

Approved: 03/31/93
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairman Rochelle Chronister at 12:15 p.m. on March 25, 1993 in Room 514-S of the Capitol.

All members were present except:

Committee staff present: Scott Rothe, Legislative Research Department
Diane Duffy, Legislative Research Department
Jim Wilson, Revisor of Statutes
Jerry Cole, Committee Secretary
Sharon Schwartz, Administrative Assistant

Conferees appearing before the committee:

Others attending: See attached list

Rep. Helgerson made a motion for adoption of the minutes from March 15-19 as presented. Rep. Pottorff seconded the motion and it carried.

Respective subcommittees gave reports for the budgets under consideration in SB 43. Rep. Dean made a motion to strike recommendation #5 (See Attachment 1) from the FY 94 subcommittee report for the Kansas State University (KSU). Rep. Helgerson seconded the motion and it failed. Rep. Pottorff moved to adopt the FY 93 and FY 94 subcommittee recommendations for the university. Rep. Teagarden seconded the motion and it carried. Rep. Pottorff moved to adopt the FY 93 and FY 94 subcommittee reports for the Kansas State University-Extension System and Agriculture Research Department. (See Attachment 2). Rep. Teagarden seconded the motion and it carried. Rep. Pottorff moved to adopt the subcommittee reports for the KSU Veterinary Medical Center (See Attachment 3). Rep. Bradley seconded the motion and it carried. Rep. Pottorff moved to adopt the subcommittee recommendations for the FY 93 and FY 94 KSU-Salina, College of Technology budgets (See Attachment 4). Rep. Teagarden seconded the motion and it carried. Rep. Pottorff made a motion to adopt the subcommittee reports for the FY 93 and FY 94 University of Kansas (KU) budgets (See Attachment 5). Rep. Teagarden seconded the motion and it carried. Rep. Pottorff moved to adopt the subcommittee reports for the FY 93 and FY 94 KU Medical Center budgets (See Attachment 6). Rep. Teagarden seconded the motion which then carried. Rep. Teagarden moved to adopt the subcommittee recommendations for Wichita State University budgets in FY 93 and FY 94 (See Attachment 7). Rep. Bradley seconded the motion and it carried. Rep. Pottorff made a motion to adopt the subcommittee recommendations for the FY 93 and FY 94 Kansas Board of Regents' budgets (See Attachment 8). Rep. Minor seconded the motion and it carried. Rep. Jennison moved to adopt the subcommittee reports for the FY 93 and FY 94 Fort Hays State University budgets (See Attachment 9). Rep. Charlton seconded the motion and it carried. Rep. Jennison made a motion to adopt the FY 93 and FY 94 subcommittee recommendations for Emporia State University (See Attachment 10). Rep. Charlton seconded the motion and it carried. Rep. Jennison made a motion to adopt the subcommittee reports for the FY 93 and FY 94 Pittsburgh State University budgets (See Attachment 11). Rep. Charlton seconded the motion and it carried. Rep. Pottorff moved to pass and favorably recommend SB 43 as amended. Rep. Teagarden seconded the motion and it carried.

Rep. Kline made a motion to amend SB 87 by adding \$20,000 from the Highway fund for the construction of concrete barriers around motor carrier inspection stations. Rep. Blumenthal seconded the motion and it carried. Rep. Kline moved to pass and favorably recommend SB 87 from the committee as amended. Rep. Teagarden seconded the motion and it carried.

Rep. Pottorff made a motion to pass and favorably recommend SB 62 from the committee. Rep. Blumenthal seconded the motion and it carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S Statehouse, at 1:30 p.m. on March 25, 1993.

Chairman Chronister opened discussion on **HB 2533**. Rep. Heinemann made a motion, on the recommendation from the Chairman, to amend the bill by adding the Washburn University of Topeka to the considerations contained in the bill. The motion carried with Rep. Everhart seconding. Chairman Chronister also proposed a 2% base rate from the State General Fund leaving services to new buildings. She also said classified step movements and longevity would be considered outside the bill. Additionally, Chairman Chronister proposed the University of Kansas Geological Survey be excluded and the Kansas State University-Salina branch be included in the bill. Committee members raised questions as to the lack of institutional response for the bill's proposals. Members also made requests of staff to prepare information by next Monday. Chairman Chronister adjourned the meeting at 1:55 p.m.

The next meeting is scheduled for March 26, 1993.

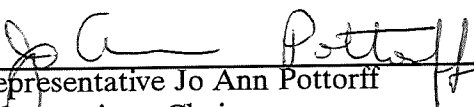
GUEST LIST

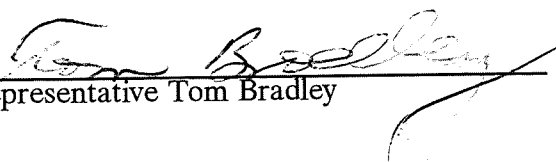
	NAME (Please print)	ADDRESS	COMPANY/ORGANIZATION
1	Marlin Rein	Kumc	
2	Bill Hollenbach	PSO	
3	ERIC Sexton	Wichita	WSCU
4	Bill Walls	Topka Topeka	KDOT
5	Ray Hanks	Topka	Board of Regents Staff
6	Russ Frey	Topeka	KUMA
7	Tom Nime	Topeka	ASK
8	Ric Silber	"	DFM
9	Barry Greis	"	DFM
10	Orion Jordan	"	"
11	Alvin Dillman	"	Day A
12	Sam Popper	Emporia	ESU
13	Ron [Signature]	Hays	FHSU
14			
15	Fred Sudermann	wichita	wichita State University
16	Sue Peterson	Manhattan	Kansas State University
17	Mike Bohnhoff	Topeka	Budget Division
18	Kathie Spauld	"	" "
19	Leann Strnad	Topeka	student - Washburn
20	Don Hermes	"	DAS
21	Tom Beck	"	TAC
22	Charles G. Bredahl	Topeka	Adm Gen Dept.
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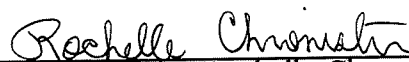
Senate Bill No. 43

Sec. No.		Sec. No.	
3	Kansas State University	2	Fort Hays State University
4	KSU - Extension	7	Emporia State University
5	KSU - Veterinary Medical Center	8	Pittsburg State University
6	KSU - Salina		
9	University of Kansas		
10	University of Kansas Medical Center		
11	Wichita State University		
12	Board of Regents		

SUBCOMMITTEE MEMBERS


 Representative Jo Ann Pottorff
 Subcommittee Chair

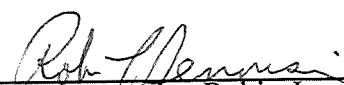

 Representative Tom Bradley


 Representative Rochelle Chronister

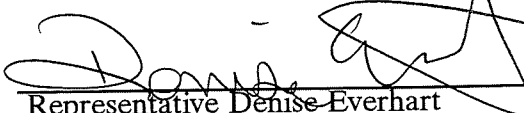

 Representative Melvin Minor


 Representative George Teagarden

SUBCOMMITTEE MEMBERS


 Representative Robin Jennison
 Subcommittee Chair


 Representative Betty Jo Charlton


 Representative Denise Everhart

This packet contains the Subcommittee Reports for the state agencies included in the FY 1994 appropriations bill, S.B. 43, and in the FY 1993 supplemental appropriations bill, S.B. 62.

SUBCOMMITTEE REPORT

Agency: Kansas State University

Bill No. 62

Bill Sec. 11

Analyst: Duffy

Analysis Pg. No. 697

Budget Page No. 400

Expenditure Summary	Agency Est. FY 93	Gov. Rec. FY 93	Senate Subcommittee Rec. FY 93
Operating Expenditures:			
State General Fund	\$ 71,229,252	\$ 70,716,065	\$ --
General Fees Fund	31,985,706	32,271,874	--
Certain Endowment Interest	100,000	100,000	--
Subtotal -- General Use	\$ 103,314,958	\$ 103,087,939	\$ --
Other Funds	54,252,897	55,404,034	--
Total -- Oper. Expend.	\$ 157,567,855	\$ 158,491,973	\$ --
Capital Improvements:			
State General Fund	\$ --	\$ --	\$ --
Educational Building Fund	3,796,000	3,796,000	--
Special Capital Improvements Fund	1,000,000	1,000,000	--
Other Funds	12,658,863	12,865,863	--
TOTAL -- Capital Improvements	\$ 17,454,863	\$ 17,661,863	\$ --
GRAND TOTAL	\$ 175,022,718	\$ 176,153,836	\$ --
FTE Positions			
Classified	1,420.4	1,420.4	--
Unclassified	1,550.6	1,550.6	--
Total	2,971.0	2,971.0	--

Agency Estimate/Governor's Recommendation

FY 1993. The University requests a total operating budget in FY 1993 of \$157,567,855, of which \$103,314,958 is from general use funds. The increase in general use expenditures for FY 1993 compared to FY 1992 is 4.1 percent. The FY 1993 estimate includes a State General Fund supplemental appropriation of \$227,020 for changes in fringe benefit rates from amounts approved by the 1992 Legislature and \$390,470 to offset a projected fee fund shortfall. According to the University, the FY 1993 fee fund shortfall is attributed to an enrollment decrease of 263 students. The projected revenue loss from decreased enrollments is partially offset by an increase in the average tuition due to a change in the mix of students.

For FY 1993, the Governor recommends a total operating budget of \$158,491,973 of which general use expenditures account for \$103,087,939. The Governor does not recommend the requested State General Fund supplemental appropriation to finance the current year changes in fringe benefit rates. The Governor recommends \$104,302 from the State General Fund to offset the projected fee fund shortfall.

Senate Subcommittee Recommendations

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

1. **Systemwide Recommendation -- Utilities.** The Subcommittee concurs with the Governor's recommendation for utilities in FY 1993; however, the Subcommittee recommends that the House Appropriations Committee review current year utility expenditures and the need for supplementation or savings based on the most recent expenditure information.
2. **FY 1993 General Fee Shortfall.** The Subcommittee concurs with the Governor's recommendation for a State General Fund supplemental appropriation of \$104,302 based on the Fall enrollment. It appears that tuition collections will be below the amount necessary to fund the approved budget. The University amended its budget submission to include a State General Fund Supplemental request of \$390,470, which reflects the University estimate of the shortfall based on the fall enrollment. The University reported that the initial review of the Spring enrollment figures reveals a current year financing shortfall of over \$500,000. The Subcommittee is concerned about this potential shortfall and believes that it should be addressed. The second house will need to review this item when a more accurate estimate is available.

Senate Committee Recommendation

The Senate Committee concurs.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs.

Expenditure Summary	Senate Adj. FY 93	Senate Rec. FY 93	House Sub. Adj. FY 93
Operating Expenditures:			
State General Fund	\$ --	\$ 70,716,065	\$ --
General Fees Fund	--	32,271,874	--
Certain Endowment Interest	--	100,000	--
Subtotal -- General Use	\$ --	\$ 103,087,939	\$ --
Other Funds	--	55,404,034	--
Total -- Oper. Expend.	\$ --	\$ 158,491,973	\$ --
Capital Improvements:			
State General Fund	\$ --	\$ --	\$ --
Educational Building Fund	--	3,796,000	--
Special Capital Improvements Fund	--	1,000,000	--
Other Funds	--	12,865,863	--
TOTAL -- Capital Improvements	\$ --	\$ 17,661,863	\$ --
GRAND TOTAL	\$ --	\$ 176,153,836	\$ --
FTE Positions			
Classified	--	1,420.4	--
Unclassified	--	1,550.6	--
Total	--	2,971.0	--

House Subcommittee Recommendation

The House Subcommittee concurs with the Senate recommendations with the following adjustments:

1. **Systemwide Recommendation -- Utilities.** At this point in the Session, the Committee concurs with the recommendation of the Governor and Senate for the university utility budgets, but requests a Governor's budget amendment to address any savings or shortfalls in the current year. The Governor's budget amendment will be reviewed during the Omnibus Session.
2. As requested by the Senate, the Subcommittee reviewed Spring enrollment information and learned that the University has submitted a revised State General Fund supplemental request of \$479,053, which is \$374,751 more than the amount included in the Governor's recommendation. The Governor's recommendation was based on the Fall enrollment. The Subcommittee requests that the Governor submit a Governor's Budget Amendment to address this item.

SUBCOMMITTEE REPORT

Agency: Kansas State University

Bill No. 43

Bill Sec. 3

Analyst: Duffy

Analysis Pg. No. 697

Budget Page No. 400

Expenditure Summary	Agency Req. FY 94	Gov. Rec. FY 94	Senate Sub. Rec. FY 94
Operating Expenditures:			
State General Fund	\$ 77,894,720	\$ 74,614,765	\$ (1,114,545)
General Fees Fund	34,226,233	34,830,137	176,430
Other	125,000	125,000	35,000
Subtotal -- General Use	\$ 112,245,953	\$ 109,569,902	\$ (903,115)
Other Funds	57,651,542	58,710,247	--
Total -- Oper. Expend.	\$ 169,897,495	\$ 168,280,149	\$ (903,115)
Capital Improvements:			
State General Fund	\$ --	\$ --	\$ --
Educational Building Fund	115,648	115,648	--
Special Capital Improvements Fund	5,000,000	5,000,000	--
Other Funds	14,542,000	14,542,000	--
TOTAL -- Capital Improvements	\$ 19,657,648	\$ 19,657,648	\$ --
GRAND TOTAL	\$ 189,555,143	\$ 187,937,797	\$ (903,115)
FTE Positions			
Classified	1,426.1	1,421.1	--
Unclassified	1,557.7	1,550.6	--
Total	2,983.8	2,971.7	--

Agency Request/Governor's Recommendation

FY 1994. The University requests an overall increase of \$12,556,660 over the FY 1993 base budget. The overall increase is composed of \$9,158,015 in general use expenditures and includes: (1) an increase in the Regents employers' retirement contribution from 8 percent to 9 percent; (2) a .25 percent reduction in the shrinkage rate; (3) a 4.5 percent increase in unclassified salaries; (4) a 5 percent increase for student salaries; (5) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees; (6) a 6 percent increase in other operating expenditures; (7) funds for servicing two new athletic facilities; and (8) mission related program enhancements targeted at library improvements and minority faculty recruitment.

For FY 1994, the Governor's recommendation reflects a net increase of \$10,939,313 over the FY 1993 base budget. The overall increase is composed of general use expenditures of \$6,481,963 includes the following: (1) concurs with the agency's request to increase the Regents employers' retirement contribution by approximately 1 percent; (2) a 3.0 percent increase in unclassified salaries; (3) a 5 percent increase in student salaries; (4) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees; (5) a 4 percent increase in other operating expenditures; and (6) funds for servicing two new athletic facilities.

Senate Subcommittee Recommendations

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

1. **Systemwide Recommendation -- Unclassified Salaries.** Delete \$324,598 in general use funding for Regents unclassified faculty and staff salaries. The Senate Subcommittee recommends a salary increase of 2.5 percent or \$1,552,397 in FY 1994 compared to the Governor's recommendation of 3.0 percent and the Regents request of 4.5 percent. Pending further consideration of the Governor's entire salary and benefit package (which includes a 1.5 percent salary adjustment for all classified employees and implementation of two of the final four phases of the Comprehensive Classification and Job Rate Study), the Senate Subcommittee recommends a systemwide salary increase of 2.5 percent for classified, unclassified, and student employees.
2. **Systemwide Recommendation -- Regents Unclassified Retirement Rate Increase.** Delete \$484,784 in general use funding for the 1 percent increase in the Regents employers' retirement contribution. Because legislation is required to make this change, the Subcommittee's recommendations is made pending passage of legislation.
3. **Systemwide Recommendation -- Student Salaries.** Delete \$36,312 in general use funding for student salaries. The Senate Subcommittee recommends an increase of 2.5 percent for student salaries compared to the Governor's recommendation and Regents request of 5 percent. The Subcommittee urges the University to strike a balance between increasing the number of student employees and increasing average wages.
4. **Systemwide Recommendation -- Other Operating Expenditures.** Delete \$56,513 in general use funding for other operating expenditures. The Senate Subcommittee recommends a 3.5 percent increase (\$395,591) in other operating expenditures. The Regents requested a 6 percent increase and the Governor recommended a 4 percent increase.
5. **Systemwide Recommendation -- Utilities.** The Subcommittee concurs with the Governor's recommendation for utilities in FY 1994; however, the Subcommittee recommends that the House Appropriations Committee review current year utility expenditures and the need for supplementation or savings based on the most recent expenditure information.
6. **Systemwide Recommendation -- FY 1994 Tuition Rate Increase.** The Subcommittee concurs with the Board's recommended tuition rates for FY 1994, except for the rate increase for nonresident undergraduates. The Regents request included a rate increase for nonresident undergraduates of 8 percent at the doctoral universities (KU, KSU, WSU) and 6 percent at the regional universities (ESU, FHSU, PSU). The Senate Subcommittee recommends a 10 percent increase at the doctoral universities and an 8 percent increase at the regional universities. The Subcommittee believes that tuition rates at the Regents

universities are generally a "bargain" for nonresidents. The Subcommittee recognizes the Board's efforts to increase tuition rates in recent years for residents and nonresidents, but believes that a more aggressive increase for nonresident undergraduates is warranted in FY 1994. The effect of the Subcommittee's recommendation is to increase expenditures from the General Fees Fund by \$176,430 and reduce expenditures from the State General Fund by this same amount.

7. Make technical changes, which do not impact funding, to the appropriation bill, as requested by the agency.
8. Delete \$35,000 from the State General Fund operating expenditures line-item that the Governor recommended for the Kansas Labor Center at KSU and add \$35,000 from the Economic Development Initiatives Fund (EDIF) in a separate line item for the Center. The proposed Labor Center would be associated with the existing KSU Labor Studies Program and Institute for Social and Behavioral Research and, according to KSU, would work in cooperation with programs at Wichita State University. The Subcommittee is supportive of the concept of the Kansas Labor Center, but is concerned about coordination between KSU and WSU, and the potential for unnecessary duplication. The Subcommittee recommends inserting a proviso indicating that expenditures from the Labor Center Fund shall not be made until the Kansas Board of Regents has approved an interagency agreement between KSU and WSU outlining their cooperative efforts. The Subcommittee believes that the Kansas Labor Center is an appropriate program to be funded from the EDIF. The Center would contribute to economic development by conducting basic and applied research in the substantive issues encompassing labor studies and by offering a variety of continuing education and extension courses.
9. Delete \$908 from the State General Fund for utilities which represents that portion of the servicing new buildings request for the 17 enclosed sky boxes that are included in the new football stadium press box. The University proposes to construct with private gift funds a new stadium press box to replace the existing press box. The University requested and the Governor recommended state funding for utilities only (\$6,800) for this facility, which represents two-thirds of the total cost for utilities based on the Board of Regents recommendation that one-third of the utility costs be paid by the athletic corporations. The Subcommittee understands that the level of state support for athletic facilities varies among the Regents institutions, depending on the policy that was in place when a particular facility was constructed. Currently, there is no formal, uniform Board of Regents policy regarding the level of state support for existing athletic facilities, as well as any new athletic facilities that may be approved. The Subcommittee asks the Board to re-examine the question of the role of the state in supporting athletic facilities and report their recommendations to the Joint Committee on State Building Construction. In addition, the Subcommittee notes that the state pays all of the servicing costs associated with new facilities that were constructed with private gifts. The Subcommittee believes that there may be merit in a policy for facilities constructed totally or partially with private gift funds, for the University to consider whether provision should be made in the donation to provide a portion of the future expenditures associated with servicing

of the new facility from the private funds. The Subcommittee urges the Board to examine the pros and cons of such a policy and report their recommendations to the Joint Committee on State Building Construction.

10. The Subcommittee reviewed the shrinkage rate applied to KSU's salary and wage budget and concurs with the Governor's recommended rate of 2.80.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee with the following adjustment:

1. Delete \$35,000 from the EDIF for the Kansas Labor Center. The Senate Committee recommends no funding for this program.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs.

Expenditure Summary	Senate Adj. FY 94	Senate Rec. FY 94	House Sub. Adj. FY 94
Operating Expenditures:			
State General Fund	\$ (1,114,545)	\$ 73,500,220	\$ 478,838
General Fees Fund	176,430	35,006,567	--
Other	--	125,000	--
Subtotal -- General Use	\$ (938,115)	\$ 108,631,787	\$ 478,838
Other Funds	--	58,710,247	--
Total -- Oper. Expend.	\$ (938,115)	\$ 167,342,034	\$ 478,838
Capital Improvements:			
State General Fund	\$ --	\$ --	\$ --
Educational Building Fund	--	115,648	--
Special Capital Improvements Fund	--	5,000,000	--
Other Funds	--	14,542,000	--
TOTAL -- Capital Improvements	\$ --	\$ 19,657,648	\$ --
GRAND TOTAL	\$ (938,115)	\$ 186,999,682	\$ 478,838
FTE Positions			
Classified	--	1,421.1	--
Unclassified	--	1,550.6	--
Total	--	2,971.7	--

House Subcommittee Recommendation

The House Subcommittee concurs with the Senate recommendations with the following adjustments:

1. **Systemwide Recommendation -- Regents Unclassified Retirement Rate Increase.** Add \$242,392 in general use funding for a 0.5 percent increase in the Regents employers' retirement contribution. The House Committee's action is consistent with the provisions approved by the House Committee in 1993 Sub. for H.B. 2211 (Omnibus Retirement bill) which provides for an increase in the current employer's contribution from 8.0 percent to 8.5 percent and an increase in the employee's contribution from 5.0 percent to 5.5 percent. The Governor's recommendation included funding for a 1 percent increase in the Regents employer's retirement contribution. The Senate deleted the additional funding, pending passage of legislation which would authorize the rate increase.
2. **Systemwide Recommendation -- Regents Shrinkage Rates.** Add \$235,538 in general use funding for a 0.25 percent reduction in the salary and wage shrinkage rates at each institution. The requested reduction is a systemwide request by the Regents that was not recommended by the Governor or Senate. Further, the Committee recommends that the House Subcommittees assigned to the individual Regents budgets review the shrinkage rates for any additional adjustments that may be warranted. The Committee's recommendation results in a reduction in the shrinkage rate at this institution from 2.80 to 2.55.
3. **Systemwide Recommendation -- Utilities.** At this point in the Session, the Committee concurs with the recommendation of the Governor and Senate for the university utility budgets for FY 1994. However, the Committee anticipates that the requested Governor's budget amendment on current year utilities may also amend the Governor's FY 1994 recommendation for utilities. If so, the Legislature can address any adjustment for FY 1994 during the Omnibus Session.
4. **Systemwide Recommendation -- General Fees Funds Adjustments, including FY 1993 General Fee Fund Shortfalls.** Based on actual enrollments for Fall 1992 and Spring 1993, the institutions have revised their general fee estimates for FY 1993 and FY 1994. The Governor's recommendation for FY 1993 and FY 1994 was based on estimates from the Fall enrollment only; therefore, the Committee requests a Governor's Budget Amendment to address adjustments in the budgets resulting from the revised fee estimates. The Governor's Budget Amendment will be reviewed during the Omnibus Session.
5. Add \$908 (SGF) to restore a Senate reduction which deleted this amount which represents that portion of the servicing new buildings request for the 17 enclosed sky boxes that are included in the new football stadium press box.
6. Make technical additions to the restricted fee fund to accurately reflect restricted fee accounts, as requested by the University.

SUBCOMMITTEE REPORT

Agency: KSU -- Extension Systems and
Agriculture Research Programs

Bill No. 62,87

Bill Sec. --

Analyst: Duffy

Analysis Pg. No. 719

Budget Page No. 402

Expenditure	Agency Est. FY 93	Governor's Rec. FY 93	Senate Sub. Rec. FY 93
Operating Expenditures:			
State General Fund	\$ 36,054,900	\$ 35,966,754	\$ (634)
Federal Land Grant Funds	7,034,890	7,034,890	(12,672)
Economic Dev. Initiatives Fund	--	--	--
Subtotal General Use	\$ 43,089,790	\$ 43,001,644	\$ (13,306)
Other Funds	22,360,524	22,360,524	--
TOTAL -- Operating Expend.	\$ 65,450,314	\$ 65,362,168	\$ (13,306)
Capital Improvements:			
Other Funds	\$ 130,000	\$ 130,000	\$ --
TOTAL -- Capital Improvements	\$ 130,000	\$ 130,000	\$ --
GRAND TOTAL	\$ 65,580,314	\$ 65,492,168	\$ (13,306)
FTE Positions:			
Classified	489.9	489.9	--
Unclassified	780.7	780.7	--
TOTAL	1,270.6	1,270.6	--

Agency Estimate/Governor's Recommendation

FY 1993. The University requests a total operating budget in FY 1993 of \$65,450,314, of which general use expenditures account for \$43,089,790. The estimated increase in general use expenditures is 2.8 percent compared to actual FY 1992 expenditures. The FY 1993 estimate includes a State General Fund supplemental appropriation of \$88,146 for changes in fringe benefit rates from amounts approved by the 1992 Legislature.

For FY 1993, the Governor recommends a total operating budget of \$65,362,168, of which general use expenditures account for \$43,001,644. The Governor does not recommend the requested State General Fund supplemental appropriation to finance the current year changes in fringe benefit rates.

ATTACHMENT 2

Senate Subcommittee Recommendations

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

1. **Systemwide Recommendation -- Utilities.** The Subcommittee concurs with the Governor's recommendation for utilities in FY 1993; however, the Subcommittee recommends that the House Appropriations Committee review current year utility expenditures and the need for supplementation or savings based on the most recent expenditure information.
2. Add \$16,164 for a State General Fund supplemental appropriation for a one-time expenditure for a street improvement assessment against state property utilized by the Agricultural Experiment Station and Cooperative Extension Service located in Colby. The Subcommittee notes that this would be a one-time expenditure which would not be built into the base.
3. Delete \$29,470 in general use funds (\$16,798 State General Fund and \$12,672 Federal Funds) resulting from savings in county agent salaries. The Subcommittee notes that the 1991 Legislature enacted 1991 H.B. 2020 which permits at the local level the option of establishing extension districts through the combination of two or more counties in order to plan and conduct educational extension programs for the district. The Subcommittee's recommendation equates to a 2.9 percent shrinkage rate applied to the salaries of county agents. Although this action increases the overall shrinkage rate for this subagency to 3.1 percent, the Subcommittee intends for the entire amount to be applied to county agent salaries only and not spread across all salaries and wages.
4. Authorize increased expenditures of \$12,500 (restricted fees) to increase the approved project budget for the chemical storage building at the Northwest Research Extension Center (S.B. 87 -- capital improvements bill).

Senate Committee Recommendation

The Senate Committee concurs.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs.

Expenditure	Senate Adj. FY 93	Senate Rec. FY 93	House Sub. Adj. FY 93
Operating Expenditures:			
State General Fund	\$ (634)	\$ 35,966,120	\$ 16,798
Federal Land Grant Funds	(12,672)	7,022,218	12,672
Economic Dev. Initiatives Fund	--	--	--
Subtotal General Use	\$ (13,306)	\$ 42,988,338	\$ 29,470
Other Funds	--	22,360,524	--
TOTAL -- Operating Expend.	\$ (13,306)	\$ 65,348,862	\$ 29,470
Capital Improvements:			
Other Funds	\$ 12,500	\$ 142,500	\$ --
TOTAL -- Capital Improvements	\$ 12,500	\$ 142,500	\$ 29,470
GRAND TOTAL	\$ (806)	\$ 65,491,362	\$ 29,470
FTE Positions:			
Classified	--	489.9	--
Unclassified	--	780.7	--
TOTAL	--	1,270.6	--

House Subcommittee Recommendation

The House Subcommittee concurs with the Senate recommendations with the following adjustments:

1. **Systemwide Recommendation -- Utilities.** At this point in the Session, the Committee concurs with the recommendation of the Governor and Senate for the university utility budgets, but requests a Governor's budget amendment to address any savings or shortfalls in the current year. The Governor's budget amendment will be reviewed during the Omnibus Session.
2. Add \$29,470 in general use funds (\$16,798 SGF and \$12,672 in federal funds) to restore a reduction the Senate made by increasing the shrinkage rate applied to the salaries of county agents. The House Subcommittee's recommendation would restore the shrinkage rate to 3.05 percent, as recommended by the Governor.

SUBCOMMITTEE REPORT

Agency: KSU -- Extension Systems and
Agriculture Research Programs

Bill No. 43,87

Bill Sec. 4

Analyst: Duffy

Analysis Pg. No. 719

Budget Page No. 402

Expenditure	Agency Req. FY 94	Governor's Rec. FY 94	Senate Sub. Rec. FY 94
Operating Expenditures:			
State General Fund	\$ 37,498,915	\$ 36,741,720	\$ (340,218)
Federal Land Grant Funds	7,485,230	7,485,230	(18,304)
Economic Dev. Initiatives Fund	--	--	100,000
Subtotal General Use	\$ 44,984,145	\$ 44,226,950	\$ (258,522)
Other Funds	23,829,848	23,829,848	--
TOTAL -- Operating Expend.	\$ 68,813,993	\$ 68,056,798	\$ (258,522)
Capital Improvements:			
Other Funds	\$ --	\$ --	\$ --
TOTAL -- Capital Improvements	\$ --	\$ --	\$ --
GRAND TOTAL	\$ 68,813,993	\$ 68,056,798	\$ (258,522)
FTE Positions:			
Classified	489.9	489.9	--
Unclassified	783.5	780.7	--
TOTAL	1,273.4	1,270.6	--

Agency Request/Governor's Recommendation

FY 1994. The University requests an overall increase of \$3,451,825 over the FY 1993 base budget. The overall increase is composed of \$1,982,501 in general use expenditures and includes: (1) an increase in the Regents employers' retirement contribution from 8 percent to 9 percent; (2) a .25 percent reduction in the shrinkage rate; (3) a 4.5 percent increase in unclassified salaries; (4) a 5 percent increase for student salaries; (5) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees; (6) a 6 percent increase in other operating expenditures; and (7) mission related program enhancements targeted at minority faculty recruitment. Also, the agency requests that utility expenditures for the Center (\$688,634) be shifted to the Main Campus budget.

For FY 1994, the Governor's recommendation reflects a net increase of \$2,694,630 over the FY 1993 unadjusted base budget. The overall increase is composed of general use expenditures of \$1,225,306 and includes the following: (1) concurs with the agency's request to increase the

Regents employers' retirement contribution by approximately 1 percent; (2) concurs with the agency's request to shift utility expenditures to the main campus budget; (3) a 3.0 percent increase in unclassified salaries; (4) a 5 percent increase in student salaries; (5) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees; and (6) a 4 percent increase in other operating expenditures.

Senate Subcommittee Recommendation

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

1. **Systemwide Recommendation -- Unclassified Salaries.** Delete \$138,107 in general use funding for Regents unclassified faculty and staff salaries. The Senate Subcommittee recommends a salary increase of 2.5 percent or \$670,941 in FY 1994 compared to the Governor's recommendation of 3.0 percent and the Regents request of 4.5 percent. Pending further consideration of the Governor's entire salary and benefit package (which includes a 1.5 percent salary adjustment for all classified employees and implementation of two of the final four phases of the Comprehensive Classification and Job Rate Study), the Senate Subcommittee recommends a systemwide salary increase of 2.5 percent for classified, unclassified, and student employees.
2. **Systemwide Recommendation -- Regents Unclassified Retirement Rate Increase.** Delete \$139,615 in general use funding for the 1 percent increase in the Regents employers' retirement contribution. Because legislation is required to make this change, the Subcommittee's recommendations is made pending passage of legislation.
3. **Systemwide Recommendation -- Student Salaries.** Delete \$6,731 in general use funding for student salaries. The Senate Subcommittee recommends an increase of 2.5 percent for student salaries compared to the Governor's recommendation and Regents request of 5 percent. The Subcommittee urges the University to strike a balance between increasing the number of student employees and increasing average wages.
4. **Systemwide Recommendation -- Other Operating Expenditures.** Delete \$31,501 in general use funding for other operating expenditures. The Senate Subcommittee recommends a 3.5 percent increase (\$220,512) in other operating expenditures. The Regents requested a 6 percent increase and the Governor recommended a 4 percent increase.
5. **Systemwide Recommendation -- Utilities.** The Subcommittee concurs with the Governor's recommendation for utilities in FY 1994; however, the Subcommittee recommends that the House Appropriations Committee review current year utility expenditures and the need for supplementation or savings based on the most recent expenditure information.
6. Make technical changes, which do not impact funding, to the appropriation bill, as requested by the agency.

7. Add \$100,000 from the EDIF as the state's contribution towards the \$200,000 necessary to provide the match for a federal grant of \$280,000 from the U.S. Forest Service to conduct a statewide forest inventory in Kansas. The release of the \$100,000 from the EDIF is contingent upon private industry providing the remaining \$100,000 required for the match. The Subcommittee recommends a proviso requiring that upon certification of the President of KSU that the University has received \$100,000 in private industry funds for the match for the federal grant, the director of accounts and reports shall transfer \$100,000 from the EDIF to the Statewide Forest Inventory Grant Fund. The Subcommittee believes that raising the matching funds for this project should be a joint public-private effort. The Subcommittee feels that this survey is of significant value to private industry, especially the walnut industry in the Kansas City area. The industry should make funds available for this survey.
8. Restore the "no limit" expenditure limitation on the Federal Agricultural Experiment Station fund. The Governor placed an expenditure limitation on this fund of \$3,354,792. The Subcommittee restored the "no limit" expenditure limitation for two primary reasons: (1) although considered general use funds, these are federal funds that must be expended by the end of the fiscal year, any balance reverts back to the federal treasury; and (2) this fund was "no limit" in the past and there is no evidence of a need to cap expenditures.
9. Delete \$42,568 in general use funds (\$24,264 State General Fund and \$18,304 Federal Funds) resulting from savings in county agent salaries. The Subcommittee notes that the 1991 Legislature enacted 1991 H.B. 2020 which permits at the local level the option of establishing extension districts through the combination of two or more counties in order to plan and conduct educational extension programs for the district. The Subcommittee's recommendation equates to a 3.3 percent shrinkage rate applied to the salaries of county agents. Although this action increases the overall shrinkage rate for this subagency to 2.9 percent, the Subcommittee intends for the entire amount to be applied to county agent salaries only and not spread across all salaries and wages.
10. Increase expenditures by \$110,000 from restricted fees to construct four small chemical storage buildings (S.B. 87 -- capital improvements bill).

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee, with the following adjustment:

1. Add \$75,000 for a total of \$175,000 from the EDIF for the state's contribution to provide the match for the federal grant to conduct a statewide forest inventory in Kansas (see item No. 7, above). The Committee recommends that the release of the \$175,000 from the EDIF be contingent upon private industry providing the remaining \$25,000 required for the match.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs.

Expenditure	Senate Adj. FY 94	Senate Rec. FY 94	House Sub. Adj. FY 94
Operating Expenditures:			
State General Fund	\$ (340,218)	\$ 36,401,502	\$ 190,973
Federal Land Grant Funds	(18,304)	7,466,926	18,304
Economic Dev. Initiatives Fund	175,000	175,000	25,000
Subtotal General Use	\$ (183,522)	\$ 44,043,428	\$ 234,277
Other Funds	--	23,829,848	--
TOTAL -- Operating Expend.	\$ (183,522)	\$ 67,873,276	\$ 234,277
Capital Improvements:			
Other Funds	\$ 110,000	\$ 110,000	\$ --
TOTAL -- Capital Improvements	\$ 110,000	\$ 110,000	\$ 234,277
GRAND TOTAL	\$ (73,522)	\$ 67,983,276	\$ 234,277
FTE Positions:			
Classified	--	489.9	--
Unclassified	--	780.7	--
TOTAL	--	1,270.6	--

House Subcommittee Recommendation

The House Subcommittee concurs with the Senate recommendations with the following adjustments:

1. **Systemwide Recommendation -- Regents Unclassified Retirement Rate Increase.** Add \$69,808 in general use funding for a 0.5 percent increase in the Regents employers' retirement contribution. The House Committee's action is consistent with the provisions approved by the House Committee in 1993 Sub. for H.B. 2211 (Omnibus Retirement bill) which provides for an increase in the current employer's contribution from 8.0 percent to 8.5 percent and an increase in the employee's contribution from 5.0 percent to 5.5 percent. The Governor's recommendation included funding for a 1 percent increase in the Regents employer's retirement contribution. The Senate deleted the additional funding, pending passage of legislation which would authorize the rate increase.
2. **Systemwide Recommendation -- Regents Shrinkage Rates.** Add \$96,901 in general use funding for a 0.25 percent reduction in the salary and wage shrinkage rates at each institution. The requested reduction is a systemwide request by the

Regents that was not recommended by the Governor or Senate. Further, the Committee recommends that the House Subcommittees assigned to the individual Regents budgets review the shrinkage rates for any additional adjustments that may be warranted.

The House Subcommittee assigned to the KSU-Extension budget recommends the addition of \$42,568 in general use funds (\$24,264 SGF and \$18,304 in federal funds) to restore a reduction the Senate made by increasing the shrinkage rate applied to the salaries of county agents. The House Subcommittee's recommendation would restore the shrinkage rate to 2.80 percent, as recommended by the Governor. The House Committee action results in a reduction in the shrinkage rate at this institution from 2.80 percent to 2.55 percent.

3. **Systemwide Recommendation -- Utilities.** At this point in the Session, the Committee concurs with the recommendation of the Governor and Senate for the university utility budgets for FY 1994. However, the Committee anticipates that the requested Governor's budget amendment on current year utilities may also amend the Governor's FY 1994 recommendation for utilities. If so, the Legislature can address any adjustment for FY 1994 during the Omnibus Session.
4. Add \$25,000 from the EDIF to the Senate recommendation of \$175,000 for a total of \$200,000 for the state's contribution to provide the match for a federal grant to conduct a statewide forest inventory. The House Subcommittee recommends deleting the provision which requires private industry to raise \$25,000 for the inventory.

SUBCOMMITTEE REPORT

Agency: KSU -- Veterinary Medical Center Bill No. 62

Bill Sec. 12

Analyst: Duffy

Analysis Pg. No. 706

Budget Page No. 404

Expenditure Summary	Agency Est. FY 93	Gov. Rec. FY 93	Senate Subcommittee Rec. FY 93
Operating Expenditures:			
State General Fund	\$ 8,465,535	\$ 8,385,461	\$ --
General Fees Fund	3,535,822	3,535,822	--
Hospital Revenue -- Laboratory	1,709,030	1,921,843	--
Subtotal General Use	\$ 13,710,387	\$ 13,843,126	\$ --
Other Funds	1,053,706	1,053,706	--
TOTAL -- Operating Expend.	\$ 14,764,093	\$ 14,896,832	\$ --
Capital Improvements:			
Educational Building Fund	\$ 352,116	\$ 350,041	\$ --
GRAND TOTAL	\$ 15,116,209	\$ 15,246,873	\$ --
FTE Positions			
Classified	149.6	149.6	--
Unclassified	99.2	99.2	--
TOTAL	248.8	248.8	--

Agency Estimate/Governor's Recommendation

FY 1993. The University requests a total operating budget in FY 1993 of \$14,764,093, of which general use expenditures account for \$13,710,387. The estimated increase in general use expenditures is 2.8 percent compared to actual FY 1992 expenditures. The FY 1993 estimate includes a State General Fund supplemental appropriation of \$15,878 for changes in fringe benefit rates from amounts approved by the 1992 Legislature. It appears that the State General Fund appropriation for FY 1993 was overstated by \$35,572.

For FY 1993, the Governor recommends a total operating budget of \$14,896,832, of which general use expenditures account for \$13,843,126. The Governor does not recommend the requested State General Fund supplemental appropriation to finance the current year changes in fringe benefit rates. The Governor reduces \$64,196 in State General Fund expenditures in the current year by reducing \$35,572 to accurately reflect the budget approved by the 1993 Legislature and increasing expenditures from the Hospital and Diagnostic Fund by \$28,624 as an offset to the State General Fund. The Governor recommends increased expenditures of \$184,189 from the Hospital and Diagnostic Fund in the current year for consumable items. The Governor's recommendation is based on increased revenue to the Hospital and Diagnostic Fund and an increase in the expenditure limitation of \$212,813.

Senate Subcommittee Recommendation

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

1. **Systemwide Recommendation -- Utilities.** The Subcommittee concurs with the Governor's recommendation for utilities in FY 1993; however, the Subcommittee recommends that the House Appropriations Committee review current year utility expenditures and the need for supplementation or savings based on the most recent expenditure information.
2. The Subcommittee learned that receipts to the Hospital and Diagnostic Laboratory Revenue Fund continue to exceed estimates for the current year. For FY 1993, the Governor's recommendation is based on increased receipts over the amount originally estimated by the agency of 9.2 percent or \$162,813. In the current year, the Governor recommends increased expenditures from this fund of \$212,813, of which \$184,189 would be for consumable items and \$28,624 would be used to offset the State General Fund. The House Appropriations Subcommittee should review the most recent year to date information regarding receipts to and expenditures from this fund to determine if additional revenue is available for expenditure.

Senate Committee Recommendation

The Senate Committee concurs.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs.

Expenditure Summary	Senate Adj. FY 93	Senate Rec. FY 93	House Subcommittee Adj. FY 93
Operating Expenditures:			
State General Fund	\$ --	\$ 8,385,461	\$ --
General Fees Fund	--	3,535,822	--
Hospital Revenue -- Laboratory	--	1,921,843	--
Subtotal General Use	\$ --	\$ 13,843,126	\$ --
Other Funds	--	1,053,706	--
TOTAL -- Operating Expend.	\$ --	\$ 14,896,832	\$ --
Capital Improvements:			
Educational Building Fund	\$ --	\$ 350,041	\$ --
GRAND TOTAL	\$ --	\$ 15,246,873	\$ --
FTE Positions			
Classified	--	149.6	--
Unclassified	--	99.2	--
TOTAL	--	248.8	--

House Subcommittee Recommendation

The House Subcommittee concurs with the Senate recommendations with the following adjustments:

1. **Systemwide Recommendation -- Utilities.** At this point in the Session, the Committee concurs with the recommendation of the Governor and Senate for the university utility budgets, but requests a Governor's budget amendment to address any savings or shortfalls in the current year. The Governor's budget amendment will be reviewed during the Omnibus Session.
2. Change the expenditure limitation on the Hospital and Diagnostic Laboratory Fund from \$1,437,654 to "no limit."

SUBCOMMITTEE REPORT

Agency: KSU -- Veterinary Medical Center Bill No. 43

Bill Sec. 5

Analyst: Duffy

Analysis Pg. No. 706

Budget Page No. 404

Expenditure Summary	Agency Req. FY 94	Gov. Rec. FY 94	Senate Subcommittee Rec. FY 94
Operating Expenditures:			
State General Fund	\$ 8,204,541	\$ 7,843,996	\$ (97,686)
General Fees Fund	3,805,744	3,816,294	--
Hospital Revenue -- Laboratory	1,738,120	2,013,814	--
Subtotal General Use	\$ 13,748,405	\$ 13,674,104	\$ (97,686)
Other Funds	1,122,557	1,017,957	--
TOTAL -- Operating Expend.	\$ 14,870,962	\$ 14,692,061	\$ (97,686)
Capital Improvements:			
Educational Building Fund	\$ --	\$ --	\$ --
GRAND TOTAL	\$ 14,870,962	\$ 14,692,061	\$ (97,686)
FTE Positions			
Classified	149.6	149.6	--
Unclassified	99.8	99.2	--
TOTAL	249.4	248.8	--

Agency Request/Governor's Recommendation

FY 1994. The University requests an overall increase of \$122,747 over the FY 1993 base budget which is composed of \$53,896 in general use expenditures, including: (1) an increase in the Regents employers' retirement contribution from 8 percent to 9 percent; (2) a .25 percent reduction in the shrinkage rate; (3) a 4.5 percent increase in unclassified salaries; (4) a 5 percent increase for student salaries; (5) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees; (6) a 6 percent increase in other operating expenditures; and (7) mission related program enhancements targeted at minority faculty recruitment. Also, the agency requests that utility expenditures for the Center (\$796,248) be shifted to the main campus budget.

The Governor's recommendation reflects a net decrease of \$56,154 from the FY 1993 unadjusted base budget. The decrease from the unadjusted base is composed of a net reduction in general use expenditures of \$20,405 and includes the following: (1) concurs with the agency's request to increase the Regents employers' retirement contribution by approximately 1 percent; (2) concurs with the agency's request to shift utility expenditures for the Center to the main campus budget; (3) a 3 percent increase in unclassified salaries; (4) a 5 percent increase in student salaries; (5) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees; (6) a 4 percent increase in other operating expenditures; and (7) increased expenditures of \$203,454

for consumable items for the hospital and laboratory. The Governor concurs with the agency's request for restricted use funds, except the Governor does not recommend the requested transfer of \$50,000 in both FY 1993 and FY 1994 from the Hospital and Diagnostic Revenue Fund (general use) to the Hospital and Diagnostic Laboratory Improvement Fund (restricted use).

Senate Subcommittee Recommendation

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

1. **Systemwide Recommendation -- Unclassified Salaries.** Delete \$34,484 in general use funding for Regents unclassified faculty and staff salaries. The Senate Subcommittee recommends a salary increase of 2.5 percent or \$164,515 in FY 1994 compared to the Governor's recommendation of 3.0 percent and the Regents request of 4.5 percent. Pending further consideration of the Governor's entire salary and benefit package (which includes a 1.5 percent salary adjustment for all classified employees and implementation of two of the final four phases of the Comprehensive Classification and Job Rate Study), the Senate Subcommittee recommends a systemwide salary increase of 2.5 percent for classified, unclassified, and student employees.
2. **Systemwide Recommendation -- Regents Unclassified Retirement Rate Increase.** Delete \$54,286 in general use funding for the 1 percent increase in the Regents employers' retirement contribution. Because legislation is required to make this change, the Subcommittee's recommendations is made pending passage of legislation.
3. **Systemwide Recommendation -- Student Salaries.** Delete \$2,891 in general use funding for student salaries. The Senate Subcommittee recommends an increase of 2.5 percent for student salaries compared to the Governor's recommendation and Regents request of 5 percent. The Subcommittee urges the University to strike a balance between increasing the number of student employees and increasing average wages.
4. **Systemwide Recommendation -- Other Operating Expenditures.** Delete \$6,025 in general use funding for other operating expenditures. The Senate Subcommittee recommends a 3.5 percent increase (\$99,140) in other operating expenditures. The Regents requested a 6 percent increase and the Governor recommended a 4 percent increase.
5. **Systemwide Recommendation -- Utilities.** The Subcommittee concurs with the Governor's recommendation for utilities in FY 1994; however, the Subcommittee recommends that the House Appropriations Committee review current year utility expenditures and the need for supplementation or savings based on the most recent expenditure information.
6. The Subcommittee reviewed the shrinkage rate applied to KSU-Veterinary Medical Center's salary and wage budget and concurs with the Governor's recommended rate of 2.6 percent.

Senate Committee Recommendation

The Senate Committee concurs.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs.

Expenditure Summary	Senate Adj. FY 94	Senate Rec. FY 94	House Subcommittee Adj. FY 94
Operating Expenditures:			
State General Fund	\$ (97,686)	\$ 7,746,310	\$ 54,703
General Fees Fund	--	3,816,294	--
Hospital Revenue -- Laboratory	--	2,013,814	--
Subtotal General Use	\$ (97,686)	\$ 13,576,418	\$ 54,703
Other Funds	--	1,017,957	--
TOTAL -- Operating Expend.	<u>\$ (97,686)</u>	<u>\$ 14,594,375</u>	<u>\$ 54,703</u>
Capital Improvements:			
Educational Building Fund	\$ --	\$ --	\$ --
GRAND TOTAL	<u>\$ (97,686)</u>	<u>\$ 14,594,375</u>	<u>\$ 54,703</u>
FTE Positions			
Classified	--	149.6	--
Unclassified	--	99.2	--
TOTAL	<u>--</u>	<u>248.8</u>	<u>--</u>

House Subcommittee Recommendation

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

- Systemwide Recommendation -- Regents Unclassified Retirement Rate Increase.**
Add \$27,143 in general use funding for a 0.5 percent increase in the Regents employers' retirement contribution. The House Committee's action is consistent with the provisions approved by the House Committee in 1993 Sub. for H.B. 2211 (Omnibus Retirement bill) which provides for an increase in the current employer's contribution from 8.0 percent to 8.5 percent and an increase in the employee's contribution from 5.0 percent to 5.5 percent. The Governor's recommendation included funding for a 1 percent increase in the Regents employer's retirement contribution. The Senate deleted the additional funding, pending passage of legislation which would authorize the rate increase.

2. **Systemwide Recommendation -- Regents Shrinkage Rates.** Add \$27,560 in general use funding for a 0.25 percent reduction in the salary and wage shrinkage rates at each institution. The requested reduction is a systemwide request by the Regents that was not recommended by the Governor or Senate. Further, the Committee recommends that the House Subcommittees assigned to the individual Regents budgets review the shrinkage rates for any additional adjustments that may be warranted. The Committee's recommendation results in a reduction in the shrinkage rate at this institution from 2.61 to 2.36.
3. **Systemwide Recommendation -- Utilities.** At this point in the Session, the Committee concurs with the recommendation of the Governor and Senate for the university utility budgets for FY 1994. However, the Committee anticipates that the requested Governor's budget amendment on current year utilities may also amend the Governor's FY 1994 recommendation for utilities. If so, the Legislature can address any adjustment for FY 1994 during the Omnibus Session.
4. **Systemwide Recommendation -- General Fees Funds Adjustments, including FY 1993 General Fee Fund Shortfalls.** Based on actual enrollments for Fall 1992 and Spring 1993, the institutions have revised their general fee estimates for FY 1993 and FY 1994. The Governor's recommendation for FY 1993 and FY 1994 was based on estimates from the Fall enrollment only; therefore, the Committee requests a Governor's Budget Amendment to address adjustments in the budgets resulting from the revised fee estimates. The Governor's Budget Amendment will be reviewed during the Omnibus Session.
5. Change the expenditure limitation on the Hospital and Diagnostic Laboratory Fund from \$1,510,360 to "no limit."

SUBCOMMITTEE REPORT

Agency: KSU -- Salina, College of Technology Bill No. --

Bill Sec. --

Analyst: Duffy

Analysis Pg. No. 713

Budget Page No. 406

Expenditure Summary	Agency Est. FY 93	Gov. Rec. FY 93	Senate Sub. Rec. FY 93
Operating Expenditures:			
State General Fund	\$ 4,166,112	\$ 4,149,896	\$ --
General Fees Fund	581,985	581,985	--
Subtotal General Use	\$ 4,748,097	\$ 4,731,881	\$ --
Other Funds	2,351,017	2,351,017	--
TOTAL -- Operating Expend.	\$ 7,099,114	\$ 7,082,898	\$ --
Capital Improvements			
State General Fund	\$ 189,050	\$ 189,050	\$ --
Educational Building Fund	40,733	40,733	--
Other Funds	1,186,587	1,186,587	--
TOTAL -- Capital Impr.	\$ 1,416,370	\$ 1,416,370	\$ --
GRAND TOTAL	\$ 8,515,484	\$ 8,499,268	\$ --
FTE Positions:			
Classified	34.0	34.0	--
Unclassified	93.1	93.1	--
TOTAL	127.1	127.1	--

Agency Estimate/Governor's Recommendation

FY 1993. The University requests a total operating budget in FY 1993 of \$7,099,114, of which general use expenditures account for \$4,748,097. The estimated increase in general use expenditures is 4.7 percent compared to actual FY 1992 expenditures. The FY 1993 estimate includes a State General Fund supplemental appropriation of \$16,216 for changes in fringe benefit rates from amounts approved by the 1992 Legislature.

For FY 1993, the Governor recommends a total operating budget of \$7,082,898, of which general use expenditures account for \$4,731,881. The Governor does not recommend the requested State General Fund supplemental appropriation to finance the current year changes in fringe benefit rates.

Senate Subcommittee Recommendation

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

1. **Systemwide Recommendation -- Utilities.** The Subcommittee concurs with the Governor's recommendation for utilities in FY 1993; however, the Subcommittee

ATTACHMENT 4

recommends that the House Appropriations Committee review current year utility expenditures and the need for supplementation or savings based on the most recent expenditure information.

Senate Committee Recommendation

The Senate Committee concurs.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs.

Expenditure Summary	Senate Adj. FY 93	Senate Rec. FY 93	House Sub. Adj. FY 93
Operating Expenditures:			
State General Fund	\$ --	\$ 4,149,896	\$ --
General Fees Fund	--	581,985	--
Subtotal General Use	\$ --	\$ 4,731,881	\$ --
Other Funds	--	2,351,017	--
TOTAL -- Operating Expend.	\$ --	\$ 7,082,898	\$ --
Capital Improvements			
State General Fund	\$ --	\$ 189,050	\$ --
Educational Building Fund	--	40,733	--
Other Funds	--	1,186,587	--
TOTAL -- Capital Impr.	\$ --	\$ 1,416,370	\$ --
GRAND TOTAL	\$ --	\$ 8,499,268	\$ --
FTE Positions:			
Classified	--	34.0	--
Unclassified	--	93.1	--
TOTAL	--	127.1	--

House Subcommittee Recommendation

The House Subcommittee concurs with the Senate recommendations with the following adjustment:

1. **Systemwide Recommendation -- Utilities.** At this point in the Session, the Committee concurs with the recommendation of the Governor and Senate for the university utility budgets, but requests a Governor's budget amendment to address any savings or shortfalls in the current year. The Governor's budget amendment will be reviewed during the Omnibus Session.

SUBCOMMITTEE REPORT

Agency: KSU -- Salina, College of Technology Bill No. 43, 87

Bill Sec. 6

Analyst: Duffy

Analysis Pg. No. 713

Budget Page No. 406

Expenditure	Agency Req. FY 94	Governor's Rec. FY 94	Senate Sub. Rec. FY 94
Operating Expenditures:			
State General Fund	\$ 4,435,177	\$ 4,313,182	\$ (78,781)
General Fees Fund	627,741	644,931	1,230
Subtotal General Use	\$ 5,062,918	\$ 4,958,113	\$ (77,551)
Other Funds	2,548,812	2,548,812	--
TOTAL -- Operating Expend.	\$ 7,611,730	\$ 7,506,925	\$ (77,551)
Capital Improvements:			
State General Fund	\$ 189,050	\$ 189,050	\$ --
Educational Building Fund	0	0	--
Other Funds	3,553,216	3,553,216	--
TOTAL -- Capital Impr.	\$ 3,742,266	\$ 3,742,266	\$ --
GRAND TOTAL	\$ 11,353,996	\$ 11,249,191	\$ (77,551)
FTE Positions:			
Classified	34.0	34.0	--
Unclassified	93.1	93.1	--
TOTAL	127.1	127.1	--

Agency Request/Governor's Recommendation

FY 1994. The University requests an overall increase of \$528,834 over the FY 1993 base budget. The overall increase is composed of \$331,038 in general use expenditures and includes: (1) an increase in the Regents employers' retirement contribution from 8 percent to 9 percent; (2) a .25 percent reduction in the shrinkage rate; (3) a 4.5 percent increase in unclassified salaries; (4) a 5 percent increase for student salaries; (5) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees; (6) a 6 percent increase in other operating expenditures; (7) funds for servicing of a new building; and (8) mission related program enhancements targeted at library improvements and minority faculty recruitment.

For FY 1994, the Governor's recommendation reflects a net increase of \$424,028 over the FY 1993 base budget. The overall increase is composed of general use expenditures of \$226,232 and includes the following: (1) concurs with the agency's request to increase the Regents employers' retirement contribution by approximately 1 percent; (2) a 3.0 percent increase in unclassified salaries; (3) a 5 percent increase in student salaries; (4) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees; (5) a 4 percent increase in other operating expenditures; and (6) funding for servicing the new building to house a paint booth.

Senate Subcommittee Recommendation

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

1. **Systemwide Recommendation -- Unclassified Salaries.** Delete \$13,530 in general use funding for Regents unclassified faculty and staff salaries. The Senate Subcommittee recommends a salary increase of 2.5 percent or \$64,623 in FY 1994 compared to the Governor's recommendation of 3.0 percent and the Regents request of 4.5 percent. Pending further consideration of the Governor's entire salary and benefit package (which includes a 1.5 percent salary adjustment for all classified employees and implementation of two of the final four phases of the Comprehensive Classification and Job Rate Study), the Senate Subcommittee recommends a systemwide salary increase of 2.5 percent for classified, unclassified, and student employees.
2. **Systemwide Recommendation -- Regents Unclassified Retirement Rate Increase.** Delete \$20,798 in general use funding for the 1 percent increase in the Regents employers' retirement contribution. Because legislation is required to make this change, the Subcommittee's recommendation is made pending passage of legislation.
3. **Systemwide Recommendation -- Student Salaries.** Delete \$1,178 in general use funding for student salaries. The Senate Subcommittee recommends an increase of 2.5 percent for student salaries compared to the Governor's recommendation and Regents request of 5 percent. The Subcommittee urges the University to strike a balance between increasing the number of student employees and increasing average wages.
4. **Systemwide Recommendation -- Other Operating Expenditures.** Delete \$5,017 in general use funding for other operating expenditures. The Senate Subcommittee recommends a 3.5 percent increase (\$35,116) in other operating expenditures. The Regents requested a 6 percent increase and the Governor recommended a 4 percent increase.
5. **Systemwide Recommendation -- Utilities.** The Subcommittee concurs with the Governor's recommendation for utilities in FY 1994; however, the Subcommittee recommends that the House Appropriations Committee review current year utility expenditures and the need for supplementation or savings based on the most recent expenditure information.
6. **Systemwide Recommendation -- FY 1994 Tuition Rate Increase.** The Subcommittee concurs with the Board's recommended tuition rates for FY 1994, except for the rate increase for nonresident undergraduates. The Regents request included a rate increase for nonresident undergraduates of 8 percent at the doctoral universities (KU, KSU, WSU) and 6 percent at the regional universities (ESU, FHSU, PSU). The Senate Subcommittee recommends a 10 percent increase at the doctoral universities and an 8 percent increase at the regional universities. The Subcommittee believes that tuition rates at the Regents universities are generally a "bargain" for nonresidents. The Subcommit-

tee recognizes the Board's efforts to increase tuition rates in recent years for residents and nonresidents, but believes that a more aggressive increase for nonresident undergraduates is warranted in FY 1994. The effect of the Subcommittee's recommendation is to increase expenditures from the General Fees Fund by \$1,230 and reduce expenditures from the State General Fund by this same amount.

7. Delete \$37,028 in general use funds as a result of increasing the salary and wage shrinkage rate by 1 percent. The Subcommittee reviewed the shrinkage rate applied to KSU-Salina's salary and wage budget and believes that a higher rate is warranted. Accordingly, the Subcommittee increases the rate to 2.18 percent which is more in line with the shrinkage rates applied to Regents budgets.

Senate Committee Recommendation

The Senate Committee concurs.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs.

Expenditure	Senate Adj. FY 94	Senate Rec. FY 94	House Sub. Adj. FY 94
Operating Expenditures:			
State General Fund	\$ (78,781)	\$ 4,234,401	\$ 56,880
General Fees Fund	1,230	646,161	--
Subtotal General Use	\$ (77,551)	\$ 4,880,562	\$ 56,880
Other Funds	--	2,548,812	--
TOTAL -- Operating Expend.	\$ (77,551)	\$ 7,429,374	\$ 56,880
Capital Improvements:			
State General Fund	\$ --	\$ 189,050	\$ --
Educational Building Fund	--	--	--
Other Funds	--	3,553,216	--
TOTAL -- Capital Impr.	\$ --	\$ 3,742,266	\$ --
GRAND TOTAL	\$ (77,551)	\$ 11,171,640	\$ 56,880
FTE Positions:			
Classified	--	34.0	--
Unclassified	--	93.1	--
TOTAL	--	127.1	--

House Subcommittee Recommendation

The House Subcommittee concurs with the Senate recommendations with the following adjustments:

1. **Systemwide Recommendation -- Regents Unclassified Retirement Rate Increase.** Add \$10,399 in general use funding for a 0.5 percent increase in the Regents employers' retirement contribution. The House Committee's action is consistent with the provisions approved by the House Committee in 1993 Sub. for H.B. 2211 (Omnibus Retirement bill) which provides for an increase in the current employer's contribution from 8.0 percent to 8.5 percent and an increase in the employee's contribution from 5.0 percent to 5.5 percent. The Governor's recommendation included funding for a 1 percent increase in the Regents employer's retirement contribution. The Senate deleted the additional funding, pending passage of legislation which would authorize the rate increase.
2. **Systemwide Recommendation -- Regents Shrinkage Rates.** Add 9,453 in general use funding for a 0.25 percent reduction in the salary and wage shrinkage rates at each institution. The requested reduction is a systemwide request by the Regents that was not recommended by the Governor or Senate. Further, the Committee recommends that the House Subcommittees assigned to the individual Regents budgets review the shrinkage rates for any additional adjustments that may be warranted.

The House Subcommittee on KSU-Salina recommends adding \$37,028 (SGF) to restore the agency's salary and wage shrinkage rate to 1.18, as recommended by the Governor. The Senate recommended increasing the agency's salary and wage shrinkage rate by 1 percent increase from 1.18 percent to 2.18 percent. The Committee's recommendation results in a reduction in the shrinkage rate at this institution from 1.18 to 0.93.

3. **Systemwide Recommendation -- Utilities.** At this point in the Session, the Committee concurs with the recommendation of the Governor and Senate for the university utility budgets for FY 1994. However, the Committee anticipates that the requested Governor's budget amendment on current year utilities may also amend the Governor's FY 1994 recommendation for utilities. If so, the Legislature can address any adjustment for FY 1994 during the Omnibus Session.
4. **Systemwide Recommendation -- General Fees Funds Adjustments, including FY 1993 General Fee Fund Shortfalls.** Based on actual enrollments for Fall 1992 and Spring 1993, the institutions have revised their general fee estimates for FY 1993 and FY 1994. The Governor's recommendation for FY 1993 and FY 1994 was based on estimates from the Fall enrollment only; therefore, the Committee requests a Governor's Budget Amendment to address adjustments in the budgets resulting from the revised fee estimates. The Governor's Budget Amendment will be reviewed during the Omnibus Session.

SUBCOMMITTEE REPORT

Agency: University of Kansas

Bill No. 62

Bill Sec. 13

Analyst: Duffy

Analysis Pg. No. 742

Budget Page No. 596

Expenditure Summary	Agency Est. FY 93	Gov. Rec. FY 93	Senate Sub. Rec. FY 93
Operating Expenditures:			
State General Fund	\$ 100,880,721	\$ 100,178,724	\$ --
General Fees Fund	55,153,639	55,492,983	--
Certain Endowment Interest	25,000	25,000	--
Subtotal General Use	\$ 156,059,360	\$ 155,696,707	\$ --
Other Funds	102,079,635	102,057,813	21,822
TOTAL -- Operating Expend.	\$ 258,138,995	\$ 257,754,520	\$ 21,822
Capital Improvements:			
State General Fund	\$ --	\$ --	\$ --
Educational Building Fund	6,088,155	6,088,155	--
Special Capital Impr. Fund	2,000,000	2,000,000	--
Other Funds	12,903,817	12,903,817	--
TOTAL -- Capital Impr.	\$ 20,991,972	\$ 20,991,972	\$ --
GRAND TOTAL	\$ 279,130,967	\$ 278,746,492	\$ 21,822
FTE Positions:			
Classified	1,995.9	1,995.9	--
Unclassified	2,465.3	2,465.3	--
TOTAL	4,461.2	4,461.2	--

Agency Estimate/Governor's Recommendation

The University requests a total operating budget in FY 1993 of \$258,138,995, an increase of 6.4 percent over actual FY 1992 expenditures. Of the total request, general use expenditures account for \$156,059,360, an increase of 4.1 percent over actual FY 1992 expenditures. The FY 1993 estimate includes a State General Fund supplemental appropriation of \$362,653 for changes in fringe benefit rates from amounts approved by the 1992 Legislature and \$907,546 to offset a projected fee fund shortfall. According to the University, the FY 1993 fee fund shortfall is attributed to an enrollment decrease of 196 students and a decrease in the average fee collected because of fewer out-of-state students who pay higher tuition rates.

For FY 1993, the Governor recommends a total operating budget of \$257,754,520, of which general use expenditures account for \$155,696,707. The Governor does not recommend the requested State General Fund supplemental appropriation to finance the current year changes in fringe benefit rates. The Governor recommends \$568,202 from the State General Fund to offset the projected fee fund shortfall which is \$339,344 less than the amount requested by the University.

Senate Subcommittee Recommendations

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

1. **Systemwide Recommendation -- Utilities.** The Subcommittee concurs with the Governor's recommendation for utilities in FY 1993; however, the Subcommittee recommends that the House Appropriations Committee review current year utility expenditures and the need for supplementation or savings based on the most recent expenditure information.
2. **FY 1993 General Fee Shortfall.** The Subcommittee concurs with the Governor's recommendation for a State General Fund supplemental appropriation of \$568,202 due to a projected fee shortfall. The Subcommittee notes that the second house will need to review this item when a more accurate estimate may be made based upon information from the Spring enrollment.
3. Increase the expenditure limitation on the Law Enforcement Training Center Fund (restricted use) from \$1,229,981 to \$1,251,803. The agency requested an increase of \$56,822 to replace and upgrade equipment, and fund increased operating costs associated with the larger physical plant due to new construction. The Subcommittee recommends the additional \$21,822 over the Governor's recommended increase of \$35,000 to fully fund the agency's request.

Senate Committee Recommendation

The Senate Committee concurs.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs with the Senate Committee's recommendations.

Expenditure Summary	Senate Adj. FY 93	Senate Rec. FY 93	House Sub. Adj. FY 93
Operating Expenditures:			
State General Fund	\$ --	\$ 100,178,724	\$ --
General Fees Fund	--	55,492,983	--
Certain Endowment Interest	--	25,000	--
Subtotal General Use	\$ --	\$ 155,696,707	\$ --
Other Funds	21,822	102,079,635	--
TOTAL -- Operating Expend.	\$ 21,822	\$ 257,776,342	\$ --
Capital Improvements:			
State General Fund	\$ --	\$ --	\$ --
Educational Building Fund	--	6,088,155	--
Special Capital Impr. Fund	--	2,000,000	--
Other Funds	--	12,903,817	--
TOTAL -- Capital Impr.	\$ --	\$ 20,991,972	\$ --
GRAND TOTAL	\$ 21,822	\$ 278,768,314	\$ --
FTE Positions:			
Classified	--	1,995.9	--
Unclassified	--	2,465.3	--
TOTAL	--	4,461.2	--

House Subcommittee Recommendation

The House Subcommittee concurs with the Senate recommendations with the following adjustments:

1. **Systemwide Recommendation -- Utilities.** At this point in the Session, the Committee concurs with the recommendation of the Governor and Senate for the university utility budgets, but requests a Governor's budget amendment to address any savings or shortfalls in the current year. The Governor's budget amendment will be reviewed during the Omnibus Session.
2. As requested by the Senate, the Subcommittee reviewed Spring enrollment information and learned that the University has submitted a revised State General Fund supplemental request of \$733,218 which is \$165,016 more than the amount recommended by the Governor. The Governor's original recommendation was based on the Fall enrollment. The Subcommittee requests that the Governor submit a Governor's Budget Amendment to address this item.

SUBCOMMITTEE REPORT

Agency: University of Kansas

Bill No. 43

Bill Sec. 9

Analyst: Duffy

Analysis Pg. No. 742

Budget Page No. 596

Expenditure	Agency Req. FY 94	Gov. Rec. FY 94	Senate Sub. Rec. FY 94
Operating Expenditures:			
State General Fund	\$ 108,458,397	\$ 104,156,686	\$ (2,040,619)
General Fees Fund	59,038,975	59,565,313	608,454
Certain Endowment Interest	25,000	25,000	--
Subtotal General Use	\$ 167,522,372	\$ 163,746,999	\$ (1,432,165)
Other Funds	107,035,749	106,735,749	--
TOTAL -- Operating Expend.	\$ 274,558,121	\$ 270,482,748	\$ (1,432,165)
Capital Improvements:			
State General Fund	\$ 4,525,000	\$ --	\$ --
Educational Building Fund	--	--	--
Special Capital Impr. Fund	8,000,000	8,000,000	--
Other Funds	4,479,000	6,760,000	--
TOTAL -- Capital Impr.	\$ 17,004,000	\$ 14,760,000	\$ --
GRAND TOTAL	<u>\$ 291,567,121</u>	<u>\$ 285,242,748</u>	<u>\$ (1,432,165)</u>
FTE Positions:			
Classified	2,003.9	1,985.8	--
Unclassified	2,487.3	2,480.4	--
TOTAL	<u>4,491.2</u>	<u>4,466.2</u>	<u>--</u>

Agency Request/Governor's Recommendation

The University requests an overall increase of \$16,803,601 over the FY 1993 base budget. The overall increase is composed of \$11,825,665 in general use expenditures and includes: (1) an increase in the Regents employers' retirement contribution from 8 percent to 9 percent; (2) a .25 percent reduction in the shrinkage rate; (3) a 4.5 percent increase in unclassified salaries; (4) a 5 percent increase for student salaries; (5) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees; (6) a 6 percent increase in other operating expenditures; (7) additional funds to annualize expenditures approved for servicing of the new Lied Center; (8) enrollment adjustment funding; and (9) mission related program enhancements targeted at library improvements and minority faculty recruitment. The University requests \$300,000 in additional restricted use funding for program improvements at the law school.

For FY 1994, the Governor's recommendation reflects a net increase of \$12,728,228 over the Governor's recommended FY 1993 base budget. The overall increase is composed of general use expenditures of \$8,050,292 and includes the following: (1) concurs with the agency's request to increase the Regents employers' retirement contribution by approximately 1 percent; (2) a 3.0 percent increase in unclassified salaries; (3) a 5 percent increase in student salaries; (4) classified step

movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees; (5) a 4 percent increase in other operating expenditures; (6) funds for annualizing costs associated with servicing the new Lied Center; (7) full funding of the enrollment adjustment; and (8) program enhancement funding of \$300,000 for the Law School. The Governor recommends that the Special Law School Fee be considered a general use fee, not restricted use as requested by the agency.

Senate Subcommittee Recommendations

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

1. **Systemwide Recommendation – Unclassified Salaries.** Delete \$492,180 in general use funding for Regents unclassified faculty and staff salaries. The Senate Subcommittee recommends a salary increase of 2.5 percent or \$2,460,898 in FY 1994 compared to the Governor's recommendation of 3.0 percent and the Regents request of 4.5 percent. Pending further consideration of the Governor's entire salary and benefit package (which includes a 1.5 percent salary adjustment for all classified employees and implementation of two of the final four phases of the Comprehensive Classification and Job Rate Study), the Senate Subcommittee recommends a systemwide salary increase of 2.5 percent for classified, unclassified, and student employees.
2. **Systemwide Recommendation – Regents Unclassified Retirement Rate Increase.** Delete \$799,936 in general use funding for the 1 percent increase in the Regents employers' retirement contribution. Because legislation is required to make this change, the Subcommittee's recommendations is made pending passage of legislation.
3. **Systemwide Recommendation – Student Salaries.** Delete \$44,738 in general use funding for student salaries. The Senate Subcommittee recommends an increase of 2.5 percent for student salaries compared to the Governor's recommendation and Regents request of 5 percent. The Subcommittee urges the University to strike a balance between increasing the number of student employees and increasing average wages.
4. **Systemwide Recommendation – Other Operating Expenditures.** Delete \$95,311 in general use funding for other operating expenditures. The Senate Subcommittee recommends a 3.5 percent increase (\$667,175) in other operating expenditures. The Regents requested a 6 percent increase and the Governor recommended a 4 percent increase.
5. **Systemwide Recommendation – Utilities.** The Subcommittee concurs with the Governor's recommendation for utilities in FY 1994; however, the Subcommittee recommends that the House Appropriations Committee review current year utility expenditures and the need for supplementation or savings based on the most recent expenditure information.
6. **Systemwide Recommendation – Enrollment Adjustment.** The Senate Subcommittee concurs with the Governor's recommendation of \$264,114 from general use funds and 5.0 FTE positions, as requested for enrollment increases at the upper division and graduate levels which occurred in FY 1992 compared to FY 1991. The Subcommittee notes that although credit hour production declined overall at KU, upper division and

graduate level courses increased. Upper division and graduate level courses are generally more expensive to teach than lower division courses.

7. **Systemwide Recommendation – FY 1994 Tuition Rate Increase.** The Subcommittee concurs with the Board's recommended tuition rates for FY 1994, except for the rate increase for nonresident undergraduates. The Regents request included a rate increase for nonresident undergraduates of 8 percent at the doctoral universities (KU, KSU, WSU) and 6 percent at the regional universities (ESU, FHSU, PSU). The Senate Subcommittee recommends a 10 percent increase at the doctoral universities and 8 percent increase at the regional universities. The Subcommittee believes that tuition rates at the Regents universities are generally a "bargain" for nonresidents. The Subcommittee recognizes the Board's efforts to increase tuition rates in recent years for residents and nonresidents, but believes that a more aggressive increase for nonresident undergraduates is warranted in FY 1994. The effect of the Subcommittee's recommendation is to increase expenditures from the General Fees Fund by \$608,454 and reduce expenditures from the State General Fund by this same amount.
8. Make several technical adjustments to the line items in the appropriation bill, including the FTE positions, to accurately reflect the Governor's recommendation.
9. The Subcommittee concurs with the Governor's recommendation for a special law school fee of \$20 per credit hour in addition to law school tuition and that the revenue (general use) generated by this program fee be used to make program improvements at the Law School. The Subcommittee understands that this is a three year plan to raise revenue from students to fund improvements at the law school. The estimated revenues and expenditures as proposed by the Regents are summarized in the table below.

<u>Special Law School Fee</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>
Revenue	\$ 300,000	\$ 450,000	\$ 600,000
Law School Expenditures:			
Financial Aid	45,000	45,000	45,000
Student Services	0	40,000	40,000
Library Imp.	75,000	100,000	130,000
Faculty Salaries	<u>180,000</u>	<u>240,000</u>	<u>330,000</u>
Total	<u>\$ 300,000</u>	<u>\$ 450,000</u>	<u>\$ 600,000</u>

The Subcommittee is extremely supportive of a tuition and fees differential for law students. The Subcommittee learned that the Law School's tuition/fees are extremely low compared to its peers as well as other law schools. For example, for FY 1992 the resident rate for tuition and required fees of \$1,003 per semester at KU is 65.5 percent of the peer average of \$1,530. For nonresidents, tuition and fees at KU Law School total \$2,860 per semester which is 65.3 percent of the peer average of \$4,378 for nonresident tuition and fees. In comparison to national averages for law schools, KU's tuition is 55.8 percent of the national average for residents of \$1,799 and 68.6 percent of the national average for nonresidents of \$4,171. The Subcommittee reviewed the University's three-year plan to increase tuition/fees and KU's projection of tuition and

fees at KU Law School in FY 1996 as compared to other law schools assuming each school increases its tuition and fees by approximately 7 percent annually. The Subcommittee concludes after reviewing this projection that it is likely that the Law School tuition and fees will still be below peers and national averages and encourages the Board to consider additional increases to bring law school tuition and fees more in line with that of their peers as well as other quality law schools.

10. Operations and capital improvements for the Kansas Law Enforcement Training Center are supported by the Law Enforcement Training Center Fund. Revenues supporting this fund are from district court criminal docket fees and beginning July 1, 1992 from similar municipal court docket fees. The 1992 Legislature created a new \$5 docket fee to be charged in certain municipal court cases for the purpose of completing the long-range capital improvement plan and for additional operating support for the Center. The Law Enforcement Training Center will receive \$4 of the \$5 fee for FYs 1993, 1994, 1995, and 1996, and \$2 of the \$5 fee thereafter. This project was originally scheduled to be constructed over a two-year period (FY 1995 and FY 1996), however, it appears that receipts may not support that schedule and it may be necessary to extend the construction over a three- or four-year period. The Subcommittee recommends that the proposed capital improvements and the designated revenue stream be closely monitored and reviewed next session to make any necessary adjustments.
11. The Subcommittee reviewed the University's request for funding for several capital improvement projects which are under review by the Joint Committee on State Building Construction. In regard to the University's request for funding to construct an ethanol storage facility for Dyche Hall, the Subcommittee learned that the University was recently notified that it was awarded a National Science Foundation Grant of \$790,000 to partially fund this project. The federal funding is contingent upon the University receiving the required "local match." The Subcommittee urges the Joint Committee to carefully review this project in light of the availability of federal funds.

Senate Committee Recommendations

The Senate Committee concurs.

Senate Committee of the Whole Recommendations

The Senate Committee of the Whole concurs with the Senate Committee's recommendation.

Expenditure	Senate Adj. FY 94	Senate Rec. FY 94	House Sub. Adj. FY 94
Operating Expenditures:			
State General Fund	\$ (2,040,619)	\$ 102,116,067	\$ 754,223
General Fees Fund	608,454	60,173,767	--
Certain Endowment Interest	--	25,000	--
Subtotal General Use	\$ (1,432,165)	\$ 162,314,834	\$ 754,223
Other Funds	--	106,735,749	--
TOTAL -- Operating Expend.	\$ (1,432,165)	\$ 269,050,583	\$ 754,223
Capital Improvements:			
State General Fund	\$ --	\$ --	\$ --
Educational Building Fund	--	--	--
Special Capital Impr. Fund	--	8,000,000	--
Other Funds	--	6,760,000	--
TOTAL -- Capital Impr.	\$ --	\$ 14,760,000	\$ --
GRAND TOTAL	\$ (1,432,165)	\$ 283,810,583	\$ 754,223
FTE Positions:			
Classified	--	1,985.8	--
Unclassified	--	2,480.4	--
TOTAL	--	4,466.2	--

House Subcommittee Recommendation

The House Subcommittee concurs with the Senate recommendation, with the following adjustments:

- Systemwide Recommendation -- Regents Unclassified Retirement Rate Increase.** Add \$399,968 in general use funding for a 0.5 percent increase in the Regents employers' retirement contribution. The House Committee's action is consistent with the provisions approved by the House Committee in 1993 Sub. for H.B. 2211 (Omnibus Retirement bill) which provides for an increase in the current employer's contribution from 8.0 percent to 8.5 percent and an increase in the employee's contribution from 5.0 percent to 5.5 percent. The Governor's recommendation included funding for a 1 percent increase in the Regents employer's retirement contribution. The Senate deleted the additional funding, pending passage of legislation which would authorize the rate increase.
- Systemwide Recommendation -- Regents Shrinkage Rates.** Add \$354,255 in general use funding for a 0.25 percent reduction in the salary and wage shrinkage rates at each institution. The requested reduction is a systemwide request by the Regents that was not recommended by the Governor or Senate. Further, the Committee recommends that the House Subcommittees assigned to the individual Regents budgets review the shrinkage rates for any additional adjustments that may be warranted. The Committee's recommendation results in a reduction in the shrinkage rate at this institution from 2.42 to 2.17.

3. **Systemwide Recommendation -- Utilities.** At this point in the Session, the Committee concurs with the recommendation of the Governor and Senate for the university utility budgets for FY 1994. However, the Committee anticipates that the requested Governor's budget amendment on current year utilities may also amend the Governor's FY 1994 recommendation for utilities. If so, the Legislature can address any adjustment for FY 1994 during the Omnibus Session.
4. **Systemwide Recommendation -- General Fees Fund Adjustments, including FY 1993 General Fee Fund Shortfalls.** Based on actual enrollments for Fall 1992 and Spring 1993, the institutions have revised their general fee estimates for FY 1993 and FY 1994. The Governor's recommendation for FY 1993 and FY 1994 was based on estimates from the Fall enrollment only; therefore, the Committee requests a Governor's Budget Amendment to address adjustments in the budgets resulting from the revised fee estimates. The Governor's Budget Amendment will be reviewed during the Omnibus Session.
5. In response to the University's request for \$1.9 million (SGF) for fire exit improvements at Allen Fieldhouse, the Senate requested that KU explore other funding sources and report to the House Subcommittee. The University appeared before the subcommittee and suggested the following plan for funding the improvements to Allen Fieldhouse.

University, including athletic Corp.	\$ 735,000
State General Fund -- FY 1994	535,000
State General Fund -- FY 1995	630,000
Total	<u>\$ 1,900,000</u>

The Subcommittee recommends that the Joint Committee on State Building Construction review the project again, including the revised funding proposal and make a recommendation for consideration during the Omnibus Session.

6. The Subcommittee understands that the University submitted an amended request to the Legislature for \$790,000 to match available federal funds of \$790,000 for a total of \$1,580,000 to construct a collections storage addition to Dyche Hall. The Governor has not yet reviewed this project; therefore, the Subcommittee recommends that this item be revisited during the Omnibus Session.
7. Increase the authorization for bond authority by \$2,000,000 from \$2,053,000 to \$4,053,000 for the Bioscience Research Center in S.B. 87 (capital improvements bill). Payment of principal and interest on the additional amount will be paid from sponsored research overhead and private gifts. The 1992 Legislature approved a project budget of \$6,953,000, of which \$4.9 million was from federal grant funds and \$2,053,000 was from sponsored research overhead funds (restricted use.) The Joint Committee on State Building Construction reviewed the explanation of the additional costs and approved the revised project budget.

8. The Subcommittee notes that the Governor recommends total expenditures in FY 1994 of \$2,625,000 for closing the Sunflower Research Landfill. The Governor recommends financing from the State Water Plan Fund (\$713,083) and Remediation Projects Fund. The Subcommittee learned that the Remediation Projects Fund is currently located in the Kansas Department of Health and Environment's budget. Under the Governor's recommendation the balance of the fund, plus all liabilities of the fund are transferred to KU. It appears that the amount available for transfer may be less than the \$1,911,917 included in the Governor's recommendation. The Subcommittee requests that the Governor submit a budget amendment if it appears that there will not be adequate balances in the Remediation Projects Fund to fund the project, as recommended by the Governor.

SUBCOMMITTEE REPORT

Agency: University of Kansas
Medical Center

Bill No. 38,62,87

Bill Sec. 14

Analyst: Duffy

Analysis Pg. No. 761

Budget Page No. 598

OVERALL SUMMARY (Education and Hospital)

Expenditure	Agency Est. FY 93	Governor's Rec. FY 93*	Senate Sub. Rec. FY 93
Operating Expenditures:			
State General Fund	\$ 69,229,708	\$ 68,997,727	\$ --
General Fees Fund	7,777,674	7,777,674	--
Hospital Revenue Fund	96,333,050	96,333,050	--
Hospital Overhead Reimbursement	14,429,705	14,429,705	--
Loan Repayment Fund	2,403,750	2,403,750	--
Subtotal General Use	\$ 190,173,887	\$ 189,941,906	\$ --
Other Funds -- Restricted Use	69,465,033	69,478,584	223,000
TOTAL -- Operating Expend.	<u>\$ 259,638,920</u>	<u>\$ 259,420,490</u>	<u>\$ 223,000</u>
Capital Improvements:			
Hospital Revenue Fund	\$ 2,730,000	\$ 2,730,000	\$ --
Educational Building Fund	5,107,019	5,107,019	--
Other Funds	5,494,154	5,494,154	650,000
TOTAL -- Capital Improvements	<u>\$ 13,331,173</u>	<u>\$ 13,331,173</u>	<u>\$ 650,000</u>
GRAND TOTAL	<u><u>\$ 272,970,093</u></u>	<u><u>\$ 272,938,608</u></u>	<u><u>\$ 873,000</u></u>
FTE Positions:			
Classified	2,328.1	2,328.1	--
Unclassified	2,424.9	2,459.9	--
TOTAL	<u><u>4,753.0</u></u>	<u><u>4,788.0</u></u>	<u><u>--</u></u>

* Includes Budget Amendment No. 1 which reduces \$186,945 from restricted use funds to accurately reflect the Governor's intent.

ATTACHMENT 6

EDUCATION PROGRAM

Expenditure	Agency Est. FY 93	Governor's Rec. FY 93	Senate Sub. Rec. FY 93
Operating Expenditures:			
State General Fund	\$ 69,229,708	\$ 68,997,727	\$ --
General Fees Fund	7,777,674	7,777,674	--
Hospital Revenue Fund	--	--	--
Hospital Overhead Reimbursement	14,429,705	14,429,705	--
Loan Repayment Fund	2,403,750	2,403,750	--
Subtotal General Use	\$ 93,840,837	\$ 93,608,856	\$ --
Other Funds -- Restricted Use	37,467,834	37,467,834	223,000
TOTAL -- Operating Expend.	\$ 131,308,671	\$ 131,076,690	\$ 223,000
FTE Positions:			
Classified	1,272.0	1,272.0	--
Unclassified	1,341.8	1,376.8	--
TOTAL	2,613.8	2,648.8	--

HOSPITAL PROGRAM

Expenditure	Agency Est. FY 93	Governor's Rec. FY 93	Senate Sub. Rec. FY 93
Operating Expenditures:			
Hospital Revenue Fund	\$ 96,333,050	\$ 96,333,050	\$ --
Subtotal General Use	\$ 96,333,050	\$ 96,333,050	\$ --
Other Funds -- Restricted Use	31,997,199	32,010,750	--
TOTAL -- Operating Expend.	\$ 128,330,249	\$ 128,343,800	\$ --
FTE Positions:			
Classified	1,056.1	1,056.1	--
Unclassified	1,083.1	1,083.1	--
TOTAL	2,139.2	2,139.2	--

Agency Estimate/Governor's Recommendation

KUMC requests a total general use operating budget of \$190,173,887 in FY 1993, an increase of 4.4 percent over actual FY 1992 expenditures. The FY 1993 estimate includes a State General Fund supplemental appropriation of \$431,661 for changes in fringe benefit rates from amounts approved by the 1992 Legislature. Of the total amount requested for general use expenditures, \$93,840,837 is for the Education Program, an increase of 3.2 percent over actual FY 1992 expenditures; and \$96,333,050 is for the Hospital Program, an increase of 5.7 percent over actual FY 1992 expenditures.

For FY 1993, the Governor recommends a total general use operating budget of \$190,173,887. The Governor does not recommend the requested State General Fund supplemental appropriation to finance the current year changes in fringe benefit rates. Of the total amount recommended for general use expenditures, \$93,608,856 is for the Education Program, an increase

of 3.0 percent over actual FY 1992 expenditures and \$231,981 less than the agency's estimate; and \$96,333,050 is for the Hospital Program which concurs with the agency's estimate. The Governor recommends the addition of 35.0 FTE positions to be funded from restricted use funds.

Senate Subcommittee Recommendations

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

1. **Systemwide Recommendation -- Utilities.** The Subcommittee concurs with the Governor's recommendation for utilities in FY 1993; however, the Subcommittee recommends that the House Appropriations Committee review current year utility expenditures and the need for supplementation or savings based on the most recent expenditure information.
2. Concur with Budget Amendment No. 1 to reduce \$186,945 from the Hospital Fund (restricted use) to accurately reflect the Governor's intent.
3. The Subcommittee recommends increased expenditures of \$223,000 from the Medical Loan Repayment Fund to provide 40 new loans, an increase of 10 over the number approved by the 1992 Legislature. The Subcommittee's recommendation is based on a maximum annual loan of \$22,300 (\$15,000 for stipend and \$7,300 for tuition and required fees) based on the most recent information provided by KUMC. The loans would be retroactive to the beginning of the academic year. In December, 1992 the Kansas Board of Regents authorized KUMC to amend its budget request to increase the number of requested new awards by 20 for a total of 50 new awards in both FY 1993 and FY 1994. The 1992 Legislature created the KUMC Medical Student Loan Program to replace the Medical Scholarship Program. The new program, subject to appropriation, provides medical students the payment of all tuition and fees, and, in addition a stipend for living expenses up to \$1,500 per month for each month enrolled during the school year. In general, for each year an individual receives a loan, the student must practice medicine in an appropriate service commitment area or facility. If a recipient does not comply with the terms of the program, the recipient will have to repay the amount of the loan, plus 15 percent interest. Repayments to the old medical scholarship program and new medical loan program are credited to the Repayment Fund.
4. The Subcommittee learned that as of January, 1993, deposits to the Hospital revenue Fund have exceeded current year estimates by approximately \$4.2 million. The Subcommittee understands that there is a wide variance in Hospital Revenue Fund deposits from month to month and the next several months are critical because January through March is traditionally a period of relatively low collections. The Subcommittee recommends that the second house continue to monitor receipts in the current year and consult with KUMC officials regarding the status of the Hospital Revenue Fund.
5. Over the last several years, the Legislature has expressed increasing frustration in KUMC's inability to precisely identify all of the overhead costs (*i.e.*, security, housekeeping, maintenance, utilities, etc.) within the KUMC budget which should be appropriately apportioned to the University of Kansas Hospital. Past practice

has been to make an estimate of the Hospital's share of overhead costs, \$14.4 million in FY 1993, and transfer this estimated amount from the Hospital Revenue Fund (hospital budget) to the Hospital Overhead Reimbursement Fund (education budget). The estimate is directly related to the amount of General Fund necessary to finance the education portion of the budget. The 1992 Senate Subcommittee on KUMC requested that a comprehensive accounting study, that was started in 1991 to explicitly detail the University Hospital's share of overhead costs, be completed and the results reported to the Legislature at the beginning of the 1993 Session. The Subcommittee received a copy of the report and requested Legislative Post Audit to review the methodology used by KUMC in the study. At this time, the Senate Subcommittee concurs with the Governor's recommended transfer of \$14.3 million in FY 1993, but refers this matter to the House Subcommittee, which will have the benefit of Legislative Post Audit's review of the study methodology.

6. KUMC requests an increase of 50.0 FTE position in the overall FTE limitation of 4,753.0 in the current year. The positions would be in the restricted use component of the budget and would not impact state funds. The Governor recommends an increase of 35.0 FTE positions in the current year. The Subcommittee notes that the availability of external research funding determines if these positions are filled. According to agency officials, a pool of unfilled research positions are held in reserve, with allocations made to internal departments when external grants are received. Upon grant completion, the position authority is returned to the central reserve. Increased external research funding in recent years has resulted in fewer positions in the reserve. The Subcommittee applauds the substantial strides KUMC has made in increasing external research funding. External research funding in FY 1993 is anticipated to be \$36 million compared to \$9.5 million in FY 1983. The subcommittee concurs with the Governor's recommendation to add 35.0 FTE positions, but recommends that language be added to the appropriation bill indicating that these positions are supported by restricted use funds and not state funds. Further, the Subcommittee notes that if external research funds are received which would result in depleting the FTE authority, KUMC should seek State Finance Council approval for additional position authority.
7. Increase expenditures from parking fees by \$650,000 to make repairs to the Cambridge Parking Facility (S.B. 87).

Senate Committee Recommendation

The Senate Committee concurs.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs with the Senate Committee's recommendation.

OVERALL SUMMARY
(Education and Hospital)

Expenditure	Senate Adj. FY 93	Senate Rec. FY 93*	House Sub. Adj. FY 93
Operating Expenditures:			
State General Fund	\$ --	\$ 68,997,727	\$ --
General Fees Fund	--	7,777,674	--
Hospital Revenue Fund	--	96,333,050	--
Hospital Overhead Reimbursement	--	14,429,705	--
Loan Repayment Fund	--	2,403,750	--
Subtotal General Use	\$ --	\$ 189,941,906	\$ --
Other Funds -- Restricted Use	223,000	69,701,584	350,000
TOTAL -- Operating Expend.	<u>\$ 223,000</u>	<u>\$ 259,643,490</u>	<u>\$ 350,000</u>
Capital Improvements:			
Hospital Revenue Fund	\$ --	\$ 2,730,000	\$ --
Educational Building Fund	--	5,107,019	--
Other Funds	650,000	6,144,154	--
TOTAL -- Capital Improvements	<u>\$ 650,000</u>	<u>\$ 13,981,173</u>	<u>\$ --</u>
GRAND TOTAL	<u><u>\$ 873,000</u></u>	<u><u>\$ 273,624,663</u></u>	<u><u>\$ 350,000</u></u>
FTE Positions:			
Classified	--	2,328.1	--
Unclassified	--	2,459.9	--
TOTAL	<u><u>--</u></u>	<u><u>4,788.0</u></u>	<u><u>--</u></u>

* Includes Budget Amendment No. 1 which reduces \$186,945 from restricted use funds to accurately reflect the Governor's intent.

EDUCATION PROGRAM

Expenditure	Senate Adj. FY 93	Senate Rec. FY 93	House Sub. Adj. FY 93
Operating Expenditures:			
State General Fund	\$ --	\$ 68,997,727	\$ --
General Fees Fund	--	7,777,674	--
Hospital Revenue Fund	--	--	--
Hospital Overhead Reimbursement	--	14,429,705	--
Loan Repayment Fund	--	2,403,750	--
Subtotal General Use	\$ --	\$ 93,608,856	\$ --
Other Funds -- Restricted Use	223,000	37,690,834	350,000
TOTAL -- Operating Expend.	<u>\$ 223,000</u>	<u>\$ 131,299,690</u>	<u>\$ 350,000</u>
FTE Positions:			
Classified	--	1,272.0	--
Unclassified	--	1,376.8	--
TOTAL	<u><u>--</u></u>	<u><u>2,648.8</u></u>	<u><u>--</u></u>

HOSPITAL PROGRAM

Expenditure	Senate Adj. FY 93	Senate Rec. FY 93	House Sub. Adj. FY 93
Operating Expenditures:			
Hospital Revenue Fund	\$ --	\$ 96,333,050	\$ --
Subtotal General Use	\$ --	\$ 96,333,050	\$ --
Other Funds -- Restricted Use	--	32,010,750	--
TOTAL -- Operating Expend.	\$ --	\$ 128,343,800	\$ --
FTE Positions:			
Classified	--	1,056.1	--
Unclassified	--	1,083.1	--
TOTAL	--	2,139.2	--

House Subcommittee Recommendation

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

1. **Systemwide Recommendation -- Utilities.** At this point in the Session, the Committee concurs with the recommendation of the Governor and Senate for the university utility budgets, but requests a Governor's budget amendment to address any savings or shortfalls in the current year. The Governor's budget amendment will be reviewed during the Omnibus Session.
2. Increase expenditures from the Sponsored Research Overhead Fund by \$350,000 from \$3,749,588 to \$4,099,588 for research related expenditures due to increased research activities.

SUBCOMMITTEE REPORT

Agency: University of Kansas
Medical Center

Bill No. 43

Bill Sec. 10

Analyst: Duffy

Analysis Pg. No. 761

Budget Page No. 598

OVERALL SUMMARY (Education and Hospital)

Expenditure	Agency Req. FY 94	Governor's Rec. FY 94*	Senate Sub. Rec. FY 94
Operating Expenditures:			
State General Fund	\$ 76,704,623	\$ 73,295,497	\$ (695,413)
General Fees Fund	7,798,883	8,650,285	--
Hospital Revenue Fund	101,634,751	100,049,217	(445,014)
Hospital Overhead Reimbursement	14,429,705	14,637,873	--
Loan Repayment Fund	500,000	1,700,000	--
Subtotal General Use	\$ 201,067,962	\$ 198,332,872	\$ (1,140,427)
Other Funds -- Restricted Use	73,465,268	73,465,268	453,300
TOTAL -- Operating Expend.	\$ 274,533,230	\$ 271,798,140	\$ (687,127)
Capital Improvements:			
Hospital Revenue Fund	\$ 1,600,000	\$ 1,600,000	\$ --
Educational Building Fund	5,999,223	5,999,223	--
Other Funds	740,000	740,000	--
TOTAL -- Capital Improvements	\$ 8,339,223	\$ 8,339,223	\$ --
GRAND TOTAL	\$ 282,872,453	\$ 280,137,363	\$ (687,127)
FTE Positions:			
Classified	2,328.6	2,334.1	--
Unclassified	2,430.9	2,473.4	--
TOTAL	4,759.5	4,807.5	--

* Includes Budget Amendment No. 1 which increases \$122,297 from the State General Fund and decreases \$282,855 from the Hospital Revenue Fund to accurately reflect the Governor's intent.

EDUCATION PROGRAM

Expenditure	Agency Req. FY 94	Governor's Rec. FY 94	Senate Sub. Rec. FY 94
Operating Expenditures:			
State General Fund	\$ 76,704,623	\$ 73,295,497	\$ (695,413)
General Fees Fund	7,798,883	8,650,285	--
Hospital Revenue Fund	--	--	--
Hospital Overhead Reimbursement	14,429,705	14,637,873	--
Other Funds	500,000	1,700,000	--
Subtotal General Use	\$ 99,433,211	\$ 98,283,655	\$ (695,413)
Other Funds -- Restricted Use	39,716,597	39,716,597	453,300
TOTAL -- Operating Expend.	\$ 139,149,808	\$ 138,000,252	\$ (242,113)
FTE Positions:			
Classified	1,272.5	1,278.0	--
Unclassified	1,347.8	1,390.3	--
TOTAL	2,620.3	2,668.3	--

HOSPITAL PROGRAM

Expenditure	Agency Req. FY 94	Governor's Rec. FY 94	Senate Sub. Rec. FY 94
Operating Expenditures:			
State General Fund	\$ --	\$ --	\$ --
General Fees Fund	--	--	--
Hospital Revenue Fund	101,634,751	100,049,217	(445,014)
Other Funds	--	--	--
Subtotal General Use	\$ 101,634,751	\$ 100,049,217	\$ (445,014)
Other Funds -- Restricted Use	33,748,671	33,748,671	--
TOTAL -- Operating Expend.	\$ 135,383,422	\$ 133,797,888	\$ (445,014)
FTE Positions:			
Classified	1,056.1	1,056.1	--
Unclassified	1,083.1	1,083.1	--
TOTAL	2,139.2	2,139.2	--

Agency Request/Governor's Recommendation

The Medical Center requests an overall increase of \$16,578,862 over the FY 1993 base budget. (The base budget does not include the requested State General Fund supplemental appropriation for fringe benefits.) The overall increase is composed of \$11,333,040 in general use funds. The requested general use increases include: (1) an increase in the Regents employers' retirement contribution from 8 percent to 9 percent; (2) a .27 percent reduction in the shrinkage rate; (3) a 4.5 percent increase in unclassified salaries, including hospital residents and health care workers; (4) a 5 percent increase for student salaries; (5) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees; (6) a 6 percent increase in other

operating expenditures; and (7) mission related program enhancements targeted at library improvements and minority faculty recruitment.

For FY 1994, the Governor's recommendation reflects a net increase of \$14,004,330 over the Governor's recommended FY 1993 base budget. The overall increase is composed of general use expenditures of \$8,758,508 and \$5,245,822 of restricted use expenditures. The Governor's recommendation for general use expenditures includes the following: (1) concurs with the agency's request to increase the Regents employers' retirement contribution by approximately 1 percent; (2) a 3.0 percent increase in unclassified salaries, including hospital residents and health care workers; (3) a 5 percent increase in student salaries; (4) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees; (5) a 4 percent increase in other operating expenditures; (6) a 3 percent increase for the Wichita resident contract; (7) two new program enhancements, a Nurse Practitioner Initiative (\$400,000) and a Faculty Locum Tenens Programs (\$276,000). The Governor recommends the addition of 10.0 FTE positions to be funded from restricted use funds.

Senate Subcommittee Recommendation

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

1. **Systemwide Recommendation -- Unclassified Salaries.** Delete \$441,328 in general use funding (\$258,704 for Education and \$182,624 for Hospital) for Regents unclassified faculty and staff salaries, including health care workers and house staff. The Senate Subcommittee recommends a salary increase of 2.5 percent in FY 1994 compared to the Governor's recommendation of 3.0 percent and the Regents request of 4.5 percent. Pending further consideration of the Governor's entire salary and benefit package (which includes a 1.5 percent salary adjustment for all classified employees and implementation of two of the final four phases of the Comprehensive Classification and Job Rate Study), the Senate Subcommittee recommends a systemwide salary increase of 2.5 percent for classified, unclassified, and student employees.
2. **Systemwide Recommendation -- Regents Unclassified Retirement Rate Increase.** Delete \$472,155 in general use funding (\$363,462 for Education and \$108,693 for Hospital) for the 1 percent increase in the Regents employers' retirement contribution. Because legislation is required to make this change, the Subcommittee's recommendations is made pending passage of legislation.
3. **Systemwide Recommendation -- Student Salaries.** Delete \$21,517 in general use funding (\$11,619 for Education and \$9,898 for Hospital) for student salaries. The Senate Subcommittee recommends an increase of 2.5 percent for student salaries compared to the Governor's recommendation and Regents request of 5 percent. The Subcommittee urges the University to strike a balance between increasing the number of student employees and increasing average wages.
4. **Systemwide Recommendation -- Other Operating Expenditures.** Delete \$205,427 in general use funding (\$61,628 for Education and \$143,799 for Hospital) for other operating expenditures. The Senate Subcommittee recommends a 3.5

percent increase in other operating expenditures. The Regents requested a 6 percent increase and the Governor recommended a 4 percent increase.

5. **Systemwide Recommendation -- Utilities.** The Subcommittee concurs with the Governor's recommendation for utilities in FY 1994; however, the Subcommittee recommends that the House Appropriations Committee review current year utility expenditures and the need for supplementation or savings based on the most recent expenditure information.
6. Concur with Budget Amendment No. 1 to increase expenditures from the State General Fund by \$122,297 and decrease expenditures from the Hospital Revenue Fund by \$282,855 to accurately reflect the Governor's intent.
7. The Subcommittee recommends increased expenditures of \$453,300 from the Medical Loan Repayment Fund to provide 40 loans, an increase of ten over the number recommended by the Governor. Also, the Subcommittee's recommendation is based on a maximum annual award of \$22,665 (\$15,000 for stipend and \$7,665 for tuition and required fees), based on the most recent information provided by KUMC.
8. The Subcommittee reviewed the shrinkage rate applied to the Education and Hospital programs and concurs with the Governor's rates of 3.44 percent for the Education Program and 2.95 percent for the Hospital Program.
9. The Board of Regents authorized KUMC to amend its budget submission to request an increase in the limitation on FTE positions by 50 for FY 1993 and an additional 30 for FY 1994. The additional position authority would be supported by restricted use research funds. The Governor recommends an increase in positions of 35 for FY 1993 and 10 for FY 1994. The Subcommittee concurs with the Governor's recommendation, but recommends that language be added to the appropriation bill indicating that these additional positions are supported by restricted use funds and not state funds. Further, the Subcommittee notes that if KUMC receives substantial unanticipated external research funding and needs additional FTE authority, it should seek State Finance Council approval for additional FTE positions.
10. The 1992 Legislature created the Kansas Medical Residency Bridging Program and approved \$321,000 in general use funding for the first year of the program. The program is designed to provide an incentive to medical residents in primary care programs to practice in rural Kansas communities. When the budget was submitted, the University requested an additional \$100,000 to be added to the base for the second year of the program for resident contracts. According to KUMC, \$421,000 would fully fund the existing program. The Governor did not recommend the additional \$100,000. Based on the number of residents currently in the program, the Subcommittee believes there maybe savings in the start-up year that may be used for the second year of the program. It is the Subcommittee's intent to fully fund this program. The Subcommittee suggests that the second house review the program and continue to monitor the number of residents participating in the program to determine whether additional funding will be necessary in FY 1994.

11. The Subcommittee reviewed the Governor's recommendation to add \$276,000 from the State General Fund in FY 1994 to initiate a Faculty Locum Tenens Program at KUMC. The program is intended to provide the equivalent of two full-time faculty members to provide temporary relief for solo practitioners in rural Kansas who are not able to serve the community due to illness, a need for vacation, continuing medical education or a variety of other reasons. Rural primary care physicians cite the lack of relief as a significant deterrent to establishing and maintaining a rural practice. Further, the locum tenens physicians would assume practice responsibilities in those communities where patient care is seriously compromised when the community physician must be away. The initiative includes 2.0 FTE faculty positions, one to be located at the Kansas City campus in the Family Practice Department and the other to be located at the Wichita campus in the Family Practice Department. The Governor's recommendation would provide \$138,000 (\$90,000 for salary and \$48,000 for OOE, primarily travel and subsistence) for each position. Revenue for the program would also be generated from a combination of patient charges, contractual payments from the community physician, or both. The Subcommittee strongly supports this rural, primary health care initiative. The Subcommittee urges KUMC to begin developing guidelines for the program, so that if approved, the program will be operational as soon as funding is available. The Subcommittee expects KUMC to provide a report to the 1994 Legislature which provides a full description of the program, an accounting of the program's activities in FY 1994, including the amount of time actually spent out in relief in rural communities.
12. The Governor recommends \$400,000 from the State General Fund for a Primary Care Nurse Practitioner Program. Although all of the recommended funding would be appropriated to KUMC, it is the Governor's intent that the program be operated collaboratively by the nursing schools of KUMC, FHSU and WSU. In FY 1993, FHSU and WSU initiated separate nurse practitioner programs with grant funding. Currently, KUMC does not offer a nurse practitioner program. The Governor's recommendation includes \$250,000 for salaries (6.0 unclassified faculty, 1.0 unclassified director, and 0.5 classified secretary) and \$150,000 for interactive video equipment (\$50,000 each) at the three campuses. The Governor's initiative is designed so that classes at FHSU and WSU would be taught via interactive video by the shared faculty located at the KUMC campus. The supervised clinical portion of the program would be taught by adjunct faculty. The program would require six core classes which are not available in the traditional nursing school curriculum. A full-time student would be able to complete the course in 14 months. The Subcommittee is concerned about the needs of nontraditional students who are place bound and the technical feasibility of delivering the Nurse Practitioner core courses to them via interactive video. The Subcommittee has asked KUMC to ascertain whether the courses taught via interactive video could be transmitted to additional locations across the state. KUMC will report their findings to the House Subcommittee. Also, the Kansas Board of Regents is in the process of reviewing the Nurse Practitioner proposal, including funding for the program. The Senate Subcommittee requests that the Board of Regents present their recommendations relating to this program to the House Subcommittee.

13. Over the last several years, the Legislature has expressed increasing frustration in KUMC's inability to precisely identify all of the overhead costs (*i.e.*, security, housekeeping, maintenance, utilities etc.) within the KUMC budget which should be appropriately apportioned to the University of Kansas Hospital. Past practice has been to make an estimate of the Hospital's share of overhead costs, \$14.7 million in FY 1994, and transfer this estimated amount from the Hospital Revenue Fund (hospital budget) to the Hospital Overhead Reimbursement Fund (education budget). The estimate is directly related to the amount of General Fund necessary to finance the education portion of the budget. The 1992 Senate Subcommittee on KUMC requested that a comprehensive accounting study, that was started in 1991 to explicitly detail the University Hospital's share of overhead costs, be completed and the results reported to the Legislature at the beginning of the 1993 Session. The Subcommittee received a copy of the report and requested Legislative Post Audit to review the methodology used by KUMC in the study. At this time, the Senate Subcommittee concurs with the Governor's recommended transfer of \$14.7 million in FY 1994, but refers this matter specifically to the House Subcommittee which will have the benefit of Legislative Post Audit's review of the study methodology.

Senate Committee Recommendation

The Senate Committee concurs with the Senate Subcommittee with the following comment:

1. The Special Committee on Judiciary studied the need for establishing a statewide medical examiner or coroner system during the 1992 interim. The Special Committee concluded that steps should be taken to upgrade the quality of forensic pathology services available to local law enforcement and prosecution officials. As a first step, the Committee recommended that the 1993 Legislature consider including funding for KUMC for a new faculty position in the area of forensic pathology. This faculty member would have the added responsibility of providing autopsy services for any county that requested such aid. The Senate Committee recommends that the House Appropriations Committee consider adding this position at KUMC.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs with the Senate Committee with the following adjustment:

1. **Systemwide Recommendation -- FY 1994 Tuition Rate Increase.** Increase expenditures from the General Fees Fund by \$10,644 and reduce expenditures from the State General Fund by this same amount. This systemwide adjustment was inadvertently omitted from the Subcommittee report on KUMC. The Senate concurs with the Board's recommended tuition rates for FY 1994, except for the rate increase for nonresident undergraduates. The Regents request included a rate increase for nonresident undergraduates of 8 percent at the doctoral universities (KU, KSU, WSU) and 6 percent at the regional universities (ESU,

FHSU, PSU). The Senate recommends a 10 percent increase at the doctoral universities and an 8 percent increase at the regional universities. The Senate believes that tuition rates at the Regents universities are generally a "bargain" for nonresidents. The Senate recognizes the Board's effort to increase tuition rates in recent years for residents and nonresidents, but believes that a more aggressive increase for nonresident undergraduates is warranted in FY 1994. The effect of the Senate's recommendation for KUMC is to increase expenditures from the General Fees Fund by \$10,644 and reduce expenditures from the State General Fund by the same amount.

OVERALL SUMMARY
(Education and Hospital)

Expenditure	Senate Adj. FY 94	Senate Rec. FY 94	House Sub. Adj. FY 94
Operating Expenditures:			
State General Fund	\$ (706,057)	\$ 72,589,440	\$ 170,054
General Fees Fund	10,644	8,660,929	--
Hospital Revenue Fund	(445,014)	99,604,203	236,293
Hospital Overhead Reimbursement	--	14,637,873	--
Loan Repayment Fund	--	1,700,000	--
Subtotal General Use	\$ (1,140,427)	\$ 197,192,445	\$ 406,347
Other Funds -- Restricted Use	453,300	73,918,568	500,000
TOTAL -- Operating Expend.	<u>\$ (687,127)</u>	<u>\$ 271,111,013</u>	<u>\$ 906,347</u>
Capital Improvements:			
Hospital Revenue Fund	\$ --	\$ 1,600,000	\$ --
Educational Building Fund	--	5,999,223	--
Other Funds	--	740,000	--
TOTAL -- Capital Improvements	<u>\$ --</u>	<u>\$ 8,339,223</u>	<u>\$ --</u>
GRAND TOTAL	<u><u>\$ (687,127)</u></u>	<u><u>\$ 279,450,236</u></u>	<u><u>\$ 906,347</u></u>
FTE Positions:			
Classified	--	2,334.1	--
Unclassified	--	2,473.4	(3.0)
TOTAL	<u><u>--</u></u>	<u><u>4,807.5</u></u>	<u><u>(3.0)</u></u>

EDUCATION PROGRAM

Expenditure	Senate Adj. FY 94	Senate Rec. FY 94	House Sub. Adj. FY 94
Operating Expenditures:			
State General Fund	\$ (706,057)	\$ 72,589,440	\$ 170,054
General Fees Fund	10,644	8,660,929	--
Hospital Revenue Fund	--	--	--
Hospital Overhead Reimbursement	--	14,637,873	--
Other Funds	--	1,700,000	--
Subtotal General Use	\$ (695,413)	\$ 97,588,242	\$ 170,054
Other Funds -- Restricted Use	453,300	40,169,897	500,000
TOTAL -- Operating Expend.	\$ (242,113)	\$ 137,758,139	\$ 670,054
FTE Positions:			
Classified	--	1,278.0	--
Unclassified	--	1,390.3	(3.0)
TOTAL	--	2,668.3	(3.0)

HOSPITAL PROGRAM

Expenditure	Senate Adj. FY 94	Senate Rec. FY 94	House Sub. Adj. FY 94
Operating Expenditures:			
State General Fund	\$ --	\$ --	\$ --
General Fees Fund	--	--	--
Hospital Revenue Fund	(445,014)	99,604,203	236,293
Other Funds	--	--	--
Subtotal General Use	\$ (445,014)	\$ 99,604,203	\$ 236,293
Other Funds -- Restricted Use	--	33,748,671	--
TOTAL -- Operating Expend.	\$ (445,014)	\$ 133,352,874	\$ 236,293
FTE Positions:			
Classified	--	1,056.1	--
Unclassified	--	1,083.1	--
TOTAL	--	2,139.2	--

House Subcommittee Recommendation

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

1. **Systemwide Recommendation -- Regents Unclassified Retirement Rate Increase.** Add 236,078 in general use funding (\$181,732 for Education and \$54,346 for Hospital) for a 0.5 percent increase in the Regents employers' retirement contribution. The House Committee's action is consistent with the provisions

approved by the House Committee in 1993 Sub. for H.B. 2211 (Omnibus Retirement bill) which provides for an increase in the current employer's contribution from 8.0 percent to 8.5 percent and an increase in the employee's contribution from 5.0 percent to 5.5 percent. The Governor's recommendation included funding for a 1 percent increase in the Regents employer's retirement contribution. The Senate deleted the additional funding, pending passage of legislation which would authorize the rate increase.

2. **Systemwide Recommendation -- Regents Shrinkage Rates.** Add \$388,565 in general use funding (\$206,618 for Education and \$181,947 for Hospital) for a 0.25 percent reduction in the salary and wage shrinkage rates at each institution. The requested reduction is a systemwide request by the Regents that was not recommended by the Governor or Senate. Further, the Committee recommends that the House Subcommittees assigned to the individual Regents budgets review the shrinkage rates for any additional adjustments that may be warranted. The Committee's recommendation results in a reduction in the shrinkage rate at this institution for the Education component from 3.44 to 3.19 and for the Hospital from 2.95 to 2.70.
3. **Systemwide Recommendation -- Utilities.** At this point in the Session, the Committee concurs with the recommendation of the Governor and Senate for the university utility budgets for FY 1994. However, the Committee anticipates that the requested Governor's budget amendment on current year utilities may also amend the Governor's FY 1994 recommendation for utilities. If so, the Legislature can address any adjustment for FY 1994 during the Omnibus Session.
4. **Systemwide Recommendation -- General Fees Funds Adjustments, including FY 1993 General Fee Fund Shortfalls.** Based on actual enrollments for Fall 1992 and Spring 1993, the institutions have revised their general fee estimates for FY 1993 and FY 1994. The Governor's recommendation for FY 1993 and FY 1994 was based on estimates from the Fall enrollment only; therefore, the Committee requests a Governor's Budget Amendment to address adjustments in the budgets resulting from the revised fee estimates. The Governor's Budget Amendment will be reviewed during the Omnibus Session.
5. The House Subcommittee concurs with total expenditures from the Medical Scholarship/Loan Repayment Fund as recommended by the Senate, but the House recommends 35 new awards in FY 1994 and 45 new awards in FY 1993 in contrast to the Senate's recommendation of 40 new awards in both FY 1993 and FY 1994.
6. Increase expenditures from the Sponsored Research Overhead Fund by \$500,000 from \$3,988,113 to \$4,488,113 for research related expenditures due to increased research activities.
7. Delete \$212,296 in general use funds and 3.0 unclassified FTE positions from the KUMC- Education budget associated with the state funding of the Primary Care Nurse Practitioner program. The Governor's recommendation includes \$400,000 (SGF) and 7.5 FTE positions in KUMC's budget for this program which is to be offered collaboratively by the schools of nursing of KUMC, WSU and FHSU.

The Subcommittee's recommendation is based on the Board of Regents recommendation which was offered in response to the Senate's request for their review of this program. The Subcommittee's recommendation includes the addition of \$106,148 in the budgets of Fort Hays State University and Wichita State University.

8. The Senate asked the House Subcommittee to review the feasibility of adding a faculty position in Forensic Pathology at KUMC. The Senate's request resulted from an interim Special Committee on Judiciary that reviewed the need for establishing a statewide medical examiner or coroner system. The Special Committee concluded that steps should be taken to upgrade the quality of forensic pathology services available to local government. As a first step, the Special Committee recommended that the 1993 Legislature fund in the KUMC budget a new faculty position in the area of forensic pathology. Based on the Special Committee's recommendation, this faculty member would have the added responsibility of providing autopsy services for any county that requested such aid. According to KUMC, additional funding of \$200,000 would be required to establish this faculty position at KUMC. The Subcommittee understands that Shawnee County has hired a board-certified forensic pathologist and Sedgwick and Johnson counties are in the process of attempting to hire board-certified forensic pathologists. The Subcommittee suggests that perhaps the state could participate with these counties and provide some sort of state subsidy so that these individuals could also provide services to other parts of the State. The Subcommittee requests that this concept be reviewed by Shawnee, Sedgwick, and Johnson counties, and any other counties that may be interested in this cost-sharing concept. Proposals should be forwarded to the Chairman of House Appropriations and Chairman of Senate Ways and Means for consideration during the Omnibus Session.

SUBCOMMITTEE REPORT

Agency: Wichita State University

Bill No. 87

Bill Sec. --

Analyst: Duffy

Analysis Pg. No. 753

Budget Page No. 614

Expenditure Summary	Agency Est. FY 93	Gov. Rec. FY 93	Senate Sub. Rec. FY 93
Operating Expenditures:			
State General Fund	\$ 49,272,870	\$ 49,094,926	\$ --
General Fees Fund	19,290,071	19,290,071	--
Subtotal General Use	<u>68,562,941</u>	<u>\$ 68,384,997</u>	<u>\$ --</u>
Other Funds	33,710,079	33,710,079	--
TOTAL--Operating Expend.	<u>\$ 102,273,020</u>	<u>\$ 102,095,076</u>	<u>\$ --</u>
Capital Improvements:			
Educational Building Fund	\$ 1,797,792	\$ 1,816,492	\$ --
Other Funds	530,000	545,000	--
TOTAL--Capital Impr.	<u>\$ 2,327,792</u>	<u>\$ 2,361,492</u>	<u>\$ --</u>
 GRAND TOTAL	 <u>\$ 104,600,812</u>	 <u>\$ 104,456,568</u>	 <u>\$ --</u>
FTE Positions:			
Classified	662.6	662.6	--
Unclassified	1,049.1	1,049.1	--
TOTAL	<u>1,711.7</u>	<u>1,711.7</u>	<u>--</u>

Agency Estimate/Governor's Recommendation

FY 1993. Wichita State University requests a total operating budget in FY 1993 of \$102,273,020, an increase of 2.9 percent over actual FY 1992 expenditures. General use expenditures account for \$68,562,941 and a 4.3 percent increase in expenditures over actual FY 1992. The FY 1993 estimate includes a State General Fund supplemental appropriation of \$177,944 for changes in fringe benefit rates from amounts approved by the 1992 Legislature.

For FY 1993, the Governor recommends a total operating budget of \$102,095,076 of which general use expenditures account for \$68,384,997. The Governor does not recommend the requested State General Fund supplemental appropriation to finance the current year changes in fringe benefit rates. Increased expenditures for fringe benefit rates are offset by increasing the agency's shrinkage rate from the approved rate of 2.94 percent to 3.23 percent.

Senate Subcommittee Recommendation

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

ATTACHMENT 7

1. **Systemwide Recommendation -- Utilities.** The Subcommittee concurs with the Governor's recommendation for utilities in FY 1993; however, the Subcommittee recommends that the House Appropriations Committee review current year utility expenditures and the need for supplementation or savings based on the most recent expenditure information.
2. Authorize expenditures of \$45,832 (EBF) in S.B. 87 (capital improvements bill) from the unencumbered balance in the Regents systemwide Rehabilitation and Repair account to make ventilation improvements at McKinley Hall.

Senate Committee Recommendation

The Senate Committee concurs.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs.

Expenditure Summary	Senate Adj. FY 93	Senate Rec. FY 93	House Sub. Adj. FY 93
Operating Expenditures:			
State General Fund	\$ --	\$ 49,094,926	\$ --
General Fees Fund	--	19,290,071	--
Subtotal General Use	--	\$ 68,384,997	\$ --
Other Funds	--	33,710,079	--
TOTAL--Operating Expend.	\$ --	\$ 102,095,076	\$ --
Capital Improvements:			
Educational Building Fund	\$ 45,832	\$ 1,862,324	\$ --
Other Funds	--	545,000	--
TOTAL--Capital Impr.	\$ 45,832	\$ 2,407,324	\$ --
 GRAND TOTAL	 \$ 45,832	 \$ 104,502,400	 \$ --
FTE Positions:			
Classified	--	662.6	--
Unclassified	--	1,049.1	--
TOTAL	--	1,711.7	--

House Subcommittee Recommendation

The House Subcommittee concurs with the Senate recommendations, with the following adjustment:

1. **Systemwide Recommendation -- Utilities.** At this point in the Session, the Committee concurs with the recommendation of the Governor and Senate for the university utility budgets, but requests a Governor's budget amendment to address any savings or shortfalls in the current year. The Governor's budget amendment will be reviewed during the Omnibus Session.

SUBCOMMITTEE REPORT

Agency: Wichita State University

Bill No. 43

Bill Sec. 11

Analyst: Duffy

Analysis Pg. No. 753

Budget Page No. 614

Expenditure	Agency Req. FY 94	Gov. Rec. FY 94	Senate Sub. Adjustments
Operating Expenditures:			
State General Fund	\$ 52,264,752	\$ 50,734,680	\$ (718,262)
General Fees Fund	20,782,349	20,772,920	135,386
Subtotal General Use	73,047,101	\$ 71,507,600	\$ (582,876)
Other Funds	33,973,697	33,973,697	--
TOTAL--Operating Expend.	\$ 107,020,798	\$ 105,481,297	\$ (582,876)
Capital Improvements:			
Educational Building Fund	\$ 18,700	\$ 0	\$ --
Other Funds	134,000	119,000	--
TOTAL--Capital Impr.	\$ 152,700	\$ 119,000	\$ --
GRAND TOTAL	\$ 107,173,498	\$ 105,600,297	\$ (582,876)
FTE Positions:			
Classified	664.6	662.8	--
Unclassified	1,051.6	1,049.1	--
TOTAL	1,716.2	1,711.9	--

Agency Request/Governor's Recommendation

FY 1994. The University requests an overall increase of \$4,925,722 over the FY 1993 base budget. (The base budget does not include the requested State General Fund supplemental appropriation). The overall increase is composed of \$4,662,104 in general use expenditures while restricted use expenditures are expected to increase by \$263,618. The requested general use increases include: (1) an increase in the Regents employers' retirement contribution from 8 percent to 9 percent; (2) a .25 percent reduction in the shrinkage rate; (3) a 4.5 percent increase in unclassified salaries; (4) a 5 percent increase for student salaries; (5) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees; (6) a 6 percent increase in other operating expenditures; and (7) mission related program enhancements targeted at library improvements and minority faculty recruitment.

For FY 1994, the Governor's recommendation reflects a net increase of \$3,386,221 over the FY 1993 base budget. The overall increase is composed of general use expenditures of \$3,122,603 and includes the following: (1) concurs with the agency's request to increase the Regents employers' retirement contribution by approximately 1 percent; (2) a 3.0 percent increase in unclassified salaries; (3) a 5 percent increase in student salaries; (4) classified step movement (approximately 2.5 percent)

and longevity bonuses for eligible classified employees; (5) a 4 percent increase in other operating expenditures; and (6) funds for servicing the new tennis complex.

Senate Subcommittee Recommendation

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

1. **Systemwide Recommendation -- Unclassified Salaries.** Delete \$205,864 in general use funding for Regents unclassified faculty and staff salaries. The Senate Subcommittee recommends a salary increase of 2.5 percent or \$997,101 in FY 1994 compared to the Governor's recommendation of 3.0 percent and the Regents request of 4.5 percent. Pending further consideration of the Governor's entire salary and benefit package (which includes a 1.5 percent salary adjustment for all classified employees and implementation of two of the final four phases of the Comprehensive Classification and Job Rate Study), the Senate Subcommittee recommends a systemwide salary increase of 2.5 percent for classified, unclassified, and student employees.
2. **Systemwide Recommendation -- Regents Unclassified Retirement Rate Increase.** Delete \$299,756 in general use funding for the 1 percent increase in the Regents employers' retirement contribution. Because legislation is required to make this change, the Subcommittee's recommendations is made pending passage of legislation.
3. **Systemwide Recommendation -- Student Salaries.** Delete \$33,305 in general use funding for student salaries. The Senate Subcommittee recommends an increase of 2.5 percent for student salaries compared to the Governor's recommendation and Regents request of 5 percent. The Subcommittee urges the University to strike a balance between increasing the number of student employees and increasing average wages.
4. **Systemwide Recommendation -- Other Operating Expenditures.** Delete \$43,951 in general use funding for other operating expenditures. The Senate Subcommittee recommends a 3.5 percent increase (\$307,655) in other operating expenditures. The Regents requested a 6 percent increase and the Governor recommended a 4 percent increase.
5. **Systemwide Recommendation -- Utilities.** The Subcommittee concurs with the Governor's recommendation for utilities in FY 1994; however, the Subcommittee recommends that the House Appropriations Committee review current year utility expenditures and the need for supplementation or savings based on the most recent expenditure information.
6. **Systemwide Recommendation -- FY 1994 Tuition Rate Increase.** The Subcommittee concurs with the Board's recommended tuition rates for FY 1994, except for the rate increase for nonresident undergraduates. The Regents request included a rate increase for nonresident undergraduates of 8 percent at the doctoral universities (KU, KSU, WSU) and 6 percent at the regional universities

(ESU, FHSU, PSU). The Senate Subcommittee recommends a 10 percent increase at the doctoral universities and an 8 percent increase at the regional universities. The Subcommittee believes that tuition rates at the Regents universities are generally a "bargain" for nonresidents. The Subcommittee recognizes the Board's efforts to increase tuition rates in recent years for residents and nonresidents, but believes that a more aggressive increase for nonresident undergraduates is warranted in FY 1994. The effect of the Subcommittee's recommendation is to increase expenditures from the General Fees Fund at WSU by \$135,386 and reduce expenditures from the State General Fund by this same amount.

7. The Subcommittee commends President Warren Armstrong for his ten years of service (1983-1993) to Wichita State University and the State of Kansas as President of WSU. Among the many contributions of President Armstrong, the Subcommittee highlights several accomplishments including establishing the university's research mission and tripling research activities, helping to create the National Institute for Aviation Research, completing the University's first major capital campaign -- the \$100 million "Commitment to Excellence", and guiding the University to full membership in the National Association of State Universities and Land-Grant Colleges.
8. Make technical changes, which do not impact funding, to the appropriation bills (S.B. 43 and S.B. 87), as requested by the University.
9. The Subcommittee reviewed the shrinkage rate applied to WSU's salary and wage budget and concurs with the Governor's recommended rate of 2.94 percent.
10. The Subcommittee notes that the Governor recommends \$400,000 for a Primary Care Nurse Practitioner program to be appropriated to the Kansas University Medical Center (KUMC). However, the Subcommittee was told that the Governor intends that the program be operated collaboratively by the nursing schools of KUMC, FHSU, and WSU. WSU and FHSU initiated separate Primary Care Nurse Practitioner programs in FY 1993 as demonstration projects funded with one-year grants from the Kansas Health Foundation. FHSU enrolled 12 students and WSU enrolled 8 students. The Governor's recommendation includes \$250,000 for salaries at KUMC (6.0 unclassified faculty, 1.0 unclassified director, and 0.5 secretary) and \$150,000 for interactive video equipment (\$50,000 each) at the three campuses. The Governor's initiative is designed so that classes at FHSU and WSU would be taught via interactive video by the shared faculty located at the KUMC campus. The supervised clinical portion of the program would be taught by adjunct faculty. The Subcommittee learned that officials were recently notified that the collaborative project was awarded \$1,039,945 (\$999,945 in direct costs at the three program sites) from the Kansas Health Foundation with the bulk of the funding awarded in FY 1994 and FY 1995. In general, the grant funds at each site the following: 2.0 FTE positions -- \$300,000 annually (0.5 project director/site coordinator, 1.0 faculty position, and 0.5 administrative assistant); OOE, including interactive video time -- \$25,000; and scholarships -- \$150,000. The Subcommittee understands that the Primary Care Nurse Practitioner proposal would be a new concentration within existing graduate degrees in nursing and is under review by the Board of Regents. The Subcom-

mittee requests that the Board recommend a five-year budget to develop and implement a viable Nurse Practitioner Program and present their recommendations to the House Subcommittee. Specifically, the Subcommittee requests that the Board respond to the following questions to insure maximum use of limited state resources.

- a. Given the receipt of the grant which awards approximately \$475,000 for the program in FY 1994 and limited state resources, is all of the \$400,000 (SGF) recommended by the Governor necessary to operate a viable collaborative program?
 - b. In terms of supporting the long-term ongoing costs of the program, what revenue sources beginning in FY 1996 would be used to replace the grant funding of approximately \$475,000 annually, of which \$325,000 is for ongoing operational costs and \$150,000 is for scholarships?
 - c. The Subcommittee notes that 1992 S.B. 17 which has passed the Senate creates the Advanced Registered Nurse Practitioner Scholarship Program which proposes to establish 12 new state funded scholarships at \$15,000 each for a total of \$180,000 in FY 1994. The Kansas Health Foundation Grant includes a total of \$150,000 for scholarships in both FY 1994 and FY 1995 (15 scholarships at \$10,000 each). How many slots are necessary for Nurse Practitioners? If S.B. 17 is enacted, could the grant funding be used to finance all or a portion of the scholarship program in FY 1994?
11. The Subcommittee reviewed WSU's Physician Assistant (PA) Program and 1993 S.B. 13 which among other provisions would establish a Physician's Assistants Scholarship Program. The Senate Ways and Means Committee held hearings on S.B. 13 on January 25, 1993. As of this date, the Committee has not taken action on this bill. The PA program at WSU is the only program in the state. In light of the proposed legislation, the Subcommittee discussed the PA program with the Chair of the Department as well as the President of the University. The Subcommittee believes that mid-level practitioners, such as physician assistants, play an important role in the delivery of primary and preventive health care services in Kansas, and generally supports expanded training opportunities for mid-level practitioners. After study and consultation, the Subcommittee concurs with the University and the Dean of the program that it would be a more effective use of state funds to expand the program at WSU and create more PA slots rather than to fund the proposed scholarship program. According to the University, there is no problem in attracting large numbers of qualified applicants for the physician assistants program, as evidenced by the Fall, 1993 enrollment where 300 applicants competed for 30 student slots. Although the University administration expressed support for the program, the PA program was not identified as a program to gain additional resources from internal reallocations resulting from program review. If there is Legislative interest in adding enhanced funding

for physician assistants, it is the Subcommittee's opinion that it would be a more effective use of state funds to enhance the program at WSU rather than to fund the proposed scholarship program.

12. The Subcommittee learned that WSU has experienced a static or steadily decreasing number of students over the past ten years. With the exception of slight increases between 1986-1989, student headcount and student credit hours have declined steadily with fairly substantial decreases recorded the past three years. The Subcommittee understands that the University has designed a multi-faceted, comprehensive plan to address enrollment concerns. The Legislature should continue to monitor enrollment trends at WSU and its potential impact on future funding.
13. The subcommittee reviewed various sets of comparable data for WSU and its designated peers and how WSU compares to its peers in the areas of tuition and required fees, overall funding, faculty salary expenditures, state contributions for faculty retirement, and OOE expenditures. For example the FY 1992 data indicates that, for faculty salaries WSU is funded at 90.2 percent of its peer institutions and for overall funding WSU is funded at 84.3 percent of its peers. In regard to tuition and required fees for FY 1992, the Subcommittee learned that for residents, WSU is below all of its peer institutions, except for one; and for nonresidents WSU is significantly below all of its peers. WSU's peer institutions are: University of Akron, Portland State University, Virginia Commonwealth University, University of North Carolina -- Greensboro, and University of Wisconsin -- Milwaukee, and Western Michigan University. When the Subcommittee discussed the level of WSU's tuition compared to tuition at their peer institutions, University officials stated that in the case of tuition, their peers did not provide an appropriate comparison for WSU. The Subcommittee is not in a position to agree or disagree with the University, but is concerned that WSU perceives its peers to be inappropriate. The Subcommittee urges WSU to discuss their concerns with the Board of Regents and if necessary select new peers that are more similar to WSU. In order for the peer comparisons to be a credible tool to analyze the Regents institutions, policymakers must be confident that WSU's designated peers are appropriate.
14. The Subcommittee understands that KUMC and WSU are engaged in a cooperative program to jointly deliver a masters degree in public health. The Subcommittee applauds this collaborative effort and urges the Regents institutions to enter into cooperative ventures whenever possible to avoid unnecessary duplication and maximize program resources.

Senate Committee Recommendation

The Senate Committee concurs.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs.

Expenditure	Senate Adj. FY 94	Senate Rec. FY 94	House Sub. Adj. FY 94
Operating Expenditures:			
State General Fund	\$ (718,262)	\$ 50,016,418	\$ 408,210
General Fees Fund	135,386	20,908,306	--
Subtotal General Use	(582,876)	\$ 70,924,724	\$ 408,210
Other Funds	--	33,973,697	--
TOTAL--Operating Expend.	\$ (582,876)	\$ 104,898,421	\$ 408,210
Capital Improvements:			
Educational Building Fund	\$ --	\$ 0	\$ --
Other Funds	--	119,000	--
TOTAL--Capital Impr.	\$ --	\$ 119,000	\$ --
GRAND TOTAL	\$ (582,876)	\$ 105,017,421	\$ 408,210
FTE Positions:			
Classified	--	662.8	1.0
Unclassified	--	1,049.1	2.7
TOTAL	--	1,711.9	3.7

House Subcommittee Recommendation

The House Subcommittee concurs with the Senate recommendations, with the following adjustments:

- Systemwide Recommendation -- Regents Unclassified Retirement Rate Increase.** Add \$149,878 in general use funding for a 0.5 percent increase in the Regents employers' retirement contribution. The House Committee's action is consistent with the provisions approved by the House Committee in 1993 Sub. for H.B. 2211 (Omnibus Retirement bill) which provides for an increase in the current employer's contribution from 8.0 percent to 8.5 percent and an increase in the employee's contribution from 5.0 percent to 5.5 percent. The Governor's recommendation included funding for a 1 percent increase in the Regents employer's retirement contribution. The Senate deleted the additional funding, pending passage of legislation which would authorize the rate increase.
- Systemwide Recommendation -- Regents Shrinkage Rates.** Add \$152,184 in general use funding for a 0.25 percent reduction in the salary and wage shrinkage rates at each institution. The requested reduction is a systemwide request by the Regents that was not recommended by the Governor or Senate. Further, the Committee recommends that the House Subcommittees assigned to the

individual Regents budgets review the shrinkage rates for any additional adjustments that may be warranted. The Committee's recommendation results in a reduction in the shrinkage rate at this institution from 2.94 to 2.69.

3. **Systemwide Recommendation -- Utilities.** At this point in the Session, the Committee concurs with the recommendation of the Governor and Senate for the university utility budgets for FY 1994. However, the Committee anticipates that the requested Governor's budget amendment on current year utilities may also amend the Governor's FY 1994 recommendation for utilities. If so, the Legislature can address any adjustment for FY 1994 during the Omnibus Session.
4. **Systemwide Recommendation -- General Fees Funds Adjustments, including FY 1993 General Fee Fund Shortfalls.** Based on actual enrollments for Fall 1992 and Spring 1993, the institutions have revised their general fee estimates for FY 1993 and FY 1994. The Governor's recommendation for FY 1993 and FY 1994 was based on estimates from the Fall enrollment only; therefore, the Committee requests a Governor's Budget Amendment to address adjustments in the budgets resulting from the revised fee estimates. The Governor's Budget Amendment will be reviewed during the Omnibus Session.
5. Add \$106,148 from general use funds and 3.7 FTE positions (2.7 FTE unclassified and 1.0 FTE classified) at Wichita State University for the state funding associated with the Primary Care Nurse Practitioner initiative. The Governor's recommendation includes \$400,000 in KUMC's budget for this program which is to be offered collaboratively by the schools of nursing at KUMC, WSU, and FHSU. The Subcommittee's action is based on the Board of Regents recommendation which was offered in response to the Senate's request for their review of this program. The Subcommittee's recommendation includes a reduction of \$106,148 from KUMC's budget which is reflected in the KUMC Subcommittee Report.

SUBCOMMITTEE REPORT

Agency: Board of Regents

Bill No. 62

Bill Sec. 15

Analyst: Duffy

Analysis Pg. No. 777

Budget Page No. 484

Expenditure	Agency Est. FY 93	Governor's Rec. FY 93	Senate Sub. Rec. FY 93
All Funds:			
State Operations	\$ 1,663,683	\$ 1,639,922	\$ --
Aid to Local Units	6,107,875	6,107,875	--
Other Assistance	9,945,342	9,629,256	--
Subtotal -- Operating	\$ 17,716,900	\$ 17,377,053	\$ --
Capital Improvements	0	0	--
TOTAL	\$ 17,716,900	\$ 17,377,053	\$ --
State General Fund:			
State Operations	\$ 1,603,167	\$ 1,571,700	\$ --
Aid to Local Units	6,107,875	6,107,875	--
Other Assistance	7,781,946	7,643,341	--
TOTAL	\$ 15,492,988	\$ 15,322,916	\$ --
FTE Positions	18.0	18.0	--

Agency Estimate/Governor's Recommendation

FY 1993. The agency's revised FY 1993 estimate includes the following changes to the approved budget: (1) a requested State General Fund supplemental appropriation of \$2,423 to fund rate changes in group health insurance rates; (2) expenditures of \$17,436 from federal funds for the administration of the Board office which is in addition to State General Fund expenditures that have been authorized; and (3) shift of \$12,400 (SGF) from the Nursing Scholarship Program to fund Optometry Education contracts.

The Governor concurs with the agency's FY 1993 revised budget request for expenditures with the following exceptions: (1) does not recommend the requested State General Fund supplemental appropriation of \$2,423 for fringe benefits; (2) reduces \$23,750 from the State General Fund for the Regents Distinguished Professors due to a vacancy; (3) shifts \$35,930 (SGF) from the Tuition Grant Program to the State Scholarship Program and lapses \$27,411 (SGF) from the Tuition Grant Program; (4) reduces \$280,344 in expenditures for the Nursing Scholarship Program, of which \$105,262 is from the State General Fund; (5) reduces expenditures for the Osteopathic Scholarship Program by \$7,407, all of which is reflected in the Scholarship Repayment Fund. In terms of the financing of the budget, the Governor recommends additional expenditures from federal funds of \$7,706, in addition to the amount estimated by the Board, for a total of \$25,142, to offset State General Fund expenditures for the administration of the Board office in FY 1993.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendations.

Senate Committee Recommendation

The Senate Committee concurs.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs.

Expenditure	Senate Adj. FY 93	Senate Rec. FY 93	House Sub. Adj. FY 93
All Funds:			
State Operations	\$ --	\$ 1,639,922	\$ --
Aid to Local Units	--	6,107,875	--
Other Assistance	--	9,629,256	(29,058)
Subtotal -- Operating	\$ --	\$ 17,377,053	\$ (29,058)
TOTAL	\$ --	\$ 17,377,053	\$ (29,058)
State General Fund:			
State Operations	\$ --	\$ 1,571,700	\$ --
Aid to Local Units	--	6,107,875	--
Other Assistance	--	7,643,341	(29,058)
TOTAL	\$ --	\$ 15,322,916	\$ (29,058)
FTE Positions	--	18.0	--

House Subcommittee Recommendation

The House Subcommittee concurs with the Senate's recommendation with the following adjustments:

1. Based on current year expenditures, reduce State General Fund expenditures in the Ethnic Minority Scholarship Program by \$29,058 (reappropriated to FY 1994) and do not spend \$36,000 in projected discontinued attendance fund balances in this program in the current year. The Subcommittee recommends that the savings from the State General Fund of \$29,058 be reappropriated and used to reduce financing from the State General Fund in FY 1994. The Subcommittee recommends that the balance in the discontinued attendance fund of \$36,000 be used in FY 1994 as part of a combined appropriation for the newly

of \$36,000 be used in FY 1994 as part of a combined appropriation for the newly created Graduate Minority Fellowship program and the existing Ethnic Minority Scholarship program.

2. Do not spend \$10,000 in projected Teacher Scholarship Repayment Fund balances in the current year and use the funds to reduce State General Fund financing for the Teacher Scholarship program in FY 1994.
3. Do not spend \$40,000 in projected Osteopathic Repayment Fund balances in the current year and use \$37,000 as an offset to the State General Fund and \$3,000 for additional expenditures for the Osteopathic Scholarship program in FY 1994.

SUBCOMMITTEE REPORT

Agency: Board of Regents

Bill No. 43

Bill Sec. 12

Analyst: Duffy

Analysis Pg. No. 777

Budget Page No. 484

Expenditure	Agency Req. FY 94	Governor's Rec. FY 94	Senate Sub. Rec. FY 94
All Funds:			
State Operations	\$ 1,811,001	\$ 1,664,278	\$ 40,000
Aid to Local Units	6,748,030	6,352,191	121,514
Other Assistance	14,203,600	12,335,083	(184,280)
Subtotal -- Operating	\$ 22,762,631	\$ 20,351,552	\$ (22,766)
Capital Improvements	10,000,000	10,000,000	--
TOTAL	\$ 32,762,631	\$ 30,351,552	\$ (22,766)
State General Fund:			
State Operations	\$ 1,758,501	\$ 1,635,336	\$ --
Aid to Local Units	6,748,030	6,352,191	61,514
Other Assistance	12,364,726	10,420,773	(184,280)
TOTAL	\$ 20,871,257	\$ 18,408,300	\$ (122,766)
FTE Positions	18.0	18.0	--

Agency Request/Governor's Recommendation

FY 1994. The Board's request for total expenditures of \$32,762,631 is composed of \$1,236,276 for the general administration of the Board office, \$14,778,325 for special programs including the financial aid programs administered by the Board, \$6,748,030 for the Washburn University operating grant, and \$10.0 million from the Educational Building Fund for rehabilitation and repair projects at the Regents institutions.

The Governor's recommendation for total expenditures of \$30,351,552 is composed of \$1,192,578 for the general administration of the board office, \$12,806,783 for special programs including financial aid programs administered by the Board office, \$6,352,191 for the Washburn University operating grant, and \$10.0 million (already appropriated) from the EBF for rehabilitation and repair projects at the Regents institutions.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation with the exception of the following adjustments and comments:

1. Add \$40,000 from the Economic Development Initiatives Fund (EDIF) in FY 1994 to restore funding deleted by the Governor to support the Kansas Council on Economic Education. Beginning in FY 1993, the 1992 Legislature added this funding from the EDIF for the central coordinating unit of the KCEE to replace funding that was previously provided by Kansas State University. In addition to the majority of the funding provided by the private sector, each Regents university supports a Center for Economic Education. The Subcommittee believe this expenditure from the EDIF is appropriate given KCEE's mission to improve the quality and increase the quantity of economics instruction in the elementary and secondary schools. This will have a positive influence on the future economic development of our state.
2. Delete \$200,000 from the State General Fund which the agency requested and Governor recommended to initiate a new Graduate Minority Fellowship Program. The Governor's recommendation would provide 25 students with a fellowship of \$8,000 each. At the doctoral institutions (KU, KSU, WSU) the fellowship award may be enhanced by up to \$2,000 by the institution. As set forth in S.B. 7, this program is intended to provide an incentive for recruiting and retaining ethnic minority students in graduate programs and for attracting and retaining ethnic minority faculty. The program would require a fellowship recipient to teach at a Regents institution one year for each year they received an award or repay the total amount awarded, plus 15 percent interest. In addition to this new program targeted for minorities, the Subcommittee notes that the Governor's recommendation includes significant enhanced funding for the Kansas Ethnic Minority Scholarship Program which was enacted in 1989. The Governor concurred with the Board's FY 1994 request to expand the Ethnic Minority Scholarship Program by approximately 100 students. The Governor's recommendation of \$480,000 would renew 95 scholarships and award 225 new scholarships for a total of 320 students. The Governor's FY 1993 recommendation of \$318,000 would provide 85 renewals and award 127 new scholarships for a total of 212 students. Actual expenditures for this program in FY 1991 and FY 1992 were \$200,076 and \$201,880, respectively. Consistent with Committee policy, the Subcommittee deletes the \$200,000 for the Graduate Minority Fellowship Program, pending passage of S.B. 7. If S.B. 7 should be enacted, the Subcommittee suggests that consideration be given to shifting some of the additional funding from the Ethnic Minority Scholarship program to the Graduate Ethnic Minority Fellowship Program. The Subcommittee does not believe that in these difficult financial times the State can afford such rapid expansion of financial assistance programs.
3. Add \$15,720 from the State General Fund in a separate line-item for the Kansas-Rhodes Scholarship Program. This program, initiated in 1988, provides a scholarship to cover Kansas tuition and required fees for graduate or professional school. In order to qualify for the scholarship, a recipient must be a Kansas resident, a Rhodes Scholar who has successfully completed studies at Oxford or Cambridge, and admitted to a Kansas institution for further graduate or professional education. According to the agency, the two applicants are medical students at KUMC and the first to take advantage of this program.

4. Add \$60,000 from the Economic Development Initiatives Fund (EDIF) in a separate line item for financial assistance for students enrolled in the Washburn University/Kaw Area Technical School Joint Program. Washburn University and Kaw Area Technical School have entered into an agreement to provide for the delivery of Associate of Science and Associate of Applied Science in 17 technical programs. The Associate degrees, composed of a technical component and an academic component requires each student to complete between 62 and 64 credit hours. The general education component will be offered by Washburn University (35-40 credit hours) and the technical component will be offered by Kaw Area Technical School. The program calls for Washburn to offer five general education courses (15 hours) on the Kaw Area Technical School campus exclusively for students enrolled in the joint associate degree program. According to Washburn, because their tuition (\$85 per credit hour) may result in a financial barrier to enrollment in these programs, these students need financial assistance to lower the cost per student to \$35 per credit hour. The \$50 credit hour assistance is applicable only to the 15 credit hours offered at Kaw Area Technical School and does not apply to the other required courses of the program. Washburn informed the Committee that this program was initiated in FY 1993 with private gift support, but that state support for this program was necessary to sustain this program. The Subcommittee received testimony from the Commissioner of Education, Superintendent of Topeka Public Schools, and Topeka business community urging the funding of this joint program. The Subcommittee believes that this innovative program directly responds to upgrading the basic education skills of the state's workforce, an important component of economic development.
5. Add \$61,514 from the State General Fund in the operating grant line-item for Washburn University for a total grant of \$6,413,705. The Subcommittee's recommendation is based on a 3.5 percent increase in Washburn's OOE budget similar to the 3.5 percent increase in OOE recommended for the Regents institutions. The Subcommittee notes that although the Governor's recommendation is based on a percentage increase of 4 percent which is roughly comparable to the State General Fund increase included in the Governor's recommendation for the Regents institutions. The Subcommittee believes that applying the same percentage increase of 3.5 percent approved for OOE for the Regents institutions to the OOE base of Washburn University is a reasonable approach, because the percentage increase is applied to a comparable funding base.
6. The Subcommittee notes that S.B. 8 would include Washburn University in the Kansas Tuition Grant Program. The Subcommittee makes no recommendation on the agency's request for \$320,000 (SGF), pending passage of the legislation. If the bill passes, the Subcommittee believes that the inclusion of Washburn should not result in additional funding for the Tuition Grant Program over the amount recommended by the Governor of \$5,455,824.
7. The Subcommittee commends the three-person Student Financial Assistance section of the Board office for absorbing an increasing work load associated with several new programs, including the staff intensive Nursing Scholarship Program, without additional administrative positions. The Subcommittee appreciates the hard work of this section and notes that several conferees commented on the

efficiency and productivity of the Student Financial Assistance section. According to the agency, the Nursing Scholarship Program takes an inordinate amount of the staff's time; in particular, the sponsorship and payback provisions are burdensome. Of the 14 student financial assistance programs administered by the Financial Assistance section, the Nursing Scholarship Program currently requires 35 percent of the staff time and 25 percent of the file space. The Subcommittee is concerned about these burdensome provisions in the legislation and notes that there are several proposed scholarship programs, Medical Laboratory and Physicians' Assistants (S.B. 13) and Advanced Registered Nurse Practitioner (S.B. 17) patterned after the Nursing Scholarship Program. The Subcommittee requests that the Board staff review existing and proposed service-based scholarship programs and make alternative suggestions for administering these programs that would not alter the Legislature's intent with regard to the substance of these programs.

8. Introduce legislation to establish an Optometric Scholarship Repayment Fund and Optometric Scholarship Discontinued Attendance Fund. Current law requires the repayments from students in the Optometric Educational Scholarship Program to be deposited in the State General Fund. The Subcommittee notes that all of the other existing service-based scholarship programs have repayment and discontinued attendance funds. Further the Subcommittee recommends that the legislation be drafted to allow repayments received after January 1, 1993 that would be deposited in the State General Fund be transferred to the proposed Optometric Scholarship Repayment Fund upon the effective date of the proposed legislation. The Subcommittee recommends that the bill be drafted with an effective date of publication in the *Kansas Register*.
9. The Subcommittee notes that 1992 H.B. 2026 recently referred to Senate Ways and Means amends the existing Osteopathic Scholarship Program. Among other provisions, the bill increases the maximum annual award from \$10,000 to \$15,000. The Governor's recommendation of \$480,000 for this program is based on 48 recipients receiving awards of \$10,000. Of the total amount recommended by the Governor, \$120,563 is from the State General Fund and \$359,437 from the Osteopathic Scholarship Repayment Fund. If H.B. 2026 is passed, a representative from the Kansas Association of Osteopathic Medicine suggests that the maximum award for FY 1994 be set at \$12,000 and that 42 scholarships be funded for a total of \$504,000 in FY 1994. In accordance with Committee policy, the Subcommittee makes no recommendation on this item, pending passage of the legislation. However, the Committee notes that the second house should review the availability of funds based on current year receipt and expenditure activity in the Osteopathic Repayment Fund, to determine whether there maybe sufficient funds to support the additional requested amount of \$24,000.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation with the following adjustment:

1. Add a proviso on the EDIF-Washburn University/Kaw Area Technical School Joint Program Fund requiring Washburn University to certify to the Kansas Board of Regents that there are adequate numbers of students eligible for financial assistance as determined by the Kansas Board of Regents to equate to the \$60,000 granted to Washburn University for this program.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs with the Senate Committee's recommendation.

Expenditure	Senate Adj. FY 94	Senate Rec. FY 94	House Sub. Adj. FY 94
All Funds:			
State Operations	\$ 40,000	\$ 1,704,278	\$ 10,000
Aid to Local Units	121,514	6,473,705	--
Other Assistance	(184,280)	12,150,803	3,000
Subtotal -- Operating	\$ (22,766)	\$ 20,328,786	\$ 13,000
Capital Improvements	--	10,000,000	--
TOTAL	<u>\$ (22,766)</u>	<u>\$ 30,328,786</u>	<u>\$ 13,000</u>
State General Fund:			
State Operations	\$ --	\$ 1,635,336	\$ 10,000
Aid to Local Units	61,514	6,413,705	--
Other Assistance	(184,280)	10,236,493	(47,000)
TOTAL	<u>\$ (122,766)</u>	<u>\$ 18,285,534</u>	<u>\$ (37,000)</u>
FTE Positions	--	18.0	--

House Subcommittee Recommendation

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

1. Reduce total expenditures of \$50,000 from the State General Fund in the Teacher Scholarship program (\$10,000) and Osteopathic Scholarship program (\$37,000) and increase expenditures from their respective repayment funds by an identical amount to reflect this shift in funding (see FY 1993 report). The shift is possible because of current year balances in these repayment funds.
2. Add \$10,000 from the State General Fund for computer processing of student financial aid data.

3. Add a proviso to the State Scholarship program providing for expenditures for the Kansas Distinguished Scholarship program which is a program for Rhodes, Marshall, and Brasenose Scholars. The proviso incorporates the provisions of 1993 H.B. 2299 which amends the current law pertaining to the Rhodes Scholarship program to include Marshall Scholars and Brasenose Scholars. In order to qualify for a scholarship to cover Kansas tuition and required fees for graduate or professional school, a recipient must be a Kansas resident or hold an academic degree from a Kansas institution, a Rhodes Scholar or a Marshall Scholar, and be admitted to a Kansas institution for further graduate or professional education. The Senate added \$15,720 from the State General Fund for the Rhodes Scholarship program. The House Appropriations Committee recommends that the \$15,720 be added to the State Scholarship program line-item so that if additional eligible students apply for the program the Board will have budget flexibility to award scholarships.
4. Replace the separate State General Fund line-item for the Ethnic Minority Scholarship program with the Ethnic Minority Scholarship and Fellowship program and include a proviso that provides for combining the two programs for purposes of the appropriation. The House Subcommittee recommends a total of \$516,000 for both programs, of which \$474,000 is from the State General Fund and \$42,000 would be from discontinued attendance funds. It is the Subcommittee's intent that the Board of Regents have maximum flexibility with regard to allocating the scholarship and fellowships among the total dollars appropriated.
5. Add \$3,000 from the Osteopathic Repayment Fund for a total of \$483,000 in FY 1994, of which \$120,563 would be from the State General Fund and \$362,437 would be from the Osteopathic Repayment Fund. The Subcommittee's recommendation is based on 42 scholarships at \$11,000 each. Of the total awards authorized for FY 1994, eight would be new awards and 34 would be renewals.
6. Delete \$3,682 from the State General Fund to provide a 2.5 percent salary increase for unclassified staff of the Board office. This recommendation is similar to the systemwide recommendation for unclassified employees in the Regents system.
7. Delete \$2,546 from the State General Fund for the Regents unclassified retirement increase to provide a 0.5 percent increase in the employer's contribution. The Subcommittee's action is consistent with the provisions approved by the House Committee in 1993 Sub. for H.B. 2211 (Omnibus Retirement bill) which provides for an increase in the current employer's retirement contribution from 8.0 percent to 8.5 percent and an increase in the employee's contribution from 5.0 percent to 5.5 percent.
8. The Subcommittee notes that S.B. 8 which has passed the Senate and House would include Washburn University in the Kansas Tuition Grant program. The Subcommittee identifies this as an item for omnibus consideration.
9. Delete the proviso added by the Senate on the EDIF-Washburn University/Kaw Area Technical School Joint Program Fund. The proviso required that there be

adequate numbers of students eligible for financial assistance to equate to grant amount of \$60,000.

10. Authorize the Kansas Board of Regents to fix, charge, and collect fees from applicants applying for the following service-based scholarships: Kansas Osteopathy, Kansas Optometry, Kansas Nursing, and Kansas Teacher. The subcommittee anticipates that the Board will authorize a modest fee for initial and new applications in these four programs to cover a small portion of the costs involved with processing applications. The Subcommittee recommends the creation of a Financial Aid Services Fee Fund with a no-limit expenditure limitation. The Subcommittee notes that if this application fee process proves burdensome that it may need to be reconsidered next session.

SUBCOMMITTEE REPORT

Agency: Fort Hays State University

Bill No. --

Bill Sec. --

Analyst: Rothe

Analysis Pg. No. 689

Budget Page No. 214

<u>Expenditure</u>	<u>Agency Est. FY 93</u>	<u>Gov. Rec. FY 93</u>	<u>Senate Sub. Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 21,072,706	\$ 21,010,887	\$ --
General Fees Fund	<u>6,317,674</u>	<u>6,317,674</u>	<u>--</u>
Subtotal General Use	\$ 27,390,380	\$ 27,328,561	--
Other Funds	<u>10,693,129</u>	<u>10,693,129</u>	<u>--</u>
TOTAL -- Operating Expend.	<u>\$ 38,083,509</u>	<u>\$ 38,021,690</u>	<u>\$ --</u>
Capital Improvements:			
Educational Building Fund	\$ 781,652	\$ 781,652	\$ --
Special Capital Improvements Fund	3,000,000	3,000,000	--
Other Funds	<u>7,243,210</u>	<u>7,471,800</u>	<u>--</u>
TOTAL -- Capital Improvements	<u>\$ 11,024,862</u>	<u>\$ 11,037,042</u>	<u>\$ --</u>
GRAND TOTAL	<u><u>\$ 49,108,371</u></u>	<u><u>\$ 49,058,732</u></u>	<u><u>\$ --</u></u>
FTE Positions:			
Classified	305.0	305.0	--
Unclassified	<u>343.4</u>	<u>343.5</u>	--
TOTAL	<u><u>648.4</u></u>	<u><u>648.5</u></u>	<u>--</u>

Agency Estimate/Governor's Recommendation

The University requests a total operating budget in FY 1993 of \$38,083,509, an increase of 0.6 percent above actual FY 1992 expenditures. Of the total request, general use expenditures account for \$27,390,380, an increase of 5.1 percent over actual FY 1992 expenditures. The FY 1993 estimate includes a State General Fund supplemental appropriation of \$61,823 for changes in fringe benefit rates from the amounts approved by the 1992 legislature.

For FY 1993, the Governor recommends a total operating budget of \$38,021,690 of which general use expenditures account for \$27,328,561. The Governor does not recommend the requested State General Fund supplemental appropriation to finance the current year changes in fringe benefit rates. Increased expenditures for fringe benefit rates are offset by increasing the agency's shrinkage rate from the approved rate of 2.31 percent to 2.64 percent.

Senate Subcommittee Recommendation

FY 1993. The Senate Subcommittee concurs with the Governor's recommendations with the following adjustments:

1. **Systemwide Recommendation -- Utilities.** The Subcommittee concurs with the Governor's recommendation for utilities in FY 1993; however, the Subcommittee recommends that the House Appropriations Committee review current year utility expenditures and the need for supplementation or savings based on the most recent expenditure information.
2. The Subcommittee notes that Budget Amendment No. 1 reduces the estimate of capital improvement expenditures from federal funds for the construction of the Physical Science Building by \$216,410 in FY 1993. The amendment explains that \$216,410 should be reflected as an expenditure in FY 1992 rather than in FY 1993. The Budget Amendment will be reviewed by the Subcommittee on capital improvements.

Senate Committee Recommendation

The Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole

The Senate concurs with the recommendation of the Committee.

<u>Expenditure</u>	<u>Senate Adj. FY 93</u>	<u>Senate Rec. FY 93</u>	<u>House Sub. Adjustments</u>
Operating Expenditures:			
State General Fund	\$ --	\$ 21,010,887	\$ --
General Fees Fund	--	6,317,674	--
Subtotal General Use	--	\$ 27,328,561	--
Other Funds	--	10,693,129	--
TOTAL -- Operating Expend.	\$ --	\$ 38,021,690	\$ --
Capital Improvements:			
Educational Building Fund	\$ --	\$ 781,652	\$ --
Special Capital Improvements Fund	--	3,000,000	--
Other Funds	--	7,471,800	--
TOTAL -- Capital Improvements	\$ --	\$ 11,037,042	\$ --
GRAND TOTAL	<u>\$ --</u>	<u>\$ 49,058,732</u>	<u>\$ --</u>
FTE Positions:			
Classified	--	305.0	--
Unclassified	--	343.5	--
TOTAL	--	648.5	--

House Subcommittee Recommendation

FY 1993. The House Subcommittee concurs with the recommendations of the Senate with the following adjustment:

1. **Systemwide Recommendation – Utilities.** At this point in the Session the Committee concurs with the recommendation of the Governor and Senate for the university utility budgets, but requests a Governor's budget amendment to address any savings or shortfalls in the current year. The Governor's budget amendment will be reviewed during the Omnibus Session.
2. Due to revised federal matching requirements, reduce the transfer from the General Fees Fund to the National Direct Student Loan Fund from \$35,000 to \$22,225 and increase the transfer from the General Fees Fund to the Education Opportunity Act Federal Fund from \$27,000 to \$35,000. The net effect of the changes will result in reduced transfers of \$4,775 during FY 1993.

SUBCOMMITTEE REPORT

Agency: Fort Hays State University

Bill No. 43

Bill Sec. 2

Analyst: Rothe

Analysis Pg. No. 689

Budget Page No. 214

<u>Expenditure</u>	<u>Agency Req. FY 94</u>	<u>Gov. Rec. FY 94</u>	<u>Senate Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 23,182,106	\$ 22,363,434	\$ (250,208)
General Fees Fund	<u>6,528,941</u>	<u>6,841,893</u>	<u>23,706</u>
Subtotal General Use	\$ 29,711,047	\$ 29,205,327	(226,502)
Other Funds	<u>11,137,226</u>	<u>11,009,750</u>	<u>--</u>
TOTAL -- Operating Expend.	<u>\$ 40,848,273</u>	<u>\$ 40,215,077</u>	<u>\$ (226,502)</u>
Capital Improvements:			
Educational Building Fund	\$ --	\$ --	\$ --
Special Capital Improvements Fund	5,000,000	5,000,000	--
Other Funds	<u>175,000</u>	<u>175,000</u>	<u>--</u>
TOTAL -- Capital Improvements	<u>\$ 5,175,000</u>	<u>\$ 5,175,000</u>	<u>\$ --</u>
GRAND TOTAL	<u>\$ 46,023,273</u>	<u>\$ 45,390,077</u>	<u>\$ (226,502)</u>
FTE Positions:			
Classified	300.0	300.0	--
Unclassified	<u>363.5</u>	<u>360.5</u>	<u>--</u>
TOTAL	<u>663.5</u>	<u>660.5</u>	<u>--</u>

Agency Request/Governor's Recommendation

The University requests an increase of \$2,826,587 over the FY 1993 base budget. (The base budget does not include the requested State General Fund supplemental appropriation). The increase is composed of \$2,382,490 in general use expenditures and \$444,097 in restricted use expenditures. The requested increases include: (1) an increase in the Regents employers' retirement contribution from 8 percent to 9 percent; (2) a .25 percent reduction in the shrinkage rate; (3) a 4.5 percent increase in unclassified salaries; (4) a 5 percent increase for student salaries; (5) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees; (6) a 6 percent increase in other operating expenditures; (7) enrollment adjustment funding; and (8) mission related program enhancements targeted at library improvements and minority faculty recruitment.

For FY 1994, the Governor's recommendation reflects a net increase of \$2,193,391 over the Governor's recommended FY 1993 base budget. The overall increase is composed of general use expenditures of \$1,876,770 and includes the following: (1) concurs with the agency's request to increase the Regents employers' retirement contribution by approximately 1.0 percent; (2) a 3.0

percent increase in unclassified salaries; (3) a 5.0 percent increase in student salaries; (4) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees; (5) a 4.0 percent increase in other operating expenditures; and (6) enrollment adjustment funding. The Governor recommends restricted use expenditures of \$11,009,750.

Senate Subcommittee Recommendation

FY 1994. The Senate Subcommittee concurs with the Governor's recommendations with the following adjustments:

1. **Systemwide Recommendation – Unclassified Salaries.** Delete \$85,017 in general use funding for Regents unclassified faculty and staff salaries. The Senate Subcommittee recommends a salary increase of 2.5 percent or \$402,604 in FY 1994 compared to the Governor's recommendation of 3.0 percent and the Regents request of 4.5 percent. Pending further consideration of the Governor's entire salary and benefit package (which includes a 1.5 percent salary adjustment for all classified employees and implementation of two of the final four phases of the Comprehensive Classification and Job Rate Study), the Senate Subcommittee recommends a systemwide salary increase of 2.5 percent for classified, unclassified, and student employees.
2. **Systemwide Recommendation – Regents Unclassified Retirement Rate Increase.** Delete \$159,557 in general use funding for the 1.0 percent increase in the Regents employers' retirement contribution. Because legislation is required to make this change, the Subcommittee's recommendation is made pending passage of legislation.
3. **Systemwide Recommendation – Student Salaries.** Delete \$24,112 in general use funding for student salaries. The Senate Subcommittee recommends an increase of 2.5 percent for student salaries compared to the Governor's recommendation and Regents request of 5.0 percent. The Subcommittee urges the University to strike a balance between increasing the number of student employees and increasing average wages.
4. **Systemwide Recommendation – Other Operating Expenditures.** Delete \$16,874 in general use funding for other operating expenditures. The Senate Subcommittee recommends a 3.5 percent increase (\$118,119) in other operating expenditures. The Regents requested a 6.0 percent increase and the Governor recommended a 4.0 percent increase.
5. **Systemwide Recommendation – Utilities.** The Subcommittee concurs with the Governor's recommendation for utilities in FY 1994; however, the Subcommittee recommends that the House Appropriations Committee review current year utility expenditures and the need for supplementation or savings based on the most recent expenditure information.
6. **Systemwide Recommendation – Enrollment Adjustment.** The Senate Subcommittee concurs with the Governor's recommendation of \$451,424 from general use funds and 12.0 FTE positions, as requested for enrollment increases at the

upper division and graduate levels which occurred in FY 1992 compared to FY 1991. The Subcommittee notes that although credit hour production declined overall, upper division and graduate level courses increased. Upper division and graduate level courses are generally more expensive to teach than lower division courses.

7. **Systemwide Recommendation – FY 1994 Tuition Rate Increase.** The Subcommittee concurs with the Board's recommended tuition rates for FY 1994, except for the rate increase for nonresident undergraduates. The Regents request included a rate increase for nonresident undergraduates of 8 percent at the doctoral universities (KU, KSU, WSU) and 6 percent at the regional universities (ESU, FHSU, PSU). The Senate Subcommittee recommends a 10 percent increase at the doctoral universities and an 8 percent increase at the regional universities. The Subcommittee believes that tuition rates at the Regents universities are generally a "bargain" for nonresidents. The Subcommittee recognizes the Board's efforts to increase tuition rates in recent years for residents and nonresidents, but believes that a more aggressive increase for nonresident undergraduates is warranted in FY 1994. The effect of the Subcommittee's recommendation for Fort Hays State University is to increase expenditures from the General Fees Fund by \$23,706 and reduce expenditures from the State General Fund by the same amount.
8. Add \$59,058 in general use funding to achieve a 0.25 percent reduction in the salary shrinkage rate for FY 1994. The Subcommittee recommends an FY 1994 rate of 2.06 percent compared to the 2.31 percent rate recommended by the Governor. The Subcommittee notes that a once high actual rate in FY 1990 was apparently "locked in" and carried forward to succeeding fiscal years, even though the rate did not reflect the actual rate of position vacancies. Given that the revised rate of 2.06 percent compares with an estimated rate of approximately 1.5 percent at the other regional universities, the Subcommittee recommends that the shrinkage rate for Fort Hays State University be reviewed for a further adjustment by the 1994 Legislature.

Senate Committee Recommendation

The Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate concurs with the recommendation of the Committee.

<u>Expenditure</u>	<u>Senate Adj FY 94</u>	<u>Senate Rec. FY 94</u>	<u>House Sub. Adjustments</u>
Operating Expenditures:			
State General Fund	\$ (250,208)	\$ 22,113,226	\$ 259,159
General Fees Fund	<u>23,706</u>	<u>6,865,599</u>	<u>--</u>
Subtotal General Use	\$ (226,502)	\$ 28,978,825	\$ 259,159
Other Funds	<u>--</u>	<u>11,009,750</u>	<u>--</u>
TOTAL -- Operating Expend.	\$ (226,502)	\$ 39,988,575	\$ 259,159
Capital Improvements:			
Educational Building Fund	\$ --	\$ --	\$ --
Special Capital Improvements Fund	--	5,000,000	--
Other Funds	<u>--</u>	<u>175,000</u>	<u>--</u>
TOTAL -- Capital Improvements	\$ --	\$ 5,175,000	\$ --
GRAND TOTAL	<u>\$ (226,502)</u>	<u>\$ 45,163,575</u>	<u>\$ 259,159</u>
FTE Positions:			
Classified	--	300.0	1.3
Unclassified	--	<u>360.5</u>	<u>3.0</u>
TOTAL	--	<u>660.5</u>	<u>4.3</u>

House Subcommittee Recommendation

FY 1994. The House Subcommittee concurs with the recommendations of the Senate with the following adjustments:

1. **Systemwide Recommendation -- Regents Unclassified Retirement Rate Increase.** Add \$79,779 in general use funding for a 0.5 percent increase in the Regents employers' retirement contribution. The House Committee's action is consistent with the provisions approved by the House Committee in 1993 Sub. for H.B. 2211 (Omnibus Retirement Bill) which provides for an increase in the current employer's contribution from 8.0 percent to 8.5 percent and an increase in the employee's contribution from 5.0 percent to 5.5 percent. The Governor's recommendation included funding for a 1 percent increase in the Regents employer's retirement contribution. The Senate deleted the additional funding, pending passage of legislation which would authorize the rate increase.
2. **Systemwide Recommendation -- Regents Shrinkage Rates.** The systemwide recommendation on salary shrinkage made by the House Committee is for a 0.25 percent reduction in the rate recommended by the Governor at each institution. Further, the Committee recommends that the House Subcommittees assigned to the individual Regents budgets review the shrinkage rates for any additional adjustments that may be warranted. For Fort Hays State University, the Senate has already recommended a 0.25 percent reduction in the shrinkage rate (from 2.31 percent to 2.06 percent) below the Governor's recommendation.

The House Subcommittee on the Fort Hays State University budget concurs with the shrinkage recommendations of the Senate and the House Committee and further adds \$73,232 in general use funding to achieve an additional 0.31 percent reduction in the salary shrinkage rate for FY 1994. The House Subcommittee recommends an FY 1994 rate of 1.75 percent compared to the Senate's recommendation of 2.06 percent and the Governor's recommendation of 2.31 percent. The House Subcommittee believes now is the time to restore an equitable shrinkage rate to the University rather than over a period of years.

3. **Systemwide Recommendation -- Utilities.** At this point in the Session, the Committee concurs with the recommendation of the Governor and Senate for the university utility budgets for FY 1994. However, the Committee anticipates that the requested Governor's budget amendment on current year utilities may also amend the Governor's FY 1994 recommendation for utilities. If so, the Legislature can address any adjustment for FY 1994 during the Omnibus Session.
4. **Systemwide Recommendation -- General Fees Fund Adjustments, Including FY 1993 General Fees Fund Shortfalls.** Based on actual enrollments for Fall 1992 and Spring 1993, the institutions have revised their general fee estimates for FY 1993 and FY 1994. The Governor's recommendation for FY 1993 and FY 1994 was based on estimates from the Fall enrollment only; therefore, the Committee requests a Governor's Budget Amendment to address adjustments in the budgets resulting from the revised fee estimates. The Governor's Budget Amendment will be reviewed during the Omnibus Session.
5. The Joint Committee on State Building Construction concurs with the Governor's recommendation of \$5,175,000 for capital improvement projects in FY 1994 (S.B. 87). The recommendation includes \$175,000 from parking fees for parking lot improvements and \$5.0 million from a previously approved multiyear appropriation for the construction of a new physical sciences building. The House Subcommittee concurs with the recommendation of the Joint Committee.
6. Add \$106,148 from general use funds and 4.3 FTE positions (3.0 FTE unclassified and 1.3 FTE classified) at Fort Hays State University for the state funding associated with the Primary Care Nurse Practitioner initiative. The Governor's recommendation includes \$400,000 in KUMC's budget for this program which is to be offered collaboratively by the schools of nursing at KUMC, WSU, and FHSU. The Subcommittee's action is based on the Board of Regents recommendation which was offered in response to the Senate's request for their review of this program. The Subcommittee's recommendation includes a reduction of \$106,148 from KUMC's budget which is reflected in the KUMC Subcommittee Report.

SUBCOMMITTEE REPORT

Agency: Emporia State University

Bill No. --

Bill Sec. --

Analyst: Rothe

Analysis Pg. No. 724

Budget Page No. 200

Expenditure Summary	Agency Est. FY 93	Gov. Rec. FY 93	Senate Adjustments
Operating Expenditures:			
State General Fund	\$ 21,159,898	\$ 21,086,776	\$ --
General Fund	6,956,446	6,956,446	--
Certain Endowment Interest	23,000	23,000	--
Subtotal - General Use	\$ 28,139,344	\$ 28,066,222	\$ --
Other Funds	11,745,546	11,745,546	--
Total - Operating Expend.	\$ 39,884,890	\$ 39,811,768	\$ --
Capital Improvements:			
Educational Bldg. Fund	\$ 4,118,315	\$ 4,118,315	\$ --
Other Funds	385,053	385,053	--
Total - Capital Impr.	\$ 4,503,368	\$ 4,503,368	\$ --
GRAND TOTAL	\$ 44,388,258	\$ 44,315,136	\$ --
FTE Positions			
Classified	297.2	297.2	--
Unclassified	384.3	384.3	--
Total	681.5	681.5	--

Agency Estimate/Governor's Recommendation

The University requests a total operating budget in FY 1993 of \$39,884,890, an increase of 7.0 percent above actual FY 1992 expenditures. Of the total request, general use expenditures account for \$28,139,344, an increase of 4.2 percent over actual FY 1992 expenditures. The FY 1993 estimate includes a State General Fund supplemental appropriation of \$73,122 for changes in fringe benefit rates from the amounts approved by the 1992 legislature.

For FY 1993, the Governor recommends a total operating budget of \$39,811,768 of which general use expenditures account for \$28,066,222. The Governor does not recommend the requested State General Fund supplemental appropriation to finance the current year changes in fringe benefit rates. Increased expenditures for fringe benefit rates are offset by increasing the agency's shrinkage rate from the approved rate of 1.46 percent to 1.70 percent.

Senate Subcommittee Recommendation

FY 1993. The Senate Subcommittee concurs with the Governor's recommendations with the following adjustments:

1. **Systemwide Recommendation – Utilities.** The Subcommittee concurs with the Governor's recommendation for utilities in FY 1993; however, the Subcommittee recommends that the House Appropriations Committee review current year utility expenditures and the need for supplementation or savings based on the most recent expenditure information.

Senate Committee Recommendation

The Committee concurs with the recommendation of the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate concurs with the recommendation of the Committee.

<u>Expenditure Summary</u>	<u>Senate Adj. FY 93</u>	<u>Senate Rec. FY 93</u>	<u>House Sub. Adjustments</u>
Operating Expenditures:			
State General Fund	\$ --	\$ 21,086,776	\$ --
General Fund	--	6,956,446	--
Certain Endowment Interest	--	23,000	--
Subtotal - General Use	\$ --	\$ 28,066,222	\$ --
Other Funds	--	11,745,546	--
Total - Operating Expend.	\$ --	\$ 39,811,768	\$ --
Capital Improvements:			
Educational Bldg. Fund	\$ --	\$ 4,118,315	\$ --
Other Funds	--	385,053	--
Total - Capital Impr.	\$ --	\$ 4,503,368	\$ --
GRAND TOTAL	\$ --	\$ 44,315,136	\$ --
FTE Positions			
Classified	--	297.2	--
Unclassified	--	384.3	--
Total	--	681.5	--

House Subcommittee Recommendation

FY 1993. The House Subcommittee concurs with the recommendation of the Senate with the following adjustments:

1. **Systemwide Recommendation – Utilities.** At this point in the Session the Committee concurs with the recommendation of the Governor and Senate for the university utility budgets, but requests a Governor's budget amendment to address any savings or shortfalls in the current year. The Governor's budget amendment will be reviewed during the Omnibus Session.

SUBCOMMITTEE REPORT

Agency: Emporia State University

Bill No. 43

Bill Sec. 7

Analyst: Rothe

Analysis Pg. No. 724

Budget Page No. 200

<u>Expenditure Summary</u>	<u>Agency Req. FY 94</u>	<u>Gov. Rec. FY 94</u>	<u>Senate Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 23,233,196	\$ 22,047,150	\$ (84,187)
General Fund	7,217,457	7,666,382	12,180
Certain Endowment Interest	23,000	23,000	--
Subtotal - General Use	\$ 30,473,653	\$ 29,736,532	\$ (72,007)
Other Funds	11,902,895	11,902,895	--
Total - Operating Expend.	\$ 42,376,548	\$ 41,639,427	\$ (72,007)
Capital Improvements:			
Educational Bldg. Fund	\$ 300,000	\$ --	\$ --
Other Funds	380,205	380,205	--
Total - Capital Impr.	\$ 680,205	\$ 380,205	\$ --
GRAND TOTAL	\$ 43,056,753	\$ 42,019,632	\$ (72,007)
FTE Positions:			
Classified	298.2	297.2	--
Unclassified	392.8	390.9	--
Total	691.0	688.1	--

Agency Request/Governor's Recommendation

The University requests an increase of \$2,596,579 over the FY 1993 base budget. (The base budget does not include the requested State General Fund supplemental appropriation). The increase is composed of \$2,407,425 in general use expenditures and \$189,154 in restricted use expenditures. The requested increases include: (1) an increase in the Regents employers' retirement contribution from 8 percent to 9 percent; (2) a .25 percent reduction in the shrinkage rate; (3) a 4.5 percent increase in unclassified salaries; (4) a 5 percent increase for student salaries; (5) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees; (6) a 6 percent increase in other operating expenditures; (7) enrollment adjustment funding; and (8) mission related program enhancements targeted at library improvements and minority faculty recruitment.

For FY 1994, the Governor's recommendation reflects a net increase of \$1,827,653 over the Governor's recommended FY 1993 base budget. The overall increase is composed of general use expenditures of \$1,670,304 and includes the following: (1) concurs with the agency's request to increase the Regents employers' retirement contribution by approximately 1.0 percent; (2) a 3.0 percent increase in unclassified salaries; (3) a 5.0 percent increase in student salaries; (4) classified

step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees; (5) a 4.0 percent increase in other operating expenditures; and (6) enrollment adjustment funding. The Governor recommends restricted use expenditures of \$11,902,895, as requested by the agency.

Senate Subcommittee Recommendation

FY 1994. The Senate Subcommittee concurs with the Governor's recommendation with the following adjustments:

1. **Systemwide Recommendation – Unclassified Salaries.** Delete \$86,280 in general use funding for Regents unclassified faculty and staff salaries. The Senate Subcommittee recommends a salary increase of 2.5 percent or \$411,089 in FY 1994 compared to the Governor's recommendation of 3.0 percent and the Regents request of 4.5 percent. Pending further consideration of the Governor's entire salary and benefit package (which includes a 1.5 percent salary adjustment for all classified employees and implementation of two of the final four phases of the Comprehensive Classification and Job Rate Study), the Senate Subcommittee recommends a systemwide salary increase of 2.5 percent for classified, unclassified, and student employees.
2. **Systemwide Recommendation – Regents Unclassified Retirement Rate Increase.** Delete \$144,492 in general use funding for the 1.0 percent increase in the Regents employers' retirement contribution. Because legislation is required to make this change, the Subcommittee's recommendation is made pending passage of legislation.
3. **Systemwide Recommendation – Student Salaries.** Delete \$21,494 in general use funding for student salaries. The Senate Subcommittee recommends an increase of 2.5 percent for student salaries compared to the Governor's recommendation and Regents request of 5.0 percent. The Subcommittee urges the University to strike a balance between increasing the number of student employees and increasing average wages.
4. **Systemwide Recommendation – Other Operating Expenditures.** Delete \$17,398 in general use funding for other operating expenditures. The Senate Subcommittee recommends a 3.5 percent increase (\$121,786) in other operating expenditures. The Regents requested a 6.0 percent increase and the Governor recommended a 4.0 percent increase.
5. **Systemwide Recommendation – Utilities.** The Subcommittee concurs with the Governor's recommendation for utilities in FY 1994; however, the Subcommittee recommends that the House Appropriations Committee review current year utility expenditures and the need for supplementation or savings based on the most recent expenditure information.
6. **Systemwide Recommendation – Enrollment Adjustment.** The Senate Subcommittee concurs with the Governor's recommendation of \$260,947 from general use funds and 6.5 FTE positions, as requested for enrollment increases at the upper division and graduate levels which occurred in FY 1992 compared to FY

1991. The Subcommittee notes that although credit hour production declined overall, upper division and graduate level courses increased. Upper division and graduate level courses are generally more expensive to teach than lower division courses.

7. **Systemwide Recommendation – FY 1994 Tuition Rate Increase.** The Subcommittee concurs with the Board's recommended tuition rates for FY 1994, except for the rate increase for nonresident undergraduates. The Regents request included a rate increase for nonresident undergraduates of 8 percent at the doctoral universities (KU, KSU, WSU) and 6 percent at the regional universities (ESU, FHSU, PSU). The Senate Subcommittee recommends a 10 percent increase at the doctoral universities and an 8 percent increase at the regional universities. The Subcommittee believes that tuition rates at the Regents universities are generally a "bargain" for nonresidents. The Subcommittee recognizes the Board's efforts to increase tuition rates in recent years for residents and nonresidents, but believes that a more aggressive increase for nonresident undergraduates is warranted in FY 1994. The effect of the Subcommittee's recommendation for Emporia State University is to increase expenditures from the General Fees Fund by \$12,180 and reduce expenditures from the State General Fund by the same amount.
8. The Senate Subcommittee on Emporia State University adds \$197,657 from general use funds for a further enrollment adjustment in FY 1994. The Subcommittee believes that actions taken by prior Legislatures on enrollment adjustments at Regents institutions have resulted in inequity for ESU. In the mid-1980s ESU experienced declining enrollments and in the enrollment adjustment formula in place at that time, it lost funding. In the last several years, ESU has experienced increasing enrollments (3,344 FTE students in the Fall, 1986 compared with 5,122 FTE students in the Fall, 1992); however, as a result of changes in the formula and partial funding of the formula, it has not received the funding that would have been recommended under the formula in place during the years it lost funding. As a result, FY 1992 total general use expenditures for education and physical plant per FTE student at ESU is the lowest in the Regents system (\$2,392 at ESU compared to a system average of \$2,656). The Subcommittee learned that it would be very costly to increase Emporia State University's expenditure ranking. For example, it would cost an additional \$455,858 to raise ESU to the next lowest rank (Pittsburg State University, \$2,481 per FTE student) and \$1,352,208 to increase the University to the system average of \$2,656 per FTE student.

The Subcommittee notes that the systemwide enrollment adjustment approved for FY 1993 by the 1992 Legislature was based on a two-year average of the FY 1992 enrollment adjustment that was not funded by the 1991 Legislature and the FY 1993 enrollment adjustment request. The \$393,313 approved for ESU in FY 1993 for the two year period was half of the amount requested under the existing formula. The Senate Subcommittee recommends the addition of half of \$393,313 not approved last Session (\$196,657) to begin addressing the inequitable funding level of ESU compared with other Regents universities.

Senate Committee Recommendation

The Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate concurs with the recommendation of the Committee.

<u>Expenditure Summary</u>	<u>Senate Adj. FY 94</u>	<u>Senate Rec. FY 94</u>	<u>House Sub. Adjustments</u>
Operating Expenditures:			
State General Fund	\$ (84,187)	\$ 21,962,963	\$ 135,449
General Fund	12,180	7,678,562	--
Certain Endowment Interest	--	23,000	--
Subtotal - General Use	\$ (72,007)	\$ 29,664,525	\$ 135,449
Other Funds	--	11,902,895	--
Total - Operating Expend.	\$ (72,007)	\$ 41,567,420	\$ 135,449
Capital Improvements:			
Educational Bldg. Fund	\$ --	\$ --	\$ --
Other Funds	--	380,205	2,660,000
Total - Capital Impr.	\$ --	\$ 380,205	\$ 2,660,000
GRAND TOTAL	\$ (72,007)	\$ 41,947,625	\$ 2,795,449
FTE Positions:			
Classified	--	297.2	2.0
Unclassified	--	390.9	2.0
Total	--	688.1	4.0

House Subcommittee Recommendation

FY 1994. The House Subcommittee concurs with the recommendations of the Senate with the following adjustments:

1. **Systemwide Recommendation -- Regents Unclassified Retirement Rate Increase.** Add \$72,246 in general use funding for a 0.5 percent increase in the Regents employers' retirement contribution. The House Committee's action is consistent with the provisions approved by the House Committee in 1993 Sub. for H.B. 2211 (Omnibus Retirement bill) which provides for an increase in the current employer's contribution from 8.0 percent to 8.5 percent and an increase in the employee's contribution from 5.0 percent to 5.5 percent. The Governor's recommendation included funding for a 1 percent increase in the Regents employer's retirement contribution. The Senate deleted the additional funding, pending passage of legislation which would authorize the rate increase.

2. **Systemwide Recommendation -- Regents Shrinkage Rates.** Add \$64,203 in general use funding for a 0.25 percent reduction in the salary and wage shrinkage rates at each institution. The requested reduction is a systemwide request by the Regents that was not recommended by the Governor or Senate. Further, the Committee recommends that the House Subcommittees assigned to the individual Regents budgets review the shrinkage rates for any additional adjustments that may be warranted. The Committee's recommendation results in a reduction in the shrinkage rate at this institution from 1.46 to 1.21 percent.
3. **Systemwide Recommendation -- Utilities.** At this point in the Session, the Committee concurs with the recommendation of the Governor and Senate for the university utility budgets for FY 1994. However, the Committee anticipates that the requested Governor's budget amendment on current year utilities may also amend the Governor's FY 1994 recommendation for utilities. If so, the Legislature can address any adjustment for FY 1994 during the Omnibus Session.
4. **Systemwide Recommendation -- General Fees Fund Adjustments, Including FY 1993 General Fees Fund Shortfalls.** Based on actual enrollments for Fall 1992 and Spring 1993, the institutions have revised their general fee estimates for FY 1993 and FY 1994. The Governor's recommendation for FY 1993 and FY 1994 was based on estimates from the Fall enrollment only; therefore, the Committee requests a Governor's Budget Amendment to address adjustments in the budgets resulting from the revised fee estimates. The Governor's Budget Amendment will be reviewed during the Omnibus Session.
5. The House Subcommittee reviewed the Senate's recommendation to increase the FY 1994 enrollment adjustment by \$197,657 to alleviate past inequities. The Subcommittee agrees that changing enrollment adjustment formulas during the 1980s have resulted in ESU ranking last in total general use expenditures for education and physical plant per FTE student. The recommendation would increase ESU's cost per FTE student from \$2,392 to \$2,431, still below PSU's rank of \$2,481 -- but it begins to address the inequity. As a technical adjustment, the Subcommittee reduces the adjustment by \$1,000 to \$196,657 (as intended) and adds 2.0 FTE classified positions and 2.0 FTE unclassified positions associated with the recommended enrollment adjustment.
6. The Joint Committee on State Building Construction concurs with the Governor's recommendation of \$380,205 from special revenue funds for capital improvements and added \$2,660,000 from student housing fees for a new project to issue bonds for residence hall renovation (S.B. 87). The House Subcommittee concurs with the recommendation which includes technical adjustments to a proviso on the residence hall project.

SUBCOMMITTEE REPORT

Agency: Pittsburg State University

Bill No. --

Bill Sec. --

Analyst: Rothe

Analysis Pg. No. 732

Budget Page No. 468

<u>Expenditure Summary</u>	<u>Agency Est. FY 93</u>	<u>Gov. Rec. FY 93</u>	<u>Senate Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 22,161,706	\$ 22,087,846	\$ --
General Fund	8,248,139	8,248,139	320,250
Subtotal - General Use	\$ 30,409,845	\$ 30,335,985	\$ 320,250
Other Funds	10,005,394	10,005,394	--
Total - Operating Expend.	\$ 40,415,239	\$ 40,341,379	\$ 320,250
Capital Improvements:			
Educational Bldg. Fund	\$ 872,320	\$ 872,320	\$ --
Special Cap. Impr. Fund	--	--	--
Other Funds	7,250,000	7,250,000	--
Total - Capital Impr.	\$ 8,122,320	\$ 8,122,320	\$ --
GRAND TOTAL	\$ 48,537,559	\$ 48,463,699	\$ 320,250
FTE Positions			
Classified	283.5	283.5	--
Unclassified	388.3	388.3	--
Total	671.8	671.8	--

Agency Estimate/Governor's Recommendation

The University requests a total operating budget in FY 1993 of \$40,415,239, a reduction of 1.9 percent from actual FY 1992 expenditures. Of the total request, general use expenditures account for \$30,409,845, an increase of 3.4 percent over actual FY 1992 expenditures. The FY 1993 estimate includes a State General Fund supplemental appropriation of \$73,860 for changes in fringe benefit rates from the amounts approved by the 1992 legislature. In addition to the estimate of expenditures submitted by the agency, the Board of Regents has approved an FY 1993 fee release of \$320,250 to accommodate an increase of 350 additional students at the University.

For FY 1993, the Governor recommends a total operating budget of \$40,341,379 of which general use expenditures account for \$30,335,985. The Governor does not recommend the requested State General Fund supplemental appropriation to finance the current year changes in fringe benefit rates. Increased expenditures for fringe benefit rates are offset by increasing the agency's shrinkage rate from the approved rate of 1.48 percent to 1.77 percent. The Governor does not recommend the requested fee release of \$320,250.

ATTACHMENT 11

Senate Subcommittee Recommendation

FY 1993. The Senate Subcommittee concurs with the Governor's recommendations with the following adjustments:

1. **Systemwide Recommendation -- Utilities.** The Subcommittee concurs with the Governor's recommendation for utilities in FY 1993; however, the Subcommittee recommends that the House Appropriations Committee review current year utility expenditures and the need for supplementation or savings based on the most recent expenditure information.
2. **Systemwide Recommendation -- FY 1993 General Fee Release.** The Regents Systemwide Subcommittee concurred with the Governor's decision not to recommend a General Fees Fund fee release of \$320,250 for FY 1993. The Subcommittee, however, did recommend that the Senate Subcommittee on the Pittsburg State University budget further review the request. The Regents Subcommittee noted that since FY 1987 the Legislature has released 75 percent of the additional unanticipated general fees to the institutions to meet expenses associated with additional students. The Subcommittee also noted that the fee release is a one-time expenditure and is not built into the base budget of the institutions.
3. The Subcommittee on the Pittsburg State University budget recommends a General Fees Fund fee release of \$320,250 for FY 1993. Although the Governor's recommendation for expenditures left an FY 1994 ending balance of \$50,000 in the Fund, the University informed the Subcommittee that a Spring, 1993 enrollment increase of 266 students above the prior Spring will increase Fund receipts by approximately \$325,000 above the budgeted estimate. As a result, the FY 1994 ending fund balance recommended by the Governor will be essentially unchanged. The University explained that the fee release would be utilized for library equipment and computers (\$71,000), to restore funds to other operating expenditures which had been raided to hire temporary instructors as a result of the influx of students (\$150,000), and for other academic needs (\$99,250).

Senate Committee Recommendation

The Committee concurs with the recommendation of the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate concurs with the recommendation of the Committee.

<u>Expenditure Summary</u>	<u>Senate Adj. FY 93</u>	<u>Senate Rec. FY 93</u>	<u>House Sub. Adjustments</u>
Operating Expenditures:			
State General Fund	\$ --	\$ 22,087,846	\$ --
General Fund	320,250	8,568,389	--
Subtotal - General Use	\$ 320,250	\$ 30,656,235	\$ --
Other Funds	--	10,005,394	--
Total - Operating Expend.	\$ 320,250	\$ 40,661,629	\$ --
Capital Improvements:			
Educational Bldg. Fund	\$ --	\$ 872,320	\$ --
Special Cap. Impr. Fund	--	--	--
Other Funds	--	7,250,000	--
Total - Capital Impr.	\$ --	\$ 8,122,320	\$ --
GRAND TOTAL	\$ 320,250	\$ 48,783,949	\$ --
FTE Positions			
Classified	--	283.5	--
Unclassified	--	388.3	--
Total	--	671.8	--

House Subcommittee Recommendation

FY 1993. The House Subcommittee concurs with the recommendation of the Senate with the following adjustments:

1. **Systemwide Recommendation -- Utilities.** At this point in the Session the Committee concurs with the recommendation of the Governor and Senate for the university utility budgets, but requests a Governor's budget amendment to address any savings or shortfalls in the current year. The Governor's budget amendment will be reviewed during the Omnibus Session.
2. The House Subcommittee on the Pittsburg State University budget concurs with the Senate's recommendation to approve a General Fees Fund fee release of \$320,250 for FY 1993 due to a Spring, 1993 enrollment increase of 266 students above the prior Spring. The one-time expenditure is not built into the base budget of the institution.

SUBCOMMITTEE REPORT

Agency: Pittsburg State University

Bill No. 43

Bill Sec. 8

Analyst: Rothe

Analysis Pg. No. 732

Budget Page No. 468

<u>Expenditure Summary</u>	<u>Agency Req. FY 94</u>	<u>Gov. Rec. FY 94</u>	<u>Senate Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 24,615,015	\$ 22,914,631	\$ (355,709)
General Fund	8,600,192	9,691,214	44,782
Subtotal -- General Use	\$ 33,215,207	\$ 32,605,845	\$ (310,927)
Other Funds	10,311,386	10,311,386	--
TOTAL -- Operating Exp.	\$ 43,526,593	\$ 42,917,231	\$ (310,927)
Capital Improvements:			
Educational Bldg. Fund	\$ --	\$ --	\$ --
Special Cap. Impr. Fund	1,000,000	1,000,000	--
Other Funds	7,170,000	7,170,000	--
Total -- Capital Imp.	\$ 8,170,000	\$ 8,170,000	\$ --
GRAND TOTAL	\$ 51,696,593	\$ 51,087,231	\$ (310,927)
FTE Positions			
Classified	282.5	293.0	10.0
Unclassified	443.5	404.5	15.0
TOTAL	726.0	697.5	25.0

Agency Request/Governor's Recommendation

The University requests an increase of \$3,185,214 over the FY 1993 base budget. (The base budget does not include the requested State General Fund supplemental appropriation). The increase is composed of \$2,879,222 in general use expenditures and \$305,992 in restricted use expenditures. The requested increases include: (1) an increase in the Regents employers' retirement contribution from 8 percent to 9 percent; (2) a .25 percent reduction in the shrinkage rate; (3) a 4.5 percent increase in unclassified salaries; (4) a 5 percent increase for student salaries; (5) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees; (6) a 6 percent increase in other operating expenditures; (7) enrollment adjustment funding; and (8) mission related program enhancements targeted at library improvements and minority faculty recruitment.

For FY 1994, the Governor's recommendation reflects a net increase of \$2,575,852 over the Governor's recommended FY 1993 base budget. The overall increase is composed of general use expenditures of \$2,269,860 and includes the following: (1) concurs with the agency's request to increase the Regents employers' retirement contribution by approximately 1.0 percent; (2) a 3.0 percent increase in unclassified salaries; (3) a 5.0 percent increase in student salaries; (4) classified

step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees; (5) a 4.0 percent increase in other operating expenditures; and (6) enrollment adjustment funding. The Governor recommends restricted use expenditures of \$10,311,386, as requested by the agency.

Senate Subcommittee Recommendation

FY 1994. The Senate Subcommittee concurs with the Governor's recommendation with the following adjustments:

1. **Systemwide Recommendation -- Unclassified Salaries.** Delete \$95,173 in general use funding for Regents unclassified faculty and staff salaries. The Senate Subcommittee recommends a salary increase of 2.5 percent or \$450,381 in FY 1994 compared to the Governor's recommendation of 3.0 percent and the Regents request of 4.5 percent. Pending further consideration of the Governor's entire salary and benefit package (which includes a 1.5 percent salary adjustment for all classified employees and implementation of two of the final four phases of the Comprehensive Classification and Job Rate Study), the Senate Subcommittee recommends a systemwide salary increase of 2.5 percent for classified, unclassified, and student employees.
2. **Systemwide Recommendation -- Regents Unclassified Retirement Rate Increase.** Delete \$178,874 in general use funding for the 1.0 percent increase in the Regents employers' retirement contribution. Because legislation is required to make this change, the Subcommittee's recommendation is made pending passage of legislation.
3. **Systemwide Recommendation -- Student Salaries.** Delete \$18,891 in general use funding for student salaries. The Senate Subcommittee recommends an increase of 2.5 percent for student salaries compared to the Governor's recommendation and Regents request of 5.0 percent. The Subcommittee urges the University to strike a balance between increasing the number of student employees and increasing average wages.
4. **Systemwide Recommendation -- Other Operating Expenditures.** Delete \$17,989 in general use funding for other operating expenditures. The Senate Subcommittee recommends a 3.5 percent increase (\$125,925) in other operating expenditures. The Regents requested a 6.0 percent increase and the Governor recommended a 4.0 percent increase.
5. **Systemwide Recommendation -- Utilities.** The Subcommittee concurs with the Governor's recommendation for utilities in FY 1994; however, the Subcommittee recommends that the House Appropriations Committee review current year utility expenditures and the need for supplementation or savings based on the most recent expenditure information.
6. **Systemwide Recommendation -- Enrollment Adjustment.** The Senate Subcommittee concurs with the Governor's recommendation of \$774,933 from general use funds and 25.7 FTE positions, as requested for enrollment increases at the upper division and graduate levels which occurred in FY 1992 compared to FY

1991. The Subcommittee notes that although credit hour production declined overall, upper division and graduate level courses increased. Upper division and graduate level courses are generally more expensive to teach than lower division courses.

7. **Systemwide Recommendation -- FY 1994 Tuition Rate Increase.** The Subcommittee concurs with the Board's recommended tuition rates for FY 1994, except for the rate increase for nonresident undergraduates. The Regents request included a rate increase for nonresident undergraduates of 8 percent at the doctoral universities (KU, KSU, WSU) and 6 percent at the regional universities (ESU, FHSU, PSU). The Senate Subcommittee recommends a 10 percent increase at the doctoral universities and an 8 percent increase at the regional universities. The Subcommittee believes that tuition rates at the Regents universities are generally a "bargain" for nonresidents. The Subcommittee recognizes the Board's efforts to increase tuition rates in recent years for residents and nonresidents, but believes that a more aggressive increase for nonresident undergraduates is warranted in FY 1994. The effect of the Subcommittee's recommendation for Pittsburg State University is to increase expenditures from the General Fees Fund by \$44,782 and reduce expenditures from the State General Fund by the same amount.
8. The Senate Subcommittee on Pittsburg State University adds 15 FTE unclassified and 10 FTE classified restricted use positions requested by the University in anticipation of continued future growth provided by non-state research and service activities. Recent examples of growth include a \$1.6 million contract from the U.S. Department of Education for vocational technical education, the expansion of the Center for Technology transfer, an agreement to expand services provided to the General Motors Corporation, and the pending construction of the Kansas Technology Center. No general use funds are associated with the positions.
9. The Senate Subcommittee on Pittsburg State University notes that the proximity of PSU to several counties in Missouri and Oklahoma presents a peculiar problem associated with out-of-state tuition charged by the University. While Missouri and Oklahoma make exceptions to out-of-state tuition rates charged to Kansas students in nearby counties, PSU has been unable to reciprocate. A PSU proposal to grant in-state tuition to undergraduate students residing in six Missouri counties and three Oklahoma counties would be tempered with two exceptions. First, students would need to achieve at least a 21.0 ACT score or graduate in the upper 50 percent of their high school class. Second, the maximum number of eligible students would be limited to 15 percent of the total PSU FTE enrollment. The Subcommittee understands that the problem is especially unique to PSU. Because the PSU proposal would further increase the disparity in tuition rates charged by the Regents universities, the Subcommittee believes that the proposal should be reviewed by the House as a systemwide issue.

Senate Committee Recommendation

The Committee concurs with the recommendation of the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate concurs with the recommendation of the Committee.

<u>Expenditure Summary</u>	<u>Senate Adj. FY 94</u>	<u>Senate Rec. FY 94</u>	<u>House Sub. Adjustments</u>
Operating Expenditures:			
State General Fund	\$ (355,709)	\$ 22,558,922	\$ 159,552
General Fund	44,782	9,735,996	--
Subtotal -- General Use	\$ (310,927)	\$ 32,294,918	\$ 159,552
Other Funds	--	10,311,386	--
TOTAL -- Operating Exp.	\$ (310,927)	\$ 42,606,304	\$ 159,552
Capital Improvements:			
Educational Bldg. Fund	\$ --	\$ --	\$ --
Special Cap. Impr. Fund	--	1,000,000	--
Other Funds	--	7,170,000	250,000
Total -- Capital Imp.	\$ --	\$ 8,170,000	\$ 250,000
GRAND TOTAL	\$ (310,927)	\$ 50,776,304	\$ 409,552
FTE Positions			
Classified	10.0	303.0	--
Unclassified	15.0	419.5	--
TOTAL	25.0	722.5	--

House Subcommittee Recommendation

FY 1994. The House Subcommittee concurs with the recommendation of the Senate with the following adjustments:

1. **Systemwide Recommendation -- Regents Unclassified Retirement Rate Increase.**
Add \$89,437 in general use funding for a 0.5 percent increase in the Regents employers' retirement contribution. The House Committee's action is consistent with the provisions approved by the House Committee in 1993 Sub. for H.B. 2211 (Omnibus Retirement bill) which provides for an increase in the current employer's contribution from 8.0 percent to 8.5 percent and an increase in the employee's contribution from 5.0 percent to 5.5 percent. The Governor's recommendation included funding for a 1 percent increase in the Regents employer's retirement contribution. The Senate deleted the additional funding, pending passage of legislation which would authorize the rate increase.

2. **Systemwide Recommendation -- Regents Shrinkage Rates.** Add \$70,115 in general use funding for a 0.25 percent reduction in the salary and wage shrinkage rates at each institution. The requested reduction is a systemwide request by the Regents that was not recommended by the Governor or Senate. Further, the Committee recommends that the House Subcommittees assigned to the individual Regents budgets review the shrinkage rates for any additional adjustments that may be warranted. The Committee's recommendation results in a reduction in the shrinkage rate at this institution from 1.5 to 1.25 percent.
3. **Systemwide Recommendation -- Utilities.** At this point in the Session, the Committee concurs with the recommendation of the Governor and Senate for the university utility budgets for FY 1994. However, the Committee anticipates that the requested Governor's budget amendment on current year utilities may also amend the Governor's FY 1994 recommendation for utilities. If so, the Legislature can address any adjustment for FY 1994 during the Omnibus Session.
4. **Systemwide Recommendation -- General Fees Fund Adjustments, Including FY 1993 General Fees Fund Shortfalls.** Based on actual enrollments for Fall 1992 and Spring 1993, the institutions have revised their general fee estimates for FY 1993 and FY 1994. The Governor's recommendation for FY 1993 and FY 1994 was based on estimates from the Fall enrollment only; therefore, the Committee requests a Governor's Budget Amendment to address adjustments in the budgets resulting from the revised fee estimates. The Governor's Budget Amendment will be reviewed during the Omnibus Session.
5. Make a technical adjustment to the FY 1994 appropriations bill (S.B. 43) by increasing the operating expenditures line item by \$296,899 to reflect the Governor's intent. This does not result in an increase in expenditures.
6. The Joint Committee on State Building Construction concurs with the Governor's recommendation of \$8,170,000 for capital improvements in FY 1994. The amount includes \$870,000 from student fees for ongoing maintenance projects and \$7.3 million for a previously appropriated multiyear project to construct the Kansas Technology Center. The Joint Committee also recommends a new project totaling \$2.0 million to construct an addition on the Overman Student Center. The project includes a bond issuance of \$1.5 million (to be financed entirely with fees), \$400,000 from a student reserve fund, and \$100,000 from the campus bookstore. FY 1994 expenditures would total \$250,000. The House Subcommittee concurs with the recommendation of the Joint Committee.
7. The House Subcommittee reviewed a Pittsburg State University proposal discussed in Senate Subcommittee recommendation No. 9 to grant in-state tuition to undergraduate students residing in nearby Missouri and Oklahoma counties under certain circumstances. The House Subcommittee was impressed with the proposal, especially as it related to students in nearby Missouri counties. The Subcommittee encourages the University to present the proposal to the Board of Regents for review and possible approval.