

Approved: 2/13/95
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Robin Jennison at 1:30 p. m. on February 7, 1995 in Room 514-S of the Capitol.

All members were present except: Representative Gross, excused

Committee staff present: Alan Conroy, Legislative Research Department
Laura Howard, Legislative Research Department
Russell Mills, Legislative Research Department
Jim Wilson, Revisor of Statutes
Mike Corrigan
Lenore Olson, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

Representatives Allen, Reinhardt, and Wilk presented the subcommittee reports on systemwide issues for Regents' institutions for FY 95 and FY 96 contained in HB 2234 and HB 2236 for the Regents' institutions (Attachment 1).

HB 2234 - Appropriations for FY 95, supplemental appropriations for various state agencies.

HB 2236 - Appropriations for FY 96, capital improvements ;for various state agencies.

A motion was made by Representative Carmody, seconded by Representative Gatlin, to amend the subcommittee report for FY 96, to delete \$5,759,874 from the General Fund expenditures that were to offset lower than expected tuition revenues.

Representative Wilk distributed a graph showing the Regents' system enrollment and expenditures FY 1992- FY 1996. The data on this graph indicates the student population has been declining (Attachment 2). He also distributed a chart showing a \$13 million State General Fund (SGF) reduction spread according to percent of FY 1996 SGF in the Governor's recommendation (Attachment 3).

A substitute motion was made by Representative Wilk, seconded by Representative Haulmark, to remove \$13 million from the Regents' budget to come out of the SGF proportionately by each institution. This is to be done with the built-in assumption that if the Governor's recommendations for longevity bonuses, colas, or step increases are not approved, they would apply toward the \$13 million reduction. Representative Wilk also included in his motion that if his substitute motion is adopted the subcommittee report will show that if, in the unlikely event there are no adjustments in salaries, the Regents would get \$5 million. The motion failed with a vote count of 6 ayes and 15 nays.

The Chair directed the Committee to return to the original motion by Representative Carmody.

A substitute motion was made by Representative Bradley, seconded by Representative Dean, to refer the Regents' institutions budgets back to the subcommittee to direct the Regents' to meet with representatives from the junior colleges to determine how they will work with the Regent's system. They will be given 30 days to report back to the subcommittee. The substitute motion failed with a count of 7 ayes and 14 nays.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S Statehouse, at 1:30 p.m. on February 7, 1995.

Chairperson Jennison directed the Committee to return to the original motion by Representative Carmody. After Committee discussion, a vote was taken and the motion by Representative Carmody passed with a count of 13 ayes and 4 nays.

A motion was made by Representative Allen, seconded by Representative Reinhardt, to adopt the subcommittee report for FY 96 for the Regents' institutions as amended.. The motion carried with a vote count of 13 ayes and 8 nays. Representative Hochhauser requested to be recorded as voting nay.

A motion was made by Representative Allen, seconded by Representative Reinhardt, to adopt the subcommittee report for FY 95 for the Regents' institutions. The motion carried.

The meeting adjourned at 3:50 p.m.

The next meeting is scheduled for February 9, 1995.

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 2/7/95

NAME	REPRESENTING
Ray Hauke	Ks Board of Regents
Marrin Burris	" "
Mike Bohnhoff	Division of the Budget
Ellen Pickalkiewicz	Assoc. of Univs
Marlin Reid	KY
ERIC Sexton	WSU
FRED SUPERMANN	WSU
Howe Steph	ESU
Dust Tray	
Robert Truitt	Ks Gov. Consulting
William Reid	KS Indep College Assn
Bill Hollenbeck	PSU
Ray B...	FHSU
Kud...	Rep. Lowther
S. Peter	K-State

Regents Systemwide Issues

FY 1995 and FY 1996

H.B. 2236



Representative Barbara Allen
Subcommittee Chair


Representative Henry Helgerson



Representative Robin Jennison



Representative Richard Reinhardt



Representative Kenny Wilk

2/7/95

Appropriations Cmte
Attachment 1

SUBCOMMITTEE REPORT

Agency: Regents Institutions
Systemwide Summary

Bill No. 2234

Bill Sec. 3, 4, 5, 14, 15, 16, 23

Analyst: Howard, Mills

Analysis Pg. No. 573

Budget Page No. N/A

<u>Expenditure Summary</u>	<u>Agency Estimated FY 95</u>	<u>Governor's Recommendation FY 95</u>	<u>House Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 433,629,068	\$ 432,030,621	\$ 0
General Fees Fund	161,950,717	162,041,575	0
Hospital Revenue Fund	111,500,000	111,222,025	0
Federal Land Grant Funds	7,531,508	7,531,508	0
EDIF	3,374,473	3,374,473	0
Other Funds	20,925,153	20,855,048	0
Subtotal General Use	<u>\$ 738,910,919</u>	<u>\$ 737,055,250</u>	<u>\$ 0</u>
Restricted Use Funds	382,488,166	382,560,457	0
TOTAL -- Oper. Exp.	<u><u>\$ 1,121,399,085</u></u>	<u><u>\$ 1,119,615,707</u></u>	<u><u>0</u></u>
Capital Improvements:			
State General Fund	\$ 189,446	\$ 189,446	\$ 0
Hospital Revenue Fund	1,430,176	1,430,176	0
Educational Building Fund	23,317,521	23,314,462	0
Special Cap. Impr. Fund	29,624,460	29,624,460	0
Other Funds	34,911,394	34,911,394	0
TOTAL -- Cap. Impr.	<u><u>\$ 89,472,997</u></u>	<u><u>\$ 89,469,938</u></u>	<u><u>\$ 0</u></u>
 GRAND TOTAL	 \$ 1,210,872,082	 \$ 1,209,085,645	 \$ 0
FTE Positions:			
Classified	7,861.4	7,860.4	0.0
Unclassified	9,991.2	9,991.2	0.0
TOTAL FTE	<u><u>17,852.6</u></u>	<u><u>17,851.6</u></u>	<u><u>0.0</u></u>
Special Project Appointments	--	--	--

Agency Estimate/Governor's Recommendation

The Regents request a systemwide operating budget of \$1.1 billion in FY 1995, of which \$738.9 million are general use expenditures. The general use revised request submitted by the Regents reflects a 5.0 percent increase over actual FY 1994 general use expenditures. The revised request includes increased general use expenditures of \$5.7 million from the approved amount, including \$5.4 million at the University of Kansas Medical Center (primarily at the Hospital, financed from the Hospital Revenue Fund), \$99,942 at the University of Kansas, \$40,160 at Kansas State University, and \$181,725 at Wichita State University. The Regents request a supplemental State General Fund appropriation of \$5.7 million to finance the revised budget, including \$5.4 million to offset lower than anticipated general fees fund (tuition) receipts, and \$321,827 associated with the requested supplemental items at KU, KSU, and WSU.

The Governor recommends a systemwide operating budget of \$1.1 billion in FY 1995, of which \$737.1 million are general use expenditures. The general use recommendation for expenditures is a reduction of \$1,855,669 in general use funds from the agency requests, and includes adjustments for the following: (1) deletion of requested supplemental expenditures at KU (\$99,942) and KSU (\$40,160); (2) deletion of savings based on a reduction in the budgeted health insurance rate for state employees (\$1.8 million); and (3) an increase of \$43,759 reflecting funding released by the State Finance Council for position reclassifications. The Governor concurs with the requests for supplemental expenditure authority at Wichita State University and the University of Kansas Medical Center. With regard to financing of the Regents General Use budget, the Governor concurs with the Regents request to shift financing for the current year budget from the General Fees Fund to the State General Fund based on a shortfall in tuition receipts, and recommends a supplemental State General Fund appropriation of \$5,347,844, a reduction of \$90,858 from the requested amount. The net result of the Governor's recommendations is an increase of \$3.9 million in general use expenditures from the approved budget, with an increase of \$4,144,987 from the State General Fund.

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Governor, with the following remarks.

1. FY 1995 and FY 1996 -- General Fees Fund Estimates. The Subcommittee concurs with the Governor's recommendation for supplemental funding of \$5,347,844 from the State General Fund to replace a shortfall in tuition receipts in FY 1995. A systemwide decline in Fall enrollment of 1,673 students from the previous year is primarily responsible for tuition receipts being lower than the original estimate used for the FY 1995 approved budget. The recommendation includes an increase in State General Fund and a reduction in tuition at six institutions. At two institutions, KSU-Salina and Emporia State, tuition revenues exceed the budgeted level by a combined total of \$201,884, with a resultant reduction from the State General Fund. The following table summarizes the recommended State General Fund adjustment at each institution:

General Fees Fund Shortfall -- State General Fund Supplemental

<u>Institution</u>	<u>FY 1995 SGF Gov. Rec.</u>	<u>House Subcommittee Recommendation</u>
KU	\$ 3,249,359	\$ 3,249,359
KUMC	298,518	298,518
KSU	790,123	790,123
KSU -- Salina	(71,403)	(71,403)
WSU	68,267	68,267
ESU	(130,481)	(130,481)
PSU	852,904	852,904
FHSU	290,557	290,557
Total	<u>\$ 5,347,844</u>	<u>\$ 5,347,844</u>

As is customary, the availability of general fees fund (tuition) revenues to finance the operating budgets of the Regents institutions will be reviewed again during the Omnibus Session when Spring enrollment data are available. 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. Conversely, tuition revenues in excess of the amount necessary to fund the approved budget are generally used to offset State General Fund financing. The Subcommittee anticipates a Governor's Budget Amendment prior to the Omnibus Session addressing any financing adjustments based on the Spring tuition estimates.

2. FY 1995 and FY 1996 Utility Adjustments. By practice, the Legislature appropriates utilities as a separate line-item appropriation and reviews utility expenditures during the Session to make any necessary adjustments to the approved budget for the current year and the recommendation for the budget year. The Subcommittee makes no adjustments to the recommended levels for utility expenditures at this time, but notes that utilities will be reviewed later in the Session when actual experience for a greater portion of the fiscal year is complete.

SUBCOMMITTEE REPORT

Agency: Regents Institutions

Bill No. 2236

Bill Sec. All

Analyst: Howard, Mills

Analysis Pg. No. 573

Budget Page No. N/A

Expenditure Summary	Agency Requested FY 96	Governor's Recommendation FY 96	House Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 464,918,621	\$ 453,616,291	\$ (17,693,887)
General Fees Fund	171,581,096	171,839,008	0
Hospital Revenue Fund	116,416,156	112,721,551	(3,568,999)
Federal Land Grant Funds	7,675,004	7,675,004	0
EDIF	3,135,319	0	0
Other Funds	17,311,088	17,331,203	0
Subtotal General Use	<u>\$ 781,037,284</u>	<u>\$ 763,183,057</u>	<u>\$ (21,262,886)</u>
Restricted Use Funds	393,917,395	392,908,160	0
TOTAL -- Oper. Exp.	<u><u>\$ 1,174,954,679</u></u>	<u><u>\$ 1,156,091,217</u></u>	<u><u>\$ (21,262,886)</u></u>
Capital Improvements:			
State General Fund	\$ 3,989,466	\$ 189,466	\$ 0
Hospital Revenue Fund	400,000	400,000	0
Educational Building Fund	7,500,000	7,500,000	0
Special Cap. Impr. Fund	0	0	0
Other Funds	12,479,062	16,279,062	0
TOTAL -- Cap. Impr.	<u><u>\$ 24,368,528</u></u>	<u><u>\$ 24,368,528</u></u>	<u><u>\$ 0</u></u>
GRAND TOTAL	\$ 1,199,323,207	\$ 1,180,459,745	\$ 0
FTE Positions:			
Classified	7,904.4	7,892.0	0.0
Unclassified	10,030.0	10,000.5	0.0
TOTAL FTE	<u><u>17,934.4</u></u>	<u><u>17,892.5</u></u>	<u><u>0.0</u></u>
Special Project Appointments	0.0	0.0	0.0

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. This section contains a summary of the systemwide issues before the 1995 Legislature and the Subcommittee recommendations on these issues. In addition to the Regents systemwide issues, the Legislature reviews issues and requests which are unique to particular campuses. Those items which are unique to only one campus will be decided during the Subcommittee's review of individual Regents institution budgets.

Agency Request/Governor's Recommendation

The Regents request a systemwide operating budget of \$1.2 billion, of which \$781.0 million are general use expenditures. The general use request reflects an increase of 5.7 percent (\$42.1 million) over the Regents' revised FY 1995 estimate. Restricted use funds are estimated to increase by \$11.4 million (3.0 percent). The requested general use increase includes: (1) annualization of FY 1995 cost-of-living adjustments and base fringe benefit adjustments (\$1.7 million); (2) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees (\$3.2 million); (3) a 3.5 percent merit pool for unclassified employees (\$14.9 million); (4) a 3.5 percent increase for student salaries (\$305,626); (5) a 3.5 percent increase for other operating expenditures (\$4.1 million); (6) an additional 4.5 percent increase (for a total increase of 8.0 percent) for library OOE (\$558,286); (7) \$287,751 for enrollment adjustments at two institutions; (8) \$1.4 million in costs to service new buildings; (9) \$1.1 million as part of a systemwide library enhancement project; and (10) \$10.3 million in other mission-related program enhancements. The request also includes \$4.2 million in other adjustments to the base, including an increase of \$6.3 million at KUMC associated with an extra payroll period and a net reduction of \$2.1 million for all other base changes, primarily associated with the deletion of one-time expenditures.

The Governor recommends a systemwide operating budget of \$1,156,091,217 in FY 1996, of which \$763.2 million are general use expenditures. The general use recommendation is an increase of 3.5 percent (\$26.1 million) over the Governor's FY 1995 general use recommendation. The recommended general use increase is financed by increasing expenditures from the State General Fund by \$21.6 million (5.0 percent), from the general fees funds by \$9.8 million (6.0 percent), from the Hospital Revenue Fund by \$1.5 million (1.3 percent), and by a net reduction from all other funding sources (\$6.8 million). The Governor's FY 1996 recommendation shifts expenditures funded from the EDIF in FY 1995 (\$3.4 million) to the State General Fund in FY 1996.

The overall general use expenditure increase of \$26.1 million is composed of the following: (1) base adjustments, including FY 1995 salary annualization and base fringe benefit adjustments, a reduction of \$570,302; (2) classified step movement (approximately 2.5 percent) and longevity increases (\$3,192,507); (3) a one percent base adjustment for classified employees (\$1,308,067); (4) a 3.5 percent merit pool for unclassified employees, including health care workers (\$14,665,211); (5) a 3.5 percent increase for student salaries (\$305,628); (6) a 1.5 percent increase in other operating expenditures (\$1,960,460); (7) \$287,751 for the enrollment adjustment; (8) \$1,322,438 and 29.6 FTE for servicing new buildings; (9) \$1,063,000 for the systemwide library proposal; (10) \$829,459 to annualize certain health care initiatives at KUMC approved for one month in FY 1995; (11) \$465,588 to replace grant funds from the Kansas Health Foundation; and (12) \$1,298,000 for specific university improvements financed through special tuition charges. Other individual requested program enhancements are not recommended. The Governor's recommendation includes a net of 40.9 FTE new positions, including 39.1 new general use positions. The recommended new general use positions are 29.6 FTE for servicing new buildings; 4.5 for the enrollment adjustment; 2.0 for the Pharm. D. program at KU; 2.0 at the University of Kansas Medical Center for replacement of the nurse practitioner grant; and a shift of 1.0 FTE from restricted use to general use at WSU associated with the health care grant replacement.

House Subcommittee Recommendation

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

1. **Summary of Subcommittee Recommendation.** In addressing funding for the Regents system, the Subcommittee began with a review of the Governor's recommendations. As the table below indicates, the Governor's recommendations include an increase of \$26.1 million in general use funds (3.5 percent increase) with a \$21.6 million increase from the State General Fund (5.0 percent). The State General Fund increase reflects shifting of \$6.0 million in expenditures funded from the EDIF and State Budget Stabilization Fund in FY 1995 to the State General Fund in FY 1996. Excluding this funding shift, the State General Fund increase in the Governor's FY 1996 recommendation totals 3.6 percent.

<u>Total General Use:</u>	<u>Gov. Rec. FY 1995</u>	<u>Gov. Rec. FY 1996</u>	<u>Difference from FY 95</u>	<u>Percent Increase</u>
State General Fund	\$ 432,030,621	\$ 453,616,291	\$ 21,585,670	5.0%
General Fees Fund	162,041,575	171,839,008	9,797,433	6.0%
Hospital Revenue	111,222,025	112,721,551	1,499,526	1.3%
Federal Land Grant	7,531,508	7,675,004	143,496	1.9%
EDIF	3,374,473	0	(3,374,473)	(100.0)%
Other Funds	20,855,048	17,331,203	(3,523,845)	(16.9)%
Total - General Use	<u>\$ 737,055,250</u>	<u>\$ 763,183,057</u>	<u>\$ 26,127,807</u>	3.5%

A further analysis of the Governor's recommendation indicates that the recommended increase from FY 1995 consists of the following elements:

Governor's FY 1996 Recommended Increase (by Regents Priority) (in millions)	
	<u>Gov. Rec.</u>
1. Non-Improvement Related Budget Adjustments	
a. Annualize FY 1995 Salary Increases	\$1.1
b. New Buildings Operating Support	1.3
c. Enrollment Adjustment	0.3
d. Annualize Health Care Enhancements	1.3
e. Other Adjustments (Fringe Benefits, etc.)	(1.5)
Subtotal	<u>\$2.5</u>
2. Non-Salary Base Budget Improvements	
a. Other Operating Expenditures	\$1.7
3. Tuition Surcharge for Equipment (KU & KSU) (Self Financed from 2 percent tuition increase)	\$1.0
4. Salary Base Budget Improvements	
a. Unclassified (3.5%)	\$14.7
b. Classified (Pay Plan Matrix Movement)	4.5*
c. Student Salaries (3.5%)	0.3
Subtotal	<u>\$19.5</u>
5. Special Enhancement for Library Improvements	\$1.1
6. Self Funded Enhancements for Law and Pharmacy Financed from Tuition Differentials	\$0.3
GRAND TOTAL - General Use	\$26.1
* Recommendation includes a 1 percent Base Adjustment.	

The Subcommittee would note that salary base budget improvements total \$19.5 million of the total recommended increase of \$26.1 million in general use funds. Of the remainder, \$2.5 million is for non-improvement related budget adjustments -- that is, annualization of FY 1995 approved salaries, operating support to service new buildings, and annualization of other programs funded for a partial year in FY 1995. The remaining increase of \$4.1 million in the Governor's recommendation includes \$1.3 million at the University of Kansas and Kansas State University for specific improvements funded through special tuition surcharges. This leaves \$2.8 million which funds a 1.5 percent increase in OOE (\$1.7 million) and the second phase of the Regents Systemwide Library Proposal (\$1.1 million). A further review of the OOE increase indicates that almost \$500,000 is for the University of Kansas Medical Center Hospital and is funded from the Hospital Revenue Fund.

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The Subcommittee's recommendation, discussed below, deletes funding for longevity pay, classified step movement, and unclassified merit in the Regents system. The total reduction of \$21.3 million discussed below includes a State General Fund reduction of \$17.7 million. As portrayed in the following table, the net result of the Subcommittee's recommendation is to provide for a FY 1996 general use budget which exceeds the recommended FY 1995 budget by 0.7 percent. The State General Fund budget recommended by the Subcommittee for FY 1996 exceeds the FY 1995 budget by 0.9 percent. Taking into account the \$6.0 million shift in funding from the EDIF and State Budget Stabilization Fund to the State General Fund in FY 1996, the Subcommittee recommendation is a 0.5 percent State General Fund reduction from FY 1995.

Total General Use:	Sub. Rec. FY 1995	Sub. Rec. FY 96	Difference from FY 95	Percent Increase
State General Fund	\$ 432,030,621	\$ 435,922,404	\$ 3,891,783	0.9%
General Fees Fund	162,041,575	171,839,008	9,797,433	6.0%
Hospital Revenue	111,222,025	109,152,552	(2,069,473)	(1.9)%
Federal Land Grant	7,531,508	7,675,004	143,496	1.9%
EDIF	3,374,473	0	(3,374,473)	(100.0)%
Other Funds	20,855,048	17,331,203	(3,523,845)	(16.9)%
Total - General Use	<u>\$ 737,055,250</u>	<u>\$ 741,920,171</u>	<u>\$ 4,864,921</u>	0.7%

2. Salary Adjustments. The Regents Institutions requested a 3.5 percent increase in unclassified and student salaries, and a 2.5 percent increase for classified step movement as well as continuation of longevity pay. The Governor concurs with the requested 3.5 percent increase for unclassified and student salaries. In addition to step movement and longevity bonuses, the Governor recommends an additional one percent base adjustment for classified employees.

Subcommittee Recommendation. Delete \$21,262,886, including \$17,693,887 from the State General Fund in salaries based on the recommendation to delete funding for a 3.5 percent unclassified merit pool (\$14,805,958); classified step movement (\$1,915,349); a one percent base adjustment for classified employees (\$1,302,524); a 3.5 percent increase for student salaries (\$305,308) and the longevity bonus (\$2,933,747) from individual agency budgets. The following table summarizes the reductions by institution:

REGENTS INSTITUTIONS

SALARY COMPONENTS IN GOVERNOR'S FY 1996 RECOMMENDATIONS

Institution	Longevity	Classified Step (2.5 %)	1 % Classified	3.5 % Unclassified	Students (3.5%)	TOTAL
KU	\$ 407,249	\$ 502,723	\$ 299,980	\$ 3,680,551	\$ 65,256	\$ 4,955,759
KUMC-Education*	308,853	220,746	219,523	1,931,570	16,779	2,697,471
KSU	306,646	297,264	213,283	2,368,076	55,727	3,240,996
KSU-ESARP	114,006	118,974	75,109	1,023,643	9,954	1,341,686
KSU-Salina	13,373	11,307	8,060	105,967	1,755	140,462
KSU-Vet.Med.	45,859	62,903	34,939	246,904	5,317	395,922
WSU	155,078	199,403	126,460	1,449,265	47,200	1,977,406
ESU	105,125	86,797	60,115	773,706	29,017	1,054,760
FHSU	75,017	88,836	55,515	650,049	35,392	904,809
PSU	96,703	89,098	62,972	707,320	28,523	984,616
Subtotal	\$ 1,627,909	\$ 1,678,051	\$ 1,155,956	\$ 12,937,051	\$ 294,920	\$ 17,693,887
KUMC - Hospital	1,305,838	237,298	146,568	1,868,907	10,388	3,568,999
TOTAL - General Use	\$ 2,933,747	\$ 1,915,349	\$ 1,302,524	\$ 14,805,958	\$ 305,308	\$ 21,262,886

3. Graduate Teaching Assistant (GTA) Salaries. In the Governor's FY 1996 recommendation, salaries for GTAs are limited by a proviso on the State General Fund operating account of each institution. The Governor's recommendation for FY 1996 increases the expenditure limitations by 3.5 percent in conjunction with the recommendation to increase unclassified and student salaries by that amount.

Subcommittee Recommendation. The Subcommittee recommends that the expenditure limits be reduced to eliminate the 3.5 percent increase at this time. We further recommend that this issue be reviewed during the Omnibus Session and that the limitations be adjusted to reflect legislative action on salaries.

4. Other Operating Expenditures. The Regents institutions request a 3.5 percent increase in general use funding for other operating expenditures (excluding utilities and GTA tuition payments) in FY 1996. The Governor recommends \$1.7 million for a 1.5 percent increase. Of the total recommended by the Governor, \$496,346 is at the University of Kansas Medical Center Hospital and is funded from hospital revenues.

OTHER OPERATING EXPENDITURES

<u>Institution</u>	<u>Governor's OOE Base</u>	<u>Agency Req. 3.5%</u>	<u>Governor's Rec. 1.5%</u>
KU	\$ 20,956,343	\$ 733,472	\$ 314,345
KUMC-Education	12,426,681	434,934	186,400
KSU	12,111,889	423,916	181,678
KSU-ESARP	6,587,332	230,557	98,810
KSU-Salina	850,419	29,765	12,756
KSU-Vet. Med.	2,898,326	101,441	43,475
WSU	9,703,485	339,622	145,552
ESU	3,894,038	136,291	58,411
FHSU	3,838,222	134,338	57,573
PSU	3,999,568	139,985	59,994
Subtotal	<u>\$ 77,266,303</u>	<u>\$ 2,704,321</u>	<u>\$ 1,158,995</u>
KUMC - Hospital	33,083,517	1,157,923	496,346
TOTAL -- General Use	<u><u>\$ 110,349,820</u></u>	<u><u>\$ 3,862,244</u></u>	<u><u>\$ 1,655,341</u></u>

Subcommittee Recommendation. The Subcommittee concurs with the recommendations of the Governor.

5. Additional OOE for Libraries. The Regents institutions request an additional 4.5 percent OOE increase for libraries in FY 1996 (for a total of 8.0 percent). The Governor does not recommend funding.

Subcommittee Recommendation. The Subcommittee concurs with the recommendation of the Governor.

6. Enrollment Adjustments. Enrollment adjustments are permanent adjustments (increases or decreases) to institutional base budgets, designed to reflect the impact of a change in student credit hours on the cost of operating an institution. Based on Fall enrollments, the Regents request \$287,751 and 4.5 FTE for enrollment adjustments for the two qualifying campuses: \$36,293 and 1.0 FTE at KSU -- Salina, College of Technology; and \$251,458 and 3.5 FTE at Emporia State University. The Governor concurs with the request.

Subcommittee Recommendation. The Subcommittee concurs with the recommendation of the Governor.

7. Servicing New Buildings. The Regents institutions request \$1.4 million in FY 1996 for servicing new buildings, based upon a formula which calls for: staff of 1.0 FTE position for every 10,500 gross square feet of new space; OOE at \$.48 per gross square foot (based on a systemwide average rate); and utilities based on the type and intended use of the new facility. The Governor recommends \$1,322,438 and 29.6 FTE for servicing new buildings in FY 1996. The recommendation reflects revised estimates of building opening dates based on current construction schedules. The following table summarizes the Regents request and Governor's recommendation:

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Servicing New Buildings

Institution	Request FY 1996	FTE Positions	No. of Months Funding Req. FY 1996	Gov. Rec.	
				FY 1996	FTE Positions
KU					
Bioscience Building	\$ 107,081	4.6	8	\$ 87,015	4.6
Hoch Auditorium*	250,250	--	12	250,250	0.0
Bales Recital Hall (Lied)	6,440	0.0	12	5,215	0.0
Dyche Hall Addition	42,900	1.0	12	42,730	1.0
Sunflower Facility	4,838	0.0	12	4,838	0.0
Watkins Health Center*	15,247	0.0	6	0	0.0
Subtotal	<u>\$ 426,756</u>	<u>5.6</u>		<u>\$ 390,048</u>	<u>5.6</u>
KUMC					
Women's Research Center	\$ 81,042	3.1	7	\$ 34,560	3.1
Treasury Building	159,591	7.1	6	158,987	7.1
Subtotal	<u>\$ 240,633</u>	<u>10.2</u>		<u>\$ 193,547</u>	<u>10.2</u>
KSU					
Peters Recreation Center	\$ 220,122	7.3	12	\$ 218,881	7.3
Farrell Library *	83,887	0.0	12	83,887	0.0
Beach Art Museum	76,347	2.0	12	29,373	2.0
Other	4,734			0	0.0
Walker Building **	\$ 0	0.0	0	40,890	1.0
Subtotal	<u>\$ 385,090</u>	<u>9.3</u>		<u>\$ 373,031</u>	<u>10.3</u>
WSU					
Elliot Communication Bldg.	\$ 83,419	0.0	12	\$ 83,334	0.0
ESU					
Morse Hall South	\$ 71,135	2.1	12	\$ 70,795	2.1
Morse Hall Southeast	47,732	1.4	12	47,514	1.4
Subtotal	<u>\$ 118,867</u>	<u>3.5</u>		<u>\$ 118,309</u>	<u>3.5</u>
FHSU					
Physical Science Building	\$ 164,509	0.0	12	\$ 164,169	0.0
TOTAL	<u><u>\$ 1,419,274</u></u>	<u><u>28.6</u></u>		<u><u>\$ 1,322,438</u></u>	<u><u>29.6</u></u>

* Construction utilities only requested

** KSU requests supplemental funding of \$40,160 and 1.0 FTE in FY 1995 for the Walker Building, to be used as a Manufacturing Learning Center. The Governor recommends no FY 1995 funding.

Subcommittee Recommendation. The Subcommittee concurs with the recommendations of the Governor.

8. Systemwide Regents Library Proposal. The Regents request \$1,063,000 in FY 1996 for the second phase of a systemwide library proposal, the total cost of which is estimated to total \$3.5 million. The 1994 Legislature appropriated \$775,900 for the first phase -- systemwide connectivity, which is estimated to require three years to complete. The request for an additional \$1.1 million in FY 1996 will fund electronic database acquisition. The Governor concurs with the Regents request and reallocates funding from the first phase between the Regents institutions based on the systemwide library proposal.

FY 1996 Regents Library Proposal				
Institution	Phase I Systemwide Connectivity	Phase II Database Acquisition	Total	Increase from FY 1995
University of Kansas	\$ 215,000	\$ 318,000	\$ 533,000	\$ 220,000
Kansas State University	100,900	272,000	372,900	186,000
Wichita State University	160,000	84,000	244,000	168,000
Emporia State University	50,000	100,000	150,000	100,000
Pittsburg State University	100,000	88,000	188,000	138,000
Fort Hays State University	100,000	77,000	177,000	127,000
University of Kansas Medical Center	50,000	124,000	174,000	124,000
TOTAL	\$ 775,900	\$ 1,063,000	\$ 1,838,900	\$ 1,063,000

Subcommittee Recommendation. The Subcommittee concurs with the recommendations of the Governor for FY 1996.

9. General Fees Fund (Tuition) Estimates. The Governor's recommendations for expenditures from tuition receipts in FY 1996 use fee estimates based on current enrollment levels. As a result, expenditures from tuition receipts in FY 1996 are \$5,759,874 lower than what had been previously estimated and expenditures from the State General Fund exceed previous estimates by that same level.

Subcommittee Recommendation. The Subcommittee concurs with the recommendations of the Governor. As is customary, the availability of general fees fund (tuition) revenues to finance the operating budgets of the Regents institutions will be reviewed again during the Omnibus Session when Spring enrollment data are available. 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. Conversely, tuition revenues in excess of the amount necessary to fund the approved budget are generally used to offset State General Fund financing. The Subcommittee anticipates a Governor's Budget Amendment prior to the Omnibus Session addressing any financing adjustments based on the Spring tuition estimates.

10. Tuition Policy and Tuition-Funded Expenditures. K.S.A. 76-719 grants the Board of Regents authority to set student tuition, fees, and charges at the institutions under its control. Although

the Legislature has granted this direct authority to the Board, the Legislature reviews tuition rates and revenues, and periodically gives general, and at times very specific, policy recommendations to the Board regarding tuition. Tuition receipts are credited to the General Fees Fund of the University where the tuition is collected. The Board of Regents has approved tuition rates at the following levels of increase for FY 1996:

Approved Tuition Increases		
	<u>Resident Increase</u>	<u>Non-Resident Increase</u>
KU, KSU	7.0%	7.0%
WSU	5.0%	7.0%
ESU, PSU, FHSU	3.0%	7.0%

Of the 7 percent resident tuition increase at KU and KSU, 2 percent is considered a tuition surcharge, to be used for the purchase of equipment. The Board of Regents based this additional tuition on the fact that both tuition and expenditures are below those of designated peer institutions. The Governor's FY 1996 budget includes expenditures of \$1.0 million at KU and KSU financed from this tuition surcharge.

The Board of Regents also adopted several other items affecting tuition policy, including: a program of tuition waivers for national merit and national achievement scholars; supplemental tuition of \$85 per credit hour for students in the Pharmacy Doctorate program at KU beginning in FY 1996; an increase from \$30 to \$40 per credit hour in the supplemental tuition charged to law students at KU; and nonresident tuition waivers at PSU for selected students from nine contiguous Oklahoma and Missouri counties. The Governor's FY 1996 budget includes expenditures of \$0.3 million from the supplemental law and pharmacy tuition at KU. No State General Fund dollars are recommended to replace fee revenue that would not be realized if tuition waivers are granted to national merit and national achievement scholars, or to students from Missouri and Oklahoma counties contiguous to PSU. The Governor's fee estimates assume no loss in tuition revenues.

Subcommittee Recommendation. The Subcommittee concurs with the recommendations of the Governor and makes no changes to the recommended levels of expenditure from tuition revenues.

11. FY 1995 and FY 1996 Utility Adjustments. By practice, the Legislature appropriates utilities as a separate line-item appropriation and reviews utility expenditures during the Session to make any necessary adjustments to the approved budget for the current year and the recommendation for the budget year. The Subcommittee makes no adjustments to the recommended levels for utility expenditures at this time, but notes that utilities will be reviewed later in the Session when actual experience for a greater portion of the fiscal year is complete. The following table summarizes utility expenditures for the the institutions, based on the Governor's recommendation.

Regents Institutions -- Utilities					
Institution	Actual FY 1994	Agency Est. FY 95	Gov. Rec. FY 1995	Agency Req. FY 96	Gov. Rec. FY 1996
KU	\$ 5,881,040	\$ 5,634,086	\$ 5,634,086	\$ 5,952,712	\$ 5,937,465
KUMC-Education	5,701,578	5,140,739	5,140,739	5,243,851	5,224,003
KSU*	6,924,831	6,775,887	6,765,887	6,917,561	6,906,212
KSU-Salina	203,381	178,834	178,834	178,834	178,834
WSU	3,549,531	3,255,576	3,255,576	3,292,941	3,292,941
ESU	786,612	715,631	715,631	744,851	744,851
FHSU	931,636	939,967	939,967	1,003,717	1,003,717
PSU	1,081,372	1,021,274	1,021,274	1,021,274	1,021,274
TOTAL	\$ 25,059,981	\$ 23,661,994	\$ 23,651,994	\$ 24,355,741	\$ 24,309,297






* Beginning in FY 1994, utility expenditures for KSU-ESARP and KSU-Vet. Med. are appropriated in the KSU main campus budget.

12. Midwest Student Exchange Program. The Subcommittee received information regarding the Midwest Student Exchange Program (MSEP) of the Midwest Higher Education Commission. For students from participating states, the program allows reciprocity at the associate, baccalaureate and graduate levels at regular in-state tuition rates, plus 50 percent. Individual institutions in each state determine which programs will be made available to students from other participating states. In Kansas, institutions are making varying uses of the program. At Pittsburg, it is estimated that \$230,650 in tuition will be waived for students from other states in FY 1996. By contrast, Kansas State University estimates no waiver of tuition. At the current time, institutions are absorbing any fees waived and the tuition waived is assumed to be available to fund the institution's operating budget. The Subcommittee heard a proposal that would exclude MSEP students from budgetary calculations for enrollment and fee purposes. The Subcommittee believes it is premature to make any recommendations to modify the current budgeting practice, but recommends that this program be reviewed during the interim. At the current time, only 49 students from Kansas are enrolled in the MSEP program and attending institutions in other states, while 147 students from other states are enrolled at Kansas institutions. The Subcommittee believes it is important to encourage participation both ways, so that students from Kansas attending schools in other states are also afforded this benefit.

13. Regents Budgeting. The Subcommittee discussed the current way in which funding for Regents institutions is considered. The Subcommittee supports fundamental changes based on the premise of greater flexibility and management authority at the institutional and Board level. The Subcommittee would note for the full Committee that the Board is currently discussing such changes with the Governor, including adjustments in the way in which tuition funding is handled. The Subcommittee would further note that it intends to introduce a bill shortly in order to begin discussion this Session on these new budgeting concepts. The Subcommittee further believes that this may also be an appropriate topic for a summer interim, since the Board will have progressed on its proposal by that time.

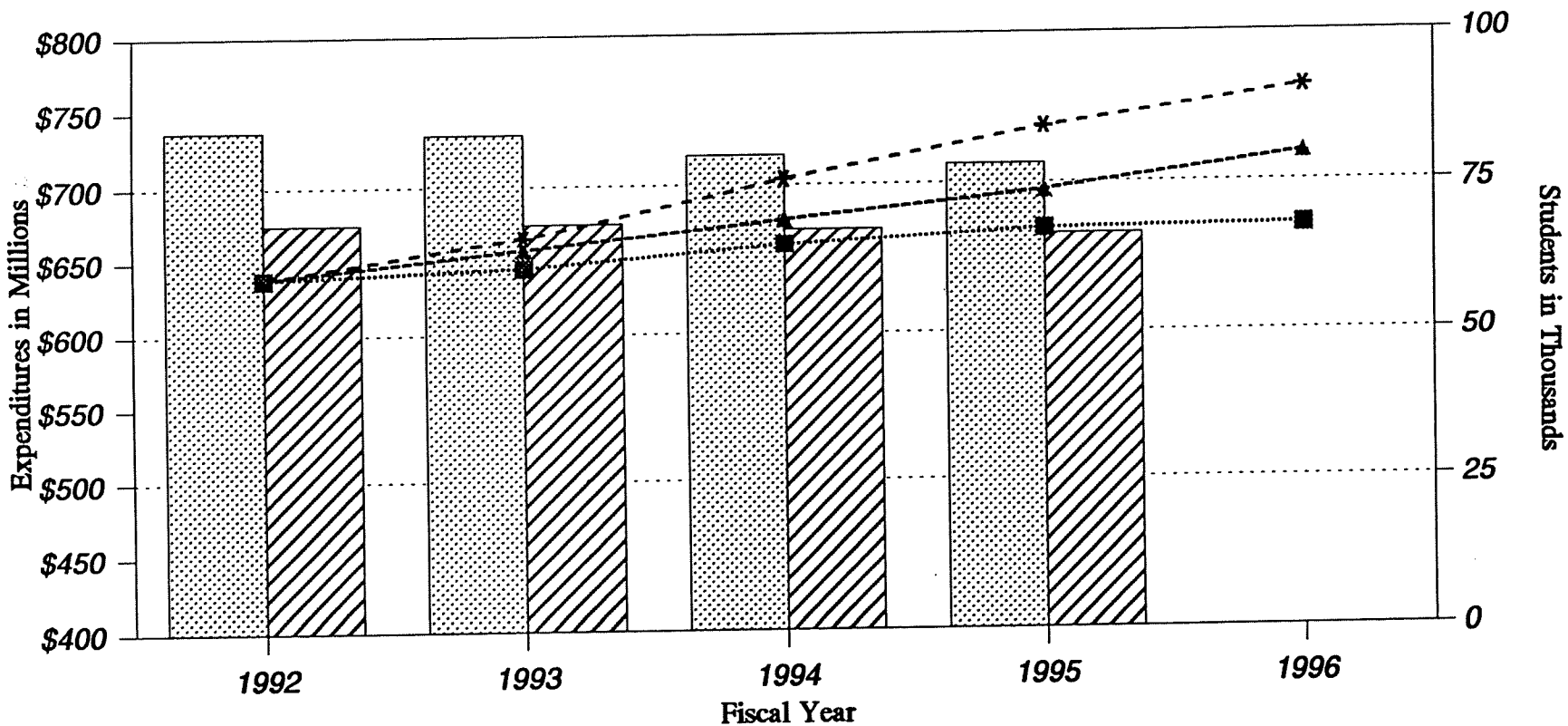
Regents System Enrollment and Expenditures

FY 1992 - FY 1996

-  Headcounts
-  FTE Students
-  General Use
-  Expenditures Adjusted for CPI-U
-  Expenditures Adjusted for Inflation Index for College and University Operations

94
2.7%

95
3.4%



Attachment 2
 Appropriations Code
 2/17/95

Kansas Legislative Research Department

February 6, 1995 c:\dp\table1a.wpg

Kansas Legislative Research Department

\$13.0 million SGF Reduction Spread According to % of FY 1996 SGF in Governor's Recommendation

	SGF	% of Total	Reduction
University of Kansas	110,501,520	23.4%	3,042,000
KUMC	81,779,526	17.3%	2,249,000
Kansas State	81,042,701	17.1%	2,223,000
KSU - Extension	39,821,610	8.4%	1,092,000
KSU - Salina	4,535,904	1.0%	130,000
KSU - Vet Med	8,286,646	1.8%	234,000
Wichita State	52,655,691	11.1%	1,443,000
Emporia State	24,026,190	5.1%	663,000
Fort Hays State	25,428,587	5.4%	702,000
Pittsburg State	25,537,916	5.4%	702,000
Board of Regents	18,962,275	4.0%	520,000
Total	472,578,566	100.0%	13,000,000

2/17/95
Appropriation Unit
Attachment 3