

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson August Bogina at 11:00 a.m. on March 14, 1995 in Room 123-S of the Capitol.

All members were present except: Senator Moran, who was excused

Committee staff present: Alan Conroy, Legislative Research Department
Laura Howard, Legislative Research Department
Russell Mills, Legislative Research Department
Pat Mah, Legislative Research Department
Norman Furse, Revisor of Statutes
Michael Corrigan, Revisor of Statutes
Judy Bromich, Administrative Assistant
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

Senator Vancrum moved, Senator Kerr seconded, that bill draft 5 RS 1184 as requested by Senator Vancrum and bill draft 5 RS 1222 as requested by the Department of Administration be introduced. The motion carried on a voice vote.

HB 2085 **Appropriations for FY 96, legislative agencies, governor's department, lieutenant governor, attorney general, secretary of state, state treasurer, insurance department**

Secretary of State (Attachment 1) -- Senator Lawrence presented the FY 95 and FY 96 subcommittee reports. In answer to a question, it was stated that the subcommittee postponed funding of the presidential preference primary (Item 3, Attachment 1-5) because it was not included in the Governor's recommendations and because there is a bill in the House to discontinue that practice. Senator Brady moved, Senator Kerr seconded that the FY 96 subcommittee report be amended to include \$1.5 million (SGF) to fund the presidential preference primary. It was noted that it has been the policy of the Committee to fund current law. The motion carried on a voice vote.

It was moved by Senator Lawrence and seconded by Senator Morris that the FY 95 subcommittee report and the FY 96 subcommittee report as amended be adopted. The motion carried on a voice vote.

Legislature (Attachment 2) -- Senator Rock reviewed the FY 95 and FY 96 subcommittee reports. Members discussed at length whether there was justification for the \$2500 limit on expenditures for nonapproved items (page 2, line 31, HB 2085). Senator Karr, a member of the Legislative Coordinating Council, stated that the Council had no problems dealing with the language during the last year, and noted that it was his opinion that the tone of the Legislature is that the members want some check on large expenditures that might occur out of the Legislature's budget.

Senator Salisbury inquired whether monies were appropriated to fund the LCC's contract with the telecommunications consultant. Staff noted that there were two items concerning the telecommunications consultant:

- 1) \$89,612 for operating expenditures for the Telecommunications Strategic Planning Committee
- 2) \$104,000 grant approved by the LCC in December, 1994 for a telecommunications consultant

Staff told members that both items were authorized but no appropriation was made. Out of the overall Legislature's single general fund line item, a source could be dedicated to fund these two items. Senator Karr expressed his belief that the monies to fund these items would come from the general pool of money and that there would not be a line item for telecommunications, though the Legislature might experience difficulty

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on March 14, 1995.

paying all the FY 95 bills. In answer to the Chairman, it was stated that the Legislature's anticipated carryover is \$22,000. However, the Legislature had initially requested a \$300,000 FY 95 supplemental. The actual expenditure for computerization of the Revisors' Office and the Research Department is \$80,000 rather than the estimated cost of \$500,000, and those dollars have been expended from the Legislature's general budget. Staff noted that the bottom line is the length of the 1996 legislative session. Senator Rock stated that the subcommittee had not reviewed computerization, but had considered adding monies for additional legislative days but decided not to do so.

Senator Morris moved, Senator Rock seconded, that the FY 95 subcommittee report for the Legislature be amended by adding \$74,398 from the SGF for computerization of the Legislature. The motion carried on a voice vote.

In answer to Senator Petty, it was stated that the \$449,772 budgeted for the operating expenditures of the LCC (page 1, line 33 of **HB 2085**) is primarily for fulltime staff of Legislative Administrative Services and that approximately \$19,000 of that amount is spent on LCC Board meetings.

Senator Rock moved, Senator Morris seconded, that the FY 95 subcommittee report as amended and the FY 96 subcommittee report for the Legislature be adopted. The motion carried on a voice vote.

Senator Karr pointed out that he had inquired about funding of the Lieutenant Governor position in situations wherein the Lt. Governor serves as secretary of another agency. He told members that it is his understanding that half of the Lt. Governor's salary is paid from the Lt. Governor's budget and the balance of the secretarial salary (minus the \$10,000) is paid by the Department. Any unexpended salaries within the Lt. Governor's budget would be reappropriated the following year.

Senator Rock moved, Senator Morris seconded, that the FY 95 and FY 96 subcommittee reports for the Lieutenant Governor, Division of Post Audit, Legislative Coordinating Council, Legislative Research Department, and the Revisors' Office be adopted (These subcommittee reports were presented on March 13). The motion carried on a voice vote.

Senator Rock moved, Senator Lawrence seconded, that **HB 2085** as amended be recommended favorable for passage. The motion carried on a roll call vote.

HB 2236 **Appropriations for FY 96, for state board of regents and higher education institutions**

Senator Bogina presented the FY 95 and FY 96 subcommittee report on the Regents' systemwide issues (**Attachment 3**). He told members that the subcommittee based their recommendations on the Governor's recommendations.

Senator Petty commended Emporia State University on its efforts to reduce utility costs and supported the concept of providing an incentive for other institutions to do likewise. Members discussed a past policy of returning savings. Senator Kerr suggested using a three year average excluding new buildings and allowing institutions to retain half of the savings realized or using the institution's operating fund for increased utility costs. Senator Kerr moved, Senator Petty seconded, that the FY 96 subcommittee report be conceptually amended by requesting an interim study on incentive plans for utility savings at the regents' institutions. The motion carried on a voice vote.

Senator Petty expressed concern about violence on the campuses of regents' institutions and stated that she believed that liability is not tracked through the regents' budget. Senator Petty moved, Senator Brady seconded, that the subcommittee report be amended by requesting an interim study on violence on the campus of regents' institutions and on ways to encourage the regents' institutions to develop risk management systems.

Senator Karr moved, Senator Vancrum seconded, that the FY 95 subcommittee report and the FY 96 subcommittee report as amended on regents' systemwide issues be adopted. The motion carried on a voice vote.

The next meeting is scheduled for March 15, 1995.

SUBCOMMITTEE REPORT

Agency: Secretary of State

Bill No. --

Bill Sec. --

Analyst: Pierron

Analysis Pg. No. 242

Budget Page No. 455

<u>Expenditure Summary</u>	<u>Agency Estimate FY 95</u>	<u>Governor's Recommendation FY 95</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,491,446	\$ 1,485,548	\$ 0
Other Special Revenue Funds	1,087,684	1,085,932	0
TOTAL	<u><u>\$ 2,579,130</u></u>	<u><u>\$ 2,571,480</u></u>	<u><u>\$ 0</u></u>
FTE Positions	60.0	60.0	0.0
Special Project Appointments	0.0	0.0	0.0
TOTAL	<u><u>60.0</u></u>	<u><u>60.0</u></u>	<u><u>0.0</u></u>

Agency Estimate/Governor's Recommendation

The agency estimates FY 1995 expenditures of \$2,579,130, a reduction of \$185,031 from the amount approved by the 1994 Legislature as adjusted by State Finance Council action. The reductions are in the area of salaries and wages (\$168,602), contractual services (\$21,152) and commodities (\$3,314). The reductions are offset by an increase in capital outlay of \$8,037. The agency's FY 1995 revised estimate from the State General Fund totals \$1,491,446, an increase of \$2,475 from the amount approved by the 1994 Legislature. No State General Fund supplemental appropriation is necessary to cover the additional expenditures since the agency has available State General Fund monies of \$29,194 due to underspending in FY 1994. Special revenue fund expenditures are estimated at \$1,087,684 for FY 1995, a reduction of \$187,506 from the amount approved. For FY 1995 the Governor recommends total operating expenditures of \$2,571,480 or \$7,650 less than the agency requested. The Governor adjusts health insurance rates downward in the current year.

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendation of the Governor.

House Committee Recommendation

The House Committee concurs with the recommendation of the House Subcommittee.

*SWAM
March 14, 1995
Attachment 1*

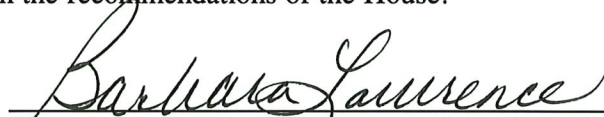
House Committee of the Whole Recommendation

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


<u>Expenditure Summary</u>	<u>House Adj. FY 95</u>	<u>House Rec. FY 95</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 0	\$ 1,485,548	\$ 0
Other Special Revenue Funds	0	1,085,932	0
TOTAL	<u>\$ 0</u>	<u>\$ 2,571,480</u>	<u>\$ 0</u>
FTE Positions	0.0	60.0	0.0
Special Project Appointments	0.0	0.0	0.0
TOTAL	<u>0.0</u>	<u>60.0</u>	<u>0.0</u>

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the House.



Senator Barbara Lawrence, Chair



Senator August Bogina, Jr.



Senator Marge Petty

SUBCOMMITTEE REPORT

Agency: Secretary of State **Bill No.** 2085 **Bill Sec.** 8
Analyst: Pierron **Analysis Pg. No.** 242 **Budget Page No.** 455

Expenditure Summary	Agency Request FY 96	Governor's Recommendation FY 96	House Subcommittee Adjustments
State Operations:			
State General Fund	\$ 1,495,219	\$ 1,490,775	\$ (29,576)
Special Revenue Funds	1,417,531	1,087,956	(22,601)
TOTAL	\$ 2,912,750	\$ 2,578,731	\$ (52,177)
 FTE Positions	 60.0	 60.0	 0.0

Agency Request/Governor's Recommendation

For FY 1996, the Secretary of State requests expenditures of \$2,912,750, an increase of \$333,620 over the revised FY 1995 estimate. The request includes funding of \$1,495,219 from the State General Fund (an increase of \$3,733 from the revised FY 1995 amount), and \$1,417,531 from special revenue funds (an increase of \$329,847 from the revised FY 1995 estimate). The agency's FY 1996 request also includes fee fund expenditures of \$337,000 for a UCC optical disk image system. Approximately \$63,000 in additional funding would also be required to implement this system.

For FY 1996, the Governor recommends a total of \$2,578,731, a decrease of \$334,019 below the amount requested by the agency. For FY 1996, the Governor recommends the funds to provide unclassified merit of 3.5 percent instead of 2.5 percent that the agency requested.

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendation of the Governor, with the following observations:

1. The Subcommittee notes that the agency did not request nor did the Governor recommend the estimated \$1.5 million State General Fund appropriation that would be necessary to implement the statutorily required Presidential Primary. The Subcommittee therefore recommends that the statute be repealed. If this action is not taken then funding for the Presidential Primary would need to be addressed in the Omnibus Session.

2. The Subcommittee has reviewed the agency request and the Governor's recommendation for an Optical Disc Imaging System and the agency's two fee funds that would be used to pay for the system. The Subcommittee notes that the agency has been requesting stages of this system since 1990, and continuing the policy of prior years, also agrees that the agency has amassed adequate funds to purchase this stage

of the system at this time. The tables below show the status of the fee funds after payment for the Optical Disc Imaging System:

	<u>FY 1991</u> <u>Actual</u>	<u>FY 1992</u> <u>Actual</u>	<u>FY 1993</u> <u>Actual</u>	<u>FY 1994</u> <u>Actual</u>	<u>FY 1995</u> <u>Revised</u>	<u>FY 1996</u> <u>Request</u>
Beginning Balance	\$ 66,203	\$ 3,843	\$ 16,951	\$ 20,138	\$ 89,987	\$ 172,975
Receipts	356,982	380,215	359,088	432,869	432,869	375,000
Expenditures	419,342	367,107	355,901	363,020	349,881	499,170
Balance Forward	\$ 3,843	\$ 16,951	\$ 20,138	\$ 89,987	\$ 172,975	\$ 48,805

	<u>FY 1991</u> <u>Actual</u>	<u>FY 1992</u> <u>Actual</u>	<u>FY 1993</u> <u>Actual</u>	<u>FY 1994</u> <u>Actual</u>	<u>FY 1995</u> <u>Revised</u>	<u>FY 1996</u> <u>Request</u>
Beginning Balance	\$ 58,858	\$ 31,018	\$ 62,818	\$ 28,330	\$ 76,736	\$ 147,582
Receipts	910,876	716,317	581,409	612,333	612,333	612,333
Expenditures	938,716	684,517	615,897	563,927	541,487	715,840
Balance Forward	\$ 31,018	\$ 62,818	\$ 28,330	\$ 76,736	\$ 147,582	\$ 44,075

3. The Subcommittee notes that it inquired as to the move of the agency offices and that the agency is progressing on this matter but that it will not be an issue in FY 1996.
4. The Subcommittee notes that it inquired as to the costs of the National Motor Voter Registration Act upon the State and counties. The agency provides the following information that explains and details those costs.

First-year estimated costs for the Secretary of State's Office are \$76,500. First-year estimated costs for counties are \$887,500. First-year estimated costs for other state agencies are \$631,251. These costs are detailed in the attached document provided by the Secretary of State's Office and are based upon the following assumptions:

- The state pays for first-year start up costs and continuing annual costs for affected state agencies.
- Each state agency budgets and secures funding for itself.
- The state pays for counties' first-year start up costs.
- The counties pay for the continuing annual costs attributed to increased registration, including postage, personnel, printing, and ballot preparation, among other administrative expenses.
- The plan is for a computerized, automated transfer of motor voter data.

5. Delete \$52,177 for unclassified merit pay; \$29,576 from the State General Fund and \$22,601 from other agency funds.

House Committee Recommendation

The House Committee concurred with the Subcommittee recommendations with the following amendment:

1. The Committee requests the Director of the Division of Budget perform a financial analysis examining the costs to the state and county government offices of the National Voter Registration Act were it implemented in Kansas. The Committee requests a copy of the financial analysis be submitted for attachment to this report and that a copy be given to the Ways and Means and Appropriations Committees as soon as possible.

House Committee of the Whole Recommendation

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

Expenditure Summary	House Adj. FY 96	House Rec. FY 96	Senate Subcommittee Adjustments
State Operations:			
State General Fund	\$ (29,576)	\$ 1,461,199	\$ 25,570
Special Revenue Funds	(22,601)	1,065,355	0
TOTAL	\$ (52,177)	\$ 2,526,554	\$ 25,570
 FTE Positions	 0.0	 60.0	 0.0

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the House with the following notations:

1. The Senate Subcommittee encourages the agency to fill its vacant FTE positions.
2. Add \$25,570 for publication of a proposal to amend the *Kansas Constitution* in the April, 1995 election. Kansas law requires the Secretary of State to publish proposed constitutional amendments in all 105 counties prior to the election.
3. The statutorily required presidential preference primary, which was inadvertently left out of the agency budget, should be addressed in the Omnibus Session.

Barbara Lawrence

Senator Barbara Lawrence
Subcommittee Chair

August Bogina, Jr.

Senator August Bogina, Jr.

Marge Petty

Senator Marge Petty

**SECRETARY OF STATE BUDGET
NATIONAL VOTER REGISTRATION ACT**

Printing	FEC Cards (75,000)	\$	42,000
	State Cards (100,000)		8,000
	Manuals		8,000
NCOA			12,500
Training/Travel			6,000
TOTAL		\$	<u>76,500</u>

**National Voter Registration Act of 1993
Budget Estimates
January 17, 1995**

	Implementation Costs	Annual Costs
County Costs		
State funding is sought for certain first-year costs associated with the electronic transfer of data to county election officers. No funding is being sought for county annual costs.		
a. PC Software Software to receive and process motor-voter data from DMV.	\$40,000	0
b. Computer/Communication Hardware PC/Modem/Laser printer/Communication software, installation and support. To process and print captured motor-voter data from DMV onto 5" x 8" cards at each of 105 locations.	\$367,500	0
c. PC Support on System 36/400 (Licensing fees) Software that resides on System 36 or 400 to allow communication with the PC. Fees vary depending on whether the county already has PC support software and how many users are licensed for PC support.	\$105,000	0
d. Computer programming to upload/download data between PC and System 36 or 400 Provides for the integration of captured DMV data into the current voter registration file. Each county will determine how to combine the records. Some will manually re-enter the data, however, most will want to acquire software that will automatically assign information such as ward and precinct, check for duplication and allow for edit screens.	\$200,000	0
e. File Cabinets To accommodate 5" x 8" cards for active records.	\$175,000	0
County Total	\$887,500	0

NOTE: State Agency Costs	\$707,751	\$759,283
Each state agency will prepare its own budget and request its own appropriations. The state estimates were provided in December of 1993. See exhibit attached.		

Office of the Secretary of State
 County Budget Estimate for
 National Voter Registration
 1/18/95

	File Cabinets	Computer Programming	PC Support	Grand Total
Allen	\$900.00	\$500.00	\$0.00	\$1,400.00
Anderson	\$150.00	\$400.00	\$900.00	\$1,450.00
Atchison	\$955.70	\$400.00	\$0.00	\$1,355.70
Barber	\$500.00	\$750.00	\$1,000.00	\$2,250.00
Barton	\$0.00	\$4,000.00	\$500.00	\$4,500.00
Bourbon	\$550.00	\$1,000.00	\$1,500.00	\$3,050.00
Brown	\$842.00	\$400.00	\$900.00	\$2,142.00
Butler	\$1,300.00	\$3,000.00	\$1,000.00	\$5,300.00
Chase	\$300.00	\$400.00	\$900.00	\$1,600.00
Chautauqua	\$500.00	\$400.00	\$900.00	\$1,800.00
Cherokee	\$450.00	\$800.00	\$500.00	\$1,750.00
Cheyenne	\$100.00	\$0.00	\$900.00	\$1,000.00
Clark	\$300.00	\$0.00	\$600.00	\$900.00
Clay	\$275.00	\$1,000.00	\$100.00	\$1,375.00
Cloud	\$500.00	\$0.00	\$600.00	\$1,100.00
Coffey	\$800.00	\$500.00	\$500.00	\$1,800.00
Comanche	\$120.00	\$0.00	\$240.00	\$360.00
Cowley	\$750.00	\$250.00	\$0.00	\$1,000.00
Crawford	\$0.00	\$800.00	\$0.00	\$800.00
Decatur	\$100.00	\$400.00	\$0.00	\$500.00
Dickinson	\$400.00	\$0.00	\$3,500.00	\$3,900.00
Doniphan	\$120.00	\$400.00	\$0.00	\$520.00
Douglas	\$150.00	\$0.00	\$0.00	\$150.00
Edwards	\$290.00	\$475.00	\$1,000.00	\$1,765.00
Elk	\$250.00	\$400.00	\$900.00	\$1,550.00
Ellis	\$3,200.00	\$2,000.00	\$0.00	\$5,200.00
Ellsworth	\$300.00	\$400.00	\$0.00	\$700.00
Finney	\$1,000.00	\$0.00	\$0.00	\$1,000.00
Ford	\$356.45	\$500.00	\$400.00	\$1,256.45
Franklin	\$800.00	\$400.00	\$900.00	\$2,100.00
Geary	\$500.00	\$400.00	\$0.00	\$900.00
Gove	\$140.00	\$750.00	\$2,000.00	\$2,890.00

	File Cabinets	Computer Programming	PC Support	Grand Total
Graham	\$250.00	\$1,000.00	\$0.00	\$1,250.00
Grant	\$500.00	\$0.00	\$0.00	\$500.00
Gray	\$303.80	\$0.00	\$0.00	\$303.80
Greely	\$350.00	\$400.00	\$900.00	\$1,650.00
Greenwood	\$420.00	\$2,000.00	\$1,000.00	\$3,420.00
Hamilton	\$200.00	\$0.00	\$0.00	\$200.00
Harper	\$150.00	\$1,200.00	\$0.00	\$1,350.00
Harvey				\$0.00
Haskell	\$350.00	\$0.00	\$0.00	\$350.00
Hodgeman	\$100.00	\$400.00	\$900.00	\$1,400.00
Jackson	\$300.00	\$400.00	\$0.00	\$700.00
Jefferson	\$955.70	\$0.00	\$1,370.00	\$2,325.70
Jewell	\$600.00	\$400.00	\$900.00	\$1,900.00
Johnson	\$36,000.00	\$0.00	\$0.00	\$36,000.00
Kearny	\$750.00	\$0.00	\$4,000.00	\$4,750.00
Kingman	\$189.00	\$3,000.00	\$500.00	\$3,689.00
Kiowa	\$43.99	\$400.00	\$0.00	\$443.99
Labette	\$4,000.00	\$600.00		\$4,600.00
Lane	\$0.00	\$150.00	\$554.00	\$704.00
Leavenworth	\$750.00	\$400.00	\$900.00	\$2,050.00
Lincoln	\$250.00	\$400.00	\$0.00	\$650.00
Linn	\$300.00	\$400.00	\$0.00	\$700.00
Logan	\$70.00	\$400.00	\$900.00	\$1,370.00
Lyon	\$2,000.00	\$600.00	\$0.00	\$2,600.00
Marion	\$0.00	\$1,500.00	\$2,500.00	\$4,000.00
Marshall	\$604.50	\$400.00	\$0.00	\$1,004.50
McPherson	\$800.00	\$400.00	\$0.00	\$1,200.00
Meade	\$150.00	\$400.00	\$900.00	\$1,450.00
Miami	\$2,000.00	\$3,700.00	\$0.00	\$5,700.00
Mitchell	\$0.00	\$1,000.00	\$0.00	\$1,000.00
Montgomery	\$5,500.00	\$0.00	\$0.00	\$5,500.00
Morris	\$0.00	\$0.00	\$0.00	\$0.00
Morton	\$500.00	\$600.00	\$0.00	\$1,100.00
Nemaha	\$225.00	\$400.00	\$1,900.00	\$2,525.00
Neosho	\$956.00	\$400.00	\$900.00	\$2,256.00
Ness	\$100.00	\$750.00	\$0.00	\$850.00
Norton	\$274.00	\$750.00	\$0.00	\$1,024.00

	File Cabinets	Computer Programming	PC Support	Grand Total
Osage	\$800.00	\$1,000.00	\$1,500.00	\$3,300.00
Osborne	\$600.00	\$400.00	\$0.00	\$1,000.00
Ottawa	\$150.00	\$1,000.00	\$0.00	\$1,150.00
Pawnee	\$700.00	\$1,000.00	\$0.00	\$1,700.00
Phillips	\$0.00	\$400.00	\$0.00	\$400.00
Pottawatomie	\$500.00	\$2,000.00	\$500.00	\$3,000.00
Pratt	\$600.00	\$400.00	\$0.00	\$1,000.00
Rawlins	\$850.00	\$0.00	\$500.00	\$1,350.00
Reno				\$0.00
Republic	\$100.00	\$500.00	\$0.00	\$600.00
Rice	\$250.00	\$750.00	\$1,000.00	\$2,000.00
Riley	\$660.00	\$400.00	\$0.00	\$1,060.00
Rooks	\$750.00	\$750.00	\$1,000.00	\$2,500.00
Rush	\$1,600.00	\$1,000.00	\$0.00	\$2,600.00
Russell	\$0.00	\$0.00	\$2,000.00	\$2,000.00
Saline	\$0.00	\$0.00	\$0.00	\$0.00
Scott	\$50.00	\$400.00	\$0.00	\$450.00
Sedgwick	\$46,800.00	\$116,500.00	\$43,700.00	\$207,000.00
Seward	\$206.00	\$400.00	\$0.00	\$606.00
Shawnee	\$18,000.00	\$7,000.00	\$0.00	\$25,000.00
Sheridan	\$85.00	\$400.00	\$0.00	\$485.00
Sherman	\$69.00	\$400.00	\$900.00	\$1,369.00
Smith	\$1,000.00	\$750.00	\$1,000.00	\$2,750.00
Stafford	\$0.00	\$750.00	\$1,000.00	\$1,750.00
Stanton	\$300.00	\$0.00	\$0.00	\$300.00
Stevens	\$250.00	\$0.00	\$0.00	\$250.00
Sumner	\$1,000.00	\$4,000.00	\$1,000.00	\$6,000.00
Thomas	\$220.00	\$500.00	\$500.00	\$1,220.00
Trego	\$205.35	\$400.00	\$0.00	\$605.35
Wabaunsee	\$0.00	\$400.00	\$900.00	\$1,300.00
Wallace	\$500.00	\$400.00	\$900.00	\$1,800.00
Washington	\$275.00	\$1,000.00	\$150.00	\$1,425.00
Wichita	\$55.00	\$400.00	\$0.00	\$455.00
Wilson	\$400.00	\$400.00	\$0.00	\$800.00
Woodson	\$50.00	\$400.00	\$0.00	\$450.00
Wyandotte	\$20,000.00	\$10,000.00	\$10,000.00	\$40,000.00
TOTAL	\$173,866.49	\$197,275.00	\$104,414.00	\$475,555.49

Figures provided by counties to the Secretary of State's Office, November 1994 - January 1995.

Office of the Secretary of State
 NVRA Advisory Panel
 Implementation Estimates
 Estimates provided in December of 1993

Agency	Date	Estimate	Annual
KS. House of Rep. Office of Minority Leader	12/15/93	\$0	\$0
KS. Human Rights Commission	12/15/93	\$101,188	\$92,345
KS. Division of the Budget		NR	NR
Sedgwick County Election Commissioner		NR	NR
KS. Department of Health & Environment	11/29/93	\$0	\$0
KS. Department of Human Resources	11/29/93	\$605	\$520
Office of Senator Robert Dole		NR	NR
KS. County Treasurers Association		NR	NR
U.S. Postal Service		NR	NR
KS. House of Representatives Office of the Speaker		NR	NR
KS. Senate, Office of the Minority Leader		NR	NR
Office of Senator Nancy Kassebaum		NR	NR
Office of Representative Jim Slattery		NR	NR
ADA State Coordinator	12/6/93	\$0	\$0
Kansas Department of Revenue	12/8/93	\$25,058	\$153,316
Division of Information Systems and Communications		NR	NR
Kansas Secretary of State	12/8/93	\$76,500	\$96,500
Social and Rehabilitation Services	12/27/93	\$449,900	\$383,387
Kansas Department on Aging	12/15/93	\$500	\$2,215
Kansas Senate Office of the President		NR	NR
County Treasurers	12/6/93	\$54,000	\$31,000
Advisory Panel Totals		\$707,751	\$759,283

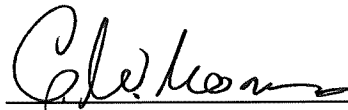
Rev 3/14/94

NR=No Response

SENATE SUBCOMMITTEE REPORT

FY 1995 and FY 1996

Legislature



Senator Jerry Moran
Subcommittee Chairperson



Senator Richard R. Rock

SWAM
March 14, 1995
Attachment 2

SUBCOMMITTEE REPORT

Agency: Legislature

Bill No. --

Bill Sec. --

Analyst: Conroy

Analysis Pg. No. 223

Budget Page No. 393

<u>Expenditure Summary</u>	<u>Agency Estimate FY 95</u>	<u>Governor's Recommendation FY 95</u>	<u>House Subcommittee Adjustments</u>
Operating Expenditures:			
All Funds	\$ 10,401,645	\$ 10,062,487	\$ --
State General Fund	9,892,418	9,553,260	--
FTE Positions	30.0	30.0	--
Special Project Appointments	0.0	0.0	--
TOTAL	<u>30.0</u>	<u>30.0</u>	<u>--</u>

Agency Estimate/Governor's Recommendation

The FY 1995 budget estimate for the Legislature as submitted with the approval of the Legislative Coordinating Council (LCC) is \$316,742 above the amount authorized by the 1994 Legislature. The agency requests a State General Fund supplemental request to finance increased expenditures. The 1994 Legislature did authorize, but did not specifically finance three items totaling \$623,300 in the approved FY 1995 budget for the agency. The three items include data processing improvements for the Legislative Research Department and the Revisor of Statutes Office (\$500,000); matching funds for developing a statewide telecommunications strategic plan (\$90,000); and the services of an executive secretary for the Health Care Reform Legislative Oversight Committee (\$33,300). The Governor for FY 1995 recommends a total of \$10,062,487 or \$339,158 less than the agency requested. The Governor does not recommend any supplemental State General Fund financing for the agency in the current year.

House Subcommittee Recommendation

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

1. The Subcommittee notes the agency did request a State General Fund supplemental appropriation of \$316,742, although the Governor did not recommend funding for it in the current year. The Subcommittee also notes that the 1994 Legislature did authorize, but did not specifically finance three items totaling \$623,300 in the approved FY 1995 budget for the agency. The three items include data processing improvements for the Legislative Research Department and the Revisor of Statutes Office (\$500,000); matching funds for developing a statewide telecommunications strategic plan (\$90,000), and services of an executive secretary for the Health Care Reform Legislative Oversight Committee (\$33,300). It appears that the data processing improvements will cost substantially less than the authorized amount.

However, given the multiple factors that could impact the Legislature's budget in the current year (length of the session, printing costs for the session, and how quickly interim meetings begin) the Subcommittee recommends that the Senate Ways and Means Subcommittee closely review the issue of whether or not any supplemental funding is warranted for this agency.

House Committee Recommendation

The House Committee concurs with the recommendations of the Subcommittee.

House Recommendation

The House concurs with the recommendations of the Committee.

<u>Expenditure Summary</u>	<u>House Adj. FY 95</u>	<u>House Rec. FY 95</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
All Funds	\$ --	\$ 10,062,487	\$ 134,542
State General Fund	--	9,553,260	134,542
FTE Positions	--	30.0	--
Special Project Appointments	--	--	--

Senate Subcommittee Recommendations

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

1. Add \$134,542 (State General Fund) as a result of a June 3, 1994 IRS ruling that resulted in increased required employer contributions for legislators for FICA, workers compensation, and the assessment for sick and annual leave upon retirement. The increase occurred because of the application of these contributions to the \$600 per month legislative allowance, to subsistence and mileage of legislators who live within 50 miles of the State Capitol building, and for other reimbursements for which no accounting is made. The \$134,542 represents payment on the FY 1994 amounts concerning the period January 1, 1994 to June 30, 1994 and an adjustment to the FY 1995 amount to reflect the effects of the IRS ruling.

SUBCOMMITTEE REPORT

Agency: Legislature

Bill No. 2085

Bill Sec. 3

Analyst: Conroy

Analysis Pg. No. 223

Budget Page No. 393

<u>Expenditure Summary</u>	<u>Agency Request FY 96</u>	<u>Governor's Recommendation FY 96</u>	<u>House Subcommittee Adjustments</u>
Operating Expenditures:			
All Funds	\$ 10,048,448	\$ 10,156,596	\$ (170,399)
State General Fund	9,919,848	10,027,996	(170,399)
FTE Positions	30.0	30.0	--
Special Project Appointments	0.0	0.0	--
TOTAL	<u>30.0</u>	<u>30.0</u>	<u>--</u>

Agency Request/Governor's Recommendation

The FY 1996 budget request for the Legislature as submitted by the LCC totals \$10,048,448, of which \$9,919,848 is from the State General Fund and \$128,600 is from special revenue funds. The Governor recommends a budget of \$10,156,596 for FY 1996, an increase of \$108,148 above the requested expenditures. The Governor's recommendation includes \$10,027,996 from the State General Fund and \$128,600 in special revenue funds.

House Subcommittee Recommendation

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

1. The Subcommittee notes the FY 1996 Governor's recommended all funds budget for this agency is a 0.9 percent increase, while the State General Fund recommended financing increases 5.0 percent. The large State General Fund increase reflects the expenditure from the Special Legislative Revenue Fund of \$509,227 in FY 1995 and \$128,600 in FY 1996.
2. Delete \$141,399 (State General Fund) based on the recommendation to delete funding for a 3.5 percent unclassified merit from individual agency budgets.
3. The Subcommittee does concur with the \$70,000 as requested by the agency and as recommended by the Governor for the U.S. Census Bureau's Block Boundary Suggestion Project. The project will provide Kansas with the opportunity to suggest census block boundaries that might be used as voting district (precinct) boundaries in the year 2000. Census blocks are the smallest geographic units for tabulation of the census. The effort is one, that if done correctly, can result in the Census Bureau being able to report to the state the 2000 population of those precincts which serve

as the building blocks of legislative and congressional districts. The Census Bureau would conduct the project in two phases, with the first beginning in FY 1996. Kansas participated with the U.S. Census Bureau in a similar project for the 1990 census.

4. The Subcommittee also concurs with the \$72,500 as requested by the agency and as recommended by the Governor for annual dues for the Council of State Governments. The Subcommittee notes that in the current year Kansas has paid only \$34,450 or one-half of the dues that were requested to be paid by the Council of State Governments.
5. Delete \$29,000 (State General Fund) for out-of-state travel. The reduction reflects the Legislature's proportional cut if all State General Fund expenditures as recommended by the Governor were reduced \$100 million. The Subcommittee does have concerns about the amount of funds (\$157,349) for dues to national organizations (National Conference of State Legislatures -- \$84,849 and Council of State Governments -- \$72,500) and the \$208,000 in the recommended budget for out-of-state subsistence and mileage for legislators, leadership staff, and chamber staff. The latter figure includes \$124,800 for the House and \$83,200 for the Senate. The FY 1995 amount for out-of-state includes \$200,000, of which \$120,000 is for the House and \$80,000 is for the Senate.
6. Add proviso language to the State General Fund appropriation and the Legislative Special Revenue Fund requiring the Legislative Coordinating Council to approve (by a majority vote of five members) any expenditure above \$2,500 for any non-routine expense. Similar language is currently in place on the agency's FY 1995 appropriations. The proviso would read as follows:

"That, when the legislature is not in session, expenditures shall be made from this account for Fiscal Year 1996 only upon approval pursuant to specific authorization of the Legislative Coordinating Council pursuant to the majority vote of five members of the Council, except that any approval for any such expenditure from this account for Fiscal Year 1996 relating solely to one house of the Legislature may be authorized by the unanimous vote of or other authorization by all members of the Legislative Coordinating Council who are members of such house of the Legislature: And provided further, That when the legislature is not in session, any expenditure from this account for Fiscal Year 1996 which is not in excess of \$2,500 may be approved by either the President of the Senate or the Speaker of the House of Representatives: And provided further, That in no case shall any such expenditures from this account for Fiscal Year 1996 that are authorized by law for expenses, allowances or payrolls for members, members-elect or employees of the Legislature or for expenses or allowances for nonlegislator members of certain committees, as provided in K.S.A. 46-1209, and amendments thereto, and any such expenditures from this account may be approved as provided in K.S.A. 46-137c, 46-153 or 46-1209, and amendments thereto, or

as otherwise specifically authorized by statute: And provided further, That expenditures may be made from this account, pursuant to vouchers approved by the chairperson vice-chairperson of the Legislative Coordinating Council, to pay compensation and travel expenses and subsistence expenses or allowances as authorized by K.S.A. 75-3213, and amendments thereto, for members and associate members of the Advisory Committee to the Kansas Commission on interstate Cooperation established under K.S.A. 46-407a, and amendments thereto, for attendance at meetings of the advisory committee which are authorized by the Legislative Coordinating Council, except that (1) the Legislative Coordinating Council may establish restrictions or limitations, or both, on travel expenses, subsistence expenses or allowances, or any combination thereof, paid to members and associate members of such advisory committee, and (2) any person who is an associate members of such advisory committee, by reason of such person having been accredited by the National Conference of Commissioners on Uniform State Laws as a life member of that organization, shall receive the same travel expenses and subsistence expenses for attendance at meetings of the advisory committee as a regular member, but shall receive no per diem compensation: And provided further, That expenditures may be made from this account in Fiscal Year 1996 for the following purposes may be made pursuant to vouchers approved by the Chairperson or the Vice-Chairperson of the Legislative Coordinating Council: (1) Payment for goods and services provided state agencies, (2) payment of dues and other expenses related to membership in national governmental organizations, (3) acquisition of printed material supplies, (4) acquisition of copy machine supplies and rental and lease purchase payments for copying machines, (5) payment for regular replacement of furniture for legislative offices and committee rooms, and (6) for any payment required to be made to comply with the provisions of the Kansas Prompt Payment Act which require payment by the 30th calendar day after the later of either the date of receipt of the goods or services of the date of the receipt of the bill thereto: Provided, That all such expenditures to comply with the Kansas Prompt Payment Act shall be reported to the Legislative Coordinating Council.”

The Subcommittee recommends introduction of a bill that would make statutory the preceding proviso language dealing with the required approval of the Legislative Coordinating Council before certain expenditures would be authorized.

7. The Subcommittee recommends that the special Kansas Public Employees Retirement System (KPERS) House Appropriations Subcommittee review the issue of the retirement program for legislative session-only employees and report back to the full Committee. The FY 1996 budget includes \$299,658 (State General Fund)

for the program. The current provisions of the retirement program provide a benefit of \$15 per month for each year of legislative session service, with a minimum requirement of ten years of service and attainment of age 65. There are presently 129 former and current, session-only legislative employees receiving retirement benefits. Once qualified employees reach age 65, they can elect to start receiving benefits and continue to work for the Legislature, if they so choose. There are 41 employees who worked last year and drew these benefits. The monthly benefits payments total \$24,105 for 129 who receive benefits, with an average individual monthly benefit of \$186.98. Since its inception ten years ago, this program has paid out \$1,262,353. It should be noted that the Director of Legislative Administrative Services testified before the Joint Committee on Pensions, Investments, and Benefits this last interim that the retirement program facilitates employee recruitment, especially for secretaries, and encourages employees to remain employed with the Legislature.

The Subcommittee suggests that the House Appropriations KPERS Subcommittee carefully examine the concept of requiring legislative session-only employees to work a minimum of 500 hours per session to qualify for the retirement program. Currently, file clerks who may work only two or three hours a day receive the same retirement benefit as secretaries or administrative assistants who work at least eight hours a day. In addition, the Subcommittee suggests that legislative session-only employees should not be allowed to continue to work for the Legislature once they begin drawing their retirement benefits under the retirement program. The Subcommittee would also note that the Joint Committee on Pensions, Investments, and Benefits has requested information to change this program to a prefunded or actuarially sound retirement program that would require that the employees contribute four percent of their gross salaries, as regular KPERS members contribute to their own retirement benefits. The Subcommittee suggests the House Appropriations KPERS Subcommittee review any final recommendations that the Joint Committee on Pensions, Investments, and Benefits might make at their next meeting, which is scheduled for February 23, 1995.

8. The agency should be encouraged to develop performance information that could be included within the FY 1997 budget request.

House Committee Recommendation

The House Committee concurs with the recommendations of the Subcommittee with the following adjustments:

1. Delete \$157,349 (State General Fund) for the entire dues payments in FY 1996 to the National Conference of State Legislatures (\$84,849) and the Council of State Governments (\$72,500).
2. Delete \$14,000 (State General Fund) for out-of-state travel for legislators, leaving a total of \$165,000 in FY 1996. In addition, the Committee recommends a proviso that would limit expenditures for each individual legislator to no more than \$1,000

in out-of-state travel. The current out-of-state travel requirements imposed by the Legislative Coordinating Council would continue (*i.e.*, specific LCC approval, reports prepared by the members on the meeting they attended, etc.). The proviso would prohibit any expenditures for out-of-state travel from the Legislative Special Revenue Fund.

House Recommendations

The House concurs with the recommendations of the Committee with the following adjustments:

1. Add a proviso which would authorize the LCC to fix, charge, and collect a special claims fee for each special claim filed with the Joint Committee on Special Claims Against the State. The fee would be fixed at a rate to recover all or a part of the operating expenses incurred for the operations (including staff services) of the Joint Committee on Special Claims Against the State.
2. Add \$84,849 (State General Fund) for dues to the National Conference of State Legislatures (NCSL).
3. Delete the proviso language that limited individual legislators to \$1,000 for out-of-state travel financed from the State General Fund.
4. Delete \$39,000 (State General Fund) for out-of-state travel. The action leaves a total of \$126,000 for out-of-state travel in FY 1996.

House Recommendation

The House concurs with the recommendations of the Committee.


<u>Expenditure Summary</u>	<u>House Adj. FY 96</u>	<u>House Rec. FY 96</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
All Funds	\$ (295,899)	\$ 9,860,697	\$ 146,500
State General Fund	(295,899)	9,732,097	146,500
FTE Positions	--	30.0	--
Special Project Appointments	--	--	--

Senate Subcommittee Recommendations

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

1. Delete the proviso that prohibited expenditures for out-of-state travel from the Legislative Special Revenue Fund. The House ultimately removed a dollar limitation on State General Fund expenditures for out-of-state travel, but did not remove the prohibition on out-of-state travel from the Legislative Special Revenue Fund.
2. Add \$72,500 (State General Fund) for dues to the Council of State Governments (CSG). The Subcommittee notes that CSG provides valuable information to members and staff and that Kansas' membership in the organization should continue.
3. Delete the proviso that authorized the Legislative Coordinating Council to fix, charge, and collect a special claims fee for each special claim filed with the Joint Committee on Special Claims Against the State.
4. Add \$74,000 (State General Fund) for out-of-state travel. The additional amount would bring the total for out-of-state travel to \$200,000 in FY 1996, the same amount as in FY 1995. In addition, the Subcommittee notes that the \$200,000 is \$8,000 less than the Governor recommended.

**REGENTS SYSTEMWIDE ISSUES
FY 1995 - FY 1996**



Senator August Bogina, Jr., Chair



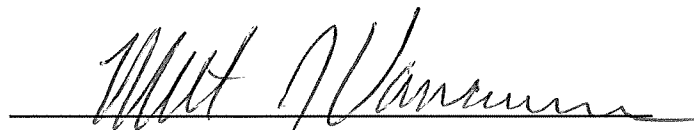
Senator Dave Kerr



Senator Gerald Karr



Senator Richard Rock



Senator Robert Vancrum

SWAM
March 14, 1995
Attachment 3

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 Estimate 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	\$ 738,910,919	\$ 737,055,250	\$ 0
Restricted Use Funds	382,488,166	382,560,457	0
TOTAL -- Oper. Exp.	\$ 1,121,399,085	\$ 1,119,615,707	\$ 0
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.	\$ 89,472,997	\$ 89,469,938	\$ 0
 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	17,852.6	17,851.6	0.0
 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.

House Committee Recommendation

The House Committee concurs with the recommendations of the Subcommittee.

House Committee of the Whole Recommendation

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

<u>Expenditure Summary</u>	<u>House Adj. FY 95</u>	<u>House Rec. FY 95</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 0	\$ 432,030,621	\$ 1,805,851
General Fees Fund	0	162,041,575	(1,805,851)
Hospital Revenue Fund	0	111,222,025	0
Federal Land Grant Funds	0	7,531,508	0
EDIF	0	3,374,473	0
Other Funds	0	20,855,048	0
Subtotal General Use	<u>\$ 0</u>	<u>\$ 737,055,250</u>	<u>\$ 0</u>
Restricted Use Funds	0	382,560,457	0
TOTAL -- Oper. Exp.	<u><u>\$ 0</u></u>	<u><u>\$ 1,119,615,707</u></u>	<u><u>\$ 0</u></u>
Capital Improvements:			
State General Fund	\$ 0	\$ 189,446	\$ 0
Hospital Revenue Fund	0	1,430,176	0
Educational Building Fund	0	23,314,462	0
Special Cap. Impr. Fund	0	29,624,460	0
Other Funds	0	34,911,394	0
TOTAL -- Cap. Impr.	<u>\$ 0</u>	<u>\$ 89,469,938</u>	<u>\$ 0</u>
 GRAND TOTAL	 \$ 0	 \$ 1,209,085,645	 \$ 0
FTE Positions:			
Classified	0.0	7,860.4	0.0
Unclassified	0.0	9,991.2	0.0
TOTAL FTE	<u><u>0.0</u></u>	<u><u>17,851.6</u></u>	<u><u>0.0</u></u>
 Special Project Appointments	 --	 --	 --

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the House with the following adjustments and comments:

1. **Fee Shortfall.** Increase financing from the State General Fund by \$1,805,851 and decrease funding from institutional General Fees Funds (tuition) by a like amount due to an estimated shortfall in tuition receipts based on actual Spring 1995 enrollment. The Subcommittee would note that the Governor's recommendation for FY 1995 includes a State General Fund supplemental appropriation of \$5,347,844 from the

State General Fund with a like reduction from the General Fees Fund based on actual Fall 1994 general fees fund estimates. The Subcommittee recommendation is in addition to the Governor's recommended supplemental financing, resulting in total State General Fund supplemental financing of \$7,153,695 from the budget approved by the 1994 Legislature, with a like reduction in financing from the General Fees Funds.

Additional State General Fund Supplemental Based on Spring General Fees Estimates		
<u>Institution</u>	<u>State General Fund</u>	<u>General Fees Fund</u>
KU	\$ 579,655	\$ (579,655)
KUMC	190,974	(190,974)
KSU	459,719	(459,719)
KSU - Salina	0	0
KSU - Veterinary Medical	65,670	(65,670)
WSU	102,802	(102,802)
ESU	270,045	(270,045)
PSU	151,031	(151,031)
FHSU	(14,045)	14,045
TOTAL	<u>\$ (1,805,851)</u>	<u>\$ 1,805,851</u>

- Utilities.** By practice, the Legislature appropriates utilities as a separate line-item appropriation and reviews utility expenditures during the Session to make any adjustments to the approved budget for the current year and the recommendation for the budget year. The Subcommittee was informed that the Regents institutions are currently projecting an FY 1995 utilities shortfall of \$2.0 million from the approved budget. The estimates reflect six to seven months of actual experience. The Subcommittee would note that the 1994 Legislature did not recommend funding for additional utility costs estimated for FY 1995, choosing instead to fund only the FY 1994 amounts and to defer consideration of additional FY 1995 funding until the 1996 Session. The Subcommittee would note that if the budget had been adjusted by the estimated amount provided to the 1994 Legislature, there would currently be an estimated surplus of just over \$400,000. The Subcommittee recommends that any necessary adjustments to the utilities budget be made during the Omnibus Session when actual costs for a greater portion of the fiscal year are available.

SUBCOMMITTEE REPORT

Agency: Regents Institutions

Bill No. 2236

Bill Sec. All

Analyst: Howard, Mills

Analysis Pg. No. 573

Budget Page No. N/A

<u>Expenditure Summary</u>	<u>Agency Request FY 96</u>	<u>Governor's* Recommendation FY 96</u>	<u>House Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 464,918,621	\$ 453,607,488	\$ (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	\$ 781,037,284	\$ 763,174,254	\$ (21,262,886)
Restricted Use Funds	393,917,395	392,908,160	0
TOTAL -- Oper. Exp.	\$ 1,174,954,679	\$ 1,156,082,414	\$ (21,262,886)
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.	\$ 24,368,528	\$ 24,368,528	\$ 0
 GRAND TOTAL	 \$ 1,199,323,207	 \$ 1,180,450,942	 \$ 0
FTE Positions:			
Classified	7,904.4	7,892.0	0.0
Unclassified	10,030.0	10,000.5	0.0
TOTAL FTE	17,934.4	17,892.5	0.0
 Special Project Appointments	 0.0	 0.0	 0.0

* Adjusted to include Governor's Budget Amendments.

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.)	<u>(1.5)</u>
Subtotal	\$2.5
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%)	<u>0.3</u>
Subtotal	\$19.5
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.

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.

<u>Total General Use:</u>	<u>Sub. Rec. FY 1995</u>	<u>Sub. Rec. FY 96</u>	<u>Difference from FY 95</u>	<u>Percent Increase</u>
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	\$ 77,266,303	\$ 2,704,321	\$ 1,158,995
KUMC - Hospital	33,083,517	1,157,923	496,346
TOTAL -- General Use	<u>\$ 110,349,820</u>	<u>\$ 3,862,244</u>	<u>\$ 1,655,341</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:

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	\$ 426,756	5.6		\$ 390,048	5.6
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	\$ 240,633	10.2		\$ 193,547	10.2
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	\$ 385,090	9.3		\$ 373,031	10.3
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	\$ 118,867	3.5		\$ 118,309	3.5
FHSU					
Physical Science Building	\$ 164,509	0.0	12	\$ 164,169	0.0
TOTAL	\$ 1,419,274	28.6		\$ 1,322,438	29.6

* 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	<u>\$ 775,900</u>	<u>\$ 1,063,000</u>	<u>\$ 1,838,900</u>	<u>\$</u>	<u>1,063,000</u>

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 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	<u>\$ 25,059,981</u>	<u>\$ 23,661,994</u>	<u>\$ 23,651,994</u>	<u>\$ 24,355,741</u>	<u>\$ 24,309,297</u>

* 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.

House Committee Recommendation (February 7, 1995)

The House Committee concurs with the recommendations of the Subcommittee with the following adjustments:

1. Delete \$5,759,874 from the State General Fund and increase projected tuition revenues by the same amount. The Committee recommends that the 1996 Legislature review the need for a State General Fund supplemental based on Fall 1995 enrollments and fee estimates available at that time. The Committee believes it is premature to project the need for additional State General Fund dollars at this time. The following table summarizes by institution the recommended State General Fund reduction from the Governor's recommendation:

<u>Institution</u>	<u>SGF Reduction</u>
University of Kansas	\$ (3,421,366)
Kansas State University	(1,013,738)
KUMC	(69,118)
Wichita State	(362,872)
Fort Hays State	(408,951)
Pittsburg State	(483,829)
TOTAL SGF Reduction	<u>\$ (5,759,874)</u>

Amended House Committee Recommendation (February 23, 1995)

The full Committee adopted the following recommendations of the Subcommittee as a replacement to action taken on February 7, 1995.

The Subcommittee recommends reconsideration of action taken by the full Committee in deleting \$5.8 million from the State General Fund in FY 1996 funding from the Regents system because of a lower level of projected growth in tuition receipts than had originally been used in budget estimates for FY 1996. The Subcommittee makes the following recommendation as an alternative to the full Committee's recommendation:

- ▶ *Delete from the State General Fund a total of \$6.0 million in the Regents System, including the Regents Institutions and the Office of the State Board of Regents. The Subcommittee recommends that reductions be made based on each institution's proportion of the Governor's recommended general use budget for the Regents system.*
- ▶ *The Subcommittee further recommends that S.B. 190, the state employee pay bill, be amended to allow Regents institutions the flexibility to use any funding approved*

for salary increases for unclassified faculty and staff for either salaries or other operating expenses at the discretion of the head of each institution.

- ▶ The Subcommittee believes its proposed allocation of the recommended reduction is fairer, treats all institutions equally, and provides additional flexibility to the Regents institutions in managing their budgets.

The first two columns in the following table summarize by institution the Subcommittee's recommended reduction as compared to the original reduction recommended by the full Committee. The last two columns illustrate the level of funding which would be restored to the Regents institutions in S.B. 190 if a 2.5 percent or a 3.5 percent salary increase for unclassified employees is recommended by the Legislature.

	<u>Subcommittee Rec.</u>	<u>Prior Recommendation</u>	<u>Value of 2.5% Unclassified</u>	<u>Value of 3.5% Unclassified</u>
University of Kansas	\$ (1,599,600)	\$ (3,421,366)	\$ 2,675,576	\$ 3,745,807
KUMC - Education	(954,600)	(69,118)	1,391,678	1,948,349
Kansas State	(1,071,600)	(1,013,738)	1,731,288	2,423,803
KSU - Extension	(426,000)	0	738,284	1,033,597
KSU - Salina	(48,000)	0	76,944	107,722
KSU - Vet Med	(130,800)	0	180,158	252,221
Wichita State	(691,800)	(362,872)	1,068,904	1,496,465
Emporia State	(292,800)	0	573,374	802,723
Fort Hays State	(292,800)	(408,951)	489,601	685,441
Pittsburg State	(322,200)	(483,829)	525,602	735,843
Board of Regents	(169,800)	0	20,377	28,528
Total	<u>\$ (6,000,000)</u>	<u>\$ (5,759,874)</u>	<u>\$ 9,471,786</u>	<u>\$ 13,260,499</u>

- ▶ The Subcommittee further recommends that the reduction for KSU - Extension identified in the table above not be made. In its individual recommendations for KSU - Extension, which follow this report, the Subcommittee is recommending a reduction of \$446,870, which is \$20,870 greater than the reduction that would be borne by Extension under the allocation above.

House Committee of the Whole Recommendation

The House Committee of the Whole voted to rerefer H.B. 2236 to the Appropriations Committee.

House Committee Recommendation (March 8, 1995)

The House Committee retracts its February 23, 1995 recommendation of a \$6.0 million State General Fund reduction based on each institution's proportion of the Governor's recommended general use budget for the Regents system. Instead, the Committee returns to its February 7, 1995 recommendation and makes the following adjustment:

1. Delete \$5,759,874 from the State General Fund and increase projected tuition revenues by the same amount. The Committee recommends that the 1996 Legislature review the need for a State General Fund supplemental based on Fall 1995 enrollments and fee estimates available at that time. The Committee believes it is premature to project the need for additional State General Fund dollars at this time. The following table summarizes by institution the recommended State General Fund reduction from the Governor's recommendation:

<u>Institution</u>	<u>SGF Reduction</u>
University of Kansas	\$ (3,421,366)
Kansas State University	(1,013,738)
KUMC	(69,118)
Wichita State	(362,872)
Fort Hays State	(408,951)
Pittsburg State	<u>(483,829)</u>
TOTAL SGF Reduction	<u>\$ (5,759,874)</u>

House Committee of the Whole Recommendation

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

Expenditure Summary	House Adj. FY 96	House Rec. FY 96	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ (17,693,887)	\$ 435,913,601	\$ 4,983,974
General Fees Fund	0	171,839,008	(5,759,874)
Hospital Revenue Fund	(3,568,999)	109,152,552	0
Federal Land Grant Funds	0	7,675,004	0
EDIF	0	0	0
Other Funds	0	17,331,203	0
Subtotal General Use	<u>\$ (21,262,886)</u>	<u>\$ 741,911,368</u>	<u>\$ (775,900)</u>
Restricted Use Funds	0	392,908,160	0
TOTAL -- Oper. Exp.	<u><u>\$ (21,262,886)</u></u>	<u><u>\$ 1,134,819,528</u></u>	<u><u>\$ (775,900)</u></u>
Capital Improvements:			
State General Fund	\$ 0	\$ 189,466	\$ 0
Hospital Revenue Fund	0	400,000	0
Educational Building Fund	0	7,500,000	0
Special Cap. Impr. Fund	0	0	0
Other Funds	0	16,279,062	0
TOTAL -- Cap. Impr.	<u><u>\$ 0</u></u>	<u><u>\$ 24,368,528</u></u>	<u><u>\$ 0</u></u>
GRAND TOTAL	\$ 0	\$ 1,159,188,056	\$ (775,900)
FTE Positions:			
Classified	0.0	7,892.0	0.0
Unclassified	0.0	10,000.5	0.0
TOTAL FTE	<u><u>0.0</u></u>	<u><u>17,892.5</u></u>	<u><u>0.0</u></u>
Special Project Appointments	0.0	0.0	0.0

Senate Subcommittee Recommendation

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

1. **Fee Shortfall.** Restore \$5,759,874 from the State General Fund and decrease funding from institutional General Fees Funds (tuition) by a like amount. The Senate Subcommittee concurs with the Governor's recommendations which follow traditional practice by estimating the availability of tuition to finance the FY 1996 institutional operating budgets based on actual Fall 1994 experience. The Senate

Subcommittee was informed that based on Spring 1995 enrollments, the institutions currently estimate an additional general fees fund shortfall of \$2.2 million in FY 1996. The Subcommittee recommends that this be considered by the 1996 Legislature or during the Omnibus Session and requests a Governor's Budget Amendment.

2. **Systemwide Library Proposal.** Delete \$775,900 from the State General Fund associated with the first phase of the Regents Systemwide Library proposal. This funding was recommended for FY 1995 by the 1994 Legislature. In preparing their FY 1996 budget requests, the Regents institutions maintained this funding in their base budget. The Subcommittee believes that it was intended by the Legislature that this funding be for one-year only, not to be incorporated into institutional base budgets. The Subcommittee concurs with the Governor's recommendation of \$1,063,000 in FY 1996 to fund the second phase (electronic database acquisition) of the systemwide library proposal.
3. **Utilities.** As with FY 1995, the Subcommittee recommends that the level of utilities funding be considered during the Omnibus Session based on actual FY 1995 experience and projections available at that time.
4. **Servicing New Buildings.** The Subcommittee was informed that the Governor's recommendations include \$1.3 million and 29.6 FTE for servicing new buildings in FY 1996 based on the established Regents formula. The systemwide Subcommittee recommends that subcommittees assigned to each Regents institution review the requested and recommended funding for servicing new buildings in FY 1996 in order to determine the appropriateness of the recommended funding and staffing for each facility. The Subcommittee has concerns about the servicing new buildings formula, not just as it applies to new buildings coming on line, but the current level of funding and staffing for all buildings on the campuses. The Subcommittee recommends an interim study on this issue and recommends that the Regents prepare a report on this issue and make it available to the appropriate interim committee.
5. **Enrollment Adjustment Mechanism.** The Subcommittee spent considerable time discussing enrollment trends at the Regents institutions. A large part of this discussion evolved around the existing enrollment adjustment, the mechanism used to adjust institutional budgets based on increases or decreases in students and the effect these changes have on institutional costs. A key feature of the enrollment adjustment is the application of a "corridor." The corridor acts as a buffer to adjustments based on the underlying concept that an institution should not be significantly impacted by relatively minor changes in enrollment. The Subcommittee would note that although headcount enrollment, FTE enrollment, and the number of student credit hours have declined substantially over the last three years, no institutions have qualified for negative budget adjustments based on the enrollment adjustment. In the years immediately preceding this decline institutions qualified for, and in many cases received, positive enrollment adjustments. The Subcommittee recommends an interim study of the enrollment adjustment mechanism, and specifically recommends that the interim committee consider two concepts discussed by the Subcommittee. The first concept discussed by the

Subcommittee involves the addition of multi-year rebasing to the enrollment adjustment mechanism. At the current time, the enrollment adjustment is calculated on a year to year basis. Gradual increases or declines in enrollment in a given year fall within the corridor and result in no budget adjustment. However, over time these increases or declines, cumulatively, may significantly impact on an institution without any resulting budgetary adjustment.

The second concept discussed by the Subcommittee involves adjustments to the current positive enrollment adjustment mechanism and corridors. The Subcommittee discussed adjusting the positive enrollment corridors to more closely mirror the negative enrollment adjustment corridors. At the current time, institutions may begin receiving some additional funding when the calculated gross enrollment adjustment (student credit hours multiplied by instructional funding rate for the level of discipline) exceeds 0.5 percent of the general use base budget. On the negative side, however, no funding is reduced until the calculated gross enrollment adjustment exceeds 2.0 percent of the general use base budget. In addition, at the current time, no level of enrollment decline ever results in a 100 percent loss in funding. The Subcommittee recommends that the interim committee review the following alternative to the existing positive enrollment corridors. The Subcommittee reviewed a five-year comparison of how institutional budgets would have been affected if this change had been in effect. In general, the proposed new corridors would have resulted in institutions with marginal enrollment increases receiving less funding, but would have had little impact on institutions with substantial enrollment increases.

Positive Enrollment Corridors -- Current and Proposed			
<u>Current Positive Corridors</u>		<u>Proposed Positive Corridors</u>	
<u>% General</u>	<u>% of Funding</u>	<u>% General</u>	<u>% of Funding</u>
<u>Use Budget</u>	<u>Allowed</u>	<u>Use Budget</u>	<u>Allowed</u>
0 to 0.5%	0%	0 to 1.0%	0%
0.5 to 1.0%	100%	1.0 to 2.5%	75%
1.0 to 2.0%	75%	2.5 to 3.5%	50%
2.0 to 3.0%	50%	Over 3.5%	25%
Over 3.0%	25%		

Tabulations illustrating the two concepts were prepared and reviewed during Subcommittee consideration and are on file in the Legislative Research Department.

6. **Financial Aid Programs.** The Subcommittee received testimony regarding the need for increased state financial aid, particularly in light of recent increases in

tuition rates. At the current time, the Regents Supplemental Grant Program, which provides assistance to financially needy students attending Regents institutions, serves individuals from families with a family income of just over \$15,000. The average grant is approximately \$900. Pending discussions at the federal level may also result in the loss of \$800,000 in federal funds which currently provide the majority of the support for the State Scholarship program. The Systemwide Subcommittee recommends that the Subcommittee on the Board of Regents budget review these issues in considering funding for financial aid programs, which are budgeted through the Board office.

7. **Sponsored Research.** The Subcommittee also recommends that the interim study regarding Regents financing review the current mechanism for the automatic addition of FTE based on receipt of sponsored research fundings. Although these positions may be funding from restricted use funds, they are additions to the state workforce.