June 26, 1987 meeting the Board approved budgets requiring reallocation of the additional 1 percent enrollment adjustment corridor, approved by the 1987 Legislature. During FY 1989, only one institution, Wichita State University, was impacted by this recommendation and WSU was directed to reduce its request for new funds by \$477,374, reflecting internal reallocation.

The Legislature approved the additional 1 percent corridor recognizing that institutional relative funding was less than peers. The Legislature specified the additional one percent corridor was to exist until such time as an institution was financed at 100 percent of peers. The Board's three year Margin of Excellence request would result in all institutions being financed at 100 percent peer parity on salaries and not less than 95 percent overall. If reallocations did not occur, among institutions experiencing an enrollment decline, such institutions could be over 100 percent parity. The Board therefore believed that it might be jeopardizing legislative intent, in not requiring such reallocations. That continues to be our position, provided the Margin of Excellence is fully funded for a three year period.

The Governor's FY 1989 recommendations and the House systemwide recommendations do not finance the Board's request in its entirety. Furthermore, due to the uncertainty of state revenues, neither the Governor nor the Legislature have committed to three year financing of the program. Consequently, at the financing levels presently being discussed, no institution would approach 100 percent overall parity and the subject of jeopardizing previous Legislative intent would no longer be germane. Therefore, the Board's position, as recently expressed by Chairman Donald C. Slawson, is that WSU be allowed to retain the financing which was initially proposed as a reallocation.

ATTACHMENT 2  
SWAM 3-17-88

Future Margin of Excellence requests will include evaluation of each institution's standing in relationship to achieving parity. If it appears that WSU (or any other institution) will exceed 100 percent parity, then the request will be adjusted to reflect reallocation of the additional enrollment adjustment corridor, allowed by the 1987 Legislature.

I trust you find this explanation helpful. If I can be of any additional assistance, please do not hesitate to let me know.

Sincerely,



Stanley Z. Koplik  
Executive Director

SZK:jp

cc: Donald C. Slawson

bcc: President Warren Armstrong



ATTACHMENT 3  
3/17/88  
SWAM

ATTACHMENT 3  
SWAM 3-17-88

FY 1989 FACULTY SALARY PARITY REQUESTS--BY BUDGET ACTIVITY

	KU	KSU	WSU	ESU	PSU	FHSU	TOTAL
INSTRUCTION *	\$1,490,000	\$1,101,267	\$1,282,159	\$274,536	\$392,455	\$473,054	\$5,013,471
RESEARCH	162,000	367,038	1,841	1,124	0	0	532,003
PUBLIC SERVICE	28,000	319,241	0	1,994	4,933	301	354,469
ACADEMIC SUPPORT **	174,000	105,727	0	24,849	33,433	46,595	384,604
STUDENT SERVICES	62,000	43,360	0	22,540	30,907	35,699	194,506
INSTITUTIONAL SUPPORT	93,000	52,070	0	23,557	34,190	46,351	249,168
PHYSICAL PLANT	18,000	11,297	0	1,400	2,082	0	32,779
<b>TOTAL</b>	<b>\$2,027,000</b>	<b>\$2,000,000</b>	<b>\$1,284,000</b>	<b>\$350,000</b>	<b>\$498,000</b>	<b>\$602,000</b>	<b>\$6,761,000</b>

\* The Governor recommends the amounts included in the Instruction areas of the institutions' requests.

\*\* Of the totals requested for academic support staff, the Board of Regents indicates that the following amounts can be attributed to library staff:

KU	63,000
KSU	33,832
WSU	0
ESU	8,449
PSU	11,033
FHS	12,115
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	\$128,429
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Amounts are based on ratios of FY 1987 library unclassified salaries to total FY 1987 academic support unclassified salaries.



ATTACHMENT 4  
SWAM 2/1/88

ATTACHMENT 4  
SWAM 3-17-88

INSTITUTION	HOUSE REC MARGIN S & W	MARGIN S&W FUNDING SENATOR BOGINA	DIFFERENCE	MARGIN DOE FUNDING SENATOR BOGINA	TOTAL MARGIN FUNDING SENATOR BOGINA	DIFFERENCE HOUSE TO SENATOR BOGINA
KU	\$2,027,000	\$1,916,000	(\$111,000)	\$356,411	\$2,272,411	\$245,411
KSU	2,000,000	1,856,633	(143,367)	321,140	2,177,773	177,773
WSU	1,284,000	806,626	(477,374)	43,951	850,577	(433,423)
ESU	350,000	325,043	(24,957)	21,606	346,649	(3,351)
PSU	498,000	461,728	(36,272)	30,840	492,568	(5,432)
FHSU	602,000	555,649	(46,351)	65,373	621,022	19,022
	\$6,761,000	\$5,921,679	(\$839,321)	\$839,321	\$6,761,000	(\$0)

Note 1: Salary and Wage funding for Senator Bogina's recommendation does not include \$80,000 for extension agents, \$32,779 for unclassified physical plant staff, and \$249,168 for staff in the institutional support budget area.

Note 2: The recommendation deletes \$477,374 from the Wichita State University new funding for the Margin of Excellence salary and wage request as was directed by the Board of Regents and uses that funding plus the funds identified in Note 1 for program improvement funding. The funding is distributed proportionately to the program enhancement funding requests approved by the Board