

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Steve Morris at 10:35 a.m. on February 21, 2001, in Room 123-S of the Capitol.

All members were present except: All present

Committee staff present:

Alan Conroy, Chief Fiscal Analyst, Kansas Legislative Research Department
Debra Hollon, Kansas Legislative Research Department
Amory Lovin, Kansas Legislative Research Department
Stuart Little, Kansas Legislative Research Department
Paul West, Kansas Legislative Research Department
Michael Corrigan, Assistant Revisor, Revisor of Statutes Office
Julie Weber, Administrative Assistant to the Chairman
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Senator James Barnett

Others attending: See attached guest list

Bill Introductions

Senator Schodorf moved, with a second by Senator Downey, to introduce a bill (1rs1096) concerning school district finance; revising the definition of enrollment. Motion carried by a voice vote.

Senator Adkins moved, with a second by Senator Jackson, to introduce a bill (1rs1040) concerning crimes, criminal procedure and punishment; relating to domestic violence; assessment of certain fees. Motion carried by a voice vote.

Subcommittee budget reports on:

Board of Regents (Attachment 1)

Chairman Morris reported that the Subcommittee concurs with the Governor's recommendation for FY 2001.

Chairman Morris reported that the Subcommittee concurs with the Governor's recommendation for FY 2002 with adjustments and observations as listed in the subcommittee report.

Regarding Item Number 4, Senator Downey mentioned that the Legislative Educational Planning Committee recommended that the National Board Certification Program and the Future Teacher Academy offered by the Jones Institute at Emporia State University remain where they are, but be funded as two separate line items in the Budget of the State Board of Regents in order to give them greater flexibility. Senator Downey moved, with a second by Senator Feleciano, to identify the National Board Certification Program and the Future Teacher Academy offered by the Jones Institute specifically for Omnibus to try to keep these two programs in Emporia State University, but put them as separate line items in the Regent's Budget. Motion carried by a voice vote. Senator Downey noted that these are nationally known programs and they have statewide impact.

Regents Systemwide (Attachment 2)

Chairman Morris reported that the Subcommittee concurs with the Governor's recommendation for FY 2001.

CONTINUATION SHEET

Chairman Morris reported that the Subcommittee concurs with the Governor's recommendation with adjustments and observations as listed in the subcommittee budget report.

Senator Adkins asked if the Committee might consider revising the recommendation on Page 3, Item Number 2, last paragraph, of the report to have the Legislative Budget Committee analyze the elements which have led to the current level of funding and determine what the adequate base level of funding should be and rather than the LEPC. Senator Adkins noted that given the charge of what is being asked, the Legislative Budget Committee may be in a better position to actually address that particular task. Committee discussion followed.

Senator Adkins moved, with a second by Senator Downey, to amend the subcommittee report in Item Number 2 to replace LEPC with the Legislative Budget Committee wherever it appears in that section. Motion carried by a voice vote.

Chairman Morris welcomed Senator Jim Barnett to speak regarding the issue of adult basic education (Attachment 3). Senator Barnett noted that in Emporia, they have issues where there are large numbers of Hispanics or non-English speaking individuals which is also an issue across the state. Local governments lack funding to adequately educate them to become proficient in English. He noted that with \$126,000 more dollars the local government could match that three to one and come up with more significant funds for adult basic education. Senator Barnett asked if this could be considered as the session goes along, if funds could be identified and serve a useful and needed purpose in the state.

University of Kansas (Attachment 4)

Chairman Morris reported that the Subcommittee concurs with the Governor's recommendation for FY 2001.

Chairman Morris reported that the Subcommittee concurs with the Governor's recommendation for FY 2002 with adjustments and observations as listed in the subcommittee budget report.

University of Kansas Medical Center (Attachment 5)

Chairman Morris reported that the Subcommittee concurs with the Governor's recommendation for FY 2001.

Chairman Morris reported that the Subcommittee concurs with the Governor's recommendation for FY 2002 with adjustments and observations as listed in the subcommittee budget report.

Kansas State University (Attachment 6)

Chairman Morris reported that the Subcommittee concurs with the Governor's recommendation for FY 2001.

Chairman Morris reported that the Subcommittee concurs with the Governor's recommendation for FY 2002 with adjustments and observations as listed in the subcommittee budget report.

Kansas State University School of Veterinary Medicine (Attachment 7)

Chairman Morris reported that the Subcommittee concurs with the Governor's recommendation for FY 2001.

Chairman Morris reported that the Subcommittee concurs with the Governor's recommendation for FY 2002 with adjustments and observations as listed in the subcommittee budget report.

CONTINUATION SHEET

Kansas State University - Extension (Attachment 8)

Chairman Morris reported that the Subcommittee concurs with the Governor's recommendation for FY 2001.

Chairman Morris reported that the Subcommittee concurs with the Governor's recommendation for FY 2002 with adjustments and observations as listed in the subcommittee budget report.

Wichita State University (Attachment 9)

Chairman Morris reported that the Subcommittee concurs with the Governor's recommendation for FY 2001.

Chairman Morris reported that the Subcommittee concurs with the Governor's recommendation for FY 2002 with adjustments and observations as listed in the subcommittee budget report.

Emporia State University (Attachment 10)

Chairman Morris reported that the Subcommittee concurs with the Governor's recommendation for FY 2001.

Chairman Morris reported that the Subcommittee concurs with the Governor's recommendation for FY 2001 with adjustments and observations as listed in the subcommittee budget report.

Fort Hays State University (Attachment 11)

Chairman Morris reported that the Subcommittee concurs with the Governor's recommendation for FY 2001.

Chairman Morris reported that the Subcommittee concurs with the Governor's recommendation for FY 2002 with adjustments and observations as listed in the subcommittee budget report.

Pittsburg State University (Attachment 12)

Chairman Morris reported that the Subcommittee concurs with the Governor's recommendation for FY 2001.

Chairman Morris reported that the Subcommittee concurs with the Governor's recommendation for FY 2002 with adjustments and observations as listed in the subcommittee budget report.

Senator Feleciano moved, with a second by Senator Jackson, to amend the subcommittee report to consider adult basic education and include it as an Omnibus item. Motion carried by a voice vote.

Senator Feleciano moved, with a second by Senator Jackson, to accept the Subcommittee budget report for the Board of Regents, Regents Systemwide and the Regent Schools as amended. Motion carried by a voice vote.

Bill Introduction

Senator Feleciano moved, with a second by Senator Schodorf, to introduce a bill (1rs1058) concerning the City of Wichita which allows a rolling amortization for local police or fire plans to give greater flexibility regarding retirement. Motion carried by a voice vote.

The meeting was adjourned at 11:35 a.m. The next meeting is scheduled for February 22, 2001.

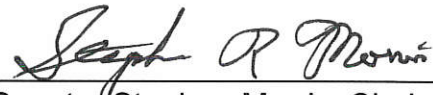
**SENATE WAYS AND MEANS COMMITTEE
GUEST LIST**

DATE February 21, 2001

NAME	REPRESENTING
Cindy DeLoe	Budget
Julia Thomas	DAB
M. Ponnatto	PSU
James Sead	ESU
John Lipegar	Washburn Univ.
DGMorgan	Washburn
Sabra Prideaux	FHSU
DICK CARTER	KBOR
Ron Shauer	KV
SUE PETERSON	K-STATE
	KBOR
Jon Josseland	KV
ERIC Sexton	WSEU
Sheila Graham	KACGT
Gott Kochochel	WWorld
Bob Vancrum	To Cor. Comm. College

2001 HIGHER EDUCATION SUBCOMMITTEE

University of Kansas
Kansas State University
Kansas State University – Veterinary Medicine
Kansas State University – Extension
Wichita State University
Board of Regents
University of Kansas Medical Center
Emporia State University
Fort Hays State University
Pittsburg State University
Regents Systemwide



Senator Stephen Morris, Chairman



Senator David Adkins

Senator Nick Jordan



Senator Jean Schodorf



Senator Paul Feleciano, Jr.

Senate Ways and means
2-21-01
Attachment 1

Senate Subcommittee Report

Agency: Board of Regents

Bill No. --

Bill Sec. --

Analyst: West

Analysis Pg. No. 429

Budget Page No. 361

<u>Expenditure Summary</u>	<u>Agency Est. FY 01</u>	<u>Governor's Recommendation FY 01</u>	<u>Senate Subcommittee 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	<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 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	\$ 177,321,659	\$ 163,836,693	\$ (43,250)
Capital Improvements	16,850,000	16,850,000	0
TOTAL	\$ 194,171,659	\$ 180,686,693	\$ (43,250)
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	\$ 152,929,518	\$ 142,756,150	\$ (38,056)
Capital Improvements	0	0	0
TOTAL	\$ 152,929,518	\$ 142,756,150	\$ (38,056)
FTE Positions	33.0	30.0	0.0
Other Unclassified Positions	3.0	2.0	0.0
TOTAL	36.0	32.0	0.0

* 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 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.

*Senate Ways and Means
8-21-01
Attachment 2*

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	<u>\$ 89,118</u>	<u>\$ (89,118)</u>

- 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 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.

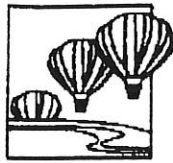
The Subcommittee recommends that the Legislative Educational Planning Committee (LEPC) analyze the elements which have led to the current level of funding and to determine what the adequate base level of funding should be. The Subcommittee recommends that the LEPC complete their analysis by September 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.

Tuition and Fees Relative to Peer Institutions FY 1995 and FY 2000				
<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%



Adult Education Center
A Division of Flint Hills Technical College
315 S. Market • Emporia KS 66801
316-341-2450 x 228 • Fax 316-341-2454

February 20, 2001

Senator James Barnett
Emporia, KS

Dear Senator Barnett:

Thank you for taking time to visit with the Leadership Emporia class. We appreciate your efforts in the Senate. It was a very eye-opening day for us. We have a new appreciation for the work you do.

Thank you also for your time and commitment to the needs of Adult Education. I just wanted to get some figures to you for the meeting tomorrow. Below are the current funding amounts for Adult Education and the projected needs for the next two years. It is my sincere belief that unless we attack adult illiteracy, we will never succeed in our efforts with the children that are in these homes. Thank you again, let me know if you need anything else from me.

\$3,452,210 federal basic program (FY 2002 allocation to Kansas)
\$ 262,599 federal EL/Civics program (FY 2002 allocation to Kansas)
\$3,714,809 Federal ABE funding

\$1,100,000 Current State match
\$4,814,809 Total funding

The matching requirement is 25% of the total funding = \$1,203,702 or 33% of the federal funds only = \$1,225,887 whichever is higher.

The bottom line is, we need an additional \$126,000 in FY 2002 added to our state matching fund to continue complying with the federal requirement. If we do not meet the mandated match, we will not be able to draw down the additional Federal allotment (\$300,000).

For your information, we are estimating an additional \$475,000 federal funds in FY 2003. We estimate the state matching requirement at \$1,382,337, which would require another increase of \$157,000.

Sincerely,

Liz Boesche,
Adult Education Director
Flint Hills Technical College

Senate Ways and Means
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Attachment 3

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.**

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Attachment 4*

- 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 Subcommittee Report

Agency: University of Kansas

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	\$ 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 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

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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 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 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.**

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- 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 Subcommittee 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	Senate Subcommittee Adjustments*
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 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. --**

Bill Sec. --

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

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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 Subcommittee 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	Senate Subcommittee Adjustments*
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 Subcommittee Report

Agency: KSU-ESARP

Bill No. --

Bill Sec. --

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

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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 Subcommittee Report

Agency: KSU-ESARP

Bill No. --

Bill Sec. –

Analyst: West

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Budget Page No. 319

<u>Expenditure Summary</u>	<u>Agency Request FY 02</u>	<u>Governor's Recommendation FY 02</u>	<u>Senate Subcom- mittee 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 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.**

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- 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 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 reinforcement 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.

- 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

Expenditure Summary	Agency Est. FY 01	Governor's Recommendation FY 01	Subcommittee 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

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.

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- **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 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 statepay 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 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			
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

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- **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 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 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

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- 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 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."