

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Stephen Morris at 10:30 a.m. on March 19, 2003, in Room 123-S of the Capitol.

All members were present except: All present

Committee staff present:

Alan Conroy, Director, Kansas Legislative Research Department
Melissa Calderwood, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Paul West, Kansas Legislative Research Department
Amy VanHouse, Kansas Legislative Research Department
Robert Waller, Kansas Legislative Research Department
Norman Furse, Revisor of Statutes
Michael Corrigan, Assistant Revisor of Statutes
Judy Bromich, Administrative Analyst
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

None

Others attending: See attached list

Kansas Public Employees Retirement System (KPERS) Issues (Attachment 1)

Subcommittee Chairman Kerr reported that a number of bills pertaining to retirement and other benefits were assigned for review. Hearings were held on March 6, 2003, on **SB 12**, **SB 13**, **SB 90** and **HB 2014**. In addition, two bills in the House were reviewed since they were introduced by the Joint Committee and had not advanced this Session: **HB 2012** and **HB 2013**. Senator Kerr explained the Senate Subcommittee on KPERS Issues made recommendations on **SB 12**, **SB 13**, **SB90** and **HB 2014**.

SB 12--Appointment of officers and employees by KPERS board of trustees

Senator Kerr moved, with a second by Senator Adkins, that SB 12 be amended, as recommended by the Subcommittee on KPERS Issues, to provide that no more than 25 percent of total KPERS staff may be in the unclassified service. Motion carried on a voice vote.

Senator Adkins moved, with a second by Senator Kerr, to recommend SB 12 favorable for passage as amended. Motion carried on a roll call vote.

SB 13--Benefits and service credit purchase under KPERS and systems related thereto

Senator Kerr moved, with a second by Senator Adkins, that SB 13 be amended, as recommended by the Subcommittee on KPERS Issues, to clarify that a surviving spouse of a member, who dies before retirement, to elect any option in lieu of receiving the member's contributions, including election of a partial lump sum option (PLSO) where up to 50 percent of benefits may be taken at time of retirement. Motion carried on a voice vote.

Senator Adkins moved, with a second by Senator Kerr, to recommend SB 13 favorable for passage as amended. Motion carried on a roll call vote.

SB 90--KPERS funding of unfunded obligations of certain benefits of employees of regents' institutions for prior service

CONTINUATION SHEET

Senator Kerr moved, with a second by Senator Adkins, that **SB 90** be amended, as recommended by the Subcommittee on KPERS Issues, to:

Incorporate the remaining liability of \$17.0 million into KPERS state and school for a group of Regents unclassified employees with prior KPERS service credit and to issue pension obligation bonds to finance a portion of the liability over 10 years in order to avoid creating an additional unfunded liability in KPERS;

Also to make the Regents unclassified employees special members of the KPERS State and school group and establish a first-year payment from the Regents institutions of \$2.0 million in FY 2004, with subsequent payments over 10 years, beginning in FY 2005, to repay bonds and interest costs of a \$15,230,000 pension bond issue. Total principal and interest costs are estimated at \$18,831,619 by the Kansas Development Finance Authority.

Also to provide for payments from the University of Kansas Hospital Authority since it is no longer budgeted with the Regents institutions. Motion carried on a voice vote.

Senator Adkins moved, with a second by Senator Kerr, to recommend that **SB 90** be amended by substituting a new bill to be designated as **Substitute for SB 90**. Motion carried on a roll call vote.

HB 2014—Retirement annuities for members of legislature for past service

Senator Adkins moved, with a second by Senator Kerr, to amend **HB 2014**, as recommended by the Subcommittee on KPERS Issues, to permit retired members of KPERS who serve in the Legislature to elect the 8.0 percent deferred compensation plan since they are ineligible for further KPERS benefits and add the contents of **HB 2013** that allows members of the City of Overland Park Fire Department to remain covered by a local pension plan rather than have to become members of the Kansas Police and Fireman's Retirement System. Motion carried on a voice vote.

Senator Adkins moved, with a second by Senator Kerr, to recommend **HB 2014** be amended by substituting a new bill to be designated as **Substitute for HB 2014**. Motion carried on a roll call vote.

With the passage of the above bills, the elements of the KPERS Issues Subcommittee report were incorporated.

Higher Education **Postsecondary Education Systemwide (Attachment 2)**

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor with adjustments and observations for FY 2003.

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor with adjustments and observations for FY 2004.

Senator Feleciano moved, with a second by Senator Schodorf, to amend the Subcommittee report in FY 2004 with a proviso regarding state university savings from bonding KPERS unfunded liability to be transferred to the Board of Regents, net transferred back to the universities based on their proportionate share of unfunded health insurance and other fringe benefit costs. Motion carried on a voice vote.

Kansas Board of Regents (Attachment 3)

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor with adjustment for FY 2003.

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the

CONTINUATION SHEET

Governor with adjustments and observations for FY 2004.

Senator Kerr moved, with a second by Senator Barone, to amend the Subcommittee report in FY 2004 regarding Item No. 2, to add funding for Midwest Higher Education Commission dues. Motion carried on a voice vote.

University of Kansas (Attachment 4)

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor for FY 2003.

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor with adjustments and observations for FY 2004.

University of Kansas Medical Center (Attachment 5)

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor for FY 2003.

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor with adjustments for FY 2004.

Kansas State University (Attachment 6)

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor for FY 2003.

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor with observations for FY 2004.

Kansas State University Veterinary Medical Center (Attachment 7)

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor for FY 2003.

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor with adjustments for FY 2004.

Kansas State University ESARP (Attachment 8)

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor for FY 2003.

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor for FY 2004.

Wichita State University (Attachment 9)

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor for FY 2003.

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor with adjustments and observations for FY 2004.

CONTINUATION SHEET

Emporia State University (Attachment 10)

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor with adjustment for FY 2003.

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor with observations for FY 2004.

Fort Hays State University (Attachment 11)

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor for FY 2003.

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor with observations for FY 2004.

Pittsburg State University (Attachment 12)

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor for FY 2003.

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor with observations for FY 2004.

Senator Feleciano moved, with a second by Senator Downey, to adopt the Subcommittee budget report on Higher Education for the FY 2003 and FY 2004 budget as amended. Motion carried on a voice vote.

Chairman Morris called the committee's attention to discussion of:

SB 252--Placing the office of state fire marshal within a board of fire services

Copies of an e-mail were distributed from Ross Boelling, Tonganoxie, Kansas, regarding **SB 252** (Attachment 13).

Senator Adkins moved, with a second by Senator Downey, a balloon amendment (Attachment 14) to **SB 252** and on Page 3, delete lines 26 through 33, pertaining to legislative members. Motion carried on a voice vote.

Senator Adkins moved, with a second by Senator Jordan, for technical corrections by the Revisor on page 13, lines 13 through 18, which delays implementation to January 1, 2004. Motion carried on a voice vote.

Senator Adkins moved, with a second by Senator Jordan, to make the effective date of the act match the date set for the first meeting of the board (January 1, 2004), three months or so earlier. Motion carried on a voice vote.

Senator Kerr moved, with a second by Senator Jackson, to recommend **SB 252** favorable for passage as amended. Motion carried on a roll call vote.

The meeting adjourned at 11:55 a.m. The next meeting is scheduled for March 20, 2003.

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

DATE March 19, 2003

NAME	REPRESENTING
Cathy Dwyer	Budget
Julia Thomas	FOR
Keith Bradshaw	Budget
Jon Josseland	University of Kansas
BUD BURKE	CESSNA AIRCRAFT Co.
John Frederick	The Boeing Company
Kent Dederick	IAFF Local 83
Craig Duro	KCKFD
James Belaf	KCKFFRA
Ed Bodman	KSCOFF
McPomato	Pittsburg State U.
SUE PETERSON	V-STATE
Algebra Frickeaux	FHSU
Marvin Burns	Bd of Regents
Garbin Scott	ESU
Wayne Shaw	KACCT
James Rose	KACCT
Karole Breckard	Inter-Faith Ministries
Jack Hawn	KPERS
Glenn Deck	KDERS
Keith Haxton	SEAK
Kent Hawn	KARSP / USA

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

DATE 3/18/03
19

NAME	REPRESENTING
Sam Steckler	SOS
Erik Sartorius	City of Overland Park
DAVID LAKE	Ks Br. of EMS
Pat Lehman	KS Fire Service Alliance
ERIC SEXTON	WSCA
David J. Monial	Washburn University
Frank J. Crawford	
Bob Kelly	KICA
George Schmitt	Wildcat 4-H Riley Co.
Chip Wheeler	Assn of Osteopathic Med.
Rose Raymond	KS State Fire Marshals Off.
Gwen Easley	KS State Fire Marshals Office

SENATE SUBCOMMITTEE REPORT

Kansas Public Employees Retirement System (KPERs) Issues

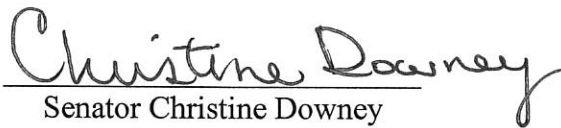
March 13, 2003



Senator Dave Kerr, Chairperson



Senator David Adkins



Senator Christine Downey

Senate Ways and Means
3-19-03
Attachment 1

SENATE SUBCOMMITTEE REPORT

KPERS Issues

March 13, 2003

A number of bills pertaining to retirement and other benefits was assigned for review. Hearings were held on March 6, 2003, on SB 12, SB 13, SB 90, and HB 2014. In addition, two bills in the House also were reviewed since they were introduced by the Joint Committee and had not advanced this Session: HB 2012 and HB 2013.

The Senate Subcommittee on KPERS Issues makes the following recommendations on the following bills and issues:

1. SB 12 gives the KPERS Board authority to assign new and vacant positions to either the unclassified or classified service. The status of current classified employees is not affected.

KPERS Fiscal Note: None.

SB 12 be amended to provide that no more than 25 percent of total KPERS staff may be in the unclassified service. Recommend bill be passed as amended.

2. SB 13 clarifies that partial lump sum options cannot be selected by a joint annuitant if the member dies before retiring. Updates the statutory reference to the IRS code. Corrects an erroneous reference in 2001 to a KP&F Statute.

KPERS Fiscal Note: None.

SB 13 be amended to clarify that a surviving spouse of a member, who dies before retirement, to elect any option in lieu of receiving the member's contributions, *including election of a partial lump sum option (PLSO) where up to 50 percent of benefits may be taken at time of retirement.* Recommend bill be passed as amended.

3. SB 90 makes certain Regents employees in the TIAA special members of KPERS and folds the remaining liability into KPERS.

KPERS Fiscal Note: Reduces Regents contributions by \$9.7 million in FY 2004. Increases State/School contributions \$1.0 million annually to pay for a \$17.0 million Unfunded Actuarial Liability (UAL).

SB 90 be amended to incorporate the remaining liability of \$17.0 million into KPERS state and school for a group of Regents unclassified employees with prior KPERS service credit and to issue pension obligation bonds to finance a portion of the liability over 10 years in order to avoid creating an additional unfunded liability in KPERS.

Also to make the Regents unclassified employees special members of the KPERS state and school group and establish a first-year payment from the Regents institutions of \$2.0 million in FY 2004, with subsequent payments over 10 years, beginning in FY 2005, to repay bonds and interest costs of a \$15,230,000 pension bond issue. Total principal and interest costs are estimated at \$18,831,619 by the Kansas Development Finance Authority.

Also to provide for payments from the University of Kansas Hospital Authority since it is no longer budgeted with the Regents institutions. Recommend a substitute bill be passed.

Revised Fiscal Note: Reduces FY 2004 Regents contributions from \$9,596,161 to \$2,000,000 for a savings of \$7,596,161. Also reduces future Regents employer contributions estimated at \$12.1 million in FY 2005 and \$15.0 million in FY 2006 to an estimated annual average payment of \$1,884,000 for 10 years. Three year savings estimated at \$30.8 million.

4. HB 2014 provides the Board of Regents is to contribute an amount toward the purchase of annuities under the Regents retirement plan for a Regents employee who served in the Legislature prior to January 1, 2001, and when on leave of absence to attend legislative duties.

KPERS Fiscal Note: Less than \$20,000 for Regents institution to pay.

HB 2014 be amended to permit retired members of KPERS who serve in the Legislature to elect the 8.0 percent deferred compensation plan since they are ineligible for further KPERS benefits. Also to add the contents of HB 2013 that allows members of the City of Overland Park Fire Department to remain covered by a local pension plan rather than have to become members of the Kansas Police and Fireman's Retirement System. Recommend a substitute bill be passed.

Revised Fiscal Note: Less than \$30,000 if all eligible legislators choose to participate, with less than \$20,000 financed by a Regents institutions and less than \$10,000 by the Legislature's budget for the 8.0 percent deferred compensation plan. There is no fiscal note for provisions of HB 2013.

Background for Bills

SB 12 Unclassified Hiring Authority

The bill was recommended by the Joint Committee on Pensions, Investments and Benefits in order to allow the KPERS Board more flexibility in hiring staff.

SB 13 Technical Amendments

The bill was recommended by the Joint Committee on Pensions, Investments and Benefits in order to correct or resolve several problems identified by the KPERS Board.

SB 90 TIAA Regents Members

The bill would add approximately \$17 million to the KPERS State/School unfunded actuarial liability (UAL) and make the remaining participants special members of KPERS for retirement purposes. The amortization period for this closed group is nearing the end for contributions, and the amount of UAL remains significant. If this bill does not pass, then the employer contribution rate will increase dramatically in FY 2005 to 2.65 percent, an increase of 0.45 percent from FY 2004 when 2.20 percent is estimated to cost Regents \$9.7 million. Estimated FY 2005 cost is \$12.2 million for the Regents. The employer contribution rate for FY 2006, the last year of the amortization period, has not been calculated by the KPERS actuary since it will be included in the December 31, 2002, valuation that will be released in July of 2003. Any remaining UAL would be subject to a one-time lump-sum payment in FY 2006, or alternatively, a new amortization schedule would need to be statutorily enacted.

HB 2014 Legislative Service Benefits

The bill was recommended by the Joint Committee on Pensions, Investments and Benefits to address the issue of retroactive retirement benefits for a member of the Legislature, who when on leave of absence from a Regents institution to serve in the Legislature was ineligible for KPERS membership.

HB 2012 Earlier KP&F Retirement (in House committee)

The bill was recommended by the Joint Committee in order to allow Tier I KP&F members with 32 years of credit service to retire before age 55, with no reduction in benefit. Tier II KP&F members may retire at age 50 with no reduction in benefit.

HB 2013 KP&F Membership Not Required (in House committee)

The bill was requested by the city of Overland Park in order to retain a separate pension plan for members of its fire department. The department is a not-for-profit nongovernmental entity, and will be merged with the city on July 1, 2003. The bill would allow the continuation of

the existing pension plan by not requiring affiliation with KP&F when the department is incorporated into the city.

Review of Other Issues

Long-Term Funding

Recent KPERS studies and reports have indicated that the financing for future benefits is not in actuarial balance, and that the gradual increase of 0.2 percent in annual payments is not closing a gap between the amount of money available for future retirement benefit payments and the amount of funding needed to meet future obligations. In actuarial terms, the current assets plus the present value of future contributions does not equal the present value of future benefits. The KPERS actuary has recommended action to increase employer contributions in order to address the long-term funding issue.

The most recent actuarial valuation (as of December 31, 2001) indicates an actuarial liability of \$11.74 billion for future payments and actuarial assets of \$9.97 billion, with an unfunded actuarial liability (the difference) of \$1.78 billion as the current estimated gap in resources to pay future benefits. The funded ratio based on this most recent valuation is 84.8 percent. The ideal ratio would be 100 percent or greater funding.

As part of the actuarial valuation report, the KPERS actuary prepared a projection of the unfunded actuarial liability that indicates a significant deterioration in the funded ratio, with the funded status declining to 67 percent in 2012, absent any significant changes in employer contributions. The unfunded actuarial liability is estimated at more than \$4.0 billion in 2012. According to the KPERS actuary, "This dramatic deterioration in the System's financing supports our concerns about the long term funding of the System and the need for a change in the funding plan."

13th Check

One issue not addressed specifically in the *Governor's Budget Report* is the payment of a 13th check, otherwise known as an annual dividend payment. In FY 2003, there may be insufficient revenues accruing to this account and therefor the actual payment, which is based on a statutory formula, may contain less money than is needed in order to fund a full 13th check which in FY 2002 averaged \$475 for slightly more than 15,000 eligible recipients. In the case of insufficient reserves and no new revenue to the account, eligible retirees and their joint annuitants will receive a prorated check under current law. A minimum of \$1.0 million already is available in the account and will be paid out for the October 2003 payment. The Subcommittee discussed the issue as a budget item, and decided to let the current statutory formula determine how much will be paid in FY 2003 based on the law that has been governing the 13th check since 1987. This is the first time that less than a full check may be paid. The Senate Ways and Means Committee adopted the Subcommittee Report on February 21, 2003, to take no action, and had the following additional information included with that document.

The estimated amount of the 2003 maximum payment is approximately \$6.7 million. About \$5.7 million will need to be credited to the reserve along with the \$1.0 million carry over balance in order to make the maximum payment. With less than six months left in the fiscal year, it is difficult to predict whether sufficient revenue will be credited to the reserve. Continued poor market returns will create a problem with the 13th check and a full benefit probably will not be paid.

Death and Disability Moratorium

The Senate passed SB 47, as amended by the Senate Committee of the Whole, that would provide a five quarter moratorium on employer contributions for the death and disability plan, as recommended by the Governor in the *FY 2004 Budget Report*. The bill is in the House Appropriations Committee assigned to its Budget Committee on KPERS Issues. A report is scheduled for March 12, 2003, to the Appropriations Committee on KPERS issues. A delay in passing SB 47 that authorizes a moratorium to begin April 1, 2003, creates additional problems for KPERS since participating employers are legally obligated to remit moneys after April 1. Even though the Governor has signed Senate Substitute for HB 2026 into law, and that appropriations bill addresses state and local payments not being required for death and disability, the appropriations act alone is not considered sufficient legal authority to alter the statutory obligation that SB 47 would relieve. KPERS may cite Senate Sub for HB 2026 as a reason for local participating employers not to remit money for death and disability after April 1, but until SB 47 passes with the statutory change, the legal obligation to pay for amounts withheld during the April 1, 2003, through June 30, 2003 moratorium period may still exist for those local units.

No recommendation was made in a previous Subcommittee Report on the KPERS budget (adopted by the Senate Ways and Means Committee on February 21, 2003) regarding the issue of a moratorium on death and disability payments in FY 2004. It was noted that the Governor has recommended a fourth quarter moratorium in FY 2003, and the Senate Ways and Means Committee introduced SB 47 to implement the Governor's recommendations regarding death and disability. The Subcommittee was alerted by the agency that if the proposed moratorium were be implemented, the program would have to become a pay-as-you-go plan by FY 2006 or FY 2007, that employer contribution rates would increase to at least 1.0 percent (from the current statutory 0.6 percent), and that the plan would become a budget item in FY 2005. Currently, it is off-budget and nonreportable.

KPERS School Payments in FY 2003

The State of Kansas is responsible for making the employer contributions on behalf of school districts, community colleges, and other educational entities for school employees covered by KPERS. The employer contribution includes both an amount for a retirement payment and another amount for a death and long-term disability benefits payment. The contributions are paid each quarter, with remission due in early July, October, January and April after KPERS presents an amount due to the Department of Education. There is a line item appropriation for the KPERS School amount in the Department of Education budget. For FY 2003, the appropriation is \$108,762,960 SGF. An additional amount of \$7,985,026 was appropriated for FY 2002 as a

supplemental payment, but was deferred until after June 30, 2002, because insufficient SGF reserves were available to make the actual payment until FY 2003. The total amount appropriated in FY 2003 is \$116, 747,986 SGF.

The *Governor's Budget Report* for FY 2004 estimates that a shortfall of \$6,227,618 SGF in fully paying the FY 2003 KPERS contribution, and the proposed FY 2004 budget includes an additional \$6.2 million SGF to address the expected shortfall in FY 2003 for KPERS School payments. No supplemental appropriation is recommended in FY 2003 for the \$6.2 million shortfall this fiscal year, but the money is recommended to be paid after June 30.

Prior to FY 1987, payments were made immediately after the end of a quarter. A change was made in FY 1987 when the fourth quarterly payment was delayed from early April until after July 1, 1987, in order to address a cash flow problem that fiscal year. It was one of several measures adopted by the 1987 Legislature, including an across-the-board reduction of most FY 1987 SGF appropriations. The KPERS School payments schedule today is based on the 1987 change.

By delaying the supplemental payment for FY 2003 until FY 2004, the moneys deferred will not earn any interest from April 1, 2003, when originally due, until after June 30, 2003, when FY 2004 begins. Last year, when the fourth quarter payment was delayed, a late payment charge of \$121,958 was assessed by KPERS pursuant to a statutory requirement in order to be reimbursed for lost interest. In 1987, the Legislature approved an interest payment when a delay was authorized to address cash flow problems. No interest is included in the Governor's recommendation for either the late payment amount for last fiscal year paid in FY 2003, nor does the Governor's FY 2004 recommendation include an interest amount. KPERS, because of the statutory requirement, must assess interest for payments not received in a timely manner. There is no current provision to waive that late fee.

\$15,230,000 Kansas Development Finance Authority
Revenue Bonds, Series to be designated
(State of Kansas - Regent's Faculty Retirement Funds)
\$15Million for 10yrs Taxable (03.06.03)
SOURCES & USES

Dated 08/01/2003

Delivered 08/01/2003

SOURCES OF FUNDS

Par Amount of Bonds..... \$15,230,000.00

TOTAL SOURCES..... \$15,230,000.00

USES OF FUNDS

Deposit to Project Construction Fund..... 15,000,000.00

Costs of Issuance..... 167,530.00

Total Underwriter's Discount (0.400%)..... 60,920.00

Rounding Amount..... 1,550.00

TOTAL USES..... \$15,230,000.00

File = REGENT'S RETIREMENT BENEFIT FUND.SF-\$15Million for 10yrs Taxable (03.06.03)-SINGLE PURPOSE

Kansas Development Finance Authority (MTF)

3/13/2003 11:45 AM

\$15,230,000 Kansas Development Finance Authority
Revenue Bonds, Series to be designated
(State of Kansas - Regent's Faculty Retirement Funds)
\$15 Million for 10yrs Taxable (03.06.03)
DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I	FISCAL TOTAL
8/01/2003	-	-	-	-	-
8/01/2004	1,075,000.00	1.890%	546,116.50	1,621,116.50	-
2/01/2005	-	-	262,899.50	262,899.50	-
6/30/2005	-	-	-	-	1,884,016.00
8/01/2005	1,375,000.00	2.190%	262,899.50	1,637,899.50	-
2/01/2006	-	-	247,843.25	247,843.25	-
6/30/2006	-	-	-	-	1,885,742.75
8/01/2006	1,405,000.00	2.600%	247,843.25	1,652,843.25	-
2/01/2007	-	-	229,578.25	229,578.25	-
6/30/2007	-	-	-	-	1,882,421.50
8/01/2007	1,445,000.00	3.090%	229,578.25	1,674,578.25	-
2/01/2008	-	-	207,253.00	207,253.00	-
6/30/2008	-	-	-	-	1,881,831.25
8/01/2008	1,495,000.00	3.520%	207,253.00	1,702,253.00	-
2/01/2009	-	-	180,941.00	180,941.00	-
6/30/2009	-	-	-	-	1,883,194.00
8/01/2009	1,550,000.00	3.780%	180,941.00	1,730,941.00	-
2/01/2010	-	-	151,646.00	151,646.00	-
6/30/2010	-	-	-	-	1,882,587.00
8/01/2010	1,610,000.00	3.980%	151,646.00	1,761,646.00	-
2/01/2011	-	-	119,607.00	119,607.00	-
6/30/2011	-	-	-	-	1,881,253.00
8/01/2011	1,680,000.00	4.260%	119,607.00	1,799,607.00	-
2/01/2012	-	-	83,823.00	83,823.00	-
6/30/2012	-	-	-	-	1,883,430.00
8/01/2012	1,755,000.00	4.520%	83,823.00	1,838,823.00	-
2/01/2013	-	-	44,160.00	44,160.00	-
6/30/2013	-	-	-	-	1,882,983.00
8/01/2013	1,840,000.00	4.800%	44,160.00	1,884,160.00	-
6/30/2014	-	-	-	-	1,884,160.00
Total	15,230,000.00	-	3,601,618.50	18,831,618.50	-

YIELD STATISTICS

Bond Year Dollars.....	\$89,500.00
Average Life.....	5.877 Years
Average Coupon.....	4.0241547%
Net Interest Cost (NIC).....	4.0922218%
True Interest Cost (TIC).....	4.0633544%
Bond Yield for Arbitrage Purposes.....	3.9849738%
All Inclusive Cost (AIC).....	4.2811825%

IRS FORM 8038

Net Interest Cost.....	4.0241547%
Weighted Average Maturity.....	5.877 Years

**\$15,230,000 Kansas Development Finance Authority
Revenue Bonds, Series to be designated
(State of Kansas - Regent's Faculty Retirement Funds)
\$15Million for 10yrs Taxable (03.06.03+100bps)
SOURCES & USES**

Dated 08/01/2003

Delivered 08/01/2003

SOURCES OF FUNDS

Par Amount of Bonds.....	\$15,230,000.00
TOTAL SOURCES.....	\$15,230,000.00

USES OF FUNDS

Deposit to Project Construction Fund.....	15,000,000.00
Costs of Issuance.....	167,530.00
Total Underwriter's Discount (0.400%).....	60,920.00
Rounding Amount.....	1,550.00
TOTAL USES.....	\$15,230,000.00

'GENT'S RETIREMENT BENEFIT FUND.SF-\$15Million for 10yrs Taxable (03.06.03+100bps)-SINGLE PURPOSE

Kansas Development Finance Authority (MTF)

3/13/2003 11:45 AM

**\$15,230,000 Kansas Development Finance Authority
Revenue Bonds, Series to be designated
(State of Kansas - Regent's Faculty Retirement Funds)
\$15Million for 10yrs Taxable (03.06.03+100bps)
DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Interest	Total P+I	FISCAL TOTAL
8/01/2003	-	-	-	-	-
8/01/2004	940,000.00	2.890%	703,812.50	1,643,812.50	-
2/01/2005	-	-	338,323.25	338,323.25	-
6/30/2005	-	-	-	-	1,982,135.75
8/01/2005	1,330,000.00	3.190%	338,323.25	1,668,323.25	-
2/01/2006	-	-	317,109.75	317,109.75	-
6/30/2006	-	-	-	-	1,985,433.00
8/01/2006	1,375,000.00	3.600%	317,109.75	1,692,109.75	-
2/01/2007	-	-	292,359.75	292,359.75	-
6/30/2007	-	-	-	-	1,984,469.50
8/01/2007	1,425,000.00	4.090%	292,359.75	1,717,359.75	-
2/01/2008	-	-	263,218.50	263,218.50	-
6/30/2008	-	-	-	-	1,980,578.25
8/01/2008	1,490,000.00	4.520%	263,218.50	1,753,218.50	-
2/01/2009	-	-	229,544.50	229,544.50	-
6/30/2009	-	-	-	-	1,982,763.00
8/01/2009	1,560,000.00	4.780%	229,544.50	1,789,544.50	-
2/01/2010	-	-	192,260.50	192,260.50	-
6/30/2010	-	-	-	-	1,981,805.00
8/01/2010	1,640,000.00	4.980%	192,260.50	1,832,260.50	-
2/01/2011	-	-	151,424.50	151,424.50	-
6/30/2011	-	-	-	-	1,983,685.00
8/01/2011	1,725,000.00	5.260%	151,424.50	1,876,424.50	-
2/01/2012	-	-	106,057.00	106,057.00	-
6/30/2012	-	-	-	-	1,982,481.50
8/01/2012	1,820,000.00	5.520%	106,057.00	1,926,057.00	-
2/01/2013	-	-	55,825.00	55,825.00	-
6/30/2013	-	-	-	-	1,981,882.00
8/01/2013	1,925,000.00	5.800%	55,825.00	1,980,825.00	-
6/30/2014	-	-	-	-	1,980,825.00
Total	15,230,000.00	-	4,596,058.00	19,826,058.00	-

YIELD STATISTICS

Bond Year Dollars.....	\$91,145.00
Average Life.....	5.985 Years
Average Coupon.....	5.0425783%
Net Interest Cost (NIC).....	5.1094169%
True Interest Cost (TIC).....	5.0721839%
Bond Yield for Arbitrage Purposes.....	4.9923411%
All Inclusive Cost (AIC).....	5.2940877%

IRS FORM 8038

Net Interest Cost.....	5.0425783%
Weighted Average Maturity.....	5.985 Years



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March 17, 2003

Mr. Jack Hawn
 Deputy Executive Director
 Kansas Public Employees Retirement System
 611 S. Kansas Ave., Suite 100
 Topeka, KS 66603-3803

Re: Split of TIAA Unfunded Actuarial Liability

Dear Jack:

Senate Bill 90 provides that the current TIAA members will become special members of the State/School group effective with the December 31, 2002 actuarial valuation and any unfunded actuarial liability for the TIAA members will be transferred to the State/School group. We previously provided you with the estimated amount of the unfunded actuarial liability (UAL) for the TIAA group as of December 31, 2002. Subsequent to that calculation, you advised us that the data that was provided to us for the TIAA members of the KU Hospital Authority for the December 31, 2001 valuation was not accurate. Based on the revised data for the Hospital Authority employees that you provided, we have re-determined the estimated TIAA unfunded actuarial liability as of December 31, 2002.

You also asked that we split the December 31, 2002 unfunded actuarial liability between the KU Hospital Authority and the Regents group. Liabilities can be directly allocated based on individual members. However, separate asset amounts have not been maintained for the KU Hospital Authority so a methodology for allocating the TIAA assets was needed in order to determine the unfunded actuarial liability for each group. We allocated the assets between the Hospital Authority and the Regents group proportionately based on each group's actuarial liability. This approach results in both groups having the same funded ratio. A summary of the results of our calculations is shown below:

	<u>Regents</u>	<u>KU Hospital Authority</u>	<u>Total</u>
Estimated Actuarial Liability	\$36,982,124	\$1,021,197	\$38,003,321
Estimated Actuarial Value of Assets	\$20,073,163	\$ 554,285	\$20,627,448
Estimated Unfunded Actuarial Liability	\$16,908,961	\$ 466,912	\$17,375,873



March 17, 2003
Page 2

The allocation of the unfunded actuarial liability to the KU Hospital Authority is based on a proportionate allocation of the actuarial value of assets based on each group's actuarial liability. If a different methodology is used to allocate assets, the resulting unfunded actuarial liability will change for both groups. If you have questions or need additional information please let me know.

Sincerely,

Patrice Beckham


Patrice A. Beckham, F.S.A.
Consulting Actuary

cc: Glenn Deck

FY 2003 and FY 2004

Senate Higher Education Subcommittee Reports


*Postsecondary Education Systemwide
Board of Regents
University of Kansas
Kansas University Medical Center
Kansas State University
KSU Vet Med
KSU ESARP
Wichita State University
Emporia State University
Fort Hays State University
Pittsburg State University*



Senator Stephen Morris, Chair




Senator David Adkins



Senator Nick Jordan



Senator Jean Schodorf



Senator Paul Feleciano, Jr.

Budget Committee Report

Agency: Postsecondary Ed. Systemwide **Bill No.**

Bill Sec.

Analyst: West

Analysis Pg. No. 952

Budget Page No. NA

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Budget Committee Adjustments
All Funds:			
State Operations	\$ 1,239,688,145	\$ 1,217,121,642	\$ 0
Aid to Local Units	139,366,590	134,412,162	0
Other Assistance	245,112,181	244,550,057	0
Subtotal – Operating	\$ 1,624,166,916	\$ 1,596,083,861	\$ 0
Capital Improvements	67,917,698	67,917,698	0
TOTAL REPORT. EXP.	\$ 1,692,084,614	\$ 1,664,001,559	\$ 0
Non-expense Items	13,413,056	13,416,056	0
TOTAL EXPENDITURES	\$ 1,705,497,670	\$ 1,677,414,615	\$ 0
State General Funds:			
State Operations	\$ 561,061,422	\$ 538,494,919	\$ 0
Aid to Local Units	116,981,535	112,027,107	0
Other Assistance	21,132,244	20,570,120	0
Subtotal – Operating	\$ 699,175,201	\$ 671,092,146	\$ 0
Capital Improvements	189,446	189,446	0
TOTAL REPORT. EXP.	\$ 699,364,647	\$ 671,281,592	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 699,364,647	\$ 671,281,592	\$ 0
FTE Positions	15,253.8	15,253.8	0.0
Non FTE Uncl. Perm. Pos.	532.7	532.7	0.0
TOTAL	15,786.5	15,786.5	0.0

Agency Est. /Governor's Recommendation

State General Fund. The Board of Regents and the State Universities estimate FY 2003 State General Fund expenditures will total \$699.2 million, which reflects the approved budget prior to the second State General Fund allotment plus a requested supplemental appropriation in the Board Office of \$382,395. **The Governor's** recommendation of \$671.1 million reflects the approved budget less the lapse of \$345,000 approved by the 2002 Legislature for startup costs of Kan-Ed. The Governor does not recommend funding of the requested supplemental appropriation.

Tuition. Estimated FY 2003 expenditures from the General Fees Fund at the State Universities of \$251.7 million is an increase of \$37.9 million from the budget initially approved by the 2002 Legislature. The increase is primarily attributable to tuition increases approved by the Board

of Regents subsequent to the 2002 Legislative Session. **The Governor** concurs with the Universities' estimate.

Other Funds. The Board of Regents and the State Universities estimate FY 2003 expenditures from other funding sources will total \$673.3 million which is an increase of \$72.2 million from the budget initially approved by the 2002 Legislature. The increase is attributable to increased federal grants and State University restricted use funding. 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.

FTE Positions. The Board of Regents and the State Universities include 15,253.8 FTE positions in the current year budget, a decrease of 551.9 FTE positions from the budget initially approved by the 2002 Legislature. The majority of the decrease appears to be associated with a refinement in the definition of Non FTE Permanent Unclassified Positions.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendations, with the following recommendations:

1. The Budget Committee notes that the 2002 Legislature added a proviso which prohibits state agencies from shifting any salary savings to other portions of the agency budget. Since that time, there have been two allotments imposed on the majority of state agencies. These allotments have created significant pressures on state agencies in maintaining service delivery to their consumers. While at the time of its adoption this proviso seemed like a good idea, the Budget Committee questions the wisdom of retaining this proviso in light of the additional budgetary reductions since its adoption and need for agency managers to plan for at least 16 more months of challenges. The Budget Committee recommends that the rationale for the proviso be re-evaluated at Omnibus.
2. Another proviso adopted by the 2002 Legislature restricted State General Fund purchases of computer equipment to items from the Division of Purchases state contracts list. Some of the Budget Committee members have been informed that the practical result of this proviso is that the State Universities been prevented from taking advantage of prices on equivalent equipment offered by local businesses which are lower than the state contract price.
3. The Budget Committee notes that tuition increases for the current year were adopted by the Board of Regents subsequent to the adjournment of the 2002 Legislature. As a result of these increases, as well as increasing enrollment and changes in the mix of the student body, General Fees Fund expenditures at the State Universities are estimated to be \$37.9 million above the estimates utilized last year. The attached table compares current year State General Fund adjustments to increased General Fees Fund expenditures.

SELECTED POSTSECONDARY EDUCATION BUDGET ADJUSTMENTS FY 2003

Institution	Out of State Travel Reduction	Faculty of Distinction Transfers	August Allotment (0.75%)	November Allotment (3.9%)	Total State General Fund Adjustments	General Fees Fund Increase*	Net Adjustments
University of Kansas	\$ (144,538)	\$ 179,762	\$ (1,033,056)	\$ (5,340,655)	\$ (6,338,487)	\$ 15,970,775	\$ 9,632,289
Univ. of Kansas Med. Ctr.	(42,452)	57,748	(782,674)	(4,051,933)	(4,819,311)	1,773,516	(3,045,795)
Kansas State Univ.	(176,274)	78,984	(796,458)	(4,116,759)	(5,010,507)	12,536,171	7,525,664
KSU Veterinary Medical	(9,140)	13,595	(75,032)	(388,460)	(459,037)	1,089,094	630,057
KSU - ESARP	(61,071)	0	(365,824)	(1,893,331)	(2,320,226)	0	(2,320,226)
Wichita State Univ.	(200)	38,164	(493,404)	(2,555,345)	(3,010,785)	2,604,103	(406,682)
Emporia State Univ.	(45,271)	13,160	(230,234)	(1,190,797)	(1,453,142)	1,081,607	(371,535)
Fort Hays State Univ.	(65,335)	2,380	(237,844)	(1,229,871)	(1,530,670)	800,261	(730,409)
Pittsburg State Univ.	(24,301)	0	(250,409)	(1,297,099)	(1,571,809)	2,023,614	451,805
Subtotal - State Univ.	\$ (568,582)	\$ 383,793	\$ (4,264,935)	\$ (22,064,250)	\$ (26,513,974)	\$ 37,879,141	\$ 11,365,168
Community Colleges**	NA	4,800	(640,658)	(3,310,341)	(3,946,199)	Not Available	(3,946,199)
Washburn University	NA	28,658	(79,837)	(411,741)	(462,920)	Not Available	(462,920)
Technical Education Aid	NA	0	(62,260)	(796,710)	(858,970)	Not Available	(858,970)
TOTAL	\$ (568,582)	\$ 415,251	\$ (5,047,690)	\$ (26,583,042)	\$ (31,782,063)	\$ 37,879,141	\$ 6,097,079

* In addition to tuition rate increases the amounts listed reflect adjustments due to enrollment increases, changes in the student mix, and changes in student classloads.

** The Community Colleges also incur a loss of an estimated \$2.1 million due to the reduction in transfers from the Local Ad Valorem Tax Reduction Fund.

House Appropriations Committee Recommendation

The House Appropriations Committee concurs with the recommendations of the Budget Committee.

House Committee of the Whole Recommendation

The Committee of the Whole has not considered this budget.

Senate Subcommittee Report

Agency: Postsecondary Ed. Systemwide **Bill No.**

Bill Sec.

Analyst: West

Analysis Pg. No. 952

Budget Page No. NA

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 1,239,688,145	\$ 1,217,121,642	\$ (289,000)
Aid to Local Units	139,366,590	134,412,162	0
Other Assistance	245,112,181	244,550,057	0
Subtotal – Operating	\$ 1,624,166,916	\$ 1,596,083,861	\$ (289,000)
Capital Improvements	67,917,698	67,917,698	0
TOTAL REPORT. EXP.	\$ 1,692,084,614	\$ 1,664,001,559	\$ (289,000)
Non-expense Items	13,413,056	13,416,056	0
TOTAL EXPENDITURES	\$ 1,705,497,670	\$ 1,677,414,615	\$ (289,000)
State General Funds:			
State Operations	\$ 561,061,422	\$ 538,494,919	\$ (289,000)
Aid to Local Units	116,981,535	112,027,107	0
Other Assistance	21,132,244	20,570,120	0
Subtotal – Operating	\$ 699,175,201	\$ 671,092,146	\$ (289,000)
Capital Improvements	189,446	189,446	0
TOTAL REPORT. EXP.	\$ 699,364,647	\$ 671,281,592	\$ (289,000)
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 699,364,647	\$ 671,281,592	\$ (289,000)
FTE Positions	15,253.8	15,253.8	0.0
Non FTE Uncl. Perm. Pos.	532.7	532.7	0.0
TOTAL	15,786.5	15,786.5	0.0

Agency Est. /Governor's Recommendation

State General Fund. The Board of Regents and the State Universities estimate FY 2003 State General Fund expenditures will total \$699.2 million, which reflects the approved budget prior to the second State General Fund allotment plus a requested supplemental appropriation in the Board Office of \$382,395. **The Governor's** recommendation of \$671.1 million reflects the approved budget less the lapse of \$345,000 approved by the 2002 Legislature for startup costs of Kan-Ed. The Governor does not recommend funding of the requested supplemental appropriation.

Tuition. Estimated FY 2003 expenditures from the General Fees Fund at the State Universities of \$251.7 million is an increase of \$37.9 million from the budget initially approved by the 2002 Legislature. The increase is primarily attributable to tuition increases approved by the Board of Regents subsequent to the 2002 Legislative Session. **The Governor** concurs with the Universities' estimate.

Other Funds. The Board of Regents and the State Universities estimate FY 2003 expenditures from other funding sources will total \$673.3 million which is an increase of \$72.2 million from the budget initially approved by the 2002 Legislature. The increase is attributable to increased federal grants and State University restricted use funding. 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.

FTE Positions. The Board of Regents and the State Universities include 15,253.8 FTE positions in the current year budget, a decrease of 551.9 FTE positions from the budget initially approved by the 2002 Legislature. The majority of the decrease appears to be associated with a refinement in the definition of Non FTE Permanent Unclassified Positions.

Senate Subcommittee Recommendation

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

1. Based on year to date expenditures, reallocate \$240,000 SGF from ESU's Reading Recovery program and \$49,000 SGF from the Board's Distinguished Professor program to other educational priorities.
2. The Subcommittee notes that even as public institutions of higher education have had to face budget cuts in the current year, they have been called upon to provide more services to students than ever before. As the following table indicates, overall headcount enrollment at all colleges and universities in the state in the fall of 2002 increased by 3.6 percent compared the prior year. The Subcommittee commends the institutions for their efforts in maintaining excellence in difficult times.

Enrollment Trends

<u>Institution</u>	<u>Fall 2000</u>	<u>Fall 2001</u>	<u>Fall 2002</u>	<u>Change 2001-2002</u>	<u>Percent</u>
University of Kansas	25,920	25,782	26,458	676	2.6
University of Kansas Medical Ctr.	2,409	2,408	2,391	(17)	-0.7
Kansas State University	21,529	21,995	22,357	362	1.6
KSU Veterinary Medical	400	401	405	4	1.0
Wichita State University	14,810	14,854	15,534	680	4.6
Emporia State University	5,616	5,823	6,005	182	3.1
Fort Hays State University	5,506	5,626	6,392	766	13.6
Pittsburg State University	6,418	6,723	6,751	28	0.4
Subtotal - Regents Institutions	82,608	83,612	86,293	2,681	3.2
Washburn University	5,917	6,118	6,440	322	5.3
Community Colleges	62,758	65,936	70,348	4,412	6.7
Technical Colleges	3,878	4,250	3,766	(484)	-11.4
Private Colleges and Universities	21,411	22,359	22,194	(165)	-0.7
Other Institutions	1,693	1,836	1,610	(226)	-12.3
TOTAL	178,265	184,111	190,651	6,540	3.6

3. The Budget Committee notes that tuition increases for the current year were adopted by the Board of Regents subsequent to the adjournment of the 2002 Legislature. As a result of these increases, as well as increasing enrollment and changes in the mix of the student body, General Fees Fund expenditures at the State Universities are estimated to be \$37.9 million above the estimates utilized last year. The attached table compares current year State General Fund adjustments to increased General Fees Fund expenditures.

SELECTED POSTSECONDARY EDUCATION BUDGET ADJUSTMENTS FY 2003

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KSU - ESARP	(61,071)	0	(365,824)	(1,893,331)	(2,320,226)	0	(2,320,226)
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Pittsburg State Univ.	(24,301)	0	(250,409)	(1,297,099)	(1,571,809)	2,023,614	451,805
Subtotal - State Univ.	\$ (568,582)	\$ 383,793	\$ (4,264,935)	\$ (22,064,250)	\$ (26,513,974)	\$ 37,879,141	\$ 11,365,168
Community Colleges**	NA	4,800	(640,658)	(3,310,341)	(3,946,199)	Not Available	(3,946,199)
Washburn University	NA	28,658	(79,837)	(411,741)	(462,920)	Not Available	(462,920)
Technical Education Aid	NA	0	(62,260)	(796,710)	(858,970)	Not Available	(858,970)
TOTAL	\$ (568,582)	\$ 415,251	\$ (5,047,690)	\$ (26,583,042)	\$ (31,782,063)	\$ 37,879,141	\$ 6,097,079

* In addition to tuition rate increases the amounts listed reflect adjustments due to enrollment increases, changes in the student mix, and changes in student classloads.

** The Community Colleges also incur a loss of an estimated \$2.1 million due to the reduction in transfers from the Local Ad Valorem Tax Reduction Fund.

Budget Committee Report

Agency: Postsecondary Ed. Systemwide **Bill No.**

Bill Sec.

Analyst: West

Analysis Pg. No. 952

Budget Page No. NA

Expenditure Summary	Agency Req. FY 04	Governor's Recommendation FY 04	Budget Committee Adjustments
All Funds:			
State Operations	\$ 1,297,507,090	\$ 1,215,374,302	\$ 0
Aid to Local Units	183,357,626	133,212,795	0
Other Assistance	246,387,188	244,536,344	0
Subtotal – Operating	\$ 1,727,251,904	\$ 1,593,123,441	\$ 0
Capital Improvements	82,544,366	53,613,490	0
TOTAL REPORT. EXP.	\$ 1,809,796,270	\$ 1,646,736,931	\$ 0
Non-expense Items	12,733,854	12,733,854	0
TOTAL EXPENDITURES	\$ 1,822,530,124	\$ 1,659,470,785	\$ 0
State General Funds:			
State Operations	\$ 618,825,347	\$ 537,718,237	\$ 0
Aid to Local Units	162,155,399	107,833,095	0
Other Assistance	23,018,240	20,410,738	0
Subtotal – Operating	\$ 803,998,986	\$ 665,962,070	\$ 0
Capital Improvements	20,860,312	189,446	0
TOTAL REPORT. EXP.	\$ 824,859,598	\$ 666,151,516	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 824,859,598	\$ 666,151,516	\$ 0
FTE Positions	15,261.8	15,253.8	0.0
Non FTE Uncl. Perm. Pos.	532.7	532.7	0.0
TOTAL	15,794.5	15,786.5	0.0

Agency Req./Governor's Recommendation

State General Fund. Requested FY 2004 State General Fund operating expenditures for postsecondary education total \$804.0 million, an increase of \$104.8 million (15.0 percent) compared to the current year. State University Operating Grants of \$561.1 million reflect the current year estimate adjusted for reappropriations and Faculty of distinction monies. The requested increase is in the budget for the Board of regents. Major increases requested include: third year funding for SB 345 (\$62.6 million); a 6.0 percent university operating grant increase, servicing new buildings and an alternative teacher certification program (\$36.4 million); increases for technical schools and colleges (\$4.3 million); increased funding for the Comprehensive Grant program (\$1.0 million); funding to offset declining repayment funds in the Medical Student Loan program (\$0.9 million); general support for the Board's operations (\$0.5 million and 8.0 FTE); full funding for the state match

for Adult Basic Education (\$0.4 million); an expansion in the number and value of Distinguished Professor stipends (\$0.2 million), and funding to support salary and operating increases for Board personnel (\$0.2 million). **The Governor** recommends \$665.9 million from the State General Fund in FY 2004, a reduction of \$5.1 million (0.8 percent) from the current year. The majority of the reduction is due to a shift to the EDIF from the State General Fund (\$4.2 million) in technical education support. Absent this shift, the Governor's recommendation would be a reduction in State General Fund financing from the current year of \$0.9 million (0.1 percent).

Tuition. The Universities estimate that expenditures from the General Fees Funds will total \$250.7 million in FY 2004, a decrease of \$1.0 million from the current year. The estimate assumes no increase in tuition rates. The Board of Regents will set the FY 2004 tuition rates in the late spring of FY 2003. **The Governor** concurs with the University's estimate.

Other Funds. Expenditures from other funds in FY 2004 at the State Universities and the Board of Regents are estimated to total \$672.6 million, a net decrease of \$0.7 million (0.1 percent) from the current year. **The Governor** recommends FY 2004 expenditures from other funds of \$676.5 million, an increase of \$3.1 million (0.5 percent) from the current year. Major changes from the requested amounts include the addition of \$4.2 million from the **EDIF** to offset State General Fund expenditures for Postsecondary Vocational Education Aid and the elimination of \$1.0 million previously allocated to KUMC from the **Children's Initiatives Fund** for Pediatric Biomedical Research.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendations, with the following recommendations:

1. The Budget Committee notes that one of the few discretionary budget areas to receive an increase in FY 2004 under the Governor's recommendations is the Comprehensive Grant Program. This program provides financial aid to needy residents attending the public and private universities in the state. The addition of \$750,000 from the EDIF provides this program with a net increase of \$633,244 from the current year. The Budget Committee understands that by agreement new program funding in prior years has been allocated 57 percent to State Universities, 38 percent to private institutions and 5 percent to Washburn University. The Budget Committee has been informed that this allocation method not has been reviewed in recent years and that representatives of the various sectors are meeting with the Board of Regents to review this allocation method. The Budget Committee recommends that the Board report to the Budget Committee on the allocations of new program monies by Omnibus.
2. The Budget Committee commends WSU, PSU and KU for their efforts in establishing alternative teacher certification programs which help address the need for teachers by providing teacher training to people who have degrees in areas besides teaching. These schools established their programs without additional state financial support, relying on grants and reallocation of internal resources. The Board of Regents has requested \$900,000 in FY 2004 to establish alternative teacher certification programs at FHSU and ESU and to expand the PSU program. In light of the growing need for teachers, the Budget Committee recommends that the Regents request be considered at Omnibus.

3. Last session the aviation industry proposed a \$20.0 million five year effort to enhance aviation research at WSU. The 2002 Legislature provided the first installment of this initiative by approving bonding authority of \$13.0 million for improved research facilities and equipment at WSU. For FY 2004 the industry requests the state continue its commitment to the initiative through the investment of \$1.0 million for aviation research. Testimony to the Budget Committee indicates that based on historical averages the state investment would be leveraged by an additional \$5.0 million from industry and federal resources. The Budget Committee recommends that funding for this initiative be considered at Omnibus.
4. The WSU aviation research initiative is a portion of a major expansion of the research capabilities of that school, KSU, KU and KU Medical Center that was approved by the 2002 Legislature. The legislation that authorized the initiative created a corporation under the direction of the Legislature and the Board to implement the program elements. The Budget Committee understands that \$85.0 million of the \$120.0 million in bonds authorized by the initiative have recently been issued and that design review for the projects have indicated the possibility of some efficiencies and cost savings in program elements. The Budget Committee recommends that the Corporation remain engaged with the Legislature as future decisions are made regarding any redirection of savings and the issuance of additional bonds.

The Budget Committee also wishes to send the message that the legislative intent of 2002 HB 2690 was to have a strong partnership between the Legislature and the Corporation that is in charge of the research and development projects. The Kansas legislature created a separate Corporation to oversee the planning, building and financing these research facilities for a reason. That reason was to make it clear that the legislative intent was to have the Corporation be the lead entity in making the decisions on planning, building and financing these three new research facilities. That Legislative intent has already proved fruitful, as Mr Clay Blair, Chairman of the Corporation, reported to the House Appropriations Committee that the Corporation asked for, and received, an additional tenth of a percentage point difference of the bond interest rates, saved over a million dollars in architect's fees on the Kansas State Project and saved \$270,000 in engineer's fees just by questioning the basis for the estimates.

5. The Budget Committee notes that even though the resources are unavailable for third year funding for the Higher Education Coordination Act (1999 SB 345), current law provides that out-district tuition payments to community colleges and Washburn University would continue to be phased out in FY 2004. Legislation passed last session deferred the reduction for one year in the hope that funding would be available this session to continue implementation of the Higher Education Coordination Act . As there does not appear to be the resources available in FY 2004 to fund the third year of the Act, the Budget Committee recommends the introduction of legislation which would defer the phased elimination of out-district for an additional year (HB 2343).
6. The Budget Committee received testimony which questioned the level of resources committed by KSU-ESARP to sustainable agriculture initiatives. The

Budget Committee also was informed that the Kansas Catholic Conference has recently issued a white paper calling for an increased commitment to sustainable agriculture. The Budget Committee understands that KSU-ESARP is currently in the process of developing their five year research plan. The Budget Committee recommends that KSU-ESARP meet with those parties interested in sustainable agriculture, consider the Kansas Catholic Conference's white paper, and report back to the Budget Committee on the opportunities for inclusion of sustainable agriculture in future research activities, and their five year plan.

7. The Budget Committee heard testimony from the technical college association outlining the difficulties the institutions are having meeting business and training needs. The funding for technical colleges has not kept pace with inflation. The capital outlay budget is the primary source of funding for new equipment. Sixteen institutions compete to divide only 2.6 million.

The Budget Committee is concerned the post secondary aid, capital outlay formula, and clock hour system are insufficient to fulfill the institutions' mission to meet the training and employment needs of a 21st century workforce.

The Budget Committee directions KBOR to review and analyze the current technical education funding system and report back to the Committee on the progress made by the board by March 19. The analysis should include:

- Needs and unmet needs of students and business, including program waiting lists;
- Barriers to developing training programs;
- Barriers to expanding programs in high need areas;
- Calculation of the actual cost of programs;
- What portion of actual cost is covered by post secondary aid;
- Identification of barriers within the funding formula to efficient delivery of educational services; and
- Impact of using clock hours for reimbursement on institutional operations.

8. The Budget Committee notes the lack of a recommendation by the Governor to continue the \$1.0 million from the Children's Initiatives Fund for pediatric biomedical research at KUMC. The Budget Committee recommends that funding for this item be considered at Omnibus.
9. The Budget Committee notes that the amounts recommended for the Kansas Medical Loan program will be insufficient to allow any new scholarships in the upcoming year. Traditionally, the program has funded about 120 medical students at any given time: 30 students in each of four classes. This program helps secure physicians for medically underserved areas of Kansas. The Budget Committee has been informed that \$850,000 from the State General Fund would provide the 30 scholarships for the next year. The Budget Committee recommends that funding for this item be considered at Omnibus.
10. The Budget Committee notes that while the Governor's FY 2004 recommendations provide the same level of funding from the State General Fund for the State University Operating Grant still leaves the State Universities with many

challenges to face in the coming year. The Board estimates that it will require an additional \$35.0 million to maintain the current level of services. The attached chart graphically depicts the Board's estimate of State University funding shortfalls.

11. The Budget Committee learned that a report was presented to the Board of Regents by the Council of Business Officers has identified several areas of reform which would permit the State Universities to markedly increase their efficiencies by eliminating onerous regulations. The report identified five areas of reforms, as follows:

- **Purchasing.** Manage all purchasing and contracting activities at the campus level;
- **Financial Management.** Deposit, invest and administer all funds locally, and administer all accounts payable locally;
- **Facilities Management and Architectural Services.** Redefine policies to exclude unnecessary fee assessments;
- **Printing.** Permit optional use of the State Printer; and
- **Surplus Property.** Permit exemption from labor-intensive regulations for the disposition of surplus property.

The Budget Committee understands the Board is considering the introduction of legislation to implement some or all of these reforms. While the Budget Committee can not endorse all of these changes at this time, the Budget Committee is looking forward to exploring these issues and all of their ramifications in greater depth in the future.

House Appropriations Committee Recommendation

The House Appropriations Committee concurs with the recommendations of the Budget Committee.

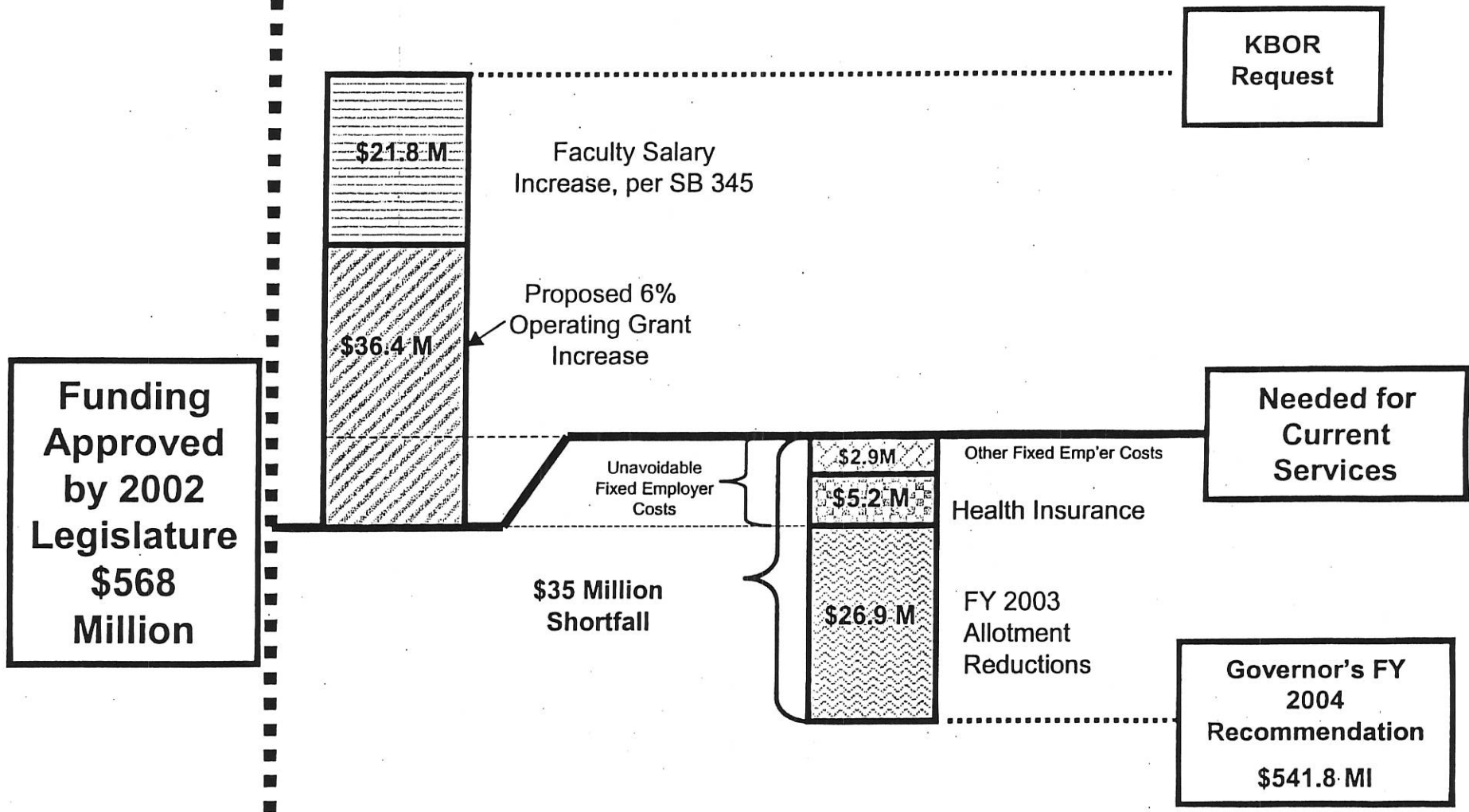
House Committee of the Whole Recommendation

The House Committee of the Whole has not considered this budget.

State Universities' Budget Needs

FY2003

FY2004



Senate Subcommittee Report

Agency: Postsecondary Ed. Systemwide **Bill No.**

Bill Sec.

Analyst: West

Analysis Pg. No. 952

Budget Page No. NA

Expenditure Summary	Agency Req. FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 1,297,507,090	\$ 1,215,374,302	\$ 1,841,250
Aid to Local Units	183,357,626	133,212,795	0
Other Assistance	246,387,188	244,536,344	428,136
Subtotal – Operating	<u>\$ 1,727,251,904</u>	<u>\$ 1,593,123,441</u>	<u>\$ 2,269,386</u>
Capital Improvements	82,544,366	53,613,490	0
TOTAL REPORT. EXP.	<u>\$ 1,809,796,270</u>	<u>\$ 1,646,736,931</u>	<u>\$ 2,269,386</u>
Non-expense Items	12,733,854	12,733,854	0
TOTAL EXPENDITURES	<u><u>\$ 1,822,530,124</u></u>	<u><u>\$ 1,659,470,785</u></u>	<u><u>\$ 2,269,386</u></u>
State General Funds:			
State Operations	\$ 618,825,347	\$ 537,718,237	\$ 1,841,250
Aid to Local Units	162,155,399	107,833,095	0
Other Assistance	23,018,240	20,410,738	428,136
Subtotal – Operating	<u>\$ 803,998,986</u>	<u>\$ 665,962,070</u>	<u>\$ 2,269,386</u>
Capital Improvements	20,860,312	189,446	0
TOTAL REPORT. EXP.	<u>\$ 824,859,598</u>	<u>\$ 666,151,516</u>	<u>\$ 2,269,386</u>
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u><u>\$ 824,859,598</u></u>	<u><u>\$ 666,151,516</u></u>	<u><u>\$ 2,269,386</u></u>
FTE Positions	15,261.8	15,253.8	0.0
Non FTE Uncl. Perm. Pos.	<u>532.7</u>	<u>532.7</u>	<u>0.0</u>
TOTAL	<u><u>15,794.5</u></u>	<u><u>15,786.5</u></u>	<u><u>0.0</u></u>

Agency Req./Governor's Recommendation

State General Fund. Requested FY 2004 State General Fund operating expenditures for postsecondary education total \$804.0 million, an increase of \$104.8 million (15.0 percent) compared to the current year. State University Operating Grants of \$561.1 million reflect the current year estimate adjusted for reappropriations and Faculty of distinction monies. The requested increase is in the budget for the Board of regents. Major increases requested include: third year funding for SB 345 (\$62.6 million); a 6.0 percent university operating grant increase, servicing new buildings and an alternative teacher certification program (\$36.4 million); increases for technical schools and colleges (\$4.3 million); increased funding for the Comprehensive Grant program (\$1.0 million),

funding to offset declining repayment funds in the Medical Student Loan program (\$0.9 million); general support for the Board's operations (\$0.5 million and 8.0 FTE); full funding for the state match for Adult Basic Education (\$0.4 million); an expansion in the number and value of Distinguished Professor stipends (\$0.2 million), and funding to support salary and operating increases for Board personnel (\$0.2 million). **The Governor** recommends \$665.9 million from the State General Fund in FY 2004, a reduction of \$5.1 million (0.8 percent) from the current year. The majority of the reduction is due to a shift to the EDIF from the State General Fund (\$4.2 million) in technical education support. Absent this shift, the Governor's recommendation would be a reduction in State General Fund financing from the current year of \$0.9 million (0.1 percent).

Tuition. The Universities estimate that expenditures from the General Fees Funds will total \$250.7 million in FY 2004, a decrease of \$1.0 million from the current year. The estimate assumes no increase in tuition rates. The Board of Regents will set the FY 2004 tuition rates in the late spring of FY 2003. **The Governor** concurs with the University's estimate.

Other Funds. Expenditures from other funds in FY 2004 at the State Universities and the Board of Regents are estimated to total \$672.6 million, a net decrease of \$0.7 million (0.1 percent) from the current year. **The Governor** recommends FY 2004 expenditures from other funds of \$676.5 million, an increase of \$3.1 million (0.5 percent) from the current year. Major changes from the requested amounts include the addition of \$4.2 million from the **EDIF** to offset State General Fund expenditures for Postsecondary Vocational Education Aid and the elimination of \$1.0 million previously allocated to KUMC from the **Children's Initiatives Fund** for Pediatric Biomedical Research.

Senate Subcommittee Recommendation

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

1. The Subcommittee concurs with the recommendations of the KPERS Subcommittee which recommends bonding to cover unfunded liability created by the pension obligations for certain Regents employees with prior KPERS service credit. This recommendation will produce savings of \$7,596,161 (all funds) in FY 04. The Subcommittee recommends that the state universities be permitted to retain these savings in order to help finance a portion of the \$8.1 million in fixed employer cost increases which are unfunded under the current recommendations.
2. The Subcommittee notes that financial restraints once again will prevent the full funding of the third year of 1999 SB 345. The Subcommittee reconfirms the commitment the Legislature made when the Higher Education Coordination Act was passed. The current financial difficulties we face will pass and when they have it is the Subcommittee's intent that 1999 SB 345 be funded.

Another consequence of the lack of funding for the Higher Education Coordination Act is out-district tuition paid to the community colleges and Washburn University. The Act initially provided that out district tuition be phased out over a four year period. Legislation passed last session deferred the phase out for an additional year when it became apparent that the Act could not be fully funded for FY 03. Once again the Act can not be fully funded and we must either defer the phase out an additional year or the community colleges and Washburn will face

the loss of an additional \$2.7 million. The Subcommittee notes the HB 2343 has passed the House which will defer the phase out of out district tuition. The Subcommittee supports the passage of the bill.

3. Another impact of the Governor's budget recommendations is the loss of revenue to the community colleges from the elimination of FY 2004 payments from the Local Ad Valorem Tax Reduction Fund (LAVTRF). The Subcommittee understands that this recommendation will reduce community college revenues by \$4.2 million. The Subcommittee recommends that the Trustees of the community college explore what the Legislature might do to give them additional flexibility in meeting these budgetary challenges without reducing services or increasing the burden on local property tax payers and to report back to the Subcommittee by Omnibus.
4. Last session the aviation industry proposed a \$20.0 million five year effort to enhance aviation research at WSU. The 2002 Legislature provided the first installment of this initiative by approving bonding authority of \$13.0 million for improved research facilities and equipment at WSU. For FY 2004 the industry requests the state continue its commitment to the initiative through the investment of \$1.0 million for aviation research. The Subcommittee believes it is vital to the long term economic well being of the state to keep this commitment and recommends the addition of \$1.0 million from the EDIF to WSU's budget for aviation research. To avoid over committing the EDIF the Subcommittee recommends that the \$1.0 million EDIF recommended by the Governor in the Comprehensive Grant and National Guard tuition assistance be replaced with the following:
 - \$240,000 SGF in current year savings from ESU's Reading Recovery program,
 - \$49,000 SGF in current year savings from KBOR's Distinguished Professor program; and
 - \$711,000 from anticipated FY 04 ending balances from several KBOR special revenue funds, primarily scholarship repayment funds.
5. The Subcommittee notes that one of the few discretionary budget areas to receive an increase in FY 2004 under the Governor's recommendations is the Comprehensive Grant Program. This program provides financial aid to needy residents attending the public and private universities in the state. The addition of \$750,000 provides this program with a net increase of \$633,244 from the current year. The Subcommittee understands that by agreement new program funding in prior years has been allocated 57 percent to State Universities, 38 percent to private institutions and 5 percent to Washburn University. The Subcommittee understands that the interested parties have recently met and agreed to keep the same distribution formula at least through the next fiscal year.
6. The Subcommittee learned that a report was presented to the Board of Regents by the Council of Business Officers has identified several areas of reform which would permit the State Universities to markedly increase their efficiencies by eliminating onerous regulations. The Subcommittee is anxious to see an analysis

of the efficiencies cited in the report as it makes no sense to burden the universities with policies and rules which do not produce value. The Subcommittee believes you can have accountability with flexibility. The Subcommittee realizes that these reforms may have a negative impact on other areas of the budget and recommends that the Council of Business Officers work with the Department of Administration to develop a thorough analysis of the impact of the proposed reforms for consideration by next session.

7. Last year the 2002 Legislature approved a major expansion of the research capabilities of that school, KSU, KU and KU Medical Center . The legislation that authorized the initiative created a corporation under the direction of the Legislature and the Board to implement the program elements. The Subcommittee understands that \$85.0 million of the \$120.0 million in bonds authorized by the initiative have recently been issued and that design review for the projects have indicated the possibility of some efficiencies and cost savings in program elements. The Subcommittee recommends that the Corporation remain engaged with the Legislature as future decisions are made regarding any redirection of savings and the issuance of additional bonds.

The Subcommittee also wishes to send the message that the legislative intent of 2002 HB 2690 was to have a strong partnership between the Legislature and the Corporation that is in charge of the research and development projects. The Kansas legislature created a separate Corporation to oversee the planning, building and financing these research facilities for a reason. That reason was to make it clear that the legislative intent was to have the Corporation be the lead entity in making the decisions on planning, building and financing these three new research facilities. That Legislative intent has already proved fruitful, as Mr Clay Blair, Chairman of the Corporation, reported the Corporation asked for, and received, an additional tenth of a percentage point difference of the bond interest rates, saved over a million dollars in architect's fees on the Kansas State Project and saved \$270,000 in engineer's fees just by questioning the basis for the estimates.

The Subcommittee also wishes to thank the Kansas Congressional Delegation for their efforts in helping secure additional federal research dollars for the state.

8. The Subcommittee notes that some sectors of the state universities operate with little or no tuition money. Entities such the Geological Survey, KSU-ESARP and the KU Medical Center face dealing with budget cuts that are magnified by the fact that there are no tuition dollars available to cushion the blow. These cuts can have impacts beyond just the services provided by the state university. As an example, the reductions at KSU-ESARP have lead to a reduction in support for 4H chapters which in turn has lead to a reduction in the events 4H has at the State Fair which in turn reduces that agency's income. The Subcommittee recommends that the Board of Regents consider that units such as these be treated separately from the block grant budget model next year.
9. The Subcommittee notes that the Governor's recommendation does not provide funding for any new awards under KUMC's Medical Student Loan Program. As noted in the Subcommittee's report for that institution, the University has identified additional resources to support 15 new awards in FY 2004. However, another

impact of the statewide budget reductions threatens the long term stability of medical education in the state. Department of Social and Rehabilitation cuts have may result in the elimination of funding paid to hospitals in the Wichita area which support the residency training programs. The Department is working on alternatives to this drastic reduction and is scheduled to report back by Omnibus.

10. The Subcommittee notes that while the Governor's FY 2004 recommendations provide the same level of funding from the State General Fund for the State University Operating Grants this still leaves the State Universities with many challenges to face in the coming year. The Board estimates that it will require an additional \$35.0 million to maintain the current level of services. The attached chart graphically depicts the Board's estimate of State University funding shortfalls.
11. The Subcommittee heard testimony from the technical college association outlining the difficulties the institutions are having meeting business and training needs. The funding for technical colleges has not kept pace with inflation and program needs. As an example, the capital outlay grants are the primary source of funding for new equipment. Sixteen institutions compete to divide only \$2.6 million.

The Subcommittee is concerned that the current postsecondary aid, capital outlay aid and clock hour systems are insufficient to fulfill the institutions mission to meet the training and employment needs of the 21st century. The Subcommittee understands that the administration is examining the entire structure of workforce development in the state and the interaction of the numerous state programs and the federal Workforce Investment Act. In addition, the Subcommittee notes that the Board has begun a full analysis of the technical education system, with a view toward reshaping the system to meet the challenges of the upcoming century.

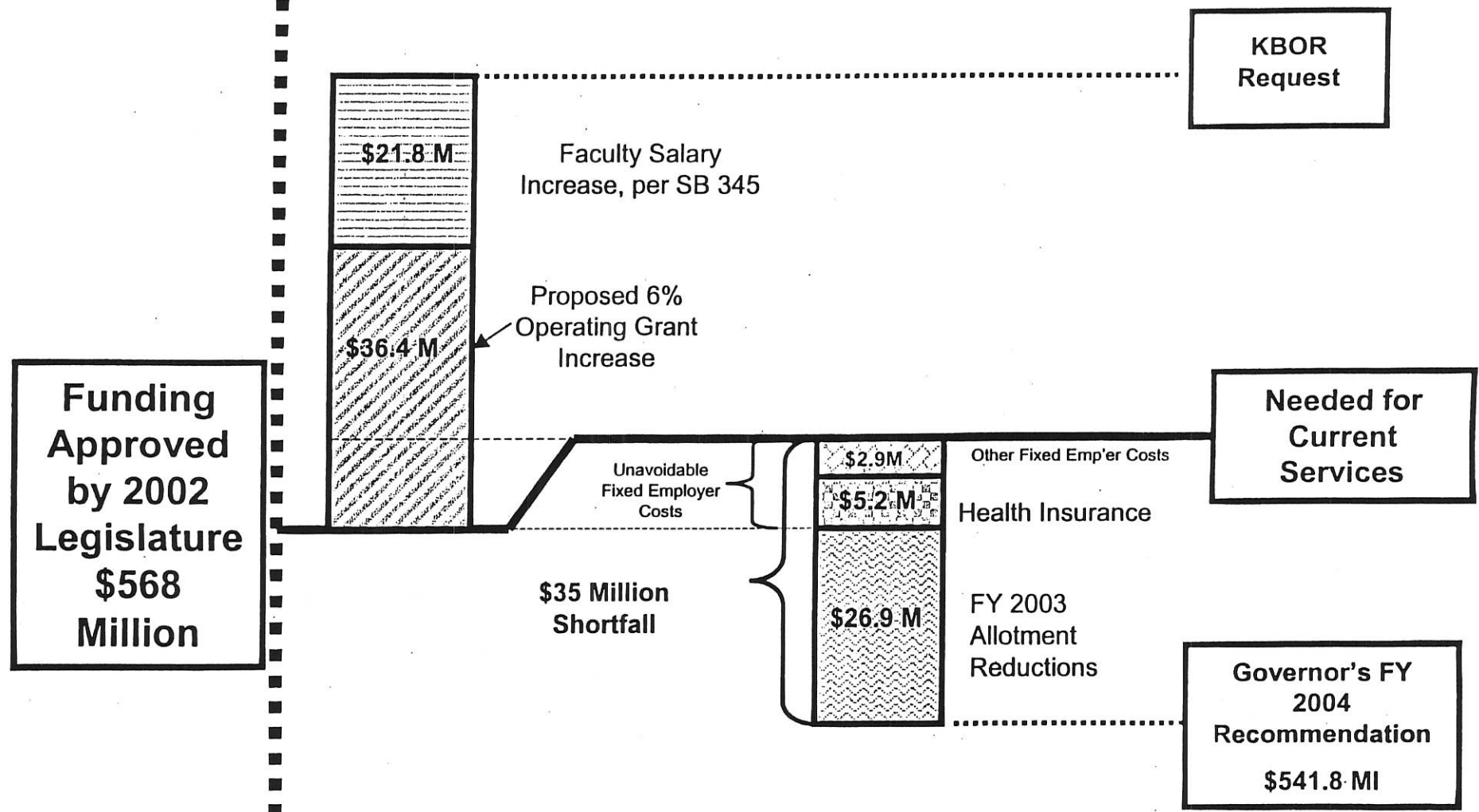
12. The Subcommittee notes that the state university budgets for FY 2004 assume no increase in tuition rates. Like last year, the Board is planning to set fall 2003 tuition rates in the late spring. While last year's tuition increases have not had a negative impact on this year's enrollment headcount, it is imperative that policy makers continue to consider the impact of tuition increases and the availability of student financial aid to help assure that the education which is required by today's society remains accessible.

The Subcommittee is also concerned about the steady erosion of state financial support for public education. State university tuition in the period from FY 1992 through FY 2002 increased 76.1 percent. State General Fund support for the same period has increased 46.0 percent. While some of this burden has been picked up by the endowment associations, recent market losses require that the associations sharply reduce their commitment of funding for the next fiscal year. The Subcommittee notes that the key to the viability of a modern society is a well educated workforce. It is imperative that the state take the steps required in the future to reverse this trend of declining state support for higher education in order to ensure the future strength of the Kansas economy.

FY2003

FY2004

State Universities' Budget Needs



Funding Approved by 2002 Legislature \$568 Million

\$21.8 M
\$36.4 M

Faculty Salary Increase, per SB 345

Proposed 6% Operating Grant Increase

\$35 Million Shortfall

Unavoidable Fixed Employer Costs

\$2.9M
\$5.2 M
\$26.9 M

Other Fixed Emp'er Costs
Health Insurance
FY 2003 Allotment Reductions

KBOR Request

Needed for Current Services

Governor's FY 2004 Recommendation \$541.8 MI

Budget Committee Report

Agency: Kansas Board of Regents

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 966

Budget Page No. 339

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Budget Committee Adjustments
All Funds:			
State Operations	\$ 16,093,687	\$ 15,591,434	\$ 0
Aid to Local Units	137,831,053	132,876,625	0
Other Assistance	16,196,731	15,634,607	0
Subtotal – Operating	\$ 170,121,471	\$ 164,102,666	\$ 0
Capital Improvements	9,360,000	9,360,000	0
TOTAL REPORT. EXP.	\$ 179,481,471	\$ 173,462,666	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 179,481,471	\$ 173,462,666	\$ 0
State General Funds:			
State Operations	\$ 4,193,114	\$ 3,690,861	\$ 0
Aid to Local Units	116,981,535	112,027,107	0
Other Assistance	14,354,858	13,792,734	0
Subtotal – Operating	\$ 135,529,507	\$ 129,510,702	\$ 0
Capital Improvements	0	0	0
TOTAL REPORT. EXP.	\$ 135,529,507	\$ 129,510,702	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 135,529,507	\$ 129,510,702	\$ 0
FTE Positions	54.0	54.0	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	55.0	55.0	0.0

Agency Est. /Governor's Recommendation

State General Fund. The Board estimates FY 2003 State General Fund expenditures will total \$135.5 million, which reflects the approved budget prior to the second State General Fund allotment plus a requested State General Fund supplemental appropriation of \$382,895. **The Governor's** recommendation of \$129.5 million reflects the approved budget less the lapse of the \$345,000 approved by the 2002 Legislature for Kan-Ed start up costs.

Supplemental Request. The Board requests a additional \$382,895 from the State General Fund. The request includes \$7,500 for increased dues for the state's participation in the Midwest Higher Education Commission and \$375,395 to match increased federal funding for Adult Basic Education. **The Governor** does not recommend the requested State General Fund appropriation.

*Senate Ways and Means
3-19-03
Attachment 3*

Other Funds. The Board estimates that expenditures from other funding sources in FY 2003 will total \$34.6 million, an increase of \$1.5 million from the budget initially approved by the 2002 Legislature. The increase is primarily associated with increased federal fund availability. **The Governor** concurs with the Board's estimate.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendations.

House Appropriations Committee Recommendation

The House Appropriations Committee concurs with the recommendations of the Budget Committee.

House Committee of the Whole Recommendation

The House Committee of the Whole has not considered this budget.

Senate Subcommittee Report

Agency: Kansas Board of Regents

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 966

Budget Page No. 339

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 16,093,687	\$ 15,591,434	\$ (49,000)
Aid to Local Units	137,831,053	132,876,625	0
Other Assistance	16,196,731	15,634,607	0
Subtotal – Operating	<u>\$ 170,121,471</u>	<u>\$ 164,102,666</u>	<u>\$ (49,000)</u>
Capital Improvements	9,360,000	9,360,000	0
TOTAL REPORT. EXP.	<u>\$ 179,481,471</u>	<u>\$ 173,462,666</u>	<u>\$ (49,000)</u>
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u><u>\$ 179,481,471</u></u>	<u><u>\$ 173,462,666</u></u>	<u><u>\$ (49,000)</u></u>
State General Funds:			
State Operations	\$ 4,193,114	\$ 3,690,861	\$ (49,000)
Aid to Local Units	116,981,535	112,027,107	0
Other Assistance	14,354,858	13,792,734	0
Subtotal – Operating	<u>\$ 135,529,507</u>	<u>\$ 129,510,702</u>	<u>\$ (49,000)</u>
Capital Improvements	0	0	0
TOTAL REPORT. EXP.	<u>\$ 135,529,507</u>	<u>\$ 129,510,702</u>	<u>\$ (49,000)</u>
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u><u>\$ 135,529,507</u></u>	<u><u>\$ 129,510,702</u></u>	<u><u>\$ (49,000)</u></u>
FTE Positions	54.0	54.0	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u><u>55.0</u></u>	<u><u>55.0</u></u>	<u><u>0.0</u></u>

Agency Est. /Governor's Recommendation

State General Fund. The Board estimates FY 2003 State General Fund expenditures will total \$135.5 million, which reflects the approved budget prior to the second State General Fund allotment plus a requested State General Fund supplemental appropriation of \$382,895. **The Governor's** recommendation of \$129.5 million reflects the approved budget less the lapse of the \$345,000 approved by the 2002 Legislature for Kan-Ed start up costs.

Supplemental Request. The Board requests a additional \$382,895 from the State General Fund. The request includes \$7,500 for increased dues for the state's participation in the Midwest Higher Education Commission and \$375,395 to match increased federal funding for Adult Basic Education. **The Governor** does not recommend the requested State General Fund appropriation.

Other Funds. The Board estimates that expenditures from other funding sources in FY 2003 will total \$34.6 million, an increase of \$1.5 million from the budget initially approved by the 2002 Legislature. The increase is primarily associated with increased federal fund availability. **The Governor** concurs with the Board's estimate.

Senate Subcommittee Recommendation

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

1. The Subcommittee understands that two of the four awards under the Distinguished Professor program have not been filled. The Subcommittee recommends that the \$49,000 currently unspent in the program be reallocated to other educational priorities.

Budget Committee Report

Agency: Board of Regents

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 966

Budget Page No. 339

Expenditure Summary	Agency Request FY 04	Governor's Recommendation FY 04	Budget Committee Adjustments
All Funds:			
State Operations	\$ 78,608,031	\$ 19,146,824	\$ 0
Aid to Local Units	181,929,054	131,784,223	0
Other Assistance	20,249,491	16,231,883	0
Subtotal – Operating	\$ 280,786,576	\$ 167,162,930	\$ 0
Capital Improvements	27,805,000	19,805,000	0
TOTAL REPORTABLE EXP.	\$ 308,591,576	\$ 186,967,930	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 308,591,576	\$ 186,967,930	\$ 0
State General Fund:			
State Operations	\$ 62,354,708	\$ 2,914,179	\$ 0
Aid to Local Units	162,155,399	107,833,095	0
Other Assistance	18,407,618	13,633,352	0
Subtotal – Operating	\$ 242,917,725	\$ 124,380,626	\$ 0
Capital Improvements	0	0	0
TOTAL REPORTABLE EXP.	\$ 242,917,725	\$ 124,380,626	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 242,917,725	\$ 124,380,626	\$ 0
FTE Positions	62.0	54.0	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	63.0	55.0	0.0

Agency Request/Governor's Recommendation

State General Fund. The Board requests \$242.9 million from the State General Fund in FY 2004, an increase of \$107.4 million (79.2 percent) from the current year. Major increases include requests for SB 345 funding (\$62.6 million); a 6% university operating grant increase, servicing new buildings and an alternative teacher certification program (\$36.4 million); increases for technical schools and colleges (\$4.3 million); increased funding for the Comprehensive Grant program (\$1.0 million), funding to offset declining repayment funds in the Medical Student Loan program (\$0.9 million); general support for the Board's operations (\$0.5 million and 8.0 FTE); full funding for the state match for Adult Basic Education (\$0.4 million); an expansion in the number and value of Distinguished Professor stipends (\$0.2 million), and funding to support salary and operating increases for Board personnel (\$0.2 million). **The Governor** recommends \$124.4 million from the State General Fund in FY 2004, a reduction of \$5.1 million (4.0 percent) from the current year. The majority of the reduction is due to a shift to the EDIF from the State General Fund (\$4.2 million) in

technical education support. Absent this shift, the Governor's recommendation would be a reduction in State General Fund financing from the current year of \$0.9 million (0.7 percent).

EDIF. The Board requests \$9.1 million from the EDIF in FY 2004, a reduction of \$5,658 from the current year. The reduction is due to inclusion in the current year of reappropriations from FY 2002. The Governor recommends FY 2004 financing from the EDIF of \$14.1 million, a net increase of \$4.9 million from the current year. **The Governor** recommends a shift to the EDIF from the State General Fund of \$4.2 million in technical education support and adds \$750,000 from the EDIF for the Comprehensive Grant program. Net other changes decrease overall expenditures by \$8,500.

Kan-Ed Fund. As authorized by 2002 Sub for SB 614, the Board requests \$10.0 million from the Kan-Ed Fund for continued implementation of the Kan-Ed Network in FY 2004. **The Governor** concurs.

Other Funds. The Board requests \$18.7 million from other funding sources in FY 2004, a reduction of \$1.7 million from the current year. The reduction is primarily associated with decreased federal funding and a reduction in debt service interest payments financed by the Educational Building Fund. **The Governor** recommends \$18.7 million from other funding sources in FY 2004, a slight reduction from the Board's request.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendations.

House Appropriations Committee Recommendation

The House Appropriations Committee concurs with the recommendations of the Budget Committee.

House Committee of the Whole Recommendation

The House Committee of the Whole has not considered this budget.

Senate Subcommittee Report

Agency: Board of Regents

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 966

Budget Page No. 339

Expenditure Summary	Agency Request FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 78,608,031	\$ 19,146,824	\$ 41,250
Aid to Local Units	181,929,054	131,784,223	0
Other Assistance	20,249,491	16,231,883	0
Subtotal – Operating	<u>\$ 280,786,576</u>	<u>\$ 167,162,930</u>	<u>\$ 41,250</u>
Capital Improvements	27,805,000	19,805,000	0
TOTAL REPORTABLE EXP.	<u>\$ 308,591,576</u>	<u>\$ 186,967,930</u>	<u>\$ 41,250</u>
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u><u>\$ 308,591,576</u></u>	<u><u>\$ 186,967,930</u></u>	<u><u>\$ 41,250</u></u>
State General Fund:			
State Operations	\$ 62,354,708	\$ 2,914,179	\$ 41,250
Aid to Local Units	162,155,399	107,833,095	0
Other Assistance	18,407,618	13,633,352	289,000
Subtotal – Operating	<u>\$ 242,917,725</u>	<u>\$ 124,380,626</u>	<u>\$ 330,250</u>
Capital Improvements	0	0	0
TOTAL REPORTABLE EXP.	<u>\$ 242,917,725</u>	<u>\$ 124,380,626</u>	<u>\$ 330,250</u>
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u><u>\$ 242,917,725</u></u>	<u><u>\$ 124,380,626</u></u>	<u><u>\$ 330,250</u></u>
FTE Positions	62.0	54.0	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u><u>63.0</u></u>	<u><u>55.0</u></u>	<u><u>0.0</u></u>

Agency Request/Governor's Recommendation

State General Fund. The Board requests \$242.9 million from the State General Fund in FY 2004, an increase of \$107.4 million (79.2 percent) from the current year. Major increases include requests for SB 345 funding (\$62.6 million); a 6% university operating grant increase, servicing new buildings and an alternative teacher certification program (\$36.4 million); increases for technical schools and colleges (\$4.3 million); increased funding for the Comprehensive Grant program (\$1.0 million), funding to offset declining repayment funds in the Medical Student Loan program (\$0.9 million); general support for the Board's operations (\$0.5 million and 8.0 FTE); full funding for the state match for Adult Basic Education (\$0.4 million); an expansion in the number and value of Distinguished Professor stipends (\$0.2 million), and funding to support salary and operating increases for Board personnel (\$0.2 million). **The Governor** recommends \$124.4 million from the

State General Fund in FY 2004, a reduction of \$5.1 million (4.0 percent) from the current year. The majority of the reduction is due to a shift to the EDIF from the State General Fund (\$4.2 million) in technical education support. Absent this shift, the Governor's recommendation would be a reduction in State General Fund financing from the current year of \$0.9 million (0.7 percent).

EDIF. The Board requests \$9.1 million from the EDIF in FY 2004, a reduction of \$5,658 from the current year. The reduction is due to inclusion in the current year of reappropriations from FY 2002. The Governor recommends FY 2004 financing from the EDIF of \$14.1 million, a net increase of \$4.9 million from the current year. **The Governor** recommends a shift to the EDIF from the State General Fund of \$4.2 million in technical education support and adds \$750,000 from the EDIF for the Comprehensive Grant program. Net other changes decrease overall expenditures by \$8,500.

Kan-Ed Fund. As authorized by 2002 Sub for SB 614, the Board requests \$10.0 million from the Kan-Ed Fund for continued implementation of the Kan-Ed Network in FY 2004. **The Governor** concurs.

Other Funds. The Board requests \$18.7 million from other funding sources in FY 2004, a reduction of \$1.7 million from the current year. The reduction is primarily associated with decreased federal funding and a reduction in debt service interest payments financed by the Educational Building Fund. **The Governor** recommends \$18.7 million from other funding sources in FY 2004, a slight reduction from the Board's request.

Senate Subcommittee Recommendation

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

1. As noted in the systemwide report, the Subcommittee recommends shifting \$1.0 million from the EDIF recommended by the Governor for the Comprehensive Grant and National Guard Tuition Assistance programs to the State General Fund (\$289,000) and special revenue funds (\$711,000).
2. The Subcommittee notes the Governor's recommendations for FY 2004 do not include funding for dues to the Midwest Higher Education Commission (MHEC). Unlike many organizations membership in the MHEC is statutory and the Commission serves as a resource for all postsecondary educational institutions in the state. Testimony to the Subcommittee indicates that in the 13 years that Kansas has been a member of the Commission Kansas has a total savings through coordinated efforts of \$18.0 million. The Subcommittee believes it is penny wise and pound foolish not to be part of MHEC and recommends the addition of \$41,250 from the State General Fund for one half of the FY 2004 dues. It is the intent of the Subcommittee that this amount be deducted from the Legislature's budget. For the other half of the dues the Subcommittee recommends that the Board be authorized to transfer \$41,250 from the state universities savings of \$7.6 million generated by systemwide recommendation number 1.
3. The Subcommittee commends the Community Colleges on the following points of pride:

- Community Colleges serve Kansans. Nearly 95 percent of their students are Kansans. These are main street Kansans who have an expectation that they will have access to educational opportunities that will not only change their lives but also enhance the economic and social climate of the entire state.
4. Community Colleges in Kansas represent a powerful statewide force in education, training and economic development. It is evident that these institutions, with a genesis as local entities, now serve a statewide mission.
 5. The Subcommittee commends Washburn University on the following points of pride:
 - For three consecutive years, Washburn has been recognized by U.S. News and World Report as among the top ten public comprehensive universities in the midwest region. No other public university in Kansas has received this distinction.
 - In the fall of 2002, Washburn's headcount enrollment was 6,440, an increase of 5.3 percent over the previous fall semester. Total student credit hours were in excess of 70,000, 10 percent above the prior fall enrollment period. Credit hours taught by Washburn faculty last fall and in the spring of 2003 were the largest in University history.

Budget Committee Report

Agency: University of Kansas

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 986

Budget Page No. 433

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Budget Committee Adjustments
All Funds:			
State Operations	\$ 339,750,707	\$ 334,410,052	\$ 0
Aid to Local Units	0	0	0
Other Assistance	94,000,000	94,000,000	0
Subtotal – Operating	\$ 433,750,707	\$ 428,410,052	\$ 0
Capital Improvements	16,123,763	16,123,763	0
TOTAL REPORT. EXP.	\$ 449,874,470	\$ 444,533,815	\$ 0
Non-expense Items	1,529,666	1,529,666	0
TOTAL EXPENDITURES	\$ 451,404,136	\$ 446,063,481	\$ 0
State General Funds:			
State Operations	\$ 136,563,239	\$ 131,222,584	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 136,563,239	\$ 131,222,584	\$ 0
Capital Improvements	0	0	0
TOTAL REPORT. EXP.	\$ 136,563,239	\$ 131,222,584	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 136,563,239	\$ 131,222,584	\$ 0
FTE Positions	4,180.3	4,180.3	0.0
Non FTE Uncl. Perm. Pos.	392.3	392.3	0.0
TOTAL	4,572.6	4,572.6	0.0

Agency Est. /Governor's Recommendation

State General Fund. The University estimates FY 2003 State General Fund expenditures will total \$136.6 million, which reflects the approved budget prior to the second State General Fund allotment. **The Governor's** recommendation of \$131.2 million reflects the approved budget.

Tuition. Estimated FY 2003 expenditures from the General Fees Fund of \$104.9 million reflects an increase of \$16.0 million the budget initially approved by the 2002 Legislature. The increase is primarily attributable to tuition increases approved by the Board of Regents subsequent to the 2002 Legislative Session. **The Governor** concurs with the University's estimate.

Other Funds. Estimated FY 2003 expenditures from other funding sources of \$192.3 million reflects an decrease of \$5.1 million the budget initially approved by the 2002 Legislature. The reduction is primarily associated with revised estimates of restricted use fund expenditures. While

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3-19-03
Attachment 4*

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.

FTE positions. The budget as submitted reflects a reduction of 306.2 FTE positions from the number approved by the 2002 Legislature. The decrease is offset by an increase in Non-FTE Unclassified Permanent positions of 392.2, for a net increase of 86.0 positions. **The Governor** concurs with the University's estimate.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendations.

House Appropriations Committee Recommendation

The House Appropriations Committee concurs with the recommendations of the Budget Committee.

House Committee of the Whole Recommendation

The House Committee of the Whole has not considered this budget.

Senate Subcommittee Report

Agency: University of Kansas

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 986

Budget Page No. 433

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 339,750,707	\$ 334,410,052	\$ 0
Aid to Local Units	0	0	0
Other Assistance	94,000,000	94,000,000	0
Subtotal – Operating	\$ 433,750,707	\$ 428,410,052	\$ 0
Capital Improvements	16,123,763	16,123,763	0
TOTAL REPORT. EXP.	\$ 449,874,470	\$ 444,533,815	\$ 0
Non-expense Items	1,529,666	1,529,666	0
TOTAL EXPENDITURES	<u>\$ 451,404,136</u>	<u>\$ 446,063,481</u>	<u>\$ 0</u>
State General Funds:			
State Operations	\$ 136,563,239	\$ 131,222,584	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 136,563,239	\$ 131,222,584	\$ 0
Capital Improvements	0	0	0
TOTAL REPORT. EXP.	\$ 136,563,239	\$ 131,222,584	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u>\$ 136,563,239</u>	<u>\$ 131,222,584</u>	<u>\$ 0</u>
FTE Positions	4,180.3	4,180.3	0.0
Non FTE Uncl. Perm. Pos.	392.3	392.3	0.0
TOTAL	<u>4,572.6</u>	<u>4,572.6</u>	<u>0.0</u>

Agency Est. /Governor's Recommendation

State General Fund. The University estimates FY 2003 State General Fund expenditures will total \$136.6 million, which reflects the approved budget prior to the second State General Fund allotment. **The Governor's** recommendation of \$131.2 million reflects the approved budget.

Tuition. Estimated FY 2003 expenditures from the General Fees Fund of \$104.9 million reflects an increase of \$16.0 million the budget initially approved by the 2002 Legislature. The increase is primarily attributable to tuition increases approved by the Board of Regents subsequent to the 2002 Legislative Session. **The Governor** concurs with the University's estimate.

Other Funds. Estimated FY 2003 expenditures from other funding sources of \$192.3 million reflects an decrease of \$5.1 million the budget initially approved by the 2002 Legislature. The reduction is primarily associated with revised estimates of restricted use fund expenditures. 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.

FTE positions. The budget as submitted reflects a reduction of 306.2 FTE positions from the number approved by the 2002 Legislature. The decrease is offset by an increase in Non-FTE Unclassified Permanent positions of 392.2, for a net increase of 86.0 positions. **The Governor** concurs with the University's estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendations.

House Budget Report

Agency: University of Kansas

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 986

Budget Page No. 433

Expenditure Summary	Agency Req. FY 04	Governor's Recommendation FY 04	Budget Committee Adjustments
All Funds:			
State Operations	\$ 338,605,207	\$ 333,437,966	\$ 0
Aid to Local Units	0	0	0
Other Assistance	94,000,000	94,000,000	0
Subtotal—Operating	\$ 432,605,207	\$ 427,437,966	\$ 0
Capital Improvements	12,463,414	8,335,414	0
TOTAL REPORTABLE EXP.	\$ 445,068,621	\$ 435,773,380	\$ 0
Non-expense Items	1,529,666	1,529,666	0
TOTAL EXPENDITURES	\$ 446,598,287	\$ 437,303,046	\$ 0
State General Fund:			
State Operations	\$ 136,384,825	\$ 131,222,584	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 136,384,825	\$ 131,222,584	\$ 0
Capital Improvements	4,128,000	0	0
TOTAL REPORTABLE EXP.	\$ 140,512,825	\$ 131,222,584	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 140,512,825	\$ 131,222,584	\$ 0
FTE Positions	4,180.3	4,180.3	0.0
Non FTE Uncl. Perm. Pos.	392.3	392.3	0.0
TOTAL	4,572.6	4,572.6	0.0

Agency Req./Governor's Recommendation

State General Fund. The University requests \$136.4 million from the State General Fund in FY 2004, a decrease of \$178,414 (0.1 percent) from the current year estimate. The decrease is attributable to a FY 2003 Faculty of Distinction program monies which are not reflected in the FY 2004 budget. **The Governor** recommends \$131.2 million from the State General Fund for the University in FY 2004, an amount unchanged from the current year recommendation.

Tuition. The University estimates that expenditures from the General Fees Fund will total \$104.2 million in FY 2004, a decrease of \$0.6 million from the current year. The estimate assumes stable enrollment and no increase in tuition rates. The Board of Regents will set the FY 2004 tuition rates in the late spring of FY 2003. The decrease in expenditures from FY 2003 is attributable to a reduction in available cash balances in the fund. **The Governor** concurs with the University's estimate.

Other Funds. The University estimates that FY 2004 expenditures from other funding sources will total \$192.0 million, a decrease of \$0.3 million (0.2 percent) from the current year. **The Governor** concurs with the University's estimate.

House Budget Committee Recommendation

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

- The Budget Committee notes that the University continues to strive for excellence even in these difficult times. The Budget Committee wishes to congratulate the University on the following signs of success:
 - KU received \$243.0 million in grants to support research. This figure has nearly doubled since 1995, and KU's rate of increase is among the highest in the nation;
 - In the past year, KU graduates have received a Rhodes scholarship, a Marshall scholarship and the Noble prize for economics.
- The Budget Committee notes that while the Governor's FY 2004 recommendations provide the same level of funding from the State General Fund for the State University Operating Grant the recommendation still leaves the University of Kansas with many challenges to face in the coming year. The Board estimates that it will require an additional \$16.0 million to maintain the current level of services. The attached chart graphically depicts the Board's estimate of the University's funding shortfalls.

House Appropriations Committee Recommendation

The House Appropriations Committee concurs with the recommendations of the Budget Committee.

House Committee of the Whole Recommendation

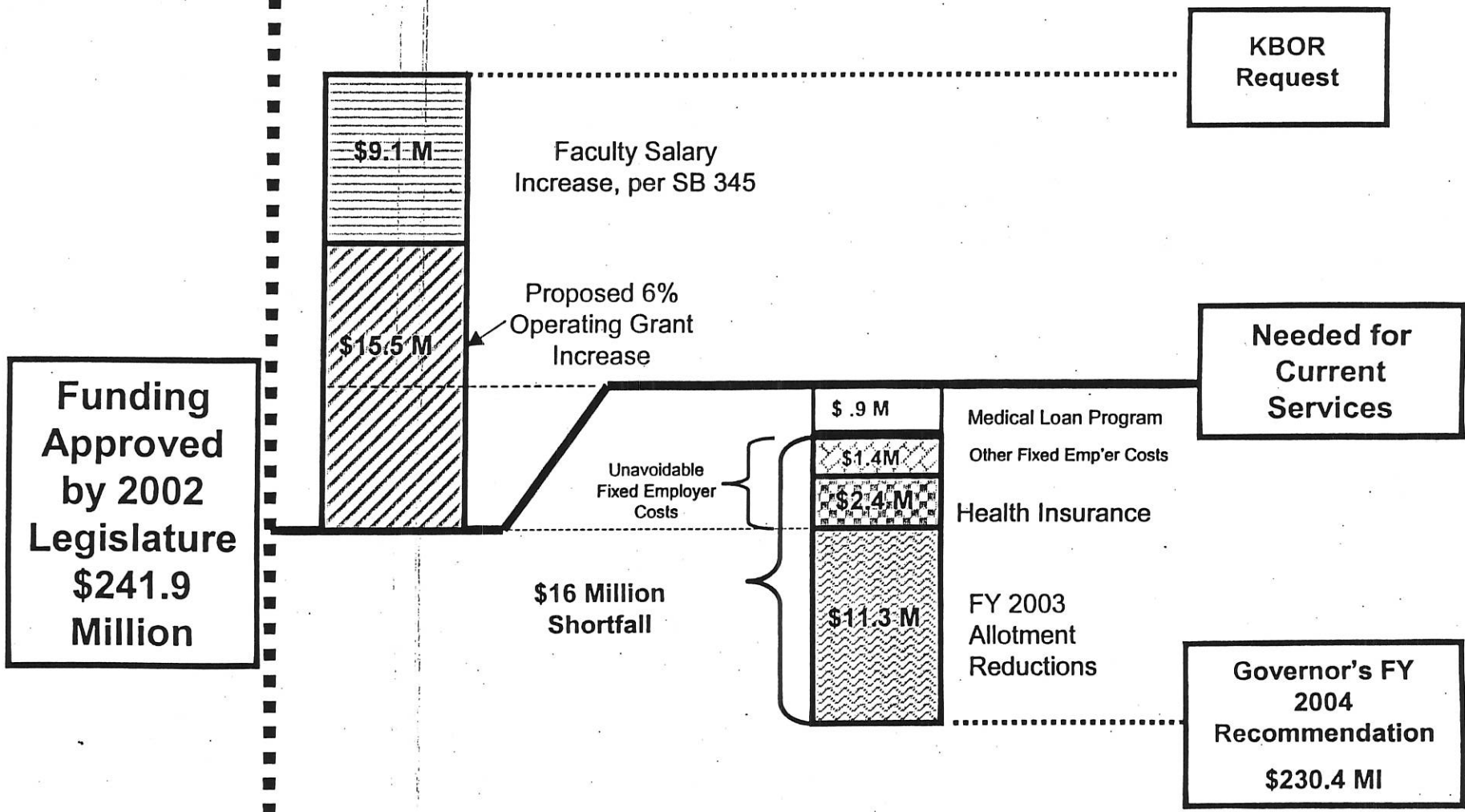
The Committee of the Whole has not considered this budget.

FY2003

FY2004

University of Kansas Budget Needs

KU Lawrence and KUMC



KBOR Request

Needed for Current Services

Governor's FY 2004 Recommendation
\$230.4 MI

Senate Subcommittee Report

Agency: University of Kansas

Bill No.

Bill Sec.

Analyst: West

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Budget Page No. 433

Expenditure Summary	Agency Req. FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 338,605,207	\$ 333,437,966	\$ 0
Aid to Local Units	0	0	0
Other Assistance	94,000,000	94,000,000	0
Subtotal—Operating	\$ 432,605,207	\$ 427,437,966	\$ 0
Capital Improvements	12,463,414	8,335,414	0
TOTAL REPORTABLE EXP.	\$ 445,068,621	\$ 435,773,380	\$ 0
Non-expense Items	1,529,666	1,529,666	0
TOTAL EXPENDITURES	\$ 446,598,287	\$ 437,303,046	\$ 0
State General Fund:			
State Operations	\$ 136,384,825	\$ 131,222,584	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 136,384,825	\$ 131,222,584	\$ 0
Capital Improvements	4,128,000	0	0
TOTAL REPORTABLE EXP.	\$ 140,512,825	\$ 131,222,584	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 140,512,825	\$ 131,222,584	\$ 0
FTE Positions	4,180.3	4,180.3	0.0
Non FTE Uncl. Perm. Pos.	392.3	392.3	0.0
TOTAL	4,572.6	4,572.6	0.0

Agency Req./Governor's Recommendation

State General Fund. The University requests \$136.4 million from the State General Fund in FY 2004, a decrease of \$178,414 (0.1 percent) from the current year estimate. The decrease is attributable to a FY 2003 Faculty of Distinction program monies which are not reflected in the FY 2004 budget. **The Governor** recommends \$131.2 million from the State General Fund for the University in FY 2004, an amount unchanged from the current year recommendation.

Tuition. The University estimates that expenditures from the General Fees Fund will total \$104.2 million in FY 2004, a decrease of \$0.6 million from the current year. The estimate assumes stable enrollment and no increase in tuition rates. The Board of Regents will set the FY 2004 tuition rates in the late spring of FY 2003. The decrease in expenditures from FY 2003 is attributable to a

reduction in available cash balances in the fund. **The Governor** concurs with the University's estimate.

Other Funds. The University estimates that FY 2004 expenditures from other funding sources will total \$192.0 million, a decrease of \$0.3 million (0.2 percent) from the current year. **The Governor** concurs with the University's estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendations, with the following adjustment and observations:

1. The Subcommittee notes that the Construction Defects Recovery Fund of the Department of Administration supports expenses related to repairs and the recovery of monies due to defects on state building construction projects. The University has had two projects in recent years for which claims were made - the Regents Center Building at the Edwards Campus and the Simons BioSciences Research facility at the Lawrence campus. The state has received \$530,500 in settlements on these two projects, with the monies credited to the Construction Defects Recovery Fund. The University requests that this amount be transferred to the University to pay for repairs to the facilities and to reimburse the University for funds it had to divert from other projects for repairs to these facilities. The Subcommittee is sympathetic to the University's request, but notes that the projected ending balance in the fund at the end of FY 2004 is only \$383,786 and that the fund may also be needed to support ongoing investigations and litigation into other building defects. The Subcommittee recommends that when the Director of the Budget determines that there are adequate resources in the fund to cover 150 percent of the anticipated expenditures from the fund any amounts in excess of that be transferred to the University to begin reimbursing them.
2. The Subcommittee commends the University on the following points of pride:
 - a. KU drew its biggest enrollment gain in 16 years, attracted the highest performing freshman class in Kansas, and registered a record-breaking freshman retention rate, according to official fall 2002 enrollment data.
 - i. the one-year retention rate for returning members of KU's 2001 freshman class was 91.0 percent, the best on record;
 - ii. 30.0 percent of KU first-time freshmen again scored 27 or higher on the ACT or converted SAT (nationally, only 13.0 percent of students who take the ACT score 27 or above;
 - iii. minority student enrollment increased 12.0 percent this fall, which is the largest percentage increase in KU history;
 - iv. KU enrollment reached 28,849, an increase of 659 students, or 2.3 percent over the previous year (total enrollment included 19,493 Kansas residents—more than any university or college in the state—and resident enrollment was up 478 and nonresident by 181;

- v. new undergraduate transfer student enrollment rose to 1,462, an increase of 9.3 percent on the Lawrence campus;
 - vi. KU enrolled a first-time freshman class of 4,000-plus students for the third consecutive year;
- b. Eleven KU faculty members won Fulbright awards for the 2002-03 academic year, a record for KU and the highest number of Fulbrights for any university in the nation this year. Since 1951, KU faculty have received a total of 257 Fulbright awards.

Budget Committee Report

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

Bill Sec.

Analyst: West

Analysis Pg. No. 998

Budget Page No. 435

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Budget Committee Adjustments
All Funds:			
State Operations	\$ 201,350,176	\$ 197,298,243	\$ 0
Aid to Local Units	0	0	0
Other Assistance	7,743,928	7,743,928	0
Subtotal – Operating	\$ 209,094,104	\$ 205,042,171	\$ 0
Capital Improvements	7,787,335	7,787,335	0
TOTAL REPORT. EXP.	\$ 216,880,739	\$ 212,829,506	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u>\$ 216,881,439</u>	<u>\$ 212,829,506</u>	<u>\$ 0</u>
State General Funds:			
State Operations	\$ 97,214,467	\$ 93,162,534	\$ 0
Aid to Local Units	0	0	0
Other Assistance	6,316,878	6,316,878	0
Subtotal – Operating	\$ 103,531,345	\$ 99,479,412	\$ 0
Capital Improvements	0	0	0
TOTAL REPORT. EXP.	\$ 103,531,345	\$ 99,479,412	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u>\$ 103,531,345</u>	<u>\$ 99,479,412</u>	<u>\$ 0</u>
FTE Positions	2,238.8	2,238.8	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>2,283.8</u>	<u>2,283.8</u>	<u>0.0</u>

Agency Est. /Governor's Recommendation

State General Fund. The University estimates FY 2003 State General Fund expenditures will total \$103.5 million, which reflects the approved budget prior to the second State General Fund allotment. **The Governor's** recommendation of \$99.5 million reflects the approved budget.

Tuition. Estimated FY 2003 expenditures from the General Fees Fund of \$12.7 million reflects an increase of \$1.8 million the budget initially approved by the 2002 Legislature. The increase is primarily attributable to tuition increases approved by the Board of Regents subsequent to the 2002 Legislative Session. **The Governor** concurs with the University's estimate.

Other Funds. Estimated FY 2003 expenditures from other funding sources of \$92.9 million reflects an increase of \$7.2 million the budget initially approved by the 2002 Legislature. The increase is primarily associated with revised estimates of restricted use fund expenditures. While

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3-19-03
Attachment 5

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.

FTE positions. The budget as submitted reflects a reduction of 68.5 FTE positions from the number approved by the 2002 Legislature. **The Governor** concurs with the University's estimate.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendations.

House Appropriations Committee Recommendation

The House Appropriations Committee concurs with the recommendations of the Budget Committee.

House Committee of the Whole Recommendation

The House Committee of the Whole has not considered this budget.

Senate Subcommittee Report

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

Bill Sec.

Analyst: West

Analysis Pg. No. 998

Budget Page No. 435

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 201,350,176	\$ 197,298,243	\$ 0
Aid to Local Units	0	0	0
Other Assistance	7,743,928	7,743,928	0
Subtotal – Operating	\$ 209,094,104	\$ 205,042,171	\$ 0
Capital Improvements	7,787,335	7,787,335	0
TOTAL REPORT. EXP.	\$ 216,880,739	\$ 212,829,506	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u>\$ 216,881,439</u>	<u>\$ 212,829,506</u>	<u>\$ 0</u>
State General Funds:			
State Operations	\$ 97,214,467	\$ 93,162,534	\$ 0
Aid to Local Units	0	0	0
Other Assistance	6,316,878	6,316,878	0
Subtotal – Operating	\$ 103,531,345	\$ 99,479,412	\$ 0
Capital Improvements	0	0	0
TOTAL REPORT. EXP.	\$ 103,531,345	\$ 99,479,412	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u>\$ 103,531,345</u>	<u>\$ 99,479,412</u>	<u>\$ 0</u>
FTE Positions	2,238.8	2,238.8	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>2,283.8</u>	<u>2,283.8</u>	<u>0.0</u>

Agency Est. /Governor's Recommendation

State General Fund. The University estimates FY 2003 State General Fund expenditures will total \$103.5 million, which reflects the approved budget prior to the second State General Fund allotment. **The Governor's** recommendation of \$99.5 million reflects the approved budget.

Tuition. Estimated FY 2003 expenditures from the General Fees Fund of \$12.7 million reflects an increase of \$1.8 million the budget initially approved by the 2002 Legislature. The increase is primarily attributable to tuition increases approved by the Board of Regents subsequent to the 2002 Legislative Session. **The Governor** concurs with the University's estimate.

Other Funds. Estimated FY 2003 expenditures from other funding sources of \$92.9 million reflects an increase of \$7.2 million the budget initially approved by the 2002 Legislature. The increase is primarily associated with revised estimates of restricted use fund expenditures. 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.

FTE positions. The budget as submitted reflects a reduction of 68.5 FTE positions from the number approved by the 2002 Legislature. **The Governor** concurs with the University's estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendations.

Budget Committee Report

Agency: Univ. of Kansas Medical Ctr.

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 998

Budget Page No. 435

Expenditure Summary	Agency Request FY 04	Governor's Recommendation FY 04	Budget Committee Adjustments
All Funds:			
State Operations	\$ 201,350,638	\$ 196,358,479	\$ 0
Aid to Local Units	0	0	0
Other Assistance	4,973,041	7,139,805	0
Subtotal – Operating	\$ 206,323,679	\$ 203,498,284	\$ 0
Capital Improvements	18,446,112	3,912,000	0
TOTAL REPORTABLE EXP.	\$ 224,769,791	\$ 207,410,284	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 224,769,791	\$ 207,410,284	\$ 0
State General Fund:			
State Operations	\$ 97,154,693	\$ 93,162,534	\$ 0
Aid to Local Units	0	0	0
Other Assistance	4,150,114	6,316,878	0
Subtotal – Operating	\$ 101,304,807	\$ 99,479,412	\$ 0
Capital Improvements	14,534,112	0	0
TOTAL REPORTABLE EXP.	\$ 115,838,919	\$ 99,479,412	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 115,838,919	\$ 99,479,412	\$ 0
FTE Positions	2,238.8	2,238.8	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	2,283.8	2,283.8	0.0

Agency Request/Governor's Recommendation

State General Fund. The University requests \$101.3 million from the State General Fund in FY 2004, a decrease of \$2.2 million (2.2 percent) from the current year estimate. The majority of the decrease is attributable to a decision by the Board of Regents to shift the funding request for the Medical Student Loan program from the budget of KUMC to the Board's budget. In addition, the request reflects FY 2003 Faculty of Distinction program monies which are not reflected in the FY 2004 budget. **The Governor** recommends \$99.5 million from the State General Fund for the University in FY 2004, an amount unchanged from the current year recommendation. The Governor's recommendation returns State General Fund financing of \$2.2 million for the Medical Student Loan program to KUMC's budget.

Tuition. The University estimates that expenditures from the General Fees Fund will total \$12.7 million in FY 2004, an amount unchanged from the current year. The estimate assumes stable

enrollment and no increase in tuition rates. The Board of Regents will set the FY 2004 tuition rates in the late spring of FY 2003. **The Governor** concurs with the University's estimate.

Other Funds. The University estimates that FY 2004 expenditures from other funding sources will total \$92.3 million, a decrease of \$0.6 million (0.2 percent) from the current year. The decrease is primarily associated with decreased special revenue funds for the Medical Student Loan program **The Governor** recommends \$91.3 million from other funding sources in FY 2004. The Governor does not recommend \$1.0 million from the Children's Initiatives Fund requested by the University to continue support for pediatric biomedical research. The Governor concurs with the balance of the University's estimate.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendations.

House Appropriations Committee Recommendation

The House Appropriations Committee concurs with the recommendations of the Budget Committee.

House Committee of the Whole Recommendation

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

Senate Subcommittee Report

Agency: Univ. of Kansas Medical Ctr.

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 998

Budget Page No. 435

Expenditure Summary	Agency Request FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 201,350,638	\$ 196,358,479	\$ 800,000
Aid to Local Units	0	0	0
Other Assistance	4,973,041	7,139,805	428,136
Subtotal – Operating	\$ 206,323,679	\$ 203,498,284	\$ 1,228,136
Capital Improvements	18,446,112	3,912,000	0
TOTAL REPORTABLE EXP.	\$ 224,769,791	\$ 207,410,284	\$ 1,228,136
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 224,769,791	\$ 207,410,284	\$ 1,228,136
State General Fund:			
State Operations	\$ 97,154,693	\$ 93,162,534	\$ 0
Aid to Local Units	0	0	0
Other Assistance	4,150,114	6,316,878	0
Subtotal – Operating	\$ 101,304,807	\$ 99,479,412	\$ 0
Capital Improvements	14,534,112	0	0
TOTAL REPORTABLE EXP.	\$ 115,838,919	\$ 99,479,412	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 115,838,919	\$ 99,479,412	\$ 0
FTE Positions	2,238.8	2,238.8	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	2,283.8	2,283.8	0.0

Agency Request/Governor's Recommendation

State General Fund. The University requests \$101.3 million from the State General Fund in FY 2004, a decrease of \$2.2 million (2.2 percent) from the current year estimate. The majority of the decrease is attributable to a decision by the Board of Regents to shift the funding request for the Medical Student Loan program from the budget of KUMC to the Board's budget. In addition, the request reflects FY 2003 Faculty of Distinction program monies which are not reflected in the FY 2004 budget. **The Governor** recommends \$99.5 million from the State General Fund for the University in FY 2004, an amount unchanged from the current year recommendation. The Governor's recommendation returns State General Fund financing of \$2.2 million for the Medical Student Loan program to KUMC's budget.

Tuition. The University estimates that expenditures from the General Fees Fund will total \$12.7 million in FY 2004, an amount unchanged from the current year. The estimate assumes stable enrollment and no increase in tuition rates. The Board of Regents will set the FY 2004 tuition rates in the late spring of FY 2003. **The Governor** concurs with the University's estimate.

Other Funds. The University estimates that FY 2004 expenditures from other funding sources will total \$92.3 million, a decrease of \$0.6 million (0.2 percent) from the current year. The decrease is primarily associated with decreased special revenue funds for the Medical Student Loan program **The Governor** recommends \$91.3 million from other funding sources in FY 2004. The Governor does not recommend \$1.0 million from the Children's Initiatives Fund requested by the University to continue support for pediatric biomedical research. The Governor concurs with the balance of the University's estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendations with the following adjustments:

1. The Subcommittee notes that the Governor's recommendation of \$2.6 million, including \$2.1 million from the State General Fund, for the Medical Student Loan program in FY 2004, is insufficient to permit any new awards to be made next year. The reason for this is a reduction in available resources from the Medical Loan Repayment Fund as new physicians choose to honor their service commitment rather than repay the loans. Since the submission of the Governor's budget, the University has received more repayments than were estimated and now believes there will be sufficient resources from repayment funds to support new awards in FY 2004. The Subcommittee recommends the addition of \$428,136 from the Medical Loan Repayment Fund to support 15 new awards in FY 2004. The Subcommittee hopes that this reduction is a temporary one and that future years will permit awarding 30 new loans as has been the practice in prior years.
2. The Subcommittee notes that the Governor's recommendations do not continue to provide support for the Pediatric Biomedical Research initiative at the University. Previous legislatures have committed an average of \$1.0 million per year from the Children's Initiatives Fund to support research designed to improve the health and well being of children. The program is one of the only areas supported by the Children's Initiatives Fund which has its funding reduced for FY 04. The Subcommittee recommends the addition of \$800,000 from the Children's Initiatives Fund to support Pediatric Biomedical research in FY 2004. It is the intent of the Subcommittee to in order to free up the resources to finance this recommendation that the following programs have their funding reduced - Juvenile Graduated Sanctions Grants (\$272,000), Smart Start Kansas (\$300,000) and School Violence Prevention (\$228,000). With the exception of the School Violence Prevention program, the programs targeted form this reduction will still have increases from their current year Children's Initiatives Fund allocations.

Budget Committee Report

Agency: Kansas State University

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 1010

Budget Page No. 295

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Budget Committee Adjustments
All Funds:			
State Operations	\$ 249,799,477	\$ 245,682,718	\$ 0
Aid to Local Units	1,157,714	1,157,714	0
Other Assistance	97,982,538	97,982,538	0
Subtotal – Operating	\$ 348,939,729	\$ 344,822,970	\$ 0
Capital Improvements	7,875,913	7,875,913	0
TOTAL REPORT. EXP.	\$ 356,815,642	\$ 352,698,883	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u>\$ 356,815,642</u>	<u>\$ 352,698,883</u>	<u>\$ 0</u>
State General Funds:			
State Operations	\$ 105,018,595	\$ 100,901,836	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 105,018,595	\$ 100,901,836	\$ 0
Capital Improvements	189,446	189,446	0
TOTAL REPORT. EXP.	\$ 105,208,041	\$ 101,091,282	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u>\$ 105,208,041</u>	<u>\$ 101,091,282</u>	<u>\$ 0</u>
FTE Positions	3,162.9	3,162.9	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>3,162.9</u>	<u>3,162.9</u>	<u>0.0</u>

Agency Est. /Governor's Recommendation

State General Fund. The University estimates FY 2003 State General Fund expenditures will total \$105.0 million, which reflects the approved budget prior to the second State General Fund allotment. **The Governor's** recommendation of \$100.9 million reflects the approved budget.

Tuition. Estimated FY 2003 expenditures from the General Fees Fund of \$61.4 million is an increase of \$12.5 million from the budget initially approved by the 2002 Legislature. The increase is primarily attributable to tuition increases approved by the Board of Regents subsequent to the 2002 Legislative Session. **The Governor** concurs with the University's estimate.

Other Funds. Estimated FY 2003 expenditures from other funding sources of \$182.5 million reflects an increase of \$24.6 million the budget initially approved by the 2002 Legislature. The increase is attributable to increased restricted use funding. While subject to appropriation, most

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3-19-03
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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.

FTE positions. The budget as submitted reflects a decrease of 38.3 FTE positions from the number approved by the 2002 Legislature. **The Governor** concurs with the University's estimate.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendations.

House Appropriations Committee Recommendation

The House Appropriations Committee concurs with the recommendations of the Budget Committee.

House Committee of the Whole Recommendation

The House Committee of the Whole has not considered this budget.

Senate Subcommittee Report

Agency: Kansas State University

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 1010

Budget Page No. 295

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 249,799,477	\$ 245,682,718	\$ 0
Aid to Local Units	1,157,714	1,157,714	0
Other Assistance	97,982,538	97,982,538	0
Subtotal – Operating	\$ 348,939,729	\$ 344,822,970	\$ 0
Capital Improvements	7,875,913	7,875,913	0
TOTAL REPORT. EXP.	\$ 356,815,642	\$ 352,698,883	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u>\$ 356,815,642</u>	<u>\$ 352,698,883</u>	<u>\$ 0</u>
State General Funds:			
State Operations	\$ 105,018,595	\$ 100,901,836	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 105,018,595	\$ 100,901,836	\$ 0
Capital Improvements	189,446	189,446	0
TOTAL REPORT. EXP.	\$ 105,208,041	\$ 101,091,282	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u>\$ 105,208,041</u>	<u>\$ 101,091,282</u>	<u>\$ 0</u>
FTE Positions	3,162.9	3,162.9	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>3,162.9</u>	<u>3,162.9</u>	<u>0.0</u>

Agency Est. /Governor's Recommendation

State General Fund. The University estimates FY 2003 State General Fund expenditures will total \$105.0 million, which reflects the approved budget prior to the second State General Fund allotment. **The Governor's** recommendation of \$100.9 million reflects the approved budget.

Tuition. Estimated FY 2003 expenditures from the General Fees Fund of \$61.4 million is an increase of \$12.5 million from the budget initially approved by the 2002 Legislature. The increase is primarily attributable to tuition increases approved by the Board of Regents subsequent to the 2002 Legislative Session. **The Governor** concurs with the University's estimate.

Other Funds. Estimated FY 2003 expenditures from other funding sources of \$182.5 million reflects an increase of \$24.6 million the budget initially approved by the 2002 Legislature. The increase is attributable to increased restricted use funding. 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.

FTE positions. The budget as submitted reflects a decrease of 38.3 FTE positions from the number approved by the 2002 Legislature. **The Governor** concurs with the University's estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendations.

Budget Committee Report

Agency: Kansas State University

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 1010

Budget Page No. 295

Expenditure Summary	Agency Req. FY 04	Governor's Recommendation FY 04	Budget Committee Adjustments
All Funds:			
State Operations	\$ 250,142,507	\$ 246,104,140	\$ 0
Aid to Local Units	1,063,771	1,063,771	0
Other Assistance	97,982,538	97,982,538	0
Subtotal – Operating	349,188,816	345,150,449	\$ 0
Capital Improvements	11,397,930	11,137,930	0
TOTAL REPORTABLE EXP.	\$ 360,586,746	\$ 356,288,369	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u>\$ 360,586,746</u>	<u>\$ 356,288,369</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 104,940,203	\$ 100,901,836	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 104,940,203	\$ 100,901,836	\$ 0
Capital Improvements	189,446	189,446	0
TOTAL REPORTABLE EXP.	\$ 105,129,649	101,091,282	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u>\$ 105,129,649</u>	<u>\$ 101,091,282</u>	<u>\$ 0</u>
FTE Positions	3,162.9	3,162.9	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>3,162.9</u>	<u>3,162.9</u>	<u>0.0</u>

Agency Req./Governor's Recommendation

State General Fund. The University requests \$104.9 million from the State General Fund in FY 2004, a decrease of \$78,392 (0.1 percent) from the current year estimate. The decrease is attributable to FY 2003 Faculty of Distinction monies which are not reflected in the FY 2004 budget. **The Governor** recommends \$100.9 million from the State General Fund for the University in FY 2004, an amount unchanged from the current year recommendation.

Tuition. The University estimates that expenditures from the General Fees Fund will total \$61.3 million in FY 2004, a decrease of 184,262 from the current year. The estimate assumes a 0.2 percent decrease in tuition revenue income. The Board of Regents will set the FY 2004 tuition rates in the late spring of FY 2003. **The Governor** concurs with the University's estimate.

Other Funds. The University estimates that FY 2004 expenditures from other funding sources will total \$183.0 million, an increase of \$511,741 (0.3 percent) from current year restricted use fund expenditures. **The Governor** concurs with the University's estimate.

House Budget Committee Recommendation

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

1. The Budget Committee notes that the University continues to strive for excellence even in these difficult times. The Budget Committee wishes to congratulate the University on the following signs of success:
 - KSU has increased extramural research funding since 1986 from \$19.0 million to over \$90.0 million.
 - In December, a KSU senior was named a Rhodes scholar, the seventh KSU graduate to receive the award since 1986. In that time period, KSU students have received 91 Rhodes, Marshall, Truman, Goldwater and Udall scholarships, more than 50 percent more than the next highest ranked public institution. Among all public and private institutions, KSU ranks seventh, just behind Stanford and Duke and ahead of institutions such as MIT, Chicago and Cornell.

2. The Budget Committee notes that while the Governor's FY 2004 recommendations provide the same level of funding from the State General Fund for the State University Operating Grant the recommendation still leaves Kansas State University with many challenges to face in the coming year. The Board estimates that it will require an additional \$10.2 million to maintain the current level of services. The attached chart graphically depicts the Board's estimate of the University's funding shortfalls.

House Appropriations Committee Recommendation

The House Appropriations Committee concurs with the recommendations of the Budget Committee.

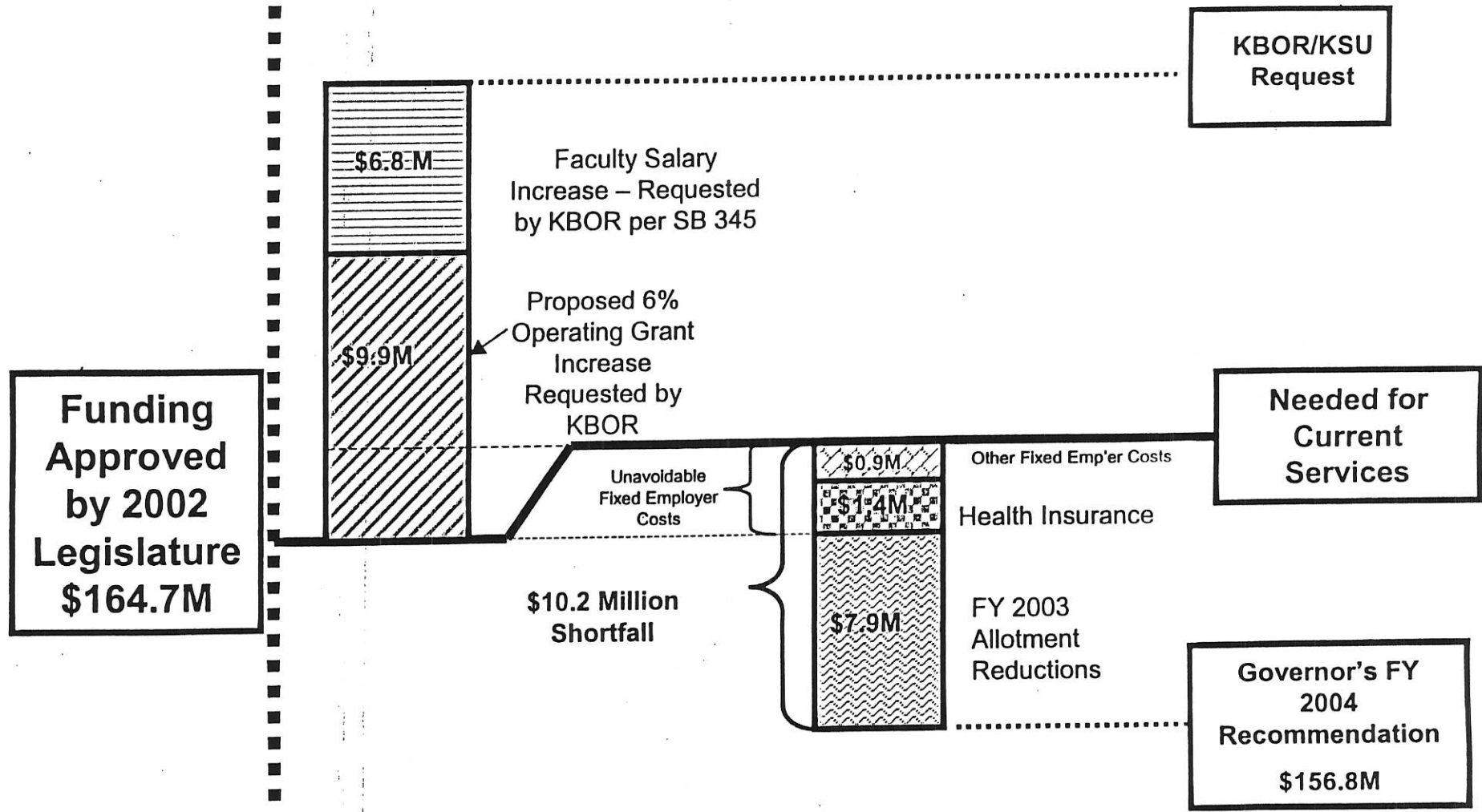
House Committee of the Whole Recommendation

The House Committee of the Whole has not considered this budget.

Kansas State University Budget Needs

FY2003

FY2004



Funding Approved by 2002 Legislature \$164.7M

KBOR/KSU Request

Needed for Current Services

Governor's FY 2004 Recommendation \$156.8M

Senate Subcommittee Report

Agency: Kansas State University

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 1010

Budget Page No. 295

Expenditure Summary	Agency Req. FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 250,142,507	\$ 246,104,140	\$ 0
Aid to Local Units	1,063,771	1,063,771	0
Other Assistance	97,982,538	97,982,538	0
Subtotal – Operating	349,188,816	345,150,449	\$ 0
Capital Improvements	11,397,930	11,137,930	0
TOTAL REPORTABLE EXP.	\$ 360,586,746	\$ 356,288,369	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 360,586,746	\$ 356,288,369	\$ 0
State General Fund:			
State Operations	\$ 104,940,203	\$ 100,901,836	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 104,940,203	\$ 100,901,836	\$ 0
Capital Improvements	189,446	189,446	0
TOTAL REPORTABLE EXP.	\$ 105,129,649	101,091,282	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 105,129,649	\$ 101,091,282	\$ 0
FTE Positions	3,162.9	3,162.9	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	3,162.9	3,162.9	0.0

Agency Req./Governor's Recommendation

State General Fund. The University requests \$104.9 million from the State General Fund in FY 2004, a decrease of \$78,392 (0.1 percent) from the current year estimate. The decrease is attributable to FY 2003 Faculty of Distinction monies which are not reflected in the FY 2004 budget. **The Governor** recommends \$100.9 million from the State General Fund for the University in FY 2004, an amount unchanged from the current year recommendation.

Tuition. The University estimates that expenditures from the General Fees Fund will total \$61.3 million in FY 2004, a decrease of 184,262 from the current year. The estimate assumes a 0.2 percent decrease in tuition revenue income. The Board of Regents will set the FY 2004 tuition rates in the late spring of FY 2003. **The Governor** concurs with the University's estimate.

Other Funds. The University estimates that FY 2004 expenditures from other funding sources will total \$183.0 million, an increase of \$511,741 (0.3 percent) from current year restricted use fund expenditures. **The Governor** concurs with the University's estimate.

Senate Subcommittee Recommendation

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

1. The Subcommittee congratulates Kansas State University on the following points of pride:
 - Kansas State University is the only school in Kansas and just one of three Big 12 universities to be recommended as a school where students can make the most of their education. The recommendation comes from "Rugg's Recommendations on the Colleges," a college guide by Frederick Rugg, a secondary school college counselor. The 2003 guide is the book's 20th edition. K-State is among the schools the guide includes on its "Fred Rugg's 100 Colleges" list for schools the author said he hears more nice things about than about than any others.
 - Two K-State faculty members have been awarded the distinction of Fellow by the American Association for the Advancement of Science. Election as a Fellow is an honor bestowed upon members by their peers. Jan Leach, university distinguished professor of plant pathology, and Paul Seib, professor of grain science and industry, were among 291 members recognized this year. They were recognized for their efforts to advance science or foster applications that are deemed scientifically distinguished. Leach was recognized for fundamental studies in the biology of plant and pathogen interactions, particularly the interactions between rice and bacterial pathogens that result in disease resistance. Seib was recognized for pioneering contributions in the field of Vitamin C, especially its chemistry and stability, and to the field of starch science, particularly isolation and use of wheat starch. October 2002.

Budget Committee Report

Agency: KSU Veterinary Medical Ctr

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 1022

Budget Page No. 299

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Budget Committee Adjustments
All Funds:			
State Operations	\$ 28,229,628	\$ 27,841,168	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 28,229,628</u>	<u>\$ 27,841,168</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL REPORT. EXP.	<u>\$ 28,229,628</u>	<u>\$ 27,841,168</u>	<u>\$ 0</u>
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u><u>\$ 28,229,628</u></u>	<u><u>\$ 27,841,168</u></u>	<u><u>\$ 0</u></u>
State General Funds:			
State Operations	\$ 9,933,635	\$ 9,545,175	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 9,933,635</u>	<u>\$ 9,545,175</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL REPORT. EXP.	<u>\$ 9,933,635</u>	<u>\$ 9,545,175</u>	<u>\$ 0</u>
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u><u>\$ 9,933,635</u></u>	<u><u>\$ 9,545,175</u></u>	<u><u>\$ 0</u></u>
FTE Positions	271.9	271.9	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>271.9</u></u>	<u><u>271.9</u></u>	<u><u>0.0</u></u>

Agency Est. /Governor's Recommendation

State General Fund. The University estimates FY 2003 State General Fund expenditures will total \$9.9 million, which reflects the approved budget prior to the second State General Fund allotment. **The Governor's** recommendation of \$9.5 million reflects the approved budget after the second allotment.

Tuition. Estimated FY 2003 expenditures from the General Fees Fund of \$6.7 million is an increase of \$1.1 million from the budget initially approved by the 2002 Legislature. The increase is primarily attributable to tuition increases approved by the Board of Regents subsequent to the 2002 Legislative Session. **The Governor** concurs with the University's estimate.

Other Funds. Estimated FY 2003 expenditures from other funding sources of \$11.2 million reflects an increase of \$2.6 million the budget initially approved by the 2002 Legislature. The

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increase is attributable to a expenditures of accumulated balances in the Hospital and Diagnostic Laboratory Revenue Fund for equipment and increased restricted use funding. 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.

FTE positions. The budget as submitted reflects a an increase of 12.7 FTE positions from the number approved by the 2002 Legislature. **The Governor** concurs with the University's estimate.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendations.

House Appropriations Committee Recommendation

The House Appropriations Committee concurs with the recommendations of the Budget Committee.

House Committee of the Whole Recommendation

The House Committee of the Whole has not considered this budget.

Senate Subcommittee Report

Agency: KSU Veterinary Medical Ctr **Bill No.** **Bill Sec.**
Analyst: West **Analysis Pg. No.** 1022 **Budget Page No.** 299

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 28,229,628	\$ 27,841,168	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 28,229,628</u>	<u>\$ 27,841,168</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL REPORT. EXP.	<u>\$ 28,229,628</u>	<u>\$ 27,841,168</u>	<u>\$ 0</u>
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u><u>\$ 28,229,628</u></u>	<u><u>\$ 27,841,168</u></u>	<u><u>\$ 0</u></u>
State General Funds:			
State Operations	\$ 9,933,635	\$ 9,545,175	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 9,933,635</u>	<u>\$ 9,545,175</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL REPORT. EXP.	<u>\$ 9,933,635</u>	<u>\$ 9,545,175</u>	<u>\$ 0</u>
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u><u>\$ 9,933,635</u></u>	<u><u>\$ 9,545,175</u></u>	<u><u>\$ 0</u></u>
FTE Positions	271.9	271.9	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>271.9</u></u>	<u><u>271.9</u></u>	<u><u>0.0</u></u>

Agency Est. /Governor's Recommendation

State General Fund. The University estimates FY 2003 State General Fund expenditures will total \$9.9 million, which reflects the approved budget prior to the second State General Fund allotment. **The Governor's** recommendation of \$9.5 million reflects the approved budget after the second allotment.

Tuition. Estimated FY 2003 expenditures from the General Fees Fund of \$6.7 million is an increase of \$1.1 million from the budget initially approved by the 2002 Legislature. The increase is primarily attributable to tuition increases approved by the Board of Regents subsequent to the 2002 Legislative Session. **The Governor** concurs with the University's estimate.

Other Funds. Estimated FY 2003 expenditures from other funding sources of \$11.2 million reflects an increase of \$2.6 million the budget initially approved by the 2002 Legislature. The increase is attributable to a expenditures of accumulated balances in the Hospital and Diagnostic Laboratory Revenue Fund for equipment and increased restricted use funding. 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.

FTE positions. The budget as submitted reflects a an increase of 12.7 FTE positions from the number approved by the 2002 Legislature. **The Governor** concurs with the University's estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendations.

Budget Committee Report

Agency: KSU Veterinary Medical Center **Bill No.**

Bill Sec.

Analyst: West

Analysis Pg. No. 1022

Budget Page No. 299

Expenditure Summary	Agency Request FY 04	Governor's Recommendation FY 04	Budget Committee Adjustments
All Funds:			
State Operations	\$ 24,974,783	\$ 24,599,816	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 24,974,783	\$ 24,599,816	\$ 0
Capital Improvements	0	0	0
TOTAL REPORTABLE EXP.	\$ 24,974,783	\$ 24,599,816	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 24,974,783	\$ 24,599,816	\$ 0
State General Fund:			
State Operations	\$ 9,920,142	\$ 9,545,175	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 9,920,142	\$ 9,545,175	\$ 0
Capital Improvements	0	0	0
TOTAL REPORTABLE EXP.	\$ 9,920,142	\$ 9,545,175	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 9,920,142	\$ 9,545,175	\$ 0
FTE Positions	271.9	271.9	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	271.9	271.9	0.0

Agency Request/Governor's Recommendation

State General Fund. The University requests \$9.9 million from the State General Fund in FY 2004, a decrease of \$13,493 (0.0 percent) from the current year estimate. The decrease is attributable to FY 2003 Faculty of Distinction monies which are not reflected in the FY 2004 budget. **The Governor** recommends \$9.5 million from the State General Fund for the University in FY 2004, an amount unchanged from the current year recommendation.

Tuition. The University estimates that expenditures from the General Fees Fund will total \$6.5 million in FY 2004, a decrease of \$150,643 from the current year. The estimate assumes no increase in tuition revenue income and the expenditure of accumulated balances in the current year. The Board of Regents will set the FY 2004 tuition rates in the late spring of FY 2003. **The Governor** concurs with the University's estimate.

Other Funds. The University estimates that FY 2004 expenditures from other funding sources will total \$8.5 million, a decrease of \$3.1 million (26.6 percent) from the current year. The majority of the decrease is associated with current year one time expenditures from the Hospital and Diagnostic Laboratory Revenue Fund. **The Governor** concurs with the University's estimate.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendations.

House Appropriations Committee Recommendation

The House Appropriations Committee concurs with the recommendations of the Budget Committee.

House Committee of the Whole Recommendation

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

Senate Subcommittee Report

Agency: KSU Veterinary Medical Center **Bill No.** **Bill Sec.**

Analyst: West **Analysis Pg. No.** 1022 **Budget Page No.** 299

Expenditure Summary	Agency Request FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 24,974,783	\$ 24,599,816	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 24,974,783	\$ 24,599,816	\$ 0
Capital Improvements	0	0	0
TOTAL REPORTABLE EXP.	\$ 24,974,783	\$ 24,599,816	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 24,974,783	\$ 24,599,816	\$ 0
State General Fund:			
State Operations	\$ 9,920,142	\$ 9,545,175	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 9,920,142	\$ 9,545,175	\$ 0
Capital Improvements	0	0	0
TOTAL REPORTABLE EXP.	\$ 9,920,142	\$ 9,545,175	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 9,920,142	\$ 9,545,175	\$ 0
FTE Positions	271.9	271.9	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	271.9	271.9	0.0

Agency Request/Governor's Recommendation

State General Fund. The University requests \$9.9 million from the State General Fund in FY 2004, a decrease of \$13,493 (0.0 percent) from the current year estimate. The decrease is attributable to FY 2003 Faculty of Distinction monies which are not reflected in the FY 2004 budget. **The Governor** recommends \$9.5 million from the State General Fund for the University in FY 2004, an amount unchanged from the current year recommendation.

Tuition. The University estimates that expenditures from the General Fees Fund will total \$6.5 million in FY 2004, a decrease of \$150,643 from the current year. The estimate assumes no increase in tuition revenue income and the expenditure of accumulated balances in the current year.

The Board of Regents will set the FY 2004 tuition rates in the late spring of FY 2003. **The Governor** concurs with the University's estimate.

Other Funds. The University estimates that FY 2004 expenditures from other funding sources will total \$8.5 million, a decrease of \$3.1 million (26.6 percent) from the current year. The majority of the decrease is associated with current year one time expenditures from the Hospital and Diagnostic Laboratory Revenue Fund. **The Governor** concurs with the University's estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendations with the following adjustments:

1. The Subcommittee has learned that the Veterinary Medical Center is exploring a partnership between the Endowment Association, the University and the private sector to construct a veterinary clinic in Wichita which would provide veterinary students small animal clinical experience. This program expansion is being developed to be self supporting at no cost to the state. The Subcommittee congratulates the University on its innovative approach in expanding the training opportunities available for its students while simultaneously providing a new service to the citizens of the state.

The Subcommittee has learned, however, that Nebraska's budgetary difficulties may cause difficulties for the operations of the Veterinary Medical Center. For several years the Center has operated under an agreement whereby a limited number of Nebraska students are admitted to the Veterinary School and treated as residents for tuition purposes. In exchange, the state of Nebraska pays the University for the lost out of state tuition revenues and permits Kansas students to receive large animal veterinary experience at Clay Center Nebraska. The University has recently learned that Nebraska plans to cease making the payments to the University and may close the Clay Center facility. The Subcommittee recommends that the University continue discussions with Nebraska officials to maintain a relationship which has benefitted the students of both states and to maintain access to the Clay Center facility.

Budget Committee Report

Agency: KSU ESARP

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 1033

Budget Page No. 297

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Budget Committee Adjustments
All Funds:			
State Operations	\$ 99,372,412	\$ 97,479,081	\$ 0
Aid to Local Units	246,221	246,221	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 99,618,633	\$ 97,725,302	\$ 0
Capital Improvements	17,449,712	17,449,712	0
TOTAL REPORT. EXP.	\$ 117,068,345	\$ 115,175,014	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u>\$ 117,068,345</u>	<u>\$ 115,175,014</u>	<u>\$ 0</u>
State General Funds:			
State Operations	\$ 48,349,691	\$ 45,456,360	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 48,349,691	\$ 45,456,360	\$ 0
Capital Improvements	0	0	0
TOTAL REPORT. EXP.	\$ 48,349,691	\$ 46,456,360	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u>\$ 48,349,691</u>	<u>\$ 46,456,360</u>	<u>\$ 0</u>
FTE Positions	1,395.7	1,395.7	0.0
Non FTE Uncl. Perm. Pos.	2.4	2.4	0.0
TOTAL	<u>1,398.1</u>	<u>1,398.1</u>	<u>0.0</u>

Agency Est. /Governor's Recommendation

State General Fund. The University estimates FY 2003 State General Fund expenditures will total \$48.4 million, which reflects the approved budget prior to the second State General Fund allotment. **The Governor's** recommendation of \$46.5 million reflects the approved budget.

Other Funds. Estimated FY 2003 expenditures from other funding sources of \$51.3 million reflects a net decrease of \$80,277 from the budget initially approved by the 2002 Legislature. Federal funding increases by \$78,161. Restricted use funding decreases by \$158,438. 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.

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FTE positions. The budget as submitted reflects a reduction of 34.5 FTE positions from the number approved by the 2002 Legislature. The decrease is partially offset by an increase in Non-FTE Unclassified Permanent positions of 2.4, for a net decrease of 32.1 positions. **The Governor** concurs with the University's estimate.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendations.

House Appropriations Committee Recommendation

The House Appropriations Committee concurs with the recommendations of the Budget Committee.

House Committee of the Whole Recommendation

The House Committee of the Whole has not considered this budget.

Senate Subcommittee Report

Agency: KSU ESARP

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 1033

Budget Page No. 297

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 99,372,412	\$ 97,479,081	\$ 0
Aid to Local Units	246,221	246,221	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 99,618,633	\$ 97,725,302	\$ 0
Capital Improvements	17,449,712	17,449,712	0
TOTAL REPORT. EXP.	\$ 117,068,345	\$ 115,175,014	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 117,068,345	\$ 115,175,014	\$ 0
State General Funds:			
State Operations	\$ 48,349,691	\$ 45,456,360	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 48,349,691	\$ 45,456,360	\$ 0
Capital Improvements	0	0	0
TOTAL REPORT. EXP.	\$ 48,349,691	\$ 46,456,360	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 48,349,691	\$ 46,456,360	\$ 0
FTE Positions	1,395.7	1,395.7	0.0
Non FTE Uncl. Perm. Pos.	2.4	2.4	0.0
TOTAL	1,398.1	1,398.1	0.0

Agency Est. /Governor's Recommendation

State General Fund. The University estimates FY 2003 State General Fund expenditures will total \$48.4 million, which reflects the approved budget prior to the second State General Fund allotment. **The Governor's** recommendation of \$46.5 million reflects the approved budget.

Other Funds. Estimated FY 2003 expenditures from other funding sources of \$51.3 million reflects a net decrease of \$80,277 from the budget initially approved by the 2002 Legislature. Federal funding increases by \$78,161. Restricted use funding decreases by \$158,438. 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.

FTE positions. The budget as submitted reflects a reduction of 34.5 FTE positions from the number approved by the 2002 Legislature. The decrease is partially offset by an increase in Non-FTE Unclassified Permanent positions of 2.4, for a net decrease of 32.1 positions. **The Governor** concurs with the University's estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendations.

Budget Committee Report

Agency: KSU ESARP

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 1033

Budget Page No. 297

Expenditure Summary	Agency Request FY 04	Governor's Recommendation FY 04	Budget Committee Adjustments
All Funds:			
State Operations	\$ 99,599,150	\$ 97,705,818	\$ 0
Aid to Local Units	233,199	233,199	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 99,832,349	\$ 97,939,017	\$ 0
Capital Improvements	4,150,000	4,150,000	0
TOTAL REPORTABLE EXP.	\$ 103,982,349	\$ 102,089,017	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 103,982,349	\$ 102,089,017	\$ 0
State General Fund:			
State Operations	\$ 48,349,692	\$ 46,456,360	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 48,349,692	\$ 46,456,360	\$ 0
Capital Improvements	0	0	0
TOTAL REPORTABLE EXP.	\$ 48,349,692	\$ 46,456,360	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 48,349,692	\$ 45,456,360	\$ 0
FTE Positions	1,395.7	1,395.7	0.0
Non FTE Uncl. Perm. Pos.	2.4	2.4	0.0
TOTAL	1,398.1	1,398.1	0.0

Agency Request/Governor's Recommendation

State General Fund. The University requests \$48.3 million from the State General Fund for ESARP in FY 2004, an increase of \$1 (0.0 percent) from the current year estimate. **The Governor** recommends \$46.5 million from the State General Fund for the University in FY 2004, an amount unchanged from the current year recommendation.

Federal Land Grant Funds. The University estimates that expenditures from the Federal Extension Fund and the federal Experimental station Fund will total \$8.0 million in FY 2004, a decrease of \$73,361 (0.9 percent) from the current year. **The Governor** concurs with the University's estimate.

Other Funds. The University estimates that FY 2004 expenditures from other funding sources will total \$43.5 million, an increase of \$287,076 (0.9 percent) from the current year. **The Governor** concurs with the University's estimate.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendations.

House Appropriations Committee Recommendation

The House Appropriations Committee concurs with the recommendations of the Budget Committee.

House Committee of the Whole Recommendation

The House Committee of the Whole has not considered this budget.

Senate Subcommittee Report

Agency: KSU ESARP

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 1033

Budget Page No. 297

<u>Expenditure Summary</u>	<u>Agency Request FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 99,599,150	\$ 97,705,818	\$ 0
Aid to Local Units	233,199	233,199	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 99,832,349</u>	<u>\$ 97,939,017</u>	<u>\$ 0</u>
Capital Improvements	4,150,000	4,150,000	0
TOTAL REPORTABLE EXP.	<u>\$ 103,982,349</u>	<u>\$ 102,089,017</u>	<u>\$ 0</u>
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u><u>\$ 103,982,349</u></u>	<u><u>\$ 102,089,017</u></u>	<u><u>\$ 0</u></u>
State General Fund:			
State Operations	\$ 48,349,692	\$ 46,456,360	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 48,349,692</u>	<u>\$ 46,456,360</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL REPORTABLE EXP.	<u>\$ 48,349,692</u>	<u>\$ 46,456,360</u>	<u>\$ 0</u>
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u><u>\$ 48,349,692</u></u>	<u><u>\$ 45,456,360</u></u>	<u><u>\$ 0</u></u>
FTE Positions	1,395.7	1,395.7	0.0
Non FTE Uncl. Perm. Pos.	2.4	2.4	0.0
TOTAL	<u><u>1,398.1</u></u>	<u><u>1,398.1</u></u>	<u><u>0.0</u></u>

Agency Request/Governor's Recommendation

State General Fund. The University requests \$48.3 million from the State General Fund for ESARP in FY 2004, an increase of \$1 (0.0 percent) from the current year estimate. **The Governor** recommends \$46.5 million from the State General Fund for the University in FY 2004, an amount unchanged from the current year recommendation.

Federal Land Grant Funds. The University estimates that expenditures from the Federal Extension Fund and the federal Experimental station Fund will total \$8.0 million in FY 2004, a decrease of \$73,361 (0.9 percent) from the current year. **The Governor** concurs with the University's estimate.

Other Funds. The University estimates that FY 2004 expenditures from other funding sources will total \$43.5 million, an increase of \$287,076 (0.9 percent) from the current year. **The Governor** concurs with the University's estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendations.

Budget Committee Report

Agency: Wichita State University

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 1043

Budget Page No. 449

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Budget Committee Adjustments
All Funds:			
State Operations	\$ 138,585,634	\$ 136,030,289	\$ 0
Aid to Local Units	0	0	0
Other Assistance	12,606,676	12,606,676	0
Subtotal – Operating	\$ 151,192,310	\$ 148,636,965	\$ 0
Capital Improvements	2,684,851	2,684,851	0
TOTAL REPORT. EXP.	\$ 153,877,161	\$ 151,321,816	\$ 0
Non-expense Items	950,000	950,000	0
TOTAL EXPENDITURES	\$ 154,827,161	\$ 152,271,816	\$ 0
State General Funds:			
State Operations	\$ 65,278,133	\$ 62,722,788	\$ 0
Aid to Local Units	0	0	0
Other Assistance	15,492	15,492	0
Subtotal – Operating	\$ 65,293,625	\$ 62,738,280	\$ 0
Capital Improvements	0	0	0
TOTAL REPORT. EXP.	\$ 65,293,625	\$ 62,738,280	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 65,293,625	\$ 62,738,280	\$ 0
FTE Positions	1,667.6	1,667.6	0.0
Non FTE Uncl. Perm. Pos.	68.7	68.7	0.0
TOTAL	1,736.3	1,736.3	0.0

Agency Est. /Governor's Recommendation

State General Fund. The University estimates FY 2003 State General Fund expenditures will total \$65.3 million, which reflects the approved budget prior to the second State General Fund allotment. **The Governor's** recommendation of \$62.7 million reflects the approved budget.

Tuition. Estimated FY 2003 expenditures from the General Fees Fund of \$32.7 million reflects an increase of \$2.3 million the budget initially approved by the 2002 Legislature. The increase is primarily attributable to tuition increases approved by the Board of Regents subsequent to the 2002 Legislative Session. **The Governor** concurs with the University's estimate.

Other Funds. Estimated FY 2003 expenditures from other funding sources of \$55.2 million reflects an increase of \$5.5 million the budget initially approved by the 2002 Legislature. The increase is attributable to increased restricted use funding. While subject to appropriation, most

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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.

FTE positions. The budget as submitted reflects a reduction of 59.7 FTE positions from the number approved by the 2002 Legislature. The decrease is offset by an increase in Non-FTE Unclassified Permanent positions of 68.7, for a net increase of 9.0 positions. **The Governor** concurs with the University's estimate.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendations.

House Appropriations Committee Recommendation

The House Appropriations Committee concurs with the recommendations of the Budget Committee.

House Committee of the Whole Recommendation

The House Committee of the Whole has not considered this budget.

Senate Subcommittee Report

Agency: Wichita State University

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 1043

Budget Page No. 449

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 138,585,634	\$ 136,030,289	\$ 0
Aid to Local Units	0	0	0
Other Assistance	12,606,676	12,606,676	0
Subtotal – Operating	\$ 151,192,310	\$ 148,636,965	\$ 0
Capital Improvements	2,684,851	2,684,851	0
TOTAL REPORT. EXP.	\$ 153,877,161	\$ 151,321,816	\$ 0
Non-expense Items	950,000	950,000	0
TOTAL EXPENDITURES	<u>\$ 154,827,161</u>	<u>\$ 152,271,816</u>	<u>\$ 0</u>
State General Funds:			
State Operations	\$ 65,278,133	\$ 62,722,788	\$ 0
Aid to Local Units	0	0	0
Other Assistance	15,492	15,492	0
Subtotal – Operating	\$ 65,293,625	\$ 62,738,280	\$ 0
Capital Improvements	0	0	0
TOTAL REPORT. EXP.	\$ 65,293,625	\$ 62,738,280	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u>\$ 65,293,625</u>	<u>\$ 62,738,280</u>	<u>\$ 0</u>
FTE Positions	1,667.6	1,667.6	0.0
Non FTE Uncl. Perm. Pos.	68.7	68.7	0.0
TOTAL	<u>1,736.3</u>	<u>1,736.3</u>	<u>0.0</u>

Agency Est. /Governor's Recommendation

State General Fund. The University estimates FY 2003 State General Fund expenditures will total \$65.3 million, which reflects the approved budget prior to the second State General Fund allotment. **The Governor's** recommendation of \$62.7 million reflects the approved budget.

Tuition. Estimated FY 2003 expenditures from the General Fees Fund of \$32.7 million reflects an increase of \$2.3 million the budget initially approved by the 2002 Legislature. The increase is primarily attributable to tuition increases approved by the Board of Regents subsequent to the 2002 Legislative Session. **The Governor** concurs with the University's estimate.

Other Funds. Estimated FY 2003 expenditures from other funding sources of \$55.2 million reflects an increase of \$5.5 million the budget initially approved by the 2002 Legislature. The increase is attributable to increased restricted use funding. 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.

FTE positions. The budget as submitted reflects a reduction of 59.7 FTE positions from the number approved by the 2002 Legislature. The decrease is offset by an increase in Non-FTE Unclassified Permanent positions of 68.7, for a net increase of 9.0 positions. **The Governor** concurs with the University's estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendations.

Budget Committee Report

Agency: Wichita State University

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 1043

Budget Page No. 449

Expenditure Summary	Agency Req. FY 04	Governor's Recommendation FY 04	Budget Committee Adjustments
All Funds:			
State Operations	\$ 138,351,648	\$ 135,834,181	\$ 0
Aid to Local Units	0	0	0
Other Assistance	12,606,676	12,606,676	0
Subtotal – Operating	\$ 150,958,324	\$ 148,440,857	\$ 0
Capital Improvements	1,120,586	630,000	0
TOTAL REPORTABLE EXP.	\$ 152,078,910	\$ 149,070,857	\$ 0
Non-expense Items	950,000	950,000	0
TOTAL EXPENDITURES	\$ 153,028,910	\$ 150,020,857	\$ 0
State General Fund:			
State Operations	\$ 65,240,255	\$ 62,722,788	\$ 0
Aid to Local Units	0	0	0
Other Assistance	15,492	15,492	0
Subtotal – Operating	\$ 65,255,747	\$ 62,738,280	\$ 0
Capital Improvements	490,586	0	0
TOTAL REPORTABLE EXP.	\$ 65,746,333	\$ 62,738,280	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 65,746,333	\$ 62,738,280	\$ 0
FTE Positions	1,667.6	1,667.6	0.0
Non FTE Uncl. Perm. Pos.	68.7	68.7	0.0
TOTAL	1,736.3	1,736.3	0.0

Agency Req./Governor's Recommendation

State General Fund. The University requests \$65.3 million from the State General Fund in FY 2004, a decrease of \$37,878 (0.1 percent) from the current year estimate. The decrease is attributable to a FY 2003 Faculty of Distinction program monies which are not reflected in the FY 2004 budget. **The Governor** recommends \$31.8 million from the State General Fund for the University in FY 2004, an amount unchanged from the current year recommendation.

Tuition. The University estimates that expenditures from the General Fees Fund will total \$32.7 million in FY 2004, an amount unchanged from the current year. The Board of Regents will set the FY 2004 tuition rates in the late spring of FY 2003. **The Governor** concurs with the University's estimate.

Other Funds. The University estimates that FY 2004 expenditures from other funding sources will total \$53.0 million, a decrease of \$196,108 (0.4 percent) from the current year. **The Governor** concurs with the University's estimate.

House Budget Committee Recommendation

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

1. The Budget Committee notes that the University continues to strive for excellence even in these difficult times. The Budget Committee wishes to congratulate the University on the following signs of success:
 - WSU increased extramural research funding to over \$30.0 million in FY 2002.
 - WSU's Accountability Planning Matrix has proven invaluable in administering through the current year budget reductions while maintaining the quality of the student learning experience as the highest priority.
2. The Budget Committee notes that while the Governor's FY 2004 recommendations provide the same level of funding from the State General Fund for the State University Operating Grant the recommendation still leaves Wichita State University with many challenges to face in the coming year. The Board estimates that it will require an additional \$3.9 million to maintain the current level of services. The attached chart graphically depicts the Board's estimate of the University's funding shortfalls.

House Appropriations Committee Recommendation

The House Appropriations Committee concurs with the recommendations of the Budget Committee.

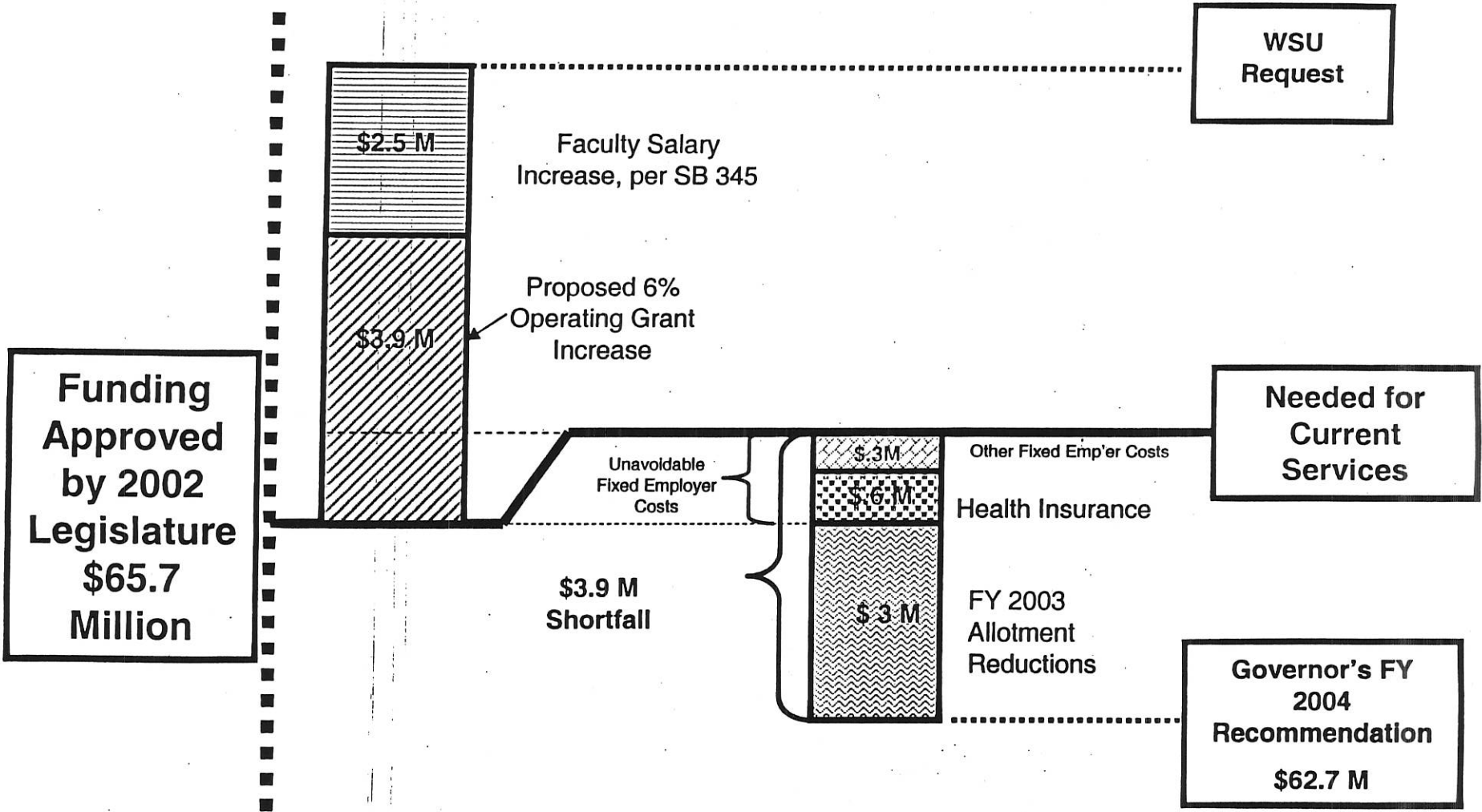
House Committee of the Whole Recommendation

The Committee of the Whole has not considered this budget.

Wichita State University Budget Needs State General Fund

FY2003

FY2004



Funding Approved by 2002 Legislature \$65.7 Million

WSU Request

Needed for Current Services

Governor's FY 2004 Recommendation \$62.7 M

Senate Subcommittee Report

Agency: Wichita State University

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 1043

Budget Page No. 449

Expenditure Summary	Agency Req. FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 138,351,648	\$ 135,834,181	\$ 1,000,000
Aid to Local Units	0	0	0
Other Assistance	12,606,676	12,606,676	0
Subtotal – Operating	\$ 150,958,324	\$ 148,440,857	\$ 1,000,000
Capital Improvements	1,120,586	630,000	0
TOTAL REPORTABLE EXP.	\$ 152,078,910	\$ 149,070,857	\$ 1,000,000
Non-expense Items	950,000	950,000	0
TOTAL EXPENDITURES	\$ 153,028,910	\$ 150,020,857	\$ 1,000,000
State General Fund:			
State Operations	\$ 65,240,255	\$ 62,722,788	\$ 0
Aid to Local Units	0	0	0
Other Assistance	15,492	15,492	0
Subtotal – Operating	\$ 65,255,747	\$ 62,738,280	\$ 0
Capital Improvements	490,586	0	0
TOTAL REPORTABLE EXP.	\$ 65,746,333	\$ 62,738,280	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 65,746,333	\$ 62,738,280	\$ 0
FTE Positions	1,667.6	1,667.6	0.0
Non FTE Uncl. Perm. Pos.	68.7	68.7	0.0
TOTAL	1,736.3	1,736.3	0.0

Agency Req./Governor's Recommendation

State General Fund. The University requests \$65.3 million from the State General Fund in FY 2004, a decrease of \$37,878 (0.1 percent) from the current year estimate. The decrease is attributable to a FY 2003 Faculty of Distinction program monies which are not reflected in the FY 2004 budget. **The Governor** recommends \$31.8 million from the State General Fund for the University in FY 2004, an amount unchanged from the current year recommendation.

Tuition. The University estimates that expenditures from the General Fees Fund will total \$32.7 million in FY 2004, an amount unchanged from the current year. The Board of Regents will set the FY 2004 tuition rates in the late spring of FY 2003. **The Governor** concurs with the University's estimate.

Other Funds. The University estimates that FY 2004 expenditures from other funding sources will total \$53.0 million, a decrease of \$196,108 (0.4 percent) from the current year. **The Governor** concurs with the University's estimate.

Senate Subcommittee Recommendation

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

1. As noted in the systemwide report, the Subcommittee believes it is vital to the long term economic well being of the state to keep the commitment made last session to the aviation industry and recommends the addition of \$1.0 million from the EDIF to WSU's budget for aviation research.
2. The Subcommittee commends the University on the following points of pride:
 - a. The subcommittee recognizes and commends Peer Moore-Jansen, an associate professor and chair of the anthropology department at Wichita State University, for being named Kansas Professor of the Year by the Carnegie Foundation for the Advancement of Teaching and the Council for Advancement and Support of Education. The award recognizes the most outstanding undergraduate instructors in the country, who excel as teachers and influence the lives and careers of their students.
 - b. Wichita State University is the only Regent's school to offer both a comprehensive Cooperative Education program and Internships. WSU's office of Cooperative Education and Work-Based Learning manages over 1,200 placements in either co-op or internships during the academic year. This is more placements than all other Regent's schools combined. These placements generate over \$3,750,000 annually in wages for these students. This program not only provides the participants assistance in financing their education, but it also provides them valuable work experience linked to their academic discipline.

Budget Committee Report

Agency: Emporia State University

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 1055

Budget Page No. 161

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Budget Committee Adjustments
All Funds:			
State Operations	\$ 52,570,212	\$ 51,379,415	\$ 0
Aid to Local Units	131,602	131,602	0
Other Assistance	5,121,244	5,121,244	0
Subtotal – Operating	\$ 57,823,058	\$ 56,632,261	\$ 0
Capital Improvements	1,973,927	1,973,927	0
TOTAL REPORT. EXP.	\$ 59,796,985	\$ 58,606,188	\$ 0
Non-expense Items	3,604,241	3,604,241	0
TOTAL EXPENDITURES	\$ 63,401,226	\$ 62,210,429	\$ 0
State General Funds:			
State Operations	\$ 30,420,648	\$ 29,229,851	\$ 0
Aid to Local Units	0	0	0
Other Assistance	1,705	1,705	0
Subtotal – Operating	\$ 30,422,353	\$ 29,231,556	\$ 0
Capital Improvements	0	0	0
TOTAL REPORT. EXP.	\$ 30,422,353	\$ 29,231,556	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 30,422,353	\$ 29,231,556	\$ 0
FTE Positions	742.3	742.3	0.0
Non FTE Uncl. Perm. Pos.	32.8	32.8	0.0
TOTAL	775.1	775.1	0.0

Agency Est. /Governor's Recommendation

State General Fund. The University estimates FY 2003 State General Fund expenditures will total \$30.4 million, which reflects the approved budget prior to the second State General Fund allotment. **The Governor's** recommendation of \$29.2 million reflects the approved budget.

Tuition. Estimated FY 2003 expenditures from the General Fees Fund of \$10.3 million reflects an increase of \$1.1 million the budget initially approved by the 2002 Legislature. The increase is primarily attributable to tuition increases approved by the Board of Regents subsequent to the 2002 Legislative Session. **The Governor** concurs with the University's estimate.

Other Funds. Estimated FY 2003 expenditures from other funding sources of \$17.1 million reflects an increase of \$2.4 million the budget initially approved by the 2002 Legislature. Of this amount, \$239,347 is attributable to general use expenditures from the Equipment Reserve Fund

Senate Ways and Means
3-19-03
Attachment 10

(\$224,347) and Interest On State Normal School Fund (\$15,000). The balance of the increase is attributable to increased restricted use funding to bring estimated expenditures more in line with the FY 2002 actual expenditures from restricted use funds of \$16.3 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. **The Governor** concurs with the University's estimate.

FTE positions. The budget as submitted reflects a reduction of 32.8 FTE positions from the number approved by the 2002 Legislature. The decrease is offset by an equal increase in Non-FTE Unclassified Permanent positions. **The Governor** concurs with the University's estimate.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendations.

House Appropriations Committee Recommendation

The House Appropriations Committee concurs with the recommendations of the Budget Committee.

House Committee of the Whole Recommendation

The House Committee of the Whole has not considered this budget.

Senate Subcommittee Report

Agency: Emporia State University

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 1055

Budget Page No. 161

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 52,570,212	\$ 51,379,415	\$ (240,000)
Aid to Local Units	131,602	131,602	0
Other Assistance	5,121,244	5,121,244	0
Subtotal – Operating	<u>\$ 57,823,058</u>	<u>\$ 56,632,261</u>	<u>\$ (240,000)</u>
Capital Improvements	1,973,927	1,973,927	0
TOTAL REPORT. EXP.	<u>\$ 59,796,985</u>	<u>\$ 58,606,188</u>	<u>\$ (240,000)</u>
Non-expense Items	3,604,241	3,604,241	0
TOTAL EXPENDITURES	<u><u>\$ 63,401,226</u></u>	<u><u>\$ 62,210,429</u></u>	<u><u>\$ (240,000)</u></u>
State General Funds:			
State Operations	\$ 30,420,648	\$ 29,229,851	\$ (240,000)
Aid to Local Units	0	0	0
Other Assistance	1,705	1,705	0
Subtotal – Operating	<u>\$ 30,422,353</u>	<u>\$ 29,231,556</u>	<u>\$ (240,000)</u>
Capital Improvements	0	0	0
TOTAL REPORT. EXP.	<u>\$ 30,422,353</u>	<u>\$ 29,231,556</u>	<u>\$ (240,000)</u>
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u><u>\$ 30,422,353</u></u>	<u><u>\$ 29,231,556</u></u>	<u><u>\$ (240,000)</u></u>
FTE Positions	742.3	742.3	0.0
Non FTE Uncl. Perm. Pos.	32.8	32.8	0.0
TOTAL	<u><u>775.1</u></u>	<u><u>775.1</u></u>	<u><u>0.0</u></u>

Agency Est. /Governor's Recommendation

State General Fund. The University estimates FY 2003 State General Fund expenditures will total \$30.4 million, which reflects the approved budget prior to the second State General Fund allotment. **The Governor's** recommendation of \$29.2 million reflects the approved budget.

Tuition. Estimated FY 2003 expenditures from the General Fees Fund of \$10.3 million reflects an increase of \$1.1 million the budget initially approved by the 2002 Legislature. The increase is primarily attributable to tuition increases approved by the Board of Regents subsequent to the 2002 Legislative Session. **The Governor** concurs with the University's estimate.

Other Funds. Estimated FY 2003 expenditures from other funding sources of \$17.1 million reflects an increase of \$2.4 million the budget initially approved by the 2002 Legislature. Of this amount, \$239,347 is attributable to general use expenditures from the Equipment Reserve Fund (\$224,347) and Interest On State Normal School Fund (\$15,000). The balance of the increase is attributable to increased restricted use funding to bring estimated expenditures more in line with the FY 2002 actual expenditures from restricted use funds of \$16.3 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. **The Governor** concurs with the University's estimate.

FTE positions. The budget as submitted reflects a reduction of 32.8 FTE positions from the number approved by the 2002 Legislature. The decrease is offset by an equal increase in Non-FTE Unclassified Permanent positions. **The Governor** concurs with the University's estimate.

Senate Subcommittee Recommendation

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

1. As noted in the Systemwide report, local school district budget restraints have left them unable to match the funding available in ESU's budget for the Reading Recovery program in the current year. The Subcommittee recommends that this funding be lapsed to finance other priorities. This recommendation does not impact the \$250,000 recommended by the Governor for the program in FY 2004.

Budget Committee Report

Agency: Emporia State University

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 1055

Budget Page No. 161

Expenditure Summary	Agency Request FY 04	Governor's Recommendation FY 04	Budget Committee Adjustments
All Funds:			
State Operations	\$ 52,410,233	\$ 51,236,080	\$ 0
Aid to Local Units	131,602	131,602	0
Other Assistance	5,114,378	5,114,378	0
Subtotal – Operating	<u>\$ 57,656,213</u>	<u>\$ 56,482,060</u>	<u>\$ 0</u>
Capital Improvements	1,054,474	706,156	0
TOTAL REPORTABLE EXP.	<u>\$ 58,710,687</u>	<u>\$ 57,188,216</u>	<u>\$ 0</u>
Non-expense Items	3,605,212	3,605,212	0
TOTAL EXPENDITURES	<u><u>\$ 62,315,899</u></u>	<u><u>\$ 60,793,428</u></u>	<u><u>\$ 0</u></u>
State General Fund:			
State Operations	\$ 30,404,004	\$ 29,229,851	\$ 0
Aid to Local Units	0	0	0
Other Assistance	1,705	1,705	0
Subtotal – Operating	<u>\$ 30,405,709</u>	<u>\$ 29,231,556</u>	<u>\$ 0</u>
Capital Improvements	348,318	0	0
TOTAL REPORTABLE EXP.	<u>\$ 30,754,423</u>	<u>\$ 29,231,556</u>	<u>\$ 0</u>
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u><u>\$ 30,754,423</u></u>	<u><u>\$ 29,231,556</u></u>	<u><u>\$ 0</u></u>
FTE Positions	742.3	742.3	0.0
Non FTE Uncl. Perm. Pos.	32.8	32.8	0.0
TOTAL	<u><u>775.1</u></u>	<u><u>775.1</u></u>	<u><u>0.0</u></u>

Agency Req./Governor's Recommendation

State General Fund. The University requests \$30.4 million from the State General Fund in FY 2004, a decrease of \$16,644 (0.1 percent) from the current year estimate. The decrease is attributable to a FY 2002 reappropriation and Faculty of Distinction monies in the FY 2003 budget which are not reflected in the FY 2004 budget. **The Governor** recommends \$29.2 million from the State General Fund for the University in FY 2004, an amount unchanged from the current year recommendation.

Tuition. The University estimates that expenditures from the General Fees Fund will total \$10.3 million in FY 2004, an increase of \$8,856 (0.1 percent) from the current year. The estimate assumes stable enrollment and no increase in tuition rates. The Board of Regents will set the FY 2004 tuition rates in the late spring of FY 2003. **The Governor** concurs with the University's estimate.

Other Funds. The University estimates that FY 2004 expenditures from other funding sources will total \$17.0 million, a net decrease of \$159,057 (0.9 percent) from the current year. General use expenditures decrease from the current year from Equipment Reserve Fund (\$224,347) and the Interest On State Normal School Fund (\$30,000). Restricted use fund expenditures are estimated to increase by \$95,290. **The Governor** concurs with the University's estimate.

House Budget Committee Recommendation

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

1. The Budget Committee notes that the University continues to strive for excellence even in these difficult times. The Budget Committee wishes to congratulate the University on the following signs of success:
 - ESU's Fall 2002 enrollment of 6,005 is the largest in eight years;
 - ESU graduates 1,100 students per year, with a 99 percent placement rate and an average salary of \$29,366. 80 percent of ESU graduates remain in the state after graduation and 1 of every 6 teachers in the state has one or more degrees from ESU.

2. The Budget Committee notes that while the Governor's FY 2004 recommendations provide the same level of funding from the State General Fund for the State University Operating Grant the recommendation still leaves Emporia State University with many challenges to face in the coming year. The Board estimates that it will require an additional \$2.4 million to maintain the current level of services. The attached chart graphically depicts the Board's estimate of the University's funding shortfalls.

House Appropriations Committee Recommendation

The House Appropriations Committee concurs with the recommendations of the Budget Committee.

House Committee of the Whole Recommendation

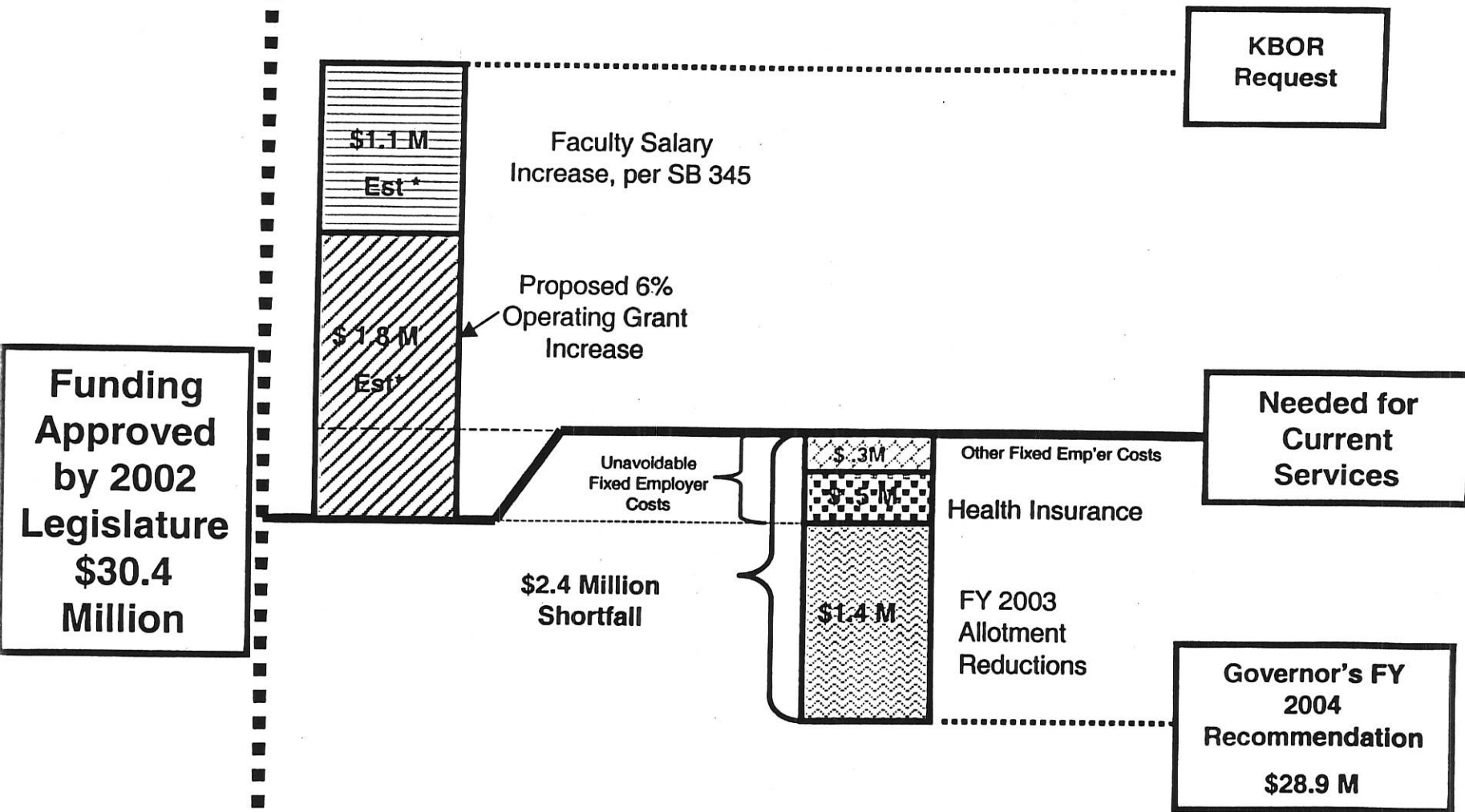
The House Committee of the Whole has not yet considered this budget.

FY2003

FY2004

E- State University Budget Needs

10-7



* Board of Regents would make actual allocations

Senate Subcommittee Report

Agency: Emporia State University

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 1055

Budget Page No. 161

Expenditure Summary	Agency Request FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 52,410,233	\$ 51,236,080	\$ 0
Aid to Local Units	131,602	131,602	0
Other Assistance	5,114,378	5,114,378	0
Subtotal – Operating	\$ 57,656,213	\$ 56,482,060	\$ 0
Capital Improvements	1,054,474	706,156	0
TOTAL REPORTABLE EXP.	\$ 58,710,687	\$ 57,188,216	\$ 0
Non-expense Items	3,605,212	3,605,212	0
TOTAL EXPENDITURES	\$ 62,315,899	\$ 60,793,428	\$ 0
State General Fund:			
State Operations	\$ 30,404,004	\$ 29,229,851	\$ 0
Aid to Local Units	0	0	0
Other Assistance	1,705	1,705	0
Subtotal – Operating	\$ 30,405,709	\$ 29,231,556	\$ 0
Capital Improvements	348,318	0	0
TOTAL REPORTABLE EXP.	\$ 30,754,423	\$ 29,231,556	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 30,754,423	\$ 29,231,556	\$ 0
FTE Positions	742.3	742.3	0.0
Non FTE Uncl. Perm. Pos.	32.8	32.8	0.0
TOTAL	775.1	775.1	0.0

Agency Req./Governor's Recommendation

State General Fund. The University requests \$30.4 million from the State General Fund in FY 2004, a decrease of \$16,644 (0.1 percent) from the current year estimate. The decrease is attributable to a FY 2002 reappropriation and Faculty of Distinction monies in the FY 2003 budget which are not reflected in the FY 2004 budget. **The Governor** recommends \$29.2 million from the State General Fund for the University in FY 2004, an amount unchanged from the current year recommendation.

Tuition. The University estimates that expenditures from the General Fees Fund will total \$10.3 million in FY 2004, an increase of \$8,856 (0.1 percent) from the current year. The estimate assumes stable enrollment and no increase in tuition rates. The Board of Regents will set the FY

2004 tuition rates in the late spring of FY 2003. **The Governor** concurs with the University's estimate.

Other Funds. The University estimates that FY 2004 expenditures from other funding sources will total \$17.0 million, a net decrease of \$159,057 (0.9 percent) from the current year. General use expenditures decrease from the current year from Equipment Reserve Fund (\$224,347) and the Interest On State Normal School Fund (\$30,000). Restricted use fund expenditures are estimated to increase by \$95,290. **The Governor** concurs with the University's estimate.

Senate Subcommittee Recommendation

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

1. The Subcommittee commends the University on the following points of pride:
 - ESU's Fall 2002 enrollment of 6,005 is the largest in eight years;
 - ESU graduates 1,100 students per year, with a 99 percent placement rate and an average salary of \$29,366. 80 percent of ESU graduates remain in the state after graduation and 1 of every 6 teachers in the state has one or more degrees from ESU.

Budget Committee Report

Agency: Fort Hays State University

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 1066

Budget Page No. 167

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Budget Committee Adjustments
All Funds:			
State Operations	\$ 55,019,301	\$ 53,789,430	\$ 0
Aid to Local Units	0	0	0
Other Assistance	5,762,373	5,762,373	0
Subtotal – Operating	\$ 60,781,674	\$ 59,551,803	\$ 0
Capital Improvements	1,743,032	1,743,032	0
TOTAL REPORT. EXP.	\$ 62,524,706	\$ 61,294,835	\$ 0
Non-expense Items	2,753,718	2,753,718	0
TOTAL EXPENDITURES	<u>\$ 65,278,424</u>	<u>\$ 64,048,553</u>	<u>\$ 0</u>
State General Funds:			
State Operations	\$ 31,409,402	\$ 30,179,531	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 31,409,402	\$ 30,179,531	\$ 0
Capital Improvements	0	0	0
TOTAL REPORT. EXP.	\$ 31,409,402	\$ 30,179,531	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u>\$ 31,409,402</u>	<u>\$ 30,179,531</u>	<u>\$ 0</u>
FTE Positions	705.6	705.6	0.0
Non FTE Uncl. Perm. Pos.	18.0	18.0	0.0
TOTAL	<u>723.6</u>	<u>723.6</u>	<u>0.0</u>

Agency Est. /Governor's Recommendation

State General Fund. The University estimates FY 2003 State General Fund expenditures will total \$33.1 million, which reflects the approved budget prior to the second State General Fund allotment. **The Governor's** recommendation of \$31.8 million reflects the approved budget.

Tuition. Estimated FY 2003 expenditures from the General Fees Fund of \$9.6 million is an increase of \$0.8 million from the budget initially approved by the 2002 Legislature. The increase is primarily attributable to tuition increases approved by the Board of Regents subsequent to the 2002 Legislative Session. **The Governor** concurs with the University's estimate.

Other Funds. Estimated FY 2003 expenditures from other funding sources of \$19.7 million reflects an increase of \$0.8 million the budget initially approved by the 2002 Legislature. The increase is attributable to increased restricted use funding. While subject to appropriation, most

Senate Ways and Means
3-19-03
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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.

FTE positions. The budget as submitted reflects a reduction of 18.0 FTE positions from the number approved by the 2002 Legislature. The decrease is offset by an equal increase in Non-FTE Unclassified Permanent positions. **The Governor** concurs with the University's estimate.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendations.

House Appropriations Committee Recommendation

The House Appropriations Committee concurs with the recommendations of the Budget Committee.

House Committee of the Whole Recommendation

The House Committee of the Whole has not considered this budget.

Senate Subcommittee Report

Agency: Fort Hays State University

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 1066

Budget Page No. 167

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 55,019,301	\$ 53,789,430	\$ 0
Aid to Local Units	0	0	0
Other Assistance	5,762,373	5,762,373	0
Subtotal – Operating	\$ 60,781,674	\$ 59,551,803	\$ 0
Capital Improvements	1,743,032	1,743,032	0
TOTAL REPORT. EXP.	\$ 62,524,706	\$ 61,294,835	\$ 0
Non-expense Items	2,753,718	2,753,718	0
TOTAL EXPENDITURES	<u>\$ 65,278,424</u>	<u>\$ 64,048,553</u>	<u>\$ 0</u>
State General Funds:			
State Operations	\$ 31,409,402	\$ 30,179,531	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 31,409,402	\$ 30,179,531	\$ 0
Capital Improvements	0	0	0
TOTAL REPORT. EXP.	\$ 31,409,402	\$ 30,179,531	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u>\$ 31,409,402</u>	<u>\$ 30,179,531</u>	<u>\$ 0</u>
FTE Positions	705.6	705.6	0.0
Non FTE Uncl. Perm. Pos.	18.0	18.0	0.0
TOTAL	<u>723.6</u>	<u>723.6</u>	<u>0.0</u>

Agency Est. /Governor's Recommendation

State General Fund. The University estimates FY 2003 State General Fund expenditures will total \$33.1 million, which reflects the approved budget prior to the second State General Fund allotment. **The Governor's** recommendation of \$31.8 million reflects the approved budget.

Tuition. Estimated FY 2003 expenditures from the General Fees Fund of \$9.6 million is an increase of \$0.8 million from the budget initially approved by the 2002 Legislature. The increase is primarily attributable to tuition increases approved by the Board of Regents subsequent to the 2002 Legislative Session. **The Governor** concurs with the University's estimate.

Other Funds. Estimated FY 2003 expenditures from other funding sources of \$19.7 million reflects an increase of \$0.8 million the budget initially approved by the 2002 Legislature. The increase is attributable to increased restricted use funding. 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.

FTE positions. The budget as submitted reflects a reduction of 18.0 FTE positions from the number approved by the 2002 Legislature. The decrease is offset by an equal increase in Non-FTE Unclassified Permanent positions. **The Governor** concurs with the University's estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendations.

Budget Committee Report

Agency: Fort Hays State University

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 1066

Budget Page No. 167

Expenditure Summary	Agency Request FY 04	Governor's Recommendation FY 04	Budget Committee Adjustments
All Funds:			
State Operations	\$ 54,784,585	\$ 53,562,712	\$ 0
Aid to Local Units	0	0	0
Other Assistance	5,762,373	5,762,373	0
Subtotal – Operating	\$ 60,546,958	\$ 59,325,085	\$ 0
Capital Improvements	749,850	510,000	0
TOTAL REPORTABLE EXP.	\$ 61,296,808	\$ 59,835,085	\$ 0
Non-expense Items	2,753,718	2,753,718	0
TOTAL EXPENDITURES	\$ 64,050,526	\$ 62,588,803	\$ 0
State General Fund:			
State Operations	\$ 31,401,404	\$ 30,179,531	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 31,401,404	\$ 30,179,531	\$ 0
Capital Improvements	239,850	0	0
TOTAL REPORTABLE EXP.	\$ 31,161,554	\$ 30,179,531	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 31,161,554	\$ 30,179,531	\$ 0
FTE Positions	705.6	705.6	0.0
Non FTE Uncl. Perm. Pos.	18.0	18.0	0.0
TOTAL	723.6	723.6	0.0

Agency Request/Governor's Recommendation

State General Fund. The University requests \$31.4 million from the State General Fund in FY 2004, a decrease of \$7,998 (0.0 percent) from the current year estimate. The decrease is attributable to a FY 2002 reappropriation in the FY 2003 budget and Faculty of Distinction monies which are not reflected in the FY 2004 budget. **The Governor** recommends \$30.2 million from the State General Fund for the University in FY 2004, an amount unchanged from the current year recommendation.

Tuition. The University estimates that expenditures from the General Fees Fund will total \$9.6 million in FY 2004, an amount unchanged from the current year. The estimate assumes a 1.8 percent increase in tuition revenue income. The Board of Regents will set the FY 2004 tuition rates in the late spring of FY 2003. **The Governor** concurs with the University's estimate.

Other Funds. The University estimates that FY 2004 expenditures from other funding sources will total \$19.5 million, a net decrease of \$226,728 (1.1 percent) from current year restricted use fund expenditures. **The Governor** concurs with the University's estimate.

House Budget Committee Recommendation

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

1. The Budget Committee notes that the University continues to strive for excellence even in these difficult times. The Budget Committee wishes to congratulate the University on the following signs of success:
 - Fort Hays enrollment in the Fall of 2002 totaled 6,392 students, a 13.8 percent increase since 1997;
 - Fort Hays strives to maintain student accessibility by offering world class training while holding tuition increases to increases in the 10-year rolling average of Kansas Personal Income growth.
2. The Budget Committee notes that while the Governor's FY 2004 recommendations provide the same level of funding from the State General Fund for the State University Operating Grant the recommendation still leaves Fort Hays State University with many challenges to face in the coming year. The Board estimates that it will require an additional \$2.0 million to maintain the current level of services. The attached chart graphically depicts the Board's estimate of the University's funding shortfalls.

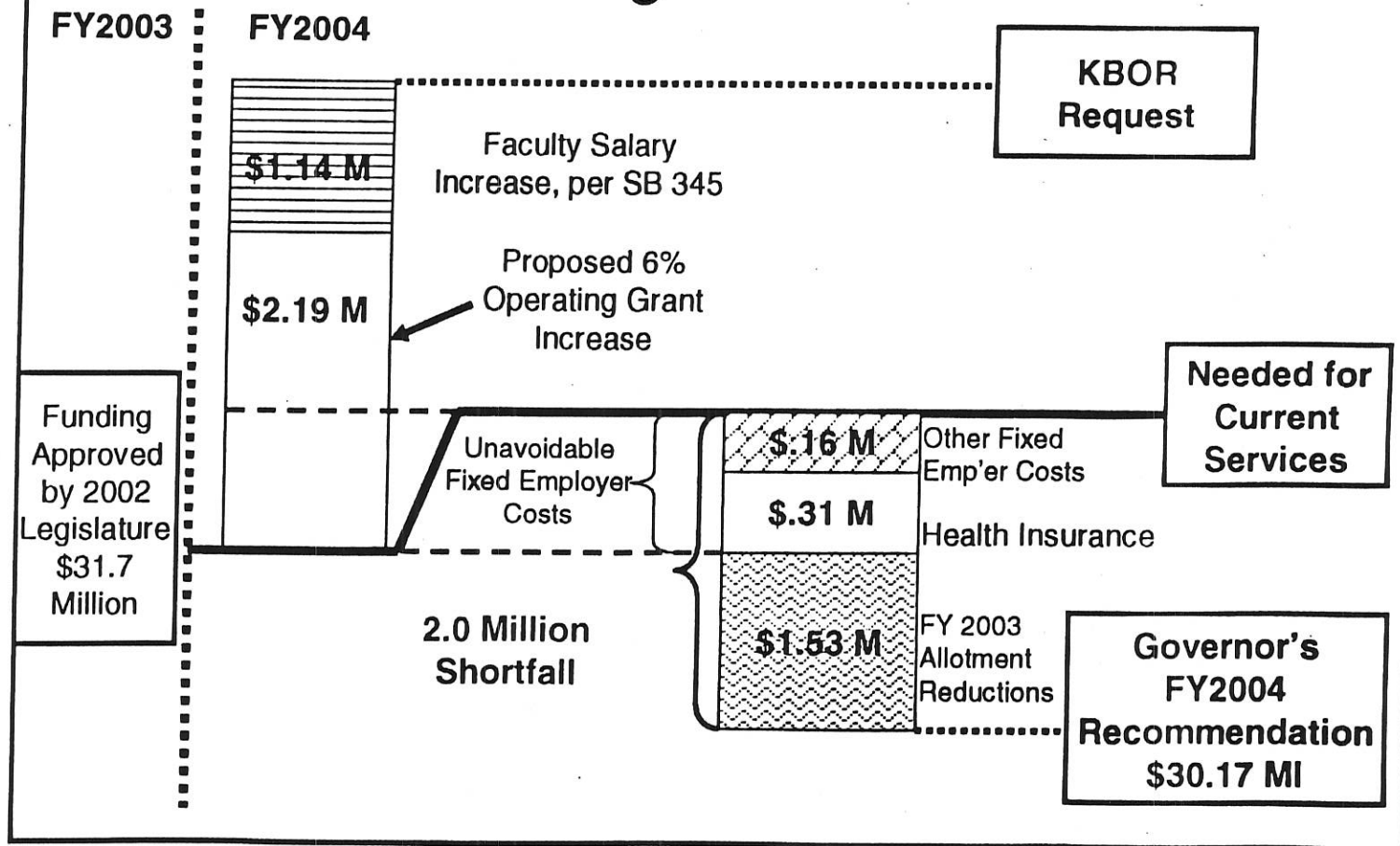
House Appropriations Committee Recommendation

The House Appropriations Committee concurs with the recommendations of the Budget Committee.

House Committee of the Whole Recommendation

The Committee of the Whole has not considered this budget.

Fort Hays State University Budget Needs



Senate Subcommittee Report

Agency: Fort Hays State University

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 1066

Budget Page No. 167

Expenditure Summary	Agency Request FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 54,784,585	\$ 53,562,712	\$ 0
Aid to Local Units	0	0	0
Other Assistance	5,762,373	5,762,373	0
Subtotal – Operating	\$ 60,546,958	\$ 59,325,085	\$ 0
Capital Improvements	749,850	510,000	0
TOTAL REPORTABLE EXP.	\$ 61,296,808	\$ 59,835,085	\$ 0
Non-expense Items	2,753,718	2,753,718	0
TOTAL EXPENDITURES	\$ 64,050,526	\$ 62,588,803	\$ 0
State General Fund:			
State Operations	\$ 31,401,404	\$ 30,179,531	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 31,401,404	\$ 30,179,531	\$ 0
Capital Improvements	239,850	0	0
TOTAL REPORTABLE EXP.	\$ 31,161,554	\$ 30,179,531	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 31,161,554	\$ 30,179,531	\$ 0
FTE Positions	705.6	705.6	0.0
Non FTE Uncl. Perm. Pos.	18.0	18.0	0.0
TOTAL	723.6	723.6	0.0

Agency Request/Governor's Recommendation

State General Fund. The University requests \$31.4 million from the State General Fund in FY 2004, a decrease of \$7,998 (0.0 percent) from the current year estimate. The decrease is attributable to a FY 2002 reappropriation in the FY 2003 budget and Faculty of Distinction monies which are not reflected in the FY 2004 budget. **The Governor** recommends \$30.2 million from the State General Fund for the University in FY 2004, an amount unchanged from the current year recommendation.

Tuition. The University estimates that expenditures from the General Fees Fund will total \$9.6 million in FY 2004, an amount unchanged from the current year. The estimate assumes a 1.8 percent increase in tuition revenue income. The Board of Regents will set the FY 2004 tuition rates in the late spring of FY 2003. **The Governor** concurs with the University's estimate.

Other Funds. The University estimates that FY 2004 expenditures from other funding sources will total \$19.5 million, a net decrease of \$226,728 (1.1 percent) from current year restricted use fund expenditures. **The Governor** concurs with the University's estimate.

Senate Subcommittee Recommendation

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

1. The Subcommittee commends the University on the following points of pride:
 - Fort Hays strives to maintain affordable education for all Kansans by offering world-class educational opportunities while holding tuition increases to a minimum based on the change in the 10-year rolling average of Kansas Personal Income growth. In fall 2002, FHSU posted a record 13.6% increase in enrollment and a 7.0% increase for the spring 2003 semester while only increasing the tuition rate by 6.4%, the smallest tuition increase of any Regents institution.
 - In spite of a downturn in the economy, in a recently completed survey, the FHSU Career Services shows, 98 percent of the 914 individuals who graduated from FHSU in the 2001-02 academic year, 647 are now employed in jobs related to their major field of study, 79 are employed outside of their major, and 161 are enrolled in a program of continuing education. Of those graduates, 575 are employed in the state of Kansas in turn providing a boost to the economy in terms of labor and dollars spent.

Budget Committee Report

Agency: Pittsburg State University

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 1077

Budget Page No. 333

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Budget Committee Adjustments
All Funds:			
State Operations	\$ 58,916,911	\$ 57,619,812	\$ 0
Aid to Local Units	0	0	0
Other Assistance	5,698,691	5,698,691	0
Subtotal – Operating	\$ 64,615,602	\$ 63,318,503	\$ 0
Capital Improvements	2,919,165	2,919,165	0
TOTAL REPORT. EXP.	\$ 67,534,767	\$ 66,237,668	\$ 0
Non-expense Items	4,575,431	4,575,431	0
TOTAL EXPENDITURES	<u>\$ 72,110,198</u>	<u>\$ 70,813,099</u>	<u>\$ 0</u>
State General Funds:			
State Operations	\$ 32,680,498	\$ 31,383,399	\$ 0
Aid to Local Units	0	0	0
Other Assistance	443,311	443,311	0
Subtotal – Operating	\$ 33,123,809	\$ 31,826,710	\$ 0
Capital Improvements	0	0	0
TOTAL REPORT. EXP.	\$ 33,123,809	\$ 31,826,710	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	<u>\$ 33,123,809</u>	<u>\$ 31,826,710</u>	<u>\$ 0</u>
FTE Positions	789.7	789.7	0.0
Non FTE Uncl. Perm. Pos.	17.6	17.6	0.0
TOTAL	<u>807.3</u>	<u>807.3</u>	<u>0.0</u>

Agency Est. /Governor's Recommendation

State General Fund. The University estimates FY 2003 State General Fund expenditures will total \$33.1 million, which reflects the approved budget prior to the second State General Fund allotment. **The Governor's** recommendation of \$31.8 million reflects the approved budget.

Tuition. Estimated FY 2003 expenditures from the General Fees Fund of \$13.4 million reflects an increase of \$2.0 million the budget initially approved by the 2002 Legislature. The increase is primarily attributable to tuition increases approved by the Board of Regents subsequent to the 2002 Legislative Session. **The Governor** concurs with the University's estimate.

Other Funds. Estimated FY 2003 expenditures from other funding sources of \$18.1 million reflects an increase of \$0.8 million the budget initially approved by the 2002 Legislature. Of this amount, \$293,998 is attributable to general use expenditures from the Equipment Reserve Fund.

*Senate Ways and Means
3-19-03
Attachment 12*

The balance of the increase is attributable to increased restricted use funding. 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.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendations.

House Appropriations Committee Recommendation

The House Appropriations Committee concurs with the recommendations of the Budget Committee.

House Committee of the Whole Recommendation

The House Committee of the Whole has not considered this budget.

Senate Subcommittee Report

Agency: Pittsburg State University

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 1077

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TOTAL	<u>807.3</u>	<u>807.3</u>	<u>0.0</u>

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Tuition. Estimated FY 2003 expenditures from the General Fees Fund of \$13.4 million reflects an increase of \$2.0 million the budget initially approved by the 2002 Legislature. The increase is primarily attributable to tuition increases approved by the Board of Regents subsequent to the 2002 Legislative Session. **The Governor** concurs with the University's estimate.

Other Funds. Estimated FY 2003 expenditures from other funding sources of \$18.1 million reflects an increase of \$0.8 million the budget initially approved by the 2002 Legislature. Of this amount, \$293,998 is attributable to general use expenditures from the Equipment Reserve Fund. The balance of the increase is attributable to increased restricted use funding. 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.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendations.

Budget Committee Report

Agency: Pittsburg State University

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 1077

Budget Page No. 333

Expenditure Summary	Agency Request FY 04	Governor's Recommendation FY 04	Budget Committee Adjustments
All Funds:			
State Operations	\$ 58,680,308	\$ 57,388,286	\$ 0
Aid to Local Units	0	0	0
Other Assistance	5,698,691	5,698,691	0
Subtotal – Operating	\$ 64,378,999	\$ 63,086,977	\$ 0
Capital Improvements	4,657,000	3,727,000	0
TOTAL REPORTABLE EXP.	\$ 69,035,999	\$ 66,813,977	\$ 0
Non-expense Items	3,895,258	3,895,258	0
TOTAL EXPENDITURES	\$ 72,931,257	\$ 70,709,235	\$ 0
State General Fund:			
State Operations	\$ 32,675,421	\$ 31,383,399	\$ 0
Aid to Local Units	0	0	0
Other Assistance	443,311	443,311	0
Subtotal – Operating	\$ 33,118,732	\$ 31,826,710	\$ 0
Capital Improvements	930,000	0	0
TOTAL REPORTABLE EXP.	\$ 34,048,732	\$ 31,826,710	\$ 0
Non-expense Items	0	0	0
TOTAL EXPENDITURES	\$ 34,048,732	\$ 31,826,710	\$ 0
FTE Positions	789.7	789.7	0.0
Non FTE Uncl. Perm. Pos.	17.6	17.6	0.0
TOTAL	807.3	807.3	0.0

Agency Req./Governor's Recommendation

State General Fund. The University requests \$33.2 million from the State General Fund in FY 2004, a decrease of \$5,077 (0.0 percent) from the current year estimate. The decrease is attributable to a FY 2002 reappropriation in the FY 2003 budget which are not reflected in the FY 2004 budget. **The Governor** recommends \$31.8 million from the State General Fund for the University in FY 2004, an amount unchanged from the current year recommendation.

Tuition. The University estimates that expenditures from the General Fees Fund will total \$13.4 million in FY 2004, an amount unchanged from the current year. The estimate assumes a 5.0 percent increase in tuition revenue income. The Board of Regents will set the FY 2004 tuition rates in the late spring of FY 2003. **The Governor** concurs with the University's estimate.

Other Funds. The University estimates that FY 2004 expenditures from other funding sources will total \$17.9 million, a net decrease of \$231,526 (1.3 percent) from the current year. General use expenditures decrease from the current year from the Equipment Reserve Fund (\$293,998). Restricted use fund expenditures are estimated to increase by \$62,475. **The Governor** concurs with the University's estimate.

House Budget Committee Recommendation

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

1. The Budget Committee notes that the University continues to strive for excellence even in these difficult times. The Budget Committee wishes to congratulate the University on the following signs of success:
 - PSU is in the process of raising in excess of \$1.0 million for a Veteran's Memorial. A key piece of the Memorial is the Vietnam Veterans Moving wall which will remain at PSU on permanent display;
 - PSU has record setting enrollment in its 100th year, with 6,751 students enrolled. The majority of these students are on campus and going to school full time .

2. The Budget Committee notes that while the Governor's FY 2004 recommendations provide the same level of funding from the State General Fund for the State University Operating Grant the recommendation still leaves Pittsburg State University with many challenges to face in the coming year. The Board estimates that it will require an additional \$2.0 million to maintain the current level of services. The attached chart graphically depicts the Board's estimate of the University's funding shortfalls.

House Appropriations Committee Recommendation

The House Appropriations Committee concurs with the recommendations of the Budget Committee.

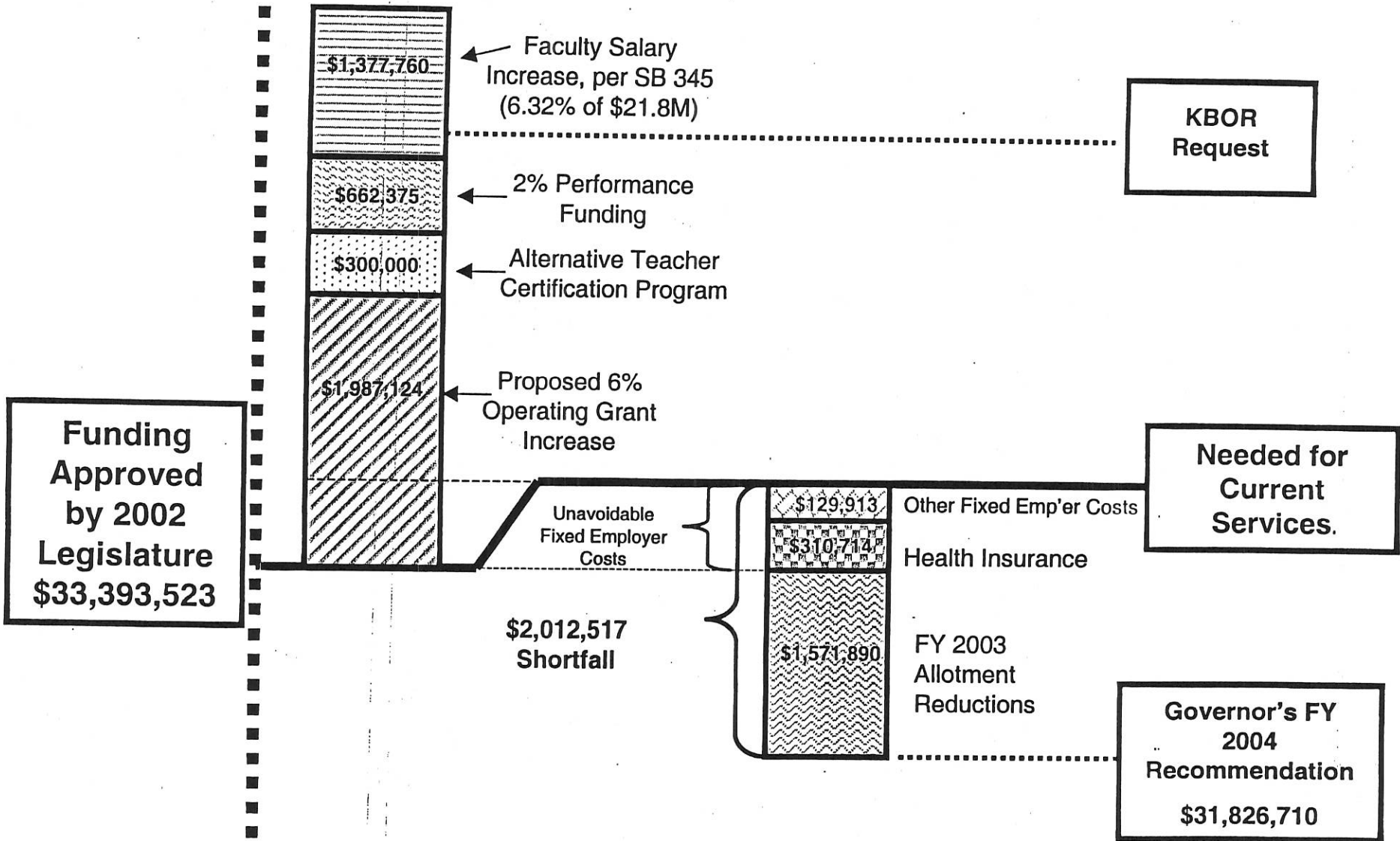
House Committee of the Whole Recommendation

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

FY2003

FY2004

Pittsburg State University's Budget Needs



Senate Subcommittee Report

Agency: Pittsburg State University

Bill No.

Bill Sec.

Analyst: West

Analysis Pg. No. 1077

Budget Page No. 333

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Senate Subcommittee Recommendation

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 - PSU has record setting enrollment in its 100th year, with 6,751 students enrolled. The majority of these students are on campus and going to school full time.

From: "Ross Boelling" <rboelling@sunflower.com>
To: <morris@senate.state.ks.us>
Date: Tue, Mar 18, 2003 12:27 PM
Subject: SB 252

Dear Senator Morris:

As former Chief of Fire Prevention for the Kansas State Fire Marshal from 1991 thru 1996, I would like to say that SB252 is definately a positive step for Kansas Citizens.

The State Fire Marshal is a small agency with a huge responsibility. As you look at the impact this agency has on Kansas versus the amount of resources expended, it is truly amazing. Unfortunately, historically, the small size of the agency also makes it probable that a change in the person of the State Fire Marshal can have a significant impact on life safety in Kansas. The usual replacment of the state fire marshal at a change of governor leads to a lack of continuity in the function of the agency... in other words agency momentum can be redirected into 'pleasing the new boss' or 'figuring out the new boss' instead of continuing the critical day-to-day regulatory and law enforcement functions. Also, it takes a new State Fire Marshal some time to learn the broad statutory and regulatory responsibilities they are sworn to uphold. This current practice of changing the State Fire Marshal every four to eight years leaves a zig-zag pattern of agency operations and priorities that makes it difficult for the Kansas Fire Service and the regulated community to anticipate 'what is next'.

As I read SB 252, one of the main benefits I see is the continuity of leadership and service in the agency regardless of governor changes. The ongoing guidance from the Board of Fire Services will also provide continuity. Kansas citizens would benefit from this arrangement. As the recent tragedies in Rhode Island and Chicago pointed out, Fire and Life Safety is, in may regards, as important as good law enforcement. SB252 looks like a win-win bill: the minor costs noted in the fiscal note would be recovered many times in the improved continuity of service the agency provides as well as the concensus building carried out by the Board of Fire Services.

Thank you for this legislation. I hope it passes this session. While I am no longer associated with the Agency or the Kansas Fire Service, I am interested in the continuation of the Agency Mission and the improvement of fire and life safety in Kansas.

Sincerely yours

Ross Boelling
600 Hidden Valley Drive
Tonganoxie, KS 66086
913-845-2476

Senate Ways and Means
3-19-03
Attachment 13

SENATE BILL No. 252

By Committee on Ways and Means

3-5

Proposed amendments for consideration
by Committee on Ways and Means

Senate Ways and Means
3-19-03
Attachment 14

9 AN ACT transferring the functions of the office of state fire marshal to
10 the board of fire services; amending K.S.A. 31-136, 40-252, 65-506,
11 75-1506, 75-1510, 75-1515 and 75-1516 and repealing the existing
12 sections.

13
14 *Be it enacted by the Legislature of the State of Kansas:*

15 New Section 1. The state fire marshal and the office of the state fire
16 marshal are hereby transferred to the board of fire services established
17 pursuant to section 8, and amendments thereto.

18 New Sec. 2. (a) Whenever the office of state fire marshal or words
19 of like effect are referred to or designated by a statute, contract or other
20 document, which pertain to the performance of the powers, duties and
21 functions transferred to the board pursuant to section 9, and amendments
22 thereto, such reference or designation shall be deemed to apply to the
23 board of fire services established by section 8, and amendments thereto.

24 (b) All orders and directives of the office of state fire marshal which
25 relate to fire services in existence immediately prior to the effective date
26 of this act shall continue to be effective and shall be deemed to be the
27 orders or directives of the board of fire services, until revised, amended,
28 repealed or nullified pursuant to law.

29 New Sec. 3. (a) The board of fire services shall succeed to all records
30 which were used for or pertain to the performance of the powers, duties
31 and functions transferred to the board pursuant to section 9, and amend-
32 ments thereto. Any conflict as to the proper disposition of records arising
33 under this section shall be resolved by the governor, whose decision shall
34 be final.

35 (b) On the effective date of this act, the balance of all funds or ac-
36 counts thereof appropriated or reappropriated for the office of state fire
37 marshal relating to the powers, duties and functions transferred by this
38 act are hereby transferred within the state treasury to the office of state
39 fire marshal within the board of fire services and shall be used only for
40 purpose for which the appropriations were originally made. Any con-
41 flict as to the proper disposition of such money shall be resolved by the
42 governor, whose decision shall be final.

43 New Sec. 4. (a) Officers and employees who were engaged imme-

1 against any officer or employee of such bureau in the official capacity of
2 such officer or employee or in relation to the discharge of official duties
3 of such officer or employee, shall abate by reason of the governmental
4 reorganization effected under the provisions of this act. The court may
5 allow any such suit, action or other proceeding to be maintained by or
6 against the successor of such state agency or any officer or employee
7 affected.

8 New Sec. 8. (a) There is hereby established the state board of fire
9 services. The office of the board of fire services shall be located in Topeka,
10 Kansas.

11 (b) The board of fire services shall be composed of 13 members to
12 be appointed as follows:

13 (1) Nine members shall be appointed by the governor. Of such
14 members:

- 15 (A) One shall be a volunteer fire chief;
- 16 (B) one shall be a full-time paid fire chief;
- 17 (C) one shall be a volunteer firefighter;
- 18 (D) one shall be a full-time paid firefighter;
- 19 (E) one shall be a ~~county commissioner~~;
- 20 (F) one shall be a ~~city administrator~~;
- 21 (G) one shall be a member representing the emergency medical serv-

and shall not be employed as a full-time paid
fire chief or fire fighter

licensed architect

full-time fire codes official

- 22 ices board who is actively involved in fire services;
- 23 (H) one shall be a ~~vocational educator or vocational trainer~~;
- 24 (I) one shall be a member representing emergency managers; and

a member of the state board of regents, or a
person designated by the chairperson of such
board

25 (2) four members shall be appointed as follows:

- 26 (A) One shall be a member of the Kansas senate to be appointed by
27 the president of the senate;
- 28 (B) one shall be a member of the Kansas senate to be appointed by
29 the minority leader of the senate;
- 30 (C) one shall be a member of the Kansas house of representatives to
31 be appointed by the speaker of the house of representatives; and
- 32 (D) one shall be a member of the Kansas house of representatives to
33 be appointed by the minority leader of the house of representatives.

34 (c) All members of the board shall be residents of the state of Kansas.
35 Appointments to the board shall be made with due consideration that
36 representation of the various geographical areas of the state is ensured.
37 The governor may remove any member of the board upon recommen-
38 dation of the board. Any person appointed to a position on the board shall
39 forfeit such position upon vacating the office or position which qualified
40 a person to be appointed as a member of the board.

The governor may seek the assistance of state
fire service organizations in recommending
qualified persons to fill board positions.

41 (d) Of the members first appointed to the board, four shall be ap-
42 pointed for terms of one year, three for terms of two years, three for
43 terms of three years and three for terms of four years. Thereafter, mem-

1 bers shall be appointed for terms of four years and until their successors
2 are appointed and qualified. In the case of a vacancy in the membership
3 of the board, the vacancy shall be filled for the unexpired term.

4 (e) The board shall meet at least six times annually and at least once
5 each quarter and at the call of the chairperson or at the request of the
6 chairperson of the board of fire service or of any six members of the
7 board.

8 (f) At the first meeting of the board after January 1, each year, the
9 members shall elect a chairperson and a vice-chairperson who shall serve
10 for a term of one year. The vice-chairperson shall exercise all of the pow-
11 ers of the chairperson in the absence of the chairperson. If a vacancy
12 occurs in the office of the chairperson or vice-chairperson, the board shall
13 fill such vacancy by election of one of its members to serve the unexpired
14 term of such office.

The first meeting of the board shall be on or after January 1, 2004.

15 (g) Members of the board attending meetings of the board or at-
16 tending a subcommittee meeting thereof authorized by the board shall
17 be paid compensation, subsistence allowances, mileage and other ex-
18 penses as provided in K.S.A. 75-3223, and amendments thereto.

19 (h) Except as otherwise provided by law, all vouchers for expendi-
20 tures and all payrolls of the board of fire services shall be approved by
21 the state fire marshal, or a person designated by the board, upon author-
22 ization by the board.

23 New Sec. 9. The board of fire services shall:

24 (a) Adopt any rules and regulations necessary to carry out the pro-
25 visions of this act;

26 (b) review and make recommendations concerning the allocation and
27 expenditure of moneys appropriated for fire fighting services;

the programs and

28 (c) prepare and submit a budget estimate to the division of the budget
29 in accordance with K.S.A. 75-3717 and amendments thereto;

30 (d) enter into contracts as may be necessary to carry out the duties
31 and functions of the board under this act;

administered by the state fire marshal's office

32 (e) ~~review and approve all requests for state and federal funding in-
33 volving fire fighting services projects in the state or delegate such duties
34 to the state fire marshal; and~~

appoint committees as necessary to assist in the coordination and oversight of the divisions and special projects offered by the state fire marshal's office

35 (f) appoint a state fire marshal. Any person appointed state fire mar-
36 shal on and after July 1, 2003, shall serve at the pleasure of the board of
37 fire services.

38 Sec. 10. K.S.A. 31-136 is hereby amended to read as follows: 31-136.
39 The state fire marshal shall have the power to grant exemptions from the
40 application of specific requirements of regulations promulgated pursuant
41 to this act. Any such exemption shall be granted only upon written request
42 which clearly demonstrates that the enforcement of a specific require-
43 ment of a rule or regulation will cause unnecessary hardship to the pe-

; and
(g) approve all licensing and certification procedures administered by the office of the state fire marshal.