

Approved: 3/15/94  
Date

## MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairman Rochelle Chronister at 1:30 p.m. on March 8, 1994 in Room 514-S of the Capitol.

All members were present except: none

Committee staff present: Alan Conroy, Legislative Research Department  
Diane Duffy, Legislative Research Department  
Scott Rothe, Legislative Research Department  
Laura Howard, Legislative Research Department  
Russell Mills, Legislative Research Department  
Carolyn Rampey, Legislative Research Department  
Kathy Porter, Legislative Research Department  
Julian Efird, Legislative Research Department  
Jim Wilson, Revisor of Statutes  
Jerry Cole, Committee Secretary  
Sharon Schwartz, Administrative Assistant

Conferees appearing before the committee:

Trix Nuremberger, Kansas Health Kids Corporations  
Rep. Darlene Cornfield, Ninetieth District  
S. Graham Bailey, Blue Cross/Blue Shield of Kansas  
Sue Peterson, Kansas State University  
JoLana Pinon, Assistant State Treasurer  
Diane Duffy, Legislative Research Department  
Scott Rothe, Legislative Research Department  
Dr. Steve Jordan, Executive Director, Kansas Board of Regents

Others attending: See attached list

Chairman Chronister opened the meeting by referring **HB 3066 and HB 3067** to the subcommittee on KPERS.

She then opened the hearing for **SB 746**. Trix Nuremberger, Kansas Healthy Kids Corporation, appeared to testify in support of the bill and to explain the reasons behind it. (See Attachment 1). Rep. Darlene Cornfield followed, also supporting its passage. (See Attachment 2). In her testimony, Rep. Cornfield proposed an amendment to the bill which would use the SGF money for The Caring for Children Program. (See Attachment 2a). Graham Bailey, Blue Cross/Blue Shield, was the final conferee and appeared telling the committee if monies were transferred to The Caring Program for Children, as proposed by Rep. Cornfield, it would be used for providing health insurance to children as was currently done under the Kansas Healthy Kids Corporation. (See Attachment 3). The hearing was closed.

The hearing on **SB 642** was opened. Sue Peterson, KSU, testified in support of the bill by explaining why the bill was necessary and what it accomplished. (See Attachment 4). The hearing on the bill was closed following Peterson's testimony.

Chairman Chronister opened the floor for discussion on **SB 556**, considering emergency FY 1994 supplemental appropriations for various agencies. Staff provided a handout to committee members on agency requests for the supplemental appropriations and a breakdown of the Senate Ways & Means committee adjustments to those requests. (See Attachment 5). Rep. Gatlin made a motion to remove section 7 from the bill, dealing with KDOT retirements. Rep. Hochhauser seconded the motion and it carried. JoLana Pinon,

## CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S of the Capitol, at 1:30 p.m. on March 8, 1994.

Asst. State Treasurer, was called upon to testify before the committee on a request from her department. The State Treasurer had a draft amendment for the bill for the addition of three funds in the Treasurer's office. (See Attachment 6). Rep. Dean moved adoption of the proposed amendment. Rep. Heinemann seconded the motion and it carried. Rep. Gatlin made a motion to strike section 3 from the bill. Rep. Carmody seconded the motion. The motion carried. Rep. Teagarden made a motion to pass and favorably recommend SB 556 from the committee as it had been amended. Rep. Carmody seconded the motion and it carried.

Rep. Hochhauser moved to pass and favorably recommend SB 642. Rep. Glasscock seconded the motion and it carried.

Rep. Helgerson made a motion for passage of SB 746. Rep. Reinhardt seconded his motion. Rep. Gross made a substitute motion to adopt the amendment proposed by Rep. Cornfield and then pass the bill favorably. Rep. Dean seconded the motion. Rep. Helgerson notified Rep. Gross that monies for the purpose of insuring children had been allocated under the Department of Social and Rehabilitation Services budget. With the consent of Rep. Dean as a second, Rep. Gross withdrew his substitute motion. The Helgerson motion carried.

Diane Duffy and Scott Rothe, Legislative Research Department, made a presentation to committee members on Systemwide Issues facing the Kansas Board of Regents for FY 94 and FY 95. (See Attachment 7). Dr. Steve Jordan, executive director for the Regents, testified to the committee answering questions about the Partnership for Excellence Plan submitted by the Board. (See Attachment 8).

Rep. Helgerson made a motion for the introduction of two bills dealing with the establishment of a Health Care Council and a second on insurance. Rep. Hochhauser seconded the motion and it carried.

The meeting was adjourned at 3:30 p.m. The next meeting is scheduled for March 10, 1994.

# 1994 Appropriation Committee Guest List

1	NAME	ORGANIZATION
2	Ron P. [unclear]	F H S U
3	Megan Sturges	SALINA MID SCH
4	Paul Mitchell	SALINA MID SCH
5	Shannon Jametson	SALINA MID SCH
6	Bill Hollenbeck	PSU
7	Duane Waterworth	Division of the Budget
8	Jan Josseland	UN
9	Bob Wunsch	KUMC
10	Jama Wagner	State Treasurers Office
11	Jana Dixon	✓ ✓ ✓
12	Tris Nieruberger	KS Healthy Kids Corp.
13	Henry [unclear]	ESU
14	TEO D. AVRES	KS. BOARD OF REGENTS STAFF
15	Rebecca Dunlap	Salina Middle School
16	Shelly Laulhan	Salina Middle
17	Winton Taylor	Salina South Middle School
18	Marc Hansen	Inter / Rep. Fred Galtman
19	ERIC SEXTON	WICHITA STATE
20	BRIAN WOLFE	IDA KS - "Doc of the Day"
21	Sharon Bird	KNEA
22	Craig Grant	KNEA
23	Stacey Empson	ICHA
24	Dick Koerth	DWP
25	Ray Hauke	Staff - KS Board of Regents
26	Stephen Jordan	KS Bd of Regents - Staff
27	Mike Bohloff	Budget
28		
29		
30		

Tue, Mar 8, 1994



# **KANSAS HEALTHY KIDS CORPORATION**

109 S.W. 9th Street • Suite 410 • Topeka, Kansas 66612-1215 • Telephone (913) 296-7200 • Fax (913) 296-1586

## **REPORT TO GOVERNOR JOAN FINNEY AND THE KANSAS LEGISLATURE**

**Submitted by the Board of Directors of the  
Kansas Healthy Kids Corporation  
February 1, 1994**

The Board of Directors of the Kansas Healthy Kids Corporation is submitting this report to Governor Joan Finney and the Kansas Legislature, as required by KSA 40-4403(b)(11). We approved this report in our meeting held on January 26, 1994.

The Kansas Healthy Kids Corporation (KHKC) was established in 1992 by the Legislature to develop a program which will provide health insurance benefits to uninsured Kansas school aged children and their siblings. In addition, the Corporation is to have children enrolled and be providing services in at least three pilot school districts by July 1, 1994.

Since the Corporation hired a staff of two persons and established an office just 13 months ago, we have accomplished much toward our goal of implementing the pilot projects, including the following steps:

1. Proposed necessary changes to our enabling statute to further the development of the pilot projects, which were approved by the Kansas Legislature in the 1993 session.
2. Issued a report entitled "State Initiatives to Extend Health Insurance Coverage to Children", which reported data on similar children's health insurance programs in 18 states. This report educated board and staff about revenue sources, eligibility criteria, benefits, enrollment, premiums, co-payments, providers, and other factors involved in the operation of health insurance programs for uninsured children.
3. Adopted a work plan for the implementation of the pilot projects.
4. Adopted criteria for the selection of the pilot school districts.
5. Invited all 304 school districts to become a pilot site for the KHKC health insurance program.
6. Chose three pilot school districts of Abilene, Hutchinson and Shawnee Mission.
7. Adopted a health insurance benefit plan.
8. Selected a research consultant and began to develop a research design.
9. Adopted eligibility criteria.



## **Report Submitted By The Kansas Healthy Kids Corporation**

February 1, 1994

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10. Organized a non-profit corporation (Kansas Healthy Kids Services Corporation), including the adoption of articles of incorporation and by-laws, in order to raise private funds.
11. Applied and received tax-exempt status for the non-profit corporation from the Internal Revenue Service.
12. Executed an extensive fundraising campaign, including contacting more than 120 funding sources.
13. Issued a RFP for provider services and collected bids.
14. Coordinated the State's review of the Robert Wood Johnson Foundation grant opportunity to fund school-based health clinics.
15. Coordinated with other agencies providing services to children, including the Corporation for Change, The Caring Program for Children (Kansas and Kansas City area), and the Division of Medical Services in SRS.

We are very proud of our work and the level of dedication and support from the individuals serving on our Board of Directors. We also believe our staff have worked hard to complete the many tasks of developing a new program.

One of our most difficult jobs has been to raise private funding. We have tried to raise a very large sum of money (\$650,000) in just six short months. We now have \$246,171 toward that goal, which includes enough private support to operate the Shawnee Mission pilot project. However, we still need an additional \$400,000 to conduct the other two pilot projects and evaluate the entire program properly.

Although we have written and made personal contact with more than 120 private donors, we found we had significant fundraising limitations. These limitations are:

- A. The prospect of a national health plan. Funders have been reluctant to invest in a program that will be affected by national health reform.
- B. No long-term commitment to continue the program. Funders want to be assured that the State or some other entity will assume the financial responsibility of the health insurance when the pilot projects are over.
- C. Commitments to The Caring Program for Children. Both the Kansas Health Foundation and the United Methodist Health Ministry Fund, which are the two largest health foundations in Kansas, made major commitments to The Caring Program before the KHKC was operational. Some funders expressed concern about having two different programs in Kansas addressing the problem of uninsured children.
- D. Lack of State Medicaid expansion. The State currently has the ability to expand Medicaid coverage to the uninsured children we plan to serve. The Kansas Medicaid eligibility guideline for children over 10 years of age is about 46% of the federal poverty level, which is relatively low. Most states

**Report Submitted By The Kansas Healthy Kids Corporation**

February 1, 1994

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wanting to address the problem of uninsured children are raising their Medicaid income eligibility guideline.

- E. No federal demonstration funds. The Florida Healthy Kids program, upon which our program was modeled, began with a federal Medicaid demonstration grant of \$7 million for a four-year period. Florida, Maine and Michigan received Medicaid demonstration grants for their children's health insurance programs. These competitive grants were made available in 1990 to only three states. Medicaid demonstration waivers are not now available unless the proposals are budget neutral.

Consequently, the Board of Directors of the Kansas Healthy Kids Corporation has met several times to discuss how we should proceed without sufficient resources. We directed our executive director in December to ask the Legislature for the additional \$400,000 to fund the pilot projects. Trix Niernberger, our executive director, requested the funding on December 16, 1993, when she testified before the Joint Committee on Health Care Decisions for the 1990's.

The discussion of the members of the Joint Committee on Health Care Decisions revealed that they are appreciative of our work, but they are not willing to recommend the funding for the pilot projects. In addition, there is general recognition that the Kansas Healthy Kids program was approved prior to the national health reform initiative. Now, with both state and national health reform on the horizon, there is interest in following national direction, rather than creating a state specific program.

In recognition of the current political realities, the Board of Directors of the Kansas Healthy Kids Corporation reluctantly approved the following resolution in our meeting on January 26, 1994:

WHEREAS, The Kansas Healthy Kids Corporation was established by the Kansas Legislature in 1992 to develop a program which will provide health insurance benefits to uninsured Kansas school aged children and their siblings; and

WHEREAS, The Kansas Healthy Kids Corporation is to have children enrolled and be providing services in at least three pilot school districts by July 1, 1994; and

WHEREAS, The majority of the funding for the three pilot projects is to be raised from the private sector; and

WHEREAS, The board of directors of the Kansas Healthy Kids Corporation has executed an extensive fundraising campaign including contacting more than 120 private funding sources; and

**Report Submitted By The Kansas Healthy Kids Corporation**

February 1, 1994

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WHEREAS, The following funding sources and individuals have generously contributed:

- American Medical Security
- Bank IV Charitable Trust
- Blue Cross and Blue Shield of Kansas
- Board of Directors of the Kansas Healthy Kids Corporation
- Central Benefits National Life Insurance Company
- HealthNet
- Humana Health Care Plans of Kansas City
- JC Penney Life Insurance Company
- Kaiser Permanente of Kansas City
- Overland Park Regional Medical Center
- State of Kansas
- The Greater Kansas City Community Foundation & Affiliated Trusts; and

WHEREAS, Approximately \$400,000 of the \$650,000, which is the total cost of the pilot projects, has not been raised; and

WHEREAS, We believe the primary reasons why we will not be able to complete our fundraising goal are the prospect of a national health plan, earlier funding commitments to The Caring Program for Children, and the inability to raise funds for the pilot projects from certain major Kansas foundations that fund health projects in our State: Now, therefore,

*Be it resolved by the Board of Directors of the Kansas Healthy Kids Corporation:*  
We hereby notify our appointing authorities that we believe the statutory mission of the Kansas Healthy Kids Corporation can not be met with current resources, and further, we recommend that the statute creating the Kansas Healthy Kids Corporation be repealed effective July 1, 1994.

We appreciate the opportunity to serve the State of Kansas in this very worthwhile endeavor. We only regret the outcome was not more successful.

**KANSAS HEALTHY KIDS CORPORATION AND  
KANSAS HEALTHY KIDS SERVICES CORPORATION  
BOARD OF DIRECTORS**

**Gary L. Sherrer, *Chairperson***

Senior Vice-President of Governmental &  
Legislative Affairs  
Fourth Financial Corporation  
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**Patricia Hurley, R.N., *Secretary***

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Kansas State Board of Education  
Topeka, Kansas

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Executive Director  
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**Anthony Hensley**

State Senator and Teacher  
Topeka, Kansas

**Billy McCray**

Retired Sedgwick County Commissioner  
Wichita, Kansas

**Carol Sader**

State Representative  
Ranking Minority Member,  
House Committee on Public Health & Welfare  
Prairie Village, Kansas

**Robert Starr, D.D.S., M.A.G.D.**

Private Practice  
Arkansas City, Kansas

**Mary Turkington**

Executive Director  
Kansas Motor Carriers Association  
Topeka, Kansas

**Barbara P. Allen, *Vice-Chairperson***

State Representative  
Vice-Chairperson of Kansas House Committee on  
Financial Institutions and Insurance  
Prairie Village, Kansas

**Michael Keating, *Treasurer***

Agent, Broker, Registered Rep.  
Keating Insurance & Investments  
Marysville, Kansas

**Steven W. Crouch, M.D.**

Pediatrics P.A.  
Topeka, Kansas

**Jeffrey O. Ellis**

Attorney  
Lathrop & Norquist  
Overland Park, Kansas

**Robert Harder, Th.D.**

Secretary  
Kansas Department of Health & Environment  
Topeka, Kansas

**William Jones**

Insurance Consultant  
Olathe, Kansas

**Sandy Praeger**

State Senator  
Chairperson, Senate Committee on  
Public Health & Welfare  
Lawrence, Kansas

**Jane Siebert, R.Ph.**

Director of Pharmacy Operations  
Dillons Stores  
Hutchinson, Kansas

**Ron Todd**

Commissioner  
Kansas Department of Insurance  
Topeka, Kansas

**Donna Whiteman**

Secretary  
Kansas Department of Social and Rehabilitation  
Services  
Topeka, Kansas



DARLENE CORNFIELD

REPRESENTATIVE, 90TH DISTRICT

SEDGWICK COUNTY

7 WEATHERLY COURT

(316) 755-0543

VALLEY CENTER, KANSAS 67147



TOPEKA

HOUSE OF  
REPRESENTATIVES

COMMITTEE ASSIGNMENTS

MEMBER: FEDERAL & STATE AFFAIRS  
FINANCIAL INSTITUTIONS/INSURANCE  
LABOR & INDUSTRY  
JOINT COMMITTEE ON PENSIONS,  
INVESTMENTS AND BENEFITS

STATE CAPITOL 171-W  
TOPEKA, KS 66612-1504  
(913) 296-7682

Testimony House Appropriations  
SB 746

Madam Chairman and Members of the Committee,

Thank you for the opportunity to testify in support of SB 746. I commend the Board of Directors for taking the initiative to dissolve the corporation.

Since the intent of the Corporation was to insure children, I would like to offer an amendment for the Committee's consideration. I would propose that any funds left in this fund would be transferred to the Caring Program for Children which is the program that the Healthy Kids program was patterned after. I believe that since the appropriation was given for this program that it will be proper to give the remaining funds to a program where the money will be spent for its intended use. I ask for your favorable consideration on this amendment.

Thank you.

*Darlene*  
Darlene Cornfield

SENATE BILL No. 746

By Committee on Public Health and Welfare

2-9

8 AN ACT concerning the Kansas healthy kids program act; providing  
9 for the repeal thereof and the ~~transfer of~~ moneys in the healthy  
10 kids trust fund to the ~~state general fund~~ repealing K.S.A. 40-  
11 4401, 40-4402, 40-4403, 40-4404, 40-4405, 40-4406 and 40-4407.

payment of certain

caring program for children

12  
13 Be it enacted by the Legislature of the State of Kansas:

14 Section 1. On the effective date of this act, ~~the director of ac-~~  
15 ~~counts and reports shall transfer all moneys~~ in the healthy kids trust  
16 fund to the ~~state general fund~~. On the effective date of this act, all  
17 liabilities of the healthy kids trust fund are hereby transferred to  
18 and imposed on the state general fund and the healthy kids trust  
19 fund is hereby abolished.

or after

and the transfer  
prescribed by  
subsection (a),

20 Sec. 2. K.S.A. 40-4401, 40-4402, 40-4403, 40-4404, 40-4405, 40-  
21 4406 and 40-4407 are hereby repealed.

after the satisfaction or release of all  
encumbrances of moneys in the healthy kids  
trust fund as of June 30, 1994, the secretary  
of administration shall pay the amount of any  
unencumbered balance

22 Sec. 3. This act shall take effect and be in force from and after  
23 its publication in the statute book.

(a) On the effective date of this act, the director of  
accounts and reports shall transfer the amount equal to the  
amount of any unencumbered balance remaining in the  
healthy kids corporation operations account of the state  
general fund as of June 30, 1994, which was appropriated  
for the Kansas healthy kids corporation for fiscal year 1994,  
from the state general fund to the healthy kids trust fund.

(b)

caring program for children by making such  
payment to the caring fund, in care of the  
United Methodist health ministry fund, P.O. Box  
1384, Hutchinson, KS 67504-1384. On or after  
the effective date of this act, after the  
payment to the caring program for children, as  
provided by this act

ATTACHMENT 2a

ATT 2-9



1133 S.W. Topeka Blvd.  
Topeka, Kansas 66629-0001  
(913) 291-7525 or 1-800-432-3990

## The Caring Program For Children Summary Sheet

*The Caring Program For Children* is a **free** primary and preventive health benefit program for children. Financed through community support, the program relies on provider participation. For an application or more information, call: **1-800-432-0216** (if you live outside Topeka) or **291-7525** (if you live in Topeka).

### The benefits are:

- 12 office visits including:
  - yearly preventive health care checkups and immunizations
  - vision examination
- Outpatient surgery
  - tonsils
  - adenoids
  - hernias
  - ear tubes
- 4 emergency room visits
- Diagnostic lab and x-ray
- Outpatient nervous and mental services
- 4 days of indemnity inpatient hospital non-surgical benefits per contract year
- \$500 physician inpatient benefits

### Eligibility requirements for children are:

- Resident of a county where *The Caring Program For Children* is offered
- Age 18 and under, unmarried
- Gross annual household income at or below income guidelines
  - The 1993 income guidelines are:
    - Two or three members in the household: \$14,000 or less
    - Four members: \$14,800
    - Five members: \$17,280
    - Six members: \$19,760
- No access to or eligibility for federal or state health assistance
- All eligible children within the household must apply
- If school age - must be enrolled in and attending school
- Not currently enrolled under a health care contract

2/94

Brought to you by Blue Cross and Blue Shield of Kansas, the Kansas Hospital Association,  
the Kansas Medical Society and the concerned citizens of your community



ATTACHMENT 3

## **The Caring Program For Children Fact Sheet**

### **Purpose**

*The Caring Program For Children* provides **free** primary and preventive health care insurance for children.

### **Target Population**

There are approximately 20,873 eligible children in the 103 Kansas counties served by this program (Johnson and Wyandotte counties are served by the Missouri Valley Caring Program For Children).

### **Operation**

Eligibility criteria is based on age, residence, marital status and school attendance of the children. The child's parents or guardians must meet an income requirement, and the child cannot be eligible for federal or state health assistance.

Parents must complete a one-page application for all eligible children living in the household. Children who have been approved for the program receive a Blue Cross and Blue Shield of Kansas identification card and a listing of providers who are participating in the program. Participating providers have agreed to reduce their fees for those enrolled in the program.

### **History**

This initiative was created by Blue Cross and Blue Shield of Kansas in cooperation with the Kansas Hospital Association and the Kansas Medical Society. The program began on an experimental basis in Ellis and Shawnee counties in February 1989. Sedgwick County was added in February 1990. Crawford and Saline counties became operational in 1992. The program went statewide in 1993.

### **Funding**

*The Caring Program For Children* is funded by tax-free donations to the Caring Fund. These funds are held by the United Methodist Health Ministry Fund and the Topeka Community Foundation. Businesses, civic and community organizations, churches and individuals sponsor children through their contributions. The cost of the program is \$204 per year for each child.

### **Contributions may be sent to:**

The Caring Fund  
1133 Topeka Blvd.  
Topeka, KS 66629-0001

### **For information call:**

Graham Bailey	291-8846
Carla Deckert	291-8203
Marlou Wegener	291-7246
CG Varble	291-7525

**1-800-432-0216 (outside Topeka)**



# THE CARING PROGRAM FOR CHILDREN

## STATEWIDE ENROLLMENT — MARCH 1994 — 3,584

3 Cheyenne	4 Rawlins	2 Decatur	15 Norton	11 Phillips	7 Smith	6 Jewell	13 Republic	22 Washington	33 Marshall	21 Nemaha	31 Brown	Doniphan 6
6 Sherman	28 Thomas	3 Sheridan	11 Graham	12 Rooks	1 Osborne	13 Mitchell	43 Cloud	29 Clay	30 Pottawatomie	21 Jackson	19 Atchison	26 Jefferson
5 Wallace	11 Logan	2 Gove	1 Trego	38 Ellis	13 Russell	2 Lincoln	13 Ottawa	74 Riley	17 Wabaunsee	272 Shawnee	61 Leavenworth	Wyandotte 88
4 Greeley	8 Wichita	16 Scott	7 Lane	11 Ness	12 Rush	48 Barton	12 Ellsworth	65 Dickinson	55 Geary	103 Douglas	18 Franklin	25 Miami
1 Hamilton	21 Kearny	53 Finney	0 Hodgeman	6 Pawnee	4 Stafford	89 Reno	35 McPherson	18 Marion	11 Morris	35 Lyon	27 Osage	26 Anderson
6 Stanton	23 Grant	9 Haskell	8 Gray	4 Edwards	22 Pratt	28 Kingman	39 Harvey	46 Butler	41 Greenwood	12 Coffey	20 Linn	20 Linn
12 Morton	6 Stevens	13 Seward	0 Meade	3 Clark	8 Comanche	19 Barber	5 Harper	35 Sumner	73 Cowley	16 Elk	70 Allen	58 Bourbon
										2 Chautauqua	58 Wilson	56 Neosho
										141 Montgomery	20 Labette	78 Crawford
											45 Cherokee	

3-3



Statement  
by  
Susan Peterson  
Assistant to the President  
Kansas State University  
SB642

Presented to:  
The Honorable Rochelle Chronister, Chair  
House Appropriations Committee  
March 8, 1994

Kansas State University, Department of Housing is requesting legislative authorization to sell property, known as the Evans Apartments located at 1429 Laramie in Manhattan.

The property was deeded to the University in 1955. The University Endowment Association transferred the property to the Department of Housing in 1967. The Evans Apartments consist of five two-bedroom and fifteen one-bedroom apartments.

The Department of Housing is requesting the authorization to sell the property for two reasons:

- 1) The Department feels the expense to bring the property up to Americans with Disabilities (ADA) standards is not cost effective, and
- 2) The capacity of the property is beyond the needs of the Department.

Property appraisals are not yet available so we can not quote an actual selling price for the property at this time. The proceeds from the sale of the Evans Apartments will be used by the Department of Housing to upgrade other properties and particularly to upgrade and make ADA modifications.



Agency Request/Governor's Recommendation

Senate Committee Adjustments

House Committee Adjustments

**Sec. 2 -- Attorney General**

The Governor recommends a supplemental appropriation of \$271,035 for water litigation with Colorado, as requested by the Attorney General.

The Senate Committee recommends that the supplemental appropriation be reduced from \$271,035 to \$218,378 (a reduction of \$52,657). Because a draft of the Special Master's report was received later than expected, fewer activities will be conducted in FY 1994 than originally estimated. The Committee's recommendation would make \$479,550 available for water litigation in the current year, which is the revised amount requested by the Attorney General.

**Sec. 3 -- Adjutant General**

During the spring and summer of 1993, Kansas experienced severe flooding which resulted in 55 counties being declared Presidential Disaster Areas. The State of Kansas received eligibility for federal funding with a 90 percent federal share and a 10 percent nonfederal match requirement for costs incurred as a result of the flooding. On August 3, the State Finance Council met to transfer \$500,000 from the State Emergency Fund and \$2.5 million from the State General Fund of the Department of Social and Rehabilitation Services to the operating budget of the Adjutant General to allow the agency to meet the demand of individuals seeking financial grant assistance. As a result of this flood assistance, the Governor estimates aid payments at \$66,957,813, of which, \$2,621,875 is from the State General Fund and \$64,335,938 is from federal and other funds.

The Senate Committee recommends that the \$300,000 State General Fund supplemental appropriation be deleted from this bill, pending the receipt of an updated report on expenditures for flood relief. This recommendation is made with the understanding that the issue of supplemental funding for the state matching funds for flood relief will be considered again during the 1994 Legislative Session.

The Governor's recommendation for FY 1994 includes a State General Fund supplemental appropriation of \$300,000 to provide state matching portions and continue the disbursement of the individual and family grants. The Senate Subcommittee which reviewed the budget of the Adjutant General recommended that the \$300,000 of state matching funds be deleted from the 1994 budget, pending the receipt of updated data on expenditures for emergency flood relief. The Senate Subcommittee was advised that, as of February 11,

ATTACHMENT 57

ATT 5

Agency Request/Governor's RecommendationSenate Committee AdjustmentsHouse Committee Adjustments

1994, a total of 3,194 Individual and Family Grant (IFG) applications had been received and a total of \$9,184,659 (\$2,296,165 State General Fund and \$6,888,494 in federal funds) had been expended for the IFG program. The Senate Subcommittee recommended that the House review this item.

**Sec. 4 -- Department of Corrections**

An item is recommended by the Governor as a result of the Sentencing Guidelines Act (1992 S.B. 479): a contingency to cover the costs of reimbursing counties for county jail expenses related to felony nonprison sentences for offenders sentenced to county jails (limited to a maximum sentence of 30 days).

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

The Governor recommends \$375,000 in FY 1995 and \$371,250 in FY 1994 for a contingency relative to offenders sentenced to county jails under the Sentencing Guidelines Act. (The amount recommended for FY 1994 in this bill is the \$375,000 approved by the 1993 Legislature, minus the 1 percent reduction.) The Department of Corrections did not request this funding.

1. Delete the proviso language which authorized the Secretary of Corrections to determine the rate of reimbursement for these expenses, as that language is more restrictive than the statutory provision contained in the Sentencing Guidelines Act.

**Sec. 5 -- Department of Education**

The bill contains an FY 1994 supplemental appropriation of \$75,000 from the State General Fund, which, according to the Governor's Budget Report, is to "finance a study to document a rational basis for a low-enrollment weighting, as required by the (judge's) ruling."

The Senate Committee recommends that this section be deleted from the bill.

**Sec. 6 -- Judicial Branch**

As a result of passage of the Sentencing Guidelines Act (1992 S.B. 479), the 1993 Legislature transferred \$375,000 (SGF) from the Department of Corrections to the Judicial Branch in FY 1994, and made the Judicial Branch responsible for covering the costs of reimbursing counties for county jail expenses related to felony nonprison sentences for offenders sentenced to county

The Senate Committee concurs with the Governor's recommendation to lapse \$371,250 from the State General Fund from the Judicial Branch in FY 1994.

Agency Request/Governor's Recommendation

Senate Committee Adjustments

House Committee Adjustments

jails for the maximum sentence of 30 days. A proviso was added requiring the Secretary of the Department of Corrections to certify postconviction nonprison sanction costs, and that the reimbursement rate be set by the rules of the state Supreme Court. The shift had been recommended in Governor's Budget Amendment No. 2. An Attorney General's opinion issued on August 17, 1993, maintained "that the delegation of rate making authority to the judiciary is unconstitutional under the separation of powers doctrine because it improperly delegates an inherently executive power to the judiciary. Consequently, the appropriation amount of \$375,000 to the judiciary is invalid and will remain in the general fund until the legislature can convene and pass a new appropriations statute." S.B. 556, Sec. 6, lapses the appropriation (\$375,000 minus a 1 percent reduction already made by the 1993 Legislature), while Sec. 4 (above) appropriates the same amount (\$371,250) to the Department of Corrections for FY 1994.

**Sec. 7 -- Department of Wildlife and Parks**

In its September 15, 1993 budget submission, the Department of Wildlife and Parks requested \$1,700,000 in FY 1994 and \$1,000,000 in FY 1995, from the State General Fund, to repair state park facilities damaged by the summer floods. At that time, several park facilities were still under water. Revised damage estimates total \$5,332,542 and include \$3,671,633 for nine state parks, \$1,637,849 for wildlife areas and \$23,060 for state fishing lakes.

The Department also estimates that due to whole or partial closure of many of the state parks, lost receipts to the fee fund will total approximately \$400,000 in FY 1994 and \$400,000 in FY 1995. To offset this loss, the Department requests a transfer from the State General Fund directly into the Parks Fee Fund for each of these years.

The Senate Committee concurs with the recommendation of the Governor with the following adjustment:

1. Delete \$400,000 from the State General Fund. This item should more appropriately be placed in H.B. 2752, the regular FY 1994 supplemental appropriation bill.

Agency Request/Governor's Recommendation

The Governor recommends \$500,000 from the State General Fund in FY 1994 and \$1,000,000 from the State General Fund in FY 1995 for flood repairs. The Governor **does not recommend a direct transfer** of \$400,000 to the Parks Fee Fund to offset projected losses to the fee fund but the Governor did increase State General Fund expenditures for state operations by \$400,000 in FY 1994 and \$400,000 in FY 1995.

Item Sec. -- Kansas Department of Transportation

A net adjustment in expenditures is estimated by KDOT amounting to a reduction of \$2,344,278 in the approved FY 1994 budget (including non-reportable bond expenditures). The estimate for agency operations has been reduced by \$239,708 from the approved expenditure limitation. No change in FTE positions is indicated.

The Governor recommends a net adjustment in expenditures amounting to a reduction of \$3,985,517 in the approved FY 1994 budget (including non-reportable bond expenditures). The estimate for agency operations has been reduced by \$1,919,033 from the approved expenditure limitation. In addition, the Governor recommends reduction of the agency's FTE position limitation by 18.0 positions. No reductions or other changes are recommended in FY 1994 supplemental appropriations bills. However, both funding and FTE staffing which have been lost due to retirements are being withheld by the Budget Division pursuant to K.S.A. 1993 Supp. 75-6801.

Senate Committee Adjustments

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

1. Provide that the approved FY 1994 limitation of 3,308.0 FTE positions is restored, or 18.0 FTE more than recommended by the Governor, in order to add positions lost due to retirements in FY 1994, ratcheting back to the maximum staff level previously authorized by the Legislature for the Comprehensive Highway Program.
2. Add funds in FY 1994 to restore a portion of the salary turnover adjustments made by the Governor in recommending shrinkage rates. For FY 1994, the Committee recommends increasing the agency operations expenditure limitation by \$273,168, which is half of the annualized amount associated with 18.0 FTE positions.

House Committee Adjustments

5-4



Agency Request/Governor's Recommendation

Senate Committee Adjustments

House Committee Adjustments

**New Sec. -- Legislative Coordinating Council**

This section was not in the bill as recommended by the Governor.

The Senate Committee recommends the following:

1. Add \$75,000 (State General Fund) in FY 1994 to finance a study to document a rational basis for school district low-enrollment weighting.

## PROPOSED AMENDMENTS TO SENATE BILL NO. 556

## Be amended:

On page 2, following line 42, by inserting the following section to read as follows:

"Sec. 8.

## STATE TREASURER

(a) There is appropriated for the above agency from the following special revenue funds all moneys now or hereafter lawfully credited to and available in such funds, except that expenditures shall not exceed the following:

Unclaimed property claims fund.....	No limit
Unclaimed property expense fund.....	No limit
Unclaimed mineral proceeds trust fund.....	No limit";

And by renumbering sections accordingly;

On page 1, in the title, in line 15, by striking "and" and inserting in lieu thereof a comma; also in line 15, preceding the semicolon, by inserting "and state treasurer";

## **KANSAS HIGHER EDUCATION APPROPRIATIONS HANDBOOK**

- **Memorandum on Regents Funding Issues**
- **Fiscal Year 1995 Systemwide Summary**
- **Budget Analyses for Individual Regents Institutions and the Board of Regents Office**

**Submitted for the 1994 Kansas Legislature  
Kansas Legislative Research**

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## MEMORANDUM ON REGENTS FUNDING ISSUES

The *Kansas Constitution* charges the Kansas Board of Regents with the control and supervision of public institutions of higher education. The Board is responsible for the following institutions: University of Kansas (including the KU Medical Center); Kansas State University (including KSU Extension Systems and Agriculture Research Programs, KSU Veterinary Medical Center, and KSU Salina, College of Technology); Wichita State University; Emporia State University; Pittsburg State University; and Fort Hays State University. (See attachment 1 -- Selected Demographic Information on Regents Institutions.)

### I. Funding of Higher Education

Traditionally, the Legislature makes many of its decisions regarding financing of higher education on a systemwide basis, applying them to each institution under the jurisdiction of the Kansas Board of Regents. (Refer to the Systemwide Summary for a discussion of the Regents systemwide request and the Governor's systemwide recommendation.) In addition to the Regents systemwide items, there are requests that are unique to a particular campus, primarily requests for program enhancements. Those items which are institution-specific are described in the individual agency analyses. (Refer to the institutional analyses for a detailed description of the institution's request and the Governor's recommendation.) This memorandum provides additional information and discussion about a few select aspects of financing of higher education and the Regents FY 1995 request. They are: student tuition and fees; the Regents "Partnership for Excellence" which proposes to earmark a portion of increased tuition revenues for faculty salary increases; funding mechanisms to address changes in student enrollment (enrollment adjustment and fee release); and the Governor's recommended study of the educational structure in Kansas.

#### Regents Budgeting: A Primer

This section is intended to provide a brief explanation of key concepts used in the budgeting of the Regents institutions.

**Funding Sources.** In Kansas, the term "general use" is central to the discussion of the financing of institutional operating budgets. The term refers to those funds that can be used to provide general financial support for campus operations. General use funds include State General Fund appropriations, General Fees Fund revenues (primarily tuition income), and interest on certain investments. In the current method of funding general use operating expenditures, tuition revenues are budgeted interchangeably with amounts appropriated from the State General Fund and vice-versa. For Kansas State University, general use funds also include federal land grant funds and, for the University of Kansas Medical Center and Kansas State Veterinary Medical Center, revenues from hospital and laboratory operations.

In contrast "restricted use" funds refer to funds that must be used in a manner consistent with the conditions attached to the receipt of the funds. While subject to appropriation by the Legislature, the majority of restricted use funds is treated as "no limit" appropriation accounts, *i.e.*, the institution has the authority to make expenditures from the fund subject to the limitation of available resources and general guidelines set by the Legislature. Examples of restricted use funds include parking fees, student union fees, federal research grants, and income generated by campus revenue producing activities.

The overwhelming consideration given to the Regents budgets by the Board of Regents, the Governor, and the Legislature is directed to the general use portion of the budget. In almost all instances, the Regents request and the recommendations of the Governor and Legislature are reflected only as adjustments to the general use budget. The restricted use budget is not formally updated following its original October 1, submittal by the institution. Under

sent budget review procedures, such updates would be little more than an exercise due to fluctuations in restricted fund receipts and the limited review given to those funds.

Also, the individual Regents institutions benefit from expenditures by affiliated corporations which are not part of the state budget. Affiliated corporations are incorporated entities which are funded solely or primarily by monies other than state funds and whose purpose is to enhance or support the mission or activities of the institution. Affiliated corporations include alumni associations, incorporated student unions, boards of trustees, endowment associations, and athletic corporations.

**Operating Expenditures.** The Regents institutional operating budgets consist of all expenditures, except capital improvements. The universities employ a uniform budget program structure: instruction, academic support, student services, institutional support, research, public service, utilities, scholarships and fellowships, and mandatory transfers. The operating budget request includes increases to ongoing expenditures, known as maintenance or basic budget increases, and new requests, referred to as program enhancements.

**Budgeting Methods.** Kansas uses a combination of budgeting methods in its budget process for the Regents institutions. The major portion of the university budget request, basic budget increases, are budgeted in an incremental fashion. That is, a percentage adjustment is applied to the previous base for the various basic budget components *i.e.*, unclassified salaries, OOE, etc. Formula budgeting is used to recognize increased and decreased enrollments and for some physical plant expenditures related to servicing new buildings. Program enhancements are considered on an individual basis. The Legislature has adopted a policy of funding utility expenditures at actual costs.

## **II. Student Tuition and Fees**

K.S.A. 76-619 grants the Board of Regents authority to set student tuition at the institutions under its control. Although the Legislature has granted this direct authority to the Board, the Legislature reviews tuition rates and revenues. Additionally, the Legislature periodically gives general and at times very specific policy recommendations to the Board concerning tuition.

### **Board of Regents Approved FY 1995 Tuition Increases**

The tuition plan approved by the Kansas Board of Regents for FY 1995, includes several new aspects including a "variable" undergraduate rate increase which is dependent upon the percentage increase in funding from the State General Fund; a change in the divisor used to determine graduate per credit hour tuition rates; and a budget proposal that dedicates a portion of increased tuition revenues to enhance faculty salaries.

**Undergraduate Tuition Increases.** For the first time, the Board approved a "variable rate tuition plan" for undergraduate, resident students. In response to students' concerns that in recent years student tuition increases outpaced increases in State General Fund expenditures, the Regents agreed to a lower increase in resident, undergraduate tuition if State General Fund financing does not increase by 3 percent. As indicated in the table below, if State General Fund financing increases by 3 percent, the Board will increase resident tuition by 9 percent at the research universities and 5 percent at the regional universities. However, if the Legislature does not increase State General Fund appropriations by at least 3 percent for the Regents system for FY 1995, the Board intends to increase resident tuition only by 5 percent at the research universities and 3 percent at the regional universities. The difference between the higher and lower resident, undergraduate tuition rate increase is \$2.5 million. The 13 percent rate increase, approved by the Board, for nonresident, undergraduate students is not effected by the level of funding from the State General Fund.

**FY 1995 Tuition Rates Approved by the Kansas Board of Regents  
Undergraduate**

Institution	Full-time, Per Semester			
	Approved FY 94 Tuition	Approved FY 95 Tuition	FY 95 \$ Incr.	FY 95 % Incr.
<b>If financing from the State General Fund increases by 3 percent:</b>				
KU, KSU, WSU				
Resident	\$ 786	\$ 857	\$ 71	9%
Non-Resident	3,095	3,497	402	13%
ESU, FHSU, PSU				
Resident	\$ 648	\$ 680	\$ 32	5%
Non-Resident	2,215	2,503	288	13%
<b>If financing from the State General Fund does not increase by 3 percent:</b>				
KU, KSU, WSU				
Resident	\$ 786	\$ 825	\$ 39	5%
Non-Resident	3,095	3,497	402	13%
ESU, FHSU, PSU				
Resident	\$ 648	\$ 668	\$ 20	3%
Non-Resident	2,215	2,503	288	13%

**Graduate Tuition Increases.** The Kansas Board of Regents approved changing the structure of graduate student tuition by lowering from 15 to 12 the number of credit hours that is used as a divisor to determine graduate student tuition rates. As the table below indicates this change more closely reflects the current enrollment patterns of graduate students. Only 8.2 percent of graduate students are enrolled in 15 or more student credit hours. 60 percent are enrolled in 6 or fewer student credit hours.

**Enrollment Patterns of Graduate Students  
at Regents Institutions, Fall, 1992**

	KU	KSU	WSU	ESU	PSU	FHSU	Total
6 or fewer SCH	51.7%	56.5%	71.5%	68.2%	71.0%	70.8%	60.3%
7-12 SCH	28.1%	39.4%	24.6%	22.8%	21.4%	22.4%	28.2%
13-14 SCH	4.9%	1.5%	2.1%	3.1%	2.2%	3.3%	3.3%
15 and Over	15.3%	2.6%	1.8%	5.9%	5.4%	3.5%	8.2%



Although the Board recommends no increase in the full-time rate for graduate students (residents and non-residents), by changing the divisor, the per credit hour rate increases by 25 percent as indicated in the table below.

**FY 1995 Tuition Rates Approved by the Kansas Board of Regents  
Graduate Student Rates**

	Full-time Per Semester				
	FY 94	Rate Per Cr. Hour	FY 95	Rate Per Cr. Hour*	% Incr.
<b>KU, KSU, WSU</b>					
Resident	\$ 990	\$ 66	\$ 990	\$ 83	25%
Non-Resident	3,269	218	3,269	273	25%
<b>ESU, FHSU, PSU</b>					
Resident	\$ 811	\$ 54	\$ 811	\$ 68	25%
Non-Resident	2,363	157	2,363	197	25%

\* Change in the structure of graduate student tuition by lowering from 15 (used in FY 1994) to 12 (used in FY 1995) the number of credit hours that is used as a divisor to determine graduate student tuition rates.

Changing the structure of graduate student tuition will impact graduate students differently, depending on the pricing structure in effect at the university a graduate student attends.

The table below illustrates the impact upon individual resident graduate students depending on the pricing structure and the number of student credit hours the student is enrolled in. The same percentage increases would result for nonresident graduate students.

**FY 1995 Tuition Rates Approved by the Kansas Board of Regents**

Cr. Hours Enrolled	KU and KSU		WSU		ESU and PSU		FHSU	
	FY 94	FY 95	FY 94	FY 95	FY 94	FY 95	FY 94	FY 95
3	\$ 198	\$ 249	\$ 198	\$ 249	\$ 162	\$ 204	\$ 162	\$ 204
4	264	332	264	332	216	272	216	272
5	330	415	330	415	270	340	270	340
6	396	498	396	498	324	408	324	408
7	990	990	462	581	811	811	378	476
8	990	990	528	664	811	811	432	544
9	990	990	594	747	811	811	486	612
10	990	990	660	830	811	811	540	680
11	990	990	726	913	811	811	594	748
12	990	990	792	990	811	811	648	811
13	990	990	858	1,079	811	811	702	884
14	990	990	924	1,162	811	811	756	952
15	990	990	990	1,245	811	811	811	1,020

**Note:** Impact upon individuals varies depending upon university pricing structure, as follows:

KU and KSU charge tuition on a per credit hour basis for 6 or fewer SCH and at full-time amount for all enrollment in excess of 6 SCH.

ESU and PSU charge tuition on a per credit hour basis for 6 or fewer SCH and at full-time amount for all enrollment in excess of 6 SCH. Neither institution requests a change for FY 1995.

WSU and FHSU charge tuition on a per credit hour basis for all enrollments of 15 or fewer SCH and at full-time amount for enrollments in excess of 15 SCH.

**Special School Tuition Increases.** The Board sets tuition rates at KUMC, KSU-VMC, and KSU-Salina, College of Technology. Note in the following table the 22.9 percent resident and 31.4 nonresident rate increases at KSU-Salina. This rate increase reflects an additional per credit hour tuition charge of 3.5 percent for residents and 8.5 percent for nonresidents, in addition to the undergraduate tuition rate increase approved by the Board of 9 percent and 13 percent, respectively. The Board intends to increase tuition rates to that of the KSU- Main campus over the next three years.

**FY 1995 Tuition Rates Approved by the Kansas Board of Regents  
Special Schools**

	Fulltime, Per Semester			
	Approved FY 94 Tuition	Approved FY 95 Tuition	FY 95 \$ Incr.	FY 95 % Incr.
<b>KSU-SCT</b>				
Resident	\$ 571	\$ 702	\$ 131	22.9%
Non-Resident	2,067	2,717	650	31.4%
<b>KSU-VMC</b>				
Resident	\$ 1,936	\$ 2,091	\$ 155	8%
Non-Resident	6,327	7,150	823	13%
<b>KUMC-School of Medicine</b>				
Resident	\$ 3,815	\$ 4,120	\$ 305	8%
Non-Resident	8,583	9,699	1,116	13%

**Earmarking of Tuition Revenues.** The Regents "Partnership for Excellence," a three-year plan, proposes to earmark a portion of increased tuition revenues to increase faculty salaries. The plan would increase tuition to a level comparable to that of the peer institutions and use a portion of the tuition increase to increase faculty salaries to the peer average. In FY 1993 Regents faculty were paid 89.6 percent of the average paid at the peer institutions. (See Attachment No. 2 which compares funding for Kansas institutions to the peers.) Based on national surveys of tuition and fees for FY 1994, students attending Regents institutions continue to pay less tuition and fees than students attending peer institutions. (See Attachment No. 3 which compares undergraduate tuition and fees at Regents institutions to the average of the peers and Attachment No. 4 which lists undergraduate and graduate tuition and required fees for FY 1994 and FY 1995 at the peer institutions.)

According to the Regents plan, during FY 1995 additional tuition revenue of \$15 million would be raised, of which \$5.7 million would be devoted to the base budget increases and \$9.3 million would be devoted to faculty salary increases. (See the following table which lists the Regents priorities.) Although the "Partnership for Excellence" is a three-year plan, the Regents state that "projecting tuition increases for FY 1996 and FY 1997 is more difficult, since tuition, enrollments, and faculty salaries change annually in Kansas and at the peers. The plan envisions that the latest tuition and salary information would be utilized to develop tuition and salary allocations in FY 1996 and FY 1997."

The Governor concurs with the earmarking of tuition funds. The Governor recommends a total of \$11.1 million to improve salaries of teaching faculty, of which \$9.3 million is from tuition receipts and \$1.8 million is from the State General Fund. The Governor's recommendation is an increase of \$1.8 million over the Regents request.

**REGENTS PRIORITIES FOR FY 1995**  
(In Millions)

	State General Fund	Tuition Funds	Other Funds	Total General Use
<u>FY 1995 Budget Increases Request</u>				
1. Basic Budget Increases				
a. 3% Increase to Salaries and OOE	\$12.2	\$ 5.7	\$ 1.0	\$18.9
b. Financing Shifts	0.9		(0.9)	0.0
c. Enrollment Adjustment	1.4			1.4
2. Salary Enhancement Program				
a. Peer Related Faculty Salary Increases	0.0	9.3		9.3
b. Recruitment of Minority Graduate Assistants	1.3			1.3
c. Regents' Supplemental Grant Program (Student Financial Assistance)	2.3			2.3
d. Unclassified Retirement -- 0.5% Increase	1.4			1.4
3. Operating Costs of New Buildings	1.9			1.9
4. University Library Enhancement	3.5			3.5
5. Health Care Education Enhancements	4.3			4.3
6. Specific Improvements to University Programs	1.5			1.6
<b>TOTAL INCREASE Request -- FY 1995 Budget</b>	<b>\$ 30.7</b>	<b>\$ 15.0</b>	<b>\$ 0.1</b>	<b>\$ 45.8</b>

**GOVERNOR'S RECOMMENDATION ON REGENTS PRIORITIES FOR FY 1995**  
(In Millions)

	State General Fund	Tuition Funds	Other Funds	Total General Use
<u>FY 1995 Budget Increases Request</u>				
1. Basic Budget Increases				
a. Increase to Salaries OOE	\$8.9	\$ 5.4	\$ 0.6	\$14.9
b. Financing Shifts	2.5	--	(2.5)	0.0
c. Enrollment Adjustment	1.4	--	--	1.4
2. Salary Enhancement Program				
a. Peer Related Faculty Salary Increases	1.8	9.3	--	11.1
b. Recruitment of Minority Graduate Assistants	0.0	--	--	0.0
c. Regents' Supplemental Grant Program	2.3	--	--	2.3
d. Unclassified Retirement -- 0.5% Increase	0.0	--	--	0.0
3. Operating Costs of New Buildings	2.1	--	--	2.1
4. University Library Enhancement	0.0	--	--	0.0
5. Health Care Education Enhancements	1.8	--	--	1.8
6. Specific Improvements to University Programs	0.4	--	--	0.4
<b>TOTAL INCREASE Request -- FY 1995 Budget</b>	<b>\$ 21.2</b>	<b>\$ 14.7</b>	<b>\$ (1.9)</b>	<b>\$ 34.0</b>

Source: Kansas Board of Regents

To earmark a substantial portion of increased tuition revenues would be a fundamental change in the financing of the operating budgets of the Regents institutions. In current practice, tuition receipts are credited to the General Fees Fund of the university where the tuition is collected. The Legislature appropriates the General Fees Fund for each university and sets an expenditure limitation on the Fund. Tuition receipts are considered general use money, and are generally budgeted interchangeably with amounts appropriated from the State General Fund.

There has been legislative interest in finding an alternative method of funding the general use budgets of the Regents institutions. During the 1993 Legislative Session, the House passed House Substitute for H.B. 2533 which would have done the following:

- established a funding base upon which subsequent financing from the State General Fund for the next three fiscal years would be based;
- included a multi-year appropriation which provided an annual 2.0 percent increase in the appropriation from the State General Fund (excluding utilities, servicing new buildings and classified salary step movement and longevity bonuses; and
- provided that revenues from tuition would be retained at the institutional level, except for 20 percent of the increase which would be allocated to the Board of Regents for a Regents Faculty Salary Enhancement Fund.

## Legislative Tuition Policy

**Fee Cost Ratio.** The Legislature typically reviews the percentage the actual tuition receipts have represented of total educational costs. With regard to this review, it appears that the only official legislative recommendation, issued in 1966, stated that resident and nonresident tuition should be fixed at a level so that basic tuition income provides, on the average, 25 percent of the cost of the general education program. (The general education program is composed of general use expenditures for education, institutional support, and physical plant.) As indicated in the table below, for FY 1994 the ratio of tuition revenues to education costs systemwide is 33.5 percent. Further analysis indicates that the ratio of tuition revenues to education cost for residents is 23.8 percent and 68.7 percent for nonresidents.

**Ratio of Gross Tuition Revenues to Educational Costs**

	FY 1984	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995
<u>Institution</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Estimate*</u>	<u>Request*</u>
KU	27.4%	33.0%	34.9%	37.6%	39.3%	40.3%	41.8%
KSU	25.0	27.4	28.8	31.2	31.9	31.9	32.8
WSU	26.2	25.7	26.3	27.8	29.9	30.6	31.7
(Average Research)	26.4	29.6	31.1	33.4	34.9	35.5	36.7
ESU	17.2	21.3	22.1	24.2	25.1	25.3	25.3
PSU	18.5	23.1	23.0	26.4	29.8	29.9	29.7
FHSU	17.6	18.9	20.0	22.6	24.5	24.0	24.1
(Average Regional)	17.8	21.2	21.8	24.5	26.6	26.5	26.5
Systemwide	24.5	27.8	29.1	31.5	33.1	33.5	34.5

\* Based on Fall 1993 fee estimates and enrollments.

**Resident and Non-Resident Ratios  
FY 1991 FY 1994\***

	FY 1991		FY 1992		FY 1993		FY 1994	
	<u>Resident</u>	<u>Nonresident</u>	<u>Resident</u>	<u>Nonresident</u>	<u>Resident</u>	<u>Nonresident</u>	<u>Resident</u>	<u>Nonresident</u>
KU, KSU, WSU	22.5%	56.2%	23.0%	64.4%	24.6%	66.1%	24.5%	68.4%
ESU, PSU, FHSU	17.9	56.3	20.1	52.3	21.4	64.4	21.6	72.0
Systemwide	21.4	56.3	22.2	63.1	23.8	65.9	23.8	68.7

\* Based on Fall 1993 fee estimates and enrollments.

SOURCE: Kansas Board of Regents

The ratio of tuition to general use education and physical plant expenditures is illustrated in the next table.

**Ratio of Posted Tuition to General Use  
Education and Physical Plant  
Expenditures Per Semester  
FY 1993**

	<u>KU</u>	<u>KSU</u>	<u>WSU</u>	<u>ESU</u>	<u>PSU</u>	<u>FHSU</u>	<u>FY 93 System</u>	<u>FY 92 System</u>
Lower Div. Residents	33.8	36.9	28.4	26.3	28.5	24.2	32.9	30.7
Lower Div. Non-Resident	130.6	142.5	109.8	88.1	95.7	81.2	127.1	116.1
Upper Div. Residents	21.6	25.0	21.1	21.3	20.6	19.1	23.0	22.1
Upper Div. Non-Resident	83.7	96.7	81.4	71.3	69.3	64.0	88.9	83.4
All Resident Undergrad.	27.1	30.0	24.7	23.8	24.5	21.5	27.6	26.2
Non-Resident Undergrad.	104.9	115.8	95.6	79.7	82.3	72.2	106.5	98.8
Graduate 1 Resident	34.0	27.5	32.6	35.5	33.6	34.1	33.8	31.9
Graduate 1 Non-Resident	112.2	90.9	107.8	103.4	98.0	99.3	111.6	102.9
Graduate 2 Resident	14.9	12.8	12.0	--	--	--	13.9	12.4
Graduate 2 Non-Resident	49.2	42.2	39.7	--	--	--	45.8	40.1
All Resident Graduate	27.5	22.0	30.5	35.5	33.6	34.1	28.4	26.5
All Non-Resident Graduate	90.9	72.5	100.6	103.4	98.0	99.3	93.9	85.5

Source: Kansas Board of Regents.

**General Fees Fund Estimates.** Generally, the Legislature reviews the General Fees Fund estimates for the current year and the budget year based on Fall enrollment data and revisits the availability of tuition revenues to finance the operating budget again when Spring enrollment data are available. To avoid shortfalls in university operating budgets, the Legislature has been relatively consistent in appropriating supplemental funding from the State General Fund when tuition collections have fallen below estimates. For FY 1995, the Regents request a State General Fund supplemental appropriation of \$1,904,833 (KSU -- \$1,196,858 and KU -- \$707,975). The requested increase in financing from the State General Fund and decrease in financing from the General Fees Fund (tuition) is necessary to fund the operating budgets approved by the 1993 Legislature. (There is no increase in expenditures.) Conversely, tuition revenues in excess of the amount necessary to fund the approved budget are generally carried over to finance the FY 1995 budget, except in the case of revenues that could be considered for expenditure under the fee release funding mechanism.

**Tuition Waivers.** Under current policy, graduate teaching assistants receive a 100 percent tuition waiver. The institutions show the waivers as a reduction in revenue and report this on the general fee estimates submitted in the Fall and Spring. As indicated in the table below, which shows a combination of all of the institutions' General Fees Funds, waivers for GTAs in FY 1995 under the Governor's recommendation total \$3.3 million.

General Fees Fund Based on Fall Estimates					
	Actual FY 93	Agency Est. FY 94	Governor's Rec. FY 94	Agency Req. FY 95	Governor's Rec. FY 95
Beginning Balance	\$ 2,465,180	\$ 3,799,432	\$ 3,799,432	\$ 1,351,323	\$ 1,918,777
Receipts:					
Tuition	143,148,442	152,639,581	152,734,413	169,271,014	168,985,030
Other Revenues	2,102,986	2,309,042	2,307,042	2,349,320	2,347,320
Less: Tuition Waivers					
GTA	2,581,506	2,853,200	2,853,200	3,338,304	3,336,360
Other	189,609	215,643	215,643	232,560	232,560
Subtotal Waivers	<u>2,771,115</u>	<u>3,068,843</u>	<u>3,068,843</u>	<u>3,570,864</u>	<u>3,568,920</u>
Total Available	\$ 144,945,493	\$ 155,679,212	\$ 155,772,044	\$ 169,400,793	\$ 169,682,207
Less:					
Transfers to Student Loans	399,615	796,833	798,777	992,333	955,684
Other Reductions	746,843	695,947	705,730	776,432	776,412
Expenditures	139,999,603	152,835,109	152,348,760	166,523,566	167,036,039
Ending Balance	3,799,432	1,351,323	1,918,777	1,108,462	914,072
Expenditure Limitation	\$ 140,149,119	\$ 153,819,615	\$ 152,348,760	\$ 166,432,578	\$ 167,036,039

**Midwest Student Exchange Program.** Kansas belongs to the Midwest Higher Education Commission. The Commission has developed a student exchange program. Kansas, Michigan, Minnesota, Missouri, and Nebraska have signed the student exchange agreement that allows reciprocity at the associate, baccalaureate, and graduate levels at regular in-state tuition rates, plus 50 percent. Under the agreement, it is up to the individual institutions in each participating state to decide which programs would be made available to students from other participating states and to admit or deny admission at their discretion. At this writing the Regents do not have an estimate of the impact of tuition reductions on the institutions' general fees funds, but the institutions will report this figure in the Spring tuition estimates. Kansas private colleges and Washburn University have chosen not to participate.

### III. "Partnership for Excellence" -- Unclassified Salary Increases

The Board of Regents requested a 3.0 percent increase to the unclassified salary base and the Governor recommends a 2.5 percent increase, consistent with that approved for all state agencies.

**Institutional Unclassified Salary Policies.** Institutions may distribute salary increases in varying percentages rather than on a uniform percentage basis. This procedure permits the use of merit as a criterion for determining unclassified salary increases and provides flexibility for the recruiting and retention of unclassified personnel. The following table displays the distribution of unclassified salary increases for FY 1994.

**Summary of Budgeted Salary Increases for Full-Time Continuing Unclassified Persons\***  
**FY 1994 Over FY 1993**

% of Salary Increase Over Previous Year	Number of Full-Time Continuing Persons									
	KU	KUMC	KSU	KSU-SCT	KSUVMC	WSU	ESU	PSU	FHSU	SYSTEM
0	19	93	17	2	1	8	0	0	6	146
.1 to 2.99	1,308	910	911	34	71	317	227	247	229	4,254
3.0 to 4.99	131	172	209	1	12	259	41	51	31	907
5.0 to 6.99	26	49	69	3	3	43	17	19	7	236
7.0 to 8.99	45	13	43	1	3	10	11	6	2	134
9.0 to 11.99	22	14	19	0	1	6	4	2	0	68
12.0 to 14.99	4	0	11	0	1	5	0	0	0	21
15.0 to 19.99	7	4	4	1	0	8	1	0	2	27
20.0 and Over	2	5	0	0	0	4	0	0	2	13
Total No. of Persons	1,564	1,260	1,283	42	92	660	301	325	279	5,806
Avg. Dollar Increase	\$1,186	\$1,032	\$1,388	\$1,003	\$1,687	\$1,364	\$1,069	\$1,212	\$914	\$1,206
Avg. Percent Increase	2.68%	2.64%	3.06%	2.83%	2.88%	3.49%	2.87%	3.03%	2.30%	2.86%

\* Includes all full-time, continuing unclassified faculty and nonfaculty personnel; excludes health care workers at KUMC.

Source: Kansas Board of Regents



The table below shows unclassified salary increases in relation to the Consumer Price Index for all Urban Consumers. During most of the 20 years, the same percentage of unclassified increase has been authorized for the universities. A major exception to this has been Fort Hays State University where a differential was authorized for five years to finance salary upgrades. In addition, for the two years of the Margin of Excellence (1989 and 1990), unclassified salary increases were based on the universities' relationship to their peers.

**Percent Increases Authorized for Unclassified Salary Adjustments**

Fiscal Year	KU	KSU	WSU	ESU	FHSU	PSU	CPI-U
1974	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	8.9%
1975	10.0	11.0	10.0	11.0	11.0	11.0	11.1
1976	10.0	10.0	10.0	10.0	10.0	10.0	7.1
1977	8.0	8.0	8.0	8.0	9.0	8.0	5.8
1978	6.0	6.0	6.0	6.0	7.0	6.0	6.7
1979	7.0	7.0	7.0	7.0	7.0	7.0	9.4
1980	6.5	6.5	6.5	6.5	6.5	6.5	13.3
1981	9.0	9.0	9.0	9.0	9.0	9.0	11.6
1982	7.0	7.0	7.0	7.0	9.0	7.0	8.6
1983	7.5	7.5	7.5	7.5	10.2	7.5	4.3
1984	4.5	4.5	4.5	4.5	4.5	4.5	3.7
1985	7.0	7.0	7.0	7.0	7.0	7.0	3.9
1986	5.0	5.0	5.0	5.0	5.0	5.0	2.9
1987	2.5	2.5	2.5	2.5	2.5	2.5	2.2
1988	3.0	3.0	3.0	3.0	3.0	3.0	4.1
1989	7.3	7.4	7.4	7.2	9.2	8.1	4.6
1990	7.5	7.7	8.7	7.5	10.5	8.3	4.8
1991	2.0	2.3	2.0	2.8	2.3	2.4	5.4
1992	2.5	2.5	2.5	2.5	2.5	2.5	3.2
1993	3.0	3.0	3.0	3.0	3.0	3.0	3.1
1994	2.25	2.25	2.25	2.25	2.25	2.25	N/A

**Notes:**

1. The percentages listed above for FY 1983 exclude allocation of a \$900,000 special appropriation salary enrichment, which equated systemwide to an approximate 0.7 percent base increase. Further the authorized increase for FY 1984 and FY 1989 is the annualized percent increase rather than the increase in expenditures, 2.25 percent and 1.5 percent, respectively.
2. CPI-U – Consumer Price Index for All Urban Consumers (U.S. City Average) – the percentage displayed for this measure represent the percent change in the 12-month average index from one fiscal year to the next.

Institutions have flexibility in the allocation of salary increases. Typically, the actual average increase exceeds the percentages appropriated (as demonstrated in the next table). This occurs, in part, because the universities may use savings from personnel turnover that can be used to supplement appropriated increases to the salary bases. The following table reflects the degree to which this has actually occurred between FY 1974 and FY 1994. It lists average percent increases in those years and compares the increase to the inflation indicator. The table reflects the fact that often the actual salary increases have exceeded the base increases appropriated.

**Average Percent Increase for Full-Time  
Continuing Unclassified Staff**

Fiscal Year	KU	KSU	WSU	ESU	FHSU	PSU	CPI-U
1974	6.4%	6.4%	6.4%	6.0%	5.6%	5.9%	8.9%
1975	10.5	11.2	10.3	11.4	10.9	11.3	11.1
1976	10.5	10.2	9.1	10.4	11.0	10.0	7.1
1977	8.5	8.2	7.9	8.0	10.4	8.3	5.8
1978	6.4	6.3	6.0	6.0	7.7	6.1	6.7
1979	7.4	7.4	7.3	7.1	8.0	7.3	9.4
1980	6.9	6.8	6.7	6.5	6.7	6.9	13.3
1981	9.6	9.5	9.5	10.2	8.8	9.0	11.6
1982	8.0	7.7	7.6	7.8	9.0	7.5	8.6
1983	8.9	9.1	8.5	8.7	10.8	8.3	4.3
1984	4.6	5.0	5.0	4.9	5.1	4.5	3.7
1985	7.5	7.2	8.5	7.2	7.2	7.9	3.9
1986	5.6	5.3	5.3	5.1	5.4	5.9	2.9
1987	3.3	2.8	2.9	2.5	3.2	3.1	2.2
1988	1.6	1.6	1.9	1.7	1.6	2.5	4.1
1989	8.7	8.1	7.7	7.6	9.4	9.1	4.6
1990	8.4	9.6	8.2	8.1	10.2	9.0	4.8
1991	3.0	3.3	2.8	2.9	2.3	3.6	5.4
1992	2.6	2.7	2.9	2.5	2.7	2.5	3.2
1993	4.1	3.8	3.3	4.2	3.3	3.3	3.1
1994	2.7	3.1	3.5	2.9	2.3	3.0	N/A

**Budgetary Shifting Between Salaries and OOE.** As a result of legislative concerns regarding shifting of expenditures that were budgeted for salaries to other operating expenditures, particularly over a period when the institutions were shifting significantly large sums on a consistent basis, the Board of Regents adopted the following policy:

During any year in which general use expenditures for either salaries or other operating expenditures deviate from the budget for that purpose by more than 0.5 percent of the institution's total general use operating budget the institution shall: (1) adjust the appropriate budgetary bases requested for the succeeding fiscal year by not less than the amount by which the deviation exceeds 0.5 percent of the operating budget; or (2) obtain Board approval for an exception to the adjustment specified in item No. 1. Requests for exception to the adjustment shall be accompanied by a description of reason for the budgetary deviation and why such deviation is not likely to occur during the succeeding years.

Attachment No. 5 is the Regents report that summarizes the budgetary shifting in FY 1993.

**Ranked Faculty Salaries.** Of the 9,589.4 FTE unclassified positions in the Regents System in FY 1993, 4,182.6 were considered ranked faculty (43.6 percent of the total). The table below displays the average faculty salary by rank for each institution. The average faculty salary at each rank is higher at the larger institutions than at the smaller institutions. One factor that impacts the average is the number of faculty at each rank.

**Average Faculty Salaries by Academic Rank**  
**Combined 9 and 12-Month Appointments – FY 1993**  
**(With 12-Month Salaries Converted to 9-Month Salaries)**  
**Instructional, Research, and Public Service Faculty**

	<u>KU</u>	<u>KSU</u>	<u>KSU-SCT</u>	<u>KSUVMC</u>	<u>WSU</u>	<u>ESU</u>	<u>PSU</u>	<u>FHSU</u>	<u>SYSTEM</u>
Professors	476	399	12	29	101	67	104	84	1,272
Average Salary	\$57,938	\$53,697	\$40,885	\$62,621	\$55,528	\$43,525	\$45,211	\$44,637	\$53,684
Assoc. Prof.	297	305	10	19	154	67	76	56	984
Average Salary	\$42,198	\$41,216	\$36,360	\$49,114	\$41,729	\$39,040	\$38,110	\$37,761	\$41,111
Assist. Prof.	204	302	8	35	188	78	70	71	956
Average Salary	\$36,694	\$35,961	\$39,143	\$43,066	\$36,101	\$33,026	\$33,108	\$32,529	\$35,728
Instructors	6	71	7	5	24	26	4	21	164
Average Salary	\$26,572	\$28,996	\$30,522	\$28,062	\$23,939	\$23,676	\$26,720	\$27,588	\$27,125
Total All Ranks	983	1,077	37	88	467	238	254	232	3,376
Average Salary	\$48,582	\$43,561	\$37,325	\$49,964	\$41,533	\$36,653	\$39,460	\$37,729	\$43,645

Source: Kansas Board of Regents.

In addition to the 3.0 percent salary increase for unclassified positions, the Board proposes a merit pool of \$9.3 million for ranked faculty and "those directly involved in the instructional experience."

The Governor recommends \$11.1 million for the merit pool, of which \$9.3 million is from tuition receipts and \$1.8 million is from the State General Fund "to improve salaries of teaching faculty." The Governor's recommendation is an increase of \$1.8 million over the Board's proposal.

<b>Faculty Salary Enhancement – Regents Request</b>							
<u>Institution</u>	<u>Estimated Faculty Base</u>	<u>Regents Request</u>			<u>Governor's Recommendation</u>		
		<u>Allocation</u>	<u>Partnership Increase</u>	<u>Total Increase*</u>	<u>Allocation</u>	<u>Partnership Increase</u>	<u>Total Increase**</u>
KU	\$ 54,815,728	\$ 3,151,000	5.7%	8.7%	\$ 3,740,977	6.8%	9.3%
KUMC-Education	38,894,035	433,560	1.1	4.1	514,738	1.3	3.8
KSU	41,797,131	1,656,000	4.0	7.0	1,966,061	4.7	7.2
KSU-ESARP	20,888,923	798,000	3.8	6.8	947,413	4.5	7.0
KSU-Salina	1,687,745	184,000	10.9	13.9	218,451	12.9	15.4
KSU-Vet.Med.	6,294,605	200,000	3.2	6.2	237,447	3.8	6.3
WSU	23,236,023	1,880,000	8.1	11.1	2,232,002	9.6	12.1
ESU	10,663,164	221,000	2.1	5.1	262,379	2.5	5.0
FHSU	10,264,626	411,000	4.0	7.0	487,954	4.8	7.3
PSU	13,058,370	391,000	3.0	6.0	464,209	3.6	6.1
<b>TOTAL</b>	<b>\$221,600,350</b>	<b>\$ 9,325,560</b>	<b>4.2%</b>	<b>7.2%</b>	<b>\$ 11,071,631</b>	<b>5.0%</b>	<b>7.5%</b>

\* Includes 3.0 percent basic unclassified salary increase.  
\*\* Includes 2.5 percent basic unclassified salary increase.

#### IV. Changes in Enrollments

The table below reflects two computations of enrollment that are typically made and used in discussions of higher education. Headcount enrollment is simply an unduplicated count of the number of students enrolled at a particular time. Full-time equivalent enrollment is derived from the number of student credit hours in which students

be enrolled dividing by 15 for undergraduate hours, 9 for graduate credit hours, and 12 for professional school credit hours.

Enrollment -- Regents System				
Fall Semester	Headcount	% Change	FTE	% Change
1982	80,779		65,564	
1983	79,147	(2.0)%	64,018	(2.4)%
1984	78,310	(1.1)	62,952	(1.7)
1985	78,638	0.4	62,606	(0.5)
1986	79,567	1.2	63,300	1.1
1987	80,371	1.0	64,420	1.8
1988	82,085	2.1	65,770	2.1
1989	83,956	2.3	67,808	3.1
1990	84,884	1.1	68,693	1.3
1991	84,235	(0.8)	68,863	0.2
1992	83,630	(0.7)	68,763	(0.1)
1993	79,819	(4.6)	67,612	(1.7)

One of the most commonly used predictors of enrollment trends is high school graduation rates. The number of traditional college-age Kansas high school graduates is projected to increase by 19 percent between 1991 and 2000 (Western Interstate Compact for Higher Education).

## Recognition of Enrollment Changes

Adjustment of budgets, based upon changes in enrollment, has been a feature of Kansas institutional budgeting for many years. Kansas has two very different mechanisms to recognize these changes: enrollment adjustments and fee release.

Enrollment adjustments are permanent adjustments (increases or decreases) to institutional base budgets, designed to reflect the impact of change in students. The concept of an enrollment adjustment is predicated on the assumption that increases or decreases in students impact the cost of operating an institution and that the institution's base budget should reflect the number of students in attendance.

Fee releases are one-time budgetary increases during the fiscal year in which the increased students occurred, designed to reflect the change in student headcount during the fiscal year in which the increased student numbers occurred. The concept of a fee release is that increased student numbers have an immediate impact upon institutional costs, during the fiscal year in which the increased students occurred.

**Enrollment Adjustments.** During the 1970s the Legislature used a staffing ratio approach to enrollment adjustments that added or deleted resources based on a ratio of full-time equivalent students to staff. The 1981 Legislature dramatically changed its approach and adopted a new enrollment adjustment formula concept with a rather complex methodology that was based on actual data from each institution including student credit hour data by discipline, student headcount, and detailed cost reports. A key feature of the enrollment adjustment is evaluation of each institution, based upon its own costs and changes in enrollment. The enrollment adjustment is based upon actual changes in enrollment related to the actual cost of programs in which the enrollment was generated. Another key feature of the enrollment adjustment methodology was the application of "the corridor." The corridor acts as a buffer to adjustments. The underlying concept of the corridor is that an institution should not be significantly impacted by relatively minor changes in enrollment. Conversely, larger changes in enrollment should be accompanied by some adjustment to the

get. Adjustments were made to the procedure by the 1987 and 1992 Legislatures. In terms of the Legislature's appropriating additional funding to recognize positive enrollment adjustments, the formula was fully funded from FY 1982 through FY 1990. However, in recent years, there has been considerable inconsistency particularly when the Legislature was faced with substantial requests and constrained resources.

## **Modifications to the Enrollment Adjustment Procedure**

The Kansas Board of Regents adopted several significant changes to the enrollment adjustment mechanism recommended by their Task Force on Budget Development beginning in FY 1995. (See Attachment No. 6 which is the Board of Regents document which outlines the changes and the rationale for the proposed modifications.) In summary, the changes would:

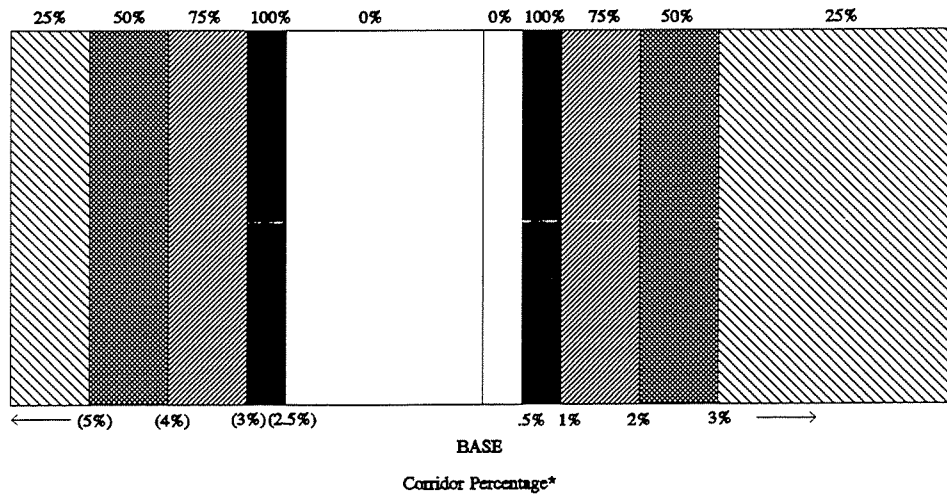
1. reduce the time lag by measuring enrollment changes on a calendar year basis instead of a fiscal year basis;
2. simplify the methodology used to calculate the funding rate per credit hour by abandoning the calculation based on instructional costs by discipline and by level of instruction in favor of a less complicated methodology based on cost by level of instruction only;
3. restructure the corridors to allow a funding increase for a smaller growth in enrollment, and, in general, to permit a greater decline in enrollment at a lesser rate of reduction in funds.

Attachment No. 7 displays the FY 1995 enrollment adjustment calculations for each institution.

The "corridor" was originally established to address the issue of marginal costs. In theory, as enrollment increases, universities should be able to absorb some of the increase. The marginal cost for each new student is lower than the average cost per student. Conversely, as enrollment decreases, the marginal savings resulting from each lost student would be less than the average cost per student. The following graphic illustrates the impact of changing the corridors used to calculate the funding rate per credit hour by abandoning the calculations based on instructional costs by discipline and by level of institution in favor of a simpler methodology based on cost by level of instruction.

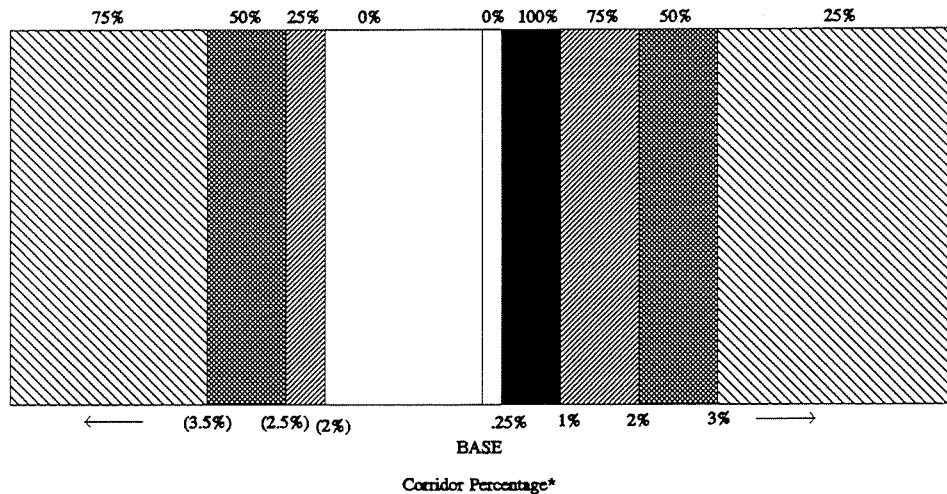
# **IMPACT OF THE REGENTS RECOMMENDATION TO CHANGE THE CORRIDORS FOR THE ENROLLMENT ADJUSTMENT MECHANISM**

## **(OLD CORRIDORS)**



\* Increase or decrease in General Use Educational and Physical Plant Budget resulting from change in student credit hour enrollments.

## **(NEW CORRIDORS)**



\* Increase or decrease in General Use Educational and Physical Plant Budget resulting from change in student credit hour enrollments.

Although this year the enrollment adjustment request of \$1.4 million is relatively insignificant compared to the overall request of \$45.8 million, the policy set by the Legislature may impact planning on the campuses, particularly in light of projected increased enrollments. For example, this text was taken from the KU budget:

"Since 1988, the University of Kansas has worked to maintain current enrollment levels. From 1988 to date, the University believes it has been moderately successful at this goal, having had enrollment growth from 26,020 in 1988 to 26,465 in 1992, an increase of 445 students. The University has adopted a stable enrollment strategy because the funding formula for the Regents institutions does not fully fund growth and we believe that unfunded growth will dilute the quality of the institution. KU's plan for the future is to maintain or improve the ratio between resources and enrollment. This strategy implies either maintaining the current enrollment level, in so far as admissions policy will permit, or increasing enrollment if the funding formula for the institution permits resources to grow as student populations increase."

## Fee Release

Increased enrollment for purpose of fee release is the difference between actual fall headcount enrollment and the enrollment of the previous fall. The use of actual enrollment figures avoids the double financing which would occur if an institution experienced an enrollment increase having originally projected a decrease. It should be noted that fee releases are not permanent additions to the universities' base budgets. Fee releases were commonly approved by the Legislature during the late 1970s. No fee releases were approved between FY 1982 and FY 1986. Beginning in FY 1987, the Legislature has released 75 percent of the additional unanticipated general fees to the institutions to meet expenses associated with additional students. Only that portion of increased receipts resulting from increased students is released. No portion of increased receipts resulting from a higher than estimated collection per student is released.

As the unanticipated students paid fees, unanticipated general fees fund moneys are available. Consequently, some portion of those fees can be released to the institutions for expenditure or the additional revenues can be used to finance the budget. The next table isolates the fall enrollment changes at the institutions and illustrates the calculation of the fee release request at ESU, FHSU, and PSU:

FALL ENROLLMENT CHANGES

Institution	Headcount			FTE			Student Credit Hours		
	Fall 92	Fall 93	Difference	Fall 92	Fall 93	Difference	Fall 92	Fall 93	Difference
KU	26,465	26,127	(338)	23,926	23,586	(340)	324,911	319,789	(5,122)
KSU	20,089	19,695	(394)	17,791	17,508	(283)	252,270	247,853	(4,417)
KSU-Salina	773	725	(48)	501	514	13	7,521	7,715	194
WSU	15,120	14,892	(228)	10,577	10,411	(166)	143,785	140,909	(2,876)
ESU	6,006	6,090	84	5,122	5,221	99	70,893	72,161	1,268
FHSU	5,603	5,701	98	4,628	4,618	(10)	64,744	64,143	(601)
PSU	6,516	6,589	73	5,629	5,754	125	78,852	80,714	1,862
TOTAL	80,572	79,819	(753)	68,174	67,612	(562)	942,976	933,284	(9,692)

Note: Changes in enrollment at KUMC and KSU-VMC not included.

# FY 1995 FEE RELEASE REQUEST

<u>Institution</u>	<u>Increase in Headcount</u>	<u>Average Budgeted Fee</u>	=	<u>Increase Collections Caused by Enrollment*</u>	<u>100% Fee Release (2 Sems.)</u>	<u>75 % Fee Release</u>
ESU	64*	\$ 569.75		\$36,464	\$ 72,928	\$ 54,696
FHSU	98	576.00		56,448	112,896	84,672
PSU	73	671.00		48,983	97,966	73,474
TOTAL	<u>235</u>				<u>\$ 283,790</u>	<u>\$ 212,842</u>

\* Based on Fall enrollment estimate as of September 15. Actual enrollment as of the 20th day (September 20) was 84, an increase of 20 over the September 15 estimate.

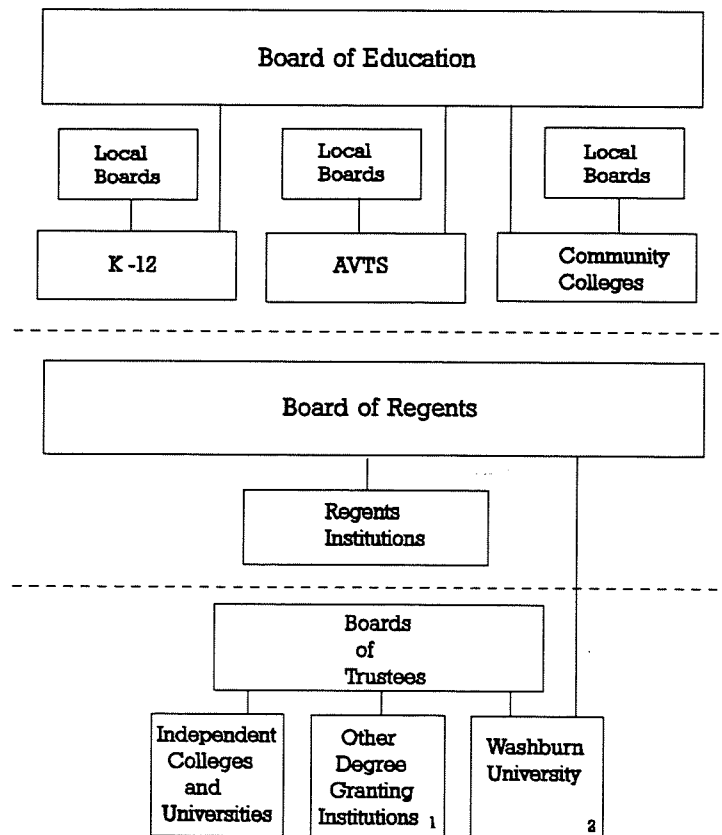
The Board of Regents adopted the recommendation of its Task Force on Budget Development and for FY 1995 requests that 100 percent of general fees (tuition) from increased enrollments in the current fiscal year be released for expenditure by the State Finance Council by November of the current fiscal year. (The Governor did not include this item on the State Finance Council's agenda.) The Governor does not recommend the fee release and uses the additional revenue to finance the FY 1995 budget.



## V. Study of Educational Structure

The Governor recommends a consultant study of the Kansas educational structure, to include all levels of education (elementary-secondary and postsecondary). The recommendation specifies that this study be financed with \$150,000 from an existing FY 1994 appropriation to the Governor's office.

### EDUCATION IN KANSAS



- 1) "Other degree granting institutions" are those such as Bible colleges and theological seminaries.
- 2) The Board of Regents receives Washburn's request for state funds and forwards both that request and the Board's recommendation to the Governor and Legislature.

# ATTACHMENT 1

## SELECTED DEMOGRAPHIC INFORMATION – REGENTS INSTITUTIONS

Fall, 1993 (Unless Noted)

Characteristic	Research Institutions			Regional Institutions			Special Purpose		Total
	KU	KSU*	WSU	ESU	PSU	FHSU	KUMC	KSU-VMC	Systemwide
Student Headcount	26,127	20,420	14,892	6,090	6,589	5,701	2,735	355	82,909
Student FTE	23,586	18,022	10,411	5,221	5,754	4,615	n/a	584	68,193
Student Credit Hours	319,789	255,568	140,909	72,161	80,714	64,143	n/a	7,006	940,290
On-Campus FTE	22,610	17,628	10,178	4,985	5,565	4,234	n/a	584	65,784
Off-Campus FTE	976	394	233	236	189	384	n/a	n/a	2,412
Resident (headcount)	17,245	16,555	12,820	5,694	5,625	5,267	1,894	186	65,262
Nonresident	8,882	3,865	2,072	396	964	434	841	169	17,647
Full-Time (headcount)	20,110	16,369	7,453	4,566	4,938	4,072	2,193	352	59,718
Part-time	6,017	4,051	7,439	1,524	1,651	1,629	542	3	23,191
Student Age (Headcount):									
24 and under	18,256	15,294	7,189	4,222	4,102	3,540	759	198	53,560
25 and over	7,868	5,126	7,703	1,862	2,458	2,151	1,973	157	29,298
Unknown	3	--	--	6	29	10	3	--	51
Avg. ACT Score (92-93)	23.2	22.3	20.7	20.1	20.7	21.0	n/a	n/a	21.1
Degrees Awarded (92-93)									
Associate	--	106	86	5	3	37	--	--	237
Bachelor's	3,340	3,013	1,598	747	884	674	218	--	10,474
Master's/Specialist	1,155	645	500	427	337	169	103	--	3,336
Doctoral/Professional	420	168	17	--	--	--	187	91	883
TOTAL	4,915	3,851	2,201	1,179	1,224	880	508	91	14,849

\* Figures include KSU-Salina, College of Technology.

## ATTACHMENT 2

### Comparison of Funding at Regents Institutions to Average of Designated Peers FY 1987, FY 1989, FY 1991, FY 1993

Institution	FY 1987			FY 1989			FY 1991			FY 1993
	Faculty	OOE	Overall	Faculty	OOE	Overall	Faculty	OOE	Overall	Faculty
KU	92.1	60.4	82.7	90.9	64.0	84.0	88.8	62.6	80.8	87.9
KSU	91.8	60.7	79.4	89.6	69.8	82.0	90.5	58.0	80.0	90.1
WSU	89.2	70.6	85.2	89.7	64.4	79.9	89.3	71.2	84.3	90.6
ESU	89.5	50.7	88.1	90.0	62.5	93.2	90.4	67.2	84.9	91.5
FHSU	89.9	41.5	81.0	92.6	51.6	84.4	91.8	63.2	89.5	90.7
PSU	86.7	51.6	80.9	90.6	64.5	87.7	91.8	77.6	91.3	90.8
SYSTEMWIDE	90.9	59.5	82.2	90.4	65.0	83.5	89.9	63.4	82.4	89.6

**Note:** Data is expressed as a percentage of overall spending by designated peers. If an institution is listed as having 80 percent relative funding, for every dollar being expended by the average of the peer institution, the Kansas institution spent 80 cents.

**Source:** Kansas Board of Regents; Compiled from Institutional peer Visits, using *Kansas Cost Study*.

# ATTACHMENT 3

## Five-Year Undergraduate Tuition and Fee Comparison: Regents Institutions and Peers

	<u>Resident Tuition and Required Fees</u>			<u>Nonresident Tuition and Required Fees</u>		
	<u>FY 1989</u>	<u>FY 1994</u>	<u>% Increase FY 1989-94</u>	<u>FY 1989</u>	<u>FY 1994</u>	<u>% Increase FY 1989-94</u>
KU	\$690	\$960	39.1%	\$1,905	\$3,269	71.6%
KU Peer Average	\$747	\$1,115	49.3	\$2,653	\$4,270	60.9
KU as % of Peer Average	92.4%	86.1%		71.8%	76.6%	
KSU	\$681	\$988	45.1	\$1,896	\$3,297	73.9
KSU Peer Average	\$746	\$1,098	47.2	\$2,433	\$3,698	52.0
KSU as % of Peer Average	91.3%	90.0%		77.9%	89.2%	
WSU	\$719	\$1,011	40.6	\$1,934	\$3,320	71.7
WSU Peer Average	\$924	\$1,382	49.6	\$2,495	\$4,106	64.6
WSU as % of Peer Average	77.8%	73.2%		77.5%	80.9%	
ESU	\$619	\$842	36.0	\$1,459	\$2,409	65.1
PSU	\$591	\$832	40.8	\$1,431	\$2,399	67.6
FHSU	\$669	\$867	29.6	\$1,509	\$2,434	61.3
Regional Peer Average	\$550	\$826	50.2	\$1,918	\$2,885	50.4
ESU as % of Peer Average	112.5%	101.9%		76.1%	83.5%	
PSU as % of Peer Average	107.5%	100.7%		74.6%	83.2%	
FHSU as % of Peer Average	121.6%	105.0%		78.7%	84.4%	

Prepared by: Kansas Board of Regents.

# ATTACHMENT 4

## FY 1994 and FY 1993 Undergraduate Tuition and Required Fees Regents Universities and Peers (Fulltime, Per Semester)

	<u>FY 1994</u> <u>Resident</u>	<u>FY 1994</u> <u>Non-Resident</u>	<u>FY 1993</u> <u>Resident</u>	<u>FY 1993</u> <u>Non-Resident</u>
<b>University of Kansas</b>	\$ 960	\$ 3,269	\$ 899	\$ 2,985
University of Colorado	1,299	6,052	1,270	5,666
University of Iowa	1,176	3,870	1,114	3,596
University of North Carolina -- Chapel Hill	710	4,231	631	3,923
University of Oklahoma	933	2,553	892	2,487
University of Oregon	1,458	4,643	1,361	3,926
Peer Average	1,115	4,270	1,053	3,919
<b>Kansas State University</b>	988	3,297	920	3,006
Colorado State University	1,283	4,096	1,255	3,838
Iowa State University	1,176	3,691	1,114	3,498
North Carolina State University	695	4,216	651	3,943
Oklahoma State University	900	2,502	901	2,497
Oregon State University	1,439	3,987	1,346	3,486
Peer Average	1,098	3,698	1,053	3,452
<b>Wichita State University</b>	1,011	3,320	951	3,037
University of Akron	1,520	3,788	1,421	3,604
Portland State University	1,413	3,962	1,329	3,470
Virginia Commonwealth University	1,888	5,148	1,765	4,813
University of North Carolina -- Greensboro	859	4,380	770	4,062
University of Wisconsin -- Milwaukee	1,273	4,075	1,196	3,839
Western Michigan University	1,343	3,282	1,458	3,210
Peer Average	1,382	4,106	1,323	3,833
<b>Emporia State University</b>	842	2,409	792	2,232
<b>Pittsburg State University</b>	832	2,399	782	2,222
<b>Fort Hays State University</b>	867	2,434	819	2,259
Northern Arizona University	922	3,298	795	3,121
Murray State University	890	2,390	800	2,140
Eastern New Mexico University	720	2,640	678	2,457
Western Carolina University	696	3,729	688	3,524
University of Central Oklahoma	743	1,778	685	1,699
Eastern Washington University	986	3,474	893	3,149
Peer Average	826	2,885	756	2,681

Source: The Chronicle of Higher Education, 9/29/93

Prepared by: Kansas Board of Regents

# ATTACHMENT 4 (Continued)

## FY 1994 and FY 1993 Graduate Tuition and Required Fees Regents Universities and Peers (Fulltime, Per Semester)

	<u>FY 1994 Resident</u>	<u>FY 1994 Non-Resident</u>	<u>FY 1993 Resident</u>	<u>FY 1993 Non-Resident</u>
<b>University of Kansas</b>	\$ 1,164	\$ 3,443	\$ 1,088	\$ 3,198
University of Colorado	1,621	5,878	1,608	5,523
University of Iowa	1,382	4,030	1,309	3,745
University of North Carolina -- Chapel Hill	723	4,244	640	3,932
University of Oklahoma	989	2,781	909	2,568
University of Oregon	2,106	3,840	1,848	3,356
Peer Average	1,364	4,155	1,263	3,825
<b>Kansas State University</b>	1,192	3,471	1,109	3,219
Colorado State University	1,437	4,261	1,407	3,993
Iowa State University	1,382	3,847	1,309	3,644
North Carolina State University	698	4,219	662	3,954
Oklahoma State University	986	2,778	924	2,583
Oregon State University	2,087	3,332	1,833	2,916
Peer Average	1,318	3,687	1,227	3,418
<b>Wichita State University</b>	1,215	3,494	1,140	3,250
University of Akron	2,078	3,833	1,721	3,034
Portland State University	2,061	3,306	1,817	2,900
Virginia Commonwealth University	2,137	5,146	2,009	4,806
University of North Carolina -- Greensboro	859	4,380	770	4,062
University of Wisconsin -- Milwaukee	1,764	5,299	1,643	4,936
Western Michigan University	1,635	3,708	1,541	3,515
Peer Average	1,755	4,278	1,583	3,875
<b>Emporia State University</b>	1,005	2,557	946	2,410
<b>Pittsburg State University</b>	995	2,547	936	2,400
<b>Fort Hays State University</b>	1,030	2,582	973	2,437
Northern Arizona University	922	3,298	795	3,121
Murray State University	970	2,630	870	2,350
Eastern New Mexico University	804	2,724	756	2,532
Western Carolina University	698	3,731	656	3,492
University of Central Oklahoma	763	1,825	690	1,683
Eastern Washington University	1,570	4,769	1,422	4,320
Peer Average	954	3,163	865	2,916

Source: AASCU/NASULGC Survey of Student Charges at Public Institutions, 1993-94

Prepared by: Kansas Board of Regents

# ATTACHMENT 5

## Summary of Budgetary Shifting Among Objects of Expenditure -- FY 1993

<u>FY 1993</u>	<u>Total Salaries</u>	<u>Utilities</u>	<u>OOE</u>	<u>Grand Total</u>	<u>0.5% Threshold for Budget Adjustment</u>
<b>University of Kansas</b>					
Revised FY 93 Budget	\$ 131,222,952	\$ 5,572,282	\$ 18,603,799	\$ 155,399,033	\$ 776,995
Minus Actual Expenditure	131,529,701	5,571,055	18,296,534	155,397,290	
Difference/Shift	-306,749	1,227	307,265	1,743	
<b>Kansas State University</b>					
Revised FY 93 Budget	\$ 87,085,850	\$ 4,699,489	\$ 11,302,600	\$ 103,087,939	\$ 515,440
Minus Actual Expenditure	87,008,972	4,626,750	11,377,868	103,013,590	
Difference/Shift	76,878	72,739	-75,268	74,349	
<b>KSU Ext. &amp; Ag. Research</b>					
Revised FY 93 Budget	\$ 36,277,976	\$ 668,634	\$ 6,478,282	\$ 43,424,892	\$ 217,124
Minus Actual Expenditure	36,489,962	657,923	6,245,310	43,393,195	
Difference/Shift	-211,986	10,711	232,972	31,697	
<b>KSU-Salina</b>					
Revised FY 93 Budget	\$ 3,564,139	\$ 180,097	\$ 997,956	\$ 4,742,192	\$ 23,711
Minus Actual Expenditure	3,598,016	180,097	964,079	4,742,192	
Difference/Shift	-33,877	0	33,877	0	
<b>Wichita State University</b>					
Revised FY 93 Budget	\$ 56,308,015	\$ 3,344,569	\$ 8,789,520	\$ 68,442,104	\$ 342,211
Minus Actual Expenditure	56,175,912	3,344,569	8,915,898	68,436,379	
Difference/Shift	132,103	0	-126,378	5,725	
<b>Emporia State University</b>					
Revised FY 93 Budget	\$ 23,886,271	\$ 841,987	\$ 3,479,611	\$ 28,207,869	\$ 141,039
Minus Actual Expenditure	23,691,635	838,507	3,567,264	28,097,406	
Difference/Shift	194,636	3,480	-87,653	110,463	
<b>Pittsburg State University</b>					
Revised FY 93 Budget	\$ 25,716,849	\$ 1,021,274	\$ 3,918,112	\$ 30,656,235	\$ 153,281
Minus Actual Expenditure	25,772,665	1,021,274	3,834,637	30,628,576	
Difference/Shift	-55,816	0	83,475	27,659	
<b>Fort Hays State University</b>					
Revised FY 93 Budget	\$ 22,973,476	\$ 934,334	\$ 3,374,836	\$ 27,282,646	\$ 136,413
Minus Actual Expenditure	23,019,432	911,862	3,316,608	27,247,902	
Difference/Shift	-45,956	22,472	58,228	34,744	

Note: Totals in brackets represent deficits compared to the budget.

Source: Kansas Board of Regents

Note: Actual expenditures above do not reflect use of operating budget to finance capital improvements, as follows:

ESU - \$106,626; FHSU - \$12,260

# ATTACHMENT 6

## REGENTS RECOMMENDED CHANGES TO ENROLLMENT ADJUSTMENT MECHANISM

Source: Kansas Board of Regents

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### Features of Current Enrollment Adjustment Mechanism

- Changes in student credit hours are measured from fiscal year to fiscal year. Example: The FY 1994 enrollment adjustment is based on credit hour changes from FY 1991 to FY 1992, as follows:

$$\begin{aligned} &(\text{Summer 1991} + \text{Fall 1991} + \text{Spring 1992}) \\ &\quad \text{minus} \\ &(\text{Summer 1990} + \text{Fall 1990} + \text{Spring 1991}) \end{aligned}$$

- The instructional program funding component is represented by a matrix composed of 24 academic disciplines and 4 levels of instruction. Funding for each cell of the matrix is determined by multiplying the credit hour change by the funding rate cost per credit hour. The total instructional program funding component is equal to the sum of all 96 cells of the matrix.

- The support programs funding component is calculated on the following bases:

Libraries	Change in weighted FTE students
Academic Admin.	% of instructional cost component
Student Services	Change in headcount students
Campus Security	Change in on-campus HC students
Inst. Admin.	% of total of instructional cost component and other support components

- If the gross enrollment adjustment is positive, the following corridor is applied to the general use base budget for the Educational Program and Physical Plant (excluding utilities):

% General Use Base Budget	% of Funding Allowed
0% to .5%	0%
.5% to 1%	100%
1% to 2%	75%
2% to 3%	50%
Over 3%	25%

- If the gross enrollment adjustment is negative, the following corridor is applied to the general use base budget for the Educational Program and Physical Plant (excluding utilities):

% General Use Base Budget	% of Funding Loss
0% to 2.5%	0%
2.5% to 3%	100%
3% to 4%	75%
4% to 5%	50%
Over 5%	25%

### Recommended Changes to Enrollment Adjustment Mechanism

- Changes in student credit hours would be measured from calendar year to calendar year. Example: The FY 1994 enrollment adjustment would be based on credit hour changes from CY 1991 to CY 1992, as follows:

$$\begin{aligned} &(\text{Spring 1992} + \text{Summer 1992} + \text{Fall 1992}) \\ &\quad \text{minus} \\ &(\text{Spring 1991} + \text{Summer 1991} + \text{Fall 1991}) \end{aligned}$$

- The current 24 by 4 instructional funding matrix would be replaced with a 1 by 4 matrix, in that the funding adjustments for individual disciplines would be combined into a single funding adjustment for each of the 4 levels of instruction. Example: The instructional funding adjustment for Graduate 1 would equal the calendar year change in Graduate 1 credit hours multiplied by the weighted average funding rate per credit hour for Graduate 1.

- Support programs funding would be reflected as a percentage inflation of the instructional funding rate per credit hour for each level of instruction. The percentage of inflation would equal the ratio of support costs to instructional costs, based on the most recent cost study.

- If the gross enrollment adjustment is positive, the following corridor would be applied to the general use base budget for the Educational Program and Physical Plant (excluding utilities):

% General Use Base Budget	% of Funding Allowed
0% to .25%	0%
.25% to 1%	100%
1% to 2%	75%
2% to 3%	50%
Over 3%	25%

- If the gross enrollment adjustment is negative, the following corridor would be applied to the general use base budget for the Educational Program and Physical Plant (excluding utilities):

% General Use Base Budget	% of Funding Loss
0% to 2%	0%
2% to 2.5%	25%
2.5% to 3.5%	50%
Over 3.5%	75%

### Rationale for Proposed Modifications

- The lag time between the occurrence of the enrollment change and the receipt of additional funding would be reduced by half. Example: Funding for additional students enrolled in Fall 1992 would be received in Fall 1993; under the current method, funding would not be received until Fall 1994.

- The enrollment adjustment calculation would be simplified and more readily understood by decisionmakers. The 1 by 4 instructional cost matrix would eliminate much confusion and criticism associated with differences in cost rates among academic disciplines and institutions.

- See No. 2 above.

- The width of the initial absorption corridor would be halved in recognition of two opposing dynamics. An institution should be capable of absorbing a certain level of enrollment increase without receiving additional funding. However, the absorption should not be so severe that institutional quality will suffer from the cumulative effects of absorbing small enrollment increases for several years. This is particularly critical in view of projections for increased numbers of high school graduates through 2000. Accordingly, the full-funding corridor band is widened by 50 percent to accommodate projected enrollment growth.

- The zero-loss corridor is narrowed as a quid pro quo to the potential for additional funding increases inherent in item 4 above. In addition, succeeding corridor bands provide for gradually increasing percentages of funding loss, opposite to the configuration of the existing corridors. This provides for a direct, rather than inverse, relationship between the magnitude of enrollment decline and resource reduction.

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**Attachment 7**  
**FY 1995 REGENTS ENROLLMENT ADJUSTMENT REQUEST**

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Calculation of Gross Enrollment Adjustment						Application of Corridors -- Positive							
						GU Base*	Corridor % Funding %	0.0-0.25% 0%	0.25%-1.0% 100%	1.0%-2.0% 75%	2.0%-3.0% 50%	3.0+ % 25%	FY 95 Enr. Adj. Req.
PSU						\$30,916,942							
Change in Credit Hours	7,207	3,607	1,382	N/A	12,196	Corridor Amt.		\$77,292	\$231,877	\$309,169	\$309,169	\$872,732	
Funding Rate Per Credit Hr.	\$109.09	\$182.84	\$256.53	N/A		Funding Amt.		\$0	\$231,877	\$231,877	\$154,585	\$218,183	\$836,522
Gross Enroll. Adj.	\$786,212	\$659,504	\$354,524	N/A	\$1,800,240								
% Increase					5.8%								
FHSU						\$28,145,572							
Change in Credit Hours	262	2,074	982	N/A	3,318	Corridor Amt.		\$70,364	\$211,092	\$281,456	\$281,456	\$0	
Funding Rate Per Credit Hr.	\$137.26	\$205.28	\$234.54	N/A		Funding Amt.		\$0	\$211,092	\$211,092	\$64,515	\$0	\$486,699
Gross Enroll. Adj.	\$35,962	\$425,751	\$230,318	N/A	\$692,031								
% Increase					2.5%								
JU-Salina						\$4,916,742							
Change in Credit Hours	(477)	476	N/A	N/A	(1)	Corridor Amt.		\$12,292	\$36,876	\$0	\$0	\$0	
Funding Rate Per Credit Hr.	\$85.16	\$169.58	N/A	N/A		Funding Amt.		\$0	\$27,807	\$0	\$0	\$0	\$27,807
Gross Enroll. Adj.	(\$40,621)	\$80,720	N/A	N/A	\$40,099								
% Increase					0.8%								
ESU						\$28,992,472							
Change in Credit Hours	(1,236)	(52)	810	0	(478)	Corridor Amt.		\$72,481	\$0	\$0	\$0	\$0	
Funding Rate Per Credit Hr.	\$116.41	\$178.57	\$230.73	\$0.00		Funding Amt.		\$0	\$0	\$0	\$0	\$0	\$0
Gross Enroll. Adj.	(\$143,883)	(\$9,286)	\$186,891	\$0	\$33,723								
% Increase					0.1%								
TOTAL FY 95 Positive Enroll. Adj. Request						\$ 1,351,027							
						Application of Corridors -- Negative							
							Corridor %	0.0-2.0%	2.0-2.5%	2.5%-3.5%	3.5+ %		
							Funding %	0%	25%	50%	75%		
KU						\$142,818,004							
Change in Credit Hours	(8,654)	(5,443)	1,920	1,386	(10,791)	Corridor Amt.		(\$2,856,360)	\$0	\$0	\$0		
Funding Rate Per Credit Hr.	\$93.73	\$208.73	\$309.48	\$915.45		Funding Amt.		\$0	\$0	\$0	\$0		\$0
Gross Enroll. Adj.	(\$811,139)	(\$1,136,117)	\$594,202	\$1,268,814	(\$84,242)								
% Increase					(.05)								
KSU						\$107,662,456							
Change in Credit Hours	(6,024)	(5,733)	(2,423)	708	(13,472)	Corridor Amt.		(\$2,153,249)	\$0	\$0	\$0		
Funding Rate Per Credit Hr.	\$85.16	\$169.58	\$415.69	\$1,026.85		Funding Amt.		\$0	\$0	\$0	\$0		\$0
Gross Enroll. Adj.	(\$513,004)	(\$972,202)	(\$1,007,217)	\$727,010	(\$1,765,413)								
% Increase					(1.6)								
WSU						\$65,121,165							
Change in Credit Hours	(14,276)	(3,346)	3,752	299	(13,571)	Corridor Amt.		(\$1,302,423)	\$0	\$0	\$0		
Funding Rate Per Credit Hr.	\$114.82	\$210.81	\$348.60	\$1,540.44		Funding Amt.		\$0	\$0	\$0	\$0		\$0
Gross Enroll. Adj.	(\$1,639,170)	(\$705,370)	\$1,307,947	\$460,592	(\$576,002)								
% Increase					(0.8)								

General Use Educational and Physical Plant Budget (excluding utilities). It includes expenditures for instruction, academic support, student services and institutional support and excludes expenditures for research, public service, and scholarships and fellowships.



## REGENTS SYSTEMWIDE SUMMARY

Expenditure	Actual FY 93	Agency Est. FY 94	Governor's Rec. FY 94	Agency Req. FY 95	Governor's Rec. FY 95
<b>Operating Expenditures:</b>					
State General Fund	\$ 402,220,214	\$ 411,969,414	\$ 413,559,224	\$ 442,620,499	\$ 432,519,247
General Fees Fund	139,389,039	153,954,615	152,348,761	165,629,943	167,036,039
Hospital Revenue Fund	113,947,278	122,198,272	122,152,300	123,215,355	122,714,626
Federal Land Grant Funds	7,441,974	7,485,230	7,485,230	7,531,508	7,531,508
Other Funds	2,499,788	4,200,106	4,200,106	3,167,106	1,673,000
Subtotal General Use	\$ 665,498,293	\$ 699,807,637	\$ 699,745,621	\$ 742,164,411	\$ 731,474,420
Restricted Use Funds*	\$ 353,570,955	\$ 340,634,370	\$ 340,633,219	\$ 350,856,102	\$ 349,976,225
<b>TOTAL -- Operating Expenditures</b>	<b>\$ 1,019,069,248</b>	<b>\$ 1,040,442,007</b>	<b>\$ 1,040,378,840</b>	<b>\$ 1,093,020,513</b>	<b>\$ 1,081,450,645</b>
<b>Capital Improvements:</b>					
State General Fund	\$ 504,893	\$ 189,050	\$ 189,050	\$ 189,466	\$ 189,466
Educational Bldg. Fund	16,937,038	22,719,721	22,729,721	6,087,912	7,182,699
Special Cap. Imp. Fund	5,274,016	19,585,795	19,576,872	9,400,000	9,400,000
Other Funds	36,543,930	45,541,246	45,541,246	36,495,042	28,874,042
<b>TOTAL -- Capital Improvements</b>	<b>\$ 59,259,877</b>	<b>\$ 88,035,812</b>	<b>\$ 88,036,889</b>	<b>\$ 52,172,420</b>	<b>\$ 45,646,207</b>
<b>GRAND TOTAL</b>	<b>\$ 1,078,329,125</b>	<b>\$ 1,128,477,819</b>	<b>\$ 1,128,415,729</b>	<b>\$ 1,145,192,933</b>	<b>\$ 1,127,096,852</b>
<b>Operating Expenditures Percentage Change:</b>					
All Funds	5.0%	2.1%	2.1%	5.1%	3.9%
General Use Funds	4.3	5.2	5.1	6.1	4.5
State General Fund	3.1	2.4	2.8	7.4	4.6
<b>FTE Positions:</b>					
Classified	7,944.6	7,980.0	7,962.3	8,091.7	8,054.5
Unclassified	<u>9,628.8</u>	<u>9,718.0</u>	<u>9,709.2</u>	<u>9,846.8</u>	<u>9,798.7</u>
<b>TOTAL</b>	<b><u>17,573.4</u></b>	<b><u>17,698.0</u></b>	<b><u>17,671.5</u></b>	<b><u>17,938.5</u></b>	<b><u>17,853.2</u></b>

\* In practice, the Legislature does not adjust "restricted use" expenditures. Although subject to appropriation, these funds are generally "no limit" and are used at the agency's discretion; however, the funds must be used in a manner consistent with the conditions attached to the receipt of the funds, and they must be spent within basic guidelines set by the Legislature.

Traditionally, the Legislature makes many of its decisions regarding financing of higher education on a systemwide basis, applying them to each institution under the jurisdiction of the Kansas Board of Regents. This section contains a summary of the systemwide issues before the 1994 Legislature. For additional information relating to the Regents institutions, refer to the *1994 Memorandum on Regents Funding Issues*. In addition to the Regents systemwide issues, the Legislature reviews issues and requests which are unique to particular campuses. Those items which are unique to only one campus are discussed as part of the individual agency analyses which follow this section.



## REGENTS SYSTEM MISSION STATEMENT

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Since its creation in 1925, the Kansas Board of Regents has worked for a constructive relationship between the universities and the state. The Regents institutions impart society's cultural heritage, prepare students for productive activity, open their minds to alternative ways of thinking and living and acquaint them with ways of learning which may be utilized throughout life. Learning is of central importance. Each institution provides an array of general education courses as a fundamental component of the undergraduate degree. Liberal arts and sciences, professional, and graduate degree programs are offered as appropriate and as approved by the Board. In turn, the state and its citizens provide resources to support university activities.

To address the challenges of the next century, Regents universities must be more rigorous, more productive, more efficient in the use of human resources and facilities. They must become examples of institutions willing to change to meet the needs of America and Kansas in an ever more competitive and complex world. The state must revitalize its efforts to provide sufficient funding for this competitive edge, because our future competitiveness is a well-educated populace. The accomplishments of the universities are found in the graduation of productive students who contribute to the state's economy and culture. They are found in students who attend Regents universities because of teachers and programs which foster curiosity, questioning and intellectual pursuit. They are found in research and cultural undertakings that improve the quality of life in the state.

Higher education in Kansas is shaped by the belief that the individual and society benefit from the educational enterprise. The responsibility of the Board of Regents is to provide a system of public education which influences and fulfills articulated public values. Through the organization and oversight of human and fiscal resources the Board works to turn public aspirations into meaningful achievements. While campus ambition and energy are essential, they must be focused to effectively meet the challenges at hand. The critical job of the Regents system and the Board is to balance autonomy and accountability, to identify priorities for the universities and nurture the ability of the presidents and the chancellor to direct campus ambition and energy, to develop the proper balance between the scholar and the practitioner. The goal is to recognize differences, encourage pursuit of distinctive pathways and foster a cohesive response to the state's expectations.

A public value expresses a shared belief about the importance, worth, and purpose of an object or set of behaviors. There are five essential values guiding the Board of Regents and its institutions as the 21st century approaches: diversity of institution, quality of programs, availability of programs, effectiveness of instructions, and administration, and overall institutional performance and accountability. The role of the Kansas Board of Regents, in concert with campus constituencies, is to assure continued and measured movement toward fulfilling these values.

Source: Kansas State Board of Regents

## BUDGET OVERVIEW

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### A. FY 1994 -- Current Year

The Regents request a systemwide operating budget of \$1.0 billion, of which \$699.8 million are general use expenditures. The general use revised request submitted by the Regents reflects a 5.2 percent increase over actual FY 1993 general use expenditures.

For FY 1994, the Governor recommends total general use expenditures only slightly less (\$62,016) than the Regents estimated.



## **B. FY 1995 -- Budget Year**

The Regents request a systemwide operating budget of \$1.1 billion, of which \$742.2 million are general use expenditures. The general use request reflects an increase of 6.1 percent over the Regents' revised FY 1994 estimate.

For FY 1995, the Governor recommends a systemwide general use operating budget totaling \$731.5 million, an increase of \$31.7 million over the Governor's FY 1994 recommendation. The increase is financed by increasing expenditures from the State General Fund by \$19.0 million (an increase of 4.6 percent) and tuition revenues by \$14.7 million (an increase of 9.6 percent). The Governor endorses the Board of Regents "Partnership for Excellence Plan", discussed later in this section, and supports the inclusion of Washburn University in the Regents system beginning in FY 1998 (refer to the analysis of the Board of Regents Office).



**SUMMARY OF INSTITUTIONS GENERAL USE OPERATING BUDGET CHANGES**  
**FY 94 – FY 95**  
**REGENTS SYSTEMWIDE**

A. Expenditures	Agency Request	Governor's Recommendation
<b>FY 1994 Base Budget</b>	\$ 699,807,637	\$ 699,745,621
<b>FY 1995 REQUESTED INCREASES</b>		
<b>Adjustments to the Base:</b>		
Increase of 0.5% Retirement	\$ 1,359,281	\$ 0
Fringe Benefit Adjustments	2,985,359	1,663,033
Other Adjustments	(2,682,022)	(2,990,454)
Subtotal	<u>\$ 1,662,618</u>	<u>\$ (1,327,421)</u>
<b>Maintenance Adjustments:</b>		
Classified Salaries	\$ 2,935,777	\$ 2,933,021
Unclassified Salaries	10,835,778	8,882,693
Student Salaries	262,394	262,319
House Staff Salaries	280,976	241,063
Health Care Worker Salaries	923,279	765,457
Other Operating Expenditures (excludes utilities)	3,191,984	3,179,974
Subtotal	<u>\$ 18,430,188</u>	<u>\$ 16,264,527</u>
<b>Enrollment Adjustment</b>	\$ 1,561,127	\$ 1,351,027
<b>Faculty Salary Enhancement</b>	\$ 9,325,560	\$ 11,071,631
<b>Servicing New Buildings</b>	\$ 2,065,570	\$ 2,065,570
<b>Mission Related Program Enhancements:</b>		
University Libraries	\$ 3,486,000	\$ 0
Health Care Education	4,335,552	1,753,465
Specific University Improvements	1,490,160	550,000
Subtotal	<u>\$ 9,311,712</u>	<u>\$ 2,303,465</u>
<b>TOTAL INCREASES</b>	\$ 42,356,775	\$ 31,728,799
<b>TOTAL FY 1995 REQUEST</b>	\$ 742,164,412	\$ 731,474,420

**FINANCING OF INCREASES**  
**REGENTS SYSTEMWIDE**

B. Financing	Total FY 95 Request	Requested Increases	% Change	Total FY 95 Gov. Rec.	Gov. Rec. Increases	% Change
<b>General Use Funds:</b>						
State General Fund	\$442,620,499	\$ 30,651,085	7.4%	\$432,519,247	\$ 18,960,023	4.6%
General Fees Fund	165,629,943	11,675,328	7.6	167,036,039	14,687,278	9.6
Hospital Revenue Fund	123,215,355	1,017,083	0.8	122,714,626	562,326	0.5
Federal Land Grant	7,531,508	46,278	0.6	7,531,508	46,278	0.6
Other	3,167,106	(1,033,000)	(24.6)	1,673,000	(2,527,106)	(60.2)
<b>TOTAL</b>	<u>\$742,164,411</u>	<u>\$ 42,356,774</u>	6.1%	<u>\$731,474,420</u>	<u>\$ 31,728,799</u>	4.5%



## STATE OPERATIONS

Agency Request

Governor's Recommendation

*A. FY 1994 -- Current Year**1. FY 1994 General Use Current Year Expenditure Adjustments*

*a. Retirement Reductions Per 1993 H.B. 2211.* The Regents institutions did not include the retirement reductions in their budget submissions.

*b. Other Current Year Salary and Wage Adjustments.* The budgets submitted by the Regents in September did not reflect the allocation of funding for the Information Technology reclassifications or the rate increase in the sick leave at retirement assessment.

*c. Fee Release -- Increased Expenditures.* The Regents request fee (tuition) releases (*i.e.*, expenditures from the General Fees Fund above that approved by the 1993 Legislature) for ESU, FHSU, and PSU. The fee release is a Regents budgetary concept designed to increase expenditures on a one-time basis to recognize increases in student headcount enrollment during the fiscal year in which the increased students occurred. The policy permits only that portion of increased receipts attributed to increased headcount to be considered for expenditure. The Regents request authority to expend 100 percent of these increased receipts by increasing the expenditure limitations on the General Fees Fund in the current year as follows:

a. H.B. 2211, administered by the Department of Administration, applies to the classified employees of the Regents system. As of December 22, 1993, a total of 72.8 FTE positions systemwide were vacated due to retirements, of which 54.4 FTE were restored by the Governor resulting in a net FTE reduction of 18.4 positions. Systemwide the net reduction in FY 1994 totaled \$428,969, of which \$147,387 was from the State General Fund.

b. The Governor's recommendation includes the allocation of funding for the Information Technology reclassifications. Also the Governor's recommendation reflects a current year rate increase for the sick leave at retirement assessment from .20 percent to .35 percent (all agency budgets reflect this increase). The Governor does not provide additional funding to cover the increase, but increases the agency's shrinkage rates by a nominal amount in the current year to cover the increase. In the Governor's FY 1995 recommendation, the shrinkage rates are restored to those approved for FY 1993.

c. The Governor does not recommend the release of fees at ESU, FHSU, and PSU.



Institution	Expenditure Increase
ESU	\$ 95,718
FHSU	112,896
PSU	97,966
TOTAL	\$ 306,580*

\* Corrected 2-28-94.

## 2. FY 1994 General Use Current Year Financing Adjustments

**a. Tuition Shortfall.** The Regents request supplemental financing from the State General Fund for KU and KSU due to an estimated shortfall in tuition receipts. The requested increase in financing from the State General Fund and decrease in financing from the General Fees Fund (tuition) is necessary to fund the operating budgets approved by the 1993 Legislature. (The supplemental does not add increased expenditure authority, it simply finances expenditures that were previously approved.) The requested State General Fund supplemental financing based on actual Fall, 1993 enrollments and estimated Spring and Summer, 1994 enrollments is as follows:

Institution	State General Fund	General Fees Fund
KSU	\$ 1,196,858	\$ (1,196,858)
KU	707,975	(707,975)

a. The Governor concurs with the Regents request for KSU. For KU, the Governor recommends a State General Fund supplemental of \$408,997 and reduces the General Fees Fund by this same amount. The Governor recommends \$298,978 less than KU requested by spending balances totaling \$298,978 from the General Fees Fund.

## B. FY 1995 General Use Expenditure Request

**1. Adjustments to the FY 1994 Base Budget.** During each budget cycle, adjustments are requested to the base budget. These adjustments typically include rate changes to fringe benefits and annualization of salary changes.

**a. Regents Retirement Increase.** The Regents requested increase of \$1.4 million would provide an increase in the Regents employers' retirement contribution from 8.5 percent to 9.0 percent. Regents basic retirement plan providers are TIAA-CREF, AETNA, Lincoln National, UNUM, and Security Benefit Life Insurance Company. Contributions for both basic and voluntary annuities are sheltered from state and federal taxes. For basic annuities, the employee contributes 5.5 percent of gross compensation and the state contributes 8.5 percent of gross compensation. Voluntary contributions may be made up to the maximum allowed by the IRS. Faculty

a. The Governor does not recommend funding for the Regents retirement increase.



and other unclassified personnel holding positions 50 percent time or more are eligible; however, there is a one year waiting period unless the employee was a prior participant for at least one year at a higher education institution. Legislation would be required to make this requested change (amending K.S.A. 74-4925e). The state contribution for Regents unclassified retirement was increased from 5 percent to 6 percent in FY 1986, to 7 percent in FY 1987, to 8 percent in FY 1988, and to 8.5 percent in FY 1994.

**b. Fringe Benefit Rate Adjustments and Other Salary Adjustments.** The Regents request changes in the operating base resulting from adjustments to fringe benefit rates and a net reduction of \$2.8 million for other base adjustments, primarily one-time expenditures.

**2. Maintenance Percentage Adjustments.** The Regents request a total of \$18.4 million for maintenance increase for classified, unclassified, and student salaries as well as other operating expenditures.

**a. Classified Salaries and Wages.** The Regents request \$2.9 million in FY 1995 for pay plan step movement for eligible classified employees.

**b. Unclassified Salaries.** The Regents' request of \$12.0 million would provide an average 3.0 percent salary increase to unclassified faculty and staff. The request is computed as a percentage increase to the overall salary base; however, actual salary increases are granted based upon individual merit.

b. In general, the Governor concurs with the request, but recommends the most recent fringe benefit rates. In addition, the Governor recommends the annualization of the information technology position reclassifications.

2. The Governor recommends a total of \$16.3 million for maintenance increases.

a. The Governor concurs with the request of \$2.9 million for classified step movement (approximately 2.5 percent) for eligible classified employees. In addition, the Governor recommends implementation of the final phases of the Comprehensive Classification and Job Rate Study. Funding for these increases is not included with the budget recommendations for individual agencies, but rather is contained in separate legislation that appropriates funding to the State Finance Council for allocation to state agencies.

b. The Governor recommends \$9.9 million for a 2.5 percent merit pool for unclassified personnel.



## Unclassified Percentage Increase to Base Budget

Institution	Unclassified Salary Base	Agency Request	Gov. Rec.
KU	\$ 99,547,629	\$ 3,056,145	\$ 2,490,695
KUMC-Education	52,928,898	1,604,792	1,323,223
KSU	64,305,930	1,959,107	1,607,657
KSU-ESARP	28,223,061	892,250	705,574
KSU-Salina	2,832,497	85,349	72,357
KSU-Vet.Med.	6,756,258	205,896	168,898
WSU	41,512,379	1,240,283	1,037,529
ESU	17,209,344	438,467	365,390
FHSU	17,064,768	522,441	433,283
PSU	18,897,739	687,226	572,688
Subtotal	\$ 349,278,503	\$ 10,691,956	\$ 8,777,294
KUMC - Hospital	44,557,539	1,348,077	1,111,919
TOTAL	\$ 393,836,042	\$ 12,040,033	\$ 9,889,213

**c. Minority Recruitment Enhancement.** Subsequent to the submission of the Regents budgets in September, the Kansas Board of Regents authorized the universities to request total funding of \$1.3 million for recruiting minority Graduate Teaching Assistants. This request would be in addition to the Regents request noted in the front table. The \$1.3 million would be allocated as follows: KU (\$441,908); KSU-Main (\$295,983); KSU-ESARP (\$120,550); WSU (\$193,377); ESU (\$80,795); FHSU (\$79,303); and PSU (\$88,084).

**d. Student Salaries.** The Regents request \$262,394 for a 3 percent increase in the student salary base in FY 1995. Student salaries serve two purposes, providing students with a source of income and providing the institution with a source of relatively low-cost labor. General use support of student salaries typically represents less than one-half of the total institutional expenditures for student salaries. Other sources of support are the federal College Work Study Program and other restricted use funds such as research grants and auxiliary enterprises (*i.e.*, student unions, dormitories etc.)

c. The Governor does not fund the requested enhancement.

d. The Governor concurs with the requested 3.0 percent increase to the student salary base.



## Student Salary Percentage Increases

Institution	FY 1994 Adj. Base	Regents Request (3.0%)	Gov. Rec. (3.0%)
KU	\$ 1,878,408	\$ 56,352	\$ 56,092
KUMC-Education	465,777	13,973	13,957
KSU	1,579,263	47,216	47,378
KSU-ESARP	278,387	8,283	8,352
KSU-Salina	44,053	1,356	1,322
KSU-Vet.Med.	119,747	3,592	3,592
WSU	1,322,194	39,663	39,666
ESU	889,088	26,499	26,499
FHSU	992,215	29,682	29,682
PSU	795,466	23,877	23,877
Subtotal	\$ 8,364,598	\$ 250,493	\$ 250,417
KUMC - Hospital	396,527	11,901	11,902
TOTAL	\$ 8,761,125	\$ 262,394	\$ 262,319

*e. Other Operating Expenditures (Excluding Utilities).*

The Regents request \$3.2 million for other operating expenditures (OOE). OOE includes all commodities, equipment, and services used or acquired by the institutions. Expenditures from OOE include a variety of expenditures from scientific equipment to library books to faculty travel.

e. The Governor concurs with the requested 3.0 percent increase to other operating expenditures.

Other Operating Expenditures  
(Excluding Utilities)

Institution	OOE Base	Agency Request	Gov. Rec.
KU	\$ 19,602,596	\$ 588,078	\$ 588,078
KUMC-Education	13,032,567	390,977	379,843
KSU	11,644,800	349,225	348,354
KSU-ESARP	6,655,188	199,660	199,656
KSU-Salina	830,502	24,915	24,915
KSU-Vet.Med.	2,914,702	87,442	87,442
WSU	9,050,807	271,524	271,524
ESU	3,737,000	112,111	112,111
FHSU	3,725,759	111,771	111,771
PSU	2,941,803	148,854	148,854
Subtotal	\$ 74,135,724	\$ 2,284,557	\$ 2,272,548
KUMC - Hospital	30,248,576	907,427	907,427
TOTAL	\$ 104,384,300	\$ 3,191,984	\$ 3,179,975

(1). *Utilities.* The current legislative practice is to provide a separate line item appropriation to each university for utilities and to review utility expenditures during the current year to make any necessary adjustment to the approved budget as well



as the utility budget for the budget year. The legislative policy is based on the following rationale: a separate line item for utilities permits close monitoring of appropriations and expenditures; utility costs should be fully funded and the institutions should not be required to shift funds from other purposes to finance utilities; and legislative budget review should focus on usage to assure that campuses are making efforts to conserve. The Legislature typically reviews utility expenditures and the potential for savings or supplementation during second house review.

Regents Institutions -- Utilities			
Institution	Actual FY 1993	Gov. Rec. FY 1994	Gov. Rec. FY 1995
KU	\$ 5,571,055	\$ 5,478,585	\$ 5,678,546
KUMC - Education	5,040,010	4,955,672	4,926,626
KSU*	4,626,750	6,191,763	6,837,318
KSU - ESARP*	657,923	--	--
KSU - Salina	180,097	178,834	178,834
KSU - Vet. Med.*	767,874	--	--
WSU	3,344,569	3,281,211	3,315,097
ESU	838,507	700,340	703,131
FHSU	911,862	876,217	939,967
PSU	1,021,274	1,021,274	1,021,274
TOTAL	<u>\$ 22,959,921</u>	<u>\$ 22,683,896</u>	<u>\$ 23,600,793</u>

\* Beginning with FY 1994 the 1993 Legislature agreed to appropriate utility expenditures for KSU - ESARP and KSU - Vet. Med. in the KSU main campus budget.

3. **Enrollment Adjustments.** Enrollment adjustments are permanent adjustments (increases or decreases) to institutional base budgets, designed to reflect the impact of a change in students on the cost of operating an institution. Refer to the *Memorandum on Regents Funding Issues* for discussion of enrollment adjustments including its history, an explanation of the calculation, and changes in the mechanism proposed for FY 1995 by the Regents.

3. The Governor concurs with the revised request of \$1,351,027 and 36.0 FTE positions for enrollment adjustments.

Regents Enrollment Adjustment Request		
Institution	Request* FY 1995	FTE Positions
KSU - Salina	\$ 27,807	1.0
FHSU	486,698	12.0
PSU	836,522	23.0
TOTAL	<u>\$ 1,351,027</u>	<u>36.0</u>

\* Based on actual Fall 1993 enrollment.



4. **Servicing New Buildings.** The request for servicing new buildings totals \$2,065,569 and is based upon a formula established by the Board of Regents, which calls for: staff of 1.0 FTE position for every 10,500 gross square feet of new space; OOE of \$0.48 per gross square foot (based on a systemwide average rate); and utilities based on the type and intended use of the new facility.

4. The Governor concurs with the requested \$2,065,570 and 42.0 FTE positions for support of 15 buildings across the Regents system.

Servicing New Buildings			
Institution	Request FY 1995	FTE Positions	No. of Mo. Funding Req. FY 1995
<b>KU</b>			
Bioscience Building*	\$ 56,699	0.0	8
Hoch Library Addition*	44,460	0.0	12
J.R. Pierson Hall	204,493	4.8	12
Lied Ctr. Recital Hall*	7,000	0.0	8
Nelson Tract -- Bldg. #2	10,489	0.2	12
Subtotal	<u>\$ 323,141</u>	<u>5.0</u>	
<b>KUMC</b>			
Biomedical Research Bldg. **	\$ 406,521	7.8	12
<b>KSU</b>			
Plant Sciences Building	\$ 782,698	15.1	12
Peters Rec. Center	181,856	2.4	12
Galichia Addition	11,572	0.2	12
Farrell Library*	81,600	0.0	6
Beach Art Museum*	24,000	0.0	6
Subtotal	<u>\$ 1,081,726</u>	<u>17.7</u>	
<b>WSU</b>			
Elliot Communication Bldg.	\$ 81,613	3.1	6
<b>ESU</b>			
Chemical Storage Bldg.	\$ 4,527	0.1	12
Child Dev. Ctr. Addition	4,425	0.2	12
Subtotal	<u>\$ 8,952</u>	<u>0.3</u>	
<b>FHSU</b>			
Physical Science Bldg.	\$ 163,616	8.1	6
<b>TOTAL</b>	<u><b>\$ 2,065,569</b></u>	<u><b>42.0</b></u>	
* Construction utilities only requested			
** KUMC requested supplemental funding of \$155,159 (six months funding for utilities and three month salaries and OOE). The Governor does not recommend supplemental funding.			

5. **"Partnership for Excellence" -- Faculty Salary Enhancement.** The Regents propose that a portion of student tuition increases contribute to a 3 percent basic

5. The Governor recommends \$11.1 million to improve salaries of teaching faculty, of which \$9.3 million is from tuition receipts and \$1.8 million is from the State



budget increase (\$5.7 million) and the balance of new tuition dollars be used to increase faculty salaries (\$9.3 million). The table below reflects the Regents request by institution. In terms of the allocation, with the exception of KSU-ESARP, each institution was required to fund a 3 percent general use budget increase with tuition funding generated by the institution and the balance was dedicated to the faculty salary enhancement pool.

General Fund. These amounts are in addition to the 2.5 percent unclassified merit pool recommended for all unclassified employees.

Faculty Salary Enhancement – Regents Request								
Institution	Estimated Faculty Base	Regents Request			Governor's Recommendation			Increase**
		Allocation	Partnership Increase	Total Increase*	Allocation	Partnership Increase	Total Increase**	
KU	\$ 54,815,728	\$ 3,151,000	5.7%	8.7%	\$ 3,740,977	6.8%	9.3%	
KUMC-Education	38,894,035	433,560	1.1	4.1	514,738	1.3	3.8	
KSU	41,797,131	1,656,000	4.0	7.0	1,966,061	4.7	7.2	
KSU-ESARP	20,888,923	798,000	3.8	6.8	947,413	4.5	7.0	
KSU-Salina	1,687,745	184,000	10.9	13.9	218,451	12.9	15.4	
KSU-Vet.Med.	6,294,605	200,000	3.2	6.2	237,447	3.8	6.3	
WSU	23,236,023	1,880,000	8.1	11.1	2,232,002	9.6	12.1	
ESU	10,663,164	221,000	2.1	5.1	262,379	2.5	5.0	
FHSU	10,264,626	411,000	4.0	7.0	487,954	4.8	7.3	
PSU	13,058,370	391,000	3.0	6.0	464,209	3.6	6.1	
<b>TOTAL</b>	<b>\$ 221,600,350</b>	<b>\$ 9,325,560</b>	<b>4.2%</b>	<b>7.2%</b>	<b>\$ 11,071,631</b>	<b>5.0%</b>	<b>7.5%</b>	

\* Includes 3.0 percent basic unclassified salary increase.  
 \*\* Includes 2.5 percent basic unclassified salary increase.

6. **Mission Related Enhancements.** The Regents requests a total of \$9.3 for mission related program enhancements. The enhancements are directed at: improving university libraries (\$3,486,000), health education enhancements (\$4,335,552), and improvements for specific university programs (\$1,490,160).

6. The Governor's recommendations for mission-related enhancements total \$2.3 million and are found below.

a. **Systemwide Regents Libraries Proposal.** The Kansas Board of Regents requests \$3.5 million for the purpose of enhancing university libraries. The initial appropriation of \$3.5 million would be allocated among the institutions in proportion to each Regents schools' existing expenditures for libraries. The proposal has the following components: (1) **computer catalog improvement** to enable all of the Regents libraries to complete the conversion of their card catalog records to computerized form (\$1,228,845); (2) **electronic database acquisition** to expand access to computerized information (\$1,060,465); (3) **document delivery** to procure needed materials within 48 hours (\$434,790); and (4) **systemwide connectivity** to provide protocols to link computers at the Regents universities with each other and with other state, national, and international databases (\$775,900). A large part of the Regents

a. The Governor does not recommend funding for the systemwide Regents library proposal.



proposal is to make the materials in all of the Regents libraries accessible to each other. The Regents proposal would be compatible with proposals to link other libraries in the state; however, the Regents proposal is confined to the Regents system and does not address the cost to other libraries of having greater access to the Regents holdings. The Legislative Educational Planning Committee (LEPC) and the Joint Committee on Computers and Telecommunications reviewed the library proposal during the 1993 interim. The LEPC endorsed the proposal, but made no recommendation regarding funding the proposal. The JCCT also endorsed the proposal and recommended funding the electronic database acquisition (\$1,060,465) and system connectivity (\$775,900) in the first year of the proposal. The JCCT noted that data base acquisition and system connectivity included substantial one-time costs; therefore, a portion of these same resources would be available in later fiscal years to address computer card catalog improvement and enhanced document delivery.

**b. Health Education Enhancements.** The Regents request a total of \$4,335,552 for specific health related programs throughout the Regents system. Refer to the individual budget analyses for a complete description of the enhancements.

b. The Governor's recommendations for health-education enhancements total \$1,753,465 and are found in the table below.



**REGENTS REQUEST FOR HEALTH CARE  
PROGRAM ENHANCEMENTS AND GOVERNOR'S RECOMMENDATIONS**

**FY 1995**

	<u>Regents Request</u>	<u>Gov. Rec.</u>
<b>University of Kansas Medical Center</b>		
Viability of Primary Care Clinical Departments	\$ 1,200,000	\$ 300,000
Enhancing Recruitment of Medical Residents	1,594,755	400,000
Rural Educational Initiatives:		
Rural Family Practice Residencies	177,918	100,000
Expansion of Primary Care Nurse Practitioner Program	276,257	130,000
Preventive Medicine and Public Health	364,864	364,864
Topeka Residency Program	0	175,000
Subtotal -- KUMC	<u>\$ 3,613,794</u>	<u>\$ 1,469,864</u>
<b>University of Kansas -- Lawrence</b>		
Faculty Positions in Department of Health Services Administration	\$ 40,000	\$ 0
<b>Kansas State University -- Main Campus</b>		
Rural Health Care Program Enhancement	\$ 100,000	\$ 0
<b>Wichita State University</b>		
Master of Public Health	\$ 133,601	\$ 133,601
Physician Assistant Program	283,585	150,000
Enhancement of Nursing Graduate Program	60,872	0
Subtotal -- WSU	<u>\$ 478,058</u>	<u>\$ 283,601</u>
<b>Pittsburg State University</b>		
Establish Nurse Practitioner Track	\$ 103,700	\$ 0
<b>GRAND TOTAL</b>	<u><u>\$ 4,335,552</u></u>	<u><u>\$ 1,753,465</u></u>

c. *Enhancements to Specific University Programs.* According to the Regents, each of the institutions has specific programs that are unique to their campus mission. Accordingly each has submitted a limited number of proposals for program enhancement. The total of these enhancements is \$1,490,160. Refer to the individual budget analyses for a complete description of the enhancements.

c. The Governor recommends \$550,000 for specific program enhancements in FY 1995.



## Specific University Program Enhancements

Institution	Request FY 1995	Gov. Rec. FY 1995
<b>KU</b>		
Regents Center Enhancement	\$ 315,000	\$ 200,000
Law School Improvements*	150,000	150,000
Curriculum Improvements	136,800	0
Subtotal -- KU	<u>\$ 601,800</u>	<u>\$ 350,000</u>
<b>KSU</b>		
Curriculum Development	\$ 93,000	\$ 50,000
Improvements to Six Colleges	229,800	0
Subtotal -- KSU	<u>\$ 322,800</u>	<u>\$ 50,000</u>
<b>KSU - ESARP</b>		
Wheat Improvements	\$ 60,000	\$ 0
<b>KSU - Vet. Med.</b>		
Computing	\$ 36,000	\$ 0
<b>WSU</b>		
Undergraduate Advising	\$ 162,000	\$ 65,000
<b>ESU</b>		
Teaching Enhancement Center	\$ 55,000	\$ 35,000
Counseling Accreditation	43,500	0
Subtotal -- ESU	<u>\$ 98,500</u>	<u>\$ 35,000</u>
<b>FHSU</b>		
Reduce Salary Shrinkage Rate	\$ 117,260	\$ 0
<b>PSU</b>		
Network Interconnectivity	\$ 91,800	\$ 50,000
<b>TOTAL</b>	<u>\$ 1,490,160</u>	<u>\$ 550,000</u>

\* Improvements are funded by a special law school fee.

7. *Restricted Use Positions.* The Regents did not request this item.

7. The Governor recommends that the position limitation be removed for positions funded by restricted use funds. This recommendation would not affect positions funded from general use sources.



[Note: This report reflects Senate Committee action as of March 2, 1994. The appropriation bills are in the Senate Committee and are subject to further changes by the Senate committee as well as the Senate Committee of the Whole.]

# SUMMARY OF REGENTS BUDGET ITEMS SUBMITTED BY REGENTS IN PRIORITY ORDER

	Agency Req.	Notes	Gov. Rec.	Notes	Senate Rec.	Notes	House Rec.	Notes
<b>A. Expenditures</b>								
1. Basic Budget Increases								
Classified Salaries	\$ 2.9	step+longevity	\$ 2.9	step+longevity	\$ 2.9	step+longevity	\$	
Unclassified Salaries	12.0	3%	9.8	2.5%	9.8	2.5%		
Student Salaries	0.3	3%	0.3	3%	0.2	2.5%		
OOE (excl. utilities)	3.2	3%	3.2	3%	3.2	3%		
Fringe Benefit and Other Net Adjust.	0.5		(1.3)		(1.3)			
Subtotal	18.9		14.9		14.8			
Enrollment Adjustment	1.4	36.0 FTE	1.4	36.0 FTE	1.2	21.0 FTE		
2. Salary & Other Enhancements								
Peer Related Faculty Salary Incr.	9.3		11.1		9.3			
Recruitment of Minority GTAs	1.3		0.0		0.0			
Regents Supp. Grant Program	2.3		2.3		0.1			
Incr. of 0.5% Retirement	1.4		0.0		0.0			
3. Servicing New Buildings	1.9	42.0 FTE	2.1	42.0 FTE	1.9	34.5 FTE		
4. Systemwide Enhancement for Libraries	3.5		0.0		0.8			
5. Health Care Education	4.3		1.8		1.5			
6. Specific Univ. Improvements	1.5		0.4		0.5			
7. Other Items								
Change Accounting for GTAs Tuition	--		--		3.3			
TOTAL Increases	\$ 45.8		\$ 34.0		\$ 33.4		\$	
<b>B. Financing</b>								
SGF	\$30.7		\$21.2		\$18.2			
Tuition	15.0		14.7		17.9			
Other*	0.1		(1.9)		(2.7)			
TOTAL	\$45.8		\$34.0		\$33.4			

\* Net changes in Hospital Revenue Fund, EDIF-SGF funding shift, federal land grant funds, Medical Student Loan Repayment Fund-operating expenditures, etc.

FISCAL IMPLICATIONS OF PROPOSAL  
(Millions of State General Fund Dollars)  
FY 1995 - FY 1997

	Required For Partnership	FY 1995 Request	Senate Rec.	Required For Partnership	Potential Request	Required For Partnership	Potential Request
Regents Institutions							
Increase to Basic Budgets	\$12.2 (3%)(a)	12.2	\$8.9	\$12.9	\$12.9 (3%)	\$13.7	\$13.1 (3%)
Enrollment Adjustment		1.4	1.2		3.0		3.0
New Buildings Operating Support		1.9	1.9		2.0		2.0
Increased Retirement Contribution		1.4	0.0		0.0		0.0
Faculty Salary Increases		0.0	0.0 (b)	0.8	0.8 (b)	0.8	0.8 (b)
Change In Method of Finance		0.9	3.0				
Program Enhancements		9.3	2.8		5.0		5.0
Subtotal Institutions		\$27.1	\$17.8		\$23.7		\$23.9
Student Assistance	2.3	2.3	\$0.1	2.3	\$2.3	2.3	\$2.3
GRAND TOTAL	\$14.5	\$29.4	\$17.9	\$16.0	\$26.0	\$16.8	\$26.2
Increase to SGF Base		7.1%	4.3%		6.0%		5.8%

(a) Presumes FY 1994 base budget of \$413.7 million.

(b) Partnership For Excellence Program requires no State General Fund in FY 1995, but requires \$9.3 million in tuition revenue for faculty salary increases.

(file c:\ptsp revised Mar. 8, 1994)

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ATTACHMENT