

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 9:00 a.m. on March 12, 2004 in Room 514-S of the Capitol.

All members were present.

Committee staff present:

Alan Conroy, Legislative Research
J. G. Scott, Legislative Research
Amy VanHouse, Legislative Research
Michele Alishahi, Legislative Research
Debra Hollon, Legislative Research
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Administrative Analyst
Shirley Jepson, Committee Secretary

Conferees appearing before the committee:

Others attending:

See Attached List.

- Attachment 1 Budget Committee Reports on Postsecondary Education Systemwide, Kansas Board of Regents, University of Kansas, University of Kansas Medical Center, Kansas State University, Kansas State University Veterinary Medical Center, KSU Extension Systems and Agriculture Research Programs, Wichita State University, Emporia State University, Fort Hays State University, Pittsburg State University
- Attachment 2 Brief on **HB 2734**
- Attachment 3 Statistics on Resident Tuition and Fees, 1994 - 2003
- Attachment 4 Copy of Todd Johnson's testimony in support of Kansas State University

Representative Shultz, Chair of the House Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Postsecondary Education Systemwide for FY 2004 and moved for the adoption of the Budget Committee recommendation for FY 2004 (Attachment 1). The motion was seconded by Representative Feuerborn. Motion carried.

Representative Shultz, Chair of the House Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Postsecondary Education Systemwide for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 1). The motion was seconded by Representative Feuerborn. Motion carried.

The Budget Committee presented a brief on **HB 2734** (Attachment 2).

Representative Shultz, Chair of the House Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Kansas Board of Regents for FY 2004 and moved for the adoption of the Budget Committee recommendation for FY 2004 (Attachment 1). The motion was seconded by Representative McLeland. Motion carried.

The Committee noted that the Southwest Kansas Outreach Program, funded by the 2003 Legislature, is successful in providing a needed service in Southwest Kansas.

Representative Shultz, Chair of the House Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Board of Regents for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 1). The motion was seconded by Representative Feuerborn.

CONTINUATION SHEET

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE at 9:00 a.m. on March 12, 2004 in Room 514-S of the Capitol.

Representative Landwehr moved to amend the Budget Committee report to include a recommendation that the Board of Regents study teacher certification to set up standardized requirements throughout the State and present a report to the Budget Committee. The motion was seconded by Representative Huebert. Motion carried.

Representative Pottorff moved to amend Item No. 3 of the Budget Committee report with an appropriation of \$450,000 for the technical colleges. The motion was seconded by Representative Shriver. Motion carried.

Representative Light moved to amend the Budget Committee report requesting the Board of Regents to report to the Budget Committee by Omnibus on the progress and plans for the future of the Southwest Kansas Outreach Program. The motion was seconded by Chairman Neufeld. Motion carried.

The Committee noted that legislation, proposed in Item No. 2 to delay the reduction in out-district tuition, is a repeat of legislation that has been enacted for the past several years and delays the date of termination on a year-by-year basis.

Representative Shultz renewed the motion to adopt the Budget Committee report on the Board of Regents for FY 2005 as amended. The motion was seconded by Representative Newton. Motion carried.

Representative Newton, member of the House Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the University of Kansas for FY 2004 and moved for the adoption of the Budget Committee recommendation for FY 2004 (Attachment 1). The motion was seconded by Representative Huebert. Motion carried.

Representative Newton, member of the House Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the University of Kansas for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 1). The motion was seconded by Representative Feuerborn. Motion carried.

Representative Newton, member of the House Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the KU Medical Center for FY 2004 and moved for the adoption of the Budget Committee recommendation for FY 2004 (Attachment 1). The motion was seconded by Representative Feuerborn. Motion carried.

Representative Newton, member of the House Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the KU Medical Center for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 1). The motion was seconded by Representative Feuerborn. Motion carried.

The Committee expressed concern with the shortage of dentists in the State and proposed that this issue be addressed at a later date.

Representative Huebert, member of the House Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Kansas State University for FY 2004 and moved for the adoption of the Budget Committee recommendation for FY 2004 (Attachment 1). The motion was seconded by Representative Feuerborn. Motion carried.

Representative Huebert, member of the House Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Kansas State University for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 1). The motion was seconded by Representative Shultz. Motion carried.

Responding to questions from the Committee regarding the percent of increase in tuition and fee charges at the State universities, a chart presented by Legislative Research Department on the Undergraduate Resident Tuition and Fees for the years 1994 through 2003, was distributed to the Committee (Attachment 3).

CONTINUATION SHEET

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE at 9:00 a.m. on March 12, 2004 in Room 514-S of the Capitol.

Representative Huebert, member of the House Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the KSU Veterinary Medical Center for FY 2004 and moved for the adoption of the Budget Committee recommendation for FY 2004 (Attachment 1). The motion was seconded by Representative Shultz. Motion carried.

Representative Huebert, member of the House Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the KSU Veterinary Medical Center for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 1). The motion was seconded by Representative Feuerborn. Motion carried.

Representative Huebert, member of the House Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the KSU Extension Systems and Agriculture Research Programs for FY 2004 and moved for the adoption of the Budget Committee recommendation for FY 2004 (Attachment 1). The motion was seconded by Representative Shultz. Motion carried.

Representative Huebert, member of the House Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the KSU Extension Systems and Agriculture Research Programs for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 1). The motion was seconded by Representative Shultz.

Because of funding problems for KSU Extension Systems and Agriculture Research Programs with grant reductions, the sweeping of fee funds and the inability to generate additional funds through tuition enhancements, the Committee expressed concern and a copy of testimony given by Todd Johnson, Kansas Agricultural Alliance before the House Agriculture & Natural Resource Budget Committee, was distributed to the Committee (Attachment 4).

Representative Schwartz moved to amend the Budget Committee report by adding \$500,000 to fund research programs at Kansas State University for FY 2005. The motion was seconded by Representative Osborne. Motion carried.

The Committee noted its concern that personnel from the various universities and research programs have obviously been discouraged from testifying before the Budget Committee regarding their individual university funding problems.

Representative Huebert renewed the motion to adopt the Budget Committee report on the KSU Extension Systems and Agriculture Research Programs for FY 2005 as amended. The motion was seconded by Representative Shultz. Motion carried.

Representative McLeland, member of the House Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Wichita State University for FY 2004 and moved for the adoption of the Budget Committee recommendation for FY 2004 (Attachment 1). The motion was seconded by Representative Feuerborn. Motion carried.

Representative McLeland, member of the House Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Wichita State University for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 1). The motion was seconded by Representative Feuerborn.

Representative Klein moved to amend the FY 2005 Budget Committee report by adding \$500,000 to Item No. 2. The motion was seconded by Representative Shriver. Motion carried.

Representative McLeland renewed the motion to adopt the Budget Committee report on Wichita State University for FY 2005 as amended. The motion was seconded by Representative Shultz. Motion carried.

Representative Feuerborn, member of the House Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Emporia State University for FY 2004

CONTINUATION SHEET

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE at 9:00 a.m. on March 12, 2004 in Room 514-S of the Capitol.

and moved for the adoption of the Budget Committee recommendation for FY 2004 (Attachment 1). The motion was seconded by Representative Shultz. Motion carried.

Representative Feuerborn, member of the House Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Emporia State University for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 1). The motion was seconded by Representative McLeland. Motion carried.

Representative Feuerborn, member of the House Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Fort Hays State University for FY 2004 and moved for the adoption of the Budget Committee recommendation for FY 2004 (Attachment 1). The motion was seconded by Representative McLeland. Motion carried.

Representative Feuerborn, member of the House Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Fort Hays State University for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 1). The motion was seconded by Representative McLeland.

Representative Bethell moved to amend the Budget Committee report to commend Fort Hays State University for their innovative approach with the lowest tuition increase resulting in a substantial increase in students. The motion was seconded by Representative Pottorff. Motion carried.

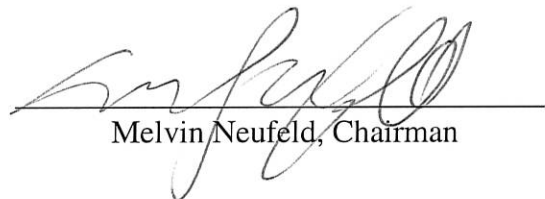
Representative Feuerborn renewed the motion to adopt the Budget Committee report on Fort Hays State University for FY 2005 as amended. The motion was seconded by Representative McLeland. Motion carried.

Representative Feuerborn, member of the House Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Pittsburg State University for FY 2004 and moved for the adoption of the Budget Committee recommendation for FY 2004 (Attachment 1). The motion was seconded by Representative Light. Motion carried.

Representative Feuerborn, member of the House Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Pittsburg State University for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 1). The motion was seconded by Representative Shultz. Motion carried.

Representative Feuerborn moved to introduce legislation regarding schools and school districts relating to school finance. The motion was seconded by Representative Shriver. Motion carried.

The meeting was adjourned at 10:25 a.m. The next meeting will be held at 9:00 a.m. on March 15, 2004.


Melvin Neufeld, Chairman

HOUSE APPROPRIATIONS COMMITTEE

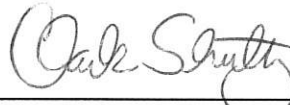
March 12, 2004

9:00 A.M.

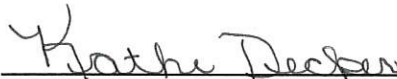
NAME	REPRESENTING
John Doughtery	ESU
Fodd Johnson	KLA
Leslie Kaufman	Ks Co-op Council
Michel White	KATSC
Jimmie Rose	KACCT
William Pelsel	Budget
Carol Deaton	Budget
Val DeFem	SQE
David Monical	Washburn
Mark Burris	Board of Regents
Hebra Yrideaux	FH/SL
Sheila Fahn	KACCT
Mike Huffles	Ks. Gov't Consulting
Don Josseland	KLA
John Frederick	Boeing
Sue Peterson	K-SMAK
Dodie Weibhear-Johnson	Patrick Hurley & Co.

FY 2004 AND FY 2005 BUDGET COMMITTEE REPORT

POSTSECONDARY EDUCATION SYSTEMWIDE
KANSAS BOARD OF REGENTS
UNIVERSITY OF KANSAS
UNIVERSITY OF KANSAS MEDICAL CENTER
KANSAS STATE UNIVERSITY
KANSAS STATE UNIVERSITY VETERINARY MEDICAL CENTER
KSU EXTENSION SYSTEMS AND AGRICULTURE RESEARCH PROGRAMS
WICHITA STATE UNIVERSITY
EMPORIA STATE UNIVERSITY
FORT HAYS STATE UNIVERSITY
PITTSBURG STATE UNIVERSITY



Representative Clark Shultz, Chair



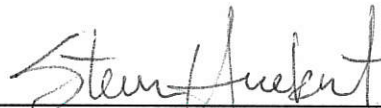
Representative Kathe Decker



Representative Bill Feuerborn



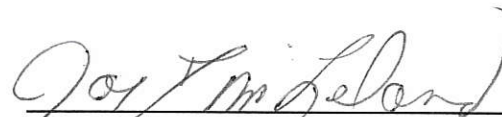
Representative Bob Grant



Representative Steve Huebert



Representative Carl Krehbiel



Representative Joe McLeland



Representative Dean Newton



Representative Bill R

HOUSE APPROPRIATIONS

DATE 3-12-2004

ATTACHMENT 1

Senate Subcommittee Report

Agency: Postsecondary Education
Systemwide

Bill No.

Bill Sec.

Analyst: Hollon

Analysis Pg. No. Vol. I, 196

Budget Page No. NA

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 674,588,371	\$ 674,588,371	\$ 0
Other Funds	1,032,674,007	1,032,674,007	0
TOTAL	<u>\$ 1,707,262,378</u>	<u>\$ 1,707,262,378</u>	<u>\$ 0</u>
FTE Positions			
	14,911.2	14,911.2	0.0
Non FTE Uncl. Perm. Pos.			
	991.9	991.9	0.0
TOTAL	<u>15,903.1</u>	<u>15,903.1</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **current year estimate** for operating expenditures for the postsecondary education system is \$1.7 billion which is an increase of \$100.9 million (6.3 percent) from the approved budget. The FY 2004 State General Fund expenditures are estimated to be \$674.6 million which is an increase of \$862,147 (0.1 percent) from the approved budget.

The **Governor** concurs with the revised estimate.

Senate Subcommittee Recommendation

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

1. The Subcommittee expresses great concern over the low balances of the Educational Building Fund (EBF) in FY 2004 and FY 2005. Receipts to the Educational Building Fund and the State Institutions Building Fund (SIBF) come from a combined 1.5 mil property tax levy. The mil levy is divided between the two funds - 1.0 mil to the EBF and 0.5 mil to the SIBF.

One result of the property tax accelerator was that the building funds received three distributions in FY 2004 (from the collections in June, December, and May). To prevent a "windfall" to the building funds, the Legislature reduced the mil levy to the funds for that year. The overall mil levy was to remain at 1.5 mils, but the distribution was changed to 0.6 mil to the EBF, 0.3 mil to the SIBF, and 0.6 mil to the State General Fund.

An unanticipated consequence of the property tax accelerator and the adjustments to the building fund mil levies was that receipts to the building funds have been much lower than anticipated. At the end of the 2003 Legislative Session, combined receipts to the two funds for FY 2004 were estimated to total \$41.2 million. Revised estimates total \$34.7 million. The effects are more noticeable in the Educational Building Fund due to the larger reduction in the mil levy as well as the fact that the EBF did not have sufficient balances to absorb the loss. The balance of the EBF at the end of FY 2004 is estimated to be a negative \$3,403,069.

The 2003 Legislature had approved FY 2005 expenditures of \$13,000,000 from the Educational Building Fund for rehabilitation and repair projects at the state universities. As a result of the low balance of the fund, the Governor reduced expenditures by \$6,000,000 in FY 2005, but did not address the shortfall in FY 2004. This funding is vital to the universities due to the amount of deferred maintenance systemwide which totals \$672.3 million.

The Subcommittee requests a Governor's Budget Amendment to address the negative balance in the Educational Building Fund at the end of FY 2004. It is the intent of this request that the budget amendment will not reduce funding for projects in the current year or the budget year.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Postsecondary Education Systemwide

Bill No. --

Bill Sec. --

Analyst: Hollon

Analysis Pg. No. Vol. I, 196 **Budget Page No.** NA

<u>Expenditure Summary</u>	<u>Agency Estimate FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 674,588,371	\$ 674,588,371	\$ 0
Other Funds	1,032,674,007	1,032,674,007	0
TOTAL	<u>\$ 11,707,262,378</u>	<u>\$ 11,707,262,378</u>	<u>\$ 0</u>
FTE Positions	14,911.2	14,911.2	0.0
Non FTE Uncl. Perm. Pos.	991.9	991.9	0.0
TOTAL	<u>15,903.1</u>	<u>15,903.1</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **current year estimate** for operating expenditures for the postsecondary education system is \$1.7 billion which is an increase of \$100.9 million (6.3 percent) from the approved budget. The FY 2004 State General Fund expenditures are estimated to be \$674.6 million which is an increase of \$862,147 (0.1 percent) from the approved budget.

The **Governor** concurs with the revised estimate.

House Budget Committee Recommendation

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

Senate Subcommittee Report

Agency: Postsecondary Education Systemwide

Bill No.

Bill Sec.

Analyst: Hollon

Analysis Pg. No. Vol. I, 196

Budget Page No. NA

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments*
Operating Expenditures:			
State General Fund	\$ 779,289,339	\$ 703,474,239	\$ (15,759,650)
Other Funds	1,020,750,616	1,018,434,457	(6,545,274)
TOTAL	\$ 1,800,039,955	\$ 1,721,908,696	\$ (22,304,924)
FTE Positions			
FTE Positions	14,911.4	14,911.4	0.0
Non FTE Uncl. Perm. Pos.	991.7	991.7	0.0
TOTAL	15,903.1	15,903.1	0.0

* Includes a reduction of \$25,254,924, including \$12,820,175 from the State General Fund, for deletion of the Governor's recommended pay plan adjustments.

Agency Request/Governor's Recommendation

The **FY 2005 operating request** for the postsecondary education system is \$1.8 billion which is an increase of \$92.8 million (5.4 percent) from the current year estimate. State General Fund expenditures for FY 2005 are requested at \$779.3 million which is an increase of \$104.7 million (15.5 percent) from the current year estimate.

The **Governor** recommends an FY 2005 operating budget of \$1.7 billion which is an increase of \$14.6 million (0.9 percent) from the current year recommendation. The Governor recommends State General Fund expenditures of \$703.5 million which is an increase of \$28.9 million (4.3 percent) from the current year.

Under the Governor's FY 2005 **statutory budget** recommendation, this agency would be exempt from any additional reduction.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment** - Delete \$25,254,924, including \$12,820,175 from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.

2. The Subcommittee expresses concern regarding the reductions and funding gaps in the Governor's recommendation for the postsecondary education system and notes that, despite claims to the contrary, the state universities did not receive substantial increases in FY 2005. The items include:
 - Budget Efficiency Savings Teams (BEST) Reductions - The Governor recommended a reduction of \$12.8 million including \$2.8 million from the State General Fund and \$3.8 million from the General Fees Funds (tuition).
 - Moratorium on the Purchase of New Vehicles - The Governor recommended a reduction of \$1.3 million including \$1.1 million from the General Fees Funds (tuition).
 - Fixed Employee Costs - The total increase in fixed employee costs such as health care costs and increases in fringe benefits was \$15.0 million, but the Governor recommended an operating grant increase of only \$5.0 million.
 - Pay Plan - The Governor's recommended 3.0 percent pay plan was calculated based upon only those university employees whose salaries are funded through the State General Fund, not upon the salaries of all employees. As a result, the pay plan is underfunded by \$6.0 million.

3. The Subcommittee recommends that an interim study be conducted on the higher education funding mechanism. Operating, or block, grants were instituted in 2001 to allow the institutions greater flexibility in managing their budgets and to base future funding on performance rather than a funding formula. However, this change was made just prior to the economic downturn and, as a result, the block grant format has never been truly implemented. The Governor's recommendation for FY 2005 is the first increase in the block grant since its inception. There have been no annual adjustments for increasing health costs or other employer costs which other state agencies have received. In contrast, the universities have been subjected to statewide reductions in recent years as any other state agency would. This trend has had a disproportionate effect on KU Medical Center, KSU Veterinary Medical Center, and KSU Extension Systems and Agriculture Research Program due to their limited ability to generate tuition or other revenues to replace lost State General Fund dollars.

In addition, the interim study should include a report by the Board of Regents on discussions between the universities and the Department of Administration concerning areas of potential administrative relief and the removal of unnecessary barriers, *e.g.*, purchasing.

The state's overall policy on tuition and the funding mix at the universities should also be included in the study in light of recent budget cuts which required tuition increases. The Subcommittee commends the universities for setting aside 20 percent of the most recent increase for student financial assistance. The Subcommittee hopes that, while increases will most likely again be necessary, the universities will exercise prudence in the amount of the tuition increase.

1-6

4. The Subcommittee notes that the classified employees at the University of Kansas have voted to pull out of the state system and create an alternative civil service system. The new system would have safeguards for the employees (such as participation in the Kansas Public Employee Retirement System), but would be based upon merit rather than a pay matrix. The University will present the plan in the near future to the Board of Regents for approval. The Subcommittee requests that the Board of Regents evaluate the merits of such a system and report to the Senate Ways and Means Committee and the House Appropriations Committee at the beginning of the 2005 Legislative Session.
5. The Subcommittee acknowledges the increased funding in the Governor's recommendation for the Higher Education Coordination Act. The Governor increased the funding associated with the Act by \$8.9 million including: Community College Operating Grants - \$5.1 million; Washburn University Operating Grants - \$455,060; and Faculty Salary Enhancements at the State Universities - \$3.3 million.

The Subcommittee notes that some of the goals of SB 345 are being achieved in spite of the lack of full funding. One purpose of the Act was to promote seamlessness between the institutions of higher education in Kansas. Emporia State University has developed a dual advising program with several community colleges. An ESU advisor is assigned to assist those students who plan to attend the university after graduation from the community college.

6. The Subcommittee shares the concerns of the universities that, in order to meet the reductions of recent years, they must have greater flexibility in managing their budgets. The Subcommittee is aware that various options are under active consideration by the universities and have been presented to the Board of Regents. The Subcommittee requests that the Board of Regents present its findings at Omnibus, if possible, or during the 2004 interim if not.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Postsecondary Education Systemwide

Bill No. --

Bill Sec. --

Analyst: Hollon

Analysis Pg. No. Vol. I, 196

Budget Page No. NA

<u>Expenditure Summary</u>	<u>Agency Request FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 779,289,339	\$ 703,474,239	\$ 1,450,000
Other Funds	1,020,750,616	1,018,434,457	0
TOTAL	<u>\$ 1,800,039,955</u>	<u>\$ 1,721,908,696</u>	<u>\$ 1,450,000</u>
FTE Positions	14,911.4	14,911.4	0.0
Non FTE Uncl. Perm. Pos.	991.7	991.7	0.0
TOTAL	<u>15,903.1</u>	<u>15,903.1</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The **FY 2005 operating request** for the postsecondary education system is \$1.8 billion which is an increase of \$92.8 million (5.4 percent) from the current year estimate. State General Fund expenditures for FY 2005 are requested at \$779.3 million which is an increase of \$104.7 million (15.5 percent) from the current year estimate.

The **Governor** recommends an FY 2005 operating budget of \$1.7 billion which is an increase of \$14.6 million (0.9 percent) from the current year recommendation. The Governor recommends State General Fund expenditures of \$703.5 million which is an increase of \$28.9 million (4.3 percent) from the current year.

Under the Governor's FY 2005 **statutory budget** recommendation, this agency would be exempt from any additional reduction.

House Budget Committee Recommendation

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

1. The Budget Committee conducted a hearing on House Bill 2734 which would amend statutes dealing with the tuition waiver for children in the foster care system. The Budget Committee recommends the bill favorable for passage.
2. The Budget Committee notes that operating, or block, grants were implemented in 2001 to allow the institutions greater flexibility in managing their budgets and

1-8

to base future funding on performance rather than a funding formula. However, this change was made just prior to the economic downturn and, as a result, the block grant format has never been truly implemented. The universities have been subjected to statewide reductions in recent years as other agencies have, but have not received annual adjustments for increasing health or other employer costs which other state agencies have received. The Budget Committee believes that the universities should be either funded through the block grant system or funded as typical state agencies, but not in the current combination of the worst aspects of both systems.

3. The Budget Committee recommends an interim study of utilizing the KAN-ED network for shared instruction between universities including the potential advantages and disadvantages to the students, universities, and the state as a whole.
4. The Budget Committee recommends an interim study of the appropriateness of a state operating grant to Washburn University and whether the state might be better served by bringing the university into the Regents system as a state university.

Senate Subcommittee Report

Agency: Board of Regents

Bill No.

Bill Sec.

Analyst: Hollon

Analysis Pg. No. Vol. I, 219 **Budget Page No.** 337

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 128,825,713	\$ 128,825,713	\$ 0
Other Funds	43,467,153	43,467,153	0
TOTAL	\$ 172,292,866	\$ 172,292,866	\$ 0
FTE Positions	55.0	55.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	55.0	55.0	0.0

Agency Estimate/Governor's Recommendation

The **agency's** current year estimate of operating expenditures is \$172.3 million which is a net reduction of \$3.6 million (2.0 percent) from the approved budget. Of this amount, \$128.8 million is from the State General Fund which is a reduction of \$5.2 million (3.9 percent) from the approved budget and is due to transfers to the individual institutions.

The **Governor** concurs with the agency's estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Board of Regents

Bill No. --

Bill Sec. --

Analyst: Hollon

Analysis Pg. No. Vol. I, 219

Budget Page No. 337

<u>Expenditure Summary</u>	<u>Agency Estimate FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 128,825,713	\$ 128,825,713	\$ 0
Other Funds	43,467,153	43,467,153	0
TOTAL	<u>\$ 172,292,866</u>	<u>\$ 172,292,866</u>	<u>\$ 0</u>
FTE Positions	55.0	55.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>55.0</u>	<u>55.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **agency's** current year estimate of operating expenditures is \$172.3 million which is a net reduction of \$3.6 million (2.0 percent) from the approved budget. Of this amount, \$128.8 million is from the State General Fund which is a reduction of \$5.2 million (3.9 percent) from the approved budget and is due to transfers to the individual institutions.

The **Governor** concurs with the agency's estimate.

House Budget Committee Recommendation

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

1-11

Senate Subcommittee Report

Agency: Board of Regents

Bill No.

Bill Sec.

Analyst: Hollon

Analysis Pg. No. Vol. I, 219

Budget Page No. 337

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments*
Operating Expenditures:			
State General Fund	\$ 233,596,402	\$ 147,552,803	\$ (3,033,886)
Other Funds	40,504,992	37,164,970	3,287,845
TOTAL	\$ 274,101,394	\$ 184,717,773	\$ 253,959
FTE Positions	55.0	55.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	55.0	55.0	0.0

* Includes a reduction of \$196,041, including \$94,411 from the State General Fund, for deletion of the Governor's recommended pay plan adjustments.

Agency Request/Governor's Recommendation

The **agency** requests operating expenditures of \$274.1 million which is a net increase of \$101.8 million (59.1 percent) from the current year estimate. Of this amount, \$233.6 million is from the State General Fund and is an increase of \$104.8 million (81.3 percent) from the current year estimate.

The **Governor** recommends an FY 2005 operating budget of \$184.7 million which is an increase of \$12.4 million (7.2 percent) from the current year recommendation. The recommendation includes \$147.6 million from the State General Fund which is an increase of \$18.7 million (14.5 percent) from the current year recommendation.

Under the Governor's FY 2005 **statutory budget** recommendation, this agency would be exempt from any additional reduction.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment** - Delete \$196,041, including \$94,411 from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.

2. The Subcommittee commends Washburn University on the following achievements:
 - WU's Fall 2003 enrollment set its third consecutive fall enrollment record.
 - The 2003 U.S. News and World Report college rankings placed Washburn University third in the Midwest and tied for 12th in the nation among public masters level universities. This is WU's fourth consecutive top ten ranking.
3. The Subcommittee commends the community colleges on the following achievements:
 - The community colleges are experiencing record enrollment for the fall of 2003.
 - Business and industry specialized training is rapidly expanding at the community colleges to meet the needs of employers and employees, including new training for existing and anticipated needs and re-training for those already in the work place.
 - Community colleges provide the critical services of English to speakers of other languages (ESOL), adult basic education, and general equivalency diploma (GED) services to meet the changing demographics of Kansas and the need for many more skilled employees.
4. Add \$450,000 from the State General Fund for Alternative Teacher Certification programs at the state universities. This program creates opportunities for persons with baccalaureate degrees in other fields to teach and at the same time be enrolled in a program that leads to a teaching certificate. Such programs are expensive to offer because they are customized for each individual and involve extensive mentoring for participants.
5. The Subcommittee recognizes that the technical colleges will lose local school district funding resources when they convert to independent governing boards as required by 2003 Senate Bill 7. The Legislative Educational Budget Committee studied the issue during the 2003 interim and recommended that the technical colleges be granted taxing authority for a property tax levy for operating expenditures and adult basic education in an amount equal to what is being lost. The Subcommittee endorses this idea as a method of generating revenue for the technical colleges in the state.
6. The Subcommittee notes that, under the Higher Education Coordination Act, county out-district tuition for the community colleges and Washburn University was to be phased out over four years to coincide with state operating grant increases over the same amount of time. However, the Coordination Act has never been fully funded and, as a result, the Subcommittee recommends that the out-district tuition remain in place to provide needed revenue to the institutions.
7. The Subcommittee also notes that another intention of the Higher Education Coordination Act was to reduce the property tax mil levy in those counties which have a community college. The property tax mil levy for community colleges is

actually higher in FY 2004 than it was prior to the passage of SB 345. That fact, when coupled with the loss of funding from the Local Ad Valorem Tax Reduction Fund (LAVTRF) and County-City Revenue Sharing Fund (CCRSF) transfers, places an increasing burden on local taxpayers to support the community college system.

8. The University Research and Development Act passed in 2002 specified that the debt service payments for the bonds were to be made through a revenue transfer from the State General Fund to a special revenue fund established specifically for that purpose. The Governor's recommendation treats the payment as State General Fund expenditure. The Subcommittee recommends that the payment be made as a revenue transfer as was intended in the original legislation. The amount of the debt service payment in FY 2005 is \$3,389,475.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Board of Regents

Bill No. 2900

Bill Sec. 49

Analyst: Hollon

Analysis Pg. No. Vol. I, 219 **Budget Page No.** 337

<u>Expenditure Summary</u>	<u>Agency Request FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 233,596,402	\$ 147,552,803	\$ 450,000
Other Funds	40,504,992	37,164,970	0
TOTAL	\$ 274,101,394	\$ 184,717,773	\$ 450,000
FTE Positions	55.0	55.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	55.0	55.0	0.0

Agency Request/Governor's Recommendation

The **agency** requests operating expenditures of \$274.1 million which is a net increase of \$101.8 million (59.1 percent) from the current year estimate. Of this amount, \$233.6 million is from the State General Fund and is an increase of \$104.8 million (81.3 percent) from the current year estimate.

The **Governor** recommends an FY 2005 operating budget of \$184.7 million which is an increase of \$12.4 million (7.2 percent) from the current year recommendation. The recommendation includes \$147.6 million from the State General Fund which is an increase of \$18.7 million (14.5 percent) from the current year recommendation.

Under the Governor's FY 2005 **statutory budget** recommendation, this agency would be exempt from any additional reduction.

House Budget Committee Recommendation

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

1. Add \$450,000 from the State General Fund for Alternative Teacher Certification programs at the state universities. This program creates opportunities for persons with baccalaureate degrees in other fields to teach and at the same time be enrolled in a program that leads to a teaching certificate. Such programs are expensive to offer because they must be customized for each individual and involve extensive mentoring for participants.

1-15

The Budget Committee acknowledges that funding of \$900,000 was requested and that \$450,000 was approved for FY 2004 during the 2003 Legislative Session. The additional funding currently being recommended is intended to fully fund the program. The Budget Committee also notes that lottery receipts to the State Gaming Revenue Fund, and as a result the transfer to the State General Fund, are anticipated to exceed the estimates used to formulate the November consensus revenue estimates by approximately \$4,000,000.

2. The Budget Committee notes that, under the Higher Education Coordination Act, county out-district tuition for the community colleges and Washburn University was to be phased out over four years to coincide with state operating grant increases. However, the Coordination Act has not been fully funded in recent years and, as a result, the Budget Committee recommends that legislation be introduced to delay the reduction in out-district tuition.
3. The Budget Committee recognizes that the technical colleges will lose local school district funding resources when they convert to independent governing boards as required by 2003 Senate Bill 7. Two bills are currently in House Taxation Committee which would authorize the technical colleges to levy property taxes to replace the lost revenue. A hearing has been held on one of the bills, but no action has been taken. The Budget Committee recommends a review at Omnibus of the appropriation of additional state funding should resources be available.
4. The Budget Committee commends Washburn University on its ranking in the 2003 U.S. News and World Report. WU was ranked third in the Midwest and tied for 12th nationally among public masters level universities. This is WU's fourth consecutive top ten ranking.
5. The Budget Committee commends the community colleges for providing the critical services of English to speakers of other languages (ESOL), adult basic education, and general equivalency diploma (GED) services to meet the changing demographics of Kansas and the need for many more skilled employees.

Senate Subcommittee Report

Agency: University of Kansas

Bill No.

Bill Sec.

Analyst: Hollon

Analysis Pg. No. Vol. I, 243 **Budget Page No.** 433

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 132,033,121	\$ 132,033,121	\$ 0
Other Funds	326,191,647	326,191,647	0
TOTAL	\$ 458,224,768	\$ 458,224,768	\$ 0
FTE Positions			
FTE Positions	4,181.0	4,181.0	0.0
Non FTE Uncl. Perm. Pos.	391.5	391.5	0.0
TOTAL	4,572.5	4,572.5	0.0

Agency Estimate/Governor's Recommendation

The **agency's** current year estimate of operating expenditures is \$458.2 million which is an increase of \$29.7 million (6.9 percent) from the approved budget. The agency estimates FY 2004 State General Fund expenditures of \$132.0 million which is an increase of \$1.3 million (1.0 percent) from the approved budget.

The **Governor** concurs with the agency's FY 2004 revised estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: University of Kansas

Bill No. HB 2899

Bill Sec. 41

Analyst: Hollon

Analysis Pg. No. Vol. I, 243

Budget Page No. 433

<u>Expenditure Summary</u>	<u>Agency Estimate FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 132,033,121	\$ 132,033,121	\$ 0
Other Funds	326,191,647	326,191,647	0
TOTAL	\$ 458,224,768	\$ 458,224,768	\$ 0
FTE Positions	4,181.0	4,181.0	0.0
Non FTE Uncl. Perm. Pos.	391.5	391.5	0.0
TOTAL	4,572.5	4,572.5	0.0

Agency Estimate/Governor's Recommendation

The **agency's** current year estimate of operating expenditures is \$458.2 million which is an increase of \$29.7 million (6.9 percent) from the approved budget. The agency estimates FY 2004 State General Fund expenditures of \$132.0 million which is an increase of \$1.3 million (1.0 percent) from the approved budget.

The **Governor** concurs with the agency's FY 2004 revised estimate.

House Budget Committee Recommendation

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

Senate Subcommittee Report

Agency: University of Kansas

Bill No.

Bill Sec.

Analyst: Hollon

Analysis Pg. No. Vol. I, 243 **Budget Page No.** 433

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments*
Operating Expenditures:			
State General Fund	\$ 132,417,092	\$ 134,647,272	\$ (2,845,351)
Other Funds	321,088,482	322,158,688	(3,932,125)
TOTAL	<u>\$ 453,505,574</u>	<u>\$ 456,805,960</u>	<u>\$ (6,777,476)</u>
FTE Positions	4,181.0	4,181.0	0.0
Non FTE Uncl. Perm. Pos.	391.5	391.5	0.0
TOTAL	<u>4,572.5</u>	<u>4,572.5</u>	<u>0.0</u>

* The adjustment reflects the deletion of the Governor's recommended pay plan adjustments.

Agency Request/Governor's Recommendation

The **agency** requests an FY 2005 operating budget of \$453.5 million which is a decrease of \$4.7 million (1.0 percent) from the current year estimate. The agency requests State General Fund expenditures of \$132.4 million which is an increase of \$383,971 (0.3 percent) from the current year.

The **Governor** recommends an FY 2005 operating budget of \$456.8 million which is a decrease of \$1.4 million (0.3 percent) from the current year recommendation. The Governor recommends FY 2005 State General Fund expenditures of \$134.6 million which is an increase of \$2.6 million (2.0 percent) from the current year recommendation.

Under the Governor's FY 2005 **statutory budget** recommendation, this agency would be exempt from any additional reduction.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment** - Delete \$6,777,476, including \$2,845,351 from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.

2. The Subcommittee commends the university on the following achievements:
- KU experienced record enrollment in the fall of 2003.
 - KU research expenditures at both campuses in FY 2003 reached a new record of \$258 million.
 - In September, 2003, KU announced a \$17 million, five year grant from the National Science Foundation that will fund a new engineering research Center for Environmentally Beneficial Catalysis. In October, 2003, KU announced a \$9.5 million grant from the National Institutes of Health to support the development of molecular “libraries” used in new drug research. Only KU and Harvard received NIH grants for such work this year.
 - U.S. News and World Report ranked all of KU’s graduate programs 30th or higher in the country. Other publications such as Kiplinger’s, the Fiske Guide, and Barron’s continue to rank KU high as a “best buy” for quality and affordability.
3. The Subcommittee expresses concern regarding the reductions and funding gaps in the Governor’s recommendation. For the University of Kansas, the funding deficit totals \$8.1 million as outlined below.

Resource Requirements:

FY2004 General Use Base Budget	\$	258,148,055
Faculty Salary Enhancements*		954,620
3.0 Percent Pay Plan		5,367,925
Fringe Adjustments		4,327,615
Total Requirements	\$	<u>268,798,215</u>

Resources Available:

FY2004 General Use Base Budget	\$	258,148,055
3.0 Percent Pay Plan		2,845,351
Operating Grant Increase*		1,214,158
Faculty Salary Enhancements*		954,620
Vehicle Moratorium Reductions		(229,234)
BEST Reductions		(2,241,194)
Total Available	\$	<u>260,691,756</u>

Funding Deficit \$ (8,106,459)

* Estimate. The Board of Regents has not determined the distribution of these funds.

The Subcommittee also notes that the reductions in recent years have had a disproportionate effect on the Geological Survey due to its limited ability to generate other revenues. The Subcommittee recommends a review of the issue at Omnibus in an effort to address the issue.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: University of Kansas

Bill No. HB 2900

Bill Sec. 46

Analyst: Hollon

Analysis Pg. No. Vol. I, 243

Budget Page No. 433

<u>Expenditure Summary</u>	<u>Agency Request FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 132,417,092	\$ 134,647,272	\$ 0
Other Funds	321,088,482	322,158,688	0
TOTAL	<u>\$ 453,505,574</u>	<u>\$ 456,805,960</u>	<u>\$ 0</u>
FTE Positions	4,181.0	4,181.0	0.0
Non FTE Uncl. Perm. Pos.	391.5	391.5	0.0
TOTAL	<u>4,572.5</u>	<u>4,572.5</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The **agency** requests an FY 2005 operating budget of \$453.5 million which is a decrease of \$4.7 million (1.0 percent) from the current year estimate. The agency requests State General Fund expenditures of \$132.4 million which is an increase of \$383,971 (0.3 percent) from the current year.

The **Governor** recommends an FY 2005 operating budget of \$456.8 million which is a decrease of \$1.4 million (0.3 percent) from the current year recommendation. The Governor recommends FY 2005 State General Fund expenditures of \$134.6 million which is an increase of \$2.6 million (2.0 percent) from the current year recommendation.

Under the Governor's FY 2005 **statutory budget** recommendation, this agency would be exempt from any additional reduction.

House Budget Committee Recommendation

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

1. The Budget Committee commends the university on its receipt of a \$17 million, five year grant from the National Science Foundation that will fund a new engineering research Center for Environmentally Beneficial Catalysis. In October, 2003, KU announced a \$9.5 million grant from the National Institutes of Health to support the development of molecular "libraries" used in drug research. Only KU and Harvard received NIH grants for such work this year.

Senate Subcommittee Report

Agency: KU Medical Center

Bill No.

Bill Sec.

Analyst: Hollon

Analysis Pg. No. Vol. I, 260 **Budget Page No.** 435

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 100,402,909	\$ 100,402,909	\$ 0
Other Funds	136,540,057	136,540,057	0
TOTAL	\$ 236,942,966	\$ 236,942,966	\$ 0
FTE Positions			
FTE Positions	2,347.0	2,347.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	2,347.0	2,347.0	0.0

Agency Estimate/Governor's Recommendation

The **agency's** current year estimate of operating expenditures is \$236.9 million which is an increase of \$32.1 million (15.7 percent) from the approved budget. The agency estimates FY 2004 State General Fund expenditures of \$100.4 million which is an increase of \$975,353 (1.0 percent) from the approved budget.

The **Governor** concurs with the agency's revised estimate.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: KU Medical Center

Bill No. --

Bill Sec. --

Analyst: Hollon

Analysis Pg. No. Vol. I, 260 **Budget Page No.** 435

<u>Expenditure Summary</u>	<u>Agency Estimate FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 100,402,909	\$ 100,402,909	\$ 0
Other Funds	136,540,057	136,540,057	0
TOTAL	\$ 236,942,966	\$ 236,942,966	\$ 0
FTE Positions	2,347.0	2,347.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	2,347.0	2,347.0	0.0

Agency Estimate/Governor's Recommendation

The **agency's** current year estimate of operating expenditures is \$236.9 million which is an increase of \$32.1 million (15.7 percent) from the approved budget. The agency estimates FY 2004 State General Fund expenditures of \$100.4 million which is an increase of \$975,353 (1.0 percent) from the approved budget.

The **Governor** concurs with the agency's revised estimate.

House Budget Committee Recommendation

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

Senate Subcommittee Report

Agency: KU Medical Center

Bill No.

Bill Sec.

Analyst: Hollon

Analysis Pg. No. Vol. I, 260 **Budget Page No.** 435

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments*
Operating Expenditures:			
State General Fund	\$ 100,018,938	\$ 102,088,552	\$ (2,355,240)
Other Funds	140,018,048	140,710,822	(1,682,077)
TOTAL	\$ 240,036,986	\$ 242,799,374	\$ (4,037,317)
FTE Positions	2,347.0	2,347.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	2,347.0	2,347.0	0.0

* Includes a reduction of \$4,537,317, including \$2,355,240 from the State General Fund, for deletion of the Governor's recommended pay plan adjustments.

Agency Request/Governor's Recommendation

The **agency** requests an FY 2005 operating budget of \$240.0 million which is an increase of \$3.1 million (1.3 percent) from the current year estimate. The agency requests State General Fund expenditures of \$100.0 million which is a decrease of \$383,971 (0.4 percent) from the current year.

The **Governor** recommends an FY 2005 operating budget of \$242.8 million which is an increase of \$5.9 million (2.5 percent) from the current year. The Governor recommends FY 2005 State General Fund expenditures of \$102.1 million which is an increase of \$1.7 million (1.7 percent) from the current year.

Under the Governor's FY 2005 **statutory budget** recommendation, this agency would be exempt from any additional reduction.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment** - Delete \$4,537,317, including \$2,355,240 from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.

2. The Subcommittee recommends that the agency be given maximum flexibility in utilizing available resources for the Medical Loan Program and that as many awards are funded as possible. However, the Subcommittee urges the agency to exercise caution in the event that resources are limited in the future.
3. Add \$500,000 from the Children's Initiatives Fund for life sciences research. The Subcommittee notes the significant opportunity presented by the life sciences research initiative underway in the Kansas City Metropolitan Area and the key role the University of Kansas Medical Center plays in the success of that initiative. The Subcommittee believes that funds invested in this initiative can easily be leveraged with other public and private dollars. A solid return on the Legislature's previous investment in life sciences research is well documented. In addition to saving lives and improving health care for Kansans, these investments have a significant positive impact. For these reasons, the Subcommittee recommends that additional funding be allocated to the Medical Center for ongoing research in pediatric brain imaging, to support the Medical Center's efforts to be designated a comprehensive cancer research center, and for the recruitment and retention of distinguished researchers. These funds should be used by the Medical Center with priority given to expenditures that can be leveraged with additional public and private dollars to thereby enhance the benefit of this investment to Kansans.

The Subcommittee requests that the Subcommittees on the Department of Social and Rehabilitation Services and the Department of Education consider adjustments in those budgets to fund this initiative. The sources of the funding are reductions of \$100,000 CIF from each of the programs noted below.

- Department of Social and Rehabilitation Services - Community Services - Child Welfare; HealthWave (SCHIP portion); Children's Medicaid Increases; and Family Preservation.
 - Department of Education - Special Education.
4. The Subcommittee commends the Medical Center on the following achievements:
 - The Medical Center has been successful in recruiting talented faculty and researchers from nationally prestigious universities such as Duke University, Tufts University, Emory University, and the University of California-Los Angeles.
 - The first steps are bring taken by the Medical Center to become a federally designated National Cancer Institute. There are very few such centers in the Midwest and the designation will gain federal research funding as well as the highest quality scientists and researchers.
 - The student-run JayDoc Free Clinic is in operation in Kansas City, KS. The clinic served more than 300 uninsured and underinsured people in Wyandotte County during 2003.

5. The Subcommittee expresses concern regarding the reductions and funding gaps in the Governor's recommendation. For the University of Kansas Medical Center, the funding deficit totals \$2.4 million as outlined below.

Resource Requirements:

FY2004 General Use Base Budget	\$	122,944,500
Faculty Salary Enhancements*		420,973
3.0 Percent Pay Plan		2,615,417
Fringe Adjustments		2,070,601
Total Requirements	\$	<u>128,051,491</u>

Resources Available:

FY2004 General Use Base Budget	\$	122,944,500
3.0 Percent Pay Plan		2,355,240
Operating Grant Increase*		903,489
Faculty Salary Enhancements*		420,973
Vehicle Moratorium Reductions		(114,415)
BEST Reductions		(898,150)
Total Available	\$	<u>125,611,637</u>

Funding Deficit \$ (2,439,854)

* Estimate. The Board of Regents has not determined the distribution of these funds.

The Subcommittee also notes that the reductions in recent years have had a disproportionate effect on the Medical Center due to its limited tuition generation ability and the enhancement funding in the budget request of the Board of Regents. The Subcommittee recommends a review of the issue at Omnibus in an effort to address the issue.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: KU Medical Center

Bill No. HB 2900

Bill Sec. 47

Analyst: Hollon

Analysis Pg. No. Vol. I, 260

Budget Page No. 435

<u>Expenditure Summary</u>	<u>Agency Request FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 100,018,938	\$ 102,088,552	\$ 1,000,000
Other Funds	140,018,048	140,710,822	0
TOTAL	<u>\$ 240,036,986</u>	<u>\$ 242,799,374</u>	<u>\$ 1,000,000</u>
FTE Positions	2,347.0	2,347.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>2,347.0</u>	<u>2,347.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The **agency** requests an FY 2005 operating budget of \$240.0 million which is an increase of \$3.1 million (1.3 percent) from the current year estimate. The agency requests State General Fund expenditures of \$100.0 million which is a decrease of \$383,971 (0.4 percent) from the current year.

The **Governor** recommends an FY 2005 operating budget of \$242.8 million which is an increase of \$5.9 million (2.5 percent) from the current year. The Governor recommends FY 2005 State General Fund expenditures of \$102.1 million which is an increase of \$1.7 million (1.7 percent) from the current year.

Under the Governor's FY 2005 **statutory budget** recommendation, this agency would be exempt from any additional reduction.

House Budget Committee Recommendation

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

1. Add \$1,000,000 State General Fund to provide funding in an effort to prevent staff layoffs and program cuts at the institution. The Budget Committee notes that lottery receipts to the State Gaming Revenue Fund, and as a result the transfer to the State General Fund, are anticipated to exceed the estimates used to formulate the November consensus revenue estimates by approximately \$4,000,000.

Due to the fact that there are only approximately 1,800 students at the Medical Center, increases in tuition generate only a slight increase in revenue. Tuition revenue funds only 5.9 percent of the Governor's FY 2005 budget recommendation as compared to 26.7 percent at the Lawrence campus. In addition, the costs of educating health care professionals and equipping health care facilities are significantly higher than those for a traditional university. State General Fund reductions in recent years have had a disproportionate effect on the institution due to the higher associated costs and the limited availability of alternative general use funding. Testimony provided to the Budget Committee indicated that FY 2005 recommended budget would result in staff layoffs.

The Budget Committee notes the significant opportunity presented by the life sciences research initiative underway in the Kansas City Metropolitan Area and the key role the University of Kansas Medical Center plays in the success of that initiative. The Budget Committee believes that funds invested in this initiative can easily be leveraged with other public and private dollars. A solid return on the Legislature's previous investment in life sciences research is well documented. In addition to saving lives and improving health care for Kansans, these investments have a significant positive impact. For these reasons, the Subcommittee recommends that additional funding be allocated to the Medical Center for ongoing research in pediatric brain imaging, to support the Medical Center's efforts to be designated a comprehensive cancer research center, and for the recruitment and retention of distinguished researchers. These funds should be used by the Medical Center with priority given to expenditures that can be leveraged with additional public and private dollars to thereby enhance the benefit of this investment to Kansans.

2. The Budget Committee notes that the Medical Center is pursuing a designation from the National Institutes of Health as a Comprehensive Cancer Research Center and that there are few other such designated centers in the Midwest. Such a designation would allow Kansans to participate in investigational cancer therapies available in other parts of the nation and would attract millions of dollars of research in this area. The Budget Committee acknowledges that the National Institutes of Health seeks state participation in the funding of a Cancer Center. The Budget Committee commends the University of Kansas Medical Center for pursuing the designation and wishes to further review this issue at Omnibus for possible consideration.
3. The Budget Committee recommends a review at Omnibus of potential funding sources for an increase in the Medical Loan Program. This program is funded through State General Fund appropriations and the repayment of the loan when an individual discontinues the service portion of the agreement. Recent low interest rates have led many individuals to refinance and "prepay" their educational loans. The Budget Committee notes that, with the Governor's recommendation and the early repayments of medical educational loans, resources will apparently be available to award a full complement of 30 new loans in FY 2005 for a total of 120 loans. The agency indicated, however, that limited resources in future years would result in a reduction over time in the total number of loans to 90 per year. The Budget Committee believes that the loan program should be maintained at the current 120 loan level and acknowledges that doing so will require additional State General Fund support in FY 2006 and beyond.

4. The Budget Committee commends the Medical Center on its success in recruiting talented faculty and researchers from nationally prestigious universities such as Duke University, Tufts University, Emory University, and the University of California - Los Angeles.

Senate Subcommittee Report

Agency: Kansas State University

Bill No.

Bill Sec.

Analyst: Hollon

Analysis Pg. No. Vol. I, 274 **Budget Page No.** 293

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 101,464,254	\$ 101,464,254	\$ 0
Other Funds	262,080,137	262,080,137	0
TOTAL	\$ 363,544,391	\$ 363,544,391	\$ 0
FTE Positions	2,934.0	2,934.0	0.0
Non FTE Uncl. Perm. Pos.	266.3	266.3	0.0
TOTAL	3,200.3	3,200.3	0.0

Agency Estimate/Governor's Recommendation

The **agency's** current year estimate of operating expenditures is \$363.5 million which is an increase of \$17.8 million (5.2 percent) from the approved budget. The agency estimates FY 2004 State General Fund expenditures of \$101.5 million which is an increase of \$1.1 million (1.1 percent) from the approved budget.

The **Governor** concurs with the agency's revised estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Kansas State University

Bill No. --

Bill Sec. --

Analyst: Hollon

Analysis Pg. No. Vol. I, 274 **Budget Page No.** 293

<u>Expenditure Summary</u>	<u>Agency Estimate FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 101,464,254	\$ 101,464,254	\$ 0
Other Funds	262,080,137	262,080,137	0
TOTAL	<u>\$ 363,544,391</u>	<u>\$ 363,544,391</u>	<u>\$ 0</u>
FTE Positions	2,934.0	2,934.0	0.0
Non FTE Uncl. Perm. Pos.	266.3	266.3	0.0
TOTAL	<u>3,200.3</u>	<u>3,200.3</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **agency's** current year estimate of operating expenditures is \$363.5 million which is an increase of \$17.8 million (5.2 percent) from the approved budget. The agency estimates FY 2004 State General Fund expenditures of \$101.5 million which is an increase of \$1.1 million (1.1 percent) from the approved budget.

The **Governor** concurs with the agency's revised estimate.

House Budget Committee Recommendation

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

Senate Subcommittee Report

Agency: Kansas State University

Bill No.

Bill Sec.

Analyst: Hollon

Analysis Pg. No. Vol. I, 274 **Budget Page No.** 293

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments*
Operating Expenditures:			
State General Fund	\$ 101,464,254	\$ 103,001,927	\$ (2,229,798)
Other Funds	260,054,241	260,029,671	(2,698,709)
TOTAL	\$ 361,518,495	\$ 363,031,598	\$ (4,928,507)
FTE Positions	2,934.0	2,934.0	0.0
Non FTE Uncl. Perm. Pos.	266.3	266.3	0.0
TOTAL	3,200.3	3,200.3	0.0

* The entire adjustment reflects deletion of the Governor's recommended pay plan.

Agency Request/Governor's Recommendation

The **agency** requests an FY 2005 operating budget of \$361.5 million which is a decrease of \$2.0 million (0.6 percent) from the current year estimate. The agency requests State General Fund expenditures of \$101.5 million which is equal to the current year estimate.

The **Governor** recommends an FY 2005 operating budget of \$363.0 million which is a decrease of \$512,793 (0.1 percent) from the current year recommendation. The Governor recommends FY 2005 State General Fund expenditures of \$103.2 million which is an increase of \$1.7 million (1.7 percent) from the current year.

Under the Governor's FY 2005 **statutory budget** recommendation, this agency would be exempt from any additional reduction.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment** - Delete \$4,928,507, including \$2,229,798 from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.

2. The Subcommittee commends the university on the following achievements:
- Several faculty members have recently received prestigious national awards and grants.
 - Several academic programs are ranked nationally: the Interior Architecture/Design Program is ranked 3rd; the Architecture Program is ranked 6th; Atomic Physics is ranked 14th; Communication Sciences and Disorders is ranked in the top quartile by U.S. News and World Report's graduate program rankings.
 - KSU set a record in FY 2003 in receiving competitive research funding of over \$95 million.
 - From 1986 through 2003, KSU produced more Rhodes, Marshall, Truman, Goldwater, and Udall scholars than any other university in the country. KSU produced 95 scholars; the next closest university produced 64.
3. The Subcommittee expresses concern regarding the reductions and funding gaps in the Governor's recommendation. For Kansas State University, the funding deficit totals \$5.1 million as outlined below.

Resource Requirements:

FY2004 General Use Base Budget	\$	176,885,111
Faculty Salary Enhancements*		668,946
3.0 Percent Pay Plan		3,795,746
Fringe Adjustments		2,994,123
Total Requirements	\$	<u>184,343,926</u>

Resources Available:

FY2004 General Use Base Budget	\$	176,885,111
3.0 Percent Pay Plan		2,229,798
Operating Grant Increase*		933,178
Faculty Salary Enhancements*		668,946
Vehicle Moratorium Reductions		(347,390)
BEST Reductions		(1,126,894)
Total Available	\$	<u>179,242,749</u>

Funding Deficit \$ (5,101,177)

* Estimate. The Board of Regents has not determined the distribution of these funds.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Kansas State University

Bill No. HB 2900

Bill Sec. 41

Analyst: Hollon

Analysis Pg. No. Vol. I, 274 **Budget Page No.** 293

<u>Expenditure Summary</u>	<u>Agency Request FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 101,464,254	\$ 103,001,927	\$ 0
Other Funds	260,054,241	260,029,671	0
TOTAL	\$ 361,518,495	\$ 363,031,598	\$ 0
FTE Positions	2,934.0	2,934.0	0.0
Non FTE Uncl. Perm. Pos.	266.3	266.3	0.0
TOTAL	3,200.3	3,200.3	0.0

Agency Request/Governor's Recommendation

The **agency** requests an FY 2005 operating budget of \$361.5 million which is a decrease of \$2.0 million (0.6 percent) from the current year estimate. The agency requests State General Fund expenditures of \$101.5 million which is equal to the current year estimate.

The **Governor** recommends an FY 2005 operating budget of \$363.0 million which is a decrease of \$512,793 (0.1 percent) from the current year recommendation. The Governor recommends FY 2005 State General Fund expenditures of \$103.2 million which is an increase of \$1.7 million (1.7 percent) from the current year.

Under the Governor's FY 2005 **statutory budget** request, this agency would be exempt from any additional reduction.

House Budget Committee Recommendation

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

1. The Budget Committee commends the university on the number of scholars it has produced. From 1986 through 2003, KSU produced more Rhodes, Marshall, Truman, Goldwater, and Udall scholars than any other university in the country. KSU produced 95 scholars; the next closest university produced 64.

Senate Subcommittee Report

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

Bill Sec.

Analyst: Hollon

Analysis Pg. No. Vol. I, 288 **Budget Page No.** 297

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 9,568,617	\$ 9,568,617	\$ 0
Other Funds	17,512,406	17,512,406	0
TOTAL	\$ 27,081,023	\$ 27,081,023	\$ 0
FTE Positions	275.8	275.8	0.0
Non FTE Uncl. Perm. Pos.	6.3	6.3	0.0
TOTAL	282.1	282.1	0.0

Agency Estimate/Governor's Recommendation

The **agency's** current year estimate of operating expenditures is \$27.1 million which is an increase of \$2.4 million (9.9 percent) from the approved budget. The agency estimates FY 2004 State General Fund expenditures of \$9.6 million which is an increase of \$79,633 (0.8 percent) from the approved budget.

The **Governor** concurs with the agency's revised estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

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

Bill Sec. --

Analyst: Hollon

Analysis Pg. No. Volume I, P. 288

Budget Page No. 297

<u>Expenditure Summary</u>	<u>Agency Estimate FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 9,568,617	\$ 9,568,617	\$ 0
Other Funds	17,512,406	17,512,406	0
TOTAL	\$ 27,081,023	\$ 27,081,023	\$ 0
FTE Positions	275.8	275.8	0.0
Non FTE Uncl. Perm. Pos.	6.3	6.3	0.0
TOTAL	282.1	282.1	0.0

Agency Estimate/Governor's Recommendation

The **agency's** current year estimate of operating expenditures is \$27.1 million which is an increase of \$2.4 million (9.9 percent) from the approved budget. The agency estimates FY 2004 State General Fund expenditures of \$9.6 million which is an increase of \$79,633 (0.8 percent) from the approved budget.

The **Governor** concurs with the agency's revised estimate.

House Budget Committee Recommendation

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

Senate Subcommittee Report

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

Analyst: Hollon **Analysis Pg. No.** Vol. I, 288 **Budget Page No.** 297

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments*
Operating Expenditures:			
State General Fund	\$ 9,568,617	\$ 9,823,702	\$ (260,341)
Other Funds	17,555,547	17,288,350	(236,031)
TOTAL	\$ 27,124,164	\$ 27,112,052	\$ (496,372)
FTE Positions	275.8	275.8	0.0
Non FTE Uncl. Perm. Pos.	6.3	6.3	0.0
TOTAL	282.1	282.1	0.0

* The adjustment reflects the deletion of the Governor's recommended pay plan adjustments.

Agency Request/Governor's Recommendation

The **agency** requests an FY 2005 operating budget of \$27.1 million which is an increase of \$43,141 (0.2 percent) from the current year estimate. The agency requests State General Fund expenditures of \$9.6 million which is equal to the current year estimate.

The **Governor** recommends an FY 2005 operating budget of \$27.1 million which is an increase of \$31,029 (0.1 percent) from the current year recommendation. The Governor recommends FY 2005 State General Fund expenditures of \$9.8 million which is an increase of \$255,085 (2.7 percent) from the current year recommendation.

Under the Governor's FY 2005 **statutory budget** recommendation, this agency would be exempt from any additional reduction.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment** - Delete \$496,372, including \$260,341 from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. The Subcommittee commends the Veterinary Medical Center on the following achievements:
 - Dr. Bruce Shultz was awarded the 2004 American Physiological Society Lazaro J. Mandel Young Investigator Award. This award is given to an individual demonstrating outstanding promise based on his or her research.

- Researchers at the Veterinary Medical Center recently received an award from the National Science Foundation. The project, a veterinary telemedicine research and development project, is attempting to create a national infrastructure to monitor the health of cattle remotely. This project is a response to assure the consumer of a safe food supply through a meat traceability system.
3. The Subcommittee expresses concern regarding the reductions and funding gaps in the Governor's recommendation. For the Veterinary Medical Center, the funding deficit totals \$675,010 as outlined below.

Resource Requirements:

FY2004 General Use Base Budget	\$	24,756,940
Faculty Salary Enhancements*		89,506
3.0 Percent Pay Plan		464,869
Fringe Adjustments		386,239
Total Requirements	\$	<u>25,697,554</u>

Resources Available:

FY2004 General Use Base Budget	\$	24,756,940
3.0 Percent Pay Plan		260,342
Operating Grant Increase*		88,004
Faculty Salary Enhancements*		89,506
Vehicle Moratorium Reductions		(15,205)
BEST Reductions		(157,043)
Total Available	\$	<u>25,022,544</u>

Funding Deficit \$ (675,010)

* Estimate. The Board of Regents has not determined the distribution of these funds.

The Subcommittee also notes that the reductions in recent years have had a disproportionate effect on the Veterinary Medical Center due to its limited tuition generation ability and the enhancement funding in the budget request of the Board of Regents. The Subcommittee recommends a review of the issue at Omnibus in an effort to address the issue.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: KSU Veterinary Medical Center

Bill No. HB 2900

Bill Sec. 43

Analyst: Hollon

Analysis Pg. No. Volume I, P. 288

Budget Page No. 297

<u>Expenditure Summary</u>	<u>Agency Request FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 9,568,617	\$ 9,823,702	\$ 0
Other Funds	17,555,547	17,288,350	0
TOTAL	\$ 27,124,164	\$ 27,112,052	\$ 0
FTE Positions	275.8	275.8	0.0
Non FTE Uncl. Perm. Pos.	6.3	6.3	0.0
TOTAL	282.1	282.1	0.0

Agency Request/Governor's Recommendation

The **agency** requests an FY 2005 operating budget of \$27.1 million which is an increase of \$43,141 (0.2 percent) from the current year estimate. The agency requests State General Fund expenditures of \$9.6 million which is equal to the current year estimate.

The **Governor** recommends an FY 2005 operating budget of \$27.1 million which is an increase of \$31,029 (0.1 percent) from the current year recommendation. The Governor recommends FY 2005 State General Fund expenditures of \$9.8 million which is an increase of \$255,085 (2.7 percent) from the current year recommendation.

Under the Governor's FY 2005 **statutory budget** recommendation, this agency would be exempt from any additional reduction.

House Budget Committee Recommendation

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

1. The Budget Committee commends the Veterinary Medical Center on the fact that its researchers recently received an award from the National Science Foundation. The project, a veterinary telemedicine research and development project, is attempting to create a national infrastructure to monitor the health of cattle remotely. This project is a response to assure the consumer of a safe food supply through a meat traceability system.

Senate Subcommittee Report

Agency: KSU Extension Systems
and Agriculture Research Programs

Bill No.

Bill Sec.

Analyst: Hollon

Analysis Pg. No. Vol. I, 301 **Budget Page No.** 295

<u>Expenditure Summary</u>	<u>Agency Estimate FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 46,679,781	\$ 46,679,781	\$ 0
Other Funds	56,173,870	56,173,870	0
TOTAL	<u>\$ 102,853,651</u>	<u>\$ 102,853,651</u>	<u>\$ 0</u>
FTE Positions	1,203.0	1,203.0	0.0
Non FTE Uncl. Perm. Pos.	188.0	188.0	0.0
TOTAL	<u>1,391.0</u>	<u>1,391.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **agency's** current year estimate for operating expenditures is \$102.9 million which is an increase of \$4.8 million (4.9 percent) from the approved budget. The agency estimates FY 2004 State General Fund expenditures of \$46.7 million which is an increase of \$538,690 (1.2 percent) from the approved budget.

The **Governor** concurs with the agency's revised estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

1-41

House Budget Committee Report

Agency: KSU Extension Systems and Agriculture Research Programs

Bill No. --

Bill Sec. --

Analyst: Hollon

Analysis Pg. No. Volume I, P. 301

Budget Page No. 295

<u>Expenditure Summary</u>	<u>Agency Estimate FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 46,679,781	\$ 46,679,781	\$ 0
Other Funds	56,173,870	56,173,870	0
TOTAL	\$ 102,853,651	\$ 102,853,651	\$ 0
FTE Positions	1,203.0	1,203.0	0.0
Non FTE Uncl. Perm. Pos.	188.0	188.0	0.0
TOTAL	1,391.0	1,391.0	0.0

Agency Estimate/Governor's Recommendation

The **agency's** current year estimate for operating expenditures is \$102.9 million which is an increase of \$4.8 million (4.9 percent) from the approved budget. The agency estimates FY 2004 State General Fund expenditures of \$46.7 million which is an increase of \$538,690 (1.2 percent) from the approved budget.

The **Governor** concurs with the agency's revised estimate.

House Budget Committee Recommendation

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

Senate Subcommittee Report

Agency: KSU Extension Systems and Agriculture Research Programs **Bill No.** **Bill Sec.**

Analyst: Hollon **Analysis Pg. No.** Vol. I, 301 **Budget Page No.** 295

<u>Expenditure Summary</u>	<u>Agency Request FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>Senate Subcommittee Adjustments*</u>
Operating Expenditures:			
State General Fund	\$ 46,679,781	\$ 47,713,858	\$ (1,190,833)
Other Funds	51,035,217	51,079,988	(787,496)
TOTAL	\$ 97,714,998	\$ 98,793,846	\$ (1,978,329)
FTE Positions	1,203.2	1,203.2	0.0
Non FTE Uncl. Perm. Pos.	187.8	187.8	0.0
TOTAL	1,391.0	1,391.0	0.0

* The adjustment reflects deletion of the Governor's recommended pay plan adjustments.

Agency Request/Governor's Recommendation

The **agency** requests an FY 2005 operating budget of \$97.7 million which is a decrease of \$5.1 million (5.0 percent) from the current year estimate. The agency requests State General Fund expenditures of \$46.7 million which is equal to the current year estimate.

The **Governor** recommends an FY 2005 operating budget of \$98.8 million which is a decrease of \$4.1 million (3.9 percent) from the current year recommendation. The Governor recommends FY 2005 State General Fund expenditures of \$47.7 million which is an increase of \$1.0 million (2.2 percent) from the current year.

Under the Governor's FY 2005 **statutory budget** recommendation, this agency would be exempt from any additional reduction.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment** - Delete \$1,978,329, including \$1,190,833 from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.

1-43

2. The Subcommittee commends the university on the following achievements:
- Researchers at ESARP are responsible for developing more than 70 percent of the wheat varieties grown by Kansas farmers, while also providing the highest quality. The wheat varieties are productive, yield high-quality grain, and resist the pests and adverse weather that often damage wheat in the state.
 - The National Plant Diagnostic Network (NPDN) was developed by ESARP. This network is a nation-wide system that connects every county extension office in the state to the plant diagnostic labs on the KSU campus. The KSU system is connected to the national response system along with the University of California at Davis, Michigan State University, Cornell University, and the University of Florida. These hubs are connected to all of the U.S. Department of Agriculture laboratories and every county extension in the country. This system will be the country's frontline defense against agricultural bioterrorism in the plant world. The system will also be instrumental to quickly identify organisms accidentally introduced into the U.S. food production chain.
3. The Subcommittee expresses concern regarding the reductions and funding gaps in the Governor's recommendation. For ESARP, the funding deficit totals \$1.2 million as outlined below.

Resource Requirements:

FY2004 General Use Base Budget	\$	54,657,812
Faculty Salary Enhancements*		260,145
3.0 Percent Pay Plan		1,334,401
Fringe Adjustments		1,067,615
Total Requirements	\$	<u>57,319,974</u>

Resources Available:

FY2004 General Use Base Budget	\$	54,657,812
3.0 Percent Pay Plan		1,190,833
Operating Grant Increase*		429,485
Faculty Salary Enhancements*		260,145
Vehicle Moratorium Reductions		(220,853)
BEST Reductions		(156,756)
Total Available	\$	<u>56,160,666</u>

Funding Deficit \$ (1,159,308)

* Estimate. The Board of Regents has not determined the distribution of these funds.

The Subcommittee also notes that the reductions in recent years have had a disproportionate effect on ESARP due to the fact that it has no tuition revenue and acknowledges the enhancement funding in the budget request of the Board of Regents. The Subcommittee recommends a review of the issue at Omnibus in an effort to address the issue.

1-44

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: KSU Extension Systems
and Agriculture Research Programs

Bill No. 2900

Bill Sec. 42

Analyst: Hollon

Analysis Pg. No. Volume I, P. 301

Budget Page No. 295

<u>Expenditure Summary</u>	<u>Agency Request FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 46,679,781	\$ 47,713,858	\$ 0
Other Funds	51,035,217	51,079,988	0
TOTAL	<u>\$ 97,714,998</u>	<u>\$ 98,793,846</u>	<u>\$ 0</u>
FTE Positions	1,203.2	1,203.2	0.0
Non FTE Uncl. Perm. Pos.	187.8	187.8	0.0
TOTAL	<u>1,391.0</u>	<u>1,391.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The **agency** requests an FY 2005 operating budget of \$97.7 million which is a decrease of \$5.1 million (5.0 percent) from the current year estimate. The agency requests State General Fund expenditures of \$46.7 million which is equal to the current year estimate.

The **Governor** recommends an FY 2005 operating budget of \$98.8 million which is a decrease of \$4.1 million (3.9 percent) from the current year recommendation. The Governor recommends FY 2005 State General Fund expenditures of \$47.7 million which is an increase of \$1.0 million (2.2 percent) from the current year.

Under the Governor's FY 2005 **statutory budget** recommendation, this agency would be exempt from any additional reduction.

1-45

House Budget Committee Recommendation

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

1. The Budget Committee commends ESARP on the fact that its researchers are responsible for developing more than 70 percent of the wheat varieties grown by Kansas farmers, while also providing the highest quality. The wheat varieties are productive, yield high-quality grain, and resist the pests and adverse weather that often damage wheat in the state.

Senate Subcommittee Report

Agency: Wichita State University

Bill No.

Bill Sec.

Analyst: Hollon

Analysis Pg. No. Vol. I, 313

Budget Page No. 449

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 63,522,168	\$ 63,522,168	\$ 0
Other Funds	94,746,954	94,746,954	0
TOTAL	\$ 158,269,122	\$ 158,269,122	\$ 0
FTE Positions	1,687.5	1,687.5	0.0
Non FTE Uncl. Perm. Pos.	49.8	49.8	0.0
TOTAL	1,737.3	1,737.3	0.0

Agency Estimate/Governor's Recommendation

The **agency's** current year estimate for operating expenditures is \$158.3 million which is an increase of \$8.2 million (5.5 percent) from the approved budget. The agency estimates FY 2004 State General Fund expenditures of \$63.5 million which is an increase of \$692,092 (1.1 percent) from the approved budget.

The **Governor** concurs with the agency's revised estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Wichita State University

Bill No. --

Bill Sec. --

Analyst: Hollon

Analysis Pg. No. Volume I, P. 313

Budget Page No. 449

<u>Expenditure Summary</u>	<u>Agency Estimate FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 63,522,168	\$ 63,522,168	\$ 0
Other Funds	94,746,954	94,746,954	0
TOTAL	<u>\$ 158,269,122</u>	<u>\$ 158,269,122</u>	<u>\$ 0</u>
FTE Positions	1,687.5	1,687.5	0.0
Non FTE Uncl. Perm. Pos.	49.8	49.8	0.0
TOTAL	<u>1,737.3</u>	<u>1,737.3</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **agency's** current year estimate for operating expenditures is \$158.3 million which is an increase of \$8.2 million (5.5 percent) from the approved budget. The agency estimates FY 2004 State General Fund expenditures of \$63.5 million which is an increase of \$692,092 (1.1 percent) from the approved budget.

The **Governor** concurs with the agency's revised estimate.

House Budget Committee Recommendation

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

Senate Subcommittee Report

Agency: Wichita State University

Bill No.

Bill Sec.

Analyst: Hollon

Analysis Pg. No. Vol. I, 313 **Budget Page No.** 449

<u>Expenditure Summary</u>	<u>Agency Request FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>Senate Subcommittee Adjustments*</u>
Operating Expenditures:			
State General Fund	\$ 63,522,168	\$ 64,535,032	\$ (1,500,674)
Other Funds	94,186,938	94,151,905	730,119
TOTAL	\$ 157,709,106	\$ 158,686,937	\$ (770,555)
FTE Positions	1,687.5	1,687.5	0.0
Non FTE Uncl. Perm. Pos.	49.8	49.8	0.0
TOTAL	1,737.3	1,737.3	0.0

* Includes a reduction of \$2,770,555, including \$1,500,674 from the State General Fund, for the deletion of the Governor's recommended pay plan adjustments.

Agency Request/Governor's Recommendation

The **agency** requests an FY 2005 operating budget of \$157.7 million which is a decrease of \$560,016 (0.4 percent) from the current year estimate. The agency requests State General Fund expenditures of \$63.5 million which is equal to the current year estimate.

The **Governor** recommends an FY 2005 operating budget of \$158.7 million which is an increase of \$417,815 (0.3 percent) from the current year recommendation. The Governor recommends State General Fund expenditures of \$64.5 million which is an increase of \$1.0 million (1.6 percent) from the current year.

Under the Governor's FY 2005 **statutory budget** recommendation, this agency would be exempt from any additional reduction.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment** - Delete \$2,770,555, including \$1,500,674 from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.
2. Add \$2,000,000 from the Economic Development Initiatives Fund (EDIF) for aviation research at Wichita State University. The Subcommittee believes that a commitment was made during discussions on the University Research and

1-49

Development Enhancement Act in March, 2002, to fund \$7.0 million over four years for aviation research. The amount designated for FY 2005 was \$2.0 million.

The Subcommittee notes that lottery receipts to the State Gaming Revenue Fund (SGRF), and as a result the transfer to the State General Fund, are anticipated to exceed the estimates used to formulate the November consensus revenue estimates. The Subcommittee does not wish to adjust other appropriations from the EDIF at this point, but will examine the possibility of increasing the transfer from the SGRF to the EDIF at Omnibus to fund the appropriation.

3. The Subcommittee commends the university on the following achievements:
 - The Center for Entrepreneurship is ranked very high nationally.
 - WSU will be offering a doctor of audiology (Au.D.) Program beginning in the fall of 2004.
 - One of the faculty members has recently received the Outstanding Mentor Award from the Association for Education of Teachers of Science.
 - The National Institute for Aviation Research was recently named a Center of Excellence for Advanced Materials by the Federal Aviation Administration and a National Center for Advanced Materials Performance by the National Aeronautics and Space Administration.
4. The Subcommittee expresses concern regarding the reductions and funding gaps in the Governor's recommendation. For Wichita State University, the funding deficit totals \$3.2 million as outlined below.

Resource Requirements:

FY2004 General Use Base Budget	\$	102,003,295
Faculty Salary Enhancements*		381,192
3.0 Percent Pay Plan		2,298,225
Fringe Adjustments		1,807,318
Total Requirements	\$	<u>106,490,030</u>

Resources Available:

FY2004 General Use Base Budget	\$	102,003,295
3.0 Percent Pay Plan		1,500,674
Operating Grant Increase*		584,220
Faculty Salary Enhancements*		381,192
Vehicle Moratorium Reductions		(104,441)
BEST Reductions		<u>(1,066,794)</u>
Total Available	\$	<u>103,298,146</u>

Funding Deficit \$ (3,191,884)

* Estimate. The Board of Regents has not determined the distribution of these funds.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Wichita State University

Bill No. HB 2900

Bill Sec. 48

Analyst: Hollon

Analysis Pg. No. Volume I, P. 313

Budget Page No. 449

<u>Expenditure Summary</u>	<u>Agency Estimate FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 63,522,168	\$ 64,535,032	\$ 0
Other Funds	94,186,938	94,151,905	0
TOTAL	<u>\$ 157,709,106</u>	<u>\$ 158,686,937</u>	<u>\$ 0</u>
FTE Positions	1,687.5	1,687.5	0.0
Non FTE Uncl. Perm. Pos.	49.8	49.8	0.0
TOTAL	<u>1,737.3</u>	<u>1,737.3</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **agency** requests an FY 2005 operating budget of \$157.7 million which is a decrease of \$560,016 (0.4 percent) from the current year estimate. The agency requests State General Fund expenditures of \$63.5 million which is equal to the current year estimate.

The **Governor** recommends an FY 2005 operating budget of \$158.7 million which is an increase of \$417,815 (0.3 percent) from the current year recommendation. The Governor recommends State General Fund expenditures of \$64.5 million which is an increase of \$1.0 million (1.6 percent) from the current year.

Under the Governor's FY 2005 **statutory budget** request, this agency would be exempt from any additional reduction.

House Budget Committee Recommendation

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

1. The Budget Committee recommends a review at Omnibus for potential funding sources of \$2,000,000 for aviation research at the National Institute for Aviation Research. Testimony was presented regarding federal designations and awards recently attained by the Institute and the amount of federal and private funding which can be leveraged by state investment. The Budget Committee believes this is an area which should receive serious consideration should funding be available.
2. The Budget Committee commends the university on the fact that its Center for Entrepreneurship is ranked among the top 50 regional programs nationally by *Entrepreneur Magazine*.

39479(3/10/4{1:24PM})

Senate Subcommittee Report

Agency: Emporia State University

Bill No.

Bill Sec.

Analyst: Hollon

Analysis Pg. No. Vol. I, 327 **Budget Page No.** 159

<u>Expenditure Summary</u>	<u>Agency Estimate FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 29,633,602	\$ 29,633,602	\$ 0
Other Funds	31,429,414	31,429,414	0
TOTAL	<u>\$ 61,063,016</u>	<u>\$ 61,063,016</u>	<u>\$ 0</u>
FTE Positions	754.1	754.1	0.0
Non FTE Uncl. Perm. Pos.	30.0	30.0	0.0
TOTAL	<u>784.1</u>	<u>784.1</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **agency's** current year estimate for operating expenditures is \$61.1 million which is an increase of \$4.5 million (8.0 percent) from the approved budget. The agency estimates State General Fund expenditures of \$29.6 million which is an increase of \$496,204 (1.7 percent) from the approved budget.

The **Governor** concurs with the agency's revised estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Emporia State University

Bill No. --

Bill Sec. --

Analyst: Hollon

Analysis Pg. No. Volume I, P. 327

Budget Page No. 159

<u>Expenditure Summary</u>	<u>Agency Estimate FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 29,633,602	\$ 29,633,602	\$ 0
Other Funds	31,429,414	31,429,414	0
TOTAL	\$ 61,063,016	\$ 61,063,016	\$ 0
FTE Positions	754.1	754.1	0.0
Non FTE Uncl. Perm. Pos.	30.0	30.0	0.0
TOTAL	784.1	784.1	0.0

Agency Estimate/Governor's Recommendation

The **agency's** current year estimate for operating expenditures is \$61.1 million which is an increase of \$4.5 million (8.0 percent) from the approved budget. The agency estimates State General Fund expenditures of \$29.6 million which is an increase of \$496,204 (1.7 percent) from the approved budget.

The **Governor** concurs with the agency's revised estimate.

House Budget Committee Recommendation

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

1-54

Senate Subcommittee Report

Agency: Emporia State University

Bill No.

Bill Sec.

Analyst: Hollon

Analysis Pg. No. Vol. I, 327 **Budget Page No.** 159

<u>Expenditure Summary</u>	<u>Agency Request FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>Senate Subcommittee Adjustments*</u>
Operating Expenditures:			
State General Fund	\$ 29,613,451	\$ 30,128,913	\$ (702,211)
Other Funds	31,562,431	31,612,445	(493,126)
TOTAL	\$ 61,175,882	\$ 61,741,358	\$ (1,195,337)
FTE Positions	754.1	754.1	0.0
Non FTE Uncl. Perm. Pos.	30.0	30.0	0.0
TOTAL	784.1	784.1	0.0

* The adjustment reflects deletion of the Governor's recommended pay plan adjustments.

Agency Request/Governor's Recommendation

The **agency** requests an FY 2005 operating budget of \$61.2 million which is an increase of \$112,866 (0.2 percent) from the current year estimate. The agency requests State General Fund expenditures of \$29.6 million which is a decrease of \$20,151 (0.1 percent) from the current year due to reappropriated funds being expended in FY 2004.

The **Governor** recommends an FY 2005 operating budget of \$61.7 million which is an increase of \$678,342 (1.1 percent) from the current year recommendation. The Governor recommends State General Fund expenditures of \$30.1 million which is an increase of \$495,311 (1.7 percent) from the current year.

Under the Governor's FY 2005 **statutory budget** recommendation, this agency would be exempt from any additional reduction.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment** - Delete \$1,195,337, including \$702,211 from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.

1-55

2. The Subcommittee commends the university on the following achievements:
- ESU has a placement rate of 97 percent among its graduates.
 - One in six teachers in Kansas has one or more degrees from ESU.
 - Several programs at the university are nationally accredited: NCATE re-accreditation of the Teachers College; AACSB accreditation of the School of Business; and ALA accreditation of the School of Library and Information Management.
 - ESU students performed more than 6,500 hours of community service during the fall semester.
 - Several faculty members serve as officers of national organizations or have received national awards.
 - ESU has many student stars in 2003-2004: the ESU Debate Team was the 2003 National JV Champion; one student had a play produced at the Kennedy Center; 56 percent of students participating in athletics programs have a GPA greater than 3.0; and one student scored the second highest score in Kansas on the CPA examination.
3. The Subcommittee expresses concern regarding the reductions and funding gaps in the Governor's recommendation. For Emporia State University, the funding deficit totals \$1.2 million as outlined below.

Resource Requirements:

FY2004 General Use Base Budget	\$	42,571,735
Faculty Salary Enhancements*		165,470
3.0 Percent Pay Plan		967,473
Fringe Adjustments		809,182
Total Requirements	\$	<u>44,513,860</u>

Resources Available:

FY2004 General Use Base Budget	\$	42,571,735
3.0 Percent Pay Plan		702,211
Operating Grant Increase*		272,358
Faculty Salary Enhancements*		165,470
Vehicle Moratorium Reductions		(53,422)
BEST Reductions		<u>(343,893)</u>
Total Available	\$	<u>43,314,459</u>

Funding Deficit \$ (1,199,401)

* Estimate. The Board of Regents has not determined the distribution of these funds.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Emporia State University

Bill No. HB 2900

Bill Sec. 44

Analyst: Hollon

Analysis Pg. No. Volume I, P. 327

Budget Page No. 159

<u>Expenditure Summary</u>	<u>Agency Estimate FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 29,613,451	\$ 30,128,913	\$ 0
Other Funds	31,562,431	31,612,445	0
TOTAL	<u>\$ 61,175,882</u>	<u>\$ 61,741,358</u>	<u>\$ 0</u>
FTE Positions	754.1	754.1	0.0
Non FTE Uncl. Perm. Pos.	30.0	30.0	0.0
TOTAL	<u>784.1</u>	<u>784.1</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **agency** requests an FY 2005 operating budget of \$61.2 million which is an increase of \$112,866 (0.2 percent) from the current year estimate. The agency requests State General Fund expenditures of \$29.6 million which is a decrease of \$20,151 (0.1 percent) from the current year due to reappropriated funds being expended in FY 2004.

The **Governor** recommends an FY 2005 operating budget of \$61.7 million which is an increase of \$678,342 (1.1 percent) from the current year recommendation. The Governor recommends State General Fund expenditures of \$30.1 million which is an increase of \$495,311 (1.7 percent) from the current year.

Under the Governor's FY 2005 **statutory budget** request, this agency would be exempt from any additional reduction.

1-57

House Budget Committee Recommendation

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

1. The Budget Committee commends the university for its numerous nationally accredited programs: NCATE reaccreditation of the Teachers College; AACSB accreditation of the School of Business; and ALA accreditation of the School of Library and Information Management.

Senate Subcommittee Report

Agency: Fort Hays State University

Bill No.

Bill Sec.

Analyst: Hollon

Analysis Pg. No. Vol. I, 341

Budget Page No. 165

<u>Expenditure Summary</u>	<u>Agency Estimate FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 30,439,143	\$ 30,439,143	\$ 0
Other Funds	30,696,212	30,696,212	0
TOTAL	\$ 61,135,355	\$ 61,135,355	\$ 0
FTE Positions	701.3	701.3	0.0
Non FTE Uncl. Perm. Pos.	18.3	18.3	0.0
TOTAL	719.6	719.6	0.0

Agency Estimate/Governor's Recommendation

The **agency's** current year estimate for operating expenditures is \$61.1 million which is an increase of \$1.9 million (3.2 percent) from the approved budget. The agency estimates FY 2004 State General Fund expenditures of \$30.4 million which is an increase of \$469,440 (1.6 percent) from the approved budget.

The **Governor** concurs with the agency's estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Fort Hays State University

Bill No. --

Bill Sec. --

Analyst: Hollon

Analysis Pg. No. Volume I, P. 341

Budget Page No. 165

<u>Expenditure Summary</u>	<u>Agency Estimate FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 30,439,143	\$ 30,439,143	\$ 0
Other Funds	30,696,212	30,696,212	0
TOTAL	\$ 61,135,355	\$ 61,135,355	\$ 0
FTE Positions	701.3	701.3	0.0
Non FTE Uncl. Perm. Pos.	18.3	18.3	0.0
TOTAL	719.6	719.6	0.0

Agency Estimate/Governor's Recommendation

The **agency's** current year estimate for operating expenditures is \$61.1 million which is an increase of \$1.9 million (3.2 percent) from the approved budget. The agency estimates FY 2004 State General Fund expenditures of \$30.4 million which is an increase of \$469,440 (1.6 percent) from the approved budget.

The **Governor** concurs with the agency's estimate.

House Budget Committee Recommendation

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

Senate Subcommittee Report

Agency: Fort Hays State University

Bill No.

Bill Sec.

Analyst: Hollon

Analysis Pg. No. Vol. I, 341

Budget Page No. 165

<u>Expenditure Summary</u>	<u>Agency Request FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>Senate Subcommittee Adjustments*</u>
Operating Expenditures:			
State General Fund	\$ 30,414,931	\$ 31,238,730	\$ (823,799)
Other Funds	30,800,522	30,419,879	(289,374)
TOTAL	<u>\$ 61,215,453</u>	<u>\$ 61,658,609</u>	<u>\$ (1,113,173)</u>
FTE Positions	701.3	701.3	0.0
Non FTE Uncl. Perm. Pos.	18.3	18.3	0.0
TOTAL	<u>719.6</u>	<u>719.6</u>	<u>0.0</u>

* The adjustment reflects the deletion of the Governor's recommended pay plan adjustments.

Agency Request/Governor's Recommendation

The **agency** requests an FY 2005 operating budget of \$61.2 million which is an increase of \$80,098 (0.1 percent) from the current year estimate. The agency requests State General Fund expenditures of \$30.4 million which is a decrease of \$24,212 (0.1 percent) from the current year due to expenditures from reappropriated balances in FY 2004.

The **Governor** recommends an FY 2005 operating budget of \$61.7 million which is an increase of \$523,254 (0.9 percent) from the current year recommendation. The Governor recommends State General Fund expenditures of \$31.2 million which is an increase of \$799,587 (2.6 percent) from the current year.

Under the Governor's FY 2005 **statutory budget** recommendation, this agency would be exempt from any additional reduction.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment** - Delete \$1,113,173, including \$823,799 from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.

1-61

2. The Subcommittee commends the university on the following achievements:
- Dr. Jean-Marie Salien was recently named the Most Outstanding French Professor in the country.
 - FHSU had a record enrollment of over 8,000 students in the fall of 2003 including approximately 3,200 who are enrolled in on-line classes.
 - In 2002, FHSU had a placement rate of 98 percent.
 - The university is in the process of hiring nine new faculty members in order to maintain its low faculty-to-student ratio of 17-1.
3. The Subcommittee expresses concern regarding the reductions and funding gaps in the Governor's recommendation. For Fort Hays State University, the funding deficit totals \$1.1 million as outlined below.

<i>Resource Requirements:</i>	
FY2004 General Use Base Budget	\$ 41,558,351
Faculty Salary Enhancements*	176,282
3.0 Percent Pay Plan	940,624
Fringe Adjustments	869,680
Total Requirements	<u>\$ 43,544,937</u>
 <i>Resources Available:</i>	
FY2004 General Use Base Budget	\$ 41,558,351
3.0 Percent Pay Plan	823,799
Operating Grant Increase*	279,730
Faculty Salary Enhancements*	176,282
Vehicle Moratorium Reductions	(102,429)
BEST Reductions	(307,369)
Total Available	<u>\$ 42,428,364</u>
 <i>Funding Deficit</i>	 \$ (1,116,573)

* Estimate. The Board of Regents has not determined the distribution of these funds.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Fort Hays State University

Bill No. HB 2900

Bill Sec. 40

Analyst: Hollon

Analysis Pg. No. Volume I, P. 341

Budget Page No. 165

<u>Expenditure Summary</u>	<u>Agency Request FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 30,414,931	\$ 31,238,730	\$ 0
Other Funds	30,800,522	30,419,879	0
TOTAL	\$ 61,215,453	\$ 61,658,609	\$ 0
FTE Positions	701.3	701.3	0.0
Non FTE Uncl. Perm. Pos.	18.3	18.3	0.0
TOTAL	719.6	719.6	0.0

Agency Request/Governor's Recommendation

The **agency** requests an FY 2005 operating budget of \$61.2 million which is an increase of \$80,098 (0.1 percent) from the current year estimate. The agency requests State General Fund expenditures of \$30.4 million which is a decrease of \$24,212 (0.1 percent) from the current year due to expenditures from reappropriated balances in FY 2004.

The **Governor** recommends an FY 2005 operating budget of \$61.7 million which is an increase of \$523,254 (0.9 percent) from the current year recommendation. The Governor recommends State General Fund expenditures of \$31.2 million which is an increase of \$799,587 (2.6 percent) from the current year.

Under the Governor's FY 2005 **statutory budget** request, this agency would be exempt from any additional reduction.

House Budget Committee Recommendation

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

1. The Budget Committee commends the university on its commitment to maintain a low faculty to student ratio in light of high enrollment by hiring seven new faculty members last year and nine this year.

Senate Subcommittee Report

Agency: Pittsburg State University

Bill No.

Bill Sec.

Analyst: Hollon

Analysis Pg. No. Vol. I, 355 **Budget Page No.** 331

<u>Expenditure Summary</u>	<u>Agency Estimate FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 32,019,063	\$ 32,019,063	\$ 0
Other Funds	33,836,157	33,836,157	0
TOTAL	<u>\$ 65,855,220</u>	<u>\$ 65,855,220</u>	<u>\$ 0</u>
FTE Positions	772.5	772.5	0.0
Non FTE Uncl. Perm. Pos.	41.7	41.7	0.0
TOTAL	<u>814.2</u>	<u>814.2</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **agency's** current year estimate for operating expenditures is \$65.9 million which is an increase of \$2.8 million (4.5 percent) from the approved budget. The agency estimates FY 2004 State General Fund expenditures of \$32.0 million which is an increase of \$441,987 (1.4 percent) from the approved budget.

The **Governor** concurs with the agency's revised estimate.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

1-64

House Budget Committee Report

Agency: Pittsburg State University

Bill No. --

Bill Sec. --

Analyst: Hollon

Analysis Pg. No. Volume I, P. 355

Budget Page No. 331

<u>Expenditure Summary</u>	<u>Agency Estimate FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 32,019,063	\$ 32,019,063	\$ 0
Other Funds	33,836,157	33,836,157	0
TOTAL	\$ 65,855,220	\$ 65,855,220	\$ 0
FTE Positions	772.5	772.5	0.0
Non FTE Uncl. Perm. Pos.	41.7	41.7	0.0
TOTAL	814.2	814.2	0.0

Agency Estimate/Governor's Recommendation

The **agency's** current year estimate for operating expenditures is \$65.9 million which is an increase of \$2.8 million (4.5 percent) from the approved budget. The agency estimates FY 2004 State General Fund expenditures of \$32.0 million which is an increase of \$441,987 (1.4 percent) from the approved budget.

The **Governor** concurs with the agency's revised estimate.

House Budget Committee Recommendation

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

1-65

Senate Subcommittee Report

Agency: Pittsburg State University

Bill No.

Bill Sec.

Analyst: Hollon

Analysis Pg. No. Vol. I, 355

Budget Page No. 331

<u>Expenditure Summary</u>	<u>Agency Request FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>Senate Subcommittee Adjustments*</u>
Operating Expenditures:			
State General Fund	\$ 31,993,705	\$ 32,743,450	\$ (817,517)
Other Funds	33,944,198	33,817,739	(444,300)
TOTAL	\$ 65,937,903	\$ 66,561,189	\$ (1,261,817)
FTE Positions	772.5	772.5	0.0
Non FTE Uncl. Perm. Pos.	41.7	41.7	0.0
TOTAL	814.2	814.2	0.0

* The adjustment reflects the deletion of the Governor's recommended pay plan adjustments.

Agency Request/Governor's Recommendation

The **agency** requests an FY 2005 operating budget of \$65.9 million which is an increase of \$82,683 (0.1 percent) from the current year estimate. The agency requests State General Fund expenditures of \$32.0 million which is a decrease of \$25,358 (0.1 percent) from the current year estimate due mainly to FY 2004 expenditures from carryforward balances.

The **Governor** recommends an FY 2005 operating budget of \$66.6 million which is an increase of \$705,969 (1.1 percent) from the current year recommendation. The Governor recommends State General Fund expenditures of \$32.7 million which is an increase of \$724,387 (2.3 percent) from the current year.

Under the Governor's FY 2005 **statutory budget** recommendation, this agency would be exempt from any additional reduction.

Senate Subcommittee Recommendation

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

1. **Pay Plan Adjustment** - Delete \$1,261,817, including \$817,517 from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.

2. The Subcommittee commends the university on the following achievements:
- PSU's Fall 2003 credit hour production is the second highest in institutional history with approximately 97.5 percent of credit hours produced on campus.
 - The 2004 edition of Kaplan's "Unbiased Guide to the 328 Most Interesting Colleges" described PSU as a "hidden treasure."
 - The North Central Association of Colleges and Universities recently re-affirmed the accreditation of PSU for the maximum 10-year period with no contingencies or required follow-up reports.
 - Scientists from Cargill and PSU's Kansas Polymer Research Center have announced a joint research effort to develop soy-based polyols for the urethane industry. The alliance is part of a larger Cargill initiative to accelerate development of industrial products from renewable resources.
 - Students, faculty, staff, and alumni of PSU have a 100 year record of achievements including: a PSU faculty member was named Educator of the Year by the Institute of Internal Auditors; a PSU student was awarded a \$25,000 International Rotary Scholarship; a PSU student was named Miss Volunteer America 2004 by the Volunteer America Organization; the university awarded the first Brandenburg Award and Medallion to Wal-Mart CEO Lee Scott, a 1971 PSU alum; and PSU has produced more CoSIDA Academic All-Americans in the 2000s than any other NCAA Division II institution.
3. The Subcommittee expresses concern regarding the reductions and funding gaps in the Governor's recommendation. For Pittsburg State University, the funding deficit totals \$1.3 million as outlined below.

Resource Requirements:

FY2004 General Use Base Budget	\$	46,941,994
Faculty Salary Enhancements*		216,292
3.0 Percent Pay Plan		1,080,535
Fringe Adjustments		948,413
Total Requirements	\$	<u>49,187,234</u>

Resources Available:

FY2004 General Use Base Budget	\$	46,941,994
3.0 Percent Pay Plan		817,517
Operating Grant Increase*		295,378
Faculty Salary Enhancements*		216,292
Vehicle Moratorium Reductions		(112,715)
BEST Reductions		(227,659)
Total Available	\$	<u>47,930,807</u>

Funding Deficit \$ (1,256,427)

* Estimate. The Board of Regents has not determined the distribution of these funds.

1-67

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Budget Committee Report

Agency: Pittsburg State University

Bill No. HB 2900

Bill Sec. 45

Analyst: Hollon

Analysis Pg. No. Volume I, P. 355

Budget Page No. 331

<u>Expenditure Summary</u>	<u>Agency Request FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 31,993,705	\$ 32,743,450	\$ 0
Other Funds	33,944,198	33,817,739	0
TOTAL	<u>\$ 65,937,903</u>	<u>\$ 66,561,189</u>	<u>\$ 0</u>
FTE Positions	772.5	772.5	0.0
Non FTE Uncl. Perm. Pos.	41.7	41.7	0.0
TOTAL	<u>814.2</u>	<u>814.2</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The **agency** requests an FY 2005 operating budget of \$65.9 million which is an increase of \$82,683 (0.1 percent) from the current year estimate. The agency requests State General Fund expenditures of \$32.0 million which is a decrease of \$25,358 (0.1 percent) from the current year estimate due mainly to FY 2004 expenditures from carryforward balances.

The **Governor** recommends an FY 2005 operating budget of \$66.6 million which is an increase of \$705,969 (1.1 percent) from the current year recommendation. The Governor recommends State General Fund expenditures of \$32.7 million which is an increase of \$724,387 (2.3 percent) from the current year.

Under the Governor's FY 2005 **statutory budget** request, this agency would be exempt from any additional reduction.

1-68

House Budget Committee Recommendation

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

1. The Budget Committee commends the university on its reaccreditation by the North Central Association of Colleges and Universities for the maximum 10-year period with no contingencies or required follow-up reports.

HOUSE BILL 2734

Brief

House Bill 2734 amends provisions dealing with the tuition waiver for children in the foster care system. The bill would increase the number of new tuition waivers provided by an educational institution from three per year to five. In addition, Washburn University would be added to the list of participating educational institutions.

Current eligibility requirements require that the participant must have been in the foster care system on his or her 18th birthday and have graduated from high school or attained a general education development (GED) certificate while in foster care. Eligibility requirements for participation would be expanded to include:

- an individual who left the foster care system prior to his or her 18th birthday and graduated from high school or attained a GED certificate while in foster care; and
- an individual who was adopted out of the foster care system on or after the individual's 16th birthday.

A student would be eligible for the tuition waiver until the semester he or she turns 21 years old. Current law sets no such limit.

The bill would require that refunds when an eligible student discontinues attendance be returned to the original source of funding. If the original source is federal funding transferred from the Department of Social and Rehabilitation Services, the funding will be returned to the Department of Social and Rehabilitation Services. Refunds are currently credited to a tuition waiver reimbursement fund within the Board of Regents.

HB 2734 would require that the Board of Regents certify that 20 percent of the total amount required to pay the claims received from the educational institutions be in cash, in-kind contributions, State General Fund moneys, or non-federal funds not used to match other funds.

Annual expenditures of the Department of Social and Rehabilitation Services for the tuition waiver program would be limited to no more than 30 percent of the amount of the total federal award. Current statute has no expenditure limitation. The bill would also require that the Department of Social and Rehabilitation Services approve the eligibility of each candidate.

HB 2734 also would amend one of the eligibility criteria for the Workforce Development Loan Act by requiring that an individual seeking the foster care priority for receipt of loans be in the foster care system on his or her 18th birthday. Current statute allows the granting of priority status if the individual is in the foster care system prior to his or her 18th birthday.

Background

The bill was introduced by the House Appropriations Committee. The Education Budget Committee held a hearing on the bill. A representative from the Department of Social and Rehabilitation Services appeared in favor of the bill. A representative of the Board of Regents testified to the Committee expressing the agency's neutrality. There were no opponents appearing before the Committee.

There was no fiscal note available at the time of the hearing.

**Undergraduate Resident Tuition and Fees
1994 - 2003**

Fall Semester	University of Kansas	Percent Change	Kansas State University	Percent Change	Wichita State University	Percent Change	Emporia State University	Percent Change	Fort Hays State University	Percent Change
1994	\$ 1,019	6.1 %	\$ 1,043	5.6 %	\$ 1,058	4.6 %	\$ 865	2.7 %	\$ 893	3.0 %
1995	1,091	7.1 %	1,099	5.4 %	1,189	12.4 %	891	3.0 %	921	3.1 %
1996	1,155	5.9 %	1,187	8.0 %	1,205	1.3 %	917	2.9 %	964	4.7 %
1997	1,193	3.3 %	1,234	4.0 %	1,238	2.7 %	950	3.6 %	996	3.3 %
1998	1,235	3.5 %	1,272	3.1 %	1,275	3.0 %	991	4.3 %	1,013	1.7 %
1999	1,259	1.9 %	1,296	1.9 %	1,286	0.9 %	1,043	5.2 %	1,032	1.9 %
2000	1,362	8.2 %	1,390	7.3 %	1,379	7.2 %	1,109	6.3 %	1,089	5.5 %
2001	1,442	5.9 %	1,417	1.9 %	1,428	3.6 %	1,142	3.0 %	1,109	1.8 %
2002	1,742	20.8 %	1,722	21.5 %	1,528	7.0 %	1,227	7.4 %	1,165	5.0 %
2003	2,050	17.7 %	2,030	17.9 %	1,753	14.7 %	1,388	13.1 %	1,270	9.0 %
Ten-year Change	\$ 1,031	101.2 %	\$ 987	94.6 %	\$ 695	65.7 %	\$ 523	60.5 %	\$ 377	42.2 %

Fall Semester	Pittsburg State University	Percent Change	National Average ⁽¹⁾	Percent Change	Regional Average ⁽¹⁾	Percent Change	CPI-U Change ⁽²⁾	KPI Change ⁽³⁾
1994	\$ 877	5.4 %	\$ 2,705	6.7 %	\$ 2,924	5.6 %	2.9 %	5.2 %
1995	903	3.0 %	2,881	6.5 %	3,104	6.2 %	2.7 %	5.5 %
1996	938	3.9 %	2,975	3.3 %	3,263	5.1 %	2.9 %	5.9 %
1997	1,008	7.5 %	3,111	4.6 %	3,468	6.3 %	1.8 %	5.6 %
1998	1,050	4.2 %	3,247	4.4 %	3,647	5.2 %	1.6 %	5.6 %
1999	1,071	2.0 %	3,362	3.5 %	3,811	4.5 %	2.2 %	3.7 %
2000	1,130	5.5 %	3,487	3.7 %	3,992	4.7 %	2.8 %	3.8 %
2001	1,169	3.5 %	3,725	6.8 %	4,217	5.6 %	1.6 %	4.4 %
2002	1,267	8.4 %	4,081	9.6 %	4,803	13.9 %	2.3 %	3.9 %
2003	1,481	16.9 %	NA		NA		1.9 %	5.0 %
Ten-year Change	\$ 604	68.9 %						

1) Source: The College Board, 2002 Trends in College Pricing

2) Consumer Price Index - All Urban Consumers. The estimates for FY 2003 and FY 2004 are that of the Consensus Estimating Group as of April 2003 for the calendar year in which the fiscal year begins.

3) Kansas personal income. The estimate for FY 2003 and FY 2004 is that of the Consensus Estimating Group as of April 2003.

Legislative Research Dept.

HOUSE APPROPRIATIONS

DATE 3-12-2004
ATTACHMENT 3



KANSAS AGRICULTURAL ALLIANCE

HOUSE COMMITTEE ON APPROPRIATIONS

Support for Kansas State University – Extension Systems and Agricultural Research Programs

March 11, 2004

Presented by:
Kansas Agricultural Alliance
Todd Johnson, President

*Kansas Agribusiness
Retailers Association*

*Kansas Agricultural
Aviation Association*

Kansas Agri-Women

*Kansas Association of
Agriculture Educators*

*Kansas Association of
Conservation Districts*

*Kansas Association of
Wheat Growers*

*Kansas Corn Growers
Association*

Kansas Cooperative Council

Kansas Dairy Association

*Kansas Electric
Cooperatives*

Kansas Ethanol Association

Kansas Farm Bureau

*Kansas Grain & Feed
Association*

*Kansas Grain Sorghum
Producers*

*Kansas Livestock
Association*

Kansas Pork Association

*Kansas Seed Industry
Association*

Kansas Soybean Association

*Kansas Veterinary Medical
Association*

As your committee makes budget recommendations for state agencies and programs, please consider these comments from the Kansas Agricultural Alliance (KAA). KAA is a group of nineteen organizations representing agricultural, agribusiness and rural interests. The alliance only takes positions on legislative initiatives when its members are unanimous in their position.

These comments are shared with your committee to express our support for funding Kansas State University (KSU) Extension Systems and Agricultural Research Programs (ESARP). KSU Extension and Research plays a vital role in providing education and outreach to all Kansans in areas ranging from food safety and nutrition to livestock and crop production practices.

Because KSU-ESARP does not have the ability to generate funds through tuition enhancements, KSU Research and Extension programs are more dependent upon State General Funds than other university programs. Therefore, **KAA supports a differential in the block grant funding of 2% additional for KSU Research and Extension over the KSU main campus funding.**

KAA also opposes sweeping of KSU-ESARP fee funds for unrelated purposes. Fees collected to support specific programs should be maintained for their intended purposes. The sweeping of fee funds distorts the actual revenue needs for fee-funded programs and may jeopardize the credibility and effectiveness of those programs.

Thank you for considering our comments.

HOUSE APPROPRIATIONS

DATE 3-12-2004
ATTACHMENT 4