

Approved: 4-28-97
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Phil Kline at 1:38 p.m. on March 12, 1997 in Room 514-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Russell Mills, Leah Robinson, Kathy Porter, Leg. Research Dep't;
Jim Wilson, Mike Corrigan, Revisor of Statutes Office;
Marcia Ayres, Appropriations Secretary; Helen Abramson, Administrative Aide

Conferees appearing before the committee:

Others attending: See attached list

Representative Farmer presented the subcommittee report for the Kansas Board of Regents in which they concurred with the Governor's recommendation for FY 97 and concurred with the recommendation for FY 98 with additional recommendations. (Attachment 1)

A motion was made by Representative Ballard, seconded by Representative Peterson, to amend the subcommittee report for FY 98 by restoring the \$7,500,000 for technology equipment at the Regents institutions. Discussion. The motion failed.

Discussion continued and a suggestion was made by Representative Helgeson to reword the FY 98 subcommittee report in Item No. 4 to reflect the development of a strategy for a coordinated and cooperative higher education system for Kansas rather than recommending another interim study. The strategy should be in place by the end of the 1997 Session.

A motion was made by Representative Landwehr, seconded by Representative Farmer, to amend the subcommittee report for FY 98 by adding a request for an update on the remedial education survey during the interim. The motion carried.

Further discussion.

A motion was made by Representative Farmer, seconded by Representative Minor, to adopt the subcommittee report for the Board of Regents as amended. The motion carried.

Representative Farmer reviewed the subcommittee report for the University of Kansas Medical Center in which they concurred with the Governor's recommendation for FY 97 with an observation and concurred with the recommendations for FY 98 with two adjustments. (Attachment 2) Discussion.

A motion was made by Representative Farmer, seconded by Representative Minor, to adopt the subcommittee report for the University of Kansas Medical Center. The motion carried.

Representative Farmer presented the subcommittee report for Fort Hays State University in which they concurred with the Governor's recommendation for FY 97 including the addition of \$65,675 (State General Fund) in GBA No. 1 for utilities for the Sternberg Museum. The subcommittee concurred with the Governor's recommendation for FY 98 including the addition in GBA No. 1 for utilities at the Sternberg Museum and a technical correction of \$5,359 relating to compensating balances. (Attachment 3) Discussion.

A motion was made by Representative Spangler, seconded by Representative Packer, to amend the subcommittee report by requesting a separate line item to the Economic Development Initiative Fund in the amount of \$1,000,000 for a Sternberg Tourism Grant. Discussion. The motion failed.

A motion was made by Representative Farmer, seconded by Representative Minor, to adopt the subcommittee

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S Statehouse, at 1:30 P.M. on March 12, 1997.

report for Fort Hays State University. The motion carried.

Representative Farmer reviewed the subcommittee report for Emporia State University in which they concurred with the Governor's recommendation for FY 97 and concurred with the recommendation for FY 98 including the technical corrections in GBA No. 1 relating to compensating balances. (Attachment 4)

A motion was made by Representative Farmer, seconded by Representative Reinhardt, to adopt the subcommittee report for Emporia State University. The motion carried.

Representative Farmer presented the subcommittee report for Pittsburg State University in which they concurred with the Governor's recommendation for FY 97 and concurred with the recommendation for FY 98 with a comment. (Attachment 5)

A motion was made by Representative Farmer, seconded by Representative Reinhardt, to adopt the subcommittee report for Pittsburg State University. The motion carried.

Representative Farmer reviewed the subcommittee report for the University of Kansas in which they concurred with the Governor's recommendation with an observation and concurred with the recommendations for FY 98 with two adjustments. (Attachment 6) Discussion.

A motion was made by Representative Farmer, seconded by Representative Reinhardt, to adopt the subcommittee report for the University of Kansas. The motion carried.

Representative Farmer presented the subcommittee report for Kansas State University in which they concurred with the Governor's recommendation for FY 97 with two adjustments and concurred with the recommendations for FY 98 with two adjustments. (Attachment 7)

A motion was made by Representative Farmer, seconded by Representative Minor, to adopt the subcommittee report for Kansas State University. The motion carried.

Representative Farmer reviewed the subcommittee report for the KSU-Extension Services and Agriculture Research Programs in which they concurred with the Governor's recommendation for FY 97 and concurred with the recommendations for FY 98 with an adjustment. (Attachment 8)

A motion was made by Representative Reinhardt, seconded by Representative Minor, to adopt the subcommittee report for the KSU-Extension Services and Agriculture Research Programs. The motion carried.

Representative Farmer presented the subcommittee report for the KSU-Veterinary Medical Center in which they concurred with the Governor's recommendation for FY 97 and concurred with the recommendations for FY 98 with an adjustment. (Attachment 9)

A motion was made by Representative Reinhardt, seconded by Representative Minor, to adopt the subcommittee report for the KSU-Veterinary Medical Center. The motion carried.

Representative Farmer reviewed the subcommittee report for KSU-Salina, College of Technology in which they concurred with the recommendations of the Governor for FY 97 and concurred with the recommendations for FY 98 with an observation. (Attachment 10)

A motion was made by Representative Reinhardt, seconded by Representative Minor, to adopt the subcommittee report for KSU-Salina, College of Technology. The motion carried.

Representative Farmer presented the subcommittee report for Wichita State University in which they concurred with the Governor's recommendations for FY 97 with an adjustment and concurred with the recommendations for FY 98 with two adjustments. (Attachment 11)

Discussion followed and Representative Helgerson requested an addition to the subcommittee report seeking a report on the amount of private money raised for Cessna Stadium and when they expect to meet the matching requirement. Representative Edmonds requested that the minutes reflect the subcommittee's opinion that the linear tuition questions at Kansas University, Kansas State University, and Wichita State University are now ended.

A motion was made by Representative Farmer, seconded by Representative Reinhardt, to adopt the subcommittee report for Wichita State University. The motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S Statehouse, at 1:30 P.M. on March 12, 1997.

Chairperson Kline recognized Representative McKechnie for an update on the Post Audit review of the Judicial Branch. He reported that all the issues have been resolved, and the team will begin their audit immediately.

Since the Judicial Branch budget had been tabled until all other subcommittee reports were completed, the floor was opened for discussion on the Judicial Branch.

A motion was made by Representative Packer, seconded by Representative Spangler, to adopt the subcommittee report on the Judicial Branch. (See Minutes of March 7) Discussion followed and Representative Weber requested that the work load of the state's judicial districts be monitored on a monthly basis. The motion failed.

A motion was made by Representative Helgerson, seconded by Representative Edmonds, to amend the subcommittee report by returning to the Governor's recommendations and associated salaries. Discussion. A substitute motion was made by Representative Toplikar, seconded by Representative McKechnie, to amend the subcommittee report by reducing the subcommittee's recommendations for additional FTE positions and salaries in FY 98 by one half. Other funding recommended by the House subcommittee was deleted. Discussion. The motion carried.

A motion was made by Representative Helgerson, seconded by Representative Reinhardt, to adopt the subcommittee report for the Judicial Branch as amended. The motion carried. Representatives Neufeld and Holmes are recorded as voting no.

Chairperson Kline recognized Representative Dean to report on the Joint Committee on Computers and Telecommunications' (JCCT) recommendation that the SHaRP upgrades be funded at a level not to exceed \$4,000,000 in FY 97. The Chair reminded the committee that they deferred action on the Department of Administration's budget regarding the SHaRP upgrades pending a review by the JCCT. (See Minutes of February 17) Discussion followed.

A motion was made by Representative Reinhardt, seconded by Representative Dean, to adopt the recommendation of the JCCT regarding the SHaRP upgrade budget for the Department of Administration. Discussion. A substitute motion was made by Representative Nichols, seconded by Representative Farmer, to delay action on the SHaRP upgrade until the Omnibus Session by keeping the \$3.8 million recommended by the Governor out of the Department of Administration budget. Discussion continued. The substitute motion carried. Representatives Dean and Ballard are recorded as voting no.

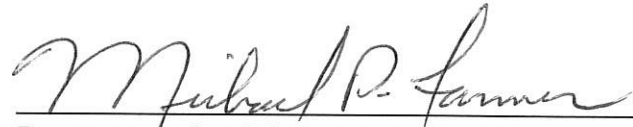
The meeting adjourned at 4:00 p.m.

The next meeting is scheduled for March 13, 1997.

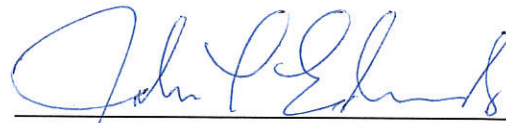
FY 1997-FY 1998

HOUSE SUBCOMMITTEE REPORTS


BOARD OF REGENTS
UNIVERSITY OF KANSAS MEDICAL CENTER
FORT HAYS STATE UNIVERSITY
EMPORIA STATE UNIVERSITY
PITTSBURG STATE UNIVERSITY
UNIVERSITY OF KANSAS
KANSAS STATE UNIVERSITY
KSU-EXTENSION SYSTEMS AND AGRICULTURAL RESEARCH PROGRAMS
KSU-VETERINARY MEDICAL CENTER
KSU-SALINA, COLLEGE OF TECHNOLOGY
WICHITA STATE UNIVERSITY



Representative Michael P. Farmer
Subcommittee Chair



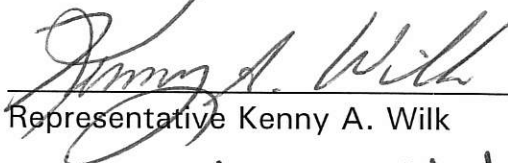
Representative John Edmonds



Representative Melvin Minor



Representative Richard Reinhardt



Representative Kenny A. Wilk

Appropriations
3-12-97
Attachment 1

SUBCOMMITTEE REPORT

Agency: Board of Regents

Bill No. --

Bill Sec. --

Analyst: Mills

Analysis Pg. No. 314

Budget Page No. 375

<u>Expenditure Summary</u>	<u>Agency Estimate FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 1,836,417	\$ 1,836,406	\$ 0
Aid to Local Units	7,168,150	7,168,150	0
Other Assistance	12,459,208	12,459,208	0
Subtotal - Operating	\$ 21,463,775	\$ 21,463,764	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 21,463,775	\$ 21,463,764	\$ 0
State General Fund:			
State Operations	\$ 1,782,729	\$ 1,782,718	\$ 0
Aid to Local Units	7,168,150	7,168,150	0
Other Assistance	11,338,536	11,338,536	0
Subtotal - Operating	\$ 20,289,415	\$ 20,289,404	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 20,289,415	\$ 20,289,404	\$ 0
FTE Positions	18.0	18.0	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	18.0	18.0	0.0

Agency Estimate/Governor's Recommendation

The agency's revised estimate of operating expenditures for FY 1997 totals \$21,463,775, which is \$245,510 more than the approved budget. A reduction is found in State General Fund financing (\$19,100), with increased spending in other funds (\$264,610), chiefly in federal student financial aid programs.

The Governor recommends a total of \$21,463,764 for FY 1997, which is an increase of \$245,499 from the approved budget. The Governor's recommendation continues the existing 18.0 FTE positions.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation for FY 1997.

SUBCOMMITTEE REPORT

Agency: Board of Regents

Bill No. 2160

Bill Sec. 77

Analyst: Mills

Analysis Pg. No. 314

Budget Page No. 375

<u>Expenditure Summary</u>	<u>Agency Request FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 21,419,472	\$ 16,911,351	\$ (7,400,000)
Aid to Local Units	7,555,230	7,454,876	0
Other Assistance	<u>13,541,063</u>	<u>12,491,529</u>	<u>0</u>
Subtotal - Operating	\$ 42,515,765	\$ 36,857,756	\$ (7,400,000)
Capital Improvements	<u>11,480,000</u>	<u>11,480,000</u>	<u>0</u>
TOTAL	<u>\$ 53,995,765</u>	<u>\$ 48,337,756</u>	<u>\$ (7,400,000)</u>
State General Fund:			
State Operations	\$ 13,797,477	\$ 9,289,356	\$ (7,400,000)
Aid to Local Units	7,555,230	7,454,876	0
Other Assistance	<u>12,712,950</u>	<u>11,663,416</u>	<u>0</u>
Subtotal - Operating	\$ 34,065,657	\$ 28,407,648	\$ (7,400,000)
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$ 34,065,657</u>	<u>\$ 28,407,648</u>	<u>\$ (7,400,000)</u>
FTE Positions	18.0	18.0	0.0
Unclassified Temp. Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>18.0</u>	<u>18.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The Board of Regents submits an FY 1998 budget request totaling \$53,995,765, which includes \$1,347,572 for General Administration; \$14,092,963 for Student Financial Aid and other Special Programs; \$7,555,230 for the Washburn University Operating Grant; \$ 12.0 million for equipment at the Regents institutions; and \$19.0 million from the Educational Building Fund for Capital Improvements for rehabilitation and repair projects at the Regents institutions and debt service on the "Crumbling Classrooms" bond issue. The operating budget is composed of \$34,065,657 from the State General Fund and \$8,450,108 from other funds. (**Staff Note:** Of the \$8,450,108 in other funds in the operating budget, a total of \$7,520,000 is interest payments on the Regents bond issue financed from the Educational Building Fund.) The operating budget increase from FY 1997 to FY 1998 totals \$21,051,990, which is composed of increases in the General Administration program (\$61,643), Student Financial Aid and other Special Programs (\$1,470,347), the capital outlay for equipment for Regents institutions (\$12.0 million), and interest payments (\$7,520,000).

The Governor recommends an FY 1998 budget of \$48,337,756, which includes \$1,339,451 for General Administration, \$13,043,429 for Student Financial Aid and other special programs, \$7,454,876 for the Washburn University Operating Grant, \$7.5 million for Regents equipment, and \$19.0 million for rehabilitation and repair projects at the Regents institutions and debt service. The operating budget is composed of \$28,407,648 from the State General Fund and \$8,450,108 from other funds.

Major items in the FY 1998 budget request include:

- an increase of \$833,352 to a total of \$3,804,742 over the current year for the **Regents Supplemental Grant Program** (the Board states that the **enhancement** would make this program capable of funding 3,805 needy students whose family incomes approach the \$26,000 level). **The Governor recommends** \$3,105,887 for the Regents Supplemental Grant program in FY 1998, an increase of \$134,497 over the current year estimate, which supports 3,106 students at a maximum grant of \$1,000.
- a 5.4 percent increase (\$387,080) to \$7,555,230 for the **Washburn University operating grant** (the Board states that this increase equals the percent increase in state appropriations requested for the Regents system). **The Governor recommends** an operating grant of \$7,454,876 in FY 1998, an increase of \$286,726, or 4.0 percent over the amount authorized for FY 1997.
- an increase of \$50,000 to a total of \$100,000 for the **Washburn University tuition grant program**. **The Governor** continues the current level of \$50,000.
- an increase of \$519,645 to a total of \$6,047,789 for the **Tuition Grant Program**, which would provide assistance to 3,025 students. **The Governor recommends** \$5,778,144 for this program, an increase of \$250,000 over the current year.
- **enhanced** spending of \$17,902 in the Administration program in salaries to finance an additional 1.5 percent salary increase for unclassified employees, which is part of a Regents systemwide enhancement. **The Governor recommends** an additional \$9,781 for a 1.0 percent salary enhancement for employees.
- a request of \$12,000,000 from the State General Fund to provide capital outlay funding for **equipment at the Regents institutions**. **The Governor recommends** \$7,500,000 State General Fund for Regents equipment.

1. General Administration. The FY 1998 request for Board Office operations includes a total of \$1,347,572 for administration (and a total of \$7,520,000 from the Educational Building Fund for debt service on the Regents bonds). The request provides for the \$2,000 increase for the lease of office space in accordance with the lease agreement; and the \$17,902 noted above to provide unclassified employees with an additional 1.5 percent salary increase. The request for debt service of \$7,520,000 is for the necessary payment to retire the "Crumbling Classrooms" bonds; these are 15-year bonds, the first of which were issued in October of 1996.

The Governor's recommendation for Board Office operations totals \$1,339,451.

2. Student Financial Aid Programs and Other Special Programs. The Board request for Student Financial Aid Programs and Other Special Programs in FY 1998 is an increase of \$1,083,267 (8.3 percent) over the current year estimate. The major elements of the increase include additional funding of \$833,352 (28.0 percent) for the Regents Supplemental Grant Program, \$519,645 (9.4 percent) for the Tuition Grant Program, \$50,000 (100.0 percent) for the Washburn University Tuition Grant Program, \$31,034 (6.0 percent) for the Work Study Program, and \$2,826 in other special programs. The Board also anticipates a reduction of \$353,590 in federal student incentive grants, which partially offsets the increases in special programs. **The Governor recommends** \$13,043,429 for Student Financial Aid Programs and Other Special programs in FY 1998, an increase of \$33,733 (or 0.3 percent) over the current year estimate. The Governor recommends increased spending of \$387,323 for student financial aid; however, this increase is offset by a loss of federal funds totaling \$353,590.

3. Washburn University Operating Grant. The Board requests an increase of \$387,080 to a total of \$7,555,230 in the Washburn University Operating Grant, a 5.4 percent increase over the FY 1997 approved grant. The Board states that the 5.4 percent increase in the operating grant mirrors the percentage increase in state funds requested for the Regents institutions. **The Governor recommends** an increase of 4.0 percent, or \$286,726 to a total of \$7,454,876, for the Washburn University Operating Grant in FY 1998.

4. Regents Equipment. The Board requests capital outlay funding of \$12,000,000 for the purchase of equipment at the Regents institutions as a systemwide enhancement. **The Governor recommends** \$7,500,000 (SGF) for Regents equipment.

House Subcommittee Recommendation

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

1. Delete the \$7,500,000 (State General Fund) recommended by the Governor for technology equipment at the Regents institutions. The Subcommittee believes that the Board of Regents should develop a long-range strategic plan on a systemwide basis for the acquisition of this equipment. While the Subcommittee understands the need for modern equipment at the campuses, the Subcommittee feels that additional planning is needed in this area prior to the approval of funding. The Subcommittee will review this recommendation during Omnibus and allow the Regents staff time for additional presentations.
2. Add \$100,000 (State General Fund) to pay the required fees for the state to join the Western Governor's Conference, which will allow the state to participate in the Virtual University project. The Subcommittee believes that the state will benefit from joining in the Virtual University project. The Subcommittee also requests that the Regents staff discuss various options for participation in the Virtual University project.
3. The Subcommittee is concerned with the fact that although FTE student enrollment has decreased substantially (5,045 or 7.5 percent) over the last five fiscal years, the number of FTE positions at the Regents institutions has increased dramatically (322.3 FTE, or 2.6 percent) over the same time period. In addition, the Subcommittee notes with concern the issue of shrinkage at the Regents institutions. The actual shrinkage amounts vary widely from institution to institution, but in all cases, are substantially

lower than those of other agencies. The following table reflects the general use shrinkage rates at each institution:

<u>Institution</u>	<u>Gross Salaries and Wages</u>	<u>Shrinkage</u>	<u>Shrinkage Rate</u>
University of Kansas	\$ 158,836,176	\$ 3,684,998	2.3%
University of Kansas Medical Center - Education	88,020,312	2,944,810	3.3
Kansas State University	106,761,709	2,882,571	2.7
KSU-Extension Services and Ag. Research Program	43,846,721	1,183,864	2.7
KSU-Salina, College of Technology	4,541,002	49,047	1.1
KSU-Veterinary Medical Center	12,814,620	321,650	2.5
Wichita State University	68,492,391	1,561,624	2.3
Emporia State University	29,069,315	395,343	1.4
Fort Hays State University	28,673,236	412,621	1.4
Pittsburg State University	32,112,306	449,613	1.4
TOTAL	<u>\$ 573,167,788</u>	<u>\$ 13,886,141</u>	<u>2.4%</u>

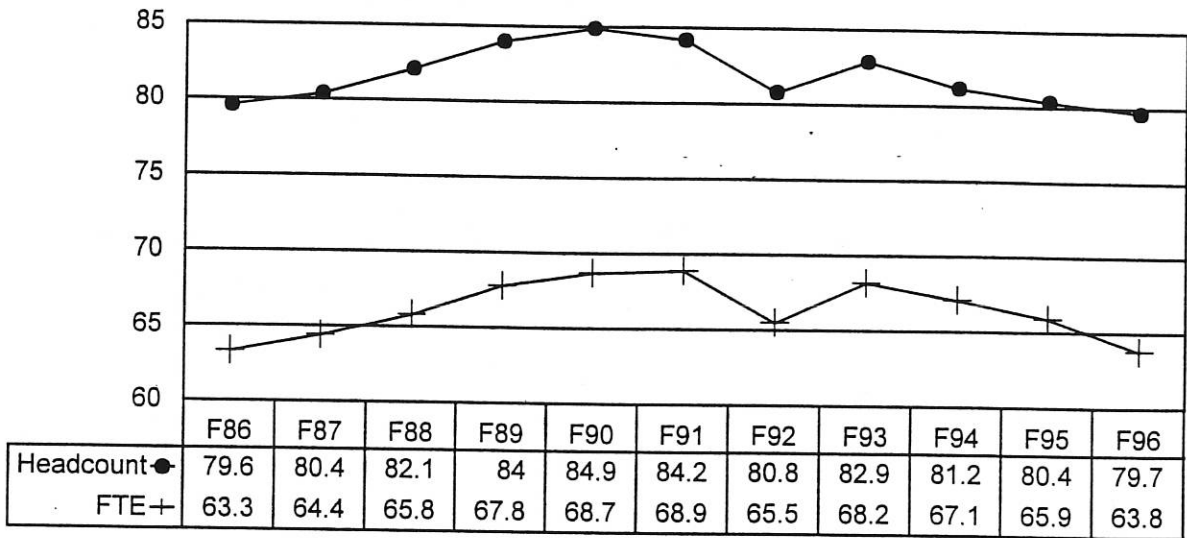
The Subcommittee is generally of the belief that some upward adjustment to the recommended shrinkage rates may be in order. No specific recommendation is made at this time, however. The Subcommittee directs the Board and the institutions to be prepared to re-examine this issue during Omnibus and to discuss this or other alternatives to address the Subcommittee's concerns regarding increased FTE positions in times of enrollment decline.

4. The Subcommittee recommends that an interim study be conducted on two Regents topics: the first concerns the general issues concerning governance of postsecondary education; the second concerns Regents funding issues. There are numerous questions concerning governance issues in postsecondary and the time constraints imposed by the Legislative Session do not allow for sufficient study of these issues. The Subcommittee believes that the Legislative Education Planning Committee (LEPC) should review these issues during the 1997 Interim. The second issue recommended for study is a broader study of Regents funding issues. The Subcommittee is supportive of a "block-grant" type of proposal for funding Regents' institutions, designed to provide the maximum managerial flexibility for the institution presidents. Along with this flexibility, however, comes the need to establish and apply meaningful and measurable performance information which can guide future legislatures in determining appropriate funding for the "block-grant." In addition, as has already been recommended by this subcommittee in the Regents' systemwide subcommittee report, the Board has been directed to prepare a plan for the 1998 Legislature which would bring all of the Regents institutions under tuition accountability, including the implementation of linear tuition. All of these issues could be addressed as part of an interim study on Regents financing issues.

5. The Subcommittee also requested some information on administrative or "overhead" costs at the various institutions. The percentages of "institutional support" to general use expenditures varies widely from institution to institution, from a low of 5.9 percent to a high of 8.8 percent based on actual FY 1996 expenditures. This is one of the core performance indicators reported by the institutions, and the Subcommittee is concerned about the widely different percentage rates. The Subcommittee directs the institutions to be prepared to discuss the issue of administrative costs during Omnibus.
6. The Subcommittee notes that, during its review of performance measures reported by the institutions, the Board presented information related to enrollments and degrees conferred. Although enrollments have generally been on the decline (headcount enrollment decreased 5.3 percent from Fall 1991 to Fall 1996 and FTE enrollment declined 7.4 percent over the same time period), the actual number of degrees awarded has increased 14.0 percent over the same five year period. Attachment I to the subcommittee report details the information presented by the Board in the form of a graph.
7. Although the Subcommittee is concerned with the continued declining enrollment at Regents institutions, the Subcommittee notes that projections through the year 2009 indicate a steady increase in Kansas public high school graduates. This should mean increased enrollments at the Regents institutions and other institutions of higher learning in Kansas in the years to come. Attachment II to this report demonstrates, in the form of a graph, the actual and projected data compiled by the Board of Regents.

Ten-Year Change In Regents Enrollment

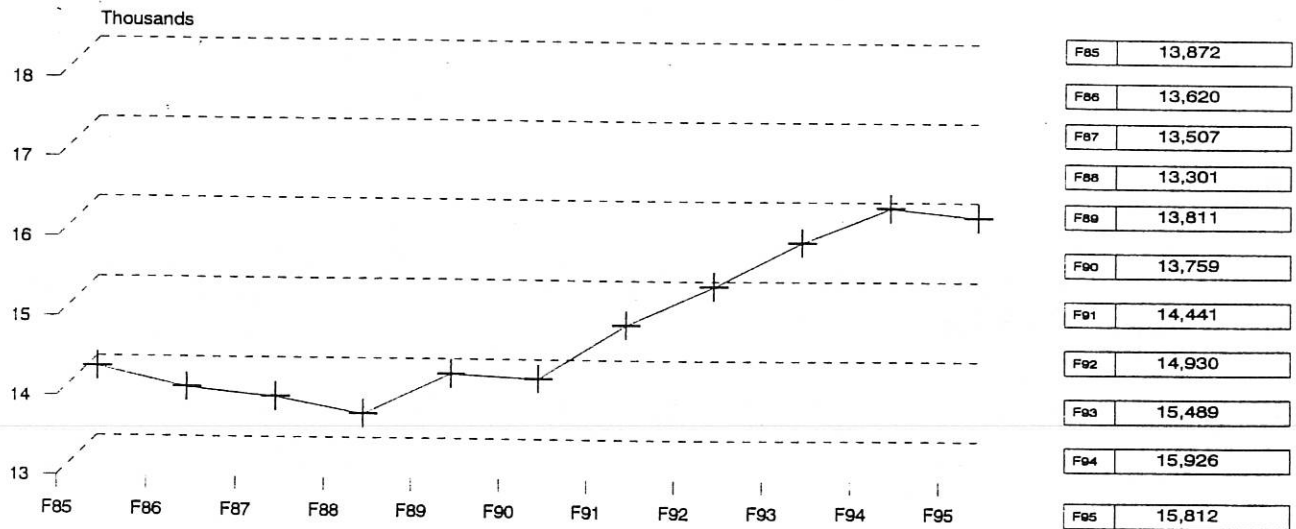
Fall 1986 to Fall 1996



5 Year Decrease:	10 Year Increase:
Headcount - (5.3)%	Headcount - .2%
FTE - (7.4)%	FTE - .8%

Ten-Year Change In Degrees Awarded Regents Institutions

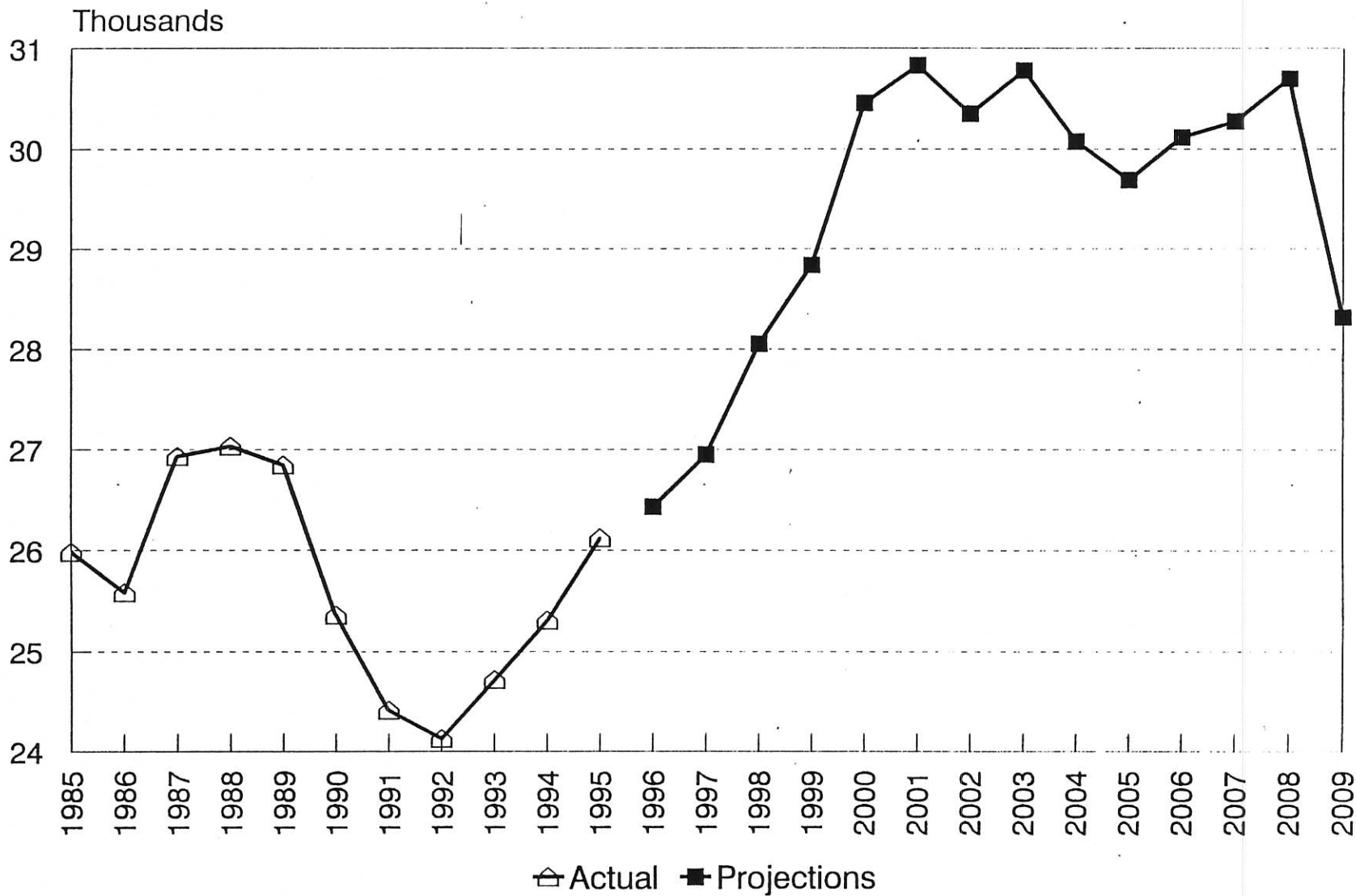
Fall 1985 to Fall 1995



5 Year Increase:	10 Year Increase:
Degrees Awarded: 14.9%	Degrees Awarded: 14.0%

Kansas Public High School Graduates

1-10



Source: 1985-1995 Actual Data, Graduation Reports, Kansas State Department of Education
1996-2009 Projected Data, High School Graduates, Western Interstate Commission for Higher Education

SUBCOMMITTEE REPORT

Agency: University of Kansas Medical Center

Bill No. 2272

Bill Sec. 37

Analyst: Porter

Analysis Pg. No. 281

Budget Page No. 479

SUMMARY – EDUCATION AND HOSPITAL

Expenditure	Agency Est. FY 97	Gov. Rec. FY 97	House Sub. Adjustments
Operating Expenditures:			
State General Fund	\$ 83,750,075	\$ 82,750,075	\$ 0
General Fees Fund	9,382,264	9,382,264	0
Hospital Revenue Fund	146,353,813	146,275,858	0
EDIF	0	0	0
Hosp. Overhead Reimb. Fund	<u>10,168,044</u>	<u>10,168,044</u>	<u>0</u>
Subtotal– General Use	\$ 249,654,196	\$ 248,576,241	\$ 0
Restricted Use Funds	<u>54,431,892</u>	<u>55,406,625</u>	<u>0</u>
TOTAL – Oper. Exp.	<u>\$ 304,086,088</u>	<u>\$ 303,982,866</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Hospital Revenue Fund	800,000	800,000	0
Educational Building Fund	5,452,864	5,452,864	0
Other Funds	<u>2,458,813</u>	<u>2,458,813</u>	<u>0</u>
TOTAL – Cap. Impr.	<u>\$ 8,711,677</u>	<u>\$ 8,711,677</u>	<u>\$ 0</u>
 GRAND TOTAL	 \$ 312,797,765	 \$ 312,694,543	 \$ 0
 FTE Positions	 4,500.2	 4,495.2	 0.0
Unclassified Temp. Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>4,500.2</u>	<u>4,495.2</u>	<u>0.0</u>

Appropriations
3-12-97
Attachment 2

I. EDUCATION PROGRAM

Expenditure	Agency Est. FY 97	Gov. Rec. FY 97	House Sub. Adjustments
Operating Expenditures:			
State General Fund	\$ 83,750,075	\$ 82,750,075	\$ 0
General Fees Fund	9,382,264	9,382,264	0
EDIF	0	0	0
Hospital Overhead Reimbursement Fund	<u>10,168,044</u>	<u>10,168,044</u>	<u>0</u>
Subtotal -- General Use	\$ 103,300,383	\$ 102,300,383	\$ 0
Restricted Use Funds	<u>54,234,863</u>	<u>55,209,596</u>	<u>0</u>
TOTAL -- Oper. Exp.	<u>\$ 157,535,246</u>	<u>\$ 157,509,979</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Building Fund	5,452,864	5,452,864	0
Other Funds	<u>1,057,075</u>	<u>1,057,075</u>	<u>0</u>
TOTAL -- Cap. Impr.	<u>\$ 6,509,939</u>	<u>\$ 6,509,939</u>	<u>\$ 0</u>
 GRAND TOTAL	 \$ 164,045,185	 \$ 164,019,918	 \$ 0
 FTE Positions	 2,493.3	 2,492.3	 0.0
Unclassified Temp. Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>2,493.3</u>	<u>2,492.3</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The agency's revised FY 1997 estimate for general use expenditures reflects a reduction of \$5,038,544 in total expenditures from the approved budget. The \$34,700 reduction in State General Fund financing reflects a reduction in the reappropriated amount carried forward from FY 1996 to FY 1997.

- **The transfer from the Hospital Revenue Fund to the Hospital Overhead Reimbursement Fund** is intended to reflect the Hospital's portion of certain shared facility and administration costs. The FY 1997 transfer of \$9,928,406 (estimated expenditures of \$10,168,044 include the expenditure of a \$239,638 carryforward balance) is a reduction of \$5.0 million from the approved FY 1997 transfer and reflects the administrative and budgetary realignment of certain departments in the Hospital and the remainder of the Medical Center. The FY 1998 transfer is set at the FY 1997 level pending a new study of funding relationships between the Hospital and the remainder of the Medical Center.

- **The FY 1997 longevity bonus shortfall** of \$218,636 is funded from the one-time reappropriation in the Hospital Overhead Reimbursement Fund and the utilization of funding budgeted for temporary positions.
- **Restricted Use expenditures** of \$54,234,863 reflect an increase of \$3,938,719 from the approved level of \$50,296,144.

The Governor's recommendation for FY 1997 includes a reduction of \$1,000,000 from the agency estimate for State General Fund expenditures. This reflects a shift in funding for the Medical Student Loan Program and other assistance from the State General Fund to the Medical Student Loan Fund. The Governor includes a corresponding increase of \$1,000,000 in recommended expenditures from the restricted use Medical Student Loan Fund. In addition, the Governor recommends a further reduction of \$25,267 from the agency estimate for restricted use expenditures.

II. UNIVERSITY OF KANSAS HOSPITAL

Expenditure	Agency Est. FY 97	Gov. Rec. FY 97	House Sub. Adjustments
Operating Expenditures:			
Hospital Revenue Fund	\$ 146,353,813	\$ 146,275,858	\$ 0
Subtotal -- General Use	146,353,813	146,275,858	0
Restricted Use Funds	<u>197,029</u>	<u>197,029</u>	<u>0</u>
TOTAL -- Oper. Exp.	<u><u>\$ 146,550,842</u></u>	<u><u>\$ 146,472,887</u></u>	<u><u>\$ 0</u></u>
Capital Improvements:			
Hospital Revenue Fund	\$ 800,000	\$ 800,000	\$ 0
Educational Building Fund	0	0	0
Other Funds	<u>1,401,738</u>	<u>1,401,738</u>	<u>0</u>
TOTAL -- Cap. Impr.	<u><u>\$ 2,201,738</u></u>	<u><u>\$ 2,201,738</u></u>	<u><u>\$ 0</u></u>
 GRAND TOTAL	 \$ 148,752,580	 \$ 148,674,625	 \$ 0
 FTE Positions	 2,006.9	 2,002.9	 0.0
Unclassified Temp. Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u><u>2,006.9</u></u>	<u><u>2,002.9</u></u>	<u><u>0.0</u></u>

Agency Estimate/Governor's Recommendation

The Hospital estimates FY 1997 state operations expenditures totaling \$146.5 million, a reduction of \$5.0 million from the approved FY 1997 budget. The approved budget includes expenditures of \$38.9 million from the Restricted Fees Fund; however, as noted previously, no transfers from the Hospital Revenue Fund into the Restricted Fee Fund are included in the FY 1997 and FY 1998 budgets. Of the total, \$73.9 million is for salaries and wages and \$72.6 million is for OOE. The OOE budget includes the following special budget issues:

- a transfer of \$1.28 million to Kansas University Physicians, Inc. (KUPI), and the School of Medicine for graduate medical education (GME);
- \$550,000 for Jayhawk Primary Care;
- \$1.04 million for materials management and other consultant services;
- \$350,000 for medical staff and employee education;
- \$1.6 million for physician management oversight; and
- \$800,000 for an OOE budget contingency.

The Governor recommends FY 1997 expenditure authority totaling \$146,472,887, a reduction of \$77,955 from the Hospital's estimate.

House Subcommittee Recommendation

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

1. In its report on Regents Systemwide Issues, the Subcommittee stated that it would further address the reduction in the transfer from the Hospital Revenue Fund to the Hospital Overhead Reimbursement Fund (which is included in the Education Program budget) in this report. The Hospital Overhead Reimbursement Fund transfer from the Hospital to the Education Program is intended to reflect the Hospital's portion of certain shared facility and administration costs. FY 1997 recommended expenditures of \$10.2 million reflect a reduction of \$5.0 million from approved FY 1997 expenditures of \$15.2 million. The agency budget states that the FY 1998 transfer is set at the FY 1997 level pending a new study of funding relationships between the Hospital and the remainder of the Medical Center.

As the Subcommittee noted in the Systemwide Report, the reduction reflects the administrative and budgetary realignment of certain departments in the Hospital and the remainder of the Medical Center. Subsequent to the 1996 Legislature's approval of the FY 1997 Hospital Overhead Reimbursement Fund transfer in the amount of \$15,171,888, three functions that had been budgeted in the Education Program (housekeeping, health care resources, and the switchboard) were moved to the Hospital budget. Purchasing, which had been budgeted in the Hospital budget, was

moved to the Education Program. Utilities remained in the Education Program, as included in the approved budget. The following table shows the amount of these shifts.

<u>Cost Center</u>	<u>Non Hospital Budget (Education Program)</u>	<u>Hospital</u>
Purchasing	\$ 641,052	\$ (641,052)
Housekeeping*	(4,717,448)	4,717,448
Health Care Resources	(231,510)	231,510
Switchboard	(329,614)	329,614
Net Budget Shifts	<u>\$ (4,637,520)</u>	<u>\$ 4,637,520</u>

* Reduced to \$4,717,448 from the \$5,457,722 included in the original transfer amount, a reduction of \$740,274.

In addition to other amounts, the approved transfer of \$15,171,888 included transfers of the amounts noted in the following table from the Hospital Program to the Education Program. These amount were subtracted from the approved transfer of \$15,171,888 to achieve a revised base of \$11,016,000.

<u>Cost Center</u>	<u>Amount</u>
Purchasing	\$ (329,807)
Housekeeping	2,219,563
Utilities	2,001,325
Health Care Resources	84,821
Switchboard	179,986
TOTAL	<u>\$ 4,155,888</u>
Approved Transfer (\$15,171,888) —	\$4,155,888
Revised Base	\$ 11,016,000

The table below shows the amounts included in the approved budget for the five cost centers (column 2), the amount of overhead to be added in FY 1997 (column 3), the resulting total of each cost center (column 4), the Hospital's percentage of each cost center (column 5), the Education Program percentage (column 6), and the resulting adjustment (column 7).

Cost Center (Column 1)	Amount Included in Approved FY 1997 Budget (Column 2)	Overhead Adjustment (Column 3)	Revised Total of Cost Center (Column 4)	Hospital Percentage (Column 5)	Education Percentage (Column 6)	Amount to be Adjusted (Column 7)
Purchasing	\$ 641,052	\$ 73,208	\$ 714,260	40.0%	60.0%	\$ 285,704
Housekeeping	6,217,844	-	6,217,844	36.5%	63.5%	2,269,513
Utilities	4,717,448	421,268	5,138,716	36.5%	63.5%	(3,263,085)
Health Care Resources	231,510	26,438	257,948	30.1%	69.9%	(180,306)
Switchboard	329,614	37,642	367,256	45.7%	54.3%	(199,420)
TOTAL						\$ (1,087,594)

Revised FY 1997 Base (from above)	\$ 11,016,000
Subtract Transfer Adjustments	<u>(1,087,594)</u>
Revised FY 1997 Transfer	<u>\$ 9,928,406</u>

SUBCOMMITTEE REPORT

Agency: University of Kansas Medical Center

Bill No. 2160

Bill Sec. 78

Analyst: Porter

Analysis Pg. No. 281

Budget Page No. 479

SUMMARY – EDUCATION AND HOSPITAL

<u>Expenditure</u>	<u>Agency Req. FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>House Sub. Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 87,987,700	\$ 88,087,510 *	\$ 0
General Fees Fund	9,663,308	9,663,308	0
Hospital Revenue Fund	142,316,147	141,782,332	0
EDIF	0	0	0
Hosp. Overhead Reimb. Fund	<u>9,928,406</u>	<u>9,825,460</u>	<u>0</u>
Subtotal– General Use	\$ 249,895,561	\$ 249,358,610	\$ 0
Restricted Use Funds	<u>57,088,402</u>	<u>56,914,149</u>	<u>0</u>
TOTAL – Oper. Exp.	<u>\$ 306,983,963</u>	<u>\$ 306,272,759</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Hospital Revenue Fund	1,000,000	1,000,000	0
Educational Building Fund	0	0	0
Other Funds	<u>1,120,000</u>	<u>1,120,000</u>	<u>0</u>
TOTAL – Cap. Impr.	<u>\$ 2,120,000</u>	<u>\$ 2,120,000</u>	<u>\$ 0</u>
 GRAND TOTAL	 \$ 309,103,963	 \$ 308,392,759	 \$ 0
 FTE Positions	 4,317.1	 4,312.1	 0.0
Unclassified Temp. Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>4,317.1</u>	<u>4,312.1</u>	<u>0.0</u>

* Includes the \$28,019 SGF added in Governor's Budget Amendment No. 1, Item, 6, with which the House Subcommittee concurs.

I. EDUCATION PROGRAM

Expenditure	Agency Req. FY 98	Gov. Rec. FY 98	House Sub. Adjustments
Operating Expenditures:			
State General Fund	\$ 87,987,700	\$ 88,087,510 *	\$ 0
General Fees Fund	9,663,308	9,663,308	0
EDIF	0	0	0
Hospital Overhead Reimbursement Fund	<u>9,928,406</u>	<u>9,825,460</u>	<u>0</u>
Subtotal – General Use	\$ 107,579,414	\$ 107,576,278	\$ 0
Restricted Use Funds	<u>56,919,069</u>	<u>56,744,745</u>	<u>0</u>
TOTAL – Oper. Exp.	<u>\$ 164,498,483</u>	<u>\$ 164,321,023</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Building Fund	0	0	0
Other Funds	<u>1,120,000</u>	<u>1,120,000</u>	<u>6,000,000</u>
TOTAL – Cap. Impr.	<u>\$ 1,120,000</u>	<u>\$ 1,120,000</u>	<u>\$ 6,000,000</u>
 GRAND TOTAL	 \$ 165,618,483	 \$ 165,441,023	 \$ 0
 FTE Positions	 2,493.3	 2,492.3	 0.0
Unclassified Temp. Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>2,493.3</u>	<u>2,492.3</u>	<u>0.0</u>

* Includes \$28,019 SGF added in GBA No. 1, Item 6, with which the House Subcommittee concurs.

Agency Request/Governor's Recommendation

The **general use** operating budget increase of \$4.3 million requested by the University would result in a 4.1 percent increase in general use expenditure authority for KUMC in FY 1998. All of the requested increases are based on systemwide recommendations of the Board of Regents and are discussed in greater detail in the *Regents Systemwide Summary*. In addition to these program maintenance percentage increases and formula adjustment items, the Board of Regents authorized each institution to request certain program enhancements.

The Governor's FY 1998 recommendation of \$107.5 million for general use expenditures would provide an increase of \$5.2 million (5.1 percent) above the Governor's recommendation for FY 1997.

- **Salaries and Wages.** As with other agencies, the Governor's recommendation includes funding for step movement for classified employees, a 1.0 percent base salary increase for classified employees, funding for a 3.5 percent merit increase for unclassified employees, and funding for longevity bonus payments for classified employees. The Governor does not concur with the agency request to increase the employer contribution to the Regents unclassified retirement system from 8.5 percent to 9.5 percent (\$426,505). The Governor's recommended 3.5 percent unclassified merit pool reflects a reduction of \$317,790 from the requested 4.0 percent unclassified increase.
- **Other Operating Expenditures.** The Governor concurs with the 2.0 percent OOE increase included as a program maintenance request.
- **Program Enhancements.** The Governor concurs with the requested tuition-funded component of the systemwide equipment enhancement. The Governor recommends a total of \$7.5 million of the requested \$12 million systemwide equipment enhancement. The requested funding is included in the Board of Regents budget and will be apportioned to the campuses.

Restricted Use. The FY 1998 restricted use budget request of \$56.9 million reflects an increase of \$2.7 million, or 5.0 percent, above the FY 1997 estimate of \$54.2 million.

The Governor's recommended FY 1998 restricted use budget of \$56.7 million is a reduction of \$0.2 million from the request and reflects an increase of 2.8 percent above the FY 1997 recommended restricted use budget.

Medical Student Loan Program

KUMC requests \$403,710 from the State General Fund to support the medical student loan program in FY 1998. The request from the State General Fund is a reduction of \$549,714 from the revised FY 1997 amount of \$953,424. The request assumes a total program cost of \$1,988,238, with \$1,584,528 financed from the repayment fund. The request assumes that no new loans will be awarded to first year students in FY 1998. **The Governor recommends total FY 1998 program funding of \$2,555,313, (\$970,785 from the State General Fund and \$1,584,528 from the repayment fund).** The \$567,075 increase in State General Fund financing above the agency request would fund 25 first-year loans that were not included in the request.

II. UNIVERSITY OF KANSAS HOSPITAL

Expenditure	Agency Req. FY 98	Gov. Rec. FY 98	House Sub. Adjustments
Operating Expenditures:			
Hospital Revenue Fund	\$ 142,316,147	\$ 141,782,332	\$ 0
Subtotal – General Use	142,316,147	141,782,332	0
Restricted Use Funds	<u>169,333</u>	<u>169,404</u>	<u>0</u>
TOTAL – Oper. Exp.	<u>\$ 142,485,480</u>	<u>\$ 141,951,736</u>	<u>\$ 0</u>
Capital Improvements:			
Hospital Revenue Fund	\$ 1,000,000	\$ 1,000,000	\$ 0
Educational Building Fund	0	0	0
Other Funds	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL – Cap. Impr.	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 0</u>
 GRAND TOTAL	 \$ 143,485,480	 \$ 142,951,736	 \$ 0
 FTE Positions	 1,823.8	 1,819.8	 0.0
Unclassified Temp. Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>1,823.8</u>	<u>1,819.8</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The FY 1998 request for operating expenditures total \$142.5 million, a reduction of \$4.0 million (2.8 percent) from the FY 1997 level. The FY 1998 budget request assumes further reductions of staff and OOE expenditures. The FY 1998 capital budget (for purchases of equipment, major projects, and information systems) includes a program maintenance adjustment of \$2.8 million to restore capital expenditures to the FY 1996 level of \$9.5 million. The following summarizes the highlights of the FY 1998 request:

- The Hospital estimates that net receipts will decline by \$4.3 million, or 2.8 percent, in FY 1998, based primarily on hospital utilization decline and reduced rates and the impact of managed care markets.
- The FY 1998 budget request includes the systemwide 1.5 percent unclassified salary increase (\$771,220) and systemwide 1.0 percent retirement enhancement (\$110,147). The Hospital then applies a \$10.3 million reduction from the FY 1997 budget base due to negative trends in admissions, patient days, and cash collections. The Hospital request does not include the 2.0 percent OOE increase included in the Regents systemwide request. The request assumes containment of costs (budgeted expense per patient day) at the FY 1997 level through improved staff efficiencies and economies.

The Governor's FY 1998 operating budget recommendation of \$141,951,736 reflects a reduction of \$533,744 from the Hospital's request for salaries and wages. As noted in the *Regents Systemwide Summary*, the Governor recommends funding for classified step movement (2.5 percent), a 1.0 percent classified base salary adjustment, a 3.5 percent unclassified merit pool, and longevity bonus payments. The Governor does not recommend the systemwide 1.0 percent additional state retirement contribution.

House Subcommittee Recommendation

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

1. Concur with Governor's Budget Amendment No. 1, Item 6, which adds \$28,019 from the State General Fund to fully fund the Governor's recommended pay plan for FY 1998.
2. The Subcommittee recommends the introduction of legislation that would amend current law regarding the Medical Student Loan Program. The Medical Student Loan Program, which was established by the 1992 Legislature to replace the Medical Student Scholarship Program, provides for the payment of all tuition and a stipend for living expenses in an amount of up to \$1,500 per month. In order to be forgiven of their loan obligations, students must complete the required course of instruction and receive the M.D. degree; enter into an approved postgraduate residency training program in general pediatrics, general internal medicine, family practice, family medicine, or emergency medicine; and practice, upon completion of the residency program, in a Kansas county (with the exception of five metropolitan counties) for 12 months for each year that a loan was received. The Subcommittee's recommendation would amend K.S.A. 1996 Supp. 76-381 to add general surgery and obstetrics and gynecology to the list of approved postgraduate residency training programs noted above.

SUBCOMMITTEE REPORT

Agency: Fort Hays State University

Bill No. --

Bill Sec. --

Analyst: Mills

Analysis Pg. No. 201

Budget Page No. 185

<u>Expenditure</u>	<u>Agency Est. FY 97</u>	<u>Gov. Rec. FY 97*</u>	<u>House Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 25,166,521	\$ 24,923,474	\$ 0
General Fees Fund	<u>7,783,172</u>	<u>7,962,997</u>	<u>0</u>
Subtotal General Use	\$ 32,949,693	\$ 32,886,471	\$ 0
Restricted Use Funds	<u>10,572,820</u>	<u>10,650,341</u>	<u>0</u>
TOTAL -- Oper. Exp.	<u>\$ 43,522,513</u>	<u>\$ 43,536,812</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Building Fund	1,101,107	1,101,107	0
Other Funds	<u>612,380</u>	<u>612,380</u>	<u>0</u>
TOTAL -- Cap. Impr.	<u>\$ 1,713,487</u>	<u>\$ 1,713,487</u>	<u>\$ 0</u>
 GRAND TOTAL	 \$ 45,236,000	 \$ 45,250,299	 \$ 0
 FTE Positions	 699.1	 694.0	 0.0
Unclass. Temp. Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>699.1</u>	<u>694.0</u>	<u>0.0</u>

* Per Governor's Budget Amendment No. 1, includes an additional \$65,675 from the State General Fund for utilities.

Agency Estimate/Governor's Recommendation

The agency's revised FY 1997 estimate for general use expenditures equals the total expenditures from the approved budget. State General Fund expenditures increase by \$108,813 from the approved budget. The requested adjustments to the FY 1997 budget are detailed below:

- **Shift of \$108,813 in financing of the FY 1997 budget from the General Fees Fund to the State General Fund** based on fall enrollments and decreased tuition receipts.

*Appropriations
3-12-97
Attachment 3*

- Included in the requested net shift noted above is \$157,542 to provide supplementation for amounts waived by FHSU under the Midwest Student Exchange Program (MSEP). The Board of Regents, at its October 17, 1996 meeting, authorized institutions which had waived tuition under MSEP to seek supplementation of the amounts waived. The 1996 Legislature transferred the entire MSEP program to the restricted use budget beginning in FY 1997, but no monetary adjustments were made to the institutions' general use budgets.
- To fund the FY 1997 general use appropriation shortfall for **classified longevity funding**, FHSU increased the budgeted shrinkage rate by holding positions vacant during the fiscal year.
- **Restricted use expenditures** reflect a reduction of \$1,049,104 from the approved budget. While subject to appropriation, most restricted use funds are treated as "no limit" appropriations. Examples include parking fees, student union fees, federal research grants, and income generated from campus revenue-producing activities.
- The University requests restoration of position authority for 6.9 restricted use positions which are deleted by the Governor's recommendation during the 1996 Session; no additional funding is requested.

The Governor's FY 1997 recommendation for general use expenditures equals the approved budget. **The Governor:**

- Concurs with the revised tuition estimates of the Consensus Tuition Estimating Committee and recommends the shift of \$65,653 from the State General Fund to the General Fees Fund. The Governor recommends no supplementation for MSEP waivers.
- Restricted use expenditures total \$10.7 million, a decrease of \$269,379 (1.0 percent) from FY 1996.
- The Governor's recommendation does not restore the 6.9 restricted use positions in FY 1997.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation for FY 1997, including the addition of \$65,675 (State General Fund) in GBA No. 1 for utilities for the Sternberg Museum.

SUBCOMMITTEE REPORT

Agency: Fort Hays State University

Bill No. 2160

Bill Sec. 67

Analyst: Mills

Analysis Pg. No. 201

Budget Page No. 185

<u>Expenditure</u>	<u>Agency Req. FY 98</u>	<u>Gov. Rec. FY 98*</u>	<u>House Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 26,941,901	\$ 26,429,546	\$ 0
General Fees Fund	<u>7,686,631</u>	<u>7,813,299</u>	<u>0</u>
Subtotal General Use	\$ 34,628,532	\$ 34,242,845	\$ 0
Restricted Use Funds	<u>10,690,682</u>	<u>10,812,393</u>	<u>0</u>
TOTAL – Oper. Exp.	<u>\$ 45,319,214</u>	<u>\$ 45,055,238</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Building Fund	0	0	0
Other Funds	<u>570,000</u>	<u>570,000</u>	<u>0</u>
TOTAL – Cap. Impr.	<u>\$ 570,000</u>	<u>\$ 570,000</u>	<u>\$ 0</u>
 GRAND TOTAL	 \$ 45,889,214	 \$ 45,625,238	 \$ 0
 FTE Positions	 699.1	 694.0	 0.0
Unclass. Temp. Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>699.1</u>	<u>694.0</u>	<u>0.0</u>

* Per Governor's Budget Amendment No. 1, includes \$65,675 from the State General Fund for utilities and \$5,359 for compensating balances (General Fees Fund).

Agency Req./Governor's Recommendation

The **general use** operating budget increase of \$1.68 million requested by the University would result in a 5.1 percent increase in general use expenditure authority for the University in FY 1998. The request would continue the existing FTE positions. Many of the requested increases are based on systemwide recommendations of the Board of Regents and are discussed in greater detail in the *Regents Systemwide Summary*. The agency requests the restoration of 6.9 restricted use positions which were deleted by the Governor's recommendation during the 1996 Session.

The Governor's FY 1998 recommendation for general use expenditures totals \$34,171,811 an increase of \$1,356,374 (4.1 percent) over the recommendation for the current year.

- **Salaries and Wages.** As with other agencies, the Governor's recommendation includes funding for step movement for classified employees, funding for a 3.5 percent merit increase for unclassified employees (including faculty) , a 1.0 percent base salary adjustment, and longevity funding for classified employees. The Governor does not recommend restoration of the 6.9 positions.
- **Other Operating Expenditures.** The Governor recommends a 2.0 percent (\$118,157) base increase in OOE for FY 1998.

Restricted Use. The FY 1998 restricted use budget totals \$10,812,393, an increase of \$162,052 (1.5 percent) over FY 1997.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation for FY 1998, including the addition in GBA No. 1 of \$65,675 (SGF) for utilities at the Sternberg Museum, and a technical correction of \$5,359 relating to compensating balances.

SUBCOMMITTEE REPORT

Agency: Emporia State University

Bill No. --

Bill Sec. --

Analyst: Mills

Analysis Pg. No. 190

Budget Page No. 179

Expenditure	Agency Est. FY 97	Gov. Rec. FY 97	House Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 25,164,356	\$ 25,076,052	\$ 0
General Fees Fund	7,808,687	7,896,991	0
Other Funds	<u>26,000</u>	<u>26,000</u>	<u>0</u>
Subtotal General Use	\$ 32,999,043	\$ 32,999,043	\$ 0
Restricted Use Funds	<u>12,229,843</u>	<u>12,756,068</u>	<u>0</u>
TOTAL -- Oper. Exp.	<u>\$ 45,228,886</u>	<u>\$ 45,755,111</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
Educational Building Fund	1,040,388	1,040,388	0
Other Funds	<u>363,447</u>	<u>363,447</u>	<u>0</u>
TOTAL -- Cap. Impr.	<u>\$ 1,403,835</u>	<u>\$ 1,403,835</u>	<u>\$ 0</u>
 GRAND TOTAL	 \$ 46,632,721	 \$ 47,158,946	 \$ 0
 FTE Positions	 739.2	 739.2	 0.0
Unclass. Temp. Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>739.2</u>	<u>739.2</u>	<u>0.0</u>

Agency Est./Governor's Recommendation

The agency's revised FY 1997 estimate for general use expenditures includes a shift in total expenditures from the approved budget. State General Fund expenditures increase by \$338,867 from the approved budget, while expenditures from the General Fees Fund decrease by the same amount from the approved level. The requested adjustments to the FY 1997 budget are detailed below:

- **Shift of \$338,867 in financing of the FY 1997 budget from the General Fees Fund to the State General Fund** based on fall enrollments and decreased tuition estimates (and the MSEP waivers discussed below). The fee fund shortfall is chiefly due to a continued decline in the Fall 1996 total headcount of 141 students (2.4 percent) from the Fall 1995 total headcount.

Appropriations
3-12-97
Attachment 4

- Included in the requested shift noted above is \$23,526 to provide supplementation for amounts waived by ESU under the Midwest Student Exchange Program (MSEP). The Board of Regents, at its October 17, 1996 meeting, authorized institutions which had waived tuition under MSEP to seek supplementation of the amounts waived. The 1996 Legislature transferred the entire MSEP program to the restricted use budget beginning in FY 1997, but no monetary adjustments were made to the institutions' general use budgets.
- To fund the FY 1997 general use appropriation shortfall for **classified longevity funding**, ESU increased the budgeted shrinkage rate to most of the \$76,817 shortfall.
- **Restricted use expenditures** reflect a decrease of \$461,485 from the approved budget. While subject to appropriation, most restricted use funds are treated as "no limit" appropriations. Examples include parking fees, student union fees, federal research grants, and income generated from campus revenue-producing activities.

The Governor recommends a State General Fund supplemental appropriation of \$250,563 with a corresponding reduction in general fees funds expenditures to adjust for the fees shortfall. No supplementation is recommended for the MSEP waivers.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation for FY 1997.

SUBCOMMITTEE REPORT

Agency: Emporia State University

Bill No. 2160

Bill Sec. 72

Analyst: Mills

Analysis Pg. No. 190

Budget Page No. 179

Expenditure	Agency Req. FY 98	Gov. Rec. FY 98*	House Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 26,304,854	\$ 25,989,817	\$ 0
General Fees Fund	8,236,178	7,981,106	0
Other Funds	<u>29,000</u>	<u>29,000</u>	<u>0</u>
Subtotal General Use	\$ 34,570,032	\$ 33,999,923	\$ 0
Restricted Use Funds	<u>12,336,090</u>	<u>12,344,080</u>	<u>0</u>
TOTAL – Oper. Exp.	<u><u>\$ 46,906,122</u></u>	<u><u>\$ 46,344,003</u></u>	<u><u>\$ 0</u></u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
Educational Building Fund	0	0	0
Other Funds	<u>457,904</u>	<u>457,904</u>	<u>0</u>
TOTAL – Cap. Impr.	<u><u>\$ 457,904</u></u>	<u><u>\$ 457,904</u></u>	<u><u>\$ 0</u></u>
 GRAND TOTAL	 \$ 47,364,026	 \$ 46,801,907	 \$ 0
 FTE Positions	 739.2	 739.2	 0.0
Unclass. Temp. Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u><u>739.2</u></u>	<u><u>739.2</u></u>	<u><u>0.0</u></u>

* Per Governor's Budget Amendment No. 1, includes addition of \$15,991 from the General Fees Fund for compensating balances.

Agency Req./Governor's Recommendation

The **general use** operating budget increase of \$1.57 million requested by the University would result in a 4.8 percent increase in general use expenditure authority for the University in FY 1998. The request would continue the currently approved FTE positions. Many of the requested increases are based on systemwide recommendations of the Board of Regents and are discussed in greater detail in the *Regents Systemwide Summary*.

Restricted Use. The FY 1998 restricted use budget request totals \$12.3 million, an increase of \$106,247 (0.9 percent) from FY 1997.

The Governor's FY 1998 recommendation for general use expenditures would provide an increase of \$984,889 (3.0 percent) from FY 1997.

- ◆ **Salaries and Wages.** As with other agencies, the Governor's recommendation includes funding for step movement for classified employees, funding for a 3.5 percent merit increase for unclassified employees (including faculty) , a 1.0 percent classified base salary adjustment, and longevity bonus funding for classified employees.
- ◆ **Other Operating Expenditures.** The Governor recommends a 2.0 percent base increase in OOE for FY 1998.

Restricted Use. The FY 1998 restricted use budget totals \$12.3 million, a decrease of \$411,988 (3.2 percent) from FY 1997.

Enrollment Adjustment

Based upon the calculations of the enrollment adjustment formula, ESU is liable for a negative enrollment adjustment of \$527,580, as a result of decreases in student credit hours. However, the Governor recommends that \$150,000 of this total be forgiven as an "enrollment growth downpayment." Thus, the Governor recommends a negative enrollment adjustment of \$377,580.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation for FY 1998, including the technical corrections in GBA No. 1 relating to compensating balances.

SUBCOMMITTEE REPORT

Agency: Pittsburg State University

Bill No. --

Bill Sec. --

Analyst: Mills

Analysis Pg. No. 255

Budget Page No. 369

<u>Expenditure</u>	<u>Agency Est. FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>House Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 26,867,879	\$ 26,159,542	\$ 0
General Fees Fund	<u>9,727,635</u>	<u>9,998,736</u>	<u>0</u>
Subtotal General Use	\$ 36,595,514	\$ 36,158,278	\$ 0
Restricted Use Funds	<u>13,246,523</u>	<u>13,536,926</u>	<u>0</u>
TOTAL -- Oper. Exp.	<u><u>\$ 49,842,037</u></u>	<u><u>\$ 49,695,204</u></u>	<u><u>\$ 0</u></u>
Capital Improvements:			
State General Fund	\$ 0	\$ 2,000,000	\$ 0
Educational Building Fund	1,600,799	1,600,799	0
Other Funds	<u>2,774,554</u>	<u>2,774,554</u>	<u>0</u>
TOTAL -- Cap. Impr.	<u><u>\$ 4,375,353</u></u>	<u><u>\$ 6,375,353</u></u>	<u><u>\$ 0</u></u>
 GRAND TOTAL	 \$ 54,217,390	 \$ 56,070,557	 \$ 0
 FTE Positions	 787.9	 784.5	 0.0
Unclassified Temp. Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u><u>787.9</u></u>	<u><u>784.5</u></u>	<u><u>0.0</u></u>

Agency Estimate/Governor's Recommendation

The agency's revised FY 1997 estimate for general use expenditures includes an increase of \$345,376 in total expenditures from the approved budget. State General Fund expenditures increase by \$928,253 over the approved budget. The requested adjustments to the FY 1997 budget are detailed below:

- **Shift of \$582,877 in financing of the FY 1997 budget from the General Fees Fund to the State General Fund** based on fall enrollments and decreased tuition estimates. The fee fund shortfall is chiefly due to a decline in nonresident undergraduate students. Of the total \$149,379 is related to Midwest Student Exchange Program (MSEP) waivers.

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- Included in the request shift noted above is \$149,379 to provide supplementation for amounts waived by PSU under MSEP. The Board of Regents, at its October 17, 1996 meeting, authorized institutions which had waived tuition under MSEP to seek supplementation of the amounts waived. The 1996 Legislature transferred the entire MSEP program to the restricted use budget beginning in FY 1997, but no monetary adjustments were made to the institutions' general use budgets.
- To fund the FY 1997 general use appropriation shortfall for **classified longevity funding**, PSU increased the budgeted shrinkage rate to meet the shortfall of \$64,600.
- **Addition of \$345,376 from the State General Fund for the operation of the new Kansas Technology Center** for the last three months of FY 1997.

The Governor's FY 1998 recommendation for general use expenditures includes an increase of \$230,373 from the approved budget. State General Fund expenditures are increased by \$542,149. The Governor:

- Concurs with the shift of \$311,776 from the General Fees Fund to the State General Fund, based on the Consensus Committee estimate which reflected declines in the Fall 1996 enrollment of 71 headcount students (which equates to the loss of 207 FTE students).
- Recommends a State General Fund supplemental appropriation of \$311,776 for the shift noted above.
- Recommends a State General Fund supplemental appropriation of \$241,313 (and 2.8 FTE positions) for operation of the Kansas Technology Center for the last three months in FY 1997.
- The State General Fund supplemental appropriation of \$553,089 is reduced by \$10,940 to reflect a retirement reduction, resulting in a net total of \$542,149.
- The Governor recommends appropriation of an additional \$2.0 million (State General Fund) in FY 1997 for the Kansas Technology Center.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation for FY 1997.

SUBCOMMITTEE REPORT

Agency: Pittsburg State University

Bill No. 2160

Bill Sec. 73

Analyst: Mills

Analysis Pg. No. 255

Budget Page No. 369

<u>Expenditure</u>	<u>Agency Req. FY 98</u>	<u>Gov. Rec. FY 98*</u>	<u>House Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 28,632,373	\$ 28,012,076	\$ 0
General Fees Fund	<u>10,098,730</u>	<u>10,039,191</u>	<u>0</u>
Subtotal General Use	\$ 38,731,103	\$ 38,051,267	\$ 0
Restricted Use Funds	<u>13,684,306</u>	<u>13,712,085</u>	<u>0</u>
TOTAL – Oper. Exp.	<u><u>\$ 52,415,409</u></u>	<u><u>\$ 51,763,352</u></u>	<u><u>\$ 0</u></u>
Capital Improvements:			
State General Fund	\$ 2,000,000	\$ 0	\$ 0
Educational Building Fund	0	0	0
Other Funds	<u>1,764,000</u>	<u>1,764,000</u>	<u>0</u>
TOTAL – Cap. Impr.	<u><u>\$ 3,764,000</u></u>	<u><u>\$ 1,764,000</u></u>	<u><u>\$ 0</u></u>
 GRAND TOTAL	 \$ 56,179,409	 \$ 53,527,352	 \$ 0
 FTE Positions	 803.2	 792.8	 0.0
Unclassified Temp. Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u><u>803.2</u></u>	<u><u>792.8</u></u>	<u><u>0.0</u></u>

* Per GBA No. 1, includes an additional \$7,368 from the General Fees Fund for compensating balances.

Agency Req./Governor's Recommendation

The **general use** operating budget increase of \$2.46 million requested by the University would result in a 6.8 percent increase in general use expenditure authority for the University in FY 1998. The request would add 20.5 FTE new positions, all of which would be associated with the opening of the new Kansas Technology Center (at this writing scheduled for April of 1997). (**Staff Note:** The agency anticipates that funding for three months in FY 1997 will be needed for the new Center. Total funding associated with the Kansas Technology Center (KTC) in the current year request is \$345,376 for three months of operation.) For FY 1998, PSU requests a total of \$971,461 and 20.5 new FTE positions. Many of the requested increases are based on systemwide recommendations of the Board of Regents and are discussed in greater detail in the *Regents Systemwide Summary*.

- **Salaries and Wages.** As with other agencies, the Governor's recommendation includes funding for step movement for classified employees, funding for a 3.5 percent merit increase for unclassified employees (including faculty), a 1.0 percent base salary adjustment, and longevity funding for classified employees.
- **Other Operating Expenditures.** The Governor recommends a 2.0 percent base increase (\$118,638) for OOE in FY 1998.

Restricted Use. The FY 1998 restricted use budget totals \$13,712,085, an increase of \$175,159 over FY 1997.

Enrollment Adjustment

The enrollment adjustment originally applied to PSU reflected a negative enrollment adjustment of \$27,660. In the Governor's recommendation, the enrollment adjustment was recalculated, excluding the contiguous counties students. This recalculation resulted in a total negative enrollment adjustment of \$251,471, or an additional loss of \$223,811 over the original amount.

(Staff Note: The following passage was contained in the Subcommittee Report on Pittsburg State University in the 1995 Legislative Session:

"Add \$137,400 and create a new account in FY 1996 for restricted use funds to allow for fee collections under the contiguous county program approved by the Board of Regents for PSU. Students enrolled under the contiguous county program will not be counted as FTE or for enrollment adjustment purposes; the only monies the University is to receive will be the actual fees received from these students. These restricted use fees will be used by the University to acquire instructional equipment."

As of the Fall 1996 enrollment, there was 186 contiguous counties students at PSU.)

Servicing New Buildings

In addition to the current year request of \$345,376 for the last three months of FY 1997, PSU requests \$971,461 and 20.5 FTE positions FY 1998 of the new Kansas Technology Center (KTC). Of the funding requested, \$434,239 is for salaries, \$127,910 is for OOE, and \$409,312 is for utilities. The agency anticipates that the Center will open in April of 1997. The request for the Center is based on 255,820 gross square feet (gsf) of new space (1.0 FTE per 12,500 gsf of space), and the requested staffing includes 8.0 custodians, 1.0 repair technician, 1.0 painter, 2.0 electricians, 1.0 plumber, 1.0 air conditioning technician, 1.0 carpenter, 1.0 groundskeeper, 2.0 police, and 2.5 clerical personnel. **The Governor recommends** a total of \$770,473 (and 11.1 FTE new positions) for operation of the PSU Kansas Technology Center in FY 1998. The total is composed of \$237,340 in salaries and wages for 11.1 FTE positions, \$123,821 for other operating expenditures, and \$409,312 for utilities. For FY 1997, the Governor recommends \$241,313 (and 2.8 FTE positions) for operations during the last three months of FY 1997. **(Staff Note:** Under the revised formula for servicing new buildings [1.0 FTE for each 12,500

square feet of space], PSU qualifies for 20.5 FTE positions for the Center. Apparently, however, the Governor's recommendation assumes that 9.4 existing FTE positions at PSU will be shifted to the new building.)

Kansas Technology Center

The Governor shifts the requested appropriation of \$2.0 million (State General Fund) for construction of the Kansas Technology Center to FY 1997.

House Subcommittee Recommendation

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

1. The Subcommittee notes that the Governor's recommendation for servicing the new Technology Center is 11.1 FTE positions, even though the formula calculation yields 20.5 FTE positions for this size building (1.0 FTE per 12,500 square feet). The University has requested a Governor's Budget Amendment for these positions. If a GBA is issued, the Subcommittee will review it.
2. The Subcommittee concurs with the technical correction in GBA No. 1 relating to compensating balances.

SUBCOMMITTEE REPORT

Agency: University of Kansas

Bill No. 2272

Bill Sec. 36

Analyst: Robinson

Analysis Pg. No. 268

Budget Page No. 477

<u>Expenditure Summary</u>	<u>Agency Est. FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>House Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 111,518,938	\$ 112,680,350	\$ (143,189)
General Fees Fund	69,749,380	68,515,865	
Other Funds	20,000	20,000	0
Subtotal-General Use	\$ 181,288,318	\$ 181,216,215	\$ (143,189)
Restricted Use Funds	156,090,642	156,056,460	0
TOTAL-Operating Exp.	\$ 337,378,960	\$ 337,272,675	\$ (143,189)
Capital Improvements:			
Educational Building Fund	\$ 5,779,353	\$ 5,779,353	\$ 0
Spec. Cap. Impr. Fund	528,218	528,218	
Other Funds	5,061,740	5,061,740	0
TOTAL-Cap. Impr.	\$ 11,369,311	\$ 11,369,311	\$ 0
GRAND TOTAL	\$ 348,748,271	\$ 348,641,986	\$ (143,189)
 FTE Positions	 4,504.7	 4,499.7	 0.0

Agency Est./Governor's Recommendation

The agency's revised FY 1997 estimate for general use expenditures includes \$2,201,245 in FY 1996 State General Fund savings reappropriated to FY 1997. KU has an unlimited State General Fund reappropriation which permits any State General Fund savings from FY 1996 to be expended in FY 1997 without any further legislative action.

For FY 1997, the Governor recommends general use expenditures of \$181,216,215 for KU, a reduction of \$72,103 from the agency's estimate. The reduction reflects retirement reductions (5.0 FTE positions). The Governor also recommends a State General Fund supplemental appropriation of \$1,233,514 for KU in FY 1997 with a corresponding reduction in general fees fund expenditures. The Governor's recommendation is related to the impact of the implementation of linear tuition on institutions participating in tuition accountability.

House Subcommittee Recommendation

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

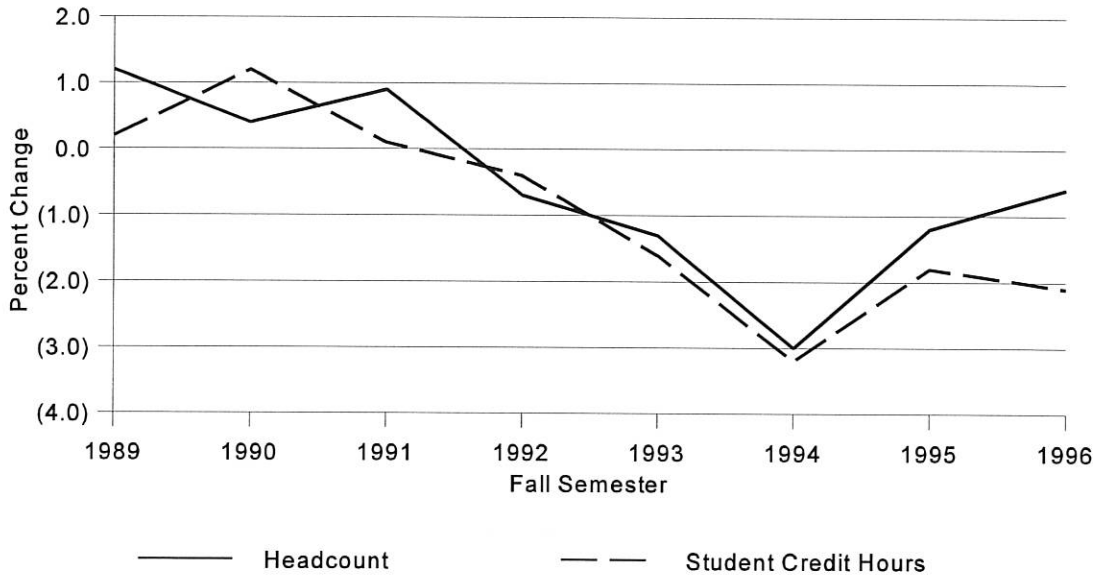
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1. The Subcommittee concurs with the Governor's recommendations regarding State General Fund supplementation to offset the impact of linear tuition at KU. The Subcommittee recommends \$1,090,325, a reduction of \$143,189 from the amount recommended by the Governor. The Subcommittee's decision is based on revised Spring 1997 enrollment information submitted by the University which identifies the lower figure as the fiscal impact of implementing linear tuition at KU.

The Subcommittee's decision was reached after much discussion and deliberation. There were those on the Subcommittee who believed that FY 1996 represented and should continue to represent, the baseline year for the implementation of tuition accountability at KU, Kansas State University, and Wichita State University. If that is, in fact, the case, there should be no supplementation to offset the impact of the implementation of linear tuition. In estimating the potential impact on tuition revenues, the decision was made, during the 1996 Session, to increase tuition at KU and KSU by an additional 3.0 percent over the base 3.0 tuition increase recommended for all institutions. This increase was designed primarily to address the loss of tuition revenue for those students taking seven to 14 hours. The following table reflects known changes in resident undergraduate tuition revenue resulting from the implementation of linear tuition at KU and KSU. As an example, every student taking 11 credit hours at KU would have paid \$945 under the previous tuition structure, while under linear tuition, the same student would pay \$693, for a reduction, assuming no change in credit hour behavior, of \$252.

Credit Hours Enrolled	If KU and KSU at Previous Structure	FY 1997 Linear Tuition	Difference
1	\$ 63	\$ 63	\$ 0
2	126	126	0
3	189	189	0
4	252	252	0
5	315	315	0
6	378	378	0
7	945	441	(504)
8	945	504	(441)
9	945	567	(378)
10	945	630	(315)
11	945	693	(252)
12	945	756	(189)
13	945	819	(126)
14	945	882	(63)
15	945	945	0
16	945	1,008	63
17	945	1,071	126
18	945	1,134	189
19	945	1,197	252
20	945	1,260	315
21	945	1,323	378

No funding adjustments were made during the 1996 Session to address potential changes in student behavior (*i.e.* taking fewer hours due to higher costs per hour.) The amounts recommended by the Governor are intended to address this aspect of the implementation of linear tuition. The Subcommittee is persuaded that linear tuition has had some negative impact on tuition revenues. Determining the appropriate amount for this impact is problematic, however, and the Subcommittee approached the question from a number of different perspectives. The results of the various calculations were all very similar to the amounts recommended by the Governor. The following graph depicts headcount enrollment and student credit hour trends at KU from FY 1990 through FY 1996 and the projections for FY 1997, based on Fall 1996 enrollments. Until the Fall 1996 semester, headcount enrollment and student credit hours were declining at similar rates. With the implementation of linear tuition at KU, the decline in student credit hours becomes more dramatic.



In concurring with the Governor's recommendation, the Subcommittee wishes to strongly emphasize that this is to be considered a one-time issue. In his presentation to the Subcommittee, the Chancellor made it clear that he considered this a one-time tuition issue and that no further requests would be made based on the impact of linear tuition. This Subcommittee considers this issue to be resolved with this recommendation and will not look with favor on any future request regarding the impact of linear tuition on KU.

SUBCOMMITTEE REPORT

Agency: University of Kansas

Bill No. 2160

Bill Sec. 77

Analyst: Robinson

Analysis Pg. No. 268

Budget Page No. 477

<u>Expenditure Summary</u>	<u>Agency Req. FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>House Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 116,341,386	\$ 116,482,415	\$ 0
General Fees Fund	72,615,789	71,333,988	
Other Funds	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Subtotal-General Use	\$ 188,977,175	\$ 187,836,403	\$ 0
Restricted Use Funds	<u>157,637,513</u>	<u>157,492,835</u>	<u>0</u>
TOTAL-Operating Exp.	<u>\$ 346,614,688</u>	<u>\$ 345,329,238</u>	<u>\$ 0</u>
Capital Improvements:			
Educational Building Fund	\$ 0	\$ 0	\$ 0
Spec. Cap. Impr. Fund	0	0	
Other Funds	<u>35,865,000</u>	<u>35,865,000</u>	<u>0</u>
TOTAL-Cap. Impr.	\$ 35,865,000	\$ 35,865,000	\$ 0
GRAND TOTAL	<u>\$ 382,479,688</u>	<u>\$ 381,194,238</u>	<u>\$ 0</u>
 FTE Positions	 4,505.1	 4,500.1	 0.0

* Includes Governor's Budget Amendment No. 1.

Agency Req./Governor's Recommendation

The general use operating budget increase of \$7.7 million requested by the University would result in a 4.2 percent increase in general use expenditure authority for the University in FY 1998. Most of the requested increases are based on systemwide recommendations of the Board of Regents.

For FY 1998, the Governor recommends general use expenditures of \$187,836,403, a reduction of \$1.1 million from the amount requested by the agency. The Governor recommends 4,500.1 FTE positions for FY 1998, a reduction of 5.0 FTE from the number requested by the agency. The reduction reflects FY 1997 retirement reductions carried into FY 1998.

House Subcommittee Recommendation

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

1. Concur with Governor's Budget Amendment No. 1, which increases expenditure authority from the general fees fund by \$30,127 in FY 1998. The Pooled Money Investment Board is eliminating compensating balances as a method of reimbursing banks for their services, preferring instead to capture the interest earnings from those balances and separately pay banking fees. The *FY 1998 Governor's Budget Report* reflects the addition of \$30,127 from the State General Fund in the budget of KU to reflect this policy change. An offsetting reduction was inadvertently made to the general fees fund at KU. The budget amendment restores the funding reduced from the general fees fund.
2. Concur with Governor's Budget Amendment No. 1, which adds \$16,751 from the State General Fund to correct a miscalculation in the pay plan funding recommended by the Governor.

SUBCOMMITTEE REPORT

Agency: Kansas State University

Bill No. 2272

Bill Sec. 34

Analyst: Robinson

Analysis Pg. No. 212

Budget Page No. 331

Expenditure	Agency Est. FY 97	Gov. Rec. FY 97	House Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 81,669,179	\$ 82,449,125	\$ 0
General Fees Fund	38,889,248	38,047,596	
Other Funds	100,000	100,000	0
Subtotal-General Use	\$ 120,658,427	\$ 120,596,721	\$ 0
Restricted Use Funds	93,415,592	93,415,592	0
TOTAL--Operating Exp.	<u>\$ 214,074,019</u>	<u>\$ 214,012,313</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
Educational Building Fund	5,947,426	5,947,426	0
Spec. Cap. Impr. Fund	432,161	432,161	
Other Funds	4,120,017	4,120,017	0
TOTAL-Cap. Impr.	<u>\$ 10,499,604</u>	<u>\$ 10,499,604</u>	<u>\$ 0</u>
GRAND TOTAL	\$ 224,573,623	\$ 224,511,917	0
FTE Positions	3,026.6	3,024.6	0.0

Agency Estimate/Governor's Recommendation

The agency's revised FY 1997 estimate for general use expenditures includes \$55,350 in FY 1996 State General Fund savings reappropriated to FY 1997. KSU has an unlimited State General Fund reappropriation which permits any State General Fund savings from FY 1996 to be expended in FY 1997 without any further legislative action.

For FY 1997, the Governor recommends general use expenditures of \$120,596,721 for KSU, a reduction of \$61,706 from the agency's estimate. The reduction reflects retirement reductions (2.0 FTE positions). The Governor also recommends a State General Fund supplemental appropriation of \$841,652 for KSU in FY 1997 with a corresponding reduction in general fees fund expenditures. The Governor's recommendation is related to the impact of the implementation of linear tuition on institutions participating in tuition accountability.

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House Subcommittee Recommendation

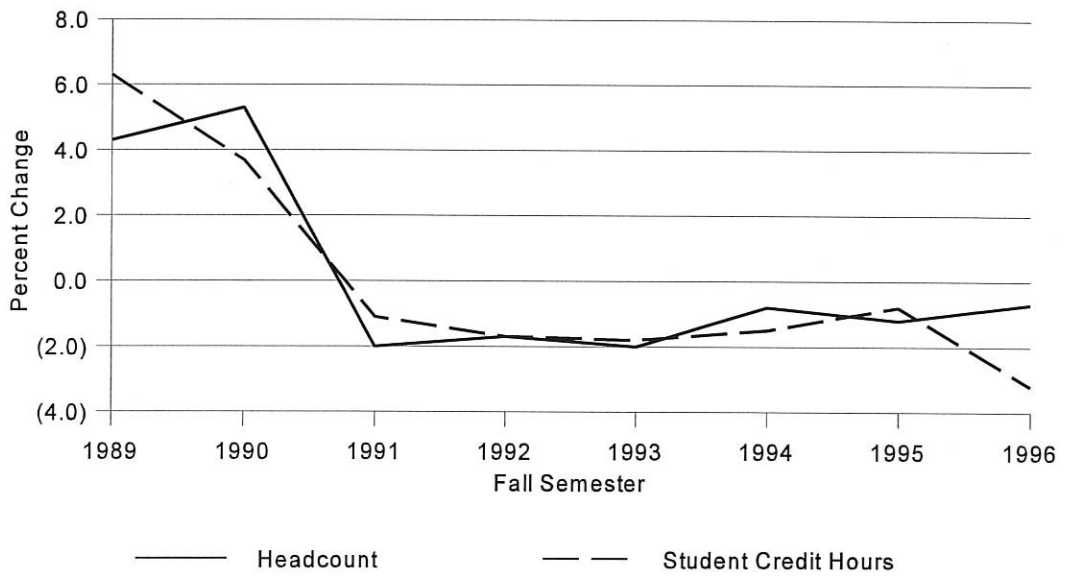
The House Subcommittee concurs with the recommendations of the Governor, with the following adjustments:

1. Make a technical adjustment to the bill to accurately reflect the Governor's recommendation.
2. The Subcommittee concurs with the Governor's recommendations regarding State General Fund supplementation to offset the impact of linear tuition at KSU. The Governor's recommendation to offset the impact of linear tuition at KSU totals \$841,652.

As previously noted in the KU subcommittee report, the Subcommittee's decision was reached after much discussion and deliberation. There were those on the Subcommittee who believed that FY 1996 represented and should continue to represent, the baseline year for the implementation of tuition accountability at KSU, the University of Kansas, and Wichita State University. If that is, in fact, the case, there should be no supplementation to offset the impact of the implementation of linear tuition. In estimating the potential impact on tuition revenues, the decision was made, during the 1996 Legislative Session, to increase tuition at KU and KSU by an additional 3.0 percent over the base 3.0 tuition increase recommended for all institutions. This increase was designed primarily to address the loss of tuition revenue for those students taking seven to 14 hours. The following table reflects known changes in resident undergraduate tuition revenue resulting from the implementation of linear tuition at KU and KSU. As an example, every student taking 11 hours at KSU would have paid \$945 under the previous tuition structure, while under linear tuition, the same student would pay \$693, for a reduction, assuming no change in credit hour behavior, of \$252.

<u>Credit Hours Enrolled</u>	<u>If KU and KSU at Previous Structure</u>	<u>FY 1997 Linear Tuition</u>	<u>Difference</u>
1	\$ 63	\$ 63	\$ 0
2	126	126	0
3	189	189	0
4	252	252	0
5	315	315	0
6	378	378	0
7	945	441	(504)
8	945	504	(441)
9	945	567	(378)
10	945	630	(315)
11	945	693	(252)
12	945	756	(189)
13	945	819	(126)
14	945	882	(63)
15	945	945	0
16	945	1,008	63
17	945	1,071	126
18	945	1,134	189
19	945	1,197	252
20	945	1,260	315
21	945	1,323	378

No funding adjustments were made during the 1996 Session to address potential changes in student behavior (*i.e.* taking fewer hours due to higher costs per hour.) The amounts recommended by the Governor are intended to address this aspect of the implementation of linear tuition. The Subcommittee is persuaded that linear tuition has had some negative impact on tuition revenues. Determining the appropriate amount for this impact is problematic, however, and the Subcommittee approached the question from a number of different perspectives. The results of the various calculations were all very similar to the amounts recommended by the Governor. The following graph depicts headcount enrollment and student credit hour trends at KSU from FY 1990 through FY 1996 and the projections for FY 1997, based on Fall 1996 enrollments. As was the case with KU, until the Fall 1996 semester, headcount enrollment and student credit hours were declining at similar rates. With the implementation of linear tuition at KSU, the decline in student credit hours becomes more dramatic.



In concurring with the Governor's recommendation, the Subcommittee wishes to strongly emphasize that this is to be considered a one-time issue. This Subcommittee considers this issue to be resolved with this recommendation and will not look with favor on any future request regarding the impact of linear tuition on KSU.

SUBCOMMITTEE REPORT

Agency: Kansas State University

Bill No. 2160

Bill Sec. 34

Analyst: Robinson

Analysis Pg. No. 212

Budget Page No. 331

Expenditure	Agency Req. FY 98	Gov. Rec. FY 98*	House Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 86,707,340	\$ 91,502,767	\$ 0
General Fees Fund	40,455,351	40,543,740	
Other Funds	75,000	75,000	0
Subtotal-General Use	\$ 127,237,691	\$ 132,121,507	0
Restricted Use Funds	95,718,183	98,650,660	0
TOTAL—Operating Exp.	<u>\$ 222,955,874</u>	<u>\$ 230,772,167</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 189,466	\$ 0
Educational Building Fund	0	0	0
Spec. Cap. Impr. Fund	0	0	
Other Funds	11,811,928	11,757,428	0
TOTAL-Cap. Impr.	<u>\$ 11,811,928</u>	<u>\$ 11,946,894</u>	<u>\$ 0</u>
GRAND TOTAL	\$ 234,767,802	\$ 242,719,061	\$ 0
FTE Positions	3,026.6	3,151.7	0.0

*Includes Governor's Budget Amendment No. 1.

Agency Request/Governor's Recommendation

The general use operating budget increase of \$6.6 million requested by KSU would result in a 5.5 percent increase in expenditure authority for the University in FY 1998. The requested increases are based on systemwide requests of the Board of Regents.

The Governor's FY 1998 general use recommendation totals \$132,121,507, an increase of \$4,883,816 over the amount requested by the University. The Governor's FY 1998 recommendation reflects his recommendation to merge the budget of KSU-Salina, College of Technology with the KSU main campus budget, and includes \$5,736,005 in recommended general use expenditures for KSU-

Salina. The Governor's recommended FTE positions reflect the addition of 127.1 FTE from KSU-Salina to the main campus budget.

House Subcommittee Recommendation

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

1. Concur with Governor's Budget Amendment No. 1, which increases expenditure authority from the general fees fund by \$24,658 in FY 1998. The Pooled Money Investment Board is eliminating compensating balances as a method of reimbursing banks for their services, preferring instead to capture the interest earnings from those balances and separately pay banking fees. The *FY 1998 Governor's Budget Report* reflects the addition of \$24,658 from the State General Fund in the budget of KSU to reflect this policy change. An offsetting reduction was inadvertently made to the general fees fund at KSU. The budget amendment restores the funding reduced from the general fees fund.
2. Concur with Governor's Budget Amendment No. 1 which includes a net reduction of \$8,574 from the State General Fund. Funding in the amount of \$62,939, attributable to retirement reductions, was incorrectly removed from the University's budget. Funding for other operating expenditures was overstated, however, by \$71,513. The net adjustment decreases FY 1998 State General Fund expenditures by \$8,574.

SUBCOMMITTEE REPORT

Agency: KSU-Extension Services and Ag.
Research Programs

Bill No. –

Bill Sec. –

Analyst: Robinson

Analysis Pg. No. 235

Budget Page No. 335

Expenditure	Agency Est. FY 97	Gov. Rec. FY 97	House Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 40,097,327	\$ 40,097,327	\$ 0
Federal Land Grant Funds	7,214,334	7,214,334	0
Subtotal-General Use	\$ 47,311,661	\$ 47,311,661	\$ 0
Restricted Use Funds	39,135,230	39,135,230	0
TOTAL--Operating Exp.	\$ 86,446,891	\$ 86,446,891	\$ 0
Capital Improvements:			
Other Funds	\$ 65,000	\$ 65,000	\$ 0
TOTAL-Cap. Impr.	\$ 65,000	\$ 65,000	\$ 0
GRAND TOTAL	\$ 86,511,891	\$ 86,511,891	\$ 0
FTE Positions	1,275.3	1,275.3	0.0

Agency Estimate/Governor's Recommendation

The agency's revised FY 1997 estimate for general use expenditures is the same as the amount approved by the 1996 Legislature. The Governor concurs with the agency's estimate.

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Governor.

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SUBCOMMITTEE REPORT

Agency: KSU-Extension Services and Ag.
Research Programs

Bill No. 2160

Bill Sec. 73

Analyst: Robinson

Analysis Pg. No. 235

Budget Page No. 335

Expenditure	Agency Req. FY 98	Gov. Rec. FY 98*	House Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 42,517,399	\$ 42,169,936	\$ 0
Federal Land Grant Funds	<u>7,214,334</u>	<u>7,214,334</u>	<u>0</u>
Subtotal-General Use	\$ 49,731,733	\$ 49,384,270	\$ 0
Restricted Use Funds	<u>40,507,422</u>	<u>40,422,273</u>	<u>0</u>
TOTAL-Operating Exp.	<u>\$ 90,239,155</u>	<u>\$ 89,806,543</u>	<u>\$ 0</u>
Capital Improvements:			
Other Funds	\$ 305,000	\$ 405,000	\$ 0
TOTAL-Cap. Impr.	<u>\$ 305,000</u>	<u>\$ 405,000</u>	<u>\$ 0</u>
GRAND TOTAL	\$ 90,544,155	\$ 90,211,543	\$ 0
FTE Positions	1,275.3	1,275.3	0.0

* Includes Governor's Budget Amendment No. 1

Agency Request/Governor's Recommendation

The general use operating budget increase of \$2.4 million requested by the agency would result in a 5.1 percent increase in expenditure authority for FY 1998. The requested increases are based on Regents systemwide requests.

The Governor's FY 1998 recommendation for general use expenditures is a reduction of \$347,463 (all from the State General Fund) from the amount requested by the agency. The Governor's recommendation provides for the approved 1,275.3 FTE positions, and allows the agency to maintain its current level of services.

House Subcommittee Recommendation

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

1. Concur with Governor's Budget Amendment No. 1 which deletes \$28,057 in restricted use expenditures from the State Water Plan. Funds were included in the budget for a study of the Ogallala Aquifer in both FY 1997 and FY 1998, but it was the Governor's intent that this particular Ogallala project be discontinued after FY 1997.

SUBCOMMITTEE REPORT

Agency: KSU-Veterinary Medical Center

Bill No. –

Bill Sec. –

Analyst: Robinson

Analysis Pg. No. 244

Budget Page No. 337

Expenditure	Agency Est. FY 97	Gov. Rec. FY 97	House Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 8,433,461	\$ 8,433,461	\$ 0
General Fees Fund	4,301,495	4,301,495	0
Hosp. & Diagnostic Lab.	2,386,902	2,386,902	0
Subtotal-General Use	\$ 15,121,858	\$ 15,121,858	\$ 0
Restricted Use Funds	2,460,826	2,460,826	0
TOTAL-Operating Exp.	\$ 17,582,684	\$ 17,582,684	\$ 0
Capital Improvements:			
Educational Building Fund	\$ 575,199	\$ 575,199	\$ 0
Other Funds	0	0	0
TOTAL-Cap. Impr.	\$ 575,199	\$ 575,199	\$ 0
GRAND TOTAL	\$ 18,157,883	\$ 18,157,883	\$ 0
FTE Positions	253.8	253.8	0.0

Agency Estimate/Governor's Recommendation

The agency's revised FY 1997 estimate for general use expenditures is \$129,188 above the amount approved by the 1996 Legislature. State General Fund expenditures equal the approved budget. The revised estimate reflects an increase of \$129,188 from the Hospital and Diagnostic Laboratory Fund to reflect an increase in consumable expenditures (supplies used up in the operation of the hospital and laboratory). The Governor concurs with the agency's revised FY 1997 estimate.

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Governor.

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SUBCOMMITTEE REPORT

Agency: KSU-Veterinary Medical Center

Bill No. 2160

Bill Sec. 74

Analyst: Robinson

Analysis Pg. No. 244

Budget Page No. 337

Expenditure	Agency Req. FY 98	Gov. Rec. FY 98*	House Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 8,905,716	\$ 8,842,427	\$ 0
General Fees Fund	4,610,221	4,610,221	0
Hosp. & Diagnostic Lab.	<u>2,386,902</u>	<u>2,386,902</u>	<u>0</u>
Subtotal-General Use	\$ 15,902,839	\$ 15,839,550	\$ 0
Restricted Use Funds	<u>2,535,079</u>	<u>2,545,026</u>	<u>0</u>
TOTAL-Operating Exp.	<u>\$ 18,437,918</u>	<u>\$ 18,384,576</u>	<u>\$ 0</u>
Capital Improvements:			
Educational Building Fund	\$ 0	\$ 0	0
Other Funds	<u>140,000</u>	<u>140,000</u>	<u>0</u>
TOTAL-Cap. Impr.	<u>\$ 140,000</u>	<u>\$ 140,000</u>	<u>\$ 0</u>
 GRAND TOTAL	 \$ 18,577,918	 \$ 18,524,576	 \$ 0
 FTE Positions	 254.8	 253.8	 0.0

* Includes Governor's Budget Amendment No. 1.

Agency Estimate/Governor's Recommendation

The general use operating budget increase of \$780,981 requested by the agency would result in a 5.2 percent increase in expenditure authority for FY 1998. The request would add 1.0 FTE position as part of the continuation of its class expansion project. The Governor's amended FY 1998 general use recommendation totals \$15,839,550, a reduction of \$63,289 from the amount requested by the agency. The Governor does not recommend the additional 1.0 FTE position.

House Subcommittee Recommendation

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

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1. Concur with Governor's Budget Amendment No. 1, which adds \$7,311 from the State General Fund, to correct a miscalculation in the pay plan recommended by the Governor.

SUBCOMMITTEE REPORT

Agency: KSU-Salina, College of Technology

Bill No. 2272

Bill Sec. 35

Analyst: Robinson

Analysis Pg. No. 225

Budget Page No. 333

<u>Expenditure</u>	<u>Agency Est. FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>House Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 4,515,413	\$ 4,515,413	\$ 0
General Fees Fund	<u>908,568</u>	<u>908,568</u>	<u>0</u>
Subtotal-General Use	\$ 5,423,981	\$ 5,423,981	\$ 0
Restricted Use Funds	<u>2,375,467</u>	<u>2,375,467</u>	<u>0</u>
TOTAL--Operating Exp.	<u><u>\$ 7,799,448</u></u>	<u><u>\$ 7,799,448</u></u>	<u><u>\$ 0</u></u>
Capital Improvements:			
State General Fund	\$189,466	\$189,466	\$0
Educational Building Fund	210,257	210,257	0
Other Funds	<u>30,000</u>	<u>30,000</u>	<u>0</u>
TOTAL-Cap. Impr.	<u><u>\$ 429,723</u></u>	<u><u>\$ 429,723</u></u>	<u><u>\$ 0</u></u>
GRAND TOTAL	\$ 8,229,171	\$ 8,229,171	\$ 0
FTE Positions	127.1	127.1	0.0

Agency Estimate/Governor's Recommendation

KSU-Salina's revised FY 1997 estimate for general use expenditures is the amount approved by the 1996 Legislature. State General Fund expenditures would increase by \$44,112 from the approved budget, with a matching reduction in general fees fund expenditures based on fall enrollments and decreased tuition estimates. The Governor concurs with the school's revised FY 1997 estimate.

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Governor.

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SUBCOMMITTEE REPORT

Agency: KSU-Salina, College of Technology

Bill No. --

Bill Sec. --

Analyst: Robinson

Analysis Pg. No. 225

Budget Page No. 333

Expenditure	Agency Req. FY 98	Gov. Rec. FY 98	House Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 4,813,486	\$ 0	\$ 0
General Fees Fund	959,499	0	0
Subtotal-General Use	\$ 5,772,985	\$ 0	\$ 0
Restricted Use Funds	2,542,667	0	0
TOTAL--Operating Exp.	\$ 8,315,652	\$ 0	\$ 0
Capital Improvements:			
State General Fund	\$ 189,466	\$ 0	\$ 0
Educational Building Fund	0	0	0
Other Funds	35,000	0	0
TOTAL-Cap. Impr.	\$ 224,466	\$ 0	\$ 0
GRAND TOTAL	\$ 8,540,118	\$ 0	\$ 0
FTE Positions	127.1	127.1	0.0

Agency Request/Governor's Recommendation

The general use operating budget increase of \$349,004 requested by KSU-Salina would result in a 6.4 percent increase in expenditure authority for the school in FY 1998. The request maintains staffing at the current level. The requested increases are based on systemwide recommendations of the Board of Regents.

For FY 1998, the Governor recommends that funding for the KSU-Salina campus be included in the main campus budget of Kansas State University. According to the Governor's recommendation, the change would allow for administrative efficiencies and smoother delivery of educational services. The Governor has recommended a total of \$5,746,005 in general use expenditures for KSU-Salina in the KSU main campus budget, include \$4,776,506 from the State General Fund and \$959,499 from general fees funds.

House Subcommittee Recommendation

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

1. Although the Subcommittee ultimately decided to concur with the Governor's recommendation to merge the KSU-Salina budget with the KSU main campus budget, the decision was a difficult one. There are concerns regarding the loss of identity of the Salina budget within the larger main campus one. The Subcommittee was assured, however, that similar information to that now reflected in the separate budget document of KSU-Salina would be readily available for review in the future, as would information on any other college within the University. There are also advantages to merging the budgets - the President has agreed to seek permission from the Board of Regents to implement linear tuition on the Salina campus for the Fall 1997 semester and to include the Salina campus under the tuition accountability concept that currently applies to the Manhattan campus. Beginning with the FY 1999 budget cycle, no enrollment adjustment requests would be made for the Salina campus. The Subcommittee notes, that House Bill No. 2213, currently pending in this Committee, would need to be enacted for the consolidation to take place.

SUBCOMMITTEE REPORT

Agency: Wichita State University

Bill No. 2272

Bill Sec. 38

Analyst: Robinson

Analysis Pg. No. 303

Budget Page No. 493

<u>Expenditure Summary</u>	<u>Agency Est. FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>House Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 53,519,079	\$ 53,369,499	\$ 375,615
General Fees Fund	<u>23,994,481</u>	<u>24,122,481</u>	<u>0</u>
Subtotal-General Use	\$ 77,513,560	\$ 77,491,980	\$ 375,615
Restricted Use Funds	<u>35,404,714</u>	<u>35,181,158</u>	<u>0</u>
TOTAL--Operating Exp.	<u>\$ 112,918,274</u>	<u>\$ 112,673,138</u>	<u>\$ 375,615</u>
Capital Improvements:			
Educational Building Fund	\$ 1,523,959	\$ 1,523,959	\$ 0
Other Funds	<u>1,506,728</u>	<u>1,506,728</u>	<u>0</u>
TOTAL-Cap. Impr.	\$ 3,030,687	\$ 3,030,687	\$ 0
GRAND TOTAL	<u>\$ 115,948,961</u>	<u>\$ 115,703,825</u>	<u>\$ 375,615</u>
 FTE Positions	 1,716.6	 1,715.2	 0.0

Agency Est./Governor's Recommendation

The agency's revised FY 1997 estimate of general use operating expenditures is the same as the total amount approved by the 1996 Legislature. State General Fund expenditures increase \$128,000 from the approved amount, with an offsetting reduction in expenditures from the University's general fees fund. The requested shift in funding is to provide supplementation for amounts waived by WSU under the Midwest Student Exchange Program (MSEP). The Governor's FY 1997 recommendation reflects a reduction of \$21,580 (all from the State General Fund) from the amount approved by the 1996 Legislature and reflects a retirement reduction. The Governor does not recommend State General Fund supplementation for MSEP waivers.

House Subcommittee Recommendation

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

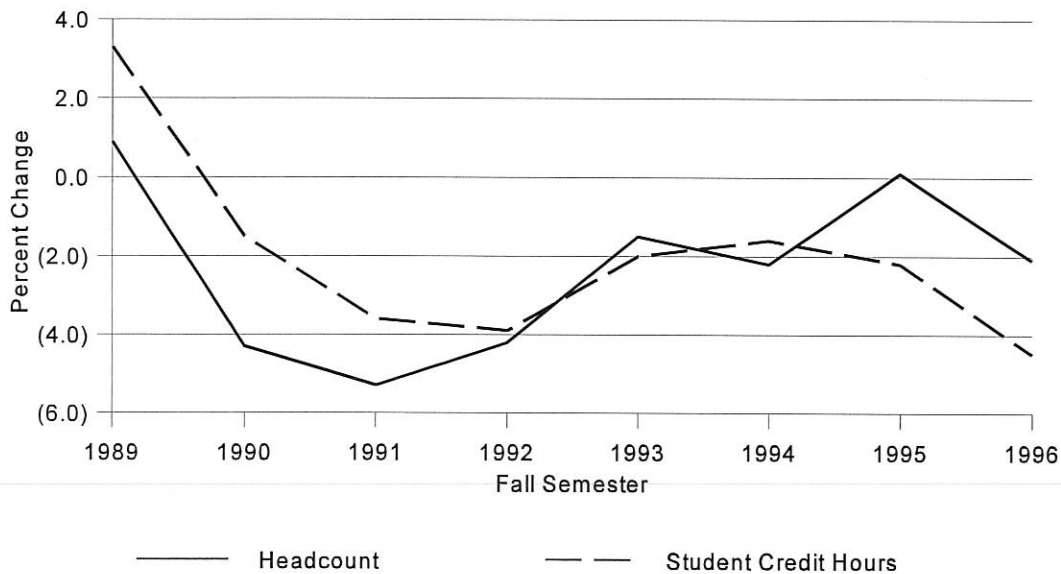
1. The Subcommittee recommends the addition of \$375,615 from the State General Fund to offset the impact of linear tuition at WSU. Unlike KU and KSU, the Governor did not recommend supplemental funding for WSU, indicating that there appeared to be factors beyond the implementation of linear tuition affecting tuition

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revenue loss at WSU. When asked to perform the same calculations performed by KU and KSU to determine the impact of the implementation of linear tuition; however, WSU indicated an impact totaling \$375,615. Although not recommended by the Governor, the Subcommittee strongly believes that equity dictates the addition of funding for WSU.

As previously noted in the KU and KSU subcommittee reports, the Subcommittee's decision was reached after much discussion and deliberation. As was the case with KU and KSU, if FY 1996 is considered the baseline year for tuition accountability, there should be no supplementation to offset the impact of the implementation of linear tuition. Some of the issues regarding WSU differ from those at KU and KSU. WSU was already on a linear tuition system, with a 15 hour cap. The potential loss of revenue for the students in the seven to 14 hour categories was not considered as significant, and, as a result, no additional tuition rate increase was recommended during the 1996 Legislative Session.

As was the case with KU and KSU, no funding adjustments were made during the 1996 Session to address potential changes in student behavior (*i.e.* taking fewer hours due to higher costs per hour.) The Subcommittee is persuaded that linear tuition has had some negative impact on tuition revenues at WSU. Determining the appropriate amount for this impact is problematic, however, and the Subcommittee approached the question from a number of different perspectives. The results of the various calculations were all very similar to the amounts recommended by the Governor. The following graph depicts headcount enrollment and student credit hour trends at WSU from FY 1990 through FY 1996 and the projections for FY 1997, based on Fall 1996 enrollments. The pattern of more rapid decline is not as dramatic as that of KU and KSU, but the Subcommittee still found the information persuasive.



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As has already been emphasized in the KU and KSU subcommittee reports, the Subcommittee considers this to be a one-time issue which has been resolved with this recommendation and will not look with favor on any future request regarding the impact of linear tuition on WSU.

SUBCOMMITTEE REPORT

Agency: Wichita State University

Bill No. 2160

Bill Sec. 79

Analyst: Robinson

Analysis Pg. No. 303

Budget Page No. 493

<u>Expenditure Summary</u>	<u>Agency Req. FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>House Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 56,110,668	\$ 55,659,213	\$ 0
General Fees Fund	<u>25,017,435</u>	<u>25,017,435</u>	<u>0</u>
Subtotal-General Use	\$ 81,128,103	\$ 80,676,648	\$ 0
Restricted Use Funds	<u>35,642,401</u>	<u>35,775,734</u>	<u>0</u>
TOTAL-Operating Exp.	<u><u>\$ 116,770,504</u></u>	<u><u>\$ 116,452,382</u></u>	<u><u>\$ 0</u></u>
Capital Improvements:			
Other Funds	\$ 2,970,000	\$ 2,970,000	\$ 0
TOTAL-Cap. Impr.	\$ 2,970,000	\$ 2,970,000	\$ 0
GRAND TOTAL	<u><u>\$ 119,740,504</u></u>	<u><u>\$ 119,422,382</u></u>	<u><u>\$ 0</u></u>
 FTE Positions	 1,716.6	 1,715.2	 0.0

* Includes Governor's Budget Amendment No. 1.

Agency Req./Governor's Recommendation

The general use operating budget increase of \$3.6 million requested by the University would result in a 4.0 percent increase in expenditure authority for the University in FY 1998. The requested increases are based on systemwide recommendations of the Board of Regents. The Governor's FY 1998 recommended general use expenditures total \$80,676,648, a reduction of \$451,455 from the University's request. The Governor's recommendation includes funding for 1,715.2 FTE positions, a reduction of 1.0 FTE positions from the agency's request. The recommendation reflects an FY 1997 retirement reduction carried into FY 1998.

House Subcommittee Recommendation

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

1. Concur with Governor's Budget Amendment No. 1, which increases expenditure authority from the general fees fund by \$25,604 in FY 1998. The Pooled Money Investment Board is eliminating compensating balances as a method of reimbursing banks for their services, preferring instead to capture the interest earnings from those balances and separately pay banking fees.

The *FY 1998 Governor's Budget Report* reflects the addition of \$25,604 from the State General Fund in the budget of WSU to reflect this policy change. An offsetting reduction was inadvertently made to the general fees fund at WSU. The budget amendment restores the funding reduced from the general fees fund.

2. Concur with Governor's Budget Amendment No. 1, which adds \$42,047 from the State General Fund to correct a miscalculation in the pay plan funding recommended by the Governor.