Approved 3-30-89
Date

MINUTES OF THE House COMMITTEE ON Appropriations.

The meeting was called to order by Rochelle Chronister
Vice-Chairperson at

1:30 a.m./p.m. on March 13, 1989 in room 514-S of the Capitol.

All members were present except: Representatives Moomaw, Vancrum, and Bunten (excused)

Committee staff present: Ellen Piekalkiewicz, Debra Duncan, Alan Conroy, Legislative Research
Jim Wilson, Revisor of Statutes
Sharon Schwartz, Administrative Aide
Sue Krische, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list.

Staff continued briefing the Committee on Board of Regents' Institutions Systemwide Issues (Attachment 1). Staff noted on servicing athletic facilities that the Governor recommended the state pay two-thirds of the cost and the athletic corporations contribute one-third. The Senate concurred with the Governor.

Regarding the Margin of Excellence, the total requested for the three years is approximately $45 million and the amount funded each year becomes part of the base. The Senate approved the total agency request for the Margin of Excellence for FY90 of $16,668,306. The Governor's recommendation is $13,580,676. Staff distributed a data sheet on the status of faculty salaries and faculty salary parity during FY89 prepared by the Board of Regents (Attachment 2). Representative Chronister requested data comparing full professor's salaries to those at peer institutions. In addition, Representative Chronister requested staff to provide the members with the cost-of-living comparison to peers made by Legislative Post Audit last year.

Regarding capital improvements, the Senate Committee recommended a moratorium on funding new buildings or major reconstruction from the Educational Building Fund (EBF) so that resources in the EBF can be directed to major maintenance projects. Some of the projects affected if the Senate's moratorium is adopted would be the science classroom building at Wichita State University, laboratory research building at KU Medical Center, and the plant sciences building at Kansas State University. The Governor's recommendation for FY90 is $4 million from the EBF for major maintenance.

The meeting was adjourned at 1:55 p.m.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

GUEST LIST

COMMITTEE: HOUSE APPROPRIATIONS DATE: 3-13-89

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Charles Dodson	TOPEKA	KAPE
Gloria Timmer	Topeka	DoB
Marty Kennedy	Topeka	DoB
Marlin Rein	Lane	KU
Jan Edwards	Topeka	KCCI
Fred Sudermann	Wichita	WSU
Mary Erickson	Topeka	DoB
Hyde Jacobs	Manhattan	KSU
Ruth Wilbur	Topeka	AAUP
Ray Hoobler	Topeka	Bd of Regents
Frank Gaines	Topeka	Regents
Jon Josserand	Lawrence	KU

BUDGET MEMO NO. 89-2
KANSAS LEGISLATIVE RESEARCH DEPARTMENT

SUBJECT: Board of Regents' Institutions -- Systemwide Summary

SYSTEMWIDE SUMMARY

Expenditure Summary	Actual FY 88	Governor's Rec. FY 89	Agency Req. FY 90	Governor's Rec. FY 90
State Operations:				
State General Fund	$ 319,656,926	$ 340,097,097	$ 387,037,916	$ 384,624,771
General Fees Fund	86,945,503	99,587,190	100,513,190	106,227,138
Hospital Revenue	78,235,364	99,788,844	91,097,046	98,150,146
Land Grant Funds	6,501,081	6,463,915	6,621,986	6,621,986
Endowment Interest	174,994	275,000	240,000	240,000
Other	--	--	--	500,000
General Use	$ 491,513,868	$ 546,212,046	$ 585,510,138	$ 596,364,041
Restricted Use	189,795,829	207,423,480	216,328,518	216,466,793
Subtotal -- State Ops.	$ 681,309,697	$ 753,635,526	$ 801,838,656	$ 812,830,834
Aid to Local Units:				
State General Fund	$ 20,400	$ --	$ --	$ --
Restricted Use	262,539	101,642	105,707	105,707
Subtotal	$ 282,939	$ 101,642	$ 105,707	$ 105,707
Other Assistance:				
State General Fund	$ 1,932,237	$ 1,609,212	$ 1,689,033	$ 1,689,033
Other General Use	309,606	291,372	385,027	324,027
Restricted Use	26,497,203	24,772,305	25,463,905	25,463,895
Subtotal -- Other Assistance	$ 28,739,046	$ 26,672,889	$ 27,537,965	$ 27,476,955
Total Operating Expenditures	$ 710,331,682	$ 780,410,057	$ 829,482,328	$ 840,413,496
Total General Fund Operating	$ 321,609,563	$ 341,706,309	$ 388,726,949	$ 386,313,804
Total General Use Operating	$ 493,775,006	$ 548,112,630	$ 587,584,198	$ 598,377,101
Capital Improvements:				
State General Fund	$ 1,726,466	$ 9,583,474	$ 894,000	$ 4,162,000
Educational Building Fund	16,996,860	15,459,478	12,137,700	10,453,700
Other Funds	19,980,787	21,807,807	12,671,176	12,626,176
Hospital Fund	2,249,374	1,872,131	300,000	238,000
Subtotal -- Capital Improvements	$ 40,953,487	$ 48,722,890	$ 26,002,876	$ 27,479,876
GRAND TOTAL	$ 751,285,169	$ 829,132,947	$ 855,485,204	$ 867,893,372
Percentage Change:				
All Funds	4.0%	10.0%	7.2%	7.7%
State General Fund	13.1	6.2	15.5	13.1
General Use Funds	5.9	11.0	8.4	9.2
FTE Positions:				
Classified	8,497.1	8,944.1	8,677.4	8,668.2
Unclassified	8,103.3	7,913.3	8,453.6	8,399.4
TOTAL	16,600.4	16,857.4	17,131.0	17,067.6

HA
3-13-89
Attachment 1

The financing of higher education is of considerable interest to the Kansas Legislature. Traditionally, the Legislature makes many of its decisions regarding financing of higher education on a systemwide basis, applying them to each institution under the jurisdiction of the Kansas Board of Regents. Additionally, the Legislature reviews each of the institutions' individual budgets. This memorandum was prepared to provide information concerning issues of interest to more than one institution. Those requests which are unique to only one campus are discussed as a part of the individual agency analyses.

The introductory table reflects systemwide expenditures for Regents' institutions by financing source and major object of expenditures. The table allows systemwide comparisons between actual fiscal year 1988 expenditures, the Governor's revised FY 1989 recommendation, the agency's FY 1990 request, and the Governor's FY 1990 recommendation. Expenditures for all institutions under the Board's jurisdiction are included. Expenditures for the Board office are not included.

Financing of University Budgets. The term "general use fund" is central to discussion of the financing of institutional operating budgets. This term refers to those funds that can be used to provide general financial support for campus operations. General use funds include State General Fund appropriations, General Fees Fund revenues (primarily tuition income), and interest on certain investments. For Kansas State University they also include federal land grant funds and for the University of Kansas Medical Center and Kansas State University Veterinary Medical Center, general use funds include revenues from hospital and laboratory operations.

In contrast, "restricted use funds" are those that must be used in a manner consistent with the conditions attached to the receipt of the funds. While subject to appropriation by the Legislature, the majority of restricted use funds are treated as "no limit" appropriation accounts, i.e., the institution has the authority to make expenditures from the fund subject to the limitation of available resources. Certain restricted use funds, such as Sponsored Research Overhead Fund, are subject to expenditure limitation and the institutions can not expend resources in excess of the limitation without legislative approval. Other examples of restricted use funds include parking fees, student union fees, federal research grants, and income generated by campus revenue producing activities.

Because the primary legislative concern in the financing of institutional budgets is with general use funds, unless specifically stated otherwise, references to dollar amounts will be only to general use funds.

Budget Program Structure. The Budget program structures employed by the universities follow a generally uniform format. The basic programs are:

Education
- Instruction
- Academic Support
- Student Services

Institutional Support
Research
Public Service
Utilities
Scholarships and Fellowships
Mandatory Transfers

The items given systemwide review for the 1989 Legislature are listed below:

I. Program Maintenance

A. Enrollment
B. Student Tuition
C. General Fees Expenditures
D. Enrollment Adjustment
E. Unclassified Salaries
F. Classified Salaries
G. Student Salaries
H. Other Operating Expenditures
I. Utilities
J. Servicing New Buildings

II. Margin of Excellence

The Board's Margin of Excellence requests are in addition to the systemwide program maintenance requests of 5 percent for unclassified salaries ($14.3 million), 4 percent for other operating expenditures ($3.8 million), 5 percent for student salaries ($0.4 million), and classified pay plan step movement ($2.6 million). The total request of approximately $21.0 million in program maintenance requests does not include the 4 percent salary increase recommended by the Governor for all classified employees. The total estimated cost for the 4 percent classified salary increase for Regents' classified employees is $5.5 million. Funding for the servicing of new buildings and enrollment adjustments, are in addition to the recommended program maintenance costs.

PROGRAM MAINTENANCE

SECTION A

Enrollment

Two computations of enrollment are frequently made and used in discussions of higher education -- headcount and full-time equivalent. Headcount enrollment is simply an unduplicated count of the number of students enrolled at a particular time. Full-time equivalent enrollment is derived from the number of student credit hours in which students are enrolled by dividing by 15 for undergraduate credit hours, 9 for graduate credit hours, and 12 for professional school credit hours. Since some students are enrolled on a part- time basis, full-time equivalent (FTE) enrollment is often substantially less than headcount. Headcount and FTE enrollments for the institutions are displayed in the tables which follow. Enrollment in both FTE and headcount for the past five years is displayed in the budget analysis for each institution.

Headcount Enrollments

Institution	Fall 1987	Fall 1988	Change	Percent Change
University of Kansas	26,306	26,020	(286)	(1.1)
Kansas State University	17,662	18,927	1,265	7.2
Wichita State University	17,052	17,267	215	1.3
Emporia State University	5,459	5,763	304	5.6
Fort Hays State University	5,136	5,005	(131)	(2.6)
Pittsburg State University	5,445	5,609	164	3.0
University of Kansas Medical Center	2,414	2,383	(31)	(1.3)
Kansas State University Veterinary Medical Center	387	374	(13)	(3.4)
Kansas College of Technology	510	737	227	44.5
TOTAL	80,371	82,085	1,714	2.1

Full-Time Equivalent Enrollments

Institution	Fall 1987	Fall 1988	Change	Percent Change
University of Kansas	23,796	23,462	(334)	(1.4)
Kansas State University	15,652	16,615	963	6.2
Wichita State University	10,774	11,170	396	3.7
Emporia State University	4,511	4,723	212	4.7
Fort Hays State University	4,080	3,999	(81)	(2.0)
Pittsburg State University	4,653	4,799	146	3.1
University of Kansas Medical Center*	--	--	--	--
Kansas State University Veterinary Medical Center	629	615	(14)	(2.2)
Kansas College of Technology	307	388	81	26.4
TOTAL	64,402	65,771	1,369	2.1

* FTE enrollments are not computed for the University of Kansas Medical Center.

SECTION B

Student Tuition

K.S.A. 76-619 grants the Board of Regents authority to set student tuition at the institutions under its control. Although the Legislature has granted this direct authority to the Board, it reviews tuition rates and revenues. Additionally, the Legislature periodically gives general policy recommendations to the Board concerning student tuition. One rather comprehensive set of policy recommendations was issued in 1966 by the Legislative Council. The Council recommended that:

> Resident and nonresident basic fees be fixed at a level so that basic fee income will provide on the average, 25 percent of the cost of the general educational program, i.e., excluding the cost of organized research, extension service, auxiliary enterprises, and capital improvements.

The Council also recommended that the 25 percent level be an average based on several (three to four) years, rather than having fees changed annually.

The policy has generally been followed by the Regents and the Legislature since 1966. In recent years tuition increases have been considered more frequently than every three to four years. However, the general policy of systemwide general use expenditures for the education, institutional support, and physical plant (including utilities) programs has been retained.

The Legislature has typically reviewed the percentage actual tuition receipts have represented of total educational costs. For many years systemwide averages were in the range of 20 to 22 percent of the educational costs, with the three larger universities having individual percentages of 23 to 25 percent and the regional universities having percentages of 16 to 18 percent. In 1982 the Board of Regents decided to review tuition rates on an annual basis, a decision which appears to have resulted in more frequent tuition increases and an increase in the ratio of tuition receipts to educational costs. Since FY 1984 the systemwide average has been approximately 24 to 27 percent. In general, the percentages at the three larger schools have exceeded 25 percent, particularly at the University of Kansas. The regional school average has increased from approximately 18 percent in FY 1985 to 20 percent in FY 1986 and over 20 percent in FY 1987, FY 1988, and FY 1989. However, the regional average in FY 1990, as recommended by the Governor, is an average of 19.4 percent. The table which follows reflects actual fee to educational cost ratios for FY 1986, FY 1987, and FY 1988 and budgeted ratios for FY 1989 and FY 1990. It should be noted that the actual ratio has exceeded 25 percent in both FY 1987 and FY 1988 and is budgeted to exceed 25 percent in both FY 1989 and FY 1990.

Fee/Cost Ratios

	Actual FY 86	Actual FY 87	Actual FY 88	Gov. Rec. FY 89	Req. FY 90	Gov. Rec. FY 90
KU	29.8%	32.3%	33.8%	31.8%	31.6%	31.0%
KSU	24.7	25.9	26.7	27.7	28.4	27.9
WSU	26.5	26.3	25.9	25.2	24.7	24.4
ESU	19.5	20.8	21.1	20.7	20.9	20.5
FHSU	19.5	20.0	20.4	18.1	17.9	17.5
PSU	20.9	23.4	23.9	21.4	20.4	20.1
Average	25.8%	27.3%	28.1%	27.1%	27.1%	26.6%

The Board increased tuition in FY 1989 and has also announced FY 1990 tuition increases which will become effective in the fall of 1989. The table which follows compares the FY 1989 tuition rates with those that will become effective in FY 1990. Estimates of tuition income, submitted by the institutions in the fall of 1988, indicated that the revised tuition schedules will increase systemwide fee collections by approximately 4.7 percent. As the following table indicates, the tuition for resident undergraduates will increase by 5.1 percent at the six universities. Resident graduate tuition at the three research institutions will increase by 8.7 percent and 8.6 percent at the regional institutions. Nonresident undergraduate tuition will increase by 12.0 percent at the three research universities and 10.0 percent at the three regional universities. Nonresident graduate tuition will increase 12.8 percent at the research institutions and 11.1 percent at the regional institutions. Resident tuition at the Kansas College of Technology will increase by 5.0 percent and nonresident tuition by 10.0 percent. No change is anticipated for medical students at KUMC. However, both resident and nonresident tuition will increase by 11.7 percent at the Veterinary Medical Center.

Tuition

Institution	Type of Student	FY 1989	FY 1990	FY 1989 - FY 1990 Dollar Change	FY 1989 - FY 1990 Percent Change
KU, KSU, WSU	Resident--Undergraduate	$ 550	$ 578	$ 28	5.1%
	Resident--Graduate	670	728	58	8.7
	Nonresident--Undergraduate	1,765	1,977	212	12.0
	Nonresident--Graduate	1,885	2,127	242	12.8
ESU, PSU, FHSU	Resident--Undergraduate	470	494	24	5.1
	Resident--Graduate	570	619	49	8.6
	Nonresident--Undergraduate	1,310	1,441	131	10.0
	Nonresident--Graduate	1,410	1,566	156	11.1
KCT	Resident	400	420	20	5.0
	Nonresident	1,200	1,320	120	10.0
KUMC*	Resident	2,885	2,885	--	--
	Nonresident	5,958	5,958	--	--
KSUVMC	Resident	1,275	1,424	149	11.7
	Nonresident	3,825	4,272	447	11.7

* Tuition rates shown are only for medical students. For graduate, allied health, and nursing students, lower tuition rates apply.

SECTION C

FY 1989 General Fees Expenditures

Tuition receipts are credited to the General Fees Fund of the university where the tuition is collected. Tuition receipts are considered general use moneys and General Fees Fund receipts are budgeted as an offset to amounts appropriated from the State General Fund. An expenditure limitation has traditionally been placed on the General Fees Funds.

To avoid shortfalls in university operating budgets, the Legislature has been relatively consistent in appropriating supplemental funding from the State General Fund when tuition collections have fallen below estimates. Disposition of collections when they exceeded estimates has not been consistent. At issue is whether to release revenues collected which are above projected levels during the fiscal year in which collected or to retain them as an offset to State General Fund appropriations in the subsequent year.

The issue of supplementation of fee shortfalls or release of unanticipated fee collections arises as a result of variances between actual collections and previous estimates. Three components generally comprise the General Fee Fund estimate. First, the number of students must be projected. Second, the average fee collection per student must be estimated. Finally, the Fee Fund balance at the beginning of the fiscal year must be estimated. Obviously, the potential for variance exists in any of the three and those variances can be offsetting. For example, if more students enroll than projected, but they enroll on a part-time basis rather than full-time, the student count can increase while the average fee collection per

student decreases. Similarly, shifts in the institutions' mix of resident and nonresident students can impact the average collection per student.

The 1986 interim Special Committee on Financing of Regents' Institutions reviewed the issue of fee release and recommended that 75 percent of the revenues resulting from larger than expected enrollments be released during the fiscal year in which unexpected enrollments occurred. The Committee's recommendation was endorsed by the Governor and the 1987 Legislature and a total of $1,122,064 was released to three universities for use during the 1987 fiscal year. It should be noted that fee releases are not permanent additions to the universities' base budgets.

Another issue discussed by the Interim Committee and addressed by the 1987 Legislature is that of the year between the year of enrollment growth and the resulting fee release and the year in which the enrollment adjustment occurs. The method of enrollment adjustment currently used includes a one year interval between the enrollment shift and the application of the enrollment related budgetary adjustment. For example, enrollment adjustments in FY 1989 are based upon enrollment shifts which occurred in FY 1987. If unanticipated fee income, due to increased enrollment, is released in the year it was generated, the financing to be provided in the intervening year requires consideration. Due to the magnitude of the enrollment growth at the University of Kansas during FY 1987, the Governor recommended and legislature concurred with the release of approximately $650,000 for FY 1988 for the University. No formal policy has been adopted concerning the intervening year. The funds approved for the University of Kansas were considered to be one-time and were not to be included in the institution's base for FY 1989.

The Board of Regents has defined increased enrollment for purpose of fee release as the difference between actual fall enrollment and the enrollments of the previous fall. This avoids the double financing which would occur if an institution experienced an enrollment increase having originally projected a decrease.

The Board of Regents has authorized $1,582,895 in requests for FY 1989 for budget adjustments for revised estimates of tuition revenues to the General Fees Fund. Requested are five institutional increases in the FY 1989 expenditure limitation on the General Fees Fund. An expenditure limitation increase would provide additional resources for FY 1989 over the previously approved level. The requested adjustments were to be based upon actual Fall enrollments, and estimated Spring and Summer enrollments.

FY 1989 General Fees Fund Adjustments

Institution	App. General Fees Fund Expenditure FY 1989	General Fees Fund Requested Adjustment	State General Fund Request	Governor's Fee Fund Adjustments Recommendation
University of Kansas	$ 39,469,129	$ --	$ --	$ --
Kansas State University	21,567,037	1,094,478	--	1,094,478
Wichita State University	13,791,584	117,713	--	119,970
Emporia State University	4,827,170	182,126	--	134,127
Fort Hays State University	4,134,682	--	--	--
Pittsburg State University	6,002,199	106,518	--	106,518
University of Kansas Medical Center	5,970,440	--	--	(398,948)[a]
Kansas State University Vet. Med. Center	2,711,903	--	--	--
Kansas College of Technology	266,213	82,060	--	82,060
TOTAL	$ 98,740,357	$ 1,582,895	$ --	$ 1,138,205

a) The Governor recommends that the expenditure limitation on the General Fees Fund at the University of Kansas Medical Center be decreased by $398,948.

The Governor recommends that 75 percent of the revenues resulting from larger than expected enrollment be released during the fiscal year in which the expected enrollment occurred. The methodology used in calculating the recommended amounts is the same as that used for the FY 1988 fee release.

SECTION D

Enrollment Adjustment

Background. The enrollment adjustment originated in the 1981 Legislature and has been applied to university budgets in fiscal years 1982 through 1987. The 1981 formula contained several important concepts. It was based upon actual changes in enrollment related to the actual cost of programs generating those enrollment changes. There are 24 academic disciplines (mathematics, agriculture, history, etc.) and four levels of instruction (lower division, upper division, graduate 1, and graduate 2). Credit hour changes are related to the discipline and instructional level in which they occurred for purposes of producing the instructional component of an enrollment adjustment. These procedures were developed to more accurately relate enrollment changes to costs, a feature not present in previous enrollment adjustments. The formula also includes adjustments for student services components which theoretically do not vary by type of student. In addition to the concept of relating enrollment changes to costs, the procedure adopted in 1981 contained two other features, a three-year cycle and a corridor which buffered certain adjustments. These two features were revised by the 1987 Legislature.

The three-year cycle utilized by the 1981 formula compared actual enrollments and expenditures within a three year period. Credit hour changes were computed as a simple difference between a base year and a comparison year. During the first year of the cycle, credit hours generated during the most recent fiscal year were subtracted from those of the base year for a single year comparison. During the second year, data from the most recent year was subtracted from the base year resulting in a two year difference. The same procedure was followed for the third year of the cycle. If the total adjustment exceeded the corridor, the amount by which it exceeded the corridor was subtracted from previous adjustments granted during the cycle to produce the net adjustment. Two three-year cycles elapsed, FY 1982-1984 and FY 1985-1987. The 1987 Legislature adopted the policy that a one year cycle was preferable and that year-to-year comparisons be made.

The 1987 Legislature also adjusted the corridor portion of the enrollment adjustment formula. Previously, the three larger universities had a corridor of plus or minus 1.5 percent and the regionals had a corridor of plus 1.0 and minus 2.0 percent. The concept underlying these corridors is that an institution should not be significantly impacted by relatively minor changes in enrollment. Conversely, larger changes in enrollment should be accompanied by some adjustment to the budget. During the 1987 Session, corridors for all six universities were changed to .5 percent for enrollment increases and 2.5 percent for enrollment decreases. The 2.5 percent decrease would become 1.5 percent if the institution is financed at 100 percent of the peers. Presently, none of the institutions is financed at 100 percent of the peers. The new corridors results in the institutions absorbing less of the costs of new students and being able to experience greater enrollment declines without suffering a budget reduction.

Request. The FY 1990 budget requests from the universities include a total enrollment adjustment increase of $2,881,719 due to actual changes in student credit hour volume when FY 1988 is compared to FY 1987. The request for the six universities is based upon enrollment adjustment corridors of a 0.5 percent increase and a 2.5 percent decrease established by the 1987 Legislature which relate the costs of actual enrollment changes to an institutions budgeted expenditures.

The table indicates the FY 1990 enrollment adjustment request for each of the institutions and compares them to gross adjustments which would occur in the absence of corridors. During FY 1990 the institutions request a net enrollment adjustment of $2,881,719. The Kansas College of Technology requests

a negative enrollment adjustment of $69,010 in FY 1990. The 1988 Legislature modified the manner in which enrollment adjustments are made at the College and delayed the reduction from FY 1989 to FY 1990.

FY 1990 Enrollment Adjustment Requests

Institution	Gross Adjustment Without Corridor	Adjustment 0.5% Increase Corridor	Adjustment 2.5% Decrease Corridor	Requested Enrollment Adjustment	Enrollment Adjustment Gov. Rec.
KU	$ 2,337,162	$ (564,695)	$ --	$ 1,772,467	$ 1,772,467
KSU	480,949	(383,968)	--	96,981	96,981
WSU	736,766	(256,343)	--	480,423	480,423
ESU	495,830	(109,751)	--	386,079	386,079
FHSU	(262,310)	--	(539,217)	--	--
PSU	332,857	(118,078)	--	214,779	214,779
TOTAL	$ 4,121,254	$ (1,432,835)	$ (539,217)	$ 2,950,729	$ 2,950,729

SECTION E

Unclassified Salary Increases

Request. The Regent's institutions request $14,286,967 systemwide to provide an average 5 percent salary increase to unclassified faculty and staff. This request is computed as a percentage increase to the overall salary base; however, actual salary increases are granted based upon individual merit.

The Governor concurs with the institutions' requests for $14,286,967 to provide an average 5 percent increase for unclassified personnel salaries. In addition, the institutions requested and the Governor recommended a total of $7,093,000 for unclassified faculty and staff salary increases as part of the second year of the Margin of Excellence. This request and recommendation for salary increases is discussed in greater detail in the section on the Margin of Excellence.

FY 1990 Unclassified Salary Increases

Institution	FY 1989 Adj. Base	FY 1990 5% Request	FY 1990 Gov. Rec.
University of Kansas	$ 79,677,009	$ 3,968,664	$ 3,968,664
Kansas State University	75,402,278	3,654,729	3,654,729
Wichita State University	34,566,417	1,676,977	1,676,977
Emporia State University	13,892,717	675,880	675,880
Fort Hays State University	13,281,431	657,447	657,447
Pittsburg State University	15,161,994	721,660	721,660
University of Kansas Medical Center	53,456,659	2,584,251	2,584,251
Kansas State University Vet. Med. Center	4,924,773	239,055	239,055
Kansas College of Technology	2,244,722	108,304	108,304
TOTAL	$ 292,608,000	$ 14,286,967	$ 14,286,967

Institutional Salary Policies. Institutions may distribute salary increases in varying percentages rather than on a uniform percentage basis. This procedure permits the use of merit as a criterion for determining unclassified salary increases and provides flexibility for the recruiting and retention of unclassified personnel. The following table displays the distribution of unclassified salary increases for FY 1989.

Summary of Budgeted Salary Increases for Full-Time Continuing Unclassified Persons FY 1989 Over FY 1988

% of Salary Increase Over Previous Year	KU	KUMC	KSU	KSUVMC	WSU	ESU	PSU	FHSU	KCT	System Total
No Increase	6	35	23	2	7	0	4	0	4	**81**
.1 to 2.9	36	61	13	0	49	1	0	1	0	**161**
3.0 to 4.9	98	310	70	0	174	16	0	3	2	**673**
5.0 to 6.9	275	457	298	9	138	95	4	11	8	**1,295**
7.0 to 8.9	420	102	475	42	108	94	109	80	20	**1,450**
9.0 to 11.9	258	86	233	16	90	31	135	110	21	**980**
12.0 to 14.9	112	32	75	3	56	8	13	11	1	**311**
15.0 to 19.9	77	16	34	0	32	5	1	6	0	**171**
20.0 and Over	35	18	21	1	20	1	1	4	0	**101**
TOTAL	1,317	1,117	1,242	73	674	251	267	226	56	**5,223**
Avg. $ Increase	$ 3,154	$ 2,175	$ 2,943	$ 3,931	$ 2,489	$ 2,472	$ 3,014	$ 3,035	$ 2,390	**$ 2,766**
Avg. % Increase	8.7%	6.1%	8.1%	8.3%	7.7%	7.6%	9.1%	9.4%	8.2%	**7.9%**

Note: The 1987 Legislature appropriated funds for an average increase of 3 percent, effective January 1, 1988. This table reflects a comparison of FY 1989 salaries with annualized FY 1988 salaries.

Source: Kansas Board of Regents.

The FY 1989 base budgets, originally approved by the 1988 Legislature, contained financing for a 5 percent overall unclassified salary increase. It should also be noted that the unclassified salary increases include salary adjustments made due to promotions.

FY 1989 Budgeted Academic Year Average Faculty Salaries

Institution	Number	Average Salary
University of Kansas	963	$ 41,067
Kansas State University	1,071	36,156
Wichita State University	523	33,043
Emporia State University	216	32,439
Fort Hays State University	196	32,308
Pittsburg State University	229	33,589
Kansas State University Vet. Med. Center	70	42,606
Kansas College of Technology	32	30,182
TOTAL*	3,300	$ 36,525

* The total average salary shown is weighted to reflect the number of faculty positions at each institution.

Average Salaries. The budgeted average salary in FY 1989 is $36,525. As previously noted, the average unclassified salary increase tends to be larger than the base increase, due in part to changes in faculty numbers and salaries. Average salaries (including 12 month converted to nine month) shown below include all faculty of the universities budgeted for FY 1989, including funds budgeted for vacant positions. This differs from the above table, which contained data for filled positions only.

The table below displays the average faculty salary by rank for each institution. As one would expect, the average faculty salary at each rank is higher at the larger institutions than at the smaller ones. Another factor that impacts the average is the number of faculty at each rank. Thus, while the average salary at the two highest ranks for WSU are relatively close to those at KU, the heavy distribution of faculty in the lower paid ranks results in a significantly lower overall average.

1989 Budgeted Academic Year Average
Faculty Salaries by Rank

	KU	KSU	WSU	ESU	FHSU	PSU	KSUVMC	KCT	Regents' System Average
Professors									
Number	500	424	102	76	79	97	31	7	1,316
Avg. Salary	$ 47,696	$ 43,812	$ 46,532	$ 36,851	$ 37,212	$ 37,695	$ 51,141	$ 33,309	$44,366
Associate Prof.									
Number	277	315	145	79	59	71	14	10	970
Avg. Salary	$ 36,188	$ 33,882	$ 34,747	$ 32,112	$ 31,051	$ 33,093	$ 40,039	$ 31,273	$ 34,358
Assistant Prof.									
Number	178	259	217	61	39	52	20	12	838
Avg. Salary	$ 30,791	$ 29,539	$ 28,834	$ 27,365	$ 27,316	$ 28,232	$ 36,538	$ 28,418	$ 29,430
Instructors									
Number	8	73	59	0	19	9	5	3	176
Avg. Salary	$ 24,363	$ 24,971	$ 21,016	$ 0	$ 26,070	$ 24,209	$ 21,157	$ 26,304	$ 23,612

Note: Summary based on combined 9 and 12 month appointments.

Source: Kansas Board of Regents

Previous Increases. The following table enumerates base budget salary increases approved by the Legislature for FY 1974 through FY 1989 and compares inflation during those years.

Percent Increases Authorized for
Unclassified Salary Adjustments

Fiscal Year	KU	KSU	WSU	ESU	FHSU	PSU	CPI-U	PCE
1974	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	8.9%	8.6%
1975	10.0	11.0	10.0	11.0	11.0	11.0	11.1	9.8
1976	10.0	10.0	10.0	10.0	10.0	10.0	7.1	6.9
1977	8.0	8.0	8.0	8.0	9.0	8.0	5.8	5.8
1978	6.0	6.0	6.0	6.0	7.0	6.0	6.7	6.8
1979	7.0	7.0	7.0	7.0	7.0	7.0	9.4	8.2
1980	6.5	6.5	6.5	6.5	6.5	6.5	13.3	10.4
1981	9.0	9.0	9.0	9.0	9.0	9.p	11.6	10.3
1982	7.0	7.0	7.0	7.0	9.0	7.0	8.6	7.3
1983	7.5	7.5	7.5	7.5	10.2	7.5	4.3	4.8
1984	4.5	4.5	4.5	4.5	4.5	4.5	3.7	3.9
1985	7.0	7.0	7.0	7.0	7.0	7.0	3.9	3.4
1986	5.0	5.0	5.0	5.0	5.0	5.0	2.9	2.9
1987	2.5	2.5	2.5	2.5	2.5	2.5	2.2	3.2
1988	3.0	3.0	3.0	3.0	3.0	3.0	4.1	4.6
Incr. 73-88	155.9	158.1	155.9	158.1	174.7	158.1	163.2	154.7
1989	7.3	7.4	7.4	7.2	9.2	8.1	4.5	NA
Incr. 73-89	167.3	169.8	167.4	169.5	190.8	170.9	170.5	

The percentages listed above for FY 1983 exclude allocation of a $900,000 special appropriation for salary enrichment, which equated systemwide to an approximate of 0.7 percent base increase. Further, the authorized increase for FY 1984 and FY 1988 is the annualized percent increase rather than the increase in expenditures, 2.25 and 1.5 percent, respectively. Finally, the two measures of inflation used are the Consumer Price Index for All Urban Consumers (U.S. City Average) (CPI-U) and the Personal Consumption Expenditures (PCE) component of the Gross National Product-Deflator. The percentages displayed for these two measures represent the percent change in the 12-month average index from one fiscal year to the next. Both measures are listed because the CPI-U tended to overemphasize the housing costs component prior to FY 1982, while the PCE treats housing costs in a more conservative fashion.

During most of these 16 years, the same percentage of unclassified increase has been authorized for the six universities. A major exception to this has been at Fort Hays State University where a differential adjustment was authorized for five years to finance salary upgrades. The percentages of increase authorized from FY 1973 through FY 1982 were generally below inflation, but have been near the inflation rate in the most recent years. However, the cumulative increase over the 15-year period has kept pace with inflation. Nonetheless, these comparisons measure only the increases on the base and do not speak to the appropriateness of the base of funding to which the adjustment is made.

As has been previously discussed, the institutions have considerable flexibility in allocation of salary increases. Typically, the actual average increase exceeds the percentages appropriated due, in part, to the fact the universities may have savings from personnel turnover that can be used to supplement appropriated increases to the salary base. The following table reflects the degree to which this has occurred between FY 1974 and FY 1989. It lists average actual percent increases in those years and compares the increases to the two inflation indicators.

Average Percent Increase for Full-Time
Continuing Unclassified Staff

Fiscal Year	KU	KSU	WSU	ESU	FHSU	PSU	CPI-U	PCE
1974	6.4%	6.4%	6.4%	6.0%	5.6%	5.9%	8.9%	8.6%
1975	10.5	11.2	10.3	11.4	10.9	11.3	11.1	9.8
1976	10.5	10.2	9.1	10.4	11.0	10.0	7.1	6.9
1977	8.5	8.2	7.9	8.0	10.4	8.3	5.8	5.8
1978	6.4	6.3	6.0	6.0	7.7	6.1	6.7	6.8
1979	7.4	7.4	7.3	7.1	8.0	7.3	9.4	8.2
1980	6.9	6.8	6.7	6.5	6.7	6.9	13.3	10.4
1981	9.6	9.5	9.5	10.2	8.8	9.0	11.6	10.3
1982	8.0	7.7	7.6	7.8	9.0	7.5	8.6	7.3
1983	8.9	9.1	8.5	8.7	10.8	8.3	4.3	4.8
1984	4.6	5.0	5.0	4.9	5.1	4.5	3.7	3.9
1985	7.5	7.2	8.5	7.2	7.2	7.9	3.9	3.4
1986	5.6	5.3	5.3	5.1	5.4	5.9	2.9	2.9
1987	3.3	2.8	2.9	2.5	3.2	3.1	2.2	3.2
1988	1.6	1.6	1.9	1.7	1.6	2.5	4.1	4.6
Incr. 73-88	174.9	172.4	166.8	168.0	190.4	171.3	163.2	154.7
1989	8.7	8.1	7.7	7.6	9.4	9.1	4.5	NA
Incr. 73-89	190.1	186.4	179.6	180.8	208.3	186.9	170.5	

The table reflects that often the actual salary increases have exceeded the base increases appropriated. In contract to the appropriated increases, the table also indicates that actual salaries have exceeded both inflationary measures, although the margin by which the increases have exceeded the CPI-U is relatively narrow at some of the universities.

SECTION F

Classified Salary Base Increases

Request. The Regents are requesting $2.6 million to finance increases in the classified salary base. The amounts requested are to finance step movement on the classified salary pay plan.

Classified Salary Increases
Regents' Request and Governor's Recommendations

Institution	FY 1989 Adjusted Base	FY 1990 Requested Increase	Total FY 1990 Gov. Rec.	FY 1990 Gov. Rec. Step Movement	FY 1990 Gov. Rec. 4% Salary Increase	FY 1990 Gov. Rec. Phase III Implement.
KU	$ 23,518,695	$ 460,814	$ 2,090,960	$ 460,814	$ 1,308,294	$ 321,852
KSU	21,137,062	346,456	1,514,007	346,456	930,190	237,361
WSU	10,031,498	178,161	690,780	178,161	379,082	133,537
ESU	4,372,622	83,157	359,131	83,157	171,751	104,223
FHSU	4,203,155	97,444	273,186	63,075	132,183	43,559
PSU	4,794,353	113,289	346,368	72,826	139,759	93,320
KUMC	58,665,876	1,254,609	3,792,201	983,536	2,267,547	541,118
KSUVMC	2,608,776	35,943	164,520	35,943	100,040	28,537
KCT	695,532	11,491	53,165	11,491	26,879	14,795
TOTAL	$ 130,027,569	$ 2,581,364	$ 9,209,486	$ 2,235,459	$ 5,455,725	$ 1,518,302

The Governor's recommendation contains a total of $9.2 million for classified salary adjustments in FY 1990. The Governor recommends $2.2 million in FY 1990 for step movement on the classified salary plan. In addition, the Governor recommends $5.5 million for a 4 percent classified increase and $1.5 million for salary enhancements related to Phase III implementation.

SECTION G

Student Salary Base Increases

Request. The Regents are requesting a 5 percent increase in the student salary base during FY 1990. The request for increasing the student salary base totals $358,722. The table below identifies the student salary base and requests for increase by institution.

The Governor concurs with the institutions' requested 5 percent increase for student salaries, as listed below.

Student Salary Base Increase Request

Institution	FY 1989 Base	FY 1990 5% Request	FY 1990 Gov. Rec.
University of Kansas	$ 1,536,352	$ 76,818	$ 76,818
Kansas State University	1,404,252	70,213	70,213
Wichita State University	1,122,638	56,088	56,088
Emporia State University	810,203	40,511	40,511
Fort Hays State University	842,912	41,992	41,992
Pittsburg State University	637,866	31,896	31,896
University of Kansas Medical Center	684,494	34,225	34,225
Kansas State University Veterinary Medical Center	104,343	5,218	5,218
Kansas College of Technology	35,910	1,761	1,761
Total	$ 7,178,970	$ 358,722	$ 358,722

Student salaries serve two purposes, providing students with a source of income and providing the institution with a source of relatively low-cost labor. General Use support salaries typically represent less than one-half of the total institutional expenditures for student salaries. This is because of the federal College Work Study Program, the availability of funding from restricted use sources such as research grants, and the large number of students employed in auxiliary enterprises such as student unions and dormitories.

Kansas Career Work Study Program. The 1987 Legislature established the Kansas Career Work Study Program, under which the Board of Regents develops guidelines and reviews program budgets. The Kansas Career Work Study program is essentially similar to the Off-Campus Work Study programs that have existed on the university campuses for the last several years. The 1987 Legislature allowed the Board to reallocate funds appropriated to the institutions for the Off-Campus Work-Study program, and directed the Board to request all funding for this program as a central account during FY 1989 and FY 1990.

The Board request for FY 1990 is $489,483, a 5 percent increase over the funding appropriated for the program in FY 1989. The Governor recommends a total of $466,175 for the program in FY 1990, the same level of funding as FY 1989.

Work Study Program

Institution	FY 1988	FY 1989 Approved	FY 1990 Request	FY 1990 Gov. Rec.
KU	$ 128,642	$ 127,104	$ 133,459	$ 127,104
KSU	127,711	132,034	138,636	132,034
WSU	100,401	99,709	104,694	99,709
ESU	34,170	34,414	36,135	34,414
FHSU	30,300	34,284	35,998	34,284
PSU	19,673	20,245	21,257	20,245
KCT	--	3,500	3,675	3,500
Washburn	--	14,885	15,629	14,885
TOTAL	$ 440,897	$ 466,175	$ 489,483	$ 466,175

Graduate Teaching Assistants Fee Waiver. The Board request in FY 1990 includes a $354,534 reduction to general fee receipts to reflect a 100 percent graduate teaching assistants fee waiver. The current fee waiver is 75 percent. The following table reflects the reduction in general fee receipts at the six universities. The Governor does not recommend the 100 percent graduate teaching assistants fee waiver, and instead continues the current fee waiver rate of 75 percent in FY 1990.

	Increased Graduate Teaching Assistants Fee Waiver
University of Kansas	$ 153,000
Kansas State University	73,708
Wichita State University	55,500
Emporia State University	31,305
Fort Hays State University	14,095
Pittsburg State University	26,926
TOTAL	$ 354,534

SECTION H

Other Operating Expenditures

Request. The Regents' institutions request $3.8 million to provide a 4 percent base increase for other operating expenditure budgets. Shown below are the FY 1989 base budgets for other operating expenditures, the requests for FY 1990, and the Governor's recommendations.

Other Operating Expenditures (Excluding Utilities)
Program Maintenance Increases

Institution	FY 1989 Adjusted Base	FY 1990 Maintenance 4% Request	Governor's Maintenance Recommendation
KU	$ 19,315,009	$ 771,000	$ 771,000
KSU	17,521,312	704,365	704,365
WSU	7,788,069	309,988	309,988
ESU	3,146,172	125,847	125,847
FHSU	3,362,343	134,495	134,495
PSU	3,357,638	133,207	133,207
KUMC	36,291,113	1,467,097	1,467,097
KSUVMC	2,240,580	89,261	89,261
KCT	709,487	28,379	28,379
TOTAL	$ 93,731,723	$ 3,763,639	$ 3,763,639

Other operating expenditures (OOE) are used to purchase all commodities, equipment, goods, and services, other than utilities, used or acquired by the institutions. Expenditures from OOE budgets can include everything from pieces of scientific equipment to library books to faculty travel.

Budgeting Procedures. While most state agencies are required to submit detailed proposals showing how they wish to expend other operating funds, including identification of items by object of expenditure, such is not the case with the Regents' institutions. Under present budgeting procedures OOE increases are treated as additions to a base budget and, within available resources, institutional expenditures are constrained only by available resources and state purchasing requirements.

In addition, although State General Fund appropriations for salaries and other operating expenditures must be expended on items in those categories, expenditures from General Fees Funds are not so constrained. If salary expenditures are less than budgeted, an institution has the flexibility to increase OOE expenditures. Such a practice is frequently the case, as actual personnel turnover salary savings may often be in excess of the budgeted turnover salary savings (shrinkage) as applied to the gross salaries at each institution.

Actual and Budgeted Expenditures. By comparing the actual general use expenditures for other operating expenditures with those budgeted, it is possible to see whether institutions have had additional resources available for OOE. The following table shows the difference between legislatively approved OOE expenditures and the actual OOE expenditures. This is derived by comparing the approved budget for each fiscal year (adjusted for supplemental appropriations and one-time only items) with actual expenditures. The percentage change column shows the percentage increase or decrease which actual expenditures represented over budgeted expenditures.

Difference Between Actual and Budgeted
Other Operating Expenditures

Year	KU Difference	KU Percent	KSU Difference	KSU Percent	WSU Difference	WSU Percent
1977	$ 265,379	3.1%	$ 1,714,992	24.7%	$ 322,080	9.3%
1978	377,165	4.1	1,646,414	20.9	2,370,232	9.5
1979	549,170	5.0	2,098,860	23.1	470,309	10.9
1980	480,349	4.2	1,695,182	18.3	302,912	6.8
1981	(44,438)	(0.4)	2,077,981	21.4	305,441	6.2
1982	(347,426)	(2.6)	2,246,080	21.0	456,104	8.7
1983	224,231	1.8	1,594,440	14.3	697,766	14.2
1984	493,675	3.6	1,452,784	11.4	823,449	14.1
1985	154,273	1.0	1,833,494	13.1	1,194,339	19.0
1986	855,157	5.0	1,518,325	10.1	728,538	10.3
1987	546,402	3.4	(154,311)	(1.1)	795,453	12.4
1988	208,004	0.9	1,746,536	7.8	1,573,743	13.5

Year	ESU Difference	ESU Percent	FHSU Difference	FHSU Percent	PSU Difference	PSU Percent
1977	$ 269,531	16.2%	$ 121,651	8.4%	$ (17,863)	(1.1)%
1978	363,860	20.4	87,307	5.7	70,263	4.6
1979	351,768	17.2	51,804	2.6	114,483	6.2
1980	516,323	25.5	60,977	3.1	180,604	9.3
1981	486,863	22.9	87,004	4.1	101,944	4.6
1982	440,482	19.5	146,410	6.4	62,324	2.9
1983	126,742	5.6	87,928	4.0	11,754	0.5
1984	280,377	11.8	128,834	5.5	195,923	8.4
1985	163,571	6.7	263,936	10.1	149,498	6.0
1986	(38,919)	(1.4)	(25,362)	(0.9)	(79,868)	(2.7)
1987	17,967	0.7	32,144	1.2	120,999	5.4
1988	305,909	7.9	216,109	5.3	157,768	4.0

SECTION I

Utilities

FY 1988 Actual, FY 1989 Base,
FY 1990 Request and Recommendation

Institution	Actual FY 1988	Base Budget FY 1989	FY 1990 University Request	FY 1990 Gov. Rec.
KU	$ 5,272,799	$ 5,846,432	$ 6,215,620	$ 6,215,620
KSU	4,338,730	4,723,822	4,767,392	4,767,392
WSU	2,635,186	2,911,940	3,082,212	3,039,644
ESU	717,006	717,006	717,006	717,006
FHSU	806,817	806,817	806,817	806,817
PSU	967,636	1,008,043	1,008,043	1,008,043
KUMC	4,664,525	4,731,248	4,797,970	4,797,970
KSUVMC	696,155	808,402	808,402	808,402
KCT	101,083	133,460	133,460	133,460
TOTAL	$ 20,199,937	$ 21,687,170	$ 22,336,922	$ 22,294,354

The current legislative practice of providing separate line item appropriations for utilities began with the 1976 Session. The policy, as reflected in the subcommittee report of the House Ways and Means Committee, reads as follows:

1. Appropriations for utilities should be separate line items to permit close monitoring of appropriations and expenditures.

2. Utility costs should be fully funded and the institutions should not be required to shift funds from other purposes to finance utilities.

3. Legislative budget review should focus on consumption to assure that campuses are making efforts to limit consumption.

The 1983 Legislature initiated a practice of allowing unexpended utility appropriations at the end of the fiscal year to be reappropriated and be used in the subsequent fiscal year for energy saving capital improvements. The 1984 and 1985 Legislatures included such provisions in appropriations for fiscal years 1985 and 1986 respectively. The 1986 Legislature modified this practice as follows: (1) anticipated unexpended balances at the end of FY 1986 were estimated; (2) estimated savings were reappropriated to FY 1987; (3) institutions were allowed to utilize 25 percent of the estimated reappropriation for energy saving, capital improvements; and (4) institutions were not allowed to expend savings in excess of the estimate. The 1987 and the 1988 Legislatures did not reappropriate utility savings for energy saving capital improvements.

The following table contains data on actual utility expenditures in FY 1987 and FY 1988, as well as the approved FY 1989 base. The table indicates relatively little margin for inflation at most of the institutions with actual reductions when comparing FY 1988 to FY 1989 utility funding at the University of Kansas, the Kansas University Medical Center, Emporia State University, and the Kansas College of Technology. The Governor and the Legislature typically review utility expenditures and the potential for savings or supplementation in March.

Actual and Budgeted Utility Expenditures
FY 1987 -- FY 1989

Institution	Actual FY 1987	Actual FY 1988	Base Budget FY 1989	Difference FY 89 Base FY 88 Exp.	Percent Difference FY 88-FY 89
KU	$ 5,714,431	$ 5,272,799	$ 5,846,432	$ 573,633	10.9%
KSU	4,209,864	4,338,730	4,723,822	385,092	8.9
WSU	2,562,949	2,635,186	2,911,940	276,754	10.5
ESU	724,897	717,006	717,006	--	--
FHSU	793,046	806,817	806,817	--	--
PSU	906,920	967,636	1,008,043	40,407	4.2
KUMC	4,587,743	4,664,525	4,731,248	66,723	1.4
KSUVMC	829,643	696,155	808,402	112,247	16.1
KCT	113,763	101,083	133,460	32,377	32.0
TOTAL	$ 20,443,256	$ 20,199,937	$ 21,687,170	$ 1,487,233	7.4%

SECTION J

Servicing New Buildings

Request. The FY 1990 requests of the institutions include a total of $1.8 million for costs associated with servicing of new buildings. The requests include 39.4 FTE new classified positions, as well as utility and other operating expenditures funding for facilities anticipated to become operational in FY 1990. The requests by institution, except a request for additional state support of certain athletic facilities, are detailed in the following table:

FY 1990 Request
Servicing New Buildings

Institution/Facility	Classified FTE	Salaries	OOE	Utilities	Total
KU - Human Dev. Center; Science Library; Parker Hall; Univ. Press Warehouse	11.2	$ 191,453	$ 46,800	$ 369,188	$ 607,441
KSU - Grain Science Storage and Training Facility; Agronomy Research; Brandeberry Complex; College Court Complex	4.7	68,673	18,885	43,570	131,128
PSU - Shirk Hall and Annex	--	--	40,968	--	40,968
KUMC - Animal Care Research Support Facility	3.9	57,955	16,157	133,445	207,557
WSU -- Institute for Aviation Research; Ablah Library Addition; Center for Entrepreneurship	7.0	223,470	49,233	188,612	461,315
TOTAL	26.8	$ 541,551	$ 172,043	$ 734,815	$ 1,448,409

Financing for servicing of new buildings has traditionally been requested according to a formula which allocates funds upon square footage. In most years, the Legislature has financed the request. The Board revised its formulas in FY 1987 and subsequently funds have been requested based upon: (1) one

FTE staff position for each 10,500 gross square feet (GSF); (2) a statewide average OOE rate per GSF of $0.40 cents in FY 1990; and (3) utility costs differentiated by institution and type of program. The Governor recommends a total of $1,325,711 and 26.8 FTE positions for the servicing of new buildings in FY 1990.

The Board of Regents requests $351,300 and 12.6 FTE positions for full state support for the servicing of certain athletic facilities at the University of Kansas, Kansas State University, and Wichita State University. Since January, 1984 the Board policy for the servicing of certain athletic facilities has been the state would pay two-thirds of the servicing costs of the buildings and the athletic corporations would contribute one-third of the servicing cost. However, in November, 1988 the Board changed the policy to 100 percent state support with no athletic corporation contribution for the servicing of the respective buildings. The Governor does not concur with the request for additional state support for the athletic facilities in FY 1990. The following table displays the Regents' request for FY 1990.

Institution/Facilities	Requested FY 1990 Additional State Support
University of Kansas:	
Anschutz Pavilion	$ 50,912
Hogland-Maupin Stadium	25,586
Kansas State University:	
Brandeberry Practice Facility	15,707
Bramlage Coliseum	94,317
Wichita State University	
Eck Stadium	37,081
Henry Levitt Arena	37,081
TOTAL	$ 351,300

MARGIN OF EXCELLENCE

The Board of Regents has submitted the FY 1990 budget request in a systemwide program named the "Margin of Excellence." The Margin is a three-year program with two primary goals: (1) to bring the salaries of faculty and other unclassified positions to 100 percent of the average of the designated peer institutions; and, (2) to bring overall funding of the six universities to 95 percent of the average of the peers. The FY 1990 request is the second year of the three-year program.

The faculty/unclassified salaries parity request includes the approved amount of $5.3 million in FY 1989, $7.4 million in FY 1990 and 1991, for a total request of $20.1 million to bring salaries to 100 percent of the average of the peers. The second priority is termed "Mission-Related Targeted Enhancements" and corresponds to the program improvements requested in other years. The Mission-Related approved amount in FY 1989 totaled $6.7 million for FY 1989 and $9.6 million is requested in the FY 1990 and $9.1 million FY 1991. The following table lists, by institution, the faculty/unclassified salary parity requests and recommendation, and the Targeted Enhancements requests and recommendation.

FY 1990 Margin of Excellence

Institution	Requested Faculty/ Unclassified Salary Parity	Gov. Rec. Faculty/ Unclassified Salary Parity	Requested Mission-Related Targeted Investments	Gov. Rec. Mission-Related Targeted Investments
University of Kansas	$ 2,027,000	$ 2,027,000	$ 1,537,000	$ 768,500
Kansas State University	2,000,000	2,000,000	1,867,000	938,500
Wichita State University	1,284,000	1,284,000	442,000	221,000
Emporia State University	350,000	350,000	98,719	49,360
Fort Hays State University	724,000	724,000	287,000	143,500
Pittsburg State University	498,000	498,000	319,000	159,500
Subtotal	$ 6,883,000	$ 6,883,000	$ 4,550,719	$ 2,280,360
University of Kansas Medical Center	$ 328,719	$ 328,719	$ 4,094,878	$ 3,277,607
Kansas State University Veterinary Medical Center	150,000	150,000	525,990	525,990
Kansas College of Technology	60,000	60,000	75,000	75,000
Subtotal	$ 538,719	$ 538,719	$ 4,695,868	$ 3,878,597
TOTAL	$ 7,421,719	$ 7,421,719	$ 9,246,587	$ 6,158,957
GRAND TOTAL – Salary Parity and Mission-Related Investments			$ 16,668,306	$ 13,580,676

Peer Comparisons. The Margin of Excellence is based on the concept of comparisons of the institutions to a set of selected peer institutions. Peer institutions were first selected by a Regents' task force in 1976 from states whose ability to support public education, higher education pattern, and populations were determined to be relatively similar to that of Kansas. The major basis for comparison was similarity in program responsibilities. Comparison institutions were to be similar in enrollment measures, and broad "missions" were to be similar. In addition, the institutions had to be publicly controlled, characteristics of image, expenditures, emphasis, headcount enrollment, and doctoral enrollment had to be comparable, the institutions were not to be from either heavily or sparsely populated states, and no peer group was to be larger than five institutions. The Board of Regents designated peer institutions are listed in the table below.

Regents' Institution	Peer Institution
University of Kansas	University of Colorado University of Iowa University of North Carolina -- Chapel Hill University of Oklahoma University of Oregon
Kansas State University	Colorado State University Iowa State University North Carolina State University Oklahoma State University Oregon State University
Wichita State University	University of Akron Portland State University Virginia Commonwealth University University of North Carolina -- Greensboro University of Wisconsin -- Milwaukee Western Michigan University
Emporia State University Fort Hays State University Pittsburg State University	Eastern New Mexico University Murray State University Western Carolina University Central Oklahoma University Eastern Washington University Northern Arizona University

Cost Studies. A comprehensive cost study is conducted on each peer institution by the Kansas institutions using definitions and procedures developed by the Regents' Task Force. The studies include data on faculty salaries and fringe benefits, classified salaries and benefits, student wages, computing support, and other operating expenditures. The institutions collect information on general use funds, including the State General Fund, tuition and student fee revenue, land grant funds, and sponsored research overhead. Approximately 85 percent of the total operating budget of the peer institution is examined, however, activities such as public services, athletics, and utilities are excluded.

Relative Funding for Regents' Institutions. The following table displays each university's funding relative to its peers in faculty salaries, other operating expenditures, and overall financing. It may be noted that the three larger institutions are funded at approximately the same levels in faculty salaries with significant differences in other operating expenditures. However, they share approximately the same levels of overall relative funding. The regional institutions show a great deal of variance, with Forts Hays State University funded considerably lower than any of the other institutions.

Relative Funding for Kansas Institutions

Institution	Faculty Salaries[a]	Other Operating Expenditures[b]	Total University Funding
University of Kansas	88.6	60.4	82.7
Kansas State University	87.4	60.7	79.4
Wichita State University	88.2	70.6	85.2
Emporia State University	87.2	50.7	88.1
Fort Hays State University	84.8	51.6	80.9
Pittsburg State University	89.4	41.5	81.0

Source: Kansas Board of Regents.

a) AAUP Salary Study of Faculty 1987-1988.
b) Cost Study Data -- FY 1987.

Systemwide FY 1987 total relative funding was 82.3 percent, a 4.2 percent decline from the 86.5 percent of FY 1986. The total decline largely results from the FY 1987 rescission. Relative funding for salaries are further impacted by the partial year salary increases of FY 1988. These relative funding percentages do not reflect the FY 1989 financing for the Margin of Excellence provided by the 1988 Legislature. Fiscal year 1989 salary comparisons to the peer institutions are not yet published; however, the data will become available during the 1989 Session.

Governor's Recommendation. Of the $7,093,000 recommended by the Governor for unclassified salary parity, a total of $4,819,386 is recommended for instructional faculty increases in FY 1990. The recommendation will provide, when combined with the 5 percent salary increase recommended for all unclassified personnel, an average increase for instructional faculty ranging from 7.4 percent at Emporia State University to 10.5 percent at Fort Hays State University. The table below shows the average FY 1990 salary increase as proposed by the Governor including the 5 percent salary increase recommended for all unclassified personnel.

	Average FY 1990 Salary Increase as Recommended by Governor
University of Kansas	7.6%
Kansas State University	7.6
Wichita State University	8.7
Emporia State University	7.4
Fort Hays State University	10.5
Pittsburg State University	8.1

Of the requested $9,575,306 for mission related program enhancements, the Governor recommends a total of $6,158,957 for all nine Regents' institutions. The Governor recommends 50 percent of the requested mission-related program enhancements or $2,275,360 for the six universities, all of the requested program fulfillments at the Kansas College of Technology ($75,000), and the Kansas State University Veterinary Medical Center ($525,990), and $2.9 million out of the requested $4.1 million program fulfillments at the Kansas University Medical Center. Detailed information on the mission-related program enhancements is contained within the individual agency budget analyses.

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★ KANSAS BOARD OF REGENTS ★

REGENTS REPORT 89-1

THE STATUS OF FACULTY SALARIES AND FACULTY SALARY PARITY DURING FY 1989

REGENTS SALARIES AND PEER SALARIES DURING FY 1989

Institution	Avg. Salary Kansas	Avg. Salary Peers	Relative Funding
University of Kansas	$40,673	$44,762	90.9%
Kansas State University	36,365	40,587	89.6
Wichita State University	33,806	37,686	89.7
Emporia State University	32,524	36,134	90.0
Pittsburg State University	33,189	35,836	92.6
Fort Hays State University	32,003	35,306	90.6

COMPARISON OF RELATIVE FUNDING FACULTY SALARIES

FY 1987 - FY 1989

Institution	Fiscal 1987	Fiscal 1988	Fiscal 1989
University of Kansas	92.1%	88.6%	90.9%
Kansas State University	91.8	87.4	89.6
Wichita State University	89.2	88.2	89.7
Emporia State University	89.5	87.2	90.0
Pittsburg State University	89.9	89.4	92.6
Fort Hays State University	86.7	84.8	90.6
System Total	90.9%	87.9%	90.4%

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Attachment 2

MARGIN OF EXCELLENCE 1989-1991

AVERAGE ALL RANKS FACULTY SALARIES AMONG REGENTS PEERS

Fiscal Year 1989

Univ. of Kansas	**$ 40,673**	**Kansas State**	**$ 36,365**
Univ. of Colo.	44,352	Colo. State	40,178
Univ. of Iowa	47,037	Iowa State	42,328
Univ. of N.C.	49,078	N.C. State	46,720
Univ. of Okla.	37,972	Okla. State	37,771
Univ. of Oregon	35,386	Oregon State	36,674

Wichita State	**$ 33,806**	**Emporia State**	**$ 32,524**
		Fort Hays State	**32,003**
U. of Akron	41,984	**Pittsburg State**	**33,189**
U.N.C.-Greensboro	41,446		
Portland State	36,305	W. Carolina	37,447
Virginia Commonwth	42,874	E. New Mexico	30,678
U. Wis.-Milwaukee	40,214	Central Okla. St.	35,642
W. Michigan	39,143	N. Arizona St.	38,437
		Murray State-Ky	31,341
		E. Washington	33,031

Source: Preliminary AAUP Faculty Salary Report

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NOTES AND CONCLUSIONS

1. The original Margin of Excellence computations were developed from FY 1987 faculty salary data. However, one year of rather limited faculty salary increases (3 percent for six months) intervened in FY 1988, prior to the infusion of additional funding during FY 1989.

2. Consequently, each of the institutions experienced a decline in relative funding for faculty salaries during FY 1988.

3. The FY 1989 increases, improved FY 1989 relative funding, compared to FY 1988. However, the FY 1989 relative funding at KU and KSU is below the FY 1987 percentages upon which the Margin of Excellence is based. The relative funding at ESU and WSU has increased by .5 percent between FY 1987 and FY 1989. Relative funding at Pittsburg State and Fort Hays State has increased 2.7 percent and 3.9 percent respectively.