

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Stephen Morris at 10:35 a.m. on February 16, 2004, in Room 123-S of the Capitol.

All members were present.

Committee staff present:

Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Chief Fiscal Analyst, Kansas Legislative Research Department
Michele Alishahi, Kansas Legislative Research Department
Melissa Calderwood, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Debra Hollon, Kansas Legislative Research Department
Susan Kannarr, Kansas Legislative Research Department
Jill Wolters, Senior Assistant, Revisor of Statutes
Judy Bromich, Administrative Analyst
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

None

Others attending:

See Attached List.

Bill Introduction

Senator Downey moved, with a second by Senator Helgerson, introduction of a bill concerning the Kansas Parole Board (3rs1833). Motion carried on a voice vote.

Chairman Morris distributed copies of the memorandum regarding the Governor's Budget Amendment No. 1 for FY 2005 (Attachment 1).

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

SB 442--Fees for services provided by the state treasurer's office

Senator Jackson moved, with a second by Senator Downey, to recommend SB 442 favorable for passage. Motion carried on a roll call vote.

Copies of the Kansas Legislative Research Department Budget Analysis Report for FY 2004 and FY 2005 were available to the committee.

Subcommittee reports on:

Higher Education (Attachment 2)

Postsecondary Education Systemwide

Subcommittee Chairman Morris reported that the subcommittee on Postsecondary Education Systemwide concurs with the Governor's recommendation in FY 2004 with notation and concurs with the Governor's FY 2005 recommendations with adjustments and notations.

Board of Regents

Subcommittee Chairman Morris reported that the subcommittee on the Board of Regents concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:35 a.m. on February 16, 2004, in Room 123-S of the Capitol.

adjustments and notations.

University of Kansas

Subcommittee Chairman Morris reported that the subcommittee on the University of Kansas concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with adjustments and notations.

University of Kansas Medical Center

Subcommittee Chairman Morris reported that the subcommittee on the University of Kansas Medical Center concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with adjustments and notations.

Senator Helgerson moved, with a second by Senator Downey, to amend the subcommittee report on the University of Kansas Medical Center in FY 2005, page 2, item 3, to substitute \$500,000 State General Fund and not from the Children's Initiatives Fund for life sciences research. Motion failed by a voice vote. Senator Helgerson and Senator Downey requested to be recorded as voting "Yes" on the motion.

Senator Jackson moved, with a second by Senator Jordan, to adopt the subcommittee budget report on the University of Kansas Medical Center in FY 2004 and FY 2005. Motion carried on a voice vote. Senator Helgerson requested to be recorded as voting "No" on the motion.

Kansas State University

Subcommittee Chairman Morris reported that the subcommittee on Kansas State University concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with adjustments and notations.

Kansas State University Veterinary Medical Center

Subcommittee Chairman Morris reported that the subcommittee Kansas State University Veterinary Medical Center concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with adjustments and notations.

Kansas State University Extension Systems and Agriculture Research Programs

Subcommittee Chairman Morris reported that the subcommittee on Kansas State University Extension Systems and Agriculture Research Programs concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with adjustments and notations.

Wichita State University

Subcommittee Chairman Morris reported that the subcommittee on Wichita State University concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with adjustments and notations.

Emporia State University

Subcommittee Chairman Morris reported that the subcommittee on Emporia State University concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with adjustments and notations.

Fort Hays State University

Subcommittee Chairman Morris reported that the subcommittee on Fort Hays State University concurs with

CONTINUATION SHEET

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the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with adjustments and notations.

Pittsburg State University

Subcommittee Chairman Morris reported that the subcommittee on Pittsburg State University concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with adjustments and notations.

Senator Adkins moved, with a second by Senator Barone, to adopt the subcommittee budget reports on Postsecondary Education Systemwide, Kansas Board of Regents, University of Kansas, Kansas State University, Kansas State University Veterinary Medical Center, Kansas State University Extension Systems and Agriculture Research Programs, Wichita State University, Emporia State University, Fort Hays State University and Pittsburg State University in FY 2004 and FY 2005. Motion carried on a voice vote. Senator Helgeson requested to be recorded as voting "No" on the motion. (The vote for the subcommittee budget report for the University of Kansas Medical Center took place earlier in the meeting.)

The meeting adjourned at 11:40 a.m. The next meeting is scheduled for February 17, 2004.

SENATE WAYS AND MEANS COMMITTEE
GUEST LIST

DATE February 16, 2004

NAME	REPRESENTING
Aaron Dunkel	DOB
Kurt Deaton	"
Mary Burris	Board of Regents
Peggy Hanne	Treasurer's Office
Dodie Wellstean Johnson	Patrick Hurley & Co
Sheila Fadem	KACCT
Jennie Rose	"
Bud Burkley	Issues Mgmt. Group
David S. Monigal	Washburn University
Bob Kelly	KICA
Darin Owen	HOMELESS COME HOME
Mike Hutt	Ks. Gov't. Consulting
Jan Josseland	Univ. of Kansas
SUE PETERSON	K-State
JOHN DOUGHERTY	ESU

KANSAS

DIVISION OF THE BUDGET
DUANE A. GOOSSEN, DIRECTOR

KATHLEEN SEBELIUS, GOVERNOR

February 12, 2004

The Honorable Steve Morris, Chairperson
Senate Committee on Ways and Means
Room 120-S, Statehouse

and

The Honorable Melvin Neufeld, Chairperson
House Committee on Appropriations
Room 514-S, Statehouse

Dear Senator Morris:

As Governor's Budget Amendment No. 1, I offer the following corrections to the budget document submitted to the Legislature so that the intentions of the Governor can be reflected as accurately as possible. The adjustments correct errors made in posting the detailed budgets or publishing *The FY 2005 Governor's Budget Report*. Errors were identified through a cooperative process involving the Division of the Budget, state agencies, and your fiscal staff. We are thankful for their cooperation and assistance. Total adjustments to expenditures and positions are shown below.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ 1,995,001
All Other Funds	<u>412,000</u>	<u>866,120</u>
All Funds	\$ 412,000	\$ 2,861,121
FTE Positions	(73.0)	(3.8)
Non-FTE Unclassified Permanent	<u>78.0</u>	<u>78.0</u>
Total Positions	5.0	74.2

Sincerely,



Duane A. Goossen
Director of the Budget

Attorney General

1. Tort Claims Expenditures

The Attorney General's FY 2005 budget submission included a supplemental request to fund litigation expenses for House Resolution 6003 in FY 2004. The agency requested \$150,000 from the State General Fund and \$150,000 from the Tort Claims Fund. The Governor did not recommend adding funds for these expenditures. However, after reviewing the Attorney General's budget, it was found that only the State General Fund portion of the request had been deleted. This correction to *The FY 2005 Governor's Budget Report* will reduce the \$150,000 that should have been deleted from the Tort Claims Fund in FY 2004.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>(150,000)</u>	<u>--</u>
All Funds	\$ (150,000)	\$ --

Racing & Gaming Commission

2. FTE Position Correction

The FTE positions for the Gaming Program of the Racing and Gaming Commission were mistakenly overreported as 25.0 in FY 2005. To correct this overreporting, 1.0 FTE position should be removed from the agency's total FTE position count.

	<u>FY 2004</u>	<u>FY 2005</u>
FTE Positions	--	(1.0)
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	(1.0)

Banking Department

3. FTE Position Correction

The Banking Department overstated its FTE limitation for FY 2005 by 1.0 FTE position when it submitted its budget on September 15, 2003. The error was discovered only after the Governor's recommendations were published. The total should have been 86.0, instead of 87.0 FTE positions.

	<u>FY 2004</u>	<u>FY 2005</u>
FTE Positions	--	(1.0)
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	(1.0)

Judiciary

4. Salary Plan Increase

The 3.0 percent salary increase for nonjudicial employees was inadvertently left out of the Judiciary's FY 2005 budget recommendation. Additional funding of \$1,731,930, including \$1,660,852 from the State General Fund, is recommended. This correction to *The FY 2005 Governor's Budget Report* will fund the salary plan at the Judiciary in the same manner as the rest of state government.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ 1,660,852
All Other Funds	<u>--</u>	<u>71,078</u>
All Funds	\$ --	\$ 1,731,930

Board of Veterinary Medical Examiners

5. Vehicle Purchase Moratorium Correction

As part of the Governor's moratorium on the purchase of vehicles, funds were removed from the FY 2005 budgets of a number of agencies based on their vehicle purchase costs over the past four actual fiscal years. The Board of Veterinary Medical Examiners was reduced by \$19,618 from the agency's fee fund in connection with this effort. It has been discovered that this reduction was in error. Under the methodology used, this agency should have been excluded from the reductions. Therefore, the \$19,618 needs to be restored to the Board's budget.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>19,618</u>
All Funds	\$ --	\$ 19,618

Larned State Hospital

6. Position Correction in the Sex Predator Treatment Program

Two corrections need to be made to the positions reported for Larned State Hospital. First, the Governor's recommendation included 72.0 FTE positions in FY 2004 to staff the Sex Predator Treatment Program. These positions should be switched from the FTE category to the non-FTE Unclassified Permanent category to reflect accurately how the positions are being filled. Second, the Governor's FY 2005 recommendation did not include the 72.0 positions because this program has grown rapidly and it is uncertain what resources will be needed in FY 2005. However, to acknowledge the likely need for positions in this program, this amendment adds 72.0 non-FTE Unclassified Permanent positions to FY 2005. When the staffing has stabilized, perhaps by FY 2006, these positions can be converted to regular FTE positions. The Governor's FY 2004 revised budget includes supplemental funding of \$2.0 million in addition to base funding of \$3.6 million for the Sex Predator Treatment Program. Any portion of the supplemental funding that is not needed in FY 2004 is intended to be carried forward for FY 2005. If necessary, further funding for FY 2005 will be recommended in a future budget amendment or as supplemental funding when the revised FY 2005 budget is submitted.

	<u>FY 2004</u>	<u>FY 2005</u>
FTE Positions	(72.0)	--
Non-FTE Unclassified Permanent	<u>72.0</u>	<u>72.0</u>
Total Positions	--	72.0

Department of Human Resources

7. FTE Position Correction

As part of the Governor's recommendations, 2.0 FTE positions were intended to be deleted from the Department of Human Resources in FY 2004 and FY 2005 compared to FY 2003. The funds for these positions were shifted elsewhere in the budget to finance an IT feasibility study that was needed by the agency. However, the FTE reduction was not included in *The FY 2005 Governor's Budget Report*. This amendment reflects the correct FTE position count for the agency, which totals 938.4.

	<u>FY 2004</u>	<u>FY 2005</u>
FTE Positions	(2.0)	(2.0)
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	(2.0)	(2.0)

Kansas Commission on Veterans Affairs

8. FTE Position Correction

The Kansas Commission on Veterans Affairs submitted its budget for FY 2005 with a .8 FTE position reduction for the Kansas Soldiers Home Non-Nursing Home Program. And the Governor's budget included this .8 reduction in the recommendation for FTE positions. The Commission later realized that it had inadvertently reduced one of its full-time employees to a .2 FTE position by making this reduction. It had not, however, reduced the funding for the position. This correction to *The FY 2005 Governor's Budget Report* will restore the total number of FTE positions to 557.8.

	FY 2004	FY 2005
FTE Positions	--	.8
Non-FTE Unclassified Permanent	--	--
Total Positions	--	.8

Adjutant General

9. BEST Team Reductions

The original calculation of expenditures used for determining reduction amounts for the BEST Team savings inadvertently included expenditures from a federal fund in the Adjutant General's budget. This inclusion created a disproportionately large reduction amount. When the reductions to expenditures were then spread across FY 2005 funding sources, which properly omitted the federal fund, the result was to increase the reduction from both the State General Fund and other funds in correspondingly large amounts. This correction to *The FY 2005 Governor's Budget Report* will restore the correct amount to the Adjutant General's budget.

	FY 2004	FY 2005
State General Fund	\$ --	\$ 289,085
All Other Funds	--	39,424
All Funds	\$ --	\$ 328,509

10. Homeland Security Planners

On January 21, 2004, the Governor signed Executive Directive 04-348, giving the Adjutant General expenditure authority for federal funds for 7.0 non-FTE Homeland Security Planners positions and related expenditures. These planners will provide training on how to prevent and respond to emergency and disaster situations across the state and interjurisdictional areas. The grant will provide \$562,000 in FY 2004 and \$736,000 for FY 2005. This amendment updates the budget for amounts that were not known at the time the Governor's budget was published. No action is needed by the Legislature.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>562,000</u>	<u>736,000</u>
All Funds	\$ 562,000	\$ 736,000
FTE Positions	--	--
Non-FTE Unclassified Permanent	<u>7.0</u>	<u>7.0</u>
Total Positions	7.0	7.0

Emergency Medical Services Board

11. FTE Position Limitation

The FTE position limitation of the Emergency Medical Services Board was inadvertently reported as 12.0 in FY 2004 and FY 2005, and the non-FTE position limitation as 1.0 in both fiscal years. The correct FTE position limitation is 13.0 in each year with no non-FTE positions for either year.

	<u>FY 2004</u>	<u>FY 2005</u>
FTE Positions	1.0	1.0
Non-FTE Unclassified Permanent	<u>(1.0)</u>	<u>(1.0)</u>
Total Positions	--	--

Department of Agriculture

12. Salary Plan Increase

The financing included in the Governor's recommendation to implement the pay plan for this agency assumed a greater amount from fee funds than these funds can support. Therefore, proportionally more funding should have come from the State General Fund. This amendment adds \$45,064 from the State General Fund for FY 2005 to ensure that the pay plan is properly financed.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ 45,064
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 45,064

Animal Health Department

13. FTE Position Correction

FTE positions for FY 2005 were mistakenly overreported as 32.6 in *The FY 2005 Governor's Budget Report*. To correct this error, 1.6 FTE positions should be removed from the agency's total FTE position count. The correct FTE position total is 31.0.

	FY 2004	FY 2005
FTE Positions	--	(1.6)
Non-FTE Unclassified Permanent	--	--
Total Positions	--	(1.6)

Selected Agencies

14. Biennial Budget Revenue Transfers

The Governor recommends that the unencumbered balance in excess of \$200,000 at the end of FY 2005 for the fee funds of biennial agencies be transferred to the State General Fund. Since the Governor's budget was published, technical problems with four of the transfers have been discovered. In each case, the amount of the transfer is overstated because of a misreading of the estimated amount available in the fee fund. The language proposed in the appropriations bill to make these transfers would authorize the Director of the Budget to certify the amount of the transfer at the close of FY 2005, when the actual amounts are known. Compared to the amounts reported in the budget, if the transfers were certified using current estimates of fund balances, the transfer from the Dental Board Fee Fund to the State General Fund would be reduced from \$354,960 to \$42,841, the Banking Fee Fund from \$2,704,718 to \$1,751,028, the Credit Union Fee Fund from \$166,705 to \$147,036, and the Optometry Fee Fund from \$16,684 to \$0. This amendment acknowledges the adjustments that will need to be made, but the changes will be made as part of the certification process at the end of FY 2005.

FY 2004 AND FY 2005 SUBCOMMITTEE REPORTS

**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**



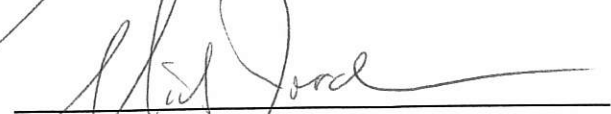
Senator Stephen Morris, Chair



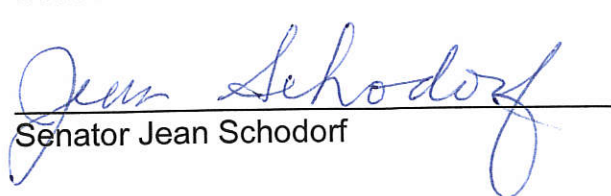
Senator David Adkins



Senator Jim Barone



Senator Nick Jordan



Senator Jean Schodorf

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	\$ 1,707,262,378	\$ 1,707,262,378	\$ 0
FTE Positions	14,911.2	14,911.2	0.0
Non FTE Uncl. Perm. Pos.	991.9	991.9	0.0
TOTAL	15,903.1	15,903.1	0.0

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 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.

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 on the campus of the community college 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 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 Subcommittee 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 Request FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>Senate Subcommittee Adjustments*</u>
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 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	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 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	\$ 453,505,574	\$ 456,805,960	\$ (6,777,476)
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

* 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 Subcommittee 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>Senate Subcommittee 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.

Senate Subcommittee Recommendation

The Subcommittee 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 Subcommittee 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>Senate Subcommittee Adjustments</u>
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 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 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 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 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

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

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments*
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.

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.

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 Estimate FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>Senate Subcommittee Adjustments</u>
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 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 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		(1,066,794)
Total Available	\$	<u>103,298,146</u>

<i>Funding Deficit</i>	\$	(3,191,884)
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* Estimate. The Board of Regents has not determined the distribution of these funds.

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	\$ 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.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Subcommittee Report

Agency: Emporia State University

Bill No.

Bill Sec.

Analyst: Hollon

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

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments*
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.

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		(343,893)
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 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 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	\$ 61,215,453	\$ 61,658,609	\$ (1,113,173)
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

* 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.

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.

Resource Requirements:

FY2004 General Use Base Budget	\$	41,558,351
Faculty Salary Enhancements*		176,282
3.0 Percent Pay Plan		940,624
Fringe Adjustments		<u>869,680</u>
Total Requirements	\$	<u><u>43,544,937</u></u>

Resources Available:

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		<u>(307,369)</u>
Total Available	\$	<u><u>42,428,364</u></u>
<i>Funding Deficit</i>	\$	<i>(1,116,573)</i>

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

Senate Subcommittee Report

Agency: Pittsburg State University

Bill No.

Bill Sec.

Analyst: Hollon

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

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
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.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

Senate Subcommittee Report

Agency: Pittsburg State University

Bill No.

Bill Sec.

Analyst: Hollon

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

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments*
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		<u>948,413</u>
Total Requirements	\$	<u><u>49,187,234</u></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		<u>(227,659)</u>
Total Available	\$	<u><u>47,930,807</u></u>

Funding Deficit \$ (1,256,427)

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