

Approved: 3-4-91
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson George Teagarden at 1:30 p.m. on February 21, 1991 in room 514-S of the Capitol.

All members were present except: All present.

Committee staff present: Ellen Piekalkiewicz, Legislative Research Department
Debra Duncan, Legislative Research Department
Jim Wilson, Revisor of Statutes
Susan Miller, Administrative Aide
Sue Krische, Committee Secretary

Conferees appearing before the committee:

Others attending: see attached list.

The Committee continued from the last meeting consideration of subcommittee reports on HB 2044.

HB 2044 - Appropriations for FY92, General Government.

SECRETARY OF STATE

Representative Heinemann presented the FY91 and FY92 subcommittee reports (Attachment 1). Representative Heinemann moved adoption of the FY91 subcommittee report on the Secretary of State. Representative Dean seconded. Motion carried. Representative Heinemann moved adoption of the FY92 subcommittee report on the Secretary of State. Representative Dean seconded. Motion carried.

INSURANCE DEPARTMENT

Representative Turnquist presented the FY91 and FY92 subcommittee reports on the Insurance Department (Attachment 2). Regarding item #3 on the FY92 subcommittee report, Representative Turnquist explained that there may be a ruling that the state will have to pay property taxes on the Insurance Department's office building because the building is privately owned and the lease was recently renegotiated, so may be considered a new lease as opposed to an extended lease. Representative Goossen pointed out that to stay within existing resources, the budgets will have to be funded at 3 percent below the Governor's Current Resource budget. Representative Vancrum moved to delete item #4 adding \$20,000 State General Fund (SGF) for actuarial fees and item #6 authorizing 2 FTE Examiner positions in the Department. Representative Solbach seconded. Representative Turnquist explained that the 2 FTE Examiner positions would not be funded by SGF, but by insurance company fees. Representative Vancrum withdrew his motion with the permission of the second, Representative Solbach. Representative Helgerson moved to amend the FY92 subcommittee report to reduce the State General Fund portion of the Insurance Department budget by 3 percent. Representative Goossen seconded. Representative Heinemann expressed concern that across-the-board cuts provide no direction to the agencies, as specific reductions would. In response to a question, Representative Helgerson stated it would be his intent in offering this motion that if legislation passes authorizing fees in the insurance company regulation program, the 3 percent cut in the agency budget would be reviewed during Omnibus deliberations. Representative Solbach stated a 3 percent reduction across-the-board penalizes an agency that is largely funded by the SGF versus agencies funded largely by fee funds created by the Legislature, such as in the Insurance Department. Representative Vancrum suggested that part of the 3 percent reduction in this budget could come from the \$36,729 reappropriation from FY91 to FY92 for contingencies. On Representative Helgerson's motion to amend, motion carried. Representative Vancrum moved that part of the approximately \$142,000 cut in other operating expenditures be generated by utilizing the \$36,729 contingency fund. Representative Wisdom seconded. Motion failed.

Representative Dean moved adoption of the FY91 and FY92 subcommittee reports, as amended, on the Insurance Department. Representative Turnquist seconded. Motion carried.

STATE TREASURER

Representative Patrick presented the FY91 and FY92 subcommittee reports (Attachment 3). Representative Helgerson moved to amend the FY92 subcommittee report by deleting item #1 adding \$10,000 SGF for travel and item #2 adding \$5,000 for professional services and making a 3 percent reduction in the SGF portion of the State Treasurer's budget. Representative Vancrum seconded. Representative Helgerson requested that the motion be divided. The Chair ruled the motion divisible. On deletion of item #1 adding \$10,000 SGF for travel, the motion failed. Representative Helgerson withdrew the remainder of his motion with the consent of

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, room 514-S Statehouse, at 1:30 p.m. on February 21, 1991.

the second, Representative Vancrum.

Representative Helgerson moved to reduce the SGF portion (\$1,889,324) of the State Treasurer's budget by three percent, or approximately \$56,670, and adding \$15,000 for items #1 and #2 after taking the three percent reduction. Representative Vancrum seconded. Motion carried.

Representative Helgerson moved adoption of the FY91 and FY92 subcommittee reports for the State Treasurer, as amended. Representative Patrick seconded. Motion carried. Representative Chronister moved that HB 2044, as amended, be recommended favorably for passage. Representative Dean seconded. Motion carried.

Staff briefed the Committee on the Board of Regents' Institutions Systemwide issues (Attachment 4). Representative Patrick asked staff to provide figures on the total additional revenue that would be generated if the fee/cost ratios at the regional universities were the recommended 25 percent. Representative Hochhauser asked staff to provide a table showing resident and non-resident fee/cost ratios as percentages with the Regents' proposed increase in tuition. Representative Patrick requested staff to provide figures on what tuition would be at all the institutions if it had kept pace with inflation and he asked staff to advise the reasons the Board of Regents suggested an 8 percent increase in tuition at the regional universities and a 10 percent increase at the research universities.

INTRODUCTION OF BILLS

Representative Wisdom requested introduction of a bill relating to noncustodial parents in emergency military service concerning court orders for child support and visitation. Representative Wisdom moved introduction of the bill. Representative Hamm seconded. Motion carried.

With Vice-Chairman Wisdom chairing the meeting, Chairman Teagarden requested introduction of the Governor's bill concerning the State Water Plan Fund transfers from the State General Fund. Representative Teagarden moved introduction of the bill. Representative Wisdom seconded. Motion carried.

Representative Dean moved approval of the minutes as presented for February 12 and 15, 1991. Representative Pottorff seconded. Motion carried.

Chairman Teagarden announced the Committee will meet on Friday, February 22 at 9:00 a.m. to complete the staff briefing on Regents Systemwide issues. The meeting was adjourned at 3:30 p.m.

SUBCOMMITTEE REPORT

Agency: Secretary of State

Bill No. --

Bill Sec. --

Analyst: Mah

Analysis Pg. No. 351

Budget Page No. 506

<u>Expenditure Summary</u>	<u>Agency Req. FY 91</u>	<u>Gov. Rec. FY 91</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund:			
Noncensus	\$ 1,604,356	\$ 1,591,508	\$ (30,000)
Census	74,270	73,779	--
Uniform Commercial Code			
Fee Fund	540,209	535,599	146,014
Other Special Funds	397,934	396,209	146,014
	<u>\$ 2,616,769</u>	<u>\$ 2,597,095</u>	<u>\$ 262,028</u>
FTE Positions	61.0	61.0	

Agency Request/Governor's Recommendation

FY 1991. The agency's current year estimate totals \$2,616,769 for all operating expenditures. Total estimated financing from the State General Fund is \$1,678,626. Included in the estimate is \$74,270 from the State General Fund for state census expenditures (\$68,653 for salaries and wages and \$5,617 for all other operating expense). Noncensus expenditures of \$2,542,499 in the current year include \$1,712,580 for salaries and wages and \$829,919 for other operating expenditures (including \$63,940 in fees -- other services for the publication costs associated with the electoral vote of 1990 H.C.R. 5010).

The Governor's current year recommendation totals \$2,597,095 for all operating expenditures. Census expenditures of \$73,779 are recommended from the State General Fund. This reduces the agency's estimate for census expenditures by \$491 due to adjustments to fringe benefits costs to reflect current rates. The recommendation for noncensus expenditures totals \$2,523,316, which is a reduction of \$19,183 from the agency's estimate. Salary and wage expenditures are reduced in the Governor's recommendation because of adjustments to fringe benefits costs to reflect current rates. The Governor concurs with the agency's current year estimate for all other operating expenses. (The Governor does not recommend the purchase of a computer the agency requested for FY 1992, but which was subsequently purchased as of January, 1991. The agency plans to finance the purchase of the computer, over three fiscal years, from receipts in the Information and Services Fee Fund and the Uniform and Commercial Code Fee Fund.)

House Subcommittee Recommendations

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

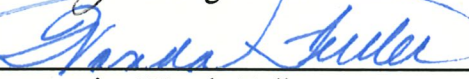
HA
2-21-91
Attachment 1

1. Shift \$63,940 for the printing and advertising of 1990 House Concurrent Resolution 5010 relating to the removal of the Board of Regents and the State Board of Education from Chapter 6 of the *Kansas Constitution* from fees -- other services to printing and advertising expenditures in order to correctly reflect the use of the funds.

2. The Subcommittee believes that the planning and purchasing of the AS 400 computer just prior to the beginning of the 1991 Session by the Secretary of State serves as an example of circumventing the legislative process. This purchase was not included in the agency's original FY 1991 budget request or the revised FY 1991 budget estimate submitted to the 1991 Legislature. The Subcommittee notes that conversion of the agency's data base and computer software already has taken place and that the new AS 400 is now functioning in place of the agency's existing System 36 computer. The Subcommittee understands that full funding for the computer will be from fee funds, and, after careful review of the situation, recommends that funds be provided, over two fiscal years, to complete the contractual agreement for the purchase of the computer. Payment over a two-year period will provide interest savings of \$2,421 on the purchase contract. The Subcommittee also understands that a penalty will not be incurred for completing payment on the contract prior to the agreement. Therefore, increase expenditures by \$146,014 from the Information and Copy Services Fee Fund and by \$146,014 from the Uniform Commercial Code Fee Fund to provide funding for the purchase of the AS 400 computer, for an total increase for FY 1991 of \$292,028. This increases expenditures to \$399,155 from the Information and Copy Services Fee Fund and \$681,613 from the Uniform and Commercial Code Fee Fund. In order to assure that expenditures from these Funds will be properly submitted to the Legislature for review, the Subcommittee recommends that these two Funds, which currently do not have a limit on the amount of expenditures that may be made from them, have expenditure limitations placed upon them to correspond to the Subcommittee's recommendations.

3. Delete \$30,000 from the State General Fund since the agency will receive revenues of \$30,000 from the sale of its System 36 computer, which were not anticipated when the budget was submitted.


 Representative George Dean


 Representative Wanda Fuller


 Representative David Heinemann


 Representative Kerry Patrick


 Representative Larry Tumnquist

SUBCOMMITTEE REPORT

Agency: Secretary of State

Bill No. 2044

Bill Sec. 9

Analyst: Mah

Analysis Pg. No. 351

Budget Page No. 506

<u>Expenditure Summary</u>	<u>Agency Req. FY 92</u>	<u>Gov. Rec. FY 92*</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund:			
Noncensus	\$ 1,756,246	\$ 1,821,190	\$ (347,293)
Census	47,932	42,655	--
Uniform Commercial Code			
Fee Fund	947,934	534,430	259,331
Other Special Funds	607,528	375,144	159,331
Local Aid:			
State General Fund	1,600,000	1,200,000	--
	<u>\$ 4,959,640</u>	<u>\$ 3,973,419</u>	<u>\$ 71,369</u>
FTE Positions	61.0	61.0	--

* Excludes amounts reserved for employee compensation.

Agency Request/Governor's Recommendation

FY 1992. The agency's FY 1992 request totals \$4,959,640 for all operating expenditures. Of this amount, state census expenditures of \$47,932 are requested from the State General Fund, a reduction of \$26,338 from the current year estimate. The request for noncensus expenditures is \$4,911,708, an increase of \$2,369,209 from the current year estimate. Included in the agency's request is \$1.6 million from the State General Fund for reimbursement of Kansas counties for costs associated with the presidential primary, \$100,000 from the State General Fund for printing of materials associated with the Kansas observance of the Quincentenary of Columbus' discovery of America, and \$629,000 from the Uniform and Commercial Code Fee Fund and the Information and Copy Services Fee Fund for the purchase of an AS 400 computer. (The AS 400 computer requested by the agency has already been purchased as of January, 1991 to be paid over three fiscal years.)

The Governor's FY 1992 current resource budget totals \$2,573,419 for all operating expenditures. Beyond the current resource budget, the Governor recommends \$1.2 million for reimbursement of Kansas counties for costs associated with the presidential primary, \$150,000 for publication costs associated with proposed legislation on the implementation of public initiatives and referenda in Kansas, and \$50,000 for printing of materials associated with the Kansas observance of the Quincentenary of Columbus' discovery of America activities. Funding for these items is from the State General Fund. The recommendation deletes the requested funding of \$629,000 from the Uniform Commercial Code Fee Fund and the Information and Copy Services Fee Fund for the purchase of a computer. The total FY 1992 recommendation of the Governor equals \$3,973,419, a difference of \$1,400,000 from the FY 1992 current resource budget. Census expenditures of \$42,655

are recommended from the State General Fund for a reduction of \$31,124 from the current year recommendation. The recommendation for noncensus expenditures is \$3,930,764, an increase of \$1,407,448 from the current year recommendation. The Governor also recommends that the agency be allowed to utilize, above the FY 1992 recommendation, \$13,262 of FY 1991 money from the State General Fund which is reappropriated without limit.

House Subcommittee Recommendations

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

1. Delete \$50,000 from the State General Fund for printing of materials associated with the Kansas observance of the Quincentenary of Columbus' discovery of America activities. The Subcommittee believes that obtaining materials through the use of private donations would be very appropriate given the present demands that are being placed on the State General Fund. The Subcommittee encourages the Secretary of State to seek such financing for this special observance.
2. Delete \$150,000 from the State General Fund for publication costs associated with proposed legislation on the implementation of public initiatives and referenda in Kansas. The Subcommittee recommends that this item be reviewed when the Omnibus Bill is considered since the need for the funds is pending passage of legislation.
3. Concur with the Governor's enhanced budget recommendation of \$1.2 million from the State General Fund for reimbursement of Kansas counties for costs associated with the presidential primary. (According to K.S.A. 25-4508, the Secretary of State's Office is required to reimburse counties for their presidential primary election costs except when another election is to be held on the same day.) However, the Subcommittee recommends the introduction of legislation to postpone the holding of a Kansas presidential primary for a four-year period. Should the legislation be enacted, the funds then will need to be deleted from the State General Fund appropriation. The funding for the presidential primary costs is considered to be aid to local units of government rather than part of the agency's operating budget since the funds are to be used for the reimbursement of Kansas counties. Funding for this item is currently included in the agency's "Operating Expenditure" line item appropriation. Therefore, the Subcommittee also recommends that the \$1,200,000 be appropriated as a separate line item.
4. Delete \$47,293 from the State General Fund to increase estimated turnover savings from 2.4 percent to 5.0 percent. (Turnover savings equaled 8.7 percent in FY 1990.)
5. Reduce expenditures by \$100,000 from the State General Fund and increase expenditures from the Uniform Commercial Code (UCC) Fee Fund by this same amount to more appropriately reflect the agency's overhead costs of administering the Uniform Commercial Code Program. In addition, increase expenditures

from the UCC Fee Fund by \$159,331 to complete payment for the purchase of the AS 400 computer. Expenditures from the UCC Fee Fund would total \$793,761 (with an estimated ending balance of \$223,484). As discussed for FY 1991, in order to assure that expenditures from the UCC Fee Fund would be properly submitted to the Legislature for review, the Subcommittee recommends that the Fund have an expenditure limitation placed upon it to correspond to the Subcommittee's recommendations.

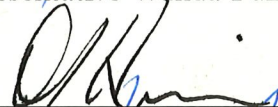
- 6. Add expenditures of \$159,331 from the Information and Copy Services Fee Fund to complete payment for the purchase of the AS 400 computer. Expenditures from this Fund would total \$382,383 (with an estimated ending balance of \$86,884). As discussed for FY 1991, in order to assure that expenditures from the Fund will be submitted to the Legislature for review, the Subcommittee recommends that the Fund have an expenditure limitation placed upon it to correspond to the Subcommittee's recommendations.




 Representative George Dean



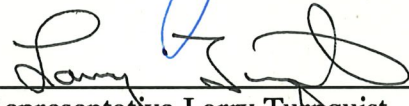
 Representative Wanda Fuller



 Representative David Heinemann



 Representative Kerry Patrick



 Representative Larry Turnquist

SUBCOMMITTEE REPORT

Agency: Department of Insurance

Bill No.

Bill Sec.

Analyst: Robinson

Analysis Pg. No. 328

Budget Page No. 329

<u>Expenditure Summary</u>	<u>Agency Req. FY 91</u>	<u>Gov. Rec. FY 91</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 11,908,765	\$ 11,879,340	\$ --
Local Aid	3,733,049	3,733,049	--
Other Assistance	38,147,810	38,147,810	--
TOTAL	<u>\$ 53,789,624</u>	<u>\$ 53,760,199</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$ 4,660,998	\$ 4,641,077	\$ --
Other Assistance	3,930,000	3,930,000	--
TOTAL	<u>\$ 8,590,998</u>	<u>\$ 8,571,077</u>	<u>\$ --</u>
FTE Positions	154.2	154.2	--

Agency Request/Governor's Recommendation

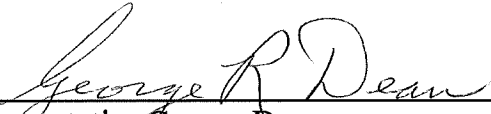
FY 1991. For FY 1991, the Department estimates expenditures of \$53,789,624, a reduction of \$5,928,934 from the amount approved by the 1990 Legislature. The agency estimates expenditures of \$4,660,998 from the State General Fund for state operations, \$16,808 less than the amount approved by the 1990 Legislature including the reappropriation.

The Governor recommends FY 1991 expenditures of \$53,760,199, a reduction of \$29,425 from the agency estimate. The reduction is entirely in the area of salaries and wages. The recommendation includes \$4,641,077 from the State General Fund for state operations, a reduction of \$19,921 from the amount estimated by the agency.


House Subcommittee Recommendation

The House Subcommittee concurs with the recommendation of the Governor.

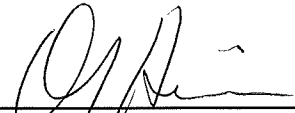
HA
2-21-91
Attachment 2




Representative George Dean
Subcommittee Chair




Representative Wanda Fuller



Representative David Heinemann



Representative Kerry Patrick



Representative Larry Turnquist

SUBCOMMITTEE REPORT

Agency: Department of Insurance

Bill No. 2044

Bill Sec. 11

Analyst: Robinson

Analysis Pg. No. 328

Budget Page No. 329

<u>Expenditure Summary</u>	<u>Agency Req. FY 92</u>	<u>Gov. Rec. FY 92*</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 12,542,192	\$ 12,237,977	\$ 9,841
Local Aid	3,768,585	3,768,585	--
Other Assistance	35,626,609	35,626,609	--
TOTAL	\$ 51,937,386	\$ 51,633,171	\$ 9,841
State General Fund:			
State Operations	\$ 5,009,586	\$ 4,733,289	\$ 9,841
Other Assistance	4,000,000	4,000,000	(4,000,000)
TOTAL	\$ 9,009,586	\$ 8,733,289	\$ (3,990,159)
FTE Positions	154.2	154.2	2.0

* Excludes amounts reserved for employee compensation.

Agency Request/Governor's Recommendation


FY 1992. The agency requests FY 1992 expenditures of \$51,937,386, a decrease of \$1,852,238 from the revised current year estimate. The request includes \$5,009,586 from the State General Fund for state operations, an increase of \$348,588 from the current year estimate. The State General Fund request would finance 123.3 FTE positions, an increase of 2.0 FTE positions from the number currently approved.

The Governor recommends FY 1992 expenditures of \$51,633,171, a reduction of \$304,215 from the agency request. The recommended reductions are in salaries and wages (\$233,257), communications (\$22,347), professional fees (\$21,300), printing and advertising (\$11,041), other fees (\$2,707), commodities (\$3,051), and capital outlay (\$10,512). The Governor's current resources recommendation eliminates the requested \$4,000,000 demand transfer from the State General Fund to the Workers' Compensation fund, but this amount has been restored in recommendations dependent upon additional tax resources. The FY 1992 Governor's recommendation includes \$4,733,289 from the State General Fund for state operations, a reduction of \$276,297 from the agency request. The agency would also receive a portion of the recommended reserve for employee compensation. The Governor does not recommend any additional FTE positions for the agency.

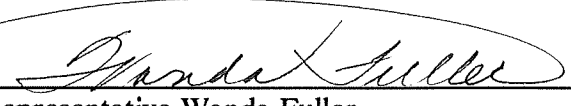
House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Governor, with the following adjustments:

1. The Subcommittee recommends the introduction of legislation to eliminate the \$4,000,000 demand transfer from the State General Fund to the Workers' Compensation fund. The Subcommittee notes that expenditures from the fund would not be affected by the elimination of this transfer. In the absence of the transfer, assessments against insurance carriers would increase as needed to pay fund liabilities.
2. The Subcommittee recommends the introduction of legislation which would allow the Commissioner of Insurance to assess fees against insurance companies in an amount sufficient to offset the amount of State General Fund support utilized in the insurance company regulation program. The Subcommittee notes that passage of such legislation could result in overall State General Fund savings of \$1,800,000 in FY 1992. The agency estimates fees to the State General Fund totaling \$2,915,917, while the Subcommittee recommends expenditures of \$4,743,130 in the insurance company regulation program.
3. The Subcommittee concurs with the Governor's recommendation of \$274,904 for rents in FY 1992, but recommends that \$21,658 from the State General Fund be placed in a separate line item. This amount would be used for payment to cover potential property tax liability on the Department's office in Topeka.
4. Add \$20,000 from the State General Fund for actuarial fees. The agency had requested \$50,000 for actuarial fees and the Governor recommended \$30,000. The Subcommittee recommends the addition of \$20,000 and further recommends that the \$50,000 be placed in a separate line item.
5. Reduce State General Fund expenditures for capital outlay by \$10,159. The Subcommittee's recommendation would provide for expenditures of \$15,093 in capital outlay for the following items: dictating and transcribing equipment (\$1,295); books (\$1,835); microfiche machine (\$8,000); final installment payment on data processing equipment (\$2,295); and payments on the central dictaphone system (\$2,478).
6. Increase the authorized FTE positions by 2.0 FTE Examiner positions in the insurance company examination program. All fees and expenses incurred by examiners are paid by the company being examined. The Subcommittee believes that the additional position is necessary to allow for increased scrutiny of the insurance industry.



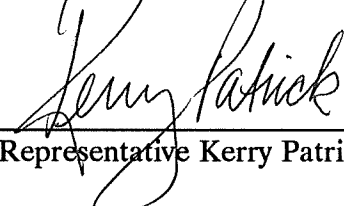
Representative George Dean
Subcommittee Chair



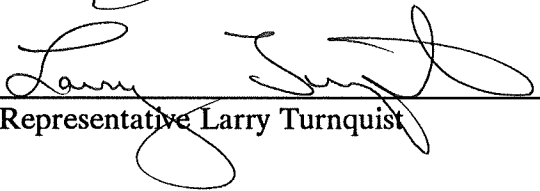
Representative Wanda Fuller



Representative David Heinemann



Representative Kerry Patrick



Representative Larry Turnquist

SUBCOMMITTEE REPORT

Agency: State Treasurer

Bill No.

Bill Sec.

Analyst: Duffy

Analysis Pg. No. 337

Budget Page No. 574

<u>Expenditure Summary</u>	<u>Agency Req. FY 91</u>	<u>Gov. Rec. FY 91</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 1,907,724	\$ 1,893,178	\$ --
Aid to Local Units	74,574,090	74,561,274	--
Debt Service	690,895	690,895	--
TOTAL	<u>\$ 77,172,709</u>	<u>\$ 77,145,347</u>	<u>\$</u>
State General Fund			
State Operations	\$ 1,850,224	\$ 1,835,678	\$ --
Aid to Local Units	65,528,000	65,515,184	--
TOTAL	<u>\$ 67,378,224</u>	<u>\$ 67,350,862</u>	<u>\$ --</u>
FTE Positions	52.0	52.0	

Agency Request/Governor's Recommendation

The revised FY 1991 expenditure estimate for state operations totals \$1,907,724 (excluding debt service of \$690,895). The revised estimate includes expenditures of \$48,702 above the amount estimated by the 1990 Legislature. The additional amount is financed from the reappropriated balance and requires no further legislative action. In addition to the State General Fund, the agency estimates expenditures of \$57,500 from the Unclaimed Property Contract Fund for state operations in FY 1991, as approved by the 1990 Legislature. The revised FY 1991 estimate for local aid includes actual distribution of \$37,164,184 from the Local Ad Valorem Tax Reduction Fund (LAVTRF) and \$28,351,000 from the City and County Revenue Sharing Fund (CCRSF).

The Governor recommends \$1,893,178 in FY 1991 for state operations (excluding debt service of \$690,895), a reduction of \$14,546 from the amount estimated by the agency. The reduction is due to revised employee health insurance rates. The Governor concurs with the agency's estimate of expenditures from the Unclaimed Property Contract Fund of \$57,500.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation.

*HA
2-21-91
Attachment 3*

George R Dean

Representative George Dean
Subcommittee Chair

Larry Turnquist

Representative Larry Turnquist

D. Heinemann

Representative Dave Heinemann

Wanda Fuller

Representative Wanda Fuller

Kerry Patrick

Representative Kerry Patrick

SUBCOMMITTEE REPORT

Agency: State Treasurer

Bill No. 2044

Bill Sec. 10

Analyst: Duffy

Analysis Pg. No. 337

Budget Page No. 574

<u>Expenditure Summary</u>	<u>Agency Req. FY 92</u>	<u>Gov. Rec. FY 92</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 2,244,512	\$ 1,947,974	\$ 15,000
Aid to Local Units	77,261,997	82,182,778	(4,980,000)
Debt Service	666,996	666,996	--
TOTAL	<u>\$ 80,173,505</u>	<u>\$ 84,797,748</u>	<u>\$ (4,965,000)</u>
State General Fund			
State Operations	\$ 2,181,512	\$ 1,889,324	\$ 15,000
Aid to Local Units	68,035,000	73,136,703	(4,980,000)
TOTAL	<u>\$ 70,216,512</u>	<u>\$ 75,026,027</u>	<u>\$ (4,965,000)</u>
FTE Positions	52.0	52.0	--

Agency Request/Governor's Recommendation

State Operations. The agency requests FY 1992 expenditures for state operations of \$2,224,512 (excluding debt service of \$666,996), an increase of 17.7 percent or \$336,788 over the agency's revised FY 1991 request. The FY 1992 request is financed from the State General Fund (\$2,181,512) and the Unclaimed Property Contract Fund (\$63,000). The Governor recommends \$1,947,974 in FY 1992 for state operations (excluding debt service of \$666,996), a reduction of \$296,538 from the amount requested by the agency. The Governor's FY 1992 recommendation is composed of funding from the State General Fund (\$1,889,324) and Unclaimed Property Contract Fund (\$58,650). The Governor's FY 1992 recommendation, excluding amounts reserved from employee compensation, is 2.9 percent (\$54,796) over the Governor's FY 1991 recommendation.

Local Aid. The agency request (based on current law), current resources recommendation and Governor's recommendation are as follows:

	<u>Agency Request FY 1992</u>	<u>Current Resources FY 1992</u>	<u>Gov. Rec. FY 1992</u>
LAVTRF	\$ 38,696,000	\$ 37,164,000	\$ 43,676,000
CCRF	29,461,000	28,351,000	29,461,000

The FY 1992 CCRSF figure is actual and the agency's FY 1992 request for the LAVTRF is based upon the consensus estimate of sales and compensating use taxes as spread by month by the Legislative Research Department. The Governor's FY 1992 current resources budget includes the same level of funding for the LAVTRF and CCRSF as in FY 1991, which require statutory changes. The Governor's FY 1992 additional recommendation for the LAVTRF is \$6,511,816 more than FY 1991 (actual) of which \$1,532,000 is the estimated entitlement under the current tax base and \$4,979,816 is a result of the Governor's proposal to expand the sales tax base. The CCRSF would also share in the expanded base beginning in FY 1993.

House Subcommittee Recommendation

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

1. Add \$10,000 from the State General Fund for a total of \$13,000 for the travel of the State Treasurer.
2. Add \$5,000 from the State General Fund for professional services to increase the frequency of market valuations of collateral held to cover uninsured deposits.
3. Introduce legislation to provide the same level of funding for the LAVTRF (\$37,164,000) and CCRSF (\$28,351,000) as in FY 1991.
4. Reduce \$4,980,000 from the LAVTRF for a total of \$38,696,000 based on existing law. The Subcommittee notes that if the legislation recommended in item no. 3 passes, an additional \$1,532,000 would be reduced from the Governor's FY 1992 recommendation for the LAVTRF and \$1,110,000 for the CCRSF.
5. Introduce legislation to amend the existing law, which requires manual signatures, rather than facsimile signatures. The Subcommittee notes that requiring "live" signatures is costly and believes that adequate administrative safeguards can be imposed to insure the integrity of a facsimile signature.
6. Introduce legislation to amend the existing law, which prohibits the State Treasurer from charging a fee for registering and certifying bonds. The Subcommittee recommends that the State Treasurer be authorized to establish a fee to cover the costs of this process. The Subcommittee recommends, pending the passage of this legislation, that a fee fund be created and the receipts be used to offset current State General Fund expenditures in the State Treasurer's budget.

George R Dean

Representative George Dean
Subcommittee Chair

Larry Turnquist

Representative Larry Turnquist

D. Heinemann

Representative Dave Heinemann

Wanda Fuller

Representative Wanda Fuller

Kerry Patrick

Representative Kerry Patrick

BUDGET MEMO NO. 91-2
KANSAS LEGISLATIVE RESEARCH DEPARTMENT

SUBJECT: Board of Regents' Institutions -- Systemwide Summary

Expenditure	Actual FY 90	Agency Est. FY 91	Governor's Rec. FY 91	Agency Req. FY 92	Current Resources FY 92*
Operating Expenditures:					
State General Fund	\$ 376,897,112	\$ 398,212,143	\$ 393,435,102	\$ 446,270,419	\$ 389,922,089
General Fees Fund	110,168,990	116,355,794	117,448,031	121,427,963	123,483,521
Hospital Revenue Fund	99,809,354	102,854,497	102,308,368	108,464,116	110,376,795
Fed. Land Grant Funds	6,463,098	6,757,023	6,757,023	6,847,423	6,821,216
Other Funds	2,664,161	1,806,529	1,806,529	872,926	2,239,992
Subtotal--General Use	\$ 596,002,715	\$ 625,985,986	\$ 621,755,053	\$ 683,882,847	\$ 632,843,613
Other Funds	268,213,180	270,538,707	270,815,008	281,856,057	281,075,174
Subtotal--Oper. Expend.	\$ 864,215,895	\$ 896,524,693	\$ 892,570,061	\$ 965,738,904	\$ 913,918,787
Capital Improvements:					
State General Fund	\$ 4,043,369	\$ 1,377,780	\$ 1,317,687	\$ -	\$ -
Hospital Fund	1,348,647	929,244	929,244	368,888	328,888
Educational Bldg. Fund	12,019,217	20,650,078	21,023,775	21,714,064	8,526,879
Other Funds	13,905,835	22,808,930	23,707,433	26,908,939	29,905,639
Subtotal -- Capital Impr.	\$ 31,317,068	\$ 45,766,032	\$ 46,978,139	\$ 48,991,891	\$ 38,761,406
GRAND TOTAL	\$ 895,532,963	\$ 942,290,725	\$ 939,548,200	\$ 1,014,730,795	\$ 952,680,193
Percentage Change:					
All Funds	9.9%	3.7%	3.3%	7.7%	2.4%
General Use Funds	9.5	5.0	4.3	9.2	1.8
State General Fund	11.0	5.7	4.4	12.1	(0.9)
FTE Positions:					
Classified	8,677.4	8,757.1	8,755.4	8,738.3	8,721.4
Unclassified	8,555.8	8,687.9	8,676.3	8,808.7	8,676.3
TOTAL	17,233.2	17,455.0	17,431.7	17,547.0	17,397.7

* Excludes amounts reserved for employee compensation. The Governor also recommends additional expenditures which are summarized as follows:

Expenditure	Additions to Current Resources	Governor's Rec. FY 92	% Change From FY 91
Operating Expenditures:			
State General Fund	\$ 27,718,663	\$ 417,640,752	6.2%
General Fees Fund	(185,346)	123,298,175	5.0
Hospital Revenue Fund	(2,463,648)	107,913,147	5.5
Federal Land Grant Funds	34,606	6,855,822	1.5
Other Funds	-	2,239,992	24.0
Subtotal -- General Use Funds	\$ 25,104,275	\$ 657,947,888	5.8%
Other Funds	601,898	281,677,072	4.0
Subtotal -- Oper. Expenditures	\$ 25,706,173	\$ 939,624,960	5.3%
Capital Improvements	-	38,761,406	
GRAND TOTAL	\$ 25,706,173	\$ 978,386,366	
FTE Positions: Classified/Unclassified	7.7/68.1	17,473.5	

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Attachment 4

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

The introductory table reflects systemwide expenditures for Regents' institutions by financing source and major object of expenditures. The table allows systemwide comparisons between actual fiscal year 1990 expenditures, the agency's revised FY 1991 estimate, the Governor's revised FY 1991 recommendation, the agency's FY 1992 request, and the Governor's FY 1992 current resources and enhanced recommendation. Expenditures for all institutions under the Board's jurisdiction are included. Expenditures for the Board office are not included.

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

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

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

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

- Education
 - Instruction
 - Academic Support
 - Student Services
- Institutional Support
- Research
- Public Service
- Utilities
- Scholarships and Fellowships
- Mandatory Transfers

The items given systemwide review for the 1991 Legislature are listed below:

- I. FY 1991 -- Current Year Adjustments
- II. FY 1992 -- Program Maintenance
 - A. Enrollment
 - B. Student Tuition
 - C. General Fees Expenditures
 - D. Enrollment Adjustment
 - E. Salary and Wage Shrinkage
 - F. Unclassified Salaries
 - G. Classified Salary Base Increases
 - H. Student Salaries
 - I. Other Operating Expenditures
 - J. Utilities
 - K. Servicing New Buildings
 - L. Computer Centers Funding Shift
- III. Margin of Excellence
- IV. Merger of Kansas College of Technology and Kansas State University

The Board's Margin of Excellence requests are in addition to the systemwide program maintenance requests of 5 percent for unclassified salaries, 4 percent for other operating expenditures, 16 percent for student salaries, and classified pay plan step movement and longevity pay. The agency program maintenance request does not include the 1.5 percent salary cost-of-living increase for the last half of FY 1992 as recommended by the Governor for all classified employees. Funding for the servicing of new buildings, salary and wage shrinkage adjustments, and enrollment adjustments, are in addition to the requested program maintenance costs.

I. FY 1991 -- CURRENT YEAR ADJUSTMENTS

Employer Health Insurance

Employer health insurance costs for employees and dependents have been revised downward from the budgeted amounts by the institutions in FY 1991 and FY 1992. The following table displays the employer health insurance cost for employees and dependents in FY 1991 and FY 1992 as budgeted by the agencies and as recommended by the Governor. The Governor makes the adjustment based on a revised rate.

FY 1991	Budget Instructions	Governors' Rec.	Change	
			\$	%
Single	\$2,083.92	\$1,773.24	\$(310.68)	(14.91)
Dependent	640.68	460.80	(179.88)	(28.08)
<u>FY 1992</u>				
Single	\$2,500.68	\$2,338.92	\$(161.76)	(6.47)
Dependent	768.84	585.24	(183.60)	(23.88)

The adjustments reflected in the following table are mainly attributed to the revised health insurance rates.

	Actual FY 1990	Agency Estimate FY 1991	Governor's Rec. FY 1991	Difference	Agency Request FY 1992	Governor's Rec. FY 1992	Difference
KU	\$ 4,854,393	\$ 6,163,791	\$ 5,159,025	\$ (1,004,766)	\$ 7,721,778	\$ 7,082,477	\$ (639,301)
KSU	4,445,414	6,443,698	5,424,159	(1,019,539)	7,936,619	7,327,172	(609,447)
WSU	2,180,543	3,133,259	2,611,743	(521,516)	3,862,692	3,519,241	(343,451)
ESU	1,751,240	1,163,829	971,254	(192,575)	1,465,445	1,340,456	(124,989)
PSU	1,010,228	1,191,517	989,963	(201,544)	1,652,869	1,484,387	(168,482)
FHSU	881,369	1,022,206	883,890	(138,316)	1,304,649	1,188,942	(115,707)
KUMC	6,807,091	9,275,209	7,777,821	(1,497,388)	11,359,358	10,405,985	(953,373)
KSUVMC	361,167	514,994	433,339	(81,655)	667,156	617,334	(49,822)
KCT	170,588	213,043	176,726	(36,317)	255,172	232,238	(22,834)
Total	<u>\$ 22,462,033</u>	<u>\$ 29,121,546</u>	<u>\$ 24,427,920</u>	<u>\$ (4,693,616)</u>	<u>\$ 36,225,738</u>	<u>\$ 33,198,232</u>	<u>\$ (3,027,406)</u>

II. FY 1992 -- PROGRAM MAINTENANCE SECTION A

Enrollment

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

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Headcount Enrollments

<u>Institution</u>	<u>Fall 1989</u>	<u>Fall 1990</u>	<u>Change</u>	<u>Percent Change</u>
University of Kansas	26,320	26,436	116	0.4
Kansas State University	19,732	20,776	1,044	5.3
Wichita State University	17,419	16,668	(751)	(4.3)
Emporia State University	6,021	6,077	56	0.9
Fort Hays State University	4,977	2,501	524	10.5
Pittsburg State University	5,960	5,918	(42)	(0.7)
University of Kansas Medical Center	2,453	2,473	20	0.8
Kansas State University Vet. Med.	378	361	(17)	(4.5)
Kansas College of Technology	696	674	(22)	(3.2)
Total	<u>83,956</u>	<u>84,884</u>	<u>928</u>	<u>1.1%</u>

Full-Time Equivalent Enrollments

<u>Institution</u>	<u>Fall 1989</u>	<u>Fall 1990</u>	<u>Change</u>	<u>Percent Change</u>
University of Kansas	23,567	23,855	288	1.2
Kansas State University	17,597	18,277	680	3.9
Wichita State University	11,504	11,278	(226)	(2.0)
Emporia State University	5,016	5,047	31	0.6
Fort Hays State University	4,048	4,336	288	7.1
Pittsburg State University	5,044	4,912	(132)	(2.6)
University of Kansas Medical Center*	--	--	--	--
Kansas State University Vet. Med.	635	595	(40)	(6.3)
Kansas College of Technology	397	393	(4)	(1.0)
Total	<u>67,808</u>	<u>68,693</u>	<u>885</u>	<u>1.3%</u>

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

The following table displays off-campus full-time equivalent enrollment for Fall, 1990 compared to Fall, 1989. Overall, there was a slight decline of 3 FTE students or 0.1 percent between the two years.

**Off-Campus Full-Time Equivalent Enrollment Comparisons
On the 20th Class Day, Fall, 1989 and Fall 1990
Regents System**

Institution	Fall, 1989 Off-Campus FTE	Fall, 1990 Off-Campus FTE	Off-Campus FTE Change	Off-Campus FTE % Change
University of Kansas	1,088	982	(106)	(9.7)
University of Kansas Medical Center	*	*	*	*
Kansas State University	520	556	36	6.9
Kansas State University Vet. Med.	0	0	0	0.0
Wichita State University	97	61	(36)	(37.1)
Emporia State University	257	251	(6)	(2.3)
Pittsburg State University	233	212	(21)	(9.0)
Fort Hays State University	201	338	137	68.2
Kansas College of Technology	12	5	(7)	(58.3)
Total	2,408	2,405	(3)	(0.1)

* Full-time equivalent is not defined.

SECTION B

Student Tuition

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

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

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

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

The Legislature has typically reviewed the percentage actual tuition receipts have represented of total educational costs. For many years systemwide averages were in the range of 20 to 22 percent of the educational costs, with the three larger universities having individual percentages of 23 to 25 percent and the regional universities having percentages of 16 to 18 percent. In 1982 the Board of Regents decided to review tuition rates on an annual basis, a decision which appears to have resulted in more frequent tuition increases and an increase in the ratio of tuition

receipts to educational costs. Since FY 1984 the systemwide average has been approximately 24 to 28 percent. In general, the percentages at the three larger schools have exceeded 25 percent, particularly at the University of Kansas. The regional school average has increased from approximately 18 percent in FY 1985 to 20 percent in FY 1986 and over 20 percent since FY 1987. However, Fort Hays State University is below 20 percent in FY 1989, FY 1990, and estimated FY 1991. The table which follows reflects actual fee to educational cost ratios for FY 1987 through FY 1990 and budgeted ratios for FY 1991. It should be noted that the actual ratio has exceeded 25 percent every year since FY 1987.

	Fee/Cost Ratios				
	Actual FY 1987	Actual FY 1988	Actual FY 1989	Actual FY 1990	Estimated FY 1991
KU	32.1%	33.7%	33.1%	33.0%	34.0%
KSU	25.9	26.7	26.6	27.4	28.9
WSU	26.2	25.7	25.6	25.7	26.2
Subtotal	<u>28.8%</u>	<u>29.7%</u>	<u>29.4%</u>	<u>29.6%</u>	<u>30.7%</u>
ESU	20.7%	21.1%	20.7%	21.3%	21.6%
FHSU	20.0	20.3	19.4	18.9	19.8
PSU	23.4	23.9	23.1	23.1	22.6
Subtotal	<u>21.4%</u>	<u>21.8%</u>	<u>21.2%</u>	<u>21.2%</u>	<u>21.4%</u>
Overall Avg.	<u>27.2%</u>	<u>28.0%</u>	<u>27.6%</u>	<u>27.8%</u>	<u>28.7%</u>

The estimated fee/cost ratio for FY 1991 also may be examined by looking at the residents and non-residents ratios. The following table indicates that resident fee/cost ratios average 21.4 percent systemwide and non-residents average ratio is 56.3 percent. Each 1 percent of fee/cost ratio represents approximately \$3.7 million of educational costs being financed through tuition.

**Resident and Non-Resident Fee/Cost Ratios
FY 1991 Estimate**

	Resident	Non-Resident
KU, KSU, WSU	22.5%	56.2%
ESU, PSU, FHSU	17.9	56.3
Systemwide	21.4%	56.3%

The Board increased tuition in FY 1989, FY 1990, FY 1991, and has also announced FY 1992 tuition increases which will become effective in the fall of 1991. The table which follows compares the FY 1991 tuition rates with those that will become effective in FY 1992. Estimates of tuition income, submitted by the institutions in the fall of 1990, indicated that the revised tuition schedules will increase systemwide fee collections by approximately \$7.5 million in FY 1992. As the following table indicates, the tuition for resident undergraduates will increase by approximately 3.0 percent at the six universities. Resident graduate tuition at the institutions will increase by 3.0 percent. Nonresident undergraduate tuition will increase by 10.0 percent at the three research universities and at the three regional universities. Nonresident graduate tuition will increase 10.0 percent at the research institutions and at

the regional institutions. Resident tuition at the Kansas College of Technology will increase by 3.0 percent and nonresident tuition by 10.0 percent. Resident medical students at KUMC and at the Veterinary Medical Center will experience a 3.0 percent increase for resident tuition and 10.0 percent for non-resident tuition.

**Tuition Rates Approved for FY 1991 and FY 1992
(Fulltime, Per Semester)**

		FY 1991 Tuition	FY 1992 Tuition	FY 1992 Dollar Increase	FY 1992 Percent Increase
KU, KSU, WSU	Resident Undergraduate	\$ 613	\$ 631	\$ 18	3%
	Resident Graduate	772	795	23	3%
	Non-Resident Undergrad.	2,175	2,393	218	10%
	Non-Resident Graduate	2,340	2,574	234	10%
ESU, PSU, FHSU	Resident Undergraduate	524	540	16	3%
	Resident Graduate	656	676	20	3%
	Non-Resident Undergrad.	1,585	1,744	159	10%
	Non-Resident Graduate	1,723	1,895	172	10%
KCT	Resident	445	458	13	3%
	Non-Resident	1,452	1,597	145	10%
KUMC*	Resident	3,058	3,150	92	3%
	Non-Resident	6,318	6,950	632	10%
KSUVMC	Resident	1,509	1,554	45	3%
	Non-Resident	4,528	4,981	453	10%

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

The following table reflects anticipated tuition income during FY 1992. The table displays tuition income by academic level and resident and non-resident students.

Regents' System Estimated FY 1992 Tuition Income

	Resident	Non-Resident	Total
Undergraduate	\$ 63,809,749	\$ 40,160,600	\$ 103,970,349
Graduate	9,344,669	7,900,493	17,245,162
Total	<u>\$ 73,154,418</u>	<u>\$ 48,061,093</u>	<u>\$ 121,215,511</u>

Recent legislative discussion has focused on how tuition rates in Kansas compare with a select group of similar public institutions in other states (peer institutions). The following table compares undergraduate resident and non-resident tuition and fees for FY 1990 and FY 1991 for selected public four-year institutions.

**FY 1991 AND FY 1990 TUITION AND REQUIRED FEES
REGENTS UNIVERSITIES AND PEERS**

(Fulltime, Per Semester)

	<u>FY 1990 Resident</u>	<u>FY 1991 Resident</u>	<u>FY 1990 Nonresident</u>	<u>FY 1991 Nonresident</u>
University of Kansas	\$ 725	\$ 782	\$ 2,124	\$ 2,344
Peer Average	\$ 823	\$ 853	\$ 2,918	\$ 3,061
University of Colorado	1,049	1,049	4,305	4,305
University of Iowa	913	940	2,991	3,110
University of North Carolina -- Chapel Hill	509	530	2,760	2,884
University of Oklahoma	754	764	2,210	2,144
University of Oregon	891	983	2,325	2,862
Kansas State University	\$ 731	\$ 786	\$ 2,130	\$ 2,348
Peer Average	\$ 816	\$ 856	\$ 2,645	\$ 2,830
Colorado State University	1,048	1,111	3,054	3,295
Iowa State University	913	913	2,991	2,991
North Carolina State University	525	555	2,776	2,909
Oklahoma State University	742	762	2,118	2,137
Oregon State University	854	939	2,288	2,819
Wichita State University	\$ 755	\$ 804	\$ 2,154	\$ 2,366
Peer Average	\$ 1,000	\$ 1,104	\$ 2,756	\$ 2,924
University of Akron	1,102	1,410	2,492	2,903
Portland State University	866	959	2,496	2,838
Virginia Commonwealth University	1,274	1,360	3,021	3,126
University of North Carolina -- Greensboro	652	682	2,903	3,036
University of Wisconsin -- Milwaukee	1,027	1,078	3,093	3,440
Western Michigan University	1,079	1,138	2,534	2,199
Emporia State University	\$ 651	\$ 691	\$ 1,598	\$ 1,752
Pittsburg State University	632	679	1,579	1,740
Fort Hays State University	698	728	1,645	1,789
Peer Average	\$ 619	\$ 662	\$ 2,163	\$ 2,339
University of Northern Arizona	706	770	2,502	2,958
Murray State University	585	645	1,645	1,825
Eastern New Mexico University	570	615	2,007	2,124
Western Carolina University	516	557	2,702	2,844
Central Oklahoma University	580	580	1,459	1,459
Eastern Washington University	759	806	2,663	2,825

Source: The Chronicle of Higher Education.

The next table, prepared by the Board of Regents, compares Kansas tuition and required fees with peer institutions and national averages. Combined tuition and mandatory fees for Kansas and each of its designated peer institutions are listed on the following page. The national average for KU and KSU is the average of all public Research I and Research II universities, using the Carnegie Foundation classifications. The national average for WSU, ESU, PSU, and FHSU is the average of all public Comprehensive I and II universities. Kansas resident tuition and fees are approximately 9 percent below peers and approximately 30 percent below peers among non-residents, when comparisons are made at the larger Kansas institutions. Kansas resident tuition and fees are slightly above the peers, when comparisons are made to Kansas regional institutions. However, non-resident tuition is below the peers by approximately 30 percent at the regional institutions. Nevertheless, the Board notes that a considerable range of tuition exists among the peers and several institutions can be observed having tuition below Kansas institutions.

**Comparisons of Tuition and Required Fees
Regents' Institutions, Peer Institutions, and National Averages
(Fulltime, Per Semester)**

	FY 1991 Resident	Increase Over FY 1990	FY 1991 Non-Resident	Increase Over FY 1990
University of Kansas	\$782	7.9%	\$2,344	10.4%
KU Peer Average	\$853	3.6	\$3,061	4.9
KU as % of Peer Average	91.7%		76.6%	
National Average	\$1,147	6.2	\$3,111	7.3
KU as % of National Avg.	68.2%		75.3%	
Kansas State University	\$786	7.5%	\$2,348	10.2%
KSU Peer Average	\$856	4.9	\$2,830	7.0
KSU as % of Peer Average	91.8%		83.0%	
National Average	\$1,147	6.2	\$3,111	7.3
KSU as % of National Avg.	68.6%		75.5%	
Wichita State University	\$804	6.5%	\$2,366	9.8%
WSU Peer Average	\$1,104	10.4	\$2,924	6.1
WSU as % of Peer Average	72.8%		80.9%	
National Average	\$826	7.5	\$2,193	7.8
WSU as % of National Avg.	97.3%		107.9%	
Emporia State University	\$691	6.1%	\$1,752	9.6%
ESU Peer Average	\$662	6.9	\$2,339	8.1
ESU as % of Peer Average	104.4%		74.9%	
National Average	\$826	7.5	\$2,193	7.8
ESU as % of National Avg.	83.7%		79.9%	

	<u>FY 1991 Resident</u>	<u>Increase Over FY 1990</u>	<u>FY 1991 Non-Resident</u>	<u>Increase Over FY 1990</u>
Pittsburg State University	\$679	7.4%	\$1,740	10.2%
PSU Peer Average	\$662	6.9	\$2,339	8.1
PSU as % of Peer Average	102.6%		74.4%	
National Average	\$826	7.5	\$2,193	7.8
PSU as % of National Avg.	82.2%		79.4%	
Fort Hays State University	\$728	4.3%	\$1,789	8.8%
FHSU Peer Average	\$662	6.9	\$2,339	8.1
FHSU as % of Peer Average	110.0%		76.5%	
National Average	\$826	7.5	\$2,193	7.8
FHSU as % of National Avg.	88.1%		81.6%	

Source: Kansas Board of Regents

FY 1992 Engineering Equipment Fee

At the December 20, 1990, Board of Regent's meeting, the Board approved a restricted use engineering equipment fee for KU, KSU, and WSU. The fee will take effect during the Fall, 1991 semester. Engineering students at KU and WSU will pay \$15 per credit hour in engineering courses and KSU engineering students will pay a flat \$100 per semester. The fees will generate the following restricted use income in FY 1992:

<u>Institution</u>	<u>Engineering Equipment Fee</u>
KU	\$ 420,000
KSU	550,000
WSU	240,000
Total	<u>\$ 1,210,000</u>

FY 1993 TUITION

The Board of Regents, at a meeting on February 14, 1991, conducted a first reading of a proposal to significantly increase tuition. The Board considered FY 1993 tuition increases of 8 percent for resident students at the regional universities (ESU, PSU, FHSU); 10 percent for resident students at the research universities (KU, KSU, WSU); and 12.5 percent for all non-resident students.

**FY 1993 Tuition Rates Recommended by the
Board of Regents on First Reading**

		Fulltime FY 1992 Approved	Per Semester FY 1993 Rec.	Rec. Dollar Increase	Rec. Percent Increase
KU, KSU, WSU	Resident Undergraduate	\$ 631	\$ 694	\$ 63	10.0%
	Resident Graduate	795	875	80	10.0
	Non-Resident Undergrad.	2,393	2,692	299	12.5
	Non-Resident Graduate	2,574	2,896	322	12.5
ESU, PSU, FHSU	Resident Undergraduate	540	583	43	8.0
	Resident Graduate	676	730	54	8.0
	Non-Resident Undergrad.	1,744	1,962	218	12.5
	Non-Resident Graduate	1,895	2,132	237	12.5
KCT	Resident	458	504	46	10.0
	Non-Resident	1,597	1,797	200	12.5
KUMC	Resident	3,150	3,465	315	10.0
	Non-Resident	6,950	7,819	869	12.5
KSUVMC	Resident	1,554	1,709	155	10.0
	Non-Resident	4,981	5,604	623	12.5

The Board of Regents' proposal is based on three goals: (1) closing the gap between Kansas and peer tuition rates; (2) contributing the majority of the additional tuition revenue to the overall support of the general use budgets of the institutions; and (3) directing a portion of the revenue to significant equipment acquisitions for the Regents' institutions.

The proposed increase would generate additional tuition revenue in FY 1993 of approximately \$13.1 million. The Regents' propose that \$8.5 million would be used to support the general use budget and \$4.6 million would be targeted for equipment expenditures and tuition waivers. Two tuition waiver programs are proposed to be established by the Board. Tuition waivers would be supplied to 300 Kansas residents on a need-basis, with the details of the program to be worked out later by the Board. The program for non-residents would require the recipient to have a high-school GPA of 3.75 on the Regents' preparatory curriculum and to maintain a university GPA of 3.5. The Board also recommends two additional financial aid initiatives: (1) a long-range plan for student aid; and (2) establishment of a student Regents' Distinguished Scholars program (125 students at \$3,000); and (3) elimination of a new engineering fee at the three doctoral universities after FY 1992, if the Legislature permits the additional tuition revenues generated in FY 1993 to be dedicated for equipment expenditures.

In terms of additional revenue in FY 1993, the following table reviews the revenue generated by a 1 percent revenue increase.

**Estimated Additional Tuition Revenue From
Each 1 Percent Increase in FY 1993**

	<u>Resident</u>	<u>Non-Resident</u>	<u>Total</u>
Undergraduate	\$ 638,097	\$ 401,606	\$ 1,039,703
Graduate	93,447	79,005	172,452
Total	<u>\$ 731,544</u>	<u>\$ 480,611</u>	<u>\$ 1,212,155</u>

SECTION C

FY 1991 General Fees Expenditures

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

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

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

The 1986 interim Special Committee on Financing of Regents' Institutions reviewed the issue of fee release and recommended that 75 percent of the revenues resulting from larger than expected enrollments be released during the fiscal year in which unexpected enrollments occurred. The Committee's recommendation was endorsed by the Governor and the 1987 Legislature and a total of \$1,122,064 was released to three universities for use during the 1987 fiscal year. It should be noted that fee releases are not permanent additions to the universities' base budgets and that no fee releases were approved between FY 1982 and FY 1986. The following table reviews the fee increases for FY 1987 through FY 1990.

Fee Releases -- FY 1987-90

<u>Institution</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
KU	\$ 953,418	\$ 466,382	\$ --	\$ 351,716
KSU	93,091	299,112	1,094,478	752,635
WSU	--	109,096	119,970	90,744
ESU	--	125,289	134,127	142,785
PSU	75,555	--	106,518	249,035
FHSU	--	--	--	--
Total	<u>\$ 1,122,064</u>	<u>\$ 999,879</u>	<u>\$ 1,455,093</u>	<u>\$ 1,586,915</u>

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

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

The Board of Regents has authorized \$1,039,838 in requests for FY 1991 for budget adjustments for revised estimates of tuition revenues to the General Fees Fund. Requested are four institutional increases in the FY 1991 expenditure limitation on the General Fees Fund. An expenditure limitation increase would provide additional resources for FY 1991 over the previously approved level. The requested adjustments were to be based upon actual Fall enrollments, and estimated Spring and Summer enrollments. The Board also requests supplemental State General Fund support for two institutions based on a shortfall in anticipated general fees.

FY 1991 General Fees Adjustments

Institution	Approved General Fees Fund Expenditure FY 1991	General Fees Fund Requested Adjustment	State General Fund Supplemental Request	Governor's Fee Release/ Supplemental Rec.
KU	\$ 46,096,390	\$ 149,500	\$ --	\$ --
KSU	26,968,332	507,827	--	--
WSU	16,468,036	--	96,128	--
ESU	5,726,376	36,671	--	--
FHSU	4,749,149	345,840	--	--
PSU	6,428,910	--	--	--
KUMC	6,162,612	--	--	--
KSUVMC	3,413,760	--	27,823	--
KCT	421,492	--	--	--
Total	\$ 116,435,057	\$ 1,039,838	\$ 123,951	\$ --

The Governor does not recommend the release of any fees resulting from larger than expected enrollment during the current fiscal year and instead utilizes the additional tuition to reduce the demand on the State General Fund in the current year.

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SECTION D

Enrollment Adjustment

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

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

The 1987 Legislature also adjusted the corridor portion of the enrollment adjustment formula. Previously, the three larger universities had a corridor of plus or minus 1.5 percent and the regionals had a corridor of plus 1.0 and minus 2.0 percent. The concept underlying these corridors is that an institution should not be significantly impacted by relatively minor changes in enrollment. Conversely, larger changes in enrollment should be accompanied by some adjustment to the budget. During the 1987 Session, corridors for all six universities were changed to .5 percent for enrollment increases and 2.5 percent for enrollment decreases. The 2.5 percent decrease would become 1.5 percent if the institution is financed at 100 percent of the peers. Presently, none of the institutions is financed at 100 percent of the peers. The new corridors resulted in the institutions absorbing less of the costs of new students and being able to experience greater enrollment declines without suffering a budget reduction. Actual enrollment adjustments for FY 1982 through FY 1991 have provided an additional \$10,975,634 in appropriations for a net gain of 2,295 students. The following table reflects the actual enrollment adjustments for FY 1982 -- FY 1991.

**Enrollment Adjustments
FY 1982 – FY 1991**

	<u>FY 1982</u>	<u>FY 1983</u>	<u>FY 1984</u>	<u>FY 1985</u>	<u>FY 1986</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>
KU	273,431	405,444	(577,476)	–	–	–	–	1,761,362	1,772,467	–
KSU	227,584	1,614,739	560,158	–	(1,460,960)	(288,191)	(342,145)	692,252	96,981	2,508,950
WSU	32,793	99,067	1,172,280	772,201	(120,989)	(269,401)	–	(367,949)	480,423	693,779
ESU	61,601	(61,601)	(34,475)	(157,888)	(1,119,823)	(160,883)	25,790	166,815	386,079	379,615
PSU	–	31,225	187,422	–	–	(527,184)	433,253	937,092	214,779	493,064
FHSU	6,686	148,190	(149,819)	–	(149,557)	(264,656)	–	83,100	–	–
Total Enroll.										
Adjust.	<u>612,095</u>	<u>2,537,073</u>	<u>1,158,090</u>	<u>614,313</u>	<u>(2,851,329)</u>	<u>(1,510,315)</u>	<u>116,898</u>	<u>3,272,672</u>	<u>2,950,729</u>	<u>4,075,408</u>
Total Change in FTE's from Prev. Fall	849	1,371	259	(604)	(1,517)	(972)	(286)	759	1,136	1,300

Source: Kansas Board of Regents.

Request. The FY 1992 budget request from the universities include a total enrollment adjustment increase of \$4,880,196 due to actual changes in student credit hour volume when FY 1990 is compared to FY 1989. The request for the six universities is based upon declining enrollment adjustment increases and declining enrollment adjustment decreases as proposed by the Board of Regents which relates the costs of actual enrollment changes to an institutions budgeted expenditures.

The Board of Regents has proposed that beginning with the FY 1992 enrollment adjustment request that the corridors be modified to provide declining percentages of full average cost. A declining percentage approach would also be recommended for enrollment adjustment decreases, as part of the Board's proposal. This would reduce the impact of substantial enrollment declines. The Board suggests that the proposal would eliminate the incentive for uncontrolled growth, particularly that in excess of 3.0 percent. The following table displays the Regents' proposal for modification to the enrollment adjustment process.

Increase Adjustments as a Percentage of Average Cost

<u>Percentage of Educational Budget</u>	<u>Current</u>	<u>Regents' Proposed</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>Percentage of Educational Budget</u>	<u>Current</u>	<u>Regents' Proposed</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

The following table indicates the FY 1992 enrollment adjustment request for each of the institutions and compares them to gross adjustments which would occur in the absence of corridors. During FY 1992 the institutions request a net enrollment adjustment of \$4,880,196. The Kansas College of Technology requests an enrollment adjustment of \$108,525 in FY 1992.

FY 1992 Enrollment Adjustment Requests

<u>Institution</u>	<u>Gross Adjustment Without Corridor</u>	<u>Proposed Adjustment Increase Corridor</u>	<u>Proposed Adjustment Decrease Corridor</u>	<u>Requested Enrollment Adjustment</u>	<u>Current Resources FY 92</u>	<u>Enrollment Adjustment Enhanced Gov. Rec.</u>
KU	\$ 2,125,730	\$ 853,573	\$ --	\$ 1,272,157	\$ --	\$ 1,272,157
KSU	4,063,113	2,144,047	--	1,919,066	--	1,919,066
WSU	698,499	321,347	--	377,152	--	376,947
ESU	1,502,246	870,896	--	631,530	--	631,530
FHSU	251,593	124,259	--	127,334	--	127,334
PSU	618,654	241,516	--	377,138	--	377,138
Total	<u>\$ 9,259,835 *</u>	<u>\$ 4,555,638</u>	<u>\$ --</u>	<u>\$ 4,704,377 *</u>	<u>\$ --</u>	<u>\$ 4,704,172*</u>

* Excludes the request of the Kansas College of Technology (\$108,525).

The following table displays for each of the budgeted academic areas the FY 1991 cost data by educational level.

ENROLLMENT ADJUSTMENT

FY 1991 Funding Rates by Academic Discipline and Educational Level

Academic Discipline by Educational Level	KU	KSU	WSU	ESU	PSU	FHSU
<u>Agriculture</u>						
Lower Division	\$ -	\$ 68.28	\$ -	\$ -	\$ -	\$ 115.10
Upper Division	-	105.15	-	-	-	184.16
Graduate One	-	393.28	-	-	-	-
Graduate Two	-	860.31	-	-	-	-
<u>Architecture</u>						
Lower Division	\$ 112.92	\$ 96.02	\$ -	\$ -	\$ -	\$ -
Upper Division	141.16	109.47	-	-	-	-
Graduate One	416.69	421.54	-	-	-	-
Graduate Two	765.63	843.08	-	-	-	-
<u>Biological Science</u>						
Lower Division	\$ 86.51	\$ 85.03	\$ 70.30	\$ 81.65	\$ 40.95	\$ 98.89
Upper Division	194.64	125.39	224.27	163.30	187.96	158.23
Graduate One	410.04	417.96	494.24	316.80	272.31	336.23
Graduate Two	958.50	789.85	639.07	-	-	-
<u>Business</u>						
Lower Division	\$ 86.51	\$ 36.28	\$ 41.58	\$ 58.55	\$ 74.33	\$ 52.97
Upper Division	101.21	75.82	79.41	76.11	63.46	74.15
Graduate One	243.08	170.15	216.62	101.29	174.52	286.03
Graduate Two	353.81	340.29	316.41	-	-	-
<u>Communications</u>						
Lower Division	\$ 56.78	\$ 77.74	\$ 44.63	\$ -	\$ 102.91	\$ 75.03
Upper Division	88.01	159.37	112.92	-	190.39	75.03
Graduate One	179.99	392.58	104.00	-	227.44	75.03
Graduate Two	261.76	-	-	-	-	-
<u>Computer Science</u>						
Lower Division	\$ 63.12	\$ 67.79	\$ 81.63	\$ -	\$ 117.91	\$ 48.00
Upper Division	183.67	143.72	175.50	-	148.57	139.21
Graduate One	488.51	216.26	260.39	-	-	259.22
Graduate Two	1,550.74	1,255.50	-	-	-	-
<u>Education</u>						
Lower Division	\$ 66.13	\$ 59.49	\$ 92.58	\$ 72.32	\$ 88.98	\$ 89.77
Upper Division	80.67	67.81	105.54	108.49	80.97	107.73
Graduate One	87.95	132.65	94.43	126.57	114.79	89.77
Graduate Two	290.96	422.94	293.47	-	-	-
<u>Engineering</u>						
Lower Division	\$ 100.20	\$ 79.39	\$ 155.48	\$ -	\$ -	\$ -
Upper Division	169.34	176.25	141.49	-	-	-
Graduate One	335.68	455.70	254.98	-	-	-
Graduate Two	660.34	766.91	800.71	-	-	-

Academic Discipline by Educational Level	KU	KSU	WSU	ESU	PSU	FHSU
<u>Fine Arts</u>						
Lower Division	\$ 112.57	\$ 85.87	\$ 122.44	\$ 103.23	\$ 146.38	\$ 162.42
Upper Division	169.98	228.41	203.26	175.49	303.00	178.67
Graduate One	275.80	487.73	359.98	247.75	282.51	357.33
Graduate Two	506.57	975.46	-	-	-	-
<u>Foreign Language</u>						
Lower Division	\$ 47.40	\$ 65.63	\$ 85.48	\$ 238.38	\$ 75.64	\$ 79.90
Upper Division	179.66	126.48	138.48	419.55	184.57	239.70
Graduate One	255.03	151.38	121.38	660.31	189.87	319.60
Graduate Two	568.37	-	-	-	-	-
<u>Health Science</u>						
Lower Division	\$ 116.22	\$ -	\$ 193.29	\$ -	\$ 138.87	\$ 187.84
Upper Division	103.44	-	179.76	-	145.82	187.84
Graduate One	176.66	-	259.00	-	415.23	112.70
Graduate Two	675.24	-	1,072.74	-	-	-
<u>Home Economics</u>						
Lower Division	\$ -	\$ 58.57	\$ -	\$ -	\$ 127.09	\$ 99.63
Upper Division	-	113.63	-	-	142.34	149.44
Graduate One	-	285.83	-	-	-	-
Graduate Two	-	443.39	-	-	-	-
<u>Law</u>						
Lower Division	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Upper Division	-	-	-	-	-	-
Graduate One	152.70	-	-	-	-	-
Graduate Two	-	-	-	-	-	-
<u>Letters</u>						
Lower Division	\$ 57.36	\$ 41.96	\$ 52.34	\$ 67.04	\$ 72.53	\$ 78.45
Upper Division	123.90	167.44	110.43	160.90	109.52	113.36
Graduate One	222.56	278.64	197.31	201.13	182.04	117.67
Graduate Two	721.02	1,464.54	637.47	-	-	-
<u>Library Science</u>						
Lower Division	\$ -	\$ -	\$ -	\$ 61.96	\$ -	\$ -
Upper Division	-	-	-	61.96	-	-
Graduate One	-	-	-	205.72	-	-
Graduate Two	-	-	-	-	-	-
<u>Mathematics</u>						
Lower Division	\$ 51.77	\$ 41.09	\$ 48.66	\$ 67.08	\$ 56.58	\$ 94.90
Upper Division	229.34	87.52	95.86	194.54	121.85	142.35
Graduate One	747.05	256.82	232.10	318.65	169.46	417.55
Graduate Two	820.04	814.02	732.79	-	-	-

Academic Discipline by Educational Level	KU	KSU	WSU	ESU	PSU	FHSU
<u>Military Science</u>						
Lower Division	\$ 55.48	\$ 58.34	\$ 64.48	\$ 37.71	\$ 13.74	\$ --
Upper Division	--	57.75	64.48	38.46	28.86	--
Graduate One	--	204.18	--	--	--	--
Graduate Two	--	--	--	--	--	--
<u>Physical Sciences</u>						
Lower Division	\$ 92.49	\$ 83.09	\$ 89.63	\$ --	\$ 98.09	\$ 117.01
Upper Division	235.85	160.36	166.72	--	172.64	152.11
Graduate One	598.41	675.52	381.83	--	552.27	280.82
Graduate Two	1,304.11	1,001.24	814.75	--	--	--
<u>Psychology</u>						
Lower Division	\$ 40.45	\$ 37.08	\$ 45.85		\$ 22.84	\$ 48.21
Upper Division	87.77	49.31	85.75	See	111.02	96.42
Graduate One	177.16	319.22	287.51	Education	79.96	168.73
Graduate Two	343.80	779.32	652.51		--	--
<u>Public Affairs</u>						
Lower Division	\$ 94.36	\$ --	\$ 78.92	\$ --	\$ --	\$ --
Upper Division	123.62	--	73.39	--	--	--
Graduate One	95.31	--	145.99	--	--	--
Graduate Two	135.88	--	--	--	--	--
<u>Social Sciences</u>						
Lower Division	\$ 45.76	\$ 47.23	\$ 51.21	\$ 52.29	\$ 55.14	\$ 51.24
Upper Division	138.66	83.60	118.28	154.27	115.79	87.11
Graduate One	360.15	204.51	262.68	210.74	200.70	143.77
Graduate Two	759.66	552.12	496.18	--	--	--
<u>Interdisciplinary Studies</u>						
Lower Division	\$ 22.79	\$ --	\$ 39.10	\$ --	\$ --	\$ --
Upper Division	28.94	--	39.10	--	--	--
Graduate One	51.95	--	--	--	--	--
Graduate Two	168.39	--	--	--	--	--
<u>Technology</u>						
Lower Division	\$ --	\$ --	\$ --	\$ --	\$ 119.18	\$ --
Upper Division	--	--	--	--	125.14	--
Graduate One	--	--	--	--	174.01	--
Graduate Two	--	--	--	--	--	--

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SECTION E

Salary And Wage Shrinkage

The shrinkage of salary and wage resources reflects moneys not spent because of employee terminations, delayed recruitment, and other factors affecting payrolls. It is generally expressed as a percentage of total salaries and wages. For budget purposes, shrinkage is deducted from the amount of funds needed to fully finance all positions for the full year to yield "net salaries and wages" for the budget document. The Regents have traditionally budgeted salary and wage shrinkage as a fixed percentage from year to year that may or may not reflect the actual shrinkage rate. In addition, in a manner generally unique to Regents' institutions, the shrinkage rate is applied only to salaries and not to salaries and fringe benefits, as with other state agencies' shrinkage calculations. The following table reflects the shrinkage rates that have traditionally been applied by the Regents' institutions prior to FY 1991.

Previous Regents' Shrinkage Rates

Institution	Unclassified Positions	Classified Positions
KU, KUMC, KSU	2.0%	5.0%
WSU	1.5	4.0
ESU, PSU, FHSU	1.0	2.0
KUMC-Nursing	--	3.0

Finally, the Regents have not budgeted salary and wage shrinkage for student salaries.

Governor Hayden for FY 1990 and FY 1991 recommended using the actual shrinkage rate for FY 1989 for each institution on the overall salary base including fringe benefits. The 1990 Legislature approved a shrinkage rate in FY 1991 of one-half of the increased shrinkage recommended by Governor Hayden. However, the Legislature specifically did not apply the shrinkage rate against student salaries. For FY 1992, the institutions propose that the salary and wage shrinkage rate be computed at the FY 1991 rate minus .25 percent. However, no institution's rate would be less than the rate prior to FY 1991.

The following table displays the salary and wage shrinkage rate prior to FY 1991, the FY 1991 rate, the requested FY 1992 rate including an estimated fiscal impact, plus the Governor's FY 1992 rate. The Governor recommends usage of the FY 1991 rate in FY 1992 and does not concur with the requested adjustment.

FY 1992 Shrinkage Percentages

Institution	Previous Policy %	FY 1991 %	FY 1992 Request	Estimated Fiscal Impact
KU*	2.19%	2.29%	2.19%	\$ 123,930
KSU	2.19	2.67	2.42	292,400
WSU	1.66	2.81	2.56	136,289
ESU*	.98	1.33	1.08	55,784
PSU	1.02	1.41	1.16	61,398
FHSU*	.97	2.18	1.93	54,722
KUMC	2.72	3.23	2.98	334,719
KSUVMC	2.47	2.47	2.47	--
KCT	--	1.00	.75	9,077
Total	<u>2.10%</u>	<u>2.58%</u>	<u>2.38%</u>	<u>\$ 1,068,319</u>

* (Staff Note: These institutions apply a shrinkage rate against student salaries. The Governor concurs with the agencies in applying a shrinkage rate against student salaries at these selected institutions.)

SECTION F

Unclassified Salary Increases

Request. The Regent's institutions request \$15,901,827 systemwide to provide an average 5 percent salary increase to unclassified faculty and staff. This request is computed as a percentage increase to the overall salary base; however, actual salary increases are granted based upon individual merit.

The Governor's current resources budget does not provide for any increase in unclassified salaries. The Governor's enhanced recommendation in a separate salary plan reserve provides an average 3.25 percent increase for unclassified personnel salaries (a 2.5 percent base increase and a 1.5 percent cost-of-living increase for the second half of FY 1992). In addition, the institutions requested a total of \$8,553,783 for unclassified faculty and staff salary increases as part of the third year of the Margin of Excellence. The Governor does not recommend any of the requested funds for the Margin of Excellence in FY 1992 as part of the current resources budget. However, based on additional revenue, the Governor does recommend full funding of the requested unclassified salary parity.

**FY 1992 Unclassified Salary Increases
(Including Fringe Benefits)**

<u>Institution</u>	<u>FY 1991 Base</u>	<u>FY 1992 5% Request</u>	<u>Current Resources FY 1992</u>	<u>Estimated FY 1992 Enhanced Gov. Rec.*</u>
KU	\$ 92,036,221	\$ 4,631,043	\$ --	\$ 3,017,163
KSU	86,641,116	4,093,928	--	2,667,224
WSU	39,106,224	1,869,078	--	1,217,700
ESU	16,126,643	770,850	--	502,201
FHSU	15,099,193	751,615	--	489,674
PSU	17,214,017	832,601	--	542,435
KUMC	50,752,685	2,513,596	--	1,637,616
KSUVMC	6,113,095	310,843	--	202,526
KCT	2,661,568	128,273	--	83,568
Total	\$ 325,750,762	\$ 15,901,827	\$ --	\$ 10,360,107

* The Governor's enhanced recommendation includes a separate salary reserve of a 2.5 percent base increase for unclassified employees and a 1.5 percent cost-of-living increase for the second half of FY 1992.

Institutional Salary Policies. Institutions may distribute salary increases in varying percentages rather than on a uniform percentage basis. This procedure permits the use of merit as a criterion for determining unclassified salary increases and provides flexibility for the recruiting and retention of unclassified personnel. The following table displays the distribution of unclassified salary increases for FY 1991.

**Summary of Budgeted Salary Increases for Full-Time
Continuing Unclassified Persons FY 1991 Over FY 1990**

<u>% of Salary Increase Over Previous Year</u>	<u>KU</u>	<u>KUMC</u>	<u>KSU</u>	<u>KSUVMC</u>	<u>WSU</u>	<u>ESU</u>	<u>PSU</u>	<u>FHSU</u>	<u>KCT</u>	<u>System Total</u>
No Increase	14	98	28	5	8	3	0	5	2	163
.1 to 2.9	926	359	566	41	452	188	37	218	2	2,789
3.0 to 4.9	377	755	515	26	139	80	252	20	48	2,212
5.0 to 6.9	65	78	73	5	46	5	14	5	3	294
7.0 to 8.9	29	45	31	1	12	2	2	0	3	125
9.0 to 11.9	16	4	17	3	4	0	0	0	1	45
12.0 to 14.9	7	1	8	0	3	0	1	0	2	22
15.0 to 19.9	9	1	3	0	0	0	1	0	0	14
20.0 and Over	5	6	7	0	0	0	0	0	1	19
Total	1,448	1,347	1,284	81	664	278	307	248	62	5,683
Avg. \$ Incr.	1,258	1,154	1,406	1,717	1,009	1,056	1,348	859	1,332	1,222
Avg. % Incr.	3.03	3.28	3.30	3.10	2.80	2.87	3.60	2.25	4.02	3.12

Source: Kansas Board of Regents

The FY 1991 base budgets, originally approved by the 1990 Legislature, contained financing for a 4 percent overall unclassified salary base increase subject to the 1.75 percent General Fund reduction. The 1.75 percent reduction results in a range of increases (2.25 to 4.02 percent) because the reduction was across-the-board, rather than explicit legislative policy with regard to average salary increases. It should also be noted that the unclassified salary increases include salary adjustments made due to promotions.

**FY 1990 and FY 1991 Budgeted Academic Year
Average Faculty Salaries**

Institution	FY 1990 Number	FY 1991 Number	FY 1990 Average Salary	FY 1991 Average Salary
KU	976	958	\$ 44,529	\$ 45,561
KSU	1,061	1,043	39,709	40,626
WSU	523	529	36,132	36,976
ESU	237	217	33,784	34,604
FHSU	225	201	36,141	35,662
PSU	209	239	34,489	36,754
KSUVMC	73	77	46,137	47,466
KCT	30	43	32,900	32,030
Total	<u>3,334</u>	<u>3,307</u>	<u>\$ 39,649 *</u>	<u>\$ 40,543*</u>

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

Average Salaries. The budgeted average salary in FY 1990 was \$39,649, while the average in FY 1991 is \$40,543 or an increase of \$894. As previously noted, the average unclassified salary increase tends to be larger than the base increase, due in part to changes in faculty numbers and salaries. Average salaries (including 12 month converted to nine month) shown below include all faculty of the universities budgeted for FY 1991, including funds budgeted for vacant positions. This differs from the above table, which contained data for filled positions only.

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

**1991 Budgeted Academic Year Average
Faculty Salaries by Rank**

	<u>KU</u>	<u>KSU</u>	<u>WSU</u>	<u>ESU</u>	<u>FHSU</u>	<u>PSU</u>	<u>KSUVMC</u>	<u>KCT</u>	<u>Regents' System Average</u>
Professors									
Number	487	401	114	71	78	98	32	8	1,289
Avg. Salary	\$53,071	\$49,360	\$51,735	\$40,804	\$41,619	\$41,912	\$56,617	\$37,165	\$49,570
Associate Prof.									
Number	275	333	146	71	51	54	15	11	956
Avg. Salary	\$40,481	\$38,080	\$37,769	\$35,597	\$34,842	\$36,637	\$45,875	\$34,183	\$38,362
Assistant Prof.									
Number	192	246	216	55	51	81	27	15	883
Avg. Salary	\$34,188	\$33,254	\$32,182	\$29,748	\$30,681	\$31,168	\$40,165	\$30,083	\$32,794
Instructors									
Number	4	63	53	20	21	6	3	9	179
Avg. Salary	\$26,478	\$27,279	\$22,583	\$22,427	\$27,622	\$28,982	\$23,505	\$28,079	\$25,403

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

Source: Kansas Board of Regents

Previous Increases. The following table enumerates base budget salary increases approved by the Legislature for FY 1974 through FY 1991 and compares inflation during those years.

**Percent Increases Authorized for
Unclassified Salary Adjustments**

<u>Fiscal Year</u>	<u>KU</u>	<u>KSU</u>	<u>WSU</u>	<u>ESU</u>	<u>FHSU</u>	<u>PSU</u>	<u>CPI-U</u>
1974	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	8.9%
1975	10.0	11.0	10.0	11.0	11.0	11.0	11.1
1976	10.0	10.0	10.0	10.0	10.0	10.0	7.1
1977	8.0	8.0	8.0	8.0	9.0	8.0	5.8
1978	6.0	6.0	6.0	6.0	7.0	6.0	6.7
1979	7.0	7.0	7.0	7.0	7.0	7.0	9.4
1980	6.5	6.5	6.5	6.5	6.5	6.5	13.3
1981	9.0	9.0	9.0	9.0	9.0	9.0	11.6
1982	7.0	7.0	7.0	7.0	9.0	7.0	8.6
1983	7.5	7.5	7.5	7.5	10.2	7.5	4.3
1984	4.5	4.5	4.5	4.5	4.5	4.5	3.7
1985	7.0	7.0	7.0	7.0	7.0	7.0	3.9
1986	5.0	5.0	5.0	5.0	5.0	5.0	2.9
1987	2.5	2.5	2.5	2.5	2.5	2.5	2.2
1988	3.0	3.0	3.0	3.0	3.0	3.0	4.1
1989	7.3	7.4	7.4	7.2	9.2	8.1	4.6
1990	7.5	7.7	8.7	7.5	10.5	8.3	4.8
Incr. 73-90	198.5	202.1	202.1	198.2	226.1	203.0	196.4
1991	2.0	2.3	2.0	2.8	2.3	2.4	NA
Incr. 73-91	204.5	209.0	208.2	206.6	233.6	210.3	-

The percentages listed above for FY 1983 exclude allocation of a \$900,000 special appropriation for salary enrichment, which equated systemwide to an approximate of 0.7 percent base increase. Further, the authorized increase for FY 1984 and FY 1989 is the annualized percent increase rather than the increase in expenditures, 2.25 and 1.5 percent, respectively. Finally, a measure of inflation, the Consumer Price Index for All Urban Consumers (U.S. City Average) (CPI-U), is indicated. The percentages displayed for this measure represent the percent change in the 12-month average index from one fiscal year to the next.

During most of these 17 years, the same percentage of unclassified increase has been authorized for the six universities. A major exception to this has been at Fort Hays State University where a differential adjustment was authorized for five years to finance salary upgrades. The percentages of increase authorized from FY 1973 through FY 1982 were generally below inflation, but have been near the inflation rate in the most recent years. However, the cumulative increase over the 15-year period has kept pace with inflation. Nonetheless, these comparisons measure only the increases on the base and do not speak to the appropriateness of the base of funding to which the adjustment is made.

As has been previously discussed, the institutions have considerable flexibility in allocation of salary increases. Typically, the actual average increase exceeds the percentages appropriated due, in part, to the fact that the universities may have savings from personnel turnover that can be used to supplement appropriated increases to the salary base. The following table reflects the degree to which this has actually occurred between FY 1974 and FY 1990. It lists average actual percent increases in those years and compares the increase to the inflation indicator.

**Average Percent Increase for Full-Time
Continuing Unclassified Staff**

Fiscal Year	KU	KSU	WSU	ESU	FHSU	PSU	CPI-U
1974	6.4%	6.4%	6.4%	6.0%	5.6%	5.9%	8.9%
1975	10.5	11.2	10.3	11.4	10.9	11.3	11.1
1976	10.5	10.2	9.1	10.4	11.0	10.0	7.1
1977	8.5	8.2	7.9	8.0	10.4	8.3	5.8
1978	6.4	6.3	6.0	6.0	7.7	6.1	6.7
1979	7.4	7.4	7.3	7.1	8.0	7.3	9.4
1980	6.9	6.8	6.7	6.5	6.7	6.9	13.3
1981	9.6	9.5	9.5	10.2	8.8	9.0	11.6
1982	8.0	7.7	7.6	7.8	9.0	7.5	8.6
1983	8.9	9.1	8.5	8.7	10.8	8.3	4.3
1984	4.6	5.0	5.0	4.9	5.1	4.5	3.7
1985	7.5	7.2	8.5	7.2	7.2	7.9	3.9
1986	5.6	5.3	5.3	5.1	5.4	5.9	2.9
1987	3.3	2.8	2.9	2.5	3.2	3.1	2.2
1988	1.6	1.6	1.9	1.7	1.6	2.5	4.1
1989	8.7	8.1	7.7	7.6	9.4	9.1	4.6
1990	8.4	9.6	8.2	8.1	10.2	9.0	4.8
Incr. 73-90	225.9	248.6	239.0	215.0	253.4	225.4	196.4
1991	3.0	3.3	2.8	2.9	2.3	3.6	NA
Incr. 73-91	235.7	260.1	248.5	224.1	263.8	237.1	-

The table reflects the fact that often the actual salary increases have exceeded the base increases appropriated. In contrast to the appropriated increases, the table also indicates that actual salaries have exceeded the

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inflationary measure, although the margin by which the increases have exceeded the CPI-U is relatively narrow at some of the universities.

Faculty Attrition

Each year, the institutions submit reports concerning faculty resignations, retirements, and terminations to the Board of Regents. FY 1990 data have now been compiled by the Board, reflecting departure among those persons having a faculty appointment. Administrators and other support personnel are excluded from the computations unless they have a faculty appointment. During FY 1990, there were 155 resignations (4.2 percent), 75 retirements (2.0 percent), and 45 terminations (1.2 percent), totaling 7.5 percent of the faculty appointments.

Resignations, retirements, and terminations, during each of the past three years, are shown in the following table. Total resignations were lower in FY 1990 than during either of the preceding two years, largely the result of a decline which occurred at KUMC. KSU also recorded a reduction in FY 1990 resignations, compared to the previous two years. Resignations declined at KU and FHSU when FY 1989 is compared to FY 1988; however, during FY 1990, resignations increased significantly. Resignations at WSU and ESU were roughly the same in each of the years. At PSU, resignations increased during FY 1990, compared to the previous years. Retirements and terminations also declined slightly when FY 1990 is compared to previous years.

Faculty Resignations, Retirements, and Terminations by Institution FY 1988-FY 1990

Institution	Resignations			Retirements			Terminations		
	FY 1988	FY 1989	FY 1990	FY 1988	FY 1989	FY 1990	FY 1988	FY 1989	FY 1990
KU	27	19	29	24	16	17	6	5	5
KUMC	47	41	17	7	7	4	13	5	--
KSU	37	49	27	29	33	25	4	12	4
WSU	37	38	42	6	9	11	16	19	28
ESU	13	12	14	4	7	8	10	10	7
PSU	8	7	13	11	11	5	--	--	1
FHSU	18	1	11	2	4	5	7	6	--
KCT	--	--	2	1	--	--	--	--	--
Total	187	167	155	84	87	75	56	57	45

Source: Kansas Board of Regents, February, 1991.

Resignations at each of the professorial levels are detailed in the following table. Of FY 1990 resignations, 15.5 percent were professors, 23.2 percent were associate professors, 45.8 percent were assistant professors, and 15.5 percent were instructors. The FY 1990 distribution of resignations among the professorial levels is typical of that which has occurred during recent years.

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**Faculty Resignations
Kansas Regents' Institutions
FY 1990**

Institution	Total All Ranks	Full Prof.	Assoc. Prof.	Asst. Prof.	Instr.
KU	29	9	10	10	0
KUMC	17	1	4	8	4
KSU	27	5	5	11	6
WSU	42	4	10	21	7
ESU	14	0	2	9	3
PSU	13	1	4	8	0
FHSU	11	4	0	3	4
KCT	2	0	1	1	0
Total	<u>155</u>	<u>24</u>	<u>36</u>	<u>71</u>	<u>24</u>

Source: Kansas Board of Regents, February, 1991.

Reasons for resignation are identified in the following table. More than one reason for resignation is often given, the reasons exceeding total resignations as a consequence. "Personal reasons," a somewhat nebulous category, continues to be the most frequently cited reason for resignation. Higher salary is the second most frequently cited reason for resignation, being involved in 39 percent of the resignations. It was cited in 30 percent of the FY 1989 resignations, compared to 44 percent of the FY 1988 resignations.

Faculty Resignations by Reason for Departure*
Kansas Regents' Institutions -- FY 1990

	<u>KU</u>	<u>KUMC</u>	<u>KSU</u>	<u>WSU</u>	<u>ESU</u>	<u>FHSU</u>	<u>PSU</u>	<u>KCT</u>	<u>TOTAL</u>
Total Resignations	29	17	27	42	14	13	11	2	155
Higher Salary	11 (38%)	4 (24%)	15 (56%)	21 (50%)	3 (21%)	6 (46%)	--	--	60 (39%)
Improved Teach. Loads	--	1 (6%)	1 (4%)	1 (2%)	--	4 (31%)	--	--	7 (5%)
Geographic Location	4 (14%)	2 (12%)	10 (37%)	4 (10%)	3 (21%)	1 (8%)	--	--	24 (15%)
Institutional Prestige	--	--	2 (7%)	7 (17%)	2 (14%)	4 (31%)	--	--	15 (10%)
Better Facilities	1 (3%)	--	2 (7%)	5 (12%)	3 (21%)	2 (15%)	--	--	13 (8%)
Promotion	11 (38%)	2 (12%)	2 (7%)	12 (29%)	3 (21%)	1 (8%)	7 (64%)	--	38 (25%)
Additional Staff Support	4 (14%)	--	3 (11%)	2 (5%)	--	--	--	--	9 (6%)
Inc. Res. Funds	3 (10%)	--	2 (7%)	--	--	--	--	--	5 (3%)
Personal Reasons	12 (41%)	8 (47%)	6 (22%)	32 (76%)	6 (43%)	3 (23%)	3 (27%)	--	70 (45%)
Consulting	1 (3%)	--	--	1 (2%)	--	--	3 (27%)	1 (50%)	6 (4%)
Other	4 (14%)	--	--	--	--	--	--	--	4 (3%)

* One person may give more than one reason, therefore, the sum of reasons may exceed the total number of resignations. Percentages are in relation to total resignations.

Source: Kansas Board of Regents, February, 1991.

SECTION G

Classified Salary Base Increases

The Regents are requesting financing in FY 1992 for pay plan step movement and longevity pay for classified employees. The following table displays for each institution the approved FY 1991 classified base amount, adjustments to that base for employee fringe benefit rate changes, computer center operations funding, shift and full-year funding of staffing approved by the 1990 Legislature, classified step movement for FY 1991, including longevity pay, and the total requested FY 1991 base amount (excluding enrollment adjustment, servicing new buildings, and the Margin of Excellence funding). The Governor's current resources budget finances only fringe benefit rate changes and the shift in computer center operations. The Governor's FY 1992 enhanced budget provides for step movement

and longevity pay, plus a 1.5 percent cost-of-living increase for the last half of FY 1992, all of which is contained in a separate statewide salary plan reserve for all classified state employees. The Regents classified salary increases of the statewide salary reserve is estimated at \$2,934,557.

**Classified Salary Increases
Regents' Request**

Institution	FY 1991 Base Budget	Adjustments to the Base	Program Maintenance	FY 1992 Agency Req.
KU	\$ 27,657,364	\$ 2,347,143	\$ 862,233	\$ 30,866,740
KSU	25,771,339	2,539,624	646,683	28,957,646
WSU	11,936,376	710,116	275,058	12,921,550
ESU	5,421,437	528,057	125,846	6,075,340
FHSU	4,494,508	504,825	131,262	5,130,595
PSU	5,572,410	459,433	137,118	6,168,961
KUMC	45,425,279	2,198,005	944,142	48,567,426
KSUVMC	3,174,876	34,318	75,073	3,284,267
KCT	777,899	16,261	19,006	813,166
Total	<u>\$ 130,231,488</u>	<u>\$ 9,337,782</u>	<u>\$ 3,216,421</u>	<u>\$ 142,785,691</u>

SECTION H

Student Salary Base Increases

Request. The Regents are requesting a 16 percent increase in the student salary base during FY 1992. The request for increasing the student salary base totals \$1,292,953. The table below identifies the student salary base and requests for increase by institution.

The Governor's current resources budget does not provide a student salary base increase for FY 1992. However, based on additional revenue, the Governor's enhanced recommendation concurs with the agency request.

Student Salary Base Increase

Institution	FY 1991 Adjusted Base	FY 1992 16% Increase	Current Resources FY 1992	Enhanced Gov. Rec. FY 1992
KU	\$ 1,719,055	\$ 275,047	\$ --	\$ 275,047
KSU	1,682,876	267,764	--	267,764
WSU	1,288,869	206,224	--	206,224
ESU	859,524	136,039	--	136,039
FHSU	945,381	148,352	--	148,352
PSU	734,660	117,599	--	117,599
KUMC	731,778	117,079	--	117,079
KSUVMC	111,264	17,803	--	17,803
KCT	44,099	7,046	--	7,046
Total	<u>\$ 8,117,506</u>	<u>\$ 1,292,953</u>	<u>\$ --</u>	<u>\$ 1,292,953</u>

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

Effective April 1, 1990, the minimum wage increased from \$3.35 per hour to \$3.80 per hour, and effective April 1, 1991, the minimum wage will increase from \$3.80 per hour to \$4.25 per hour. The percentage change from the rate at \$3.35 per hour to \$4.25 per hour is 26.9 percent.

The following tables display student salary expenditures and pay scales for FY 1990. The pay scale was reflective as of April 1, 1990 (after the first minimum wage rate increase).

**Actual FY 1990 Student Salaries
Expenditures by Program**

	Actual FY 1990
Instruction	\$ 2,547,324
Academic Support	2,054,071
Student Services	1,071,499
Institutional Support	655,249
Research	644,131
Public Service	1,394,347
Physical Plant	947,708
Total	<u>\$ 9,314,329</u>

April 1, 1990 Student Salary Pay Scale

	Number of Students	%
\$3.35 to \$3.75	946	12.0
\$3.76 to \$4.25	4,809	61.0
\$4.26 to \$4.75	1,017	12.9
> \$4.75	1,114	14.1
Total	<u>7,886</u>	<u>100.0</u>

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

The Board request for FY 1992 is \$513,957, a 6.9 percent increase over the funding appropriated for the program in FY 1991. The Governor recommends a total of \$500,000 for the program in FY 1992, a 4.0 percent increase above the FY 1991 level.

Work Study Program

<u>Institution</u>	<u>Actual FY 1990</u>	<u>FY 1991 Approved</u>	<u>FY 1992 Request</u>	<u>FY 1992 Gov. Rec.</u>
KU	\$ 133,480	\$ 131,144	\$ 140,154	\$ 136,283
KSU	138,621	136,195	145,552	141,770
WSU	104,700	102,868	109,935	106,899
ESU	36,123	35,491	37,929	36,882
FHSU	35,998	35,368	37,798	36,754
PSU	21,257	20,885	22,320	21,703
KCT	3,675	15,355	3,859	3,752
Washburn	15,629	3,611	16,410	15,957
Total	<u>\$ 489,483</u>	<u>\$ 480,917</u>	<u>\$ 513,957</u>	<u>\$ 500,000</u>

Graduate Teaching Assistants Fee Waiver. The Board request in FY 1992 includes a \$512,404 reduction to general fee receipts to reflect a 100 percent graduate teaching assistants fee waiver. The current fee waiver is 75 percent. The following table reflects the reduction in general fee receipts at the seven universities. The Governor recommends a graduate teaching assistants fee waiver of 80 percent in FY 1992 as part of the current resources budget. Under the enhanced budget, the Governor recommends a 100 percent fee waiver.

	<u>Agency Req. Increased Grad. Teaching Asst. Fee Waiver</u>	<u>Current Resources FY 1992</u>	<u>Enhanced Gov. Rec. FY 1992</u>
KU	\$ 242,510	\$ 48,502	\$ 242,510
KSU	81,993	16,399	81,993
WSU	61,000	12,200	61,000
ESU	66,230	13,246	66,230
FHSU	15,511	3,102	15,511
PSU	31,096	6,219	31,096
KUMC	14,064	2,813	14,064
Total	<u>\$ 512,404</u>	<u>\$ 102,481</u>	<u>\$ 512,404</u>

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SECTION I

Other Operating Expenditures

Request. The Regents' institutions request \$4.1 million to provide a 4 percent base increase for other operating expenditure budgets and a 5 percent base increase for the hospital operations program of KUMC. Shown below are the FY 1991 adjusted base budgets for other operating expenditures, the requests for FY 1992, the Governor's current resources budget, and the Governor's enhanced recommendations.

**Other Operating Expenditures (Excluding Utilities)
Program Maintenance Increases**

Institution	FY 1991 Adjusted Base*	FY 1992 Maintenance 4% Request**	Current Resources FY 1992	Enhanced Gov. Rec. FY 1992
KU	\$ 17,824,624	\$ 711,986	\$ --	\$ 711,986
KSU	16,934,397	677,375	--	677,375
WSU	8,362,391	333,992	--	333,992
ESU	3,172,645	141,037	--	141,037
FHSU	3,008,595	119,320	--	119,320
PSU	3,593,857	143,020	--	143,020
KUMC	39,071,263	1,846,240	1,308,567	1,846,240
KSUVMC**	2,614,458	104,580	--	104,580
KCT	845,155	26,368	--	26,368
Total	<u>\$ 95,427,385</u>	<u>\$ 4,103,918</u>	<u>\$ 1,308,567</u>	<u>\$ 4,103,918</u>

* Computer center shift takes place prior to the 4 percent base increase.

** Included within the request and the Governor's recommendation is a 5 percent base increase for hospital operations.

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

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

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

Actual and Budgeted Expenditures. By comparing the actual general use expenditures for other operating expenditures with those budgeted, it is possible to see whether institutions have had additional resources

available for OOE. The following table shows the difference between legislatively approved OOE expenditures and the actual OOE expenditures. This is derived by comparing the approved budget for each fiscal year (adjusted for supplemental appropriations and one-time only items) with actual expenditures. The percentage change column shows the percentage increase or decrease which actual expenditures represented over budgeted expenditures.

**Difference Between Actual and Budgeted
Other Operating Expenditures**

Year	KU		KSU		WSU	
	Difference	Percent	Difference	Percent	Difference	Percent
1977	\$ 265,379	3.1%	\$ 1,714,992	24.7%	\$ 322,080	9.3%
1978	377,165	4.1	1,646,414	20.9	2,370,232	9.5
1979	549,170	5.0	2,098,860	23.1	470,309	10.9
1980	480,349	4.2	1,695,182	18.3	302,912	6.8
1981	(44,438)	(0.4)	2,077,981	21.4	305,441	6.2
1982	(347,426)	(2.6)	2,246,080	21.0	456,104	8.7
1983	224,231	1.8	1,594,440	14.3	697,766	14.2
1984	493,675	3.6	1,452,784	11.4	823,449	14.1
1985	154,273	1.0	1,833,494	13.1	1,194,339	19.0
1986	855,157	5.0	1,518,325	10.1	728,538	10.3
1987	546,402	3.4	(154,311)	(1.1)	795,453	12.4
1988	244,351	1.3	672,440	4.1	1,396,917	15.6
1989	(374,073)	(1.9)	1,021,017	5.6	1,091,357	13.9
1990	(207,133)	(1.0)	(1,092,762)	(5.8)	375,809	4.3

Year	ESU		FHSU		PSU	
	Difference	Percent	Difference	Percent	Difference	Percent
1977	\$ 269,531	16.2%	\$ 121,651	8.4%	\$ (17,863)	(1.1)%
1978	363,860	20.4	87,307	5.7	70,263	4.6
1979	351,768	17.2	51,804	2.6	114,483	6.2
1980	516,323	25.5	60,977	3.1	180,604	9.3
1981	486,863	22.9	87,004	4.1	101,944	4.6
1982	440,482	19.5	146,410	6.4	62,324	2.9
1983	126,742	5.6	87,928	4.0	11,754	0.5
1984	280,377	11.8	128,834	5.5	195,923	8.4
1985	163,571	6.7	263,936	10.1	149,498	6.0
1986	(38,919)	(1.4)	(25,362)	(0.9)	(79,868)	(2.7)
1987	17,967	0.7	32,144	1.2	120,999	5.4
1988	116,695	3.9	(11,051)	(0.3)	104,790	3.7
1989	160,909	4.9	(164,463)	(4.7)	(71,915)	(2.0)
1990	81,500	2.3	20,813	0.6	(362,538)	(9.0)

At the January, 1990 meeting, the Board of Regents took official action to address the use of salary funding for other operating expenditures by the institutions. The Board approved the following policy: during any year in which general use expenditures for either salaries or other operating expenditures deviate from the budget for that purpose by more than .5 percent of the institution's total general use operating budget the institution shall adjust the appropriate budgetary bases requested for the succeeding fiscal year by not less than the amount by which the deviation exceeds .5 percent of the operating budget. Any exceptions to the preceding will require Board approval. Any requests by institutions for an exception will have to document why the deviation will not occur during the succeeding year.

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An analysis by the Board of Regents' staff of shifting in FY 1990 between salaries and other operating expenditures by Kansas Regents' universities reflects that four were within the .5 percent threshold, established by the Board's policy, their budget requiring no adjustment due to that shifting. Two institutions (KSU and WSU) had shifts in excess of the .5 percent threshold and therefore should either permanently adjust their budgetary bases, to reflect the areas where funds were being expended, or request exception to the Board's policy. A summary table of budgeted and actual expenditures in each of the major object codes follows this section. The table also displays the .5 percent threshold for mandatory budget adjustments, applicable to each institution.

Summary of Budgetary Shifting at Each Campus

University of Kansas. KU underexpended its budget for salaries by \$236,662 and its other operating expenditures budget by \$207,133. In both instances, the underexpenditure is approximately .2 percent of the base budget, or below the .5 percent threshold for mandatory budgetary adjustment. KU transferred all of the savings in both categories to its Equipment Reserve Fund, where the funds can be expended for equipment purchase during the succeeding fiscal year.

Kansas State University. KSU underexpended its OOE budget by \$1,092,762, with those savings being shifted to salaries which were overexpended by \$999,402. Shifting from OOE to salaries is atypical, since most of the shifting has been from salaries to OOE. KSU cites two principle reasons for this anomaly: (1) a major source of previous shifting from salaries to OOE, instability in federal financing for cooperative extension services, has been eliminated; and (2) enrollment growth during FY 1990 resulted in expenditure of funds for salaries, which had been originally reserved for equipment and OOE purchase.

The Regents' policy would require KSU to permanently transfer \$336,628 from OOE to salaries, as KSU's shift to salaries of \$999,402 was \$336,628 above the .5 percent threshold of \$662,774. KSU is proposing to shift \$275,000 and requests exception to the policy for the remaining \$61,628. KSU observes that: (1) \$200,000 should be shifted from OOE to salaries to accurately reflect expenditure of Agriculture Experiment Station funds for projects, which are not determined until after the beginning of each fiscal year; and (2) \$75,000 should be shifted from OOE to student salaries, in recognition of increased expenditures resulting from minimum wage changes. KSU believes that the remainder of the shift will not recur since enrollment adjustment funding was received to address the staffing shortfalls, which were financed with OOE money during FY 1990. The Board of Regents concurred with the proposal from the agency, as did the Governor.

Wichita State University. WSU underexpended salaries by \$375,809 during FY 1990, shifting that amount to OOE expenditures. According to the Regents' policy, WSU should permanently adjust its base budget, by moving \$68,498 from salaries to OOE, the difference between the amount shifted and the .5 percent threshold of \$307,311. WSU has permanently adjusted its base by transferring \$150,000 from salaries to OOE, in recognition that certain fellowships, budgeted as salaries, are actually expended as OOE. The Board of Regents concurred with the proposal from the agency, as did the Governor.

Emporia State University. ESU underexpended salaries by \$81,500 during FY 1990, shifting that amount to OOE expenditures. This shift was .3 percent of the University's base and is therefore below the .5 percent threshold of \$126,311.

Pittsburg State University. PSU underexpended its OOE budget by \$362,538. Of this amount only \$128,909 was shifted to salary expenditures and the remainder was transferred to the Equipment Reserve Fund, to be expended for OOE items during the succeeding fiscal year. The amount shifted to salaries was .47 percent of the University's base budget, below the .5 percent threshold of \$137,823. This shift occurred largely due to higher than anticipated expenditures for employee fringe benefits.

Fort Hays State University. FHSU underexpended its salary budget by \$20,814, which was shifted to OOE expenditures. This amount was .1 percent of the University's base budget, below the .5 percent threshold of \$121,769.

**FY 1990 Summary of Shifting Among
Expenditure Objects**

<u>FY 1990</u>	<u>Total Salaries</u>	<u>Utilities</u>	<u>OOE</u>	<u>Grand Total</u>	<u>Threshold for Budget Adjustment</u>
KU					
Revised FY 90 Budget	\$116,435,203	\$5,259,642	\$21,403,181	\$143,098,026	\$715,490
Minus Actual Expend.	116,198,541	5,259,642	21,196,048	142,654,231	
Difference/Shift	(236,662)	0	(207,133)	(443,795)	
KSU					
Revised FY 90 Budget	108,173,175	5,401,854	18,979,836	132,554,865	662,774
Minus Actual Expend.	109,172,577	5,246,533	17,887,074	132,306,184	
Difference/Shift	999,402	(155,321)	(1,092,762)	(248,681)	
WSU					
Revised FY 90 Budget	49,964,679	2,829,127	8,668,351	61,462,157	307,311
Minus Actual Expend.	49,588,870	2,801,125	9,044,160	61,434,155	
Difference/Shift	(375,809)	(28,002)	375,809	(28,002)	
ESU					
Revised FY 90 Budget	21,040,171	685,796	3,540,320	25,266,287	126,331
Minus Actual Expend.	20,958,671	675,429	3,621,820	25,255,920	
Difference/Shift	(81,500)	(10,367)	81,500	(10,367)	
PSU					
Revised FY 90 Budget	22,523,938	1,028,204	4,012,516	27,564,658	137,823
Minus Actual Expend.	22,652,147	965,332	3,649,978	27,267,457	
Difference/Shift	128,209	(62,872)	(362,538)	(297,201)	
FHSU					
Revised FY 90 Budget	19,926,003	821,901	3,605,817	24,353,721	121,769
Minus Actual Expend.	19,905,189	821,867	3,626,630	24,353,686	
Difference/Shift	(20,814)	(34)	20,813	(35)	

Source: Kansas Board of Regents

**FY 1991 Salary and Wage Shrinkage Restoration to the
FY 1992 Other Operating Expenditures Base**

The institutions in FY 1992 request \$2,470,717 for other operating expenditures improvements to restore funds that were reduced as a result of increased salary and wage shrinkage in FY 1991. The requested funds would be used for improvements in three major areas, computers, libraries, and equipment. The Governor does not concur with the request at the current resources or the enhanced budget levels. The following table displays the requested amount by each institution and the Governor's recommendation.

**FY 1992 Requests for Restoration of Shrinkage
Related Base Budget Reductions**

	Request FY 1992	Current Resources FY 1992	Enhanced Gov. Rec. FY 1992
KU	\$ 123,930	\$ --	\$ --
KSU	563,036	--	--
WSU	629,476	--	--
ESU	78,501	--	--
PSU	95,176	--	--
FHSU	261,005	--	--
KUMC	682,995	--	--
KSUVMC	--	--	--
KCT	36,598	--	--
Total	<u>\$ 2,470,717</u>	<u>\$ --</u>	<u>\$ --</u>

Equipment Reserve Fund

Regents' institution's appropriations have generally provided authority to the presidents or chancellor to transfer unexpended General Fee Fund balances below the authorized expenditure level from the Fund to an equipment reserve fund. The purpose being to allow for the accumulation of funds for the purchase of major equipment items or for the orderly acquisition of equipment at the end of a fiscal year and during the beginning of the next. During FY 1990, four institutions transferred a total of \$731,224 from general fees funds into equipment reserve funds. The following table indicates the institutions, the amount transferred, and the percent of fees transferred out of the total general fees expended by the institution.

**FY 1990 Transfer From General Fees Fund
to Equipment Reserve Fund**

Institution	General Fees Transferred	Percent of General Fee Expenditures
KU	\$ 444,090	1.0%
KSU	39,778	0.2
PSU	234,085	3.6
FHSU	13,271	0.3
Total	<u>\$ 731,224</u>	

SECTION J

Utilities

**FY 1990 Actual, FY 1991 Base,
FY 1992 Base Request and Recommendation**

Institution	Actual FY 1990	Base Budget FY 1991	Gov. Rec. FY 1991	Agency Req. FY 1992	Gov. Rec. FY 1992
KU	\$ 5,259,342	\$ 5,596,607	\$ 5,596,607	\$ 5,596,607	\$ 5,596,607
KSU	5,246,533	5,624,625	5,624,625	5,689,625	5,624,625
WSU	2,801,125	2,663,937	2,663,937	2,676,504	2,676,504
ESU	675,429	701,016	701,016	701,016	701,016
FHSU	821,867	825,478	825,478	847,998	847,998
PSU	965,332	1,030,415	1,030,415	1,030,415	1,030,415
KUMC	4,612,772	4,822,787	4,822,787	4,822,787	4,822,787
KSUVMC	735,305	736,886	736,886	736,886	736,886
KCT	143,742	122,725	122,725	122,725	122,725
Total	<u>\$ 21,261,447</u>	<u>\$ 22,124,476</u>	<u>\$ 22,124,476</u>	<u>\$ 22,224,563</u>	<u>\$ 22,159,563</u>

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

1. Appropriations for utilities should be separate line items to permit close monitoring of appropriations and expenditures.
2. Utility costs should be fully funded and the institutions should not be required to shift funds from other purposes to finance utilities.
3. Legislative budget review should focus on consumption to assure that campuses are making efforts to limit consumption.

The 1983 Legislature initiated a practice of allowing unexpended utility appropriations at the end of the fiscal year to be reappropriated and be used in the subsequent fiscal year for energy saving capital improvements. The 1984 and 1985 Legislatures included such provisions in appropriations for fiscal years 1985 and 1986 respectively. The 1986 Legislature modified this practice as follows: (1) anticipated unexpended balances at the end of FY 1986 were estimated; (2) estimated savings were reappropriated to FY 1987; (3) institutions were allowed to utilize 25 percent of the estimated reappropriation for energy saving capital improvements; and (4) institutions were not allowed to expend savings in excess of the estimate. The 1987 and the 1989 Legislatures did not reappropriate utility savings for energy saving capital improvements.

The following table contains data on actual utility expenditures in FY 1989 and FY 1990, as well as the approved FY 1991 base. The table indicates relatively little margin for inflation at most of the institutions with actual reductions when comparing FY 1989 to FY 1990 utility funding at the University of Kansas, the Kansas University Medical Center, Emporia State University, and the Kansas College of Technology. The Legislature typically reviews utility expenditures and the potential for savings or supplementation in March.

**Actual and Budgeted Utility Expenditures
FY 1989 – FY 1991**

<u>Institution</u>	<u>Actual FY 1989</u>	<u>Actual FY 1990</u>	<u>Base Budget FY 1991</u>	<u>Difference FY 91 Base FY 90 Exp.</u>	<u>Percent Difference FY 90-FY 91</u>
KU	\$ 5,463,087	\$ 5,259,342	\$ 5,596,607	\$ 337,265	6.4%
KSU	5,210,934	5,246,533	5,624,625	378,092	7.2
WSU	2,577,575	2,801,125	2,663,937	(137,188)	(4.9)
ESU	685,796	675,429	701,016	25,587	3.8
FHSU	777,252	821,867	825,478	3,611	0.4
PSU	1,008,043	965,332	1,030,415	65,083	6.7
KUMC	4,522,325	4,612,772	4,822,787	210,015	4.6
KSUVMC	720,887	735,305	736,886	1,581	0.2
KCT	120,061	143,742	122,725	(21,017)	(14.6)
Total	\$ 21,085,960	\$ 21,261,447	\$ 22,124,476	\$ 863,029	4.1%

FY 1992 Requested and Recommended Utility Expenditures

<u>Institution</u>	<u>Total Requested FY 1992</u>	<u>Gov. Rec. FY 1992</u>	<u>Difference</u>
KU	\$ 5,638,224	\$ 5,596,607	\$ (41,617)
KSU	5,782,145	5,624,625	(157,520)
WSU	2,676,504	2,676,504	--
ESU	708,529	708,529	--
FHSU	847,998	847,998	--
PSU	1,030,415	1,030,415	--
KUMC	4,822,787	4,822,787	--
KSUVMC	736,886	736,886	--
KCT	122,725	122,725	--
Total	\$ 22,366,213	\$ 22,167,076	\$ (199,137)

SECTION K

Servicing New Buildings

Request. The FY 1992 requests of the institutions include a total of \$357,611 for costs associated with servicing of new buildings. The requests include 6.3 FTE new classified positions, as well as utility and other operating expenditures funding for facilities anticipated to become operational in FY 1992.

**FY 1992 Request
Servicing New Buildings**

Institution/Facility	Classified FTE	Salaries	OOE	Utilities	Total	Gov. Rec. FY 1992
KU - Regents' Center; University Press Offices	-	\$ 11,340	\$ 2,731	\$ 41,617	\$ 55,688	-
KSU - Kansas Farm Bureau Building	6.3	119,070	28,417	92,520	240,007	-
ESU - Remodeled Cremer Hall, HPERA Bldg. Addition, Chemical Storage Bldg.	-	25,072	4,909	7,513	37,494	12,422
FHSU - Renovated Sheridan Hall (full- year funding)	-	17,829	3,092	22,520	43,441	43,441
WSU - Child Devel. Center (full-year funding)	-	10,160	1,695	12,567	24,422	24,422

Financing for servicing of new buildings has traditionally been requested according to a formula which allocates funds upon square footage. In most years, the Legislature has financed the request. The Board revised its formulas in FY 1987 which was further revised by the 1990 Legislature. The FY 1992 requests are based upon: (1) one FTE staff position (\$18,900) for each 10,500 gross square feet (GSF); (2) a statewide average OOE rate per GSF of \$0.43 cents in FY 1992; and (3) utility costs differentiated by institution and type of program. The Governor's enhanced recommendation does not provide any additional FTE positions for the servicing of new buildings in FY 1992. The Governor does recommend full-year funding for the Wichita State University Child Development Center and the requested utilities and other operating expenditures support for the requested facilities at Emporia State University.

SECTION L

Shift of Computer Centers Funding

In FY 1992, the Board proposes to shift funding of the institutions computer centers from a service clearing function to a direct general use expenditure. The proposal shifts a total of \$8,957,976 in billable other operating expenditures to various departments to direct salaries and wages expenditures. There would be a corresponding reduction in the department's other operating expenditure budget. The Regents are proposing to make the shift in funding for two main reasons: (1) a gap has developed between the computing centers' salary budgets and the University departments OOE budget for computing; and (2) that computing centers are no longer service only functions, but play an important part in the educational process of students similar to libraries. The following table summarizes the shift from OOE to salaries and wages for the computer centers funding shift.

**Shift of Computer Center Funding from Service
Clearing to Direct General Use Funding**

KU	\$	3,387,108
KSU		2,616,065
WSU		944,438
ESU		727,835
PSU		493,651
FHSU		788,879
Total	\$	<u>8,957,976</u>

III. MARGIN OF EXCELLENCE

The Board of Regents has submitted the FY 1992 budget request in a systemwide program named the "Margin of Excellence." The Margin has two primary goals: (1) to bring the salaries of faculty and other unclassified positions to 100 percent of the average of the designated peer institutions; and, (2) to bring overall funding of the six universities to 95 percent of the average of the peers.

The faculty/unclassified salaries parity request includes the approved amount of \$5.3 million in FY 1989, \$6.9 million in FY 1990, and \$8.6 million in FY 1992, for a total request of \$20.8 million to bring salaries to 100 percent of the average of the peers. The second priority is termed "Mission-Related Enhancements" and corresponds to the program improvements requested in other years. The Mission-Related Enhancements approved amounts in FY 1989 totaled \$6.7 million and \$10.3 million for FY 1990, and \$6.2 million is requested in FY 1992. No new funds were approved for the Margin of Excellence in FY 1991. The current resources budget of the Governor does not contain any funding for the Margin of Excellence in FY 1992. Based on additional revenue, the Governor's enhanced budget contains full funding of the requested FY 1992 Margin of Excellence. The following table lists, by institution, the faculty/unclassified salary parity requests and recommendation, and the Mission-Related Enhancements requests and recommendation.

FY 1992 Margin of Excellence

Institution	Requested Faculty/ Unclassified Salary Parity	Requested Mission- Related Enhancements	Total Margin of Excellence Request	Governor's Current Resources FY 1992	Enhanced Governor's Rec. FY 1992
University of Kansas	\$ 2,596,100	\$ 1,360,000	\$ 3,956,100	\$ -	\$ 3,956,100
Kansas State University	2,597,005	1,072,000	3,669,005	-	3,669,005
Wichita State University	1,405,342	696,000	2,101,342	-	2,101,342
Emporia State University	402,760	304,000	706,760	-	706,760
Pittsburg State University	450,722	308,000	758,722	-	758,722
Fort Hays State Univ.	298,045	260,000	558,045	-	558,045
Subtotal	<u>\$ 7,749,974</u>	<u>\$ 4,000,000</u>	<u>\$ 11,749,974</u>	<u>\$ -</u>	<u>\$ 11,749,974</u>
Univ. of Kansas Medical Center	581,075	1,619,184	2,200,259	-	2,200,259
Kansas State Univ. Vet. Med. Ctr.	182,000	443,000	625,000	-	625,000
Kansas College of Technology	83,033	91,967	175,000	-	175,000
Subtotal	<u>\$ 846,108</u>	<u>\$ 2,154,151</u>	<u>\$ 3,000,259</u>	<u>\$ -</u>	<u>\$ 3,000,259</u>
Grand Total - Salary Parity and Mission-Related Investments	<u>\$ 8,596,082</u>	<u>\$ 6,154,151</u>	<u>\$ 14,750,233</u>	<u>\$ -</u>	<u>\$ 14,750,233</u>

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

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

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

Relative Funding for Regents' Institutions. The following table displays each university's funding relative to its peers in faculty salaries, other operating expenditures, and overall financing. It may be noted that the three larger institutions are funded at approximately the same levels in faculty salaries with significant differences in other operating expenditures. However, they share approximately the same levels of overall relative

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funding. The regional institutions show a great deal of variance, with Fort Hays State University relative funding at 77.7 and Emporia State University at 90.8.

FY 1989 Relative Funding for Kansas Institutions

Institution	Faculty Salaries(a)	Other Operating Expend.(b)	Total University Funding
University of Kansas	90.9	64.5	82.6
Kansas State University	89.6	77.6	81.2
Wichita State University	89.7	75.9	80.0
Emporia State University	90.0	60.3	90.8
Fort Hays State University	90.6	59.7	77.7
Pittsburg State University	92.6	48.5	84.2
Total	90.4	68.3	82.0

Source: Kansas Board of Regents

a) AAUP Salary Study of Faculty 1988-1989.

b) Cost Study Data FY 1988.

These relative funding percentages reflect the FY 1989 financing for the first year of the Margin of Excellence provided by the 1988 Legislature.

The Board of Regents has recently released FY 1991 faculty salary relative funding figures based on the Preliminary American Association of University Professors Faculty Salary Report for 1990-1991. The following table reflects the Regents' and their designated peers' average salaries for FY 1991.

Regents' Salaries and Peer Salaries During FY 1991

Institution	Average Salary Kansas	Average Salary Peers	Relative Funding
University of Kansas	\$ 44,865	\$ 50,551	88.8
Kansas State University	40,889	45,202	90.5
Wichita State University	37,616	42,112	89.3
Emporia State University	34,178	37,815	90.4
Pittsburg State University	35,854	39,615	90.5
Fort Hays State University	36,639	38,196	95.9

Source: Preliminary AAUP Faculty Salary Report

The following table displays the average all ranks faculty salaries among Regents' peers for FY 1991:

**AVERAGE ALL RANKS FACULTY SALARIES AMONG REGENTS PEERS
FY 1991**

University of Kansas	\$44,865	Kansas State	\$40,889
University of Colorado	50,362	Colorado State	46,327
University of Iowa	53,782	Iowa State	49,480
University of North Carolina	54,681	North Carolina State	52,072
University of Oklahoma	42,647	Oklahoma State	42,825
University of Oregon	38,783	Oregon State	39,891
Wichita State	37,616	Emporia State	34,178
		Pittsburg State	35,854
		Fort Hays State	36,639
University of Akron	45,794	West Carolina	41,540
University North Carolina -- Greensboro	45,875	E. New Mexico	32,917
Portland State	38,459	Central Oklahoma State	39,299
Virginia Commonwealth	48,004	N. Arizona State	40,322
University of Wisconsin -- Milwaukee	45,850	Murray State -- Kentucky	36,128
W. Michigan	42,765	E. Washington	37,266

Source: Preliminary AAUP Faculty Salary Report

Compared to FY 1990, relative salary funding in FY 1991 decreased at all institutions, except Fort Hays State University, which increased by 1.5 percent. Compared to FY 1988, relative funding increases range from 0.2 percent at the University of Kansas to 11.1 percent at Fort Hays State University in FY 1991. FY 1991 systemwide relative salary funding decreased by 2.3 percent, when compared to FY 1990 data. The Regents maintain that relative funding change is best viewed on a multi-year basis, since various mathematical aberrations can distort changes during a single year. The FY 1991 systemwide relative salary funding has increased by 2.1 percent, compared to FY 1988, which is the last year prior to the Margin of Excellence. During FY 1991, the average faculty salary increase was approximately 3.1 percent at Regents' institutions, compared to an average of 5.5 percent at the peer institutions. The original Margin of Excellence computations were developed from FY 1987 faculty salary data. However, the Regents suggest that due to the limited faculty salary increases (3 percent for 6 months) in FY 1988 the relative salary funding data is substantially less than originally projected. The following table displays the relative funding of faculty salaries for FY 1987 through FY 1991.

**COMPARISON OF RELATIVE FUNDING
FACULTY SALARIES
FY 1987-FY 1991**

Institution	Fiscal 1987	Fiscal 1988	Fiscal 1989	Fiscal 1990	Fiscal 1991
University of Kansas	92.1%	88.6%	90.9%	92.1%	88.8%
Kansas State University	91.8	87.4	89.6	91.6	90.5
Wichita State University	89.2	88.2	89.7	90.3	89.3
Emporia State University	89.5	87.2	90.0	92.8	90.4
Pittsburg State University	89.9	89.4	92.6	92.6	90.5
Fort Hays State University	86.7	84.8	90.6	94.4	95.9
System Total	90.9%	87.9%	90.4%	92.3%	90.0%

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IV. Kansas College of Technology Merger with Kansas State University

At its June 28, 1990 meeting, the Board of Regents adopted a proposal to merge the four-year baccalaureate degree technology programs offered by Kansas State University with the two-year associate degree programs offered by the Kansas College of Technology. The main features of the plan are the following:

1. The programs will be offered in Salina on the existing Kansas College of Technology campus, which will be called the "Kansas State University, College of Technology at Salina."
2. The administrative head of the Salina campus will be called the Dean of the College of Technology and will report to the Provost of Kansas State University.
3. The baccalaureate program in engineering technology offered in Manhattan will be moved to Salina over a four-year period.
4. Enrollment is expected to grow to 800 FTE students over a five to seven-year period.

According to the State Board of Regents, implementing the merger itself will not cost the state additional money. However, if the merger is approved, the Board of Regents intends to use or to request a total of \$9.5 million for various improvements from the following sources:

Revenues generated from the City of Salina, which in September voted to approve the imposition of a half-cent increase in the sales tax for two years (\$4.5 million); the Kansas State University Foundation, which will contribute \$2.0 million for scholarships for Kansas State University -- Salina students; \$2.0 million from the state for the construction of the Aeronautical Center; and the sale of the south campus of the Kansas College of Technology for \$1.0 million.

In addition, Kansas State University will request legislation authorizing it to issue bonds to raise \$2.6 million for the construction of a dormitory.

1990 S.B. 22 would accomplish the merger, effective July 1, 1991.

ATTACHMENT A

**OVERVIEW OF THE GOVERNOR'S FY 1992 BUDGET
RECOMMENDATIONS ON REGENTS' SYSTEMWIDE ISSUES**

Request	Requested General Use Funds Amount (millions)	Governor's	
		Current Resources	Recommendation
Student Salaries -- 16 percent increase	\$ 1.3	\$ --	Concur.
Unclassified Salaries -- 5 percent increase	17.9	--	For both classified and unclassified the Governor recommends a 1.5 percent cost-of-living increase effective for the second half of the year; for classified employees the Governor recommends step movement of 2.5 percent and longevity pay; and for unclassified employees the Governor recommends a base increase of 2.5 percent.
Classified Pay Plan -- 2.5 percent increase	3.0	--	Concur.
Other Operating Expenditures -- 4 percent increase	4.3	--	Concur.
Enrollment Adjustment	4.8	--	Concur.
Graduate Teaching Assistant Fee Waiver -- 100 percent	0.5	0.1	Concur.
Margin of Excellence:			
Unclassified Salary Parity	8.6	--	Concur; these salary funds are in addition to the base increases discussed above.
Mission-Related Program Enhancements	6.2	--	Concur, but no new FTE positions.
Salary and Wage Shrinkage Restoration	2.5	--	Did not recommend.
Salary and Wage Shrinkage Reduction	1.0	--	Did not recommend.
FY 1991 General Fee Release	1.0	--	Did not recommend.