

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chair Sharon Schwartz at 9:00 A.M. on February 14, 2007, in Room 514-S of the Capitol.

All members were present except:

Representative Pat George - excused
Representative Jerry Henry - excused

Committee staff present:

Alan Conroy, Legislative Research Department
J. G. Scott, Legislative Research Department
Becky Krahl, Legislative Research Department
Audrey Dunkel, Legislative Research Department
Julian Efird, Legislative Research Department
Aaron Klaassen, Legislative Research Department
Jim Wilson, Revisor of Statutes
Shirley Jepson, Committee Assistant

Conferees appearing before the committee:

Stephen Martino, Executive Director, Kansas Racing and Gaming Commission

Others attending:

See attached list.

- Attachment 1 Budget Committee Report on Kansas Lottery & Kansas Racing and Gaming Commission
- Attachment 2 Budget Committee Report on Postsecondary Education Systemwide, Board of Regents, University of Kansas, University of Kansas Medical Center, Kansas State University, KSU-Veterinary Medical Center, KSU-Extension Systems and Agriculture Research Programs, Wichita State University, Emporia State University, Fort Hays State University, Pittsburg State University

HB 2352 was referred to Education Budget Committee.

HB 2421 was referred to Transportation & Public Safety Budget Committee.

HB 2423 was referred to Social Services Budget Committee.

Chair Schwartz recognized Representative Mike O'Neal for the purpose of introducing legislation.

Representative O'Neal moved to introduce legislation concerning the consumer protection act and malpractice lawsuits. The motion was seconded by Representative Tafanelli. Motion carried.

Representative Schwartz moved to introduce legislation regarding technical colleges and vocational school education reform. The motion was seconded by Representative Tafanelli. Motion carried.

Representative Lane, member of the General Government Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Kansas Lottery for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007(Attachment 1). The motion was seconded by Representative Pottorff. Motion carried.

Representative Lane, member of the General Government Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Kansas Lottery for FY 2008 and moved for the adoption of the Budget Committee recommendation for FY 2008 (Attachment 1). The motion was seconded by Representative Pottorff. Motion carried.

With reference to Item No. 3 of the Budget Committee report, the Budget Committee felt that the Governor's recommendation concerning transfer of funds from the Lottery to the State General Fund could cause a funding problem for the agency with the introduction of new lottery games and increased advertising costs.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on February 14, 2007, in Room 514-S of the Capitol.

Representative Burroughs, member of the General Government Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Kansas Racing and Gaming Commission for FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 1). The motion was seconded by Representative Lane. Motion carried.

Responding to a question from the Committee concerning the increase in funds for drug testing on race animals, Stephen Martino, Executive Director, Kansas Racing and Gaming Commission, stated that he did not have the information on the number of animals tested but could provide the information. Mr. Martino reported that samples are taken from all animals; however, not all samples are tested. The Budget Committee felt it is important to maintain the integrity of the race animal testing.

Representative Burroughs, member of the General Government Budget Committee, presented the Budget Committee Report on the Governor's budget recommendation for the Kansas Racing and Gaming Commission for FY 2008 and moved for the adoption of the Budget Committee recommendation for FY 2008 (Attachment 1). The motion was seconded by Representative Lane. Motion carried.

Representative Kelsey made a substitute motion to amend the Budget Committee report for the Kansas Racing and Gaming Commission for FY 2008 by reducing expenditures from the State Racing Fund by \$120,000 in FY 2008 to remove the compensation funding recommended by the Governor at \$2,000 per month for each of the five commissioners and to increase the expenditures limitation on the State Racing fund by \$15,000 in FY 2008 to provide commissioners with per diem compensation equivalent with the amount paid to legislators. The motion was seconded by Representative Beamer. Motion failed.

The Budget Committee noted the importance of the duties of the commissioners to maintain the integrity of the racing industry. The Budget Committee indicated that the content of the Kelsey motion may have some merit and will be reviewed by the General Government Budget Committee.

With reference to deletion of Economic Development Initiatives Fund (EDIF) funding in Item No. 3 and related to No.4, the Budget Committee stated that EDIF funding removed is anticipated to be replaced by the parimutuel tax rate increase as recommended in Item No. 7.

Representative McLeland, Chair of the Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Postsecondary Education Systemwide for FY 2007, including Board of Regents, University of Kansas, University of Kansas Medical Center, Kansas State University (KSU), KSU Veterinary Medical Center, KSU Extension Systems and Agriculture Research Programs, Wichita State University, Emporia State University, Fort Hays State University and Pittsburg State University and moved for the adoption of the Budget Committee recommendation for FY 2007 (Attachment 2). The motion was seconded by Representative Sawyer. Motion carried.

Representative McLeland, Chair of the Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Postsecondary Education Systemwide for FY 2008 and moved for the adoption of the Budget Committee recommendation for FY 2008 (Attachment 2). The motion was seconded by Representative Powell.

Several members of the Education Budget Committee indicated that they did not sign the Budget Committee report because of the number of items delayed until Omnibus.

Representative Feuerborn made a substitute motion to strike Item No. 15 from the Budget Committee report on Postsecondary Education Systemwide for FY 2008 which will return funding as recommended in the Governor's budget and review at Omnibus the addition of another \$2.5 million from the Economic Development Initiatives Fund (EDIF). The motion was seconded by Representative Burroughs. Motion carried.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on February 14, 2007, in Room 514-S of the Capitol.

This action will return the funding to the Governor's recommendation by adding \$2.5 million additional funding from EDIF for the National Institute for Aviation Research (NIAR) at Wichita State University.

Representative Feuerborn made a substitute motion to strike Item No. 3 from the Budget Committee report on Postsecondary Education Systemwide for FY 2008. The motion was seconded by Representative Carlin. Motion failed.

Representative McLeland made a substitute motion to strike Item No. 16 from the Budget Committee report on Postsecondary Education Systemwide for FY 2008. The motion was seconded by Representative Yoder. Motion carried.

Representative McLeland made a substitute motion to add the language of Item No. 2 of the University of Kansas Medical Center Budget Committee Report to the Postsecondary Education Systemwide for FY 2008 report. The motion was seconded by Representative Powell. Motion carried.

Representative McLeland moved to adopt the Budget Committee recommendation on Postsecondary Education Systemwide for FY 2008 as amended. The motion was seconded by Representative Masterson. Motion carried.

Because the Budget Committee Report on the Postsecondary Education Systemwide for FY 2008 contained all of the recommendations of the Regent universities, the following motion was made to adopt those reports.

Representative McLeland moved for adoption of the Budget Committee recommendations for the Board of Regents, University of Kansas, University of Kansas Medical Center, Kansas State University (KSU), KSU Veterinary Medical Center, KSU Extension Systems and Agriculture Research Program, Wichita State University, Emporia State University and Pittsburg State University for FY 2008 as amended. The motion was seconded by Representative Masterson. Motion carried.

The meeting was adjourned at 10:30 a.m. The next meeting of the Committee will be held at 9:00 a.m. on February 15, 2007.


Sharon Schwartz, Chair

House Appropriations Committee

February 14, 2007

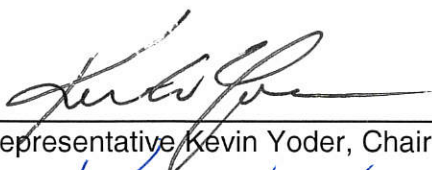
9:00 A.M.

NAME	REPRESENTING
Howard Smith	PITTSBURGH STATE UNIVERSITY
John McElroy	KJGA
DK Rideaux	FPSU
Richard Simpson	Kearney & Assoc.
John Deasley	WSP
Ron Seche	New Law Firm
Henneman	Stand Up for Kansas
Ed Gray	KDOC
JOHN DOUGHERTY	ESU
David Burke	Cisona
ERIC SEXTON	WSEU
Michael Hooper	Kearney & Assoc.
B Penner	KICA
Dorothy Hughes	KUMC
JP SMALL	KQHRA
Natalie Prufic	WATC
Carolyn Judd	KSWA

FY 2007 and FY 2008

HOUSE GENERAL GOVERNMENT BUDGET COMMITTEE

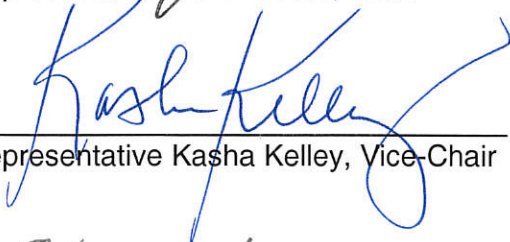
Kansas Lottery
Kansas Racing and Gaming Commission



Representative Kevin Yoder, Chair



Representative Rocky Fund



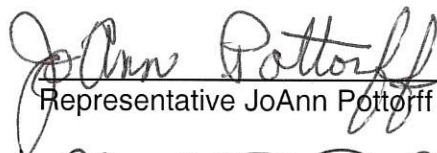
Representative Kasha Kelley, Vice-Chair



Representative Annie Kueher



Representative Harold Lane,
Ranking Minority Member



Representative JoAnn Pottorff



Representative Virginia Beamer



Representative Charles Roth



Representative Tom Burroughs

HOUSE APPROPRIATIONS

DATE 2-14-2007
ATTACHMENT 1

House Budget Committee Report

Agency: Kansas Lottery

Bill No. HB

Bill Sec.

Analyst: Efird

Analysis Pg. No. Vol.

Budget Page No. 309

Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	55,462,452	55,462,452	0
Subtotal - Operating	<u>\$ 55,462,452</u>	<u>\$ 55,462,452</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 55,462,452</u></u>	<u><u>\$ 55,462,452</u></u>	<u><u>\$ 0</u></u>
FTE Positions	81.0	81.0	6.0
Non FTE Uncl. Perm. Pos.	6.0	6.0	0.0
TOTAL	<u><u>87.0</u></u>	<u><u>87.0</u></u>	<u><u>6.0</u></u>

Agency Estimate

The agency requests revised FY 2007 expenditures of \$55.5 million and a reduction of 5.0 FTE positions to 81.0 FTE. The agency estimates sales of \$247.5 million and transfers to the State Gaming Revenues Fund of \$70.0 million, of which \$20.0 million would ultimately be transferred to the State General Fund under current law.

Governor's Recommendation

The Governor concurs with expenditures of \$55.5 million and a reduction of 5.0 FTE positions. The Governor concurs with the sales estimate of \$247.5 million and recommends an increase in transfers to the State Gaming Revenues Fund of \$72.0 million. The Governor recommends \$22.0 million to be transferred to the State General Fund, including \$1.0 million from veterans games.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommended expenditures of \$55.5 million in FY 2007, but makes the following adjustments and comments:

1. Reduce the Governor's estimate of State General Fund revenue from the Lottery that exceeds the consensus revenue estimate in FY 2007, pending official revisions from the consensus revenue estimating group in April 2007, and review

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at Omnibus any revisions in State General Fund revenue estimate that the consensus revenue group may adopt. The Governor's estimate would be reduced \$2,000,000 in FY 2007 based on the Budget Committee recommendation, with the State General Fund to receive \$20.0 million of revenue in FY 2007. The Budget Committee would note that the Governor's recommendation does not assume any increase above the agency's sales estimate in FY 2007, and may overstate the amount of money that may be transferred without forcing the Lottery to reduce expenditures for operating expenses, such as advertising.

2. Add 6.0 FTE positions in FY 2007 as a technical correction to fix a mistake in the Governor's Budget Report that is being corrected in the FY 2007 supplemental appropriations bill, according to information received from the Division of the Budget.

House Budget Committee Report

Agency: Kansas Lottery

Bill No. HB

Bill Sec.

Analyst: Efirid

Analysis Pg. No. Vol.

Budget Page No. 309

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	57,065,632	57,198,530	(304,898)
Subtotal - Operating	<u>\$ 57,065,632</u>	<u>\$ 57,198,530</u>	<u>\$ (304,898)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 57,065,632</u></u>	<u><u>\$ 57,198,530</u></u>	<u><u>\$ (304,898)</u></u>
FTE Positions			
FTE Positions	81.0	81.0	6.0
Non FTE Uncl. Perm. Pos.	6.0	6.0	0.0
TOTAL	<u><u>87.0</u></u>	<u><u>87.0</u></u>	<u><u>6.0</u></u>

Agency Request

The agency requests expenditures of \$57.1 million and 81.0 FTE positions. Sales are estimated at \$255.5 million, an increase from this fiscal year's agency estimate. Transfers to the State Gaming Revenues Fund would total \$72.5 million, with \$22.5 million to be transferred to the State General Fund under current law.

Governor's Recommendation

The Governor recommends expenditures of \$57.2 million and 81.0 FTE positions. The Governor concurs with the estimated sales of \$255.5 million and recommends transfers to the State Gaming Revenues Fund of \$75.0 million. Transfers to the State General Fund are recommended for \$25.0 million in FY 2008, including \$1.0 million from veterans games.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation with the following exceptions and comments:

1. Delete \$168,898, all from special revenue funds, for the 1.5 percent base salary adjustment and 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. Funding for the pay plan will be considered later.

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2. Delete \$136,000, all from special revenue funds, for replacement motor vehicles that will be considered during Omnibus.
3. Reduce the Governor's estimate of State General Fund revenue from the Lottery that exceeds the consensus revenue estimate in FY 2008, pending official revisions from the consensus revenue estimating group in April 2007, and review at Omnibus any revisions in State General Fund revenue estimate that the consensus revenue group may adopt. The Governor's estimate would be reduced \$3,000,000 in FY 2008 based on the Budget Committee recommendation, with the State General Fund to receive \$22.0 million of revenue in FY 2008. The Budget Committee would note that the Governor's recommendation does not assume any increases above the agency's sales estimate in FY 2008, and may overstate the amount of money that may be transferred without forcing the Lottery to reduce expenditures for operating expenses, such as advertising.
4. Add 6.0 FTE positions in FY 2008 as a technical correction to fix a mistake in the *Governor's Budget Report* that is being corrected in the FY 2008 mega appropriations bill, according to information from the Division of the Budget.

House Budget Committee Report

Agency: Kansas Racing and Gaming Commission **Bill No.** HB **Bill Sec.**
Analyst: Efird **Analysis Pg. No.** Vol. **Budget Page No.**

Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 39,829	\$ 39,829	\$ 0
Other Funds	5,952,153	5,840,948	91,446
Subtotal - Operating	<u>\$ 5,991,982</u>	<u>\$ 5,880,777</u>	<u>\$ 91,446</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 5,991,982</u></u>	<u><u>\$ 5,880,777</u></u>	<u><u>\$ 91,446</u></u>
FTE Positions	67.0	67.0	0.0
Non FTE Uncl. Perm. Pos.	9.0	9.0	0.0
TOTAL	<u><u>76.0</u></u>	<u><u>76.0</u></u>	<u><u>0.0</u></u>

Agency Estimate

The agency requests expenditures of slightly less than \$6.0 million, including \$39,829 from the State General Fund, and a total of 67.0 FTE positions for gaming and racing operations. The agency requests an increase of \$99,659 in the expenditure limitation for the State Racing Fund, primarily for contractual expenses associated with drug testing for dogs and horses at parimutuel meets.

Governor's Recommendation

The Governor recommends expenditures of \$5.8 million, including \$39,829 from the State General Fund, and a total of 67.0 FTE positions. The Governor's recommendation maintains a \$2,700,000 expenditure limitation for the State Racing Fund established by the 2006 Legislature and also reduces the estimated revenues to the State Racing Fund in FY 2007.

Not included in the Governor's FY 2007 recommendation for revenue and expenditure adjustments are adjustments authorized under contingency procedures established by the 2006 Legislature and approved by the Governor after the 2006 Session. Section 61 of Chapter 216 of the 2006 *Session Laws of Kansas* delegates authority to the Director of the Budget, acting in consultation with the Director of Legislative Research, to approve transfers from other agency racing funds if cash flow problems develop in the State Racing Fund. To date in FY 2007, the procedures were invoked once in November 2006 to transfer \$200,000 into the State Racing Fund. Additional

transfers are anticipated before June 30, 2007, with a \$200,000 transfer expected in February 2007 and another transfer of \$150,000 expected in April 2007.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation and makes the following adjustments and comments:

1. Do not make any transfers during FY 2007 from the Kansas Greyhound Breeding Development Fund to the State Racing Fund or any other fund. The Governor's recommendation in FY 2007 prohibited transfers to the Greyhound Tourism Fund in the Department of Commerce.
2. Increase the expenditure limitation by \$91,446 for the State Racing Fund in FY 2007 to ensure drug testing of race animals. This action will allow drug testing expenditures of \$311,000 (instead of \$219,554 in the Governor's recommendation). Actual FY 2006 drug testing costs were \$303,332. The Budget Committee notes that revenue may not be sufficient to fund the higher level of expenditures, and recommends reviewing the cash flow projections during Omnibus.

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House Budget Committee Report

Agency: Kansas Racing and Gaming Commission **Bill No.** HB **Bill Sec.**

Analyst: Efird **Analysis Pg. No.** Vol. **Budget Page No.**

<u>Expenditure Summary</u>	<u>Agency Request FY 08</u>	<u>Governor's Recommendation FY 08</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	<u>6,015,727</u>	<u>6,110,318</u>	<u>(192,339)</u>
Subtotal - Operating	<u>\$ 6,015,727</u>	<u>\$ 6,110,318</u>	<u>\$ (192,339)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 6,015,727</u></u>	<u><u>\$ 6,110,318</u></u>	<u><u>\$ (192,339)</u></u>
FTE Positions	67.0	67.0	0.0
Non FTE Uncl. Perm. Pos.	<u>9.0</u>	<u>9.0</u>	<u>0.0</u>
TOTAL	<u><u>76.0</u></u>	<u><u>76.0</u></u>	<u><u>0.0</u></u>

Agency Request

The agency requests expenditures of \$6.0 million and 67.0 FTE positions for racing and gaming operations. The agency estimates a shortfall in revenue to the State Racing Fund in FY 2008 and requests supplemental financing of \$690,119 from other sources to maintain operations at present levels.

Governor's Recommendation

The Governor recommends expenditures of \$6.1 million and staffing of 67.0 FTE positions. The Governor recommends supplementing the State Racing Fund financing with \$700,000 from the Economic Development Initiatives Fund (EDIF) in FY 2008. The Governor's recommendation does not include any emergency transfer procedures such as those established in FY 2007 for addressing problems with cash flow to the State Racing Fund.

House Budget Committee Recommendation

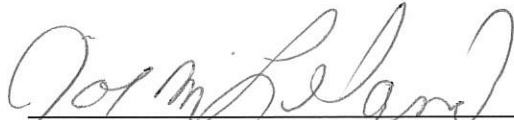
The Budget Committee concurs with the Governor's recommendation with the following exceptions and comments:

1. Delete \$152,339 from special revenue funds for the 1.5 percent base salary adjustment and 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. Funding for the pay plan will be considered later.
2. Delete \$40,000 from special revenue funds for replacement motor vehicles in Gaming Operations that will be considered during Omnibus.
3. Delete \$700,000 from the Economic Development Initiatives Fund for consideration during Omnibus.
4. Increase the expenditure limitation on the State Racing Fund from \$2,220,234 recommended by the Governor to \$2,920,234 in FY 2008 to offset the reduction of \$700,000 of EDIF financing. The Budget Committee notes that revenues may not be sufficient to fund the higher level of expenditures, and recommends reviewing the cash flow projections during Omnibus.
5. Do not make any transfers during FY 2008 from the Kansas Greyhound Breeding Development Fund to the State Racing Fund or any other fund. The Governor's recommendation in FY 2008 is to transfer \$39,000 to the State Racing Fund.
6. Review during Omnibus the issue of compensation for the five Commissioners who serve on the Racing and Gaming Commission. The Budget Committee recommends that the Governor's Office provide a report on any changes to the current compensation that may be planned to be implemented since the Governor sets the Commissioner's compensation level under statutory authority. The Budget Committee does not intend to reduce or lower compensation of current Commissioners due to the importance of their work for the parimutuel industry, but the Budget Committee does want a report at Omnibus with options for adjustments to Commissioner's compensation that might be implemented as the membership on the Commission changes and new Commissioners are appointed to serve. The current compensation of \$2,000 per month per Commissioner requires expenditures of \$120,000 per year from the State Racing Fund.
7. The Budget Committee recommends introduction of a bill to increase the parimutuel tax rate from 3/18 to 4/18 of the takeout. The tax rate adjustment would be coupled with an increase in the take-out rate to 25 percent which the Racing and Gaming Commission would adopt. The results of these changes would raise approximately \$984,043 of revenue for the State Racing Fund and \$340,586 for the Horse Fair Racing Benefit Fund over 12 months after being implemented.

FY 2007 and FY 2008

HOUSE EDUCATION BUDGET COMMITTEE

Postsecondary Education Systemwide
Board of Regents
University of Kansas
University of Kansas Medical Center
Kansas State University
Kansas State University Medical Center
Kansas State University Extension Systems and Agriculture Research Program
Wichita State University
Emporia State University
Fort Hays State University
Pittsburg State University

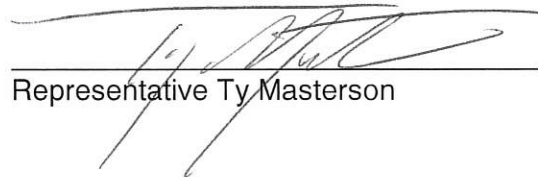

Representative Joe McLeland, Chair

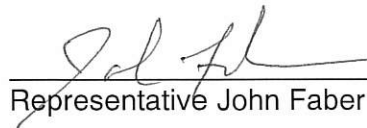

Representative Lana Gordon


Representative Mike O'Neal, Vice-Chair


Representative Deena Horst

Representative Bob Grant,
Ranking Minority Member


Representative Ty Masterson


Representative John Faber

Representative Tom Sawyer

Representative Bill Feuerborn

HOUSE APPROPRIATIONS

DATE 2-14-2007
ATTACHMENT 2

House Budget Committee Report

Agency: Postsecondary Education Systemwide **Bill No.** HB **Bill Sec.**
Analyst: Dunkel **Analysis Pg. No.** Vol. Various- **Budget Page No.** Various

Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 782,596,207	\$ 782,596,206	\$ 0
Other Funds	1,244,340,179	1,244,340,179	0
Subtotal - Operating	<u>\$ 2,026,936,386</u>	<u>\$ 2,026,936,385</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 3,082,399	\$ 2,632,399	\$ 0
Other Funds	66,784,615	72,207,159	0
Subtotal - Capital Improvements	<u>\$ 69,867,014</u>	<u>\$ 74,839,558</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 2,096,803,400</u></u>	<u><u>\$ 2,101,775,943</u></u>	<u><u>\$ 0</u></u>
FTE Positions	17,059.3	17,059.3	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>17,059.3</u></u>	<u><u>17,059.3</u></u>	<u><u>0.0</u></u>

Agency Estimate

The **current year estimate** for operating expenditures for the postsecondary education system is \$2.0 billion which is an increase of \$71.5 million, or 3.7 percent, above the approved budget. The FY 2007 State General Fund expenditures are estimated to be \$782.6 million which is an increase of \$2.5 million, or 0.3 percent, from the approved budget. Funds were transferred from the Board of Regents to the individual institutions of \$17.4 million for the university operating grant increase; and \$3.3 million for the faculty salary enhancement. The differences between the approved budget and the revised estimate are:

State General Fund

- Unlimited reappropriations totaling \$2.0 million which are available for expenditure without further legislative action;
- \$900,498 to fully fund the pay plan approved by the 2006 Legislature; and
- Partially offset by a shift of \$477,291 from operating expenditures to capital improvements.

General Fees Fund

The current year estimate for expenditures from the General Fees Funds of the state universities (tuition) is \$435.4 million which is an increase of \$39.8 million, or 10.1 percent, above the approved level due in part to:

- Higher than anticipated carryforward balances from FY 2006 of \$9.9 million; and
- Higher than anticipated revenue of \$39.8 million; and
- Increases in carryforward balances from FY 2007 of \$9.9 million.

All Other Funds

- \$69.0 million in revised estimates for expenditures from special revenue funds.

Governor's Recommendation

The **Governor** concurs with the revised estimate for operating expenditures.

House Budget Committee Recommendation

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

House Budget Committee Report

Agency: Postsecondary Education Systemwide **Bill No.** HB

Bill Sec.

Analyst: Dunkel

Analysis Pg. No. Various-

Budget Page No. Various

<u>Expenditure Summary</u>	<u>Agency Request FY 08</u>	<u>Governor's Recommendation FY 08</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 826,325,708	\$ 827,858,051	\$ (76,059,987)
Other Funds	<u>1,221,332,672</u>	<u>1,237,717,927</u>	<u>(34,446,870)</u>
Subtotal - Operating	<u>\$ 2,047,658,380</u>	<u>\$ 2,065,575,978</u>	<u>\$ (110,506,857)</u>
Capital Improvements:			
State General Fund	\$ 20,226,268	\$ 2,823,232	\$ 0
Other Funds	<u>71,673,477</u>	<u>72,324,031</u>	<u>(2,000,000)</u>
Subtotal - Capital Improvements	<u>\$ 90,550,299</u>	<u>\$ 75,147,263</u>	<u>\$ (2,000,000)</u>
TOTAL	<u><u>\$ 2,138,208,679</u></u>	<u><u>\$ 2,140,723,241</u></u>	<u><u>\$ (112,506,857)</u></u>
FTE Positions	17,069.3	17,060.3	(1.0)
Non FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u><u>17,069.3</u></u>	<u><u>17,060.3</u></u>	<u><u>(1.0)</u></u>

Agency Request

The **FY 2008 operating request** for the postsecondary education system is \$2.0 billion which is an increase of \$20.7 million, or 1.0 percent, above the current year estimate. State General Fund expenditures for FY 2008 are requested at \$826.3 million which is an increase of \$43.7 million, or 5.6 percent, above the current year estimate. The request includes enhancement packages totaling \$51.5 million.

Governor's Recommendation

The **Governor** recommends an FY 2008 operating budget of \$2.1 billion which is an increase of \$38.6 million, or 1.9 percent, above the current year recommendation. The Governor recommends State General Fund expenditures of \$827.9 million which is an increase of \$45.3 million, or 5.8 percent, above the current year. The recommendation includes:

- An increase in the state university operating grants totaling \$30.0 million from the State General Fund:
 - The State General Fund portion of a 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, and a 4.0 percent

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merit pool for unclassified employees at the state universities would equate to \$19.9 million; and

- Assuming that the state universities expend the funds in the above manner, the balance of the operating grant increase would be \$10.1 million. The State General Fund portion of the KPERS employer contribution rate increase and the death and disability rate for university employees are not specifically addressed in the Governor's recommendation.
- An increase of \$4.0 million from the State General Fund for student financial aid including: \$3.0 million for the Comprehensive Grant program and \$1.0 million for teacher's scholarships;
- An increase in Postsecondary Aid for Vocational Education of \$1.3 million from the State General Fund;
- an increase in Postsecondary Aid for Community Colleges of \$3.8 million from the State General Fund;
- an increase in funding for Washburn University of \$458,700 from the State General Fund for the Kansas Academy of Math and Science;
- \$100,000 from the State General Fund for the Kansas Academy of Math and Science;
- An increase in Adult Basic Education of \$200,000 from the State General Fund;
- \$159,348, including \$101,859 from the State General Fund, for a 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees , a 4.0 percent merit pool for unclassified employees, and the longevity enhancement;
- An increase of \$600,000 from the State General Fund for nursing faculty and supplies;
- The addition of \$1.0 million for the competitive teacher's grant;
- The addition of \$30,875 from the State General Fund and 1.0 FTE position for infrastructure support at the Board office;
- The addition of \$47,000 from the State General Fund for inflationary increases to the Boards other operating expenditures;
- a shift of \$9.7 million in EDIF expenditures to State General Fund;
- Addition of \$2.5 million from the Economic Development Initiatives Fund in the budget of Wichita State University for the Aviation Research Initiative;
- A shift from the Economic Development Initiatives Fund to the State General Fund of \$300,000 in the budget of KSU ESARP; and

- Addition of \$100,000 from the State General Fund for the Veterinary Training Program in the budget of KSU Vet Med.

House Budget Committee Recommendation

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

1. Delete \$21,961,206, including \$101,859 from the State General Fund for the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement for the Board office and the non-State General Fund portion of the pay plan funded at the individual universities. Funding for pay plan adjustments and longevity payments will be considered later.
2. Delete \$30.0 million from the State General Fund for the university operating grant for review during Omnibus. The operating grant includes \$19.9 million for the State General Fund portion of the Governor's pay plan and longevity enhancement, and \$10.1 million for university operations, assuming the universities implement the Governor's pay plan and longevity bonus payments.

The Budget Committee notes the importance of the operating grants, and recommends the additional funding, after review, at Omnibus.

3. Delete \$2.0 million from the State General Fund for the Comprehensive Grant Program for review during Omnibus. The Governor recommended an increase of \$3.0 million for the program, an increase of \$2.0 million from the agency's enhanced request. The Comprehensive Grant Program provides grants to financially needy students. The program provides need-based grants to full-time (12 hours) undergraduate students who are Kansas residents enrolled in accredited Kansas colleges and universities. The program is intended to provide up to half of the average tuition and fees of state educational institutions. The House Budget Committee recommends expenditures of \$15.2 million from the State General Fund to fund scholarships for approximately 14,500 students.
4. Delete \$3.8 million from the State General Fund for the Governor's recommended increase to the community college operating grant for review during Omnibus. Absent the increase, the total operating grant for all 19 community colleges is \$96.2 million from the State General Fund.
5. Delete \$458,700 from the State General Fund for the Governor's recommended increase to the Washburn University operating grant for review during Omnibus. Absent the increase, the total operating grant for Washburn University is \$11.5 million from the State General Fund.
6. Delete \$6.0 million, including \$2.0 million from the State General Fund and \$4.0 million from the Kan-Ed fund for the Kan-Ed program for review during Omnibus. The total budget for Kan-Ed after the reduction is \$6.0 million from the Kan-Ed fund. K.S.A. 60-2010 (f)(4) limits funding from the Kansas Universal Service Fund to \$6.0 million in FY 2008 and \$5.5 million in FY 2009. After FY 2009, the provisions of the statute which provide funding for Kan-Ed expire.

The Budget Committee notes that the Kan-Ed Oversight Committee recommended in its 2006 Interim report that the Board of Regents, KanREN, and DISC conduct a feasibility study of the three consolidation models presented to the Oversight Committee and present a specific recommendation no later than March 1, 2007 to the standing committees on Utilities, Education, Health, Commerce, Ways and Means, and Appropriations; and to the Joint Committee on Information Technology. The Budget Committee recommends review of this report at Omnibus to assist in determining the funding necessary for Kan-Ed.

7. Delete \$30,875 from the State General Fund and 1.0 FTE position for additional staff support at the Board of Regents office for review during Omnibus.
8. Delete \$47,000 from the State General Fund for increased operating costs (\$27,000) and professional development (\$20,000) for review during Omnibus. The agency requested a 3.0 percent increase for inflationary increases to operating costs of \$27,000 from the State General Fund. The Governor added an additional \$20,000 from the State General Fund for professional development primarily to allow Regents to attend additional conferences.
9. Shift \$9.7 million in expenditures from the State General Fund to the Economic Development Initiatives Fund (EDIF) for vocational education capital outlay (\$2.6 million); postsecondary aid for vocational education (\$7.0 million); and technology innovation and internship (\$180,500) for review during Omnibus.
10. Delete \$180,500 from the EDIF for technology innovation and internship for review during Omnibus pending the presentation of the final recommendations of the Kansas technical College and Vocational School Commission.
11. Delete \$40.0 million, including \$26.7 million from the State General Fund and \$7.0 million from the EDIF, for postsecondary aid to technical education for review during Omnibus, pending the presentation of the final recommendations of the Kansas Technical College and Vocational School Commission.
12. Delete \$2.7 million, including \$2.6 million from the EDIF and \$102,600 from the State General Fund for technical education capital outlay for review during Omnibus pending the presentation of the final recommendations of the Kansas Technical College and Vocational School Commission.
13. Delete \$764,400 from the State General Fund for the technical college hold harmless funding for review during Omnibus pending the presentation of the final recommendations of the Kansas Technical College and Vocational School Commission. The 2006 Legislature added \$735,000 for FY 2007 to hold technical colleges harmless for losses in funding due to the implementation of a new funding formula.
14. Shift expenditures of \$300,000 from the State General Fund to the Economic Development Initiatives Fund for the research program for Kansas State University - Extension Services and Agriculture Research Programs (KSU-ESARP).

15. Delete \$2.5 million from the Economic Development Initiatives Fund (EDIF) for the National Institute for Aviation Research (NIAR) at Wichita State University for review during Omnibus.

The Budget Committee notes that the state has benefitted from a number of initial investments in aviation research at the National Institute for Aviation Research at Wichita State University beginning during the 2002 Legislative Session.

The leverage the state has achieved on this investment has been significant. For every dollar invested in research the state has received approximately eleven dollars from federal and industry sources. In addition, for every dollar invested in infrastructure the state has leveraged approximately four dollars from federal and industry.

Research and development investment by the State of Kansas into the National Institute for Aviation Research allows further development of new products and services, which will retain and grow jobs in Kansas.

The aviation industry has requested \$5.0 million dollars a year for five years to continue to support the research needs of the industry to be appropriated for the National Institute for Aviation Research at Wichita State University. The Budget Committee recognizes the importance of supporting this important investment; however, recommends this be addressed during Omnibus. This investment would enable the industry to compete in a ever-changing global marketplace and should be recognized as a multi-year need.

16. Delete \$2.0 million, all from special revenue funds for an addition to the Hilltop Child Development Center at the University of Kansas for review during Omnibus. Hilltop is a non-profit corporation which is housed in a University owned building. It provides space for 212 children, with 80 to 85 staff. At least 95% of the children enrolled in the Center are from families of the KU community with a minimum of 50% from KU student families. The center's income comes primarily from fees, charged on a sliding scale based on family size and monthly income.

According to the university, there are currently 350 children waiting to access Hilltop Child Development Center. The new addition will provide space for 100 more pre-school through kindergarten age children. The university plans to fund the project through student fees, user fees and funds which have been saved as a portion of the fees derived to cover program costs. The university has indicated that the additions on each wing of the existing building could be built in sequenced phases to help minimize disruption of existing programs and allow occupancy of one of the groups of expanded daycare spaces by January, 2008.

The Budget Committee notes that this item was not included in the agency budget submission, because the Board of Regents had not yet approved the project at the time of agency's budget submission. The item was requested during the presentation of the university budget to the Governor.

17. Review at Omnibus the addition of \$500,000 from the State General Fund for the Information Assistance Program at Fort Hays State University. The program will offer upper division undergraduate students and graduate students the opportunity to earn a certificate, undergraduate degree emphasis or graduate concentration in Information Assurance as a degree in Information Networking and Telecommunications. The academic program will focus on the technologies, policies, human factors, and legal issues involved with information protection. Currently, no complete bachelors or masters degrees are available in this subject area and no graduate level certificates are available.

House Budget Committee Report

Agency: Board of Regents **Bill No.** HB **Bill Sec.**
Analyst: Dunkel **Analysis Pg. No.** Vol.- **Budget Page No.** Vol. II, P. 325

Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 173,332,537	\$ 173,332,536	\$ 0
Other Funds	39,311,535	39,311,535	0
Subtotal - Operating	<u>\$ 212,644,072</u>	<u>\$ 212,644,071</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
Other Funds	17,450,000	17,450,000	0
Subtotal - Capital Improvements	<u>\$ 17,450,000</u>	<u>\$ 17,450,000</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 230,094,072</u></u>	<u><u>\$ 230,094,071</u></u>	<u><u>\$ 0</u></u>
FTE Positions	58.5	58.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>58.5</u></u>	<u><u>58.5</u></u>	<u><u>0.0</u></u>

Agency Estimate

The **agency's** estimate for FY 2007 operating expenditures of \$212.6 million is a net decrease of \$19.3 million, or 8.3 percent, below the approved budget. The estimate includes State General Fund expenditures of \$173.3 million, which is a decrease of \$18.5 million, or 9.6 percent, below the approved budget. Differences between the approved amount and the agency's revised estimate include:

State General Fund

- an unlimited reappropriation of FY 2006 State General Fund savings of \$1.4 million which is available for expenditure without any further legislative action;
- \$4,426 of the increase in State General Fund expenditures to fully fund the pay plan approved by the 2006 Legislature at the Board office;
- \$896,072 of the increase in State General Fund expenditures to fully fund the pay plan approved by the 2006 Legislature at the universities; offset by

- transfers from this agency to the individual institutions of:
 - \$17.4 million for the state university operating grant; and
 - \$3.3 million for the faculty salary enhancement.

All Other Funds

- lower than estimated revenues for special revenue funds.

Governor's Recommendation

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

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation for FY 2007.

House Budget Committee Report

Agency: Board of Regents **Bill No.** HB **Bill Sec.**
Analyst: Dunkel **Analysis Pg. No.** Vol.- **Budget Page No.** Vol. II, P. 325

<u>Expenditure Summary</u>	<u>Agency Request FY 08</u>	<u>Governor's Recommendation FY 08</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 219,129,602	\$ 220,669,945	\$ (75,759,987)
Other Funds	<u>37,635,007</u>	<u>30,018,504</u>	<u>(10,445,012)</u>
Subtotal - Operating	<u>\$ 256,764,609</u>	<u>\$ 250,688,449</u>	<u>\$ (86,204,999)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	<u>33,045,000</u>	<u>33,045,000</u>	<u>0</u>
Subtotal - Capital Improvements	<u>\$ 33,045,000</u>	<u>\$ 33,045,000</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 289,809,609</u></u>	<u><u>\$ 283,733,449</u></u>	<u><u>\$ (86,204,999)</u></u>
FTE Positions	64.5	59.5	(1.0)
Non FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u><u>64.5</u></u>	<u><u>59.5</u></u>	<u><u>(1.0)</u></u>

Agency Request

The **agency** requests an FY 2008 operating budget of \$256.8 million which is an increase of \$44.1 million, or 20.7 percent, above the FY 2007 revised estimate. The request includes \$219.1 million from the State General Fund which is an increase of \$45.8 million, or 26.4 percent, above the FY 2007 revised estimate.

- The request includes enhancements totaling \$51.1 million and 6.0 FTE positions. Absent those enhancements, the agency's FY 2008 request would be a decrease of \$7.0 million below the current year. The State General Fund decrease would be \$4.2 million below the current year.
- The agency submitted a reduced resources packages totaling \$8.9 million, including \$8.4 million from the State General Fund. These adjustments are detailed in the table below.

Governor's Recommendation

The **Governor** recommends an FY 2008 operating budget of \$250.7 million which is an increase of \$38.0 million, or 17.9 percent, above the current year recommendation. The recommendation includes \$220.7 million from the State General Fund which is an increase of \$47.3 million, or 27.3 percent, from the current year recommendation. The recommendation includes:

- an increase in the state university operating grants totaling \$30.0 million from the State General Fund:
 - The Governor's FY 2008 recommendation includes the addition of \$19.9 million from the State General Fund, for the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees , a 4.0 percent merit pool for unclassified employees, and the longevity enhancement.
 - Assuming that the state universities expend the funds in the above manner, the balance of the operating grant increase would be \$10.1 million

Staff Note: Under the operating grant concept, the universities are not obligated to expend these funds in this manner. Increases in other funding sources for these items are included in the budgets of the individual institutions.

- an increase of \$4.0 million from the State General Fund for student financial aid including: \$3.0 million for the Comprehensive Grant program and \$1.0 million for teacher's scholarships;
- an increase in Postsecondary Aid for Vocational Education of \$1.3 million from the State General Fund;
- an increase in Postsecondary Aid for Community Colleges of \$3.8 million from the State General Fund;
- an increase in funding for Washburn University of \$458,700 from the State General Fund for the Kansas Academy of Math and Science;
- \$100,000 from the State General Fund for the Kansas Academy of Math and Science;
- an increase in Adult Basic Education of \$200,000 from the State General Fund;
- \$159,348, including \$101,859 from the State General Fund, for a 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees , a 4.0 percent merit pool for unclassified employees, and the longevity enhancement;
- an increase of \$600,000 from the State General Fund for nursing faculty and supplies;
- the addition of \$1.0 million for the competitive teacher's grant;

- the addition of \$30,875 from the State General Fund and 1.0 FTE position for infrastructure support at the Board office;
- the addition of \$47,000 from the State General Fund for inflationary increases to the Boards other operating expenditures; and
- a shift of \$9.7 million in EDIF expenditures to State General Fund.

House Budget Committee Recommendation

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

1. Delete \$159,348, including \$101,859 from the State General Fund for the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement at the Board Office. Funding for pay plan adjustments and longevity payments will be considered later.
2. Delete \$30.0 million from the State General Fund for the university operating grant for review during Omnibus. The operating grant includes \$19.9 million for the State General Fund portion of the Governor's pay plan and longevity enhancement, and \$10.1 million for university operations, assuming the universities implement the Governor's pay plan and longevity bonus payments.

The Budget Committee notes the importance of the operating grants, and recommends the additional funding, after review, at Omnibus.

3. Delete \$2.0 million from the State General Fund for the Comprehensive Grant Program for review during Omnibus. The Governor recommended an increase of \$3.0 million for the program, an increase of \$2.0 million from the agency's enhanced request. The Comprehensive Grant Program provides grants to financially needy students. The program provides need-based grants to full-time (12 hours) undergraduate students who are Kansas residents enrolled in accredited Kansas colleges and universities. The program is intended to provide up to half of the average tuition and fees of state educational institutions. The House Budget Committee recommends expenditures of \$15.2 million from the State General Fund to fund scholarships for approximately 14,500 students.
4. Delete \$3.8 million from the State General Fund for the Governor's recommended increase to the community college operating grant for review during Omnibus. Absent the increase, the total operating grant for all 19 community colleges is \$96.2 million from the State General Fund.
5. Delete \$458,700 from the State General Fund for the Governor's recommended increase to the Washburn University operating grant for review during Omnibus. Absent the increase, the total operating grant for Washburn University is \$11.5 million from the State General Fund.
6. Delete \$6.0 million, including \$2.0 million from the State General Fund and \$4.0 million from the Kan-Ed fund for the Kan-Ed program for review during Omnibus.

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The total budget for Kan-Ed after the reduction is \$6.0 million from the Kan-Ed fund. K.S.A. 60-2010 (f)(4) limits funding from the Kansas Universal Service Fund to \$6.0 million in FY 2008 and \$5.5 million in FY 2009. After FY 2009, the provisions of the statute which provide funding for Kan-Ed expire.

The Budget Committee notes that the Kan-Ed Oversight Committee recommended in its 2006 Interim report that the Board of Regents, KanREN, and DISC conduct a feasibility study of the three consolidation models presented to the Oversight Committee and present a specific recommendation no later than March 1, 2007 to the standing committees on Utilities, Education, Health, Commerce, Ways and Means, and Appropriations; and to the Joint Committee on Information Technology. The Budget Committee recommends review of this report at Omnibus to assist in determining the funding necessary for Kan-Ed.

7. Delete \$30,875 from the State General Fund and 1.0 FTE position for additional staff support at the Board of Regents office for review during Omnibus.
8. Delete \$47,000 from the State General Fund for increased operating costs (\$27,000) and professional development (\$20,000) for review during Omnibus. The agency requested a 3.0 percent increase for inflationary increases to operating costs of \$27,000 from the State General Fund. The Governor added an additional \$20,000 from the State General Fund for professional development primarily to allow Regents to attend additional conferences.
9. Shift \$9.7 million in expenditures from the State General Fund to the Economic Development Initiatives Fund (EDIF) for vocational education capital outlay (\$2.6 million); postsecondary aid for vocational education (\$7.0 million); and technology innovation and internship (\$180,500) for review during Omnibus.
10. Delete \$180,500 from the EDIF for technology innovation and internship for review during Omnibus pending the presentation of the final recommendations of the Kansas technical College and Vocational School Commission.
11. Delete \$40.0 million, including \$26.7 million from the State General Fund and \$7.0 million from the EDIF, for postsecondary aid to technical education for review during Omnibus, pending the presentation of the final recommendations of the Kansas Technical College and Vocational School Commission.
12. Delete \$2.7 million, including \$2.6 million from the EDIF and \$102,600 from the State General Fund for technical education capital outlay for review during Omnibus pending the presentation of the final recommendations of the Kansas Technical College and Vocational School Commission.
13. Delete \$764,400 from the State General Fund for the technical college hold harmless funding for review during Omnibus pending the presentation of the final recommendations of the Kansas Technical College and Vocational School Commission. The 2006 Legislature added \$735,000 for FY 2007 to hold technical colleges harmless for losses in funding due to the implementation of a new funding formula.

House Budget Committee Report

Agency: University of Kansas **Bill No.** HB

Bill Sec.

Analyst: Dunkel

Analysis Pg. No. Vol.-

Budget Page No. Vol. II, P. 422

Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 144,206,062	\$ 144,206,062	\$ 0
Other Funds	377,384,487	377,384,487	0
Subtotal - Operating	\$ 521,590,549	\$ 521,590,549	\$ 0
Capital Improvements:			
State General Fund	\$ 1,247,741	\$ 797,741	\$ 0
Other Funds	21,114,738	26,537,282	0
Subtotal - Capital Improvements	\$ 22,362,479	\$ 27,335,023	\$ 0
TOTAL	\$ 543,953,028	\$ 548,925,572	\$ 0
FTE Positions	5,350.0	5,350.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	5,350.0	5,350.0	0.0

Agency Estimate

The **agency's** current year estimate is \$521.6 million which is an increase of \$49.0 million, or 10.4 percent, above the approved budget. The agency estimates FY 2007 State General Fund expenditures of \$144.2 million which is an increase of \$4.7 million, or 3.4 percent, above the approved budget. The differences between the approved amount and the agency's revised estimate are:

State General Fund

- \$4.8 million which was transferred from the Board of Regents to the University of Kansas for items approved by the 2005 Legislature:
 - \$3.8 million for the operating grant increase; and
 - \$1.0 million for the faculty salary enhancement.
- Offset by a reduction of \$88,558 for a transfer to capital improvements expenditures.

General Fees Fund

- an increase of \$17.4 million due to:
 - a higher than anticipated carryforward of FY 2006 balances of \$700,176;
 - unanticipated FY 2006 tuition revenue of \$18.7 million; and
 - partially offset by a revised estimated carryforward into FY 2008 of \$2.6 million.

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All Other Funds

- \$26.9 million increase in anticipated receipts to special revenue funds.

Governor's Recommendation

The **Governor** concurs with the agency's FY 2007 revised estimate.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation for FY 2007.

House Budget Committee Report

Agency: University of Kansas **Bill No.** HB

Bill Sec.

Analyst: Dunkel

Analysis Pg. No. Vol.-

Budget Page No. Vol. II, P. 422

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 144,240,035	\$ 144,240,035	\$ 0
Other Funds	377,521,693	385,981,016	(8,459,323)
Subtotal - Operating	<u>\$ 521,761,728</u>	<u>\$ 530,221,051</u>	<u>\$ (8,459,323)</u>
Capital Improvements:			
State General Fund	\$ 5,863,768	\$ 763,768	\$ 0
Other Funds	6,583,347	8,583,347	(2,000,000)
Subtotal - Capital Improvements	<u>\$ 12,447,115</u>	<u>\$ 9,347,115</u>	<u>\$ (2,000,000)</u>
TOTAL	<u><u>\$ 534,208,843</u></u>	<u><u>\$ 539,568,166</u></u>	<u><u>\$ (10,459,323)</u></u>
FTE Positions	5,350.0	5,350.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>5,350.0</u></u>	<u><u>5,350.0</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests an FY 2008 operating budget of \$521.8 million which is an increase of \$171,179, or less than 0.1 percent, above the current year estimate. The agency requests State General Fund expenditures of \$144.2 million which is an increase of \$33,973, or less than 0.1 percent, above the current year.

Governor's Recommendation

The **Governor** concurs with the agency's request and adds \$8.5 million from special revenue funds for the non-State General Fund portion of the pay plan. Systemwide adjustments such as funding for an operating grant increase are contained in the budget of the Board of Regents.

House Budget Committee Recommendation

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

1. Delete \$8,459,323, all from special revenue funds, for the non-State General Fund portion of the 1.5 percent base salary adjustment and a 2.5 percent step

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movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. The State General Fund portion of the Governor's pay plan and longevity enhancement for the universities is found in the Board of Regents budget as part of the university operating grant. Funding for pay plan adjustments and longevity payments will be considered later.

2. Delete \$2.0 million, all from special revenue funds for an addition to the Hilltop Child Development Center at the University of Kansas for review during Omnibus. Hilltop is a non-profit corporation which is housed in a University owned building. It provides space for 212 children, with 80 to 85 staff. At least 95% of the children enrolled in the Center are from families of the KU community with a minimum of 50% from KU student families. The center's income comes primarily from fees, charged on a sliding scale based on family size and monthly income.

According to the university, there are currently 350 children waiting to access Hilltop Child Development Center. The new addition will provide space for 100 more pre-school through kindergarten age children. The university plans to fund the project through student fees, user fees and funds which have been saved as a portion of the fees derived to cover program costs. The university has indicated that the additions on each wing of the existing building could be built in sequenced phases to help minimize disruption of existing programs and allow occupancy of one of the groups of expanded daycare spaces by January, 2008.

The Budget Committee notes that this item was not included in the agency budget submission, because the Board of Regents had not yet approved the project at the time of agency's budget submission. The item was requested during the presentation of the university budget to the Governor.

House Budget Committee Report

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

Analyst: Dunkel **Analysis Pg. No.** Vol.- **Budget Page No.** Vol. II, P. 424

Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 115,741,804	\$ 115,741,804	\$ 0
Other Funds	<u>129,730,160</u>	<u>129,730,160</u>	<u>0</u>
Subtotal - Operating	<u>\$ 245,471,964</u>	<u>\$ 245,471,964</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 350,000	\$ 350,000	\$ 0
Other Funds	<u>1,987,794</u>	<u>1,987,794</u>	<u>0</u>
Subtotal - Capital Improvements	<u>\$ 2,337,794</u>	<u>\$ 2,337,794</u>	<u>\$ 0</u>
 TOTAL	 <u><u>\$ 247,809,758</u></u>	 <u><u>\$ 247,809,758</u></u>	 <u><u>\$ 0</u></u>
 FTE Positions	 2,423.1	 2,423.1	 0.0
Non FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u><u>2,423.1</u></u>	<u><u>2,423.1</u></u>	<u><u>0.0</u></u>

Agency Estimate

The **agency's** current year estimate of operating expenditures is \$245.5 million which is a decrease of \$8.3 million, or 3.3 percent, below the approved budget, as well as reduction of 55.6 FTE positions. The agency estimates FY 2007 State General Fund expenditures of \$115.7 million which is an increase of \$3.5 million, or 3.1 percent, above the approved budget. The differences between the approved budget and the agency's revised estimate include:

State General Fund

- an unlimited reappropriation of FY 2006 State General Fund savings of \$904 which is available for expenditure without any further legislative action; and
- \$3.9 million which was transferred from the Board of Regents to the Medical Center for items approved by the 2006 Legislature:
 - \$3.5 million for the operating grant increase; and
 - \$411,396 for the faculty salary enhancement;
 - A reduction due to a shift of \$350,000 to capital improvements expenditures.

General Fees Fund

- an increase of \$2.8 million due to:
 - a higher than anticipated carryforward of FY 2006 balances of \$253,811;
 - higher than anticipated FY 2006 tuition revenue of \$2.3 million; and
- the increase is partially offset by an increase in nonreportable expenditures of \$144,998 and a revised estimate of carryforward from FY 2006 of \$750,007.

All Other Funds

- an unlimited reappropriation of FY 2005 Children's Initiatives Fund savings of \$18,509 which is available for expenditures without further legislative action; and
- a reduction in reported special revenue funds for the shift grants and related funds to the Research Institute. This shift is also responsible for the reduction in FTE positions.

Governor's Recommendation

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

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation for FY 2007.

House Budget Committee Report

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

Analyst: Dunkel **Analysis Pg. No.** Vol.- **Budget Page No.** Vol. II, P. 424

<u>Expenditure Summary</u>	<u>Agency Request FY 08</u>	<u>Governor's Recommendation FY 08</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 115,720,900	\$ 115,720,900	\$ 0
Other Funds	<u>117,939,264</u>	<u>121,342,686</u>	<u>(3,403,422)</u>
Subtotal - Operating	<u>\$ 233,660,164</u>	<u>\$ 237,063,586</u>	<u>\$ (3,403,422)</u>
Capital Improvements:			
State General Fund	\$ 7,603,000	\$ 370,000	\$ 0
Other Funds	<u>1,939,721</u>	<u>1,939,721</u>	<u>0</u>
Subtotal - Capital Improvements	<u>\$ 9,542,721</u>	<u>\$ 2,309,721</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 243,202,885</u></u>	<u><u>\$ 239,373,307</u></u>	<u><u>\$ (3,403,422)</u></u>
FTE Positions	2,423.1	2,423.1	0.0
Non FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u><u>2,423.1</u></u>	<u><u>2,423.1</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests an FY 2008 operating budget of \$233.7 million which is a decrease of \$11.8 million, or 4.8 percent, below the current year estimate. The agency requests State General Fund expenditures of \$115.7 million which is a decrease of \$20,904, or less than 0.1 percent, below the current year estimate. The majority of the reduction falls in the research program, due to reduced special revenue funds.

Governor's Recommendation

The **Governor** concurs with the agency's request and adds \$3.4 million from all other funds for the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement.

House Budget Committee Recommendation

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

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1. Delete \$3,403,422, all from special revenue funds, for the non-State General Fund portion of the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. The State General Fund portion of the Governor's pay plan and longevity enhancement for the universities is found in the Board of Regents budget as part of the university operating grant. Funding for pay plan adjustments and longevity payments will be considered later.

2. The Budget Committee notes the valuable contribution of the University of Kansas Medical School to the health of Kansans, through both its educational and research program and urges the School of Medicine to place as high a priority on training clinical physicians, and especially family physicians, to care for Kansans as it does in becoming a world-class research institution. Without enough family physicians, Kansans' access to high quality, primary care will be severely limited.

Governor's Recommendation

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

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation for FY 2007.

House Budget Committee Report

Agency: Kansas State University Extension Systems
And Agriculture Research Programs

Bill No. HB

Bill Sec.

Analyst: Dunkel

Analysis Pg. No. Vol.-

Budget Page No. Vol. II, P. 265

<u>Expenditure Summary</u>	<u>Agency Request FY 08</u>	<u>Governor's Recommendation FY 08</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 51,957,479	\$ 52,257,479	\$ (300,000)
Other Funds	78,489,364	79,844,848	(1,355,484)
Subtotal - Operating	<u>\$ 130,446,843</u>	<u>\$ 132,102,327</u>	<u>\$ (1,655,484)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	1,951,345	1,951,345	0
Subtotal - Capital Improvements	<u>\$ 1,951,345</u>	<u>\$ 1,951,345</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 132,398,188</u></u>	<u><u>\$ 134,053,672</u></u>	<u><u>\$ (1,655,484)</u></u>
FTE Positions	1,390.3	1,390.3	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>1,390.3</u></u>	<u><u>1,390.3</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests an FY 2008 operating budget of \$130.4 million which is a decrease of \$45,014, or less than 0.1 percent, below the current year estimate. The agency requests State General Fund expenditures of \$52.0 million which is no change from the current year estimate.

Governor's Recommendation

The **Governor** concurs with the agency request and adds \$1.7 million from other funds for the non-State General Fund portion of the pay plan and longevity bonus payments, and shifts expenditures of \$300,000 to the State General Fund from Economic Development Initiatives Fund (EDIF) in the research program.

House Budget Committee Recommendation

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

2-26

1. Delete \$1,655,484, all from special revenue funds, for the non-State General Fund portion of the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. The State General Fund portion of the Governor's pay plan and longevity enhancement for the universities is found in the Board of Regents budget as part of the university operating grant. Funding for pay plan adjustments and longevity payments will be considered later.
2. Shift expenditures of \$300,000 from the State General Fund to the Economic Development Initiatives Fund for the research program.

House Budget Committee Report

Agency: Kansas State University - Veterinary Medical Center **Bill No.** HB **Bill Sec.**

Analyst: Dunkel **Analysis Pg. No.** Vol.- **Budget Page No.** Vol. II, P. 267

<u>Expenditure Summary</u>	<u>Agency Estimate FY 07</u>	<u>Governor's Recommendation FY 07</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 10,722,664	\$ 10,722,664	\$ 0
Other Funds	<u>25,159,777</u>	<u>25,159,777</u>	<u>0</u>
Subtotal - Operating	<u>\$ 35,882,441</u>	<u>\$ 35,882,441</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal - Capital Improvements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 TOTAL	 <u><u>\$ 35,882,441</u></u>	 <u><u>\$ 35,882,441</u></u>	 <u><u>\$ 0</u></u>
 FTE Positions	 315.6	 315.6	 0.0
Non FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u><u>315.6</u></u>	<u><u>315.6</u></u>	<u><u>0.0</u></u>

Agency Estimate

The **agency's** current year estimate is \$35.9 million which is an increase of \$5.6 million, or 18.4 percent above the approved budget. The agency estimates FY 2007 State General Fund expenditures of \$10.7 million which is an increase of \$364,788, or 3.5 percent, from the approved budget. The differences between the approved amount and the agency's revised estimate are:

State General Fund

- \$364,788 which was transferred from the Board of Regents to the KSU Veterinary Medical Center for items approved by the 2005 Legislature:
 - \$278,168 for the operating grant increase;
 - \$86,620 for the faculty salary enhancement; and

General Fees Fund

- increased carryforward from FY 2006 of \$378,660;
- higher than anticipated revenues of \$296,965; and
- increased carryforward from FY 2006 of \$50,000.

All Other Funds

- an increase of \$4.6 million due unanticipated revenues in special revenue funds.

Governor's Recommendation

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

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation for FY 2007.

House Budget Committee Report

Agency: Kansas State University - Veterinary Medical Center **Bill No.** HB **Bill Sec.**

Analyst: Dunkel **Analysis Pg. No.** Vol.- **Budget Page No.** Vol. II, P. 268

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 10,822,664	\$ 10,822,664	\$ 0
Other Funds	21,096,605	21,544,420	(447,815)
Subtotal - Operating	<u>\$ 31,919,269</u>	<u>\$ 32,367,084</u>	<u>\$ (447,815)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	538,179	538,719	0
Subtotal - Capital Improvements	<u>\$ 538,179</u>	<u>\$ 538,719</u>	<u>\$ 0</u>
TOTAL	<u>\$ 32,457,988</u>	<u>\$ 32,905,803</u>	<u>\$ (447,815)</u>
FTE Positions			
	315.6	315.6	0.0
Non FTE Uncl. Perm. Pos.			
	0.0	0.0	0.0
TOTAL	<u>315.6</u>	<u>315.6</u>	<u>0.0</u>

Agency Request

The **agency** requests an FY 2008 operating budget of \$31.9 million which is a decrease of \$4.0 million, or 11.0 percent, below the current year estimate. The agency requests State General Fund expenditures of \$10.8 million which is an increase of \$100,000, or 0.9 percent, below the current year estimate. The overall decrease is mainly due to balances in special revenue funds being expended during FY 2007 and not available for expenditure in FY 2008. The agency requests one operating enhancement totaling \$100,000 from the State General Fund for the Veterinary Training Program, which provides \$20,000 service loans to five first-year veterinary students.

Governor's Recommendation

The **Governor** concurs with the agency estimate and adds \$447,815 from other funds for the non-State General Fund portion of the pay plan and longevity bonus payments.

House Budget Committee Recommendation

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

1. Delete \$447,815, all from special revenue funds, for the non-State General Fund portion of the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. The State General Fund portion of the Governor's pay plan and longevity enhancement for the universities is found in the Board of Regents budget as part of the university operating grant. Funding for pay plan adjustments and longevity payments will be considered later.

House Budget Committee Report

Agency: Kansas State University **Bill No.** HB

Bill Sec.

Analyst: Dunkel

Analysis Pg. No. Vol. -

Budget Page No. Vol. II, P. 264

Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 110,766,650	\$ 110,766,650	\$ 0
Other Funds	354,234,318	354,234,318	0
Subtotal - Operating	<u>\$ 465,000,968</u>	<u>\$ 465,000,968</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 189,446	\$ 189,446	\$ 0
Other Funds	12,148,512	12,148,512	0
Subtotal - Capital Improvements	<u>\$ 12,337,958</u>	<u>\$ 12,337,958</u>	<u>\$ 0</u>
TOTAL	<u>\$ 477,338,926</u>	<u>\$ 477,338,926</u>	<u>\$ 0</u>
FTE Positions			
	3,269.3	3,269.3	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>3,269.3</u>	<u>3,269.3</u>	<u>0.0</u>

Agency Estimate

The **agency's** current year estimate is \$465.0 million which is a increase of \$12.7 million, or 2.8 percent, above the approved budget. The agency estimates FY 2007 State General Fund expenditures of \$110.8 million which is an increase of \$3.6 million, or 3.4 percent, above the approved budget. The differences between the approved amount and the agency's revised estimate are:

State General Fund

- \$3.6 million which was transferred from the Board of Regents to Kansas State University for items approved by the 2006 Legislature:
 - \$2.9 million for the operating grant increase;
 - \$685,566 for the faculty salary enhancement.

General Fees Fund

- an increase of \$15.4 million due to:
 - a higher than anticipated carryforward of FY 2006 balances of \$3.5 million for the Integrated Information Initiative. The agency intends to expend the

- balance for computer servers, software, training, and consulting services for the student information system;
- higher than anticipated FY 2007 tuition revenue of \$13.4 million;
 - higher than anticipated transfers and non-reportable expenditures of \$159,621; and
- a revised estimate of carryforward from FY 2007 of \$91,343.

All Other Funds

- A decrease of \$6.3 million in all other funds due to lower than anticipated receipts in special revenue funds.

Governor's Recommendation

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

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation for FY 2007.

House Budget Committee Report

Agency: Kansas State University **Bill No.** HB

Bill Sec.

Analyst: Dunkel

Analysis Pg. No. Vol.-

Budget Page No. Vol. II, P. 264

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 110,766,650	\$ 110,766,650	\$ 0
Other Funds	<u>350,660,037</u>	<u>355,209,425</u>	<u>(4,549,388)</u>
Subtotal - Operating	<u>\$ 461,426,687</u>	<u>\$ 465,976,075</u>	<u>\$ (4,549,388)</u>
Capital Improvements:			
State General Fund	\$ 704,446	\$ 189,446	\$ 0
Other Funds	<u>13,970,663</u>	<u>13,970,663</u>	<u>0</u>
Subtotal - Capital Improvements	<u>\$ 14,675,109</u>	<u>\$ 14,100,109</u>	<u>\$ 0</u>
TOTAL	<u>\$ 476,101,796</u>	<u>\$ 480,136,184</u>	<u>\$ (4,549,388)</u>
FTE Positions	3,269.3	3,269.3	0.0
Non FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>3,269.3</u>	<u>3,269.3</u>	<u>0.0</u>

Agency Request

The **agency** requests an FY 2008 operating budget of \$461.4 million which is a net decrease of \$3.6 million, or 0.8 percent, below the current year estimate. The agency requests State General Fund expenditures of \$110.8 million which is no change from the current year estimate. The decreased reflects a reduction in the estimated carry forward for the general fees fund from FY 2007 to \$122,904. The carry forward from FY 2006 was \$3.6 million. The agency requests no operating enhancements.

Governor's Recommendation

The **Governor** concurs with the agency estimate and adds \$4.5 million from other funds for the non-State General Fund portion of the pay plan and longevity bonus payments.

House Budget Committee Recommendation

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

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1. Delete \$4,549,388, all from special revenue funds, for the non-State General Fund portion of the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. The State General Fund portion of the Governor's pay plan and longevity enhancement for the universities is found in the Board of Regents budget as part of the university operating grant. Funding for pay plan adjustments and longevity payments will be considered later.

House Budget Committee Report

Agency: Wichita State University **Bill No.** HB

Bill Sec.

Analyst: Dunkel

Analysis Pg. No. Vol.-

Budget Page No. Vol. II, P. 438

<u>Expenditure Summary</u>	<u>Agency Estimate FY 07</u>	<u>Governor's Recommendation FY 07</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 72,468,411	\$ 72,468,411	\$ 0
Other Funds	116,850,147	116,850,147	0
Subtotal - Operating	<u>\$ 189,318,558</u>	<u>\$ 189,318,558</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 1,160,000	\$ 1,160,000	\$ 0
Other Funds	5,257,742	5,257,742	0
Subtotal - Capital Improvements	<u>\$ 6,417,742</u>	<u>\$ 6,417,742</u>	<u>\$ 0</u>
TOTAL	<u>\$ 195,736,300</u>	<u>\$ 195,736,300</u>	<u>\$ 0</u>
FTE Positions	1,861.1	1,861.1	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>1,861.1</u>	<u>1,861.1</u>	<u>0.0</u>

Agency Estimate

The **agency's** current year estimate for operating expenditures is \$189.3 million which is an increase of \$10.1 million, or 5.6 percent, above the approved budget. The agency estimates FY 2007 State General Fund expenditures of \$72.5 million which is an increase of \$2.7 million, or 3.9 percent, above the approved budget. The differences between the approved budget and the agency's revised estimate are:

State General Fund

- an unlimited reappropriation of FY 2006 State General Fund savings of \$347,703 which is available for expenditure without any further legislative action; and
- \$2.4 million which was transferred from the Board of Regents to the University of Kansas for items approved by the 2006 Legislature:
 - \$2.0 million for the operating grant increase; and
 - \$371,915 for the faculty salary enhancement.

General Fees Fund

- an increase of \$1.1 million due to:
 - a higher than anticipated carryforward of FY 2007 balances of \$2.8 million;
 - unanticipated FY 2007 tuition revenue of \$1.7 million; and
 - a revised estimate of carryforward into FY 2008 of \$2.9 million.

All Other Funds

- \$6.2 million in unanticipated receipts to special revenue funds.

Governor's Recommendation

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

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Wichita State University **Bill No.** HB

Bill Sec.

Analyst: Dunkel

Analysis Pg. No. Vol.-

Budget Page No. Vol 1, P. 438

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 70,062,946	\$ 70,062,946	\$ 0
Other Funds	116,343,677	120,533,745	(4,190,068)
Subtotal - Operating	<u>\$ 186,406,623</u>	<u>\$ 190,596,691</u>	<u>\$ (4,190,068)</u>
Capital Improvements:			
State General Fund	\$ 1,215,000	\$ 1,215,000	\$ 0
Other Funds	2,684,637	2,684,637	0
Subtotal - Capital Improvements	<u>\$ 3,899,637</u>	<u>\$ 3,899,637</u>	<u>\$ 0</u>
TOTAL	<u>\$ 190,306,260</u>	<u>\$ 194,496,328</u>	<u>\$ (4,190,068)</u>
FTE Positions	1,861.1	1,861.1	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>1,861.1</u>	<u>1,861.1</u>	<u>0.0</u>

Agency Request

The **agency** requests an FY 2008 operating budget of \$186.4 million which is a decrease of \$2.9 million, or 1.5 percent, below the current year estimate. The agency requests State General Fund expenditures of \$70.1 million which is a decrease of \$2.4 million, or 3.3 percent, below the current year estimate. The decrease reflects the final year of funding for the Aviation Research Initiative in FY 2007.

Governor's Recommendation

The **Governor** concurs with the agency's request and adds \$2.5 million from the EDIF for the NIAR and \$1.7 million from special revenue funds for the non-State General Fund portion of the pay plan. Systemwide adjustments such as an operating grant increase are contained in the budget of the Board of Regents.

House Budget Committee Recommendation

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

1. Delete \$1,690,068 all from special revenue funds, for the non-State General Fund portion of the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. The State General Fund portion of the Governor's pay plan and longevity enhancement for the universities is found in the Board of Regents budget as part of the university operating grant. Funding for pay plan adjustments and longevity payments will be considered later.
2. Delete \$2.5 million from the Economic Development Initiatives Fund (EDIF) for the National Institute for Aviation Research (NIAR) for review during Omnibus.

The Budget Committee notes that the state has benefitted from a number of initial investments in aviation research at the National Institute for Aviation Research at Wichita State University beginning during the 2002 Legislative Session.

The leverage the state has achieved on this investment has been significant. For every dollar invested in research the state has received approximately eleven dollars from federal and industry sources. In addition, for every dollar invested in infrastructure the state has leveraged approximately four dollars from federal and industry.

Research and development investment by the State of Kansas into the National Institute for Aviation Research allows further development of new products and services, which will retain and grow jobs in Kansas.

The aviation industry has requested \$5 million a year for five years to continue to support the research needs of the industry to be appropriated for the National Institute for Aviation Research at Wichita State University. The Budget Committee recognizes the importance of supporting this important investment; however, recommends this be addressed during Omnibus. This investment would enable the industry to compete in a ever-changing global marketplace and should be recognized as a multi-year need.

House Budget Committee Report

Agency: Pittsburg State University

Bill No. HB

Bill Sec.

Analyst: Dunkel

Analysis Pg. No. Vol.-

Budget Page No. Vol. II, P. 319

Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 35,808,812	\$ 35,808,812	\$ 0
Other Funds	<u>42,711,236</u>	<u>42,711,236</u>	<u>0</u>
Subtotal - Operating	<u>\$ 78,520,048</u>	<u>\$ 78,520,048</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 135,212	\$ 135,212	\$ 0
Other Funds	<u>4,392,229</u>	<u>4,392,229</u>	<u>0</u>
Subtotal - Capital Improvements	<u>\$ 4,527,441</u>	<u>\$ 4,527,441</u>	<u>\$ 0</u>
TOTAL	<u>\$ 83,047,489</u>	<u>\$ 83,047,489</u>	<u>\$ 0</u>
FTE Positions	855.3	855.3	0.0
Non FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>855.3</u>	<u>855.3</u>	<u>0.0</u>

Agency Estimate

The **agency's** current year estimate is \$78.5 million which is an increase of \$5.3 million, or 7.3 percent, above the approved budget. The agency estimates FY 2007 State General Fund expenditures of \$35.8 million which is an increase of \$1.4 million, or 3.9 percent, above the approved budget. The differences between the approved amount and the agency's revised estimate are:

State General Fund

- an unlimited reappropriation of \$3,191 which is available for expenditures without further legislative action; and
- \$1.4 million which was transferred from the Board of Regents to Pittsburg State University for items approved by the 2006 Legislature:
 - \$1.15 million for the operating grant increase; and
 - \$212,479 for the faculty salary enhancement.

General Fees Fund

- increases of \$2.5 million due to:
 - a higher than anticipated carryforward of FY 2006 balances of \$1.3 million; and
 - higher than anticipated FY 2007 tuition revenue of \$2.3 million.

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- the increase is partially offset by a revised estimate of carryforward into FY 2007 of \$1.2 million.

All Other Funds

- \$1.5 million increase in all other funds for higher than anticipated receipts in special revenue funds.

Governor's Recommendation

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

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation for FY 2007.

House Budget Committee Report

Agency: Pittsburg State University **Bill No.** HB **Bill Sec.**
Analyst: Dunkel **Analysis Pg. No.** Vol.- **Budget Page No.** Vol. II, P. 267

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 35,986,975	\$ 35,986,975	\$ 0
Other Funds	41,778,878	42,388,476	(609,698)
Subtotal - Operating	<u>\$ 77,765,853</u>	<u>\$ 78,375,451</u>	<u>\$ (609,698)</u>
Capital Improvements:			
State General Fund	\$ 4,015,018	\$ 285,018	\$ 0
Other Funds	6,649,341	6,649,341	0
Subtotal - Capital Improvements	<u>\$ 10,664,359</u>	<u>\$ 6,934,359</u>	<u>\$ 0</u>
TOTAL	<u>\$ 88,430,212</u>	<u>\$ 85,309,810</u>	<u>\$ (609,698)</u>
FTE Positions	855.3	855.3	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>855.3</u>	<u>855.3</u>	<u>0.0</u>

Agency Request

The **agency** requests an FY 2008 operating budget of \$77.8 million which is a decrease of \$754,195 below the current year estimate. The agency requests State General Fund expenditures of \$36.0 million which is an increase of \$178,163, or 0.5 percent, above the current year estimate. The difference reflects higher than anticipated carry forward in the General Fees Fund in FY 2007, partially offset by increased fringe benefit costs, annualization of salaries and increased operating support for the Kansas Polymer Research Center in FY 2008.

Governor's Recommendation

The **Governor** concurs with the agency request and adds \$609,598 other funds for the non-State General Fund portion of the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement.

House Budget Committee Recommendation

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

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1. Delete \$609,698, all from special revenue funds, for the non-State General Fund portion of the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. The State General Fund portion of the Governor's pay plan and longevity enhancement for the universities is found in the Board of Regents budget as part of the university operating grant. Funding for pay plan adjustments and longevity payments will be considered later.

House Budget Committee Report

Agency: Fort Hays State University **Bill No.** HB

Bill Sec.

Analyst: Dunkel

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Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 34,223,134	\$ 34,223,134	\$ 0
Other Funds	<u>41,751,740</u>	<u>41,751,740</u>	<u>0</u>
Subtotal - Operating	<u>\$ 75,974,874</u>	<u>\$ 75,974,874</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	<u>2,003,688</u>	<u>2,003,688</u>	<u>0</u>
Subtotal - Capital Improvements	<u>\$ 2,003,688</u>	<u>\$ 2,003,688</u>	<u>\$ 0</u>
 TOTAL	 <u><u>\$ 77,978,562</u></u>	 <u><u>\$ 77,978,562</u></u>	 <u><u>\$ 0</u></u>
 FTE Positions	 733.6	 733.6	 0.0
Non FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u><u>733.6</u></u>	<u><u>733.6</u></u>	<u><u>0.0</u></u>

Agency Estimate

The **agency's** current year estimate is \$76.0 million, including \$34.2 million from the State General Fund, is an increase of \$910,375, or 1.2 percent, all funds and \$1.3 million, or 3.9 percent, State General Fund above the amount approved by the 2006 Legislature. The differences between the approved budget and the agency's revised current year estimate are:

State General Fund

- an unlimited reappropriation of FY 2006 State General Fund savings of \$16,466 which is available for expenditure without any further legislative action; and
- \$1.3 million which was transferred from the Board of Regents to Fort Hays State University for items approved by the 2006 Legislature:
 - \$1.1 million for the operating grant increase; and
 - \$166,675 for the faculty salary enhancement.

General Fees Fund

- a decrease of \$1.0 million due to increased carryforward estimates from FY 2007.

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All Other Funds

- increases of \$683,519, reflecting higher than anticipated receipts to special revenue funds.

Governor's Recommendation

The Governor concurs with the agency estimate for FY 2007.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation for FY 2007.

House Budget Committee Report

Agency: Fort Hays State University **Bill No.** HB

Bill Sec.

Analyst: Dunkel

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Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 34,514,668	\$ 34,206,668	\$ 0
Other Funds	42,111,598	42,489,346	(377,748)
Subtotal - Operating	\$ 76,626,266	\$ 76,696,014	\$ (377,748)
Capital Improvements:			
State General Fund	\$ 400,000	\$ 0	\$ 0
Other Funds	2,773,931	2,773,931	0
Subtotal - Capital Improvements	\$ 3,173,931	\$ 2,773,931	\$ 0
 TOTAL	 \$ 79,800,197	 \$ 79,469,945	 \$ (377,748)
 FTE Positions	 737.6	 733.6	 0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	737.6	733.6	0.0

Agency Request

The **agency** requests an FY 2008 operating budget of \$76.6 million, an increase of \$651,392, or 0.9 percent, above the FY 2007 estimate. The State General Fund request of \$34.5 million is an increase of \$291,53, or 0.9 percent. The increase includes the enhancement request for \$308,000 from the State General Fund and 4.0 FTE positions for the Kansas Wetlands Educational Center at Cheyenne Bottoms.

Governor's Recommendation

The **Governor** recommends FY 2008 operating expenditures of \$76.7 million, including \$34.2 million from the State General Fund. The Governor's recommendation is an increase of \$69,748, or 0.1 percent all funds and a decrease of \$308,000, or 0.9 percent, State General Fund from the agency request. The Governor adds \$377,748 for the non-State General Fund portion of the pay plan and longevity bonus payments. The Governor does not recommend funding for the Wetlands Center at Cheyenne Bottoms enhancement request for \$308,000 from the State General Fund.

House Budget Committee Recommendation

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

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1. Delete \$377,748, all from special revenue funds, for the non-State General Fund portion of the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified employees, and the longevity enhancement. The State General Fund portion of the Governor's pay plan and longevity enhancement for the universities is found in the Board of Regents budget as part of the university operating grant. Funding for pay plan adjustments and longevity payments will be considered later.

2. Review at Omnibus the addition of \$500,000 from the State General Fund for the Information Assistance Program. The program will offer upper division undergraduate students and graduate students the opportunity to earn a certificate, undergraduate degree emphasis or graduate concentration in Information Assurance as a degree in Information Networking and Telecommunications. The academic program will focus on the technologies, policies, human factors, and legal issues involved with information protection. Currently, no complete bachelors or masters degrees are available in this subject area and no graduate level certificates are available.

House Budget Committee Report

Agency: Emporia State University **Bill No.** HB

Bill Sec.

Analyst: Dunkel

Analysis Pg. No. Vol.-

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Expenditure Summary	Agency Estimate FY 07	Governor's Recommendation FY 07	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 33,368,654	\$ 33,368,654	\$ 0
Other Funds	<u>38,672,401</u>	<u>38,672,401</u>	<u>0</u>
Subtotal - Operating	<u>\$ 72,041,055</u>	<u>\$ 72,041,055</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	<u>2,239,912</u>	<u>2,239,912</u>	<u>0</u>
Subtotal - Capital Improvements	<u>\$ 2,239,912</u>	<u>\$ 2,239,912</u>	<u>\$ 0</u>
 TOTAL	 <u><u>\$ 74,280,967</u></u>	 <u><u>\$ 74,280,967</u></u>	 <u><u>\$ 0</u></u>
 FTE Positions	 802.4	 802.4	 0.0
Non FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u><u>802.4</u></u>	<u><u>802.4</u></u>	<u><u>0.0</u></u>

Agency Estimate

The **agency's** current year estimate of operating expenditures is \$72.0 million which is an increase of \$5.7 million, or 8.5 percent, above the approved budget. The agency estimates FY 2007 State General Fund expenditures of \$33.4 million which is an increase of \$1.5 million, or 4.6 percent, above the approved budget. The differences between the approved budget and the agency's revised estimate include:

State General Fund

- An unlimited reappropriation of FY 2006 State General Fund savings of \$244,865 which is available for expenditure without any further legislative action; and
- Transfers of \$1.2 million from the Board of Regents to Emporia State University for items approved by the 2006 Legislature:
 - \$1.1 million for the operating grant increase; and
 - \$160,970 for the faculty salary enhancement.

General Fees Fund

- Increases of \$1.8 million due to:
 - A larger than anticipated carryforward of FY 2006 \$1.0 million;
 - Unanticipated FY 2007 tuition revenue of \$1.1 million; and
 - increased carryforward from FY 2007

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All Other Funds

- Increases of \$2.4 million in special revenue funds, due to unanticipated revenues in FY 2007.

Governor's Recommendation

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

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation for FY 2007.

House Budget Committee Report

Agency: Emporia State University **Bill No.** HB

Bill Sec.

Analyst: Dunkel

Analysis Pg. No. Vol.-

Budget Page No. Vol. II, P. 163

Expenditure Summary	Agency Request FY 08	Governor's Recommendation FY 08	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 33,123,789	\$ 33,123,789	\$ 0
Other Funds	<u>37,756,549</u>	<u>38,365,461</u>	<u>(608,912)</u>
Subtotal - Operating	<u>\$ 70,880,338</u>	<u>\$ 71,489,250</u>	<u>\$ (608,912)</u>
Capital Improvements:			
State General Fund	\$ 425,036	\$ 0	\$ 0
Other Funds	<u>1,402,327</u>	<u>1,402,327</u>	<u>0</u>
Subtotal - Capital Improvements	<u>\$ 1,827,363</u>	<u>\$ 1,402,327</u>	<u>\$ 0</u>
TOTAL	<u>\$ 72,707,701</u>	<u>\$ 72,891,577</u>	<u>\$ (608,912)</u>
FTE Positions			
FTE Positions	802.4	802.4	0.0
Non FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>802.4</u>	<u>802.4</u>	<u>0.0</u>

Agency Request

The **agency** requests an FY 2008 operating budget of \$70.9 million which is a decrease of \$1.2 million, or 1.6 percent, below the current year estimate. The agency requests State General Fund expenditures of \$33.1 million which is a decrease of \$244,865, or 0.7 percent, below the current year.

Governor's Recommendation

The **Governor** concurs with the agency request and adds \$608,912 from special revenue funds for the non-State General Fund portion of the Governor's pay plan and longevity bonus payments.

House Budget Committee Recommendation

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

1. Delete \$608,912, all from special revenue funds, for the non-State General Fund portion of the 1.5 percent base salary adjustment and a 2.5 percent step movement for classified employees, a 4.0 percent merit pool for unclassified

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employees, and the longevity enhancement. The State General Fund portion of the Governor's pay plan and longevity enhancement for the universities is found in the Board of Regents budget as part of the university operating grant. Funding for pay plan adjustments and longevity payments will be considered later.