

SENATE SUBCOMMITTEE REPORTS ON

H.B. 2796 -- SUPPLEMENTAL APPROPRIATIONS BILL

and

H.B. 2794 -- APPROPRIATIONS BILL

Sections Pertaining to:


Section 2 -- Fort Hays State University

Section 5 -- Emporia State University

Section 6 -- Pittsburg State University



Senator Wint Winter
Subcommittee Chairman



Senator Richard Gannon

SUBCOMMITTEE REPORT

Agency: Ft. Hays State University

Bill No. 2794

Bill Sec. 2

Analyst: Timmer

Analysis Pg. No. 369

Budget Pg. No. 3-29

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$18,001,429	\$17,900,994	\$ 478,948
General Fees Fund	<u>4,278,427</u>	<u>4,072,496</u>	<u>0</u>
General Use Funds	\$22,279,856	\$21,973,490	\$ 478,948
Restricted Use Funds	<u>6,034,136</u>	<u>6,034,136</u>	<u>0</u>
Subtotal--State Operations	<u>\$28,313,992</u>	<u>\$28,007,626</u>	<u>\$ 478,948</u>
Other Assistance:			
Restricted Use	<u>\$ 2,227,181</u>	<u>\$ 2,227,181</u>	<u>\$ 0</u>
Subtotal--Other Assistance	<u>\$ 2,227,181</u>	<u>\$ 2,227,181</u>	<u>\$ 0</u>
Total General Use Funds	\$22,279,856	\$21,973,490	\$ 478,948
Total Operating Expenditures	\$30,541,173	\$30,234,807	\$ 478,948
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Building Fund	1,500,000	1,500,000	0
Other Funds	<u>712,000</u>	<u>712,000</u>	<u>0</u>
Subtotal--Capital Improvements	<u>\$ 2,212,000</u>	<u>\$ 2,212,000</u>	<u>\$ 0</u>
GRAND TOTAL	<u>\$32,753,173</u>	<u>\$32,446,807</u>	<u>\$ 478,948</u>
FTE Positions:			
Classified	297.9	294.9	0.0
Unclassified	<u>321.4</u>	<u>317.1</u>	<u>1.0</u>
TOTAL	<u>619.3</u>	<u>612.0</u>	<u>1.0</u>

Agency Estimate/Governor's Recommendation

Fort Hays State University requests a total general use operating budget of \$22,279,856 for FY 1989. The request includes total funding of \$874,923 for systemwide program maintenance increases of 4 percent for other operating expenditures, 5 percent for unclassified salaries, 4 percent for student salaries and annualization of salary increases granted to classified and unclassified employees for the last half of FY 1988. The request also includes a total of \$956,000 to finance faculty/unclassified salary increases and mission-related targeted investments related to the Board of Regent's Margin of Excellence program. The institution also requests a positive enrollment adjustment of \$83,100.

The Governor recommends a general use budget operating budget of \$21,973,490, an 8.5 percent increase over the revised FY 1988 budget. The recommendation includes funding for the requested program maintenance in-

creases, a 4 percent salary increase for classified personnel and \$473,054 for salary increases for instructional faculty. The Governor concurs with the University's enrollment adjustment request.

House Subcommittee Recommendations

The House Subcommittee concurs with the Governor's recommendations FY 1989 with the following adjustments:

1. Systemwide Recommendation. Addition of \$128,948 from the State General Fund for unclassified/faculty salary increases. The recommendation provides all the funding requested for unclassified salaries under the Board of Regent's Margin of Excellence proposal.
2. Addition of \$350,000 from the State General Fund to allow additional movement for the University toward parity with its peers. The Subcommittee learned that Fort Hays continues to lag behind its peers in total operating funding and that the University's lag remains larger than that of the other two regional universities. Although the Subcommittee believes that the University continues to produce a quality product with fewer resources, the Subcommittee is also of the opinion that this issue must be addressed and that additional funding is required this year. The Subcommittee learned that the recommended level of funding (\$350,000), when combined with the faculty salary parity funding, will move Fort Hays' relative funding level from 82.9 percent to 86.9 percent of its designated peers, a level which still will not move the University from the lowest relative funding of its peers in the Regents system. (See the following table.)

<u>Institution</u>	<u>Overall Relative Funding FY 1986</u>	<u>Adjusted House Committee Recommendation</u>
University of Kansas	85.9%	87.5%
Kansas State University	85.8	87.4
Wichita State University	87.0	89.3
Emporia State University	93.2	94.8
Pittsburg State University	89.1	91.2
Fort Hays State University	82.9	85.4*

* This is increased to 86.9 with the Subcommittee's recommended funding.

The Subcommittee also learned that a major concern of students is funding for the library and acquisitions. The Subcommittee is of the opinion that a portion of the recommended funding should be used to address the library's problems.

3. The Subcommittee recommends the addition of 1.0 FTE unclassified position due to the University's positive enrollment adjustment of \$83,100. The Subcommittee understands that the position was inadvertently left out of the agency's request.

4. It has come to the attention of the Subcommittee that a bid of \$8,442,000 has been received for the Sheridan Coliseum renovation project. The project was originally projected to cost \$6,012,000 and funding for that level of renovation has been appropriated from state funds (\$4,012,000) and raised from private funds (\$2,000,000). The Subcommittee expresses concern and dismay at the great discrepancy between the estimates and the actual bid and believes that the University, the State Architect's office and any other appropriate officials should investigate the situation immediately.

House Committee Recommendations

The House Committee concurs with the Subcommittee's recommendations.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the Committee's recommendations.

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec.</u>	<u>Senate Sub. Adjustments</u>
State Operations:			
State General Fund	\$ 478,948	\$ 18,379,942	\$ (22,775)
General Fees Fund	<u>0</u>	<u>4,072,496</u>	<u>30,924</u>
General Use Funds	\$ 478,948	\$ 22,452,438	8,149
Restricted Use Funds	<u>0</u>	<u>6,034,136</u>	<u>0</u>
Subtotal - State Operations	<u>\$ 478,948</u>	<u>\$ 28,486,574</u>	<u>\$ 8,149</u>
Other Assistance:			
Restricted Use	\$ 0	\$ 2,227,181	\$ 0
Subtotal - Other Assistance	<u>\$ 0</u>	<u>\$ 2,227,181</u>	<u>\$ 0</u>

Total General Use Funds	\$ 478,948	\$ 22,452,438	\$ 8,149
Total Operating Expenditures	478,948	30,713,755	8,149
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Building Fund	0	1,500,000	0
Other Funds	0	712,000	0
Subtotal - Capital Improvements	\$ 478,948	\$ 2,212,000	\$ 0
GRAND TOTAL	<u>\$ 478,948</u>	<u>\$ 32,925,755</u>	<u>\$ 8,149</u>
FTE Positions			
Classified	0.0	294.9	3.5
Unclassified	1.0	318.1	4.25
Total	<u>1.0</u>	<u>613.0</u>	<u>7.75</u>

Senate Subcommittee Recommendations

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

1. Based on systemwide recommendations of the Senate Committee:
 - a. Addition of \$4,149 from the State General Fund for student salaries and wages. The recommendation provides a total of \$854,005 from the State General Fund for student salaries and wages in FY 1989.
 - b. Increase expenditure authority on the general fees fund by \$31,262 in FY 1988 and \$30,924 in FY 1989 and reduce State General Fund appropriations by the same amount in each fiscal year. The recommendation is based on revised general fee estimates submitted by the University which include Spring, 1988 enrollment figures.
 - c. Addition of \$354,000 from the State General Fund, 3.5 FTE classified positions, and 4.25 FTE unclassified positions to fund the mission-related program enhancement portion of the Margin of Excellence program. The recommendation includes \$231,485 for salaries and wages and \$122,515 for other operating expenditures and provides funding for the five programs submitted in the University' budget.
2. Delete \$350,000 from the State General Fund for other operating expenditures as was recommended by the House.

The Subcommittee reviewed the overall relative funding levels of Fort Hays in relationship to its peers and recognizes that Fort Hays is significantly further behind its peers than the other institutions in Kansas. The Subcommittee notes that the following table shows that FHSU is over 10 percent behind Emporia State, a fact that is particularly significant since the regional universities compare to the same peers.

	<u>Current Level</u>	<u>Governor's Recommendation</u>	<u>House Recommendation</u>	<u>Senate Committee Recommendation</u>
KU	85.9%	87.00%	87.45%	88.93%
KSU	85.8	86.90	87.44	88.87
WSU	87.0	89.30	89.25	88.83
ESU	93.2	94.50	91.50	95.34
PSU	89.1	90.80	91.21	91.92
FHSU	82.9	84.90	86.92	87.28*

* If the \$350,000 remains on the FHSU budget recommendation the overall relative funding level is 88.40 percent.

The House Recommendation for an additional \$350,000 from the State General Fund was made as recognition that Fort Hays lagged seriously behind its peers. However, that recommendation was made when the House Committee did not fund any part of the Universities' mission-related targeted investment requests. The Senate Committee's recommendation to fully fund the targeted investment request as presented by the Board of Regents does address the disparity between Fort Hays, the other regional schools, and their peers but it should be noted that Fort Hays continues to lag further behind its peers than Emporia and Pittsburg. With the Senate Committee's recommendation, Emporia will be funded above 95 percent of its designated peers with Pittsburg at almost 92 percent.

The Subcommittee believes special consideration should be given to the Fort Hays situation and that the full Committee should review the issue keeping in mind the recommendation for full funding of the Margin of Excellence and the continued lag of Fort Hays to its peers in spite of that recommendation. The Subcommittee is of the opinion it is appropriate for the full Committee to address and decide the issue of whether to provide Fort Hays with funding above the Margin of Excellence. If the full Committee should choose not to make a recommendation on the issue at this time the Subcommittee believes it should be reviewed during the Omnibus Session when the most current revenue estimates will be available.

3. The Subcommittee notes that Fort Hays State has begun a major computerization program with the goal of providing computer access

to all students. The Subcommittee learned that the program is going well and that all funding for the program to date has been from private and federal sources. The Subcommittee commends Fort Hays, both in the movement toward computerization and in the major initiatives shown in fund raising from sources other than the state.

2794-246/GT

SUBCOMMITTEE REPORT

Agency: Pittsburg State University

Bill No. 2796

Bill Sec. 24

Analyst: Timmer

Analysis Pg. No. 403

Budget Pg. No. 3-61

<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	\$ 16,916,532	\$ 16,944,588	\$ 18,300
General Fees Fund	<u>4,716,212</u>	<u>4,716,212</u>	<u>0</u>
General Use Funds	\$ 21,632,744	\$ 21,660,800	\$ 18,300
Restricted Use Funds	<u>4,171,577</u>	<u>4,171,577</u>	<u>0</u>
Subtotal - State Oper.	<u>\$ 25,804,321</u>	<u>\$ 25,832,377</u>	<u>\$ 18,300</u>
Other Assistance:			
General Use	\$ 60,898	\$ 60,898	\$ 0
Restricted Use	<u>1,425,576</u>	<u>1,425,576</u>	<u>0</u>
Subtotal - Other Assist.	<u>\$ 1,486,474</u>	<u>\$ 1,486,474</u>	<u>\$ 0</u>
 Total General Use Funds	 <u>\$ 21,693,642</u>	 <u>\$ 21,721,698</u>	 <u>\$ 18,300</u>
 Total Operating Expend.	 <u>\$ 27,290,795</u>	 <u>\$ 27,318,851</u>	 <u>\$ 18,300</u>
Capital Improvements:			
State General Fund	\$ 91,428	\$ 140,863	\$ 0
Educational Building Fund	<u>594,032</u>	<u>596,091</u>	<u>0</u>
Subtotal -- Capital Improvements	<u>\$ 685,460</u>	<u>\$ 736,954</u>	<u>\$ 0</u>
 GRAND TOTAL	 <u>\$ 27,976,255</u>	 <u>\$ 28,055,805</u>	 <u>\$ 18,300</u>
FTE Positions:			
Classified	273.7	268.4	0.0
Unclassified	332.9	329.1	0.0
Total	606.5	597.5	0.0

Agency Request/Governor's Recommendation

Pittsburg State University requests a total general use operating budget of \$21,693,642 for FY 1989. The University requests supplemental funding of \$36,600 from the State General Fund for rental of Shirk Hall, a former dormitory now used by the University and various state agencies. The supplemental funding would be used to amortize the outstanding bonds on the Hall.

The Governor recommends a total general use operating budget of \$21,721,698, an increase of \$28,056 over the agency's request. The Governor's recommendations include supplemental funding of \$28,056 for increased health insurance costs and do not include any funding for the Shirk Hall supplemental request.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendations with the following adjustment:

1. Addition of \$18,300 from the State General Fund for rental of Shirk Hall. The Subcommittee recommends that the supplemental funding be appropriated in a separate line and that any funds not used in FY 1988 be reappropriated to the Shirk Hall line item in FY 1989.

House Committee Recommendations

The House Committee concurs with the Subcommittee's recommendation.

House Committee of the Whole Recommendations

The House Committee of the Whole concurs with the Committee's recommendation.

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec.</u>	<u>Senate Sub. Adjustments</u>
State Operations:			
State General Fund	\$ 18,300	\$ 16,962,888	\$ 34,678
General Fees Fund	<u>0</u>	<u>4,716,212</u>	<u>0</u>
General Use Funds	\$ 18,300	\$ 21,679,100	\$ 34,678
Restricted Use Funds	<u>0</u>	<u>4,171,577</u>	<u>0</u>
Subtotal - State Oper.	<u>\$ 18,300</u>	<u>\$ 25,850,677</u>	<u>\$ 34,678</u>
Other Assistance:			
General Use	\$ 0	\$ 60,898	\$ 0
Restricted Use	<u>0</u>	<u>1,425,576</u>	<u>0</u>
Subtotal - Other Assist.	<u>\$ 0</u>	<u>\$ 1,486,474</u>	<u>\$ 0</u>
Total General Use Funds	<u>\$ 18,300</u>	<u>\$ 21,739,998</u>	<u>\$ 34,678</u>
Total Operating Expend.	<u>\$ 18,300</u>	<u>\$ 27,337,151</u>	<u>\$ 34,678</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 140,863	\$ 0
Educ. Building Fund	<u>0</u>	<u>596,091</u>	<u>0</u>
Subtotal - Cap. Impr.	<u>\$ 0</u>	<u>\$ 736,954</u>	<u>\$ 0</u>
GRAND TOTAL	<u>\$ 18,300</u>	<u>\$ 28,074,105</u>	<u>\$ 34,678</u>
FTE Positions:			
Classified	0.0	268.4	0.0
Unclassified	<u>0.0</u>	<u>329.1</u>	<u>0.0</u>
Total	<u>0.0</u>	<u>597.5</u>	<u>0.0</u>

Senate Subcommittee Recommendations

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

1. Based on systemwide recommendations made by the Senate Committee:
 - a. Addition of \$43,828 from the State General Fund to the utilities line item. The recommended supplemental funding is based on revised estimates for utility expenditures for FY 1988.

2. Deletion of \$9,150 from the State General Fund line item appropriation for Shirk Hall. The Subcommittee recommends that state funding be provided for the portion of the bond amortization costs equal to the percentage of the total space in the building occupied by University functions. The Subcommittee recommends that rent be collected for the remainder of the costs. The Subcommittee learned that 25 percent of the building's net assignable space will be occupied by the public radio station and the university's Institute for Economic Development. The remainder of the building will be occupied by other state agencies. The Subcommittee believes those organizations should be charged rent for the space they occupy.

SUBCOMMITTEE REPORT

Agency: Emporia State University

Bill No. 2794

Bill Sec. 5

Analyst: Timmer

Analysis Pg. No. 396

Budget Pg. No. 3-25

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$18,219,634	\$17,982,103	\$ 75,464
General Fees Fund	4,445,183	4,674,243	0
Interest Funds	<u>35,000</u>	<u>35,000</u>	<u>0</u>
General Use Funds	\$22,699,817	\$22,691,346	\$ 75,464
Restricted Use Funds	<u>5,885,918</u>	<u>5,885,918</u>	<u>0</u>
Subtotal--State Operations	<u>\$28,585,735</u>	<u>\$28,577,264</u>	<u>\$ 75,464</u>
Other Assistance:			
Restricted Use	<u>\$ 1,780,000</u>	<u>\$ 1,780,000</u>	<u>\$ 0</u>
Subtotal--Other Assistance	<u>\$ 1,780,000</u>	<u>\$ 1,780,000</u>	<u>\$ 0</u>
Total General Use Funds	\$22,699,817	\$22,691,346	\$ 75,464
Total Operating Expenditures	\$30,365,735	\$30,357,264	\$ 75,464
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Building Fund	520,000	170,000	0
Other Funds	<u>41,500</u>	<u>41,500</u>	<u>0</u>
Subtotal--Capital Improvements	<u>\$ 561,500</u>	<u>\$ 211,500</u>	<u>\$ 0</u>
GRAND TOTAL	<u>\$30,927,235</u>	<u>\$30,568,764</u>	<u>\$ 75,464</u>
FTE Positions			
Classified	287.6	277.6	0
Unclassified	<u>361.4</u>	<u>344.4</u>	<u>0</u>
Total	<u>649.0</u>	<u>622.0</u>	<u>0</u>

Agency Estimate/Governor's Recommendation

Emporia State University requests a total general use operating budget of \$22,699,817 for FY 1989, a 9.2 percent increase over the revised FY 1988 budget. The request includes annualization of the classified and unclassified salary increases granted for the last half of FY 1988 and program maintenance increases of 5 percent for unclassified salaries, 4 percent other operating expenditures, and 4 percent for student salaries. In addition, the University requests \$350,000 for faculty/unclassified salary increases and \$117,000 for mission-related program enhancements as part the Board of Regents' Margin of Excellence program. Also, a positive enrollment adjustment of \$166,815 is requested.

The Governor recommends an FY 1989 general use operating budget of \$22,691,346 for Emporia State, an increase of 8.3 percent over the revised FY

1988 budget. The Governor concurs with the University's program maintenance increase requests and recommends a 4 percent salary increase for classified employees. In addition, \$274,536 is recommended for salary increases for instructional faculty. The Governor also recommends the requested enrollment adjustment of \$166,815.

House Subcommittee Recommendation

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

1. Systemwide Adjustment. Addition of \$75,464 from the State General Fund to allow full funding of the University's faculty/unclassified salary parity request.
2. The Subcommittee notes that the University submitted a mission-related program enhancement request of \$67,000 for the development of a model library and that \$58,000 of the enrollment adjustment was also to be used for that project. The Subcommittee learned that the highest priority for the University's use of the enrollment adjustment funds is hiring of 2.0 FTE faculty positions for the College of Education, an action which is required to meet citations in an accreditation survey. The Subcommittee also learned that the model library project is the second priority and that the University would like to use whatever funds necessary to proceed with the project. The Subcommittee therefore expects that the University will use whatever enrollment adjustment funds it feels appropriate for the model library project and that it will not be constrained by the proposed uses of the enrollment adjustment funds submitted in the budget.

House Committee Recommendations

The House Committee concurs with the Subcommittee's recommendations.

House Committee of the Whole

The House Committee of the whole concurs with the Committee recommendations.

<u>Expenditure Summary</u>	<u>House FY 89 Adjustments</u>	<u>House Rec. FY 89</u>	<u>Senate Sub. Adjustments</u>
State Operations:			
State General Fund	\$ 75,464	\$ 18,057,567	\$ (31,980)
General Fees Fund	0	4,674,243	152,927
Interest Funds	<u>0</u>	<u>35,000</u>	<u>0</u>
General Use Funds	\$ 75,464	\$ 22,766,810	\$ 120,947
Restricted Use Funds	<u>0</u>	<u>5,885,918</u>	<u>0</u>
Subtotal - State Ops.	<u>\$ 75,464</u>	<u>\$ 28,652,728</u>	<u>\$ 120,947</u>
Other Assistance:			
Restricted Use	\$ 0	\$ 1,780,000	\$ 0
Subtotal - Other Assist.	<u>\$ 0</u>	<u>\$ 1,780,000</u>	<u>\$ 0</u>
Total General Use Funds	\$ 75,464	\$ 22,769,810	\$ 120,947
Total Operating Expenditures	\$ 75,464	\$ 30,432,728	\$ 120,947
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educ. Building Fund	0	170,000	0
Other Funds	<u>0</u>	<u>41,500</u>	<u>0</u>
Subtotal - Cap. Impr.	<u>\$ 0</u>	<u>\$ 211,500</u>	<u>\$ 0</u>
GRAND TOTAL	<u>\$ 75,464</u>	<u>\$ 30,644,228</u>	<u>\$ 120,947</u>
FTE Positions			
Classified	0	277.6	0.0
Unclassified	<u>0</u>	<u>344.4</u>	<u>2.0</u>
Total	<u>0</u>	<u>622.0</u>	<u>2.0</u>

Senate Subcommittee Recommendations

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

1. Based on systemwide recommendations of the Senate Committee:
 - a. Addition of \$3,947 from the State General Fund for student salaries and wages.
 - b. Additional general fees revenues have been estimated for FY 1988 and FY 1989. The Committee recommends that the increased revenues of \$51,705 for FY 1988 be carried forward to FY 1989 where additional revenues of \$101,222 have been estimated. The Committee therefore recommends that the expenditure limitation on the general fees fund be increased by \$152,927 and the State General Fund appropriation reduced by that amount.

- c. Addition of \$117,000 from the State General Fund and 2.0 FTE unclassified positions for the mission-related program enhancement portion of the Margin of Excellence. The recommendation includes \$54,842 for salary and wage funding and \$62,158 for other operating expenditures for the model library development and improvement of educational computing programs as submitted by the University.
- d. Addition of \$14,587 from the State General Fund for FY 1988 to the utilities line item to fund a projected utility funding shortfall for the current fiscal year.

SUBCOMMITTEE REPORT

Agency: Pittsburg State University

Bill No. 2794

Bill Sec. 6

Analyst: Timmer

Analysis Pg. No. 403

Budget Pg. No. 3-61

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 19,755,109	\$ 19,078,480	\$ 96,395
General Fees Fund	4,710,406	5,365,621	0
General Use Funds	\$ 24,465,515	\$ 24,444,101	\$ 96,395
Restricted Use Funds	4,334,843	4,334,843	0
Subtotal - State Oper.	<u>\$ 28,800,358</u>	<u>\$ 28,778,944</u>	<u>\$ 96,395</u>
Other Assistance:			
General Use	\$ 82,500	\$ 42,000	\$ 0
Restricted Use	1,483,919	1,483,919	0
Subtotal - Other Assist.	<u>\$ 1,566,419</u>	<u>\$ 1,525,919</u>	<u>\$ 0</u>
Total General Use Funds	<u>\$ 24,548,015</u>	<u>\$ 24,486,101</u>	<u>\$ 96,395</u>
Total Operating Expend.	<u>\$ 30,366,777</u>	<u>\$ 30,304,863</u>	<u>\$ 96,395</u>
Capital Improvements:			
State General Fund	\$ 841,500	\$ 0	\$ 0
Educational Building Fund	0	0	0
Subtotal -- Capital Improvements	<u>\$ 841,500</u>	<u>\$ 0</u>	<u>\$ 0</u>
GRAND TOTAL	<u>\$ 31,208,277</u>	<u>\$ 30,304,863</u>	<u>\$ 96,395</u>
FTE Positions:			
Classified	283.2	274.9	0.0
Unclassified	349.5	342.8	0.0
Total	<u>632.7</u>	<u>617.7</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

Pittsburg State University requests a total of \$24,548,015 in general use funds for the FY 1989 budget, an increase of 13.2 percent over the FY 1988 revised budget. The request includes annualization of the classified and unclassified salary increases granted for the last half of FY 1988 and a program maintenance increases of 5 percent for unclassified salaries, 4 percent for other operating expenditures, and 4 percent for student salaries. In addition, the University requests \$498,000 for faculty unclassified salary increases and \$167,000 for mission-related program enhancements as a part of the Board of Regents' Margin of Excellence program. The University's request also includes a positive enrollment adjustment of \$937,092.

The Governor recommends a general use operating budget of \$24,486,101 for FY 1989, a 12.7 percent increase over the revised FY 1988 recommendation. The Governor's recommendations include funding for the

requested program maintenance increases and a 4 percent salary increase for classified personnel. In addition, the Governor recommends \$392,455 for instructional faculty salary increases, \$40,407 for the servicing of new buildings, and a positive enrollment adjustment of \$937,092.

House Subcommittee Recommendations

The House Subcommittee concurs with the Governor's recommendations for FY 1989 with the following adjustments:

1. Systemwide Recommendation. Addition of \$105,545 from the State General Fund for unclassified/faculty salary increases. The recommendation will fully fund the University's request for the faculty salary parity funding portion of the Margin of Excellence for FY 1989.
2. Deletion of \$9,150 from the State General Fund line item for Shirk Hall rental. The Subcommittee's recommendation will provide a total of \$27,450 in funding for the Shirk Hall dormitory bond retirement in FY 1989. The University requested and the Governor recommended a total of \$36,600 for that purpose. The Subcommittee recommends that the University collect rents from the organizations located in Shirk Hall to raise the difference in funding. The Subcommittee is of the opinion that Shirk Hall should be rent supported rather than supported through student dormitory fees or through the University's State General Fund operating budget.

House Committee Recommendations

The House Committee concurs with the Subcommittee's recommendations.

House Committee of the Whole Recommendations

The House Committee of the Whole concurs with the Committee's recommendations.

<u>House Adjustments</u>	<u>House Adjustments</u>	<u>House Rec.</u>	<u>Senate Sub. Adjustments</u>
State Operations:			
State General Fund	\$ 96,395	\$ 19,174,875	\$ (432,522)
General Fees Fund	<u>0</u>	<u>5,365,621</u>	<u>594,578</u>
General Use Funds	\$ 96,395	\$ 24,540,496	\$ 171,056
Restricted Use Funds	<u>0</u>	<u>4,334,843</u>	<u>0</u>
Subtotal - State Oper.	<u>\$ 96,395</u>	<u>\$ 28,875,339</u>	<u>\$ 171,056</u>
Other, Assistance:			
General Use	\$ 0	\$ 42,000	\$ 0

Restricted Use	<u>0</u>	<u>1,483,919</u>	<u>0</u>
Subtotal - Other Assist.	\$ <u>0</u>	\$ <u>1,525,919</u>	\$ <u>0</u>
Total General Use Funds	\$ 96,395	\$ 24,582,496	\$ 171,056
Total Operating Expend.	\$ 96,395	\$ 30,401,258	\$ 171,056
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educ. Building Fund	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal - Cap. Impr.	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
GRAND TOTAL	\$ <u>96,395</u>	\$ <u>30,401,258</u>	\$ <u>171,056</u>
FTE Positions:			
Classified	0.0	274.9	5.3
Unclassified	<u>0.0</u>	<u>342.8</u>	<u>3.7</u>
Total	<u>0.0</u>	<u>617.7</u>	<u>9.0</u>

Senate Subcommittee Recommendation

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

1. Based on systemwide recommendations of the Senate Committee:

- a. Addition of \$2,853 from the State General Fund for student salaries and wages.
- b. Addition of \$167,000 from the State General Fund for the mission-related targeted investments portion of the University's Margin of Excellence request. The recommendation provides salary and wage funding of \$122,112 and 3.0 FTE new positions, and operating funds of \$94,888 for the programs requested by the University.
- c. Additional general fund revenues of \$292,089 for FY 1988 and \$302,489 for FY 1989 have been estimated. The Committee recommends the FY 1988 amount be carried forward to FY 1989 and that the total of both years be used in FY 1989 to offset the State General Fund appropriation. The Committee's recommendation allows an expenditure limitation increase of \$594,578 on the general fees fund and a reduction of the same amount to the State General Fund appropriation.

2. Technical adjustment to the classified and unclassified position limitations for the University to accurately reflect approved limitations. The adjustment adds 3.7 unclassified FTE and 5.3 classified FTE positions.

3. Deletion of \$18,300 from the State General Fund line item for Shirk Hall. The Subcommittee learned that University affiliated programs will occupy approximately 25 percent of Shirk Hall and therefore recommends that 25 percent of the bond amortization request be funded by the state with the remainder from other sources such as rent.

4. Addition of \$19,503 from the State General Fund for Shirk Hall. The recommended funding will provide \$16,477 for salary and wages funding for 1.0 FTE position and other operating funds of \$3,027. The recommendation is for 25 percent of the funding requested for servicing of Shirk Hall and represents the Subcommittee's belief that the state should assume 25 percent of the costs of the buildings' operation due to the fact University activities will occupy 25 percent of the building.

SENATE SUBCOMMITTEE REPORTS ON

H.B. 2796 -- SUPPLEMENTAL APPROPRIATIONS BILL

and

H.B. 2794 -- APPROPRIATIONS BILL

Sections Pertaining to:

Section 3 -- Kansas State University

Section 4 -- Kansas State University Veterinary Medical Center



Senator Joseph Harder
Subcommittee Chairman



Senator Paul Feleciano

SUBCOMMITTEE REPORT

Agency: Kansas State University --
 Veterinary Medical Center

Bill No. 2794

Bill Sec. 4

Analyst: Timmer

Analysis Pg. No. 390

Budget Pg. No. 3-43

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 6,789,583	\$ 6,293,590	\$ 140,000
General Fees Fund	2,671,991	2,671,991	0
Hospital Revenue Fund	<u>1,148,000</u>	<u>1,236,875</u>	<u>0</u>
General Use Funds	\$ 10,609,574	\$ 10,202,456	\$ 140,000
Restricted Use Funds	<u>343,925</u>	<u>343,925</u>	<u>0</u>
Subtotal - State Oper.	<u>\$ 10,953,499</u>	<u>\$ 10,546,381</u>	<u>\$ 140,000</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Build. Fund	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
GRAND TOTAL	<u>\$ 10,953,499</u>	<u>\$ 10,546,381</u>	<u>\$ 140,000</u>
FTE Positions:			
Classified	132.4	130.4	0.0
Unclassified	<u>90.4</u>	<u>89.4</u>	<u>0.0</u>
Total	<u>222.8</u>	<u>219.8</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The Veterinary Medical Center requests a total general use operating budget of \$10,609,574 for FY 1989, an 11.4 percent increase over the revised FY 1988 budget. The request includes annualization of the salary increases for classified and unclassified positions granted for the last half of FY 1988, program maintenance increases of 5 percent for unclassified salaries, 4 percent for other operating expenditures, and 4 percent for student salaries. In addition, the Center requests \$457,900 for the third year of the program fulfillment begun in FY 1986, \$125,000 for faculty/unclassified salary increases and \$77,100 for a cooperative research program with the University of Kansas.

The Governor recommends a total general use operating budget of \$10,202,456 for FY 1989, a 7.0 percent increase over the revised FY 1988 budget. The recommendation includes the requested program maintenance increases and \$125,000 for the faculty salary increases. The Governor's recommendations do not include funding for the program fulfillment or the cooperative research program.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendations with the following adjustment:

1. Addition of \$140,000 from the State General Fund to allow the Veterinary Medical Center to fill 5 FTE faculty positions. The funding is intended to provide funding for the 5 positions for 6 months in FY 1989 and is in response to the program fulfillment request made by the institution.

The Subcommittee understands that the Medical Center made a total request of \$457,900 for FY 1989 to increase funding for faculty positions, to increase funding for technical support staff, and to increase other operating expenditures. The Subcommittee learned that the Medical Center was accredited for three years rather than the seven due to significant problems with faculty staffing and OOE. In addition, the Subcommittee learned that an agreement was reached during the 1985 Session whereby the tuition for the Veterinary School was to be doubled in four years with the additional revenue to be used to fund the salary and OOE shortfalls. The tuition increases have been implemented and are again included in the FY 1989 recommendations but the additional revenue has not been earmarked for the program fulfillment needs in FY 1989. Funding for 6 faculty positions and 4.0 technician positions was approved for FY 1986 and 3.0 faculty and 4 classified positions have been approved since then. For FY 1988, \$100,000 for other operating expenditures was approved.

The Subcommittee believes that the Legislature's commitment to the resolution of the accreditation issue must be continued. The Subcommittee's recommendation is for 6 months funding due only to the time necessary for recruitment of the faculty and it is anticipated that full year funding will be included in the FY 1990 budget. Also, it should be noted that the tuition increases included in the FY 1989 budget will add approximately \$230,000 to the General Fees Fund.

House Committee Recommendations

The House Committee concurs with the Subcommittee's recommendations.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the Committee recommendations.

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec.</u>	<u>Senate Subcommittee Rec.</u>
State Operations:			
State General Fund	\$ 140,000	\$ 6,433,590	\$ 190,000
General Fees Fund	0	2,671,991	0
Hospital Revenue Fund	0	1,236,875	0
General Use Funds	\$ 140,000	\$ 10,342,456	\$ 190,000
Restricted Use Funds	0	343,925	0
Subtotal--State Operations	<u>\$ 140,000</u>	<u>\$ 10,686,381</u>	<u>\$ 190,000</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Building Fund	0	0	0
Subtotal--Capital Imp.	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
GRAND TOTAL	<u>\$ 140,000</u>	<u>\$ 10,686,381</u>	<u>\$ 190,000</u>
FTE Positions:			
Classified	0.0	130.4	0.0
Unclassified	0.0	89.4	0.0
Total	<u>0.0</u>	<u>219.8</u>	<u>0.0</u>

Senate Subcommittee Recommendations

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

1. Addition of \$190,000 from the State General Fund to address the program fulfillment needs identified by the Medical School. The recommendation will provide funding for two laboratory technicians and other operating expenditures and is in addition to the funding added by the House which funds five FTE faculty positions.

The Subcommittee notes that this recommendation is in response to accreditation issues which were first raised three years ago. The Subcommittee notes that the Veterinary Medical School was accredited for only three years in its last review rather than the maximum seven and that the school will be visited again in FY 1989. In order to address the deficiencies cited, the requested faculty salary and wage, OOE, and technician funding is required.

The Subcommittee also notes that the agreement between the Legislature and the school reached several years ago involved the doubling of student tuition with the additional revenue to be used for program fulfillment. Also additional revenues have been raised through the contractual agreement with Nebraska. Total increased revenue projected for FY 1989 are \$360,000. The Governor's recommendation used this funding to offset the State

General Fund appropriation; the House recommendation replaces \$140,000 of that revenue with SGF. The Senate Subcommittee's recommendation will allow the Veterinary Medical School to retain all the additional fees.

Finally, the Subcommittee notes that a Veterinary school's graduates are not eligible for licensure if the school is not accredited. Accreditation is also extremely important because of the cooperative agreement between the University of Nebraska and KSU. The University of Nebraska is currently fulfilling its obligation for construction of a veterinary science teaching and research hospital and it is expected that KSUVMC will remain fully accredited.

2. The Subcommittee recommends the addition of a restricted fee account for "Departmental Receipts for all Sales Refunds and Other Collections," as requested by the institution.

SUBCOMMITTEE REPORT

Agency: Kansas State University

Bill No. 2794

Bill Sec. 3

Analyst: Timmer

Analysis Pg. No. 377

Budget Pg. No. 3-39

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 92,745,714	\$ 89,097,997	\$ 898,733
General Fees Fund	19,908,091	21,348,687	0
Land Grant Funds	6,463,915	6,463,915	0
Endowment Interest	<u>115,000</u>	<u>175,000</u>	<u>0</u>
General Use Funds	\$ 119,232,720	\$ 117,085,599	\$ 898,733
Restricted Use Funds	<u>56,474,075</u>	<u>56,474,075</u>	<u>0</u>
Subtotal - State Oper.	<u>\$ 175,706,795</u>	<u>\$ 173,559,674</u>	<u>\$ 898,733</u>
Aid to Local Units:			
Restricted Use	\$ 84,166	\$ 84,166	\$ 0
Other Assistance:			
Restricted Use	<u>\$ 6,254,078</u>	<u>\$ 6,254,078</u>	<u>\$ 0</u>
Subtotal - Other Assist.	<u>\$ 6,254,078</u>	<u>\$ 6,254,078</u>	<u>\$ 0</u>
Total General Use Funds	<u>\$ 119,232,720</u>	<u>\$ 117,085,599</u>	<u>\$ 898,733</u>
Total Operating Expenditures	<u>\$ 182,045,039</u>	<u>\$ 179,897,918</u>	<u>\$ 898,733</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Build. Fund	2,360,000	955,000	0
Other Funds	<u>7,170,000</u>	<u>1,170,000</u>	<u>0</u>
Subtotal - Capital Improvements	<u>\$ 9,530,000</u>	<u>\$ 2,125,000</u>	<u>\$ 0</u>
GRAND TOTAL	<u>\$ 191,575,039</u>	<u>\$ 182,022,918</u>	<u>\$ 898,733</u>
FTE Positions:			
Classified	1,906.2	1,891.9	0.0
Unclassified	<u>2,246.3</u>	<u>2,220.4</u>	<u>0.0</u>
Total	<u>4,152.5</u>	<u>4,112.3</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

Kansas State University requests a total general use operating budget of \$119,232,720 for FY 1989, in increase of 10.7 percent over the revised FY 1988 budget. The request includes annualization of classified and unclassified salary increases granted for the last half of FY 1988 and program maintenance increases of 5 percent for unclassified salaries, 4 percent for other operating expenditures, and 4 percent for student salaries. In addition, the University requests \$2,000,000 for faculty/unclassified salary increases and \$1,739,000 for mission-related program enhancements as a part of the Board of Regents' Margin

of Excellence program. Also, a positive enrollment adjustment of \$692,252 is requested and \$859,798 is requested for the servicing of new buildings.

The Governor recommends a total general use operating budget of \$117,085,599 for FY 1989, a 8.3 percent increase over the revised FY 1988 budget. The recommendation includes the requested program maintenance increases, the enrollment adjustment and \$650,467 for the servicing of new buildings. In addition, the Governor recommends \$1,101,267 for salary increases for instruction faculty.

House Subcommittee Recommendations

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

1. Systemwide Recommendation. Addition of \$898,733 from the State General Fund to fully fund the University's request for faculty salary parity funding.
2. The Subcommittee held hearings on the Cooperative Extension Program and reviewed the staff reductions proposed for the Extension Service. The Subcommittee understands that funding problems have made reductions in the staffing necessary and believes that the proposed management decisions must be made. However, the Subcommittee expresses great concern about the methodology used in deciding where the staff reductions should be made. As an example, the Subcommittee learned that the urban counties of Sedgwick, Douglas, Wyandotte, Shawnee, and Johnson have larger numbers of extension agents than do the more rural counties, but that those counties were held harmless and will realize no staff reductions. Although the Subcommittee is aware that the Cooperative Extension Service receives calls in the urban areas, the Subcommittee is of the opinion that the Cooperative Extension Service should weight its services toward agriculture and those areas where agriculture production is high and that the urban areas, where services of all types are available to residents, should not be the priority areas. The Subcommittee seriously questions the necessity of large urban county programs when so many services are available through the private sector and other public service programs.

The Subcommittee strongly recommends that the administration of the Extension Program reevaluate its formula for distribution of county agents and weight the formula much more heavily toward agriculture and areas with heavy agriculture production. In addition, the Subcommittee recommends that the proportion of extension specialists to county agents be examined as to the validity of having a ratio of 195 specialists to 246 county agents. Finally, the Subcommittee is of the opinion that the youth programs and home economics programs should not be a high priority for the state and that if the counties view those programs as a necessity, the counties can allocate a larger portion of county funds toward those areas. The Subcommittee

strongly believes that the rural agriculture areas should be the highest priority for the state and federal funds available.

The Subcommittee also requests that a Post Audit study of the Cooperative Extension program, its programs, fund allocations, staffing patterns and decisions, and other such areas be conducted.

3. The Subcommittee reviewed the University's proposal to connect Bramlage Coliseum to the University's electrical system rather than to a KPL-owned system. The Subcommittee is of the opinion that the proposed connection would be cost effective but is not convinced that all avenues of funding have been explored. The Subcommittee therefore directs the University to discuss the issue of rates and connection costs with the Kansas Corporation Commission staff, with Kansas Power and Light, and any other parties which should be involved to arrive at the most cost effective method of achieving the connection. In addition, the Subcommittee learned that the Athletic Corporation will be responsible for one-third of the operating costs of the facility and therefore will realize one-third of the cost avoidance this project will allow. The Subcommittee believes that the athletic corporation should assume one-third of the costs of the installation of the proposed connection.
4. The Subcommittee recommends that a restricted fee account for the Marlatt Memorial Park be included in the University's appropriation bill as a technical adjustment.

House Committee Recommendations

The House Committee concurs with the Subcommittee's recommendations.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the Committee's recommendations.

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec.</u>	<u>Senate Sub. Adjustments</u>
State Operations:			
State General Fund	\$ 898,733	\$ 89,996,730	\$ 1,527,734
General Fees Fund	0	21,348,687	218,350
Land Grant Funds	0	6,463,915	0
Endowment Interest	0	175,000	0
General Use Funds	\$ 898,733	\$ 117,984,332	\$ 1,746,084
Restricted Use Funds	0	56,474,075	0
Subtotal - State Oper.	<u>\$ 898,733</u>	<u>\$ 174,458,407</u>	<u>\$ 1,746,084</u>
Aid to Local Units:			
Restricted Use	\$ 0	\$ 84,166	\$ 0
Other Assistance:			
Restricted Use	\$ 0	\$ 6,254,078	\$ 0
Subtotal - Other Assist.	<u>\$ 0</u>	<u>\$ 6,254,078</u>	<u>\$ 0</u>
Total General Use Funds	<u>\$ 898,733</u>	<u>\$ 117,984,332</u>	<u>\$ 1,746,084</u>
Total Operating Expend.	<u>\$ 898,733</u>	<u>\$ 180,796,651</u>	<u>\$ 1,746,084</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 302,000
Educational Build. Fund	0	955,000	0
Other Funds	0	1,170,000	0
Subtotal - Cap. Impr.	<u>\$ 0</u>	<u>\$ 2,125,000</u>	<u>\$ 302,000</u>
GRAND TOTAL	<u>\$ 898,733</u>	<u>\$ 182,921,651</u>	<u>\$ 2,048,084</u>
FTE Positions:			
Classified	0.0	1,891.9	8.4
Unclassified	<u>0.0</u>	<u>2,220.4</u>	<u>25.9</u>
Total	<u>0.0</u>	<u>4,112.3</u>	<u>34.3</u>

Senate Subcommittee Recommendations

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

1. Based on systemwide recommendations of the Full Committee:
 - a. **FY 1988.** Addition of \$27,118 from the State General Fund to the utilities line item. The recommendation is based on revised utility estimates made including actual expenditures through February, 1988.

- b. Additional general fee revenues of \$267,029 have been estimated for FY 1988 and a decrease in general fee revenues of \$48,679 has been estimated for FY 1989. The Committee recommends that the FY 1988 increase be carried forward to FY 1989 and used to offset the FY 1989 estimated decrease. The Committee's action will allow an expenditure limitation increase of \$218,350 in FY 1989 and an offset to the State General Fund appropriation by the same amount.
 - c. Addition of \$7,084 from the State General Fund for student salaries and wages.
 - d. Addition of \$1,739,000 from the State General Fund for the University's mission-related targeted investment request. The recommendation provides \$1,020,666 for salary and wage funding for 25.9 FTE new unclassified positions and 8.4 FTE new classified positions and \$718,334 for other operating expenditures.
2. The Subcommittee strongly supports the House recommendation for a Post Audit Study of the Extension Service. The Subcommittee is concerned that proposed staffing changes will most adversely affect the State's rural areas. The Subcommittee is of the opinion that urban areas and staffing allocated to those counties should not be held harmless as is proposed by the Extension Service Director and that rural areas should be the main targets for extension services, especially in agricultural-related activities. The Subcommittee highlights the issues of how staffing patterns have been developed and how these decisions are made as areas for study in the Post Audit report.
 3. Increase the expenditure limitation of the Sponsored Research Overhead Fund to \$4 million in FY 1988.
 4. The Subcommittee notes that the Chemistry/Biochemistry Building and the Hazardous Waste Storage Facility are scheduled to be occupied July 1, 1988, according to the University, but that the Governor's recommendation provides funding for only ten months (from September 1, 1988). The Subcommittee highlights this issue for Omnibus consideration when the date of completion will be more certain.
 5. The Subcommittee concurs with the recommendation of the Joint Committee on Building Construction regarding several small restricted fee capital improvement projects.

SENATE SUBCOMMITTEE REPORTS ON

H.B. 2796 -- SUPPLEMENTAL APPROPRIATIONS BILL

and

H.B. 2794 -- APPROPRIATIONS BILL

Sections Pertaining to:

Section 7 -- University of Kansas



Senator Ross Doyen
Subcommittee Chairman



Senator Mike Johnston

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SUBCOMMITTEE REPORT

Agency: University of Kansas

Bill No. 2794

Bill Sec. 7

Analyst: Timmer

Analysis Pg. No. 410

Budget Pg. No. 3-85

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 91,002,866	\$ 87,972,479	\$ 512,000
General Fees Fund	37,338,005	39,206,865	0
Endowment Interest	<u>40,000</u>	<u>65,000</u>	<u>0</u>
General Use Funds	\$128,380,871	\$127,244,344	\$ 512,000
Restricted Use Funds	<u>69,853,993</u>	<u>69,955,496</u>	<u>0</u>
Subtotal -- State Operations	<u>\$198,234,864</u>	<u>\$197,199,840</u>	<u>\$ 512,000</u>
Other Assistance:			
General Use	\$ 248,241	\$ 248,241	\$ 0
Restricted Use	<u>9,164,300</u>	<u>9,232,797</u>	<u>0</u>
Subtotal -- Other Assistance	<u>\$ 9,412,541</u>	<u>\$ 9,481,038</u>	<u>\$ 0</u>
Total General Use Funds	<u>\$128,629,112</u>	<u>\$127,492,585</u>	<u>\$ 512,000</u>
Total Operating Expenditures	<u>\$207,647,405</u>	<u>\$206,680,878</u>	<u>\$ 512,000</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Building Fund	9,910,400	8,633,400	0
Other Funds	<u>8,641,100</u>	<u>8,641,100</u>	<u>0</u>
Subtotal -- Capital Improvements	<u>\$ 18,551,500</u>	<u>\$ 17,274,500</u>	<u>\$ 0</u>
GRAND TOTAL	<u>\$226,198,905</u>	<u>\$223,955,378</u>	<u>\$ 512,000</u>
FTE Positions:			
Classified	1,981.7	1,962.3	0.0
Unclassified	<u>2,339.9</u>	<u>2,306.3</u>	<u>0.0</u>
TOTAL	<u>4,321.6</u>	<u>4,268.6</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The University of Kansas requests a total general use operating budget of \$128,629,112 for FY 1989, a 9.4 percent increase over the FY 1988 budget. The request includes annualization of the classified and unclassified salary increases granted for the last half of FY 1988 and program maintenance increases of 5 percent for unclassified salaries, 4 percent for other operating expenditures, and 4 percent for student salaries. In addition, the University requests an enrollment adjustment of \$1,716,362 and \$367,806 for the servicing of new buildings. The University also requests \$2,027,000 for faculty/unclassified salary increases and \$1,930,000 for mission-related program enhancements as a part of the Board of Regents Margin of Excellence program.

The Governor recommends a total general use operating budget of \$127,492,585 for FY 1989, an increase of 8.3 percent over the revised FY 1988 budget. The recommendation includes funding for the requested program maintenance increases, the positive enrollment adjustment, and funding for a 4 percent salary increase for all classified personnel. The Governor also recommends \$1,490,000 for faculty/unclassified salary parity increases and \$335,432 for the servicing of new buildings.

House Subcommittee Recommendations

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

1. Systemwide Recommendation. Addition of \$537,000 from the State General Fund to fully fund the University's request for funding for faculty/unclassified salary increases.
2. Deletion of \$25,000 from the State General Fund line item for the Econometric Modeling program. The Subcommittee is of the opinion that the program should be funded from a combination of state and private funding and believes that the funding reduction can be made up from private sources. The Subcommittee's recommendation will allow a total of \$169,825 for the Econometric Modeling program. In addition, the Subcommittee recommends that Econometric Modeling remain a separate line item in the appropriations bill and not be combined with the salary and wages and other operating expenditures State General Fund line items as is proposed by the Governor.
3. The Subcommittee expresses dissatisfaction and frustration with the budgeting and budget review procedures used for the University of Kansas and all other Regents universities. The Subcommittee is of the opinion that the current practice of adjusting to the base with limited thought as to the appropriateness of that base is not good legislative oversight. The Subcommittee realizes that the size and complexity of the Universities' budgets makes detailed analysis difficult but the Subcommittee believes that such analysis should be undertaken if good budgeting procedures are to be followed by the university system. Examples of issues to be reviewed in more detail might be the shrinkage rates set at the various universities and the appropriateness of those rates and the formulas used to build the requests for staff, utilities, and other operating expenditures for the servicing of new buildings.

House Committee Recommendations

The House Committee concurs with the Subcommittee's recommendations.

House Committee of the Whole Recommendations

The House Committee of the Whole concurs with the Committee's recommendations.

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec.</u>	<u>Senate Subcommittee Rec.</u>
State Operations:			
State General Fund	\$ 512,000	\$ 88,484,479	\$ 1,890,844
General Fees Fund	0	39,206,865	14,023
Endowment Interest	0	65,000	0
General Use Funds	\$ 512,000	\$ 127,756,344	\$ 1,904,867
Restricted Use Funds	0	69,955,496	334,765
Subtotal--State Operations	<u>\$ 512,000</u>	<u>\$ 197,711,840</u>	<u>\$ 2,239,632</u>
Other Assistance:			
General Use	\$ 0	\$ 248,241	\$ 0
Restricted Use	0	9,232,797	0
Subtotal--Other Assistance	<u>\$ 0</u>	<u>\$ 9,481,038</u>	<u>\$ 0</u>
Total General Use Funds	<u>\$ 512,000</u>	<u>\$ 128,004,585</u>	<u>\$ 1,904,867</u>
Total Operating Expenditures	<u>\$ 512,000</u>	<u>\$ 207,192,878</u>	<u>\$ 2,239,632</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Building Fund	0	8,633,400	0
Other Funds	0	8,641,100	0
Subtotal--Capital Imp.	<u>\$ 0</u>	<u>\$ 17,274,500</u>	<u>\$ 0</u>
GRAND TOTAL	<u>\$ 512,000</u>	<u>\$ 224,467,378</u>	<u>\$ 2,239,632</u>
FTE Positions:			
Classified	0.0	1,962.3	18.0
Unclassified	<u>0.0</u>	<u>2,306.3</u>	<u>33.5</u>
TOTAL	<u>0.0</u>	<u>4,268.6</u>	<u>51.5</u>

Senate Subcommittee Recommendations

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

1. Based on systemwide recommendations made by the Senate Committee:
 - a. Additional general fee revenue of \$382,726 has been estimated for FY 1988 and a decrease in general fee revenue of \$368,703 has been estimated for FY 1989.

The Committee recommends that the FY 1988 increase be carried forward to FY 1989 and that amount used to offset the FY 1989 estimated reduction. The Committee's recommendation allows an FY 1989 expenditure limitation increase of \$14,023 and a reduction in the State General Fund appropriation by the same amount.

- b. Reappropriation of \$57,119 from the State General Fund line item for utilities due to revised estimates for utility costs in FY 1988 and projected savings of that amount.
 - c. Addition of \$7,406 from the State General Fund for student salaries and wages.
 - d. Addition of \$1,930,000 from the State General Fund for the mission-related targeted investment requests of the Margin of Excellence program. The recommendation provides \$1,511,400 for salary and wage funding for 33.5 FTE new unclassified positions and 18.0 FTE new classified positions and \$418,600 for other operating expenditures for the programs requested by the University.
- 2. Addition of \$25,000 from the State General Fund for the econometric modeling program. The Subcommittee notes that the House recommended that private funding be obtained for that amount. The Senate Subcommittee is of the opinion that such private funding is not available and that the program should not be reduced.
 - 3. Deletion of the \$420 State General Fund line item for supplemental retirement benefits. The Subcommittee learned that the faculty member for whom the benefits were intended is deceased.
 - 4. Increase expenditure limitation on the Sponsored Research Overhead Fund to \$4.3 million in FY 1989 from \$3,965,235 due to anticipated increased revenues to that Fund.

SENATE SUBCOMMITTEE REPORTS ON

H.B. 2796 -- SUPPLEMENTAL APPROPRIATIONS BILL


and

H.B. 2794 -- APPROPRIATIONS BILL

Sections Pertaining to:

Section 8 -- University of Kansas Medical Center

Section 10 -- Board of Regents



Senator August Bogina
Subcommittee Chairman



Senator Robert Talkington



Senator Frank Gaines

kumc.gt/jar

SUBCOMMITTEE REPORT

Agency: University of Kansas
Medical Center

Bill No. 2796

Bill Sec. 27

Analyst: Timmer

Analysis Pg. No. 429

Budget Pg. No. 3-89

<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	\$ 56,593,042	\$ 56,593,042	\$ 0
General Fees Fund	5,872,662	5,872,662	0
Hospital Revenue Fund	<u>77,491,794</u>	<u>77,269,707</u>	<u>(168,850)</u>
General Use Funds	<u>\$139,957,498</u>	<u>\$139,735,411</u>	<u>\$ (168,850)</u>
Restricted Use Funds	<u>\$ 38,402,396</u>	<u>\$ 40,990,692</u>	<u>\$ (120,000)</u>
Subtotal--State Operations	<u>\$180,577,904</u>	<u>\$180,726,103</u>	<u>\$ (288,850)</u>
Other Assistance:			
State General Fund	\$ 2,262,438	\$ 2,037,630	\$ 0
Restricted Use	<u>1,409,256</u>	<u>1,526,594</u>	<u>0</u>
Subtotal--Other Assistance	<u>\$ 3,671,694</u>	<u>\$ 3,564,224</u>	<u>\$ 0</u>
Total General Use Funds	\$142,219,936	\$141,773,041	\$ (168,850)
Total Operating Expenditures	\$184,249,598	\$184,290,327	\$ (288,850)
Capital Improvements:			
State General Fund	\$ 532,286	\$ 532,286	\$ 0
Educational Building Fund	339,309	339,309	0
Hospital Fund	2,474,033	2,474,033	0
Other Funds	<u>6,156,612</u>	<u>6,156,612</u>	<u>0</u>
Subtotal--Capital Improvements	<u>\$ 9,502,240</u>	<u>\$ 9,502,240</u>	<u>\$ 0</u>
GRAND TOTAL	<u>\$193,751,838</u>	<u>\$193,792,567</u>	<u>\$ (288,850)</u>
FTE Positions:			
Classified	3,060.2	3,060.2	0.0
Unclassified	<u>1,540.1</u>	<u>1,540.1</u>	<u>0.0</u>
TOTAL	<u><u>4,600.3</u></u>	<u><u>4,600.3</u></u>	<u><u>0.0</u></u>

Agency Request/Governor's Recommendation

The University of Kansas Medical Center requests a total operating budget of \$184,548,725 for FY 1988, an increase of \$1,140,328 over the budget approved by the 1987 Legislature. The requested budget includes expenditure limitation increase of \$1,535,000 for the Hospital Revenue Fund and requests for additional funding for the hospital of \$1,085,000 in general use funds to be used for commodity purchases, overtime/holiday pay for hospital staff, an increase in the lithotripter maintenance contract and funding for several one-time expenditures. The Medical Center' request is projected to be offset by an increase of \$2,900,000 in the Hospital Revenue Fund receipts. In addition, the Medical Center requests a State General Fund supplemental appropriation of \$117,338 to offset less than projected General Fees Fund income.

The Governor recommends a total operating budget of \$184,290,327 for FY 1988, a reduction of \$224,808 from the Center's revised request. The recommendation includes supplemental funding of \$70,435 for nurses salaries and wages, \$125,000 for overtime/holiday pay, \$424,000 for commodity purchases, and \$81,000 for the increased costs of the lithotriper maintenance contract. The Governor concurs with the Center's request for \$117,338 from the State General Fund to offset General Fees Fund shortfalls. In addition, the Governor recommends a reduction in the State General Funding for the Medical Scholarship program based on actual FY 1988 expenditures.

House Subcommittee Recommendations

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

1. Deletion of \$120,000 from the restricted fees accounts. The Governor's recommendation for restricted fees accounts is \$120,000 high than the agency's revised request and the Subcommittee's recommendation reduces the restricted fees to the level submitted by the Medical Center.
2. Deletion of the following amounts from new programs approved by the 1987 Legislature for FY 1988:

Cancer Center	\$ 95,833
Trauma Center	85,833
Sports Medicine	<u>50,000</u>
TOTAL	<u>\$231,666</u>

The Subcommittee has learned that the staff approved for these programs will not be hired before June, 1988. The Subcommittee's recommendation, therefore, allows one month's funding for salary and wage expenditures for each program.

3. Addition of \$62,816 from the Hospital Revenue Fund to allow automatic promotion of Medical Center Nurse Is to Medical Center Nurse IIs after two years of service. The recommendation will allow the promotion to become effective March 1, 1988. The Subcommittee learned that the annualized cost for the recommendation is \$187,734.

The Subcommittee expresses concern that for the second year in row the Medical Center has submitted a significant request for additional funding for nurses' salary enhancement late in the budget process, thereby allowing limited, if any, review by Budget Division staff or Legislative staff. The Subcommittee notes that the issue of nurses' salaries was also raised during the 1987 Omnibus Session and believes that careful monitoring of the situation would have resulted in the issue being addressed in the normal budget submission or at least in a supplemental request in the fall.

House Committee Recommendations

The House Committee concurs with the Subcommittee's recommendations.

House Committee of the Whole Recommendations

The House Committee of the Whole concurs with the Committee's recommendations.

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec.</u>	<u>Senate Sub. Adjustments</u>
State Operations:			
State General Fund	\$ 0	\$ 56,593,042	\$ 51,043
General Fees Fund	0	5,872,662	0
Hospital Revenue Fund	(168,850)	77,100,857	0
General Use Funds	\$ (168,850)	\$ 139,566,561	\$ 51,043
Restricted Use Funds	(120,000)	40,870,692	0
Subtotal - State Oper.	\$ (288,850)	\$ 180,437,253	\$ 51,043
Other Assistance:			
State General Fund	\$ 0	\$ 2,037,630	\$ 0
Restricted Use	0	1,526,594	0
Subtotal - Other Assist.	\$ 0	\$ 3,564,224	\$ 0
Total General Use Funds	\$ (168,850)	\$ 141,604,191	\$ 51,043
Total Operating Expend.	\$ (288,850)	\$ 184,001,477	\$ 51,043
Capital Improvements:			
State General Fund	\$ 0	\$ 532,286	\$ 0
Educ. Building Fund	0	339,309	0
Hospital Fund	0	2,474,033	0
Other Funds	0	6,156,612	0
Subtotal - Cap. Impr.	\$ 0	\$ 9,502,240	\$ 0
GRAND TOTAL	<u>\$ (288,850)</u>	<u>\$ 193,503,717</u>	<u>\$ 51,043</u>
FTE Positions:			
Classified	0.0	3,060.2	0.0
Unclassified	<u>0.0</u>	<u>1,540.1</u>	<u>0.0</u>
Total	<u>0.0</u>	<u>4,600.3</u>	<u>0.0</u>

Senate Subcommittee Recommendations

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

1. Addition of \$51,043 from the State General Fund to the utilities line item. The recommendation is based on revised estimates and actual expenditures through February, 1988.

2. The Subcommittee learned that the Medical Scholarship Repayment fund has received revenues above the estimates totaling \$583,946. The Subcommittee recommends that the Scholarship Repayment Fund expenditure limitation be increased by the \$583,946 and be used to offset the State General Fund appropriation for medical scholarships and that appropriate funding shifts be made to fully utilize the available State General Fund money in FY 1988 and FY 1989. The net effect of the recommendation is a State General Fund savings of \$205,237 in FY 1989 and an offset of the general fees fund estimated revenue reductions on both fiscal years (see attached table).

UNIVERSITY OF KANSAS MEDICAL CENTER FUNDING SHIFTS
FY 1988 AND FY 1989

	FY 1988			FY 1989		
	<u>Governor's Recommendation</u>	<u>Est. 3-21-88</u>	<u>Difference</u>	<u>Governor's Recommendation</u>	<u>Est. 3-21-88</u>	<u>Difference</u>
SGF Scholarships	583,946	-	(583,946)	-	-	-
SGF All Other	58,046,726	58,630,672	583,946	48,364,118	48,158,881	(205,237)
Tuition	5,872,662	5,288,716	(583,946)	5,765,203	5,970,440	205,237
Scholarship Repayment	<u>1,258,594</u>	<u>1,842,540</u>	<u>583,946</u>	<u>1,799,940</u>	<u>1,799,940</u>	-
TOTAL	65,761,928	65,761,928	-	55,929,261	55,929,261	-

GENERAL FEE FUND

	FY 1988			FY 1989		
	<u>Governor's Recommendation</u>	<u>Est. 3-21-88</u>	<u>Difference</u>	<u>Governor's Recommendation</u>	<u>Est. 3-21-88</u>	<u>Difference</u>
Beginning Balance	1,667	1,667	-	-	358,761	358,761
Revenue	5,915,995	5,771,810	(144,185)	5,900,203	5,746,679	(153,524)
Transfers	(45,000)	(126,000)	(81,000)	(35,000)	(35,000)	-
Expenditure	<u>(5,872,662)</u>	<u>(5,288,716)</u>	<u>583,946</u>	<u>(5,765,203)</u>	<u>(5,970,440)</u>	<u>(205,237)</u>
BALANCE FORWARD	-	358,761	358,761	100,000	100,000	-

Reduction in FY 1988 General Fee expenditures comprised of: \$144,185 Revenue Shortfall; \$81,000 transfer; and \$358,761 ending balance (to be spent during FY 1989).

During FY 1989, the \$358,761 balance from FY 1988 would be utilized: (1) to Finance revenue shortfall of \$153,524; (2) and to offset State General Fund expenditures by \$205,237.

SUBCOMMITTEE REPORT

Agency: University of Kansas
Medical Center

Bill No. 2794

Bill Sec. 8

Analyst: Timmer

Analysis Pg. No. 429

Budget Pg. No. 3-89

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 55,373,015	\$ 46,818,906	\$ 0
General Fees Fund	5,704,705	5,765,203	0
Hospital Revenue Fund	<u>88,838,124</u>	<u>98,364,535</u>	<u>(105,174)</u>
General Use Funds	<u>\$149,915,844</u>	<u>\$150,948,644</u>	<u>\$ (105,174)</u>
Restricted Use Funds	<u>\$ 44,639,130</u>	<u>\$ 43,638,844</u>	<u>\$ (215,000)</u>
Subtotal--State Operations	<u>\$194,554,974</u>	<u>\$194,587,488</u>	<u>\$ (320,174)</u>
Other Assistance:			
State General Fund	\$ 1,894,864	\$ 1,545,212	\$ 0
Restricted Use	<u>1,842,488</u>	<u>2,103,940</u>	<u>0</u>
Subtotal--Other Assistance	<u>\$ 3,737,352</u>	<u>\$ 3,649,152</u>	<u>\$ 0</u>
Total General Use Funds	\$151,810,708	\$152,493,856	\$ (105,174)
Total Operating Expenditures	\$198,292,326	\$198,236,640	\$ (320,174)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Building Fund	200,000	0	0
Hospital Fund	1,355,000	1,130,000	0
Other Funds	<u>5,915,429</u>	<u>5,840,429</u>	<u>0</u>
Subtotal--Capital Improve- ments	<u>\$ 7,470,429</u>	<u>\$ 6,970,429</u>	<u>\$ 0</u>
GRAND TOTAL	<u>\$205,762,755</u>	<u>\$205,207,069</u>	<u>\$ (320,174)</u>
FTE Positions:			
Classified	3,096.3	3,084.2	0.0
Unclassified	<u>1,559.1</u>	<u>1,550.6</u>	<u>0.0</u>
	<u>4,655.4</u>	<u>4,634.8</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The University of Kansas Medical Center requests a total operating budget of \$198,292,326 for FY 1989 of which \$151,180,708 is from general use funds. The request includes \$1,698,710 for academic program improvements and \$1,841,307 for hospital program improvements. The request includes program maintenance increases of 5 percent for unclassified salaries, 4 percent for other operating expenditures, and 4 percent for student salaries. In addition, the Medical Center requests restricted fee increases of \$1,351,000 due to new program requests.

The Governor recommends a total operating budget of \$198,236,640 for FY 1989 of which \$152,493,856 is from general use sources. The Governor recommendations include the requested program maintenance increases and a 4 percent salary increase of classified employees. In addition, the Governor recommends \$231,061 for instructional faculty salary increases in the Schools of Allied Health and Nursing and for the Basic Science faculty of the School of Medicine. A total of \$1.7 million is approved for program improvements including \$1,059,802 for an organ transplant program, \$287,634 for a lithotripter for gallstones, \$160,197 for nursing staff enhancement and \$125,000 for overtime/holiday pay.

House Subcommittee Recommendations

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

1. Addition of \$187,734 for annualization of the supplemental fund for the automatic promotion of Medical Center Nurse I's to II's which was approved by the Subcommittee for FY 1988.
2. Deletion of \$123,423 from the Hospital Revenue Fund for the staffing and operating costs of the new gallstone lithotripter recommended by the Governor. The Subcommittee's recommendation will allow six months funding for salary and wage costs for 3.0 FTE (\$38,422), \$60,000 for space modification costs, and \$145,000 for other operating costs. In addition, the Subcommittee recommends that \$165,000 be deleted from the Hospital Fund recommendation, thereby allowing six months' funding for the cost of the acquisition of the equipment. The Medical Center's request and the Governor's recommendation would have allowed \$330,000 from the Hospital Fund for a full year's funding of the equipment purchase costs. The Subcommittee is of the opinion that the equipment will not be available at the beginning of the fiscal year.
3. Deletion of \$169,485 from the Hospital Revenue Fund and \$50,000 from restricted fee accounts for the organ transplantation program. The Subcommittee's recommendation will allow funding for the program for 10 months in FY 1989 rather than the 12 months funded by the Governor. The Subcommittee notes that the program will require the hiring of 22.5 FTE positions and believes that some time will be required to accomplish recruitment and hiring of those positions. The Subcommittee's recommendation funds an anesthesiologist position for the full fiscal year to allow the program to be started at earliest possible date.
4. The Subcommittee received information regarding the maintenance contracts in place for the Medical Center's equipment. The Subcommittee recommends that the Medical Center review each contract as it expires to evaluate the necessity of the contract and its cost effectiveness. The Subcommittee notes that the Post

Audit Report on maintenance contracts found that many contracts in place in the state system were not cost effective.

5. The Subcommittee heard testimony regarding the implementation of the hospital's computer and about collection problems which might be connected with the new computer system. The Subcommittee learned that computer's installation is 3 to 4 months behind the original schedule. In addition, the Subcommittee learned that the Medical Center has been running behind in billings, particularly billings to the Department of Social and Rehabilitative Services for Medicaid patients. The Subcommittee expresses concern about these problems, especially those affecting SRS, and highlights these as topics for discussion for the Senate Subcommittee.

House Committee Recommendations

The House Committee concurs with the Subcommittee's recommendations.

House Committee of the Whole Recommendations

The House Committee of the Whole concurs with the Committee's recommendations.

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec.</u>	<u>Senate Sub. Adjustments</u>
State Operations:			
State General Fund	\$ 0	\$ 46,818,906	\$ (48,783)
General Fees Fund	0	5,765,203	205,237
Hospital Revenue Fund	<u>(105,174)</u>	<u>98,259,361</u>	<u>416,228</u>
General Use Funds	\$ (105,174)	\$ 150,843,470	\$ 572,682
Restricted Use Funds	<u>(215,000)</u>	<u>43,423,844</u>	<u>0</u>
Subtotal - State Oper.	<u>\$ (320,174)</u>	<u>\$ 194,267,314</u>	
Other Assistance:			
State General Fund	\$ 0	\$ 1,545,212	\$ 0
Restricted Use	<u>0</u>	<u>2,103,940</u>	<u>0</u>
Subtotal - Other Assist.	<u>\$ 0</u>	<u>\$ 3,649,152</u>	<u>\$ 0</u>
Total General Use Funds	\$ (105,174)	\$ 152,388,682	\$ 572,682
Total Operating Expend.	\$ (320,174)	\$ 197,916,466	\$ 572,682
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educ. Building Fund	0	0	0
Hospital Fund	0	1,130,000	0
Other Funds	<u>0</u>	<u>5,840,429</u>	<u>0</u>
Subtotal - Cap. Impr.	<u>\$ 0</u>	<u>\$ 6,970,429</u>	<u>\$ 0</u>
GRAND TOTAL	<u>\$ (320,174)</u>	<u>\$ 204,886,895</u>	<u>\$ 572,682</u>
FTE Positions:			
Classified	0.0	3,084.2	1.0
Unclassified	<u>0.0</u>	<u>1,550.6</u>	<u>2.0</u>
Total	<u>0.0</u>	<u>4,634.8</u>	<u>3.0</u>

Senate Subcommittee Recommendations

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

1. Based on systemwide recommendations made by the Senate Committee:
 - a. Addition of \$3,334 from the State General Fund for student salaries and wages.

2. Reduction of State General Fund appropriation by \$205,237 due to available Medical Scholarship Repayment Funds in FY 1988 and recommended funding shifts made by the Subcommittee.

The Subcommittee also notes that the Medical Scholarship Repayment Fund is currently receiving more revenue than the cost of the program and recommends that the use of this Fund be reviewed during the next budget cycle.

3. Addition of \$153,120 from the State General Fund and 3.0 FTE positions, 2.0 FTE unclassified Assistant Professors and 1.0 FTE classified Secretary II for the Geriatric Education and Research program. The recommended staff will provide teaching faculty and support staff for the four-week geriatrics clinical rotation which all senior medical students will be required to take beginning Fall, 1989. The funding will provide nine months' salary and wage funding. The faculty positions will be assigned one each to the Wichita and Kansas City campus.
4. Addition of \$19,211 to full fund the House recommendation for six months' operating funding for the Gallstone Lithotripter. This recommendation is an adjustment to accurately fund the House recommendation with which the Subcommittee concurs.
5. Addition of \$397,017 for nursing salary increases, with all funding from the Hospital Revenue Fund. The recommendation will provide \$179,723 for a one-range upgrade for all Medical Center Nurse Is to IIs, effective July 1, 1988; \$93,870 for a one-range upgrade for Medical Center Nurse Is to IIs effective January 1, 1989; and \$123,424 for an approximate 4 percent increase for unclassified Medical Center Nurse IIIs, head nurses, and Assistant Directors, effective July, 1988.

The Subcommittee learned that nursing salaries at the Medical Center are not competitive with those at hospitals in the Kansas City area. The Subcommittee also learned that nursing personnel at surrounding hospitals are able to advance more quickly, thereby causing serious problems with the retention of nurses. These problems become especially acute when there is a shortage of nurses as is the current situation. The recommendations are made to allow the Medical Center to retain nurses and remain competitive.

6. The Subcommittee was informed that the current Medical Center budget assumes a 90 percent surcharge for House Staff Malpractice Insurance and that \$540,000 is included in the budget for FY 1989. It is possible that the surcharge rate will not be 90

percent but somewhat higher and budget adjustments will be necessary. The Subcommittee highlights the issue for Omnibus consideration.

SUBCOMMITTEE REPORT

Agency: Board of Regents

Bill No. --

Bill Sec. --

Analyst: Timmer

Analysis Pg. No. 451

Budget Pg. No. 3-73

<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	\$ 1,448,105	\$ 1,418,136	\$ (6,800)
Other Funds	23,473	23,473	0
Subtotal	<u>\$ 1,471,578</u>	<u>\$ 1,441,609</u>	<u>\$ (6,800)</u>
Aid to Local Units:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Assistance:			
State General Fund	\$ 4,914,913	\$ 4,873,807	\$ 0
Other Funds	1,075,048	1,021,631	0
Subtotal	<u>\$ 5,989,961</u>	<u>\$ 5,895,438</u>	<u>\$ 0</u>
TOTAL - Operating Expend.	<u>\$ 7,461,539</u>	<u>\$ 7,337,047</u>	<u>\$ (6,800)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educ. Building Fund	0	0	0
Subtotal - Cap. Impr.	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
GRAND TOTAL	<u>\$ 7,461,539</u>	<u>\$ 7,337,047</u>	<u>\$ (6,800)</u>
FTE Positions	17.0	17.0	0.0

House Subcommittee Recommendation

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

1. Addition of \$5,700 from the State General Fund for other operating expenditures. The Subcommittee notes that in several object codes the FY 1988 recommendation is less than actual FY 1987 expenditures. Also, the Subcommittee is of the opinion that the agency has used its resources wisely in the past and that can be expected to continue.
2. The Subcommittee learned that one Distinguished Professorship position at the University of Kansas has not been filled this fiscal year and that it is unlikely that anyone will be hired for the position before the end of the fiscal year. The Governor's recommendation deleted \$12,500 from the FY 1988 budget and the Subcommittee recommends that the remaining \$12,500 be deleted from the FY 1988 budget. The Subcommittee's recommendation

would reappropriate the \$12,500 to FY 1989 and reduce the FY 1989 appropriation by that amount.

House Committee Recommendations

The House Committee concurs with the Subcommittee's recommendations.

House Committee of the Whole

The House Committee of the Whole concurs with the Committee's recommendations.

<u>Expenditure Summary</u>	<u>House Adj. FY 88</u>	<u>House Rec. FY 88</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ (6,800)	\$ 1,411,336	\$ 0
Other Funds	0	23,473	0
Subtotal	<u>\$ (6,800)</u>	<u>\$ 1,434,809</u>	<u>\$ 0</u>
Aid to Local Units:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Assistance:			
State General Fund	\$ 0	\$ 4,873,807	\$ 0
Other Funds	0	1,021,631	0
Subtotal	<u>\$ 0</u>	<u>\$ 5,895,438</u>	<u>\$ 0</u>
TOTAL - Operating Expend.	<u>\$ (6,800)</u>	<u>\$ 7,330,247</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educ. Building Fund	0	0	0
Subtotal - Cap. Impr.	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
GRAND TOTAL	<u>\$ (6,800)</u>	<u>\$ 7,330,247</u>	<u>\$ 0</u>

FTE Positions	0.0	17.0	0.0
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Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the House recommendations.

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SUBCOMMITTEE REPORT

Agency: Board of Regents

Bill No. 2794

Bill Sec. 10

Analyst: Timmer

Analysis Pg. No. 451

Budget Pg. No. 3-73

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,979,110	\$ 1,945,084	\$ 31,500
Other Funds	3,000	3,000	0
Subtotal	\$ 1,982,110	\$ 1,948,084	\$ 31,500
Aid to Local Units:			
State General Fund	\$ 0	\$ 4,581,028	\$ (4,581,028)
Other Assistance:			
State General Fund	\$ 5,718,000	\$ 4,861,307	\$ (19,142)
Other Funds	949,631	1,076,631	0
Subtotal	\$ 6,667,631	\$ 5,937,938	\$ (19,142)
TOTAL - Operating Expenditures	\$ 8,649,741	\$ 12,467,050	\$ (4,581,170)
Capital Improvements:			
State General Fund	\$ 4,000,000	\$ 2,500,000	\$ 0
Educational Building Fund	0	0	0
Subtotal -- Capital Improvements	\$ 4,000,000	\$ 2,500,000	\$ 0
GRAND TOTAL	\$ 12,649,741	\$ 14,967,050	\$ (4,568,670)
FTE Positions	17.0	17.0	0.0

Agency Request/Governor's Recommendation

The Board of Regents requests a budget of \$12,649,741 for FY 1989 of which \$1,982,110 is for state operations, \$6,667,631 is for other assistance and \$4,000,000 is for major maintenance and repair projects on the campuses. Increased funding is requested for scholarships and tuition grants.

The Governor recommends a total operating budget of \$12,467,050, of which \$1,948,084 is for state operations, \$5,937,938 for other assistance programs, and \$4,581,028 is for an operating grant for Washburn. In addition, the Governor recommends \$2,500,000 for major maintenance projects at the Regents' institutions campuses.

House Subcommittee Recommendations

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

1. Delete \$4,581,028 from the State General Fund for the Washburn operating grant. The Subcommittee recommends that the funding for Washburn University remain in the Department of Education until the passage of H.B. 2795 which transfers the oversight of Washburn from the Department of Education to the Board of Regents.
2. Delete \$6,500 from the State General Fund for the Optometry Scholarship program. The Subcommittee's recommendation will provide five new scholarships for optometry students at the University of Houston at \$6,500 per student and 19 scholarships at Houston for returning students. In addition, a total of 12 scholarships, four new and eight returning, will be available for the University of Missouri--St. Louis at a cost of \$4,600 per scholarship.
3. Delete \$8,000 from the State General Fund for the College Bound Digest program. While the Subcommittee believes that the digests are worthwhile, it also believes that they can be redesigned and produced at a lower cost.
4. Delete \$19,142 from the State General Fund for the State Scholarship program. The Subcommittee learned that the State Scholarship Discontinued Attendance Fund will have a balance of approximately \$90,000 at the beginning of FY 1989. Also, the Subcommittee learned that the federal funding for this program will decrease from the projected \$841,631 to \$805,773 in FY 1989. The Subcommittee therefore recommends that the program be funded at the Governor's recommended level of \$1,080,438 with \$805,773 from the federal State Student Incentive Fund, \$90,000 from the State Scholarship Discontinued Attendance Fund, and \$184,665 from the State General Fund.
5. Addition of \$50,000 from the State General Fund to fund an agreement with the University of Missouri-Kansas City for Kansas dental students. The Subcommittee learned that an agreement has been reached with Missouri which will allow Kansas students to attend dental school at the University of Missouri and pay in-state tuition rates. Kansas will be required to make an annual payment of \$50,000 and, beginning Fall 1988, up to 25 new Kansas students per year will be allowed to enter the Missouri dental school. The Subcommittee also learned that the schools of Architecture at the University of Kansas and Kansas State University will no longer allow Missouri students to pay in-state tuition. This could result in a potential gain in tuition revenues of up to \$1,390,000 in five years after the agreement is fully operational.
6. Delete \$4,000 from the State General Fund for part-time and temporary staff funding in the Board Office. The Subcommittee notes that such expenditures have not been significant in the past and that all approved positions are currently filled.

7. The Subcommittee reduces the appropriation for the Distinguished Professorship program due to the reappropriation of \$12,500 from FY 1988 due to the vacant professorship position at the University of Kansas. The Subcommittee's recommendation will allow a total of \$125,000 for Distinguished Professorships in FY 1989.
8. The Subcommittee notes the funding for the Margin of Excellence has been addressed for the Regents' institutions and that Washburn University has received attention in both additional funding in the Governor's recommendation and through the recommendation that oversight be assumed by the Board of Regents. The Subcommittee is concerned, however, that the Tuition Grant program has not received any increased funding in the FY 1989 recommendations and remains at \$4,350,000 for FY 1989, the level appropriated for FY 1988. The Subcommittee believes that such funding levels further disadvantage needy Kansas residents who attend Kansas independent colleges. The Subcommittee further believes that any funding increase for the Tuition Grant program should be a systemwide decision, both because it would be in addition to the Governor's recommendations and because independent colleges are located throughout the state. The Subcommittee notes that an additional \$250,000 would enable the maximum tuition grant to increase from \$1,270 to \$1,350, thereby maintaining the present difference of \$320 between the maximum grant and the statutory allowable maximum of one-half the difference between public university and independent college tuitions.

House Committee Recommendations

The House Committee concurs with the Subcommittee's recommendations with the following adjustment:

1. Addition of \$250,000 from the State General Fund for the Tuition Grant program.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the Committee's recommendations.

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec.</u>	<u>Senate Sub. Rec.</u>
State Operations:			
State General Fund	\$ 31,500	\$ 1,976,584	\$ 130,550
Other Funds	0	3,000	0
Subtotal	<u>\$ 31,500</u>	<u>\$ 1,979,584</u>	<u>\$ 130,550</u>
Aid to Local Units:			
State General Fund	\$ (4,581,028)	\$ 0	\$ 0
Other Assistance:			
State General Fund	\$ (19,142)	\$ 4,842,165	\$ 30,000
Other Funds	0	1,076,631	0
Subtotal	<u>\$ (19,142)</u>	<u>\$ 5,918,796</u>	<u>\$ 30,000</u>
TOTAL - Operating Expend.	<u>\$ (4,568,670)</u>	<u>\$ 7,898,380</u>	<u>\$ 160,550</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 2,500,000	\$ 0
Educational Building Fund	0	0	0
Subtotal - Cap. Impr.	<u>\$ 0</u>	<u>\$ 2,500,000</u>	<u>\$ 0</u>
GRAND TOTAL	<u>\$ (4,568,670)</u>	<u>\$ 10,398,380</u>	<u>\$ 160,550</u>
FTE Positions	0.0	17.0	0.0

Senate Subcommittee Recommendations

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

1. Addition of \$6,500 from the State General Fund to provide funding for one more new optometry student at the University of Houston. The recommendation provides for a total of six new scholarships for the University of Houston as requested by the Board and recommended by the Governor.
2. Addition of \$9,900 from the State General Fund for the Board's operating expenditures. The recommendation restores the Board's operating request, a level of funding the Subcommittee believes to be reasonable.
3. Addition of \$30,000 from the State General Fund for the vocational scholarship program. The Subcommittee notes that the Governor's recommendation fund scholarships for vocational students who attend Pittsburg State, Kansas Technical Institute, and Washburn University through the Board of Regents and funds the remainder of the scholarships through the Department of Education. The Subcommittee's recommendation would continue to fund and administer the entire program through the Board of Regents. Also, legislation to split the administration of the

program between the Department of Education and the Board of Regents has been introduced (S.B. 636), but has not yet been passed. The Subcommittee recommends delaying any funding action, pending passage of the bill.

4. Addition of \$30,000 from the State General Fund for the Youth Education Service Program (YES). The Subcommittee learned that the YES program would recruit and place college students in elementary and secondary schools for the purposes of providing academic tutoring, counseling, and mentoring services. The main goals of these services would be to reduce the high school dropout rate, encourage and assist students for the consideration and preparation for postsecondary education, and increase the participation of minority and educationally-disadvantaged students in postsecondary education. The Subcommittee's recommendation provides funding for three pilot programs with stipends of approximately \$1,000 each for ten students at each program. The Subcommittee learned that the University of Kansas, Emporia State University, and Wichita State University have expressed interest in and support for the program, as well as the Kansas City, Kansas, Topeka, and Wichita school districts.
5. Addition of \$33,875 from the State General Fund for the Off-Campus work study program. The Committee's recommendation will provide a total of \$500,000 for the program in FY 1989.

SENATE SUBCOMMITTEE REPORTS ON

H.B. 2796 -- SUPPLEMENTAL APPROPRIATIONS BILL

and

H.B. 2794 -- APPROPRIATIONS BILL

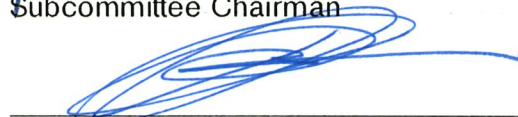
Sections Pertaining to:

Section 9 -- Wichita State University

Section 11 -- Kansas Technical Institute



Senator Merrill Werts
Subcommittee Chairman



Senator Mike Johnston



Senator David Kerr

SUBCOMMITTEE REPORT

Agency: Kansas Technical Institute

Bill No. 2796

Bill Sec. 23

Analyst: Timmer

Analysis Pg. No. 445

Budget Pg. No. 3-45

Expenditure Summary	Agency Req. FY 88	Governor's Rec. FY 88	Subcommittee Adjustments
State Operations:			
State General Fund	\$3,262,669	\$3,141,671	\$ 76,000
General Fees Fund	226,167	226,167	0
General Use Funds	<u>\$3,488,836</u>	<u>\$3,367,838</u>	<u>\$ 76,000</u>
Restricted Use Funds	341,210	341,210	0
Subtotal--State Operations	<u>\$3,830,046</u>	<u>\$3,709,048</u>	<u>\$ 76,000</u>
Other Assistance:			
Restricted Use	\$ 165,000	\$ 165,000	\$ 0
Subtotal--Other Assistance	<u>\$ 165,000</u>	<u>\$ 165,000</u>	<u>\$ 0</u>
Total General Use Funds	\$3,488,836	\$3,367,838	\$ 76,000
Total Operating Expenditures	\$3,995,046	\$3,874,048	\$ 76,000
Capital Improvements:			
State General Fund	\$ 22,233	\$ 22,233	\$ 0
Educational Building Fund	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal--Capital Improvements	<u>\$ 22,233</u>	<u>\$ 22,233</u>	<u>\$ 0</u>
GRAND TOTAL	<u>\$4,017,279</u>	<u>\$3,896,281</u>	<u>\$ 76,000</u>
FTE Positions:			
Classified	36.5	36.5	0.0
Unclassified	<u>56.0</u>	<u>56.0</u>	<u>0.0</u>
TOTAL	<u>92.5</u>	<u>92.5</u>	<u>0.0</u>

House Subcommittee Recommendations

The House Subcommittee concurs with the Governor's FY 1988 recommendations with the following adjustments:

1. Addition of \$76,000 from the State General Fund for the Wichita Programs.

The 1987 Legislature approved a total of \$126,000 from the State General Fund in a separate line item for expansion of the Engineering Technology program in Wichita. The funding was approved based on projections that approximately 164 students could be enrolled in the Wichita program during Fall 1987 in 14 courses. The Legislature's recommendation would have provided \$72,000 for space rental, \$15,000 for adjunct teaching staff, and \$39,000 for equipment and operating expenditures.

The Subcommittee learned that the program has not achieved the projected student enrollment and that only 55 students were enrolled in the Fall courses. The Board of Regents did not approve the rental of classroom space as had been anticipated during the last Session due to insufficient enrollments. The Governor's recommendations lapse the entire \$126,000 from the Institute's FY 1988 budget and do not include any part of the funding in the FY 1989 budget. The Subcommittee learned that the Institute has spent approximately \$55,000 on the program so far in FY 1988 and that a Director is now located in Wichita in an office in the Wichita State Office Building. The Subcommittee believes that a commitment has been made to the students currently enrolled in the Institute's Wichita program and therefore reduces the amount of the lapse by the amount already spent and an additional amount of \$21,000 for expenses for the remainder of FY 1988.

House Committee Recommendations

The House Committee concurs with the Subcommittee's recommendations.

House Committee of the Whole

The House Committee of the Whole concurs with the Committee's recommendations.

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec.</u>	<u>Senate Subcommittee Rec.</u>
State Operations:			
State General Fund	\$ 76,000	\$ 3,217,671	\$ 0
General Fees Fund	0	226,167	0
General Use Funds	\$ 76,000	\$ 3,443,838	\$ 0
Restricted Use Funds	0	341,210	0
Subtotal--State Operations	\$ 76,000	\$ 3,785,048	\$ 0
Other Assistance:			
Restricted Use	\$ 0	\$ 165,000	\$ 0
Subtotal--Other Assistance	\$ 0	\$ 165,000	\$ 0
Total General Use Funds	\$ 76,000	\$ 3,443,838	\$ 0
Total Operating Expenditures	\$ 76,000	\$ 3,950,048	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 22,233	\$ 0
Educational Building Fund	0	0	0
Subtotal--Capital Imp.	\$ 0	\$ 22,233	\$ 0
GRAND TOTAL	\$ 76,000	\$ 3,972,281	\$ 0

FTE Positions:			
Classified	0.0	36.5	0.0
Unclassified	<u>0.0</u>	<u>56.0</u>	<u>0.0</u>
TOTAL	<u>0.0</u>	<u>92.5</u>	<u>0.0</u>

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the House recommendations.

SUBCOMMITTEE REPORT

Agency: Kansas Technical Institute

Bill No. 2794

Bill Sec. 11

Analyst: Timmer

Analysis Pg. No. 445

Budget Pg. No. 3-45

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 3,574,073	\$ 3,353,469	\$ 144,290
General Fees Fund	268,105	253,744	0
General Use Funds	\$ 3,842,178	\$ 3,607,213	\$ 144,290
Restricted Use Funds	340,489	340,489	0
Subtotal - State Oper.	<u>\$ 4,182,667</u>	<u>\$ 3,947,702</u>	<u>\$ 144,290</u>
Other Assistance:			
Restricted Use	\$ 165,000	\$ 165,000	\$ 0
Subtotal - Other Assist.	<u>\$ 165,000</u>	<u>\$ 165,000</u>	<u>\$ 0</u>
Total General Use Funds	<u>\$ 3,842,178</u>	<u>\$ 3,607,213</u>	<u>\$ 144,290</u>
Total Operating Expend.	<u>\$ 4,347,667</u>	<u>\$ 4,112,702</u>	<u>\$ 144,290</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Build. Fund	300,000	0	0
Other Funds	174,000	0	0
Subtotal - Capital Improvements	<u>\$ 474,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
GRAND TOTAL	<u>\$ 4,821,667</u>	<u>\$ 4,112,702</u>	<u>\$ 144,290</u>
FTE Positions:			
Classified	38.5	38.5	0.0
Unclassified	57.0	54.0	0.0
TOTAL	<u>95.5</u>	<u>92.5</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

Kansas Technical Institute's FY 1989 general use operating budget request totals \$3,842,178, a 10.1 percent increase over the approved FY 1988 budget. The request includes funding to provide a 4 percent increase for other operating expenditures, a 5 percent increase for unclassified salaries, and a 4 percent increase for student salaries. In addition, annualization for the salary increases granted for the last half of FY 1988 is also included. The request includes \$60,000 for unclassified/faculty salary increases and \$57,000 for mission-related program enhancements. Both requests are the Institute's portion of the Board of Regents' Margin of Excellence program.

The Governor recommends a total general use operating budget of \$3,607,213, a 7.1 percent increase over FY 1988. The Governor's recommendations include funding for a 5 percent increase for unclassified salaries, a 4

percent increase for other operating expenditures, a 4 percent increase for student salaries, and a 4 percent increase for classified employees. In addition, the Governor recommends \$48,720 for faculty/unclassified salary increases for instructional faculty. The Governor also recommends an enrollment adjustment reduction of \$69,010 due to a decrease in enrollments.

House Subcommittee Recommendations

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

1. Addition of \$11,280 from the State General Fund for faculty/unclassified salaries. The Subcommittee's recommendation will fully fund the Institute's request for faculty parity funding as was approved by the Committee for the six universities in the system-wide recommendations.
2. Addition of \$69,010 from the State General Fund. The Subcommittee reviewed the enrollment adjustment cycle used at KTI and the Board of Regents' proposal that the Institute's enrollment adjustment be on the same cycle as that used at the six universities. Currently, the enrollment adjustment for KTI is based on a comparison of Fall, 1987 to Fall, 1986, while the adjustment at the universities is based on a comparison of Fall, 1985 to Fall, 1986. The Board's proposal and the Committee's recommendation would delay the enrollment adjustment reduction included in the Governor's FY 1989 budget to FY 1990.
3. Addition of \$64,000 from the State General Fund in a separate line item for the Wichita Engineering Technology Program. The Subcommittee received information from the Board of Regents which stated that the Board's policy on the continuation of the Wichita program is that KTI should continue their programs with borrowed space on the Wichita State University campus and that other space not be rented. The Subcommittee endorses that plan and notes that the Governor's recommendations do not include any funding for the program. Therefore, the Subcommittee recommends funding for the KTI Wichita program to be used as follows:
 - a. A total of \$40,000 for salary and wage expenditures with no funding to be used for a Director's position. The Subcommittee intends that the funding be used for adjunct faculty. The Subcommittee is of the opinion that with the limited enrollment currently in the Wichita program, a full-time Director's position is premature.
 - b. A total of \$24,000 for other operating expenditures. This recommendation provides funding for phone service, transportation, and some equipment. The funding is not intended to provide any funding for classroom space rental.

The Subcommittee also cautions KTI against entering into any contract which might extend beyond FY 1989. The Subcommittee is of the opinion that a complete review of the program should be conducted by the Board of Regents and the Legislature during or before the 1989 Session. If there is not significant growth in the enrollments, the Subcommittee questions whether the program should be continued.

4. The Subcommittee notes that the Governor recommends funding and staff to allow the Institute to use the gymnasium for intramurals and physical education classes for students. The Subcommittee strongly encourages KTI to rent the gymnasium space to the Salina Recreation Commission and other interested parties whenever possible and thereby recoup the expenses of the facility's operation.
5. The Subcommittee supports House Bill 2814 which allows the Institute to sell several parcels of land. Although the Subcommittee supports the Institute's goal of consolidating the campus into a single area, they believe the Subcommittee and Legislature should be completely informed before any plans or commitments are made for the construction of new facilities.

House Committee Recommendations

The House Committee concurs with the Subcommittee's recommendations.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the Committee's recommendations.

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec.</u>	<u>Senate Subcommittee Rec.</u>
State Operations:			
State General Fund	\$ 144,290	\$ 3,497,759	\$ 69,203
General Fees Fund	0	253,744	12,469
General Use Funds	\$ 144,290	\$ 3,751,503	\$ 81,672
Restricted Use Funds	0	340,489	0
Subtotal--State Operations	<u>\$ 144,290</u>	<u>\$ 4,091,992</u>	<u>\$ 81,672</u>
Other Assistance:			
Restricted Use	\$ 0	\$ 165,000	\$ 0
Subtotal--Other Assistance	<u>\$ 0</u>	<u>\$ 165,000</u>	<u>\$ 0</u>
Total General Use Funds	<u>\$ 144,290</u>	<u>\$ 3,751,503</u>	<u>\$ 81,672</u>

Total Operating Expenditures	\$ 144,290	\$ 4,256,992	\$ 81,672
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Building Fund	0	0	0
Other Funds	0	0	0
Subtotal--Capital Imp.	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 144,290	\$ 4,256,992	\$ 81,672
FTE Positions:			
Classified	0.0	38.5	0.0
Unclassified	0.0	54.0	1.0
TOTAL	0.0	92.5	1.0

Senate Subcommittee Recommendations

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

1. Based on systemwide recommendations made by the full committee:
 - a. Addition of \$172 from the State General Fund for student salaries and wages.
 - b. Additional general fee revenue of \$5,625 in FY 1988 and \$6,844 in FY 1989 has been estimated. The Committee recommends that the FY 1988 increase be carried forward to FY 1989 and that both increases be used in FY 1989. The Committee therefore recommends that the General Fees Fund expenditure limitation be increased by \$12,469 and the State General Fund appropriation be reduced by that amount.
2. Increase the State General Fund line item for the Wichita Engineering Technology program to \$88,500, an increase of \$24,500. The Subcommittee's recommendation will provide funding for faculty, administration, OOE, and some equipment. The recommendation is not intended to provide funding for a separate space for KTI as the Subcommittee is of the opinion that enrollment does not justify such expenditure at this time and notes that the Board of Regents has not approved such a lease or expenditure.

The Subcommittee reviewed the Wichita program in some detail and notes that there appears to be significant problems with the current program. Enrollments have not been nearly at the level projected, even when adjustments are made to include students who enroll after the traditional 20th day headcount. In addition

KTI appears to have communication problems both with the Board of Regents and with Wichita State University.

The Subcommittee believes that, if the program is to succeed, expenditures must be appropriately used and accounted for, continued oversight of operations by the Board of Regents is necessary, and clear lines of communication must be maintained.

3. Addition of \$57,000 from the State General Fund and 1.0 FTE position for program enhancements. The Subcommittee notes that the systemwide recommendation made by the full Committee did not include KTI. The recommendation will provide \$37,500 for a Wichita program coordinator (\$32,500 for salaries and wages and \$5,000 for OOE) and \$19,500 for equipment purchases.
4. The Subcommittee concurs with the House's recommendation to delay the enrollment adjustment to FY 1990 and thereby put KTI on the same enrollment adjustment cycle as the other institutions. This change will result in an enrollment adjustment reduction of \$69,010 in FY 1990.

SUBCOMMITTEE REPORT

Agency: Wichita State University

Bill No. 2794

Bill Sec. 9

Analyst: Timmer

Analysis Pg. No. 420

Budget Pg. No. 3-98

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$42,364,297	\$42,380,171	\$ (235,692)
General Fees Fund	<u>13,553,421</u>	<u>13,770,345</u>	<u>0</u>
General Use Funds	\$55,917,718	\$56,150,516	\$ (235,692)
Restricted Use Funds	<u>\$20,434,162</u>	<u>\$20,434,162</u>	<u>\$ 0</u>
Subtotal--State Operations	<u>\$76,351,880</u>	<u>\$76,584,678</u>	<u>\$ (235,692)</u>
Other Assistance:			
State General Fund	\$ 54,000	\$ 0	\$ 0
Restricted Use	<u>5,006,000</u>	<u>5,006,000</u>	<u>0</u>
Subtotal--Other Assistance	<u>\$ 5,060,000</u>	<u>\$ 5,006,000</u>	<u>\$ 0</u>
Total General Use Funds	\$55,971,718	\$56,150,516	\$ (235,692)
Total Operating Expenditures	\$81,411,880	\$81,590,678	\$ (235,692)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Building Fund	1,400,000	1,400,000	0
Other Funds	<u>700,000</u>	<u>700,000</u>	<u>0</u>
Subtotal--Capital Improvements	<u>\$ 2,100,000</u>	<u>\$ 2,100,000</u>	<u>\$ 0</u>
GRAND TOTAL	<u>\$83,511,880</u>	<u>\$83,690,678</u>	<u>\$ (235,692)</u>
FTE Positions:			
Classified	632.6	624.1	0.0
Unclassified	<u>951.5</u>	<u>947.0</u>	<u>0.0</u>
TOTAL	<u><u>1,584.1</u></u>	<u><u>1,571.1</u></u>	<u><u>0.0</u></u>

Agency Estimate/Governor's Recommendation

Wichita State University requests a total general use operating budget of \$55,971,718 for FY 1989, an increase of 8.2 percent over the FY 1988 budget. The request includes annualization of the classified and unclassified salary increases granted for the last half of FY 1988 and program maintenance increases of 5 percent for unclassified salaries, 4 percent for other operating expenditures and 4 percent for student salaries. In addition, the University requests \$1,284,000 for faculty/unclassified salary increases and \$238,000 for mission-related program enhancements as part of the Board of Regents Margin of Excellence program.

The Governor recommends a total general use operating budget of \$56,150,516 for FY 1989, an increase of 8.2 percent over the revised FY 1988

budget. The recommendation includes funding for the requested program maintenance increases and \$1,282,159 for instructional faculty increases. In addition, the Governor's recommendation includes \$337,513 for the servicing of new buildings and a reduction of \$367,949 to the base budget due to an enrollment adjustment. Also, a 4 percent salary increase is included for all classified personnel.

House Subcommittee Recommendations

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

1. Addition of \$1,841 from the State General Fund to fully fund the University's request for faculty salary parity increases.
2. Deletion of \$237,533 from the State General Fund for salaries and wages. The Subcommittee learned that the Board of Regents directed the University to request \$1,044,626 in new funds as its part of the Margin of Excellence request with the remainder of the request to be funded through reallocation. The Governor's budget funds the entire Margin of Excellence faculty parity recommendation from new funds, a total of \$1,282,159 from the State General Fund.

The Subcommittee is of the opinion that the University should not receive more new funding than the Board of Regents directed the University to request and therefore reduces the Governor's recommendation by \$237,533, allowing \$1,044,626 in new funds for the University's faculty/unclassified salary increases. In addition, the Subcommittee intends that the full amount of the faculty/unclassified salary increases be funded and that the necessary funding be reallocated internally to provide that level of funding required for the approved salary increases.

3. The Subcommittee notes that the University was directed to reallocate \$477,374, the portion of its enrollment adjustment attributable to the 1 percent peer corridor, and use those funds to offset its Margin of Excellence request by the Board of Regents. The Subcommittee also notes this was not done in the University's budget although the narrative indicated it would be done. The Subcommittee does not wish to adjust the 1 percent peer related corridor and recommends that it remain in place as approved by the 1987 Legislature.

MINORITY REPORT

I concur with the recommendations of the Subcommittee with the following exception:

1. Deletion of the \$237,533 from salary and wage funding for the faculty/unclassified parity funding. My recommendation would provide a total of \$1,284,000 in additional funding for the parity funding as was recommended by the full Committee.

To delete the funding recommended by the Subcommittee report would cause a major decrease in the 1 percent corridor for peers as was approved by the 1987 Legislature. It ignores the policy set by the Legislature to allow a university to keep 1 percent after the 1.5 percent decrease corridor to help the university move toward peers until it reaches its designated peer average.

The Board of Regents decided to ignore the policy set by the Legislature and to use the 1 percent to fund the Margin of Excellence. The majority of this Subcommittee says it will use approximately one-half of the 1 percent corridor to fund the Margin and keep one-half to allow the University to move toward peer parity.

Due to its negative enrollment adjustment, Wichita State University is the only university which receives less new money than what they need to fund the faculty/unclassified portion of the Margin. The Subcommittee would take the 1 percent cushion away from them before they have reached their peer average.

House Committee Recommendation

The House Committee concurs with the Minority Report which provides a total of \$1,284,000 in new funding from the State General Fund for faculty salary parity funding and does not require reallocation of \$477,374 or any part of that amount.

House Committee of the Whole

The House Committee of the Whole concurs with the Committee's recommendations.

<u>Expenditure Summary</u>	<u>House Adjustments</u>	<u>House Rec.</u>	<u>Senate Sub. Adjustments</u>
State Operations:			
State General Fund	\$ 1,841	\$ 42,382,012	\$ (255,226)
General Fees Fund	<u>0</u>	<u>13,770,345</u>	<u>21,239</u>
General Use Funds	\$ 1,841	\$ 56,152,357	\$ (233,987)
Restricted Use Funds	<u>0</u>	<u>20,434,162</u>	<u>0</u>
Subtotal - State Oper.	<u>\$ 1,841</u>	<u>\$ 76,586,519</u>	<u>\$ (233,987)</u>
Other Assistance:			
State General Fund	\$ 0	\$ 0	\$ 0
Restricted Use	<u>0</u>	<u>5,006,000</u>	<u>0</u>
Subtotal - Other Assist.	<u>\$ 0</u>	<u>\$ 5,006,000</u>	<u>\$ 0</u>
Total General Use Funds	\$ 1,841	\$ 56,152,357	\$ (233,987)
Total Operating Expend.	\$ 1,841	\$ 81,592,519	\$ (233,987)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educ. Building Fund	0	1,400,000	0
Other Funds	<u>0</u>	<u>700,000</u>	<u>0</u>
Subtotal - Cap. Impr.	<u>\$ 0</u>	<u>\$ 2,100,000</u>	<u>\$ 0</u>
GRAND TOTAL	<u>\$ 1,841</u>	<u>\$ 83,692,519</u>	<u>\$ (233,987)</u>
FTE Positions:			
Classified	0	624.1	0.0
Unclassified	<u>0</u>	<u>947.0</u>	<u>4.0</u>
Total	<u>0</u>	<u>1,571.1</u>	<u>4.0</u>

Senate Subcommittee Recommendation

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

1. Based on systemwide recommendations made by the Senate Committee:
 - a. **FY 1988.** Addition of \$70,166 from the State General Fund to the utilities line item. The recommendation is based on revised utility estimates made with actual expenditures through February, 1988.
 - b. Additional general fee revenues of \$73,500 have been estimated for FY 1988 and a reduction in general fee revenues of \$52,261 has been estimated for FY 1989. The Committee recommends that the FY 1988 increase be carried forward to FY 1989 and used to offset the FY 1989 estimated reduction. The Committee's reduction allows an FY 1989 expenditure limitation

\$21,239 and an offset on the State General Fund appropriation by the same amount.

- c. Addition of \$5,387 from the State General Fund for student salaries and wages.
- d. Addition of \$238,000 from the State General Fund for the University's mission-related targeted investment requests. The recommendation provides \$104,696 for salaries and wages and \$133,304 for other operating expenditures. In addition, 4.0 FTE unclassified positions are approved.
- e. Reduction of the new funding approved for the University's Margin of Excellence request by \$477,374. The recommendation allows a total of \$1,044,626 in new funding for the University's Margin of Excellence request in keeping with the Committee's systemwide recommendation which states:
 - (1) "That the one percent peer-related corridor enrollment adjustment decrease be suspended during any year in which the Margin of Excellence request for the universities is fully funded; and
 - (2) That an amount equivalent to the one percent peer-related adjustment be used to offset the total request for additional funding at the institution when the enrollment adjustment decrease occurs."