

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairman Kenny Wilk at 9:05 a.m. on March 7, 2001, in Room 514-S of the Capitol.

All members were present except: Representative Hermes

Committee staff present: Alan Conroy, Legislative Research
Rae Anne Davis, Legislative Research
Carolyn Rampey, Legislative Research
Paul West, Legislative Research
Stuart Little, Legislative Research
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Committee Secretary

Conferees appearing before the committee:

Others attending: See Attached

Representative Minor moved for the introduction of legislation concerning methods used to obtain water rights. Motion was seconded by Representative Campbell. Motion carried.

Representative Shultz, Chairman of Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Board of Regents for FY 2001 and moved for the adoption of the Budget Committee recommendations for FY 2001 (Attachment 1). Motion was seconded by Representative Nichols. Motion carried.

Representative Shultz presented the Budget Committee report on the Governor's budget recommendations for the Board of Regents for FY 2002 and moved for the adoption of the Budget Committee recommendations for FY 2002 with the noted adjustments and observations (Attachment 1). Motion was seconded by Representative Nichols. Motion carried.

The Committee discussed the impact of 1999 **SB 345** and the amended version of 2000 **HB 2996** on the community colleges (Attachment 2). It was pointed out that one feature of the new funding formula is that 80 percent of the net increase in state aid from one year to the next must be used for property tax reduction. The spending of the extra money which remained at the community colleges was left to the discretion of the community college trustees. Copies of testimony by the Kansas Association of Community College Trustees before the House Appropriations Education Budget Committee were distributed (Attachment 3).

Representative Nichols presented the Budget Committee report on the Governor's budget recommendations for the Regents Systemwide for FY 2001 and moved for the adoption of the Budget Committee recommendations for FY 2001 (Attachment 1) Motion was seconded by Representative Light. Motion carried.

Representative Nichols presented the Budget Committee report on the Governor's budget recommendations for the Regents Systemwide for FY 2002 and moved for the adoption of the Budget Committee recommendations for FY 2002 with the noted observations (Attachment 1). Motion was seconded by Representative Light.

Representative Stone made a motion that a one-year proviso be added to the Budget Committee report on the budget recommendations for the Regents Systemwide for FY 2002 regarding institutions being held harmless for five years regarding enrollment declines and they be allowed to request block grants to offset tuition declines. Motion was seconded by Representative Feuerborn. Motion carried.

Representative Stone made a motion that the Budget Committee report on the budget recommendations for the Regents Systemwide for FY 2002 include similar language as that found in the Senate's report in Item 4 on Page 3 regarding the Governor's recommendation which does not provide for an increase in the institutional operating grants for the costs associated with servicing new buildings that are projected to come on line in FY 2002 and that this issue be re-examined at Omnibus. Motion was seconded by Representative

Nichols. Motion carried.

Representative Nichols moved for the adoption of the amended Budget Committee report on the Governor's budget recommendations for the Regents Systemwide for FY 2002 with the noted observations (Attachment 1). Motion was seconded by Representative Light. Motion carried.

Representative Shultz, presented the Budget Committee report on the Governor's budget recommendations for the University of Kansas for FY 2001 and moved for the adoption of the Budget Committee recommendations for FY 2001 (Attachment 1). Motion was seconded by Representative Light. Motion carried.

Representative Shultz, presented the Budget Committee report on the Governor's budget recommendations for the University of Kansas for FY 2002 and moved for the adoption of the Budget Committee recommendations for FY 2002 with the noted observations (Attachment 1). Motion was seconded by Representative Nichols. Motion carried

Committee members requested statistics on enrollment data from the Regents Universities regarding the percent of students who are Kansas educated.

Representative Shultz, presented the Budget Committee report on the Governor's budget recommendation for the University of Kansas Medical Center for FY 2001 and moved for the adoption of the Budget Committee recommendations for FY 2001 (Attachment 1). Motion was seconded by Representative Light. Motion carried.

Representative Shultz, presented the Budget Committee report on the Governor's budget recommendation for the University of Kansas Medical Center for FY 2002 and moved for the adoption of the Budget Committee recommendations for FY 2002 with the noted observations (Attachment 1). Motion was seconded by Representative Neufeld. Motion carried.

Representative Light presented the Budget Committee report on the Governor's budget recommendations for Kansas State University for FY 2001 and moved for the adoption of the Budget Committee recommendations for FY 2001 (Attachment 1). Motion was seconded by Representative Schultz. Motion carried.

Representative Light presented the Budget Committee report on the Governor's budget recommendations for Kansas State University for FY 2002 and moved for the adoption of the Budget Committee recommendations for FY 2002 with the noted observations (Attachment 1). Motion was seconded by Representative Nichols. Motion carried.

The Budget Committee reported that Dr. Wefald did an outstanding job for Kansas State University in listing the "points of pride" of the institution. Committee members were concerned with the Governor's recommendation of discontinuing the \$1 million in matching funds for technology grants which has been very successful in the past under this program: the state matched with \$2 every \$1 spent by the educational institution. The Committee recommended the LEPC look at the future funding of technology programs during the interim. It was brought to the attention of the Committee that there has been a 29 percent increase in enrollment in technical and vocational schools in some areas of the state.

Representative Light presented the Budget Committee report on the Governor's budget recommendations for Kansas State University Veterinary Medicine Center for FY 2001 and moved for the adoption of the Budget Committee recommendations for FY 2001 (Attachment 1). Motion was seconded by Representative Shultz. Motion carried.

Representative Light presented the Budget Committee report on the Governor's budget recommendations for Kansas State University Veterinary Medicine Center for FY 2002 and moved for the adoption of the Budget Committee recommendations for FY 2002 (Attachment 1). Motion was seconded by Representative Shultz. Motion carried.

Representative Light presented the Budget Committee report on the Governor's budget recommendations for KSU-ESARP for FY 2001 and moved for the adoption of the Budget Committee recommendations for FY 2001 (Attachment 1). Motion was seconded by Representative Shultz. Motion carried.

Representative Light presented the Budget Committee report on the Governor's budget recommendations for KSU-ESARP for FY 2002 and moved for the adoption of the Budget Committee recommendations for FY

2002 with the noted adjustment (Attachment 1). Motion was seconded by Representative Shultz. Motion carried.

The Committee discussed recommending the funding of the Farm Analyst program in the amount of \$69,372 at this point rather than waiting until Omnibus.

Representative Shultz presented the Budget Committee report on the Governor's budget recommendations for Wichita State University for FY 2001 and moved for the adoption of the Budget Committee recommendations for FY 2001 (Attachment 1). Motion was seconded by Representative Pottorff. Motion carried.

Representative Shultz presented the Budget Committee report on the Governor's budget recommendations for Wichita State University for FY 2002 and moved for the adoption of the Budget Committee recommendations for FY 2002 with observations (Attachment 1). Motion was seconded by Representative Pottorff. Motion carried.

Representative Toplikar presented the Budget Committee report on the Governor's budget recommendations for Emporia State University for FY 2001 and moved for the adoption of the Budget Committee recommendations for FY 2001 (Attachment 1). Motion was seconded by Representative Stone. Motion carried.

Representative Toplikar presented the Budget Committee report on the Governor's budget recommendations for Emporia State University for FY 2002 and moved for the adoption of the Budget Committee recommendations for FY 2002 with the noted comments (Attachment 1). Motion was seconded by Representative Stone. Motion carried

It was noted that the Governor's recommendations for FY 2002 did not include enhancements for libraries at the Regents schools but they are recommended in those of the Budget Committee. The biggest hurdle is the funding of the \$6.1 million shortage for FY 2001.

Representative Toplikar presented the Budget Committee report on the Governor's budget recommendations for Fort Hays State University for FY 2001 and moved for the adoption of the Budget Committee recommendations for FY 2001 (Attachment 1). Motion was seconded by Representative Light. Motion carried.

Representative Toplikar presented the Budget Committee report on the Governor's budget recommendations for Fort Hays State University for FY 2002 and moved for the adoption of the Budget Committee recommendations for FY 2002 with the noted comments (Attachment 1). Motion was seconded by Representative Light. Motion carried

Representative Toplikar presented the Budget Committee report on the Governor's budget recommendations for Pittsburg State University for FY 2001 and moved for the adoption of the Budget Committee recommendations for FY 2001 (Attachment 1). Motion was seconded by Representative Light. Motion carried

Representative Toplikar presented the Budget Committee report on the Governor's budget recommendations for Pittsburg State University for FY 2002 and moved for the adoption of the Budget Committee recommendations for FY 2002 with the noted comments (Attachment 1). Motion was seconded by Representative Shultz. Motion carried

In response to a request for an explanation as to why he did not sign the Budget Committee reports, Representative Toplikar said that he did not disagree with the report but that he did not want to sign it.

Action on SB 32-K-Goal; clean up amendments

Representative Neufeld moved to amend the bill by striking the first sentence of Section b, Page 4, lines 25, 26, 27, and part of line 28 through the word "secretary." Motion was seconded by Representative Bethell. Motion carried.

Representative Campbell moved to report the bill favorably as amended. Motion was seconded by Representative Neufeld. Motion carried.

Action on SB 31–SRS Oversight committee; creation of

Representative Landwehr moved for a conceptual amendment which would add a provision regarding membership of the Joint Committee on Children’s Issues requiring that the majority from each house also be members of either the House Committee on Appropriations or the Senate Committee on Ways and Means at the beginning of the session in 2003. The amendment included the authorization of the Joint Committee on Children’s Issues to introduce legislation. Motion was seconded by Representative Nichols. Motion carried.

Representative Landwehr offered a conceptual amendment which adds a provision regarding the membership of the SRS Oversight Committee requiring that the majority from each house also be members of either the House Committee on Appropriations or the Senate Committee on Ways and Means, when the Committee is continued, effective July 1, 2001. Motion was seconded by Representative Light. Motion carried.

Representative Ballard moved that the bill be reported favorably as amended. Motion was seconded by Representative Bethell. Motion carried.

Alan Conroy, Legislative Research Department, distributed copies of State General Fund receipts with the tobacco settlement payments backed out (Attachment 4).

The meeting was adjourned at 11:00 a.m. The next meeting is scheduled for March 8, 2001.

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 3/07/01

NAME	REPRESENTING
Lindsay de la Torre	KDOA
Sheli Sweeney	KDOA
Candyn Shurdy	SRS
Dodie Weppel Johnson	KAC
Diane Doty	SRS
George J. Vez	SRS
J. Scott	SRS
Shelley King	Civic Council of KC / GBBH
Michael Byington	Emulsion
Catalie Bright	Via Christi
Dan Hermes	KADSPA
Shari Coarney	CILS
Gina McDonald	KACIL
Shannon Jones	SILCK
Paul Johnson	PACK
Janet Williams	BIA
Ewitt Bruner	DOB
John Badger	SRS
Ellen Pieko Kenor	Assoc. of CMTCS

APPROPRIATIONS COMMITTEE GUEST LIST

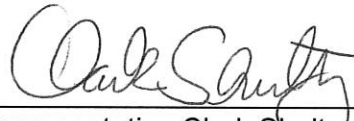
DATE: 2/07/01

NAME	REPRESENTING
Kemp M. Smith	Inter Hall
Kevin Borow	Henn/veer chrt'd.
Eric Sexton	WSU
DICK CARTER	KBOC
David & Monical	Washington University
Debra Friedman	FH5U
Sheila Krahn	KACCT
Ron Bylander	Meads, KS USA 22c + Fam Bureau
Jon Jasserand	KU

2001 EDUCATION BUDGET COMMITTEE

FY 2001 and FY 2002

Regents Systemwide
Wichita State University
University of Kansas
University of Kansas Medical Center
Kansas State University
KSU-Extension Systems and Agricultural Research Program
KSU-Veterinary Medical Center
Fort Hays State University
Emporia State University
Pittsburg State University
Board of Regents



Representative Clark Shultz, Chairperson



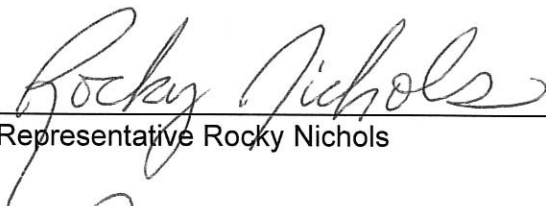
Representative Bob Grant



Representative Bill Light



Representative Dean Newton



Representative Rocky Nichols

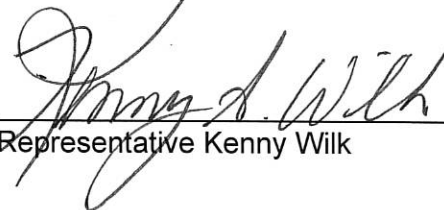


Representative Bill Reardon



Representative Ralph Tanner

Representative John Toplikar



Representative Kenny Wilk

HOUSE APPROPRIATIONS

DATE 3/7/01

ATTACHMENT #1

Senate Subcommittee Report

Agency: Board of Regents

Bill No. 342

Bill Sec. 29

Analyst: West

Analysis Pg. No. 429

Budget Page No. 361

Expenditure Summary	Agency Est. FY 01	Governor's Recommendation FY 01	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 9,396,888	\$ 9,396,888	\$ 0
Aid to Local Units	117,363,695	117,363,695	0
Other Assistance	15,368,115	15,368,115	0
Subtotal - Operating	<u>\$ 142,128,698</u>	<u>\$ 142,128,698</u>	<u>\$ 0</u>
Capital Improvements	8,465,000	8,465,000	0
TOTAL	<u><u>\$ 150,593,698</u></u>	<u><u>\$ 150,593,698</u></u>	<u><u>\$ 0</u></u>
State General Fund:			
State Operations	\$ 2,407,661	\$ 2,407,661	\$ 0
Aid to Local Units	104,415,287	104,415,287	0
Other Assistance	13,790,930	13,790,930	0
Subtotal - Operating	<u>\$ 120,613,878</u>	<u>\$ 120,613,878</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 120,613,878</u></u>	<u><u>\$ 120,613,878</u></u>	<u><u>\$ 0</u></u>
FTE Positions	28.0	28.0	0.0
Unclassified Temp. Positions	1.5	1.5	0.0
TOTAL	<u><u>29.5</u></u>	<u><u>29.5</u></u>	<u><u>0.0</u></u>

Agency Est./Governor's Recommendation

The agency's revised estimate of operating expenditures for FY 2001 includes State General Fund expenditures of \$120.6 million, as approved, and a net increase in expenditures from federal and special revenue funding sources of \$851,088, primarily associated with federal Adult Basic Education funds (\$427,934), student financial aid (\$209,891), and federal education development grants (\$129,237).

The Governor concurs with the agency's current year budget estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole has not yet considered this budget.

House Budget Committee Report

Agency: Board of Regents

Bill No. 2545

Bill Sec. 29

Analyst: West

Analysis Pg. No. 429

Budget Page No. 361

<u>Expenditure Summary</u>	<u>Agency Est. FY 01</u>	<u>Gov. Rec. FY 01</u>	<u>House Budget Committee Adjustments</u>
All Funds:			
State Operations	\$ 9,396,888	\$ 9,396,888	\$ 0
Aid to Local Units	117,363,695	117,363,695	0
Other Assistance	15,368,115	15,368,115	0
Subtotal - Operating	\$ 142,128,698	\$ 142,128,698	\$ 0
Capital Improvements	8,465,000	8,465,000	0
TOTAL	<u>\$ 150,593,698</u>	<u>\$ 150,593,698</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 2,407,661	\$ 2,407,661	\$ 0
Aid to Local Units	104,415,287	104,415,287	0
Other Assistance	13,790,930	13,790,930	0
Subtotal - Operating	\$ 120,613,878	\$ 120,613,878	\$ 0
Capital Improvements	0	0	0
TOTAL	<u>\$ 120,613,878</u>	<u>\$ 120,613,878</u>	<u>\$ 0</u>
FTE Positions	28.0	28.0	0.0
Other Unclassified Positions	1.5	1.5	0.0
TOTAL	<u>29.5</u>	<u>29.5</u>	<u>0.0</u>

Agency Est./Governor's Recommendation

The agency's revised estimate of operating expenditures for FY 2001 includes: State General Fund expenditures of \$120.6 million, as approved, and a net increase in expenditures from

federal and special revenue funding sources of \$851,088, primarily associated with federal Adult Basic Education funds (\$427,934), student financial aid (\$209,891), and federal education development grants (\$129,237).

The Governor concurs with the agency's current year budget estimate.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation.

FY 02

Board of Regents

Senate Subcommittee Report

Agency: Board of Regents

Bill No. --

Bill Sec. --

Analyst: West

Analysis Pg. No. 429

Budget Page No. 361

Expenditure Summary	Agency Request FY 02	Governor's Recommendation FY 02	Senate Subcom- mittee Adjustments
All Funds:			
State Operations	\$ 9,951,037	\$ 9,510,268	\$ (43,250)
Aid to Local Units	149,885,691	138,818,013	0
Other Assistance	17,484,931	15,508,412	0
Subtotal - Operating	<u>\$ 177,321,659</u>	<u>\$ 163,836,693</u>	<u>\$ (43,250)</u>
Capital Improvements	16,850,000	16,850,000	0
TOTAL	<u><u>\$ 194,171,659</u></u>	<u><u>\$ 180,686,693</u></u>	<u><u>\$ (43,250)</u></u>
State General Fund:			
State Operations	\$ 3,348,092	\$ 2,881,151	\$ (38,056)
Aid to Local Units	133,515,743	125,785,835	0
Other Assistance	16,065,683	14,089,164	0
Subtotal - Operating	<u>\$ 152,929,518</u>	<u>\$ 142,756,150</u>	<u>\$ (38,056)</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 152,929,518</u></u>	<u><u>\$ 142,756,150</u></u>	<u><u>\$ (38,056)</u></u>
FTE Positions	33.0	30.0	0.0
Other Unclassified Positions	3.0	2.0	0.0
TOTAL	<u><u>36.0</u></u>	<u><u>32.0</u></u>	<u><u>0.0</u></u>

* Includes a reduction of \$43,250, including \$38,056 from the State General Fund, associated with the Governor's pay plan.

Agency Request/Governor's Recommendation

The agency requests an FY 2002 operating budget of \$177.3 million, an increase of 24.8 percent from the current year estimate. The request includes: State General Fund financing of \$152.9 million, including \$21.7 million in increased expenses associated with 1999 S.B. 345 and \$10.6 million for requested enhancements. The request also includes \$24.4 million in special revenue fund financing, reflecting an increase of \$3.3 million for enhancements funded by the EDIF and decreases from the current year of \$385,000 in debt service interest payments and \$42,304 from other funding sources. The request would support **staffing** of 33. FTE and 3.0 Other Unclassified positions, reflecting the addition of 5.0 new FTE and 1.5 Other Unclassified positions.

The Governor recommends an FY 2002 budget of \$163.8 million, an increase of 15.3 percent from the current year recommendation. The recommendation includes **State General Fund** financing of \$142.8 million, including \$20.8 million for implementing 1999 S.B. 345 and \$1.4 million for program enhancements. Recommended **special revenue** financing totals \$21.1 million, including a decrease of \$385,000 in debt service interest payments, a decrease of \$33,145 in EDIF financing due to limited resources, and a net decrease of \$16,132 from other special revenue sources. The Governor's recommendation supports **staffing** of 30. FTE and 2.0 Other Unclassified positions, reflecting the addition of 1.0 new FTE and the conversion of an Other Unclassified position to a FTE position.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation, with the following adjustments and observations:

1. Delete \$43,250, including \$38,056 from the State General Fund, to remove the Governor's recommended pay plan adjustments for longevity bonus payments (\$5,994), an annualized 3.0 percent unclassified base salary increase (\$7,100), and an annualized unclassified merit pool (\$30,156) from individual agency budgets for consideration in a separate bill.
2. The Subcommittee notes that the Governor's recommendation includes \$85.2 million for Community College Operating Grants in FY 2002, an increase of \$11.1 million from the current year. The recommendation provides full funding for the second year of operating grants. The Subcommittee received testimony that largely due to the enhanced state funding, 14 of the 19 community colleges reduced their Tax Year 2000 mill levies with eight of the institutions reducing their rates by 2 mills or more. The five community colleges that increased their mill levies kept the increase to under 1 mill. By comparison, only three community colleges had lowered their Tax Year 1999 levies. In FY 2001 and FY 2002, the enhanced funding available to the community colleges under S.B. 345 will have produced \$19.4 million in property tax relief to the citizens of the state, both to the home counties of the community colleges through mill levy reductions and to the remaining counties through the phased elimination of out-district tuition.
3. The Subcommittee notes that the Governor's recommendation includes \$10.6 million for the Municipal University Operating Grant in FY 2002, an increase of \$1.3 million from the current year. The Subcommittee understands that the difference between the Governor's recommendation and the initial request of \$11.6 million is due to confusion by the institution as to the appropriate year to utilize for the count of FTE students to be used in the funding formula, with the University relying on projected FY 2002 enrollment in lieu of the actual FY 2000 enrollment utilized by the Governor's recommendation. The Subcommittee notes that S.B. 8 has been introduced in order to eliminate this confusion in future years. The Subcommittee also wishes to congratulate Washburn University on the following points of pride submitted by the University:
 - Washburn University was ranked in the top ten of regional public universities in the Midwest in the 2001 College Rankings conducted by U.S. News and World Report. Washburn was ranked 7th in the region

along with Eastern Illinois University and the University of Wisconsin - Whitewater. Of the 123 Midwestern schools compared in the rankings, 60 are public universities. Washburn ranked higher than any other similar public institution in Kansas and had the highest academic reputation ranking in its category in the state.

- Washburn University's law library was ranked 20th in the nation among law school libraries in an article in the November/December issue of the *National Jurist*. The magazine measured 178 law school libraries on the quality of their collections, facility and staff resources. Among the 17 libraries on the quality of their collections, facility and staff resources. Among the 17 libraries in an eight state Midwest region, Washburn was rated behind only the University of Iowa. The top four rated libraries were at Harvard, Iowa, Texas, and Minnesota.
 - *Washlaw*, the School of Law's web site, was deemed the premier source of legal information on the Internet based on research reported in the *Law Library Journal*. The site's designation was based upon several use and resource measures. Washburn exceeded the combined totals of the second and third ranked schools in the number of external links to the site.
 - Washburn's faculty and Board of Regents have established a Certificate in Non-Profit Management, becoming the only college or university in the state to grant such training. An interdisciplinary Certificate of Completion is offered for students who complete a major in another discipline and who wish to seek certification in Non-Profit Management.
 - Washburn University was selected by Kansas Governor Bill Graves as the only site in the state to receive trees for the Kansas Millennium Grove. All 100 trees of the Kansas Millennium Grove were started from seeds or cuttings taken from historical sites.
4. The Subcommittee notes that while S.B. 345 provides additional state resources to state universities, community colleges, and the municipal university, one key factor in the postsecondary education continuum was not included, that of vocational-technical schools. While the Governor's recommendation does provide for a 2.1 percent increase in Postsecondary Vocational Education Aid in FY 2002, this is far less than the 19.1 percent increase endorsed by the Board of Regents. Recommended funding for Vocational Education Capital Outlay Aid remains at the same level as in the current year, \$2.7 million, in lieu of the \$6.0 million endorsed by the Board of Regents. The Subcommittee was informed about a study done by the Hudson Institute that indicated by the year 2020, 82 percent of the jobs will not require a college education but will require a technical education, and that 50 percent of those jobs have not yet been created. The Subcommittee notes that the training provided by the vocational and technical schools of the state play a key role in ensuring that the workforce development in the state keeps up with the demands. The Subcommittee also notes that if the schools are expected to meet this mission, then they must have the adequate tools and resources to accomplish

their role. The Subcommittee recommends that during the interim the Legislative Educational Planning Committee study the role of vocational and technical education in the state and develop recommendations for adequate support of that sector of postsecondary education.

5. The Subcommittee received testimony from the Board of Regents on the challenges faced by the Board in implementing the Higher Education Coordination Act (S.B. 345). The responsibilities of the Board and the Board Office have increased far faster than the operational dollars have been allocated. By way of example, while the mission of the Board has expanded from governing the state universities to coordinating all of postsecondary education, the travel budget for the office has actually decreased. This has resulted in the inability to send personnel to key national meetings and Board members relying on their own resources for a substantial portion of their travel between the institutions of the state. The Subcommittee commends the members of the Board of Regents and the staff of the Board Office for their dedication, diligence and determination to provide an improved system of education in the state, even when faced with limited resources. The Subcommittee notes that the Board's efforts are not only improving the coordination of postsecondary education but of education as a whole, as exemplified by the recent first ever joint meeting between the Board of Regents and the State Board of Education.

Senate Committee Recommendation

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

1. The Senate Committee recommends that funding for Adult Basic Education and the Jones Institute and the Future Teacher Academy at Emporia State University be flagged for Omnibus consideration.

Senate Committee of the Whole Recommendation

The Senate Committee of the whole has not yet considered this budget.

House Budget Committee Report

Agency: Board of Regents

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 429

Budget Page No. 361

Expenditure Summary	Agency Req. FY 02	Gov. Rec. FY 02	House Budget Committee Adjustments
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Other Assistance	16,065,683	14,089,164	0
Subtotal - Operating	\$ 152,929,518	\$ 142,756,150	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 152,929,518	\$ 142,756,150	\$ 0
FTE Positions	33.0	30.0	0.0
Other Unclassified Positions	3.0	2.0	0.0
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Agency Req./Governor's Recommendation

The agency requests an FY 2002 operating budget of \$177.3 million, an increase of 24.8 percent from the current year estimate. The request includes: State General Fund financing of \$152.9 million, including \$21.7 million in increased expenses associated with 1999 S.B. 345 and \$10.6 million for requested enhancements. The request also includes \$24.4 million in special revenue fund financing, reflecting an increase of \$3.3 million for enhancements funded by the EDIF and decreases from the current year of \$385,000 in debt service interest payments and \$42,304 from other funding sources. The request would support **staffing** of 33. FTE and 3.0 Other Unclassified positions, reflecting the addition of 5.0 new FTE and 1.5 Other Unclassified positions.

The Governor recommends an FY 2002 budget of \$163.8 million, an increase of 15.3 percent from the current year recommendation. The recommendation includes **State General Fund** financing of \$142.8 million, including \$20.8 million for implementing 1999 S.B. 345 and \$1.4 million for program enhancements. Recommended **special revenue** financing totals \$21.1 million, including a decrease

of \$385,000 in debt service interest payments, a decrease of \$33,145 in EDIF financing due to limited resources, and a net decrease of \$16,132 from other special revenue sources.

The Governor's recommendation supports **staffing** of 30. FTE and 2.0 Other Unclassified positions, reflecting the addition of 1.0 new FTE and the conversion of an Other Unclassified position to a FTE position.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation, with the following adjustments and observations:

1. The Budget Committee notes that while the Governor's recommendation does provide for a 3.0 percent increase in state support for the Comprehensive Grant Program in FY 2002 the overall funding for the Program has not kept up with the cost of attending a postsecondary institution. The Board of Regents estimates unmet need for student financial assistance under the Program to be \$5.4 million and has proposed to increase the Program's support by that amount over a three year period. The Budget Committee believes the Comprehensive Grant Program is a vital tool of ensuring access to postsecondary education for the citizens of the state and recommends that additional funding for the program be considered at Omnibus.
2. The Budget Committee notes that the recent presentation by Senator Pat Roberts highlighted the need for university based research and development if the Kansas economy is to remain robust in the 21st century. While the state has several players involved, including the universities, KTEC, and Senator Robert's technology task force, one weakness that has been identified is the lack of a comprehensive plan for long-term research and development in the state. The Budget Committee encourages the Legislative Budget Committee to study this issue during the interim in order to provide the 2002 Legislature with some direction as to where to best target scarce state research and development resources.
3. The Budget Committee notes that the Governor's recommendation for FY 2002 includes \$20.8 million for the second year of implementation of the Higher Education Coordination Act (SB 345). The Budget Committee shares the frustration expressed by conferees representing the state universities that while SB 345 is funded the state universities are strained with the implementation due to the budgetary restrictions at the institutional level.

The Budget Committee also notes that while the primary goal of SB 345 is to develop a unified coordinated system of postsecondary education, tuition levels, residency requirements and the state's financial support of the costs of postsecondary education vary dramatically between the different sectors of postsecondary education. The Budget Committee recommends that the Legislative Educational Planning Committee (LEPC) study the interaction of tuition rates, tuition as a percent of all operational funding, state financial support, and need-based student financial assistance for the various sectors of postsecondary

education and develop benchmarks and guidelines to assist future legislatures with the development of policies designed to enhance the coordination and efficiency of all postsecondary education.

4. The Budget Committee was informed of a \$260,529 miscalculation of Washburn University's funding under the Governor's recommendation for implementing SB 345. This issue stems from using the FY 2000 enrollment data versus the FY 1999 figures. The Budget Committee recommends that this issue be explored further in Omnibus.
5. The Budget Committee notes with displeasure the growing trend among some university administrators to increase student fees in lieu of tuition increases. While student fees are appropriate to finance items that are consumed by the student during the course of study, it is not appropriate to increase mandatory student fees to finance university operations that should be paid by tuition revenue.
6. The Budget Committee notes that the Governor's recommendation does not include funding in FY 2002 to continue the program started in FY 1999 in which state university students paid an additional \$1 per credit hour for technology related equipment needs, which was then matched by \$2 from the state. This program has become the hope of faculty in obtaining current instructional equipment, especially in light of less than optimal growth in funding for other operating expenditures and the increased rate of obsolescence for equipment. While the Budget Committee is hopeful that the resources may yet be found to restore funding for the program for FY 2002, the Budget Committee recommends that the LEPC should study the impact of the initiative and develop a multi-year strategy to support the technology needs of the state universities for FY 2003 and beyond.

The Budget Committee also notes that while the Governor's recommended expenditures for the universities does not include the tuition component of the 2 for 1 program, the actual continuance of the tuition surcharge is left to the discretion of the Board of Regents. The Budget Committee recommends that the Board and the universities work with the students on the individual campuses to determine if the additional tuition should continue to be assessed.

7. The Budget Committee also wishes to congratulate Washburn University on the following points of pride submitted by the University:
 - Washburn University was ranked in the top ten of regional public universities in the Midwest in the 2001 College Rankings conducted by U.S. News and World Report. Washburn was ranked 7th in the region along with Eastern Illinois University and the University of Wisconsin - Whitewater. Of the 123 Midwestern schools compared in the rankings, 60 are public universities. Washburn ranked higher than any other similar public institution in Kansas and had the highest academic reputation ranking in its category in the state.

- Washburn University's law library was ranked 20th in the nation among law school libraries in an article in the November/December issue of the *National Jurist*. The magazine measured 178 law school libraries on the quality of their collections, facility and staff resources. Among the 17 libraries on the quality of their collections, facility and staff resources. Among the 17 libraries in an eight state Midwest region, Washburn was rated behind only the University of Iowa. The top four rated libraries were at Harvard, Iowa, Texas, and Minnesota.
 - *Washlaw*, the School of Law's web site, was deemed the premier source of legal information on the Internet based on research reported in the *Law Library Journal*. The site's designation was based upon several use and resource measures. Washburn exceeded the combined totals of the second and third ranked schools in the number of external links to the site.
 - Washburn's faculty and Board of Regents have established a Certificate in Non-Profit Management, becoming the only college or university in the state to grant such training. An interdisciplinary Certificate of Completion is offered for students who complete a major in another discipline and who wish to seek certification in Non-Profit Management.
 - Washburn University was selected by Kansas Governor Bill Graves as the only site in the state to receive trees for the Kansas Millennium Grove. All 100 trees of the Kansas Millennium Grove were started from seeds or cuttings taken from historical sites.
8. The Budget Committee wishes to congratulate the community colleges on the following points of pride submitted by the community colleges:

- **KANSAS COMMUNITY COLLEGES**

- 19 Colleges located in 18 Counties: Allen (Iola), Barton (Great Bend), Butler (El Dorado), Cloud (Concordia), Montgomery (Independence and Coffeyville), Thomas (Colby), Cowley (Arkansas City), Ford (Dodge City), Bourbon (Fort Scott), Finney (Garden City), Doniphan (Highland), Reno (Hutchinson), Johnson (Overland Park), Wyandotte (KCKS), Labette (Parsons), Neosho (Chanute), Pratt (Pratt) and Seward (Liberal) Counties
- Serving students, within local service areas serving the entire state, at 321 approved locations
- Funded by:

Kansas state general fund via "operating grants" based on a percentage of costs of educating lower division students at state universities;

Student Tuition;

Federal student aid, Carl Perkins and student work study funds,
and;

Local property taxes from eighteen host counties.

- **Community College Students 1999-2000:**

- 115,118 citizens of Kansas enrolled in credit coursework.
- One/half of the lower division Kansas higher education students are educated at community colleges.
- Over 88,000 individuals (duplicated head count) participated in noncredit courses.
- 115,118 community college students claimed Kansas as their resident state, encompassing 93.7% of Kansas' total community college credit enrollment.
- 6,390 students were trained for immediate entry into the work force, as measured by the students who completed certification, licensure or Associate of Applied Science degrees.
- 9,453 individuals took the General Educational Development Test (G.E.D.) and 5,993 individuals were G.E.D. diploma recipients.
- 4,883 individuals participated in English to Speakers of Other Languages (E.S.O.L.) programs.

- **Senate Bill 345 Impact:**

- Supervision and Coordination responsibilities for community colleges moved from the Kansas Board of Education to the Kansas Board of Regents.
- Community College state aid formerly based on payment for credit hours generated was converted to an operational grant.
- Out-district tuition paid by home county of students being phased out over four year period; providing property tax relief for property taxpayers in all Kansas counties.
- 80% of new funding allocated to property tax relief in community college host counties. In the implementation year of the new funding measures, fifteen colleges reduced total property taxes, one college remained even and three colleges provided a reduc-

tion from the level their county would have experienced had SB 345 not been passed.

- The next three years of SB 345 will continue to increase the state's level of financial commitment for statewide community college education and provide additional property tax relief to Kansas citizens.

Senate Subcommittee Report

Agency: Regents Systemwide

Bill No. --

Bill Sec. --

Analyst: West/Little

Analysis Pg. No. 451

Budget Page No. N/A

Expenditure Summary	Agency Est. FY 01	Governor's Recommendation FY 01	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 552,511,361	\$ 552,854,145	\$ 0
General Fees Fund	202,574,879	202,485,761	0
Federal Land Grant Funds	8,314,991	7,985,276	0
Other Funds	19,591,169	19,591,169	0
Subtotal General Use	\$ 782,992,400	\$ 782,916,351	\$ 0
Restricted Use Funds	541,211,082	541,211,082	0
TOTAL -- Oper. Exp.	\$ 1,324,203,482	\$ 1,324,127,433	\$ 0
Capital Improvements:			
State General Fund	\$ 189,446	\$ 189,446	\$ 0
Educational Bldg. Fund	16,243,098	16,243,098	0
Other Funds	25,110,114	27,005,114	0
TOTAL -- Cap. Impr.	\$ 41,542,658	\$ 43,437,658	\$ 0
Grand Total	\$ 1,365,746,140	\$ 1,367,565,091	\$ 0
FTE Positions	15,633.1	15,633.1	0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	15,633.1	15,633.1	0.0

Agency Req./Governor's Recommendation

The revised FY 2001 **general use** budgets submitted by the Regents institutions reflect a decrease of \$0.8 in general use expenditures from the approved budget. State General Fund expenditures are estimated to increase by \$76,049 from the approved budget, while expenditures from tuition are estimated at the approved level.

- The decrease in other funds is associated with a reduction in the amount of services purchased from KUMC by the University of Kansas Hospital Authority.

The Governor's FY 2001 recommendation for general use operating expenditures reflects a reduction of \$0.9 million from the approved amount.

Some of the requested expenditure and financing adjustments to the FY 2001 budget are detailed below, along with the Governor's recommendations regarding each item:

- Revised tuition estimates reduce FY 2001 revenue estimates by approximately \$170,000 from the approved amount. Some of the revisions occurred at the institutions under tuition accountability and are therefore not subject to budget supplementation due to tuition shortfalls or to be used to offset State General Fund expenditures in the case of tuition revenue increases. The following table reflects requested adjustments at the non-tuition accountability institutions. **The Governor concurs.**

Institution	State General Fund	General Fees Fund (Tuition)
Emporia State University	\$ 5,214	\$ (5,214)
Fort Hays State University	99,860	(99,860)
Pittsburg State University	(15,956)	15,956
TOTAL	\$ 89,118	\$ (89,118)

- The revised estimate includes an **FY 2001 supplemental State General Fund request** of \$76,049 for increased health insurance costs for certain employees of ESARP. Subsequent to the submission of the budget, ESARP officials also determined that there would be a shortfall of \$329,715 from the approved level of federal funds for the institution. **The Governor recommends** a supplemental appropriation of \$329,715 to address the shortfall in federal funds, but does not recommend additional funding for health insurance costs.
- **A net decrease of 108.7 FTE** from the approved budgets is requested. With the exception of KUMC, most of the changes reflect adjustments to restricted use positions. The adjustments for each institution are explained in the budget analyses which follow the *Regents Systemwide Summary*. **The Governor concurs.**
- **Restricted use expenditures reflect an increase of \$18.4 million 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 concurs.**

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

House Budget Committee Report

Agency: Regents Systemwide

Bill No. NA

Bill Sec. NA

Analyst: West/Little

Analysis Pg. No. 451

Budget Page No. NA

Expenditure Summary	Agency Est. FY 01	Gov. Rec. FY 01	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 552,511,361	\$ 552,854,145	\$ 0
General Fees Fund	202,574,879	202,485,761	0
Federal Land Grant Funds	8,314,991	7,985,276	0
Other Funds	19,591,169	19,591,169	0
Subtotal General Use	\$ 782,992,400	\$ 782,916,351	\$ 0
Restricted Use Funds	541,211,082	541,211,082	0
TOTAL -- Oper. Exp.	\$ 1,324,203,482	\$ 1.324e+09	\$ 0
Capital Improvements:			
State General Fund	\$ 189,446	\$ 189,446	\$ 0
Educational Bldg. Fund	16,243,098	16,243,098	0
Other Funds	25,110,114	27,005,114	0
TOTAL -- Cap. Impr.	\$ 41,542,658	\$ 43,437,658	\$ 0
Grand Total	\$ 1,365,746,140	\$ 1,367,565,091	\$ 0
FTE Positions	15,633.1	15,633.1	0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	15,633.1	15,633.1	0.0

Agency Est./Governor's Recommendation

The revised FY 2001 **general use** budgets submitted by the Regents institutions reflect a decrease of \$0.8 in general use expenditures from the approved budget. State General Fund

expenditures are estimated to increase by \$76,049 from the approved budget, while expenditures from tuition are estimated at the approved level.

- The decrease in other funds is associated with a reduction in the amount of services purchased from KUMC by the University of Kansas Hospital Authority.

The Governor's FY 2001 recommendation for general use operating expenditures reflects a reduction of \$0.9 million from the approved amount.

Some of the requested expenditure and financing adjustments to the FY 2001 budget are detailed below, along with the Governor's recommendations regarding each item:

- Revised tuition estimates reduce FY 2001 revenue estimates by approximately \$170,000 from the approved amount. Some of the revisions occurred at the institutions under tuition accountability and are therefore not subject to budget supplementation due to tuition shortfalls or to be used to offset State General Fund expenditures in the case of tuition revenue increases. The following table reflects requested adjustments at the non-tuition accountability institutions. **The Governor concurs.**

<u>Institution</u>	<u>State General Fund</u>	<u>General Fees Fund (Tuition)</u>
Emporia State University	\$ 5,214	\$ (5,214)
Fort Hays State University	99,860	(99,860)
Pittsburg State University	(15,956)	15,956
TOTAL	\$ 89,118	\$ (89,118)

- The revised estimate includes an **FY 2001 supplemental State General Fund request** of \$76,049 for increased health insurance costs for certain employees of ESARP. Subsequent to the submission of the budget, ESARP officials also determined that there would be a shortfall of \$329,715 from the approved level of federal funds for the institution. **The Governor recommends** a supplemental appropriation of \$329,715 to address the shortfall in federal funds, but does not recommend additional funding for health insurance costs.
- **A net decrease of 108.7 FTE** from the approved budgets is requested. With the exception of KUMC, most of the changes reflect adjustments to restricted use positions. The adjustments for each institution are explained in the budget analyses which follow the *Regents Systemwide Summary*. **The Governor concurs.**
- **Restricted use expenditures reflect an increase of \$18.4 million 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 concurs.**

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation.

Ending page of Regents Systemwide FY 2001

FY 02

Regents Systemwide

Senate Subcommittee Report

Agency: Regents Systemwide

Bill No. --

Bill Sec. --

Analyst: West/Little

Analysis Pg. No. 451

Budget Page No. NA

<u>Expenditure Summary</u>	<u>Agency Req. FY 02</u>	<u>Gov. Rec. FY 02</u>	<u>Senate Subcommittee Adjustments*</u>
Operating Expenditures:			
State General Fund	\$ 611,302,436	\$ 559,524,054	\$ (14,767,205)
General Fees Fund	208,991,498	206,634,257	(546,058)
Federal Land Grant Funds	7,870,000	8,314,991	(21,398)
Other Funds	12,796,507	12,832,589	0
Subtotal General Use	\$ 840,960,441	\$ 787,305,891	\$ (15,334,661)
Restricted Use Funds	557,557,097	551,005,288	\$ (4,986,714)
TOTAL -- Oper. Exp.	\$ 1,398,517,538	\$ 1,338,311,179	\$ (20,321,375)
Capital Improvements:			
State General Fund	\$ 4,852,121	\$ 189,446	\$ 0
Educational Bldg. Fund	1,690,000	3,290,000	0
Other Funds	25,408,783	24,978,783	0
TOTAL -- Cap. Impr.	\$ 31,950,904	\$ 28,458,229	\$ 0
Grand Total	\$ 1,430,468,442	\$ 1,366,769,408	\$ (20,321,375)
FTE Positions	15,663.2	15,633.1	0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	15,663.2	15,633.1	0.0

* Includes a reduction of \$20,321,375 , including \$14,767,205 from the State General Fund, associated with the Governor's pay plan.

Agency Req./Governor's Recommendation

The **general use** operating budget increase of \$58.0 million requested by the Regents institutions would result in a 7.4 percent increase in general use expenditure authority in FY 2002. An increase of 10.6 percent is requested from the State General Fund while expenditures from the general fees fund (tuition) are estimated to increase by 3.2 percent. **The Governor recommends** an FY 2002 operating budget increase of \$4.4 million, or 0.6 percent. Recommended State General Fund expenditures increase by 1.2 percent, while recommended expenditures from the general fees fund increase by 2.0 percent.

- **FTE Positions.** The request includes funding for 30.1 new FTE positions, related to new buildings operating support (9.6) and institution specific enhancements (20.5). The Governor does not recommend any of the new positions requested by the institutions. **The Regents institutions do not have a position limitation.**
- **Program Enhancements.** For FY 2002, requested program enhancements total \$67.1 million of the requested general use budget increase. **The Governor's** recommended FY 2002 program enhancements total \$50,000, for one institution specific enhancement at KU which had not been originally requested by the institution. More information on that enhancement is included in the KU budget analysis.
- **Absent requested FY 2002 enhancements,** the FY 2002 general use operating request would represent a decrease of \$9.1 million, or 1.2 percent.
- **The Governor's** recommendation includes enhancement of \$50,000 at the University of Kansas. In addition, the Governor's recommendation includes \$15.3 million for the General Use portion of the FY 2002 pay plan in the individual budgets of the institutions.

State University Operating Grants

- Subsequent to the submission of the budget, the Board of Regents proposed that the state universities be funded through an operating or block grant. **The Governor** agrees with the essence of the proposal and recommends that the FY 2002 budget for the universities be structured as State General Fund grants.

New Buildings Operating Support

- For FY 2002, the servicing request totals \$655,243 and 9.6 FTE positions for servicing buildings at KU, KSU, PSU, and ESU. **The Governor recommends** no adjustment to the institution's recommended state operating grants for new building operating support.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation, with the following adjustments and observations:

1. Delete \$20,321,375, including \$14,767,205 from the State General Fund, to remove the Governor's recommended pay plan adjustments for longevity bonus payments (\$2,258,802), an annualized 3.0 percent unclassified base salary increase (\$3,711,372), and an annualized unclassified merit pool (\$14,351,201) from individual agency budgets for consideration in a separate bill.

2. The Subcommittee concurs with the Governor's recommendation to shift state support for the Regents institutions to an operating grant. This move should allow the individual institutions the flexibility to target their limited resources to the areas most beneficial for the institution and the state as a whole.

The Subcommittee questions, however, if the appropriate level of base funding for the operating grants has been determined. Several institutions presented testimony regarding past budgetary omissions which have left their base operational grants at less than optimal levels. Before the state proceeds too far down the road of providing operational grants to the state universities it is important that the proper base level of funding be determined.

The Subcommittee recommends that the Legislative Educational Planning Committee (LEPC) analyze the elements which have led to the current level of funding and to determine what the adequate base level of funding should be. The Subcommittee recommends that the LEPC complete their analysis by September 2001 so that the information can have full consideration during the crafting the FY 2003 budget. The Subcommittee also notes that fully funding the appropriate level of operating grants will be dependant on the availability of the necessary financial resources. Finally, the Subcommittee would note for the benefit of future legislatures that as the structure, mission, and needs of each institution are different, so too may future increases in the operating grant vary between the institutions.

3. The Subcommittee notes that the Regents institutions have numerous budgetary challenges facing them with the level of funding recommended for FY 2002. While many of these same challenges are faced by all state agencies some of the policy choices may have a disproportionate impact on the Regents institutions. The Subcommittee recommends that additional funding be considered at Omnibus to address the budget reductions necessitated by the need to meet the current resources budget allocations issued by the Division of the Budget (\$6.1 million), the impact of increased utility costs (\$3.0 million), restoration of the state/tuition equipment program (\$3.9 million for the state's portion), funding for the elimination of the first three steps from the state pay plan, and provision of state support for university libraries (\$1.9 million)
4. The Subcommittee notes that the Governor's recommendation also does not provide for an increase in the institutional operating grants for the costs associated with servicing new buildings that are projected to come on line in FY 2002 at the University of Kansas (\$321,807), Kansas State University (\$172,480), Pittsburg State University (\$58,583) and Emporia State University (\$102,373). This omission will put additional strain on the budgets of those institutions and the Subcommittee recommends that this issue be re-examined at Omnibus to determine if additional resources can be targeted to those institutions for this purpose.
5. The Subcommittee notes that the Governor's recommendation for the Board of Regents provides \$8.4 million for salary enhancements for teaching and research

faculty at the state universities. While the Subcommittee is supportive of efforts to attempt to achieve and maintain competitive salary funding compared to the universities' peers, the Subcommittee is concerned about the long term impact such salary enhancements will have on the universities' ability to retain and recruit other professional staff who are not eligible for the salary enhancements. The Subcommittee recommends that the Board of Regents study this issue in greater detail and report back to prior to Omnibus.

6. In reviewing the budgets, the Subcommittee notes that while tuition has increased in recent years Kansas still may be considered relatively low cost compared to the institutions' national peers. The Subcommittee offers the following comparison of the institutional tuition relative to the tuition of their peers.

<u>Institution</u>	<u>Resident Tuition FY 1995</u>	<u>Resident Tuition FY 2000</u>	<u>Nonresident Tuition FY 1995</u>	<u>Nonresident Tuition FY 2000</u>
KU	86.1%	84.0%	78.1%	78.8%
KSU	89.5%	89.4%	92.9%	90.4%
WSU	71.5%	70.7%	83.9%	85.7%
ESU	99.2%	69.7%	88.1%	86.0%
PSU	100.6%	71.5%	88.5%	86.7%
FHSU	102.4%	68.9%	89.0%	85.7%

Senate Committee Recommendation

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

1. The Senate Committee recommends that the analysis of the appropriate level of base funding for the universities' operating grants be conducted by the Legislative Budget Committee instead of the Legislative Educational Planning Committee as recommended by the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate Committee of the whole has not yet considered this budget.

House Budget Committee Report

Agency: Regents Systemwide

Bill No.

Bill Sec.

Analyst: West/Little

Analysis Pg. No. 451

Budget Page No. NA

<u>Expenditure Summary</u>	<u>Agency Req. FY 02</u>	<u>Gov. Rec. FY 02</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 611,302,436	\$ 559,524,054	\$ 0
General Fees Fund	208,991,498	206,634,257	0
Federal Land Grant Funds	7,870,000	8,314,991	0
Other Funds	12,796,507	12,832,589	0
Subtotal General Use	\$ 840,960,441	\$ 787,305,891	\$ 0
Restricted Use Funds	557,557,097	551,005,288	0
TOTAL -- Oper. Exp.	\$ 1,398,517,538	\$ 1,338,311,179	\$ 0
Capital Improvements:			
State General Fund	\$ 4,852,121	\$ 189,446	\$ 0
Educational Bldg. Fund	1,690,000	3,290,000	0
Other Funds	25,408,783	24,978,783	0
TOTAL -- Cap. Impr.	\$ 31,950,904	\$ 28,458,229	\$ 0
Grand Total	\$ 1,430,468,442	\$ 1,366,769,408	\$ 0
FTE Positions	15,663.2	15,633.1	0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	15,663.2	15,633.1	0.0

Agency Req./Governor's Recommendation

The **general use** operating budget increase of \$58.0 million requested by the Regents institutions would result in a 7.4 percent increase in general use expenditure authority in FY 2002. An increase of 10.6 percent is requested from the State General Fund while expenditures from the general fees fund (tuition) are estimated to increase by 3.2 percent. **The Governor recommends** an FY 2002 operating budget increase of \$4.4 million, or 0.6 percent. Recommended State General Fund expenditures increase by 1.2 percent, while recommended expenditures from the general fees fund increase by 2.0 percent.

- **FTE Positions.** The request includes funding for 30.1 new FTE positions, related to new buildings operating support (9.6) and institution specific enhancements (20.5). The Governor does not recommend any of the new positions requested by the institutions. **The Regents institutions do not have a position limitation.**
- **Program Enhancements.** For FY 2002, requested program enhancements total \$67.1 million of the requested general use budget increase. **The Governor's** recommended FY 2002 program enhancements total \$50,000, for one institution specific enhancement at KU which had not been originally requested by the institution. More information on that enhancement is included in the KU budget analysis.
- **Absent requested FY 2002 enhancements,** the FY 2002 general use operating request would represent a decrease of \$9.1 million, or 1.2 percent.
- **The Governor's** recommendation includes enhancement of \$50,000 at the University of Kansas. In addition, the Governor's recommendation includes \$15.3 million for the General Use portion of the FY 2002 pay plan in the individual budgets of the institutions.

State University Operating Grants

- Subsequent to the submission of the budget, the Board of Regents proposed that the state universities be funded through an operating or block grant. **The Governor** agrees with the essence of the proposal and recommends that the FY 2002 budget for the universities be structured as State General Fund grants.

New Buildings Operating Support

- For FY 2002, the servicing request totals \$655,243 and 9.6 FTE positions for servicing buildings at KU, KSU, PSU, and ESU. **The Governor recommends** no adjustment to the institution's recommended state operating grants for new building operating support.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation, with the following observations:

1. The Budget Committee concurs with the Governor's recommendation to shift state support for the Regents institutions to an operating grant. This move should allow the individual institutions the flexibility to target their limited resources to the areas most beneficial for the institution and the state as a whole.

The Budget Committee questions, however, if the appropriate level of base funding for the operating grants has been determined. Several institutions presented testimony regarding past budgetary omissions which have left their base operational grants at less than optimal levels. Before the state proceeds too

far down the road of providing operational grants to the state universities it is important that the proper base level of funding be determined.

The Budget Committee recommends that the Legislative Budget Committee analyze the elements which have led to the current level of funding and to determine what the adequate base level of funding should be. The Budget Committee recommends that the Legislative Budget Committee complete their analysis by September 2001 so that the information can have full consideration during the crafting of the FY 2003 budget. The Budget Committee also notes that fully funding the appropriate level of operating grants will be dependant on the availability of the necessary financial resources. Finally, the Budget Committee would note for the benefit of future legislatures that as the structure, mission, and needs of each institution are different, so too may future increases in the operating grant vary between the institutions.

While the Budget Committee concurs with the operating grant concept, the Budget Committee is concerned with the part of the plan which turns the General Fees Fund into a "No Limit" fund. The Budget Committee is concerned that this practice could lead to less legislative oversight on the expenditure of tuition revenue, especially if the Board of Regents chose to increase tuition after the sine die. The Budget Committee recommends that the Board and the universities explore this issue and report back to the Budget Committee prior to Omnibus on strategies to alleviate this concern.

2. The Budget Committee was informed by the Regents that a \$6.1 million shortfall exists in the budget as recommended by the Governor. The Budget Committee shares the concern of the Regents and recommends that the issue be aggressively pursued at Omnibus.
3. The Budget Committee notes that the current services reductions, increased utility expenses, and other resource limitations present the Regents institutions with numerous budgetary challenges with the level of funding recommended for FY 2002. While many of these challenges are faced by all state agencies some of the policy choices may have a disproportionate impact on the Regents institutions. The Budget Committee has been informed about one item which may help relieve some of the burden facing the universities. An ongoing IRS audit at the University of Kansas has identified a number of issues. One of those issues was potential overpayment of FICA taxes for participants in the Regents retirement program at the six state universities. To date, the IRS has not ruled definitively on whether FICA payments in programs of this type are required. As a result, assumptions about these funds are somewhat premature.

The Governor has directed the Board of Regents to vigorously pursue any possible recovery of these funds on behalf of the universities. While potentially important, any funds recovered from FICA overpayments would only provide one time funding and would not necessarily provide a continuing solution to the universities budget challenges. The Board of Regents will receive expert

assistance from the firm of Deloitte and Touche, which is under contract with Legislative Post Audit, to pursue the potential recovery.

The Budget Committee recommends that this issue be reviewed further by Omnibus.

4. While conducting the public hearing on HB 2153, the Budget Committee learned that firms soliciting credit cards on university campuses pay significant amounts to the universities for the privilege. The Budget Committee requested the Board Office to compile a summary of the amounts received at each institution and the disposition of those proceeds. To date, the Budget Committee has not received the requested information, although the Budget Committee understands that it is being compiled. The Budget Committee recommends that the Board Office present the requested information prior to consideration of the budget by the House Appropriations Committee.

Senate Subcommittee Report

Agency: University of Kansas

Bill No. --

Bill Sec. --

Analyst: West

Analysis Pg. No. 477

Budget Page No. 443

Expenditure Summary	Agency Est. FY 01	Governor's Recommendation FY 01	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 134,292,779	\$ 134,292,779	\$ 0
General Fees Fund	84,147,305	84,147,305	0
Other Funds	2,738,767	2,738,767	0
Subtotal General Use	\$ 221,178,851	\$ 221,178,851	\$ 0
Restricted Use Funds	187,539,748	187,539,748	0
TOTAL -- Oper. Exp.	\$ 408,718,599	\$ 408,718,599	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Bldg. Fund	3,501,401	3,501,401	0
Other Funds	12,822,675	12,822,675	0
TOTAL -- Cap. Impr.	\$ 16,324,076	\$ 16,324,076	\$ 0
Grand Total	\$ 425,042,675	\$ 425,042,675	\$ 0
FTE Positions	4,485.1	4,485.1	0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	4,485.1	4,485.1	0.0

Agency Est./Governor's Recommendation

The institution's revised FY 2001 estimate for general use expenditures reflects the amount approved by the 2000 Legislature, including reappropriations and transfers. **The Governor concurs.**

- The revised estimate includes \$2,261,267 from the State General Fund which was transferred from the Board of Regents to the institution to represent the institution's portion of the **faculty salary enhancement pool** approved by the 2000 Legislature. **The Governor concurs.**
- The revised estimate includes a decrease of 89.0 FTE positions from the number authorized by the 2000 Legislature. The positions are funded from restricted use funding sources. **The Governor concurs.**

- The revised estimate includes \$999,541 in **FY 2000 State General Fund savings reappropriated to FY 2001**. The institution has unlimited reappropriation authority which permits any State General Fund savings from FY 2000 to be expended in FY 2001 without any further legislative action. **The Governor concurs.**
- The revised estimate also reflects expenditures totaling \$2.7 million from the **Regents Center Development Fund** (\$1.3 million); the **Equipment Reserve Fund** (\$0.9 million); and the **Tuition Accountability Fund** (\$0.5 million) . **The Governor concurs.**
- **Restricted use expenditures total \$187.5 million, an increase of \$9.8 million 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 concurs.**

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

House Budget Committee Report

Agency: University of Kansas

Bill No. - -

Bill Sec. - -

Analyst: West

Analysis Pg. No. 477 Budget Page No. 443

Expenditure Summary	Agency Est. FY 01	Gov. Rec. FY 01	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 134,292,779	\$ 134,292,779	\$ 0
General Fees Fund	84,147,305	84,147,305	0
Other Funds	2,738,767	2,738,767	0
Subtotal General Use	\$ 221,178,851	\$ 221,178,851	\$ 0
Restricted Use Funds	187,539,748	187,539,748	0
TOTAL -- Oper. Exp.	\$ 408,718,599	\$ 408,718,599	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Bldg. Fund	3,501,401	3,501,401	0
Other Funds	12,822,675	12,822,675	0
TOTAL -- Cap. Impr.	\$ 16,324,076	\$ 16,324,076	\$ 0
Grand Total	\$ 425,042,675	\$ 425,042,675	\$ 0
FTE Positions	4,485.1	4,485.1	0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	4,485.1	4,485.1	0.0

Agency Est./Governor's Recommendation

The institution's revised FY 2001 estimate for general use expenditures reflects the amount approved by the 2000 Legislature, including reappropriations and transfers. **The Governor concurs.**

- The revised estimate includes \$2,261,267 from the State General Fund which was transferred from the Board of Regents to the institution to represent the institution's portion of the **faculty salary enhancement pool** approved by the 2000 Legislature. **The Governor concurs.**

- The revised estimate includes a decrease of 89.0 FTE positions from the number authorized by the 2000 Legislature. The positions are funded from restricted use funding sources. **The Governor concurs.**
- The revised estimate includes \$999,541 in **FY 2000 State General Fund savings reappropriated to FY 2001**. The institution has unlimited reappropriation authority which permits any State General Fund savings from FY 2000 to be expended in FY 2001 without any further legislative action. **The Governor concurs.**
- The revised estimate also reflects expenditures totaling \$2.7 million from the **Regents Center Development Fund** (\$1.3 million); the **Equipment Reserve Fund** (\$0.9 million); and the **Tuition Accountability Fund** (\$0.5 million). **The Governor concurs.**
- **Restricted use expenditures total \$187.5 million, an increase of \$9.8 million 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 concurs.**

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation.

Senate Subcommittee Report

Agency: University of Kansas

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 477

Budget Page No. 443

<u>Expenditure Summary</u>	<u>Agency Req. FY 02</u>	<u>Gov. Rec. FY 02</u>	<u>Senate Subcommittee Adjustments*</u>
Operating Expenditures:			
State General Fund	\$ 150,341,655	\$ 135,567,903	\$ (4,155,963)
General Fees Fund	86,300,672	85,666,588	(211,661)
Other Funds	1,401,592	1,384,687	0
Subtotal General Use	\$ 238,043,919	\$ 222,619,178	\$ (4,367,624)
Restricted Use Funds	194,189,160	191,031,555	(1,412,039)
TOTAL -- Oper. Exp.	\$ 432,233,079	\$ 413,650,733	\$ (5,779,663)
Capital Improvements:			
State General Fund	\$ 2,482,000	\$ 0	\$ 0
Educational Bldg. Fund	0	0	0
Other Funds	2,495,000	2,495,000	0
TOTAL -- Cap. Impr.	\$ 4,977,000	\$ 2,495,000	\$ 0
Grand Total	\$ 437,210,079	\$ 416,145,733	\$ (5,779,663)
FTE Positions	4,491.4	4,485.1	0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	4,491.4	4,485.1	0.0

* Includes a reduction of \$5,779,663, including \$4,155,963 from the State General Fund, associated with the Governor's pay plan.

Agency Req./Governor's Recommendation

- The **general use** operating budget increase of \$16.9 million requested by the University would result in a 7.6 percent increase in expenditure authority in FY 2002. The requested increase includes \$19.1 million for campus specific and systemwide enhancements. The \$1.3 million reduction in other funds relates primarily to the spending down of equipment reserve and tuition accountability funds in FY 2002.
- **The Governor recommends** an FY 2002 general use increase of \$1.4 million, or 0.7 percent over the revised FY 2001 recommendation.

- The institution requests a total of 6.3 new FTE positions over the FY 2001 revised estimate, related to new buildings operating support. **The Governor** does not recommend the additional new positions requested by the institution.
- **Absent requested FY 2002 enhancements**, the University's request would represent a decrease of \$2.2 million or 1.0 percent.
- Requested FY 2002 **restricted use** funding totals \$194.2 million, an increase of \$6.6 million (3.5 percent) over the revised FY 2001 estimate. **The Governor's** FY 2002 restricted use recommendation totals \$191.0 million, a reduction of \$3.2 million from the institution's request.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation, with the following adjustments and observations:

1. Delete \$5,779,663, including \$4,155,963 from the State General Fund, to remove the Governor's recommended pay plan adjustments for longevity bonus payments (\$509,208), an annualized 3.0 percent unclassified base salary increase (\$1,082,464), and an annualized unclassified merit pool (\$4,187,991) from individual agency budgets for consideration in a separate bill.
2. The Subcommittee concurs with the Governor's recommendation to shift state support for the Regents institutions to an operating grant. This move should allow the individual institutions the flexibility to target their limited resources to the areas most beneficial for the institution and the state as a whole. As noted in the Systemwide report, however, the Subcommittee is concerned about the base level of funding provided for the initial operating grant and recommends that the issue be studied in greater detail by the LEPC during the interim.
3. The Subcommittee notes that KU has numerous budgetary challenges facing them with the level of funding recommended for FY 2002. While many of these same challenges are faced by all state agencies some of the policy choices may have a disproportionate impact on KU and the other Regents institutions. The Subcommittee recommends that additional funding be considered at Omnibus to address the budget reductions necessitated by the need to meet the current resources budget allocations issued by the Division of the Budget (\$1.1 million systemwide), the impact of increased utility costs (\$3.0 million systemwide), restoration of the state/tuition equipment program (\$3.9 million for the state's portion systemwide), funding for the elimination of the first three steps from the state pay plan, and provision of state support for university libraries (\$1.9 million systemwide).
4. The Subcommittee notes that the Governor's recommendation also does not provide for an increase in the institutional operating grants for the costs associated with servicing Joseph R. Pearson Hall. Based on the Regents formula for servicing classroom/office space, the University requests \$321,807 and 6.3 new

FTE to support the facility. This omission will put additional strain on the budget of KU and the Subcommittee recommends that this issue be re-examined at Omnibus to determine if additional resources can be targeted to KU for this purpose.

5. The Subcommittee notes that the Governor's recommendation provides \$50,000 from the State Water Plan Fund for the Kansas Geological Survey to study the Ogallala Aquifer. The research will focus on water level declines by decade and area, precipitation rates in the area, and aquifer recharge rates.
6. The Subcommittee congratulates KU on the following points of pride submitted by the University:
 - a. The University of Kansas continues to attract academically talented students, a strong testament to the quality of programs and faculty. This past fall KU recruited 116 National Merit Scholars, placing it 8th in the nation among public universities. KU also enrolled its brightest freshman class: one-third of the class scored 27 or higher on the ACT, compared to the national average of 21.7.
 - b. The National Endowment for the Humanities recently awarded research fellowships to five University of Kansas faculty members, the most for any university this year and the most ever in a year for KU. The fellowships allow faculty to focus their time and resources on research projects. Among the other top schools with several faculty members receiving fellowships this year are the University of California-Berkeley and Boston University (four each); and Harvard University, Smith College, the University of Missouri at Columbia, and the University of South Carolina at Columbia (three each).
 - c. Researchers throughout the state are now fighting cancer on five different fronts, thanks to a group of scientists led by a University of Kansas professor. Gunda Georg, KU distinguished professor of medicinal chemistry, organized the effort that led to the five-year \$10 million Center of Biomedical Research Excellence grant from the National Institutes of Health. Georg searched resumes of junior faculty researchers at KU, Kansas State University, and Emporia State University, finding projects that overlapped and could benefit through collaboration. The result is statewide collaboration in research on ovarian cancer, lung cancer, childhood leukemia, and tumor growth.
 - d. The level and excellence of research at KU is flourishing and paying huge dividends to the Kansas economy. For FY 1999, total research expenditures at KU topped \$168 million. According to U.S. Department of Commerce indicators, the Association of American Universities estimates that each \$1 million invested in research and development in Kansas produces about 41 jobs in the state. Using that estimate, KU research alone leads to more than 6,800 jobs in Kansas.

Senate Committee Recommendation

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

1. The Senate Committee recommends that the analysis of the appropriate level of base funding for the universities' operating grants be conducted by the Legislative Budget Committee instead of the Legislative Educational Planning Committee as recommended by the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate Committee of the whole has not yet considered this budget.

House Budget Committee Report

Agency: University of Kansas

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 477 Budget Page No. 443

<u>Expenditure Summary</u>	<u>Agency Req. FY 02</u>	<u>Gov. Rec. FY 02</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 150,341,655	\$ 135,567,903	\$ 0
General Fees Fund	86,300,672	85,666,588	0
Other Funds	1,401,592	1,384,687	0
Subtotal General Use	\$ 238,043,919	\$ 222,619,178	\$ 0
Restricted Use Funds	194,189,160	191,031,555	0
TOTAL -- Oper. Exp.	\$ 432,233,079	\$ 413,650,733	\$ 0
Capital Improvements:			
State General Fund	\$ 2,482,000	\$ 0	\$ 0
Educational Bldg. Fund	0	0	0
Other Funds	2,495,000	2,495,000	0
TOTAL -- Cap. Impr.	\$ 4,977,000	\$ 2,495,000	\$ 0
Grand Total	\$ 437,210,079	\$ 416,145,733	\$ 0
FTE Positions	4,491.4	4,485.1	0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	4,491.4	4,485.1	0.0

Agency Req./Governor's Recommendation

- The **general use** operating budget increase of \$16.9 million requested by the University would result in a 7.6 percent increase in expenditure authority in FY 2002. The requested increase includes \$19.1 million for campus specific and systemwide enhancements. The \$1.3 million reduction in other funds relates primarily to the spending down of equipment reserve and tuition accountability funds in FY 2002.
- **The Governor recommends** an FY 2002 general use increase of \$1.4 million, or 0.7 percent over the revised FY 2001 recommendation.
- The institution requests a total of 6.3 new FTE positions over the FY 2001 revised estimate, related to new buildings operating support. **The Governor** does not recommend the additional new positions requested by the institution.
- **Absent requested FY 2002 enhancements**, the University's request would represent a decrease of \$2.2 million or 1.0 percent.
- Requested FY 2002 **restricted use** funding totals \$194.2 million, an increase of \$6.6 million (3.5 percent) over the revised FY 2001 estimate. **The Governor's** FY 2002 restricted use recommendation totals \$191.0 million, a reduction of \$3.2 million from the institution's request.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation, with the following observations:

1. The House Budget Committee congratulates KU on the following points of pride submitted by the University:
 - a. The University of Kansas continues to attract academically talented students, a strong testament to the quality of programs and faculty. This past fall KU recruited 116 National Merit Scholars, placing it 8th in the nation among public universities. KU also enrolled its brightest freshman class: one-third of the class scored 27 or higher on the ACT, compared to the national average of 21.7.
 - b. The National Endowment for the Humanities recently awarded research fellowships to five University of Kansas faculty members, the most for any university this year and the most ever in a year for KU. The fellowships allow faculty to focus their time and resources on research projects. Among the other top schools with several faculty members receiving fellowships this year are the University of California-Berkeley and Boston University (four each); and Harvard University, Smith College, the University of Missouri at Columbia, and the University of South Carolina at Columbia (three each).

- c. Researchers throughout the state are now fighting cancer on five different fronts, thanks to a group of scientists led by a University of Kansas professor. Gunda Georg, KU distinguished professor of medicinal chemistry, organized the effort that led to the five-year \$10 million Center of Biomedical Research Excellence grant from the National Institutes of Health. Georg searched resumes of junior faculty researchers at KU, Kansas State University, and Emporia State University, finding projects that overlapped and could benefit through collaboration. The result is statewide collaboration in research on ovarian cancer, lung cancer, childhood leukemia, and tumor growth.

- d. The level and excellence of research at KU is flourishing and paying huge dividends to the Kansas economy. For FY 1999, total research expenditures at KU topped \$168 million. According to U.S. Department of Commerce indicators, the Association of American Universities estimates that each \$1 million invested in research and development in Kansas produces about 41 jobs in the state. Using that estimate, KU research alone leads to more than 6,800 jobs in Kansas.

Senate Subcommittee Report

Agency: University of Kansas Medical Center **Bill No. --**

Bill Sec. --

Analyst: West

Analysis Pg. No. 493

Budget Page No. 445

Expenditure Summary	Agency Est. FY 01	Governor's Recommendation FY 01	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 99,576,627	\$ 99,576,627	\$ 0
General Fees Fund	11,099,315	11,099,315	0
Med. Scholar Repaymt. Fund	1,489,682	1,489,682	0
Services to Hosp. Auth. Fund	3,991,884	3,991,884	0
Med. Education Reimb. Fund	2,428,197	2,428,197	0
Children's Initiatives Fund	1,250,000	1,250,000	0
Subtotal—General Use	\$ 119,835,705	\$ 119,835,705	\$ 0
Restricted Use Funds	60,161,252	60,161,252	0
TOTAL—Oper. Exp.	\$ 179,996,957	\$ 179,996,957	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Bldg. Fund	3,239,180	3,239,180	0
Other Funds	3,299,290	3,299,290	0
TOTAL -- Cap. Impr.	\$ 6,538,470	\$ 6,538,470	\$ 0
Grand Total	\$ 186,535,427	\$ 186,535,427	\$ 0
FTE Positions	2,448.7	2,448.7	0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	2,448.7	2,448.7	0.0

Agency Est./Governor's Recommendation

The agency's revised FY 2001 estimate for General Use expenditures reflects a net decrease of \$897,620 in total expenditures from the approved budget. **State General Fund** expenditures of \$99.6 million reflect the funding approved by the 2000 Legislature and the transfer of \$1.1 million to the University from the Board of regents faculty salary enhancement pool. **General Fee Fund** expenditures of \$11.1 million reflect the amount approved by the 2000 Legislature. **Other Changes** include a reduction of \$0.9 million and 41.0 FTE positions for services purchased by the University of Kansas Hospital Authority which are no longer required. **Restricted Use** expenditures of \$60.2

million, a decrease of \$7.4 million from the approved FY 2001 level. 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 concurs with the University's estimate of current year expenditures.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

House Budget Committee Report

Agency: University of Kansas Medical Center Bill No. - -

Bill Sec. - -

Analyst: West

Analysis Pg. No. 493 Budget Page No. 445

Expenditure Summary	Agency Est. FY 01	Gov. Rec. FY 01	House Budget Commit- tee Adjustments
Operating Expenditures:			
State General Fund	\$ 99,576,627	\$ 99,576,627	\$ 0
General Fees Fund	11,099,315	11,099,315	0
Med. Scholar Repaymt. Fund	1,489,682	1,489,682	0
Services to Hosp. Auth. Fund	3,991,884	3,991,884	0
Med. Education Reimb. Fund	2,428,197	2,428,197	0
Children's Initiatives Fund	1,250,000	1,250,000	0
Subtotal—General Use	\$ 119,835,705	\$ 119,835,705	\$ 0
Restricted Use Funds	60,161,252	60,161,252	0
TOTAL—Oper. Exp.	\$ 179,996,957	\$ 179,996,957	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Bldg. Fund	3,239,180	3,239,180	0
Other Funds	3,299,290	3,299,290	0
TOTAL -- Cap. Impr.	\$ 6,538,470	\$ 6,538,470	\$ 0
Grand Total	\$ 186,535,427	\$ 186,535,427	\$ 0
FTE Positions	2,448.7	2,448.7	0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	2,448.7	2,448.7	0.0

Agency Est./Governor's Recommendation

The agency's revised FY 2001 estimate for General Use expenditures reflects a net decrease of \$897,620 in total expenditures from the approved budget.

State General Fund expenditures of \$99.6 million reflect the funding approved by the 2000 Legislature and the transfer of \$1.1 million to the University from the Board of regents faculty salary enhancement pool. **General Fee Fund** expenditures of \$11.1 million reflect the amount approved

by the 2000 Legislature. **Other Changes** include a reduction of \$0.9 million and 41.0 FTE positions for services purchased by the University of Kansas Hospital Authority which are no longer required. **Restricted Use** expenditures of \$60.2 million, a decrease of \$7.4 million from the approved FY 2001 level. 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 concurs with the University's estimate of current year expenditures.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation.

Senate Subcommittee Report

Agency: University of Kansas Medical Center **Bill No.**

Bill Sec.

Analyst: West

Analysis Pg. No. 493

Budget Page No. 445

Expenditure Summary	Agency Req. FY 02	Gov. Rec. FY 02	Senate Subcommittee Adjustments*
Operating Expenditures:			
State General Fund	\$ 109,735,479	\$ 103,070,977	\$ (2,146,380)
General Fees Fund	10,910,577	10,857,269	(31,626)
Med. Scholar Repaymt. Fund	1,200,000	1,200,000	0
Services to Hosp. Auth. Fund	3,991,884	3,991,884	0
Med. Education Reimb. Fund	2,428,197	2,428,197	0
Children's Initiatives Fund	103,016	250,000	0
Subtotal—General Use	\$ 128,369,153	\$ 121,798,327	\$ (2,178,006)
Restricted Use Funds	64,510,659	61,659,832	(1,096,805)
TOTAL—Oper. Exp.	\$ 192,879,812	\$ 183,458,159	\$ (3,274,811)
Capital Improvements:			
State General Fund	\$ 700,000	\$ 0	\$ 0
Educational Building Fund	0	0	0
Other Funds	2,610,500	2,610,500	0
TOTAL—Cap. Impr.	\$ 3,310,500	\$ 2,610,500	\$ 0
 GRAND TOTAL	 \$ 196,190,312	 \$ 186,068,659	 \$ (3,274,811)
 FTE Positions	 2,454.2	 2,448.7	 0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	2,454.2	2,448.7	0.0

* Includes a reduction of \$3,274,811, including \$2,146,380 from the State General Fund, associated with the Governor's pay plan.

Agency Req./Governor's Recommendation

The **general use** operating budget increase of \$8.5 million requested by the University would result in a 7.1 percent increase in general use expenditure authority for KUMC in FY 2002. The requested increase includes \$9.1 million for campus specific and systemwide enhancements. Absent the requested FY 2002 enhancements, the University's request would represent a decrease

of \$73,169 or 0.1 percent from the current year. Requested FY 2002 **restricted use** funding totals \$64.5 million, an increase of \$4.3 million (7.2 percent) over the revised FY 2001 estimate.

The Governor's FY 2002 general use operating budget of \$121.8 million represents an increase of \$2.0 million (1.6 percent) from the current year. State General Fund financing totals \$103.1 million, a \$3.5 million (3.5 percent) increase. The reduction in other funding is associated with a reduction of \$1.0 million in funding from the Children's Initiatives Fund and a \$0.3 million reduction in financing from the Medical Scholarship and Loan Repayment Fund. FY 2002 **restricted use** expenditures are recommended to be \$61.7 million, an increase of \$1.5 million (2.5 percent) from the current year.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation, with the following adjustments and observations:

1. Delete \$3,274,811, including \$2,146,380 from the State General Fund, to remove the Governor's recommended pay plan adjustments for longevity bonus payments (\$331,903), an annualized 3.0 percent unclassified base salary increase (\$398,174), and an annualized unclassified merit pool (\$2,544,734) from individual agency budgets for consideration in a separate bill.
2. The Subcommittee concurs with the Governor's recommendation to shift state support for the Regents institutions to an operating grant. This move should allow the individual institutions the flexibility to target their limited resources to the areas most beneficial for the institution and the state as a whole. As noted in the Systemwide report, however, the Subcommittee is concerned about the base level of funding provided for the initial operating grant and recommends that the issue be studied in greater detail by the LEPC during the interim.
3. The Subcommittee notes that KUMC has numerous budgetary challenges facing them with the level of funding recommended for FY 2002. While many of these same challenges are faced by all state agencies some of the policy choices may have a disproportionate impact on KUMC and the other Regents institutions. The Subcommittee recommends that additional funding be considered at Omnibus to address the budget reductions necessitated by the need to meet the current resources budget allocations issued by the Division of the Budget (\$1.1 million systemwide), the impact of increased utility costs (\$3.0 million systemwide), restoration of the state/tuition equipment program (\$3.9 million for the state's portion systemwide), funding for the elimination of the first three steps from the state pay plan, and provision of state support for university libraries (\$1.9 million systemwide).
4. The Subcommittee notes that the University has been positioning itself to be a major player in the Life Sciences Initiatives Project. The Subcommittee has learned that Senator Roberts plans to be in Topeka in early march to discuss the importance of this project and the role Kansas can play. The Subcommittee is concerned, however, that Kansas may be left behind due to major investments by

other states in the competition for the project. The Subcommittee received information indicating that Michigan plans to invest \$1.0 billion in the project over the next 10 years, while Nebraska is considering a \$10.0 million investment and Missouri is discussing a \$30 million program investment. Unless Kansas is to be left out of the exciting possibilities of this initiative, the state must consider serious project investments in the near future.

5. The Subcommittee congratulates the University on the following points of pride submitted by the Medical Center:
 - A gift from the family of Forrest Hoglund of \$5 million combined with an appropriation of \$1 million from the State of Kansas and a \$1.8 million grant from the Federal Government allowed KUMC to begin plans to construct a state of the art Brain Imaging Center. This center will significantly enhance the research and clinical services available to Kansans and others in the region.
 - The 50th Anniversary of the Kansas Rural Health Preceptor Program is being celebrated this year. In honor of the 50th year, the School is conducting celebrations in communities throughout Kansas to recognize the physician preceptors and their contribution to the education of our medical students.
 - The School of Medicine has started the first rural health track for medical students in Salina, Kansas. Medical students will spend a year in Salina for the second half of their third and first half of their fourth year in medical school and will take core clerkships, acting internships and electives within the community. When fully implemented the Rural Track will have experiences for students assigned to this track in all four years of the medical school training.
 - The American Nurses Association (ANA) has awarded Midwest Research Institute (MRI) and the KU School of Nursing a 3-year, 1.1 million contract to continue work developing a national database that will help providers and the public understand the role of nursing care in patient health outcomes. The ANA contract is the first received since MRI and the University of Kansas formed an alliance in December to promote joint research projects and other collaborations.

Senate Committee Recommendation

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

1. The Senate Committee recommends that the analysis of the appropriate level of base funding for the universities' operating grants be conducted by the Legislative Budget Committee instead of the Legislative Educational Planning Committee as recommended by the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate Committee of the whole has not yet considered this budget.

House Budget Committee Report

Agency: University of Kansas Medical Center

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 493 Budget Page No. 445

Expenditure Summary	Agency Req. FY 02	Gov. Rec. FY 02	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 109,735,479	\$ 103,070,977	\$ 0
General Fees Fund	10,910,577	10,857,269	0
Med. Scholar Repaymt. Fund	1,200,000	1,200,000	0
Services to Hosp. Auth. Fund	3,991,884	3,991,884	0
Med. Education Reimb. Fund	2,428,197	2,428,197	0
Children's Initiatives Fund	103,016	250,000	0
Subtotal—General Use	\$ 128,369,153	\$ 121,798,327	\$ 0
Restricted Use Funds	64,510,659	61,659,832	0
TOTAL—Oper. Exp.	\$ 192,879,812	\$ 183,458,159	\$ 0
Capital Improvements:			
State General Fund	\$ 700,000	\$ 0	\$ 0
Educational Building Fund	0	0	0
Other Funds	2,610,500	2,610,500	0
TOTAL—Cap. Impr.	\$ 3,310,500	\$ 2,610,500	\$ 0
 GRAND TOTAL	 \$ 196,190,312	 \$ 186,068,659	 \$ 0
 FTE Positions	 2,454.2	 2,448.7	 0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	2,454.2	2,448.7	0.0

Agency Req./Governor's Recommendation

The **general use** operating budget increase of \$8.5 million requested by the University would result in a 7.1 percent increase in general use expenditure authority for KUMC in FY 2002. The requested increase includes \$9.1 million for campus specific and systemwide enhancements. Absent the requested FY 2002 enhancements, the University's request would represent a decrease of \$73,169 or 0.1 percent from the current year. Requested FY 2002 **restricted use** funding totals \$64.5 million, an increase of \$4.3 million (7.2 percent) over the revised FY 2001 estimate.

The **Governor's FY 2002 general use** operating budget of \$121.8 million represents an increase of \$2.0 million (1.6 percent) from the current year. State General Fund financing totals \$103.1 million, a \$3.5 million (3.5 percent) increase. The reduction in other funding is associated with a reduction of \$1.0 million in funding from the Children's Initiatives Fund and a \$0.3 million reduction in financing from the Medical Scholarship and Loan Repayment Fund. FY 2002 **restricted use** expenditures are recommended to be \$61.7 million, an increase of \$1.5 million (2.5 percent) from the current year.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation, with the following observations:

1. The House Budget Committee congratulates the University on the following points of pride submitted by the Medical Center:
 - A gift from the family of Forrest Hoglund of \$5 million combined with an appropriation of \$1 million from the State of Kansas and a \$1.8 million grant from the Federal Government allowed KUMC to begin plans to construct a state of the art Brain Imaging Center. This center will significantly enhance the research and clinical services available to Kansans and others in the region.
 - The 50th Anniversary of the Kansas Rural Health Preceptor Program is being celebrated this year. In honor of the 50th year, the School is conducting celebrations in communities throughout Kansas to recognize the physician preceptors and their contribution to the education of our medical students.
 - The School of Medicine has started the first rural health track for medical students in Salina, Kansas. Medical students will spend a year in Salina for the second half of their third and first half of their fourth year in medical school and will take core clerkships, acting internships and electives within the community. When fully implemented the Rural Track will have experiences for students assigned to this track in all four years of the medical school training.
 - The American Nurses Association (ANA) has awarded Midwest Research Institute (MRI) and the KU School of Nursing a 3-year, 1.1 million contract to continue work developing a national database that will help providers and the public understand the role of nursing care in patient health outcomes. The

ANA contract is the first received since MRI and the University of Kansas formed an alliance in December to promote joint research projects and other collaborations.

Senate Subcommittee Report

Agency: Kansas State University

Bill No. --

Bill Sec. --

Analyst: West

Analysis Pg. No. 513

Budget Page No. 317

Expenditure Summary	Agency Est. FY 01	Governor's Recommendation FY 01	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 103,608,197	\$ 103,608,197	\$ 0
General Fees Fund	44,947,039	44,947,039	0
Other Funds	2,177,412	2,177,412	0
Subtotal General Use	\$ 150,732,648	\$ 150,732,648	\$ 0
Restricted Use Funds	157,631,626	157,631,626	0
TOTAL -- Oper. Exp.	\$ 308,364,274	\$ 308,364,274	\$ 0
Capital Improvements:			
State General Fund	\$ 189,446	\$ 189,446	\$ 0
Educational Bldg. Fund	3,961,787	3,961,787	0
Other Funds	3,921,149	3,921,149	0
TOTAL -- Cap. Impr.	\$ 8,072,382	\$ 8,072,382	\$ 0
Grand Total	\$ 316,436,656	\$ 316,436,656	\$ 0
FTE Positions	3,178.0	3,178.0	0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	3,178.0	3,178.0	0.0

Agency Est./Governor's Recommendation

The institution's revised FY 2001 estimate for general use expenditures is the amount approved by the 2000 Legislature, including reappropriations and transfers. Issues that affect the FY 2000 budget are discussed below. **The Governor concurs with the institutions current year estimate.**

- The revised estimate includes \$1,733,764 from the State General Fund which was transferred from the Board of Regents to the institution to represent the institution's portion of the **faculty salary enhancement pool** approved by the 2000 Legislature. **The Governor concurs.**
- The revised estimate includes 30.2 FTE positions over the number authorized by the Legislature. **The Governor concurs.**

- The revised estimate includes \$179,366 in **FY 2000 State General Fund savings reappropriated to FY 2001**. The institution has unlimited reappropriation authority which permits any State General Fund savings from FY 2000 to be expended in FY 2001 without any further legislative action. **The Governor concurs.**
- The University's revised FY 2001 expenditure estimate includes expenditures of \$143,757 from the **equipment reserve fund** for equipment purchases. **The Governor concurs.**
- The University's revised FY 2001 expenditure estimate includes expenditures of \$1,858,655 from the institution's **tuition accountability fund**. **The Governor concurs.**
- **Restricted use expenditures total \$157.6 million, an increase of \$9.3 million 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 concurs.**

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

House Budget Committee Report

Agency: Kansas State University

Bill No. - -

Bill Sec. - -

Analyst: West

Analysis Pg. No. 513 **Budget Page No.** 317

Expenditure Summary	Agency Est. FY 01	Gov. Rec. FY 01	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 103,608,197	\$ 103,608,197	\$ 0
General Fees Fund	44,947,039	44,947,039	0
Other Funds	2,177,412	2,177,412	0
Subtotal General Use	\$ 150,732,648	\$ 150,732,648	\$ 0
Restricted Use Funds	157,631,626	157,631,626	0
TOTAL -- Oper. Exp.	\$ 308,364,274	\$ 308,364,274	\$ 0
Capital Improvements:			
State General Fund	\$ 189,446	\$ 189,446	\$ 0
Educational Bldg. Fund	3,961,787	3,961,787	0
Other Funds	3,921,149	3,921,149	0
TOTAL -- Cap. Impr.	\$ 8,072,382	\$ 8,072,382	\$ 0
Grand Total	\$ 316,436,656	\$ 316,436,656	\$ 0
FTE Positions	3,178.0	3,178.0	0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	3,178.0	3,178.0	0.0

Agency Est./Governor's Recommendation

The institution's revised FY 2001 estimate for general use expenditures is the amount approved by the 2000 Legislature, including reappropriations and transfers. Issues that affect the FY 2000 budget are discussed below. The Governor concurs with the institutions current year estimate.

- The revised estimate includes \$1,733,764 from the State General Fund which was transferred from the Board of Regents to the institution to represent the institution's portion of the **faculty salary enhancement pool** approved by the 2000 Legislature. **The Governor concurs.**

- The revised estimate includes 30.2 FTE positions over the number authorized by the Legislature. **The Governor concurs.**
- The revised estimate includes \$179,366 in **FY 2000 State General Fund savings reappropriated to FY 2001.** The institution has unlimited reappropriation authority which permits any State General Fund savings from FY 2000 to be expended in FY 2001 without any further legislative action. **The Governor concurs.**
- The University's revised FY 2001 expenditure estimate includes expenditures of \$143,757 from the **equipment reserve fund** for equipment purchases. **The Governor concurs.**
- The University's revised FY 2001 expenditure estimate includes expenditures of \$1,858,655 from the institution's **tuition accountability fund.** **The Governor concurs.**
- **Restricted use expenditures total \$157.6 million, an increase of \$9.3 million 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 concurs.**

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation.

Senate Subcommittee Report

Agency: Kansas State University

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 513

Budget Page No. 317

<u>Expenditure Summary</u>	<u>Agency Req. FY 02</u>	<u>Gov. Rec. FY 02</u>	<u>Senate Subcommittee Adjustments*</u>
Operating Expenditures:			
State General Fund	\$ 115,469,092	\$ 103,806,622	\$ (2,904,119)
General Fees Fund	47,571,422	47,044,711	(141,206)
Other Funds	100,000	100,000	0
Subtotal General Use	\$ 163,140,514	\$ 150,951,333	\$ (3,045,325)
Restricted Use Funds	159,156,838	160,033,258	(1,133,892)
TOTAL -- Oper. Exp.	\$ 322,297,352	\$ 310,984,591	\$ (4,179,217)
Capital Improvements:			
State General Fund	\$ 439,446	\$ 189,446	\$ 0
Educational Bldg. Fund	0	0	0
Other Funds	5,246,469	5,246,469	0
TOTAL -- Cap. Impr.	\$ 5,685,915	\$ 5,435,915	\$ 0
Grand Total	\$ 327,983,267	\$ 316,420,506	\$ (4,179,217)
FTE Positions	3,178.0	3,178.0	0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	3,178.0	3,178.0	0.0

* Includes a reduction of \$4,179,217, including \$2,904,119 from the State General Fund, associated with the Governor's pay plan.

Agency Request/Governor's Recommendation

The **general use** operating budget increase of \$12.4 million requested by the University would result in an 8.2 percent increase in expenditure authority in FY 2002. The requested increase includes \$14.7 million for campus specific and systemwide enhancements. The reduction in other funds relates primarily to the use of equipment reserve and tuition accountability funds in FY 2001. No expenses are budgeted from these funds in FY 2002. Absent requested FY 2002 enhancements, the University's request would represent a decrease of \$2.5 million, or 1.6 percent below the FY 2001 estimate.

The Governor recommends a general use increase of \$0.2 million or 0.1 percent over the revised FY 2001 recommendation.

FY 2002 **restricted use** funding totals \$159.2 million, an increase of \$1.5 million (1.0 percent) over the revised FY 2001 estimate. **The Governor** recommends FY 2002 restricted use expenditures of \$160.0 million, an increase of \$0.9 million from the institution's request.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation, with the following adjustments and observations:

1. Delete \$4,179,217, including \$2,904,119 from the State General Fund, to remove the Governor's recommended pay plan adjustments for longevity bonus payments (\$573,785), an annualized 3.0 percent unclassified base salary increase (\$841,911), and an annualized unclassified merit pool (\$2,763,521) from individual agency budgets for consideration in a separate bill.
2. The Subcommittee concurs with the Governor's recommendation to shift state support for the Regents institutions to an operating grant. This move should allow the individual institutions the flexibility to target their limited resources to the areas most beneficial for the institution and the state as a whole. As noted in the Systemwide report, however, the Subcommittee is concerned about the base level of funding provided for the initial operating grant and recommends that the issue be studied in greater detail by the LEPC during the interim.
3. The Subcommittee notes that KSU has numerous budgetary challenges facing them with the level of funding recommended for FY 2002. While many of these same challenges are faced by all state agencies some of the policy choices may have a disproportionate impact on KSU and the other Regents institutions. The Subcommittee recommends that additional funding be considered at Omnibus to address the budget reductions necessitated by the need to meet the current resources budget allocations issued by the Division of the Budget (\$1.1 million systemwide), the impact of increased utility costs (\$3.0 million systemwide), restoration of the state/tuition equipment program (\$3.9 million for the state's portion systemwide), funding for the elimination of the first three steps from the state pay plan, and provision of state support for university libraries (\$1.9 million systemwide).
4. The Subcommittee notes that the Governor's recommendation also does not provide for an increase in the institutional operating grants for the costs associated with utilities for the Ackert Hall addition to the Biological Sciences Complex which is scheduled to be enclosed July 1, 2001. The estimated cost of the utilities is \$172,480 for FY 2002. This omission will put additional strain on the budget of KSU and the Subcommittee recommends that this issue be re-examined at Omnibus to determine if additional resources can be targeted to KSU for this purpose.
5. The Subcommittee congratulates KSU on the following points of pride submitted by the University:

- a. Public perception exists that Universities are administratively heavy. A variety of factors have forced Universities to increase central administration costs. K-State prides itself on having an effective and lean administrative structure. In Fiscal Year 1999 (the most current figure) the University spent 4.8% of expenditures for institutional support. K-State has the lowest central administrative costs in the Regents system and the lowest among its peers.
- b. Continuing to put K-State on the map among top research Universities in the country is a University goal. This year the Carnegie Foundation awarded Kansas State University its highest ranking, "Doctoral/ Research University, Extensive". In addition, in Fiscal Year 2000 the University achieved a number of milestones:
 - i. Competitive external funding jumped to almost \$72 million, absolutely shattering last year's record \$58 million.
 - ii. The total research base exceeded \$100 million for the first time in history finishing at \$106 million.
 - iii. More than 800 research projects won funding from federal and state agencies, private-sector companies, not-for-profit foundations, and other diverse sponsors.
- c. Kansas State University's contribution to the state's economy in a report published in 1997 includes \$910 million in on-going benefits from teaching, \$973 million in added value from research, and more than \$300 million of expenditures from federal, student and private sources in support of teaching and research. In total, and without using a dollar multiplier, the conservative estimate of K-State's economic impact is \$2.4 billion. Looked at in another way – K-State returns nearly \$17 for every \$1 of state funding it receives.
- d. The "2000 Kaplan/Newsweek College Guide" selected K-State as one of the top ten "hot and trendy" schools in the nation, citing the Big 12 atmosphere and a commitment to financial assistance, career planning and teaching.

Senate Committee Recommendation

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

1. The Senate Committee recommends that the analysis of the appropriate level of base funding for the universities' operating grants be conducted by the Legislative Budget Committee instead of the Legislative Educational Planning Committee as recommended by the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate Committee of the whole has not yet considered this budget.

House Budget Committee Report

Agency: Kansas State University

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 513

Budget Page No. 317

Expenditure Summary	Agency Req. FY 02	Gov. Rec. FY 02	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 115,469,092	\$ 103,806,622	\$ 0
General Fees Fund	47,571,422	47,044,711	0
Other Funds	100,000	100,000	0
Subtotal General Use	\$ 163,140,514	\$ 150,951,333	\$ 0
Restricted Use Funds	159,156,838	160,033,258	0
TOTAL -- Oper. Exp.	\$ 322,297,352	\$ 310,984,591	\$ 0
Capital Improvements:			
State General Fund	\$ 439,446	\$ 189,446	\$ 0
Educational Bldg. Fund	0	0	0
Other Funds	5,246,469	5,246,469	0
TOTAL -- Cap. Impr.	\$ 5,685,915	\$ 5,435,915	\$ 0
Grand Total	\$ 327,983,267	\$ 316,420,506	\$ 0
FTE Positions	3,178.0	3,178.0	0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	3,178.0	3,178.0	0.0

Agency Req./Governor's Recommendation

The **general use** operating budget increase of \$12.4 million requested by the University would result in an 8.2 percent increase in expenditure authority in FY 2002. The requested increase includes \$14.7 million for campus specific and systemwide enhancements. The reduction in other

funds relates primarily to the use of equipment reserve and tuition accountability funds in FY 2001. No expenses are budgeted from these funds in FY 2002. Absent requested FY 2002 enhancements, the University's request would represent a decrease of \$2.5 million, or 1.6 percent below the FY 2001 estimate.

The Governor recommends a general use increase of \$0.2 million or 0.1 percent over the revised FY 2001 recommendation.

FY 2002 **restricted use** funding totals \$159.2 million, an increase of \$1.5 million (1.0 percent) over the revised FY 2001 estimate. **The Governor** recommends FY 2002 restricted use expenditures of \$160.0 million, an increase of \$0.9 million from the institution's request.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation, with the following observations:

1. The Subcommittee congratulates KSU on the following points of pride submitted by the University:
 - a. Public perception exists that Universities are administratively heavy. A variety of factors have forced Universities to increase central administration costs. K-State prides itself on having an effective and lean administrative structure. In Fiscal Year 1999 (the most current figure) the University spent 4.8% of expenditures for institutional support. K-State has the lowest central administrative costs in the Regents system and the lowest among its peers.
 - b. Continuing to put K-State on the map among top research Universities in the country is a University goal. This year the Carnegie Foundation awarded Kansas State University its highest ranking, "Doctoral/ Research University, Extensive". In addition, in Fiscal Year 2000 the University achieved a number of milestones:
 - i. Competitive external funding jumped to almost \$72 million, absolutely shattering last year's record \$58 million.
 - ii. The total research base exceeded \$100 million for the first time in history finishing at \$106 million.
 - iii. More than 800 research projects won funding from federal and state agencies, private-sector companies, not-for-profit foundations, and other diverse sponsors.
 - c. Kansas State University's contribution to the state's economy in a report published in 1997 includes \$910 million in on-going benefits from teaching, \$973 million in added value from research, and more than \$300 million of expenditures from federal, student and private sources in support of teaching and research. In total, and without using a dollar multiplier, the conservative estimate of K-State's

economic impact is \$2.4 ^{billion} million. Looked at in another way – K-State returns nearly \$17 for every \$1 of state funding it receives.

- d. The “2000 Kaplan/Newsweek College Guide” selected K-State as one of the top ten “hot and trendy” schools in the nation, citing the Big 12 atmosphere and a commitment to financial assistance, career planning and teaching.

Senate Subcommittee Report

Agency: Kansas State University Vet. Med. Ctr. Bill No. 342

Bill Sec. 26

Analyst: West

Analysis Pg. No. 529

Budget Page No. 321

Expenditure Summary	Agency Est. FY 01	Governor's Recommendation FY 01	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 9,688,142	\$ 9,688,142	\$ 0
General Fees Fund	5,258,707	5,258,707	0
Hosp. & Diag. Lab. Fund	3,325,781	3,325,781	0
Other Funds	1,203,442	1,203,442	0
Subtotal General Use	\$ 19,476,072	\$ 19,476,072	\$ 0
Restricted Use Funds	2,529,433	2,529,433	0
TOTAL -- Oper. Exp.	\$ 22,005,505	\$ 22,005,505	\$ 0
Capital Improvements:			
Educational Bldg. Fund	\$ 202,066	\$ 202,066	\$ 0
Other Funds	0	0	0
TOTAL -- Cap. Impr.	\$ 202,066	\$ 202,066	\$ 0
Grand Total	\$ 22,005,505	\$ 22,005,505	\$ 0
FTE Positions	254.5	254.5	0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	254.5	254.5	0.0

Agency Est./Governor's Recommendation

The institution's revised FY 2001 estimate for **general use expenditures** reflects the funding authorized by the 2000 Legislature, including reappropriations and transfers. **The Governor concurs with the agency's estimate.**

- The agency's revised estimate includes the transfer of \$233,097 from the State General Fund from the Board of Regents associated with the faculty salary enhancement pool approved by the 2000 Legislature. **The Governor concurs.**
- The revised estimate includes \$160,264 in unanticipated FY 2000 State General Fund savings reappropriated to FY 2001. The institution has unlimited reappropriation authority which permits any State General Fund savings from FY

2000 to be expended in FY 2001 without any further legislative action. **The Governor concurs.**

- The University's revised FY 2001 expenditure estimate includes expenditures of \$343,971 from the equipment reserve fund, and \$859,471 from the Hospital and Diagnostic Laboratory Improvement Fund for equipment purchases. **The Governor concurs** with the expenditures from the Hospital and Diagnostic Laboratory Fund and the equipment reserve fund.
- **Restricted use expenditures** total \$2.5 million, a decrease of \$125,363 over 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 concurs.**

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

House Budget Committee Report

Agency: Kansas State University Vet. Med. Ctr. Bill No. 2545

Bill Sec. 26

Analyst: West

Analysis Pg. No. 529 Budget Page No. 321

Expenditure Summary	Agency Est. FY 01	Gov. Rec. FY 01	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 9,688,142	\$ 9,688,142	\$ 0
General Fees Fund	5,258,707	5,258,707	0
Hosp. & Diag. Lab. Fund	3,325,781	3,325,781	0
Other Funds	1,203,442	1,203,442	0
Subtotal General Use	\$ 19,476,072	\$ 19,476,072	\$ 0
Restricted Use Funds	2,529,433	2,529,433	0
TOTAL -- Oper. Exp.	\$ 22,005,505	\$ 22,005,505	\$ 0
Capital Improvements:			
Educational Bldg. Fund	\$ 202,066	\$ 202,066	\$ 0
Other Funds	0	0	0
TOTAL -- Cap. Impr.	\$ 202,066	\$ 202,066	\$ 0
Grand Total	\$ 22,005,505	\$ 22,005,505	\$ 0
FTE Positions	254.5	254.5	0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	254.5	254.5	0.0

Agency Est./Governor's Recommendation

The institution's revised FY 2001 estimate for **general use expenditures** reflects the funding authorized by the 2000 Legislature, including reappropriations and transfers. **The Governor concurs with the agency's estimate.**

- The agency's revised estimate includes the transfer of \$233,097 from the State General Fund from the Board of Regents associated with the faculty salary enhancement pool approved by the 2000 Legislature. **The Governor concurs.**
- The revised estimate includes \$160,264 in unanticipated FY 2000 State General Fund savings reappropriated to FY 2001. The institution has unlimited reappropriation authority which permits any State General Fund savings from FY

2000 to be expended in FY 2001 without any further legislative action. **The Governor concurs.**

- The University's revised FY 2001 expenditure estimate includes expenditures of \$343,971 from the equipment reserve fund, and \$859,471 from the Hospital and Diagnostic Laboratory Improvement Fund for equipment purchases. **The Governor concurs** with the expenditures from the Hospital and Diagnostic Laboratory Fund and the equipment reserve fund.
- **Restricted use expenditures** total \$2.5 million, a decrease of \$125,363 over 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 concurs.**

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation.

Senate Subcommittee Report

Agency: Kansas State University Vet. Med. Ctr. **Bill No.**

Bill Sec.

Analyst: West

Analysis Pg. No. 529

Budget Page No. 321

<u>Expenditure Summary</u>	<u>Agency Req. FY 02</u>	<u>Gov. Rec. FY 02</u>	<u>Senate Subcommittee Adjustments*</u>
Operating Expenditures:			
State General Fund	\$ 10,538,699	\$ 9,842,527	\$ (322,252)
General Fees Fund	5,596,657	5,180,177	(17,145)
Hosp. & Diag. Lab. Fund	3,556,818	3,462,821	0
Subtotal General Use	\$ 19,692,174	\$ 18,485,525	\$ (339,397)
Restricted Use Funds	2,554,203	2,579,467	(33,688)
TOTAL -- Oper. Exp.	\$ 22,246,377	\$ 21,064,992	\$ (373,085)
Capital Improvements:			
Educational Bldg. Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
TOTAL -- Cap. Impr.	\$ 0	\$ 0	\$ 0
Grand Total	\$ 22,246,377	\$ 21,064,992	\$ (373,085)
FTE Positions	545.5	545.5	0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	545.5	545.5	0.0

* Includes a reduction of \$373,085, including \$322,252 from the State General Fund, associated with the Governor's pay plan.

Agency Req./Governor's Recommendation

The **general use** operating budget increase of \$216,102 requested by the University would result in a 1.1 percent increase in expenditure authority in FY 2002. The requested increase includes \$1.5 million campus specific and systemwide enhancements. **Absent requested FY 2002 enhancements**, the University's request would represent a reduction of \$1.3 million or 6.6 percent from the revised FY 2002 estimate. **The Governor's FY 2002 recommendation** results in a reduction of \$990,547 (5.1 percent) from the Governor's FY 2001 recommendation.

The reduction in other funds relates to the use of equipment reserve funds and hospital and diagnostic laboratory improvement funds for equipment purchases in FY 2001. Funding requested from those same sources in FY 2002 is \$1.2 million less than in FY 2001 under the agency's request and the Governor's recommendation. Absent this change, the agency's general use funding request

would represent a \$1.4 million (7.8 percent) increase from the current year and the Governor's recommendation represents an increase of \$212,895 (1.2 percent).

Requested FY 2002 **restricted use** funding totals \$2.55 million, a slight increase (1.0 percent) from the revised FY 2002 estimate. **The Governor's recommendation** for restricted use expenditures totals \$2.58 million, a slight increase from the institution's request.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation, with the following adjustments and observations:

1. Delete \$373,085, including \$322,252 from the State General Fund, to remove the Governor's recommended pay plan adjustments for longevity bonus payments (\$52,704), an annualized 3.0 percent unclassified base salary increase (\$96,699), and an annualized unclassified merit pool (\$223,682) from individual agency budgets for consideration in a separate bill.
2. The Subcommittee concurs with the Governor's recommendation to shift state support for the Regents institutions to an operating grant. This move should allow the individual institutions the flexibility to target their limited resources to the areas most beneficial for the institution and the state as a whole. As noted in the Systemwide report, however, the Subcommittee is concerned about the base level of funding provided for the initial operating grant and recommends that the issue be studied in greater detail by the LEPC during the interim.
3. The Subcommittee notes that Veterinary Medical Center has numerous budgetary challenges facing them with the level of funding recommended for FY 2002. While many of these same challenges are faced by all state agencies some of the policy choices may have a disproportionate impact on Veterinary Medical Center and the other Regents institutions. The Subcommittee recommends that additional funding be considered at Omnibus to address the budget reductions necessitated by the need to meet the current resources budget allocations issued by the Division of the Budget (\$1.1 million systemwide), the impact of increased utility costs (\$3.0 million systemwide), restoration of the state/tuition equipment program (\$3.9 million for the state's portion systemwide), funding for the elimination of the first three steps from the state pay plan, and provision of state support for university libraries (\$1.9 million systemwide)

Senate Committee Recommendation

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

1. The Senate Committee recommends that the analysis of the appropriate level of base funding for the universities' operating grants be conducted by the Legislative Budget Committee instead of the Legislative Educational Planning Committee as recommended by the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate Committee of the whole has not yet considered this budget.

House Budget Committee Report

Agency: Kansas State University Vet. Med. Ctr. **Bill No.**

Bill Sec.

Analyst: West

Analysis Pg. No. 529

Budget Page No. 321

Expenditure Summary	Agency Req. FY 02	Gov. Rec. FY 02	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 10,538,699	\$ 9,842,527	\$ 0
General Fees Fund	5,596,657	5,180,177	0
Hosp. & Diag. Lab. Fund	3,556,818	3,462,821	0
Subtotal General Use	\$ 19,692,174	\$ 18,485,525	\$ 0
Restricted Use Funds	2,554,203	2,579,467	0
TOTAL -- Oper. Exp.	\$ 22,246,377	\$ 21,064,992	\$ 0
Capital Improvements:			
Educational Bldg. Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
TOTAL -- Cap. Impr.	\$ 0	\$ 0	\$ 0
Grand Total	\$ 22,246,377	\$ 21,064,992	\$ 0
FTE Positions	545.5	545.5	0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	545.5	545.5	0.0

Agency Req./Governor's Recommendation

The **general use** operating budget increase of \$216,102 requested by the University would result in a 1.1 percent increase in expenditure authority in FY 2002. The requested increase includes \$1.5 million campus specific and systemwide enhancements. **Absent requested FY 2002 enhancements**, the University's request would represent a reduction of \$1.3 million or 6.6 percent

from the revised FY 2002 estimate. **The Governor's FY 2002 recommendation** results in a reduction of \$990,547 (5.1 percent) from the Governor's FY 2001 recommendation. The reduction in other funds relates to the use of equipment reserve funds and hospital and diagnostic laboratory improvement funds for equipment purchases in FY 2001. Funding requested from those same sources in FY 2002 is \$1.2 million less than in FY 2001 under the agency's request and the Governor's recommendation. Absent this change, the agency's general use funding request would represent a \$1.4 million (7.8 percent) increase from the current year and the Governor's recommendation represents an increase of \$212,895 (1.2 percent).

Requested FY 2002 **restricted use** funding totals \$2.55 million, a slight increase (1.0 percent) from the revised FY 2002 estimate. **The Governor's recommendation** for restricted use expenditures totals \$2.58 million, a slight increase from the institution's request.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation.

Senate Subcommittee Report

Agency: KSU-ESARP

Bill No. 342

Bill Sec. 25

Analyst: West

Analysis Pg. No. 546

Budget Page No. 319

Expenditure Summary	Agency Est. FY 01	Governor's Recommendation FY 01	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 48,409,117	\$ 48,662,783	\$ 0
Federal Land Grant Funds	8,314,991	7,985,276	0
Subtotal General Use	\$ 56,724,108	\$ 56,648,059	\$ 0
Restricted Use Funds	40,531,990	40,531,990	0
TOTAL—Oper. Exp.	\$ 97,256,098	\$ 97,180,049	\$ 0
Capital Improvements:			
Educational Building Fund	\$ 0	\$ 0	\$ 0
Restricted Use Funds	1,700,000	1,700,000	0
TOTAL—Cap. Impr.	\$ 1,700,000	\$ 1,700,000	\$ 0
 GRAND TOTAL	 \$ 98,956,098	 \$ 98,880,049	 \$ 0
 FTE Positions	 1,264.9	 1,264.9	 0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	1,264.9	1,264.9	0.0

Agency Est./Governor's Recommendation

The institution's revised FY 2001 estimate for general use expenditures is an increase of \$76,049 over the amount approved by the 2000 Legislature, including reappropriations and transfers. **The Governor recommends** a current year general use budget equal to the approved budget. The Governor recommends a State General Fund supplemental appropriation of \$329,715 to offset an anticipated decrease in available federal funding from the approved budget.

- The revised estimate includes an **FY 2001 supplemental State General Fund request** of \$76,049 for increased health insurance costs for certain employees who are covered under federal health insurance programs. **The Governor does not recommend** the supplemental appropriation requested for health insurance but **does recommend** a supplemental appropriation of \$329,715 to offset an anticipated decrease in available federal funding from the approved budget.
- The revised estimate includes \$982,659 in **FY 2000 State General Fund savings reappropriated to FY 2001**. The institution has unlimited reappropriation

authority which permits any State General Fund savings from FY 2000 to be expended in FY 2001 without any further legislative action. **The Governor concurs.**

- The revised estimate also includes \$731,511 from the State General Fund which was transferred from the Board of Regents to the institution to represent the institution's portion of the **faculty salary enhancement pool** approved by the 2000 Legislature. **The Governor concurs.**
- The revised estimate includes a reduction of 8.3 FTE positions from the number authorized by the Legislature. **The Governor concurs.**
- **Restricted use expenditures total \$40.5 million, an increase of \$0.5 million 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 concurs.**

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

House Budget Committee Report

Agency: K SU - ESARP

Bill No. 2545

Bill Sec. 25

Analyst: West

Analysis Pg. No. 546

Budget Page No. 319

Expenditure Summary	Agency Est. FY 01	Gov. Rec. FY 01	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 48,409,117	\$ 48,662,783	\$ 0
Federal Land Grant Funds	8,314,991	7,985,276	0
Subtotal General Use	\$ 56,724,108	\$ 56,648,059	\$ 0
Restricted Use Funds	40,531,990	40,531,990	0
TOTAL—Oper. Exp.	\$ 97,256,098	\$ 97,180,049	\$ 0
Capital Improvements:			
Educational Building Fund	\$ 0	\$ 0	\$ 0
Restricted Use Funds	1,700,000	1,700,000	0
TOTAL—Cap. Impr.	\$ 1,700,000	\$ 1,700,000	\$ 0
 GRAND TOTAL	 \$ 98,956,098	 \$ 98,880,049	 \$ 0
 FTE Positions	 1,264.9	 1,264.9	 0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	1,264.9	1,264.9	0.0

Agency Est./Governor's Recommendation

The institution's revised FY 2001 estimate for general use expenditures is an increase of \$76,049 over the amount approved by the 2000 Legislature, including reappropriations and transfers. **The Governor recommends** a current year general use budget equal to the approved budget. The Governor recommends a State General Fund supplemental appropriation of \$329,715 to offset an anticipated decrease in available federal funding from the approved budget.

- The revised estimate includes an **FY 2001 supplemental State General Fund request** of \$76,049 for increased health insurance costs for certain employees who are covered under federal health insurance programs. **The Governor does not recommend** the supplemental appropriation requested for health insurance but **does recommend** a supplemental appropriation of \$329,715 to offset an anticipated decrease in available federal funding from the approved budget.
- The revised estimate includes \$982,659 in **FY 2000 State General Fund savings reappropriated to FY 2001**. The institution has unlimited reappropriation

authority which permits any State General Fund savings from FY 2000 to be expended in FY 2001 without any further legislative action. **The Governor concurs.**

- The revised estimate also includes \$731,511 from the State General Fund which was transferred from the Board of Regents to the institution to represent the institution's portion of the **faculty salary enhancement pool** approved by the 2000 Legislature. **The Governor concurs.**
- The revised estimate includes a reduction of 8.3 FTE positions from the number authorized by the Legislature. **The Governor concurs.**
- **Restricted use expenditures total \$40.5 million, an increase of \$0.5 million 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 concurs.**

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation.

Senate Subcommittee Report

Agency: KSU-ESARP

Bill No. --

Bill Sec. --

Analyst: West

Analysis Pg. No. 546

Budget Page No. 319

<u>Expenditure Summary</u>	<u>Agency Request FY 02</u>	<u>Governor's Recommendation FY 02</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 52,201,108	\$ 48,561,800	\$ (1,133,412)
Federal Land Grant Funds	7,870,000	8,314,991	(21,398)
Subtotal General Use	\$ 60,071,108	\$ 56,876,791	\$ (1,154,810)
Restricted Use Funds	40,848,966	41,328,094	(569,529)
TOTAL—Oper. Exp.	\$ 100,920,074	\$ 98,204,885	\$ (1,724,339)
Capital Improvements:			
Educational Building Fund	\$ 0	\$ 3,000,000	\$ 0
Restricted Use Funds	11,000,000	11,000,000	0
TOTAL—Cap. Impr.	\$ 11,000,000	\$ 14,000,000	\$ 0
 GRAND TOTAL	 \$ 111,920,074	 \$ 112,204,885	 \$ (1,724,339)
 FTE Positions	 1,265.9	 1,264.9	 0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	1,265.9	1,264.9	0.0

* Includes a reduction of \$1,724,339, including \$1,133,412 from the State General Fund, associated with the Governor's pay plan.

Agency Request/Governor's Recommendation

The **general use** operating budget increase of \$3.3 million requested by ESARP would result in a 5.9 percent increase in expenditure authority in FY 2002. The requested increase includes \$4.2 million for institution specific and systemwide enhancements. **Absent requested FY 2002 enhancements**, the ESARP's request would represent a reduction of \$866,135, or 1.5 percent.

The Governor recommends a net increase of \$228,732 (0.4 percent) from the revised current year recommendation. State General Fund financing would decrease by \$100,983 (0.2 percent)

ESARP requests \$40.8 million in **restricted use** expenditures, an increase of \$0.3 million from the institution's revised FY 2001 estimate. 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 \$41.3 million in restricted use expenditures, an increase of \$0.5 million from the institution's request.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation, with the following adjustments and observations:

1. Delete \$1,724,339, including \$1,133,412 from the State General Fund, to remove the Governor's recommended pay plan adjustments for longevity bonus payments (\$186,715), an annualized 3.0 percent unclassified base salary increase (\$283,047), and an annualized unclassified merit pool (\$1,254,577) from individual agency budgets for consideration in a separate bill.
2. The Subcommittee concurs with the Governor's recommendation to shift state support for the Regents institutions to an operating grant. This move should allow the individual institutions the flexibility to target their limited resources to the areas most beneficial for the institution and the state as a whole. As noted in the Systemwide report, however, the Subcommittee is concerned about the base level of funding provided for the initial operating grant and recommends that the issue be studied in greater detail by the LEPC during the interim.
3. The Subcommittee notes that KSU - ESARP has numerous budgetary challenges facing them with the level of funding recommended for FY 2002. While many of these same challenges are faced by all state agencies some of the policy choices may have a disproportionate impact on KSU - ESARP and the other Regents institutions. The Subcommittee recommends that additional funding be considered at Omnibus to address the budget reductions necessitated by the need to meet the current resources budget allocations issued by the Division of the Budget (\$1.1 million systemwide), the impact of increased utility costs (\$3.0 million systemwide), restoration of the state/tuition equipment program (\$3.9 million for the state's portion systemwide), funding for the elimination of the first three steps from the state pay plan, and provision of state support for university libraries (\$1.9 million systemwide).

Senate Committee Recommendation

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

1. The Senate Committee recommends that the analysis of the appropriate level of base funding for the universities' operating grants be conducted by the Legislative Budget Committee instead of the Legislative Educational Planning Committee as recommended by the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate Committee of the whole has not yet considered this budget.

House Budget Committee Report

Agency: KSU - ESARP

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 546

Budget Page No. 319

Expenditure Summary	Agency Req. FY 02	Gov. Rec. FY 02	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 52,201,108	\$ 48,561,800	\$ 0
Federal Land Grant Funds	7,870,000	8,314,991	0
Subtotal General Use	\$ 60,071,108	\$ 56,876,791	\$ 0
Restricted Use Funds	40,848,966	41,328,094	0
TOTAL—Oper. Exp.	\$ 100,920,074	\$ 98,204,885	\$ 0
Capital Improvements:			
Educational Building Fund	\$ 0	\$ 3,000,000	\$ 0
Restricted Use Funds	11,000,000	11,000,000	0
TOTAL—Cap. Impr.	\$ 11,000,000	\$ 14,000,000	\$ 0
GRAND TOTAL	\$ 111,920,074	\$ 112,204,885	\$ 0
FTE Positions	1,265.9	1,264.9	0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	1,265.9	1,264.9	0.0

Agency Req./Governor's Recommendation

The **general use** operating budget increase of \$3.3 million requested by ESARP would result in a 5.9 percent increase in expenditure authority in FY 2002. The requested increase includes \$4.2

million for institution specific and systemwide enhancements. **Absent requested FY 2002 enhancements**, the ESARP's request would represent a reduction of \$866,135, or 1.5 percent.

The Governor recommends a net increase of \$228,732 (0.4 percent) from the revised current year recommendation. State General Fund financing would decrease by \$100,983 (0.2 percent)

ESARP requests \$40.8 million in **restricted use** expenditures, an increase of \$0.3 million from the institution's revised FY 2001 estimate. 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 \$41.3 million in restricted use expenditures, an increase of \$0.5 million from the institution's request.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation, with the following adjustment:

1. The Budget Committee notes that the University requested \$69,372 from the State General Fund and 1.0 FTE position to expand the efforts of the Farm Analyst program in providing technical assistance to farm families seeking to maintain viable farm operations in light of changing federal farm policy and structural changes within the agricultural sector. The Budget Committee received testimony from several persons on the importance of this initiative and recommends that the University's request be considered for funding in the Omnibus bill.

In the meantime the Budget Committee would encourage Kansas State University, interested legislators, and other interested parties to aggressively examine what public private partnerships may be possible to provide enhanced support for the Farm Analyst program, including federal funding and private sector resources.

Senate Subcommittee Report

Agency: Wichita State University **Bill No. --** **Bill Sec. --**
Analyst: West **Analysis Pg. No. 560** **Budget Page No. 459**

Expenditure Summary	Agency Est. FY 01	Governor's Recommendation FY 01	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 63,610,280	\$ 63,610,280	\$ 0
General Fees Fund	28,425,377	28,425,377	0
Other Funds	455,486	455,486	0
Subtotal General Use	\$ 92,491,143	\$ 92,491,143	\$ 0
Restricted Use Funds	46,063,873	46,063,873	0
TOTAL -- Oper. Exp.	\$ 138,555,016	\$ 138,555,016	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Bldg. Fund	2,617,305	2,617,305	0
Other Funds	661,000	661,000	0
TOTAL -- Cap. Impr.	\$ 3,278,305	\$ 3,278,305	\$ 0
Grand Total	\$ 141,833,321	\$ 141,833,321	\$ 0
FTE Positions	1,727.3	1,727.3	0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	1,727.3	1,727.3	0.0

Agency Est./Governor's Recommendation

The institution's revised FY 2001 estimate for general use expenditures is unchanged from the amount authorized by the 2000 Legislature, including reappropriations and transfers. **The Governor concurs with the institution's estimate.**

- The revised estimate includes \$941,254 from the State General Fund which was transferred from the Board of Regents to the institution to represent the institution's portion of the **faculty salary enhancement pool** approved by the 2000 Legislature. **The Governor concurs.**
- The University's revised FY 2001 expenditure estimate includes expenditures of \$455,486 from the **equipment reserve fund** for equipment purchases. **The Governor concurs.**

- **Restricted use expenditures total \$46.1 million, an increase of \$5.4 million 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 concurs.**

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

House Budget Committee Report

Agency: Wichita State University

Bill No. --

Bill Sec. --

Analyst: West

Analysis Pg. No. 560 Budget Page No. 459

Expenditure Summary	Agency Est. FY 01	Gov. Rec. FY 01	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 63,610,280	\$ 63,610,280	\$ 0
General Fees Fund	28,425,377	28,425,377	0
Other Funds	455,486	455,486	0
Subtotal General Use	\$ 92,491,143	\$ 92,491,143	\$ 0
Restricted Use Funds	46,063,873	46,063,873	0
TOTAL -- Oper. Exp.	\$ 138,555,016	\$ 138,555,016	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Bldg. Fund	2,617,305	2,617,305	0
Other Funds	661,000	661,000	0
TOTAL -- Cap. Impr.	\$ 3,278,305	\$ 3,278,305	\$ 0
Grand Total	\$ 141,833,321	\$ 141,833,321	\$ 0
FTE Positions	1,727.3	1,727.3	0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	1,727.3	1,727.3	0.0

Agency Est./Governor's Recommendation

The institution's revised FY 2001 estimate for general use expenditures is unchanged from the amount authorized by the 2000 Legislature, including reappropriations and transfers. **The Governor concurs with the institution's estimate.**

- The revised estimate includes \$941,254 from the State General Fund which was transferred from the Board of Regents to the institution to represent the institution's portion of the **faculty salary enhancement pool** approved by the 2000 Legislature. **The Governor concurs.**

- The University's revised FY 2001 expenditure estimate includes expenditures of \$455,486 from the **equipment reserve fund** for equipment purchases. **The Governor concurs.**
- **Restricted use expenditures total \$46.1 million, an increase of \$5.4 million 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 concurs.**

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation.

Senate Subcommittee Report

Agency: Wichita State University

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 477

Budget Page No. 443

Expenditure Summary	Agency Req. FY 02	Gov. Rec. FY 02	Senate Subcommittee Adjustments*
Operating Expenditures:			
State General Fund	\$ 70,347,094	\$ 64,544,363	\$ (1,738,961)
General Fees Fund	29,208,640	28,912,353	(72,248)
Other Funds	0	0	0
Subtotal General Use	\$ 99,555,734	\$ 93,456,716	\$ (1,811,209)
Restricted Use Funds	47,203,872	46,521,036	(369,014)
TOTAL -- Oper. Exp.	\$ 146,759,606	\$ 139,977,752	\$ (2,180,223)
Capital Improvements:			
State General Fund	\$ 485,925	\$ 0	\$ 0
Educational Bldg. Fund	40,000	40,000	0
Other Funds	877,667	877,667	0
TOTAL -- Cap. Impr.	\$ 1,403,592	\$ 917,667	\$ 0
Grand Total	\$ 148,163,198	\$ 140,895,419	\$ (2,180,223)
FTE Positions	1,727.3	1,727.3	0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	1,727.3	1,727.3	0.0

* Includes a reduction of \$2,180,223, including \$1,738,961 from the State General Fund, associated with the Governor's pay plan.

Agency Req./Governor's Recommendation

The **general use** operating budget increase of \$7.1 million requested by the University would result in a 7.6 percent increase in expenditure authority in FY 2002. The requested increase includes \$7.7 million for systemwide and campus specific enhancements. Absent requested FY 2002 enhancements, the University's request would represent a decrease of \$0.6million, or 0.7 percent. The reduction in other funds relates to the use of equipment reserve funds in FY 2001. No expenses are budgeted from the equipment reserve fund in FY 2002.

The Governor's general use recommendation results in an increase of \$1.0 million, or 1.0 percent, over the revised FY 2001 recommendation.

Requested FY 2002 **restricted use** funding totals \$47.2 million, an increase of \$1.1 million (2.5 percent) from the revised FY 2001 estimate. **The Governor** recommends restricted use expenditures of \$46.5 million, a reduction of \$0.7 million from the institution's request.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation, with the following adjustments and observations:

1. Delete \$2,180,223, including \$1,738,961 from the State General Fund, to remove the Governor's recommended pay plan adjustments for longevity bonus payments (\$247,641), an annualized 3.0 percent unclassified base salary increase (\$416,501), and an annualized unclassified merit pool (\$1,516,081) from individual agency budgets for consideration in a separate bill.
2. The Subcommittee concurs with the Governor's recommendation to shift state support for the Regents institutions to an operating grant. This move should allow the individual institutions the flexibility to target their limited resources to the areas most beneficial for the institution and the state as a whole. As noted in the Systemwide report, however, the Subcommittee is concerned about the base level of funding provided for the initial operating grant and recommends that the issue be studied in greater detail by the LEPC during the interim.
3. The Subcommittee notes that WSU has numerous budgetary challenges facing them with the level of funding recommended for FY 2002. While many of these same challenges are faced by all state agencies some of the policy choices may have a disproportionate impact on WSU and the other Regents institutions. The Subcommittee recommends that additional funding be considered at Omnibus to address the budget reductions necessitated by the need to meet the current resources budget allocations issued by the Division of the Budget (\$1.1 million systemwide), the impact of increased utility costs (\$3.0 million systemwide), restoration of the state/tuition equipment program (\$3.9 million for the state's portion systemwide), funding for the elimination of the first three steps from the state pay plan, and provision of state support for university libraries (\$1.9 million systemwide).
4. The University presented the Subcommittee with information on a couple of special initiatives which WSU targeted a portion of their share of the FY 2001 faculty salary enhancement pool. The Faculty Incentive Review Program is a form of post-tenure review. As opposed to the negative reenforcement provided by most post tenure review programs, however, WSU's approach provides an additional incentive for tenured faculty to strive for excellence. Under WSU's approach, after five year's of tenure faculty members can submit themselves for further peer review based on their research, publications and teaching excellence. 30 professors successfully completed the review process and received a salary increase of \$5,000 in addition to regular merit increases.

The University also allocated a portion of the faculty salary enhancement pool to address equity issues. After an extensive analysis, the University did not find systematic gender equity issues but did identify some isolated cases where increased salaries seemed to be in order. The University allocated \$200,000 to address equity issues, providing 78 faculty members with increases ranging from \$300 to \$9,000.

5. The Subcommittee congratulates WSU on the following points of pride submitted by the University:

- Tuition Accountability Institution. As one of the three tuition accountability institutions, Wichita State University has not only met but exceeded its tuition revenue estimates for both the fall and spring semesters of FY 2001. Final totals for the fiscal year will be known following enrollment for the summer session.
- Sponsored Research and Public Service Training Grants. University administration had challenged WSU faculty to increase the level of grant and contract awards to \$20 million by FY 2000. The University is pleased to report that this challenge has not only been met but exceeded as shown below:

FY 1998	\$17 million
FY 1999	\$19 million
FY 2000	\$21 million

- Improvements Accomplished with Tuition (\$1)/State (\$2) Technology Equipment Funds. WSU has placed emphasis on projects that directly benefit the learning opportunities for students. Examples are:
 - Major upgrade of student computer labs to assist students in their technological needs for their individual fields of study. The updated student labs have been a tremendous success with usage far exceeding expectations. The large student labs in Jabara Hall and the lab in the E.K. and Kathleen Edmiston 24-Hour Study Room in Ablah Library are open seven days a week and are used heavily on the weekends.
 - The use of Web based instructional technology has exploded on campus through the purchase of e-Learning software tools. Over 150 faculty have developed enhancements for 430 courses that are used by more than 4,300 students.
 - Significant progress has been made in upgrading classrooms permitting faculty access to the Internet in their classrooms.
 - Enhancements were made to Ablah Library's infrastructure to support and improve student access to information resources.

- o The campus network infrastructure has been upgraded to improve network speed, reliability and security.

Senate Committee Recommendation

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

1. The Senate Committee recommends that the analysis of the appropriate level of base funding for the universities' operating grants be conducted by the Legislative Budget Committee instead of the Legislative Educational Planning Committee as recommended by the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate Committee of the whole has not yet considered this budget.

House Budget Committee Report

Agency: Wichita State University

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 477 Budget Page No. 443

<u>Expenditure Summary</u>	<u>Agency Req. FY 02</u>	<u>Gov. Rec. FY 02</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 70,347,094	\$ 64,544,363	\$ 0
General Fees Fund	29,208,640	28,912,353	0
Other Funds	0	0	0
Subtotal General Use	\$ 99,555,734	\$ 93,456,716	\$ 0
Restricted Use Funds	47,203,872	46,521,036	0
TOTAL -- Oper. Exp.	\$ 146,759,606	\$ 139,977,752	\$ 0
Capital Improvements:			
State General Fund	\$ 485,925	\$ 0	\$ 0
Educational Bldg. Fund	40,000	40,000	0
Other Funds	877,667	877,667	0
TOTAL -- Cap. Impr.	\$ 1,403,592	\$ 917,667	\$ 0
Grand Total	\$ 148,163,198	\$ 140,895,419	\$ 0
FTE Positions	1,727.3	1,727.3	0.0
Other Unclassified Positions	0.0	0.0	0.0
TOTAL	1,727.3	1,727.3	0.0

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Agency Req./Governor's Recommendation

The **general use** operating budget increase of \$7.1 million requested by the University would result in a 7.6 percent increase in expenditure authority in FY 2002. The requested increase includes \$7.7 million for systemwide and campus specific enhancements. Absent requested FY 2002 enhancements, the University's request would represent a decrease of \$0.6million, or 0.7 percent. The reduction in other funds relates to the use of equipment reserve funds in FY 2001. No expenses are budgeted from the equipment reserve fund in FY 2002.

The Governor's general use recommendation results in an increase of \$1.0 million, or 1.0 percent, over the revised FY 2001 recommendation.

Requested FY 2002 **restricted use** funding totals \$47.2 million, an increase of \$1.1 million (2.5 percent) from the revised FY 2001 estimate. **The Governor** recommends restricted use expenditures of \$46.5 million, a reduction of \$0.7 million from the institution's request.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation, with the following observations:

1. The House Budget Committee congratulates WSU on the following points of pride submitted by the University:
 - Tuition Accountability Institution. As one of the three tuition accountability institutions, Wichita State University has not only met but exceeded its tuition revenue estimates for both the fall and spring semesters of FY 2001. Final totals for the fiscal year will be known following enrollment for the summer session.
 - Sponsored Research and Public Service Training Grants. University administration had challenged WSU faculty to increase the level of grant and contract awards to \$20 million by FY 2000. The University is pleased to report that this challenge has not only been met but exceeded as shown below:

FY 1998	\$17 million
FY 1999	\$19 million
FY 2000	\$21 million

- Improvements Accomplished with Tuition (\$1)/State (\$2) Technology Equipment Funds. WSU has placed emphasis on projects that directly benefit the learning opportunities for students. Examples are:
 - Major upgrade of student computer labs to assist students in their technological needs for their individual fields of study. The updated student labs have been a tremendous success with usage far exceeding expectations. The large student labs in Jabara Hall and the lab in the E.K. and

Kathleen Edmiston 24-Hour Study Room in Ablah Library are open seven days a week and are used heavily on the weekends.

- The use of Web based instructional technology has exploded on campus through the purchase of e-Learning software tools. Over 150 faculty have developed enhancements for 430 courses that are used by more than 4,300 students.
- Significant progress has been made in upgrading classrooms permitting faculty access to the Internet in their classrooms.
- Enhancements were made to Ablah Library's infrastructure to support and improve student access to information resources.
- The campus network infrastructure has been upgraded to improve network speed, reliability and security.

Senate Subcommittee Report

Agency: Emporia State University

Bill No. --

Bill Sec. --

Analyst: Little

Analysis Pg. No. 577

Budget Page No. 167

<u>Expenditure Summary</u>	<u>Agency Est. FY 01</u>	<u>Governor's Recommendation FY 01</u>	<u>Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 29,724,752	\$ 29,729,966	\$ 0
General Fees Fund	8,888,734	8,883,520	0
Other Funds	174,329	174,329	0
Subtotal General Use	\$ 38,787,815	\$ 38,787,815	\$ 0
Restricted Use Funds	14,441,997	14,441,997	0
TOTAL—Oper. Exp.	\$ 532,298,912	\$ 53,229,812	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
Educational Building Fund	881,178	881,178	0
Other Funds	401,000	401,000	0
TOTAL—Cap. Impr.	\$ 1,282,178	\$ 1,282,178	\$ 0
 GRAND TOTAL	 \$ 54,511,990	 \$ 54,511,990	 \$ 0
 FTE Positions	 758.1	 758.1	 0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	758.1	758.1	0.0

Agency Est./Governor's Recommendation

The institution's revised FY 2001 estimate for general use expenditures reflects a net increase of \$548,583 in overall general use expenditures from the amount approved by the 2000 Legislature, including reappropriations. Requested adjustments to the FY 2001 budget are detailed below:

- **State General Fund** expenditures are increased by \$425,254 to reflect:
 - \$416,728 SGF redistributed from the Board of Regents for faculty salaries increases
 - \$8,526 SGF carried forward from FY 2000
- An increase of \$159,329 in expenditures from the Equipment Reserve Fund for equipment purchases.
- **Restricted Use** expenditures

- \$14.4 million, an increase of \$400,000, over the approved \$14 million
- 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.

Governors Recommendation

The Governor concurs with the current year general use budget of \$38,787,815. Adjustments from the approved budget include:

- Agency revisions
- Tuition revenue adjustment reducing general fees \$5,214 and increase at \$5,214 SGF.
- The Governor recommends a supplemental SGF appropriation of \$5,124 to offset reduced tuition revenue.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

House Budget Committee Report

Agency: Emporia State University

Bill No. --

Bill Sec. --

Analyst: Little

Analysis Pg. No. 577 Budget Page No. 167

Expenditure Summary	Agency Est. FY 01	Governor's Recommendation FY 01	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 29,724,752	\$ 29,729,966	\$ 0
General Fees Fund	8,888,734	8,883,520	0
Other Funds	174,329	174,329	0
Subtotal General Use	\$ 38,787,815	\$ 38,787,815	\$ 0
Restricted Use Funds	14,441,997	14,441,997	0
TOTAL—Oper. Exp.	\$ 532,298,912	\$ 53,229,812	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
Educational Building Fund	881,178	881,178	0
Other Funds	401,000	401,000	0
TOTAL—Cap. Impr.	\$ 1,282,178	\$ 1,282,178	\$ 0
GRAND TOTAL	\$ 54,511,990	\$ 54,511,990	\$ 0
FTE Positions	758.1	758.1	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	758.1	758.1	0.0

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendations.

FY02

ESU

Senate Subcommittee Report

Agency: Emporia State University

Bill No. --

Bill Sec. --

Analyst: Little

Analysis Pg. No. 577

Budget Page No. 167

Expenditure Summary	Agency Req. FY 02	Governor's Recommendation FY 02	Subcommittee Report Adjustments*
Operating Expenditures:			
State General Fund	\$ 32,672,638	\$ 30,056,455	\$ (756,795)
General Fees Fund	9,193,167	9,057,152	(22,984)
Other Funds	15,000	15,000	0
Subtotal General Use	\$ 41,880,805	\$ 39,128,607	\$ (779,779)
Restricted Use Funds	14,936,960	14,729,680	(166,332)
TOTAL—Oper. Exp.	\$ 56,817,765	\$ 53,858,287	\$ (946,111)
Capital Improvements:			
State General Fund	\$ 334,750	\$ 0	\$ 0
Educational Building Fund	250,000	250,000	0
Other Funds	534,147	534,147	0
TOTAL—Cap. Impr.	\$ 1,118,897	\$ 784,147	\$ 0
 GRAND TOTAL	 \$ 57,936,662	 \$ 54,642,434	 \$ (946,111)
 FTE Positions	 765.5	 758.1	 0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	765.5	758.1	0.0

* Includes reduction of \$946,111 (\$756,795 State General Fund) to remove the Governor's pay plan.

Agency Req./Governor's Recommendation

- **General Use** operating budget of \$41,880,806, an increase of \$3.1 million or 8.0 percent over general use expenditure authority in FY 2001.
 - Reduction in other funds is primarily associated with current year equipment reserve expenditures.
 - FTE increases are related to enhancement requests discussed below.
 - **Absent the requested enhancements**, the general use request is a reduction of \$353,925, or 0.1 percent from FY 2001.
- **Restricted Use** funding totals \$14.9 million, an increase of \$494,962 (3.4 percent) from the revised current year estimate.

Governor's Recommendation

- **The Governor's FY 2002 recommendation** for General Use expenditures totals \$39,128,607, an increase of \$340,792 (0.9 percent) from the current year.
 - **State General Fund** financing of \$30,056,455 is an increase of \$326,489 (1.1 percent) from the current year.
 - In addition to the Governor's pay plan discussed below, the Governor recommends \$8.4 million in the budget of the Board of Regents to be distributed to teaching and research faculty.
 - Estimated additional 3.2 percent faculty increase
- **Restricted Use** funding totals \$14.7 million, an increase of \$287,683 (2.0 percent) from the current year.

Senate Subcommittee Recommendation

1. Delete \$946,111 (\$756,795 State General Fund) to remove the Governor's pay plan including longevity bonuses, unclassified merit, and the classified base increase.
2. The Subcommittee notes the Regents institutions have numerous budgetary challenges facing them with the level of funding recommended for FY 2002. While many of these same challenges are faced by all state agencies, some of the policy choices may have a disproportionate impact on the Regents institutions. The Subcommittee recommends additional funding be considered at Omnibus to address the budget reductions necessitated by the need to meet the current resources budget allocations issued by the Division of the Budget (\$240,309), the impact of increased utility costs (\$3.0 million systemwide), restoration of the state/tuition equipment program (\$272,030 for the state's portion), funding for the elimination of the first three steps from the state pay plan, and provision of state support for university libraries (\$136,015).
3. The Subcommittee notes that the Governor's recommendation also does not provide for an increase in the institutional operating grants for the costs associated with servicing new buildings that are projected to come on line in FY 2002. The university requested \$102,373 SGF and 1.4 FTE to staff and operate the new Student Recreation Facility authorized by the 2000 Legislature. This omission will put additional strain on the budgets of those institutions and the Subcommittee recommends that this issue be re-examined at Omnibus to determine if additional resources can be targeted to those institutions for this purpose.
4. The Subcommittee concurs with the Governor's recommendation to shift state support for the Regents institutions to an operating grant. Operating grants should allow the individual institutions the flexibility to target their limited resources to the areas most beneficial for the institution and the state as a whole. As noted in the Regents systemwide report, however, the Subcommittee recommends the Legislative Educational Planning Committee (LEPC) analyze the appropriate level of base funding for the operating grant elements and make a report by September 2001 for consideration during the FY 2003 budget process.

5. At the Subcommittee's request, the university submitted the following highlights for inclusion in the report:
 - Ninety-nine percent of Emporia State's 1999 graduates either entered the workforce in their field of study or entered graduate school, within six months of graduation
 - Eighty-three percent of ESU graduates enter the workforce in Kansas.
 - Ninety-seven percent of the Teachers College graduates at Emporia State seek certification in Kansas.
 - ESU prepares teachers who thrive in the K-12 setting. The attrition rate of ESU Teachers College graduates is only 7.6 percent over a three year period, compared to a national attrition rate of approximately 30 percent.
 - With 232 classes available over the Internet during FY 2001, ESU has more on-line courses than any other University in Kansas. Our offerings include 6 masters degrees, a baccalaureate degree completion program and several certification options.
 - Emporia State has been a leader in developing cooperative relationships with all sectors of the Kansas post-secondary education community. Most recently, the staff at ESU were instrumental in initiating development of the On-Line catalog for all Internet Offerings within the Regents system. Previously, ESU was the first to establish articulation agreements with all Kansas community colleges and plays a leadership role in two major Kansas educational alliances, the Heartland Alliance and the Southeast Kansas Consortium.

Senate Committee Recommendation

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

1. The Senate Committee recommends that the analysis of the appropriate level of base funding for the universities' operating grants be conducted by the Legislative Budget Committee instead of the Legislative Educational Planning Committee (LEPC) as recommended by the Subcommittee.
2. The Senate Committee recommends an Omnibus review of funding for the Jones Institute, particularly for the Future Teacher Academy and National Teacher Certification programs. The review should include the LEPC recommendation to move funding for those programs from ESU's budget to the budget of the Board of Regents.

House Budget Committee Report

Agency: Emporia State University

Bill No. --

Bill Sec. --

Analyst: Little

Analysis Pg. No. 577 Budget Page No. 167

Expenditure Summary	Agency Req. FY 02	Governor's Recommendation FY 02	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 32,672,638	\$ 30,056,455	\$ 0
General Fees Fund	9,193,167	9,057,152	0
Other Funds	15,000	15,000	0
Subtotal General Use	\$ 41,880,805	\$ 39,128,607	\$ 0
Restricted Use Funds	14,936,960	14,729,680	0
TOTAL—Oper. Exp.	\$ 56,817,765	\$ 53,858,287	\$ 0
Capital Improvements:			
State General Fund	\$ 334,750	\$ 0	\$ 0
Educational Building Fund	250,000	250,000	0
Other Funds	534,147	534,147	0
TOTAL—Cap. Impr.	\$ 1,118,897	\$ 784,147	\$ 0
 GRAND TOTAL	 \$ 57,936,662	 \$ 54,642,434	 \$ 0
 FTE Positions	 765.5	 758.1	 0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	765.5	758.1	0.0

House Budget Committee Report

The House Budget Committee concurs with the following comments.

1. The Budget Committee includes university highlights, submitted by the university.
1. Ninety-nine percent of Emporia State's 1999 graduates either entered the workforce in their field of study or entered graduate school, within six months of graduation

- a. Eighty-three percent of ESU graduates enter the workforce in Kansas.
2. Ninety-seven percent of the Teachers College graduates at Emporia State seek certification in Kansas.
3. ESU prepares teachers who thrive in the K-12 setting. The attrition rate of ESU Teachers College graduates is only 7.6 percent over a three year period, compared to a national attrition rate of approximately 30 percent.
4. With 232 classes available over the Internet during FY 2001, ESU has more on-line courses than any other University in Kansas. Our offerings include 6 masters degrees, a baccalaureate degree completion program and several certification options.
5. Emporia State has been a leader in developing cooperative relationships with all sectors of the Kansas post-secondary education community. Most recently, the staff at ESU were instrumental in initiating development of the On-Line catalog for all Internet Offerings within the Regents system. Previously, ESU was the first to establish articulation agreements with all Kansas community colleges and plays a leadership role in two major Kansas educational alliances, the Heartland Alliance and the Southeast Kansas Consortium.

FY 01

FHSA

Senate Subcommittee Report

Agency: Fort Hays State University

Bill No. --

Bill Sec. --

Analyst: Little

Analysis Pg. No. 593

Budget Page No. 173

Expenditure Summary	Agency Est. FY 01	Governor's Recommendation FY 01	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 31,131,044	\$ 31,230,904	\$ 0
General Fees Fund	8,760,045	8,660,185	0
Other Funds	113,842	113,842	0
Subtotal General Use	\$ 40,004,931	\$ 40,004,931	\$ 0
Restricted Use Funds	15,863,240	15,863,240	0
TOTAL—Oper. Exp.	\$ 55,868,171	\$ 55,868,171	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
Educational Building Fund	831,772	831,772	0
Other Funds	480,000	480,000	0
TOTAL—Cap. Impr.	\$ 1,311,772	\$ 1,311,772	\$ 0
 GRAND TOTAL	 \$ 57,179,943	 \$ 57,179,943	 \$ 0
 FTE Positions	 723.7	 722.6	 0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	723.7	722.6	0.0

Agency Est./Governor's Recommendation

The institution's revised FY 2001 estimate for general use expenditures reflects a net increase of \$796,047 in overall general use expenditures from the amount approved by the 2000 legislature, including reappropriations. Requested adjustments to the FY 2001 budget are detailed below:

- **State General Fund** expenditures are increased by a \$682,207 to reflect:
 - \$428,817 SGF redistributed from the Board of Regents for faculty salaries increases
 - \$253,390 SGF carried forward from FY 2000
 - \$531,206 SGF is used for salaries and fringe benefit rate adjustments in the current year
- An increase of \$113,842 in expenditures from the Equipment Reserve Fund for equipment purchases which was reappropriated from FY 2000

- **Restricted Use** expenditures
 - \$15.9 million, an increase of \$548,297 over the approved \$15.3 million
 - 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.

Governor Recommendation

The Governor concurs with the current year general use budget of \$40.0 million, with one adjustment:

- Due to revised tuition revenue estimates, the Governor recommends a \$99,860 SGF supplemental appropriation
 - Supplemental will offset projected reduction of \$99,860 in tuition revenue.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor’s recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

House Budget Committee Report

Agency: Fort Hays State University

Bill No. --

Bill Sec. --

Analyst: Little

Analysis Pg. No. 593 Budget Page No. 173

<u>Expenditure Summary</u>	<u>Agency Est. FY 01</u>	<u>Governor's Recommendation FY 01</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 31,131,044	\$ 31,230,904	\$ 0
General Fees Fund	8,760,045	8,660,185	0
Other Funds	113,842	113,842	0
Subtotal General Use	\$ 40,004,931	\$ 40,004,931	\$ 0
Restricted Use Funds	15,863,240	15,863,240	0
TOTAL—Oper. Exp.	\$ 55,868,171	\$ 55,868,171	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Building Fund	831,772	831,772	0
Other Funds	480,000	480,000	0
TOTAL—Cap. Impr.	\$ 1,311,772	\$ 1,311,772	\$ 0
 GRAND TOTAL	 \$ 57,179,943	 \$ 57,179,943	 \$ 0
 FTE Positions	 723.7	 722.6	 0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	723.7	722.6	0.0

House Budget Committee Recommendations

The House Budget Committee concurs with the Governor's recommendation.

FY 02

FHSU

Senate Subcommittee Report

Agency: Fort Hays State University

Bill No. --

Bill Sec. --

Analyst: Little

Analysis Pg. No. 593

Budget Page No. 173

Expenditure Summary	Agency Req. FY 02	Governor's Recommendation FY 02	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 34,116,132	\$ 31,309,311	\$ (768,818)
General Fees Fund	8,867,921	8,733,564	(22,132)
Other Funds	0	0	0
Subtotal General Use	\$ 42,984,053	\$ 40,042,875	\$ (790,950)
Restricted Use Funds	621,247	16,074,448	(98,925)
TOTAL—Oper. Exp.	\$ 59,405,301	\$ 56,117,323	\$ (889,875)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Building Fund	0	0	0
Other Funds	2,190,000	1,895,000	0
TOTAL—Cap. Impr.	\$ 2,190,000	\$ 1,895,000	\$ 0
 GRAND TOTAL	 \$ 61,595,301	 \$ 58,012,323	 \$ (889,875)
 FTE Positions	 727.6	 722.6	 0.0
Unclass. Temp. Positions	0.0	0.0	0.0
TOTAL	727.6	722.6	0.0

* Includes reduction of \$889,875 (\$768,818 State General Fund) to remove pay plan.

Agency Req./Governor's Recommendation

- **General Use** operating budget of \$42,984,054, and increase of \$3.0 million or 7.4 percent over general use expenditure authority in FY 2001.
 - Reduction in other funds is primarily associated with current year equipment reserve expenditures.
 - FTE increases are related to enhancement requests discussed below.
 - **Absent the requested enhancements**, the general use request is a reduction of \$539,366, or 1.3 percent from FY 2001.
- **Restricted Use** funding totals \$16.4 million, an increase of \$552,814 (3.5 percent) from the revised current year estimate.

- Staffing totals 727.6 FTE positions, an increase of 3.9 over the current year.

Governor's Recommendation

- **The Governor's FY 2002 recommendation** for General Use expenditures totals \$40,042,875 million, an increase of \$37,944 (0.1 percent) from the current year.
 - **State General Fund** financing of \$31.3 million is an increase of \$78,407 (0.2 percent) from the current year.
 - Governor's pay plan of \$768,818 all funds provides a 2.25 classified base salary increase, 2.25 unclassified merit, and longevity.
 - Reduces student fees \$132,997, reducing equipment.
 - Additionally, the Governor recommends \$8.4 million in the Board of Regents' budget for teaching and research faculty salary increases averaging 3.2 percent for a 5.5 percent total.
- **Restricted Use** funding totals \$16.0 million, an increase of 1.3 percent from the current year.

Senate Subcommittee Recommendation

1. Delete \$889,875 (\$768,818 State General Fund) to remove the Governor's pay plan, including longevity, unclassified merit, and the classified base salary increase.
2. The Subcommittee notes the Regents institutions have numerous budgetary challenges facing them with the level of funding recommended for FY 2002. While many of these same challenges are faced by all state agencies, some of the policy choices may have a disproportionate impact on the Regents institutions. The Subcommittee recommends additional funding be considered at Omnibus to address the budget reductions necessitated by the need to meet the current resources budget allocations issued by the Division of the Budget (\$347,491), the impact of increased utility costs (\$3.0 million systemwide), restoration of the state/tuition equipment program (\$266,000 for the state's portion), funding for the elimination of the first three steps from the state pay plan, and provision of state support for university libraries (\$134,000).
3. The Subcommittee concurs with the Governor's recommendation to shift state support for the Regents institutions to an operating grant. Operating grants should allow the individual institutions the flexibility to target their limited resources to the areas most beneficial for the institution and the state as a whole. As noted in the Regents systemwide report, however, the Subcommittee recommends the Legislative Educational Planning Committee (LEPC) analyze the appropriate level of base funding for the operating grant elements and make a report by September 2001 for consideration during the FY 2003 budget process.
4. The Subcommittee commends the university for its student graduation follow up program. The university reports it contacts each student six months after

graduation to track employment and postgraduate school admissions. The university reports they contact virtually every student and over 90 percent of their graduates remain employed or in Kansas postgraduate schools.

5. The Subcommittee commends the university for its "virtual college" offering on-line course. Over 14.0 percent of the Fort Hays State University students are enrolled in on-line course. The average on-line student is a 37 year old female, suggesting the program is reaching non-traditional students who may be balancing child care, employment, and education.
6. At the Subcommittee's request, the University submitted the following highlights for inclusion in the report:
 - **VIRTUAL COLLEGE**
 - Through its Virtual College, FHSU offers students courses through videotapes, desktop video, Internet, two-way interactive audio, and interactive television. The university serves Kansas and distant sites in more than 20 other states and several foreign countries including China and Taiwan.
 - FHSU was selected as one of 16 colleges and universities to deliver a Navy College Program via distance learning in the U.S. Navy, regardless of the location of the duty station. Such program will enhance the economy of Kansas as FHSU prepares sailors and directs them upon exit from the Navy to job opportunities in the aviation industry in Kansas.
 - **LEADERSHIP STUDIES**
 - The Association of Leadership Educators recently recognized the FHSU Leadership Studies program as the best leadership program in the United States. Geared to students who want to enhance their college degrees with a leadership component, the program can be attached to all of the university's degree programs and can be taken with any major.
 - **CORE INDICATORS**
 - FHSU is committed to maintaining a strong placement rate of students. Within six months after graduating, 99 percent of graduates are either employed in major field, related fields or enrolled in continuing educational setting.
 - Full-time ranked FHSU faculty teaches 90 percent of all student credit hours enhancing the quality of the undergraduate and graduate experience.
 - FHSU is committed to increasing retention rates and decreasing time-to-graduation rates. Approximately 69 percent of all freshman who enrolled in a given fall semester were re-enrolled the following fall term. The goal of the university in the next few years is to increase the present 22 percent four-year graduation rate to 25 percent and the five-year rate of 40 percent to 44 percent.

Senate Committee Recommendation

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

1. The Senate Committee recommends that the analysis of the appropriate level of base funding for the universities' operating grants be conducted by the Legislative Budget Committee instead of the Legislative Educational Planning Committee as recommended by the Subcommittee.

House Budget Committee Report

Agency: Fort Hays State University

Bill No. --

Bill Sec. --

Analyst: Little

Analysis Pg. No. 593

Budget Page No. 173

Expenditure Summary	Agency Req. FY 02	Governor's Recommendation FY 02	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 34,116,132	\$ 31,309,311	\$ 0
General Fees Fund	8,867,921	8,733,564	0
Other Funds	0	0	0
Subtotal General Use	\$ 42,984,053	\$ 40,042,875	\$ 0
Restricted Use Funds	621,247	16,074,448	0
TOTAL—Oper. Exp.	\$ 59,405,301	\$ 56,117,323	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Building Fund	0	0	0
Other Funds	2,190,000	1,895,000	0
TOTAL—Cap. Impr.	\$ 2,190,000	\$ 1,895,000	\$ 0
 GRAND TOTAL	 \$ 61,595,301	 \$ 58,012,323	 \$ 0
 FTE Positions	 727.6	 722.6	 0.0
Unclass. Temp. Positions	0.0	0.0	0.0
TOTAL	727.6	722.6	0.0

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation with the following comments.

1. Included are the university's highlights, submitted by the university.
1. VIRTUAL COLLEGE
 - a. Through its Virtual College, FHSU offers students courses through videotapes, desktop video, Internet, two-way interactive audio, and interactive television. The university serves Kansas and distant sites in more than 20 other states and several foreign countries including China and Taiwan.
 - b. FHSU was selected as one of 16 colleges and universities to deliver a Navy College Program via distance learning in the U.S. Navy, regardless of the location of the duty station. Such program will enhance the economy of Kansas as FHSU prepares sailors and directs them upon exit from the Navy to job opportunities in the aviation industry in Kansas.
2. LEADERSHIP STUDIES
 - a. The Association of Leadership Educators recently recognized the FHSU Leadership Studies program as the best leadership program in the United States. Geared to students who want to enhance their college degrees with a leadership component, the program can be attached to all of the university's degree programs and can be taken with any major.
3. CORE INDICATORS
 - a. FHSU is committed to maintaining a strong placement rate of students. Within six months after graduating, 99 percent of graduates are either employed in major field, related fields or enrolled in continuing educational setting.
 - b. Full-time ranked FHSU faculty teaches 90 percent of all student credit hours enhancing the quality of the undergraduate and graduate experience.
 - c. FHSU is committed to increasing retention rates and decreasing time-to-graduation rates. Approximately 69 percent of all freshman who enrolled in a given fall semester were re-enrolled the following fall term. The goal of the university in the next few years is to increase the present 22 percent four-year graduation rate to 25 percent and the five-year rate of 40 percent to 44 percent.

FY 01

PSU

Senate Subcommittee Report

Agency: Pittsburg State University

Bill No. --

Bill Sec. --

Analyst: Little

Analysis Pg. No. 610

Budget Page No. 355

Expenditure Summary	Agency Estimate FY 01	Governor's Recommendation FY 01	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 32,470,423	\$ 32,454,467	\$ 0
General Fees Fund	11,048,357	11,064,313	0
Other Funds	242,347	242,347	0
Subtotal General Use	\$ 43,761,127	\$ 43,761,127	\$ 0
Restricted Use Funds	16,747,923	16,747,923	0
TOTAL—Oper. Exp.	\$ 60,509,050	\$ 60,509,050	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Building Fund	1,008,409	1,008,409	0
Other Funds	1,825,000	3,720,000	0
TOTAL—Cap. Impr.	\$ 2,833,409	\$ 4,728,409	\$ 0
GRAND TOTAL	\$ 63,342,459	\$ 65,237,459	\$ 0
FTE Positions	794.0	794.0	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	794.0	794.0	0.0

Agency Estimate/Governor's Recommendation

The institution's revised FY 2001 estimate for general use expenditures reflects a net increase of \$854,384 in overall general use expenditures from the amount approved by the 2000 Legislature, including reappropriations. Requested adjustments to the FY 2001 budget are detailed below:

- **State General Fund** expenditures are increased by a \$612,037 to reflect:
 - \$520,202 SGF redistributed from the Board of Regents for faculty salaries increases
 - \$91,835 SGF carried forward from FY 2000
- An increase of \$242,347 in expenditures from the Equipment Reserve Fund for equipment purchases.
- **Restricted Use** expenditures
 - \$16.7 million, the approved amount

- 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.

Governor's Recommendation

The Governor recommends concurs with current year general use budget request. Adjustments from the approved budget are summarized below:

- Due to revised tuition revenue estimates for FY 2001, the Governor recommends a \$15,956 SGF reduction and \$15,956 increase in general fees fund

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

House Budget Committee Report

Agency: Pittsburg State University

Bill No. --

Bill Sec. --

Analyst: Little

Analysis Pg. No. 610

Budget Page No. 355

Expenditure Summary	Agency Estimate FY 01	Governor's Recommendation FY 01	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 32,470,423	\$ 32,454,467	\$ 0
General Fees Fund	11,048,357	11,064,313	0
Other Funds	242,347	242,347	0
Subtotal General Use	\$ 43,761,127	\$ 43,761,127	\$ 0
Restricted Use Funds	16,747,923	16,747,923	0
TOTAL—Oper. Exp.	\$ 60,509,050	\$ 60,509,050	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Educational Building Fund	1,008,409	1,008,409	0
Other Funds	1,825,000	3,720,000	0
TOTAL—Cap. Impr.	\$ 2,833,409	\$ 4,728,409	\$ 0
 GRAND TOTAL	 \$ 63,342,459	 \$ 65,237,459	 \$ 0
 FTE Positions	 794.0	 794.0	 0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	794.0	794.0	0.0

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation.

FY 02

PSU

Senate Subcommittee Report

Agency: Pittsburg State University

Bill No. --

Bill Sec. --

Analyst: Little

Analysis Pg. No. 610

Budget Page No. 355

Expenditure Summary	Agency Request FY 02	Governor's Recommendation FY 02	Senate Subcommittee Adjustments*
Operating Expenditures:			
State General Fund	\$ 35,880,537	\$ 32,764,096	\$ (840,505)
General Fees Fund	11,342,443	11,182,443	(27,056)
Other Funds	0	0	0
Subtotal General Use	\$ 47,222,980	\$ 43,946,539	\$ (867,561)
Restricted Use Funds	17,415,193	17,047,918	(106,490)
TOTAL—Oper. Exp.	\$ 64,638,173	\$ 60,994,457	\$ (974,051)
Capital Improvements:			
State General Fund	\$ 410,000	\$ 0	\$ 0
Educational Building Fund	0	0	0
Other Funds	1,855,000	1,720,000	0
TOTAL—Cap. Impr.	\$ 2,265,000	\$ 1,720,000	\$ 0
 GRAND TOTAL	 \$ 66,903,173	 \$ 62,714,457	 \$ (974,051)
 FTE Positions	 800.9	 794.0	 0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	800.9	794.0	0.0

* Includes deletion of \$974,051 (\$840,505 State General Fund) to remove the pay plan.

Agency Request/Governor's Recommendation

- **General Use** operating budget of \$47,222,980, and increase of \$3.4 million or 7.9 percent over general use expenditure authority in FY 2001.
 - Reduction in other funds is primarily associated with current year equipment reserve expenditures.
 - FTE increases are related to enhancement requests discussed below
 - **Absent the requested enhancements**, the general use request is a reduction of \$556,054, or 1.3 percent from FY 2001.
- **Restricted Use** funding totals \$17.7 million, an increase of \$987,270 (5.9 percent) from the revised current year estimate.

Governor's Recommendation

- **The Governor's FY 2002 recommendation** for General Use concurs with the agency's current services request plus the pay plan. Expenditures totals \$43,946,539, an increase of \$185,412 (0.4 percent) from the current year.
 - **State General Fund** financing of \$32.8 million is an increase of \$309,629 (0.9 percent) from the current year.
 - Pay plan of \$736,603 SGF includes 2.25 unclassified merit, 2.25 classified base salary adjustment, and longevity
 - The Governor recommends no enhancements
- **Restricted Use** funding totals \$17.0 million, an increase of \$299,995 (1.8 percent) from the current year.

Senate Subcommittee Recommendation

1. Delete \$974,051 (\$840,505 State General Fund) to remove the Governor's pay plan including longevity bonuses, unclassified merit, and the classified base salary increase.
2. The Subcommittee notes the Regents institutions have numerous budgetary challenges facing them with the level of funding recommended for FY 2002. While many of these same challenges are faced by all state agencies, some of the policy choices may have a disproportionate impact on the Regents institutions. The Subcommittee recommends additional funding be considered at Omnibus to address the budget reductions necessitated by the need to meet the current resources budget allocations issued by the Division of the Budget (\$451,316), the impact of increased utility costs (\$3.0 million systemwide), restoration of the state/tuition equipment program (\$320,000 for the state's portion), funding for the elimination of the first three steps from the state pay plan, and provision of state support for university libraries (\$160,000).
3. The Subcommittee notes that the Governor's recommendation also does not provide for an increase in the institutional operating grants for the costs associated with servicing new buildings that are projected to come on line in FY 2002. The university requested \$58,583 SGF and 1.9 FTE for partial staffing and operating costs at Carney Smith Stadium Facility authorized by the 2000 Legislature. This omission will put additional strain on the budgets of those institutions and the Subcommittee recommends that this issue be re-examined at Omnibus to determine if additional resources can be targeted to those institutions for this purpose.
4. The Subcommittee concurs with the Governor's recommendation to shift state support for the Regents institutions to an operating grant. Operating grants should allow the individual institutions the flexibility to target their limited resources to the areas most beneficial for the institution and the state as a whole. As noted in the Regents systemwide report, however, the Subcommittee recommends the

Legislative Educational Planning Committee (LEPC) analyze the appropriate level of base funding for the operating grant elements and make a report by September 2001 for consideration during the FY 2003 budget process.

5. The Subcommittee commends the university's automotive technology program which received the National Institute for Automotive Service Excellence award in December 2000. The university was one of three winners and received a \$10,000 student scholarship grant and a \$10,000 grant for equipment.
6. At the Subcommittee's request, the University submitted the following highlights for inclusion in the report:

"The 2000-2001 academic year is being celebrated as the Year of the Student at Pittsburg State University. PSU celebrates successes in academics, research, service, and community cooperation. Both Fall and Spring Semesters find PSU with the highest credit hour production in the history of the institution. The University is expanding its presence in its Kansas City market by opening offices in Johnson County. PSU athletes have received more Verizon Academic All American awards than any Division II school in the country. It received its first university-owned patent and received a \$2 million grant to support research for converting soybean oils to polymers. A recent graduate, an earlier Goldwater scholar, is in Austria on a Fulbright. PSU alumni are achieving national prominence led by Lee Scott, CEO of Wal-Mart."

Senate Committee Recommendation

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

1. The Senate Committee recommends that the analysis of the appropriate level of base funding for the universities' operating grants be conducted by the Legislative Budget Committee instead of the Legislative Educational Planning Committee as recommended by the Subcommittee.
-

House Budget Committee Report

Agency: Pittsburg State University

Bill No. --

Bill Sec. --

Analyst: Little

Analysis Pg. No. 610 Budget Page No. 355

Expenditure Summary	Agency Request FY 02	Governor's Recommendation FY 02	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 35,880,537	\$ 32,764,096	\$ 0
General Fees Fund	11,342,443	11,182,443	0
Other Funds	0	0	0
Subtotal General Use	\$ 47,222,980	\$ 43,946,539	\$ 0
Restricted Use Funds	17,415,193	17,047,918	0
TOTAL—Oper. Exp.	\$ 64,638,173	\$ 60,994,457	\$ 0
Capital Improvements:			
State General Fund	\$ 410,000	\$ 0	\$ 0
Educational Building Fund	0	0	0
Other Funds	1,855,000	1,720,000	0
TOTAL—Cap. Impr.	\$ 2,265,000	\$ 1,720,000	\$ 0
 GRAND TOTAL	 \$ 66,903,173	 \$ 62,714,457	 \$ 0
 FTE Positions	 800.9	 794.0	 0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	800.9	794.0	0.0

House Budget Committee Report

The House Budget Committee concurs with the Governor's recommendation with the following comments.

1. Included are the university's highlights, submitted by the university.

"The 2000-2001 academic year is being celebrated as the Year of the Student at Pittsburg State University. PSU celebrates successes in academics, research, service, and community cooperation. Both Fall and Spring Semesters find PSU with the highest credit hour production in the history of the institution. The University is expanding its presence in its Kansas City market by opening offices in Johnson County. PSU athletes have received more Verizon Academic All American awards than any Division II school in the country. It received its first university-owned patent and received a \$2 million grant to support research for

converting soybean oils to polymers. A recent graduate, an earlier Goldwater scholar, is in Austria on a Fulbright. PSU alumni are achieving national prominence led by Lee Scott, CEO of Wal-Mart."

January 16, 2001

To: Legislative Educational Planning Committee
From: Carolyn Rampey, Principal Analyst
Re: Community College and Washburn University Funding

The community colleges and Washburn University are in the first full year of implementation of a funding formula that was enacted in 1999 (SB 345) and amended in 2000 (HB 2996). The information presented in this memorandum will review the distribution formula for the institutions and present some information about community college mill levies and funding.

Operating Grant Distribution Formula

The steps that the State Board of Regents has used to arrive at community college operating grants for FY 2001 are outlined below.

- Beginning with FY 2001, determine the average amount of money from the State General Fund spent per full-time equivalent (FTE) lower division student the prior year at the regional universities (Emporia, Fort Hays, and Pittsburg State universities). Each FTE community college and Washburn University student will generate a percentage of the per-FTE student amount at the regional universities. The percentages are:

FY 2001	50%
FY 2002	55%
FY 2003	60%
FY 2004 and thereafter	65%

- Multiply the appropriate percentage by the per-student expenditure for lower division students at the regional universities to get a per-student amount for each FTE community college and Washburn University student.
- For community colleges, calculate the total number of FTE students for the community colleges combined for the school year just ended. This calculation is made in June so that the figure represents the actual FTE enrollment for the most recent school year. Multiply that total by the per-FTE community college student amount calculated above. The total

HOUSE APPROPRIATIONS

DATE 3/07/01
ATTACHMENT #2

represents the amount of money to be distributed to the 19 community colleges in the form of an operating grant for the next fiscal year beginning July 1, subject to available appropriations. At this point in FY 2001, the total amount to be distributed is less than the appropriation, because FY 2000 FTE enrollment is less than that upon which the appropriation was based.

- For those 14 community colleges that are not designated area vocational schools, calculate for each institution the additional amount of money it would have received in FY 1999 for approved vocational education courses had the courses been reimbursed at 1.75 times the academic rate, not at 1.5 times the rate. Distribute the additional amount to each school in equal increments over the four-year period from FY 2001 to FY 2004. The additional amount is to be distributed as part of the institution's operating grant, but is not to be used in calculating state aid for purposes of property tax relief.
- In FY 2001, distribute the operating grant, minus the additional funding for vocational courses, to the community colleges, with each community college to receive the same proportion of the total that it received in FY 2000. That amount, plus any money received for vocational courses, represents each institution's total operating grant. Distributions will be made in nearly equal installments in August and January.
- At the end of FY 2001 (June) when actual enrollment is known for school year 2000-01, adjust the total FTE enrollment for the community colleges combined. This adjustment will reflect the higher of FY 2001 or FY 2000 for each community college. If total FY 2001 enrollment exceeds the enrollment of the prior year, additional funding for operating grants will be allocated among all community colleges in the same proportion as the original distributions, subject to available appropriations.
- Except for a vocational course adjustment, the distribution formula for Washburn is essentially the same as for community colleges to this point. Because there is only one institution involved, no allocation formula is necessary. When Washburn's actual FY 2001 FTE enrollment is known, the FY 2001 operating grant will be recomputed, based on the greater of FY 2001 or FY 2000 FTE enrollment. Washburn will have received the full appropriation for the FY 2001 operating grant in two equal installments in August and January. Any negative adjustment to Washburn's total FY 2001 operating grant will be made in FY 2002.
- For community colleges, also at the end of FY 2001, make an adjustment to reflect the FTE enrollment growth at individual institutions. A positive adjustment will be calculated based on the college's percentage increase in FTE enrollment for FY 2001. Because all operating grant funds will

have been distributed, the total of all such positive adjustments will be offset by an equal total of negative adjustments spread among all colleges. The net adjustment will be made to each college's August payment in FY 2002. This adjustment procedure provides for recognition of individual college growth and avoids perpetuating the original baseline proration.

- In succeeding fiscal years, each community college will receive an operating grant in the same proportion to the total that it received the prior year, subject to an end-of-the-year adjustment to reflect the higher enrollment of the current or prior fiscal year.

Quality Performance Grants

Beginning in FY 2003, if any or all of the institutions (Washburn University and the community colleges) are deemed by the Board of Regents to have effectively complied with their role and mission statements and have met or exceeded approved core indicators of quality performance, they shall receive a quality performance grant equal to 2 percent of the operating grant (including any additional vocational funding received by a community college) they received the prior year.

Operating Grant Funding—FY 2000 and FY 2001

The table below shows what each community college received in state aid in FY 2000 and estimated state aid for FY 2001.

2-3
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TABLE I
State Funding for Community Colleges FY 2000 and FY 2001

	FY 2000	Estimated FY 2001							
	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
		Vocational Funding Phase In	State Operating Grant	Total State Aid	Increase Over Prior Year	25 Percent County Out- District Tuition	Net Increase in State Aid	Property Tax Relief*	Enhancement Funding**
Allen County	\$ 2,172,806	\$ 13,039	\$ 2,579,142	\$ 2,592,181	\$ 419,375	\$ 87,933	\$ 331,442	\$ 254,722	\$ 76,720
Barton County	4,320,563	55,006	5,128,551	5,183,557	862,994	118,431	744,563	551,646	192,917
Butler County	7,558,940	69,681	8,972,536	9,042,217	1,483,277	501,357	981,920	729,791	252,129
Cloud County	2,979,389	24,444	3,536,564	3,561,008	581,619	215,769	365,850	273,125	92,725
Coffeyville	1,139,070	17,141	1,352,087	1,369,228	230,158	40,374	189,784	138,114	51,670
Colby	2,082,657	24,629	2,472,134	2,496,763	414,106	145,542	268,564	195,148	73,416
Cowley County	4,183,415	0	4,965,755	4,965,755	782,340	256,692	525,648	420,518	105,130
Dodge City	1,964,255	0	2,331,590	2,331,590	367,335	61,863	305,472	244,378	61,094
Fort Scott	2,034,866	25,664	2,415,406	2,441,070	406,204	114,246	291,958	213,035	78,923
Garden City	1,879,502	44,986	2,230,987	2,275,973	396,471	88,641	307,830	210,275	97,555
Highland	2,801,434	10,607	3,325,330	3,335,937	534,503	198,690	335,813	260,165	75,648
Hutchinson	4,022,490	0	4,774,735	4,774,735	752,245	173,259	578,986	463,189	115,797
Independence	1,110,917	9,415	1,318,669	1,328,084	217,167	40,710	176,457	133,634	42,823
Johnson County	12,647,396	0	15,012,884	15,012,584	2,365,188	247,480	2,117,708	1,694,166	423,542
Kansas City	4,288,036	55,528	5,089,941	5,145,469	857,433	158,454	698,979	514,761	184,218
Labette	1,743,363	26,192	2,069,389	2,095,581	352,218	47,682	304,536	222,675	81,861
Neosho County	1,371,948	14,879	1,628,516	1,643,395	271,447	67,578	203,869	151,192	52,677
Pratt County	1,508,159	0	1,790,200	1,790,200	282,041	86,322	195,719	156,575	39,144
Seward County	1,126,074	21,853	1,336,661	1,358,514	232,440	53,118	179,322	125,975	53,347
TOTAL	\$ 60,935,280	\$ 413,064	\$ 72,330,777	\$ 72,743,841	\$ 11,808,561	\$ 2,704,141	\$ 9,104,420	\$ 6,953,084	\$ 2,151,336

* 80 percent of net increase, minus vocational funding phase in.

** 20 percent of net increase, minus vocational funding phase in.

Source: State Board of Regents.

2-14

The first column is funding for FY 2000. The second column shows the first year of the four-year vocational funding adjustment for the 14 institutions that are not designated area vocational schools. That amount, added to the state operating grant shown in column 3, represents the total state aid each community college is estimated to receive in FY 2001 (column 4). However, some of that money replaces money the institutions had received in the form of county out-district tuition that is being phased out over a four-year period and, while it represents an increase in state aid, is replacement, not increased, funding for the institutions. The net increase received by each community college in FY 2001, with the replacement money subtracted, is shown in column 7. The total net increase for all institutions is \$9.1 million and each community college received an increase over the prior year. Of the net increase shown in column 7, 80 percent, or almost \$7.0 million, is for property tax reduction. The remaining \$2.2 million (20 percent of the net increase) is for enhancement funding, ranging from \$39,144 at Pratt Community College to \$423,542 at Johnson County Community College.

Washburn University received an operating grant of \$8,187,783 in FY 2000 and is estimated to receive a grant of \$9,270,411 in FY 2001, an increase of \$1,082,628. Because the University's local base largely has shifted from property to sales taxes, there is no requirement that the operating grant be used for property tax relief.

Community College Mill Levies

One feature of the new funding formula is that 80 percent of the net increase in state aid from one year to the next (excluding vocational funding adjustments) must be used for property tax reduction. The table below shows a three-year history of community college mill levies (excluding county levies for out-district tuition).

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Table II

Three-Year History of Community College Mill Levies*

	1998	Change from Prior Year	1999	Change from Prior Year	2000	Change from Prior Year
Allen County	22.18	0.96	22.34	0.16	19.51	(2.83)
Barton County	33.11	1.28	34.67	1.56	30.75	(3.92)
Butler County	20.32	(0.76)	19.76	(0.56)	17.13	(2.63)
Cloud County	28.30	(1.66)	28.37	0.07	27.24	(1.13)
Coffeyville	37.80	1.59	38.37	0.57	37.53	(0.84)
Colby	24.86	1.44	27.42	2.56	25.03	(2.39)
Cowley County	21.86	2.89	22.76	0.90	19.97	(2.79)
Dodge City	25.56	0.01	25.56	0.00	25.99	0.43
Fort Scott	20.39	(0.05)	22.14	1.75	19.64	(2.5)
Garden City	16.74	(0.10)	18.57	1.83	18.53	(0.04)
Highland	17.26	(6.54)	17.26	0.00	14.84	(2.42)
Hutchinson	21.60	2.29	23.47	1.87	21.49	(1.98)
Independence	34.71	1.41	35.95	1.24	36.82	0.87
Johnson County	7.75	(0.79)	7.18	(0.57)	7.65	0.47
Kansas City	16.86	(0.31)	17.42	0.56	18.35	0.93
Labette	23.15	(0.66)	24.97	1.82	24.47	(0.50)
Neosho County	30.44	(1.87)	29.96	(0.48)	27.84	(2.12)
Pratt County	38.35	(0.51)	39.28	0.93	39.86	0.58
Seward County	26.85	1.21	27.40	0.55	26.92	(0.48)
Low	7.75		7.18		7.67	
High	38.35		39.28		39.86	
Average	24.64	(0.01)	25.41	0.77	24.19	(1.22)

* Does not include county levies for out-district tuition.

Source: State Board of Regents.

The table shows that 14 community colleges reduced their millage rates for 2000, with eight of the institutions reducing their rates by 2 mills or more. The five community colleges that increased their mill levies kept the increases to under 1 mill. In comparison to prior years, three community colleges lowered their levies in 1999 and ten lowered them in 1998.

Table III shows the actual amounts of revenue generated by community college mill levies in 1999 and 2000.

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TABLE III

Property Tax Revenues Generated by Community Colleges

	1999		2000		Changes in Revenue Generated From Prior Year		
	Mill Levy	Assessed Valuation	Revenue Generated	Mill Levy		Assessed Valuation	Revenue Generated
Allen County	22.34	\$ 63,830,932	\$ 1,425,983	19.51	\$ 67,207,233	\$ 1,311,213	\$(114,770)
Barton County	34.67	143,432,223	4,972,795	30.75	155,824,756	4,791,611	(181,184)
Butler County	19.76	306,925,001	6,064,838	17.13	333,953,071	5,720,616	(344,222)
Cloud County	28.37	55,329,691	1,569,703	27.24	57,638,016	1,570,060	357
Coffeyville	38.37	95,771,735	3,674,761	37.53	104,956,920	3,939,033	264,272
Colby	27.42	63,666,311	1,745,730	25.03	68,253,874	1,708,394	(37,336)
Cowley County	22.76	162,764,937	3,704,530	19.97	175,594,895	3,506,630	(197,900)
Dodge City	25.56	181,380,038	4,636,074	25.99	185,666,703	4,825,478	189,404
Fort Scott	22.14	63,144,612	1,398,022	19.64	66,774,837	1,311,458	(86,564)
Garden City	18.57	336,069,484	6,240,810	18.53	357,488,391	6,624,260	383,450
Highland	17.26	48,849,686	843,146	14.84	54,517,125	809,034	(34,112)
Hutchinson	23.47	377,851,302	8,868,170	21.49	398,435,188	8,562,372	(305,798)
Independence	35.95	87,510,972	3,146,019	36.82	88,037,006	3,241,523	95,504
Johnson County	7.18	4,840,592,440	34,775,454	7.65	5,472,074,811	41,861,372	7,085,918
Kansas City	17.42	749,227,552	13,051,544	18.35	758,855,352	13,924,996	873,452
Labette	24.97	93,048,630	2,323,424	24.47	98,418,540	2,408,302	84,878
Neosho County	29.96	69,254,683	2,074,870	27.84	71,597,036	1,993,261	(81,609)
Pratt County	39.28	75,690,939	2,973,140	39.86	74,800,000	2,981,528	8,388
Seward County	27.40	191,884,503	5,257,635	26.92	197,106,855	5,306,117	48,482
TOTAL		\$ 8,006,225,671	\$ 108,746,648		\$ 8,787,200,609	\$ 116,397,258	\$.7,650,610

Source: State Board of Regents and Kansas Association of Community College Trustees.

As the table shows, almost all the community college districts went up in assessed valuation. Thus, a reduction in the mill levy rate might not necessarily mean that less revenue was generated. In spite of an average mill levy rate reduction of 1.22 from 1999 to 2000 for the institutions overall, the amount of revenue generated in 2000 is estimated to be about \$7.7 million more than in 1999. (A large part of the increase is attributable to Johnson County.) In fact, of the 14 community colleges that reduced their rates, five actually generated more property tax revenue than the year before.

2-7
~~2-6~~



KANSAS ASSOCIATION OF COMMUNITY COLLEGE TRUSTEES

700 SW Jackson, Suite 401 • Topeka, KS 66603-3757 • 785-357-5156 • FAX 785-357-5157
Sheila Frahm, Executive Director • E-mail: frahmkacct@cjnetworks.com

House Appropriations Education Sub-Committee
Higher Education Hearing
February 28, 2001, Room 514-S, 1:30-3:30

Chairman, Representative Schultz and Representatives Grant, Newton, Reardon,
Toplikar, Light, Nichols, Tanner & Wilk:

The Kansas Community Colleges appreciate the opportunity to provide a briefing to the sub-committee regarding the FY 2002 budget request as developed and approved by the nineteen colleges and approved by the Kansas Board of Regents to be included as a component of the "**Unified Higher Education Budget**".

Appearing today on behalf of the community colleges are **Dr. Ed Berger**, President Hutchinson Community College and chair of the KACCT Finance Committee and **Ron Vratil**, Dean, Financial Services, Barton County Community College.

For your reference please find attached:

1. Estimated College - by - College Operating Grant Distribution
2. 5 Year History of total mill levies for 19 community colleges
3. Nov. 22, 2000 LEPC briefing on community college funding prepared by Carolyn Rampey providing an overview of the Operational Grant Distribution Formula

In addition to the operating grant, the community colleges look forward to implementation of the two percent Performance Funding Accountability component as stipulated in SB 345 and as always identify the ongoing need for technology and equipment to assist with training a highly skilled workforce. We seek your support of these important components of funding for our students and their educational programs.

HOUSE APPROPRIATIONS

DATE 3/07/01
ATTACHMENT #3

**ESTIMATED COMMUNITY COLLEGE FUNDING FOR 2001-2002
BASED ON ESTIMATED 2000-2001 STATE FUNDING**

3-2

Projected Community College State Aid Plan

Year 2001-2002

65% Funding

3/12/2000

55% of Cost= 2434.85
 Total Aid @ 00-01 FTE 85,174,486
 First & Second Allocation 85,174,486

	1	2	3	4	5	6	7	8	9	10	11	12	13
	EST. 00-01 Total St. Aid	EST. 00-01 FTE	01-02 Voc Adj. Phase In	01-02 State Aid Allocation	EST. 00-01 Prior Year Adjustment	Total 00-01 Proposed State Aid	State Aid Difference (Col 5-1)	Less FY 2002 COT Phase-Dn 25%	Net Aid Increase (Col 6-7)	Property Tax Relief (80%*Col 8-3) Net of Adj.	Amnt. For Add. Enhanc (20%*Col 8-3) Plus Adj.	Estimated FY 2002 Payments August 1 (50% of Col 3+ 4) + Col 5	January 1 (50% of Col 6)
Allen Co.	2,681,928	1,219.61	13,039	3,068,366	41,876	3,123,281	441,353	87,933	353,420	272,305	81,115	1,582,578	1,540,702
Barton Co.	5,157,900	2,251.40	55,006	5,901,099	(120,846)	5,836,259	677,359	118,431	558,928	403,138	155,790	2,857,206	2,978,053
Boutler Co.	9,354,435	4,153.64	69,681	10,702,312	145,682	10,917,675	1,563,240	501,357	1,061,883	793,762	268,121	5,531,678	5,385,997
Cloud Co.	3,543,315	1,436.15	24,444	4,053,870	(83,334)	3,994,981	451,665	215,769	235,896	169,162	66,734	1,955,823	2,039,167
Coffeyville	1,449,910	797.58	17,141	1,658,827	55,586	1,731,554	281,644	40,374	241,270	179,303	61,967	893,570	837,984
Colby	2,484,396	1,079.30	24,629	2,842,371	(58,252)	2,808,748	324,353	145,542	178,811	123,345	55,465	1,375,248	1,433,600
Cowley Co.	5,360,889	2,312.28	0	6,133,338	302,967	6,436,305	1,075,416	256,692	818,724	654,979	163,745	3,369,836	3,066,669
Dodge City	2,366,324	1,094.41	0	2,707,287	(8,542)	2,698,745	332,421	61,863	270,558	216,446	54,112	1,345,102	1,353,643
Fort Scott	2,428,986	1,092.00	25,664	2,778,978	(56,915)	2,747,727	318,740	114,246	204,494	143,064	61,430	1,345,406	1,402,321
Garden City	2,264,812	1,197.26	44,986	2,591,148	(52,570)	2,583,564	318,752	88,641	230,111	148,100	82,011	1,265,497	1,318,067
Hilghland	3,517,822	1,501.99	10,607	4,024,704	120,165	4,155,476	637,654	198,690	438,964	342,686	96,278	2,137,821	2,017,656
Hutchinson	4,798,356	2,170.26	0	5,489,750	(65,001)	5,424,749	626,393	173,259	453,134	362,507	90,627	2,679,874	2,744,875
Independence	1,321,487	695.52	9,415	1,511,900	(31,072)	1,490,243	168,755	40,710	128,045	94,904	33,141	729,585	760,657
Johnson Co.	15,236,228	8,320.37	0	17,431,610	(54,999)	17,376,611	2,140,384	247,480	1,892,904	1,514,323	378,581	8,860,806	8,715,805
Kansas City	5,120,005	2,792.07	55,528	5,857,745	(119,937)	5,793,336	673,331	158,454	514,877	367,479	147,398	2,936,700	2,956,636
Labette	2,146,999	1,153.58	26,192	2,456,360	13,009	2,495,661	348,561	47,682	300,879	219,750	81,129	1,254,285	1,241,276
Leosho Co.	1,683,859	842.26	14,879	1,926,485	10,238	1,951,602	267,743	67,578	200,165	148,229	51,936	980,920	970,682
Pratt	1,816,868	756.51	0	2,078,660	(6,558)	2,072,102	255,233	86,322	168,911	135,129	33,782	1,032,772	1,039,330
Seaward Co.	1,351,827	756.67	21,853	1,546,611	(31,496)	1,536,968	185,141	53,118	132,023	88,136	43,887	752,736	784,232
Totals	74,086,347	35,622.86	413,064	84,761,422	(0)	85,174,486	11,088,140	2,704,141	8,383,999	6,376,748	2,007,251	42,687,243	42,687,243

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5 Year History of Total Mill Levies

	1995	+/-	1996	+/-	1997	+/-	1998	+/-	1999	+/-	2000
Allen County	22.19	-0.05%	22.18	-4.33%	21.22	4.52%	22.18	3.65%	22.99	-15.13%	19.511
Barton County	30.68	-2.15%	30.02	6.03%	31.83	4.02%	33.11	5.08%	34.792	-11.61%	30.752
Butler County	20.48	3.81%	21.26	-0.85%	21.08	-3.61%	20.32	-2.41%	19.83	-13.61%	17.132
Cloud County	31.05	-0.32%	30.95	-3.20%	29.96	-5.54%	28.3	0.78%	28.52	-4.50%	27.238
Coffeyville	39.76	-6.46%	37.19	-2.64%	36.21	4.39%	37.8	2.65%	38.8	-3.28%	37.528
Colby	23.35	0.13%	23.38	0.17%	23.42	6.15%	24.86	11.83%	27.8	-9.95%	25.034
Cowley County	19.31	-0.41%	19.23	-1.35%	18.97	15.23%	21.86	4.53%	22.85	-12.62%	19.967
Dodge City	25.54	-0.12%	25.51	0.16%	25.55	0.04%	25.56	0.00%	25.56	1.68%	25.989
Fort Scott	22.47	-5.74%	21.18	-3.49%	20.44	-0.24%	20.39	8.68%	22.16	-11.37%	19.64
Garden City	16.42	8.34%	17.79	-5.34%	16.84	-0.59%	16.74	18.88%	19.9	-6.89%	18.528
Highland	25.06	-3.43%	24.2	-1.65%	23.8	-20.80%	18.85	-8.44%	17.26	-14.02%	14.84
Hutchinson	20.09	-3.58%	19.37	-0.31%	19.31	11.86%	21.6	8.66%	23.47	-8.44%	21.488
Independence	38.91	-3.50%	37.55	-11.32%	33.3	4.23%	34.71	13.60%	39.43	-6.63%	36.817
Johnson County	9.31	-3.87%	8.95	-4.58%	8.54	-9.25%	7.75	-7.23%	7.19	6.34%	7.646
Kansas City	16.59	-1.51%	16.34	5.08%	17.17	-1.81%	16.86	8.66%	18.32	0.16%	18.35
Labette	25.74	-3.54%	24.83	-4.11%	23.81	-2.77%	23.15	8.64%	25.15	-2.70%	24.47
Neosho County	30.71	0.16%	30.76	5.04%	32.31	-5.94%	30.39	-1.41%	29.96	-7.08%	27.84
Pratt	38.86	-0.21%	38.78	0.21%	38.86	-6.46%	36.35	9.66%	39.86	0.00%	39.86
Seward County	25.92	9.68%	28.43	-9.81%	25.64	5.23%	26.98	1.56%	27.4	-1.76%	26.917
LOW	9.31	-3.87%	8.95	-4.58%	8.54	-9.25%	7.75	-7.23%	7.19	6.70%	7.672
MEDIAN	25.06	-3.43%	24.2	-1.65%	23.8	-2.73%	23.15	8.64%	25.15	-3.83%	24.19
HIGH	39.76	-2.46%	38.78	0.21%	38.86	-2.73%	37.8	5.45%	39.86	0.00%	39.86

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November 22, 2000

To: Legislative Educational Planning Committee
From: Carolyn Rampey, Principal Analyst
Re: Community College and Washburn University Funding

The community colleges and Washburn University are in the first full year of implementation of a funding formula that was enacted in 1999 (SB 345) and amended in 2000 (HB 2996). The information presented in this memorandum will review the distribution formula for the institutions and present some information about community college mill levies and funding.

Operating Grant Distribution Formula

The steps that the State Board of Regents has used to arrive at community college operating grants for FY 2001 are outlined below.

- Beginning with FY 2001, determine the average amount of money from the State General Fund spent per full-time equivalent (FTE) lower division student the prior year at the regional universities (Emporia, Fort Hays, and Pittsburg State universities). Each FTE community college and Washburn University student will generate a percentage of the per-FTE student amount at the regional universities. The percentages are:

FY 2001	50%
FY 2002	55%
FY 2003	60%
FY 2004 and thereafter	65%

- Multiply the appropriate percentage by the per-student expenditure for lower division students at the regional universities to get a per-student amount for each FTE community college and Washburn University student.
- For community colleges, calculate the total number of FTE students for the community colleges combined for the school year just ended. This calculation is made in June so that the figure represents the actual FTE enrollment for the most recent school year. Multiply that total by the per-FTE community college student amount calculated above. The total

represents the amount of money to be distributed to the 19 community colleges in the form of an operating grant for the next fiscal year beginning July 1, subject to available appropriations. At this point in FY 2001, the total amount to be distributed is less than the appropriation, because FY 2000 FTE enrollment is less than that upon which the appropriation was based.

- For those 14 community colleges that are not designated area vocational schools, calculate for each institution the additional amount of money it would have received in FY 1999 for approved vocational education courses had the courses been reimbursed at 1.75 times the academic rate, not at 1.5 times the rate. Distribute the additional amount to each school in equal increments over the four-year period from FY 2001 to FY 2004. The additional amount is to be distributed as part of the institution's operating grant, but is not to be used in calculating state aid for purposes of property tax relief.
- In FY 2001, distribute the operating grant, minus the additional funding for vocational courses, to the community colleges, with each community college to receive the same proportion of the total that it received in FY 2000. That amount, plus any money received for vocational courses, represents each institution's total operating grant. Distributions will be made in nearly equal installments in August and January.
- At the end of FY 2001 (June) when actual enrollment is known for school year 2000-01, adjust the total FTE enrollment for the community colleges combined. This adjustment will reflect the higher of FY 2001 or FY 2000 for each community college. If total FY 2001 enrollment exceeds the enrollment of the prior year, additional funding for operating grants will be allocated among all community colleges in the same proportion as the original distributions, subject to available appropriations.
- Except for a vocational course adjustment, the distribution formula for Washburn is essentially the same as for community colleges to this point. Because there is only one institution involved, no allocation formula is necessary. When Washburn's actual FY 2001 FTE enrollment is known, the FY 2001 operating grant will be recomputed, based on the greater of FY 2001 or FY 2000 FTE enrollment. Washburn will have received the full appropriation for the FY 2001 operating grant in two equal installments in August and January. Any negative adjustment to Washburn's total FY 2001 operating grant will be made in FY 2002.
- For community colleges, also at the end of FY 2001, make an adjustment to reflect the FTE enrollment growth at individual institutions. A positive adjustment will be calculated based on the college's percentage increase in FTE enrollment for FY 2001. Because all operating grant funds will

have been distributed, the total of all such positive adjustments will be offset by an equal total of negative adjustments spread among all colleges. The net adjustment will be made to each college's August payment in FY 2002. This adjustment procedure provides for recognition of individual college growth and avoids perpetuating the original baseline proration.

- In succeeding fiscal years, each community college will receive an operating grant in the same proportion to the total that it received the prior year, subject to an end-of-the-year adjustment to reflect the higher enrollment of the current or prior fiscal year.

Quality Performance Grants

Beginning in FY 2003, if any or all of the institutions (Washburn University and the community colleges) are deemed by the Board of Regents to have effectively complied with their role and mission statements and have met or exceeded approved core indicators of quality performance, they shall receive a quality performance grant equal to 2 percent of the operating grant (including any additional vocational funding received by a community college) they received the prior year.

Operating Grant Funding—FY 2000 and FY 2001

The table below shows what each community college received in state aid in FY 2000 and estimated state aid for FY 2001.

**STATE GENERAL FUND RECEIPTS
JULY-FEBRUARY, FY 2001
(dollar amounts in thousands)**

	Actual	Actual	<u>Difference</u>	
	<u>FY 2000</u>	<u>FY 2001</u>	<u>Dollar</u>	<u>Percentage</u>
Total Receipts	\$ 2,547,803	\$ 2,723,459	\$ 175,656	6.9%
Less:				
Tobacco Settlement Payments	<u>0</u>	<u>(91,040)</u>		
Adjusted Total	<u>\$ 2,547,803</u>	<u>\$ 2,632,419</u>	\$ 84,616	3.3%