

Approved 2-2-90
Date

MINUTES OF THE House COMMITTEE ON Appropriations

The meeting was called to order by Bill Bunten at
Chairperson

1:30 ~~xxx~~/p.m. on January 22, 1990 in room 514-S of the Capitol.

All members were present except: Representative Moomaw (excused)

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

Conferees appearing before the committee:

Representative Susan Roenbaugh
Vern Steffen, Chairman, Pawnee County Commission, Larned, KS
Chancellor Gene Budig, University of Kansas
Stanley Koplik, Executive Director, Kansas Board of Regents

Others attending: See attached list.

HB 2627 - Conveyance of certain land to Pawnee County.

Representative Susan Roenbaugh explained that HB 2627 transfers the deed to Camp Pawnee on land adjacent to Larned State Hospital from the Wheatbelt Area Girl Scout Council to Pawnee County for recreational purposes. Representative Roenbaugh submitted for the Committee minutes correspondence between the Secretary of Administration and Secretary of SRS indicating there is no objection to this transfer (Attachment 1). Representative Roenbaugh requested an amendment to the bill adding a liability clause (Attachment 2).

Vern Steffen, Chairman, Pawnee County Commission, Larned, Kansas, testified that the Pawnee County Commission has voted to receive the deed to this land and to maintain it as a park area.

Chancellor Gene Budig, University of Kansas, appeared as current Chairman of the Council of Presidents to testify on the implications of the Governor's FY 1990 recommendations for the Regent institutions' budgets. He expressed appreciation for the funding of the institutions by the Legislature during the last two sessions. The Chancellor advised that the Governor's FY 1990 budget recommendations impact the Regents' institutions in two important ways: (1) the proposed change in the shrinkage policy for the Regents' system would reduce FY 1990 general use expenditures by approximately \$6.3 million; and (2) the failure of the Governor to recommend the fee release would mean that the Regents' system would not be permitted to spend about \$1.6 million that would have been available under the existing fee release policy.

The Chancellor noted the institutions have some flexibility in their budgets to adjust expenditures during the fiscal year by using equipment funds for salaries or vice versa. He strongly urges this flexibility be retained. The Council of Presidents is requesting some relief from the proposed reduction in general use expenditures of \$6.3 million. However, the universities are taking steps to meet the reductions such as filling current vacancies on selective basis and reducing purchases of supplies and equipment. The withdrawal of fee release money is a problem because these funds, in most cases, have already been committed. Chancellor Budig emphasized the importance of consistent state policies for effective administration of the institutions.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations,
room 514-S, Statehouse, at 1:30 ~~a.m.~~/p.m. on January 22, 1990

Regarding the Medical Center, Chancellor Budig advised that the Governor's recommendation increasing salary shrinkage thereby removing excess salary dollars poses a serious problem for KUMC. Patients have already been diverted and the position of the Hospital will erode absent funds for recruitment.

Stanley Koplik, Executive Director, Kansas Board of Regents, testified on the FY 1991 Governor's budget recommendations for the Regents' institutions and provided a summary of his remarks (Attachment 3). Dr. Koplik noted that the support by the Governor and Legislature of the Margin of Excellence in FY 1989 and FY 1990 has improved morale and confidence throughout the system. He stated that major fund raising campaigns at the University of Kansas, Kansas State, and Wichita State are experiencing success in part because of the public's perception of strong state support for higher education in Kansas.

Dr. Koplik advised that the Regents' system is willing to absorb a loss of funds in the current fiscal year with the request that the losses be restored when sufficient funds permit. He submitted with his written testimony a listing of priorities for budgetary restoration. He pointed out that non-resident tuition has been increased 9 percent in 1988, 12 percent in 1989 and 10 percent in 1990 thereby increasing student revenues to assist in funding the margin of excellence. Representative Vancrum expressed concern that non-resident tuition is still too low and Dr. Koplik stated he would research other states on this question.

Representative Helgerson asked if the Board of Regents will be offering suggestions to the Legislature of ways to maximize higher education dollars in tough financial times. Dr. Koplik cited the proposal to modify the enrollment adjustment corridor which is explained in his testimony (Attachment 3). The enrollment adjustment for FY 1991 computes under the current guidelines to \$8 million-plus and the Regents' feel this is too large. The Regents' proposal would alter the enrollment adjustment to include disincentives to recruiting students just for the sake of numbers. Dr. Koplik advised that the Kansas Board of Regents' supports the adoption of qualified admissions at state universities.

Chairman Buntin expressed concern at the priorities set at Kansas State University when classes were cut to save \$50,000 out of a total budget of \$206 million. Chancellor Budig stated he did not believe KU has had to close classes to save funds and he will verify that information in a letter. The Chancellor underscored the efforts KU, KSU, and WSU are making in private fundraising as part of the partnership between the universities and the state.

A listing of the Legislator/interns on the fee agency budgets was distributed to the members. Representative Fuller moved that the minutes of January 9, 10, and 16, 1990 be approved as presented. Representative Solbach seconded. Motion carried.

The meeting was adjourned at 2:50 p.m.

GUEST LIST

COMMITTEE: HOUSE APPROPRIATIONS

DATE: 1-22-90

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Ray Hauke	Topeka	Board of Regents
Marlin Rein	LeCompton (First Capital)	KUMC
Gloria Timmer	Topeka	XOR
M. Kennedy	"	"
M. Bohukoff	" "	" "
S. Sudermann	Wichita	WSU
Kerri Kelly	OP	SUN
S Peterson	MANHATTAN	KSU
Jon Josseland	Lawrence	KU
Ed Walbourn	Topeka	Washburn Un
Alan Morgan	Topeka	Governor's office
Bob Duffin	Lawrence	University Daily Kansan
Phil Ellsworth	Lawrence	" " "
Jub Kambel	Linnick	
Dani Anne Bremer	Topeka	ASK
Anita White	TOPEKA	ASK
Kay Coles	Topeka	K-NEA
Sheila Hochhauser	Manhattan	Legislature
David B. Dallam	Topeka	Division of Budget
Jim Langford	Topeka	Budget
Greg Tugman	" "	" "
MORGAN R. OLSEN	TOPEKA	ESU
Henry Stephens	Lawrence	ESU
Tim Carpenter	Lawrence	Lawrence Journal-News



DEPARTMENT OF ADMINISTRATION
 State Capitol
 Topeka 66612-1572
 (913) 296-3011

Shelby Smith, *Secretary*

November 9, 1989

Winston Barton, Secretary
 Department of Social and
 Rehabilitation Services
 6th Floor, DSOB
 BUILDING MAIL

Dear Secretary Barton:

Representative Susan Roenbaugh contacted our office regarding Camp Pawnee, which I understand is on land adjacent to Larned State Hospital. From a review of the statutes, it appears the Camp is comprised of two tracts of land. One tract is about 43 acres, which was leased by the State to the Wheatbelt Area Girl Scout Council of Kansas, Inc., pursuant to K.S.A. 75-3323. The other tract is approximately 33 acres, which was conveyed by the State to this same organization pursuant to K.S.A. 75-3323a. Both statutes provide that the land reverts to the State in the event it is no longer used for its intended purpose. Representative Roenbaugh informed me that the Girl Scout organization may no longer be interested in maintaining Camp Pawnee.

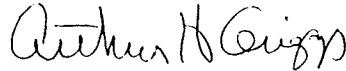
Because a Pawnee County official expressed an interest in the Camp through Representative Roenbaugh, she is considering a bill that would convey both of these tracts of land to Pawnee County to be used for recreational purposes. The purpose of this letter is to advise you of Representative Roenbaugh's interest and to ascertain whether transferring title to the land to Pawnee County would interfere with any plans by SRS or Larned State Hospital.

HA
 1-22-90
 Attachment 1

Secretary Winston Barton
November 9, 1989
Page Two

Please let me know if you have any concerns regarding this proposed transfer.

Sincerely,



Arthur H. Griggs
Chief Attorney

AHG:dp
7377A

cc: Shelby Smith
Representative Susan Roenbaugh

STATE OF KANSAS



DEPARTMENT OF ADMINISTRATION

State Capitol
Topeka 66612-1572
(913) 296-3011

Shelby Smith, *Secretary*

December 8, 1989

Vern Steffen, Chairman
Pawnee County Commission
715 Broadway
Larned, Kansas 67550

Dear Mr. Steffen:

I'm writing at the request of Representative Susan Roenbaugh. She advises that the Wheatbelt Area Girl Scout Council may no longer be interested in maintaining Camp Pawnee. Under K.S.A. 75-3323 and 75-3323a, the land could revert back to the State.

Representative Roenbaugh indicated that Pawnee County officials have expressed an interest in the camp. My staff has advised that a bill conveying the land to Pawnee County would be the appropriate method to accomplish this goal.

The Kansas Department of Administration would be supportive of this measure, assuming that transferring the title to the land would not interfere with any plans by SRS or Larned State Hospital. My office has written the Secretary of SRS to ascertain if the proposed transfer would conflict with their plans.

It is hoped that this correspondence will be of assistance in addressing the interest in this land by Pawnee County officials.

Sincerely,

Shelby Smith
Secretary of Administration

SS:mkr
7482A

cc: Representative Susan Roenbaugh
Senator Jerry Moran
Winston Barton, Secretary of SRS



385-2131

STATE OF KANSAS

MIKE HAYDEN, Governor

DEC 18 1989

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

Docking State Office Building, Topeka, Kansas 66612-1570

(913) 296-3271

Mental Health & Retardation Services Fifth Floor (913) 296-3771

December 14, 1989

WINSTON BARTON Secretary

THILMA HUNTER GORDON Special Assistant

TIM OWENS General Counsel

ANN ROLLINS Public Information Director

Administrative Services J. S. DUNCAN Commissioner

Adult Services JAN ALLEN Commissioner

Alcohol and Drug Abuse Services ANDREW O'DONOVAN Commissioner

Income Maintenance/ Medical Services JOHN ALQUEST Commissioner

Mental Health/ Retardation Services AL NEMEC Commissioner

Rehabilitation Services GABE FAIMON Commissioner

Youth Services ROBERT BARNUM Commissioner

Mr. Arthur H. Griggs Chief Attorney Department of Administration 2nd Floor State Capitol Topeka, Kansas 66612

Re: Camp Pawnee Larned State Hospital

Dear Mr. ^{Art} Griggs:

We have reviewed your letter dated November 8, 1989 regarding a request from Representative Susan Roenbaugh on whether or not Social and Rehabilitation Services would support the transfer of Camp Pawnee land on the grounds of Larned State Hospital to Pawnee County for recreational purposes. Before we can make a decision on this request, we need to have more information from Pawnee County on what type of recreational uses they are planning for this land. My staff are requesting that information.

Sincerely,

Winston Barton

Winston Barton Secretary

WB:GRL:eh

cc: Mr. Nemec Dr. Getz Dr. Lee

c.c. Shelley Smith Rep. Susan Roenbaugh

STATE OF KANSAS
MIKE HAYDEN, *Governor*



SOCIAL AND REHABILITATION SERVICES
DOCKING STATE OFFICE BUILDING
TOPEKA, KANSAS 66612-1570
WINSTON BARTON,
Secretary

LARNED STATE HOSPITAL

Route 3, Box 89
LARNED, KANSAS 67550-9329

G. W. GETZ, M.D., *Superintendent/Clinical Director*

(316) 285-2131

January 18, 1990

The Honorable Susan Roenbaugh
State Representative
State Capitol, Room 170 W
Topeka, Kansas 66612

RE: **Camp Pawnee**

Dear Representative Roenbaugh:

This letter is being written to confirm our telephone conversation of January 17, 1990, at which time we discussed proposed legislation regarding Camp Pawnee. It is my understanding you are proposing a legislative bill which would convey the legal title of the scout camp from the State of Kansas to Pawnee County.

In November, 1989, Arthur R. Griggs, Chief Attorney for the Department of Administration, wrote to Secretary Barton asking for any concerns SRS might have with this proposal. Gary R. Lashell, Architectural Consultant for Mental Health and Retardation Services, later requested comments and recommendations on the proposed changes from E. Wayne Heshner, Larned State Hospital Business Manager. A copy of Mr. Heshner's letter dated December 8, 1989, is attached for your information. I am not aware that the Secretary has provided an official response to Mr. Griggs on this matter. At the present time, Larned State Hospital has no plans to utilize this acreage for any hospital related activities.

We appreciate the opportunity to comment regarding this proposal. If additional information or clarification would be helpful, please let me know.

Sincerely,

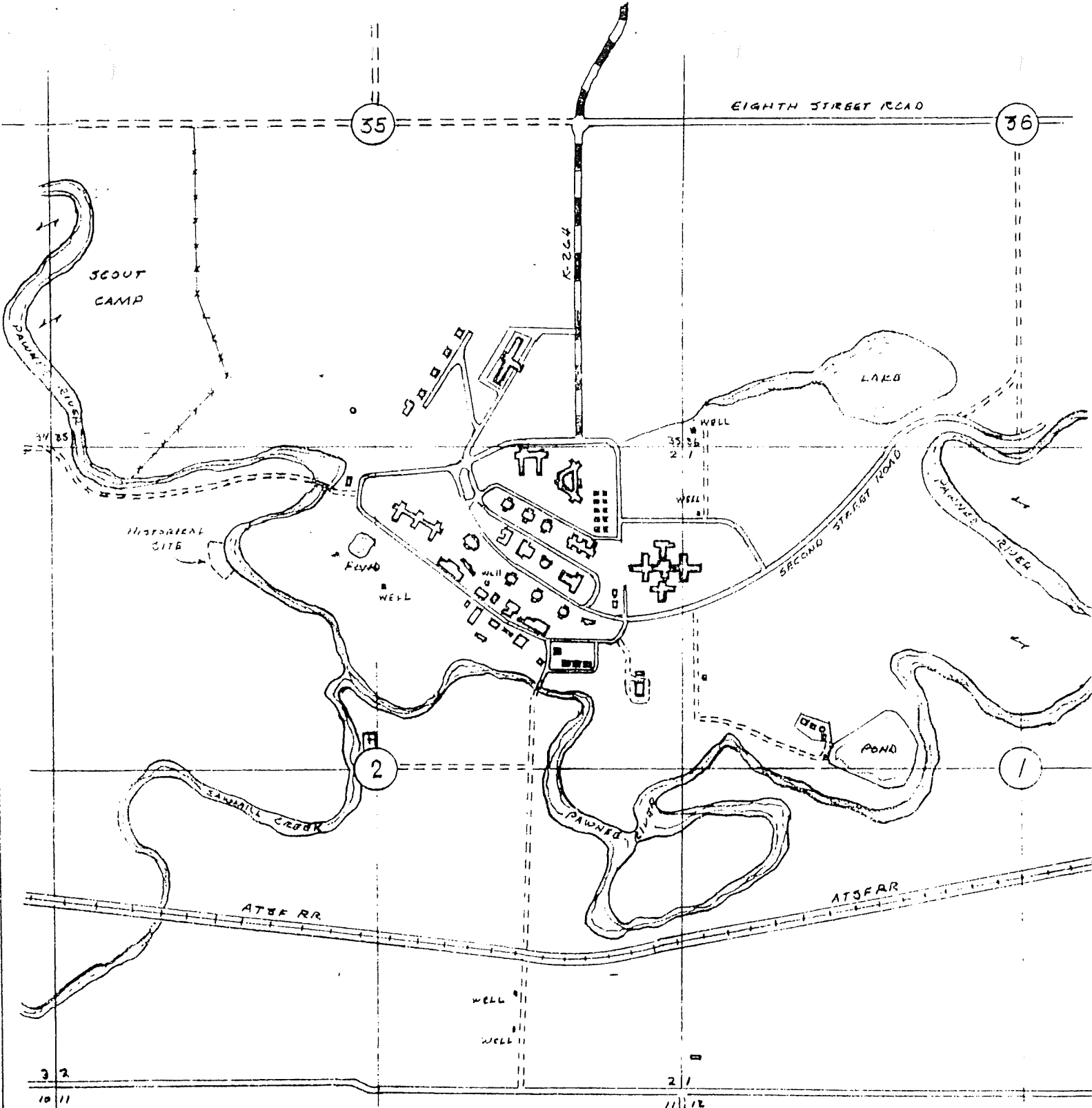
A handwritten signature in black ink, appearing to read "G. W. Getz".

G. W. GETZ, M.D.
Superintendent/Clinical Director

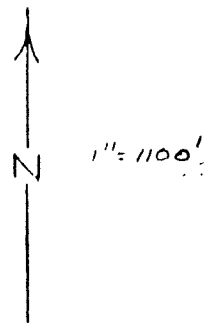
GWG:BWH:wm

Enc.

cc: Winston Barton, Secretary of SRS
Al Nemeck, Commissioner of SRS
SRS Legal



LARNED STATE HOSPITAL
 S 1/2 Sec 35 Twp 21 S R 17 W
 SW 1/4 Sec 36 Twp 21 S R 17 W
 W 1/2 Sec 1 Twp 22 S R 17 W
 Sec 2 Twp 22 S R 17 W



1 to a point 15" east of same drain ditch bank; thence northwest on
 2 a line having an interior angle of 182° 49' for a distance of 330 feet
 3 to a point 3½ feet east of same drain ditch bank; thence northwest
 4 on a line having an interior angle of 197° 22' for a distance of 450
 5 feet to a point 3½ feet east of same drain ditch bank; thence north
 6 on a line having an interior angle of 162° 23' for a distance of 930
 7 feet to a point on the east and west quarter section line of section
 8 35; thence west along the said quarter section line for a distance of
 9 799 feet (this point falling 457 feet east of the west quarter section
 10 corner of section 35); thence south 35 feet; thence southeast along
 11 the present fence boundary of the boy scout camp for a distance of
 12 2806.5 feet to place of beginning; for the purpose of a camp site for
 13 use in conducting camping programs under responsible and trained
 14 camp supervisors for the girl scouts of America. ~~Said~~ *Such* lease
 15 shall contain a provision authorizing the state of Kansas to sell or
 16 lease and reserving all mine and mineral rights to ~~said such~~ lands
 17 and a termination clause that in the event such lands ever shall
 18 cease to be used for the camping purposes above specified, which
 19 purposes shall be set forth in such lease, then the lease shall expire
 20 and become null and void and the possession thereof shall imme-
 21 diately revert to the state of Kansas. Notwithstanding the above
 22 condition relating to the use of ~~said such~~ land for camping purposes,
 23 the lessee shall be entitled to sublease a portion of such land to any
 24 licensed day care center for an amount not to exceed the reasonable
 25 costs of maintaining any structures located on such land which are
 26 used by such day care center and the reasonable costs of utility
 27 services provided to such day care center, the payment of which is
 28 to be assumed by ~~said the~~ girl scout council *or the lessee may*
 29 *sublease such land to Pawnee county for park and recreational pur-*
 30 *poses deemed appropriate by the board of county commissioners.*

31 (b) Upon the expiration of any lease entered pursuant to sub-
 32 section (a), the secretary of social and rehabilitation services shall
 33 convey by deed such tract of land described in subsection (a) to
 34 Pawnee county for park and recreational purposes deemed appro-
 35 priate by the board of county commissioners. Such deed shall contain
 36 a reversionary clause that in the event that such land ever shall
 37 cease to be used for such purposes, which purposes shall be set
 38 forth in such deed, then the title thereto and the possession thereof
 39 immediately shall revert to the state of Kansas.

(c) Liability for damages resulting from the use
 of the property described in this section shall be
 subject to the limitation of subsection (o) of
 K.S.A. 75-6104 and amendments thereto.

40 Sec. 2. K.S.A. 75-3323a is hereby amended to read as follows:
 41 ~~75-3323a. The Kanza council of the Boy Scouts of America wheat-~~
 42 ~~belt area girl scout council of Kansas, inc.~~ is hereby authorized and
 43 requested upon conditions hereinafter provided to convey by a deed

Attachment 2
 1-22-90

(a)

1 of proper conveyance to ~~the wheatbelt area girl scout council of~~
 2 ~~Kansas, in: Pawnee county,~~ the following described tract or parcel
 3 of land located in Pawnee county, Kansas, containing approximately
 4 32.91 acres, more or less, and being a part of the Larned state
 5 hospital grounds in such county and state, and more definitely de-
 6 scribed as follows, to wit: "A tract of land lying in section 35, town-
 7 ship 21 south, and section 2, township 22 south, all of range 17
 8 west of the sixth principal meridian, in Pawnee county, Kansas,
 9 described by metes and bounds as follows, to wit: Beginning at the
 10 southwest corner of the northwest quarter (NW 1/4) of section 35,
 11 in township 21 south, of range 17 west of the sixth principal meridian,
 12 in Pawnee county, Kansas; thence south along the west section line
 13 of said section 35, 377 feet to the left bank of Pawnee creek; thence
 14 along the left bank of Pawnee creek to a point approximately 200
 15 feet south of the south line of said section 35, and approximately
 16 825 feet east of the west section line of section 2, in township 22
 17 south, of range 17 west of the sixth principal meridian, in Pawnee
 18 county, Kansas (this point is on a prominent, high and narrow point
 19 of land near the left bank of Pawnee creek 30 feet east of a large
 20 cottonwood tree and 20 feet north of a large elm tree marked by a
 21 20 penny spike in its trunk); thence in a northwesterly direction
 22 2,806.5 feet to a point 457 feet due east and 35 feet due south of
 23 the place of beginning; thence 35 feet due north, thence 457 feet
 24 due west to the place of beginning"; ~~for the purpose of conducting~~
 25 ~~camping programs under responsible and trained camp super~~
 26 ~~visors for the girl scouts of America and other kindred youth~~
 27 ~~organizations: Provided, however, That said park and recrea-~~
 28 ~~tional purposes deemed appropriate by the board of county com-~~
 29 ~~missioners. The deed shall contain a reversionary clause that in the~~
 30 ~~event such lands land ever shall cease to be used for the such~~
 31 ~~purposes last above specified, which purposes shall be set forth~~
 32 ~~in such the deed, then the title thereto and the possession thereof~~
 33 ~~shall immediately revert to the state of Kansas.~~

34 Sec. 3. K.S.A. 75-3323 and 75-3323a are hereby repealed.

35 Sec. 4. This act shall take effect and be in force from and after
 36 its publication in the Kansas register.

(b) Liability for damages resulting from the use of the property described in this section shall be subject to the limitation of subsection (o) of K.S.A. 75-6104 and amendments thereto.

2-2

tionary decision under 75-6104(d) examined. *Allen v. Kansas Dept. of S.R.S.*, 240 K. 620, 621, 731 P.2d 314 (1987).

17. Cited; absence of employer's duty to third party for tortious acts of off-duty employee examined. *Meyers v. Grubaugh*, 242 K. 716, 750 P.2d 1031 (1988).

18. Cited; exceptions to 75-6104(d) as inapplicable where legal duty exists that must be followed examined. *Dougan v. Rossville Drainage Dist.*, 243 K. 315, 318, 757 P.2d 272 (1988).

75-6104. Liability of governmental entities for damages caused by employee acts or omissions, when; exceptions from liability. A governmental entity or an employee acting within the scope of the employee's employment shall not be liable for damages resulting from:

(a) Legislative functions, including, but not limited to, the adoption or failure to adopt any statute, regulation, ordinance or resolution;

(b) judicial function;

(c) enforcement of or failure to enforce a law, whether valid or invalid, including, but not limited to, any statute, regulation, ordinance or resolution;

(d) adoption or enforcement of, or failure to adopt or enforce, any written personnel policy which protects persons' health or safety unless a duty of care, independent of such policy, is owed to the specific individual injured, except that the finder of fact may consider the failure to comply with any written personnel policy in determining the question of negligence;

(e) any claim based upon the exercise or performance or the failure to exercise or perform a discretionary function or duty on the part of a governmental entity or employee, whether or not the discretion is abused and regardless of the level of discretion involved;

(f) the assessment or collection of taxes or special assessments;

(g) any claim by an employee of a governmental entity arising from the tortious conduct of another employee of the same governmental entity, if such claim is (1) compensable pursuant to the Kansas workmen's compensation act or (2) not compensable pursuant to the Kansas workmen's compensation act because the injured employee was a firemen's relief association member who was exempt from such act pursuant to K.S.A. 44-505d at the time the claim arose;

(h) the malfunction, destruction or unauthorized removal of any traffic or road sign, signal or warning device unless it is not corrected by the governmental entity responsible

within a reasonable time after actual or constructive notice of such malfunction, destruction or removal. Nothing herein shall give rise to liability arising from the act or omission of any governmental entity in placing or removing any of the above signs, signals or warning devices when such placement or removal is the result of a discretionary act of the governmental entity;

(i) any claim which is limited or barred by any other law or which is for injuries or property damage against an officer, employee or agent where the individual is immune from suit or damages;

(j) any claim based upon emergency preparedness activities, except that governmental entities shall be liable for claims to the extent provided in article 9 of chapter 48 of the Kansas Statutes Annotated;

(k) the failure to make an inspection, or making an inadequate or negligent inspection, of any property other than the property of the governmental entity, to determine whether the property complies with or violates any law or regulation or contains a hazard to public health or safety;

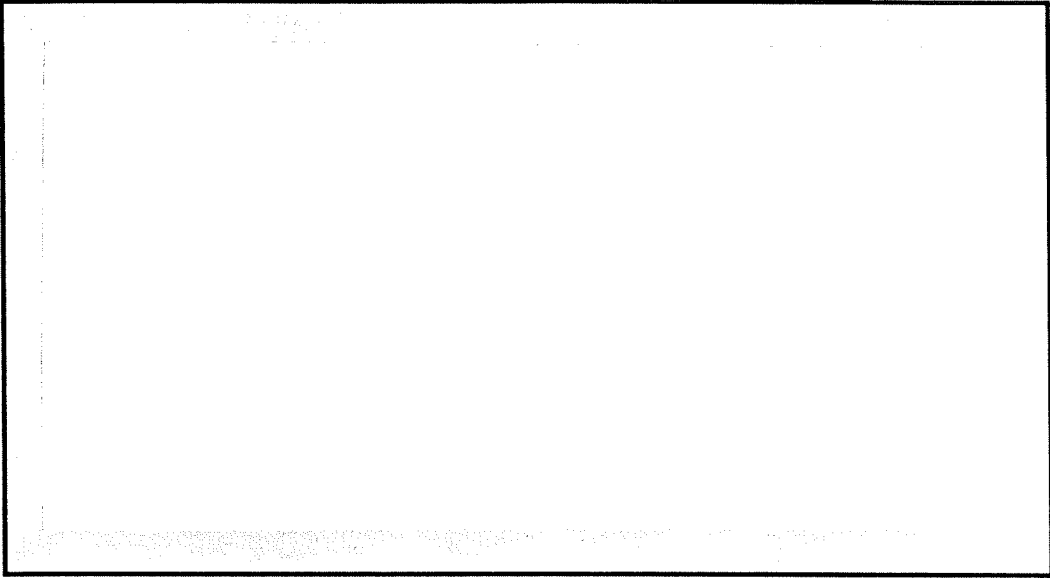
(l) snow or ice conditions or other temporary or natural conditions on any public way or other public place due to weather conditions, unless the condition is affirmatively caused by the negligent act of the governmental entity;

(m) the plan or design for the construction of or an improvement to public property, either in its original construction or any improvement thereto, if the plan or design is approved in advance of the construction or improvement by the governing body of the governmental entity or some other body or employee exercising discretionary authority to give such approval and if the plan or design was prepared in conformity with the generally recognized and prevailing standards in existence at the time such plan or design was prepared;

(n) failure to provide, or the method of providing, police or fire protection;

(o) any claim for injuries resulting from the use of any public property intended or permitted to be used as a park, playground or open area for recreational purposes, unless the governmental entity or an employee thereof is guilty of gross and wanton negligence proximately causing such injury;

(p) the natural condition of any unimproved public property of the governmental entity;



HA

1-22-90

Attachment 3

KANSAS BOARD OF REGENTS



Fiscal Year 1991 Budgetary Discussion
House Appropriations Committee

January 22, 1990

**FISCAL YEAR 1991 BUDGETARY DISCUSSION
HOUSE APPROPRIATIONS COMMITTEE**

Comments by Dr. Stanley Z. Koplik

1. Recognize the difficult situation of the Legislature as it approaches the FY 1990 and FY 1991 budgets.
2. Acknowledge the focus upon Regents budgets during the interim and the interest in us expressed by the December Subcommittee meetings.
3. The 1980's have been characterized by their volatility for state governmental revenues and therefore the budgets which you could approve for higher education.
 - Our annual budgetary increase has ranged from a high of 9.9 percent for FY 1990 to a low of 1.1 percent during FY 1987.
 - Salary increases have ranged from a high of 9 percent during FY 1981 to lows of 2.5 percent during FY 1987 and 3.0 percent for six months in FY 1988.
 - Obviously lows for the state have been two rescissions, each involving reductions of approximately 4 percent of base budgets:
 - One permanent and one, which was restored in the succeeding year.
 - The permanent rescission occurred during FY 1983, while the temporary rescission was FY 1987.
 - Highs for the Regents system have been the commitment and support extended by the Governor and Legislature for our Margin of Excellence program.
 - Resulting in 93 percent of our request for new funds being granted in FY 1989 and 100 percent during FY 1990.
4. Believe we have a mutual interest in assuring that the gains made during FY 1989 and FY 1990 are not lost.
 - Morale and feelings toward our institutions by students, parents, and the business community have increased.
 - Confidence in our system expressed by record enrollments this fall.

5. Best way to sustain these improvements is to maintain our funding base, such that we are in a position to move ahead when sufficient funds permit such advancement.

- Remain willing to absorb a loss in the current fiscal year, just as we did during 1983 and 1987.

- However, our hope is that losses do not become permanent.

6. Accordingly, priorities fall into three basic categories:

a. Restoration of shrinkage reductions during FY 1991.

b. Restoration of amounts deleted from base budget request and attention to minimum student salary and wage issue.

c. The original goals of the Margin of Excellence.

PRIORITIES FOR BUDGETARY RESTORATION

1.	Shrinkage reduction - FY 1991	\$6.34 million
2.	Student wages (allowance for minimum wage adjustment) - FY 1991	1.25
3.	Other operating expenditures (2 percent) - FY 1991	2.03
4.	Utilities for new buildings - FY 1991	.60
5.	Unclassified salaries (1 percent) - FY 1991	3.19
6.	Enrollment adjustment - FY 1991	4.07
7.	Fee release - FY 1990	1.59
8.	Staffing and OOE for new buildings - FY 1991	.56
9.	Faculty salary parity - 6 Universities - FY 1991	10.09
10.	Mission related enhancements - FY 1991	<u>6.23</u>
	Total - All Programs	\$35.95

Kansas Board of Regents
January 18, 1990 - Revised

EXPENDITURE OF SALARY FUNDS FOR OTHER OPERATING EXPENDITURES

Background

Considerable discussion has recently occurred related to the extent to which Regents institutions utilize their salary budget to finance other operating expenditures. The amount of budgetary shifting, when viewed in isolation, appears to be a relatively large amount. However, as a percentage of the total university base budget, it is substantially smaller. For example the total shifted was .9 percent during FY 1988 and .7 percent during FY 1989. Nevertheless, the shifting from salaries to other operating expenditures has resulted in considerable criticism and misinterpretation of our budgets, particularly given our stated goal that salaries are the highest priority.

Reaction to the criticism has ranged from recommendations to reduce the budgets and/or to appropriate the monies in a manner which would preclude such budgetary shifting. In any event the subject of budgetary shifting is causing our credibility to be questioned and is a factor in the Governor's recommendations to increase the salary shrinkage subtracted from our FY 1990 and FY 1991 appropriations.

Staff Perspective

The institutions have typically administered their salary budgets in a relatively conservative manner, which most observers would agree is a reasonable practice. The institutions have managed salary budgets to avoid incurring deficits during succeeding fiscal years and have judiciously filled vacancies, to attract the best staff given available dollars. However, such conservative personnel practices frequently result in an underexpenditure of the salary budget. Our institutions have typically utilized the unexpended portion of their salary budgets for one-time expenditures, such as equipment or library purchases. Nevertheless, this practice does result in expenditures for purposes other than that appearing in the budget submitted to the Legislature. Furthermore, the level of shifting is sufficiently high at some institutions that it has been perceived as a deliberate distortion of the manner in which funds are requested and expended.

Staff Recommendation

It is unrealistic and, at times, unwise to expect that an institution expend funds exactly as they were originally budgeted. The budget is a general plan for expending funds and prevailing conditions often necessitate expenditure in a manner which deviates from the budget. Nonetheless, the budget should exert general parameters within which expenditures will occur, and the budget should be modified if expenditure patterns consistently differ from it. Therefore, the Board should adopt the following policy applicable to the budgets of the six university campuses.

1. During any year in which general use expenditures for salaries or operating expenditures deviate from the budget for those purposes by more than .5 percent of an institution's total operating budget the institution shall:
 - a. Adjust the appropriate budgetary bases requested for the succeeding year by not less than the amount by which the deviation exceeds .5 percent of the institutional operating budget; or
 - b. Obtain Board approval for an exception to the adjustment specified in item a. Such requests shall be accompanied by a description of reasons for the budgetary deviation and why such deviation is not likely to occur during succeeding years.

PROPOSAL TO MODIFY THE ENROLLMENT ADJUSTMENT CORRIDOR

Background

Present Kansas budgeting procedures compute enrollment adjustments through multiplication of changes in credit hours by the full cost per credit hour in 24 disciplines at 4 instructional levels. Once such gross enrollment adjustments are computed, they are compared to a corridor. This corridor is a percentage of an institution's base general use budget for the fiscal year. No adjustment is made unless the total exceeds the corridor. Adjustments are made by only the amount which exceeds the corridor. The corridor acts as a buffer to adjustments.

The underlying concept is that an institution should not be significantly impacted by relatively minor changes in enrollment. Conversely, larger changes in enrollment should be accompanied by some adjustment to the budget. Between FY 1982 and FY 1987, the corridors were plus or minus 1.5 percent at KU, KSU, and WSU, while the increase corridor was 1.0 percent and the decrease corridor was 2.0 percent at the regional universities. Since fiscal year 1988, the increase corridor has been .5 and the decrease corridor has been 2.5 percent at all of the Regents institutions.

Substantial enrollment adjustments have occurred during several recent years at the six universities. The largest actual positive systemwide enrollment adjustment was \$3,272,672, appropriated for FY 1989. The largest systemwide negative enrollment adjustment was \$2,851,329, during FY 1986. K.U.'s FY 1990 enrollment adjustment of \$1,772,467 is the largest actual enrollment adjustment to date for an individual institution. K.S.U. experienced the largest negative enrollment adjustment for a single institution of \$1,460,960, during FY 1986. These previous totals for the system are substantially surpassed by FY 1991 requests totaling \$7,615,270 at four universities (\$4,688,550 at KSU, \$1,297,003 at WSU, \$707,046 at ESU, and \$922,671 at PSU). The FY 1991 enrollment adjustment request at KSU, exceeds the largest previous request for the system. These totals are causing some decisionmakers to question our enrollment adjustment methodology and our priorities for appropriations. These questions are enhanced by fall 1990 enrollments, which will undoubtedly generate substantial FY 1992 enrollment adjustment requests. Consequently, during recent weeks some decisionmakers have suggested dramatically altering or eliminating the enrollment adjustment.

Staff Perspective

The corridors utilized from FY 1982 to FY 1987 (+/- 1.5 percent at the three larger universities and + 1.0 percent/ - 2.0 percent at the three regional universities) were not beneficial to the universities. However, the corridors utilized subsequent to FY 1987 are beneficial to the institutions, both during enrollment growth and during enrollment decline. Because of the benefit to our institutions, it would be advantageous for the Regents to maintain much of the present enrollment adjustment methodology. By assuming a leadership role in suggesting alternatives, we may avert return to some unknown methodology which could be detrimental to our institutions.

The present methodology initially attempts to represent marginal costs, since no adjustment is made until change in cost exceeds the corridor. This methodology is appropriate, given moderate enrollment changes. However, the present methodology has no upper limits and adjusts budgets for full average costs, regardless of the total credit hours involved. Using marginal cost principles, economists would probably argue that beyond some point actual costs should be less than full average cost. Furthermore, it can be argued that an uncontained full average cost model, provides an incentive for unlimited enrollment growth.

Proposed Modification

Beginning with the FY 1992 request, the enrollment adjustment corridor should be modified to provide declining percentages of full average cost. The table which follows reflects the declining percentages and contrasts the proposal with present practice. Fiscal year 1992 enrollment adjustments are not yet known. Attachment I shows the impact of this proposal on four sample enrollment adjustments of varying magnitudes. As detailed in the table which follows, a declining percentage approach would also be recommended for enrollment adjustment decreases, as a part of this proposal. This would reduce the impact of substantial enrollment declines. The proposal would eliminate the alleged incentive for uncontrolled growth, particularly that in excess of 3.0 percent. Although it would decrease our FY 1992 enrollment adjustments, it would retain the cost based enrollment adjustment methodology, which has been beneficial to our institutions during recent years.

INCREASE ADJUSTMENTS AS A PERCENTAGE OF AVERAGE COST

		<u>Current</u>	<u>Proposed</u>
<u>Percentage of Educational Budget</u>			
Less than	.5 percent	0%	0%
0.5%	to 1.0 percent	100	100
1.1	to 2.0 percent	100	75
2.1	to 3.0 percent	100	50
Over	3.1 percent	100	25

DECREASE ADJUSTMENTS AS A PERCENTAGE OF AVERAGE COST

		<u>Current</u>	<u>Proposed</u>
<u>Percentage of Educational Budget</u>			
Less than	2.5 percent	0%	0%
2.5%	to 3.0 percent	100	100
3.1	to 4.0 percent	100	75
4.1	to 5.0 percent	100	50
More than	5.0 percent	100	25

ATTACHMENT I

ANALYSIS OF ENROLLMENT ADJUSTMENT PROPOSAL

<u>Present Method</u>	<u>Institution A</u>	<u>Institution B</u>	<u>Institution C</u>	<u>Institution D</u>
Percentage of Educational Budget				
Less than .5%	-	-	-	-
.5% to 1.0%	425,551	285,363	122,242	131,112
1.1% to 2.0%	851,102	570,726	244,484	262,224
2.1% to 3.0%	851,102	440,914	244,484	262,224
Over 3.0%	<u>2,560,795</u>	<u>-</u>	<u>95,836</u>	<u>267,111</u>
Total Adjustment	4,688,550	1,297,003	707,046	922,671
Proposed Method				
Percentage of Educational Budget				
Less than .5%	-	-	-	-
.5% to 1.0%	425,551	285,363	122,242	131,112
1.1% to 2.0%	638,327	428,044	183,363	196,668
2.1% to 3.0%	425,551	220,457	122,242	131,112
Over 3.0%	<u>640,198</u>	<u>-</u>	<u>23,959</u>	<u>66,778</u>
Total Adjustment	2,129,627	933,864	451,806	525,670

9-11