

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 27, 1995 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Legislative Research Department
Russell Mills, Legislative Research Department
Laura Howard, Legislative Research Department
Paul West, 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 Morris moved, Senator Rock seconded, that the minutes of the March 22 meeting be approved as read. The motion carried on a voice vote.

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

University of Kansas (Attachment 1) -- Senator Kerr reviewed the FY 95 and FY 96 subcommittee reports. There was lengthy discussion regarding the subcommittee's recommendation to fund expansion of programs at the Edwards campus through increased tuition rates in FY 96 (item 5, Attachment 1-9). Members of the subcommittee explained that while discussing the unmet need for graduate programs, representatives of the agency said that they were working on a plan to meet that need but had not presented it to the Board of Regents. Members of the subcommittee listened to the plan (which was also requested of the KUMC subcommittee) and included it in the report, believing that the Board of Regents would have to authorize its implementation because it involves tuition rates.

University of Kansas Medical Center (Attachment 2) -- The subcommittee reports for fiscal years 1995 and 1996 were reviewed by Senator Morris. In answer to questions regarding the shortfall in the Medical Loan Repayment Fund (item 6, Attachment 2-15), staff noted that the Governor's recommendation included 25 loans, but the projected shortfall in FY 96 would allow no new loans. Members of the subcommittee endorsed replacing \$1 million that had been taken from this fund last legislative session and stated that the Committee would address the policy issue of continuing the loans during Omnibus. It was the subcommittee's intent that if funds were unavailable, the loans would be deleted during deliberation of the Omnibus Appropriations Bill.

In answer to Senator Kerr, Chairman Bogina stated that representatives of private foundations had proposed the hiring of additional primary care faculty to generate additional resources.

Responding to Senator Salisbury, Senator Morris stated that the reason for the varying levels of state support of the Family Medicine Residency Program is to attract health care providers to rural areas. Senator Petty expressed interest in Medicare reimbursement for residency programs.

Kansas State University (Attachment 3) -- Senator Petty presented the FY 95 and FY 96 subcommittee reports. Members discussed the acquisition of property by Regents institutions and the subsequent responsibility for service that the state must assume (Walker building, item 3, Attachment 3-9). It was noted

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on March 27, 1995.

that KSU plans to construct another building on the property that will be paid for through research revenues. Members discussed alternatives to state support for servicing of the buildings, and expressed concern that the acquisition of property occurs without legislative knowledge.

KSU - Salina, College of Technology (Attachment 4) -- The FY 95 and FY 96 subcommittee reports were presented by Senator Petty.

KSU - Extension Systems and Agriculture Research Programs (Attachment 5) -- Senator Petty reviewed the FY 95 and FY 96 subcommittee reports. In answer to questions regarding extension services (item 1, Attachment 5-7), it was stated that there is a total of 266 county agents, with 26 counties having more than two. Senator Vancrum stated that though the subcommittee believed that councils are being encouraged to consolidate, there must be a rational plan.

KSU - Veterinary Medical Center (Attachment 6) --The subcommittee reports for fiscal years 1995 and 1996 were presented by Senator Petty.

Wichita State University (Attachment 7) -- Senator Salisbury presented the FY 95 and FY 96 subcommittee reports. She told the Committee that WSU continues to experience an enrollment decline and has attempted to address perceptions of crime on campus by opening two sites (item 2, Attachment 7-4). Members discussed whether students would take courses on the main campus if they were not available at the satellite locations. Subcommittee members stated that they could not answer whether the need for the satellite sites would be diminished with the efforts made by the main campus to correct the misconception about campus crime and to renovate dormitory and public housing.

Senator Vancrum expressed concern regarding the subcommittee's recommendation to provide \$363,450 from the SGF to reduce the shrinkage rate at WSU (item 4, Attachment 7-10) and about the University's shift of salary monies to OOE. Members of the subcommittee stated that the recommendation was made to provide the new administration the opportunity to hire fulltime faculty.

Senator Salisbury stated that the issue of razing Cessna Stadium (SB 143) was not presented by the University. Members of the subcommittee noted the differences in cost estimates and philosophies of razing the structure and believed that enhanced communication and public participation might be in the best interest of the University. The subcommittee made no recommendation on SB 143.

Emporia State University (Attachment 8) -- Senator Moran presented the FY 95 and FY 96 subcommittee reports. In explaining the subcommittee's recommendation for faculty salary enhancements in the School of Business (item 3, Attachment 8-9), Senator Moran stated that all business schools of Kansas Regents' institutions are accredited with the exception of those at Emporia State University and Fort Hays State University. The subcommittee was told that schools of business are not competitive without accreditation. Senator Moran explained that the University had requested \$150,000 for the School of Library and Information Management. In response to Senator Vancrum, Senator Moran stated that the University reallocation of \$160,000 was a result of a change in the Regents' institutions' mission and those savings will not be available again (item 3, Attachment 8-9). He stated that he believes that the most critical issue in the final stage of accreditation of the School of Business is funding of faculty salaries. Senator Vancrum expressed concern about building \$150,000 into the University's base budget.

Pittsburg State University (Attachment 9) -- Senator Moran presented the FY 95 and FY 96 subcommittee reports.

Fort Hays State University (Attachment 10) -- Senator Bogina reviewed the FY 95 and FY 96 subcommittee reports. Members discussed the subcommittee's recommendation to allow FHSU to lease real estate for the sole purpose of providing housing for fraternities (item 7, Attachment 10-9). In answer to Senator Karr, the Chairman stated that it was his understanding that this recommendation would be more acceptable to the Hays community.

Board of Regents (Attachment 11) -- Chairman Bogina reviewed the FY 95 and FY 96 subcommittee reports. Some members expressed concern regarding the subcommittee's recommendation to continue and expand tuition waivers for students participating in the Kansas National Guard Reserve Officers Training Corps program (item 9, Attachment 11-9) in light of the elimination of the Paul Douglas teacher scholarship program at the federal level (item 4, Attachment 11-4).

The Chairman adjourned the meeting at 12:55 P.M. The next meeting is scheduled for March 28, 1995.

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

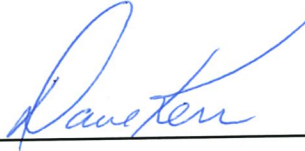
DATE: MARCH 27, 1995

NAME	REPRESENTING
Marlene Reed	KU
David Monical	Washburn
Michael Bohnhoff	Division of the Budget
Basil Covey	KRTA
Harry Stephen	ESU
Eric Lester	WSCI
Marvin Burris	Bd of Regents
Ray Hank	Bd of Regents Staff
SUSAN PETERSON	KANSAS STATE UNIVERSITY
Marty Kennedy	DOA
Dr. JOSEFRAND	KU
Bill Hollenbeck	PSO
Tom Hitchcock	Bel. Pharmacy
Paula Schubert	Sen. Martin
Gary Robbins	Ks Optometric Assn
JERRY MARLATT	KSCFF
James A. Jodel	KS 77A
Willie Reed	KICA
Chuck Budahl	Adjutant General

SUBCOMMITTEE REPORT

FY 1995 and FY 1996

UNIVERSITY OF KANSAS



Sen. Dave Kerr, Chair



Sen. Gerald Karr

SWAM
March 27, 1995
Attachment 1

SUBCOMMITTEE REPORT

Agency: University of Kansas

Bill No. 2234

Bill Sec. 15

Analyst: Howard

Analysis Pg. No. 593

Budget Page No. 533

<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	\$ 106,867,282	\$ 106,435,664	\$ 0
General Fees Fund	63,113,068	63,113,068	0
EDIF	829,735	829,735	0
Other Funds	821,898	821,898	0
Subtotal General Use	<u>\$ 171,631,983</u>	<u>\$ 171,200,365</u>	<u>\$ 0</u>
Restricted Use Funds*	115,600,844	115,600,844	0
TOTAL -- Oper. Exp.	<u>\$ 287,232,827</u>	<u>\$ 286,801,209</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	
Educational Building Fund	5,728,421	5,728,421	\$ 0
Special Cap. Impr. Fund	16,438,427	16,438,427	0
Other Funds	7,590,428	7,590,428	0
TOTAL -- Cap. Impr.	<u>\$ 29,757,276</u>	<u>\$ 29,757,276</u>	<u>\$ 0</u>
 GRAND TOTAL	 <u>\$ 316,990,103</u>	 <u>\$ 316,558,485</u>	 <u>\$ 0</u>
 FTE Positions:**			
Classified	1,990.4	1,990.4	--
Unclassified	2,506.8	2,506.8	--
TOTAL FTE	<u>4,497.2</u>	<u>4,497.2</u>	<u>--</u>
Special Project Appointments	--	--	--

* In practice, the Legislature does not adjust "restricted use" expenditures. Although subject to appropriation, these funds are generally "no limit" and are used at the agency's discretion; however, the funds must be used in a manner consistent with the conditions attached to the receipt of the funds, and they must be spent within basic guidelines set by the Legislature.

** The University of Kansas is not subject to a position limitation.

Agency Estimate/Governor's Recommendation

The University requests a total operating budget of \$287,232,827 in FY 1995. Of the total request, general use expenditures account for \$171,631,983, an increase of 6.1 percent above actual FY 1994 expenditures. The agency's revised FY 1995 general use budget is an increase of \$99,942 above the approved budget, reflecting the University's request for a supplemental State General Fund appropriation to finance settlement of a Fair Labor Standards Act lawsuit. The request also seeks supplemental financing from the State General Fund totaling \$3,249,359, with a like reduction in financing from the General Fees Fund (tuition). The request reflects revised fee fund estimates based on fall enrollments. According to the University, the estimate of tuition revenues is lower than the amount estimated last Spring due primarily to a Fall, 1994 enrollment decrease of 791 students, including 377 non-residents.

For FY 1995, the Governor recommends a total operating budget of \$286,801,209, of which general use expenditures are \$171,200,365. The Governor's general use current year recommendation for expenditures is a reduction of \$431,618 from the agency request and includes adjustments for: (1) a reduction in the budgeted health insurance rate for state employees (\$348,330); (2) an increase of \$16,654 reflecting funding released by the State Finance Council for position reclassifications and (3) deletion of the requested supplemental appropriation totaling \$99,942 for overtime pay. The Governor concurs with the agency request to shift financing of \$3,249,359 from the State General Fund to the general fees fund based on fall enrollments. The net result is a reduction of \$331,676 in general use expenditures from the approved budget, with an increase of \$2,917,683 from the State General Fund.

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Governor.

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	\$ 106,435,664	\$ 579,655
General Fees Fund	0	63,113,068	(579,655)
EDIF	0	829,735	0
Other Funds	0	821,898	0
Subtotal General Use	<u>\$ 0</u>	<u>\$ 171,200,365</u>	<u>\$ 0</u>
Restricted Use Funds*	0	115,600,844	0
TOTAL -- Oper. Exp.	<u><u>\$ 0</u></u>	<u><u>\$ 286,801,209</u></u>	<u><u>\$ 0</u></u>
Capital Improvements:			
State General Fund		\$ 0	\$ 0
Educational Building Fund	\$ 0	5,728,421	0
Special Cap. Impr. Fund	0	16,438,427	0
Other Funds	0	7,590,428	0
TOTAL -- Cap. Impr.	<u><u>\$ 0</u></u>	<u><u>\$ 29,757,276</u></u>	<u><u>\$ 0</u></u>
 GRAND TOTAL	 <u><u>\$ 0</u></u>	 <u><u>\$ 316,558,485</u></u>	 <u><u>\$ 0</u></u>
FTE Positions:**			
Classified	--	1,990.4	--
Unclassified	--	2,506.8	--
TOTAL FTE	<u><u>--</u></u>	<u><u>4,497.2</u></u>	<u><u>--</u></u>
Special Project Appointments	--	--	--

Senate Subcommittee Recommendation

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

1. **Systemwide Recommendation -- Fee Shortfall, Spring Fee Estimates.** Increase financing from the State General Fund by \$579,655 and decrease funding from the General Fees Fund (tuition) by a like amount due to an estimated shortfall in tuition receipts based on actual Spring 1995 enrollment.

SUBCOMMITTEE REPORT

Agency: University of Kansas

Bill No. 2236

Bill Sec. 9

Analyst: Howard

Analysis Pg. No. 593

Budget Page No. 533

<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	\$ 112,691,523	\$ 110,499,870	\$ (8,377,125)
General Fees Fund	67,833,737	67,975,357	3,421,366
EDIF	862,290	0	0
Other Funds	22,000	22,000	0
Subtotal General Use	<u>\$ 181,409,550</u>	<u>\$ 178,497,227</u>	<u>\$ (4,955,759)</u>
Restricted Use Funds*	117,741,743	117,741,743	0
TOTAL -- Oper. Exp.	<u>\$ 299,151,293</u>	<u>\$ 296,238,970</u>	<u>\$ (4,955,759)</u>
Capital Improvements:			
State General Fund	\$ 3,800,000	\$ 0	\$ 0
Educational Building Fund	0	0	0
Special Cap. Impr. Fund	0	0	0
Other Funds	3,087,000	6,887,000	0
TOTAL -- Cap. Impr.	<u>\$ 6,887,000</u>	<u>\$ 6,887,000</u>	<u>\$ 0</u>
 GRAND TOTAL	 <u><u>\$ 306,038,293</u></u>	 <u><u>\$ 303,125,970</u></u>	 <u><u>\$ (4,955,759)</u></u>
FTE Positions:**			
Classified	2,000.4	1,996.0	--
Unclassified	2,517.4	2,508.8	--
TOTAL FTE	<u>4,517.8</u>	<u>4,504.8</u>	<u>--</u>
Special Project Appointments	--	--	--

* In practice, the Legislature does not adjust "restricted use" expenditures. Although subject to appropriation, these funds are generally "no limit" and are used at the agency's discretion; however, the funds must be used in a manner consistent with the conditions attached to the receipt of the funds, and they must be spent within basic guidelines set by the Legislature.

** The University of Kansas is not subject to a position limitation.

*** Adjusted for Governor's Budget Amendments.

Agency Request/Governor's Recommendation

The University requests an operating budget increase of \$11,918,466 in FY 1996, including an increase of \$9,777,567 in general use expenditures and an increase of \$2,140,899 in restricted use expenditures. The requested general use increase of 5.7 percent includes: (1) annualization of FY 1995 cost-of-living adjustment and base fringe benefit adjustments (\$406,241); (2) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees (\$1,023,734); (3) a 3.5 percent merit pool for unclassified employees (\$3,765,654); (4) a 3.5 percent increase for student salaries (\$65,261); (5) a 3.5 percent increase for other operating expenditures (\$834,057); (6) an additional 4.5 percent increase (for a total increase of 8.0 percent) for library OOE (\$197,806); (7) \$426,756 and 5.6 FTE for costs to service new buildings; (8) \$318,000 as part of a systemwide library enhancement project; and (9) mission-related program enhancements totaling \$2,840,000 and 15.0 FTE for the following: instructional equipment financed through a 2 percent tuition surcharge (\$515,000); law school improvements financed through a special law school fee (\$200,000); supplemental tuition to support the Pharm. D. program (\$120,000); health services administration (\$300,000); an exceptional faculty salary merit pool (\$500,000); an executive MBA program (\$500,000); health and safety infrastructure needs (\$115,000); and an instructional equipment pool (\$590,000).

For FY 1996, the Governor's recommendation reflects a general use increase of \$7,298,512, a 4.3 percent increase over the Governor's FY 1995 recommendation. The increase is financed by increasing expenditures from the State General Fund by \$4.1 million (3.8 percent), from the general fees fund by \$4.9 million (7.7 percent), and by decreasing expenditures from the EDIF and State Budget Stabilization Fund (\$1,629,633). The Governor's recommendation shifts expenditures funded from the EDIF in FY 1995 to the State General Fund in FY 1996.

The overall general use expenditure increase of \$7,298,512 is composed of the following: (1) base adjustments, including FY 1995 salary annualization and base fringe benefit adjustments (\$369,012); (2) classified step movement (approximately 2.5 percent) and longevity increases (\$1,023,734); (3) a one percent base adjustment for classified employees (\$299,980); (4) a 3.5 percent merit pool for unclassified employees (\$3,680,552); (5) a 3.5 percent increase for student salaries (\$65,256); (6) a 1.5 percent increase in other operating expenditures (\$414,930); (7) \$390,048 and 5.6 FTE for servicing new buildings; (8) \$220,000 for the systemwide library proposal; (9) \$515,000 for equipment financed by a 2 percent resident tuition surcharge; (10) \$200,000 from special law school fees; and (11) \$120,000 and 2.0 FTE from supplemental tuition in the Pharm. D. program. The Governor does not recommend funding for the remaining requested program enhancements. The Governor's capital improvements recommendation shifts \$3.8 million in funding already approved for Hoch Auditorium renovations from the State General Fund to the State Budget Stabilization Fund.

House Subcommittee Recommendation

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

1. Delete \$4,955,759 from the State General Fund in salaries based on the recommendation to delete funding for a 3.5 percent unclassified merit pool (\$3,680,551); classified step movement (\$502,723); a one percent base adjustment for classified employees (\$299,980); a 3.5 percent increase for student salaries (\$65,256) and the longevity bonus (\$407,249) from individual agency budgets.

2. In conjunction with the recommendation in item 1, reduce the expenditure limitation on the State General Fund operating expenditures account for GTA salaries from \$8,487,000 to \$8,200,000 to eliminate the recommended 3.5 percent increase. The Subcommittee recommends that the limitation be adjusted during the Omnibus Session to reflect any percentage increase approved for unclassified salaries.
3. Based on the recommendation of the full Committee, delete \$3,421,366 from the State General Fund recommended by the Governor to finance the university's FY 1996 operating budget and add \$3,421,366 from the General Fees Fund (tuition). The 1996 Legislature could consider the need for a State General Fund supplemental appropriation based on actual Fall 1995 tuition receipts and enrollments.
4. Concur with Governor's Budget Amendment No. 2, which deletes \$1,650 from the State General Fund to correct an error made in calculating the recommended OOE increase.
5. The Subcommittee heard testimony from the Kansas Petroleum Council regarding a proposal for a public/private partnership to study the Hugoton Gas Field. The Council is proposing a comprehensive study of the oil and gas resources of the Hugoton area by the Kansas Geological Survey, to be done in cooperation with local producers, royalty owners, and other interested groups and individuals. The Subcommittee makes no recommendations on this proposal at the current time.
6. Make several technical adjustments to the bill to accurately reflect the Governor's recommendation. The adjustments include the addition of proviso language regarding supplemental tuition for the Pharm.D. program, a correction to a proviso regarding a law school fee, and an increase to the expenditure limitation for the sponsored research overhead fund.

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 96</u>	<u>House Rec. FY 96</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ (8,377,125)	\$ 102,122,745	\$ 3,206,366
General Fees Fund	3,421,366	71,396,723	(3,421,366)
EDIF	0	0	0
Other Funds	0	22,000	0
Subtotal General Use	<u>\$ (4,955,759)</u>	<u>\$ 173,541,468</u>	<u>\$ (215,000)</u>
Restricted Use Funds*	0	117,741,743	50,000
TOTAL -- Oper. Exp.	<u>\$ (4,955,759)</u>	<u>\$ 291,283,211</u>	<u>\$ (165,000)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Building Fund	0	0	0
Special Cap. Impr. Fund	0	0	0
Other Funds	0	6,887,000	0
TOTAL -- Cap. Impr.	<u>\$ 0</u>	<u>\$ 6,887,000</u>	<u>\$ 0</u>
 GRAND TOTAL	 <u>\$ (4,955,759)</u>	 <u>\$ 298,170,211</u>	 <u>\$ (165,000)</u>
FTE Positions:**			
Classified	--	1,996.0	--
Unclassified	--	2,508.8	--
TOTAL FTE	<u>--</u>	<u>4,504.8</u>	<u>--</u>
 Special Project Appointments	 --	 --	 --

Senate Subcommittee Recommendation

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

1. **Systemwide Recommendation -- Fee Shortfall, Fall Fee Estimates.** Restore \$3,421,366 from the State General Fund and decrease funding from the General Fees Fund (tuition) by a like amount in concurrence with the Governor's recommendation which follows traditional practice in estimating the availability of tuition to finance institutional operating budgets.
2. **Systemwide Recommendation -- Regents Libraries.** Delete \$215,000 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 and included in the Regents base budget for FY 1996. The

Subcommittee would note for the full Committee its concern with the loss of this funding for libraries. It is the Subcommittee's understanding that if this funding is deleted, the Universities will probably not have the means to acquire the hardware necessary to complete the system connectivity phase of the library proposal.

3. **Law Enforcement Training Center.** Increase the expenditure limitation on the Law Enforcement Training Center Fund by \$50,000 and authorize the University to acquire certain property adjacent to the Law Enforcement Training Center.
4. **Servicing New Buildings.** The Subcommittee reviewed the agency's requests regarding servicing of new buildings. The Subcommittee concurs with the funding recommended by the Governor at the University of Kansas, where additional recommended staffing is associated with laboratory facilities. The Subcommittee recommends, however, that the full Committee consider changing the formula for regular classroom space. The Subcommittee proposes allocation of 1.0 FTE for each 15,000 gross square feet of new space, as opposed to the current formula which provides for an additional 1.0 FTE for each 10,500 gross square feet of new space. The Subcommittee would recommend no change for laboratory facilities.
5. **Regents Center -- Edwards Campus.** The Subcommittee recommends that the University of Kansas be permitted to fund the expansion of current programs and the development of new programs on the Edwards campus through resources generated by program growth. Tuition revenues generated at the Edwards campus would be reinvested in that campus under this proposal. The Subcommittee believes that at the current time the demand for graduate programs in the Kansas City area far exceeds the ability of the University of Kansas to respond within existing resources. The Subcommittee believes that with this approach, the programs can be self-sustaining, capture the market potential, and not be a burden on the State General Fund.

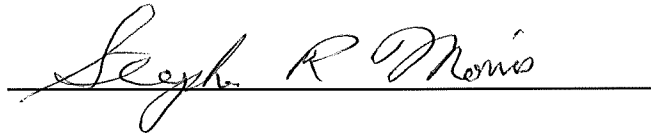
The Subcommittee recommends that the current estimate of tuition collections at the Edwards campus (escalated by the University's base tuition increase) continue to be deposited in the University's General Fees Fund and be made available to fund a portion of the general University operating budget. The Subcommittee recommends addition of proviso language authorizing additional receipts generated through tuition collections at the Edwards campus in excess of these amounts to be transferred to a new fund to be established in the appropriations bill -- the Regents Center Development Fund -- and reinvested at that location to fund program growth.

For FY 1996, the Subcommittee recommends that a base amount of \$1,889,723 be retained in the General Fees Fund (FY 1995 estimate + 7%), and that any additional revenue be transferred to the Development Fund. The University indicated to the Subcommittee that it will likely be able to fund the Health Services Administration and Executive MBA program enhancements requested from the State General Fund in the University's budget from this increased revenue and meet a growing demand for educational programming in these areas.

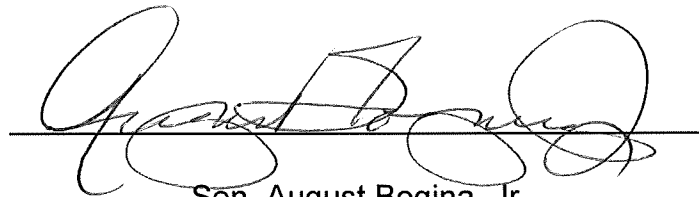
SUBCOMMITTEE REPORT

FY 1995 and FY 1996

UNIVERSITY OF KANSAS MEDICAL CENTER

A handwritten signature in cursive script, reading "Stephen R Morris", written over a horizontal line.

Sen. Stephen Morris, Chair

A handwritten signature in cursive script, reading "August Bogina, Jr.", written over a horizontal line.

Sen. August Bogina, Jr.

SWAM
March 27, 1995
Attachment 2

SUBCOMMITTEE REPORT

Agency: University of Kansas Medical Center Bill No. 2234

Bill Sec. 23

Analyst: Howard

Analysis Pg. No. 603

Budget Page No. 535

Education Program

Expenditure Summary	Agency Estimate FY 95	Governor's Recommendation FY 95	House Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 77,528,986	\$ 77,271,462	\$ 0
General Fees Fund	8,872,588	8,872,588	0
Hospital Overhead Reimb.	14,982,875	14,982,875	0
Medical Loan Repayment	1,000,000	1,000,000	0
EDIF	346,500	346,500	0
Other Funds	521,051	521,051	0
Subtotal General Use	\$ 103,252,000	\$ 102,994,476	\$ 0
Restricted Use Funds	48,165,840	48,165,840	0
TOTAL -- Oper. Exp.	\$ 151,417,840	\$ 151,160,316	\$ 0
Capital Improvements:			
Educational Building Fund	\$ 3,867,347	\$ 3,867,347	\$ 0
Other Funds	4,492,643	4,492,643	0
TOTAL -- Cap. Impr.	\$ 8,359,990	\$ 8,359,990	\$ 0
 GRAND TOTAL	 \$ 159,777,830	 \$ 159,520,306	 \$ 0
FTE Positions:			
Classified	1,290.8	1,290.8	--
Unclassified	1,398.5	1,398.5	--
TOTAL FTE	2,689.3	2,689.3	--
 Special Project Appointments	 --	 --	 --

Hospital Program

<u>Expenditure Summary</u>	<u>Agency Estimate FY 95</u>	<u>Governor's Recommendation FY 95</u>	<u>House Subcommittee Adjustments</u>
Operating Expenditures:			
Hospital Revenue Fund	\$ 111,500,000	\$ 111,222,025	\$ 0
Restricted Use Funds	37,262,849	37,262,849	0
TOTAL -- Oper. Exp.	<u>\$ 148,762,849</u>	<u>\$ 148,484,874</u>	<u>\$ 0</u>
Capital Improvements:			
Educational Building Fund	\$ 1,738	\$ 1,738	\$ 0
Hospital Revenue Fund	1,430,176	1,430,176	0
Other Funds	1,695,000	1,695,000	0
TOTAL -- Cap. Impr.	<u>\$ 3,126,914</u>	<u>3,126,914</u>	<u>\$ 0</u>
 GRAND TOTAL	 <u>\$ 151,889,763</u>	 <u>\$ 151,611,788</u>	 <u>\$ 0</u>
 FTE Positions:			
Classified	846.1	846.1	--
Unclassified	1,279.5	1,279.5	--
TOTAL FTE	<u>2,125.6</u>	<u>2,125.6</u>	<u>--</u>
 Special Project Appointments	 --	 --	 --

Agency Estimate/Governor's Recommendation

KUMC requests a total operating budget of \$300,180,689 in FY 1995. Of the total request, general use expenditures account for \$214,752,000, an increase of 3.9 percent above actual FY 1994 expenditures. The agency's revised FY 1995 general use budget is an increase of \$5,430,953 above the approved budget, almost all of which is increased expenditures in the hospital portion of the budget (\$5,065,448). The current year changes to the hospital budget include increased expenditures for the following: \$250,000 to defray costs of new pathology faculty to support faculty working in clinical labs; \$250,000 for advertising and related marketing; a budget contingency fund of \$750,000; \$350,000 to finance garage parking fees for patients and their families; \$1.6 million for new hardware and software applications; \$1.2 million in response to inflation in other operating expenditures (OOE) and increases in capital equipment (approximately \$600,000).

The requested changes to the educational portion of the budget approved by the 1994 Legislature include: (1) shifting of \$346,500 in EDIF expenditures for an integrated computer system from FY 1994 to FY 1995; and (2) an increase of \$19,005 in expenditures from the Hospital Overhead Reimbursement Fund. The request also seeks supplemental financing from the State General Fund totaling \$298,518, with a like reduction in financing from the General Fees Fund (tuition). The request reflects revised fee fund estimates based on fall enrollments. According to the University, the estimate of tuition revenues is lower than the amount estimated last Spring due primarily to a reduction in the average fee

collected from each student. This decline is attributable to more students having prepaid tuition last spring, and to a reduction in the number of non-resident students.

For FY 1995, the Governor recommends a total operating budget of \$299,645,190, of which general use expenditures are \$214,216,501. The Governor's general use current year recommendation for expenditures is \$535,499 less than the agency request and includes adjustments for the following: a reduction in the budgeted health insurance rate for state employees (\$538,900), and an increase of \$3,401 reflecting funding released by the State Finance Council for position reclassifications. The Governor's recommendation concurs with the agency request for increased expenditures of \$5.4 million, including \$5.1 million in the hospital budget. The Governor also concurs with the requested shift in financing from the General Fees Fund to the State General Fund (\$298,518) reflecting tuition estimates based on fall enrollments. The net result is a recommended increase of \$4,895,454 in general use funds from the approved budget, including a State General Fund increase of \$40,994.

House Subcommittee Recommendation

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

1. The Subcommittee received information regarding potential shortfalls in revenue to the Medical Student Loan Repayment fund in both FY 1995 and FY 1996. At its February meeting, the Board of Regents authorized the University of Kansas Medical Center to seek an additional appropriation from the State General Fund totaling \$1,000,000 in FY 1995 and \$652,189 in FY 1996. For FY 1995, the supplemental would finance operating expenditures of the Medical Center funded from the repayment fund in the approved budget. For FY 1996, the additional funding would be used to finance loans to medical students. The University intends to seek a Governor's Budget Amendment. The Subcommittee recommends the Legislature consider this item upon receipt of a GBA.

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.

Education Program

<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	\$ 77,271,462	\$ (86,026)
General Fees Fund	0	8,872,588	(190,974)
Hospital Overhead Reimb.	0	14,982,875	0
Medical Loan Repayment	0	1,000,000	0
EDIF	0	346,500	0
Other Funds	0	521,051	0
Subtotal General Use	<u>\$ 0</u>	<u>\$ 102,994,476</u>	<u>\$ (277,000)</u>
Restricted Use Funds	0	48,165,840	0
TOTAL -- Oper. Exp.	<u>\$ 0</u>	<u>\$ 151,160,316</u>	<u>\$ (277,000)</u>
Capital Improvements:			
Educational Building Fund	\$ 0	\$ 3,867,347	\$ 0
Other Funds	0	4,492,643	0
TOTAL -- Cap. Impr.	<u>\$ 0</u>	<u>\$ 8,359,990</u>	<u>\$ 0</u>
 GRAND TOTAL	 <u>\$ 0</u>	 <u>\$ 159,520,306</u>	 <u>\$ (277,000)</u>
 FTE Positions:			
Classified	--	1,290.8	--
Unclassified	--	1,398.5	--
TOTAL FTE	<u>--</u>	<u>2,689.3</u>	<u>--</u>
 Special Project Appointments	--	--	--

Hospital Program

<u>Expenditure Summary</u>	<u>House Adj. FY 95</u>	<u>House Rec. FY 95</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
Hospital Revenue Fund	\$ 0	\$ 111,222,025	\$ 0
Restricted Use Funds	0	37,262,849	0
TOTAL -- Oper. Exp.	<u>\$ 0</u>	<u>\$ 148,484,874</u>	<u>\$ 0</u>
Capital Improvements:			
Educational Building Fund	\$ 0	\$ 1,738	\$ 0
Hospital Revenue Fund	0	1,430,176	0
Other Funds	0	1,695,000	0
TOTAL -- Cap. Impr.	<u>\$ 0</u>	<u>3,126,914</u>	<u>\$ 0</u>
 GRAND TOTAL	 <u>\$ 0</u>	 <u>\$ 151,611,788</u>	 <u>\$ 0</u>
FTE Positions:			
Classified	--	846.1	--
Unclassified	--	1,279.5	--
TOTAL FTE	<u>--</u>	<u>2,125.6</u>	<u>--</u>
 Special Project Appointments	 --	 --	 --

Senate Subcommittee Recommendation

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

1. **Systemwide Recommendation -- Fee Shortfall, Spring Fee Estimates.** Increase financing from the State General Fund by \$190,974 and decrease funding from the General Fees Fund (tuition) by a like amount due to an estimated shortfall in tuition receipts based on actual Spring 1995 enrollment.
2. **Primary Care Initiatives.** Delete \$277,000 from the State General Fund in savings from total funding of \$600,000 appropriated by the 1994 Legislature for primary care initiatives. The Subcommittee learned that the Medical Center intends to hire seven primary care faculty with the funding, but that due to the time involved in recruitment and hiring all of the appropriation will not be expended in FY 1995.
3. **Medical Loan Repayment Fund -- Shortfall.** The Subcommittee received information regarding potential shortfalls in revenue to the Medical Student Loan Repayment Fund. The Board of Regents, at its February meeting, authorized the

Medical Center to seek supplemental funding of \$1.0 million from the State General Fund in FY 1995 to offset this revenue shortfall. The Subcommittee would remind the Committee that the 1994 Legislature authorized funding of \$1.0 million from the medical loan repayment fund in the University's operating budget as an offset to financing from the State General Fund. The Subcommittee is supportive of providing funding from the State General Fund to replace this budget shortfall in FY 1995 but requests a Governor's Budget Amendment and recommends the Legislature consider this item during the Omnibus Session.

SUBCOMMITTEE REPORT

Agency: University of Kansas Medical Center Bill No. 2236

Bill Sec. 10

Analyst: Howard

Analysis Pg. No. 603

Budget Page No. 535

Education Program

Expenditure Summary	Agency Request FY 96	Governor's Recommendation FY 96*	House Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 86,770,351	\$ 81,781,175	\$ (2,847,642)
General Fees Fund	9,737,760	9,737,760	69,118
Hospital Overhead Reimb.	15,016,088	15,016,088	0
Medical Loan Repayment	0	0	0
EDIF	0	0	0
Other Funds	0	0	0
Subtotal General Use	<u>\$ 111,524,199</u>	<u>\$ 106,535,023</u>	<u>\$ (2,778,524)</u>
Restricted Use Funds	51,359,323	50,277,797	0
TOTAL -- Oper. Exp.	<u>\$ 162,883,522</u>	<u>\$ 156,812,820</u>	<u>\$ (2,778,524)</u>
Capital Improvements:			
Educational Building Fund	\$ 0	\$ 0	\$ 0
Other Funds	987,000	987,000	0
TOTAL -- Cap. Impr.	<u>\$ 987,000</u>	<u>\$ 987,000</u>	<u>\$ 0</u>
 GRAND TOTAL	 <u>\$ 163,870,522</u>	 <u>\$ 157,799,820</u>	 <u>\$ (2,778,524)</u>
FTE Positions:			
Classified	1,305.0	1,301.0	--
Unclassified	1,411.0	1,400.5	--
TOTAL FTE	<u>2,716.0</u>	<u>2,701.5</u>	<u>--</u>
Special Project Appointments	--	--	--

* Adjusted to reflect Governor's Budget Amendments.

Hospital Program

<u>Expenditure Summary</u>	<u>Agency Request FY 96</u>	<u>Governor's Recommendation FY 96</u>	<u>House Subcommittee Adjustments</u>
Operating Expenditures:			
Hospital Revenue Fund	\$ 116,416,156	\$ 112,721,551	\$ (3,568,999)
Restricted Use Funds	38,543,186	38,543,186	0
TOTAL -- Oper. Exp.	<u>\$ 154,959,342</u>	<u>\$ 151,264,737</u>	<u>\$ (3,568,999)</u>
Capital Improvements:			
Educational Building Fund	\$ 0	\$ 0	\$ 0
Hospital Revenue Fund	400,000	400,000	0
Other Funds	1,800,000	1,800,000	0
TOTAL -- Cap. Impr.	<u>\$ 2,200,000</u>	<u>\$ 2,200,000</u>	<u>\$ 0</u>
 GRAND TOTAL	 <u>\$ 157,159,342</u>	 <u>\$ 153,464,737</u>	 <u>\$ (3,568,999)</u>
 FTE Positions:			
Classified	846.1	846.1	--
Unclassified	1,279.5	1,279.5	--
TOTAL FTE	<u>2,125.6</u>	<u>2,125.6</u>	<u>--</u>
 Special Project Appointments	 --	 --	 --

Agency Request/Governor's Recommendation

For FY 1996, KUMC requests an operating budget of \$317,842,864, of which general use expenditures are \$227,940,355. The University's request for general use expenditures reflects an increase of \$13,188,355, or 6.1 percent over the FY 1995 estimate. Of the total requested increase, \$8,272,199 is for the education budget (an 8.0 percent increase) and \$4,916,156 is for the hospital (a 4.4 percent increase).

The Governor's recommendation for general use expenditures at KUMC is an increase of \$5.0 million (2.4 percent) from the Governor's FY 1995 recommendation. Of the total recommended increase, \$3.5 million is in the education budget (a 3.4 percent increase) and \$1.5 million is in the hospital budget (a 1.3 percent increase).

Education. The requested general use increase of \$8,272,199 includes: (1) annualization of FY 1995 cost-of-living adjustment and base fringe benefit adjustments (\$36,882); (2) deletion of one-time OOE from FY 1995 (\$423,291); (3) a 27th payroll (\$3,247,000); (4) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees (\$367,235); (5) a 3.5 percent merit pool for unclassified employees (\$1,589,786); (6) a 3.5 percent increase for student salaries (\$16,779); (7) a 3.5 percent increase for house staff (resident) salaries (\$339,988); (8) a 3.5 percent increase for health care worker salaries (\$21,212); (9) a 3.5 percent increase for other operating expenditures (\$515,987); (10) an additional 4.5 percent increase (for a total increase of 8.0 percent) for library OOE (\$28,711); (11) \$240,633 and 10.2 FTE to service new buildings; (12) \$124,000 as part of a systemwide

library enhancement project; and (13) mission-related program enhancements totaling \$2,184,459 and 14.5 FTE for the following: nurse practitioner grant replacement (\$125,000); annualization of FY 1995 enhancements (\$829,459); health services administration (\$300,000); primary care rural residencies (\$230,000); rural health institute (\$338,000); preventive medicine distinguished professor (\$85,000); and nurse anesthesia outreach (\$277,000).

For FY 1996, the Governor's recommendation reflects a general use increase for the education program of \$3,538,898, a 3.4 percent increase over the Governor's FY 1995 recommendation. The increase is financed by increasing expenditures from the State General Fund by \$4,508,064 (a 5.8 percent increase), from the general fees fund by \$865,172 (a 9.8 percent increase), from the hospital overhead reimbursement fund by \$33,213 (a 0.2 percent increase), and by decreasing expenditures from all other funds by \$1,867,551, including \$1.0 million from the medical student loan repayment fund, \$346,500 from the EDIF, and \$521,051 from the State Budget Stabilization Fund. The Governor's recommendation finances no operating expenditures from the medical student loan repayment fund in FY 1996.

The general use increase for the education program recommended by the Governor of \$3,538,898 includes: (1) base adjustments, including FY 1995 salary annualization (a reduction of \$528,647); (2) classified step movement (approximately 2.5 percent) and longevity increases (\$367,235); (3) a one percent base salary adjustment for classified employees (\$217,730); (4) a 3.5 percent merit pool for unclassified employees and health care workers (\$1,926,342); (5) a 3.5 percent merit pool for student salaries (\$16,779); (6) a 1.5 percent increase in other operating expenditures (\$267,453); (7) \$193,547 and 10.2 FTE for servicing new buildings; (8) \$124,000 for the systemwide library proposal; (9) \$829,459 to annualize health care enhancements approved in FY 1995; and (10) \$125,000 and 2.0 FTE for the advanced registered nurse practitioner program to replace a grant from the Kansas Health Foundation. The Governor does not recommend funding for the remaining requested program enhancements.

Hospital. The requested general use increase of \$4,916,156 includes: (1) annualization of FY 1995 cost-of-living adjustment and base fringe benefit adjustments (\$143,638); (2) deletion of one-time OOE from FY 1995 (\$1,600,000); (3) a 27th payroll (\$3,053,000); (4) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees (\$236,127); (5) a 3.5 percent merit pool for unclassified employees (\$568,172); (6) a 3.5 percent increase for student salaries (\$10,388); (7) a 3.5 percent increase for health care worker salaries (\$1,370,118); and (8) a 3.5 percent increase for other operating expenditures (\$1,157,923).

For FY 1996, the Governor's recommendation reflects a general use increase of \$1,499,526, a 1.3 percent increase over the Governor's FY 1995 recommendation. The increase is financed by increasing expenditures from the Hospital Revenue Fund. The general use increase recommended by the Governor for the hospital budget includes: (1) deletion of one-time OOE from FY 1995 (\$1.6 million); (2) base adjustments, including FY 1995 salary annualization and base fringe benefit adjustments (\$341,187); (3) classified step movement (approximately 2.5 percent) and longevity increases (\$236,127); (4) a one percent base salary adjustment for classified employees (\$146,568); (5) a 3.5 percent merit pool for unclassified employees and health care workers (\$1,868,910); (6) a 3.5 percent increase for student salaries (\$10,388); and (7) a 1.5 percent increase in other operating expenditures (\$496,346).

House Subcommittee Recommendation

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

1. Delete \$6,266,470 in salaries, including \$2,697,471 from the State General Fund for the Education program and \$3,568,999 from the Hospital Revenue Fund for the Hospital program, based on the recommendation to delete funding for a 3.5 percent unclassified merit pool (\$3,800,477); classified step movement (\$458,044); a one percent base adjustment for classified employees (\$366,091); a 3.5 percent increase for student salaries (\$27,167) and the longevity bonus (\$1,614,691) from individual agency budgets.
2. Based on the recommendation of the full Committee, delete \$69,118 from the State General Fund recommended by the Governor to finance the university's FY 1996 operating budget and add \$69,118 from the General Fees Fund (tuition). The 1996 Legislature could consider the need for a State General Fund supplemental appropriation based on actual Fall 1995 tuition receipts and enrollments.
3. Concur with Governor's Budget Amendment No. 2, which adds \$1,649 from the State General Fund to correct an error made in calculating the recommended OOE increase.
4. Delete \$81,053 from the State General Fund from the Wichita residents contract to eliminate the recommended 3.5 percent increase. The Subcommittee recommends that the contract be adjusted during the Omnibus Session to reflect any percentage increase approved for unclassified salaries.
5. The Subcommittee received information regarding potential shortfalls in revenue to the Medical Student Loan Repayment fund in both FY 1995 and FY 1996. At its February meeting, the Board of Regents authorized the University of Kansas Medical Center to seek an additional appropriation from the State General Fund totaling \$1,000,000 in FY 1995 and \$652,189 in FY 1996. For FY 1995, the supplemental would finance operating expenditures of the Medical Center funded from the repayment fund in the approved budget. For FY 1996, the additional funding would be used to finance loans to medical students. The University intends to seek a Governor's Budget amendment. The Subcommittee recommends the Legislature consider this item upon receipt of a GBA.
6. The Subcommittee heard testimony that the Medical Center anticipates receiving a grant from the Kansas Health Foundation (KHF) of \$15.0 million over a five-year period to implement changes designed to position the Medical Center as a leader in primary care teaching, service and research, and to expand teaching, research and health care services to be responsive to the needs of Kansas. The Medical Center reported that a plan has been developed with the assistance of over a hundred interested individuals that should encourage more students to enter primary care and eventually practice in underserved areas. The plan addresses how students are selected, how they are encouraged to go into primary care, how they are training, and how they are supported after they go into practice. The Subcommittee was told that funding will be reallocated internally to match KHF funding, and that no additional state funds will be requested. KUMC has agreed to convert approximately \$500,000 in faculty salaries from tertiary to primary care, and to convert some residency slots from specialty to primary care. The Medical Center also testified that no replacement state funds will be requested when this grant funding expires.

7. The Subcommittee spent considerable time discussing state support for residency programs and the effect a residency program has on where a physician chooses to practice. The Subcommittee received testimony that the state expends \$10.0 million to fund 283 resident slots at the University of Kansas Medical Center in Kansas City, and another \$2.3 million to fund 80 - 85 resident slots in Wichita. In addition, the state supports 12 residents at the Smoky Hill Residency Program in Salina at a cost of approximately \$500,000. The state support provided to the programs varies considerably, as does the level of local contribution. For example, at the Smoky Hill program, resident receive a stipend of over \$37,000, which is \$10,000 greater than that provided to those in the Wichita program. The Subcommittee believes it is important to continue a dialogue regarding the state's role in residency programs, and the types of programs and level of state support in which the state should participate. Such a dialogue should include a reassessment of the current way in which support is allocated and the most appropriate residency program structures in this changing health care environment.

8. The Subcommittee reviewed the policy of the University of Kansas Medical Center and its hospital regarding abortion. The University of Kansas Medical Center policy on termination of pregnancy complies with federal and state laws and regulations. Under the policies of the institution, no person (employee, student, resident or faculty member) is required to participate in the termination of pregnancies and refusal to participate is not grounds for dismissal or harassment. The Subcommittee also received information indicating that programs that train doctors in obstetrics will be required to teach abortion skills under a policy adopted on February 14, 1995 by the Accreditation Council for Graduate Medical Education. Programs refusing to do so risk losing accreditation, which teaching hospitals need in order to qualify for federal reimbursement for services that medical residents provide to patients. In addition, most doctors must graduate from accredited training programs to be certified as competent in their specialities.

9. The Subcommittee notes four Senate Bills affecting the University of Kansas Medical Center, particularly the operations of the University Hospital. These bills (S.B. 170, 171, 173, 174) codify certain authorities granted by the 1993 and 1994 Legislature through appropriations bill provisos and are in part a response to a series of recommendations made in a comprehensive management audit of the Medical Center. S.B. 170 exempts acquisitions of data processing hardware or software for the University hospital information systems from current statutory procedures and requirements for such purposes and further authorizes such acquisitions through sole source negotiation. S.B. 171 authorizes KUMC to negotiate and enter into contracts and leases on behalf of the University Hospital for the purposes of affiliations, joint ventures, partnerships, and equity ownerships with other health care providers and third parties. Such contracts or leases would be exempted from the competitive bid process and from prior approval by the Secretary of Administration. S.B. 173 authorizes KUMC to lease and operate off-campus medical care facilities, without the prior approval of the Secretary of Administration. S.B. 174 increases the Medical Center's direct purchasing authority to \$25,000 for any individual purchase, and authorizes the Medical Center to enter into contracts with consortiums of health care providers and other purchasing groups, and exempts such purchases and acquisitions from current

statutory purchasing requirements. The University anticipates substantial savings from purchases through the University Hospital Consortium.

10. Make technical adjustments to the bill to accurately reflect the Governor's recommendation.

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.

Education Program

<u>Expenditure Summary</u>	<u>House Adj. FY 96</u>	<u>House Rec. FY 96</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ (2,847,642)	\$ 78,933,533	\$ 183,871
General Fees Fund	69,118	9,806,878	(69,118)
Hospital Overhead Reimb.	0	15,016,088	0
Medical Loan Repayment	0	0	0
EDIF	0	0	0
Other Funds	0	0	0
Subtotal General Use	<u>\$ (2,778,524)</u>	<u>\$ 103,756,499</u>	<u>\$ 114,753</u>
Restricted Use Funds	0	50,277,797	0
TOTAL -- Oper. Exp.	<u>\$ (2,778,524)</u>	<u>\$ 154,034,296</u>	<u>\$ 114,753</u>
Capital Improvements:			
Educational Building Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	987,000	0
TOTAL -- Cap. Impr.	<u>\$ 0</u>	<u>\$ 987,000</u>	<u>\$ 0</u>
 GRAND TOTAL	 <u>\$ (2,778,524)</u>	 <u>\$ 155,021,296</u>	 <u>\$ 114,753</u>
FTE Positions:			
Classified	--	1,301.0	(8.2)
Unclassified	--	1,400.5	2.0
TOTAL FTE	<u>--</u>	<u>2,701.5</u>	<u>(6.2)</u>
 Special Project Appointments	 --	 --	 --

Expenditure Summary	Hospital Program		
	House Adj. FY 96	House Rec. FY 96	Senate Subcommittee Adjustments
Operating Expenditures:			
Hospital Revenue Fund	\$ (3,568,999)	\$ 109,152,552	\$ 0
Restricted Use Funds	0	38,543,186	0
TOTAL -- Oper. Exp.	<u>\$ (3,568,999)</u>	<u>\$ 147,695,738</u>	<u>\$ 0</u>
Capital Improvements:			
Educational Building Fund	\$ 0	\$ 0	\$ 0
Hospital Revenue Fund	0	400,000	0
Other Funds	0	1,800,000	0
TOTAL -- Cap. Impr.	<u>\$ 0</u>	<u>\$ 2,200,000</u>	<u>\$ 0</u>
GRAND TOTAL	<u><u>\$ (3,568,999)</u></u>	<u><u>\$ 149,895,738</u></u>	<u><u>\$ 0</u></u>
FTE Positions:			
Classified	--	846.1	--
Unclassified	--	1,279.5	--
TOTAL FTE	<u>--</u>	<u>2,125.6</u>	<u>--</u>
Special Project Appointments	--	--	--

Senate Subcommittee Recommendation

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

1. **Systemwide Recommendation -- Fee Shortfall, Fall Fee Estimates.** Restore \$69,118 from the State General Fund and decrease funding from the General Fees Fund (tuition) by a like amount in concurrence with the Governor's recommendation which follows traditional practice in estimating the availability of tuition to finance institutional operating budgets.
2. **Systemwide Recommendation -- Regents Libraries.** Delete \$50,000 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 and included in the Regents base budget for FY 1996.

3. **Nurse Anesthesia Outreach.** Add \$277,000 and 4.0 FTE for a nurse anesthesia outreach program. This funding, in conjunction with a current federal grant, will allow a fully operational program to train nurse anesthetists in rural Kansas in FY 1996. The Subcommittee learned that most anesthesia services in rural Kansas are provided by certified nurse anesthetists (CRNAs). At the current time, the state's only training is at KUMC in Kansas City. In order to increase the pool of trained CRNAs, this recommendation will support the University in the development of a collaborative program offering graduate training at locations across the state. Students will be able to enter the program in Pittsburg, Wichita and Hays/Garden City, with basic sciences courses offered by the Regents University in that geographic area, and didactic training from the faculty of the school of Allied Health through televideo. Supervised clinical experiences will occur at community hospitals. The Medical Center plans entry of the first students to the three-year program in June, 1995, including four per year at Pittsburg and Wichita and two per year for Hays/Garden City. After three years, the University estimates total enrollment of 30 students and an annual cost of \$420,000.

4. **Servicing New Buildings.** Delete \$193,547 from the State General Fund and 10.2 FTE positions recommended by the Governor for servicing two new buildings -- the Treasury Building and the Women's Research Center. The Subcommittee learned that the Women's Research Center (KUMC-Wichita) has experienced construction delays and will likely not open during FY 1996. The Treasury Center, a building recently purchased by the KU Endowment Association, currently houses the federal General Services Administration (GSA) printing services. The federal agency had intended to vacate the building by December, 1994, but the most recent schedule available to the Medical Center assumes that the GSA will remain in the building at least through the end of calendar year 1995. The Subcommittee believes that even if the building is vacated at that time, and the Medical Center begins to move certain support functions to the Treasury Building at that time, additional staffing will not be necessary in FY 1996. The Subcommittee would note that the University may experience some utility costs at the Treasury Building in FY 1996 and would intend to consider these costs during the 1996 Session.

5. **Topeka Family Medicine Residency Program.** Add \$81,300 from the State General Fund to fund 3 additional residency slots (for a total of 9) at the Topeka program. The recommendation assumes funding at the same rate as in Wichita, or \$27,100 per slot.

6. **Medical Loan Repayment Fund -- Shortfall.** The Subcommittee received information regarding potential shortfalls in revenue to the Medical Student Loan Repayment Fund in FY 1996. Based on current estimates, revenue to the Fund will not be sufficient to fund the 25 new loans recommended by the Governor. The Board of Regents, at its February meeting, authorized the Medical Center to seek supplemental funding of \$652,189 from the State General Fund in FY 1996 to offset this revenue shortfall. The Subcommittee would note that the University has requested a Governor's Budget Amendment on this item, and recommends consideration of this issue during the Omnibus Session upon receipt of a GBA. The Subcommittee further recommends that the Medical Center develop some options for program modification and recommends an interim study of the program. Future

repayment projections indicate that substantial additional state support will be required to sustain the current program in future years.

SUBCOMMITTEE REPORT

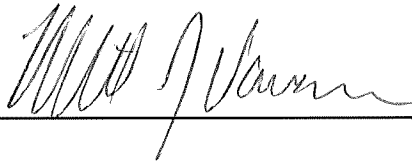
FY 1995 and FY 1996

KANSAS STATE UNIVERSITY

KSU - EXTENSION SYSTEMS AND AGRICULTURAL RESEARCH

KSU - SALINA, COLLEGE OF TECHNOLOGY

KSU VETERINARY MEDICAL CENTER



Sen. Robert Vancrum, Chair



Sen. Marge Petty

SWAM
March 27, 1995
Attachment 3

SUBCOMMITTEE REPORT

Agency: Kansas State University

Bill No. 2234

Bill Sec. 14

Analyst: Howard

Analysis Pg. No. 622

Budget Page No. 367

<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	\$ 78,404,517	\$ 78,133,305	\$ 0
General Fees Fund	35,819,757	35,814,807	0
EDIF	408,696	408,696	0
Other Funds	<u>535,800</u>	<u>535,800</u>	<u>0</u>
Subtotal General Use	\$ 115,168,770	\$ 114,892,608	\$ 0
Restricted Use Funds*	<u>74,764,570</u>	<u>74,764,570</u>	<u>0</u>
TOTAL -- Oper. Exp.	\$ 189,933,340	\$ 189,657,178	\$ 0
Capital Improvements:			
Educational Building Fund	\$ 9,201,251	\$ 9,201,251	\$ 0
Special Cap. Impr. Fund	9,557,702	9,557,702	0
Other Funds	<u>7,351,121</u>	<u>7,351,121</u>	<u>0</u>
TOTAL -- Cap. Impr.	\$ 26,110,074	\$ 26,110,074	\$ 0
 GRAND TOTAL	 <u><u>\$ 216,043,414</u></u>	 <u><u>\$ 215,767,252</u></u>	 <u><u>\$ 0</u></u>
FTE Positions:**			
Classified	1,436.4	1,435.4	--
Unclassified	<u>1,544.8</u>	<u>1,544.8</u>	<u>--</u>
TOTAL FTE	<u><u>2,981.2</u></u>	<u><u>2,980.2</u></u>	<u><u>--</u></u>
Special Project Appointments	--	--	--

* In practice, the Legislature does not adjust "restricted use" expenditures. Although subject to appropriation, these funds are generally "no limit" and are used at the agency's discretion; however, the funds must be used in a manner consistent with the conditions attached to the receipt of the funds, and they must be spent within basic guidelines set by the Legislature.

** Kansas State University is not subject to a position limitation.

Agency Estimate/Governor's Recommendation

The University requests a total operating budget of \$189,933,340 in FY 1995. Of the total request, general use expenditures account for \$115,168,770, an increase of 5.2 percent above actual FY

1994 expenditures. The agency's revised FY 1995 general use budget is an increase of \$40,160 above the approved budget, reflecting the University's request for a supplemental State General Fund appropriation for new buildings operating support. The request also seeks supplemental financing from the State General Fund totaling \$785,173, with a like reduction in financing from the General Fees Fund (tuition). The request reflects revised fee fund estimates based on fall enrollments. According to the University, the estimate of tuition revenues is lower than the amount estimated last Spring due primarily to: a Fall 1994 enrollment decline of 151 students; a reduction in the average fee collection caused by a decline in full-time on-campus students and an increase in part-time off-campus students; and a reduction in the carryforward balance from FY 1994.

For FY 1995, the Governor recommends a total operating budget of \$189,657,178, of which general use expenditures are \$114,892,608. The Governor's general use current year recommendation for expenditures is a reduction of \$276,162 from the agency request and includes adjustments for the following: (1) a reduction of \$40,160 and 1.0 FTE requested for servicing the Walker building; (2) a reduction in the budgeted health insurance rate for state employees (\$248,294); and (3) an increase of \$12,292 reflecting funding released by the State Finance Council for position reclassifications. The Governor's recommendation concurs with the agency request to shift financing of \$785,173 from the State General Fund to the general fees fund based on fall enrollments. The net result is a reduction of \$236,002 in general use expenditures from the approved budget, with an increase of \$554,121 from the State General Fund.

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Governor.

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 Subc. Adj.</u>
Operating Expenditures:			
State General Fund	\$ 0	\$ 78,133,305	\$ 459,719
General Fees Fund	0	35,814,807	(459,719)
EDIF	0	408,696	0
Other Funds	0	535,800	0
Subtotal General Use	\$ 0	\$ 114,892,608	\$ 0
Restricted Use Funds*	0	74,764,570	0
TOTAL -- Oper. Exp.	\$ 0	\$ 189,657,178	\$ 0
Capital Improvements:			
Educational Building Fund	\$ 0	\$ 9,201,251	\$ 0
Special Cap. Impr. Fund	0	9,557,702	0
Other Funds	0	7,351,121	0
TOTAL -- Cap. Impr.	\$ 0	\$ 26,110,074	\$ 0
 GRAND TOTAL	 \$ 0	 \$ 215,767,252	 \$ 0
 FTE Positions:**			
Classified	--	1,435.4	--
Unclassified	--	1,544.8	--
TOTAL FTE	--	2,980.2	--
 Special Project Appointments	 --	 --	 --

Senate Subcommittee Recommendation

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

1. **Systemwide Recommendation -- Fee Shortfall, Spring Fee Estimates.** Increase financing from the State General Fund by \$459,719 and decrease funding from the General Fees Fund (tuition) by a like amount due to an estimated shortfall in tuition receipts based on actual Spring 1995 enrollment.

SUBCOMMITTEE REPORT

Agency: Kansas State University

Bill No. 2236

Bill Sec. 3

Analyst: Howard

Analysis Pg. No. 622

Budget Page No. 367

<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	\$ 82,843,770	\$ 81,042,701	\$ (4,254,734)
General Fees Fund	38,249,554	38,375,144	1,013,738
EDIF	423,468	0	0
Other Funds	125,000	125,000	0
Subtotal General Use	<u>\$ 121,641,792</u>	<u>\$ 119,542,845</u>	<u>\$ (3,240,996)</u>
Restricted Use Funds*	77,236,390	77,236,390	0
TOTAL -- Oper. Exp.	<u>\$ 198,878,182</u>	<u>\$ 196,779,235</u>	<u>\$ (3,240,996)</u>
Capital Improvements:			
Educational Building Fund	\$ 3,500,000	\$ 3,500,000	\$ 0
Special Cap. Impr. Fund	0	0	0
Other Funds	4,142,907	4,142,907	0
TOTAL -- Cap. Impr.	<u>\$ 7,642,907</u>	<u>\$ 7,642,907</u>	<u>\$ 0</u>
 GRAND TOTAL	 <u><u>\$ 206,521,089</u></u>	 <u><u>\$ 204,422,142</u></u>	 <u><u>\$ (3,240,996)</u></u>
 FTE Positions:**			
Classified	1,445.9	1,445.7	--
Unclassified	1,544.8	1,544.8	--
TOTAL FTE	<u><u>2,990.7</u></u>	<u><u>2,990.5</u></u>	<u><u>--</u></u>
 Special Project Appointments	 --	 --	 --

* In practice, the Legislature does not adjust "restricted use" expenditures. Although subject to appropriation, these funds are generally "no limit" and are used at the agency's discretion; however, the funds must be used in a manner consistent with the conditions attached to the receipt of the funds, and they must be spent within basic guidelines set by the Legislature.

** Kansas State University is not subject to a position limitation.

Agency Request/Governor's Recommendation

The University requests an operating budget increase of \$8,944,842 in FY 1996, including an increase of \$6,473,022 in general use expenditures and an increase of \$2,471,820 in restricted use

expenditures. The requested general use increase of 5.6 percent includes: (1) annualization of FY 1995 cost-of-living adjustment and base fringe benefit adjustments (\$355,170); (2) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees (\$505,765); (3) a 3.5 percent merit pool for unclassified employees (\$2,373,659); (4) a 3.5 percent increase for student salaries (\$55,719); (5) a 3.5 percent increase for other operating expenditures (\$480,253); (6) an additional 4.5 percent increase (for a total increase of 8.0 percent) for library OOE (\$153,366); (7) \$385,090 and 9.5 FTE to service new buildings; (8) \$272,000 as part of a systemwide library enhancement project; (9) mission-related program enhancements to: enhance faculty salaries (\$947,000) and purchase instructional equipment (\$482,000); and (10) \$463,000 generated from a 2 percent tuition surcharge to be used for the purchase of instructional equipment.

For FY 1996, the Governor's recommendation reflects a general use increase of \$4,650,237, a 4.0 percent increase over the Governor's FY 1995 recommendation. The increase is financed by increasing expenditures from the State General Fund by \$2.9 million (3.7 percent), from the general fees fund by \$2,560,337 (7.1 percent), and by decreasing expenditures from the EDIF and State Budget Stabilization Fund (\$819,496). The Governor's recommendation shifts expenditures funded from the EDIF in FY 1995 to the State General Fund in FY 1996.

The overall general use expenditure increase of \$4,650,237 is composed of the following: (1) base adjustments, including FY 1995 salary annualization and base fringe benefit adjustments (\$246,900); (2) classified step movement (approximately 2.5 percent) and longevity increases (\$505,765); (3) a 1 percent base adjustment for classified employees (\$213,283); (4) a 3.5 percent merit pool for unclassified employees (\$2,368,075); (5) a 3.5 percent increase for student salaries (\$55,728); (6) a 1.5 percent increase in other operating expenditures (\$238,455); (7) \$373,031 and 10.3 FTE for servicing new buildings; (8) \$186,000 for the systemwide library proposal; and (9) \$463,000 for equipment purchases financed through a 2 percent resident tuition surcharge. The Governor does not recommend funding for the remaining requested program enhancements.

House Subcommittee Recommendation

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

1. Delete \$3,240,996 from the State General Fund in salaries based on the recommendation to delete funding for a 3.5 percent unclassified merit pool (\$2,368,076); classified step movement (\$297,264); a one percent base adjustment for classified employees (\$213,283); a 3.5 percent increase for student salaries (\$55,727) and the longevity bonus (\$306,646) from individual agency budgets.
2. In conjunction with the recommendation in item 1, reduce the expenditure limitation on the State General Fund operating expenditures account for GTA salaries from \$3,933,000 to \$3,800,000 to eliminate the recommended 3.5 percent increase. The Subcommittee recommends that the limitation be adjusted during the Omnibus Session to reflect any percentage increase approved for unclassified salaries.

3. Based on the recommendation of the full Committee, delete \$1,013,738 from the State General Fund recommended by the Governor to finance the University's FY 1996 operating budget and add \$1,013,738 from the General Fees Fund (tuition). The 1996 Legislature could consider the need for a State General Fund supplemental appropriation based on actual Fall 1995 tuition receipts and enrollments.
4. Make technical adjustments to the bill to accurately reflect the Governor's recommendation.

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 96</u>	<u>House Rec. FY 96</u>	<u>Senate Subc. Adj.</u>
Operating Expenditures:			
State General Fund	\$ (4,254,734)	\$ 76,787,967	\$ 1,002,488
General Fees Fund	1,013,738	39,388,882	(1,013,738)
EDIF	0	0	0
Other Funds	0	125,000	0
Subtotal General Use	<u>\$ (3,240,996)</u>	<u>\$ 116,301,849</u>	<u>\$(11,250)</u>
Restricted Use Funds*	0	77,236,390	0
TOTAL -- Oper. Exp.	<u>\$ (3,240,996)</u>	<u>\$ 193,538,239</u>	<u>\$(11,250)</u>
Capital Improvements:			
Educational Building Fund	\$ 0	\$ 3,500,000	\$ 0
Special Cap. Impr. Fund	0	0	0
Other Funds	0	4,142,907	0
TOTAL -- Cap. Impr.	<u>\$ 0</u>	<u>\$ 7,642,907</u>	<u>\$ 0</u>
 GRAND TOTAL	 <u>\$ (3,240,996)</u>	 <u>\$ 201,181,146</u>	 <u>\$(11,250)</u>
FTE Positions:**			
Classified	--	1,445.7	0.7
Unclassified	--	1,544.8	0.0
TOTAL FTE	<u>--</u>	<u>2,990.5</u>	<u>0.7</u>
Special Project Appointments	--	--	--

Senate Subcommittee Recommendation

1. **Systemwide Recommendation -- Fee Shortfall, Fall Fee Estimates.** Restore \$1,013,738 from the State General Fund and decrease funding from the General Fees Fund (tuition) by a like amount in concurrence with the Governor's recommendation which follows traditional practice in estimating the availability of tuition to finance institutional operating budgets.

2. **Systemwide Recommendation -- Regents Libraries.** Delete \$100,900 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 and included in the Regents base budget for FY 1996. The Subcommittee would note for the full Committee its concern with the loss of this funding for libraries. It is the Subcommittee's understanding that if this funding is deleted, the Universities will probably not have the means to acquire the hardware necessary to complete the system connectivity phase of the library proposal.

3. **Servicing New Buildings.** Delete \$47,150 and 2.3 FTE positions from the Governor's servicing new buildings recommendation of \$373,031 and 10.3 FTE classified positions. The reduction reflects deletion of 2.3 classified positions for Peters Recreation Center, leaving a total staffing recommendation of 5.0 FTE for the Peters Recreation Center, 2.0 FTE for the Beach Art Museum and 1.0 FTE for the Walker Building, recently acquired as a gift. The Subcommittee continues to be concerned about the acquisition by the universities of new buildings, many times through gifts, and the lack of oversight by the full Legislature prior to receipt of the property. The resulting cost of maintenance is currently covered by the state. The Subcommittee recommends that the request for a Regents interim study include an examination of the current statutes regarding the acquisition of property by Regents institutions and a review of state responsibility for maintenance following property acquisition, with a view towards increasing the level of legislative oversight and developing a policy on the level of maintenance support to be provided by the State General Fund.

4. **Servicing New Buildings -- Edwards Hall.** Add \$136,800 and 3.0 FTE positions (a reduction of \$41,000 and 2.0 FTE from the agency request) to service Edwards Hall. The Subcommittee heard testimony that Kansas State University proposes to convert Edwards Hall from a residence hall to an office complex effective July 1, 1995. The space will be used to house a number of non-instructional units such as the departments of human resources and public safety. The vacated space on the main campus will be used to alleviate significant overcrowding in academic areas. The Subcommittee reviewed enrollment trends at the University and was reminded that Kansas State experienced significant enrollment growth of more than 2,500 students between 1987 and 1992. Even with recent declines, total enrollment is well above the level of the mid-1980s. The President indicated to the Subcommittee that the University anticipates an upturn in the number of students beginning in the Fall of 1996, with a projected growth of at least 3,000 students by the year 2003.

5. **Technical Adjustment.** Make a technical adjustment to add an account to the University's restricted fees fund.

SUBCOMMITTEE REPORT

Agency: KSU-Salina, College
of Technology

Bill No. --

Bill Sec. --

Analyst: Howard

Analysis Pg. No. 635

Budget Page No. 369

<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	\$ 4,451,827	\$ 4,413,600	\$ 0
General Fees Fund	739,004	764,004	0
Subtotal General Use	\$ 5,190,831	\$ 5,177,604	\$ 0
Restricted Use Funds*	2,002,499	2,002,499	0
TOTAL -- Oper. Exp.	\$ 7,193,330	\$ 7,180,103	\$ 0
Capital Improvements:			
State General Fund	\$ 189,446	\$ 189,446	\$ 0
Educational Building Fund	237,862	237,862	0
Other Funds	525,284	525,284	0
TOTAL -- Cap. Impr.	\$ 952,592	\$ 952,592	\$ 0
 GRAND TOTAL	 <u>\$ 8,145,922</u>	 <u>\$ 8,132,695</u>	 <u>\$ 0</u>
 FTE Positions:**			
Classified	36.0	36.0	--
Unclassified	91.1	91.1	--
TOTAL FTE	<u>127.1</u>	<u>127.1</u>	<u>--</u>
Special Project Appointments	--	--	--

* In practice, the Legislature does not adjust "restricted use" expenditures. Although subject to appropriation, these funds are generally "no limit" and are used at the agency's discretion; however, the funds must be used in a manner consistent with the conditions attached to the receipt of the funds, and they must be spent within basic guidelines set by the Legislature.

** The College of Technology is not subject to a position limitation.

Agency Estimate/Governor's Recommendation

The University requests a total operating budget of \$7,193,330 in FY 1995. Of the total request, general use expenditures account for \$5,190,831, an increase of 5.1 percent above actual FY 1994 expenditures. The agency's revised FY 1995 general use budget is a reduction of \$2,687 from the approved general use budget. The request (reflecting revised fee fund estimates based on fall enrollments) shifts

*SWAM
March 27, 1995
Attachment 4*

financing in the amount of \$46,403 from the State General Fund to the General Fees Fund (tuition) based on the fall enrollments. According to the University, the estimate of tuition revenues is higher than the amount estimated last Spring due primarily to an increased enrollment of 33 students.

For FY 1995, the Governor recommends a total operating budget of \$7,180,103, of which general use expenditures are \$5,177,604. The Governor's general use current year recommendation for expenditures is a reduction of \$13,227 from the agency request reflecting a reduction in the budgeted health insurance rate for state employees. The Governor's recommendation also shifts an additional \$25,000 in expenditures in FY 1995 from the State General Fund to the General Fees Fund by reducing the projected ending balance. The net result is a reduction of \$15,914 in general use funds from the approved budget, with a State General Fund reduction of \$87,317 and an increase in expenditures from the General Fees Fund of \$71,403.

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Governor.

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 Subc. Adj.</u>
Operating Expenditures:			
State General Fund	\$ 0	\$ 4,413,600	\$ 0
General Fees Fund	0	764,004	0
Subtotal General Use	\$ 0	\$ 5,177,604	\$ 0
Restricted Use Funds	0	2,002,499	0
TOTAL -- Oper. Exp.	\$ 0	\$ 7,180,103	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 189,446	\$ 0
Educational Building Fund	0	237,862	0
Other Funds	0	525,284	0
TOTAL -- Cap. Impr.	\$ 0	\$ 952,592	\$ 0
 GRAND TOTAL	 \$ 0	 \$ 8,132,695	 \$ 0
FTE Positions:			
Classified	--	36.0	--
Unclassified	--	91.1	--
TOTAL FTE	--	127.1	--
Special Project Appointments	--	--	--

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the House.

SUBCOMMITTEE REPORT

Agency: KSU-Salina, College
of Technology

Bill No. 2236

Bill Sec. 6

Analyst: Howard

Analysis Pg. No. 635

Budget Page No. 369

<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	\$ 4,641,876	\$ 4,538,773	\$ (140,462)
General Fees Fund	788,191	813,191	0
Subtotal General Use	\$ 5,430,067	\$ 5,351,964	\$ (140,462)
Restricted Use Funds*	2,065,642	2,065,642	0
TOTAL -- Oper. Exp.	\$ 7,495,709	\$ 7,417,606	\$ (140,462)
Capital Improvements:			
State General Fund	\$ 189,466	\$ 189,466	\$ 0
Educational Building Fund	0	0	0
Other Funds	25,000	25,000	0
TOTAL -- Cap. Impr.	\$ 214,466	\$ 214,466	\$ 0
 GRAND TOTAL	 <u>\$ 7,710,175</u>	 <u>\$ 7,632,072</u>	 <u>\$ (140,462)</u>
FTE Positions:**			
Classified	36.0	36.0	--
Unclassified	92.1	92.1	--
TOTAL FTE	<u>128.1</u>	<u>128.1</u>	<u>--</u>
Special Project Appointments	--	--	--

* In practice, the Legislature does not adjust "restricted use" expenditures. Although subject to appropriation, these funds are generally "no limit" and are used at the agency's discretion; however, the funds must be used in a manner consistent with the conditions attached to the receipt of the funds, and they must be spent within basic guidelines set by the Legislature.

** The College of Technology is not subject to a position limitation.

*** Adjusted for Governor's Budget Amendments.

Agency Request/Governor's Recommendation

The University requests an operating budget increase of \$302,379 in FY 1996, including an increase of \$239,236 in general use expenditures and an increase of \$63,143 in restricted use expenditures. The requested general use increase of 4.6 percent includes: (1) annualization of FY 1995 cost-of-living

adjustment and base fringe benefit adjustments (\$15,897); (2) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees (\$19,761); (3) a 3.5 percent merit pool for unclassified employees (\$106,601); (4) a 3.5 percent increase for student salaries (\$1,757); (5) a 3.5 percent increase for other operating expenditures (\$29,767); (6) an additional 4.5 percent increase (for a total increase of 8.0 percent) for library OOE (\$2,160); (7) an enrollment adjustment request of \$36,293 and 1.0 FTE unclassified position; and (8) a faculty salary enhancement pool of \$27,000.

For FY 1996, the Governor's recommendation reflects a general use increase of \$171,491, a 3.3 percent increase over the Governor's FY 1995 recommendation. The increase is financed by increasing expenditures from the State General Fund by \$122,304 (2.8 percent) and from tuition revenues by \$49,187 (6.4 percent). As in FY 1995, the Governor's recommendation reduces the projected ending balance in the General Fees Fund.

The overall general use expenditure increase of \$171,491 is composed of the following: (1) base adjustments, including FY 1995 salary annualization and base fringe benefit adjustments which reduce expenditures by \$13,100 from FY 1995; (2) classified step movement (approximately 2.5 percent) and longevity increases (\$19,761); (3) a one percent base adjustment for classified employees (\$8,060); (4) a 3.5 percent merit pool for unclassified employees (\$105,967); (5) a 3.5 percent increase for student salaries (\$1,754); (6) a 1.5 percent increase in other operating expenditures (\$12,756) and (7) \$36,293 and 1.0 FTE as requested for an enrollment adjustment. The Governor does not recommend funding for the requested program enhancement.

House Subcommittee Recommendation

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

1. Delete \$140,462 from the State General Fund in salaries based on the recommendation to delete funding for a 3.5 percent unclassified merit pool (\$105,967); classified step movement (\$11,307); a 1 percent base adjustment for classified employees (\$8,060); a 3.5 percent increase for student salaries (\$1,755) and the longevity bonus (\$13,373) from individual agency budgets.
2. Concur with Governor's Budget Amendment No. 2, which adds \$2,869 from the State General Fund to correct an error made in calculating the recommended OOE increase.
3. Make technical adjustments to the bill to accurately reflect the Governor's recommendation.

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>Agency Request FY 96</u>	<u>Governor's Recommendation FY 96</u>	<u>House Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ (140,462)	\$ 4,398,311	\$ 0
General Fees Fund	0	813,191	0
Subtotal General Use	<u>\$ (140,462)</u>	<u>\$ 5,211,502</u>	<u>\$ 0</u>
Restricted Use Funds	0	2,065,642	0
TOTAL -- Oper. Exp.	<u>\$ (140,462)</u>	<u>\$ 7,277,144</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 189,466	\$ 0
Educational Building Fund	0	0	0
Other Funds	0	25,000	0
TOTAL -- Cap. Impr.	<u>\$ 0</u>	<u>\$ 214,466</u>	<u>\$ 0</u>
 GRAND TOTAL	 <u><u>\$ (140,462)</u></u>	 <u><u>\$ 7,491,610</u></u>	 <u><u>\$ 0</u></u>
FTE Positions:			
Classified	--	36.0	--
Unclassified	--	92.1	--
TOTAL FTE	<u>--</u>	<u>128.1</u>	<u>--</u>
Special Project Appointments	--	--	--

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the House.

SUBCOMMITTEE REPORT

Agency: KSU-Extension Systems and
Agriculture Research Programs

Bill No. --

Bill Sec. --

Analyst: Howard

Analysis Pg. No. 630

Budget Page No. 371

<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	\$ 36,989,029	\$ 36,878,132	\$ 0
Federal Land Grant Funds	7,531,508	7,531,508	0
EDIF	1,395,856	1,395,856	0
Other Funds	252,913	180,622	0
Subtotal General Use	<u>\$ 46,169,306</u>	<u>\$ 45,986,118</u>	<u>\$ 0</u>
Restricted Use Funds*	27,634,612	27,706,903	0
TOTAL -- Oper. Exp.	<u>\$ 73,803,918</u>	<u>\$ 73,693,021</u>	<u>\$ 0</u>
Capital Improvements:			
Special Revenue Funds	\$ 0	\$ 0	0
TOTAL -- Cap. Impr.	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 GRAND TOTAL	 <u><u>\$ 73,803,918</u></u>	 <u><u>\$ 73,693,021</u></u>	 <u><u>\$ 0</u></u>
FTE Positions:**			
Classified	489.6	489.6	--
Unclassified	781.0	781.0	--
TOTAL FTE	<u>1,270.6</u>	<u>1,270.6</u>	<u>--</u>
Special Project Appointments	--	--	--

* In practice, the Legislature does not adjust "restricted use" expenditures. Although subject to appropriation, these funds are generally "no limit" and are used at the agency's discretion; however, the funds must be used in a manner consistent with the conditions attached to the receipt of the funds, and they must be spent within basic guidelines set by the Legislature.

** KSU-ESARP is not subject to a position limitation.

Agency Estimate/Governor's Recommendation

The University requests a total operating budget of \$73,803,918 in FY 1995. Of the total request, general use expenditures account for \$46,169,306, an increase of 4.4 percent above actual FY 1994 expenditures. The agency's revised FY 1995 general use budget is a reduction of \$11,785 (SGF) from the approved general use budget.

SWAM
March 27, 1995
Attachment 5

For FY 1995, the Governor recommends a total operating budget of \$73,693,021, of which general use expenditures are \$45,986,118. The Governor's general use current year recommendation for expenditures is a reduction of \$183,188 from the agency request and includes adjustments for the following: a reduction in the budgeted health insurance rate for state employees (\$113,797); an increase of \$2,900 reflecting funding released by the State Finance Council for position reclassifications; and a shift of \$72,291 in expenditures for the agricultural land-use value program from the general use budget to the restricted use budget. Excluding the shift to the restricted use budget, the net result of the Governor's recommendation is a reduction of \$122,682 in general use funds from the approved budget, all of which is from the State General Fund.

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Governor.

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 Subc. Adj.</u>
Operating Expenditures:			
State General Fund	\$ 0	\$ 36,878,132	\$ 0
Federal Land Grant Funds	0	7,531,508	0
EDIF	0	1,395,856	0
Other Funds	0	180,622	0
Subtotal General Use	<u>\$ 0</u>	<u>\$ 45,986,118</u>	<u>\$ 0</u>
Restricted Use Funds*	0	27,706,903	0
TOTAL -- Oper. Exp.	<u>\$ 0</u>	<u>\$ 73,693,021</u>	<u>0</u>
Capital Improvements:			
Special Revenue Funds	0	\$ 0	0
TOTAL -- Cap. Impr.	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
 GRAND TOTAL	 <u><u>\$ 0</u></u>	 <u><u>\$ 73,693,021</u></u>	 <u><u>0</u></u>
FTE Positions:**			
Classified	--	489.6	--
Unclassified	--	781.0	--
TOTAL FTE	<u>--</u>	<u>1,270.6</u>	<u>--</u>
 Special Project Appointments	 --	 --	 --

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the House.

SUBCOMMITTEE REPORT

Agency: KSU-Extension Systems and
Agriculture Research Programs

Bill No. 2236

Bill Sec. 4

Analyst: Howard

Analysis Pg. No. 630

Budget Page No. 371

<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	\$ 39,219,315	\$ 39,821,610	\$ (1,788,556)
Federal Land Grant Funds	7,675,004	7,675,004	0
EDIF	1,440,735	0	0
Other Funds	0	0	0
Subtotal General Use	<u>\$ 48,335,054</u>	<u>\$ 47,496,614</u>	<u>\$ (1,788,556)</u>
Restricted Use Funds*	28,602,801	28,675,092	0
TOTAL -- Oper. Exp.	<u>\$ 76,937,855</u>	<u>\$ 76,171,706</u>	<u>\$ (1,788,556)</u>
Capital Improvements:			
Special Revenue Funds	\$ 0	\$ 0	\$ 0
TOTAL -- Cap. Impr.	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 GRAND TOTAL	 <u>\$ 76,937,855</u>	 <u>\$ 76,171,706</u>	 <u>\$ (1,788,556)</u>
 FTE Positions:**			
Classified	490.6	489.6	--
Unclassified	782.0	781.0	--
TOTAL FTE	<u>1,272.6</u>	<u>1,270.6</u>	<u>--</u>
 Special Project Appointments	 --	 --	 --

* In practice, the Legislature does not adjust "restricted use" expenditures. Although subject to appropriation, these funds are generally "no limit" and are used at the agency's discretion; however, the funds must be used in a manner consistent with the conditions attached to the receipt of the funds, and they must be spent within basic guidelines set by the Legislature.

** KSU-ESARP is not subject to a position limitation.

Agency Request/Governor's Recommendation

The University requests an operating budget increase of \$3,133,937 in FY 1996, including an increase of \$2,165,748 in general use expenditures and an increase of \$968,189 in restricted use expenditures. The requested general use increase of 4.7 percent includes: (1) annualization of FY 1995 cost-of-living adjustment and base fringe benefit adjustments (\$155,959); (2) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees (\$182,315); (3) a 3.5

percent merit pool for unclassified employees (\$1,032,420); (4) a 3.5 percent increase for student salaries (\$9,964); (5) a 3.5 percent increase for other operating expenditures (\$233,090); (6) a faculty salary enhancement pool (\$476,000); and (7) a mission-related program enhancement targeted at improving wheat breeding through the use of biotechnology (\$76,000 and 2.0 FTE).

For FY 1996, the Governor's recommendation reflects a general use increase of \$1,510,496, a 3.3 percent increase over the Governor's FY 1995 recommendation. The increase is financed by increasing expenditures from the State General Fund by \$2,943,478 (8.0 percent), from federal land grant funds by \$143,496 (1.9 percent) and by decreasing expenditures from the EDIF and other funds by \$1,576,478. The Governor's recommendation shifts expenditures funded from the EDIF in FY 1995 to the State General Fund in FY 1996.

The overall general use expenditure increase of \$1,510,496 is composed of the following: (1) base adjustments, including FY 1995 salary annualization and base fringe benefit adjustments (\$120,665); (2) classified step movement (approximately 2.5 percent) and longevity increases (\$182,315); (3) a 1 percent base adjustment for classified employees (\$75,109); (4) a 3.5 percent merit pool for unclassified employees (\$1,023,643); (5) a 3.5 percent increase for student salaries (\$9,954); and (6) a 1.5 percent increase in other operating expenditures (\$98,810). The Governor does not recommend funding for the requested program enhancements.

House Subcommittee Recommendation

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

1. Delete \$1,341,686 from the State General Fund in salaries based on the recommendation to delete funding for a 3.5 percent unclassified merit pool (\$1,023,643); classified step movement (\$118,974); a one percent base adjustment for classified employees (\$75,109); a 3.5 percent increase for student salaries (\$9,954) and the longevity bonus (\$114,006) from individual agency budgets.
2. Delete \$446,870 from the State General Fund in state funding of county extension agent salaries. The Subcommittee recommends that the state provide support towards a portion of the salaries of only the first two extension agents employed in a county. The state currently contributes \$5.1 million towards the salaries of county extension agents, including \$4,156,638 for the first two extension agents in each county (207 agents), and \$893,740 towards the remaining 58 agents in the 26 counties with more than two agents. Because the county fiscal year is on a calendar year basis, the Subcommittee recommendation deletes one-half of the state support for the additional agents in FY 1996. The Subcommittee notes that if the counties with more than two agents continue the agents with county funds, in most cases, the per capita county appropriation will still be less in those counties than in the current two-agent counties. The Subcommittee further recommends the introduction of legislation to amend K.S.A. 2-608 and K.S.A. 2-609 to limit state assistance to the first two agents employed in a county, and to delete references to current responsibilities of extension agents in order to give counties more flexibility in designing their mission at the local level. The Subcommittee would note that the Cooperative Extension Service is currently discussing other ways in which to modify the extension system, and believes that other topics, including

regionalization may be appropriate areas for discussion and further review. This recommendation replaces the reduction which would otherwise be made to KSU - ESARP under the systemwide recommendations.

3. Make technical adjustments to the bill to accurately reflect the Governor's recommendation.

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 with the following proviso relating to funding for extension services:

Provided, That all expenditures from this account to support a portion of the costs of county extension agents in each county for any period after December 31, 1995, shall be made on the basis of \$33,000 per county plus an additional amount of \$.28 per capita on an annualized basis.

As Further Amended by House Committee

The House Committee recommends deletion of the proviso added by the House Committee of the Whole. The House Committee recommends that Kansas State University make the determinations as to where to make the reductions totaling \$446,870 in the Extension program.

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 96</u>	<u>House Rec. FY 96</u>	<u>Senate Subc. Adj.</u>
Operating Expenditures:			
State General Fund	\$ (1,788,556)	\$ 38,033,054	\$ 446,870
Federal Land Grant Funds	0	7,675,004	0
EDIF	0	0	0
Other Funds	0	0	0
Subtotal General Use	<u>\$ (1,788,556)</u>	<u>\$ 45,708,058</u>	<u>\$ 446,870</u>
Restricted Use Funds*	0	28,675,092	0
TOTAL -- Oper. Exp.	<u>\$ (1,788,556)</u>	<u>\$ 74,383,150</u>	<u>\$ 446,870</u>
Capital Improvements:			
Special Revenue Funds	\$ 0	\$ 0	\$ 0
TOTAL -- Cap. Impr.	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 GRAND TOTAL	 <u>\$ (1,788,556)</u>	 <u>\$ 74,383,150</u>	 <u>\$ 446,870</u>
FTE Positions:**			
Classified	--	489.6	--
Unclassified	--	781.0	--
TOTAL FTE	<u>--</u>	<u>1,270.6</u>	<u>--</u>
 Special Project Appointments	 --	 --	 --

Senate Subcommittee Recommendation

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

1. **Extension Services.** Restore \$446,870 (State General Fund) to the extension services' budget.

SUBCOMMITTEE REPORT

Agency: KSU-Veterinary Medical Center

Bill No. --

Bill Sec. --

Analyst: Howard

Analysis Pg. No. 641

Budget Page No. 374

<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	\$ 8,063,254	\$ 8,033,295	\$ 0
General Fees Fund	4,037,980	4,037,980	0
Hosp. & Diagnostic Lab Fund	2,076,414	2,078,600	0
Subtotal General Use	<u>\$ 14,177,648</u>	<u>\$ 14,149,875</u>	<u>\$ 0</u>
Restricted Use Funds*	2,402,863	2,402,863	0
TOTAL -- Oper. Exp.	<u><u>\$ 16,580,511</u></u>	<u><u>\$ 16,552,738</u></u>	<u><u>\$ 0</u></u>
Capital Improvements:			
Educational Building Fund	\$ 458,274	\$ 458,274	\$ 0
Other Funds	500,000	500,000	0
TOTAL -- Cap. Impr.	<u><u>\$ 958,274</u></u>	<u><u>\$ 958,274</u></u>	<u><u>\$ 0</u></u>
 GRAND TOTAL	 <u><u>\$ 17,538,785</u></u>	 <u><u>\$ 17,511,012</u></u>	 <u><u>\$ 0</u></u>
FTE Positions:**			
Classified	149.6	149.6	--
Unclassified	99.2	99.2	--
TOTAL FTE	<u><u>248.8</u></u>	<u><u>248.8</u></u>	<u><u>--</u></u>
 Special Projects Appointments	 --	 --	 --

* In practice, the Legislature does not adjust "restricted use" expenditures. Although subject to appropriation, these funds are generally "no limit" and are used at the agency's discretion; however, the funds must be used in a manner consistent with the conditions attached to the receipt of the funds, and they must be spent within basic guidelines set by the Legislature.

** The Veterinary Medical Center is not subject to a position limitation.

Agency Estimate/Governor's Recommendation

The University requests a total operating budget of \$16,580,511 in FY 1995. Of the total request, general use expenditures account for \$14,177,648, an increase of 2.5 percent above actual FY 1994 expenditures. The agency's revised FY 1995 general use budget is a reduction of \$4,809 from the approved level, including \$2,623 from the State General Fund and \$2,186 from the hospital and diagnostic laboratory revenue fund.

*SWAM
March 27, 1995
Attachment 6*

For FY 1995, the Governor recommends a total operating budget of \$16,552,738, of which general use expenditures are \$14,149,875. The Governor's general use current year recommendation for expenditures is a reduction of \$27,773 from the agency request and includes adjustments for the following: a reduction in the budgeted health insurance rate for state employees (\$30,258), and an increase of \$2,485 reflecting funding released by the State Finance Council for position reclassifications. The Governor's recommendations also shift \$2,186 in expenditures from the State General Fund to the hospital and diagnostic laboratory revenue fund, bringing expenditures from the special revenue fund back to the level approved by the 1994 Legislature. The net result is a reduction of \$32,582 in general use funds from the approved budget, all of which is from the State General Fund.

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Governor.

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 Subc. Adj.</u>
Operating Expenditures:			
State General Fund	\$ 0	\$ 8,033,295	\$ 65,670
General Fees Fund	0	4,037,980	(65,670)
Hosp. & Diagnostic Lab Fund	0	2,078,600	0
Subtotal General Use	<u>\$ 0</u>	<u>\$ 14,149,875</u>	<u>\$ 0</u>
Restricted Use Funds	0	2,402,863	0
TOTAL -- Oper. Exp.	<u>\$ 0</u>	<u>\$ 16,552,738</u>	<u>\$ 0</u>
Capital Improvements:			
Educational Building Fund	\$ 0	\$ 458,274	\$ 0
Other Funds	0	500,000	0
TOTAL -- Cap. Impr.	<u>\$ 0</u>	<u>\$ 958,274</u>	<u>\$ 0</u>
GRAND TOTAL	<u><u>\$ 0</u></u>	<u><u>\$ 17,511,012</u></u>	<u><u>\$ 0</u></u>
FTE Positions:			
Classified	--	149.6	--
Unclassified	--	99.2	--
TOTAL FTE	<u>--</u>	<u>248.8</u>	<u>--</u>
Special Projects Appointments	--	--	--

Senate Subcommittee Recommendation

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

1. **Systemwide Recommendation -- Fee Shortfall, Spring Fee Estimates.** Increase financing from the State General Fund by \$65,670 and decrease funding from the General Fees Fund (tuition) by a like amount due to an estimated shortfall in tuition receipts based on actual Spring 1995 enrollment.

SUBCOMMITTEE REPORT

Agency: KSU-Veterinary Medical Center

Bill No. 2236

Bill Sec. 5

Analyst: Howard

Analysis Pg. No. 641

Budget Page No. 374

<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	\$ 8,482,157	\$ 8,286,646	\$ (395,922)
General Fees Fund	4,162,616	4,162,616	0
Hosp. & Diagnostic Lab Fund	2,125,000	2,145,115	0
Subtotal General Use	<u>\$ 14,769,773</u>	<u>\$ 14,594,377</u>	<u>\$ (395,922)</u>
Restricted Use Funds*	2,477,420	2,477,420	0
TOTAL -- Oper. Exp.	<u>\$ 17,247,193</u>	<u>\$ 17,071,797</u>	<u>\$ (395,922)</u>
Capital Improvements:			
Educational Building Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
TOTAL -- Cap. Impr.	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 GRAND TOTAL	 <u><u>\$ 17,247,193</u></u>	 <u><u>\$ 17,071,797</u></u>	 <u><u>\$ (395,922)</u></u>
 FTE Positions:**			
Classified	149.6	149.6	--
Unclassified	99.2	99.2	--
TOTAL FTE	<u>248.8</u>	<u>248.8</u>	<u>--</u>
 Special Projects Appointments	 --	 --	 --

* In practice, the Legislature does not adjust "restricted use" expenditures. Although subject to appropriation, these funds are generally "no limit" and are used at the agency's discretion; however, the funds must be used in a manner consistent with the conditions attached to the receipt of the funds, and they must be spent within basic guidelines set by the Legislature.

** The Veterinary Medical Center is not subject to a position limitation.

Agency Request/Governor's Recommendation

The University requests an operating budget increase of \$666,682 in FY 1996, including an increase of \$592,125 in general use expenditures and an increase of \$74,557 in restricted use expenditures. The requested general use increase of 4.2 percent includes: (1) annualization of FY 1995 cost-of-living adjustment and base fringe benefit adjustments (\$44,438); (2) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees (\$86,704); (3) a 3.5 percent merit pool for unclassified employees (\$247,230); (4) a 3.5 percent increase for student salaries (\$5,312); (5) a 3.5

percent increase for other operating expenditures (\$101,441); (6) a faculty salary enhancement pool of \$100,000; and (7) a mission-related program enhancement designed to increase the availability of computer networks (\$7,000).

For FY 1996, the Governor's recommendation reflects a general use increase of \$444,502, a 3.1 percent increase over the Governor's FY 1995 recommendation. The increase is financed by increasing expenditures from the State General Fund by \$253,351 (3.2 percent), from tuition revenues by \$124,636 (3.1 percent) and from the hospital and diagnostic laboratory revenue fund by \$66,515 (3.2 percent).

The overall general use expenditure increase of \$444,502 is composed of the following: (1) base adjustments, including FY 1995 salary annualization and base fringe benefit adjustments (\$27,163); (2) classified step movement (approximately 2.5 percent) and longevity increases (\$86,704); (3) a one percent base adjustment for classified employees (\$34,939); (4) a 3.5 percent merit pool for unclassified employees (\$246,904); (5) a 3.5 percent increase for student salaries (\$5,317); and (6) a 1.5 percent increase in other operating expenditures (\$43,475). The Governor does not recommend funding for the requested program enhancements. The Governor's recommendations increase expenditures from the hospital and diagnostic laboratory fund by \$20,115 from the agency request, based on the Governor's estimate of increased receipts. Further, the Governor recommends that the institution be allowed to transfer excess receipts in the fund to a special revenue fund for the purchase of equipment.

House Subcommittee Recommendation

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

1. Delete \$395,922 from the State General Fund in salaries based on the recommendation to delete funding for a 3.5 percent unclassified merit pool (\$246,904); classified step movement (\$62,903); a one percent base adjustment for classified employees (\$34,939); a 3.5 percent increase for student salaries (\$5,317) and the longevity bonus (\$45,859) from individual agency budgets.
2. Make technical adjustments to the bill to accurately reflect the Governor's recommendation.

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>Agency Request FY 96</u>	<u>Governor's Recommendation FY 96</u>	<u>House Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ (395,922)	\$ 7,890,724	\$ 0
General Fees Fund	0	4,162,616	0
Hosp. & Diagnostic Lab Fund	0	2,145,115	0
Subtotal General Use	<u>\$ (395,922)</u>	<u>\$ 14,198,455</u>	<u>\$ 0</u>
Restricted Use Funds*	0	2,477,420	0
TOTAL -- Oper. Exp.	<u>\$ (395,922)</u>	<u>\$ 16,675,875</u>	<u>\$ 0</u>
Capital Improvements:			
Educational Building Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
TOTAL -- Cap. Impr.	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
GRAND TOTAL	<u>\$ (395,922)</u>	<u>\$ 16,675,875</u>	<u>\$ 0</u>
FTE Positions:**			
Classified	--	149.6	--
Unclassified	--	99.2	--
TOTAL FTE	<u>--</u>	<u>248.8</u>	<u>--</u>
Special Projects Appointments	--	--	--

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the House.

0012957.01(3/21/95(9:10AM))

SUBCOMMITTEE REPORT

FY 1995 and FY 1996

WICHITA STATE UNIVERSITY

A handwritten signature in black ink, appearing to read "Alicia Salisbury", written over a horizontal line.

Sen. Alicia Salisbury, Chair

A handwritten signature in blue ink, appearing to read "Bill Brady", written over a horizontal line.

Sen. Bill Brady

SWAM
March 27, 1995
Attachment 7

SUBCOMMITTEE REPORT

Agency: Wichita State University

Bill No. 2234

Bill Sec. 16

Analyst: Howard

Analysis Pg. No. 647

Budget Page No. 549

Expenditure Summary	Agency Estimate FY 95	Governor's Recommendation FY 95	House Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 50,328,306	\$ 50,159,096	\$ 0
General Fees Fund	23,672,470	23,672,470	0
EDIF	393,686	393,686	0
Other Funds	301,604	301,604	0
Subtotal General Use	\$ 74,696,066	\$ 74,526,856	\$ 0
Restricted Use Funds*	37,601,219	37,601,219	0
TOTAL -- Oper. Exp.	\$ 112,297,285	\$ 112,128,075	\$ 0
Capital Improvements:			
Educational Building Fund	\$ 1,248,766	\$ 1,245,707	\$ 0
Special Cap. Impr. Fund	0	0	0
Other Funds	124,000	124,000	0
TOTAL -- Cap. Impr.	\$ 1,372,766	\$ 1,369,707	\$ 0
 GRAND TOTAL	 <u>\$ 113,670,051</u>	 <u>\$ 113,497,782</u>	 <u>\$ 0</u>
FTE Positions:**			
Classified	675.9	675.9	--
Unclassified	1,046.1	1,046.1	--
TOTAL FTE	<u>1,722.0</u>	<u>1,722.0</u>	<u>--</u>
Special Project Appointments	--	--	--

* In practice, the Legislature does not adjust "restricted use" expenditures. Although subject to appropriation, these funds are generally "no limit" and are used at the agency's discretion; however, the funds must be used in a manner consistent with the conditions attached to the receipt of the funds, and they must be spent within basic guidelines set by the Legislature.

** Wichita State University is not subject to a position limitation.

Agency Estimate/Governor's Recommendation

The University requests a total operating budget of \$112,297,285 in FY 1995. Of the total request, general use expenditures account for \$74,696,066, an increase of 4.7 percent above actual FY 1994

expenditures. The agency's revised FY 1995 general use budget is an increase of \$181,725 above the approved budget, reflecting the University's request for a supplemental State General Fund appropriation to finance costs associated with the lease of two off-campus sites. The request also seeks supplemental financing from the State General Fund totaling \$68,267, with a like reduction in financing from the General Fees Fund (tuition). The request reflects revised fee fund estimates based on fall enrollments. According to the University, the estimate of tuition revenues is lower than the amount estimated last Spring. The decrease in revenue results from an enrollment decline of 334 students, but is partially offset by an increase in the average fee collected and a larger than anticipated carryforward from FY 1994.

For FY 1995, the Governor recommends a total operating budget of \$112,128,075, of which general use expenditures are \$74,526,856. The Governor's general use current year recommendation for expenditures is a reduction of \$169,210 from the agency request and includes adjustments for: a reduction in the budgeted health insurance rate for state employees (\$171,410); and an increase of \$2,200 reflecting funding released by the State Finance Council for position reclassifications. The Governor concurs with the agency request to shift financing of \$68,267 from the State General Fund to the general fees fund based on fall enrollments. The net result is an increase of \$12,515 in general use expenditures from the approved budget, with an increase of \$80,782 from the State General Fund.

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Governor.

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	\$ 50,159,096	\$ (78,923)
General Fees Fund	0	23,672,470	(102,802)
EDIF	0	393,686	0
Other Funds	0	301,604	0
Subtotal General Use	\$ 0	\$ 74,526,856	\$ (181,725)
Restricted Use Funds	0	37,601,219	0
TOTAL -- Oper. Exp.	\$ 0	\$ 112,128,075	\$ (181,725)
Capital Improvements:			
Educational Building Fund	\$ 0	\$ 1,245,707	\$ 0
Special Cap. Impr. Fund	0	0	0
Other Funds	0	124,000	0
TOTAL -- Cap. Impr.	\$ 0	\$ 1,369,707	\$ 0
 GRAND TOTAL	 <u>\$ 0</u>	 <u>\$ 113,497,782</u>	 <u>\$ (181,725)</u>
FTE Positions:			
Classified	--	675.9	0.0
Unclassified	--	1,046.1	0.0
TOTAL FTE	--	<u>1,722.0</u>	<u>0.0</u>
Special Project Appointments	--	--	--

Senate Subcommittee Recommendation

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

1. **Systemwide Recommendation -- Fee Shortfall, Spring Fee Estimates.** Increase financing from the State General Fund by \$102,802 and decrease funding from the General Fees Fund (tuition) by a like amount due to an estimated shortfall in tuition receipts based on actual Spring 1995 enrollment.
2. **Off-Campus Sites -- Rental Costs.** Delete \$181,725 (State General Fund) recommended as a supplemental appropriation in the Governor's recommendation to finance the rental costs of two off-campus sites. The Subcommittee commends the University for its outreach services and its desire to meet the needs of the Wichita business community. The Subcommittee is also supportive of the Administration's efforts to stem the University's declining enrollment and increase its visibility in the greater

Wichita area. However, the Subcommittee does not believe it is appropriate for state taxpayers to bear additional facility costs, particularly during a time of declining enrollment when space is available on the campus. The Subcommittee believes that if the University finds this approach to be desirable and within its mission, it should reallocate the resources to provide for the rental costs. The Subcommittee recommends that the savings from this reduction be reappropriated to FY 1996 and used in conjunction with a like reduction in FY 1996 to decrease the University's budgeted shrinkage rate. (See 1996 report, item 4).

SUBCOMMITTEE REPORT

Agency: Wichita State University

Bill No. 2236

Bill Sec. 11

Analyst: Howard

Analysis Pg. No. 647

Budget Page No. 549

<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	\$ 53,612,142	\$ 52,647,766	\$ (2,340,278)
General Fees Fund	24,525,520	24,542,020	362,872
EDIF	408,826	0	0
Other Funds	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal General Use	\$ 78,546,488	\$ 77,189,786	\$ (1,977,406)
Restricted Use Funds*	<u>38,076,323</u>	<u>38,076,323</u>	<u>0</u>
TOTAL -- Oper. Exp.	\$ 116,622,811	\$ 115,266,109	\$ (1,977,406)
Capital Improvements:			
Educational Building Fund	\$ 0	\$ 0	\$ 0
Special Cap. Impr. Fund	0	0	0
Other Funds	<u>214,000</u>	<u>214,000</u>	<u>0</u>
TOTAL -- Cap. Impr.	\$ 214,000	\$ 214,000	\$ 0
 GRAND TOTAL	 <u>\$ 116,836,811</u>	 <u>\$ 115,480,109</u>	 <u>\$ (1,977,406)</u>
 FTE Positions:**			
Classified	675.9	675.9	--
Unclassified	<u>1,051.1</u>	<u>1,045.9</u>	<u>--</u>
TOTAL FTE	<u>1,727.0</u>	<u>1,721.8</u>	<u>--</u>
Special Project Appointments	--	--	--

* In practice, the Legislature does not adjust "restricted use" expenditures. Although subject to appropriation, these funds are generally "no limit" and are used at the agency's discretion; however, the funds must be used in a manner consistent with the conditions attached to the receipt of the funds, and they must be spent within basic guidelines set by the Legislature.

** Wichita State University is not subject to a position limitation.

*** Adjusted for Governor's Budget Amendments.

Agency Request/Governor's Recommendation

The University requests an operating budget increase of \$4,325,526 in FY 1996, including an increase of \$3,850,422 in general use expenditures and an increase of \$475,104 in restricted use

expenditures. The requested general use increase of 5.2 percent includes: (1) annualization of FY 1995 cost-of-living adjustment and base fringe benefit adjustments (\$234,589); (2) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees (\$344,837); (3) a 3.5 percent merit pool for unclassified employees (\$1,516,176); (4) a 3.5 percent increase for student salaries (\$47,220); (5) a 3.5 percent increase for other operating expenditures (\$346,963); (6) an additional 4.5 percent increase (for a total increase of 8.0 percent) for library OOE (\$79,573); (7) \$83,419 for costs to service new buildings; (8) \$84,000 as part of a systemwide library enhancement project; and (9) mission-related program enhancements totaling \$1,113,645 and 5.0 FTE for the following: reduction of shrinkage from 2.84 to 2.0 percent (\$508,000); bridge program (\$332,000); Master of Public Health program (\$62,601); Family Nurse Practitioner (\$85,238); occupational therapy assistant (\$99,313); and physical therapy assistant (\$26,493).

For FY 1996, the Governor's recommendation reflects a general use increase of \$2,670,855, a 3.6 percent increase over the Governor's FY 1995 recommendation. The increase is financed by increasing expenditures from the State General Fund by \$2.5 million (5.0 percent), from the general fees fund by \$869,550 (3.7 percent), and by decreasing expenditures from the EDIF and State Budget Stabilization Fund (\$695,290). The Governor's recommendation shifts expenditures funded from the EDIF in FY 1995 to the State General Fund in FY 1996.

The overall general use expenditure increase of \$2,670,855 is composed of the following: (1) base adjustments, including FY 1995 salary annualization and base fringe benefit adjustments (\$130,869); (2) classified step movement (approximately 2.5 percent) and longevity increases (\$344,837); (3) a one percent base adjustment for classified employees (\$126,460); (4) a 3.5 percent merit pool for unclassified employees (\$1,449,264); (5) a 3.5 percent increase for student salaries (\$47,200); (6) a 1.5 percent increase in other operating expenditures (\$173,052); (7) \$83,334 for servicing new buildings; (8) \$168,000 for the systemwide library proposal; and (9) \$147,839 to continue health care programs initiated with funding from the Kansas Health Foundation. The Governor does not recommend funding for the remaining requested program enhancements.

House Subcommittee Recommendation

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

1. Delete \$1,977,406 from the State General Fund in salaries based on the recommendation to delete funding for a 3.5 percent unclassified merit pool (\$1,449,265); classified step movement (\$199,403); a one percent base adjustment for classified employees (\$126,460); a 3.5 percent increase for student salaries (\$47,200) and the longevity bonus (\$155,078) from individual agency budgets.
2. In conjunction with the recommendation in item 1, reduce the expenditure limitation on the State General Fund operating expenditures account for GTA salaries from \$1,197,627 to \$1,157,128 to eliminate the recommended 3.5 percent increase. The Subcommittee recommends that the limitation be adjusted during the Omnibus Session to reflect any percentage increase approved for unclassified salaries.
3. Based on the recommendation of the full Committee, delete \$362,872 from the State General Fund recommended by the Governor to finance the university's FY 1996 operating budget and add \$362,872 from the General Fees Fund (tuition). The 1996

Legislature could consider the need for a State General Fund supplemental appropriation based on actual Fall 1995 tuition receipts and enrollments.

4. Concur with Governor's Budget Amendment No. 2, which deletes \$7,925 from the State General Fund to correct an error made in calculating the recommended OOE increase.
5. The Subcommittee reviewed shrinkage rates at the Regents institutions. Wichita State University has the highest budgeted shrinkage rate (2.84%) of all the institutions excluding the University of Kansas Medical Center. This shrinkage is essentially forced. The Subcommittee believes that a review of current policy regarding shrinkage is appropriate, not just for Regents institutions but for all state agencies. The Subcommittee recommends an interim study of shrinkage, including alternatives which would allow for a review of the authorized number of FTE and use of shrinkage rates reflecting natural attrition.
6. Concur with the recommendation of the Joint Committee on State Building Construction to authorize Wichita State University to raze its old communications building.
7. As a part of its presentation to the Subcommittee, Wichita State University discussed the concept of a procurement credit card for small purchases. The University detailed for the Subcommittee the large numbers of vouchers it processes for purchases of very small dollar amounts compared to its peer institutions and other institutions of higher education engaged in a benchmarking process. The Subcommittee did not have time to pursue this issue, but recommends that Wichita State University and the Board of Regents work with the Department of Administration and present a plan to the Senate Subcommittee. The Subcommittee encourages this effort and expects no fiscal note, but rather savings to the state from such a system.
8. Make technical adjustments to the bill to accurately reflect the Governor's recommendation.

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.

Expenditure Summary	House Adj. FY 96	House Rec. FY 96	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ (2,340,278)	\$ 50,307,488	\$ 384,597
General Fees Fund	362,872	24,904,892	(362,872)
EDIF	0	0	0
Other Funds	0	0	0
Subtotal General Use	\$ (1,977,406)	\$ 75,212,380	\$ 21,725
Restricted Use Funds	0	38,076,323	0
TOTAL -- Oper. Exp.	\$ (1,977,406)	\$ 113,288,703	\$ 21,725
Capital Improvements:			
Educational Building Fund	\$ 0	\$ 0	\$ 0
Special Cap. Impr. Fund	0	0	0
Other Funds	0	214,000	0
TOTAL -- Cap. Impr.	\$ 0	\$ 214,000	\$ 0
 GRAND TOTAL	 <u>\$ (1,977,406)</u>	 <u>\$ 113,502,703</u>	 <u>\$ 21,725</u>
FTE Positions:			
Classified	--	675.9	--
Unclassified	--	1,045.9	--
TOTAL FTE	<u>--</u>	<u>1,721.8</u>	<u>--</u>
Special Project Appointments	--	--	--

Senate Subcommittee Recommendation

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

1. **Systemwide Recommendation -- Fee Shortfall, Fall Fee Estimates.** Restore \$362,872 from the State General Fund and decrease funding from the General Fees Fund (tuition) by a like amount in concurrence with the Governor's recommendation which follows traditional practice in estimating the availability of tuition to finance institutional operating budgets.
2. **Systemwide Recommendation -- Regents Libraries.** Delete \$160,000 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 and included in the Regents base budget for FY 1996.
3. **Off-Campus Sites -- Rental Costs.** Delete \$181,725 (State General Fund) recommended by the Governor to finance the rental costs of two off-campus sites.

The Subcommittee commends the University for its outreach services and its desire to meet the needs of the Wichita business community. The Subcommittee is also supportive of the Administration's efforts to stem the University's declining enrollment and increase its visibility in the greater Wichita area. However, the Subcommittee does not believe it is appropriate for state taxpayers to bear additional facility costs, particularly during a time of declining enrollment when space is available on the campus. The Subcommittee believes that if the University finds this approach to be desirable and within its mission, it should reallocate the resources to provide for the rental costs. The Subcommittee recommends that this savings be used in conjunction with a like amount reappropriated from FY 1995 to decrease the University's budgeted shrinkage rate.

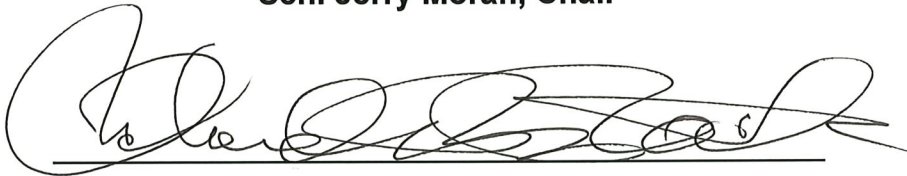
4. Add \$363,450 from the State General Fund to reduce the University's salary shrinkage rate from 2.84 percent to 2.28 percent. The Subcommittee was informed that Wichita State University has the highest budgeted shrinkage rate in the Regents system. A number of factors relative to prior University administration policy have impacted on actual shrinkage in past years. Under a prior administration, Wichita State routinely held positions open in order to purchase capital equipment. Lecturers and adjunct professors were often used in order to generate savings from the budgeted salary levels. The University also held several positions open during the period that its central administration was changing. Two major departments were searching for new Chairs at that time and a number of faculty positions in those departments were held vacant pending these selections. Again, to cover classes, vacant position funding was used to hire lecturers, freeing up salary savings for OOE purchase. At that time, the Governor recommended that shrinkage be budgeted at the previous year's actual rate at each Regents university. Except for small adjustments at all campuses, those budgeted rates have remained the same for several years, essentially forcing Wichita State to hold open positions. The Subcommittee learned that the current University President has focused the energies of the University on managing enrollment and filling vacant faculty and unclassified professional positions with quality persons supporting the institutional mission. The President strongly believes in the use of full-time faculty in the classrooms. In FY 1995, the University froze all capital equipment purchases early in the fiscal year and believes it will be necessary to convert substantial amounts of funding from OOE in order to meet the salary needs of the university. As its top priority, the University requested a total of \$508,000 to reduce its budgeted shrinkage to 2.0 percent. The Subcommittee recommendation will support a portion of that request.
5. The Subcommittee reviewed the agency's servicing new buildings request and concurs with the Governor's recommendation of \$83,334 for the Elliott School of Communications. Six months funding and 3.6 FTE positions were approved for FY 1995 by the 1994 Legislature. The Governor's FY 1996 recommendation annualizes that funding.

SUBCOMMITTEE REPORT

**Emporia State University
Pittsburg State University**

Jerry Moran

Sen. Jerry Moran, Chair



A handwritten signature in black ink, appearing to read "Richard Rock", is written over a horizontal line. The signature is highly stylized and cursive.

Sen. Richard Rock

*SWAM
march 27, 1995
Attachment 8*

SUBCOMMITTEE REPORT

Agency: Emporia State University

Bill No. 2234

Bill Sec. 3

Analyst: Mills

Analysis Pg. No. 658

Budget Page No. 183

<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	\$ 22,795,071	\$ 22,657,173	\$ 0
General Fees Fund	8,261,173	8,331,981	0
Other Funds	163,334	163,334	0
Subtotal General Use	<u>\$ 31,219,578</u>	<u>\$ 31,152,488</u>	<u>\$ 0</u>
Restricted Use Funds*	12,979,043	12,979,043	0
TOTAL -- Oper. Exp.	<u>\$ 44,198,621</u>	<u>\$ 44,131,531</u>	<u>\$ 0</u>
Capital Improvements:			
Educational Building Fund	\$ 1,047,446	\$ 1,047,446	\$ 450,000
Other Funds	460,000	460,000	0
TOTAL -- Cap. Impr.	<u>\$ 1,507,446</u>	<u>\$ 1,507,446</u>	<u>\$ 450,000</u>
 GRAND TOTAL	 <u><u>\$ 45,706,067</u></u>	 <u><u>\$ 45,638,977</u></u>	 <u><u>\$ 450,000</u></u>
FTE Positions:**			
Classified	319.2	319.2	0.0
Unclassified	396.9	396.9	0.0
TOTAL FTE	<u><u>716.1</u></u>	<u><u>716.1</u></u>	<u><u>0.0</u></u>
 Special Project Appointments	 --	 --	 --

* In practice, the Legislature does not adjust "restricted use" expenditures. Although subject to appropriation, these funds are generally "no limit" and are used at the agency's discretion, except that they must be used in a manner consistent with the conditions attached to the receipt of funds and they must be spent within basic guidelines set by the Legislature.

** Emporia State University is not subject to a position limitation.

Agency Estimate/Governor's Recommendation

The University requests a total operating budget in FY 1995 of \$44,198,621, an increase of 7.5 percent above actual FY 1994 expenditures. Of the total request, general use expenditures account for \$31,219,578, an increase of 5.2 percent over actual FY 1994 general use expenditures. The agency's revised FY 1995 general use budget is equal to the approved general use budget. The request (reflecting revised fee fund estimates based on fall enrollments) shifts financing in the amount of \$59,673 from the State

General Fund to the General Fees Fund (tuition) based on the fall enrollments. According to the University, the estimate of tuition revenues is higher than the amount estimated last spring.

For FY 1995, the Governor recommends a total operating budget of \$44,131,531, of which general use expenditures are \$31,152,488. The Governor's general use current year recommendation for expenditures is a reduction of \$67,090 from the agency request and includes adjustments for the following: (1) an increase of \$1,767 reflecting funding released by the State Finance Council for position reclassifications; and (2) a reduction in the budgeted health insurance rates for state employees (\$68,857). The net result is a reduction of \$67,090 in general use expenditures from the approved budget, with a reduction of \$197,571 from the State General Fund.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation for FY 1995, with the following adjustment:

1. Add \$450,000 (Educational Building Fund) for repairs and equipment to restore Peterson Planetarium: the planetarium was severely damaged in December, 1994, by flooding due to a ruptured water main. The Joint Committee on State Building Construction has reviewed the program statement for the repair project and recommends that the project be approved, with funding in FY 1995 from available balances in the EBF.

House Committee Recommendation

The House Committee concurs with the House Subcommittee recommendation.

<u>Expenditure Summary</u>	<u>House Adjustments FY 95</u>	<u>House Recommendations FY 95</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 0	\$ 22,657,173	\$ 270,045
General Fees Fund	0	8,331,981	(270,045)
Other Funds	0	163,334	0
Subtotal General Use	<u>\$ 0</u>	<u>\$ 31,152,488</u>	<u>\$ 0</u>
Restricted Use Funds	0	12,979,043	0
TOTAL -- Oper. Exp.	<u>\$ 0</u>	<u>\$ 44,131,531</u>	<u>\$ 0</u>
Capital Improvements:			
Educational Building Fund	\$ 450,000	\$ 1,497,446	\$ 0
Other Funds	0	460,000	0
TOTAL -- Cap. Impr.	<u>\$ 450,000</u>	<u>\$ 1,957,446</u>	<u>\$ 0</u>
 GRAND TOTAL	 <u>\$ 450,000</u>	 <u>\$ 46,088,977</u>	 <u>\$ 0</u>
FTE Positions:			
Classified	0.0	319.2	0.0
Unclassified	0.0	396.9	0.0
TOTAL FTE	<u>0.0</u>	<u>716.1</u>	<u>0.0</u>
 Special Project Appointments	 --	 --	 --

Senate Subcommittee Recommendation

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

1. **Systemwide Recommendation -- Fee Shortfall, Spring Fee Estimates.** Increase financing from the State General Fund by \$270,045 and decrease funding from the General Fees Fund (tuition) by a like amount due to an estimated shortfall in tuition receipts based on actual Spring 1995 enrollment.

SUBCOMMITTEE REPORT

Agency: Emporia State University

Bill No. 2236

Bill Sec. 7

Analyst: Mills

Analysis Pg. No. 658

Budget Page No. 183

<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	\$ 24,544,722	\$ 24,036,103	\$ (1,054,760)
General Fees Fund	8,651,473	8,587,335	0
Other Funds	23,000	23,000	0
Subtotal General Use	<u>\$ 33,219,195</u>	<u>\$ 32,646,438</u>	<u>\$ (1,054,760)</u>
Restricted Use Funds*	12,874,558	12,874,558	0
TOTAL -- Oper. Exp.	<u>\$ 46,093,753</u>	<u>\$ 45,520,996</u>	<u>\$ (1,054,760)</u>
Capital Improvements:			
Educational Building Fund	\$ 0	\$ 0	\$ 0
Other Funds	439,563	439,563	0
TOTAL -- Cap. Impr.	<u>\$ 439,563</u>	<u>\$ 439,563</u>	<u>\$ 0</u>
 GRAND TOTAL	 <u><u>\$ 46,533,316</u></u>	 <u><u>\$ 45,960,559</u></u>	 <u><u>\$ (1,054,760)</u></u>
FTE Positions:**			
Classified	324.7	324.7	0.0
Unclassified	403.4	398.4	0.0
TOTAL FTE	<u><u>728.1</u></u>	<u><u>723.1</u></u>	<u><u>0.0</u></u>
Special Project Appointments	--	--	--

* In practice, the Legislature does not adjust "restricted use" expenditures. Although subject to appropriation, these funds are generally "no limit" and are used at the agency's discretion, except that they must be used in a manner consistent with the conditions attached to the receipt of funds and they must be spent within basic guidelines set by the Legislature.

** Emporia State University is not subject to a position limitation.

*** Includes GBA No. 2 adjustment.

Agency Request/Governor's Recommendation

The University requests an operating budget increase of \$1,895,132, of which \$1,999,617 is general use expenditures (with an offsetting decrease of \$104,485 in restricted use funds). The requested general use increase of 6.4 percent includes:

1. annualization of FY 1995 cost-of-living adjustment and base fringe benefits adjustments (\$94,976);
2. classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees (\$154,005);
3. a 3.5 percent merit pool for unclassified employees (\$630,661);
4. a 3.5 percent increase for student salaries (\$29,017);
5. a 3.5 percent increase for other operating expenditures (\$151,626);
6. an additional 4.5 percent increase (for a total increase of 8.0 percent for library OOE (\$26,007);
7. an enrollment adjustment request of \$251,458 and 3.5 FTE positions;
8. servicing new buildings (\$118,867 and 3.5 FTE positions);
9. faculty salary enhancements (\$150,000);
10. library enhancement (\$100,000); and
11. mission-related University improvements totaling \$293,000, which includes initiatives relating to the University's information technology strategic plan (\$280,000 and 5.0 FTE positions) and funds for the replacement of scientific equipment (\$13,000).

For FY 1996, the Governor's recommendation reflects a general use increase of \$1,484,037, a 4.8 percent increase over the Governor's FY 1995 recommendation. The increase is financed by increasing expenditures from the State General Fund by \$1,369,017 (6.0 percent), from the general fees fund by \$255,354 (3.1 percent), and by decreasing expenditures from the State Budget Stabilization Fund by \$140,334 (100.0 percent). The Governor's recommendation shifts salary expenditures funded from the Budget Stabilization Fund in FY 1995 to the State General Fund in FY 1996.

The overall general use expenditure increase of \$1,484,037 is composed of the following: (1) base adjustments, including FY 1995 salary annualization and base fringe benefits adjustments (\$59,698); (2) classified step movement (approximately 2.5 percent) and longevity increases (\$154,005); (3) a one percent base adjustment for classified employees (\$60,115); (4) a 3.5 percent merit pool for unclassified employees (\$637,689); (5) a 3.5 percent increase for student salaries (\$29,017); (6) a 1.5 percent increase in other operating expenditures (\$73,746); (7) \$251,458 and 2.5 FTE positions for an enrollment adjustment; (8) \$118,309 and 3.5 new FTE positions for servicing new buildings; and (9) \$100,000 for a

systemwide library enhancement program. The Governor does not recommend funding for the remaining requested program enhancements.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation for FY 1996, with the following adjustments:

1. Delete \$1,054,760 from the State General Fund in salaries based on the recommendation to delete funding for a 3.5 percent unclassified merit pool (\$773,706); classified step movement (\$86,797); a 1 percent base adjustment for classified employees (\$60,115); a 3.5 percent increase for student salaries (\$29,017); and the longevity bonus (\$105,125) from individual agency budgets.
2. In conjunction with the recommendation in Item 1, reduce the expenditure limitation on the State General Fund operating expenditures account for GTA salaries from \$508,687 to \$491,485 to eliminate the recommended 3.5 percent increase. The Subcommittee recommends that the limitation be adjusted during the Omnibus Session to reflect any percentage increase approved for unclassified salaries.
3. Concur with Governor's Budget Amendment No. 2, which adds \$9,913 from the State General Fund to correct an error made in calculating the recommended OOE increase.
4. The House Subcommittee notes that Emporia State University requested \$150,000 in FY 1996 for faculty salary enhancements: more specifically, faculty salary enhancements directed toward efforts to obtain accreditation for the ESU School of Business for the American Assembly of Collegiate Schools of Business (AACSB). No funding was recommended by the Governor. The Subcommittee supports this accreditation effort and believes that the stature of the Business School will be enhanced by accreditation. However, given the financial status of the state at this time, the Subcommittee does not believe that additional funds should be recommended. The Subcommittee encourages ESU to attempt to reallocate available financial resources to continue the accreditation effort.
5. Make technical adjustments to the bill to accurately reflect the Governor's recommendation.
6. The performance measures used in the *Governor's Budget Report* are shown below:

	<u>Actual FY 1994</u>	<u>Estimated FY 1995</u>	<u>Estimated FY 1996</u>
Five year graduation rate	37.0%	38.0%	38.0%
Five year job placement rate in major field	76.9%	78.0%	78.0%

House Committee Recommendation

The House Committee concurs with the House Subcommittee recommendation.

House Recommendation

Concur.

<u>Expenditure Summary</u>	<u>House Adj. FY 96</u>	<u>House Rec. FY 96</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ (1,054,760)	\$ 22,981,343	\$ 113,000
General Fees Fund	0	8,587,335	0
Other Funds	0	23,000	0
Subtotal General Use	<u>\$ (1,054,760)</u>	<u>\$ 31,591,678</u>	<u>\$ 113,000</u>
Restricted Use Funds	0	12,874,558	50,000
TOTAL -- Oper. Exp.	<u>\$ (1,054,760)</u>	<u>\$ 44,466,236</u>	<u>\$ 163,000</u>
Capital Improvements:			
Educational Building Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	439,563	0
TOTAL -- Cap. Impr.	<u>\$ 0</u>	<u>\$ 439,563</u>	<u>\$ 0</u>
 GRAND TOTAL	 <u><u>\$ (1,054,760)</u></u>	 <u><u>\$ 44,905,799</u></u>	 <u><u>\$ 163,000</u></u>
FTE Positions:			
Classified	0.0	324.7	0.0
Unclassified	0.0	398.4	0.0
TOTAL FTE	<u>0.0</u>	<u>723.1</u>	<u>0.0</u>
 Special Project Appointments	 --	 --	

Senate Subcommittee Recommendation

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

1. **Systemwide Recommendation -- Regents Libraries.** The Subcommittee recommends that the \$50,000 appropriation for the first phase of library enhancements at Emporia State University remain in the University's base budget in FY 1996 notwithstanding the systemwide recommendations, and makes no reduction due to the unique mission of Emporia State University. The Subcommittee was informed that continuation of this base funding will allow for several major improvements and ongoing maintenance support that is currently not possible through the University operating funds. The funding will provide support for Emporia State's distance education programs (library information, business, education). The funding will be used to allow distance education students access to not only the card catalogue but also the World Wide Web page for the library and some of the CD-ROM databases. The funding will also provide an additional CD-ROM LAN and CD-ROM tower to increase access from anywhere on campus to multi-media encyclopedias and databases. The University indicates that the funding will allow increased availability and continuing operation of PROQUEST, which is software purchased from the FY 1995 appropriation. PROQUEST provides electronic access to general periodicals (over 1,500 titles). Lastly, the University indicates that continuation of the ongoing funds will provide for ongoing maintenance of the PACKLINK connection, which provides for a "virtual card catalogue" between certain Regents Institutions. All of these enhancements will particularly contribute to graduate education at Emporia State, particularly in the School of Library and Information Management.
2. **Scientific Equipment Replacement.** Add \$13,000 from the State General Fund for replacement of scientific equipment. The Subcommittee heard testimony from the University that funds available for equipment replacement have been insufficient to keep pace with changes in technology and to establish a reliable replacement cycle.
3. **Faculty Salary Enhancement -- School of Business Accreditation.** Add \$100,000 from the State General Fund to be matched with \$50,000 in private funds for faculty salary improvements in the School of Business. The Subcommittee learned that the University is currently seeking to obtain accreditation for the School of Business by the American Assembly of Collegiate Schools of Business, and that in order to support the accreditation plan, there is a need to upgrade personnel in the existing faculty lines from temporary instructor status to assistant or associate professor status. Over the past three years, the University has already reallocated over \$160,000 from other divisions to the School of Business to support this effort. The Subcommittee was impressed with information it received regarding the School of Business and supports the accreditation efforts.
4. The Subcommittee reviewed efforts made by Emporia State in energy conservation. The University has participated in the Kansas Energy Conservation Program for

over ten years, and has made efforts to replace wasteful mechanical or lighting systems in every building on campus. In many cases the University shifted operating funds to provide the match for these grant funds. Utility savings from these efforts are conservatively estimated to total over \$500,000 annually. The Subcommittee commends Emporia State in their efforts, and believes the University is model for the Regents system.

SUBCOMMITTEE REPORT

Agency: Pittsburg State University

Bill No. 2234

Bill Sec. 5

Analyst: Mills

Analysis Pg. No. 672

Budget Page No. 421

<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	\$ 24,278,980	\$ 24,195,915	\$ 0
General Fees Fund	10,220,076	10,220,076	0
Other Funds	152,419	152,419	0
Subtotal General Use	\$ 34,651,475	\$ 34,568,410	\$ 0
Restricted Use Funds*	11,911,344	11,911,344	0
TOTAL -- Oper. Exp.	\$ 46,562,819	\$ 46,479,754	\$ 0
Capital Improvements:			
Educational Building Fund	\$ 692,597	\$ 692,597	\$ 0
Special Capital Impr. Fund	3,006,173	3,006,173	0
Other Funds	7,502,082	7,502,082	0
TOTAL -- Cap. Impr.	\$ 11,200,852	\$ 11,200,852	\$ 0
 GRAND TOTAL	 \$ 57,763,671	 \$ 57,680,606	 \$ 0
FTE Positions:**			
Classified	316.2	316.2	0.0
Unclassified	463.6	463.6	0.0
TOTAL FTE	779.8	779.8	0.0
 Special Project Appointments	 --	 --	 --

* In practice, the Legislature does not adjust "restricted use" expenditures. Although subject to appropriation, these funds are generally "no limit" and are used at the agency's discretion, except that they must be used in a manner consistent with the conditions attached to the receipt of funds and they must be spent within basic guidelines set by the Legislature.

** Pittsburg State University is not subject to a position limitation.

Agency Estimate/Governor's Recommendation

The University requests a total operating budget of \$46,562,819 in FY 1995. Of the total request, general use expenditures account for \$34,651,475, an increase of 6.9 percent above actual FY 1994 expenditures. The agency's revised general use budget request is equal to the approved general use budget.

*SWAM
March 27, 1995
Attachment 9*

The request (reflecting revised fee fund estimates based on fall enrollments) shifts financing in the amount of \$852,904 from the General Fees Fund (tuition) to the State General Fund, which amount is requested as a State General Fund supplemental appropriation. According to the University, the PSU shortfall is the result of a combination of factors, including the loss of 212 students in Fall 1994; an FY 1994 accounting error which overstated the original FY 1995 fee estimate by approximately \$100,000; and a carryover balance from FY 1994 which was \$185,796 smaller than anticipated.

For FY 1995, the Governor recommends a total operating budget of \$46,479,754, of which general use expenditures are \$34,568,410. The Governor's general use current year recommendation for expenditures is a reduction of \$83,065 from the agency request and includes adjustments for the following: (1) a reduction in the budgeted health insurance rates for state employees (\$84,977); (2) an increase of \$396 reflecting funding released by the State Finance Council for position reclassifications; and (3) other fringe benefits adjustments (\$1,516). The Governor's recommendation concurs with the agency request to shift financing of \$852,904 from the general fees fund to the State General Fund based on fall enrollments. The net result is a reduction of \$83,065 in general use expenditures from the approved budget, with an increase of \$769,839 from the State General Fund.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation for FY 1995.

House Committee Recommendation

The House Committee concurs with the House Subcommittee recommendation.

<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	\$ 24,195,915	\$ 151,031
General Fees Fund	0	10,220,076	(151,031)
Other Funds	0	152,419	0
Subtotal General Use	\$ 0	\$ 34,568,410	\$ 0
Restricted Use Funds	0	11,911,344	0
TOTAL -- Oper. Exp.	\$ 0	\$ 46,479,754	\$ 0
Capital Improvements:			
Educational Building Fund	\$ 0	\$ 692,597	\$ 0
Special Capital Impr. Fund	0	3,006,173	0
Other Funds	0	7,502,082	0
TOTAL -- Cap. Impr.	\$ 0	\$ 11,200,852	\$ 0
 GRAND TOTAL	 \$ 0	 \$ 57,680,606	 \$ 0
FTE Positions:			
Classified	0.0	316.2	0.0
Unclassified	0.0	463.6	0.0
TOTAL FTE	0.0	779.8	0.0
 Special Project Appointments	 --	 --	 --

Senate Subcommittee Recommendation

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

1. **Systemwide Recommendation -- Fee Shortfall, Spring Fee Estimates.** Increase financing from the State General Fund by \$151,031 and decrease funding from the General Fees Fund (tuition) by a like amount due to an estimated shortfall in tuition receipts based on actual Spring 1995 enrollment.

Agency Request/Governor's Recommendation

The University requests an operating budget increase of \$2,393,443 in FY 1996, including an increase of \$1,927,849 in general use expenditures and an increase of \$465,594 in restricted use expenditures. The requested general use increase of 5.6 percent includes: (1) annualization of FY 1995 cost-of-living adjustment, a base shrinkage rate adjustment, and base fringe benefit adjustments (\$247,694); (2) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees (\$130,087); (3) a 3.5 percent merit pool for unclassified employees (\$721,758); (4) a 3.5 percent increase in student salaries (\$28,483); (5) a 3.5 percent increase for other operating expenditures (\$160,973); (6) an additional 4.5 percent increase (for a total increase of 8.0 percent) for library OOE (\$23,154); (7) a systemwide enhancement for university libraries (\$88,000); (8) a faculty salary enhancement (\$397,000); and (9) two specific university enhancements regarding a Wichita/Kansas City technology outreach program (\$77,000 and 1.0 FTE position) and the Nurse Practitioner Program (\$53,700 and 1.0 FTE position).

For FY 1996, the Governor's recommendation reflects a general use increase of \$1,379,235, a 4.0 percent increase over the Governor's FY 1995 recommendation. The increase is financed by increasing expenditures from the State General Fund by \$1,342,001 (5.5 percent), from the general fees fund by \$189,653 (1.9 percent), and by decreasing expenditures from the State Budget Stabilization Fund (\$152,419). The Governor's recommendation shifts salary expenditures funded from the Budget Stabilization Fund in FY 1995 to the State General Fund in FY 1996.

The overall general use expenditure increase of \$1,379,235 is composed of the following: (1) base adjustments, including FY 1995 salary annualization and base fringe benefits adjustments (\$231,358); (2) classified step movement (approximately 2.5 percent) and longevity increases (\$130,087); (3) a 1 percent base adjustment for classified employees (\$62,972); (4) a 3.5 percent merit pool for unclassified employees (\$707,319); (5) a 3.5 percent increase for student employees (\$28,524); (6) a 1.5 percent increase in other operating expenditures (\$80,975); and (7) \$138,000 for the systemwide library enhancements. The Governor does not recommend funding for the remaining requested program enhancements.

House Subcommittee Recommendation

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

1. Delete \$984,616 from the State General Fund in salaries based on the recommendation to delete funding for a 3.5 percent unclassified merit pool (\$707,320); classified step movement (\$89,098); a 1 percent base adjustment for classified employees (\$62,972); a 3.5 percent increase for student salaries (\$28,523); and the longevity bonus (\$96,703).
2. In conjunction with the recommendation in Item 1, reduce the expenditure limitation on the State General Fund operating expenditures account for GTA salaries from \$350,814 to \$338,951 to eliminate the recommended 3.5 percent increase. The Subcommittee recommends that the limitation be adjusted during the Omnibus Session to reflect any percentage increase approved for unclassified salaries.

3. Based on the recommendation of the full Committee, delete \$483,829 from the State General Fund recommended by the Governor to finance the University's FY 1996 operating budget and add \$483,829 from the General Fees Fund (tuition). The 1996 Legislature could consider the need for a State General Fund supplemental appropriation based on actual Fall 1995 tuition receipts and enrollments.
4. Concur with Governor's Budget Amendment No. 2, which deleted \$15,310 from the State General Fund to correct an error made in calculating the recommended OOE increase.
5. Make technical adjustments to the bill to accurately reflect the Governor's recommendation.
6. The performance measures used in the *Governor's Budget Report* are shown below:

	Actual FY 1994	Estimated FY 1995	Estimated FY 1996
Five year graduation rate	39.5%	46.0%	46.0%
SCH generated by ranked faculty	70.1%	N/A	N/A
Value of public service grants	\$ 1,239,007	\$ 1,300,000	\$ 1,400,000
Value of education research grants	\$ 290,000	\$ 290,000	\$ 300,000
Total library collection (inc. periodicals)	596,415	N/A	N/A

House Committee Recommendation

The House Committee concurs with the House Subcommittee recommendation.

House Recommendation

Concur.

Expenditure Summary	House Adj. FY 96	House Rec. FY 96	Senate Subcommittee Adj.
Operating Expenditures:			
State General Fund	\$ (1,468,445)	\$ 24,054,161	\$ 437,529
General Fees Fund	483,829	10,893,558	(483,829)
Other Funds	0	0	0
Subtotal General Use	\$ (984,616)	\$ 34,947,719	\$ (46,300)
Restricted Use Funds	0	12,376,938	0
TOTAL -- Oper. Exp.	\$ (984,616)	\$ 47,324,657	\$ (46,300)
Capital Improvements:			
Educational Building Fund	\$ 0	\$ 4,000,000	\$ 0
Special Capital Impr. Fund	0	0	0
Other Funds	0	997,000	0
TOTAL -- Cap. Impr.	\$ 0	\$ 4,997,000	\$ 0
 GRAND TOTAL	 \$ (984,616)	 \$ 52,321,657	 \$ (46,300)
FTE Positions:			
Classified	0.0	316.2	0.0
Unclassified	0.0	466.6	1.0
TOTAL FTE	0.0	782.8	1.0
 Special Project Appointments	 --	 --	 --

Senate Subcommittee Recommendation

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

1. **Systemwide Recommendation -- Fee Shortfall, Fall Fee Estimates.** Restore \$483,829 from the State General Fund and decrease funding from the General Fees Fund (tuition) by a like amount in concurrence with the Governor's recommendation which follows traditional practice in estimating the availability of tuition to finance institutional operating budgets.
2. **Systemwide Recommendation -- Regents Libraries.** Delete \$100,000 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 and included in the Regents base budget for FY 1996.
3. **Nurse Practitioner Program.** Add \$53,700 from the State General Fund and 1.0 FTE position for the nurse practitioner track within the Master of Science in

Nursing degree program. The 1994 Legislature added \$50,000 to the Pittsburg State University budget to enable Pittsburg State to participate in the consortium with Wichita State, Fort Hays State and the University of Kansas Medical Center. The FY 1995 appropriation was used for start-up operational expenses. The program is ongoing and has an annual operating cost of \$103,700. The funding recommended by the Subcommittee, in conjunction with the \$50,000 recommended by the 1994 Legislature which remains in the University's base budget, will allow the University to add a faculty position, two graduate assistants, a half-time lab director, and will fund associated operating costs. The Subcommittee believes that family nurse practitioners have been very successful in addressing rural health care needs, and believes this program can assist in serving the acute health care needs of Southeast Kansas.

4. Make a technical adjustment to the appropriations bill.

SUBCOMMITTEE REPORT

Fort Hays State University



Sen. Barbara Lawrence, Chair



Sen. August Bogina, Jr.

SWAM
march 27, 1995
Attachment 10

SUBCOMMITTEE REPORT

Agency: Fort Hays State University

Bill No. 2234

Bill Sec. 4

Analyst: Mills

Analysis Pg. No. 665

Budget Page No. 197

<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	\$ 23,921,816	\$ 23,852,979	\$ 0
General Fees Fund	7,214,601	7,214,601	0
Other Funds	116,845	116,845	0
Subtotal General Use	<u>\$ 31,253,262</u>	<u>\$ 31,184,425</u>	<u>\$ 0</u>
Restricted Use Funds*	12,162,483	12,162,483	0
Total -- Oper. Exp.	<u>\$ 43,415,745</u>	<u>\$ 43,346,908</u>	<u>\$ 0</u>
Capital Improvements:			
Educational Building Fund	\$ 833,819	\$ 833,819	\$ 0
Special Capital Impmts. Fund	622,158	622,158	0
Other Funds	4,670,836	4,670,836	0
Total -- Cap. Impr.	<u>\$ 6,126,813</u>	<u>\$ 6,126,813</u>	<u>\$ 0</u>
GRAND TOTAL	<u><u>\$ 49,542,558</u></u>	<u><u>\$ 49,473,721</u></u>	<u><u>\$ 0</u></u>
FTE Positions**:			
Classified	311.2	311.2	0.0
Unclassified	383.7	383.7	0.0
TOTAL FTE	<u><u>694.9</u></u>	<u><u>694.9</u></u>	<u><u>0.0</u></u>
Special Project Appointments	--	--	--

* In practice, the Legislature does not adjust "restricted use" expenditures. Although subject to appropriation, these funds are generally "no limit" and are used at the agency's discretion, except that they must be used in a manner consistent with the conditions attached to the receipt of funds and they must be spent within basic guidelines set by the Legislature.

** Fort Hays State University is not subject to a position limitation.

Agency Estimate/Governor's Recommendation

The University requests a total operating budget of \$43,415,745 in FY 1995. Of the total request, general use expenditures account for \$31,253,263, an increase of 7.1 percent above actual FY 1994 expenditures. The agency's revised FY 1995 general use budget is equal to the approved budget.

The request (reflecting revised fee fund estimates based on fall enrollments) shifts financing in the amount of \$290,557 from the General Fees Fund to the State General Fund. The request seeks supplemental financing from the State General Fund of \$290,557, with a like reduction in financing from the General Fees Fund. According to the University, the Fort Hays State University shortfall is largely due to the Fall 1994 enrollment decrease of 205 students.

For FY 1995, the Governor recommends a total operating budget of \$43,346,908, of which general use expenditures are \$31,184,425. The Governor's general use current year recommendation for expenditures is a reduction of \$68,837 from the agency request and includes adjustments for the following: (1) a reduction in budgeted health insurance rates for state employees (\$71,838); (2) an increase of \$885 reflecting funding released by the State Finance Council for position reclassifications; and (3) other fringe benefit adjustments (\$2,116). The Governor's recommendation concurs with the agency request to shift financing of \$290,557 from the general fees fund to the State General Fund based on fall enrollments. The net result is a reduction of \$68,837 in general use expenditures from the approved budget, with an increase of \$221,720 from the State General Fund.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation for FY 1995.

House Committee Recommendation

The House Committee concurs with the House Subcommittee recommendation, with the following addition:

1. Inclusion of language in the capital improvements bill (H.B. 2235) to authorize the razing of McGrath Hall, a resident hall which has been closed for some time. The agency requests no additional funding, and will use available resources. The Joint Committee on State Building Construction has reviewed the project and recommends that the building be razed.

SUBCOMMITTEE REPORT

Agency: Fort Hays State University

Bill No. 2236

Bill Sec. 2

Analyst: Mills

Analysis Pg. No. 665

Budget Page No. 197

<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	\$ 25,936,500	\$ 25,430,238	\$ (1,313,760)
General Fees Fund	7,229,186	7,235,856	408,951
Other Funds	0	0	0
Subtotal General Use	<u>\$ 33,165,686</u>	<u>\$ 32,666,094</u>	<u>\$ (904,809)</u>
Restricted Use Funds*	12,563,071	12,563,071	0
Total -- Oper. Exp.	<u>\$ 45,728,757</u>	<u>\$ 45,229,165</u>	<u>\$ (904,809)</u>
Capital Improvements:			
Educational Building Fund	\$ 0	\$ 0	\$ 0
Special Capital Impmts. Fund	0	0	0
Other Funds	786,592	786,592	0
Total -- Cap. Impr.	<u>\$ 786,592</u>	<u>\$ 786,592</u>	<u>\$ 0</u>
 GRAND TOTAL	 <u><u>\$ 46,515,349</u></u>	 <u><u>\$ 46,015,757</u></u>	 <u><u>\$ (904,809)</u></u>
FTE Positions**:			
Classified	311.2	311.2	0.0
Unclassified	383.7	383.7	0.0
TOTAL FTE	<u><u>694.9</u></u>	<u><u>694.9</u></u>	<u><u>0.0</u></u>

Special Project Appointments

--

--

--

* In practice, the Legislature does not adjust "restricted use" expenditures. Although subject to appropriation, these funds are generally "no limit" and are used at the agency's discretion, except that they must be used in a manner consistent with the conditions attached to the receipt of funds and they must be spent within basic guidelines set by the Legislature.

* Fort Hays State University is not subject to a position limitation.

*** Includes GBA No. 2 adjustment.

Agency Request/Governor's Recommendation

The University requests an operating budget increase of \$2,313,012 in FY 1996, including an increase of \$1,912,423 in general use expenditures and an increase of \$400,589 in restricted use expenditures. The requested general use increase of 6.1 percent includes: (1) annualization of FY 1995 cost-of-living adjustment and base fringe benefit adjustments (\$95,230); (2) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees (\$141,937); (3) a 3.5 percent merit pool for unclassified employees (\$648,322); (4) a 3.5 percent in student salaries (\$35,726); (5) a 3.5 percent increase for other operating expenditures (\$116,441); (6) an additional 4.5 percent increase (for a total of 8.0 percent) for library OOE (\$47,509); (7) servicing new buildings (\$164,509); and (8) university libraries enhancements (\$77,000), faculty salary enhancements (\$158,000), and three specific university program enhancements (\$427,749).

For FY 1996, the Governor's recommendation reflects a general use increase of \$1,480,018, a 4.7 percent increase over the Governor's FY 1995 recommendation. The increase is financed by increasing expenditures from the State General Fund by \$1,575,608 (6.6 percent), from the general fees fund by \$21,255 (0.3 percent), and by decreasing expenditures from the State Budget Stabilization Fund by \$116,845. The Governor's recommendation shifts salary expenditures funded from the State Budget Stabilization Fund in FY 1995 to the State General Fund in FY 1996.

The overall general use expenditure increase of \$1,480,018 is composed of the following: (1) base adjustments, including FY 1995 salary annualization and base fringe benefits adjustments (\$44,593); (2) classified step movement (approximately 2.5 percent) and longevity increases (\$141,937); (3) a 1 percent base adjustment for classified employees (\$62,851); (4) a 3.5 percent merit pool for unclassified employees (\$650,546); (5) a 3.5 percent increase for student salaries (\$35,711); (6) a 1.5 percent increase in other operating expenditures (\$60,462); (7) \$127,000 for the systemwide library enhancement program; and (8) \$192,749 and 2.5 FTE positions for continuation of the family nurse practitioner program.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation for FY 1996, with the following adjustments:

1. Delete \$904,809 from the State General Fund in salaries based on the recommendation to delete funding for a 3.5 percent unclassified merit pool (\$650,049); classified step movement (\$88,836); a 1 percent base adjustment for classified employees (\$55,515); a 3.5 percent increase for student salaries (\$35,392); and the longevity bonus (\$75,017) from individual agency budgets.
2. In conjunction with the recommendation in Item 1, reduce the expenditure limitation on the State General Fund operating expenditures account for GTA salaries from \$295,696 to \$285,697 to eliminate the recommended 3.5 percent increase. The Subcommittee recommends that the limitation be adjusted during the Omnibus Session to reflect any percentage increase approved for classified salaries.
3. Based on the recommendation of the full Committee, delete \$408,951 from the State General Fund recommended by the Governor to finance the University's FY 1996 operating budget and add \$408,951 from the General Fees Fund (tuition).

4. Concur with Governor's Budget Amendment No. 2 which adds \$1,651 from the State General Fund to correct an error made in calculating the recommended OOE increase.
5. Make technical adjustments to the bill to accurately reflect the Governor's recommendation.
6. The performance measures used in the *Governor's Budget Report* are shown below:

	<u>Actual FY 1994</u>	<u>Estimated FY 1995</u>	<u>Estimated FY 1996</u>
Five year graduation rate	36.8%	40.0%	43.0%
SCH generated by ranked faculty	75.0%	76.0%	76.0%
Value of public service grants	\$ 967,270	\$ 980,000	\$ 990,000

House Committee Recommendation

The House Committee concurs with the House Subcommittee recommendation, with the following addition:

1. Inclusion of language in the capital improvements bill (H.B. 2235) to authorize the razing of McGrath Hall, a residence hall which has been closed for some time. The agency requests no additional funding, and will use available resources. The Joint Committee on State Building Construction has reviewed the project and recommends that the building be razed.

House Recommendation

Concur.

<u>Expenditure Summary</u>	<u>House Adj. FY 96</u>	<u>House Rec. FY 96</u>	<u>Senate Subcommittee Adj.</u>
Operating Expenditures:			
State General Fund	\$ (1,313,760)	\$ 24,116,478	\$ 429,951
General Fees Fund	408,951	7,644,807	(408,951)
Other Funds	0	0	0
Subtotal General Use	<u>\$ (904,809)</u>	<u>\$ 31,761,285</u>	<u>\$ 21,000</u>
Restricted Use Funds	0	12,563,071	100,000
Total -- Oper. Exp.	<u>\$ (904,809)</u>	<u>\$ 44,324,356</u>	<u>\$ 121,000</u>
Capital Improvements:			
Educational Building Fund	\$ 0	\$ 0	\$ 0
Special Capital Impmts. Fund	0	0	0
Other Funds	0	786,592	0
Total -- Cap. Impr.	<u>\$ 0</u>	<u>\$ 786,592</u>	<u>\$ 0</u>
 GRAND TOTAL	 <u><u>\$ (904,809)</u></u>	 <u><u>\$ 45,110,948</u></u>	 <u><u>\$ 121,000</u></u>
FTE Positions:			
Classified	0.0	311.2	0.0
Unclassified	0.0	383.7	0.0
TOTAL FTE	<u>0.0</u>	<u>694.9</u>	<u>0.0</u>
 Special Project Appointments	 --	 --	 --

Senate Subcommittee Recommendation

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

1. **Systemwide Recommendation -- Fee Shortfall, Fall Fee Estimates.** Restore \$408,951 from the State General Fund and decrease funding from the General Fees Fund (tuition) by a like amount in concurrence with the Governor's recommendation which follows traditional practice in estimating the availability of tuition to finance institutional operating budgets.
2. **Systemwide Recommendation -- Regents Libraries.** Delete \$100,000 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 and included in the Regents base budget for FY 1996.
3. **Interactive Television Instruction.** Add \$100,000 from the State General Fund to be matched with \$100,000 in private funds to enhance the ability of Fort Hays to provide instructional programs via interactive television. The Subcommittee learned

that the University would use the funding to install three additional two-way interactive television classrooms to promote the use of audio, video, voice, graphics, and two-way interactive technology.

4. **Servicing New Buildings.** The Subcommittee reviewed the University's request and the Governor's recommendations for servicing new buildings. The 1994 Legislature authorized partial year funding for eight new positions associated with the University's new physical science building. The Governor's FY 1996 recommendations provide additional funding to annualize the costs of this staffing. The Subcommittee recommends that one of these eight positions approved by the 1994 Legislature be shifted to provide staff support for the University's requested financial aid initiative (see item 5 below).
5. **Financial Aid Initiatives.** Add \$21,000 from the State General Fund for OOE costs associated with enhancing the University's financial aid efforts. The recommended OOE will allow the University to maintain the software license on a new financial aid processing system. The Subcommittee recommends that salary funding and the 1.0 FTE requested for a student information processing position be shifted from staffing approved by the 1994 Legislature to service the new physical science building.
6. **Nurse Practitioner Program.** The Subcommittee reviewed the nurse practitioner program and continues to be strongly supportive of the collaborative efforts between Fort Hays State, Wichita State and the University of Kansas Medical Center. The Subcommittee supports continuation of current funding for these programs.
7. **S.B. 350.** The Subcommittee reviewed S.B. 350, which, as introduced, would allow Fort Hays State University to lease certain real estate to the University Endowment Association for the purpose of constructing and operating student housing apartment complexes. The Subcommittee recommends that the bill be amended to allow the University to lease real estate solely for the purpose of providing housing for four student fraternities.
8. Increase the transfer from the general fees fund to the education opportunity act-federal fund from \$56,550 to \$85,000 based on the University's most recent notification of its grant award.

SUBCOMMITTEE REPORT

BOARD OF REGENTS



Sen. Barbara Lawrence, Chair



Sen. August Bogina, Jr.

SWAM
March 27, 1995
Attachment 11

SUBCOMMITTEE REPORT

Agency: Board of Regents

Bill No. --

Bill Sec. --

Analyst: Howard

Analysis Pg. No. 680

Budget Page No. 427

Expenditure Summary	Agency Estimate FY 95	Governor's Recommendation FY 95	House Subcommittee Adjustments
All Funds:			
State Operations	\$ 1,818,657	\$ 1,789,892	\$ 0
Aid to Local Units	6,806,633	6,806,633	0
Other Assistance	12,263,538	12,079,538	(81,351)
Subtotal -- Operating	\$ 20,888,828	\$ 20,676,063	\$ (81,351)
Capital Improvements	0	0	0
TOTAL	\$ 20,888,828	\$ 20,676,063	\$ (81,351)
State General Fund:			
State Operations	\$ 1,648,750	\$ 1,619,985	\$ 0
Aid to Local Units	6,806,633	6,806,633	0
Other Assistance	10,320,867	10,309,227	(113,240)
TOTAL	\$ 18,776,250	\$ 18,735,845	\$ (113,240)
FTE Positions	18.0	18.0	--
Special Project Appointments	0.0	0.0	--
TOTAL	18.0	18.0	--

Agency Estimate/Governor's Recommendation

The agency's revised estimate of operating expenditures for FY 1995 totals \$20,888,828, which is \$70,895 more than approved by the 1994 Legislature as adjusted by State Finance Council action. State General Fund expenditures are reduced by \$37,863 from the approved budget. The revised estimate includes the following adjustments to the approved budget: (1) an increase of \$18,592 in the ethnic minority scholarship program financed from discontinued attendance funds; (2) an increase of \$64,000 in the ethnic minority fellowship program (financed by an executive directive transferring this funding from the nursing student scholarship program); (3) a reduction of \$12,349 in the teacher scholarship program, including \$11,408 from the State General Fund; (4) a shift of \$26,455 in state operations from the State General Fund to federal funds based on the receipt of funds under the Eisenhower Mathematics and Science Program; and (5) an increase of \$652 in state operations. Although the Governor transferred \$64,000 from the State General Fund account of the nursing student scholarship program to the ethnic minority fellowship program, total expenditures from sponsor and repayment funds are increased accordingly, so expenditures for the nursing scholarship program are unaffected.

The Governor recommends expenditures of \$20,676,063 in FY 1995, including \$18,735,845 from the State General Fund. The recommendation is a reduction of \$212,765 from the Board estimate, including a reduction of \$40,405 from the State General Fund. The Governor's recommendation makes the following adjustments to the agency estimate: (1) reduces expenditures for the nursing scholarship program by \$156,000, including \$11,640 from the State General Fund and \$144,360 from sponsor funds based on September participation figures; (2) reduces the osteopathic scholarship program by \$28,000 (repayment fund) based on September participation figures; (3) reduces State General Fund expenditures for the Regents Distinguished Professorship program by \$27,000 based on one existing vacancy; and (4) reduces State General Fund salaries and wages by \$1,765, primarily due to downward revisions to health insurance rates.

House Subcommittee Recommendation

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

1. Delete \$113,240 from the State General Fund, and add \$31,889 from discontinued attendance funds (for a total program reduction of \$81,351) in the nursing scholarship program based on actual usage and savings to date. The Subcommittee recommends that the State General Fund savings be reappropriated to FY 1996 and used to supplement funding in the State Scholarship program and the Regents Honors Academy as detailed in the FY 1996 report.

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 Adjustments</u>	<u>House Recommendation</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 0	\$ 1,789,892	\$ 0
Aid to Local Units	0	6,806,633	0
Other Assistance	(81,351)	11,998,187	0
Subtotal -- Operating	<u>\$(81,351)</u>	<u>\$ 20,594,712</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u>\$(81,351)</u>	<u>\$ 20,594,712</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 0	\$ 1,619,985	\$ 0
Aid to Local Units	0	6,806,633	0
Other Assistance	(113,240)	10,195,987	0
TOTAL	<u>\$(113,240)</u>	<u>\$ 18,622,605</u>	<u>\$ 0</u>
FTE Positions	--	18.0	--
Special Project Appointments	--	0.0	--
TOTAL	<u>--</u>	<u>18.0</u>	<u>--</u>

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the House.

SUBCOMMITTEE REPORT

Agency: Board of Regents

Bill No. 2236

Bill Sec. 12

Analyst: Howard

Analysis Pg. No. 680

Budget Page No. 427

<u>Expenditure Summary</u>	<u>Agency Request FY 96</u>	<u>Governor's* Recommendation FY 96</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 1,962,309	\$ 1,816,197	\$ (23,858)
Aid to Local Units	7,284,071	7,044,865	0
Other Assistance	14,256,252	12,002,321	118,649
Subtotal -- Operating	<u>\$ 23,502,632</u>	<u>\$ 20,863,383</u>	<u>\$ 94,791</u>
Capital Improvements	10,000,000	10,000,000	0
TOTAL	<u><u>\$ 33,502,632</u></u>	<u><u>\$ 30,863,383</u></u>	<u><u>\$ 94,791</u></u>
State General Fund:			
State Operations	\$ 1,893,909	\$ 1,787,797	\$ (23,858)
Aid to Local Units	7,284,071	7,044,865	0
Other Assistance	12,569,647	10,367,845	86,760
TOTAL	<u><u>\$ 21,747,627</u></u>	<u><u>\$ 19,200,507</u></u>	<u><u>\$ 62,902</u></u>
FTE Positions	19.0	18.0	--
Special Project Appointments	<u>0.0</u>	<u>0.0</u>	<u>--</u>
TOTAL	<u><u>19.0</u></u>	<u><u>18.0</u></u>	<u><u>--</u></u>

* Includes Governor's Budget Amendments.

Agency Request/Governor's Recommendation

The Board's request for total expenditures of \$33,502,632 in FY 1996 includes \$1,378,284 for the general administration of the Board office, \$14,840,277 for special programs including the financial aid programs administered by the Board, \$7,284,071 for the Washburn University operating grant, and \$10.0 million from the Educational Building Fund for rehabilitation and repair projects at the Regents' institutions. The operating budget request is an increase of \$2.6 million from the FY 1995 estimate, including an increase of \$2,971,377 from the State General Fund, and reductions in federal funds (\$26,455) and other special revenue funds (\$331,118).

The Governor's total FY 1996 recommendation of \$30,625,151 (a reduction of \$2.9 million from the request), includes \$1,278,897 for general administration of the Board office (a reduction of \$99,387); \$6,806,633 for the Washburn University Operating Grant (a reduction of \$477,438); \$12.5 million for special programs including financial aid programs (a reduction of \$2.3 million from the agency request); and \$10.0 million (already appropriated) from the EBF for rehabilitation and repair projects at the Regents' institutions. The FY 1996 operating budget recommendation is a reduction of \$50,912 from recommended expenditures for FY 1995. With regard to financing, the FY 1996 recommendation reflects an increase in

State General Fund expenditures of \$226,430 from the FY 1995 recommendation, with reductions in federal funds (\$126,455) and other special revenue funds (\$150,887).

House Subcommittee Recommendation

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

1. Delete \$36,858 from the State General Fund in salaries based on the recommendation to delete funding for a 3.5 percent unclassified merit pool (\$28,528); classified step movement (\$1,403); a one percent base adjustment for classified employees (\$1,581) and the longevity bonus (\$5,346) from individual agency budgets.
2. Add \$13,000 from the State General Fund for the Regents Honors Academy to provide a total of \$123,000 for the Regents Honors Academy in FY 1996, an increase from \$110,000 in FY 1995.
3. Add \$100,000 from the State General Fund for the State Scholarship Program to restore funding for the program to its FY 1995 level. The Subcommittee recommendation replaces a loss in federal funds.
4. Delete \$113,240 from the State General Fund in the nursing student scholarship program in FY 1996, and increase funding from the discontinued attendance fund by \$31,889 (for a total program reduction of \$81,351), as recommended in FY 1995. The Subcommittee further recommends that the Board of Regents evaluate the current nursing student scholarship program, and present a proposal for modifications to the 1996 Legislature. Also, reappropriate \$113,240 in FY 1995 State General Fund program savings to FY 1996.
5. Add \$50,000 from the State General Fund for the Regents Supplemental Grant Program and \$50,000 from the State General Fund for the tuition grant program.
6. The Subcommittee heard testimony regarding the need-based scholarship and financial aid programs administered through the State Board of Regents. The Subcommittee believes that the need for financial assistance will continue to increase as more reliance is placed on tuition to support increases in university budgets. The Subcommittee believes it is important to address the financial need and access issues which arise from such increases. The Subcommittee recommends introduction of a bill modeled after 1994 H.B. 3033, which died in the House during the 1994 Session. The bill recommended for introduction would consolidate the need-based grant programs (state scholarship program, Regents supplemental grant, tuition grant) for purposes of simplifying the application process and program administration. The Subcommittee states that it does not intend such a consolidation to result in the shifting of resources between Regents institutions and private schools or vice versa.

7. The Subcommittee concurs with the Governor's Budget Amendment which adds \$238,232 from the State General Fund for a 3.5 percent increase to the state operating grant for Washburn University.
8. The Subcommittee recommends that the Board of Regents discuss ways in which to assist the Regents institutions in benefiting financially from the research activities and inventions of their faculty and research staff. The Subcommittee believes there is potential for development of new revenue streams for the Regents institutions. The Subcommittee encourages the Board of Regents to look at restraints to generating funds in this manner and recommends that the Board further explore the issue of intellectual property rights and report any recommendations to the 1996 Legislature.
9. The Subcommittee recommends that the Regents develop a model of enrollment growth in order to more accurately predict the number of student in the system in upcoming years, including the proportion of residents and non-residents. Such a model should also predict the amount of tuition revenue which will be available to finance Regents budgets in future years. The Subcommittee believes it is important to have a more accurate predictive model for use in budget planning, and recommends that the Regents incorporate the results of such a model in their budget document to the 1996 Legislature.
10. The Subcommittee recommends that the Board of Regents convene a blue ribbon committee, including representation from the Chancellor, the Board of Regents, former Regents, and experts from the private sector and private foundations, to assess the future of the Medical Center, and in particular, the University Hospital. Such a panel should look at the needs and opportunities which exist in the rapidly changing health care arena, and should assess the manner in which the Medical Center and the Hospital should be operated in this environment, including opportunities for privatization. The Subcommittee was informed that the Medical Center expects the number of staffed beds at the University Hospital to decline from the present complement of 300 beds to approximately 150 beds over the next five years. In addition, KUMC is also proposing to make substantial reallocations of its resources as its attempts to respond to the needs of Kansans and compete in this rapidly changing environment. The Subcommittee believes it is essential to have oversight of these changes to ensure that state funds totaling over \$80 million are being expended in the most appropriate and effective manner.
11. Make technical adjustments to the bill to accurately reflect the Governor's recommendation.

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 Adjustments</u>	<u>House Recommendation</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ (23,858)	\$ 1,792,339	\$ (13,000)
Aid to Local Units	0	7,044,865	80,000
Other Assistance	118,649	12,120,970	405,940
Subtotal -- Operating	<u>\$ 94,791</u>	<u>\$ 20,958,174</u>	<u>\$ 472,940</u>
Capital Improvements	0	10,000,000	0
TOTAL	<u><u>\$ 94,791</u></u>	<u><u>\$ 30,958,174</u></u>	<u><u>\$ 472,940</u></u>
State General Fund:			
State Operations	\$ (23,858)	\$ 1,763,939	\$ (3,000)
Aid to Local Units	0	7,044,865	80,000
Other Assistance	86,760	10,454,605	372,940
TOTAL	<u><u>\$ 62,902</u></u>	<u><u>\$ 19,263,409</u></u>	<u><u>\$ 449,940</u></u>
FTE Positions	--	18.0	--
Special Project Appointments	--	0.0	--
TOTAL	<u><u>--</u></u>	<u><u>18.0</u></u>	<u><u>--</u></u>

Senate Subcommittee Recommendation

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

1. Delete \$13,000 from the State General Fund for the Regents Honors Academy, leaving a total of \$110,000, the same amount as in FY 1995.
2. Delete \$100,000 from the tuition grant program (\$50,000) and the Regents Supplemental Grant program (\$50,000), leaving funding for these programs at the FY 1995 levels.
3. Add \$472,940 from the State General Fund for the State Scholarship Program. The Subcommittee was informed that all federal funds (\$800,000) for this program will be eliminated. The Subcommittee recommendation provides funding for one additional year of support for students already receiving assistance from the program. Without the additional funding, 492 students currently receiving a state scholarship will lose their awards.
4. The Subcommittee was also informed that the Paul Douglas teacher scholarship program is being eliminated at the federal level. Kansas has received an amount of \$150,000 annually for this program, which provides needs-based teacher

scholarships. Paul Douglas recipients receive \$5,000 per year, are limited to four years of funding, and generally must teach anywhere in the United States for two years for each year of funding received under the program. The Subcommittee recommends that recipients of this program with demonstrated financial need receive priority for the Kansas teacher scholarship program. Recipients would be required to meet the geographic service requirements of the Kansas teacher scholarship program, which requires one year of service in Kansas for each year of funding received. The Subcommittee believes that a small number of students will seek replacement funds and believes the cost can be absorbed in the teacher scholarship program. The Subcommittee was also informed that a small amount of additional receipts may be available in the discontinued attendance and repayment funds for the teacher scholarship program, both of which are "No Limit" funds, and could be used to absorb any additional cost incurred by the state.

5. The Subcommittee concurs with the recommendation of the House Select Committee on Higher Education regarding an interim study on student financial aid programs. The Subcommittee was informed that H.B. 2551 was introduced at the request of the House Appropriations Subcommittee reviewing the Board of Regents budget. The bill would create a comprehensive grant program to provide grants of financial assistance to Kansas students with a demonstrated financial need. The House Select Committee on Higher Education held hearings on the bill and recommended an interim study. Current needs-based scholarship programs would be merged under the bill, and existing needs-based scholarship programs would be abolished. The Senate Subcommittee believes that the scope of such a study should also include a review of the status of federal funding for student financial assistance, and the possibility of merging other scholarship programs, such as the Kansas ethnic minority scholarship and ethnic minority fellowship programs. The Subcommittee believes it is particularly appropriate to examine the current statutory framework and administrative structure at a time when federal assistance is declining.
6. Add \$10,000 from the State General Fund and reduce \$10,000 from the optometry repayment fund for optometry education contracts in FY 1996 . The Subcommittee was informed that the Governor's recommendations for the optometry program result in an ending balance in the repayment fund of less than \$1,000 at the close of FY 1996. The Subcommittee believes it is important to allow a small reserve to build in the repayment fund.
7. Add \$33,000 from the osteopathic scholarship repayment fund to increase the maximum osteopathic scholarship from \$14,000 to \$15,000, the same as for the medical loan program.
8. Add \$80,000 from the State General Fund for Washburn's share of the second phase of the Regents systemwide library enhancement project. The Subcommittee notes that Washburn has been involved in the library proposal planning and discussions since its inception, and funded the first phase of the project at Washburn through internal reallocations.
9. The Subcommittee reviewed S.B. 215, which concerns the waiver of tuition for students participating in the Kansas National Guard Reserve Officers Training

Corps (ROTC) program. As introduced, the bill eliminates the current sunset provision, extends the program to Washburn University, expands the number of tuition waivers at each ROTC institution from 40 to 60, removes the current limitation to Army ROTC, and provides for a voucher system for reimbursement of the amount of the tuition. The Subcommittee recommends that the bill be amended to limit the amount of state reimbursement to Washburn for a tuition waiver under this bill to an amount equal to the maximum tuition which would be paid by a student at a Regents institution. In addition, the Subcommittee recommends that the number of recipients at Washburn be phased in at a number of ten per year. The Subcommittee further recommends that the Board of Regents provide detail to the 1996 Legislature on all tuition waivers, including those granted under the ROTC National Guard program. This report should detail the purposes of the waivers and the amounts waived at each institution.