

Approved February 19, 1990
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

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

2:37 a.m./p.m. on FEBRUARY 12, 19 90 room 123-S of the Capitol.

All members were present except:

Committee staff present:

Research Department: Diane Duffy, Leah Robinson
Revisor: Norm Furse, Gordon Self
Committee Staff: Judy Bromich, Administrative Assistant
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

INTRODUCTION OF BILLS

Senator Gaines moved, Senator Feleciano seconded the introduction of bill draft 9 RS 2233 - AN ACT authorizing the secretary of social and rehabilitation services to lease certain property located at Rainbow mental health facility; providing for the purposes of such lease and authorizing the establishment of restrictions upon the use of such leased property. Senator Bogina noted that the property would be used for a substance abuse center. The motion carried.

SB 454 and SB 558 - Appropriations for FY 1990 and FY 1991, Regents' Systemwide Issues. (Attachment 1)

Senator Bogina reviewed the Subcommittee's recommendations on Regents' Systemwide Issues and Item 1 of the Subcommittee Report, FY 1990 Salary and Wage Shrinkage Adjustments. Discussion centered around the feeling that the methodology applied by the Governor in FY 1990 could encourage bad management and does not distribute the burden of budget reductions uniformly among the institutions.

Senator Bogina reviewed Item 2, FY 1990 General Fees Fund Adjustments. Senator Gaines moved to strike the period contained in the last sentence of Item 2 and add "and recommends this as a permanent policy for future budgets in the Legislature." Senator Winter seconded, and the motion carried.

Senator Winter reviewed Item 3, FY 1991 Salary & Wage Shrinkage; Item 4, FY 1991 Unclassified Salary Increases; and Item 5, FY 1991 Classified Salary Increases.

Senator Johnston reviewed Item 6, FY 1991 Student Salary Increases. Discussion followed regarding the two levels of student salaries; the Federal level which pays minimum wage, and state function level. It was noted that federal minimum wage will increase from \$3.35 per hour to \$3.80 per hour.

Senator Gaines reviewed Item 7, FY 1991 Other Operating Expenditure Increases and Item 8, FY 1991 Utilities.

Senator Doyen reviewed Item 9, FY 1991 Enrollment Adjustment. Senator Bogina reiterated that the enrollment adjustment process be studied by an interim committee to determine the validity of the present policy.

Senator Doyen reviewed Item 10, FY 1991 Servicing New Buildings. Senator Johnston pointed out that this item might not be minor.

In answer to a request, the Subcommittee's recommendations were compared to the Board of Regents' requests found on page 2-36 of FISCAL YEAR 1991, BUDGET

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

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS,
123-S 2:37 XX FEBRUARY 12 90
room _____, Statehouse, at _____ a.m./p.m. on _____, 19__.

ANALYSIS FOR THE REGENTS' INSTITUTIONS. (This document is on file with the Committee Secretary in the Senate Ways and Means Office.) Discussion followed regarding the absence of a Subcommittee recommendation that would address shrinkage adjustment. Senator Bogina noted that the five members of the Subcommittee could not agree upon a fair way to solve the problem; thus, it was recommended that unique situations be addressed by the standing Committee.

Senator Doyen moved and Senator Gaines seconded that the Subcommittee Report on Regents' Systemwide Issues be adopted. The motion carried.

Senator Bogina reminded the Committee of the deadlines for subcommittee reports.

Senator Bogina announced that FY 1991 Appropriation Bill Format Guidelines, Attachment 2, were available for members of the Committee. Copies of FY 1990/1991 Budget Summaries for the Kansas Department of Corrections were distributed to the Committee. (A copy is on file in the Ways and Means Office.)

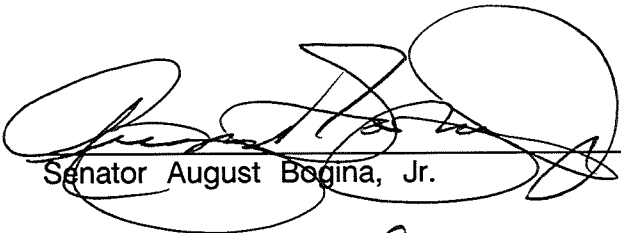
The meeting was adjourned.

SUBCOMMITTEE REPORT

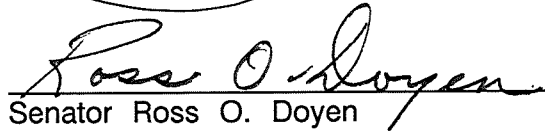
REGENT'S SYSTEMWIDE ISSUES

S.B. 454

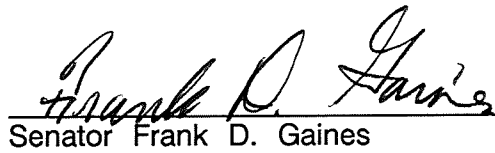
S.B. 558



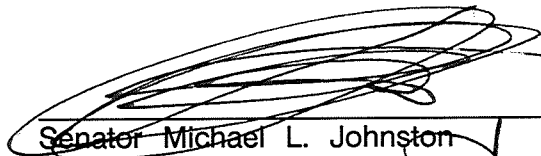
Senator August Bogina, Jr.



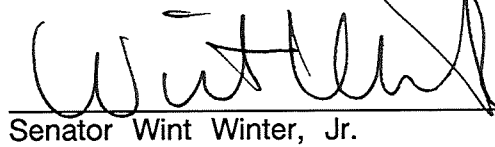
Senator Ross O. Doyen



Senator Frank D. Gaines



Senator Michael L. Johnston



Senator Wint Winter, Jr.

*Ways and Means
February 12, 1990
Attachment 1*

**SUBCOMMITTEE RECOMMENDATIONS ON
REGENTS' SYSTEMWIDE ISSUES**

The Senate Ways and Means Subcommittee on Regent's systemwide issues held hearings and received testimony concerning the issues affecting all the state higher education institutions. Several of the university presidents, including the Chancellor, presented information concerning the budget requests for FY 1991. The Associated Students of Kansas also presented testimony concerning the Regent's institutions budgets for FY 1990 and FY 1991. Based on the available information, the Subcommittee makes the following recommendations concerning the Regents' systemwide issues. The net increase recommended for the institutions is \$1,586,915 from the State General Fund in FY 1990 and \$4,192,537 from all funds in FY 1991, of which \$4,106,302 is from the State General Fund and \$86,234 is from general fees funds.

1. FY 1990 Salary and Wage Shrinkage Adjustments
(Systemwide Memo page 2-3)

The Subcommittee spent considerable time discussing the salary and wage shrinkage adjustment made by the Governor for FY 1990. The Subcommittee concluded that although salary and wage shrinkage was increased by the Governor by approximately \$5.8 million it was simply a vehicle to reduce the current year authorized budgets for the Regents' institutions. The Subcommittee notes that the methodology applied by the Governor in FY 1990 although utilizing FY 1989 actual shrinkage rates does not distribute the FY 1990 reductions in a proportionate manner among the institutions. Despite this reservation, the Subcommittee received testimony from the Regents' presidents and the Chancellor that they were willing to accept all of the current year reductions with the exception of the general fees release. The Subcommittee therefore does not recommend any adjustment to salary and wage shrinkage in FY 1990 as recommended by the Governor.

2. FY 1990 General Fees Fund Adjustments
(Systemwide Memo page 2-11)

The Subcommittee concurs with the agency requests and recommends that \$1,586,915 in general fees funds be released in FY 1990. The additional funds reflect the current policy of releasing 75 percent of the general fee revenue generated by higher than anticipated enrollment in the fall of 1989. The five institutions include the University of Kansas (\$351,716), Kansas State University (\$752,635), Wichita State University (\$90,744), Emporia State University (\$142,785), and Pittsburg State University (\$249,035). The Governor did not recommend the release of general fees funds for this purpose and maximized the expenditure of tuition income to reduce the demand on the State General Fund. The net result of the Subcommittee's recommendations is an additional expenditure of \$1,586,915 from the State General Fund for the five institutions above the Governor's recommendations. The Subcommittee supports the concept that institutions should be authorized to expend 75 percent of the general fee revenue generated by higher than anticipated enrollment in the current year.

3. FY 1991 Salary and Wage Shrinkage
(Systemwide Memo page 2-3)

The Subcommittee defers any adjustment in FY 1991 for salary and wage shrinkage to the respective Regents' Senate Ways and Means subcommittees. The Systemwide Subcommittee would urge the other subcommittees to carefully examine the Governor's recommended salary and wage shrinkage adjustments for FY 1991. Of particular concern is the possibility that the FY 1989 actual salary and wage shrinkage rate used in FY 1990 and FY 1991 may of been due to unusual occurrences in the actual year. The Subcommittee is also aware that a second year of shrinkage adjustments as recommended by the Governor could have an effect on the staffing patterns of our Regents' institutions. The respective subcommittees should examine the impact of utilizing the traditional shrinkage rate adjustments and how those rates and dollars compare with the institutions actual shrinkage rate and dollar adjustments and also explore other alternatives for adjusting the budgets than through salary and wage shrinkage.

4. FY 1991 Unclassified Salary Increases
(Systemwide Memo page 2-19)

The Subcommittee concurs with the Governor's recommendation of \$12,023,459 in FY 1991 for a 4 percent unclassified faculty and staff salary increase. The Regents had requested a 5 percent increase in FY 1991 for unclassified salaries. The \$12.0 million recommended by the Subcommittee and the Governor would be allocated in the following manner: University of Kansas -- \$3,430,110; Kansas State University -- \$3,171,239; Wichita State University -- \$1,439,646; Emporia State University - \$531,998; Fort Hays State University -- \$555,674; Pittsburg State University -- \$552,016; University of Kansas Medical Center -- \$2,014,054; Kansas State University Veterinary Medical Center -- \$227,420; and the Kansas College of Technology -- \$101,302.

5. FY 1991 Classified Salary Increases
(Systemwide Memo page 2-23)

The Subcommittee concurs with the Governor's recommendation of \$6,746,664 in FY 1991 for classified salary increases. The recommendation includes a 2.5 percent merit increase, a 1.5 percent cost-of-living adjustment, longevity pay, health insurance rate revisions, and other adjustments. The \$6.7 million would be allocated in the following manner: University of Kansas -- \$1,240,453; Kansas State University -- \$1,510,214; Wichita State University -- \$612,785; Emporia State University -- \$262,618; Fort Hays State University -- \$208,774; Pittsburg State University -- \$232,493; University of Kansas Medical Center -- \$2,453,923; Kansas State University Veterinary Medical Center -- \$171,478; and the Kansas College of Technology -- \$53,926.

6. FY 1991 Student Salary Increases
(Systemwide Memo page 2-24)

A. The Subcommittee recommends \$7,497,941 for student salaries in FY 1991 or \$128,658 above the Governor's recommendation. The Subcommittee's recommended amount for FY 1991 is the same amount as currently authorized for FY 1990. The institutions had requested a 5 percent increase in FY 1991 for student salaries. The Governor applied a salary and wage shrinkage amount to student salaries

in FY 1991 for the first time. The Subcommittee does not believe that shrinkage should be applied against student salaries since it simply reduces the number of hours available for the employment of students. The additional \$128,658 for student salaries in FY 1991 as recommended by the Subcommittee would be allocated in the following manner: University of Kansas -- \$38,394; Kansas State University -- \$31,024; Wichita State University -- \$11,666; Emporia State University -- \$14,637; Fort Hays State University -- \$32,148; Pittsburg State University -- a reduction of \$1,078; University of Kansas Medical Center -- a reduction of \$312; Kansas State University Veterinary Medical Center -- \$1,613; and the Kansas College of Technology -- \$606.

B. The Subcommittee recommends a total of \$489,483 for the Kansas Career Work Study program in FY 1991 or \$10,517 less than the Governor recommended. The Subcommittee's recommendation maintains the total appropriation for the program in FY 1991 at the currently authorized amount in FY 1990. The actual appropriation for the work study program is made to the Board of Regents and then allocated to the institutions and Washburn University. The Subcommittee recommends that the program funds be allocated in the following manner: University of Kansas -- \$133,480; Kansas State University -- \$138,621; Wichita State University -- \$104,700; Emporia State University -- \$36,123; Fort Hays State University -- \$35,998; Pittsburg State University -- \$21,257; Kansas College of Technology -- \$3,859; and Washburn University -- \$15,629.

C. The Subcommittee recommends that the graduate teaching assistant fee waiver in FY 1991 remain at the current level of 75 percent. The Governor had recommended an increase to an 80 percent fee waiver, while the Regents had requested a fee waiver of 100 percent in FY 1991. The Subcommittee's action will increase general fees funds at the institutions by a systemwide amount of \$86,234 in the budget year. The net result of the recommendation is to reduce State General Fund expenditures in FY 1991 by \$86,234 and increase general fees funds by the same amount. The adjustments would be allocated in the following manner: University of Kansas -- \$41,400; Kansas State University -- \$15,921; Wichita State University -- \$11,800; Emporia State University -- \$6,494; Fort Hays State University -- \$7,611; and Pittsburg State University -- \$3,008.

7. FY 1991 Other Operating Expenditure Increases (Systemwide Memo page 2-26)

The Subcommittee concurs with the Governor's recommendation in FY 1991 for a 2 percent increase for other operating expenditures. The institutions had requested a 4 percent increase in the budget year. The Subcommittee's recommendation for FY 1991 increases other operating expenditures by \$2,031,744 systemwide above the FY 1990 amount. The 2 percent base increase for other operating expenditures is allocated in the following manner: University of Kansas -- \$420,236; Kansas State University -- \$379,596; Wichita State University -- \$171,708; Emporia State University -- \$67,677; Fort Hays State University -- \$73,307; Pittsburg State University -- \$75,270; University of Kansas Medical Center -- \$775,680; Kansas State University Veterinary Medical Center -- \$53,366; and the Kansas College of Technology -- \$14,904.

8. **FY 1991 Utilities**
(Systemwide Memo page 2-29)

The Subcommittee concurs with the Governor's recommendations for utilities in FY 1990 and FY 1991. The Subcommittee notes that the Governor recommended a 2 percent increase in FY 1990 above FY 1989 actual expenditures and then recommended a 2 percent increase above the revised FY 1990 amount for FY 1991. The Legislature traditionally reviews utility expenditures in the current year and the budget year during March. This permits the availability of the most recent expenditures to date to determine if adjustments are warranted. The Subcommittee recommends that the House Appropriations Committee review utility expenditures and then make what adjustments are prudent for FY 1990 and FY 1991.

9. **FY 1991 Enrollment Adjustment**
(Systemwide Memo page 2-13)

The Subcommittee recommends full funding of the requested enrollment adjustment for FY 1991 and adds \$4,074,396 in State General Fund support and 86.1 FTE positions. The Subcommittee notes that the current enrollment adjustment has been in place since 1987 and the institutions have based their requests on the current approved funding process. But most importantly, the requested enrollment adjustment reflects an additional 1,300 students who arrived at the institutions in FY 1989. The universities have managed their resources to accommodate the additional students for FY 1990 (the enrollment adjustment process intervening year) and have anticipated the increased resources being available in FY 1991. The Subcommittee also points out that the Governor's recommendation of abolishing the enrollment adjustment process in FY 1993 will have the effect of encouraging qualified admissions not through legislation, but through budgetary appropriations. A major policy consideration such as qualified admissions should be addressed clearly by the Legislature prior to any significant changes. Finally, the Subcommittee recommends that the Legislature study the issue of modifying the enrollment adjustment process to determine if any changes are warranted, including the Governor's recommendation and the Board of Regents' proposal. The Subcommittee recommends that the following amounts for the enrollment adjustment in FY 1991:

<u>Institution</u>	<u>Agency Req. FY 1991</u>	<u>Gov. Rec. FY 1991</u>	<u>Subcommittee Rec. FY 1991</u>	<u>Difference</u>
KSU	\$ 4,688,550	\$ 2,344,275	\$ 4,688,550	\$ 2,344,275
WSU	1,297,003	648,502	1,297,003	648,501
ESU	707,046	353,523	707,046	353,523
PSU	922,671	461,336	922,671	461,335
KCT	533,525	266,763	533,525	266,762
Total	<u>\$ 8,148,795</u>	<u>\$ 4,074,399</u>	<u>\$ 8,148,795</u>	<u>\$ 4,074,396</u>

The following table displays the additional FTE positions recommended by the Subcommittee that are associated with the enrollment adjustment for FY 1991 above the Governor's recommendation.

<u>Institution</u>	<u>Unclassified FTE Positions</u>	<u>Classified FTE Positions</u>	<u>Total FTE Positions</u>
KSU	32.2	14.0	46.2
WSU	11.5	6.0	17.5
ESU	5.0	3.9	8.9
PSU	5.5	4.0	9.5
KCT	<u>3.0</u>	<u>1.0</u>	<u>4.0</u>
Total	<u>57.2</u>	<u>28.9</u>	<u>86.1</u>

10. **FY 1991 Servicing New Buildings**
(Systemwide Memo page 2-31)

The Subcommittee recommends that for the requested \$1,255,848 and 27.5 FTE positions for the servicing new buildings in FY 1991 be reviewed by the institutional subcommittees. The Governor did not recommend any resources for the servicing of new buildings in FY 1991. The Subcommittee recommends that each new building servicing request be examined on its own merit to determine if the requested staffing and resources are truly appropriate for the additional square footage that will be added to the universities building inventories.

11. **FY 1991 Appropriation Language**

The Subcommittee recommends that the State General Fund line items currently in use for FY 1990 be continued for FY 1991. This policy at a minimum provides three appropriation line items, one for salaries and wages, one for other operating expenditures, and one for utilities. At certain institutions it also provides for special line items, for example, agricultural experiment stations, agricultural extension, geological survey, capitol complex public management degree program, etc.

February 9, 1990

**Senate Committee on Ways and Means
FY 1991 Appropriation Bill Format Guidelines**

The appropriation bill format as introduced will be used except for the following agencies for which FY 1990 format will be used:

Department of Corrections
Correctional Institutions
Department of Administration
Department of Health and Environment
Department of Social and Rehabilitation Services
SRS Institutions
Department of Transportation
Department of Revenue
Department of Education
Regents' Institutions
Department of Commerce
School for the Visually Handicapped
School for the Deaf
State Historical Society
Board of Agriculture
Department of Wildlife and Parks
Judicial Branch
Department of Human Resources
Department on Aging
Highway Patrol
Adjutant General
Kansas Bureau of Investigation

Note: The above is not intended to foreclose consideration of subcommittee recommendations for revisions due to circumstances addressed in subcommittee reports.

format.ea/EA/pb

*SWAM
Febr. 12, 1990
Attachment 2*