

Approved: 4-25-97 _____
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on March 26, 1997 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Legislative Research Department
Kathy Porter, Legislative Research Department
Mark Burenheide, Legislative Research Department
Norman Furse, Revisor of Statutes
Michael Corrigan, Revisor of Statutes
Judy Bromich, Administrative Assistant
Janet Henning, Committee Secretary

Conferees appearing before the committee: Dick Seaton, KSU Attorney, Kansas State University

Others attending: See attached list

Senator Kerr reviewed the Subcommittee report for the Regents Systemwide Issues (Attachment 1). Regarding linear tuition, the Subcommittee report indicates this is considered to be a one-time funding issue and the total cost is approximately \$2.5 million. Senator Salisbury moved, seconded by Senator Morris, that the Subcommittee report for the Regents Systemwide Issue be approved. The motion carried on a voice vote.

Senator Kerr reviewed the Subcommittee report for the University of Kansas (Attachment 2). Senator Morris moved, seconded by Senator Salisbury, to amend the Subcommittee report to add \$150,000 EDIF to the University of Kansas budget for the Geological Survey to do a Hugoton field study. This is to be matched by federal government or private loans (Attachment 3). The motion carried on a show of hands.

Senator Morris moved, seconded by Senator Salisbury, that the Subcommittee report for the University of Kansas be approved as amended. The motion carried on a voice vote.

Senator Kerr reviewed the Subcommittee reports for the following agencies: University of Kansas Medical Center (Attachment 4); Kansas State University (Attachment 5); KSU-Extension Services and Ag. Research Programs (Attachment 6); KSU-Salina College of Technology (Attachment 7); KSU-Veterinary Medical Center (Attachment 8); Wichita State University (Attachment 9); Emporia State University (Attachment 10); and Fort Hays State University (Attachment 11).

Senator Petty moved, seconded by Senator Morris, that the Subcommittee report for the above listed agencies be approved. The motion carried on a voice vote.

Senator Kerr reviewed the Subcommittee report for the Pittsburg State University budget (Attachment 12). Senator Feleciano moved, seconded by Senator Gilstrap, to add \$750,000 from the State General Fund to fully fund the request for \$2 million for the Technology Center. The motion was rejected by voice vote.

Senator Feleciano moved, seconded by Senator Salisbury, that the Subcommittee report for the Pittsburg State University be approved. The motion carried on a voice vote.

Senator Kerr reviewed the Subcommittee report for the Board of Regents budget (Attachment 13). Committee members held a lengthy discussion regarding the disbursement of the \$4 million recommended in the Subcommittee report for the acquisition of technical equipment.

Senator Salisbury moved, Senator Morris seconded, that the Subcommittee report for the Board of Regents be approved. The motion carried on a voice vote.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on March 26, 1997.

HB 2389: **State board of regents, authority to convey title to real estate for Kansas state university.**

Dick Seaton, KSU Attorney, Kansas State University, appeared before Committee members in support of **HB 2389 (Attachment 14)**. Mr. Seaton gave Committee members a brief historical review of the acquisition of two tracts of real estate, one in Clay County and one in Washington County, by Kansas State University. In order to clear up the title for the purchasers of both tracts, the University has requested, through the Board of Regents, that the Board be authorized to convey these tracts to their respective purchasers by warranty deed. Proceeds from both sales will be transferred and credited to the University's investment agency account with the Kansas State University Foundation.

Senator Downey moved, Senator Petty seconded, that **HB 2389** be approved favorable for passage. The motion carried on a roll call vote.

Chairman Kerr advised Committee members that based upon a negative Legislative Post Audit report on the Kansas Arts Commission, the Subcommittee reconvened to further review the agency. The Subcommittee made additional recommendations in a substitute Subcommittee report which was presented to the full committee by Senator Jordan (Attachment 15).

Senator Jordan moved, seconded by Senator Petty, to reconsider action on the FY 1997 and FY 1998 Subcommittee report for the Kansas Arts Commission budget. The motion carried on a voice vote.

Senator Jordan moved, seconded by Senator Downey, to adopt the substitute Subcommittee report for the Kansas Arts Commission. The motion carried on a voice vote.

SB 228: **Appropriations for FY 97, supplemental appropriations for various state agencies.**

HB 2272: **S Sub for H 2272 by Committee on Ways Means -- Appropriations for FY 97, supplemental appropriations for various state agencies.**

Chairman Kerr explained to Committee members that the action the Ways and Means Committee would take would be to amend all Subcommittee reports into **SB 228**. Senator Salisbury moved, seconded by Senator Morris, to incorporate all Subcommittee reports into **SB 228**. The motion carried on a voice vote.

Chairman Kerr then explained to Committee members that they would begin considerations for further amendments to the FY 1997 Appropriations. Chairman Kerr explained the profile of the State General Funds and Option 1 was to reduce FY 1997 by \$5 million and reduce FY 1998 by \$25 million (Attachment 16). Chairman Kerr stated one of the things that has been difficult is that the property tax relief is often combined with the school line and it is difficult to remember that a lot of the school spending (\$50.4 million in FY 1999) is made up of property tax relief.

In response to questions from Senator Petty, Chairman Kerr explained the profile assumes that \$5 million has been taken out of the FY 1997 Governor's budget and there would be \$40 million in supplementals. A possible target was developed so one could see what it is going to take to have 2.4 percent available on the expenditure base. The \$5 million saved in FY 1997 compared to the Governor's recommendations flows through each year and ends up in FY 1999 in available funds.

Chairman Kerr explained the tentative drafts for FY 1997 - FY 1999 State General Fund adjustments from the Governor's recommendations (Attachments 17).

Alan Conroy, Chief Fiscal Analyst, Legislative Research Department, explained the suggested amendments to the Governor's recommendations and the Senate Ways and Means recommendations to Committee members.

After a brief discussion among Committee members regarding the linear tuition adjustments, Senator Ranson moved, seconded by Senator Petty, to have the \$2 1/2 million impact on the

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on March 26, 1997.

Senate's tentative budget recommendation and this would have a \$2.1 million reduction on the Governor's recommended budget. The motion carried on a voice vote.

Committee members reviewed potential FYs 1997 - 1999 State General Fund adjustments, prepared by the Legislative Research Department as requested by Chairman Kerr (Attachment 18).

Department of Social and Rehabilitation Services:

Senator Salisbury moved, seconded by Senator Morris, to shift \$1.4 million from Juvenile Detentions Fund to the Social Welfare Fund and offset State General Fund expenditures in FY 1997. The motion carried on a voice vote.

Senator Morris moved, seconded by Senator Salisbury, for a \$1 million reduction in FY 1997 for the foster care cash flow. The motion carried on a voice vote.

Senator Salisbury moved, seconded by Senator Petty, to approve using \$1 million in FY 1997 of Title 19 additional receipts to offset State General Funds. The motion carried on a voice vote.

Homestead Property Tax Refund:

Senator Morris moved, seconded by Senator Ranson, to adopt the recommendation for a projected reduction in the participation of the revised Homestead Property Tax Refund program. The motion carried on a voice vote.

Committee members reviewed potential FY 1997 - 1999 State General Fund Adjustments as recommended (Attachment 19).

Department of Administration:

Senator Ranson moved, seconded by Senator Lawrence, the reduction of the combined total for SHaRP upgrades and Year 2000 projects by \$2 million. Senator Petty offered a substitute motion that the two functions be separated and the SHaRP upgrade be reduced to \$1.5 million, seconded by Senator Downey. The substitute motion carried on a voice vote.

Pittsburg State University, Emporia State University, and KSU-Salina College of Technology:

Senator Ranson moved, seconded by Senator Salisbury, to reduce \$100,000 for servicing and utilities for new buildings in FY 1997. The motion carried by a show of hands.

Department of Wildlife and Parks:

Senator Ranson moved, seconded by Salmans, to delete the funding for the computer system upgrade. The motion failed on a voice vote.

Committee members held a lengthy discussion regarding the computer enhancements and modifications as requested by various agencies.

Senator Salisbury moved, Senator Lawrence seconded, to amend all agreed reductions into **SB 228**. The motion carried on a voice vote.

The Chairman adjourned the meeting at 1:55 p.m.

The next meeting is scheduled for March 27, 1997.

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: 3-26-97

NAME	REPRESENTING
J. Chubb	SOS
David Sanchez	SOS
R. A. Seaton	KSU
Stephen Jordan	KBOR
Rochelle Chronister	SRS
Elaine Frisbie	Div. of the Budget
Jim Langford	"
Greg Zernack	KA Lottery
Kevin Scott	" "
Ken HARJO	KS Racing & Gaming Commission
Myron E. Seape	KS Racing & Gaming Commission
Harold Schuler	KDAR
Jon Jossand	KU
David & Monique	Washburn
Bob Kelly	KS Independent Colleges
Paul Dyb	GTCH
RAY LAUBER	DPS
Dennis Williams	KDOC
Lois Saari	RDATE
Sue Peterson	K-STATE

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: 3-26-97

NAME	REPRESENTING
Nancy Bogina	KDOT
Bill Watts	KDOT
Joy Wright	Ks Arts Council
M. Pomatto	Pittsburg State U.
Ron Pflughaupt	FHSM
Ken Bahr	Ks. Governmental Consulting
ERIC Sexton	WSCP
Dick Koerth	KDWCP

SUBCOMMITTEE REPORT

Agency: Regents Systemwide Issues

Bill No. --

Bill Sec. --

Analyst: Robinson, Mills, Porter

Analysis Pg. No. 161

Budget Page No. --

Expenditures	Agency Req. FY 97	Gov. Rec. FY 97	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 460,702,228	\$ 460,388,643	\$ 0
General Fees Fund	172,544,930	171,131,634	0
Federal Land Grant Funds	7,214,334	7,214,334	0
Other Funds	<u>12,700,946</u>	<u>12,700,946</u>	<u>0</u>
Subtotal-General Use	\$ 653,162,438	\$ 651,435,557	\$ 0
Restricted Use Funds	<u>418,740,790</u>	<u>420,777,664</u>	<u>0</u>
TOTAL-Oper. Exp.	<u>\$ 1,071,903,228</u>	<u>\$ 1,072,213,221</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 189,466	\$ 2,189,466	\$ 0
Educational Bldg. Fund	23,128,152	23,231,352	0
Special Cap. Impr. Fund	960,379	1,323,856	0
Other Funds	<u>15,694,141</u>	<u>15,227,494</u>	<u>0</u>
TOTAL- Cap. Impr.	<u>\$ 39,972,138</u>	<u>\$ 41,972,168</u>	<u>\$ 0</u>
GRAND TOTAL	<u>\$ 1,111,875,366</u>	<u>\$ 1,114,185,389</u>	<u>\$ 0</u>
FTE Positions	15,626.9	15,605.7	0.0
Unclassified Temp. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total	<u>15,626.9</u>	<u>15,605.7</u>	<u>0.0</u>

Agency Est./Governor's Recommendation

The revised FY 1997 **general use** budgets submitted by the Regents institutions (excluding the KUMC Hospital) include a reduction of \$4.5 million in general use expenditures from the approved budget. State General Fund expenditures are estimated to increase by \$1.6 million from the approved budget, while expenditures from tuition are estimated to fall by \$1.2 million from the approved level. Supplemental appropriations requested from the State General Fund total \$1.6 million.

The Governor's FY 1997 recommendation for FY 1997 expenditures totals \$651.4 million, a reduction of \$1.8 million from the agency estimate.

The requested expenditure and financing adjustments to the FY 1997 budget are detailed below, along with the Governor's recommendations regarding each item:

- **Shift of \$1.2 million in financing of the FY 1997 budget from the General Fees Funds (tuition revenues) to the State General Fund** based on fall enrollments, decreased tuition estimates and requested supplementation of Midwest Student Exchange Program (MSEP) waivers. The Governor recommends the shift of \$0.5 million for tuition shortfalls. The Governor does not recommend supplementation for MSEP waivers.

Senate Ways and Means Committee

Date 3-26-97

Attachment # 1

- **Addition of \$345,376 from the State General Fund for operating expenditures for the new Technology Center at Pittsburg State University.** The Technology Center is scheduled to open in April 1997, and the supplemental would allow for operating expenditures for three months at the facility. The Governor recommends \$241,313 and 2.8 FTE positions for current year operations of the PSU Technology Center.
- **A reduction of \$5.0 million from the hospital reimbursement fund at the University of Kansas Medical Center (KUMC).** 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 is a reduction of \$4.6 million from the FY 1996 transfer and reflects administrative and budgetary realignment of certain departments in the Hospital and the remainder of the Medical Center. The Governor concurs.
- **To offset the impact of the implementation of linear tuition,** the Governor recommends a current year supplemental of \$2.1 million at KU and KSU.
- **The Governor's FY 1997 recommendations reflect the reduction of \$1.0 million from the general use operating budget.** This is based on the Governor's recommendation to shift \$1.0 million from the State General Fund to the restricted use Medical Student Loan Repayment Fund.

House Subcommittee Recommendation

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

1. The Governor has recommended a current year State General Fund supplemental appropriation totaling \$2.1 million for KU and KSU. The tuition accountability plan approved by the 1996 Legislature was predicated on KU and KSU converting to a pure linear tuition schedule in the Fall of 1996. To avoid a predicted revenue loss at those schools, tuition rates were increased by 6.0 percent rather than the 3.0 percent approved for other institutions. Despite the additional rate increase, student credit hours at KU and KSU decreased by an amount greater than anticipated. To offset the additional revenue loss, the Governor recommends the supplementals at the two schools.

The Subcommittee is troubled by the issue of what should constitute the baseline upon which future years of tuition accountability are based. It was the understanding of the Subcommittee that FY 1996 would constitute the baseline year and that tuition losses accruing from that point forward would be the responsibility of the respective institutions. Under the Governor's recommendation, it would now appear that FY 1997, as supplemented with \$2.1 million in State General Fund expenditures, is the revised baseline year for implementation of tuition accountability.

In addition, the Governor's recommendation does not provide any supplementation of tuition losses at Wichita State University. Although WSU did experience declines in tuition revenue, the Governor apparently determined that there were factors beyond conversion to a pure linear tuition system that are impacting WSU's tuition revenues. Prior to FY 1997, WSU was practicing linear tuition, with a cap at 15 hours. The Governor apparently determined that removal of the 15 hour cap (which was a condition for WSU's participation in tuition accountability) was not a

contributing factor to the tuition decline. At this point, the Subcommittee is not satisfied that, should current year supplementation be approved for KU and KSU, that some portion of the tuition loss at WSU should not also be supplemented.

The Subcommittee intends to defer this issue until it considers the budgets of the three affected schools. At this time, the Subcommittee has serious concerns about the current year supplementals recommended, but prefers to allow the individual institutions an opportunity to address this issue during their budget hearings.

2. The Subcommittee will address the reduction in the transfer from the Hospital Revenue Fund to the Hospital Overhead Reimbursement Fund (included in the Education Program) in its recommendations on the University of Kansas Medical Center for both FY 1997 and FY 1998. This transfer 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 reduction 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.

House Committee Recommendation

The House Committee concurs with the recommendations of the Subcommittee.

House Recommendation

The House has not taken action on this budget.

Agency: Regents Systemwide Issues

Bill No. --

Bill Sec. --

<u>Expenditures</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Subcommittee Action Adjustments</u>
Operating Expenditures:		
State General Fund	\$ 460,454,318	\$ 375,615
General Fees Fund	171,131,634	(375,615)
Federal Land Grant Funds	7,214,334	0
Other Funds	<u>12,700,946</u>	<u>0</u>
Subtotal-General Use	\$ 651,501,232	\$ 0
Restricted Use Funds	<u>420,777,664</u>	<u>0</u>
TOTAL-Oper. Exp.	<u>\$ 1,072,278,896</u>	<u>\$ 0</u>
Capital Improvements:		
State General Fund	\$ 2,189,466	\$ (750,000)
Educational Bldg. Fund	23,231,352	0
Special Cap. Impr. Fund	1,323,856	0
Other Funds	<u>15,227,494</u>	<u>750,000</u>
TOTAL- Cap. Impr.	<u>\$ 41,972,168</u>	<u>\$ 750,000</u>
 GRAND TOTAL	 \$ 1,114,251,064	 \$ 750,000
 FTE Positions	 15,605.7	 0.0
Unclassified Temp. Pos.	<u>0.0</u>	<u>0.0</u>
Total	<u>15,605.7</u>	<u>0.0</u>

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor with the following adjustments and observations:

1. **Linear Tuition.** The Senate Subcommittee concurs with the Governor's recommendation for funding from the State General Fund in FY 1997 to offset the impact of the implementation of linear tuition at those schools. In addition, the Subcommittee recommends the addition of \$375,615 from the State General Fund, with an offsetting reduction from the general fees fund, to offset the impact of implementation of linear tuition at Wichita State University. The Governor did not recommend supplemental funding for WSU, indicating that there appeared to be factors beyond the implementation of linear tuition affecting tuition revenue loss at WSU. When Wichita State performed the same analysis as that of KU and KSU, however, WSU indicated a loss of \$375,615 attributable to the implementation of linear tuition. The Subcommittee strongly believes that equity dictates the addition of funding for WSU.

As for all three institutions, however, the Subcommittee wishes to stress that this is considered to be a one-time funding issue which has been resolved with this recommendation and the Subcommittee will not look with favor on any future request regarding the impact of linear tuition at any of the affected schools.

Current Status Comparison


Expenditures	Gov. Rec. FY 1997	House Committee Action FY 1997	Senate Subcommittee Action FY 1997	Senate Subcommittee Change From House FY 1997
Operating Expenditures:				
State General Fund	\$ 460,454,318	\$ 460,687,744	\$ 460,829,933	\$ 142,189
General Fees Fund	171,131,634	170,898,208	170,756,019	(142,189)
Federal Land Grant Funds	7,214,334	7,214,334	7,214,334	0
Other Funds	12,700,946	12,700,946	12,700,946	0
Subtotal-General Use	<u>\$ 651,501,232</u>	<u>\$ 651,501,232</u>	<u>\$ 651,501,232</u>	<u>\$ 0</u>
Restricted Use Funds	420,777,664	420,777,664	420,777,664	0
TOTAL-Oper. Exp.	<u><u>\$ 1,072,278,896</u></u>	<u><u>\$ 1,072,278,896</u></u>	<u><u>\$ 1,072,278,896</u></u>	<u><u>\$ 0</u></u>
Capital Improvements:				
State General Fund	\$ 2,189,466	\$ 2,189,466	\$ 1,439,466	\$ (750,000)
Educational Building Fund	23,231,352	23,231,352	23,231,352	0
Special Cap. Impr. Fund	1,323,856	1,323,856	1,323,856	0
Other Funds	15,227,494	15,227,494	15,977,494	750,000
TOTAL-Cap. Impr.	<u><u>\$ 41,972,168</u></u>	<u><u>\$ 41,972,168</u></u>	<u><u>\$ 41,972,168</u></u>	<u><u>\$ 0</u></u>
GRAND TOTAL	\$ 1,114,251,064	\$ 1,114,251,064	\$ 1,114,251,064	\$ 0
FTE Positions	15,605.7	15,605.7	15,605.7	0.0
Unclassified Temp. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total	<u><u>15,605.7</u></u>	<u><u>15,605.7</u></u>	<u><u>15,605.7</u></u>	<u><u>0.0</u></u>



Senator Dave Kerr
Subcommittee Chair



Senator Mark Gilstrap



Senator Stephen Morris



Senator Marge Petty



Senator Alicia Salisbury

SUBCOMMITTEE REPORT

Agency: Regents Systemwide Issues

Bill No. 2160

Bill Sec. --

Analyst: Robinson, Mills, Porter

Analysis Pg. No. 161

Budget Page No. --

<u>Expenditures</u>	<u>Agency Req. FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 485,262,823	\$ 483,024,478	\$ 0
General Fees Fund	179,343,142	176,893,181	0
Federal Land Grant Funds	7,214,334	7,214,334	0
Other Funds	<u>12,439,308</u>	<u>12,336,362</u>	<u>0</u>
Subtotal-General Use	\$ 684,259,607	\$ 679,468,355	\$ 0
Restricted Use Funds	<u>428,144,877</u>	<u>428,527,888</u>	<u>0</u>
TOTAL-Oper. Exp.	<u>\$ 1,112,404,484</u>	<u>\$ 1,107,996,243</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 2,189,466	\$ 189,466	\$ 0
Educational Bldg. Fund	0	0	0
Other Funds	<u>54,743,842</u>	<u>55,049,332</u>	<u>0</u>
TOTAL- Cap. Impr.	<u>\$ 56,933,308</u>	<u>\$ 55,238,798</u>	<u>\$ 0</u>
 GRAND TOTAL	 <u>\$ 1,169,337,792</u>	 <u>\$ 1,163,235,041</u>	 <u>\$ 0</u>
 FTE Positions	 15,642.6	 15,614.4	 0.0
Unclassified Temp. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total	<u>15,642.6</u>	<u>15,614.4</u>	<u>0.0</u>

Agency Req./Governor's Recommendation

The Regents institutions request a total general use budget increase of \$31.4 million, or 4.8 percent in FY 1998. The Governor recommends an increase of \$28.0 million, or 4.3 percent in FY 1998. State General Fund expenditures increase by 4.9 percent in the Governor's FY 1998 recommendation.

The Governor's recommended budget includes:

- **Step movement** for classified employees, a 1.0 percent base salary adjustment for classified employees, and a 3.5 percent unclassified merit pool. The Governor's recommendation for FY 1998 also includes longevity for all eligible classified employees.
- An increase in **other operating expenditures** (OOE) totaling 2.0 percent at each institution (a systemwide total of \$2.3 million).

- A **tuition funded equipment enhancement** totaling \$851,331 at the Regents institutions. The enhancement would be funded through an additional 0.5 percent tuition rate increase.
- \$770,473 and 11.1 FTE positions for **servicing new buildings**. The only new request for servicing in FY 1998 was for the new Technology Center at Pittsburg State University (PSU). PSU had requested \$971,461 and 20.5 FTE positions under the servicing new buildings formula approved by the 1996 Legislature, but the Governor's recommendation assumes that positions from other buildings at PSU would be shifted to the new building.
- A net negative **enrollment adjustment** of \$568,067, including a positive adjustment of \$60,964 at KSU-Salina, and negative adjustments at Emporia State University (\$377,580) and Pittsburg State University (\$251,471).

House Subcommittee Recommendation

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

1. Because the FY 1998 request for servicing new buildings concerns only one institution, Pittsburg State University, the Subcommittee will address that issue in its recommendations on PSU. The Subcommittee would note, however, that the treatment of PSU appears to be different from past practice in that the Governor's recommendations do not appear to follow the formula recommended by the 1996 Legislature. The Governor's recommendation would provide a reduced amount of funding and fewer FTE positions, and would require the transfer of existing positions to provide servicing for the new Technology Center.
2. The House Subcommittee recommends that a final decision on the issue of the negative enrollment adjustments for Emporia State University and Pittsburg State University be delayed until the Subcommittee can receive testimony from the affected schools and the Board of Regents staff. The rationale for this delay is that, in both instances, there are extenuating factors which are in addition to the formula calculations. At Emporia State University, the formula calculation yielded a negative enrollment adjustment of \$527,580; however, the Governor included additional State General Fund financing of \$150,000 to lessen the negative impact on ESU and to recognize projected future enrollment increases. The Governor's recommendation for the negative enrollment adjustment at ESU thus is \$377,580 rather than the formula calculation of \$527,580. Similarly, the staff at Pittsburg State University calculated a negative enrollment adjustment of \$27,660; however, it appears that this calculation included the impact of "contiguous counties students." Prior years' Subcommittee Reports clearly indicate a legislative intent that contiguous counties students are not to be counted as FTE students or included for enrollment adjustment purposes. The Governor's recommendation excluded these students and resulted in a negative enrollment adjustment of \$251,471, or \$223,811 over the amount calculated by PSU. The Subcommittee believes that additional study on both of these adjustments is needed. Lastly, the Board of Regents, at its October 17, 1996 meeting, voted not to adopt these negative enrollment adjustments, indicating that the overall impact of these reductions would be extremely detrimental to the schools' operations. Because of these unresolved questions, the Subcommittee recommends that this issue be deferred until consideration of the individual institutional budgets.

3. Despite the complexity of the issues raised regarding tuition accountability, the Subcommittee expresses its continued support for tuition accountability plans. During its discussions with the Executive Director of the Board of Regents, the Subcommittee was informed that there are no plans for inclusion of the remaining institutions in tuition accountability. Several barriers to inclusion of the other schools were noted, most specifically, the costs of conversion to pure linear tuition at the smaller schools. Despite the identified barriers, the Subcommittee recommends that the Board of Regents develop a plan, to be considered by the 1998 Legislature, to get all of its institutions on tuition accountability plans. The plan would identify the barriers to implementation of tuition accountability and any additional required funding to assist in the implementation.
4. The Subcommittee also recommends that the provisions contained in 1996 S.B. 402 be reviewed again during the 1997 Session. S.B. 402 dealt primarily with state purchasing laws and would have removed some of the restrictions that currently apply to state agencies, including the Regents institutions, with regard to purchasing supplies and services. S.B. 402 was enacted by the Legislature, but was vetoed by the Governor, largely because of a House amendment which would have exempted Fort Hays State University (as a pilot project) from all state purchasing requirements for two years. During the 1996 interim, the Legislative Educational Planning Committee endorsed the introduction of a bill similar to S.B. 402, without the amendment, for consideration by the 1997 Legislature. That bill has been introduced as 1997 S.B. 5.
5. The Subcommittee also notes that there are additional issues that the Subcommittee intends to consider before the end of the 1997 Session. Among these are a detailed review of the performance measures submitted by the Regents institutions and general policy questions surrounding higher education governance.

House Committee Recommendation

The House Committee concurs with the recommendations of the Subcommittee.

House Recommendation

The House has not acted on this budget.

Agency: Regents Systemwide Issues

Bill No. --

Bill Sec. --

Expenditures	Gov. Rec. FY 1998*	Senate Subcommittee Action FY 1998**
Operating Expenditures:		
State General Fund	\$ 483,110,032	\$ (18,145,786)
General Fees Fund	177,002,288	(390,640)
Federal Land Grant Funds	7,214,334	0
Other Funds	12,336,362	(577,695)
Subtotal-General Use	\$ 679,663,016	\$ (19,114,121)
Restricted Use Funds	428,527,888	28,057
TOTAL-Oper. Exp.	<u>\$ 1,108,190,904</u>	<u>\$ (19,086,064)</u>
Capital Improvements:		
State General Fund	\$ 189,466	\$ 0
Educational Building Fund	0	0
Special Cap. Impr. Fund	0	0
Other Funds	55,049,332	0
TOTAL-Cap. Impr.	<u>\$ 55,238,798</u>	<u>\$ 0</u>
GRAND TOTAL	\$ 1,163,429,702	\$ (19,086,064)
FTE Positions	15,614.4	6.0
Unclassified Temp. Pos.	0.0	0.0
Total	<u>15,614.4</u>	<u>6.0</u>

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor, with the following adjustments and observations:

- 1. Servicing New Buildings.** The Senate Subcommittee recommends that the servicing new building formula for Regents funding be modified from the present standard of 1.0 new FTE for each 12,500 square feet of space in the new buildings to a revised standard of 1.0 new FTE for each 15,000 square feet. The Subcommittee believes that this revised standard will provide adequate staffing at Regents buildings; this ratio is very close to the national mean of 1:15,646 (as reported in a 1991-1992 comparative costs and staffing report prepared by the Association of Higher Education Facilities Officers). By way of example, the new Kansas Technology Center at Pittsburg State University qualifies for 20.5 new FTE under the current standard; under the revised standard, the building would receive 17.1 FTE positions. The Subcommittee recommends that the new standard be applied beginning with the FY 1998 budget year. The Senate Subcommittee which reviewed the PSU budget has used the revised standard in its recommendation for FY 1998.
- 2. Enrollment Adjustment.** The Senate Subcommittee concurs with the Governor's recommendations regarding enrollment adjustments at the three affected institutions:

Emporia State University, Pittsburg State University, and KSU–Salina. The calculated negative enrollment adjustment at Emporia State University would result in a loss of \$527, 580; however, the Governor recommends the addition of \$150,000 to lessen the impact of this negative adjustment and to recognize projected future enrollment increases. At Pittsburg State University, the formula calculation results in a loss of \$251,471; while there is a positive enrollment adjustment at KSU–Salina of \$60,964. The Senate Subcommittee concurs with the Governor’s recommendations for these enrollment adjustments.

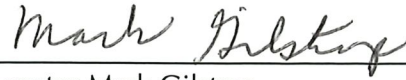
3. **Tuition Accountability.** Despite the complexity of some of the issues regarding tuition accountability, the Subcommittee expresses its continued support for the concept of tuition accountability. The Governor’s recommendation did not include plans to include the remaining Regents institutions in tuition accountability. Several barriers to the inclusion of the other schools have been noted, most specifically the costs of conversion to a pure linear tuition system at the regional institutions. Despite the identified concerns regarding linear tuition, the Subcommittee recommends that the Board of Regents develop a plan, to be considered by the 1998 Legislature, to include all Regents’ institutions in the tuition accountability model. The plan should identify the barriers to implementation of tuition accountability and any additional funding which might be required to assist with that implementation.

Current Status Comparison

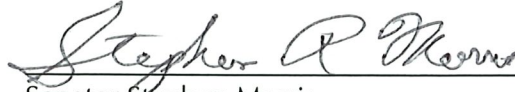
Expenditures	Gov. Rec. FY 1998	House Committee Action FY 1998	Senate Subcommittee Action FY 1998	Senate Subcommittee Change From House FY 1998
Operating Expenditures:				
State General Fund	\$ 483,110,032	\$ 483,352,795	\$ 464,964,246	\$ (18,388,549)
General Fees Fund	177,002,288	176,759,525	176,611,648	(147,877)
Federal Land Grant Funds	7,214,334	7,214,334	7,214,334	0
Other Funds	12,336,362	12,336,362	11,758,667	(577,695)
Subtotal-General Use	\$ 679,663,016	\$ 679,663,016	\$ 660,548,895	\$ (19,114,121)
Restricted Use Funds	428,527,888	428,527,888	428,555,945	28,057
TOTAL-Oper. Exp.	\$ 1,108,190,904	\$ 1,108,190,904	\$ 1,089,104,840	\$ (19,086,064)
Capital Improvements:				
State General Fund	\$ 189,466	\$ 189,466	\$ 189,466	\$ 0
Educational Building Fund	0	0	0	0
Special Cap. Impr. Fund	0	0	0	0
Other Funds	55,049,332	55,049,332	55,049,332	0
TOTAL-Cap. Impr.	\$ 55,238,798	\$ 55,238,798	\$ 55,238,798	\$ 0
GRAND TOTAL	\$ 1,163,429,702	\$ 1,163,429,702	\$ 1,144,343,638	\$ (19,086,064)
FTE Positions	15,614.4	15,614.4	15,620.4	6.0
Unclassified Temp. Pos.	0.0	0.0	0.0	0.0
Total	15,614.4	15,614.4	15,620.4	6.0



Senator Dave Kerr
Subcommittee Chair




Senator Mark Gilstrap



Senator Stephen Morris



Senator Marge Petty



Senator Alicia Salisbury

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 Estimate 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	\$ (142,189)
General Fees Fund	69,749,380	68,515,865	142,189
Other Funds	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Subtotal-General Use	\$ 181,288,318	\$ 181,216,215	\$ 0
Restricted Use Funds	<u>156,090,642</u>	<u>156,056,460</u>	<u>0</u>
TOTAL-Operating Exp.	<u>\$ 337,378,960</u>	<u>\$ 337,272,675</u>	<u>\$ 0</u>
Capital Improvements:			
Educational Building Fund	\$ 5,779,353	\$ 5,779,353	\$ 0
Spec. Cap. Impr. Fund	528,218	528,218	
Other Funds	<u>5,061,740</u>	<u>5,061,740</u>	<u>0</u>
TOTAL-Cap. Impr.	\$ 11,369,311	\$ 11,369,311	\$ 0
GRAND TOTAL	<u>\$ 348,748,271</u>	<u>\$ 348,641,986</u>	<u>\$ 0</u>
 FTE Positions	 4,504.7	 4,499.7	 0.0

Agency Estimate/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:

Senate Ways and Means Committee

Date 3-26-97

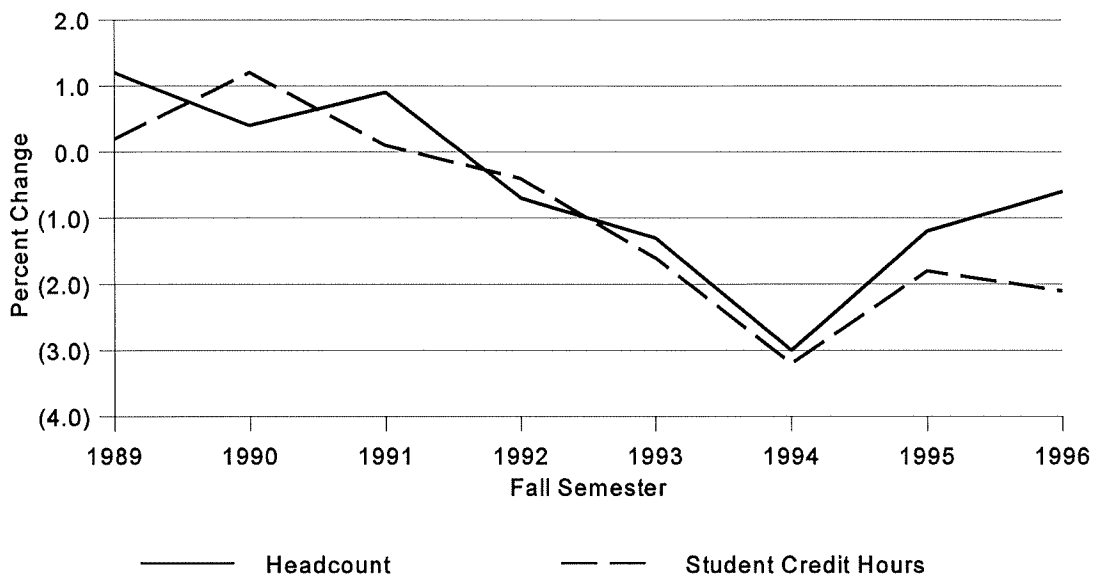
Attachment # 2

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 \$1,091,325, a reduction of \$142,189 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.

House Committee Recommendation

The Committee concurs with the Subcommittee's recommendation.

House Recommendation

The full House has not taken action on this agency's budget.

Agency: University of Kansas

Bill No. 228

Bill Sec. 36

<u>Expenditure Summary</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:		
State General Fund	\$ 112,680,350	\$ 0
General Fees Fund	68,515,865	0
Other Funds	20,000	0
Subtotal-General Use	\$ 181,216,215	\$ 0
Restricted Use Funds	156,056,460	0
TOTAL-Operating Exp.	\$ 337,272,675	\$ 0
Capital Improvements:		
Educational Building Fund	\$ 5,779,353	\$ 0
Spec. Cap. Impr. Fund	528,218	0
Other Funds	5,061,740	0
TOTAL-Cap. Impr.	\$ 11,369,311	\$ 0
GRAND TOTAL	\$ 348,641,986	\$ 0
FTE Positions	4,499.7	0.0

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor.

Current Status Comparison

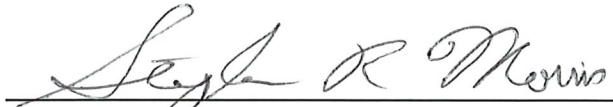
	Gov. Rec. FY 1997	House Committee Action FY 1997	Senate Subcommittee Action FY 1997	Senate Subcommittee Change From House FY 1997
Operating Expenditures:				
State General Fund	\$ 112,680,350	\$ 112,538,161	\$ 112,680,350	\$ 142,189
General Fees Fund	68,515,865	68,658,054	68,515,865	(142,189)
Other Funds	20,000	20,000	20,000	0
Subtotal-General Use	\$ 181,216,215	\$ 181,216,215	\$ 181,216,215	\$ 0
Restricted Use Funds	156,056,460	156,056,460	156,056,460	0
TOTAL-Oper. Exp.	<u>\$ 337,272,675</u>	<u>\$ 337,272,675</u>	<u>\$ 337,272,675</u>	<u>\$ 0</u>
Capital Improvements:				
Educational Building Fund	\$ 5,779,353	\$ 5,779,353	\$ 5,779,353	\$ 0
Spec. Cap. Impr. Fund	528,218	528,218	528,218	0
Other Funds	5,061,740	5,061,740	5,061,740	0
TOTAL-Cap. Impr.	<u>\$ 11,369,311</u>	<u>\$ 11,369,311</u>	<u>\$ 11,369,311</u>	<u>\$ 0</u>
GRAND TOTAL	<u>\$ 348,641,986</u>	<u>\$ 348,641,986</u>	<u>\$ 348,641,986</u>	<u>\$ 0</u>
FTE Positions	4,499.7	4,499.7	4,499.7	0.0



Senator Dave Kerr, Chair



Senator Mark Gilstrap



Senator Stephen Morris



Senator Marge Petty



Senator Alicia Salisbury

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 Request 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	\$ (147,877)
General Fees Fund	72,615,789	71,333,988	147,877
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 Request/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.
3. Decrease expenditures from the State General Fund by \$147,877 and increase expenditures from the general fees fund by the same amount to reflect the base budget adjustment necessary following the Subcommittee's adjustment to the FY 1997 budget.

House Committee Recommendation

The Committee concurs with the recommendations of the Subcommittee.

House Recommendation

The full House has not taken action on this agency's budget.

Expenditure Summary	Gov. Rec. FY 1998*	Senate Subcommittee Adjustments FY 1998**
Operating Expenditures:		
State General Fund	\$ 116,482,415	\$ (5,361,606)
General Fees Fund	71,333,988	0
Other Funds	<u>20,000</u>	<u>0</u>
Subtotal-General Use	\$ 187,836,403	\$ (5,361,606)
Restricted Use Funds	<u>157,492,835</u>	<u>0</u>
TOTAL-Operating Exp.	<u>\$ 345,329,238</u>	<u>\$ (5,361,606)</u>
Capital Improvements:		
Educational Building Fund	\$ 0	\$ 0
Spec. Cap. Impr. Fund	0	0
Other Funds	<u>35,865,000</u>	<u>0</u>
TOTAL-Cap. Impr.	<u>\$ 35,865,000</u>	<u>\$ 0</u>
 GRAND TOTAL	 <u>\$ 381,194,238</u>	 <u>\$ (5,361,606)</u>
 FTE Positions	 4,500.1	 0.0

* Reflects Governor's Budget Amendment No. 1

** Reflects removal of the Governor's pay plan.

Senate Subcommittee Recommendation

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

1. Delete \$5,361,606 from the State General Fund, based on the recommendation to delete funding for the 3.5 percent unclassified merit pool (\$3,859,602); classified step movement (\$303,376); longevity bonus payments (\$477,950); and the 1.0 percent classified base salary adjustment (\$720,678) from individual agency budgets.
2. 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.

3. 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.

Current Status Comparison

	Gov. Rec. FY 1998	House Committee Action FY 1998	Senate Subcommittee Action FY 1998	Senate Subcommittee Change From House FY 1998
Operating Expenditures:				
State General Fund	\$ 116,482,415	\$ 116,334,538	\$ 111,120,809	\$ (5,213,729)
General Fees Fund	71,333,988	71,481,865	71,333,988	(147,877)
Other Funds	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Subtotal-General Use	\$ 187,836,403	\$ 187,836,403	\$ 182,474,797	\$ (5,361,606)
Restricted Use Funds	<u>157,492,835</u>	<u>157,492,835</u>	<u>157,492,835</u>	<u>0</u>
TOTAL-Oper. Exp.	<u>\$ 345,329,238</u>	<u>\$ 345,329,238</u>	<u>\$ 339,967,632</u>	<u>\$ (5,361,606)</u>
Capital Improvements:				
Educational Building Fund	\$ 0	\$ 0	\$ 0	0
Spec. Cap. Impr. Fund	0	0	0	0
Other Funds	<u>35,865,000</u>	<u>35,865,000</u>	<u>35,865,000</u>	<u>0</u>
TOTAL-Cap. Impr.	<u>\$ 35,865,000</u>	<u>\$ 35,865,000</u>	<u>\$ 35,865,000</u>	<u>\$ 0</u>
GRAND TOTAL	<u>\$ 381,194,238</u>	<u>\$ 381,194,238</u>	<u>\$ 375,832,632</u>	<u>\$ (5,361,606)</u>
FTE Positions	4,500.1	4,500.1	4,500.1	0.0



Senator Dave Kerr, Chair



Senator Mark Gilstrap



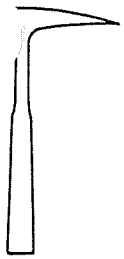
Senator Stephen Morris



Senator Marge Petty



Senator Alicia Salisbury



KANSAS GEOLOGICAL SURVEY

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The University of Kansas
Lawrence, Kansas 66047-3726
phone 913-864-3965
fax 913-864-5317

*Add \$150
EDIF. KU Budget
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The Hugoton Initiative: A Kansas Geological Survey Proposed Study of the Oil and Gas Resources of Southwestern Kansas

The Hugoton Natural Gas Area is the largest natural gas field in North America and the second largest in the world. In 1995 this single field produced 454 billion cubic feet of gas. Enough gas to meet the consumption of entire state citizens (392 billion cubic feet) and help to preserve Kansas as one of the few remaining net energy exporters in the US. Since its discovery in 1928, the Kansas portion of the Hugoton (along with its associated natural gas fields) produced more than 26 trillion cubic feet of gas. In 1995, southwestern Kansas fields produced 639 billion cubic feet of natural gas and 10 million barrels of oil, worth approximately **\$1.3 billion** at the wellhead (68% of \$1.9 billion 1995 wellhead value of oil and gas production). Production in southwestern Kansas generated about \$80 million in severance taxes (85% of total statewide severance of \$94 million in 1995). Other taxes generated within the Hugoton (for example, ad valorem, income taxes on royalty owners and employees, and sales taxes) probably more than double those tax revenues.

Even with this long history of substantial production, there is no field-wide study of how best to explore, produce, and regulate gas and oil in the Hugoton. Little is known of the fundamental geologic character of producing rocks, or the way that oil and gas moves or is trapped in those rocks. The Kansas Geological Survey (KGS) proposes a five-year comprehensive study of the oil and gas resources of the Hugoton area, in cooperation with local producers, royalty owners, and other interested groups and individuals.

Kansas citizens must realize that immediate and aggressive energy policies and new technology must be developed to promote new exploration, development and production activities (to replace ongoing production). In the absence of such policies our resource base will rapidly and dramatically decline. The requirement for timely and decisive action is demonstrated by trends in production and shut-in pressure for Hugoton Field.

* For the purposes of this initiative the Hugoton Embayment is defined by the 15 southwestern counties of Kansas (i.e., Finney, Grant, Gray, Greeley, Hamilton, Haskell, Kearny, Lane, Meade, Morton, Scott, Seward, Stanton, Stevens, and Wichita).

Senate Ways and Means Committee

Date 3 26-97

Attachment # 3

The Hugoton Initiative: Proposal Components

- Funding of approximately \$300,000 per year for five years, along with industry in-kind support, will enable the KGS to complete the study in timely manner.
- Independent and major-company petroleum producers in the area have pledged support for the study, including digital well logs and other proprietary data valued at about \$500,000.
- This partnership of public and private support will result in a significantly improved understanding of the Hugoton, allowing more efficient exploitation of this resource. These studies will provide operators, mineral owners, and the interested public with the information necessary for more efficient production, for better decisions when operators and mineral owners disagree, greater ultimate recovery, and for more efficient drilling and producing programs, including infill drilling and drilling of deeper horizons.
- Even a small increase in annual and ultimate production of oil and gas from the Hugoton will result in many millions of dollars of economic activity and tax revenues. Savings from more efficient production and access to small, currently unknown reservoirs could extend the field's life and improve resource recovery. Information, interpretations, and data bases developed in this study will be available to all operators, state agencies, royalty owners, and other interested groups and individuals. The private sector will both contribute and benefit from the study.

The products of this project will be made available in electronic and in traditional published formats. They will include written reports, data sets, and visual images of subsurface data. Those products will be:

- *An Integrated Digital Data System for the Hugoton*, including data, interpretative products (e.g., maps, graphs, cross-sections, and reports), and other information. Data are available from more than 16,000 wells in 15 southwestern Kansas counties (Finney, Grant, Gray, Greeley, Hamilton, Haskell, Kearny, Lane, Meade, Morton, Scott, Seward, Stanton, Stevens, and Wichita).
- *Better knowledge of the geology of the Hugoton*. We will use new approaches and technologies, including integrated computer workstations and all of the available geologic data, to develop a basin-wide knowledge of the Hugoton's geologic structure.
- *An Understanding of Hugoton's Evolution*. We will use this new data to create a model of the Hugoton's geologic history.
- *An Understanding of the Hydrodynamic Evolution of the Hugoton*. We will develop a working model to simulate the effects of Hugoton's evolution on fluid migration, accumulation, and production.
- *An Understanding of the Potential of the Hugoton*. We will develop a basis for better stewardship of one of our most valuable natural resources.

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><u>\$ 304,086,088</u></u>	<u><u>\$ 303,982,866</u></u>	<u><u>\$ 0</u></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><u>\$ 8,711,677</u></u>	<u><u>\$ 8,711,677</u></u>	<u><u>\$ 0</u></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><u>4,500.2</u></u>	<u><u>4,495.2</u></u>	<u><u>0.0</u></u>

Senate Ways and Means Committee

Date 3-26-97

Attachment # 4

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	\$ 4,155,888
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>

House Committee Recommendation

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

House Recommendation

The full House has not taken action on this agency's budget.

SUMMARY – EDUCATION AND HOSPITAL

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

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor’s recommendation.

Current Status Comparison

SUMMARY -- EDUCATION AND HOSPITAL

Expenditure	Gov. Rec. FY 97	House Com. Action	Senate Com. Action	Senate Change from House
Operating Expenditures:				
State General Fund	\$ 82,750,075	\$ 0	\$ 0	\$ 0
General Fees Fund	9,382,264	0	0	0
Hospital Revenue Fund	146,275,858	0	0	0
EDIF	0	0	0	0
Hosp. Overhead Reimb. Fund	10,168,044	0	0	0
Subtotal-- General Use	\$ 248,576,241	\$ 0	\$ 0	\$ 0
Restricted Use Funds	55,406,625	0	0	0
TOTAL -- Oper. Exp.	\$ 303,982,866	\$ 0	\$ 0	\$ 0
Capital Improvements:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
Hospital Revenue Fund	800,000	0	0	0
Educational Building Fund	5,452,864	0	0	0
Other Funds	2,458,813	0	0	0
TOTAL -- Cap. Impr.	\$ 8,711,677	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 312,694,543	\$ 0	\$ 0	\$ 0
FTE Positions	4,495.2	0.0	0.0	0.0
Unclassified Temp. Positions	0.0	0.0	0.0	0.0
TOTAL	4,495.2	0.0	0.0	0.0



 Senator Dave Kerr
 Subcommittee Chair



 Senator Mark Gilstrap



 Senator Stephen R. Morris



 Senator Marge Petty



 Senator Alicia Salisbury

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

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
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	9,928,406	9,825,460	0
Subtotal – General Use	\$ 107,579,414	\$ 107,576,278	\$ 0
Restricted Use Funds	56,919,069	56,744,745	0
TOTAL – Oper. Exp.	\$ 164,498,483	\$ 164,321,023	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Building Fund	0	0	0
Other Funds	1,120,000	1,120,000	6,000,000
TOTAL – Cap. Impr.	\$ 1,120,000	\$ 1,120,000	\$ 6,000,000
 GRAND TOTAL	 \$ 165,618,483	 \$ 165,441,023	 \$ 0
 FTE Positions	 2,493.3	 2,492.3	 0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	2,493.3	2,492.3	0.0

* 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	169,333	169,404	0
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	0	0	0
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	0.0	0.0	0.0
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.

House Committee Recommendation

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

House Recommendation

The full House has not taken action on this agency's budget.

SUMMARY – EDUCATION AND HOSPITAL

<u>Expenditure</u>	<u>Gov. Rec. FY 98</u>	<u>Senate Subc. Adjustments</u>
Operating Expenditures:		
State General Fund	\$ 88,087,510 *	\$ 0
General Fees Fund	9,663,308	0
Hospital Revenue Fund	141,782,332	0
EDIF	0	0
Hosp. Overhead Reimb. Fund	<u>9,825,460</u>	<u>0</u>
Subtotal– General Use	\$ 249,358,610	\$ 0
Restricted Use Funds	<u>56,914,149</u>	<u>0</u>
TOTAL – Oper. Exp.	<u>\$ 306,272,759</u>	<u>\$ 0</u>
Capital Improvements:		
State General Fund	\$ 0	\$ 0
Hospital Revenue Fund	1,000,000	0
Educational Building Fund	0	0
Other Funds	<u>1,120,000</u>	<u>0</u>
TOTAL – Cap. Impr.	<u>\$ 2,120,000</u>	<u>\$ 0</u>
 GRAND TOTAL	 \$ 308,392,759	 \$ 0
 FTE Positions	 4,312.1	 0.0
Unclassified Temp. Positions	<u>0.0</u>	<u>0.0</u>
TOTAL	<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 Senate Subcommittee concurs.

Senate Subcommittee Recommendation

The Senate 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.

4-14

2. Delete \$5,176,659 from the General Use budget, including \$2,310,780 from the State General Fund, based on the recommendation to delete funding for the 3.5 percent unclassified merit pool (\$3,553,512); classified step movement (\$686,648); longevity bonus payments (\$593,910); and the 1.0 percent classified base salary adjustment (\$342,589) from individual agency budgets. (A total of \$2,888,475, including \$2,310,780 from the State General Fund, is deleted from the Education Program, and \$2,288,184 is deleted from the Hospital budget.)

Current Status Comparison

SUMMARY – EDUCATION AND HOSPITAL

Expenditure	Gov. Rec. FY 98	House Com. Action FY 1998	Senate Com. Action FY 1998	Senate Change from House
Operating Expenditures:				
State General Fund	\$ 88,087,510 *	\$ 0	\$ (2,310,780) **	\$ (2,310,780)
General Fees Fund	9,663,308	0	0	0
Hospital Revenue Fund	141,782,332	0	(2,288,184)	(2,288,184)
EDIF	0	0	0	0
Hosp. Overhead Reimb. Fund	<u>9,825,460</u>	<u>0</u>	<u>(577,695)</u>	<u>(577,695)</u>
Subtotal– General Use	\$ 249,358,610	\$ 0	\$ (5,176,659)	\$ (5,176,659)
Restricted Use Funds	<u>56,914,149</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL – Oper. Exp.	<u>\$ 306,272,759</u>	<u>\$ 0</u>	<u>\$ (5,176,659)</u>	<u>\$ (5,176,659)</u>
Capital Improvements:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
Hospital Revenue Fund	1,000,000	0	0	0
Educational Building Fund	0	0	0	0
Other Funds	<u>1,120,000</u>	<u>6,000,000</u>	<u>0</u>	<u>0</u>
TOTAL – Cap. Impr.	<u>\$ 2,120,000</u>	<u>\$ 6,000,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
GRAND TOTAL	\$ 308,392,759	\$ 6,000,000	\$ (5,176,659)	\$ (5,176,659)
FTE Positions	4,312.1	0.0	0.0	0.0
Unclassified Temp. Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>4,312.1</u>	<u>0.0</u>	<u>0.0</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.

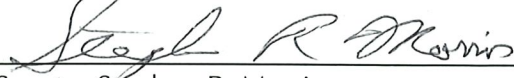
** The entire reduction reflects deleting the Governor's pay plan for FY 1998.



Senator Dave Kerr
Subcommittee Chair



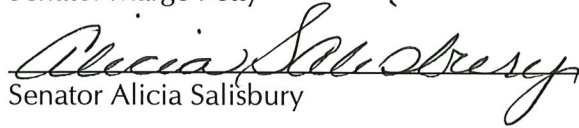
Senator Mark Gilstrap



Senator Stephen R. Morris



Senator Marge Petty



Senator Alicia Salisbury

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.	\$ 214,074,019	\$ 214,012,313	\$ 0
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.	\$ 10,499,604	\$ 10,499,604	\$ 0
 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.

Senate Ways and Means Committee

Date 3-26-97

Attachment # 5

House Subcommittee Recommendation

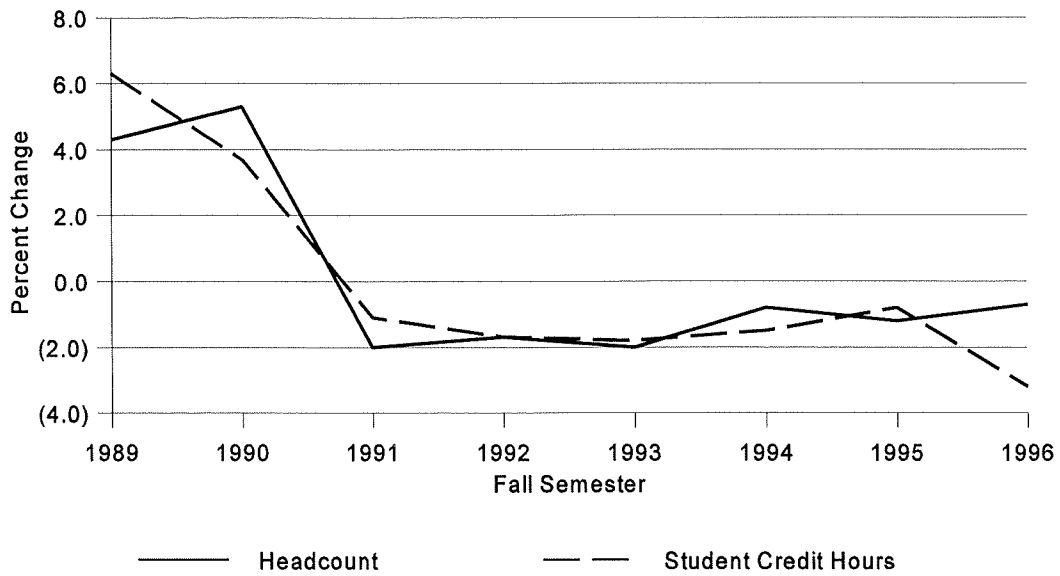
The House Subcommittee concurs with the recommendations of the Governor, with the following adjustments:

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.

House Committee Recommendation

The Committee concurs with the Subcommittee recommendation.

House Recommendation

The full House has not acted on this agency's budget.

Expenditure	Gov. Rec. FY 1997	Senate Subcommittee Adjustments FY 1997
Operating Expenditures:		
State General Fund	\$ 82,449,125	\$ 0
General Fees Fund	38,047,596	0
Other Funds	<u>100,000</u>	<u>0</u>
Subtotal-General Use	\$ 120,596,721	\$ 0
Restricted Use Funds	<u>93,415,592</u>	<u>0</u>
TOTAL-Oper. Exp.	<u>\$ 214,012,313</u>	<u>\$ 0</u>
Capital Improvements:		
Educational Building Fund	\$ 5,947,426	\$ 0
Spec. Cap. Impr. Fund	432,161	0
Other Funds	<u>4,120,017</u>	<u>0</u>
TOTAL-Cap. Impr.	<u>\$ 10,499,604</u>	<u>\$ 0</u>
GRAND TOTAL	\$ 224,511,917	\$ 0
FTE Positions	3,024.6	0.0

Senate Subcommittee Recommendation

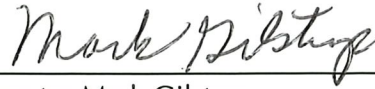
The Senate Subcommittee concurs with the recommendations of the Governor.

Current Status Comparison

Expenditure	Gov. Rec. FY 1997	House Committee Action FY 1997	Senate Subcommittee Action FY 1997	Senate Subcommittee Change From House FY 1997
Operating Expenditures:				
State General Fund	\$ 82,449,125	\$ 82,449,125	\$ 82,449,125	0
General Fees Fund	38,047,596	38,047,596	38,047,596	0
Other Funds	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>0</u>
Subtotal-General Use	\$ 120,596,721	\$ 120,596,721	\$ 120,596,721	0
Restricted Use Funds	<u>93,415,592</u>	<u>93,415,592</u>	<u>93,415,592</u>	<u>0</u>
TOTAL-Oper. Exp.	<u>\$ 214,012,313</u>	<u>\$ 214,012,313</u>	<u>\$ 214,012,313</u>	<u>0</u>
Capital Improvements:				
Educational Building Fund	\$ 5,947,426	\$ 5,947,426	\$ 5,947,426	0
Spec. Cap. Impr. Fund	432,161	432,161	432,161	0
Other Funds	<u>4,120,017</u>	<u>4,120,017</u>	<u>4,120,017</u>	<u>0</u>
TOTAL-Cap. Impr.	<u>\$ 10,499,604</u>	<u>\$ 10,499,604</u>	<u>\$ 10,499,604</u>	<u>0</u>
GRAND TOTAL	\$ 224,511,917	\$ 224,511,917	\$ 224,511,917	0
FTE Positions	3,024.6	3,024.6	3,024.6	3,024.6



Senator Dave Kerr
Subcommittee Chair



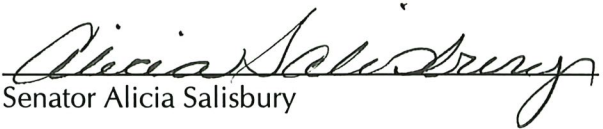
Senator Mark Gilstrap



Senator Stephen R. Morris



Senator Marge Petty



Senator Alicia Salisbury

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	<u>75,000</u>	<u>75,000</u>	<u>0</u>
Subtotal-General Use	\$ 127,237,691	\$ 132,121,507	\$ 0
Restricted Use Funds	<u>95,718,183</u>	<u>98,650,660</u>	<u>0</u>
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	<u>11,811,928</u>	<u>11,757,428</u>	<u>0</u>
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.

House Committee Recommendation

The House Committee concurs with the Subcommittee.

House Recommendation

The full House has not taken action on this budget.

Expenditure	Gov. Rec. FY 1998*	Senate Subcommittee Adjustments FY 1998**
Operating Expenditures:		
State General Fund	\$ 91,502,767	\$ (3,851,720)
General Fees Fund	40,543,740	0
Other Funds	<u>75,000</u>	<u>0</u>
Subtotal-General Use	\$ 132,121,507	\$ (3,851,720)
Restricted Use Funds	<u>98,650,660</u>	<u>0</u>
TOTAL-Oper. Exp.	<u>\$ 230,772,167</u>	<u>\$ (3,851,720)</u>
Capital Improvements:		
State General Fund	\$ 189,466	\$ 0
Educational Building Fund	0	0
Spec. Cap. Impr. Fund	0	0
Other Funds	<u>11,757,428</u>	<u>0</u>
TOTAL-Cap. Impr.	<u>\$ 11,946,894</u>	<u>\$ 0</u>
GRAND TOTAL	\$ 242,719,061	\$ 0
FTE Positions	3,151.7	0.0

* Reflects Governor's Budget Amendment No. 1

** Reflects removal of the Governor's pay plan

Senate Subcommittee Recommendation

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

1. Delete \$3,851,720 from the State General Fund, based on the recommendation to delete funding for the 3.5 percent unclassified merit pool (\$2,596,759); classified step movement (\$630,089); longevity bonus payments (\$378,206); and the 1.0 percent classified base salary increase (\$246,666) from individual agency budgets.

2. 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.

3. 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.

Current Status Comparison

Expenditure	Gov. Rec. FY 1998*	House Committee Action FY 1998	Senate Subcommittee Action FY 1998	Senate Subcommittee Change From House FY 1998
Operating Expenditures:				
State General Fund	\$ 91,502,767	\$ 91,502,767	\$ 87,651,047	\$ (3,851,720)
General Fees Fund	40,543,740	40,543,740	40,543,740	0
Other Funds	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>0</u>
Subtotal-General Use	\$ 132,121,507	\$ 132,121,507	\$ 128,269,787	\$ (3,851,720)
Restricted Use Funds	<u>98,650,660</u>	<u>98,650,660</u>	<u>98,650,660</u>	<u>0</u>
TOTAL-Oper. Exp.	<u>\$ 230,772,167</u>	<u>\$ 230,772,167</u>	<u>\$ 226,920,447</u>	<u>\$ (3,851,720)</u>
Capital Improvements:				
State General Fund	\$ 189,466	\$ 189,466	\$ 189,466	0
Educational Building Fund	0	0	0	0
Spec. Cap. Impr. Fund	0	0	0	0
Other Funds	<u>11,757,428</u>	<u>11,757,428</u>	<u>11,757,428</u>	<u>0</u>
TOTAL-Cap. Impr.	<u>\$ 11,946,894</u>	<u>\$ 11,946,894</u>	<u>\$ 11,946,894</u>	<u>\$ 0</u>
GRAND TOTAL	\$ 242,719,061	\$ 242,719,061	\$ 238,867,341	\$ (3,851,720)
FTE Positions	3,151.7	3,151.7	3,151.7	0.0



Senator Dave Kerr
Subcommittee Chair



Senator Mark Gilstrap



Senator Stephen R. Morris



Senator Marge Petty



Senator Alicia Salisbury

SUBCOMMITTEE REPORT

Agency: KSU-Extension Services and Ag.
Research Programs

Bill No. --

Bill Sec. --

Analyst: Robinson

Analysis Pg. No. 235

Budget Page No. 335

<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	\$ 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.

House Committee Recommendation

The House Committee concurs with the Subcommittee.

Senate Ways and Means Committee

Date *3-26-97*

Attachment # *6*

House Recommendation

The House has not taken action on this budget.

Agency: KSU-Extension Services and Ag.
Research Programs

Bill No. --

Bill Sec. --

Expenditure	Gov. Rec. FY 97	Senate Subcommittee Adjustments FY 1997
Operating Expenditures:		
State General Fund	\$ 40,097,327	\$ 0
Federal Land Grant Funds	<u>7,214,334</u>	<u>0</u>
Subtotal-General Use	\$ 47,311,661	\$ 0
Restricted Use Funds	<u>39,135,230</u>	<u>0</u>
TOTAL--Operating Exp.	<u>\$ 86,446,891</u>	<u>\$ 0</u>
Capital Improvements:		
Other Funds	<u>\$ 65,000</u>	<u>\$ 0</u>
TOTAL-Cap. Impr.	<u>\$ 65,000</u>	<u>\$ 0</u>
GRAND TOTAL	\$ 86,511,891	\$ 0
FTE Positions	1,275.3	0.0

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor.

Current Status Comparison

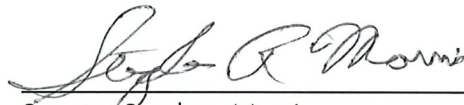
Expenditure	Gov. Rec. FY 1997	House Committee Action FY 1997	Senate Subcommittee Action FY 1997	Senate Subcommittee Change from House FY 1997
Operating Expenditures:				
State General Fund	\$ 40,097,327	\$ 40,097,327	\$ 40,097,327	0
Federal Land Grant Funds	7,214,334	7,214,334	7,214,334	0
Subtotal-General Use	\$ 47,311,661	\$ 47,311,661	\$ 47,311,661	0
Restricted Use Funds	39,135,230	39,135,230	39,135,230	0
TOTAL--Oper. Expenditures	<u>\$ 86,446,891</u>	<u>\$ 86,446,891</u>	<u>\$ 86,446,891</u>	<u>0</u>
Capital Improvements:				
Other Funds	\$ 65,000	\$ 65,000	\$ 65,000	0
TOTAL--Cap. Impr.	<u>\$ 65,000</u>	<u>\$ 65,000</u>	<u>\$ 65,000</u>	<u>0</u>
GRAND TOTAL	\$ 86,511,891	\$ 86,511,891	\$ 86,511,891	0
FTE Positions	1,275.3	1,275.3	1,275.3	0.0



Senator Dave Kerr
Subcommittee Chair



Senator Mark Gilstrap



Senator Stephen Morris



Senator Marge Petty



Senator Alicia Salisbury

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	7,214,334	7,214,334	0
Subtotal-General Use	\$ 49,731,733	\$ 49,384,270	\$ 0
Restricted Use Funds	40,507,422	40,422,273	0
TOTAL-Operating Exp.	\$ 90,239,155	\$ 89,806,543	\$ 0
Capital Improvements:			
Other Funds	\$ 305,000	\$ 405,000	\$ 0
TOTAL-Cap. Impr.	\$ 305,000	\$ 405,000	\$ 0
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.

House Committee Recommendation

The House Committee concurs with the Subcommittee.

House Recommendation

The House has not taken action on this budget.

Agency: KSU-Extension Services and Ag.
Research Programs

Bill No. 178

Bill Sec. 73

<u>Expenditure</u>	<u>Gov. Rec. FY 1998*</u>	<u>Senate Subcommittee Adjustments FY 1998**</u>
Operating Expenditures:		
State General Fund	\$ 42,169,936	\$ (1,448,150)
Federal Land Grant Funds	7,214,334	0
Subtotal-General Use	\$ 49,384,270	\$ (1,448,150)
Restricted Use Funds	40,422,273	28,057
TOTAL-Oper. Expenditures	<u>\$ 89,806,543</u>	<u>\$ (1,420,093)</u>
Capital Improvements:		
Other Funds	\$ 405,000	\$ 0
TOTAL-Capital Improvements	<u>\$ 405,000</u>	<u>\$ 0</u>
GRAND TOTAL	\$ 90,211,543	\$ (1,420,093)
FTE Positions	1,275.3	0.0

* Reflects Governor's Budget Amendment No. 1

** Reflects removal of the Governor's pay plan.

Senate Subcommittee Recommendation

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

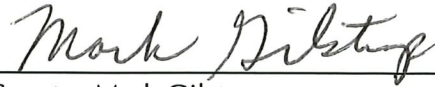
1. Delete \$1,408,150 from the State General Fund, based on the recommendation to delete funding for the 3.5 percent unclassified merit pool (\$1,066,109), classified step movement (\$171,337), longevity bonus payments (\$132,480), and the 1.0 percent classified base salary adjustment (\$78,224) from individual agency budgets.
2. Do not adopt Governor's Budget Amendment No. 1 which deletes \$28,057 from the State Water Plan Fund for a study of the Ogallala Aquifer. According to the budget amendment, funding for the study was inadvertently included in the Governor's recommendation, but it was the Governor's intention that the study no longer be funded in FY 1998. The Subcommittee believes that the continuation of the study is necessary and appropriate and does not concur with the deletion of the funding. Therefore, \$28,057 is restored to ESARP's restricted use budget.

Expenditure	Gov. Rec. FY 1998*	House Committee Action FY 1998	Senate Subcommittee Action FY 1998	Senate Subcommittee Change from House FY 1998
Operating Expenditures:				
State General Fund	\$ 42,169,936	\$ 42,169,936	\$ 40,721,786	\$ (1,448,150)
Federal Land Grant Funds	7,214,334	7,214,334	7,214,334	0
Subtotal-General Use	\$ 49,384,270	\$ 49,384,270	\$ 47,936,120	\$ (1,448,150)
Restricted Use Funds	40,422,273	40,422,273	40,450,330	28,057
TOTAL--Oper. Expenditures	\$ 89,806,543	\$ 89,806,543	\$ 88,386,450	\$ (1,420,093)
Capital Improvements:				
Other Funds	\$ 405,000	\$ 405,000	\$ 405,000	\$ 0
TOTAL--Capital Improve- ments	\$ 405,000	\$ 405,000	\$ 405,000	\$ 0
GRAND TOTAL	\$ 90,211,543	\$ 90,211,543	\$ 88,791,450	\$ (1,420,093)
FTE Positions	1,275.3	1,275.3	1,275.3	0.0

66



Senator Dave Kerr
Subcommittee Chair



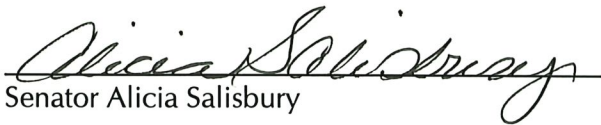
Senator Mark Gilstrap



Senator Stephen R. Morris



Senator Marge Petty



Senator Alicia Salisbury

SUBCOMMITTEE REPORT

Agency: KSU-Salina, College of Technology

Bill No. 2272

Bill Sec. 35

Analyst: Robinson

Analysis Pg. No. 225

Budget Page No. 333

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

House Committee Recommendation

The House Committee concurs with the recommendations of the Subcommittee.

Senate Ways and Means Committee

Date 3-26-97

Attachment # 7

House Recommendation

The House has not acted on this budget.

Agency: KSU-Salina, College of Technology

Bill No. 228

Bill Sec. 35


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

Senate Subcommittee Recommendation

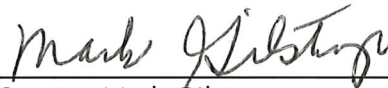
The Senate Subcommittee concurs with the recommendations of the Governor.

Current Status Comparison

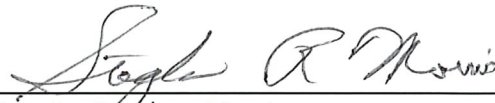
	Gov. Rec. FY 1997	House Committee Action FY 1997	Senate Subcommittee Action FY 1997	Senate Subcommittee Change From House FY 1997
Operating Expenditures:				
State General Fund	\$ 4,515,413	\$ 4,515,413	\$ 4,515,413	0
General Fees Fund	908,568	908,568	908,568	0
Subtotal-General Use	\$ 5,423,981	\$ 5,423,981	\$ 5,423,981	0
Restricted Use Funds	2,375,467	2,375,467	2,375,467	0
TOTAL-Oper. Exp.	<u>\$ 7,799,448</u>	<u>\$ 7,799,448</u>	<u>\$ 7,799,448</u>	<u>0</u>
Capital Improvements:				
State General Fund	\$ 189,466	\$ 189,466	\$ 189,466	0
Educational Building Fund	210,257	210,257	210,257	0
Other Funds	30,000	30,000	30,000	0
TOTAL-Cap. Impr.	<u>\$ 429,723</u>	<u>\$ 429,723</u>	<u>\$ 429,723</u>	<u>0</u>
GRAND TOTAL	<u>\$ 8,229,171</u>	<u>\$ 8,229,171</u>	<u>\$ 8,229,171</u>	<u>0</u>
FTE Positions	127.1	127.1	127.1	0.0



Senator Dave Kerr, Chair



Senator Mark Gilstrap



Senator Stephen Morris



Senator Marge Petty



Senator Alicia Salisbury

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.

House Committee Recommendation

The House Committee concurs with the recommendations of the Subcommittee.

House Recommendation

The House has not acted on this budget.

Agency: KSU-Salina, College of Technology

Bill No. --

Bill Sec. --

	Gov. Rec. FY 1998	Senate Subcommittee Adjustment FY 1998
	<u> </u>	<u> </u>
Operating Expenditures:		
State General Fund	\$ 0	\$ 0
General Fees Fund	<u>0</u>	<u>0</u>
Subtotal-General Use	\$ 0	\$ 0
Restricted Use Funds	<u>0</u>	<u>0</u>
TOTAL-Oper. Exp.	<u>\$ 0</u>	<u>\$ 0</u>
 Capital Improvements:		
State General Fund	\$ 0	\$ 0
Educational Building Fund	0	0
Other Funds	<u>0</u>	<u>0</u>
TOTAL-Cap. Impr.	<u>\$ 0</u>	<u>\$ 0</u>
 GRAND TOTAL	<u>\$ 0</u>	<u>\$ 0</u>
 FTE Positions	0.0	0.0


Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor.

7-6

Current Status Comparison

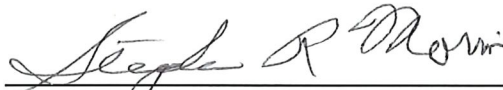
	Gov. Rec. FY 1998	House Committee Action FY 1998	Senate Subcommittee Action FY 1998	Senate Subcommittee Change From House FY 1998
Operating Expenditures:				
State General Fund	\$ 0	\$ 0	\$ 0	0
General Fees Fund	0	0	0	0
Subtotal-General Use	\$ 0	\$ 0	\$ 0	0
Restricted Use Funds	0	0	0	0
TOTAL-Oper. Exp.	\$ 0	\$ 0	\$ 0	0
Capital Improvements:				
State General Fund	\$ 0	\$ 0	\$ 0	0
Educational Building Fund	0	0	0	0
Other Funds	0	0	0	0
TOTAL-Cap. Impr.	\$ 0	\$ 0	\$ 0	0
GRAND TOTAL	\$ 0	\$ 0	\$ 0	0
FTE Positions	0.0	0.0	0.0	0.0



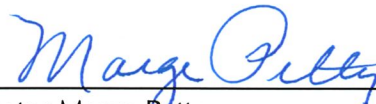
Senator Dave Kerr, Chair



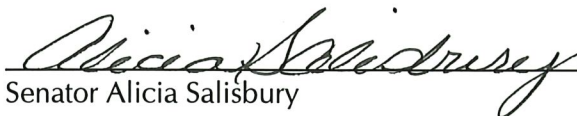
Senator Mark Gilstrap



Senator Stephen Morris



Senator Marge Petty



Senator Alicia Salisbury

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.	<u>2,386,902</u>	<u>2,386,902</u>	<u>0</u>
Subtotal-General Use	\$ 15,121,858	\$ 15,121,858	\$ 0
Restricted Use Funds	<u>2,460,826</u>	<u>2,460,826</u>	<u>0</u>
TOTAL-Operating Exp.	<u>\$ 17,582,684</u>	<u>\$ 17,582,684</u>	<u>\$ 0</u>
Capital Improvements:			
Educational Building Fund	\$ 575,199	\$ 575,199	\$ 0
Other Funds	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL-Cap. Impr.	<u>\$ 575,199</u>	<u>\$ 575,199</u>	<u>\$ 0</u>
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.

House Committee Recommendation

The House Committee concurs with the Subcommittee.

Senate Ways and Means Committee

Date 3-26-97

Attachment # 8

House Recommendation

The House has not taken action on this budget.

Agency: KSU-Veterinary Medical Center

Bill No. --

Bill Sec. --

Expenditure	Gov. Rec. FY 1997	Senate Subcommittee Adjustments FY 1997
Operating Expenditures:		
State General Fund	\$ 8,433,461	\$ 0
General Fees Fund	4,301,495	0
Hosp. and Diagnostic Lab.	<u>2,386,902</u>	<u>0</u>
Subtotal-General Use	\$ 15,121,858	\$ 0
Restricted Use Funds	<u>2,460,826</u>	<u>0</u>
TOTAL-Operating Exp.	<u>\$ 17,582,684</u>	<u>\$ 0</u>
Capital Improvements:		
Educational Building Fund	\$ 575,199	\$ 0
Other Funds	<u>0</u>	<u>0</u>
TOTAL-Capital Improvements	<u>\$ 575,199</u>	<u>\$ 0</u>
GRAND TOTAL	\$ 18,157,883	\$ 0
FTE Positions	253.8	0.0

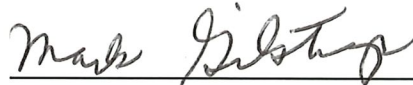
Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor.

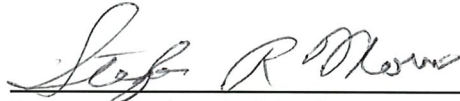
Expenditures	Gov. Rec. FY 1997	House Committee Action FY 1997	Senate Subcommittee Action FY 1997	Senate Subcommittee Change From House FY 1997
Operating Expenditures:				
State General Fund	\$ 8,433,461	\$ 8,433,461	\$ 8,433,461	0
General Fees Fund	4,301,495	4,301,495	4,301,495	0
Hosp. and Diagnostic Lab.	<u>2,386,902</u>	<u>2,386,902</u>	<u>2,386,902</u>	<u>0</u>
Subtotal-General Use	\$ 15,121,858	\$ 15,121,858	\$ 15,121,858	0
Restricted Use Funds	<u>2,460,826</u>	<u>2,460,826</u>	<u>2,460,826</u>	<u>0</u>
TOTAL-Operating Exp.	<u>\$ 17,582,684</u>	<u>\$ 17,582,684</u>	<u>\$ 17,582,684</u>	<u>0</u>
Capital Improvements:				
Educational Building Fund	\$ 575,199	\$ 575,199	\$ 575,199	0
Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL-Capital Improvements	<u>\$ 575,199</u>	<u>\$ 575,199</u>	<u>\$ 575,199</u>	<u>0</u>
GRAND TOTAL	\$ 18,157,883	\$ 18,157,883	\$ 18,157,883	0
 FTE Positions	 253.8	 253.8	 253.8	 0.0



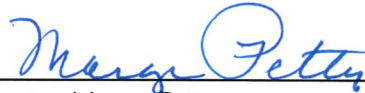
Senator Dave Kerr
Subcommittee Chair



Senator Mark Gilstrap



Senator Stephen R. Morris



Senator Marge Petty



Senator Alicia Salisbury

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:

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.

House Committee Recommendation

The House Committee concurs with the Subcommittee.

House Recommendation

The House has not taken action on this budget.

Agency: KSU-Veterinary Medical Center

Bill No. 178

Bill Sec. 74

Expenditure	Gov. Rec. FY 1998*	Senate Subcommittee Adjustments** FY 1998
Operating Expenditures:		
State General Fund	\$ 8,842,427	\$ (441,951)
General Fees Fund	4,610,221	0
Hosp. and Diagnostic Lab.	<u>2,386,902</u>	<u>0</u>
Subtotal-General Use	\$ 15,839,550	\$ (441,951)
Restricted Use Funds	<u>2,545,026</u>	<u>0</u>
TOTAL-Operating Exp.	<u>\$ 18,384,576</u>	<u>\$ (441,951)</u>
Capital Improvements:		
Educational Building Fund	\$ 0	\$ 0
Other Funds	<u>140,000</u>	<u>0</u>
TOTAL-Capital Improvements	<u>\$ 140,000</u>	<u>\$ 0</u>
 GRAND TOTAL	 \$ 18,524,576	 \$ (441,951)
 FTE Positions	 253.8	 0.0

* Reflects Governor's Budget Amendment No. 1

** Reflects removal of the Governor's pay plan.

8-5

Senate Subcommittee Recommendation

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

1. Delete \$441,951 from the State General Fund, based on the recommendation to delete funding for the 3.5 percent unclassified merit pool (\$262,111), classified step movement (\$85,784), longevity bonus payments (\$55,899), and the 1.0 percent classified base salary adjustment (\$38,157) from individual agency budgets.
2. 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.

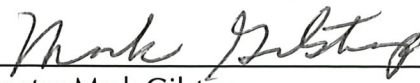
Current Status Comparison

Expenditures	Gov. Rec. FY 1998	House Committee Action FY 1998	Senate Subcommittee Action FY 1998	Senate Subcommittee Change From House FY 1998
Operating Expenditures:				
State General Fund	\$ 8,842,427	\$ 8,842,427	\$ 8,400,476	\$ (441,951)
General Fees Fund	4,610,221	4,610,221	4,610,221	0
Hosp. and Diagnostic Lab.	<u>2,386,902</u>	<u>2,386,902</u>	<u>2,386,902</u>	<u>0</u>
Subtotal-General Use	\$ 15,839,550	\$ 15,839,550	\$ 15,397,599	\$ (441,951)
Restricted Use Funds	<u>2,545,026</u>	<u>2,545,026</u>	<u>2,545,026</u>	<u>0</u>
TOTAL-Operating Exp.	<u>\$ 18,384,576</u>	<u>\$ 18,384,576</u>	<u>\$ 17,942,625</u>	<u>\$ (441,951)</u>
Capital Improvements:				
Educational Building Fund	\$ 0	\$ 0	\$ 0	0
Other Funds	<u>140,000</u>	<u>140,000</u>	<u>140,000</u>	<u>0</u>
TOTAL-Capital Improvements	<u>\$ 140,000</u>	<u>\$ 140,000</u>	<u>\$ 140,000</u>	<u>\$ 0</u>
GRAND TOTAL	\$ 18,524,576	\$ 18,524,576	\$ 18,082,625	\$ (441,951)
FTE Positions	253.8	253.8	253.8	0.0

8-6



Senator Dave Kerr
Subcommittee Chair



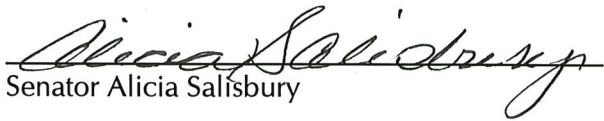
Senator Mark Gilstrap



Senator Stephen R. Morris



Senator Marge Petty



Senator Alicia Salisbury

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	23,994,481	24,122,481	(375,615)
Subtotal-General Use	\$ 77,513,560	\$ 77,491,980	\$ 0
Restricted Use Funds	35,404,714	35,181,158	0
TOTAL-Operating Exp.	\$ 112,918,274	\$ 112,673,138	\$ 0
Capital Improvements:			
Educational Building Fund	\$ 1,523,959	\$ 1,523,959	\$ 0
Other Funds	1,506,728	1,506,728	0
TOTAL-Cap. Impr.	\$ 3,030,687	\$ 3,030,687	\$ 0
GRAND TOTAL	\$ 115,948,961	\$ 115,703,825	\$ 0
 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

Senate Ways and Means Committee

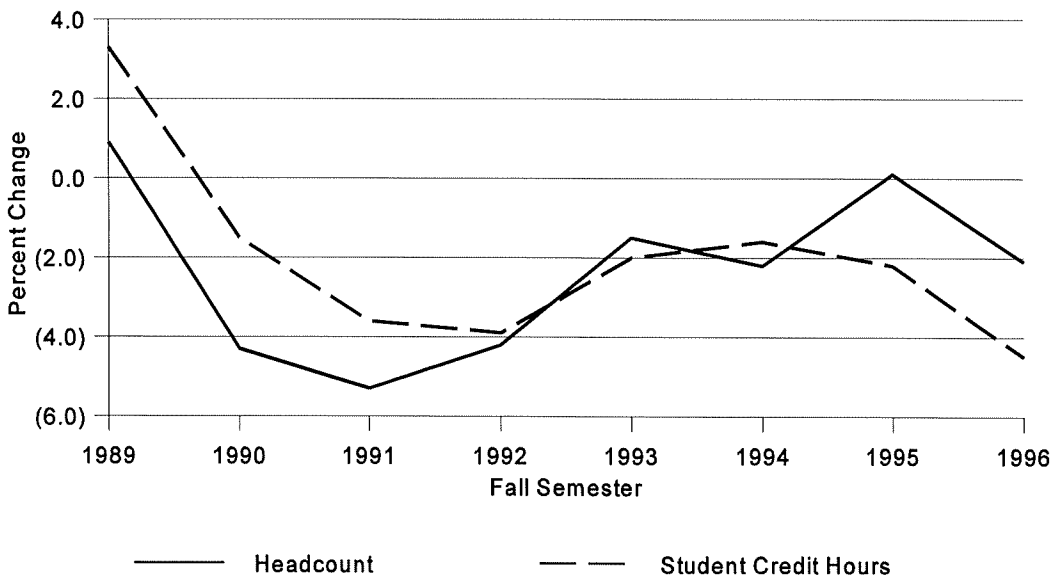
Date 3-26-97

Attachment # 9

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.



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.

House Committee Recommendation

The House Committee concurs with the Subcommittee.

House Recommendation

The House has not acted on this budget.

Agency: Wichita State University

Bill No. 228

Bill Sec. 38

Expenditure	Gov. Rec. FY 1997	Senate Subcommittee Adjustments FY 1997
Operating Expenditures:		
State General Fund	\$ 53,369,499	\$ 375,615
General Fees Fund	<u>24,122,481</u>	<u>(375,615)</u>
Subtotal-General Use	\$ 77,491,980	\$ 0
Restricted Use Funds	<u>35,181,158</u>	<u>0</u>
TOTAL-Oper. Exp.	<u>\$ 113,000,000</u>	<u>\$ 0</u>
Capital Improvements:		
Educational Building Fund	\$ 1,523,959	\$ 0
Other Funds	<u>1,506,728</u>	<u>0</u>
TOTAL-Cap. Impr.	<u>\$ 3,030,687</u>	<u>\$ 0</u>
GRAND TOTAL	\$ 116,030,687	\$ 0
FTE Positions	1,715.2	0.0

Senate Subcommittee Recommendation

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

1. **Systemwide Recommendation - Linear Tuition.** As noted in the systemwide report, the Senate Subcommittee recommends the addition of \$375,615 from the State General Fund, with a corresponding offset from general fees funds for Wichita State in FY 1997.

Current Status Comparison

Expenditure	Gov. Rec. FY 1997	House Committee Action FY 1997	Senate Subcommittee Action FY 1997	Senate Subcommittee Change From House FY 1997
Operating Expenditures:				
State General Fund	\$ 53,369,499	\$ 53,745,114	\$ 53,745,114	0
General Fees Fund	24,122,481	23,746,866	23,746,866	0
Subtotal-General Use	\$ 77,491,980	\$ 77,491,980	\$ 77,491,980	0
Restricted Use Funds	35,181,158	35,181,158	35,181,158	0
TOTAL-Oper. Exp.	<u>\$ 112,673,138</u>	<u>\$ 112,673,138</u>	<u>\$ 112,673,138</u>	<u>0</u>
Capital Improvements:				
Educational Building Fund	\$ 1,523,959	\$ 1,523,959	\$ 1,523,959	0
Other Funds	1,506,728	1,506,728	1,506,728	0
TOTAL-Cap. Impr.	<u>\$ 3,030,687</u>	<u>\$ 3,030,687</u>	<u>\$ 3,030,687</u>	<u>0</u>
GRAND TOTAL	\$ 115,703,825	\$ 115,703,825	\$ 115,703,825	0
FTE Positions	1,715.2	1,715.2	1,715.2	0.0



Senator Dave Kerr
Subcommittee Chair



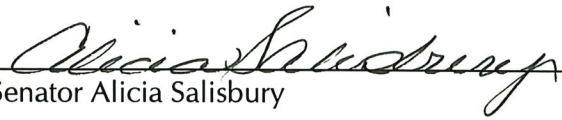
Senator Mark Gilstrap



Senator Stephen R. Morris



Senator Marge Petty



Senator Alicia Salisbury

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	\$ 390,640
General Fees Fund	25,017,435	25,017,435	(390,640)
Subtotal-General Use	\$ 81,128,103	\$ 80,676,648	\$ 0
Restricted Use Funds	35,642,401	35,775,734	0
TOTAL-Operating Exp.	\$ 116,770,504	\$ 116,452,382	\$ 0
Capital Improvements:			
Other Funds	\$ 2,970,000	\$ 2,970,000	\$ 0
TOTAL-Cap. Impr.	\$ 2,970,000	\$ 2,970,000	\$ 0
GRAND TOTAL	\$ 119,740,504	\$ 119,422,382	\$ 0
 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

9-6

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.
3. Increase expenditures by \$390,640 from the State General Fund and decrease expenditures by a like amount in FY 1998 to reflect the FY 1997 adjustment to the base budget.

House Committee Recommendation

The House Committee concurs with the recommendations of the Subcommittee.

House Recommendation

The House has not acted on this budget.

Agency: Wichita State University

Bill No. 178

Bill Sec. 79

Expenditure	Gov. Rec. FY 1998*	Senate Subcommittee Change From House FY 1998**
Operating Expenditures:		
State General Fund	\$ 55,659,213	\$ (1,796,541)
General Fees Fund	25,017,435	(390,640)
Subtotal-General Use	\$ 80,676,648	\$ (2,187,181)
Restricted Use Funds	35,775,734	0
TOTAL-Oper. Exp.	<u>\$ 116,452,382</u>	<u>\$ (2,187,181)</u>
Capital Improvements:		
Other Funds	\$ 2,970,000	\$ 0
TOTAL-Cap. Impr.	<u>\$ 2,970,000</u>	<u>\$ 0</u>
GRAND TOTAL	\$ 119,422,382	\$ (2,187,181)

FTE Positions 1,715.2 0.0

* Reflects Governor's Budget Amendment No. 1.

** Reflects removal of the Governor's pay plan.

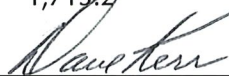
Senate Subcommittee Recommendation

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

1. Delete \$2,187,181 from the State General Fund, based on the recommendation to delete funding for the 3.5 percent unclassified merit pool (\$1,663,222), classified step movement (\$203,011), longevity bonus payments (\$181,981), and the 1.0 percent classified base salary adjustment (\$138,967) from individual agency budgets.
2. Concur with Governor's Budget Amendment No. 1, which increases expenditure authority for 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. The budget amendment restores the funding reduced from the general fees fund.
3. 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.
4. Increase expenditures by \$390,640 from the State General Fund and decrease expenditures by the same amount from the general fees fund in FY 1998 to reflect the adjustment to the base budget necessitated by the addition of funding from the State General Fund in FY 1997 to offset the impact of linear tuition at WSU.

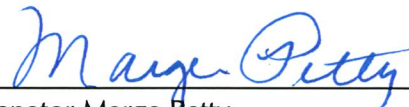
Current Status Comparison


Expenditure	Gov. Rec. FY 1998	House Committee Action FY 1998	Senate Subcommittee Action FY 1998	Senate Subcommittee Change From House FY 1998
Operating Expenditures:				
State General Fund	\$ 55,659,213	\$ 56,049,853	\$ 53,862,672	(2,187,181)
General Fees Fund	25,017,435	24,626,795	24,626,795	0
Subtotal-General Use	\$ 80,676,648	\$ 80,676,648	\$ 79,489,467	(2,187,181)
Restricted Use Funds	35,775,734	35,775,734	35,775,734	0
TOTAL-Oper. Exp.	<u>\$ 116,452,382</u>	<u>\$ 116,452,382</u>	<u>\$ 114,265,201</u>	<u>\$ (2,187,181)</u>
Capital Improvements:				
Other Funds	\$ 2,970,000	\$ 2,970,000	\$ 2,970,000	0
TOTAL-Cap. Impr.	<u>\$ 2,970,000</u>	<u>\$ 2,970,000</u>	<u>\$ 2,970,000</u>	<u>\$ 0</u>
GRAND TOTAL	\$ 119,422,382	\$ 119,422,382	\$ 117,235,201	(2,187,181)
FTE Positions	1,715.2	1,715.2	1,715.2	0.0


 Senator Dave Kerr
 Subcommittee Chair


 Senator Mark Gilstrap


 Senator Stephen R. Morris


 Senator Marge Petty


 Senator Alicia Salisbury

SUBCOMMITTEE REPORT

Agency: Emporia State University

Bill No. 2272

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	26,000	26,000	0
Subtotal General Use	\$ 32,999,043	\$ 32,999,043	\$ 0
Restricted Use Funds	12,229,843	12,756,068	0
TOTAL – Oper. Exp.	\$ 45,228,886	\$ 45,755,111	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Building Fund	1,040,388	1,040,388	0
Other Funds	363,447	363,447	0
TOTAL – Cap. Impr.	\$ 1,403,835	\$ 1,403,835	\$ 0
 GRAND TOTAL	 \$ 46,632,721	 \$ 47,158,946	 \$ 0
 FTE Positions	 739.2	 739.2	 0.0
Unclass. Temp. Positions	0.0	0.0	0.0
TOTAL	739.2	739.2	0.0

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.

Senate Ways and Means Committee

Date *3-26-97*

Attachment #10

- 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.

House Committee Recommendation

The House Committee concurs with the House Subcommittee.

House Recommendation

The full House has not yet considered this agency's budget.

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

Senate Subcommittee Recommendation

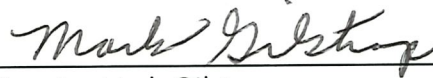
The Senate Subcommittee concurs with the Governor's recommendation.

Current Status Comparison

Expenditure	Gov. Rec. FY 1997	House Com. Action FY 1997	Senate Subc. Action FY 1997	Senate Subc. Action FY 1997
Operating Expenditures:				
State General Fund	\$ 25,076,052	\$ 25,076,052	\$ 25,076,052	0
General Fees Fund	7,896,991	7,896,991	7,896,991	0
Other Funds	<u>26,000</u>	<u>26,000</u>	<u>26,000</u>	<u>0</u>
Subtotal General Use	\$ 32,999,043	\$ 32,999,043	\$ 32,999,043	0
Restricted Use Funds	<u>12,756,068</u>	<u>12,756,068</u>	<u>12,756,068</u>	<u>0</u>
TOTAL – Oper. Exp.	<u>\$ 45,755,111</u>	<u>\$ 45,755,111</u>	<u>\$ 45,755,111</u>	<u>0</u>
Capital Improvements:				
State General Fund	\$ 0	\$ 0	\$ 0	0
Educational Building Fund	1,040,388	1,040,388	1,040,388	0
Other Funds	<u>363,447</u>	<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>\$ 1,403,835</u>	<u>0</u>
 GRAND TOTAL	 \$ 47,158,946	 \$ 47,158,946	 \$ 47,158,946	 0
 FTE Positions	 739.2	 739.2	 739.2	 0.0
Unclass. Temp. Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>739.2</u>	<u>739.2</u>	<u>739.2</u>	<u>0.0</u>



Senator Dave Kerr
Subcommittee Chair



Senator Mark Gilstrap



Senator Stephen Morris



Senator Marge Petty



Senator Alicia Salisbury

SUBCOMMITTEE REPORT

Agency: Emporia State University

Bill No. 2160

Bill Sec. 72

Analyst: Mills

Analysis Pg. No. 190

Budget Page No. 179

<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	\$ 26,304,854	\$ 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>\$ 46,906,122</u>	<u>\$ 46,344,003</u>	<u>\$ 0</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>\$ 457,904</u>	<u>\$ 457,904</u>	<u>\$ 0</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>739.2</u>	<u>739.2</u>	<u>0.0</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.

House Committee Recommendation

The House Committee concurs with the House Subcommittee recommendation.

House Recommendation

The full House has not yet considered this agency's budget.

Expenditure	Gov. Rec. FY 98	Senate Subcommittee Adjustments*
Operating Expenditures:		
State General Fund	\$ 25,989,817	\$ (1,015,197)
General Fees Fund	7,981,106	0
Other Funds	<u>29,000</u>	<u>0</u>
Subtotal General Use	\$ 33,999,923	\$ (1,015,197)
Restricted Use Funds	<u>12,344,080</u>	<u>0</u>
TOTAL – Oper. Exp.	<u>\$ 46,344,003</u>	<u>\$ (1,015,197)</u>
Capital Improvements:		
State General Fund	\$ 0	\$ 0
Educational Building Fund	0	0
Other Funds	<u>457,904</u>	<u>0</u>
TOTAL – Cap. Impr.	<u>\$ 457,904</u>	<u>\$ 0</u>
 GRAND TOTAL	 \$ 46,801,907	 \$ (1,015,197)
 FTE Positions	 739.2	 0.0
Unclass. Temp. Positions	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>739.2</u>	<u>0.0</u>

* Includes reduction of \$1,015,197 to remove the Governor's pay plan.

Senate Subcommittee Recommendation

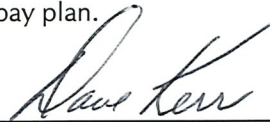
The Senate Subcommittee concurs with the Governor's recommendation, with the following adjustment:

1. Delete \$1,015,197 (State General Fund) based on the recommendation to delete funding for classified step movement (\$140,332), the 1.0 percent classified base salary increase (\$62,324), the unclassified 3.5 percent merit pool (\$703,915), and to longevity bonus (\$107,626).

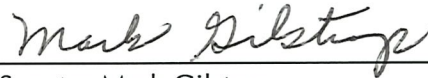
Current Status Comparison

Expenditure	Gov. Rec. FY 1998	House Com. Action FY 1998	Senate Subc. Action FY 1998*	Senate Subc. Change from House Com.
Operating Expenditures:				
State General Fund	\$ 25,989,817	\$ 25,989,817	\$ 24,974,620	\$(1,015,197)
General Fees Fund	7,981,106	7,981,106	7,981,106	0
Other Funds	<u>29,000</u>	<u>29,000</u>	<u>29,000</u>	<u>0</u>
Subtotal General Use	\$ 33,999,923	\$ 33,999,923	\$ 32,984,726	\$ (1,015,197)
Restricted Use Funds	<u>12,344,080</u>	<u>12,344,080</u>	<u>12,344,080</u>	<u>0</u>
TOTAL – Oper. Exp.	<u>\$ 46,344,003</u>	<u>\$ 46,344,003</u>	<u>\$ 45,328,806</u>	<u>\$ (1,015,197)</u>
Capital Improvements:				
State General Fund	\$ 0	\$ 0	\$ 0	0
Educational Building Fund	0	0	0	0
Other Funds	<u>457,904</u>	<u>457,904</u>	<u>457,904</u>	<u>0</u>
TOTAL – Cap. Impr.	<u>\$ 457,904</u>	<u>\$ 457,904</u>	<u>\$ 457,904</u>	<u>\$ 0</u>
 GRAND TOTAL	 \$ 46,801,907	 \$ 46,801,907	 \$ 45,786,710	 \$(1,015,197)
 FTE Positions	 739.2	 739.2	 739.2	 0.0
Unclass. Temp. Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>739.2</u>	<u>739.2</u>	<u>739.2</u>	<u>0.0</u>

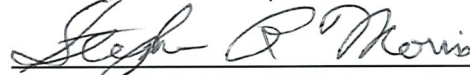
* Includes a reduction of \$1,015,197 to delete the Governor's pay plan.



Senator Dave Kerr
Subcommittee Chair



Senator Mark Gilstrap



Senator Stephen Morris



Senator Marge Petty



Senator Alicia Salisbury

SUBCOMMITTEE REPORT

Agency: Fort Hays State University

Bill No. 2272

Bill Sec. 31

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><u>\$ 43,522,513</u></u>	<u><u>\$ 43,536,812</u></u>	<u><u>\$ 0</u></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><u>\$ 1,713,487</u></u>	<u><u>\$ 1,713,487</u></u>	<u><u>\$ 0</u></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><u>699.1</u></u>	<u><u>694.0</u></u>	<u><u>0.0</u></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.

Senate Ways and Means Committee

Date *3-26-97*

Attachment # *11*

- 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.

House Committee Recommendation

The House Committee concurs with the House Subcommittee.

House Recommendation

The full House has not yet considered this agency's budget.

Agency: Fort Hays State University

Bill No. 228

Bill Sec. 31

<u>Expenditure</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Subcommittee Adj. FY 97</u>
Operating Expenditures:		
State General Fund	\$ 24,923,474	\$ 0
General Fees Fund	<u>7,962,997</u>	<u>0</u>
Subtotal General Use	\$ 32,886,471	\$ 0
Restricted Use Funds	<u>10,650,341</u>	<u>0</u>
TOTAL – Oper. Exp.	<u>\$ 43,536,812</u>	<u>\$ 0</u>
Capital Improvements:		
State General Fund	\$ 0	\$ 0
Educational Building Fund	1,101,107	0
Other Funds	<u>612,380</u>	<u>0</u>
TOTAL – Cap. Impr.	<u>\$ 1,713,487</u>	<u>\$ 0</u>
 GRAND TOTAL	 \$ 45,250,299	 \$ 0
 FTE Positions	 694.0	 0.0
Unclass. Temp. Positions	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>694.0</u>	<u>0.0</u>

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

Current Status Comparison

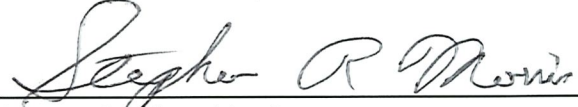
Expenditure	Gov. Rec. FY 1997	House Committee Action FY 1997	Senate Subcommittee Action FY 1997	Senate Subcom. Change from House Committee
Operating Expenditures:				
State General Fund	\$ 24,923,474	\$ 24,923,474	\$ 24,923,474	\$ 0
General Fees Fund	<u>7,962,997</u>	<u>7,962,997</u>	<u>7,962,997</u>	<u>0</u>
Subtotal General Use	\$ 32,886,471	\$ 32,886,471	\$ 32,886,471	0
Restricted Use Funds	<u>10,650,341</u>	<u>10,650,341</u>	<u>10,650,341</u>	<u>0</u>
TOTAL – Oper. Exp.	<u>\$ 43,536,812</u>	<u>\$ 43,536,812</u>	<u>\$ 43,536,812</u>	<u>\$ 0</u>
Capital Improvements:				
State General Fund	\$ 0	\$ 0	\$ 0	0
Educational Building Fund	1,101,107	1,101,107	1,101,107	0
Other Funds	<u>612,380</u>	<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>\$ 1,713,487</u>	<u>\$ 0</u>
 GRAND TOTAL	 \$ 45,250,299	 \$ 45,250,299	 \$ 45,250,299	 \$ 0
 FTE Positions	 694.0	 694.0	 694.0	 0.0
Unclass. Temp. Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>694.0</u>	<u>694.0</u>	<u>694.0</u>	<u>0.0</u>



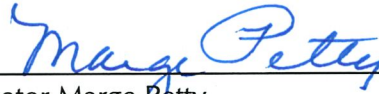
Senator Dave Kerr
Subcommittee Chair



Senator Mark Gilstrap



Senator Stephen Morris



Senator Marge Petty



Senator Alicia Salisbury

SUBCOMMITTEE REPORT

Agency: Fort Hays State University

Bill No. 2160

Bill Sec. 71

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><u>\$ 45,319,214</u></u>	<u><u>\$ 45,055,238</u></u>	<u><u>\$ 0</u></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><u>\$ 570,000</u></u>	<u><u>\$ 570,000</u></u>	<u><u>\$ 0</u></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><u>699.1</u></u>	<u><u>694.0</u></u>	<u><u>0.0</u></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 Request/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.

House Committee Recommendation

The House Committee concurs with the House Subcommittee.

House Recommendation

The full House has not yet considered this agency's budget.

<u>Expenditure</u>	<u>Gov. Rec. FY 98</u>	<u>House Subcommittee Adj. FY 98*</u>
Operating Expenditures:		
State General Fund	\$ 26,429,546	\$ (953,920)
General Fees Fund	<u>7,813,299</u>	<u>0</u>
Subtotal General Use	\$ 34,242,845	\$ (953,920)
Restricted Use Funds	<u>10,812,393</u>	<u>0</u>
TOTAL – Oper. Exp.	<u>\$ 45,055,238</u>	<u>\$ (953,920)</u>
Capital Improvements:		
State General Fund	\$ 0	\$ 0
Educational Building Fund	0	0
Other Funds	<u>570,000</u>	<u>0</u>
TOTAL – Cap. Impr.	<u>\$ 570,000</u>	<u>\$ 0</u>
GRAND TOTAL	\$ 45,625,238	\$ (953,920)
FTE Positions	694.0	0.0
Unclass. Temp. Positions	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>694.0</u>	<u>0.0</u>

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor’s recommendation, with the following adjustment:

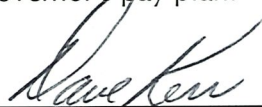
1. Delete \$953,920 (State General Fund), based on the recommendation to delete funding for classified step movement (\$107,952); the 1.0 percent classified base salary increase (\$62,018); the unclassified 3.5 percent merit pool (\$717,078); and the longevity bonus (\$66,872).

Senate Committee Recommendation

Current Status Comparison

Expenditure	Gov. Rec. FY 1998	House Committee Action FY 1998	Senate Subcommittee Action FY 1998*	Senate Subcom. Change from House Com. FY 1998
Operating Expenditures:				
State General Fund	\$ 26,429,546	\$ 26,429,546	\$ 25,475,626	\$ (953,920)
General Fees Fund	7,813,299	7,813,299	7,813,299	0
Subtotal General Use	\$ 34,242,845	\$ 34,242,845	\$ 33,288,925	\$ (953,920)
Restricted Use Funds	10,812,393	10,812,393	10,812,393	0
TOTAL – Oper. Exp.	<u>\$ 45,055,238</u>	<u>\$ 45,055,238</u>	<u>\$ 44,101,318</u>	<u>\$ (953,920)</u>
Capital Improvements:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
Educational Building Fund	0	0	0	0
Other Funds	570,000	570,000	570,000	0
TOTAL – Cap. Impr.	<u>\$ 570,000</u>	<u>\$ 570,000</u>	<u>\$ 570,000</u>	<u>\$ 0</u>
GRAND TOTAL	\$ 45,625,238	\$ 45,625,238	\$ 44,671,318	\$ (953,920)
FTE Positions	694.0	694.0	694.0	0.0
Unclass. Temp. Positions	0.0	0.0	0.0	0.0
TOTAL	<u>694.0</u>	<u>694.0</u>	<u>694.0</u>	<u>0.0</u>

* Includes a reduction of \$953,920 to delete the Governor's pay plan.



 Senator Dave Kerr
 Subcommittee Chair



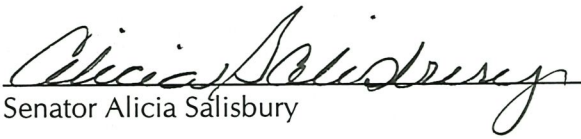
 Senator Mark Gilstrap



 Senator Stephen Morris



 Senator Marge Petty



 Senator Alicia Salisbury

SUBCOMMITTEE REPORT

Agency: Pittsburg State University

Bill No. 2272

Bill Sec. 33

Analyst: Mills

Analysis Pg. No. 255

Budget Page No. 369

Expenditure	Agency Est. FY 97	Gov. Rec. FY 97	House Subcommittee Adjustments
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>\$ 49,842,037</u>	<u>\$ 49,695,204</u>	<u>\$ 0</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>\$ 4,375,353</u>	<u>\$ 6,375,353</u>	<u>\$ 0</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>787.9</u>	<u>784.5</u>	<u>0.0</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.

Senate Ways and Means Committee

Date 3-26-97

Attachment # 12

- 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.

House Committee Recommendation

The House Committee concurs with the House Subcommittee recommendation.

House Recommendation

The full House has not yet considered this agency's budget.

Agency: Pittsburg State University

Bill No. 228

Bill Sec. 33

<u>Expenditure</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:		
State General Fund	\$ 26,159,542	\$ 0
General Fees Fund	<u>9,998,736</u>	<u>0</u>
Subtotal General Use	\$ 36,158,278	\$ 0
Restricted Use Funds	<u>13,536,926</u>	<u>0</u>
TOTAL – Oper. Exp.	<u><u>\$ 49,695,204</u></u>	<u><u>\$ 0</u></u>
Capital Improvements:		
State General Fund	\$ 2,000,000	\$ (750,000)
Educational Building Fund	1,600,799	0
Other Funds	<u>2,774,554</u>	<u>750,000</u>
TOTAL – Cap. Impr.	<u><u>\$ 6,375,353</u></u>	<u><u>\$ 0</u></u>
GRAND TOTAL	\$ 56,070,557	\$ 0
FTE Positions	784.5	0.0
Unclassified Temp. Positions	<u>0.0</u>	<u>0.0</u>
TOTAL	<u><u>784.5</u></u>	<u><u>0.0</u></u>

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor’s recommendation, with the following additional recommendation:

1. Shift \$750,000 of the \$2,000,000 (State General Fund) recommended by the Governor for additional construction funding for the Kansas Technology Center to a loan from the Pooled Money Investment Board (PMIB). Under the Subcommittee’s recommendation, the total of \$2.0 million would be composed of \$1,250,000 from the State General Fund and \$750,000 from the PMIB loan. The Subcommittee recommends that the PMIB loan have a two-year no interest grace period, beginning on July 1, 1997. If the loan is paid off in the two-year grace period, no interest will be charged; if not, interest will be charged in accordance with PMIB practices.

Current Status Comparison

Expenditure	Gov. Rec. FY 1997	House Com. Action FY 1997	Senate Subc. Action FY 1997	Senate Subc. Change from House
Operating Expenditures:				
State General Fund	\$ 26,159,542	\$ 26,159,542	\$ 26,159,542	\$ 0
General Fees Fund	9,998,736	9,998,736	9,998,736	0
Subtotal General Use	\$ 36,158,278	\$ 36,158,278	\$ 36,158,278	\$ 0
Restricted Use Funds	13,536,926	13,536,926	13,536,926	0
TOTAL – Oper. Exp.	<u>\$ 49,695,204</u>	<u>\$ 49,695,204</u>	<u>\$ 49,695,204</u>	<u>\$ 0</u>
Capital Improvements:				
State General Fund	\$ 2,000,000	\$ 2,000,000	\$ 1,250,000	\$ (750,000)
Educational Building Fund	1,600,799	1,600,799	1,600,799	0
Other Funds	2,774,554	2,774,554	3,524,554	750,000
TOTAL – Cap. Impr.	<u>\$ 6,375,353</u>	<u>\$ 6,375,353</u>	<u>\$ 6,375,353</u>	<u>\$ 0</u>
GRAND TOTAL	\$ 56,070,557	\$ 56,070,557	\$ 56,070,557	\$ 0
FTE Positions				
FTE Positions	784.5	784.5	784.5	0.0
Unclassified Temp. Positions	0.0	0.0	0.0	0.0
TOTAL	<u>784.5</u>	<u>784.5</u>	<u>784.5</u>	<u>0.0</u>



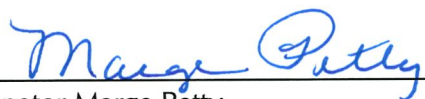
 Senator Dave Kerr
 Subcommittee Chair




 Senator Mark Gilstrap



 Senator Stephen Morris



 Senator Marge Petty



 Senator Alicia Salisbury

SUBCOMMITTEE REPORT

Agency: Pittsburg State University

Bill No. 2160

Bill Sec. 76

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>\$ 52,415,409</u>	<u>\$ 51,763,352</u>	<u>\$ 0</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>\$ 3,764,000</u>	<u>\$ 1,764,000</u>	<u>\$ 0</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>803.2</u>	<u>792.8</u>	<u>0.0</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.

House Committee Recommendation

The House Committee concurs with the House Subcommittee.

House Recommendation

The full House has not yet considered this agency's budget.

Expenditure	Gov. Rec. FY 1998	Senate Subcommittee FY 1998*
Operating Expenditures:		
State General Fund	\$ 28,012,076	\$ (965,921)
General Fees Fund	<u>10,039,191</u>	<u>0</u>
Subtotal General Use	\$ 38,051,267	\$ (965,921)
Restricted Use Funds	<u>13,712,085</u>	<u>0</u>
TOTAL – Oper. Exp.	<u>\$ 51,763,352</u>	<u>\$ (965,921)</u>
Capital Improvements:		
State General Fund	\$ 0	\$ 0
Educational Building Fund	0	0
Other Funds	<u>1,764,000</u>	<u>0</u>
TOTAL – Cap. Impr.	<u>\$ 1,764,000</u>	<u>\$ 0</u>
 GRAND TOTAL	 \$ 53,527,352	 \$ (965,921)
 FTE Positions	 792.8	 6.0
Unclassified Temp. Positions	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>792.8</u>	<u>6.0</u>

* Includes a reduction of \$1,094,213 to delete the Governor's pay plan.

Senate Subcommittee Recommendation

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

1. Delete \$1,094,213 (State General Fund) based on the recommendation to delete funding for classified step movement (\$138,416), the 1.0 percent classified base salary increase (\$68,622), the unclassified 3.5 percent merit pool (\$773,312), and the longevity bonus (\$113,863).
2. Add \$128,292 (State General Fund) and 6.0 FTE positions for the Kansas Technology Center, based on the Subcommittee's following recommendation that the formula for servicing new buildings at Regents institutions be modified. The current formula provides for 1.0 new FTE position for each 12,500 square feet of space in the new building; the Subcommittee recommends that the formula be modified to provide for 1.0 FTE for each 15,000 square feet of space. Under the existing formula, the Kansas

Technology Center (which encloses 255,820 square feet of space) would qualify for 20.5 FTE positions; under the revised formula, that number is reduced to 17.1 FTE. However, even though the current formula yields 20.5 new FTE for the Technology Center, the Governor chose to fund only 11.1 FTE for the Center. Thus, in order to properly fund the 17.1 FTE resulting from the revised formula, the Subcommittee adds 6.0 FTE and \$128,292 in associated funding. The following table illustrates the situation at PSU.

1.0 FTE: 12,500	Gov. Rec.	1.0 FTE: 15,000	Difference Between Gov. Rec. and Revised Formula
20.5 FTE	11.1 FTE	17.1 FTE	6.0 FTE

Current Status Comparison

Expenditure	Gov. Rec. FY 1998	House Com. Action FY 1998	Senate Subc. Action FY 1998	Senate Subc. Change from House Com.
Operating Expenditures:				
State General Fund	\$ 28,012,076	\$ 28,012,076	\$ 27,046,155	\$(965,921)
General Fees Fund	10,039,191	10,039,191	10,039,191	0
Subtotal General Use	\$ 38,051,267	\$ 38,051,267	\$ 37,085,346	\$(965,921)
Restricted Use Funds	13,712,085	13,712,085	13,712,085	0
TOTAL – Oper. Exp.	\$ 51,763,352	\$ 51,763,352	\$ 50,797,431	\$(965,921)
Capital Improvements:				
State General Fund	\$ 0	\$ 0	\$ 0	0
Educational Building Fund	0	0	0	0
Other Funds	1,764,000	1,764,000	1,764,000	0
TOTAL – Cap. Impr.	\$ 1,764,000	\$ 1,764,000	\$ 1,764,000	0
GRAND TOTAL	\$ 53,527,352	\$ 53,527,352	\$ 52,561,431	\$(965,921)
FTE Positions	792.8	792.8	798.8	6.0
Unclassified Temp. Positions	0.0	0.0	0.0	0.0
TOTAL	792.8	792.8	798.8	6.0

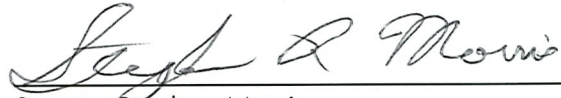
* Includes a reduction of \$1,094,213 to delete the Governor's pay plan.



Senator Dave Kerr
Subcommittee Chair



Senator Mark Gilstrap



Senator Stephen Morris



Senator Marge Petty



Senator Alicia Salisbury

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	<u>12,459,208</u>	<u>12,459,208</u>	<u>0</u>
Subtotal - Operating	\$ 21,463,775	\$ 21,463,764	\$ 0
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u><u>\$ 21,463,775</u></u>	<u><u>\$ 21,463,764</u></u>	<u><u>\$ 0</u></u>
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	<u>11,338,536</u>	<u>11,338,536</u>	<u>0</u>
Subtotal - Operating	\$ 20,289,415	\$ 20,289,404	\$ 0
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u><u>\$ 20,289,415</u></u>	<u><u>\$ 20,289,404</u></u>	<u><u>\$ 0</u></u>
FTE Positions	<u>18.0</u>	<u>18.0</u>	<u>0.0</u>
Unclassified Temp. Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u><u>18.0</u></u>	<u><u>18.0</u></u>	<u><u>0.0</u></u>

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.

Senate Ways and Means Committee

Date *3-26-97*

Attachment # *13*

House Subcommittee Recommendation

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

House Committee Recommendation

The House Committee concurs with the House Subcommittee recommendation.

House Recommendation

The full House has not taken action on this agency's budget.

Agency: Board of Regents

Bill No. -

Bill Sec. -

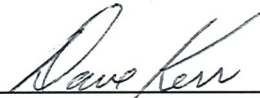
<u>Expenditure Summary</u>	<u>Gov. Rec. FY 97</u>	<u>House Subcommittee Adjustments</u>
All Funds:		
State Operations	\$ 1,836,406	\$ 0
Aid to Local Units	7,168,150	0
Other Assistance	<u>12,459,208</u>	<u>0</u>
Subtotal - Operating	\$ 21,463,764	\$ 0
Capital Improvements	<u>0</u>	<u>0</u>
TOTAL	<u>\$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

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Current Status Comparison

<u>Expenditure Summary</u>	<u>Gov. Rec. FY 1997</u>	<u>House Com. Action FY 1997</u>	<u>Senate Subc. Action FY 1997</u>	<u>Senate Subc. Change from House Com. FY 1997</u>
All Funds:				
State Operations	\$ 1,836,406	\$ 1,836,406	\$ 1,836,406	\$ 0
Aid to Local Units	7,168,150	7,168,150	7,168,150	0
Other Assistance	<u>12,459,208</u>	<u>12,459,208</u>	<u>12,459,208</u>	<u>0</u>
Subtotal - Operating	\$ 21,463,764	\$ 21,463,764	\$ 21,463,764	\$ 0
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$ 21,463,764</u>	<u>\$ 21,463,764</u>	<u>\$ 21,463,764</u>	<u>\$ 0</u>
State General Fund:				
State Operations	\$ 1,782,718	\$ 1,782,718	\$ 1,782,718	\$ 0
Aid to Local Units	7,168,150	7,168,150	7,168,150	0
Other Assistance	<u>11,338,536</u>	<u>11,338,536</u>	<u>11,338,536</u>	<u>0</u>
Subtotal - Operating	\$ 20,289,404	\$ 20,289,404	\$ 20,289,404	\$ 0
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$ 20,289,404</u>	<u>\$ 20,289,404</u>	<u>\$ 20,289,404</u>	<u>\$ 0</u>
FTE Positions	18.0	18.0	18.0	0.0
Unclassified Temp. Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>18.0</u>	<u>18.0</u>	<u>18.0</u>	<u>0.0</u>



Senator Dave Kerr
Subcommittee Chair



Senator Mark Gilstrap



Senator Stephen Morris



Senator Marge Petty



Senator Alicia Salisbury

SUBCOMMITTEE REPORT

Agency: Board of Regents

Bill No. 2160

Bill Sec. 77

Analyst: Mills

Analysis Pg. No. 314

Budget Page No. 375

Expenditure Summary	Agency Request FY 98	Gov. Rec. FY 98	House Subcommittee Adjustments
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><u>\$ 53,995,765</u></u>	<u><u>\$ 48,337,756</u></u>	<u><u>\$ (7,400,000)</u></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><u>\$ 34,065,657</u></u>	<u><u>\$ 28,407,648</u></u>	<u><u>\$ (7,400,000)</u></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><u>18.0</u></u>	<u><u>18.0</u></u>	<u><u>0.0</u></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:

Institution	Gross Salaries and Wages	Shrinkage	Shrinkage Rate
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	\$ 573,167,788	\$ 13,886,141	2.4%

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.

House Committee Recommendation

The House Committee concurs with the House Subcommittee, with the following adjustment:

1. Restore \$4.5 million (State General Fund) for Regents equipment. The Governor had recommended a total of \$7.5 million for this equipment; the House Subcommittee had deleted the entire amount and requested that the Board of Regents develop a long-range strategic plan on a systemwide basis for the acquisition of this technology equipment. The Committee also is requesting that additional information be provided by Regents staff concerning the planned acquisition of this equipment. Lastly, the Committee wishes to clarify its intent that this funding is a one-time expenditure for equipment; this funding is not intended to be built into the base budgets at the Regents institutions.

House Recommendation

The full House has not yet considered this agency's budget.

<u>Expenditure Summary</u>	<u>Gov. Rec. FY 98</u>	<u>Senate Subcommittee Adjustments*</u>
All Funds:		
State Operations	\$ 16,911,351	\$ (3,511,084)
Aid to Local Units	7,454,876	0
Other Assistance	<u>12,491,529</u>	<u>0</u>
Subtotal - Operating	\$ 36,857,756	\$ (3,511,084)
Capital Improvements	<u>11,480,000</u>	<u>0</u>
TOTAL	<u><u>\$ 48,337,756</u></u>	<u><u>\$ (3,511,084)</u></u>
State General Fund:		
State Operations	\$ 9,289,356	\$ (3,511,084)
Aid to Local Units	7,454,876	0
Other Assistance	<u>11,663,416</u>	<u>0</u>
Subtotal - Operating	\$ 28,407,648	\$ (3,511,084)
Capital Improvements	<u>0</u>	<u>0</u>
TOTAL	<u><u>\$ 28,407,648</u></u>	<u><u>\$ (3,511,084)</u></u>
FTE Positions	18.0	0.0
Unclassified Temp. Positions	<u>0.0</u>	<u>0.0</u>
TOTAL	<u><u>18.0</u></u>	<u><u>0.0</u></u>

* Includes a reduction of \$36,084 to delete the Governor's pay plan.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation, with the following adjustment:

1. Delete \$36,084 from the State General Fund based on the recommendation to delete funding for classified step movement (\$1,384), the 1.0 percent classified base salary increase (\$1,617), the unclassified 3.5 percent merit pool (\$28,082), and the longevity bonus (\$5,001).
2. Delete \$3,500,000 (State General Fund) of the \$7,500,000 recommended by the Governor for technology equipment at the Regents institutions, leaving a total of \$4,000,000 available for the acquisition of equipment. In making this recommendation for a total of \$4.0 million in equipment expenditures in FY 1998, the Subcommittee wishes to clarify its intent that this funding is the first year of a

multiyear program to enhance the technology equipment at the Regents institutions. The Subcommittee's recommendation is based on the assumption that, because the \$4,000,000 is built into the base budget, a similar level of funding will be approved in future years for some period until equipment demands at the Regents institutions have been minimized. It is the Subcommittee's intent that this \$4,000,000 of funding will be built into the base budget.

3. Add \$25,000 (State General Fund) for the Washburn University Tuition Grant program. The Governor had recommended \$50,000 for this program to support 125 students at a maximum grant of \$400. The Senate Subcommittee recommendation would support about 188 students at a maximum grant of \$400.

Current Status Comparison

	Gov. Rec. FY 1998	House Committee Action FY 1998	Senate Subcommittee Action FY 1998*	Senate Subcommittee Change from House FY 1998
All Funds:				
State Operations	\$ 16,911,351	\$ 14,011,351	\$ 13,400,267	\$ (611,084)
Aid to Local Units	7,454,876	7,454,876	7,454,876	0
Other Assistance	12,491,529	12,491,529	12,491,529	0
Subtotal - Operating	\$ 36,857,756	\$ 33,957,756	\$ 33,346,672	\$ (611,084)
Capital Improvements	11,480,000	11,480,000	11,480,000	0
TOTAL	<u>\$ 48,337,756</u>	<u>\$ 45,437,756</u>	<u>\$ 44,826,672</u>	<u>\$ (611,084)</u>
State General Fund:				
State Operations	\$ 9,289,356	\$ 6,389,356	\$ 5,778,272	\$ (611,084)
Aid to Local Units	7,454,876	7,454,876	7,454,876	0
Other Assistance	11,663,416	11,663,416	11,663,416	0
Subtotal - Operating	\$ 28,407,648	\$ 25,507,648	\$ 24,896,564	\$ (611,084)
Capital Improvements	0	0	0	0
TOTAL	<u>\$ 28,407,648</u>	<u>\$ 25,507,648</u>	<u>\$ 24,896,564</u>	<u>\$ (611,084)</u>
FTE Positions	18.0	18.0	18.0	0.0
Unclass. Temp. Positions	0.0	0.0	0.0	0.0
TOTAL	<u>18.0</u>	<u>18.0</u>	<u>18.0</u>	<u>0.0</u>

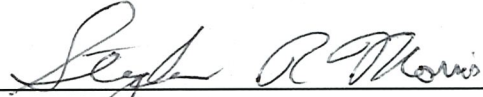
* Includes reduction of \$36,084 to remove the Governor's pay plan.



Senator Dave Kerr
Subcommittee Chair



Senator Mark Gilstrap



Senator Stephen Morris



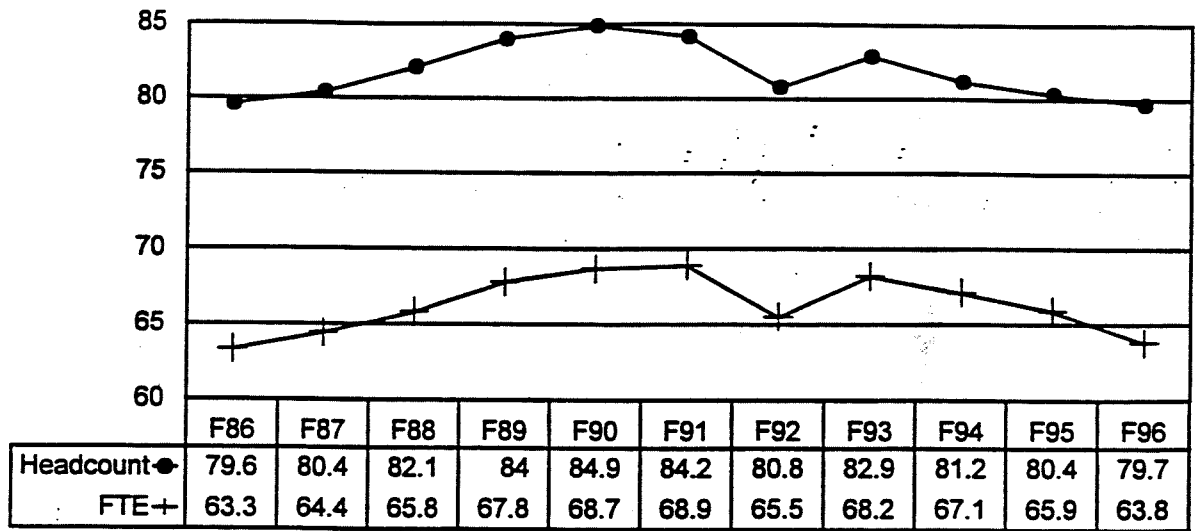
Senator Marge Petty



Senator Alicia Salisbury

Ten-Year Change In Regents Enrollment

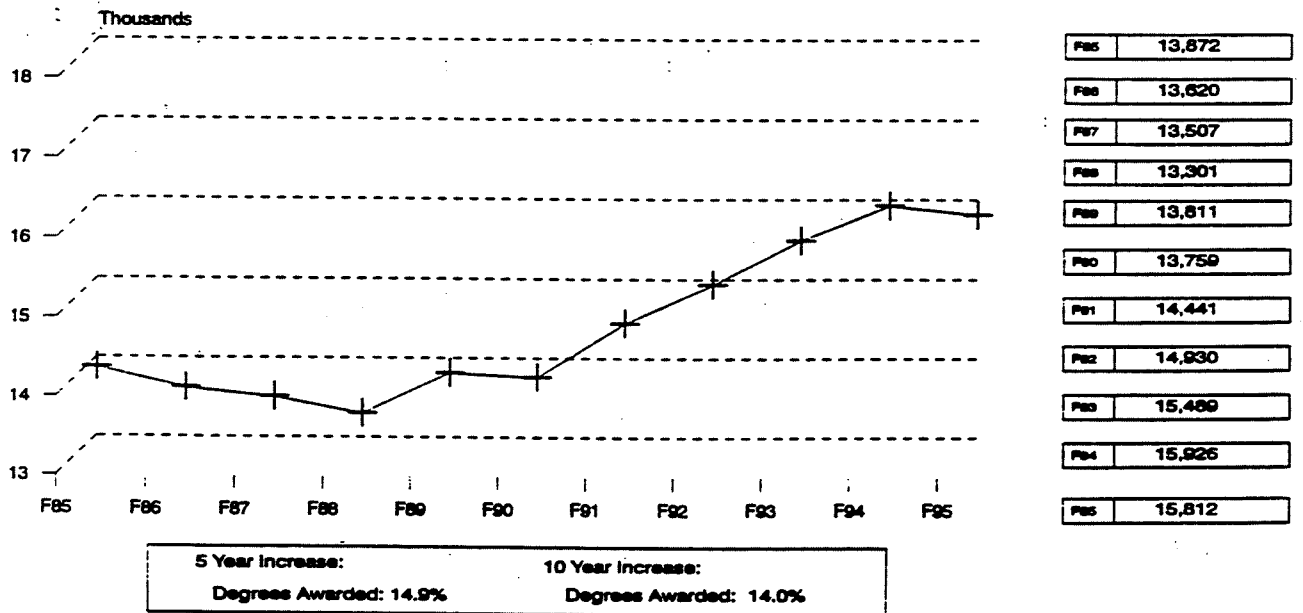
Fall 1986 to Fall 1996



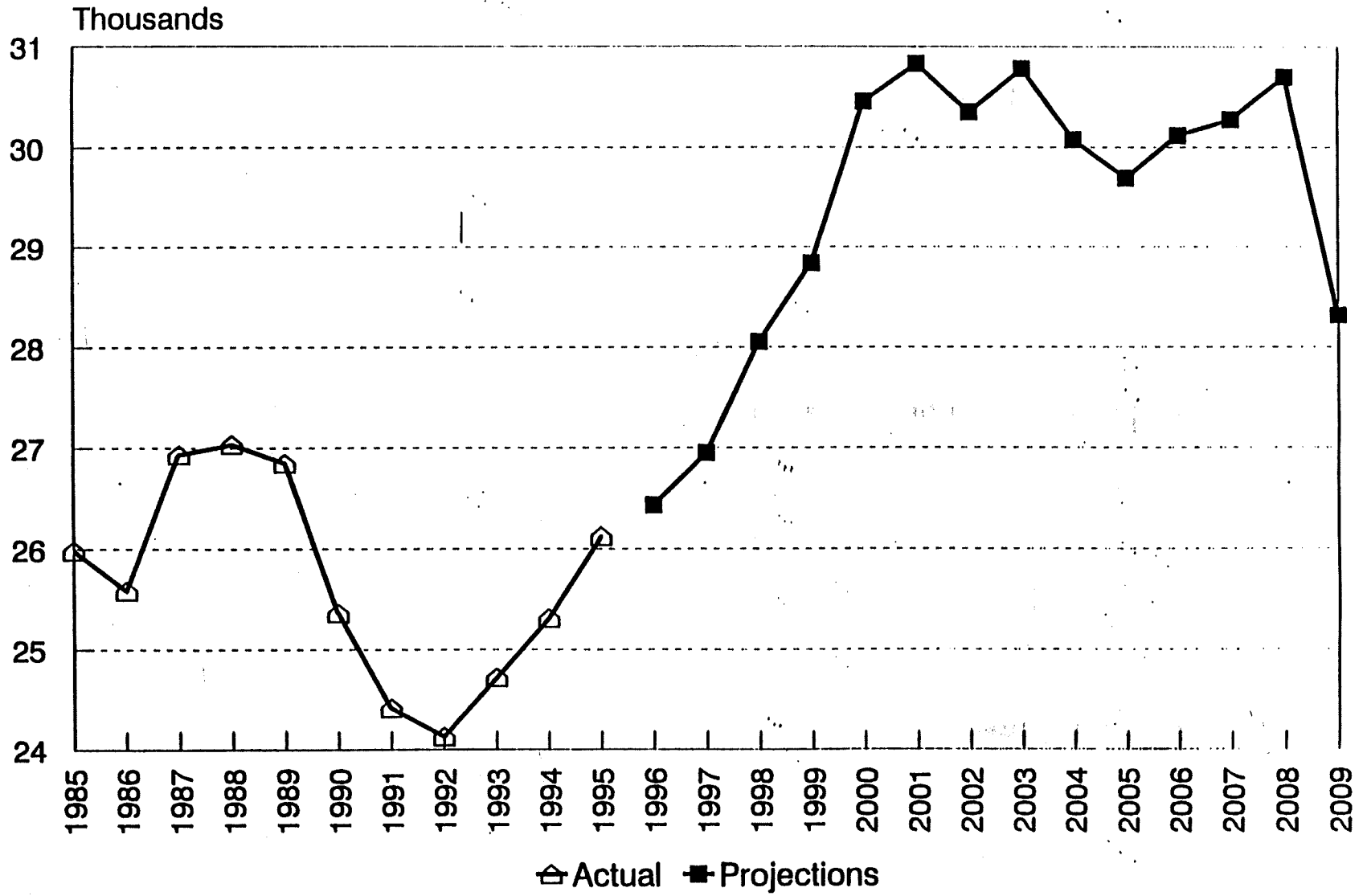
5 Year Decrease:	10 Year Increase:
Headcount - (5.3)%	Headcount - .2%
FTE - (7.4)%	FTE - .8%

Ten-Year Change In Degrees Awarded Regents Institutions

Fall 1985 to Fall 1995



Kansas Public High School Graduates



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

13-14

STATEMENT OF RICHARD H. SEATON, UNIVERSITY ATTORNEY
PRESENTED TO SENATE WAYS AND MEANS COMMITTEE, DAVE KERR, CHAIRMAN
MARCH 26, 1997
RE: HOUSE BILL 2389

In 1978, the probate judge of Clay County signed an order of final distribution in the estate of Della M. Serles, No. 77P4. Ms. Serles had left two tracts of real estate, one in Clay County and one in Washington County, to Kansas State University. Despite the gift to the University, the court's final order of distribution recited that the property was received by the Kansas State University Endowment Association, Inc.

Thereafter, the Kansas State University Foundation, successor to the Endowment Association, sold the Clay County tract and entered into a contract to sell the Washington County tract. It was unable to close the sale in Washington County, because the title insurance company will not approve the Foundation's title. At some future time, the same title question will undoubtedly be raised concerning the Clay County property.

In order to clear up the title for the purchasers of both tracts, the University has requested, through the Board of Regents, that the Board be authorized to convey these tracts to their respective purchasers by warranty deed. It has further requested that the legislation direct that the proceeds from both sales, and any earnings thereon, be transferred and credited to the University's investment agency account with the Foundation. In this way, the original purpose of the testator to benefit the University can be accomplished.

Senate Ways and Means Committee

Date 3-26-97

Attachment # 14

**SUBSTITUTE
SUBCOMMITTEE REPORT**

To: Ways and Means Committee

From: Subcommittee Assigned to the Arts Commission's Budget

Re: Change in Recommendations from the Initial Subcommittee Report

In light of the major problems identified by the Legislative Division of Post Audit in its February, 1997, performance audit of the Kansas Arts Commission, the Subcommittee assigned to the Arts Commission budget reconvened and wishes to change its earlier recommendation. The Subcommittee asks that the recommendations in this report replace those contained in the initial report. The material that follows lists the major problems identified by the Legislative Division of Post Audit and provides a summary of the Commission's response to the deficiencies cited in the audit. In addition, there is a list of things the Ways and Means Subcommittee wants the Commission to respond to by the 1997 Omnibus Session.

The report concludes with recommendations proposed after discussing these matters with staff in the Department of Administration. The Department of Administration staff agrees that the proposed recommendations are appropriate with regard to the assistance the Department is able to provide the Commission and the Department is willing to provide the oversight being recommended. The Department reported its personnel already are providing assistance to the Commission at no charge.

Major Problems

1. Financial Management Practices

Audit Finding. According to the audit, the Commission is not aware of spending restrictions that apply to more than \$1.5 million in state and federal moneys. Furthermore, the Commission is lax in submitting required reports to the National Endowment for the Arts. It has had no internal accounting system to track how restricted moneys are used and existing records do not reconcile with information in the state's accounting system. Further, the structure of the accounting system is inefficient and prone to error in that it includes accounts that should never be used, requires a significant number of unnecessary transfers between accounts, and calls for entering all transactions more than once.

Examples cited in the audit include using state moneys to make grants to local agencies instead of using \$420,000 in available federal moneys; allocating \$310,000 in FY 1996 to local agencies without meeting matching requirements; inappropriately paying \$7,500 to a service organization for travel expenses, which was \$2,200 more than actual costs, instead of going through normal state channels for travel expense reimbursement; and paying \$18,500 in compensatory time wages to an employee who was ineligible for those wages. Furthermore, the Commission misspent \$18,000 in refunded grant moneys by inappropriately crediting the refund to the Capitol Dome Sculptor Fund for payment to the sculptor of "Ad Astra." To improve accountability for transactions of the Capitol Dome Sculpture Fund and to consolidate

Senate Ways and Means Committee

Date 3-26-97

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fiscal administration of the "Ad Astra" projects, the auditors recommend that fiscal administration of the Fund be transferred to the Department of Administration. This recommendation would require that the statutes be amended to implement.

According to the Legislative Division of Post Audit, weaknesses in the current financial management system have existed since at least the beginning of FY 1994 and the Commission, although aware of the problems, has not been able to solve them. The Division believes the Commission needs outside help.

Commission Response. The Commission points out the existing Executive Director assumed his position in September, 1995, and was immediately aware of the financial management problems he faced. In his response to the audit, he enumerates the steps he and his staff have taken to correct the problems, which include meeting with staff from the Division of Accounts and Reports, the Division of Personnel Services, the Legislative Research Department, the Division of the Budget, and the Office of the Attorney General. The Executive Director believes he and his staff can handle their financial management problems and notes that the Commission is in the process of developing improved internal accounting records.

With regard to the "Ad Astra" situation, the Executive Director does not object to transferring responsibility for the Capitol Dome Sculpture Fund to the Department of Administration, but points out that the misspending occurred in 1992 and that it was his staff who informed the auditors of the problem.

Legislative Recommendation. The Executive Director should develop an outline of the steps he is taking to address the financial management problems identified in the audit and submit this outline to the Director of Accounts and Reports for the Director's evaluation as to whether the agency's plan is adequate. The Executive Director's plan, along with the comments of the Director of Accounts and Reports, should be submitted to the Legislature by the Omnibus Session. In addition, the comments of the Director of Accounts and Reports should include an assessment of the Commission's progress and any recommendations as to further steps that should be taken. The Legislature also would like the Executive Director to submit documentation from the National Endowment for the Arts as to the propriety of the Commission's expenditures of federal funds since FY 1994 and documentation that the agency has developed a tracking system that identifies restrictions on the use of its moneys, accurately accounts for grants and how they are spent, provides adequate oversight of program costs, ensures that state and federal matching requirements are being met, and accounts for each type of restricted money separately from other moneys.

The Legislature also would like the Executive Director to submit a written report prior to the Omnibus Session on how he plans to reimburse the state for the misspent funds in connection with the "Ad Astra" project.

2. Management Issues

Audit Finding. The auditors found that some moneys have been spent in violation of state and federal matching requirements because the Commission's staff either did not know or did not understand restrictions placed on money the agency receives. For example, the auditors found that in FY 1996 almost \$250,000 from the State General Fund and the Economic Development Initiatives Fund and more than \$50,000 in federal grant moneys were spent in violation of matching requirements. In addition, federal matching requirements were violated

in FY 1996 when the Commission spent about \$10,000 in federal funds for administrative costs that were not matched with state funds. As already noted, the auditors conclude that current staff needs outside help in performing the agency's functions. In addition, the auditors suggest that cross-training the staff could prevent problems that have occurred when the only person who has the expertise to perform a critical function is not available.

Commission Response. The Executive Director strongly objects to the auditors' assertion that the Commission's staff is incompetent and points out that he inherited the problems he confronts and that he and his staff have worked to improve the situation. Regarding the recommendation that the staff get help from outside the agency, he responds that he already has sought help both in and out of state government.

Legislative Recommendation. The only objective way for the Legislature to assess the staff's competence is to monitor the agency's efforts to solve the problems it faces and to evaluate its success at some later date. Therefore, the Legislature is asking the Commission to make various reports by the Omnibus Session. In addition, the Legislature requests that the Executive Director report to the 1998 Legislature on the progress he has made to address the audit findings and additional work that needs to be done.

3. Oversight of Local Grants

Audit Finding. Although the Commission has mechanisms in place to assure that local agencies properly spend moneys they receive, the auditors found that the Commission staff does not review audits that local agencies are required to submit and that only a cursory effort is made to obtain audits reports that are not submitted.

Commission Response. The Executive Director contends that the auditors' conclusions regarding oversight of local grants are in error and that the Commission presently follows state and federal guidelines regarding grant oversight. According to the Executive Director, the auditors placed undue reliance on information supplied by a disgruntled former employee and did not obtain relevant information from a current employee who was not available when the audit was in progress. The Executive Director agrees with the recommendations made by the auditors and maintains that they already are being followed.

Legislative Recommendation. For those grants to local agencies that have been made in FY 1996, the Legislature would like documentation during the Omnibus Session that (1) local agencies receiving more than \$25,000 a year have submitted the required audits, (2) the Commission has reviewed the audits, identified any adverse findings, and has prescribed corrective action, and (3) local matching requirements have been met.

4. Conflict of Interest

Audit Finding. The auditors found that Commission members voted to approve grants to organizations with which they were affiliated as employees, trustees, directors, board members, or officers. Furthermore, in violation of both state law and the Commission's own policies, the auditors cite two examples in which Commissioners voted for grants or agreements with agencies in which they held a substantial interest.

Commission Response. The Executive Director says that the Commission has been more vigilant in its adherence to conflict of interest laws and is working with the Commission on Governmental Standards and Conduct regarding these matters. However, the Executive Director is unable to comment on the specific issues cited by the auditors.

Legislative Recommendation. The Commission should present written documentation by the Omnibus Session that the Commission on Governmental Standards and Conduct has reviewed its procedures for complying with the conflict of interest statutes and that these procedures are acceptable for preventing any future violations.

Senate Subcommittee Recommendation

The following recommendations are in addition to the those contained in the text above which, for the most part, ask that information be provided by the Omnibus Session. The funding adjustments listed below are changes to the Governor's budget:

FY 1997

1. Delete \$26,605 from the State General Fund for grants to public and private entities, for a total of \$1,052,939. The Governor deleted 1.0 FTE position and shifted the salary to grants. The Subcommittee's recommendation concurs with the Governor's deletion of the position but deletes entirely the amount of the salary from the agency's budget.
2. Make technical corrections to the appropriations bill necessary to correctly reflect the Governor's recommendation.

FY 1998

1. Delete \$53,171 from the State General Fund for grants to public and private entities, which is the amount added by the Governor primarily as the result of shifting the amount of the salary of a position deleted in FY 1997 to grants. The Subcommittee's recommendation would make \$1,052,939 available for grants in FY 1998, the same amount as in the current year.
2. Attach a proviso to each State General Fund appropriation for the agency stipulating that, prior to release of moneys, the Executive Director must provide for each voucher submitted a signed certification that he has reviewed the expenditure requested on the voucher and that it meets all guidelines established by federal or state law, as applicable. No voucher would be paid by the Division of Accounts and Reports until such certification is received.
3. Attach a proviso to the state and federal appropriations for grants to public and private entities requiring the Executive Director to submit documentation satisfactory to the Secretary of Administration or to the Secretary's designee that the expenditure meets guidelines established by federal or state law, as applicable. With each grant voucher submitted to the Division of Accounts and Reports, the Executive Director would have to submit an affidavit signed

by the Secretary or the Secretary's designee that a satisfactory review has been completed, along with the Executive Director's own signed certification for the requested expenditures.

4. Recommend that funding for the agency be adjusted in the Omnibus Bill if various reports requested by the Legislature are not received by the Omnibus Session or are unsatisfactory. The requested reports are identified in the "legislative recommendation" sections in the first part of this report.
5. The Department of Administration has agreed to evaluate the classifications of the existing agency staff and to make recommendations as to whether the existing personnel structure is appropriate. The Subcommittee recommends that the Department's findings be taken into account by the Commission in the development of its FY 1999 budget and that the agency's personnel structure be reviewed by the 1998 Legislature. In particular, the Subcommittee believes attention should be given to whether the requirements for each classification are appropriate for the duties to be performed and whether the present configuration of staff, *e.g.* the balance between program staff and financial management staff, is appropriate.
6. Delete \$10,079, including \$6,772 from the State General Fund, based on the recommendation to delete funding for the 3.5 percent unclassified merit pool (\$2,026); classified step movement (\$3,088); longevity bonus payment (\$2,137); and the 1.0 percent base salary adjustment for classified employees (\$2,828) from individual agency budgets.
7. Make technical corrections to the appropriations bill necessary to correctly reflect the Governor's recommendation.



Senator Nick Jordan
Subcommittee Chairperson



Senator Stephen R. Morris



Senator Marge Petty

Option No. 1:
 Reduce FY 1997 - \$5.0 million
 Reduce FY 1998 - \$25.0 million

State General Fund Profile
 In Millions
 FY 1996 - FY 2000

School Finance Includes Declining Enrollment and At-Risk at .065
GOVERNOR'S RECOMMENDATION (FY 97/ FY 98 adjusted)
 Property Tax Relief - 27 Mills; \$20,000 Homestead
 Tax Reductions: Single Income Tax; Adoption
 School New Facilities
 Additional School Aid in FY 1999 and FY 2000
 Supreme Court Decision/Business Machinery

	<u>FY 1996</u>	<u>Increase</u>	<u>FY 1997</u>	<u>Increase</u>	<u>FY 1998</u>	<u>Increase</u>	<u>FY 1999</u>	<u>Increase</u>	<u>FY 2000</u>	<u>Increase</u>
Beginning Balance(a)	\$370.2		\$379.2		\$421.2		\$355.8		\$298.3	
RECEIPTS:(b)		7.1%		4.8%		3.9%		4.8%		4.2%
Tax Reductions(g)	3,448.3	229.5	3,615.3	167.0	3,755.1	139.8	3,935.1	180.0	4,101.0	165.9
	0.0	0.0	0.0	0.0	(18.2)	(18.2)	(25.8)	(7.6)	(36.6)	(10.8)
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted Receipts	3,448.3	229.5	3,615.3	167.0	3,736.9	121.6	3,909.3	172.4	4,064.4	155.1
EXPENDITURES:										
Gen. and Supp. School Aids(c)	1,370.4	\$33.2	1,387.0	\$16.6	1,464.4	\$77.4	1,514.8	\$50.4	1,540.2	\$25.4
Additional Property Tax Relief	0.0	0.0	0.0	0.0	105.7	105.7	142.9	37.2	135.4	(7.5)
Declining Enrollment and Additional .005 A-Risk	0.0	0.0	0.0	0.0	8.0	8.0	8.0	0.0	8.0	0.0
New Facilities	0.0	0.0	1.2	1.2	0.0	(1.2)	0.0	0.0	0.0	0.0
Additional Gen. and Supp. School Aid	0.0	0.0	0.0	0.0	0.0	0.0	23.0	23.0	50.0	27.0
Subtotal - General and Supplemental School Aids(c)	1,370.4	33.2	1,388.2	17.8	1,578.1	189.9	1,688.7	110.6	1,733.6	44.9
Demand Transfers: (e)	196.3	9.8	200.1	3.8	206.5	6.4	210.1	3.6	214.9	4.8
All Other Expenditures(d)	1,872.5	86.4	1,985.0	112.5	2,017.7	32.7	2,068.0	50.3	2,110.0	42.0
		4.8%		6.0%		1.6%		2.5%		2.0%
TOTAL Expenditures	3,439.2	129.4	3,573.3	134.1	3,802.3	229.0	3,966.8	164.5	4,058.5	91.7
Percent Increase		3.9%		3.9%		6.4%		4.3%		2.3%
Total Growth in Expenditures EXCLUDING										
Property Tax Relief						100.3		89.7		82.9
Percent Growth EXCLUDING Property Tax Relief						2.8%		2.4%		2.2%
Ending Balance(f)	379.2		421.2		355.8		298.3		304.2	
Percent of Expenditures	11.0%		11.8%		9.4%		7.5%		7.5%	
Receipts in Excess of Expenditures	9.1		42.0		(65.4)		(57.5)		5.9	

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a) Includes actual released encumbrances.

b) Receipts are actual for FY 1996. Receipts for FY 1997 and FY 1998 reflect the revised November 18, 1996 consensus estimates. The projections for FYs 1998 through 2000 are not consensus estimates of receipts but are based on an annual growth rate of 4.8 percent in FY 1999 and 4.2 percent in FY 2000.

c) Estimate of general and supplemental school aid payments in FY 1997 were made on November 8, 1996 by the Department of Education, Division of the Budget, and the Legislative Research Department. For FY 1998 the amount reflects an increase in the base per pupil amount of \$22 from \$3,648 to \$3,670, an additional \$9.8 million to accelerate the final year of correlation weighting, and \$4.0 million in connection with an increase in at-risk weight from .05 to .065, and the reduction in the uniform property tax rate from 33 to 27 mills and a homestead exemption of \$20,000. The FY 1999 - FY 2000 estimates assume the uniform school mill levy of 27 mills and a \$20,000 homestead, plus \$23.0 million in FY 1999 and an additional \$27.0 million in FY 2000 for general and supplemental school aid. The FY 1997 amount includes \$1.2 million for new facilities. Amount also includes a declining enrollment adjustment. The amount also includes an adjustment for the recent Kansas Supreme Court decision relating to business machinery and equipment.

d) FY 1997 all other expenditures as recommended by the Governor less \$5.0 million. For FYs 1998 as recommended by the Governor, less \$25.0 million, but plus \$1.0 million for the expansion of the Homestead Rebate Program. For FY 1999 - FY 2000 expenditures grow within available resources.

e) Demand transfers for the School District Capital Improvement Fund, Water Plan Fund and State Fair all reflect current law. For the State Highway Fund, Local Ad Valorem Tax Reduction Fund, County-City Revenue Sharing Fund, and the City-County Highway Fund are capped at 1.4 percent in FY 1997 and for FY 1998 the Governor recommends a cap of 2.5 percent; FY 1999 - 1.4 percent; and FY 2000 - 2.1 percent.

f) Current law minimum ending balance requirement is 7.5 percent of expenditures.

g) Tax reductions include: Income tax rate equalization (four-year phase-in) ; adoption income tax credit.

File: DK0324B

Prepared at the Request and Direction of Senator Dave Kerr
Kansas Legislative Research Department
March 24, 1997

SENATE COMMITTEE ADJUSTMENTS TO AMENDED GOVERNOR'S RECOMMENDATION

Agency/Item	State General Fund	All Funds	FTE
FY 1997:			
Adjutant General			
Utilities Funding Supplemental	25,000	25,000	0.0
State Department of Education			
Transfer \$1,906 from SGF to special revenue fund for tuition and fee waiver for deceased public safety officers	0	1,906	0.0
Attorney General			
Shift \$250,000 in expenditures for consumer protection from the SGF to the Court Cost Fund	(250,000)	0	0.0
Increase estimated expenditures from the Court Cost Fund by \$57,642 to budget salaries of 2.0 unclassified temporary positions in the consumer protection division	0	57,642	0.0
Emergency Medical Services Board			
Increase expenditures to show expenditure of \$50,000 federal grant for pediatric emergency medical services assessment study	0	50,000	0.0
State Conservation Commission			
Conservation District Aid from State Water Plan	0	500	0.0
Department of Corrections			
Delete funding recommended by the Governor for prison expansion planning	(757,466)	(933,476)	0.0
Ombudsman for Corrections			
Add \$6,000 for operating expenditures	6,000	6,000	0.0
Insurance Department			
Delete additional expenditure authority for salaries	0	(14,157)	0.0
State Corporation Commission			
Delete 1.0 FTE position and make other salary adjustments	0	(60,723)	(1.0)
State Historical Society			
Shift overfunding in original Governor's recommendation from salaries to other operating expenditures (GBA No. 1 not adopted)	5,213	21,465	0.0
Department of Administration			
Delete funding for year 2000 projects	(6,416,673)	(6,416,673)	0.0
Department of Human Resources			
Increase expenditure limitation on OSHA federal fund	0	22,800	0.0
Reduce the Governor's recommendation to reflect the deletion of the agency's proposed purchase of a mainframe. Includes a reduction of \$226,776 from the Workers Compensation Fee Fund	0	(980,000)	0.0
Kansas Soldiers' Home			
Increase for medical supplies	20,000	20,000	0.0
Department of Social and Rehabilitation Services-Long Term Care			
Reduction to reflect caseload estimates	0	(500,000)	0.0
Juvenile Justice Authority			
Reduce funding from five months of operations to two months of operations	(83,369)	(83,369)	0.0
Secretary of State			
Delete funding for optical disc imaging system	(550,000)	(550,000)	0.0
Department of Health and Environment			
State General Fund operating reduction	(450,940)	(450,940)	0.0
Delete federal funds that will not be available and shift 3.0 FTE to already existing unclassified temporary positions	0	(99,501)	0.0
Pittsburg State University-Subcommittee Recommendation			
Kansas Technology Center shift \$750,000 from SGF to PMIB loan	(750,000)	0	0.0
TOTAL CHANGE - FY 1997	(\$9,202,235)	(\$9,883,526)	(1.0)

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SENATE COMMITTEE ADJUSTMENTS TO AMENDED GOVERNOR'S RECOMMENDATION

Agency/Item	State General Fund	All Funds	FTE
FY 1998:			
Department of Administration			
Public Broadcasting Council Equipment Grants	\$200,000	\$200,000	0.0
Transfer the Workplace Safety Program (2.0 FTE) to the Department of Human Resources - Delete 1.0 FTE (nonreportable budget reduction)	0	0	(3.0)
State Treasurer			
Computer application for Unclaimed Property Program	0	18,000	0.0
Bond Services Program LAN system	29,000	39,000	0.0
Judicial Branch			
Add funding for turnover rate reduction and 2.0 FTE positions	200,000	200,000	2.0
State Fire Marshal			
Enhancements for firefighter certification, public education, and computer technology	0	153,315	0.0
Adjutant General			
National Guard tuition assistance	150,000	150,000	0.0
Sentencing Commission			
Add 1.0 FTE Research Analyst position	32,267	32,267	1.0
Additional rent for office space	1,425	1,425	0.0
Highway Patrol			
Payment for required audit of KHP motor vehicle fleet	28,000	28,000	0.0
Department of Wildlife and Parks			
Prairie Spirit Rail-Trail Operations	(8,000)	(8,000)	0.0
"Becoming an Outdoors Woman	(6,500)	(6,500)	0.0
Board of Regents - Subcommittee Recommendation			
Regents Technology Equipment	(3,500,000)	(3,500,000)	0.0
Washburn University Tuition Grant Program	25,000	25,000	0.0
Pittsburg State University - Subcommittee Recommendation			
Servicing new buildings - revise formula to 1:15,000 sq. feet - Technology Ctr.	128,292	128,292	6.0
Real Estate Appraisal Board			
Add funding for salary and associated costs for new Investigator	0	38,463	1.0
Delete funding for professional services no longer needed because of new position	0	(20,000)	0.0
Add funding to upgrade classification of an Office Specialist to a Public Service Administrator	0	1,320	0.0
Attorney General			
Increase estimated expenditures from the Court Cost Fund to budget salaries to 2.0 unclassified temporary positions added in FY 1997 in the consumer protection division	0	91,426	0.0
Board of Tax Appeals			
Delete funding to implement pending legislation (SB 161) for state assumption of county hearing officer panels	(400,000)	(400,000)	0.0
State Board of Education			
Add funding for the salary and associated costs of an Auditor I position to audit child and adult food service programs	0	50,252	1.0
Add funding for Education Excellence Grants (total \$1.6 million)	115,000	115,000	0.0
Add funding for state match for Adult Basic Education (total \$904,506)	4,506	4,506	0.0
Switch funding for Environmental Education Grants from the SGF to the State Water Plan Fund	(25,000)	0	0.0

SENATE COMMITTEE ADJUSTMENTS TO AMENDED GOVERNOR'S RECOMMENDATION

Agency/Item	State General Fund	All Funds	FTE
Emergency Medical Services Board			
Add funding for other operating expenditures generally to maintain current year operating level	7,900	7,900	0.0
Kansas Bureau of Investigation			
Reappropriation of FY 1994 released encumbrance for computer programming	15,174	15,174	0.0
Add 2.0 FTE for custodial and maintenance staff	36,486	36,486	2.0
Department of Social and Rehabilitation Services			
Add funding to increase Assistive Technology Program to \$125,000	25,000	25,000	0.0
Reduce medical assistance for net savings produced by SB 12	(273,760)	(617,600)	0.0
State Fair			
Funding of temporary salary for new director	0	12,012	0.0
The Committee has not adopted Governor's Budget Amendment No. 1, Item 8	0	5,000	0.0
Grain Inspection Department			
Offset half of anticipated 15 percent warehouse program fee increase	33,292	33,292	0.0
Reduce warehouse program turnover rate to 20.3 to 16.2 percent to reduce vacant positions from 2.0 FTE to 1.0 FTE	19,690	19,690	0.0
Provide OOE associated with turnover rate reduction	14,899	14,899	0.0
Kansas Wheat Commission			
Computer upgrades and office network	0	35,780	0.0
State Conservation Commission			
Computer and Network Upgrades	9,265	9,265	0.0
Kansas Water Office			
Shift technical assistance from KDHE to Water Office - State Water Plan	0	200,000	0.0
Reduce portion of \$190,000 weather modification enhancement - State Water Plan	0	(70,000)	0.0
Department of Corrections			
Add funding for 24 vocational education slots	142,272	142,272	0.0
Add funding for 30 halfway house placements in southern parole region	284,700	284,700	0.0
Add funding for community sex and substance abuse programs	100,000	100,000	0.0
Add \$35,000 SGF to increase Labette Correctional Conservation Camp salaries	35,000	35,000	0.0
The Committee has not adopted Governor's Budget Amendment No. 1	75,000	75,000	0.0
Winfield Correctional Facility			
The Committee has not adopted Governor's Budget Amendment No. 1	(65,058)	(65,058)	(1.0)
Ombudsman for Corrections			
Delete funding from the SRS and add \$15,000 for the DOC Inmate Benefit Fund	(2,000)	13,000	0.0
State Corporation Commission			
Delete 1.0 FTE position and make other salary adjustments	0	(62,435)	(1.0)
Reduce capital outlay expenditures	0	(53,082)	0.0
Kansas Arts Commission			
Shift \$26,000 SGF from aid to state operations for the cost of an FTE position	0	0	1.0
Add \$75,000 EDIF for grants to public and private entities	0	75,000	0.0
State Historical Society			
Shift overfunding in original Governors' recommendation from salaries to other operating expenditures (GBA No. 1 not adopted)	5,092	21,203	0.0
New rental space for record management center	43,000	43,000	0.0
Abstracters' Board of Examiners			
Delete \$248 as a technical adjustment in salaries and wages	0	248	0.0

SENATE COMMITTEE ADJUSTMENTS TO AMENDED GOVERNOR'S RECOMMENDATION

Agency/Item	State General Fund	All Funds	FTE
Department of Credit Unions			
Add \$3,000 to finance the move from Wichita to the Kansas City area for a financial examiner	3,000	3,000	0.0
Department of Commerce and Housing			
Delete \$500,000 (EDIF) for Railroad Mitigation Program	0	(500,000)	0.0
Lapse \$200,000 (EDIF) in the Microloan Program	0	(200,000)	0.0
Delete \$15,057 (EDIF) for rent increase	0	(15,057)	0.0
Kansas State School for the Blind			
Add funding for the retention of 2.0 Office Assistant positions	52,908	52,908	2.0
Kansas State School for the Deaf			
Add funding for utility cost increase	10,000	10,000	0.0
Wichita State University			
Base budget adjustment based on FY 1997 SGF addition	390,640	0	0.0
Kansas State University - Ext. Services and Ag. Research Programs			
Add State Water Plan Funding for continuation of Ogalalla Aquifer study	0	28,057	0.0
Legislative Division of Post Audit			
Funding of statutorily required audits (Post Audit vs. agency)	(80,000)	(146,300)	0.0
Department of Human Resources			
Delete most of funding for One-Stop Career Center System	0	(359,940)	0.0
Shift funding for program from SGF to special revenue fund	(55,316)	0	0.0
Add 2.0 FTE to reflect transfer of Workplace Health and Safety Program from the Department of Administration. The funding is non-reportable.	0	0	2.0
Department on Aging			
Add funding for a pilot program in two AAAs to reduce program waiting lists	120,000	120,000	0.0
Add funding for the Retired and Senior Volunteer Program (RSVP)	7,500	7,500	0.0
Board of Nursing			
Add 1.0 FTE Registered Nurse III Investigator and 1.0 unclassified temporary position for the disciplinary department to reduce the case backlog	0	76,672	1.0
Human Rights Commission			
Add funding and 2.0 unclassified temporary special investigators to reduce the agency's backlog	70,000	70,000	0.0
Juvenile Justice Authority			
Increase funding over Governor's Recommendation	2,777,265	4,465,301	0.0
Secretary of State			
Delete funding for optical disc imaging system	0	(99,955)	0.0
MH and DD Mental Health Services			
Increase funding to KsAMI and KMIAC	50,000	50,000	0.0
MH and DD Developmental Disabilities Services			
Increase funding to the Parent Assistance Network	50,000	50,000	0.0
Department of Transportation			
Add general aviation grants	0	500,000	0.0
KPERS			
Add funding for accelerated collections	0	55,000	0.0
Add Post Audit fees	0	34,800	0.0
Kansas Lottery			
Add Post Audit fees	0	16,000	0.0
Racing and Gaming Commission			
Add Post Audit Fees	0	5,500	0.0

SENATE COMMITTEE ADJUSTMENTS TO AMENDED GOVERNOR'S RECOMMENDATION

Agency/Item	State General Fund	All Funds	FTE
Shift 13.0 positions to SGF	705,637	0	0.0
Eliminate county fair grants	0	(613,000)	0.0
Add permanent gaming staff	0	0	8.0
Governmental Standards and Conduct			
Add funding for purchase of modem	130	130	0.0
Animal Health			
Shift of SGF funding contained in Governor's Budget Amendment No. 1	(469)	0	0.0
Department of Health and Environment			
Delete federal funds budgeted for unspecified purposes	0	(50,700)	0.0
Delete moneys budgeted twice for the same purpose	0	(45,000)	0.0
Delete overfunding for foster care licensure activities	(79,476)	(79,476)	0.0
Delete 0.5 position that was inadvertently included in the Governor's recommendation	(17,029)	(17,029)	(0.5)
Delete SGF funding for salaries related to oversight of animal feedlots; delete 6.0 FTE	(26,120)	(26,120)	(6.0)
Shift from SGF to other funds a portion of money for Cherokee superfund site	(59,059)	0	0.0
Delete moneys for a new voluntary cleanup program for which legislation is pending	0	(105,205)	0.0
Delete moneys for Kansas rural water association grant	0	(200,000)	0.0
Delete funding for vaccine supplies	(350,940)	(350,940)	0.0
FY 1998 Salary Plan Reductions			
Department of Administration	(474,032)	(486,301)	0.0
State Treasurer	(51,014)	(74,245)	0.0
University of Kansas Medical Center	(2,310,780)	(5,176,659)	0.0
Judicial Branch	(2,559,081)	(2,654,879)	0.0
Judicial Council	(8,017)	(8,509)	0.0
Board of Indigents' Defense Services	(170,855)	(170,855)	0.0
State Fire Marshal	0	(55,547)	0.0
Adjutant General	(53,264)	(260,362)	0.0
Sentencing Commission	(4,800)	(7,940)	0.0
Highway Patrol	(716,525)	(1,051,106)	0.0
Kansas Parole Board	(13,029)	(13,029)	0.0
Department of Wildlife and Parks	(105,164)	(602,265)	0.0
Emporia State University	(1,015,197)	(1,015,197)	0.0
Fort Hays State University	(953,920)	(953,920)	0.0
Pittsburg State University	(1,094,213)	(1,094,213)	0.0
Board of Regents	(36,084)	(36,084)	0.0
Board of Technical Professions	0	(4,475)	0.0
Board of Hearing Aid Examiners	0	(25)	0.0
Real Estate Appraisal Board	0	(2,803)	0.0
Real Estate Commission	0	(19,333)	0.0
Attorney General	(89,858)	(126,284)	0.0
Board of Tax Appeals	(25,595)	(25,595)	0.0
State Department of Education	(181,992)	(342,965)	0.0
Emergency Medical Services Board	(18,115)	(18,115)	0.0
Department of Social and Rehabilitation Services	(2,533,329)	(5,706,209)	0.0
Kansas Bureau of Investigation	(304,399)	(323,413)	0.0
Department of Revenue	(869,589)	(1,496,074)	0.0
Department of Agriculture	(328,765)	(490,693)	0.0
Animal Health Department	(10,632)	(32,775)	0.0
State Fair	0	(21,519)	0.0
Grain Inspection Department	0	(142,919)	0.0
Kansas Wheat Commission	0	(12,027)	0.0
State Conservation Commission	(17,430)	(19,889)	0.0
Kansas Water Office	(40,269)	(41,993)	0.0
Board of Veterinary Medical Examiners	0	(3,156)	0.0
Department of Health and Environment	(481,954)	(1,325,506)	0.0
Insurance Department	0	(192,207)	0.0

SENATE COMMITTEE ADJUSTMENTS TO AMENDED GOVERNOR'S RECOMMENDATION

Agency/Item	State General Fund	All Funds	FTE
Health Care Stabilization Fund	0	(18,654)	0.0
State Corporation Commission	0	(333,477)	0.0
Citizens' Utility Ratepayer Board	0	(4,783)	0.0
Kansas Arts Commission	(6,772)	(10,079)	0.0
State Historical Society	(148,019)	(172,752)	0.0
Department of Corrections	(265,244)	(349,465)	0.0
Ellsworth Correctional Facility	(158,881)	(158,881)	0.0
El Dorado Correctional Facility	(307,670)	(307,670)	0.0
Hutchinson Correctional Facility	(504,655)	(508,725)	0.0
Lansing Correctional Facility	(761,822)	(761,822)	0.0
Larned Correctional Facility	(145,699)	(145,699)	0.0
Norton Correctional Facility	(215,562)	(215,562)	0.0
Topeka Correctional Facility	(319,916)	(321,976)	0.0
Winfield Correctional Facility	(144,352)	(147,147)	0.0
Ombudsman for Corrections	(4,623)	(4,623)	0.0
Board of Accountancy	0	(3,562)	0.0
Mortuary Arts Board	0	(4,888)	0.0
Abstracters' Board of Examiners	0	(255)	0.0
Consumer Credit Commissioner	0	(12,436)	0.0
Department of Credit Unions	0	(23,269)	0.0
Office of the Securities Commissioner	0	(45,158)	0.0
State Bank Commissioner	0	(90,205)	0.0
Department of Commerce and Housing	(63,248)	(211,425)	0.0
Kansas, Inc.	(5,173)	(8,344)	0.0
Kansas Technology Enterprise Corporation	0	(59,042)	0.0
Kansas State School for the Blind	(101,408)	(104,781)	0.0
Kansas State School for the Deaf	(201,044)	(203,075)	0.0
University of Kansas	(5,361,606)	(5,361,606)	0.0
Kansas State University	(3,701,036)	(3,701,036)	0.0
KSU-Extension Services and Agricultural Research Programs	(1,448,150)	(1,448,150)	0.0
KSU-Veterinary Medical Center	(441,951)	(441,951)	0.0
KSU-Salina, College of Technology	(150,684)	(150,684)	0.0
Wichita State University	(2,187,181)	(2,187,181)	0.0
Department of Human Resources	(42,001)	(1,323,973)	0.0
Department on Aging	(49,576)	(75,193)	0.0
Commission on Human Rights	(39,742)	(61,701)	0.0
State Library	(33,722)	(38,985)	0.0
Kansas Commission on Veterans Affairs	(59,686)	(59,686)	0.0
Kansas Soldiers' Home	(10,579)	(148,788)	0.0
Behavioral Sciences Regulatory Board	0	(5,681)	0.0
Board of Nursing	0	(19,909)	0.0
Board of Optometry	0	(362)	0.0
Juvenile Justice Authority	(7,836)	(7,836)	0.0
Youth Center at Beloit	(97,341)	(98,824)	0.0
Youth Center at Larned	(101,076)	(101,076)	0.0
Youth Center at Atchison	(121,314)	(121,314)	0.0
Youth Center at Topeka	(289,000)	(289,000)	0.0
Governmental Standards and Conduct	(10,956)	(12,436)	0.0
Secretary of State	(4,653)	(62,037)	0.0
Dental Board	0	(3,400)	0.0
Board of Healing Arts	0	(33,979)	0.0
Board of Pharmacy	0	(11,832)	0.0
Larned State Hospital	(323,038)	(873,075)	0.0
Osawatomie State Hospital	(211,905)	(756,808)	0.0
Rainbow Mental Health Facility	(79,495)	(161,904)	0.0
Topeka State Hospital	0	(2,547)	0.0
Kansas Neurological Institute	(345,409)	(812,726)	0.0
Parsons State Hospital and Training Center	(221,579)	(514,822)	0.0
Winfield State Hospital and Training Center	(118,434)	(367,673)	0.0
Kansas Guardianship Program	(12,863)	(12,863)	0.0
Board of Barbering	0	(1,690)	0.0
Board of Cosmetology	0	(11,769)	0.0
Department of Transportation	0	(3,701,254)	0.0
KPERS	0	(124,523)	0.0
Kansas Lottery	0	(135,065)	0.0
Racing and Gaming Commission	0	(62,937)	0.0
Governor's Department	(41,109)	(41,109)	0.0
Lieutenant Governor	(2,681)	(2,681)	0.0
Legislative Division of Post Audit	(42,307)	(42,307)	0.0
Legislative Coordinating Council	(23,571)	(23,571)	0.0

SENATE COMMITTEE ADJUSTMENTS TO AMENDED GOVERNOR'S RECOMMENDATION

Agency/Item	State General Fund	All Funds	FTE
Revisor of Statutes	(66,529)	(66,529)	0.0
Legislative Research Department	(89,527)	(89,527)	0.0
Legislature	(163,785)	(163,785)	0.0
Subtotal-Salary Plan Reductions	(33,722,312)	(51,972,626)	0.0
TOTAL CHANGE - FY 1998	(\$32,673,699)	(\$51,558,968)	15.5
TOTAL CHANGE - FY 1998 (Excluding Salary Plan Reductions)	\$1,048,613	\$413,658	15.5

FY 1999:

Board of Accountancy			
Delete funding due to elimination of CPA exam expenses	\$0	(\$60,000)	0.0
Real Estate Appraisal Board			
Add funding of \$14,524, which is net increase of adding new position in FY 1998, upgrading position in FY 1998, and deleting \$20,000 for professional services no longer needed because of new position	0	14,524	1.0
Abstracters' Board of Examiners			
Delete funding as a technical adjustments for salaries and wages	0	(268)	0.0
Board of Nursing			
Add 1.0 FTE Nurse Investigator III to reduce case backlog	0	40,514	0.0

FY 1999 Salary Plan Reductions

Board of Accountancy	0	(1,147)	0.0
Mortuary Arts Board	0	(4,200)	0.0
Board of Veterinary Examiners	0	(2,333)	0.0
Board of Technical Professions	0	(7,448)	0.0
Board of Hearing Aid Examiners	0	(36)	0.0
Real Estate Appraisal Board	0	(2,793)	0.0
Real Estate Commission	0	(16,827)	0.0
Behavioral Sciences Regulatory Board	0	(5,171)	0.0
Board of Nursing	0	(18,555)	0.0
Board of Optometry	0	(690)	0.0
Board of Barbering	0	(1,690)	0.0
Board of Cosmetology	0	(11,004)	0.0
Dental Board	0	(2,534)	0.0
Board of Healing Arts	0	(38,772)	0.0
Board of Pharmacy	0	(9,706)	0.0
Abstracters' Board of Examiners	0	(255)	0.0
Consumer Credit Commissioner	0	(9,988)	0.0
Department of Credit Unions	0	(18,625)	0.0
Office of the Securities Commissioner	0	(31,969)	0.0
Bank Commissioner	0	(88,366)	0.0
Subtotal - Salary Plan Reductions	0	(272,109)	0.0
TOTAL CHANGE - FY 1999	\$0	(\$277,339)	1.0
TOTAL CHANGE - FY 1999 (Excluding Salary Plan Reductions)	\$0	(\$5,230)	1.0

*Attached 3/18
 SB HB
 not merged
 by
 Blue*

Potential FYs 1997 - 1999 State General Fund Adjustments From the Governor's Recommendation

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 97 - 99</u>
Demand Transfers:				
Cap most demand transfers at 1.5% increase instead of 2.5%	\$0.0	(\$1.8)	\$0.0	(\$1.8)
State Employee Salaries:				
Delete 1% base salary adjustment (classified and unclassified)	0.0	(9.8)	(9.8)	(\$19.6)
Regents:				
Linear tuition adjustment - utilize FY 1996 as base year - KU - \$1.23 million; KSU - \$0.84 million	(2.1)	(2.1)	(2.2)	(\$6.4)
Technology equipment program	0.0	(3.5)	0.0	(\$3.5)
Emporia State University - negative enrollment growth hold harmless	0.0	(0.2)	(0.2)	(\$0.4)
KUMC - 25 first-year medical student loans	0.0	(0.6)	(0.6)	(\$1.2)
PSU - Technology Center - PMIB Loan	(1.0)	0.0	0.0	(\$1.0)
EBF hold harmless for mill levy reduction	0.0	(0.4)	0.0	(\$0.4)
Department of Education:				
Return to current law on the fourth year of correlation weighting	0.0	(9.8)	9.8	\$0.0
Community college aid - hold increase to 2.5 percent	0.0	(0.8)	0.0	(\$0.8)
Post-secondary area vocational/technical college aid - hold increase to 2.5 percent	0.0	(0.5)	0.0	(\$0.5)
Shift funding for educational excellence grants back to EDIF	0.0	(1.5)	0.0	(\$1.5)
Washburn University operating grant - limit increase to 2.5 percent	0.0	(0.1)	0.0	(\$0.1)
Tuition Grant Program - Limit increase to 2.5 percent	0.0	(0.1)	0.0	(\$0.1)
Department of Social and Rehabilitation Services:				
Eliminate burial assistance	0.0	(0.7)	0.0	(\$0.7)
Eliminate General Assistance legal services contract	0.0	(0.6)	0.0	(\$0.6)
Shift \$1.4 million from the Juvenile Detentions Facilities Fund to the Social Welfare Fund and offset State General Fund expenditures	0.0	(1.4)	0.0	(\$1.4)
Foster care privatization cash-flow	(1.0)	0.0	0.0	(\$1.0)
Title 19 - Additional receipts, offset State General Fund	(1.0)	0.0	0.0	(\$1.0)
Department on Aging:				
Reduction in adult care homes funding due to Home and Community Based waiver program	0.0	(1.0)	0.0	(\$1.0)
Department of Human Resources:				
One-stop career centers (EDIF)	(0.4)	(0.4)	0.0	(\$0.8)
Public Employees Relations Board enhancement	0.0	(0.1)	0.0	(\$0.1)

Senate Ways and Means Committee

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Attachment # 18

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>Cumulative Amount FY 97 - 99</u>
Department of Commerce and Housing:				
Delete railroad mitigation program (EDIF)	0.0	(0.5)	0.0	(\$0.5)
Training equipment grants (EDIF)	0.0	(0.5)	0.0	(\$0.5)
Department of Health and Environment:				
Delete funding and 9.0 FTE positions for oversight of confined feedlot facilities.	0.0	(0.5)	0.0	(\$0.5)
Homestead Property Tax Refund:				
Reflects a more modest increase in the participation of the revised program	(0.3)	(0.7)	0.0	(\$1.0)
Department of Revenue:				
Funding partial enhancement of property tax appraisal assistance to counties	0.0	(0.2)	0.0	(\$0.2)
Enhancement for expert testimony in gas company valuation case	0.0	(0.2)	0.0	(\$0.2)
Department of Agriculture				
Delete computer system enhancement	0.0	(0.3)	0.0	(\$0.3)
Department of Wildlife and Parks				
Delete enhancement of seasonal and temporary workers (Park Fee Fund)	0.0	(0.2)	0.0	(\$0.2)
Reduction in capital outlay	0.0	(0.1)	0.0	(\$0.1)
Department of Administration				
Delete funding for the Kansas Performance Review Board	0.0	(0.2)	0.0	(\$0.2)
Delete increase in funding for public broadcasting grants	0.0	(0.3)	0.0	(\$0.3)
Secretary of State:				
Delete funding for optical disc imaging system	(0.6)	0.0	0.0	(\$0.6)
GRAND TOTAL	(\$6.4)	(\$39.1)	(\$3.0)	(\$48.5)

SUGGESTED ADJUSTMENTS TO GOVERNOR'S RECOMMENDATIONS AND SENATE WAYS AND MEANS RECOMMENDATIONS

Agency/Item	State General Fund	All Funds	FTE
FY 1997:			
Board of Cosmetology			
Delete Office Assistant I position	0	0	(1.0)
Department of Human Resources			
Eliminate One-Stop Career Center Funding	0	(430,000)	0.0
Dept. of Social and Rehabilitation Services			
Remove funding for the implementation of privatized foster care services	(2,000,000)	(3,333,333)	0.0
Dept. of Social and Rehabilitation Services- Long Term Care			
Reduction to reflect consensus caseload estimates	0	(500,000)	0.0
State Corporation Commission			
Delete 1.0 FTE position and make other salary adj.	0	(60,723)	(1.0)
State Historical Society			
Shift salary cost to new fee revenues and make other salary adjustments	(74,485)	3,805	0.0
Department of Health and Environment			
Delete federal funds that will not be available and shift 3.0 FTE to already existing unclassified temporary positions	0	(99,501)	(3.0)
University of Kansas			
Delete State General Fund supplemental for the impact of linear tuition OR reduce funding for SGF supplemental based on spring enrollment information (larger reduction included in total)	(1,233,514) (142,189)	0 0	0.0 0.0
Kansas State University			
Delete State General Fund supplemental for the impact of linear tuition	(841,652)	0	0.0
Juvenile Justice Authority			
Reduce funding from five months of operations to two months of operations	(83,369)	(83,369)	0.0
Department of Revenue			
Year 2000 conversion - DOV fund	0	(500,000)	0.0
Delete funding for expert testimony - fund within existing resources	(100,000)	(100,000)	0.0
Conservation Commission			
Conservation District Aid	0	500	0.0
Department of Corrections			
Delete SGF capital improvements planning money	(757,466)	(757,466)	0.0
Kansas Technology Enterprise Corporation			
Reduction for bonuses	0	(92,000)	0.0
Department of Administration			
Delete funding for SHARP upgrades	(3,800,000)	(3,800,000)	0.0
Delete funding for year 2000 projects	(6,416,673)	(6,416,673)	0.0
Kansas Lottery			
Delete Hot Site Computer	0	(500,000)	0.0
Kansas Department of Transportation			
Reduce design and right of way funding for new projects	0	(12,000,000)	0.0
Secretary of State			
Delete funding for optical disc imaging system	(550,000)	(550,000)	0.0
State Fair			
Shift Encampment Building Funding to PMIB loan		0	0.0

Senate Ways and Means Committee

Date **3-26-97**

Attachment # **19**

SUGGESTED ADJUSTMENTS TO GOVERNOR'S RECOMMENDATIONS AND SENATE WAYS AND MEANS RECOMMENDATIONS

Agency/Item	State General Fund	All Funds	FTE
Pittsburg State University			
Delete Technology Center Funding	(2,000,000)	(2,000,000)	0.0
Delete tuition shortfall at PSU	(582,877)	0	0.0
Emporia State University			
Delete tuition shortfall supplemental at ESU	(338,867)	(338,867)	0.0
KSU-Salina College of Technology			
Delete tuition shortfall supplemental at KSU-Salina	(44,116)	(44,116)	0.0
Department of Wildlife and Parks			
Delete funding for computer system upgrade	(38,430)	(128,100)	0.0
Delete El Dorado State Park Payment	(8,200,000)	(8,200,000)	0.0
Other One Time Supplementals (To Be Determined)			
Delete one-time supplementals	(4,600,000)	(4,600,000)	
TOTAL CHANGE - FY 1997	(\$31,803,638)	(\$44,529,843)	(5.0)

FY 1998:

Board of Cosmetology			
Delete Office Assistant I position	0	0	(1.0)
Attorney General			
Redirect charity funds to Court Cost Fund	0	100,000	0.0
State Department of Education			
Switch funding for Educational Excellence Programs to EDIF	(1,485,000)	0	0.0
Reduce funding recommended for in-service education aid	(500,000)	(500,000)	0.0
Delete funding for Environmental Education	(25,000)	(25,000)	0.0
State Board of Tax Appeals			
Delete 2.0 FTE positions and associated salaries	(57,157)	(57,157)	(2.0)
Reduce other operating expenditures	(20,000)	(20,000)	0.0
Delete funding to make Board responsible for tax appeal process at county level, pending passage of S.B. 161	(400,000)	(400,000)	0.0
Emergency Medical Services Board			
Delete all funding for regional councils	(68,094)	(68,094)	0.0
Department of Human Resources			
Eliminate One-Stop Career Center funding	0	(409,940)	0.0
Reduce funding for PERB	(30,280)	(30,280)	0.0
Delete capital outlay funding	0	(152,000)	0.0
Department on Aging			
Reduction in adult care homes funding	(4,918,800)	(12,000,000)	0.0
Reduction in administrative costs	(189,519)	(330,000)	0.0
Homestead Property Tax Refunds			
Reflects more modest increase in participation of newly revised program	(700,000)	(700,000)	0.0
State Library			
Eliminates computer related funding for Kansas talking books program	(140,913)	(140,913)	0.0
Department of Wildlife and Parks			
Prairie Spirit Rail-Trail Operations	(4,000)	(4,000)	0.0

SUGGESTED ADJUSTMENTS TO GOVERNOR'S RECOMMENDATIONS AND SENATE WAYS AND MEANS RECOMMENDATIONS

<u>Agency/Item</u>	<u>State General Fund</u>	<u>All Funds</u>	<u>FTE</u>
Central Aircraft Operating Fund	0	(50,000)	0.0
Delete funding for wetlands acquisition	0	(800,000)	0.0
Delete enhancements recommended by the Governor	(8,000)	(306,880)	0.0
Delete 4.0 FTE positions	(126,472)	(126,472)	(4.0)
Delete funding for capital outlay (one-half from Law Enforcement - remainder proportionately from other divisions) more than \$ 1.385 million recommended	0	(200,000)	0.0
Juvenile Justice Authority			
Delete FY 1998 funding for reconsideration of budget in omnibus	(17,792,412)	(22,398,786)	(151.5)
Department of Revenue			
PVD staff and salaries reductions	(319,109)	(354,566)	(8.0)
Kansas State Fair			
Shift operating expenditures to fee funds	(60,000)	0	0.0
Kansas Technology Enterprise Corporation			
Reduction for bonuses	0	(92,000)	0.0
5.0 Percent EDIF reduction	0	(674,564)	0.0
Do not fund information system enhancements	(60,606)	(60,606)	0.0
Kansas, Inc.			
Delete School District Performance Study	(64,620)	(64,620)	0.0
Department of Commerce and Housing			
Railroad Mitigation Fund	0	(500,000)	0.0
Greyhound Tourism Fund	0	(90,000)	0.0
Reduce Operating Budget	(172,010)	(511,917)	0.0
Delete funding for office rent	0	(15,057)	
Reduce funding for contractual services - Ag. products development div.	0	(50,000)	
KIT/KIR	0	(250,000)	
Reduce funding for contractual services - Trade development	0	(10,000)	
Travel/tourism division	0	(99,250)	
Strengthen media campaign	0	(100,000)	
Legislative Division of Post Audit			
Funding of statutorily required audits (Post Audit vs. agency)	(80,000)	(146,300)	0.0
Board of Regents			
Delete \$7.5 million for Regents equipment-Consider crumbling classrooms funding or other source OR Delete \$3.5 million as recommended by Subcommittee (larger reduction reflected in total)	(7,500,000)	(7,500,000)	0.0
State Corporation Commission			
Delete 1.0 FTE position and make other salary adj.	0	(62,435)	(1.0)
Delete all capital outlay expenditures	0	(303,082)	0.0
Department of Health and Environment			
Delete federal funds budgeted for unspecified purposes	0	(50,700)	0.0
Delete moneys budgeted twice for the same purpose	0	(45,000)	0.0
Add 0.5 FTE Attorney position for licensing foster care, but delete remaining overfunding for the activities	(41,888)	(41,888)	0.5

SUGGESTED ADJUSTMENTS TO GOVERNOR'S RECOMMENDATIONS AND SENATE WAYS AND MEANS RECOMMENDATIONS

<u>Agency/Item</u>	<u>State General Fund</u>	<u>All Funds</u>	<u>FTE</u>
Delete 0.5 position that was inadvertently included in the Governor's recommendation	(17,029)	(17,029)	(0.5)
Delete SGF funding and 9.0 FTE positions for activities related to oversight of animal feedlots, leaving \$162,783 for 3.0 unclassified temporary positions added in FY 1997	(300,000)	(300,000)	(9.0)
Shift from SGF to other funds a portion of money for Cherokee superfund site	(59,059)	0	0.0
Delete moneys for a new voluntary cleanup program for which legislation is pending	0	(105,205)	0.0
Delete moneys and 1.0 FTE for office of science and support and add a proviso requiring the Department to reorganize the Division of Environment	(60,000)	(60,000)	(1.0)
Delete moneys for Kansas rural water association grant	0	(200,000)	0.0
Kansas Arts Commission			
Shift \$525,582 from SGF to EDIF for grants to local and private entities	(525,582)	0	0.0
State Historical Society			
Adjust salaries to correct financing	(11,646)	3,466	0.0
Delete moneys for Civil War flag conservation	(26,000)	(26,000)	0.0
State Treasurer			
Limit demand transfers (LAVTRF, CCRSF) to 1.5 increase over FY 1997 transfers	(820,438)	(820,438)	0.0
Maintain sufficient UNIX system	(29,000)	(39,000)	0.0
Reduce salary funding for PMIB	(60,000)	(60,000)	0.0
University of Kansas			
Reflect shift in base budget funding because of elimination of current year supplemental for linear tuition	(1,282,855)	0	0.0
Kansas State University			
Reductions in capital improvements requested by University	0	(4,356,800)	0.0
Reflect shift in base budget funding because of elimination of current year supplemental for linear tuition	(875,526)	0	0.0
Wichita State University			
Delete transfer (nonreportable expenditure from Consumer Credit Commissioner	0	(70,000)	0.0
Kansas Lottery			
Delete staff and operating funds	0	(1,214,823)	(10.0)
Racing and Gaming Commission			
Delete staff and operating funds paid by Racing Fund	0	(1,099,611)	(12.0)
Reduce expenditures to subsidize Fair racing	0	(363,000)	0.0
Kansas Department of Transportation			
Reduce staff in anticipation of GBA to cut	0	(2,451,000)	(88.2)
Limit increase to 1.5 percent in State Highway Fund demand transfer	(844,000)	0	0.0
Limit increase to 1.5 percent in City-County Highway Fund demand transfer	(105,000)	(105,000)	0.0
Secretary of State			
Delete funding for optical disc imaging system	0	(99,955)	0.0
Board of Accountancy			
Reduce capital outlay	(9,400)	(9,400)	0.0

SUGGESTED ADJUSTMENTS TO GOVERNOR'S RECOMMENDATIONS AND SENATE WAYS AND MEANS RECOMMENDATIONS

<u>Agency/Item</u>	<u>State General Fund</u>	<u>All Funds</u>	<u>FTE</u>
State Fire Marshal			
Delete Senate Subcommittee enhancements - (\$153,315 all funds)			
Adjutant General			
Delete Senate Subcommittee enhancements (\$25,000 SGF and all funds)			
Board of Nursing			
Delete 1.0 Registered Nurse III Investigator recommended by Senate Subcommittee (\$41,672 all funds)			
Youth Center at Topeka			
Delete Capital Outlay amount	0	(72,575)	0.0
Department of Administration			
Delete all funding for public broadcasting	(1,595,977)	(1,595,977)	0.0
5% Percent FTE Reductions			
Department of Wildlife and Parks	(268,753)	(268,753)	(8.5)
Kansas Highway Patrol	(780,965)	(780,965)	(24.7)
Department of Corrections and Facilities	(442,652)	(442,652)	(14.0)
Subtotal - 5% FTE Reduction	(1,492,370)	(1,492,370)	(47.2)
TOTAL CHANGE - FY 1998	(\$42,735,573)	(\$64,196,224)	(334.9)
TOTAL CHANGE - FY 1998 (Excluding Juvenile Justice Auth. Reductions)	(\$24,943,161)	(\$41,797,438)	(183.4)
GRAND TOTAL CHANGE - FY 1997 and FY 1998 (Excluding JJA Reductions)	(\$56,746,799)	(\$86,327,281)	(188.4)