

Approved: 03/29/94
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairman Rochelle Chronister at 12:35 p.m. on March 24, 1994 in Room 514-S of the Capitol.

All members were present except: Rep. Tom Bradley, excused

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

Conferees appearing before the committee:

Barbara Hinton, Director, Legislative Post-Audit

Others attending: See attached list

The committee was to consider subcommittee reports on agency budgets contained in **SB 590**. Rep. Pottorff gave the subcommittee recommendations for the FY 94 and FY 95 Board of Regents budgets. (See Attachments 1 & 1a). Rep. Pottorff made a motion to adopt the reports. Her motion was seconded by Rep. Teagarden and carried by the committee with Rep.s Lowther, Gatlin, Helgersen and Lowther dissenting.

Rep. Pottorff read the subcommittee reports for the University of Kansas FY 94 and FY 95 budgets. (See Attachment 2). Rep. Pottorff moved to adopt both reports. Rep. Teagarden seconded the motion and it carried.

Rep. Chronister gave the subcommittee recommendations for the University of Kansas Medical Center FY 94 and FY 95 budgets. (See Attachment 3). Rep. Heinemann made a motion to amend the report by requesting the introduction of legislation in FY 95 recommendation #5 changing the Medical Student Loan Act to allow psychiatry as an approved post-graduate residency training program eligible for student medical loans. Rep. Lowther seconded the motion and it carried. Rep. Pottorff moved adoption of the amended reports. The motion carried with Rep. Minor's second.

Kansas State University's (KSU) FY 94 and FY 95 subcommittee recommendations were given by Rep. Teagarden. (See Attachment 4). He then moved adoption of the reports, seconded by Rep. Minor and carried.

The subcommittee recommendations for the KSU - Extension and Agriculture Research Center budgets for FY 94 and FY 95 were read by Rep. Teagarden. (See Attachment 5). Rep. Teagarden made a motion to adopt the reports. Rep. Minor seconded his motion and it was carried by the committee.

Rep. Teagarden read the subcommittee reports for the FY 94 and FY 95 KSU-Salina, College of Technology budgets. (See Attachment 6). Rep. Teagarden moved adoption of the reports. Rep. Minor seconded the motion and it was carried.

The FY 94 and FY 95 subcommittee recommendations for the KSU - Veterinary Medical Center budgets were read by Rep. Teagarden. (See Attachment 7). Rep. Teagarden moved to adopt the reports. Rep. Minor seconded the motion and it was carried by the committee.

Rep. Minor gave the subcommittee's FY 94 and FY 95 reports for Wichita State University. (See Attachment

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S of the Capitol, at 12:35 p.m. on March 24, 1994.

8). Rep. Minor made a motion to adopt both subcommittee reports. Rep. Teagarden seconded the motion and it was carried by the committee.

Chairman Chronister interrupted the presentation of subcommittee reports for committee consideration and opened the scheduled hearing on **SB 808**. Barbara Hinton, Division of Legislative Post-Audit, testified in support of the bill explaining what would take place in the event it became law. (See Attachment 9). The hearing on the bill was closed. Rep. Gross made a motion to pass and favorably recommend the bill. Rep. Pottorff seconded the motion and it carried.

Rep. Jennison read the subcommittee recommendations for the FY 94 and FY 95 Emporia State University budgets. (See Attachment 10). Rep. Jennison moved adoption of the reports. Rep. Charlton seconded the motion and it carried.

Rep. Jennison gave the subcommittee reports for the FY 94 and FY 95 Fort Hays State University budgets. (See Attachment 11). He then moved to adopt the reports, seconded by Rep. Charlton and carried.

Rep. Jennison read the FY 94 and FY 95 subcommittee recommendations for the Pittsburgh State University budgets. (See Attachment 12). Rep. Jennison made a motion adopting both subcommittee reports. Rep. Charlton seconded the motion and it was carried by the committee.

Rep. Pottorff made a motion to pass and favorably recommend **SB 590** as it had been amended by the committee. Rep. Teagarden seconded the motion and it carried.

No further business appearing before the committee, the meeting was adjourned at 2:00 p.m. The next meeting is scheduled for March 25, 1994.

1994 Appropriation Committee Guest List

1	NAME	ORGANIZATION
2	Russ Frey	KUMA
3	Kari Austin	(Medin)
4	Daniel Hermes	Division of the Budget
5	Marty Kennedy	" " " "
6	Henry Fopker	ESU
7	Markus Perry	KU
8	Samuel C. Perry	FHSU
9	Susan Peterson	Kansas State
10	Jim Jowland	KU
11	David & Monica	Washburn
12	Mike Bohneff	Budget
13	Ray Hauke	Staff - K Board of Regents
14	ERIC SEXTON	WICHITA STATE
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Thu, Mar 24, 1994

SUBCOMMITTEE REPORT

Agency: Board of Regents

Bill No. 590

Bill Sec. 12

Analyst: Rothe

Analysis Pg. No. 635

Budget Page No. 488

<u>Expenditure Summary</u>	<u>Agency Req. FY 95</u>	<u>Gov. Rec. FY 95</u>	<u>Senate Sub. Adjustments</u>
All Funds:			
State Operations	\$ 1,814,743	\$ 1,674,416	\$ 133,400
Aid to Local Units	6,806,633	6,806,633	(200,517)
Other Assistance	14,774,852	14,311,216	(2,316,313)
Subtotal - Operating	\$ 23,396,228	\$ 22,792,265	\$ (2,383,430)
Capital Improvements	10,000,000	10,000,000	--
TOTAL	<u>\$ 33,396,228</u>	<u>\$ 32,792,265</u>	<u>\$ (2,383,430)</u>
State General Fund:			
State Operations	\$ 1,726,943	\$ 1,596,395	\$ 68,621
Aid to Local Units	6,806,633	6,806,633	(200,517)
Other Assistance	13,127,555	12,464,476	(2,330,593)
TOTAL	<u>\$ 21,661,131</u>	<u>\$ 20,867,504</u>	<u>\$ (2,462,489)</u>
FTE Positions	18.0	18.0	--

Agency Request/Governor's Recommendation

The Board's request for total expenditures of \$33,396,228 includes \$1,235,843 for the general administration of the Board office, \$15,353,752 for special programs including the financial aid programs administered by the Board, \$6,806,633 for the Washburn University operating grant, and \$10.0 million from the Educational Building Fund for rehabilitation and repair projects at the Regents' institutions.

The Governor's total FY 1995 recommendation of \$32,792,265 (a reduction of \$603,963 from the request) includes \$1,230,016 for general administration of the Board office (a reduction of \$5,827), \$6,806,633 for the Washburn University operating grant as requested, \$14,755,616 for special programs including financial aid programs administered by the Board office (a reduction of \$598,136) and \$10.0 million (already appropriated) from the EBF for rehabilitation and repair projects at the Regents' institutions.

Senate Subcommittee Recommendation

FY 1994. The Subcommittee concurs with the Governor's recommendations for FY 1994.

ATTACHMENT 1

FY 1995. The Subcommittee concurs with the Governor's recommendation with the following adjustments:

1. Add \$60,000 from the State General Fund to fully finance the Regents Distinguished Professors Program in FY 1995. Although three of the five professorships are currently vacant, the Board of Regents filled the WSU Public Finance Professorship (effective in the Fall, 1994). An interview is scheduled on March 8 to fill the Meat Science Professorship at KSU. The Board also indicated that KU is involved in a search for the distinguished professorship in International Political Economy.
2. Delete the \$50,000 appropriation from the State General Fund recommended by the Governor in FY 1995 to include Washburn University in the state Tuition Grant Program. The Subcommittee is not opposed to the appropriation given that 1993 S.B. No. 8 added Washburn University to the Tuition Grant Program. In fact, the 1993 Legislature appropriated \$50,000 for FY 1994 for Washburn's inclusion in the Program (the Governor vetoed the appropriation). However, the Subcommittee believes that any new state expenditures for Washburn University in FY 1995 should be held pending consideration of the inclusion of the University in the state Regents system.
3. Delete \$200,517 from the Washburn University Operating Grant (SGF) recommended by the Governor for FY 1995. The 1993 Legislature approved an FY 1994 grant of \$6,413,705, then reduced it by 1.0 percent to \$6,349,568. The Governor's FY 1995 recommendation of \$6,806,633 is a 7.2 percent increase above the FY 1994 grant. The Senate Subcommittee recommends an FY 1995 grant totaling \$6,606,116 based on a 3.0 percent increase applied to the original FY 1994 appropriation of \$6,413,705. The recommendation is actually a 4.0 percent increase above the actual FY 1994 grant of \$6,349,568. The recommended reduction is not intended to be a rejection of Washburn's inclusion in the state system. The Subcommittee merely prefers to defer expenditure increases pending consideration of the inclusion of the University in the state Regents system.
4. Add \$40,000 from the Economic Development Initiatives Fund (EDIF) to continue support of the Kansas Council on Economic Education (KCEE). The funds would be transferred to Wichita State University. The same level of funding was approved for fiscal years 1993 and 1994. The Governor's FY 1995 recommendation eliminated financing from the EDIF in the Board Office budget for KCEE, urging instead that WSU find the resources within its own budget to continue the program if it is a priority of the University.
5. Delete a total of \$2,280,593 (State General Fund) from the following financial aid programs in FY 1995. The Subcommittee recommends an increase in State General Fund financing of 3.0 percent above the approved FY 1994 amounts (prior to the 1.0 percent reductions at the end of the 1993 Session). In some cases the Subcommittee's recommendation results in an increase above the Governor's FY 1995 recommendation, in other cases a decrease.

SENATE SUBCOMMITTEE RECOMMENDATIONS - STUDENT FINANCIAL AID
(STATE GENERAL FUND ONLY)

Program	Actual FY 93	Approved FY 94 (Before 1% Cut)	Agency Request FY 95	Gov. Rec. FY 95	Senate Subc. Rec. FY 95 (FY 94 X 3%)	Senate Subc. Change from Gov.
Tuition Grant	\$ 5,486,174	\$ 5,455,502	\$ 5,562,975	\$ 5,532,072	\$ 5,619,167	\$ 87,095
State Scholarship	0	254,784	260,837	243,011	257,332	14,321
Supplemental Grant Program	0	2,300,000	4,577,000	4,577,000	2,369,000	(2,208,000)
Ethnic Minority Scholarship	302,462	314,000	363,000	529,124	323,420	(205,704)
Ethnic Minority Fellowship	0	160,000	320,000	160,000	164,800	4,800
Career Work Study	459,092	482,227	491,543	477,227	496,694	19,467
Vocational Scholarship	61,250	66,000	65,000	60,552	67,980	7,428
TOTAL SGF	<u>\$ 6,308,978</u>	<u>\$ 9,032,513</u>	<u>\$ 11,640,355</u>	<u>\$ 11,578,986</u>	<u>\$ 9,298,393</u>	<u>\$ (2,280,593)</u>

6. The Subcommittee recommends an increase in expenditures of \$14,280 in expenditures from the Osteopathic Scholarship Repayment Fund in FY 1995 for total expenditures of \$462,000. The Governor recommended \$447,720 from repayment funds for 39 scholarships at \$11,480 each. The maximum award is \$15,000 and the maximum number of grants is 60. The Subcommittee recommends 35 awards at \$13,200 each, but acknowledges the mix of awards and scholarships is just an estimate. (See the attached full-page table on financial aid programs which includes a section for Osteopathic Scholarships.)
7. The Subcommittee recommends total expenditures of \$133,600 for Optometry Contracts in FY 1995, an increase of \$33,400 above the Governor's recommendation. The increase includes \$8,621 from the State General Fund and \$24,779 from repayment funds and would provide contracts for approximately 40 students. The Subcommittee learned that there will be sufficient balances in the repayment fund to finance most of the increase and recommends the maximum usage of the fund (approved by the 1993 Legislature). Of the 10 seats provided for Kansas students currently, five are located at the University of Missouri at St. Louis (a medium-priced contract), three are located at the University of Houston (a high-priced contract), and two are located at Northeastern State University Optometry School in Oklahoma (a low-priced contract). The Board is investigating whether the Southern School of Optometry in Memphis would be willing to provide one or two seats. The Subcommittee recommends the Board of Regents maximize the appropriations by contracting with schools that have the most reasonable contract prices, and continue searching for other available schools. (See the attached full-page table on financial aid programs which includes a section for Optometry Contracts.)
8. The Subcommittee concurs with the Governor's recommendation in reducing FY 1995 expenditures for nursing and teaching scholarships. The attached table shows a recent reduction in the utilization of the programs.
9. As a technical adjustment, add several no-limit funds that were inadvertently left out of the bill.

EXISTING STATE FUNDED FINANCIAL AID PROGRAMS

<u>Program</u>	<u>Actual FY 93</u>	<u>Estimate FY 94</u>	<u>Gov. Rec. FY 94</u>	<u>Request FY 95</u>	<u>Gov. Rec FY 95</u>	<u>Senate Sub. Adjustments</u>
NEED-BASED AID						
Tuition Grant						
All Funds	\$ 6,588,365	\$ 5,401,269	\$ 5,401,269	\$ 5,562,975	\$ 5,551,269	\$ 87,095
State General Fund	5,486,174	5,400,947	5,400,947	5,562,975	5,532,072	87,095
Discontinued Attendance	1,102,191	322	322	--	19,197	--
Maximum Grant	1,700	1,700	1,700	1,700	1,700	--
No. of Recipients	3,503	3,177	3,429	3,340	3,525	--
State Scholarship						
All Funds	1,144,434	1,052,258	1,052,258	1,067,634	1,052,000	14,321
State General Fund	--	245,461	245,461	260,837	243,011	14,321
Federal Funds	797,474	806,797	806,797	806,797	806,797	--
Discontinued Attendance	346,960	--	--	--	2,192	--
Maximum Grant	1,000	1,000	1,000	1,000	1,000	--
No. of Students	1,159	1,052	1,052	1,067	1,052	--
Supplemental Grant Program						
State General Fund	--	2,277,000	2,277,000	4,577,000	4,577,000	(2,208,000)
Maximum Grant	--	900	900	900	900	--
No. of Students	--	2,530	2,530	5,086	5,086	--
Ethnic Minority Scholarship						
All Funds	302,462	331,150	331,150	363,000	531,500	(205,704)
State General Fund	302,462	289,150	289,150	363,000	529,124	(205,704)
Discontinued Attendance	--	42,000	42,000	--	2,376	--
Maximum Grant	1,500	1,500	1,500	1,500	1,500	--
No. of Students	205	221	221	242	354	--
Career Work Study						
State General Fund	459,092	477,227	477,227	491,543	477,227	19,467
MERIT-ONLY AID						
Vocational Scholarship						
All Funds	61,250	66,840	62,500	65,000	65,000	7,428
State General Fund	61,250	65,340	61,000	65,000	60,552	7,428
Discontinued Attendance	--	1,500	1,500	--	4,448	--
Maximum Grant	500	500	500	500	500	--
No. of Students	120	134	125	130	130	--
SERVICE-BASED AID						
Ethnic Minority Fellowship						
State General Fund	--	160,000	88,000	320,000	160,000	4,800
Maximum Grant	--	10,000	10,000	10,000	10,000	--
No. of Students	--	20	11	40	20	--
Teacher Scholarship						
All Funds	508,168	491,693	480,000	425,000	400,000	--
State General Fund	489,180	460,285	448,592	412,500	377,240	--
Repayment Fund	18,988	31,408	31,408	12,500	22,760	--
Maximum Grant	5,000	5,000	5,000	5,000	5,000	--
No. of Students	104	98	96	85	80	--
Nursing Scholarship						
All Funds	1,058,051	1,111,556	871,000	883,000	809,500	--
State General Fund	565,625	588,465	458,159	505,000	418,250	--
Sponsor	492,426	471,000	360,750	315,000	328,250	--
Repayment Fund	--	52,091	52,091	63,000	63,000	--
Maximum Grant	3,500	3,500	3,500	3,500	3,500	--
No. of Students	299	338	264	268	242	--
Osteopathic Scholarship						
All Funds	500,000	482,164	482,164	497,700	447,720	14,280
State General Fund	256,707	82,727	82,727	197,700	--	--
Repayment Fund	243,293	399,437	399,437	300,000	447,720	14,280
Maximum Grant	10,000	15,000	15,000	15,000	15,000	--
No. of Students	50	42	42	42	39	(4)
Optometry Contracts						
All Funds	116,200	111,400	111,400	133,600	100,200	33,400
State General Fund	116,200	65,702	65,702	88,600	24,979	8,621
Repayment Fund	--	45,698	45,698	45,000	75,221	24,779
Maximum Grant	NA	NA	NA	NA	NA	NA
No. of Students	35	37	37	40	35	5
Total -- All Funds	\$ 10,738,022	\$ 11,962,557	\$ 11,633,968	\$ 14,386,452	\$ 14,171,416	\$ (2,232,913)
Total State General Fund	\$ 7,736,690	\$ 10,112,304	\$ 9,893,965	\$ 12,844,155	\$ 12,399,455	\$ (2,271,972)

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate concurs with the recommendation of the Committee with the following adjustments:

1. Restore \$200,517 from the State General Fund for a total Washburn University Operating Grant of \$6,806,633 in FY 1995 as recommended by the Governor and the State Board of Regents. The FY 1995 grant is a 7.2 percent increase above the FY 1994 grant of \$6,349,568.
2. Restore \$50,000 from the State General Fund to include Washburn University in the state Tuition Grant Program.

<u>Expenditure Summary</u>	<u>Senate Adj. FY 95</u>	<u>Senate Rec. FY 95</u>	<u>House Sub. Adjustments</u>
All Funds:			
State Operations	\$ 133,400	\$ 1,807,816	\$ 12,405,531
Aid to Local Units	--	6,806,633	(12,000)
Other Assistance	(2,266,313)	12,044,903	(509,608)
Subtotal - Operating	\$ (2,132,913)	\$ 20,659,352	\$ 11,883,923
Capital Improvements	--	10,000,000	--
TOTAL	<u>\$ (2,132,913)</u>	<u>\$ 30,659,352</u>	<u>\$ 11,883,923</u>
State General Fund:			
State Operations	\$ 68,621	\$ 1,665,016	\$ 12,405,531
Aid to Local Units	--	6,806,633	(12,000)
Other Assistance	(2,280,593)	10,183,883	(509,608)
TOTAL	<u>\$ (2,211,972)</u>	<u>\$ 18,655,532</u>	<u>\$ 11,883,923</u>
FTE Positions	--	18.0	--

House Subcommittee Recommendation

FY 1994. The House Subcommittee concurs with the recommendation of the Senate which concurred with the Governor.

FY 1995. The House Subcommittee concurs with the recommendations of the Senate with the following adjustments:

1. **Systemwide -- House Committee on Appropriations Plan for Funding the Regents in FY 1995.**
 - a. **State General Fund.** The House Committee recommends that the increase in SGF expenditures for the Regents system in FY 1995 be contained in a single SGF appropriation of \$12,405,531 million in the Kansas Board of Regents Office. This amount represents a 3.0 percent increase over FY 1994 SGF expenditures of \$413.5 million. The Board of Regents would be authorized to transfer funds from this account to the individual Regents institutions and to Board-administered financial aid programs.
2. **Systemwide -- General Use Classified and Unclassified FTE Limitation.** Strike the FTE limitations from the appropriations bill. The Board will continue to budget for FTE positions and the Governor and Legislature will continue to make adjustments and track FTE positions.
3. Delete \$12,000 SGF from the \$6,806,633 Washburn Operating Grant recommended by the Senate and Governor for FY 1995. The House Subcommittee recommends an FY 1995 Operating Grant totaling \$6,794,633, an increase of \$445,065 (or 7.0 percent) above the approved FY 1994 grant of \$6,349,568. The House Subcommittee recommendation is based on a methodology whereby a percentage increase (2.5 percent) is applied to the FY 1994 total Public Funding Base of Washburn University of \$17,802,582 to yield an increase of \$445,065.

The Subcommittee explains that the Public Funding Base to which percentages should be applied for requested increases would include all of the public monies received by Washburn which would either be capped or eliminated if Washburn were to become a state university. These revenues total \$17,802,582 and include the State Operating Grant, local property tax revenues, the local ad valorem tax reduction fund, local out-district tuition, investment earnings and unrestricted endowments. Because such revenues are already restricted by state policy, the University contends that a 2.5 percent increase should be applied to the entire Public Funding Base to yield an increase in the State Operating Grant of \$445,065.

The Subcommittee notes that over the last several years the percentage increases applied to the State Operating Grant are comparable to percentage increases in SGF support at the Regents universities. However, this approach overlooks that the State Operating Grant represents less than 20 percent of Washburn University general use funds, while it represents over 60 percent at most of the Regents universities. In the interest of fairness a percentage increase should instead be applied to the Public Funding Base.

4. The House Subcommittee deletes the \$50,000 SGF that had been recommended by the Governor and the Senate for Washburn University student participation in the State Tuition Grant Program. Instead, the Subcommittee recommends the addition of a proviso on the Washburn University Operating Grant account permitting the transfer of an amount not to exceed \$50,000 to the Tuition Grant Program account to provide tuition grants to eligible Washburn University students. Such transfer

would be conditioned on the approval by the Washburn University Board of Regents and the State Board of Regents.

5. The House Subcommittee concurs with Senate Subcommittee Recommendations 6 through 8 concerning the Teacher Scholarship Program, the Nursing Scholarship Program, the Osteopathic Scholarship Program, and Optometry Contracts. For other financial aid programs, the House Subcommittee reduces FY 1995 SGF expenditures recommended by the Senate by \$459,608. For FY 1995 the House Subcommittee recommends the same SGF appropriation recommended by the Governor for FY 1994 and concurs with the Governor's FY 1995 recommendation for other funds. The following two tables compare recommendations of the Senate and of the House Subcommittee for financial aid programs.

**RECOMMENDATIONS – STUDENT FINANCIAL AID
(STATE GENERAL FUND ONLY)**

Program	Actual FY 93	Gov. Rec. FY 94	Agency Request FY 95	Gov. Rec. FY 95	Senate Change from Gov.	House Sub. Change from Gov.
Tuition Grant	\$ 5,486,174	\$ 5,400,947	\$ 5,562,975	\$ 5,532,072	\$ 87,095	\$ (131,125)
State Scholarship	0	245,461	260,837	243,011	14,321	2,450
Supplemental Grant Program	0	2,277,000	4,577,000	4,577,000	(2,208,000)	(2,300,000)
Ethnic Minority Scholarship	302,462	289,150	363,000	529,124	(205,704)	(239,974)
Ethnic Minority Fellowship	0	88,000	320,000	160,000	4,800	(72,000)
Career Work Study	459,092	477,227	491,543	477,227	19,467	0
Vocational Scholarship	61,250	61,000	65,000	60,552	7,428	448
TOTAL SGF	<u>\$ 6,308,978</u>	<u>\$ 8,838,785</u>	<u>\$ 11,640,355</u>	<u>\$ 11,578,986</u>	<u>\$ (2,280,593)</u>	<u>\$ (2,740,201)</u>

EXISTING STATE FUNDED FINANCIAL AID PROGRAMS

<u>Program</u>	<u>Gov. Rec. FY 94</u>	<u>Agency Req. FY 95</u>	<u>Gov. Rec FY 95</u>	<u>Senate Rec. FY 95</u>	<u>House Sub. Rec. FY 95</u>
NEED-BASED AID					
Tuition Grant					
All Funds	\$ 5,401,269	\$ 5,562,975	\$ 5,551,269	\$ 5,638,364	\$ 5,420,144
State General Fund	5,400,947	5,562,975	5,532,072	5,619,167	5,400,947
Discontinued Attendance	322	--	19,197	19,197	19,197
Maximum Grant	1,700	1,700	1,700		
No. of Recipients	3,429	3,340	3,525		
State Scholarship					
All Funds	1,052,258	1,067,634	1,052,000	1,066,321	1,054,450
State General Fund	245,461	260,837	243,011	257,332	245,461
Federal Funds	806,797	806,797	806,797	806,797	806,797
Discontinued Attendance	--	--	2,192	2,192	2,192
Maximum Grant	1,000	1,000	1,000		
No. of Students	1,052	1,067	1,052		
Supplemental Grant Program					
State General Fund	2,277,000	4,577,000	4,577,000	2,369,000	2,277,000
Maximum Grant	900	900	900		
No. of Students	2,530	5,086	5,086		
Ethnic Minority Scholarship					
All Funds	331,150	363,000	531,500	325,796	291,526
State General Fund	289,150	363,000	529,124	323,420	289,150
Discontinued Attendance	42,000	--	2,376	2,376	2,376
Maximum Grant	1,500	1,500	1,500		
No. of Students	221	242	354		
Career Work Study					
State General Fund	477,227	491,543	477,227	496,694	477,227
MERIT-ONLY AID					
Vocational Scholarship					
All Funds	62,500	65,000	65,000	72,428	65,448
State General Fund	61,000	65,000	60,552	67,980	61,000
Discontinued Attendance	1,500	--	4,448	4,448	4,448
Maximum Grant	500	500	500		
No. of Students	125	130	130		
SERVICE-BASED AID					
Ethnic Minority Fellowship					
State General Fund	88,000	320,000	160,000	164,800	88,000
Maximum Grant	10,000	10,000	10,000		
No. of Students	11	40	20		
Teacher Scholarship					
All Funds	480,000	425,000	400,000	400,000	400,000
State General Fund	448,592	412,500	377,240	377,240	377,240
Repayment Fund	31,408	12,500	22,760	22,760	22,760
Maximum Grant	5,000	5,000	5,000		
No. of Students	96	85	80		
Nursing Scholarship					
All Funds	871,000	883,000	809,500	809,500	809,500
State General Fund	458,159	505,000	418,250	418,250	418,250
Sponsor	360,750	315,000	328,250	328,250	328,250
Repayment Fund	52,091	63,000	63,000	63,000	63,000
Maximum Grant	3,500	3,500	3,500		
No. of Students	264	268	242		
Osteopathic Scholarship					
All Funds	482,164	497,700	447,720	462,000	462,000
State General Fund	82,727	197,700	--	--	--
Repayment Fund	399,437	300,000	447,720	462,000	462,000
Maximum Grant	15,000	15,000	15,000		
No. of Students	42	42	39		
Optometry Contracts					
All Funds	111,400	133,600	100,200	133,600	133,600
State General Fund	65,702	88,600	24,979	33,600	33,600
Repayment Fund	45,698	45,000	75,221	100,000	100,000
Maximum Grant	NA	NA	NA		
No. of Students	37	40	35		
Total - All Funds	\$ 11,633,968	\$ 14,386,452	\$ 14,171,416	\$ 11,938,503	\$ 11,478,895
Total State General Fund	\$ 9,893,965	\$ 12,844,155	\$ 12,399,455	\$ 10,127,483	\$ 9,667,875

**WASHBURN UNIVERSITY OPERATING GRANT
FY 1995 Revised Request**

<u>FY 1994 Appropriation</u>	<u>WU Original Request</u>	<u>Increase From FY 1994</u>
\$6,359,568	\$6,883,568	\$ 534,000

<u>Regents/Governor Recommendation</u>	<u></u>
\$6,806,633	\$ 457,065

<u>Senate Committee Recommendation</u>	<u></u>
\$6,606,116	\$ 256,548

<u>WU Revised Request</u>	<u></u>
\$6,794,633	\$ 445,065

\$ 88,935 below Original Request
\$ 12,000 below Regents/Governor
\$188,517 above Senate

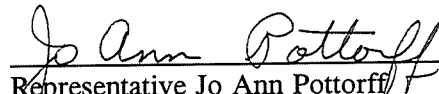
FY 1994 Public Funding Base

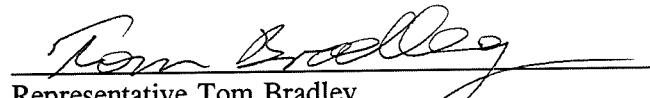
State Operating Grant	\$ 6,349,568
Property Taxes	
Operations Levy	4,378,225
Benefits Levy	5,357,000
Out-District Local Aid	543,789
Interest on Balances	470,000
Unrestricted Endowments	704,000
TOTAL PFB	\$17,802,582

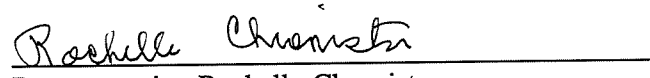
x 3.0% - \$534,077
x 2.5% - \$445,065

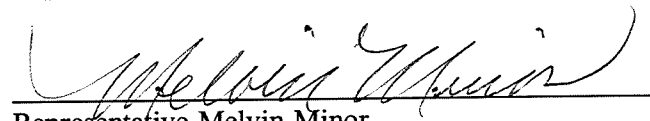
S.B. 718 (SUPPLEMENTAL)
S.B. 590

Board of Regents Office
University of Kansas
University of Kansas Medical Center
Kansas State University
Kansas State University -- ESARP
Kansas State University -- Salina, College of Technology
Kansas State University -- Veterinary Medical Center
Wichita State University


Representative Jo Ann Pottorff
Subcommittee Chair


Representative Tom Bradley


Representative Rochelle Chronister


Representative Melvin Minor


Representative George Teagarden

SUBCOMMITTEE REPORT

Agency: University of Kansas

Bill No. 718

Bill Sec. 11

Analyst: Duffy

Analysis Pg. No. 559

Budget Page No. 598

<u>Expenditure</u>	<u>Agency Est. FY 94</u>	<u>Governor's Rec. FY 94</u>	<u>Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 101,457,450	\$ 101,863,585	\$ --
General Fees Fund	60,117,111	59,708,114	--
Endowment Interest	25,000	25,000	--
EDIF	805,568	805,568	--
Subtotal General Use	\$ 162,405,129	\$ 162,402,267	\$ --
Restricted Use Funds	108,218,485	108,218,485	--
TOTAL -- Oper. Expend.	<u>\$ 270,623,614</u>	<u>\$ 270,620,752</u>	<u>\$ --</u>
Capital Improvements:			
Educational Bldg. Fund	\$ 5,877,527	\$ 5,877,527	\$ --
Special Capital Improv. Fund	8,211,338	8,202,415	--
Other Funds	14,092,617	14,092,617	--
TOTAL -- Capital Improv.	<u>\$ 28,181,482</u>	<u>\$ 28,172,559</u>	<u>\$ --</u>
GRAND TOTAL	<u>\$ 298,805,096</u>	<u>\$ 298,793,311</u>	<u>\$ --</u>
FTE Positions:			
Classified	1,985.8	1,978.8	--
Unclassified	<u>2,480.4</u>	<u>2,479.4</u>	--
TOTAL	<u>4,466.2</u>	<u>4,458.2</u>	--

Agency Estimate/Governor's Recommendation

The University requests a total operating budget of \$270,623,614. Of the total request, general use expenditures account for \$162,405,129 (as approved), an increase of 4.8 percent over actual FY 1993 expenditures. Subsequent to the budget submission, the Kansas Board of Regents authorized KU to seek a State General Fund supplemental appropriation of \$707,975 to offset a projected shortfall in the General Fees Fund (tuition) used to finance the FY 1994 operating budget; and a corresponding reduction in the expenditure limitation on the General Fees Fund approved by the 1993 Legislature. According to the agency, the Fall estimate of tuition revenues is lower than the amount estimated last Spring due to an enrollment decrease of 338 students.

For FY 1994, the Governor recommends a total operating budget of \$270,620,752, of which general use expenditures are \$162,402,267. The Governor's general use current year recommendation for expenditures is \$2,862 less than the agency included in its budget submission and includes adjustments for the following: an increase reflecting approved funding released by the State Finance Council for position reclassifications (\$35,326); a reduction resulting from retirements per 1993 H.B. 2122 (\$39,221); and an increase in fringe benefit rates which is offset by increasing the agency's shrinkage rate in the current year by .11 percent, from the approved rate of 2.70 percent to 2.81 percent. As to the financing of the current

year budget, the Governor recommends a State General Fund supplemental appropriation of \$408,998 and reduces the expenditure limitation on the General Fees Fund by this same amount due to the projected shortfall in tuition revenues. The Governor recommends \$298,978 less than KU requested by spending balances totaling \$298,978 from the General Fees Fund.

Senate Subcommittee Recommendation

The Senate Subcommittee on KU concurs with the Governor's recommendation for FY 1994, with the following adjustment:

1. **Retirement Reductions Per 1993 H.B. 2211.** The Subcommittee reviewed KU retirements and requested the university to provide information regarding the impact of the legislation on the university. Officials reported that to date 8.0 classified FTE were eliminated and they anticipate an additional 5.0 FTE would be eliminated over the balance of the fiscal year. The agency estimates that the fiscal impact of this policy on KU will be in the range of \$150,000 to \$200,000 annually over the next three fiscal years. KU expressed concern about the long-term impact of this policy on the university.

Senate Committee Recommendation

The Senate Committee concurs.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs.

<u>Expenditure</u>	<u>Senate Adj. FY 94</u>	<u>Senate Rec. FY 94</u>	<u>House Sub. Adjustments</u>
Operating Expenditures:			
State General Fund	\$ --	\$ 101,863,585	\$ --
General Fees Fund	--	59,708,114	--
Endowment Interest	--	25,000	--
EDIF	--	<u>805,568</u>	--
Subtotal General Use	\$ --	\$ 162,402,267	\$ --
Restricted Use Funds	--	<u>108,218,485</u>	--
TOTAL -- Oper. Expend.	<u>\$ --</u>	<u>\$ 270,620,752</u>	<u>\$ --</u>
Capital Improvements:			
Educational Bldg. Fund	\$ --	\$ 5,877,527	\$ --
Special Capital Improv. Fund	--	8,202,415	--
Other Funds	--	<u>14,092,617</u>	--
TOTAL -- Capital Improv.	<u>\$ --</u>	<u>\$ 28,172,559</u>	<u>\$ --</u>
GRAND TOTAL	<u><u>\$ --</u></u>	<u><u>\$ 298,793,311</u></u>	<u><u>\$ --</u></u>
FTE Positions:			
Classified	--	1,978.8	--
Unclassified	--	<u>2,479.4</u>	--
TOTAL	--	<u><u>4,458.2</u></u>	--

House Subcommittee Recommendation

The House Subcommittee concurs with the Senate.

SUBCOMMITTEE REPORT

Agency: University of Kansas

Bill No. 590

Bill Sec. 9

Analyst: Duffy

Analysis Pg. No. 559

Budget Page No. 598

<u>Expenditure</u>	<u>Agency Req. FY 95</u>	<u>Governor's Rec. FY 95</u>	<u>Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 107,318,511	\$ 105,019,981	\$ (137,328)
General Fees Fund	65,221,624	66,038,763	1,436,927
Endowment Interest	25,000	25,000	--
EDIF	832,339	0	--
Subtotal General Use	\$ 173,397,474	\$ 171,083,744	\$ 1,299,599
Restricted Use Funds	111,088,673	111,088,673	--
TOTAL -- Oper. Expend.	<u>\$ 284,486,147</u>	<u>\$ 282,172,417</u>	<u>\$ 1,299,599</u>
Capital Improvements:			
Educational Bldg. Fund	\$ 395,000	\$ 395,000	\$ --
Other Funds	10,644,000	10,644,000	--
TOTAL -- Cap. Improv.	<u>\$ 11,039,000</u>	<u>\$ 11,039,000</u>	<u>\$ --</u>
GRAND TOTAL	<u>\$ 295,525,147</u>	<u>\$ 293,211,417</u>	<u>\$ 1,299,599</u>
FTE Positions:			
Classified	2,008.8	1,990.8	(2.0)
Unclassified	<u>2,510.9</u>	<u>2,505.4</u>	<u>1.0</u>
TOTAL	<u>4,519.7</u>	<u>4,496.2</u>	<u>(1.0)</u>

Agency Request/Governor's Recommendation

The University's general use expenditures request reflects an increase of \$10,992,345 or 6.8 percent over the FY 1994 request. The requested general use increase includes: (1) an increase in the Regents employers' retirement contribution from 8.5 percent to 9 percent (\$344,109); (2) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees (\$732,861); (3) a 3.0 percent merit pool for unclassified employees (\$3,056,145); (4) a 3.0 percent increase for student salaries (\$56,357); (5) a 3.0 percent increase for other operating expenditures (\$588,078); (6) a faculty salary enhancement to be targeted to "ranked faculty and those directly involved with the instructional experience" (\$3,151,000); (7) \$323,141 for costs to service new buildings; and (8) mission related program enhancements targeted at university libraries (\$1,522,500), Regents Center enhancements (\$315,000), law school improvements financed by a special law school fee (\$150,000), and the addition of 2.5 faculty to augment tenure-track faculty at the Freshman and Sophomore levels (\$136,800).

For FY 1995, the Governor's recommendation reflects a general use increase of \$8,681,477, a 5.3 percent increase over the Governor's FY 1994 recommendation. The increase is financed by increasing expenditures from the State General Fund by \$3,156,396 (3.1 percent) and tuition revenues by \$6,330,649 (10.6 percent). The Governor reverses action taken by the 1993 Legislature and shifts funding

for economic development activities from the EDIF back to the State General Fund. The overall general use increase recommended by the Governor of \$8,681,477 is composed of the following: (1) classified step movement (approximately 2.5 percent) and annualization of mid-year position reclassifications (\$730,274); (2) a 2.5 percent merit pool for unclassified employees (\$2,490,695); (3) a 3.0 percent increase for student salaries, as requested; (4) 3.0 percent increase for OOE, as requested; (5) an additional faculty salary enhancement pool of \$3,740,977 to be allocated to faculty which equates to a 6.8 percent increase in the institution's ranked faculty salary base; (6) \$323,141 and 5.0 classified FTE for servicing new buildings, as requested; and (7) mission related program enhancements to: increase instructional support for the University of Kansas' Regents Center (\$200,000) and initiate the second year of funding for law school improvements financed by a special law student fee (\$150,000).

Senate Subcommittee Recommendation

The Senate Subcommittee on KU concurs with the Governor's recommendation for FY 1995, with the following adjustments:

1. **Systemwide -- Student Salaries.** Delete \$9,349 from general use funds for student salaries. The systemwide recommendation is for a 2.5 percent increase to the student salary base compared to the 3 percent requested by the Regents and recommended by the Governor.
2. **Systemwide -- Regents Libraries.** Add \$495,250 from general use funds to begin funding of the Regents systemwide library enhancement proposal.
3. **Systemwide -- Graduate Teaching Assistants Salaries and Wages and Tuition Payments.** Create a separate State General Fund line-item with an appropriation of \$7,265,890 for GTA salaries and wages and delete this same amount from the operating expenditures line item. Indicate in a proviso that salaries and wages for GTAs shall not be expended from the university's operating expenditures line item. Also, increase expenditures from the General Fees Fund by \$1,436,927 to provide for the payment of tuition for GTAs and in a proviso indicate the amount to be expended for tuition payments for GTAs.
4. **Systemwide -- Faculty Salary Enhancement.** Delete \$589,977 from general use funds that the Governor added to the faculty salary enhancement pool, above the \$3,151,000 financed from tuition revenues that the Regents requested.
5. **Specific University Program Enhancement -- Regents Center.** Add \$50,000 and 1.0 unclassified FTE position for a total of \$250,000 to enhance the Regents Center. The additional funding will enable KU to respond to increased demands for professional and graduate education in the metropolitan area, particularly in the fields of engineering and business.
6. **Servicing New Buildings.** Delete \$83,252 and 2.0 FTE classified positions from the Governor's recommendation of \$323,141 and 5.0 FTE positions for new buildings operating support. The reductions are reflected in decreasing 2.0 classified positions for J.R. Pierson Hall (\$38,792) and deleting construction utilities for the reconstruction of Hoch Auditorium due to delays in the project (\$44,460).

7. **Request for Restricted Use Positions.** The Subcommittee reviewed the university's request for 30.0 FTE restricted use positions. The university reported that the requested increase in positions, 20.0 unclassified and 10.0 classified, is related to increased research activities. According to the University, the dollar value of research grants in FY 1993 (actual) was \$37.4 million. The university estimates grants of \$41.0 million in FY 1994 and \$47.0 million in FY 1995. The number of new research grants in FY 1993 was 255. The university estimates new grants of 280 in FY 1994 and 340 in FY 1995.
8. Operations and capital improvements for the Kansas Law Enforcement Training Center are supported by the Law Enforcement Training Center Fund. Revenues supporting this fund are from district court criminal and traffic docket fees and similar municipal court docket fees. It appears that declining revenues to the Law Enforcement Training Center Fund may necessitate an increase in the docket fees. 1994 S.B. 629 would increase docket fees charged by district courts for criminal and traffic docket fees from \$5 to \$9, an increase of \$4 which, according to the fiscal note, would generate additional revenues of \$788,000.

Senate Committee Recommendation

The Senate Committee concurs, with the following adjustments:

1. **Systemwide -- Change Methodology to Allocate Faculty Salary Enhancement Pool.** Add \$701,000 to the faculty salary enhancement pool for a total of \$3,852,000 based on changing the methodology used to allocate the faculty salary enhancement among the Regents institutions. The Senate Committee's recommendation is based on using a methodology which allocates funding based on the position of each institution relative to its peers to bring the institutions with designated peers to 94 percent of the average paid at peer institutions. The Senate Committee concurs with the Regents requested allocation for the special purpose campuses (KUMC, KSU-VMC, KSU-Salina, and KSU-ESARP).
2. Shift funding of \$228,427 for the Center of Excellence from the State General Fund to the EDIF.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs, with the following adjustments:

1. **Systemwide -- Restore Faculty Salary Enhancement to Regents Request.** Delete \$701,000 from general use funds for the faculty salary enhancement pool for a total of \$3,151,000.
2. **Systemwide -- Student Salaries.** Add \$9,349 from general use funds for student salaries. The systemwide recommendation is for a 3.0 percent increase to the student salary base, as requested and recommended by the Governor.

<u>Expenditure</u>	<u>Senate Adj. FY 95</u>	<u>Senate Rec. FY 95</u>	<u>House Sub. Adjustments</u>
Operating Expenditures:			
State General Fund	\$ (356,406)	\$ 104,663,575	\$ (2,799,990)
General Fees Fund	1,436,927	67,475,690	(2,219,037)
Endowment Interest	--	25,000	--
EDIF	<u>228,427</u>	<u>228,427</u>	<u>601,308</u>
Subtotal General Use	\$ 1,308,948	\$ 172,392,692	\$ (4,417,719)
Restricted Use Funds	--	<u>111,088,673</u>	--
TOTAL -- Oper. Expend.	<u>\$ 1,308,948</u>	<u>\$ 283,481,365</u>	<u>\$ (4,417,719)</u>
Capital Improvements:			
Educational Bldg. Fund	\$ --	\$ 395,000	\$ --
Other Funds	--	<u>10,644,000</u>	--
TOTAL -- Cap. Improv.	<u>\$ --</u>	<u>\$ 11,039,000</u>	<u>\$ --</u>
GRAND TOTAL	<u>\$ 1,308,948</u>	<u>\$ 294,520,365</u>	<u>\$ (4,417,719)</u>
FTE Positions:			
Classified	(2.0)	1,988.8	--
Unclassified	<u>1.0</u>	<u>2,506.4</u>	--
TOTAL	<u>(1.0)</u>	<u>4,495.2</u>	--*

* Recommend striking the FTE limitations from S.B. 590.

House Subcommittee Recommendation

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

1. **Systemwide -- House Committee on Appropriations Plan for Funding the Regents in FY 1995.**
 - a. **State General Fund.** Delete a total of \$2,799,990 from the State General Fund line-items for a total SGF base appropriation of \$101,863,585. (The House Committee recommends that the increase in SGF expenditures for the Regents system in FY 1995 be contained in a single SGF appropriation of \$12.4 million in the Kansas Board of Regents office. This amount represents a 3 percent increase over FY 1994 SGF expenditures of \$413.5. The Board of Regents would be authorized to transfer funds from this account to the individual Regents institutions and to Board-administered financial aid programs.)
 - b. **Tuition.** Reduce the expenditure limitation on the General Fees Fund (tuition) by \$782,110 to reflect undergraduate tuition rate increases of 5 percent at KU, KSU, and WSU and 3 percent at ESU, FHSU, and PSU.

2. **Systemwide -- GTA Salaries and Tuition Payment.** Reject the Senate recommendation to create a separate line item of \$7,265,890 for salaries and wages of Graduate Teaching Assistants. The Subcommittee recommends that salaries and wages for GTAs be included in the operating expenditures line item account in the bill. Also, the House Subcommittee recommends that the current practice of waiving tuition for GTAs be maintained rather than increasing expenditures by \$1,436,927 from the General Fees Fund to provide for the payment of tuition of GTAs, as recommended by the Senate.
3. **Systemwide -- General Use Classified and Unclassified FTE Limitation.** Strike the FTE limitations from the appropriations bill. The institution will continue to budget for FTE positions and the Governor and Legislature will continue to make adjustments and track FTE positions.
4. Add \$601,308 for a total of \$829,735 from the EDIF to continue base support of the institution's budget.
5. The House Subcommittee discussed mission, program review, and performance measures with the university. The Subcommittee encourages the university to continue their work on meaningful performance measures.

SUBCOMMITTEE REPORT

Agency: University of Kansas Medical Center Bill No. 718

Bill Sec. 12

Analyst: Duffy

Analysis Pg. No. 568

Budget Page No. 600

Education Program

Expenditure	Agency Est. FY 94	Governor's Rec. FY 94	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 73,367,512	\$ 73,240,964	\$ --
General Fees Fund	9,004,365	9,004,365	--
Hospital Overhead Reimb.	14,637,873	14,637,873	--
EDIF	346,500	346,500	--
Loan Repayment	<u>552,727</u>	<u>552,727</u>	--
Subtotal General Use	\$ 97,908,977	\$ 97,782,429	\$ --
Restricted Use Funds	<u>42,926,050</u>	<u>42,926,050</u>	--
TOTAL - Oper. Expend.	<u>\$ 140,835,027</u>	<u>\$ 140,708,479</u>	<u>\$ --</u>
Capital Improvements:			
Educational Bldg. Fund	\$ 8,610,375	\$ 8,610,375	\$ --
Other Funds	<u>1,436,120</u>	<u>1,436,120</u>	--
TOTAL - Cap. Improv.	<u>\$ 10,046,495</u>	<u>\$ 10,046,495</u>	<u>\$ --</u>
GRAND TOTAL	<u>\$ 150,881,522</u>	<u>\$ 150,754,974</u>	<u>\$ --</u>
FTE Positions:			
Classified	1,294.0	1,292.0	--
Unclassified	<u>1,389.2</u>	<u>1,381.4</u>	--
TOTAL	<u>2,683.2</u>	<u>2,673.4</u>	--

Hospital Program

Expenditure	Agency Est. FY 94	Governor's Rec. FY 94	Subcommittee Adjustments
Operating Expenditures:			
Hospital Revenue Fund	\$ 105,546,585	\$ 105,500,613	\$ --
Restricted Use Funds	<u>38,066,015</u>	<u>38,066,015</u>	<u>--</u>
TOTAL - Oper. Expend.	<u>\$ 143,612,600</u>	<u>\$ 143,566,628</u>	<u>\$ --</u>
Capital Improvements:			
Educational Bldg. Fund	\$ 1,738	\$ 1,738	\$ --
Other Funds	<u>1,799,836</u>	<u>1,799,836</u>	<u>--</u>
TOTAL - Cap. Improv.	<u>\$ 1,801,574</u>	<u>\$ 1,801,574</u>	<u>\$ --</u>
GRAND TOTAL	<u><u>\$ 145,414,174</u></u>	<u><u>\$ 145,368,202</u></u>	<u><u>\$ --</u></u>
FTE Positions:			
Classified	1,025.9	1,022.5	--
Unclassified	<u>1,103.2</u>	<u>1,103.2</u>	--
TOTAL	<u><u>2,129.1</u></u>	<u><u>2,125.7</u></u>	--

Agency Estimate/Governor's Recommendation

The agency's revised FY 1994 general use budget includes increased expenditures of \$5,686,360 over the amount estimated, almost all of which is reflected in increased expenditures in the hospital portion of the budget (\$5,396,462). The current year changes to the hospital budget include the expenditure of \$2.2 million to acquire an equity position in Healthsource, Inc., and a \$2.0 million budgeted reserve. The requested changes to the education portion of the budget approved by the 1993 Legislature include: (1) increase expenditures by \$135,000 for library enhancements (the Regents have authorized KUMC to assess a special library fee to generate the revenue to support these expenditures); (2) increase expenditures by \$155,159 and 7.8 classified FTE positions to provide partial year funding for the servicing costs associated with the new Biomedical Research Building; and (3) increase expenditures from the State General Fund by \$1,147,273, and decrease expenditures from the Medical Student Loan Repayment Fund by this same amount. Based on receipts to date, it appears that the estimate used by 1993 Legislature was too high. In order to fund the approved level of expenditures, KUMC requests the State General Fund supplemental appropriation.

The Governor's general use current year recommendation for expenditures is \$172,520 less than the agency included in its budget submission. The Governor concurs with the agency's revised estimate for the University hospital, but revises expenditures downward by \$45,972 to reflect a reduction resulting from retirements per 1993 H.B. 2122. The Governor's recommended adjustments to the education budget total increased expenditures of \$126,548 and include: increased expenditures of \$135,000 for library enhancements, as requested; (2) increased expenditures reflecting approved funding released by the State Finance Council for position reclassifications (\$65,416); (3) a reduction resulting from retirements per 1993 H.B. 2122 (\$36,805). The Governor's recommendation does not include current year funding for the new Biosciences Research Building, but does include full funding in the FY 1995 recommendation. As to the financing of the Medical Student Loan Program in the current year budget, the Governor

recommends a State General Fund supplemental appropriation of \$1,147,273, and reduces the expenditure limitation on the Medical Student Loan Repayment Fund by this same amount, as requested by KUMC.

Senate Subcommittee Recommendations

The Senate Subcommittee on KUMC concurs with the Governor's recommendations for FY 1994, with the following comment:

1. Retirement Reductions Per 1993 H.B. 2211. The Subcommittee reviewed KUMC retirements. Officials reported that to date 10.0 classified FTE positions were eliminated (KU Hospital -- 6.0; KUMC-Education -- 3.0; and KUMC-Wichita -- 1.0). KUMC expressed concern about the long-term impact of this policy, particularly noting that for the KU Hospital the continuing loss of positions would impact the hospital's ability to provide quality patient care.

Senate Committee Recommendation

The Senate Committee concurs.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs.

Education Program

<u>Expenditure</u>	<u>Senate Adj. FY 94</u>	<u>Senate Rec. FY 94</u>	<u>House Sub. Adjustments</u>
Operating Expenditures:			
State General Fund	\$ --	\$ 73,240,964	\$ --
General Fees Fund	--	9,004,365	--
Hospital Overhead Reimb.	--	14,637,873	--
EDIF	--	346,500	--
Loan Repayment	--	552,727	--
Subtotal General Use	\$ --	\$ 97,782,429	\$ --
Restricted Use Funds	--	42,926,050	--
TOTAL - Oper. Expend.	\$ --	\$ 140,708,479	\$ --
Capital Improvements:			
Educational Bldg. Fund	\$ --	\$ 8,610,375	\$ --
Other Funds	--	1,436,120	--
TOTAL - Cap. Improv.	\$ --	\$ 10,046,495	\$ --
GRAND TOTAL	<u>\$ --</u>	<u>\$ 150,754,974</u>	<u>\$ --</u>
FTE Positions:			
Classified	--	1,292.0	--
Unclassified	--	1,381.4	--
TOTAL	--	<u>2,673.4</u>	--

House Subcommittee Recommendation

The House Subcommittee concurs.

SUBCOMMITTEE REPORT

Agency: University of Kansas Medical Center Bill No. 590

Bill Sec. 10

Analyst: Duffy

Analysis Pg. No. 568

Budget Page No. 600

Education Program

<u>Expenditure</u>	<u>Agency Req. FY 95</u>	<u>Governor's Rec. FY 95*</u>	<u>Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 81,291,880	\$ 76,310,806	\$ 449,637
General Fees Fund	9,339,276	9,345,663	82,603
Hospital Overhead Reimb.	14,637,873	14,963,870	--
Loan Repayment	<u>0</u>	<u>1,500,000</u>	<u>(500,000)</u>
Subtotal General Use	\$ 105,269,029	\$ 102,120,339	\$ 32,240
Restricted Use Funds	<u>45,479,850</u>	<u>45,102,217</u>	<u>139,440</u>
TOTAL - Oper. Expend.	<u>\$ 150,748,879</u>	<u>\$ 147,222,556</u>	<u>\$ 171,680</u>
Capital Improvements:			
Other Funds	<u>982,000</u>	<u>982,000</u>	<u>--</u>
TOTAL - Cap. Improv.	<u>\$ 982,000</u>	<u>\$ 982,000</u>	<u>\$ --</u>
GRAND TOTAL	<u><u>\$ 151,730,879</u></u>	<u><u>\$ 148,204,556</u></u>	<u><u>\$ 171,680</u></u>
FTE Positions:			
Classified	1,296.5	1,294.0	--
Unclassified	<u>1,396.2</u>	<u>1,385.4</u>	--
TOTAL	<u><u>2,692.7</u></u>	<u><u>2,679.4</u></u>	--

* Reflects corrections to Governor's Budget Report.

Hospital Program

<u>Expenditure</u>	<u>Agency Req. FY 95</u>	<u>Governor's Rec. FY 95</u>	<u>Subcommittee Adjustments</u>
Operating Expenditures:			
Hospital Revenue Fund	\$ 106,498,882	\$ 105,672,156	\$ --
Restricted Use Funds	<u>38,586,439</u>	<u>38,084,195</u>	<u>--</u>
TOTAL - Oper. Expend.	<u>\$ 145,085,321</u>	<u>\$ 143,756,351</u>	<u>\$ --</u>
Capital Improvements:			
Other Funds	<u>1,695,000</u>	<u>1,695,000</u>	<u>--</u>
TOTAL - Cap. Improv.	<u>\$ 1,695,000</u>	<u>\$ 1,695,000</u>	<u>\$ --</u>
GRAND TOTAL	<u><u>\$ 146,780,321</u></u>	<u><u>\$ 145,451,351</u></u>	<u><u>\$ --</u></u>
FTE Positions:			
Classified	1,025.9	1,022.5	--
Unclassified	<u>1,103.2</u>	<u>1,103.2</u>	<u>--</u>
TOTAL	<u><u>2,129.1</u></u>	<u><u>2,125.7</u></u>	<u><u>--</u></u>

Agency Request/Governor's Recommendation

Education. The requested general use increase of \$7,360,052 includes: (1) an increase in the Regents employers' retirement contribution from 8.5 percent to 9 percent (\$159,188); (2) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees (\$348,791); (3) a 3.0 percent merit pool for unclassified employees (\$1,306,869); (4) a 3.0 percent increase for house staff (\$280,976); (5) a 3.0 percent increase for Health Care Workers (\$16,947); (6) a 3 percent increase for student salaries (\$13,973); (7) a 3.0 percent increase for other operating expenditures (\$390,977); (8) a faculty salary enhancement to be targeted to "ranked faculty and those directly involved with the instructional experience" (\$433,560); (9) \$406,521 for costs to service the new Bioscience Research building; and (10) mission-related program enhancements targeted at University Libraries (\$248,500); Primary Care Clinical Departments (\$1,200,000); Recruitment of Medical Residents (\$1,594,755); Rural Family Practice Residencies (\$177,918); Expansion of the Nurse Practitioner Program (\$276,257); and Preventive Medicine and Public Health (\$364,864).

The general use increase recommended by the Governor of \$4,182,309 includes: (1) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees (\$348,791); (2) a 2.5 percent merit pool for unclassified employees (\$1,068,494); (3) a 2.5 percent increase for house staff (\$241,063); (4) a 2.5 percent increase for Health Care Workers (\$13,666); (5) a 3.0 percent increase for student salaries, as requested; (6) a 3.0 percent increase for other operating expenditures, as requested; (7) a faculty salary enhancement pool, in addition to the 2.5 percent unclassified increase, of \$514,738 which equates to a 1.3 percent increase in the institution's estimated faculty salary base; (8) \$406,521 for costs to service the new Bioscience Research building, as requested; and (9) mission-related program enhancements targeted at Primary Care Clinical Departments (\$300,000), Recruitment of Medical Residents (\$400,000), Rural Family Practice Residencies (\$100,000), Expansion

of the Nurse Practitioner Program (\$130,000), Preventive Medicine and Public Health (\$364,864) and Topeka Residency Program (\$175,000).

Hospital. The requested general use increase of \$952,297 includes: (1) a downward adjustment of \$2,272,445 to the base budget to reflect a one-time payment for an equity position with Healthsource, Inc.; (2) increase in the Regents employers' retirement contribution from 8.5 percent to 9 percent (\$46,420); (3) a 1.3 percent increase in the classified base (\$303,047); (4) a 3.0 percent merit pool for unclassified employees (\$441,745); (5) a 3.0 percent increase for health care workers (\$906,332); a 3.0 percent increase for student salaries (\$11,896); and (6) a 3.0 percent increase for other operating expenditures (\$907,427). For FY 1995, the Governor's recommendation reflects a general use increase for the hospital program of \$171,543, a 0.2 percent increase over the Governor's FY 1994 recommendation. The increase is financed by increasing expenditures from the Hospital Revenue Fund. The general use increase recommended by the Governor of \$171,543 includes: (1) a downward adjustment of \$2,272,445 to the base budget to reflect a one-time payment for an equity position with Healthsource, Inc., as requested; (2) step movement, and annualization of reclassifications for eligible employees (\$303,047); (3) a 2.5 percent merit pool for unclassified employees (\$360,128); (4) a 2.5 percent increase for health care workers (\$751,791); a 3.0 percent increase for student salaries, as requested; and (5) a 3.0 percent increase for other operating expenditures, as requested.

Senate Subcommittee Recommendation

The Senate Subcommittee on KUMC concurs with the Governor's recommendations for FY 1995, with the following adjustments:

1. **Systemwide -- Student Salaries.** Delete \$2,326 from General Use Funds for student salaries. The systemwide recommendation is for a 2.5 percent increase to the student salary base compared to the 3 percent requested by the Regents and recommended by the Governor.
2. **Systemwide -- Regents Libraries.** Add \$70,000 from General Use Funds to begin funding of the Regents systemwide library enhancement proposal.
3. **Systemwide -- Graduate Teaching Assistants Tuition Payments.** Increase expenditures from the General Fees Fund by \$82,603 to provide for the payment of tuition for GTAs and in a proviso indicate the amount to be expended for tuition payments for GTAs.
4. **Systemwide -- Faculty Salary Enhancement.** Delete \$81,178 from General Use Funds that the Governor added to the faculty salary enhancement pool above the \$433,560 that the Regents requested.
5. **Health Care Program Enhancement -- Viability of Primary Care Clinical Departments.** Add \$300,000 for a total of \$600,000 to be administered by the Executive Dean of the School of Medicine and targeted to primary care. Indicate in a proviso that the \$600,000 is to be released by the State Finance Council upon the university's demonstrated good faith effort to move the existing 16 individual private practice foundations into a single multi-specialty group practice. The Subcommittee notes that a single multi-specialty group practice is an important recommendation included in the consultants report on KUMC.

Also, the consultants emphasize the need to add primary care faculty. The Subcommittee notes that this issue should be reviewed again later in the Session after further discussion of the consultants recommendations.

6. **Health Care Program Enhancement -- Recruitment of Medical Residents.** Add \$110,000 for a total of \$510,000 to enhance the recruitment of medical residents. Indicate in a proviso that KUMC is to use the \$510,000 to reimburse Kansas City residents for the cost of dependent health insurance.
7. **Health Care Program Enhancement -- Rural Family Practice Residencies.** Delete \$100,000 and 0.5 unclassified FTE for the proposed rural family practice residency program. The university requests \$177,918 and the Governor recommends \$100,000. The Subcommittee is supportive of moving existing family practice residents to rural training sites as a strategy to increase the number of physicians in rural areas, but does not believe the state can afford to add, in addition to the new state supported slots for the Topeka Residency program, more state supported residency slots.
8. **Health Care Program Enhancement -- Expansion of Nurse Practitioner Program.** The Subcommittee concurs with the \$130,000 the Governor included for this program but adds 0.5 unclassified FTE for this initiative. The agency requested \$276,357 for personnel and equipment. The Senate Committee authorized expenditures from the Information Technology Reserve Fund (DISC budget) for a multi-point control unit with the primary purpose of providing multi-point control services to KUMC. The equipment and the funding of \$130,000 fully funds the agency's requests for the KU School of Nursing to expand its program to two additional rural sites.
9. **Health Care Program Enhancement -- Preventive Medicine and Public Health.** Delete \$334,459 from the \$364,864 requested and recommended by the Governor for this initiative. The Subcommittee's recommendation of \$30,405 would provide one months funding for this new program. KUMC's proposal would add three additional faculty members to the Department of Preventive Medicine, along with funding to support twelve students in three month community-based rotations as part of the new master's degree in public health offered jointly by the KU School of Medicine and WSU. The proposed new Master of Public Health degree will be submitted in March to the Board of Regents for approval. As proposed, KUMC's share of this program would be funded jointly by a four year grant from the Kansas Health Foundation and the state. It appears that the grant will be available to fund most of FY 1995 expenditures with the expectation that the state funding will be phased-in over the next several fiscal years. When the grant expires, KUMC intends to submit a request for state funds to replace the KHF grant.
10. **Health Care Program Enhancement -- Topeka Residency Program.** Delete \$12,400 from the State General Fund from the \$175,000 that the Governor recommends for this new program for a total of \$162,600. The Subcommittee's recommendation is based on \$27,100 for each of the six resident slots. This is the

same policy applied to the state's reimbursements to the Wichita Center for Graduate Medical Education for support of residents in Wichita.

11. **Servicing New Buildings -- Biomedical Research Building.** The Subcommittee reviewed the university's request and Governor's recommendation of \$406,521 and 7.8 FTE positions for support of the Biomedical Research Building and concurs with the request.
12. Increase expenditures from the Medical Student Loan Repayment Fund by \$139,440 for six additional new loans above the 30 recommended by the Governor for a total of 36 new loans. Decrease expenditures from the Medical Student Loan Repayment Fund for operating expenditures in the education program by \$500,000 and increase expenditures from the State General Fund in the education program by this same amount.
13. The 1993 Legislature approved \$276,000 from the State General Fund to establish a Faculty Locum Tenens Program. As proposed, the initiative included 2.0 FTE faculty positions, one to be located at the Kansas City campus in the Family Practice Department and the other to be located at the Wichita campus in the Family Practice Department. The additional faculty was approved in order to make time available for faculty of the Family Practice departments to provide locum services. The Subcommittee reviewed the implementation of this program and learned that KUMC changed the program. KUMC assigned the program to the Department of Rural Health and initiated a program that uses the funds to make financial incentive payments to existing faculty for locum services rather than adding two new faculty positions, as proposed. KUMC made this change because of concerns that the original program design lacked incentives that would encourage faculty to provide locum services to rural Kansas. Although it is troubling that KUMC changed this program from that presented to the 1993 Legislature, the Subcommittee is concerned about results. The Subcommittee believes that a measure of this programs success is the amount of time KUMC physicians actually spend in relief in rural communities; therefore, the Subcommittee directs KUMC to provide to the 1995 Legislature a full accounting of the program's activities, including the amount of time actually spent out in relief.
14. The 1992 Legislature created the Kansas Medical Residency Bridging Program and approved \$321,000 and 2.0 FTE positions in FY 1993, the first year of the program. When the budget was submitted KUMC noted that additional funds would be required for future years based on the number of resident contracts. Budgeted expenditures in FY 1994 are \$339,454 and the FY 1995 budget includes \$349,638. It appears that for FY 1995 there will not be adequate funds to support the residents interested in this program. The Subcommittee notes that this program and the Locum Tenens program are administered by the Department of Rural Health. The Subcommittee believes that by administratively merging those two programs and combining the resources of both programs the Department can effectively manage these resources to support both rural health initiatives.

The Kansas Medical Residency Bridging Program is designed to provide an incentive to medical residents in primary care programs to practice in rural Kansas communities. A medical resident who has completed the first year of a primary care

residency training program may enter into an agreement with any city in Kansas (except for communities in Douglas, Johnson, Sedgwick, Shawnee, and Wyandotte counties) to practice medicine full-time in that community upon completion of the residency program in exchange for supplemental payments in addition to their regular residency stipend. Subject to appropriation, KUMC pays \$5,000 for each year of primary care residency training and a bonus of \$6,000 upon completion of the residency program. The city pays the medical resident an amount equal to or greater than the "primary care payment" paid by KUMC. Recipients who fail to comply with the terms of the contract must repay KUMC for the total amount received plus 15 percent which accrues from the date the payments were received.

15. 1994 S.B. 626, as amended by the Senate Committee on Public Health and Welfare, would enact new law directing the Secretary of Social and Rehabilitation Services to appoint a managed care task force to study the feasibility of implementing a pilot program covering all Medicaid eligible residents in Wyandotte County. The findings and recommendations of the task force are to be presented to the 1995 Legislature. The Senate Committee amendment makes it clear that the managed care pilot project for Wyandotte County is in lieu of the managed care project at the University of Kansas Medical Center financed by appropriation act by the 1993 Legislature. That 1993 project is terminated and no further expenditures are made for it.

The Senate Subcommittee strongly opposes the Committee amendment. The Subcommittee continues to believe that it is appropriate to conduct a medicaid managed care pilot project with KUMC. The Subcommittee notes that this issue should be revisited during the SRS budget review.

16. The 1993 Legislature authorized \$99,000 for the Kansas Board of Regents to retain an outside consulting firm to conduct a comprehensive management study of the University of Kansas Medical Center. The Senate Subcommittee convened a joint meeting with the House Subcommittee on KUMC to receive the Arthur Andersen report. The report includes recommendations for: implementing a strategic visioning process; combining the physician private practice foundations into a single multi-specialty group practice; preparing KUMC to compete in a managed care environment; modifying medical education curriculum; developing a delivery network to provide the primary and specialty patients to support the financial, educational and research objectives of KUMC; and making operational changes in the hospital to provide the hospital with flexibility to compete with other hospitals. The consultants conclude that KUMC must move quickly to make significant changes to transition the Medical Center from fee-for-service to managed care. The consultants believe that new alliances and patient routing will be nearly complete in the Kansas City market within the next 18 to 24 months. In response to the study, the Board of Regents has directed KUMC to prepare a plan to implement the most critical of the recommendations, including those that would require legislative action this session.
17. Make two technical adjustments to the bill to reflect the Governor's recommendation on the Medical Student Loan Repayment Fund and the Sponsored Research Overhead Fund.

18. Strike language from the bill relating to the percentage of general use funds to be allocated to salaries of physicians. The Subcommittee believes that this is superfluous language in light of the university's intention to create as soon as possible a unified multi-specialty group practice plan with defined objectives for clinical practice, teaching, and research.

Senate Committee Recommendation

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

1. Delete 2.0 unclassified FTE in the Faculty Locum Tenens program that were added by the 1993 Legislature (see item No. 13).

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs, with the following adjustments:

1. **Systemwide -- Student Salaries.** Add \$2,326 from general use funds for student salaries. The systemwide recommendation is for a 3.0 percent increase to the student salary base, as requested and recommended by the Governor.
2. Add \$100,000 from general use funds and 0.5 unclassified FTE position for the proposed rural family practice residencies.

Education Program

<u>Expenditure</u>	<u>Senate Adj. FY 95</u>	<u>Senate Rec. FY 95</u>	<u>House Sub. Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 551,963	\$ 76,862,769	\$ (3,121,805)
General Fees Fund	82,603	9,428,266	(113,538)
Hospital Overhead Reimb.	--	14,963,870	--
Loan Repayment	(500,000)	1,000,000	--
Subtotal General Use	\$ 134,566	\$ 102,254,905	\$ (3,235,343)
Restricted Use Funds	139,440	45,241,657	--
TOTAL - Oper. Expend.	\$ 274,006	\$ 147,496,562	\$ (3,235,343)
Capital Improvements:			
Other Funds	\$ --	982,000	--
GRAND TOTAL	<u>\$ 274,006</u>	<u>\$ 148,478,562</u>	<u>\$ (3,235,343)</u>
FTE Positions:			
Classified	--	1,294.0	--
Unclassified	(2.0)	1,383.4	--
TOTAL	<u>(2.0)</u>	<u>2,677.4</u>	--*

* Eliminate FTE limitation in S.B. 590.

House Subcommittee Recommendation

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

1. **Systemwide -- House Committee on Appropriations Plan for Funding the Regents in FY 1995.**
 - a. **State General Fund.** Delete a total of \$3,621,805 from the State General Fund line-items for a total SGF base appropriation of \$73,240,964. (The House Committee recommends that the increase in SGF expenditures for the Regents system in FY 1995 be contained in a single SGF appropriation of \$12.4 million in the Kansas Board of Regents office. This amount represents a 3 percent increase over FY 1994 SGF expenditures of \$413.5. The Board of Regents would be authorized to transfer funds from this account to the individual Regents institutions and to Board-administered financial aid programs.)
 - b. **Tuition.** Reduce the expenditure limitation on the General Fees Fund (tuition) by \$30,935 to reflect undergraduate tuition rates of 5 percent at KU, KSU, and WSU and 3 percent at ESU, FHSU, and PSU.
2. **Systemwide -- GTA Salaries and Tuition Payment.** The House Subcommittee recommends that the current practice of waiving tuition for GTAs be maintained rather than increasing expenditures by \$82,603 from the General Fees Fund to provide for the payment of tuition for GTAs, as recommended by the Senate.
3. **Systemwide -- General Use Classified and Unclassified FTE Limitation.** Strike the FTE limitations from the appropriations bill. The institution will continue to budget for FTE positions and the Governor and Legislature will continue to make adjustments and track FTE positions.
4. The Subcommittee notes that the Board of Regents has approved a new joint degree program, the Masters of Public Health, to be offered by WSU and KU School of Medicine. The Subcommittee is pleased with this cooperative program and is appreciative of the financial support provided by the Kansas Health Foundation. The Subcommittee recommends that the Board of Regents give serious consideration to allocating \$71,101 for this program in FY 1995 if the Committee's plan for funding the Regents system is adopted.
5. The House Subcommittee concurs with the Senate's recommendation regarding estimated receipts and expenditures from the Medical Student Loan Repayment Fund, including 36 new medical student loans in FY 1995. The House Subcommittee concurs with the Senate recommendation to add \$500,000 (SGF) for base operating expenditures for the education program to replace funding from the Loan Repayment Fund. The Subcommittee believes that the following criteria used by KUMC to award loans is in accordance with the Legislature's intent regarding this program: (1) first year students; (2) Kansas residents; (3) residents from any Kansas county

other than the counties of Douglas, Johnson, Sedgwick, Shawnee, and Wyandotte; and (4) financial need.

6. The Subcommittee learned that KUMC's Department of Rural Health administers the Faculty Locum Tenens program and the Medical Residency Bridging Program. The 1992 Legislature created the Kansas Medical Residency Bridging Program and approved \$321,000 and 2.0 positions in FY 1993, the first year of the program. When the request was submitted KUMC noted that additional funds would be required in future years based on the number of resident contracts. The Subcommittee reviewed this program and believes that in FY 1995 there will not be adequate funds to support the number of residents interested in the bridging program. The 1993 Legislature created the Faculty Locum Tenens program and approved \$276,000 for the program. The Subcommittee reviewed the Faculty Locum Tenens program and learned that due to delays in the start up of the program there will savings in this program that could be carried forward to the next fiscal year thereby freeing up funds that could be used for the Medical Residency Bridging program. The Subcommittee concurs with the plan to combine the resources of both programs so that the Department can effectively manage the resources to support both rural health initiatives in FY 1995.
7. The Subcommittee notes that the Senate added \$600,000 for primary care initiatives at KUMC to be released by the State Finance Council upon the university's demonstrated good faith effort to move the existing 16 individual private practice foundations into a single multi-specialty group practice. The House Subcommittee would support \$300,000 for this item and suggests that the Board consider this recommendation if the Committee's plan for funding the Regents is adopted.
8. The Arthur Andersen management study concluded that "KUMC must increase the number of family practice residents and general internal medicine residents to meet the demand for primary care physicians. Also, KUMC must evaluate the future demand for specialists and reduce the number of residency positions accordingly." Where a physician serves his or her residency is where the physician is likely to stay and practice medicine; therefore, the Subcommittee concludes that the availability and desirability of primary care medical residencies in Kansas is critical to the future of health care in Kansas. KUMC requests \$1.6 million to make Kansas residency positions more competitive by increasing the stipend and improving benefits. The Governor recommends \$400,000 to pay for dependent health insurance for residents and the Senate recommends \$510,000.

KUMC presented a plan to the Subcommittee which would increase the number of residency slots devoted to primary care and diminish the number of slots for the training of specialists with a goal of having 50 percent of all residency training slots in primary care by 2000. KUMC intends to convert 55 residency positions on the Kansas City campus to primary care (general internal medicine, general pediatrics, and family practice) over the next five years. The Subcommittee is extremely supportive of KUMC's efforts and intends to closely monitor the conversion plan's progress. The Subcommittee believes that in addition to converting slots, this plan should also include the elimination of specialty residency slots. By eliminating slots, funding would be available to enhance stipends and benefits for existing primary care residency slots. Although commitments have already been made for FY 1995, the

Subcommittee requests that KUMC report to the 1995 Legislature on the conversion plan's progress, including a proposal to increase stipends and benefits for primary care residents by decreasing the number of specialty residency slots.

9. The Subcommittee notes that the Governor recommends \$175,000 and the Senate recommends \$162,600 for funding for a Topeka residency program. The Subcommittee does not support funding for this program. The Subcommittee recommends that a proviso be included that excludes this program from the new funding appropriated to the Board of Regents. The state should not commit to support a new residency program in an urban area. The Governor and Senate recommend \$100,000 for rural residency training sites. The Subcommittee believes that limited state funding should be targeted to these rural residency training sites and existing state funded primary care residency programs.
10. The 1993 Legislature authorized \$99,000 for the Kansas Board of Regents to retain an outside consulting firm to conduct a comprehensive management study of the University of Kansas Medical Center. The report includes recommendations for: implementing a strategic visioning process; combining the physician private practice foundations into a single multi-specialty group practice; preparing KUMC to compete in a managed care environment; modifying medical education curriculum; developing a delivery network to provide the primary and specialty patients to support KUMC; and making operating changes in the hospital to provide the hospital with flexibility to compete with other hospitals. The consultants conclude that KUMC must move quickly to make significant changes to transition the Medical Center from fee-for-service to managed care. The consultants believe that new alliances and patient routing will be nearly complete in the Kansas City market within the next 18 to 24 months. In response to the study, the Board of Regents directed KUMC to prepare a plan to implement the most critical of the recommendations, including those that would require legislative action this session. KUMC prepared and the Board approved items for consideration by the Legislature. The Subcommittee reviewed these requests and recommends the following:
 - a. **Reauthorize Authority Granted in the 1993 Omnibus Bill Relative to Affiliations, Partnerships, and Equity Ownerships.** Include a subsection in the appropriation bill authorizing expenditures from the Hospital Revenue Fund, upon recommendation of the Chancellor and approval of the Kansas Board of Regents, for the University Hospital to enter into contracts for purposes of affiliations, partnerships, and equity ownerships with other health care providers. Such contracts are not subject to competitive bid requirements. KUMC is required to make a quarterly report to the Legislative Coordinating Council, the Chairpersons of Senate Ways and Means and House Appropriations, and the Secretary of Administration on all such contracts and expenditures. (S.B. 737 would make this authority permanent).
 - b. **Increase Delegated Purchasing Authority from \$10,000 to \$25,000 and Enable the Hospital to Participate in Consortiums and Other Purchasing Groups.** Include provisos on the Hospital Revenue Fund authorizing purchases of less than \$25,000 by KUMC and permitting KUMC to join with consortiums or other purchasing groups for the acquisition, through

competitive bids, of supplies and other materials and equipment for use by the University Hospital. Such arrangements would not be subject to state competitive bid requirements. KUMC is required to make quarterly reports to the Chairpersons of Senate Ways and Means and House Appropriations and the Secretary of Administration on all such expenditures. (S.B. 531 contains the increase in delegated purchasing authority and S.B. 407 includes the consortium).

- c. **Exempt the Acquisition of Specific Hospital Information Systems from DISC approval and statutory requirements.** Include a proviso on the Hospital Revenue Fund authorizing the KU Hospital to make expenditures for the acquisition of specific hardware and software for University Hospital information systems (Purchasing System, Results Reporting System, Operating Room Management System, Patient Accounting System, Laboratory System, General Ledger System, and Outpatient Information System) KUMC is required to make quarterly reports to the Joint Committee on Computers and Telecommunications and the Secretary of Administration on all such expenditures.
 - d. **Lease and Operate Off-Campus Medical Care Facilities.** Include a proviso on the Hospital Revenue Fund authorizing the KU Hospital to make expenditures for leases and operations of off-campus medical care facilities. Also, exempt the KU Hospital from state requirements regarding leases. KUMC is required to make quarterly reports to the Joint Committee on State Building Construction and the Secretary of Administration on all such expenditures.
 - e. **Enhanced Marketing.** KUMC advised the Subcommittee of its intent to use hospital revenues to embark on an aggressive marketing program and develop off-campus medical care facilities. The Subcommittee endorses this action and believes that it is absolutely imperative if the KU hospital is to survive in an extremely competitive environment.
 - f. **Create two new "no limit" funds: University of Kansas Hospital Professional Liability Self-Insurance Fund and the University of Kansas Hospital Depreciation Reserve Fund.** Establish these two new fund and authorize KU Hospital to make transfers from the Hospital Revenue Fund to these two new funds.
11. The Subcommittee commends the KU School of Medicine for its recent ranking of 10th in the nation among primary care medical schools.
12. The Subcommittee notes that the Board of Regents has approved a new joint degree program, the Masters of Public Health, to be offered by WSU and the KU School of Medicine. The Subcommittee is pleased with this cooperative program and is appreciative of the financial support provided by the Kansas Health Foundation. The Subcommittee recommends that if the Committee's plan for funding the Regents system is adopted that the Board of Regents give serious consideration to allocating \$30,405 to KUMC for this program.

13. The agency requests \$276,357 to expand the Nurse Practitioner program to two additional sites. The Governor and Senate recommend \$130,000 in the KUMC budget and the Senate authorizes additional expenditures in the DISC budget for a multi-point control unit. The Senate recommendation would fully fund the agency's request. The House Subcommittee concurs with the acquisition of the equipment, but does not see the need for additional faculty and OOE (\$130,000). The Subcommittee recommends that the Board of Regents not allocate funding for the faculty position and OOE if the Committee's plan for funding the Regents system is adopted. The Subcommittee understands that the number of potential sites within KU's academic service area is limited and KUMC would like to consider other possible sites outside its academic service area. The Subcommittee requests that the Board of Regents make an exception to the service area guidelines and permit KUMC to offer this program outside its service area.
14. The Subcommittee is concerned about the high demand for physical and occupational therapists and the relatively low number of slots for students in Kansas. Currently, KUMC and WSU offer masters level PT and OT programs. Recently, the Kansas Board of Regents approved two new associate programs for WSU: OT Assistant and PT Assistant.

SUBCOMMITTEE REPORT

Agency: Kansas State University

Bill No. 718

Bill Sec. 9

Analyst: Duffy

Analysis Pg. No. 586

Budget Page No. 404

Expenditure	Agency Est. FY 94	Governor's Rec. FY 94*	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 73,676,656	\$ 74,917,156	\$ --
General Fees Fund	34,578,315	33,381,457	--
Endowment Interest	125,000	125,000	--
EDIF	396,792	396,792	--
Subtotal General Use	\$ 108,776,763	\$ 108,820,405	\$ --
Restricted Use Funds	56,217,811	56,217,811	--
TOTAL--Oper. Expend.	\$ 164,994,574	\$ 165,038,216	\$ --
Capital Improvements:			
Educational Bldg. Fund	\$ 3,135,156	\$ 3,135,156	\$ --
Spec. Cap. Improv. Fund	5,293,147	5,293,147	--
Other Funds	9,374,609	9,374,609	--
TOTAL--Cap. Improv.	\$ 17,802,912	\$ 17,802,912	\$ --
GRAND TOTAL	\$ 182,797,486	\$ 182,841,128	\$ --
FTE Positions:			
Classified	1,420.4	1,418.1	--
Unclassified	1,550.6	1,550.6	--
TOTAL	2,971.0	2,968.7	--

* Reflects correction to Governor's Budget Report.

Agency Estimate/Governor's Recommendation

The University requests general use expenditures of \$108,776,763 (as approved), an increase of 5.6 percent over actual FY 1993 expenditures. (The 1993 Legislature shifted the budgeting of utilities for KSU-VMC and KSU-ESARP to the KSU-Main Campus budget. Excluding utilities, the general use increase was 4.3 percent over actual FY 1993 expenditures.) Subsequent to the budget submission, the Kansas Board of Regents authorized KSU to seek a State General Fund supplemental appropriation of \$1,196,858 to offset a projected shortfall in the General Fees Fund (tuition) used to finance the FY 1994 operating budget; and a corresponding reduction in the expenditure limitation on the General Fees Fund approved by the 1993 Legislature. According to the agency, the Fall estimate of tuition revenues is lower than the amount estimated last Spring due to: (1) an enrollment decrease of 394 students; and (2) a

ATTACHMENT 4

decrease in the average tuition collected because of fewer out-of-state undergraduate students (63) who pay higher tuition rates than in-state students. For FY 1994, the Governor recommends general use expenditures of \$108,861,930. The Governor's general use current year recommendation is \$85,167 more than the agency included in its budget submission and includes offsetting adjustments for the following: an increase reflecting approved funding released by the State Finance Council for position reclassifications (\$86,511); a reduction resulting from retirements per 1993 H.B. 2211 (\$1,344); and an increase in fringe benefit rates, which is offset by increasing the agency's shrinkage rate in the current year by .11 percent, from the approved rate of 2.70 percent to 2.81 percent. As to the financing of the current year budget, the Governor concurs with KSU's request for a State General Fund supplemental appropriation of \$1,196,858 and reduces the expenditure limitation on the General Fees Fund by this same amount due to the projected shortfall in tuition revenues.

Senate Subcommittee Recommendation

The Senate Subcommittee on KSU concurs with the Governor's recommendation for FY 1994 with the following adjustments:

1. **Retirement Reductions Per 1993 H.B. 2211.** The Subcommittee reviewed KSU classified retirements. As of January, KSU had requested restoration of 7.0 FTE positions, of which 3.0 were denied.

Senate Committee Recommendation

The Senate Committee concurs.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs.

Expenditure	Senate Adj. FY 94	Senate Rec. FY 94	House Sub. Adjustments
Operating Expenditures:			
State General Fund	\$ --	\$ 74,917,156	\$ --
General Fees Fund	--	33,381,457	--
Endowment Interest	--	125,000	--
EDIF	--	396,792	--
Subtotal General Use	\$ --	\$ 108,820,405	\$ --
Restricted Use Funds	--	56,217,811	--
TOTAL--Oper. Expend.	<u>\$ --</u>	<u>\$ 165,038,216</u>	<u>\$ --</u>
Capital Improvements:			
Educational Bldg. Fund	\$ --	\$ 3,135,156	\$ --
Spec. Cap. Improv. Fund	--	5,293,147	--
Other Funds	--	9,374,609	--
TOTAL--Cap. Improv.	<u>\$ --</u>	<u>\$ 17,802,912</u>	<u>\$ --</u>
GRAND TOTAL	<u>\$ --</u>	<u>\$ 182,841,128</u>	<u>\$ --</u>
FTE Positions:			
Classified	--	1,418.1	--
Unclassified	--	1,550.6	--
TOTAL	<u>--</u>	<u>2,968.7</u>	<u>--</u>

House Subcommittee Recommendation

The House Subcommittee concurs with the Senate.

SUBCOMMITTEE REPORT

Agency: Kansas State University

Bill No. 590

Bill Sec. 3

Analyst: Duffy

Analysis Pg. No. 586

Budget Page No. 404

Expenditure	Agency Req. FY 95	Governor's Rec. FY 95*	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 78,968,886	\$ 77,780,452	\$ (453,345)
General Fees Fund	36,846,047	36,832,601	2,874,500
Endowment Interest	125,000	125,000	--
EDIF	411,751	0	--
Subtotal General Use	\$ 116,351,684	\$ 114,738,053	\$ 2,421,155
Restricted Use Funds	58,278,657	58,278,657	--
TOTAL--Oper. Expend.	\$ 174,630,341	\$ 173,016,710	\$ 2,421,155
Capital Improvements:			
Educational Bldg. Fund	\$ 5,682,912	\$ 6,787,699	\$ --
Spec. Cap. Improv. Fund	6,400,000	6,400,000	--
Other Funds	14,418,166	7,222,166	--
TOTAL--Cap. Improv.	\$ 26,501,078	\$ 20,409,865	\$ --
GRAND TOTAL	\$ 201,131,419	\$ 193,426,575	\$ 2,421,155
FTE Positions:			
Classified	1,457.6	1,443.8	(2.4)
Unclassified	1,551.8	1,550.6	--
TOTAL	3,009.4	2,994.4	(2.4)

* Reflects correction to Governor's Budget Report.

Agency Request/Governor's Recommendation

For FY 1995, the University requests general use expenditures of \$116,351,684. The University's general use request reflects an increase of \$7,574,921, or 7 percent, over the FY 1994 request. The requested general use increase includes: (1) an increase in the Regents employers' retirement contribution from 8.5 percent to 9 percent (\$270,609); (2) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees (\$487,465); (3) a 3.0 percent merit pool for unclassified employees (\$1,959,107); (4) a 3.0 percent increase for student salaries (\$47,216); (5) a 3.0 percent increase for OOE (349,225); (6) a faculty salary enhancement to be targeted to "ranked faculty and those directly involved with the instructional experience" (\$1,656,000); (7) \$1,081,727 for costs to service five new buildings coming on-line throughout FY 1995; and (8) mission related program

enhancements targeted at university libraries (\$854,000), rural health care education (\$100,000), curriculum development (\$93,000), and other specific improvements for individual colleges (\$229,800).

For FY 1995, the Governor's recommendation reflects a general use increase of \$5,976,807, a 5.5 percent increase over the Governor's FY 1994 recommendation. The increased is financed by increasing expenditures from the State General Fund by \$2,922,455 (3.9 percent) and tuition revenues by \$3,451,144 (10.3 percent). The Governor reverses action taken by the 1993 Legislature and shifts funding for economic development activities (KSU's Center of Excellence) from the EDIF back to the State General Fund. The overall general use increase recommended by the Governor of \$5,976,807 is composed of the following: (1) classified step movement (approximately 2.5 percent) and annualization of mid-year position reclassifications (\$487,465); (2) a 2.5 percent merit pool for unclassified employees (\$1,607,657); (3) a 3.0 percent increase for student salaries, as requested; (4) 3.0 percent increase for OOE, as requested; (5) an additional faculty salary enhancement pool of \$1,966,061, which equates to a 4.7 percent increase in the institution's ranked faculty salary base; (6) concurs with the agency's funding request of \$1,081,727 and 17.7 classified FTE for servicing new buildings; and (7) mission related program enhancements for faculty curriculum development (\$50,000).

Senate Subcommittee Recommendations

The Senate Subcommittee on KSU concurs with the Governor's recommendation for FY 1995 with the following adjustments:

1. **Systemwide -- Student Salaries.** Delete \$7,896 from general use funds for student salaries. The systemwide recommendation is for a 2.5 percent increase to the student salary base compared to the 3 percent requested by the Regents and recommended by the Governor.
2. **Systemwide -- Regents Libraries.** Add \$45,340 from general use funds to begin funding of the Regents systemwide library enhancement proposal.
3. **Systemwide -- Graduate Teaching Assistants Tuition Payments.** Create a separate State General Fund line-item with an appropriation of \$2,874,500 for GTA salaries and wages and delete this same amount from the operating expenditures line item. Indicate in a proviso that salaries and wages for GTAs shall not be expended from the university's operating expenditures line item. Also, increase expenditures from the General Fees Fund by \$811,104 to provide for the payment of tuition for GTAs and in a proviso indicate the amount to be expended for tuition payments for GTAs.
4. **Systemwide -- Faculty Salary Enhancement.** Delete \$310,061 from general use funds that the Governor added to the faculty salary enhancement pool above the \$1,656,000 (financed from tuition revenues) that the Regents requested.
5. **Specific University Program Enhancement -- Faculty Curriculum Development.** Delete \$50,000 from general use funds for Faculty Curriculum Development. KSU requests \$93,000 and the Governor recommends \$50,000. According to the university, the majority of the funding would be allocated to existing faculty lines to provide release time for faculty from their instructional responsibilities and to provide summer stipends.

6. **Servicing New Buildings.** Delete \$130,728 and 2.4 classified FTE positions from the servicing new buildings request due to delays in the Peters Recreation Center Addition and the Farrell Library Addition. The Subcommittee requested additional information from the university including the types of positions associated with the servicing new buildings request. Even though based on this information it appears that there is adequate evidence to support the balance of the university's request for funds to support these buildings, the Subcommittee remains concerned about the policy of funding positions for servicing new buildings on a formula basis which may overstate or understate the operating costs incurred with a new building. The Subcommittee questions whether adequate attention is paid to the long-term ongoing operating costs associated with buildings when the Regents approve a university's request to accept private funding or seek state funding for a new building. The Subcommittee believes that state dollars are better spent on programs than buildings and encourage the Regents to focus on space utilization and long-term space planning efforts, including alternative energy conservation efforts.

Senate Committee Recommendation

The Senate Committee concurs, with the following adjustments:

1. **Systemwide -- Change Methodology to Allocate Faculty Salary Enhancement Pool.** Add \$158,000 to the faculty salary enhancement pool for a total of \$1,814,000 based on changing the methodology used to allocate the faculty salary enhancement among the Regents institutions. The Senate Committee's recommendation is based on using a methodology which allocates funding based on the position of each institution relative to its peers to bring the institutions with designated peers to 94 percent of the average paid at peer institutions. The Senate Committee concurs with the Regents requested allocation for the special purpose campuses (KUMC, KSU-VMC, KSU-Salina, and KSU-ESARP).
2. Shift funding of \$225,132 for the Center of Excellence from the State General Fund to the EDIF.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs with the Senate Committee recommendation with the following adjustments:

1. **Systemwide -- Restore Allocation of Faculty Salary Enhancement to Regents Request.** Delete \$158,000 from general use funds for the faculty salary enhancement pool for a total of \$1,656,000.
2. **Systemwide -- Student Salaries.** Add \$7,896 from general use funds for student salaries. The systemwide recommendation is for a 3.0 percent increase to the student salary base, as requested and recommended by the Governor.

Expenditure	Senate Adj. FY 95	Senate Rec. FY 95	House Sub. Adjustments
Operating Expenditures:			
State General Fund	\$ (670,579)	\$ 77,109,873	\$ (2,192,717)
General Fees Fund	2,874,500	39,707,101	(3,718,739)
Endowment Interest	--	125,000	--
EDIF	225,132	225,132	183,564
Subtotal General Use	\$ 2,429,053	\$ 117,167,106	\$ (5,727,892)
Restricted Use Funds	--	58,278,657	--
TOTAL--Oper. Expend.	\$ 2,429,053	\$ 175,445,763	\$ (5,727,892)
Capital Improvements:			
Educational Bldg. Fund	\$ --	\$ 6,787,699	\$ --
Spec. Cap. Improv. Fund	--	6,400,000	--
Other Funds	--	7,222,166	--
TOTAL--Cap. Improv.	\$ --	\$ 20,409,865	\$ --
GRAND TOTAL	\$ 2,429,053	\$ 195,855,628	\$ (5,727,892)
FTE Positions:			
Classified	(2.4)	1,441.4	--
Unclassified	--	1,550.6	--
TOTAL	(2.4)	2,994.4	--*

* Eliminate FTE limitations in S.B. 590.

House Subcommittee Recommendation

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

1. **Systemwide -- House Committee on Appropriations Plan for Funding the Regents in FY 1995.**

- a. **State General Fund.** Delete a total of \$2,192,717 from the State General Fund line-items for a total SGF base appropriation of \$74,917,156. (The House Committee recommends that the increase in SGF expenditures for the Regents system in FY 1995 be contained in a single SGF appropriation of \$12.4 million in the Kansas Board of Regents office. This amount represents a 3 percent increase over FY 1994 SGF expenditures of \$413.5. The Board of Regents would be authorized to transfer funds from this account to the individual Regents institutions and to Board-administered financial aid programs.)

- b. **Tuition.** Reduce the expenditure limitation on the General Fees Fund (tuition) by \$844,239 to reflect undergraduate tuition rates of 5 percent at KU, KSU, and WSU and 3 percent at ESU, FHSU, and PSU.
2. **Systemwide -- GTA Salaries and Tuition Payment.** Reject the Senate recommendation to create a separate line item of \$2,874,500 for salaries and wages of Graduate Teaching Assistants. The Subcommittee recommends that salaries and wages for GTAs be included in the operating expenditures line item account in the bill. Also, the House Subcommittee recommends that the current practice of waiving tuition for GTAs be maintained rather than increasing expenditures by \$811,104 from the General Fees Fund to provide for the payment of tuition of GTAs, as recommended by the Senate.
3. **Systemwide -- General Use Classified and Unclassified FTE Limitation.** Strike the FTE limitations from the appropriations bill. The institution will continue to budget for FTE positions and the Governor and Legislature will continue to make adjustments and track FTE positions.
4. Add \$183,564 for a total of \$408,696 from the EDIF to continue base funding of the institution's operating budget.
5. The House Subcommittee discussed mission, program review, and performance measures with the university. The Subcommittee encourages the university to continue their work on meaningful performance measures.

SUBCOMMITTEE REPORT

Agency: KSU - Extension and Ag. Res.

Bill No. --

Bill Sec. --

Analyst: Duffy

Analysis Pg. No. 595

Budget Page No. 406

Expenditure	Agency Est. FY 94	Governor's Rec. FY 94	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 35,274,802	\$ 35,277,880	\$ --
Federal Land Grant Funds	7,485,230	7,485,230	--
EDIF	1,543,300	1,543,300	--
Subtotal General Use	\$ 44,303,332	\$ 44,306,410	\$ --
Restricted Use Funds	23,110,704	23,110,704	--
TOTAL--Operating Expend.	\$ 67,414,036	\$ 67,417,114	\$ --
Capital Improvements:			
Special Revenue Funds	\$ 169,910	\$ 169,910	\$ --
GRAND TOTAL	\$ 67,583,946	\$ 67,587,024	\$ --
FTE Positions:			
Classified	490.6	490.6	--
Unclassified	781.0	781.0	--
TOTAL	1,271.6	1,271.6	--

Agency Estimate/Governor's Recommendation

The University requests general use expenditures of \$44,303,332 (as approved), an increase of 2.1 percent over actual FY 1993 expenditures. The 1993 Legislature approved the shifting of utility expenditures (\$688,634) from the KSU-Extension/Agriculture Research budget to the KSU-Main Campus budget. Excluding this shift in utilities, the change in the general use budget equates to an increase of 3.7 percent. For FY 1994, the Governor recommends general use expenditures of \$44,306,410. The Governor's general use current year recommendation is \$3,078 more than the agency estimate, and includes offsetting adjustments for the following: an increase reflecting approved funding released by the State Finance Council for position reclassifications (\$3,078), and an increase in fringe benefit rates which is offset by increasing the agency's shrinkage rate in the current year by .12 percent, from the approved rate of 2.7 percent to 2.82 percent.

Senate Subcommittee Recommendation

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

1. **Retirement Reductions Per 1993 H.B. 2211.** The Subcommittee reviewed KSU--ESARP classified retirements. As of January, KSU--ESARP requested restoration of 4.0 FTE positions, all were granted.

Senate Committee Recommendation

The Senate Committee concurs.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs.

Expenditure	Senate Adj. FY 94	Senate Rec. FY 94	House Sub. Adjustments
Operating Expenditures:			
State General Fund	\$ --	\$ 35,277,880	\$ --
Federal Land Grant Funds	--	7,485,230	--
EDIF	--	1,543,300	--
Subtotal General Use	\$ --	\$ 44,306,410	\$ --
Restricted Use Funds	--	23,110,704	--
TOTAL--Operating Expend.	\$ --	\$ 67,417,114	\$ --
Capital Improvements:			
Special Revenue Funds	\$ --	\$ 169,910	\$ --
GRAND TOTAL	\$ --	\$ 67,587,024	\$ --
FTE Positions:			
Classified	--	490.6	--
Unclassified	--	781.0	--
TOTAL	--	1,271.6	--

House Subcommittee Recommendation

The House Subcommittee concurs with the Senate's recommendations.

SUBCOMMITTEE REPORT

Agency: KSU - Extension and Ag. Res.

Bill No. 590

Bill Sec. 4

Analyst: Duffy

Analysis Pg. No. 595

Budget Page No. 406

Expenditure	Agency Req. FY 95	Governor's Rec. FY 95	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 37,637,925	\$ 38,766,938	\$ (150,805)
Federal Land Grant Funds	7,531,508	7,531,508	--
EDIF	1,355,200	0	--
Subtotal General Use	\$ 46,524,633	\$ 46,298,446	\$ (150,805)
Restricted Use Funds	23,804,601	23,804,601	--
TOTAL--Operating Expend.	\$ 70,329,234	\$ 70,103,047	\$ (150,805)
 GRAND TOTAL	 \$ 70,329,234	 \$ 70,103,047	 \$ (150,805)
 FTE Positions:			
Classified	490.6	490.6	--
Unclassified	782.0	781.0	--
TOTAL	1,272.6	1,271.6	--

Agency Request/Governor's Recommendation

The University requests an increase of \$2,221,301 in general use expenditures. The requested general use increase includes: (1) an increase in the Regents employers' retirement contribution from 8.5 percent to 9 percent (\$88,017); (2) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees (\$179,345); (3) a 3.0 percent merit pool for unclassified employees (\$892,250); (4) a 3.0 percent increase for student salaries (\$8,283); (5) a 3.0 percent increase for other operating expenditures (\$199,660); (6) a faculty salary enhancement pool of \$798,000 to be targeted to "ranked faculty and those directly involved in the instructional experience"; and (7) a mission-related program enhancement targeted at improving wheat (\$60,000).

For FY 1995, the Governor's recommendation of \$46,298,446 reflects a general use increase of \$1,992,036, a 4.5 percent increase over the Governor's FY 1994 recommendation. The increase is financed by increasing expenditures from the State General Fund by \$3,489,058 (9.9 percent), and federal land grant revenues by \$46,278 (0.6 percent). The Governor reverses action taken by the 1993 Legislature and shifts funding related to economic development activities of the Cooperative Extension Service (\$1,355,200) from the EDIF back to the State General Fund. The overall recommended general use increase of \$1,992,036 is composed of the following: (1) classified step movement (approximately 2.5 percent) and annualization of mid-year position reclassifications (\$179,345); (2) a 2.5 percent merit pool for unclassified employees (\$705,574); (3) a 3.0 percent increase for student salaries, as requested; (4) 3.0 percent increase for OOE, as requested; and (5) an additional faculty salary enhancement pool of \$947,413 which equates to a 4.5 percent increase in the agency's estimated faculty salary base.

Senate Subcommittee Recommendation

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

1. **Systemwide -- Student Salaries.** Delete \$1,392 from General Use Funds for student salaries. The systemwide recommendation is for a 2.5 percent increase to the student salary base compared to the 3 percent requested by the Regents and recommended by the Governor.
2. **Systemwide -- Faculty Salary Enhancement.** Delete \$149,413 from General Use Funds that the Governor added to the faculty salary enhancement pool above the \$798,000 that the Regents requested.
3. The Subcommittee notes that cooperative extension receives county, state, and federal appropriations. State General Fund expenditures for cooperative extension total \$14.2 million. The Subcommittee notes that the purpose of extension as defined in Kansas law is to give instruction and practical demonstrations in agriculture, marketing, home economics, 4-H club and youth work, community and resource development, and economic development initiatives. The Subcommittee maintains that the "extension network" is a tremendous resource to the state. The Subcommittee believes that policymakers should review its statutory mission and consider whether changes are warranted. The Subcommittee cites the 1992 study of the Special Committee on Children's Initiatives titled *A Blueprint for Investing in the Future of Kansas Children and Families* which included a recommendation to "require extension programs to seek out and work with low-income families as a condition of receiving state funding," as evidence of the increasing interest in refocusing extension services.

Senate Committee Recommendation

The Senate Committee concurs.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs with the Senate Committee's recommendations with the following adjustments:

1. **Systemwide -- Student Salaries.** Add \$1,392 from general use funds for student salaries. The systemwide recommendation is for a 3.0 percent increase to the student salary base, as requested and recommended by the Governor.
2. Add \$72,291 for the program that estimates agricultural land-use values, of which \$50,791 is from general use funds and \$21,500 (one-time expenditures) is from the State Budget Stabilization Fund.

Expenditure	Senate Adj. FY 95	Senate Rec. FY 95	House Sub. Adjustments
Operating Expenditures:			
State General Fund	\$ (98,622)	\$ 38,668,316	\$ (3,390,436)
Federal Land Grant Funds	--	7,531,508	--
EDIF	--	0	1,395,856
SBSF	21,500	21,500	(21,500)
Subtotal General Use	\$ (77,122)	\$ 46,221,324	\$ (2,016,080)
Restricted Use Funds	--	23,804,601	--
GRAND TOTAL	\$ (77,122)	\$ 70,025,925	\$ (2,016,080)
FTE Positions:			
Classified	--	490.6	--
Unclassified	--	781.0	--
TOTAL	--	1,271.6	--*

* Eliminate the FTE limitation in S.B. 590.

House Subcommittee Recommendation

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

1. **Systemwide -- House Committee on Appropriations Plan for Funding the Regents in FY 1995.**
 - a. **State General Fund.** Delete a total of \$3,390,436 from the State General Fund line-items for a total SGF base appropriation of \$35,277,880. (The House Committee recommends that the increase in SGF expenditures for the Regents system in FY 1995 be contained in a single SGF appropriation of \$12.4 million in the Kansas Board of Regents office. This amount represents a 3 percent increase over FY 1994 SGF expenditures of \$413.5. The Board of Regents would be authorized to transfer funds from this account to the individual Regents institutions and to Board-administered financial aid programs.)
2. **Systemwide -- General Use Classified and Unclassified FTE Limitation.** Strike the FTE limitations from the appropriations bill. The institution will continue to budget for FTE positions and the Governor and Legislature will continue to make adjustments and track FTE positions.

3. Delete the \$21,500 from the SBSF for one-time expenditures for the unit that estimates agricultural land-use values. Also, \$50,791 (SGF) was added for ongoing costs of this program. The Subcommittee recommends that the Board of Regents not allocate funds for this item if the Committee's plan for funding the Regents system is adopted. This item was not included in the Regents request.
4. Add \$1,395,856 from the EDIF to continue base funding for the institution's operating budget.

SUBCOMMITTEE REPORT

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

Bill Sec. --

Analyst: Duffy

Analysis Pg. No. 599

Budget Page No. 410

Expenditure	Agency Est. FY 94	Governor's Rec. FY 94	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 4,266,443	\$ 4,266,443	\$ --
General Fees Fund	650,291	650,291	--
Subtotal General Use	\$ 4,916,734	\$ 4,916,734	\$ --
Restricted Use Funds	2,396,890	2,396,890	--
TOTAL--Operating Expend.	\$ 7,313,624	\$ 7,313,624	\$ --
Capital Improvements:			
State General Fund	\$ 189,050	\$ 189,050	\$ --
Educational Building Fund	152,751	152,751	--
Other Funds	3,299,652	3,299,652	--
TOTAL--Capital Improv.	\$ 3,641,453	\$ 3,641,453	\$ --
GRAND TOTAL	\$ 10,955,077	\$ 10,955,077	\$ --
FTE Positions:			
Classified	34.0	34.0	--
Unclassified	93.1	93.1	--
TOTAL	127.1	127.1	--

Agency Estimate/Governor's Recommendation

The University requests a general use expenditures of \$4,916,734 (as approved), an increase of 3.7 percent over actual FY 1993 expenditures. For FY 1994, the Governor concurs with the agency's request for general use expenditures of \$4,916,734. The Governor's recommendation reflects a slight increase in fringe benefit rates, which is offset by increasing the agency's shrinkage rate in the current year by .12 percent, from the approved rate of 1.08 percent to 1.20 percent.

Senate Subcommittee Recommendation

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

ATTACHMENT 6

1. **Retirement Reductions Per 1993 H.B. 2211.** The Subcommittee reviewed KSU-- Salina classified retirements. As of January, KSU-- Salina had not requested restoration of positions.

Senate Committee Recommendation

The Senate Committee concurs.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs.

Expenditure	Senate Adj. FY 94	Senate Rec. FY 94	House Sub. Adjustments
Operating Expenditures:			
State General Fund	\$ --	\$ 4,266,443	\$ --
General Fees Fund	--	650,291	--
Subtotal General Use	\$ --	\$ 4,916,734	\$ --
Restricted Use Funds	--	2,396,890	--
TOTAL--Operating Expend.	\$ --	\$ 7,313,624	\$ --
Capital Improvements:			
State General Fund	\$ --	\$ 189,050	\$ --
Educational Building Fund	--	152,751	--
Other Funds	--	3,299,652	--
TOTAL--Capital Improv.	\$ --	\$ 3,641,453	\$ --
GRAND TOTAL	\$ --	\$ 10,955,077	\$ --
FTE Positions:			
Classified	--	34.0	--
Unclassified	--	93.1	--
TOTAL	--	127.1	--

House Subcommittee Recommendation

The House Subcommittee concurs with the Senate's recommendation.

SUBCOMMITTEE REPORT

Agency: KSU - Salina, College of Technology Bill No. 590

Bill Sec. 6

Analyst: Duffy

Analysis Pg. No. 599

Budget Page No. 410

Expenditure	Agency Req. FY 95	Governor's Rec. FY 95	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 4,598,071	\$ 4,496,596	\$ (47,327)
General Fees Fund	770,061	793,132	--
Subtotal General Use	\$ 5,368,132	\$ 5,289,728	\$ (47,327)
Restricted Use Funds	2,473,844	2,473,844	--
TOTAL--Operating Expend.	\$ 7,841,976	\$ 7,763,572	\$ (47,327)
Capital Improvements:			
State General Fund	\$ 189,466	\$ 189,466	\$ --
Other Funds	925,284	500,284	--
TOTAL--Capital Improv.	\$ 1,114,750	\$ 689,750	\$ --
GRAND TOTAL	\$ 8,956,726	\$ 8,453,322	\$ (47,327)
FTE Positions:			
Classified	36.0	34.0	--
Unclassified	93.1	94.1	--
TOTAL	129.1	128.1	--

Agency Request/Governor's Recommendation

The University requests an increase of \$451,398 in general use expenditures. The requested general use increase includes: (1) an increase in the Regents employers' retirement contribution from 8.5 percent to 9 percent (\$11,605); (2) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees (\$19,923); (3) a 3.0 percent merit pool for unclassified employees (\$85,349); (4) a 3.0 percent increase for student salaries (\$1,356); (5) a 3.0 percent increase for other operating expenditures (\$24,915); (6) an enrollment adjustment request of \$101,148 (subsequently revised to \$27,807 and 1.0 unclassified FTE position); and (7) a faculty salary enhancement of \$184,000 to be allocated to "ranked faculty and those directly involved with the instructional experience."

For FY 1995, the Governor's recommendation reflects a general use increase of \$372,994 or 7.6 percent over the Governor's FY 1994 recommendation. The increase is financed by increasing expenditures from the State General Fund by \$230,153 (5.4 percent) and tuition revenues by \$142,841 (22.0 percent). The overall general use increase of \$372,994 is composed of the following: (1) classified step movement (approximately 2.5 percent) and annualization of mid-year position reclassifications (\$18,056); (2) a 2.5 percent merit pool for unclassified employees (\$72,357); (3) a 3.0 percent increase

for student salaries, as requested; (4) 3.0 percent increase for OOE, as requested; (5) an enrollment adjustment which concurs with the revised request; and (6) an additional faculty salary enhancement pool of \$218,451, which equates to a 12.9 percent increase in the institution's estimated faculty salary base.

Senate Subcommittee Recommendation

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

1. **Systemwide -- Student Salaries.** Delete \$220 from general use funds for student salaries. The systemwide recommendation is for a 2.5 percent increase to the student salary base compared to the 3 percent requested by the Regents and recommended by the Governor.
2. **Systemwide -- Faculty Salary Enhancement.** Delete \$34,451 from general use funds that the Governor added to the faculty salary enhancement pool above the \$184,000 that the Regents requested.
3. **Systemwide -- Enrollment Adjustment.** Delete \$12,656 from general use funds for a total of \$15,151 for enrollment adjustment funding in FY 1995. The Senate Subcommittee concurs with the Governor's recommendation of 1.0 unclassified FTE position.

Senate Committee Recommendation

The Senate Committee concurs.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs with the Senate Committee recommendation, with the following adjustments.

1. **Systemwide -- Student Salaries.** Add \$220 from general use funds for student salaries. The systemwide recommendation is for a 3.0 percent increase to the student salary base, as requested and recommended by the Governor.
2. Add \$85,000 from the State Budget Stabilization Fund for computer equipment (one-time expenditure) for a CAD laboratory.

Expenditure	Senate Adj. FY 95	Senate Rec. FY 95	House Sub. Adjustments
Operating Expenditures:			
State General Fund	\$ (47,107)	\$ 4,449,489	\$ (183,046)
General Fees Fund	--	793,132	--
SBSF	85,000	85,000	(85,000)
Subtotal General Use	\$ 37,893	\$ 5,327,621	\$ (268,046)
Restricted Use Funds	--	2,473,844	--
TOTAL--Operating Expend.	\$ 37,893	\$ 7,801,465	\$ (268,046)
Capital Improvements:			
State General Fund	\$ --	\$ 189,466	\$ --
Other Funds	--	500,284	--
TOTAL--Capital Improv.	\$ --	\$ 689,750	\$ --
GRAND TOTAL	\$ 37,893	\$ 8,491,215	\$ (268,046)
FTE Positions:			
Classified	--	34.0	--
Unclassified	--	94.1	--
TOTAL	--	128.1	--*

* Eliminate the FTE limitation in S.B. 590.

House Subcommittee Recommendation

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

1. **Systemwide -- House Committee on Appropriations Plan for Funding the Regents in FY 1995.**
 - a. **State General Fund.** Delete a total of \$183,046 from the State General Fund line-items for a total SGF base appropriation of \$4,266,443. (The House Committee recommends that the increase in SGF expenditures for the Regents system in FY 1995 be contained in a single SGF appropriation of \$12.4 million in the Kansas Board of Regents office. This amount represents a 3 percent increase over FY 1994 SGF expenditures of \$413.5. The Board of Regents would be authorized to transfer funds from this account to the individual Regents institutions and to Board-administered financial aid programs.)

2. **Systemwide -- General Use Classified and Unclassified FTE Limitation.** Strike the FTE limitations from the appropriations bill. The institution will continue to budget for FTE positions and the Governor and Legislature will continue to make adjustments and track FTE positions.
3. Delete the \$85,000 from the SBSF for computer equipment. This item was not included in the Regents request.

SUBCOMMITTEE REPORT

Agency: KSU - Vet. Med. Ctr.

Bill No. 718

Bill Sec. 10

Analyst: Duffy

Analysis Pg. No. 605

Budget Page No. 408

Expenditure	Agency Est. FY 94	Gov. Rec. FY 94	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 7,842,741	\$ 7,843,950	\$ --
General Fees Fund	3,816,294	3,816,294	--
Laboratory Revenue Fund	2,013,814	2,013,814	--
Subtotal General Use	\$ 13,672,849	\$ 13,674,058	\$ --
Restricted Use Funds	1,100,958	1,100,958	--
TOTAL -- Oper. Expend.	\$ 14,773,807	\$ 14,775,016	\$ --
Capital Improvements:			
Educational Building Fund	\$ 355,997	\$ 355,997	\$ --
GRAND TOTAL	\$ 15,129,804	\$ 15,131,013	\$ --
FTE Positions:			
Classified	149.6	149.6	--
Unclassified	99.2	99.2	--
TOTAL	248.8	248.8	--

Agency Estimate/Governor's Recommendation

The University requests general use expenditures account for \$13,672,849 (as approved), a reduction of 1.7 percent from actual FY 1993 expenditures. The 1993 Legislature approved the shifting of approximately \$750,000 in utility expenditures to the Main Campus budget. Excluding this shift in utilities, the change in the general use budget was an increase of 4.1 percent. For FY 1994, the Governor recommends general use expenditures of \$13,674,058. The Governor's general use current year recommendation is \$1,209 more than the agency estimated and includes offsetting adjustments for the following: an increase reflecting approved funding released by the State Finance Council for position reclassifications (\$1,187), and an increase in fringe benefit rates which is offset by increasing the agency's shrinkage rate in the current year by .12 percent -- from the approved rate of 2.51 percent to 2.63 percent.

Senate Subcommittee Recommendation

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

1. **Retirement Reductions Per 1993 H.B. 2211.** The Subcommittee reviewed KSU -- Veterinary Medical Center classified retirements. As of January, KSU -- Vet. Med. requested restoration of 1.0 FTE position. The request was granted.

Senate Committee Recommendation

The Senate Committee concurs.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs.

Expenditure	Senate Adj. FY 94	Senate Rec. FY 94	House Sub. Adjustments
Operating Expenditures:			
State General Fund	\$ --	\$ 7,843,950	\$ --
General Fees Fund	--	3,816,294	--
Laboratory Revenue Fund	--	2,013,814	--
Subtotal General Use	\$ --	\$ 13,674,058	\$ --
Restricted Use Funds	--	1,100,958	--
TOTAL -- Oper. Expend.	\$ --	\$ 14,775,016	\$ --
Capital Improvements:			
Educational Building Fund	\$ --	\$ 355,997	\$ --
GRAND TOTAL	\$ --	\$ 15,131,013	\$ --
FTE Positions:			
Classified	--	149.6	--
Unclassified	--	99.2	--
TOTAL	--	248.8	--

House Subcommittee Recommendation

The House Subcommittee concurs.

SUBCOMMITTEE REPORT

Agency: KSU - Vet. Med. Ctr.

Bill No. 590

Bill Sec. 5

Analyst: Duffy

Analysis Pg. No. 605

Budget Page No. 408

Expenditure	Agency Req. FY 95	Governor's Rec. FY 95	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 8,134,230	\$ 8,138,047	\$ (58,905)
General Fees Fund	4,160,780	4,073,218	20,859
Laboratory Revenue Fund	2,078,600	2,078,600	--
Subtotal General Use	\$ 14,373,610	\$ 14,289,865	\$ (38,046)
Restricted Use Funds	1,128,613	1,128,613	--
TOTAL -- Oper. Expend.	\$ 15,502,223	\$ 15,418,478	\$ (38,046)
FTE Positions:			
Classified	149.6	149.6	--
Unclassified	99.2	99.2	--
TOTAL	248.8	248.8	--

Agency Request/Governor's Recommendation

The University requests an increase of \$700,761 in general use expenditures. The requested general use increase of \$700,061 includes: (1) an increase in the Regents employers' retirement contribution from 8.5 percent to 9 percent (\$29,478); (2) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees (\$81,095); (3) a 3.0 percent merit pool for unclassified employees (\$205,896); (4) a 3.0 percent increase for student salaries, (\$3,592); (5) a 3.0 percent increase for other operating expenditures (\$87,442); and (6) a faculty salary enhancement pool of \$200,000 to be allocated to "ranked faculty and those directly involved in the instructional experience" and a mission-related program enhancement targeted at computing (\$36,000).

For FY 1995, the Governor's recommendation reflects a general use increase of \$615,807, a 4.5 percent increase over the Governor's FY 1994 recommendation. The increase is financed by increasing expenditures from the State General Fund by \$294,097 (3.7 percent), from tuition revenues by \$256,924 (6.7 percent) and from the Laboratory Revenue Fund by \$64,786 (3.2 percent). The overall general use expenditure increase of \$615,807 is composed of the following: (1) classified step movement (approximately 2.5 percent) and annualization of mid-year position reclassifications (\$82,793); (2) a 2.5 percent merit pool for unclassified employees (\$168,898); (3) a 3.0 percent increase for student salaries, as requested; (4) 3.0 percent increase for other operating expenditures, as requested; (5) an additional faculty salary enhancement pool of \$237,447 which equates to a 3.8 percent increase in the institution's estimated faculty salary base.

Senate Subcommittee Recommendation

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

1. **Systemwide -- Student Salaries.** Delete \$599 from General Use Funds for student salaries. The systemwide recommendation is for a 2.5 percent increase to the student salary base compared to the 3 percent requested by the Regents and recommended by the Governor.
2. **Systemwide -- Faculty Salary Enhancement.** Delete \$37,447 from General Use Funds that the Governor added to the faculty salary enhancement pool above the \$200,000 that the Regents requested.
3. Increase expenditures by \$20,859 from the General Fees Fund and decrease expenditures by this same amount from the State General Fund. Based on the agency's estimate of receipts, there is an additional \$20,859 above the amount recommended by the Governor that could be used to finance the FY 1995 budget.
4. Change the expenditure limitation on the Hospital and Diagnostic Laboratory fund from \$1,465,712 to "no limit."

Senate Committee Recommendation

The Senate Committee concurs.

Senate Committee of the Whole Recommendation

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

1. **Systemwide -- Student Salaries.** Add \$599 from general use funds for student salaries. The systemwide recommendation is for a 3.0 percent increase to the student salary base, as requested and recommended by the Governor.

Expenditure	Senate Adj. FY 95	Senate Rec. FY 95	House Sub. Adjustments
Operating Expenditures:			
State General Fund	\$ (58,306)	\$ 8,079,741	\$ (235,791)
General Fees Fund	20,859	4,094,077	--
Laboratory Revenue Fund	--	2,078,600	--
Subtotal General Use	\$ (37,447)	\$ 14,252,418	\$ (235,791)
Restricted Use Funds	--	1,128,613	--
TOTAL -- Oper. Expend.	\$ (37,447)	\$ 15,381,031	\$ (235,791)
FTE Positions:			
Classified	--	149.6	--
Unclassified	--	99.2	--
TOTAL	--	248.8	--*

* Eliminate the FTE limitations in S.B. 590.

House Subcommittee Recommendation

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

1. **Systemwide -- House Committee on Appropriations Plan for Funding the Regents in FY 1995.**
 - a. State General Fund. Delete a total of \$235,791 from the State General Fund line-items for a total SGF base appropriation of \$7,843,950. (The House Committee recommends that the increase in SGF expenditures for the Regents system in FY 1995 be contained in a single SGF appropriation of \$12.4 million in the Kansas Board of Regents office. This amount represents a 3 percent increase over FY 1994 SGF expenditures of \$413.5. The Board of Regents would be authorized to transfer funds from this account to the individual Regents institutions and to Board-administered financial aid programs.)
2. **Systemwide -- General Use Classified and Unclassified FTE Limitation.** Strike the FTE limitations from the appropriations bill. The institution will continue to budget for FTE positions and the Governor and Legislature will continue to make adjustments and track FTE positions.

SUBCOMMITTEE REPORT

Agency: Wichita State University

Bill No. --

Bill Sec. --

Analyst: Duffy

Analysis Pg. No. 611

Budget Page No. 616

Expenditure	Agency Est. FY 94	Governor's Rec. FY 94	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 49,466,170	\$ 49,474,756	\$ --
General Fees Fund	21,219,553	21,219,553	--
EDIF	382,219	382,219	--
Subtotal General Use	\$ 71,067,942	\$ 71,076,528	\$ --
Restricted Use Funds	35,468,527	35,468,527	--
TOTAL -- Oper. Expend.	\$ 106,536,469	\$ 106,545,055	\$ --
Capital Improvements:			
Educational Bldg. Fund	\$ 1,898,602	\$ 1,908,602	\$ --
Special Cap. Impr. Fund	81,310	81,310	--
Other Funds	119,000	119,000	--
TOTAL -- Cap. Impr.	\$ 2,098,912	\$ 2,108,912	\$ --
GRAND TOTAL	<u>\$ 108,635,381</u>	<u>\$ 108,653,967</u>	<u>\$ --</u>

FTE Positions:

Classified	663.8	662.8	--
Unclassified	<u>1,051.8</u>	<u>1,051.8</u>	--
TOTAL	<u>1,715.6</u>	<u>1,714.6</u>	--

Agency Estimate/Governor's Recommendation

The University requests general use expenditures of \$71,067,942 (as approved), an increase of 3.8 percent over actual FY 1993 expenditures. For FY 1994, the Governor recommends general use expenditures of \$71,076,528. The Governor's general use current year recommendation is \$8,586 more than the agency estimated and includes offsetting adjustments for the following: an increase reflecting approved funding released by the State Finance Council for position reclassifications (\$31,902); a reduction of 1.0 classified FTE position resulting from retirement per 1993 H.B. 2122 (\$25,135); an increase in fringe benefit rates which is offset by increasing the agency's shrinkage rate in the current year by .10 percent, from the approved rate of 2.84 percent to 2.94 percent.

Senate Subcommittee Recommendation

The Senate Subcommittee on WSU concurs with the Governor's recommendation for FY 1994, with the following comment:

1. **Retirement Reductions Per 1993 H.B. 2211.** The Subcommittee reviewed WSU retirements and the impact of 1993 2211. WSU anticipates 9.0 retirements of classified employees in FY 1994. As of January, WSU had lost 1.0 FTE. WSU expressed concern about increased administrative expenses associated with the paperwork and the long-term impact of this legislation on the university.

Senate Committee Recommendation

The Senate Committee concurs.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs.

Expenditure	Senate Adj. FY 94	Senate Rec. FY 94	House Sub. Adjustments
Operating Expenditures:			
State General Fund	\$ --	\$ 49,474,756	\$ --
General Fees Fund	--	21,219,553	--
EDIF	--	382,219	--
Subtotal General Use	\$ --	\$ 71,076,528	\$ --
Restricted Use Funds	--	35,468,527	--
TOTAL -- Oper. Expend.	\$ --	\$ 106,545,055	\$ --
Capital Improvements:			
Educational Bldg. Fund	\$ --	\$ 1,908,602	\$ --
Special Cap. Impr. Fund	--	81,310	--
Other Funds	--	119,000	--
TOTAL -- Cap. Impr.	\$ --	\$ 2,108,912	\$ --
GRAND TOTAL	\$ --	\$ 108,653,967	\$ --
FTE Positions:			
Classified	--	662.8	--
Unclassified	--	1,051.8	--
TOTAL	--	1,714.6	--

House Subcommittee Recommendation

The House Subcommittee concurs.

SUBCOMMITTEE REPORT

Agency: Wichita State University

Bill No. 590

Bill Sec. 11

Analyst: Duffy

Analysis Pg. No. 611

Budget Page No. 616

Expenditure	Agency Req. FY 95	Governor's Rec. FY 95	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 52,386,342	\$ 51,999,430	\$ (534,214)
General Fees Fund	23,555,403	23,543,797	391,500
EDIF	394,816	0	--
Subtotal General Use	\$ 76,336,561	\$ 75,543,227	\$ (142,714)
Restricted Use Funds	35,626,210	35,626,210	--
TOTAL -- Oper. Expend.	\$ 111,962,771	\$ 111,169,437	\$ (142,714)
Capital Improvements:			
Educational Bldg. Fund	\$ 10,000	\$ 0	\$ --
Other Funds	124,000	124,000	--
TOTAL -- Cap. Impr.	\$ 134,000	\$ 124,000	\$ --
GRAND TOTAL	<u>\$ 112,096,771</u>	<u>\$ 111,293,437</u>	<u>\$ (142,714)</u>

FTE Positions:

Classified	669.4	665.9	--
Unclassified	<u>1,058.3</u>	<u>1,057.3</u>	<u>(4.0)</u>
TOTAL	<u>1,727.7</u>	<u>1,723.2</u>	<u>(4.0)</u>

Agency Request/Governor's Recommendation

The University requests an increase of \$5,268,619 in general use expenditures. The requested general use increase includes: (1) an increase in the Regents employers' retirement contribution from 8.5 percent to 9 percent (\$155,142); (2) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees (\$314,034); (3) a 3.0 percent merit pool for unclassified employees (\$1,240,283); (4) a 3.0 percent increase for student salaries (\$39,663); (5) a 3.0 percent increase for other operating expenditures (\$271,524); (6) a faculty salary enhancement to be targeted to "ranked faculty and those directly involved in the instructional experience" (\$1,880,000); (7) \$81,613 for servicing the new facility housing the Elliot School of Communication; (8) mission related program enhancements targeted at university libraries (\$364,000), health care education (\$478,058), and undergraduate advising (\$162,000). For FY 1995, the Governor's recommendation reflects a general use increase of \$4,466,699, a 6.3 percent increase over the Governor's FY 1994 recommendation. The increase is financed by increasing expenditures from the State General Fund by \$2,524,674 (5.1 percent) and tuition revenues by \$2,324,244 (11 percent). The Governor reverses action taken by the 1993 Legislature and shifts some funding related to economic development activities (Center of Excellence), from the EDIF back to the State General Fund. The overall general use increase of \$4,466,699 is composed of the following: (1) classified step movement (approximately 2.5 percent) and annualization

of mid-year position reclassifications (\$314,034); (2) a 2.5 percent merit pool for unclassified employees (\$1,037,529); (3) a 3.0 percent increase for student salaries, as requested; (4) a 3.0 percent increase for OOE, as requested; (5) an additional faculty salary enhancement pool of \$2,232,002 which equates to a 9.6 percent increase in the institution's estimated faculty salary base; (6) \$81,613 which concurs with the agency's funding request for servicing the new Elliot School of Communication building; and (7) mission related program enhancements to: add 2.0 FTE faculty positions for the Master of Public Health Program (\$133,601), expand the Physician Assistant Program by adding 2.0 FTE faculty positions (\$150,000), and improve undergraduate advising (\$65,000).

Senate Subcommittee Recommendations

The Senate Subcommittee on WSU concurs with the Governor's recommendations for FY 1995 with the following adjustments:

1. **Systemwide -- Student Salaries.** Delete \$6,611 from general use funds for student salaries. The systemwide recommendation is for a 2.5 percent increase to the student salary base compared to the 3 percent requested by the Regents and recommended by the Governor.
2. **Systemwide -- Regents Libraries.** Add \$108,000 from general use funds to begin funding of the Regents systemwide library enhancement proposal.
3. **Systemwide -- Graduate Teaching Assistants Salaries and Wages and Tuition Payments.** Create a separate State General Fund line-item with an appropriation of \$1,157,128 for GTA salaries and wages and delete this same amount from the operating expenditures line item. Indicate in a proviso that salaries and wages for GTAs shall not be expended from the university's operating expenditures line item. Also, increase expenditures from the General Fees Fund by \$391,500 to provide for the payment of tuition for GTAs and in a proviso indicate the amount to be expended for tuition payments for GTAs.
4. **Systemwide -- Faculty Salary Enhancement.** Delete \$352,002 from general use funds that the Governor added to the faculty salary enhancement pool, above the \$1,880,000 the Regents requested.
5. **Health Care Program Enhancement -- Master of Public Health.** Delete \$133,601 and 2.0 unclassified FTE faculty positions for WSU's portion of the proposed new Master of Public Health degree which, if approved by the Kansas Board of Regents, will be a joint program with the KU School of Medicine with students beginning Fall, 1994. The University requests and the Governor recommends \$133,601 for this initiative in FY 1995. As proposed, WSU's share of this program would be funded jointly by the University through a reallocation of resources, a four year grant from the Kansas Health Foundation including a supplemental grant for one year in FY 1995; and requested state funding.

Although the Subcommittee is generally supportive of this program and believes that the State should take advantage of funds available from the Kansas Health Foundation, the Subcommittee is uncertain of the documented need for the program; therefore, the Subcommittee deletes funding pending action of the Board of Regents on this new program request at its March 17 meeting. The Subcommittee requests that the House Subcommittee, that will have the benefit of the Board's recommendation, consider funding for this program.

The Subcommittee requested WSU to submit a five-year budget for this program reflecting the most recent information relative to the availability of grant funding for this program. Based on this information, the Subcommittee recommends that if state funding is approved for this program, the appropriate amount for FY 1995 would be \$71,101 and 1.0 FTE position. This amount is less than the amount recommended by the Governor due to the recent award by KHF of a one-year supplemental grant for FY 1995. The University would plan to request state funds of \$62,500 to replace the one-year KHF grant in FY 1996. Also, the Subcommittee alerts the Senate Committee that the four-year grant from the Kansas Health Foundation will expire in FY 1997, at which time the University intends to request additional state funds for FY 1998 of an estimated \$181,700 and 2.0 FTE to replace the KHF grant.

6. **Health Care Program Enhancement -- Physician Assistant Program.** Delete \$150,000 and 2.0 unclassified FTE positions for the Physician Assistant program. WSU requests \$283,585 and the Governor recommends \$150,000 for this program enhancement. WSU's request was based on providing 2.0 additional faculty and salary enhancements for 4.0 existing faculty to increase the class size from 30 students to 45 students.

The Subcommittee learned that the Kansas Health Foundation has awarded a three-year grant of \$996,856 to WSU for the physician assistant program. The grant would provide approximately \$330,000 annually for FY 1994, 1995, and 1996 which is comparable to WSU's request for state funds. The grant award was based on providing funding for two new faculty positions, salary supplements for current faculty, and equipment and operating funds for the expanded program. WSU told the Subcommittee that the Kansas Health Foundation has agreed that any portion of the grant award replaced by state funds could be used for student scholarships based on financial need of individuals who are likely to locate in an underserved area of the state. WSU would use the grant funds to pay the educational expenses for students who would agree to serve a minimum of one year in a medically underserved area after graduation.

The Subcommittee commends the Kansas Health Foundation for providing support for this program and believes that mid-level practitioners, such as physician assistants, play an important role in the delivery of primary and preventive health care services in Kansas. The Subcommittee generally supports expanded training opportunities for mid-level practitioners and notes that 51 percent of PAs practice in communities of less than \$50,000 and 31 percent practice in communities of 10,000 or less; however, the Subcommittee believes that the award from the KHF would fully fund the expanded program in FY 1995, as requested. The Subcommittee alerts the Senate Committee that the KHF grant expires in FY 1996 and WSU intends to request state funding of an estimated \$332,285 to replace the KHF grant in FY 1997.

7. **Health Care Program Enhancement -- Advanced Registered Nurse Practitioner.** The Subcommittee reviewed the University's request for \$60,872 in state funding for a faculty position in the Advanced Registered Nurse Practitioner Program which is currently supported by an extramural grant from the Kansas Health Foundation. The Governor did not recommend funding. The Subcommittee concludes that it is not necessary to provide state funding for this position in FY 1995. This position is funded by the Kansas Health

Foundation through FY 1995 and the university should submit a request for state funds for FY 1996.

The 1993 Legislature approved state funding of \$400,000 beginning in FY 1994 which would provide partial support of a collaborative effort by the Schools of Nursing of KU, WSU, and FHSU to offer a Primary Care Nurse Practitioner track within the existing Master of Nursing programs (\$106,148 was appropriated to WSU). In addition to the State funding, the Kansas Health Foundation awarded a grant to help start the collaborative program which provides approximately \$475,000 annually during FY 1994 and FY 1995.

In response to a request from this Subcommittee last session, the Kansas Board of Regents submitted a three year budget for the collaborative program which outlined expenses including an estimate of the funding necessary to support the program when the grant funds expire. The Board anticipated that if all expenditures became state expenditures upon completion of the grant and assuming no further financing of for scholarships beyond FY 1995, a request for state funds in FY 1996 would total \$326,049 (of which \$140,505 would be for WSU). The KHF grant supports 15 scholarships in FY 1994 and FY 1995 at a cost of approximately \$175,500, annually. The Subcommittee appreciates the support of the Kansas Health Foundation to help initiate this program. The Subcommittee believes that the 1995 Legislature should consider state funding for FY 1996 to replace the grant funding, based on concrete results of the new program.

8. **Specific University Program Enhancement -- Undergraduate Advising.** The Subcommittee concurs with the Governor's recommendation of \$65,000 to improve undergraduate advising at WSU. The University requests \$162,000 which is composed of \$36,000 for unclassified personnel to train students, faculty and staff in the use of new automated systems (Telephone Registration, Transfer Equivalency, and Degree Audit), \$29,000 for computer equipment, and \$97,000 for faculty support of student advising and the transfer of records. The Subcommittee concurs with the Governor's recommendation for training personnel (\$36,000) and for computer equipment (\$29,000).
9. **Servicing New Buildings -- Elliot School of Communication.** The Subcommittee reviewed WSU's request of \$81,613 for expenses associated with servicing the new Elliot School of Communication and concurs with the request and Governor's recommendation. The building contains 37,365 gross square feet and is scheduled to open January, 1995. The request is based on the Regents formula and is composed of funding for six months as follows: staff of 3.6 FTE (35,280); OOE (\$8,968); and utilities (\$37,365). The Subcommittee requested WSU to submit information describing requested expenditures and staffing patterns for the new building. Based on this information, the Subcommittee believes that \$81,613 and 3.6 FTE accurately represent the costs associated with six months of operating expenses for the Elliot School of Communication.

The Subcommittee alerts the second house of WSU's probable need for a utility supplemental of at least \$250,000 in the current year due to the cold winter and the increase in natural gas rates.

10. The Subcommittee notes that WSU has experienced a static or declining enrollment over the past ten years. The decline in enrollment has been attributed to several factors including a

perceived crime problem. Several strategies have been implemented to address this perception, including making it known that based on recent reports WSU is the second safest campus in the Regents system. The Subcommittee applauds the current efforts of WSU to deliver programs where they are needed. WSU reported plans to develop several off-campus centers including a location downtown and on the west side of Wichita. Based on preliminary Spring data that indicate an enrollment increase, it appears that the actions taken by WSU may be having a positive effect on enrollment. The Subcommittee is optimistic that the decentralization of course offerings as well as other strategies being developed by WSU will reverse the negative enrollment trend.

11. The Subcommittee notes that the faculty salary enhancement requested by the Regents and recommended by the Senate Committee would allocate \$1.9 million to WSU, along with a 2.5 percent basic unclassified merit pool for an increase of 11.1 percent for faculty over the current estimated faculty salary base. The Subcommittee believes that this enhancement for "teaching faculty" is important and believes that it should be used to provide incentives to reward faculty for teaching. According to WSU, currently 85 percent of all class sections at WSU are taught by ranked faculty.
12. WSU anticipates reallocation of \$1,744,010 over five fiscal years (FY 1994-FY 1998) resulting from the program review process implemented by the Regents. In program review, WSU identified several programs for elimination and merger and proposed a few new programs. WSU intends to focus its resources on programs with demonstrated strength and market demand such as health professions and emphasize the metropolitan advantage offered by an urban campus for such areas as criminal justice and social work.

Senate Committee Recommendation

The Senate Committee concurs, with the following adjustments:

1. **Systemwide -- Change Methodology to Allocate Faculty Salary Enhancement Pool.** Delete \$984,000 from the faculty salary enhancement pool for a total of \$896,000 based on changing the methodology used to allocate the faculty salary enhancement among the Regents institutions. The Senate Committee's recommendation is based on using a methodology which allocates funding based on the position of each institution relative to its peers to bring the institutions with designated peers to 94 percent of the average paid at peer institutions. The Senate Committee concurs with the Regents requested allocation for the special purpose campuses (KUMC, KSU-VMC, KSU-Salina, and KSU-ESARP).
2. Shift funding of \$210,978 for the Center of Excellence from the State General Fund to the EDIF.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs with the Senate Committee recommendation, with the following adjustments:

1. **Systemwide -- Student Salaries.** Add \$6,611 from general use funds for student salaries. The systemwide recommendation is for a 3.0 percent increase to the student salary base, as requested and recommended by the Governor.
2. **Systemwide -- Restore Allocation of Faculty Salary Enhancement to Regents Request.** Add \$984,000 from general use funds for the faculty salary enhancement pool for a total of \$1,880,000.

Expenditure	Senate Adj. FY 95	Senate Rec. FY 95	House Sub. Adjustments
Operating Expenditures:			
State General Fund	\$ (738,581)	\$ 51,260,849	\$ (1,786,093)
General Fees Fund	391,500	23,935,297	(842,472)
EDIF	210,978	210,978	182,708
Subtotal General Use	\$ (136,103)	\$ 75,407,124	\$ (2,445,857)
Restricted Use Funds	--	35,626,210	--
TOTAL -- Oper. Expend.	\$ (136,103)	\$ 111,033,334	\$ (2,445,857)
Capital Improvements:			
Educational Bldg. Fund	\$ --	\$ 0	\$ --
Other Funds	--	124,000	--
TOTAL -- Cap. Impr.	\$ -- 0	\$ 124,000	\$ --
GRAND TOTAL	\$ (136,103)	\$ 111,157,334	\$ (2,445,857)
FTE Positions:			
Classified	--	665.9	--
Unclassified	(4.0)	1,053.3	--
TOTAL	(4.0)	1,719.2	--*

* Eliminate the FTE limitation in S.B. 590.

House Subcommittee Recommendation

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

1. **Systemwide -- House Committee on Appropriations Plan for Funding the Regents in FY 1995.**
 - a. **State General Fund.** Delete a total of \$1,786,093 from the State General Fund line-items for a total SGF base appropriation of \$49,474,756. (The House Committee recommends that the increase in SGF expenditures for the Regents system in FY 1995 be contained in a single SGF appropriation of \$12.4 million in the Kansas Board of Regents office. This amount represents a 3 percent increase over FY 1994 SGF expenditures of \$413.5. The Board

of Regents would be authorized to transfer funds from this account to the individual Regents institutions and to Board-administered financial aid programs.)

- b. **Tuition.** Reduce the expenditure limitation on the General Fees Fund (tuition) by \$450,972 to reflect undergraduate tuition rates of 5 percent at KU, KSU, and WSU and 3 percent at ESU, FHSU, and PSU.
2. **Systemwide -- GTA Salaries and Tuition Payment.** Reject the Senate recommendation to create a separate line item of \$1,157,128 for salaries and wages of Graduate Teaching Assistants. The Subcommittee recommends that salaries and wages for GTAs be included in the operating expenditures line item account in the bill. Also, the House Subcommittee recommends that the current practice of waiving tuition for GTAs be maintained rather than increasing expenditures by \$391,500 from the General Fees Fund to provide for the payment of tuition for GTAs, as recommended by the Senate.
3. **Systemwide -- General Use Classified and Unclassified FTE Limitation.** Strike the FTE limitations from the appropriations bill. The institution will continue to budget for FTE positions and the Governor and Legislature will continue to make adjustments and track FTE positions.
4. Add \$182,708 for a total of \$393,686 from the EDIF to continue base support of the institution's budget.
5. The Subcommittee notes that the Board of Regents has approved a new joint degree program, the Masters of Public Health, to be offered by WSU and KU School of Medicine. The Subcommittee is pleased with this cooperative program and is appreciative of the financial support provided by the Kansas Health Foundation. The Subcommittee recommends that the Board of Regents give serious consideration to allocating \$71,101 to WSU for this program if the Committee's plan for funding the Regents system is adopted.
6. The Subcommittee reviewed the university's program enhancement request for undergraduate advising and is supportive of this effort. The Subcommittee recommends that the Board of Regents give serious consideration to allocating \$65,000 for this program if the Committee's plan for funding the Regents system is adopted.
7. The Subcommittee discussed with university officials the mission of WSU, the results of the recent program review, and their progress with performance measures. The Subcommittee was pleased with the progress made by WSU and particularly applauds their voluntary participation in a project with 200 other higher education institutions called "Operational Benchmarking for Quality Improvement and Cost Management in Higher Education."

SB 808: Legislative Post Audit Committee Proposed Amendments to the Kansas Governmental Operations Accountability Law (K-GOAL)

Reasons for SB 808:

1. Gives the LPAC flexibility to approve more audit requests from individual legislators and committees, while still satisfying the K-GOAL audit requirements.
2. Tries to make the most efficient use of the Legislature's audit resources, given the increased workload the KPERS and K-GOAL performance audit requirements have placed on Post Audit.

What SB 808 would do:

1. Would allow the LPAC to modify the years in which K-GOAL audits of specified agencies must be done.

This flexibility increases the chance that audits conducted at the request of individual legislators or committees also will "count" as K-GOAL audits (killing two birds with one stone).

2. Would place KPERS under K-GOAL for 1997.

3. Would spread out over two years the performance audit work now required to be done each year at KPERS. No additional performance audit work would be done the year the K-GOAL audit of KPERS is done.

This step will still provide for essentially halves the staff time required each year for the KPERS performance audit.

Audit Work Required by Kansas Law

In general, the Legislative Division of Post Audit conducts its work under the direction of the Kansas Legislature, subject to the requirements of the Legislative Post Audit Act [K.S.A. 46-1101 et. seq.]. The Legislative Post Audit Committee authorize performance audits under the Legislative Post Audit Act, but a number of other State laws now require performance audits, as follows:

<u>Statutory Citation</u>	<u>Audited Entity(ies)</u>	<u>Audit Requirement</u>	<u>Resources Required</u>	<u>SB 808 LPAC Recommendation</u>
74-4921(12)(a)	KPERS	Annual audit (include evaluation of investment mgrs performance, rates of return by investment type, and mgrs compensation)	1 person (10-12 weeks)	<i>Require half of the designated audit work to be done each year (halves the workload), and place KPERS under K-GOAL for 1997.</i>
74-7283 et seq. K-GOAL	1994 Administration Commerce & Hous. 1995 Health & Environ. Water Office & Auth. 1996 KDOT Board of Agriculture KSU Value-Added Processing Center 1997 Revenue Conserv. Comm. 1998 KCC Education 1999 Aging Human Resources 2000 Corrections Wildlife & Parks	Audit of specified State agencies, to be completed by the 30th day of the session. Audit can be no more than two years old to meet the K-GOAL audit requirement Audits can be general or specific in scope, at LPAC direction	2 audit teams (6 people, 10-14 weeks per audit)	<i>Amend law to allow LPAC to change audits / years under K-GOAL by extraordinary vote of the LPAC (7 members)</i>

SUBCOMMITTEE REPORT

Agency: Emporia State University

Bill No. 718

Bill Sec. 8

Analyst: Rothe

Analysis Pg. No. 617

Budget Page No. 200

Expenditure Summary	Agency Est. FY 1994	Gov. Rec. FY 1994	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 22,107,813	\$ 22,114,914	\$ --
General Fund	7,561,999	7,561,999	47,859
Certain Endowment Interest	23,000	23,000	--
Subtotal -- General Use	\$ 29,692,812	\$ 29,699,913	\$ 47,859
Restricted Use Funds	10,934,507	10,934,507	--
Total -- Operating Exp.	\$ 40,627,319	\$ 40,634,420	\$ 47,859
Capital Improvements:			
Educational Building Fund	\$ 937,196	\$ 937,196	\$ --
Other Funds	711,148	711,148	--
Total -- Capital Impr.	\$ 1,648,344	\$ 1,648,344	\$ --
GRAND TOTAL	\$ 42,275,663	\$ 42,282,764	\$ 47,859
FTE Positions:			
Classified	299.2	299.2	--
Unclassified	392.9	391.9	--
Total	692.1	691.1	--

Agency Estimate/Governor's Recommendation

The University requests a total operating budget in FY 1994 of \$40,627,319, an increase of 4.9 percent above actual FY 1993 expenditures. Of the total request, general use expenditures account for \$29,692,812 (as approved), an increase of 5.8 percent over actual FY 1993 expenditures.

For FY 1994, the Governor recommends a total operating budget of \$40,634,420, of which general use expenditures are \$29,699,913. The Governor's general use current year recommendation is \$7,101 more than the agency estimated and includes offsetting adjustments for funding released by the State Finance Council for position reclassifications (\$26,082) and for other salary benefit and shrinkage rate adjustments (\$33,183).

Senate Subcommittee Recommendation

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

1. **Systemwide -- General Fee Release.** The Senate Committee in its recommendation on Regents Systemwide Issues recommended the release of 50 percent of the unanticipated general fees which were greater than the expenditure limitations set on the General Fee Funds by the 1993 Legislature. The Subcommittee notes that the release of fees in FY 1994 of \$47,859 at Emporia State University will result in a reduction of the FY 1995 General Fees Fund ending balance from \$26,705 to \$0, and an increase in FY 1995 financing from the State General Fund of \$21,154. Spring, 1994, enrollment numbers may change both amounts.
2. **Retirement Reductions per 1993 H.B. 2211.** The Subcommittee reviewed the impact of retirement reductions resulting from passage of 1993 H.B. 2211. Emporia State University reported that 3.0 FTE restricted use positions and 4.0 FTE general use positions have retired so far this year. Financing was deleted for one of the general use positions. The university explained that as more retirements occur, it will become increasingly difficult to decide whether to shift positions from one department to another. The university also stated that rather than continuing under provisions of 1993 H.B. 2211, it would prefer to be up-front with the legislative appropriators in requesting new positions or reducing unneeded positions.

Senate Committee Recommendation

The Committee concurs with the recommendation of the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate concurs with the recommendation of the Committee.

Expenditure Summary	Senate Adj. FY 94	Senate Rec. FY 94	House Sub. Adjustments
Operating Expenditures:			
State General Fund	\$ --	\$ 22,114,914	\$ --
General Fund	47,859	7,609,858	--
Certain Endowment Interest	--	23,000	--
Subtotal -- General Use	\$ 47,859	\$ 29,747,772	\$ --
Restricted Use Funds	--	10,934,507	--
Total -- Operating Exp.	\$ 47,859	\$ 40,682,279	\$ --
Capital Improvements:			
Educational Building Fund	\$ --	\$ 937,196	\$ --
Other Funds	--	711,148	--
Total -- Capital Impr.	\$ --	\$ 1,648,344	\$ --
GRAND TOTAL	\$ 47,859	\$ 42,330,623	\$ --
FTE Positions:			
Classified	--	299.2	--
Unclassified	--	391.9	--
Total	--	691.1	--

House Subcommittee Recommendation

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


 Representative Robin Jennison
 Subcommittee Chair


 Representative Betty Jo Charlton

Representative Denise Everhart

SUBCOMMITTEE REPORT

Agency: Emporia State University

Bill No. 590

Bill Sec. 7

Analyst: Rothe

Analysis Pg. No. 617

Budget Page No. 200

Expenditure Summary	Agency Est. FY 1995	Gov. Rec. FY 1995	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 23,123,629	\$ 22,760,951	\$ 28,744
General Fund	8,069,821	8,017,846	285,538
Certain Endowment Interest	23,000	23,000	--
Subtotal -- General Use	\$ 31,216,450	\$ 30,801,797	\$ 314,282
Restricted Use Funds	11,667,971	11,667,971	--
Total -- Operating Exp.	\$ 42,884,421	\$ 42,469,768	\$ 314,282
Capital Improvements:			
Educational Building Fund	\$ --	\$ --	\$ --
Other Funds	460,000	460,000	--
Total -- Capital Impr.	\$ 460,000	\$ 460,000	\$ --
GRAND TOTAL	\$ 43,344,421	\$ 42,929,768	\$ 314,282
FTE Positions:			
Classified	318.5	318.5	--
Unclassified	400.9	400.9	--
Total	719.4	719.4	--

Agency Request/Governor's Recommendation

The University requests an operating budget increase of \$2,257,102, of which \$1,523,638 is general use expenditures. The requested general use increase includes: (1) an increase in the Regents employers' retirement contribution from 8.5 percent to 9 percent (\$87,694); (2) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees (\$133,738); (3) a 3.0 percent merit pool for unclassified employees (\$438,467); (4) a 3.0 percent increase for student salaries (\$26,499); (5) a 3.0 percent increase for other operating expenditures (\$112,111); (6) a faculty salary enhancement to be targeted to "ranked faculty and those directly involved in the instructional experience" (\$221,000); (7) servicing new buildings (\$8,952); and (8) mission related program enhancements targeted at library improvements (\$178,500), a teaching enhancement center (\$55,000), and counseling accreditation (\$43,500).

For FY 1995 the Governor's recommendation reflects a general use increase of \$1,101,884, a 3.7 percent increase over the Governor's FY 1994 recommendation. The increase is financed by increasing expenditures from the State General Fund by \$646,037 (2.9 percent) and tuition revenues by \$455,847 (6.0 percent).

The overall general use increase of \$1,101,884 recommended by the Governor is composed of the following: (1) classified step movement (approximately 2.5 percent) and annualization of mid-year position reclassifications (\$133,738); (2) a 2.5 percent merit pool for unclassified employees (\$365,390); (3) a 3.0 percent increase for student salaries as requested (\$26,499); (4) a 3.0 percent increase for OOE as requested (\$112,111); (5) an additional faculty salary enhancement pool of \$262,379 which equates to a 5.0 percent increase in the institution's estimated faculty salary base; (6) \$35,000 for a teaching enhancement center; and (7) \$8,952 for servicing new buildings.

Senate Subcommittee Recommendation

FY 1995. The Senate Subcommittee concurs with the Governor's recommendation with the following adjustments:

1. **Systemwide Recommendation -- Student Salaries.** Delete \$4,416 from General Use Funds for student salaries. The Systemwide recommendation is for a 2.5 percent increase to the student salary base compared to the 3.0 percent requested by the Regents and recommended by the Governor.
2. **Systemwide Recommendation -- Regents Libraries.** Add \$33,385 from General Use Funds to begin funding of the Regents systemwide library enhancement proposal.
3. **Systemwide Recommendation -- Graduate Teaching Assistants Salaries and Wages and Tuition Payments.** Create a separate State General Fund line item with an appropriation of \$491,485 for GTA salaries and wages and delete the same amount from the operating expenditures line item. Indicate in a proviso that salaries and wages for GTAs shall not be expended from the university's operating expenditures line item. Also, increase expenditures from the General Fees Fund by \$306,692 to provide for the payment of tuition for GTAs and in a proviso indicate the amount to be expended for tuition payments for GTAs.
4. **Systemwide Recommendation -- Faculty Salary Enhancement.** Delete \$41,379 from General Use Funds that the Governor added to the faculty salary enhancement pool, above the \$221,000 financed from tuition revenues that the Regents requested.
5. **Restricted Use Positions.** The Subcommittee reviewed the university's request for 23.0 FTE new restricted use positions, and is satisfied with the agency's justification for the 5.0 FTE unclassified and 18.0 FTE classified positions. The university explained that Memorial Union employees have been employed by the Memorial Union Corporation rather than by the University. Due to the use of outside contractors for the bookstore and dining services, this approach is no longer feasible for the few remaining employees. Therefore, ESU has requested legislative approval for restricted use expenditure and FTE authority for the Memorial Union employees, consistent with the practice at several other Regents universities.
6. **Servicing New Buildings -- Chemical Storage Building and Child Development Center Addition.** The Subcommittee reviewed the university's request for 0.3 FTE new positions to provide support to additional space that was added during Fall, 1993, to the Cram Hall Chemical Storage Facility (1,140 square feet) and to the

Child Development Center (1,488 square feet). The Subcommittee is satisfied with the justification provided by the university -- that the number of positions are based on a formula established by the Board of Regents providing for 1.0 FTE new position for every 10,500 gross square feet of new space.

The Subcommittee also learned that in October, 1993, the Board of Regents authorized ESU to accept, as a gift from the ESU Foundation, the Anderson Carnegie Library building on the former College of Emporia campus. The servicing new buildings formula calls for an additional \$36,399 and a 0.97 FTE position in FY 1995 to service the 10,181 square feet of space, which will be the new home for the School of Library Information Management. At its November, 1993 meeting, the Board authorized an amendment to the FY 1995 ESU budget request for funds to service this building effective July 1, 1994. Given that this is a new request, the Subcommittee defers a recommendation pending the issuance of a Governor's Budget Amendment.

7. **Specific University Program Enhancements -- Teaching Enhancement Center.** The Subcommittee recommends the addition of \$20,000 from General Use Funds in FY 1995 which, in addition to the \$35,000 and 1.0 FTE Director recommended by the Governor, will fully finance the University's request of \$55,000 to establish a Teaching Enhancement Center. The Center will assist faculty and graduate teaching assistants in enhancing their current teaching skills and developing new skills, especially in the growing areas of hypermedia and distance learning, which will be central to the educational systems of the future. The Center will provide individual assessment and consultation for faculty and graduate students on request, and group training seminars in such areas as testing, presentation techniques, and hypermedia. In addition, it will conduct orientation and initial training for new faculty and graduate teaching assistants.

Senate Committee Recommendation

The Committee concurs with the recommendation of the Subcommittee with the following adjustment:

1. **Systemwide -- Change Methodology to Allocate Faculty Salary Enhancement Pool.** Add \$75,000 to the faculty salary enhancement pool for a total of \$296,000 based on changing the methodology used to allocate the faculty salary enhancement among the Regents institutions. The Senate Committee's recommendation is based on using a methodology which allocates funding based on the position of each institution relative to its peers to bring the institutions with designated peers to 94 percent of the average paid at peer institutions.

Senate Committee of the Whole Recommendation

The Senate concurs with the recommendation of the Committee with the following adjustments:

1. Restore \$4,416 from the State General Fund for student salaries. The Senate recommends a 3.0 percent increase to the student salary base.
2. Delete the \$75,000 added by the Senate Committee to reallocate the faculty salary enhancement pool.


Expenditure Summary	Senate Adj. FY 95	Senate Rec. FY 95	House Sub. Adjustments
Operating Expenditures:			
State General Fund	\$ 33,160	\$ 22,794,111	\$ (679,197)
General Fund	285,538	8,303,384	(464,001)
Certain Endowment Interest	--	23,000	--
Subtotal -- General Use	\$ 318,698	\$ 31,120,495	\$ (1,143,198)
Restricted Use Funds	--	11,667,971	--
Total -- Operating Exp.	\$ 318,698	\$ 42,788,466	\$ (1,143,198)
Capital Improvements:			
Educational Building Fund	\$ --	\$ --	\$ --
Other Funds	--	460,000	--
Total -- Capital Impr.	\$ --	\$ 460,000	\$ --
GRAND TOTAL	\$ 318,698	\$ 43,248,466	\$ (1,143,198)
FTE Positions:			
Classified	--	318.5	--
Unclassified	--	400.9	--
Total	--	719.4	--

House Subcommittee Recommendation

FY 1995. The House Subcommittee concurs with the recommendations of the Senate with the following adjustments:

1. **Systemwide -- House Committee on Appropriations Plan for Funding the Regents in FY 1995.**
 - a. **State General Fund.** Delete a total of \$679,197 from the State General Fund line items for a total SGF base appropriation of \$22,114,914. (The House Committee recommends that the increase in SGF expenditures for the Regents system in FY 1995 be contained in a single SGF appropriation of \$12.4 million in the Kansas Board of Regents Office. This amount represents a 3.0 percent increase over FY 1994 SGF expenditures of \$413.5 million. The Board of Regents would be authorized to transfer funds from this account to the individual Regents institutions and to Board-administered financial aid programs.)

- b. **Tuition.** Reduce the expenditure limitation on the General Fees Fund (tuition) by \$157,309 to reflect undergraduate tuition rates of 5.0 percent at KU, KSU, and WSU and 3.0 percent at ESU, FHSU and PSU.
2. **Systemwide -- GTA Salaries and Tuition Payments.** Reject the Senate recommendation to create a separate line item of \$491,485 for salaries and wages of Graduate Teaching Assistants. The Subcommittee recommends that salaries and wages for GTAs be included in the operating expenditures line item account in the bill. Also, the House Subcommittee recommends that the current practice of waiving tuition for GTAs be maintained rather than increasing expenditures by \$306,692 from the General Fees Fund to provide for the payment of tuition of GTAs, as recommended by the Senate.
3. **Systemwide -- General Use Classified and Unclassified FTE Limitation.** Strike the FTE limitations from the appropriations bill. The institution will continue to budget for FTE positions and the Governor and Legislature will continue to make adjustments and track FTE positions.
4. The House Subcommittee on Regional Universities is concerned that the Systemwide recommendation on the reallocation of State General Fund appropriation increases to the Board Office could place the servicing of new buildings at risk. The Subcommittee reminds the Committee that new campus buildings have been approved by the Legislature, and the Legislature should take the responsibility in ensuring that those buildings are properly maintained. The Subcommittee urges the Board of Regents to place the servicing of new buildings high on its list of priorities.



Representative Robin Jennison
Subcommittee Chair



Representative Betty Jo Charlton

Representative Denise Everhart

SUBCOMMITTEE REPORT

Agency: Fort Hays State University

Bill No. --

Bill Sec. --

Analyst: Rothe

Analysis Pg. No. 623

Budget Page No. 214

Expenditure	Agency Est. FY 94	Governor's Rec. FY 94	Senate Sub. Adjustments
Operating Expenditures:			
State General Fund	\$ 22,015,574	\$ 22,028,224	\$ --
General Fund	7,129,165	7,129,166	56,448
Subtotal - General Use	\$ 29,144,739	\$ 29,157,390	\$ 56,448
Restricted Use Funds	11,593,069	11,591,918	--
TOTAL -- Operating Expend.	\$ 40,737,808	\$ 40,749,308	\$ 56,448
Capital Improvements:			
Educational Bldg. Fund	\$ 809,005	\$ 809,005	\$ --
Special Cap. Impr. Fund	5,000,000	5,000,000	--
Other Funds	2,944,494	2,944,494	--
TOTAL--Capital Impr.	\$ 8,753,499	\$ 8,753,499	\$ --
GRAND TOTAL	\$ 49,491,307	\$ 49,502,807	\$ 56,448
FTE Positions:			
Classified	304.6	304.6	--
Unclassified	366.2	366.2	--
TOTAL	670.8	670.8	--

Agency Estimate/Governor's Recommendation

The University requests a total operating budget in FY 1994 of \$40,737,808, an increase of 3.7 percent above actual FY 1993 expenditures. Of the total request, general use expenditures account for \$29,144,739 (as approved), an increase of 6.9 percent over actual FY 1993 expenditures.

For FY 1994, the Governor recommends a total operating budget of \$40,749,308, of which general use expenditures are \$29,157,390. The Governor's general use current year recommendation is \$12,651 more than the agency estimated and includes offsetting adjustments for funding released by the State Finance Council for position reclassifications (\$11,944) and for other salary benefit and shrinkage rate adjustments (\$707).

Senate Subcommittee Recommendation

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

ATTACHMENT 11

1. **Systemwide -- General Fee Release.** The Senate Committee in its recommendation on Regents Systemwide Issues recommended the release of 50 percent of the unanticipated general fees which were greater than the expenditure limitations set on the General Fee Funds by the 1993 Legislature. The Subcommittee notes that the release of fees in FY 1994 of \$56,448 at Fort Hays State University will result in a reduction of the FY 1995 General Fees Fund ending balance from \$35,000 to \$0, and an increase in FY 1995 financing from the State General Fund of \$21,448. Spring, 1994, enrollment numbers may change both amounts.
2. **Retirement Reductions per 1993 H.B. 2211.** The Subcommittee reviewed the impact of retirement reductions resulting from passage of 1993 H.B. 2211. Fort Hays State University reported that 1.0 FTE custodial worker and 1.0 FTE associate professor had retired prior to February 10, 1994, but that funding for both positions had been restored. The university believes the retirement bill will have an increasing impact in future fiscal years.

Senate Committee Recommendation

The Committee concurs with the recommendations of the Subcommittee.

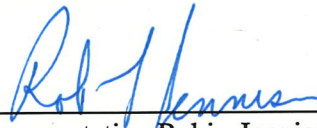
Senate Committee of the Whole Recommendation

The Senate concurs with the recommendation of the Committee.

Expenditure	Senate Adj. FY 94	Senate Rec. FY 94	House Sub. Adjustments
Operating Expenditures:			
State General Fund	\$ --	\$ 22,028,224	\$ --
General Fund	56,448	7,185,614	--
Subtotal - General Use	\$ 56,448	\$ 29,213,838	\$ --
Restricted Use Funds	--	11,591,918	--
TOTAL -- Operating Expend.	\$ 56,448	\$ 40,805,756	\$ --
Capital Improvements:			
Educational Bldg. Fund	\$ --	\$ 809,005	\$ --
Special Cap. Impr. Fund	--	5,000,000	--
Other Funds	--	2,944,494	--
TOTAL--Capital Impr.	\$ --	\$ 8,753,499	\$ --
GRAND TOTAL	\$ 56,448	\$ 49,559,255	\$ --
FTE Positions:			
Classified	--	304.6	--
Unclassified	--	366.2	--
TOTAL	--	670.8	--

House Subcommittee Recommendation

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



Representative Robin Jennison
Subcommittee Chair



Representative Betty Jo Charlton



Representative Denise Everhart

SUBCOMMITTEE REPORT

Agency: Fort Hays State University

Bill No. 590

Bill Sec. 2

Analyst: Rothe

Analysis Pg. No. 623

Budget Page No. 214

Expenditure	Agency Req. FY 95	Governor's Rec. FY 95	Senate Sub. Adjustments
Operating Expenditures:			
State General Fund	\$ 24,149,665	\$ 23,544,516	\$ 5,104
General Fees Fund	7,436,195	7,594,999	61,086
Subtotal General Use	\$ 31,585,860	\$ 31,139,515	\$ 66,190
Restricted Use Funds	11,809,174	11,809,174	--
TOTAL -- Oper. Expend.	\$ 43,395,034	\$ 42,948,689	\$ 66,190
Capital Improvements:			
Educational Bldg. Fund	\$ --	\$ --	\$ --
Special Cap. Impr. Fund	--	--	--
Other Funds	286,592	286,592	1,250,000
TOTAL--Capital Impr.	\$ 286,592	\$ 286,592	\$ 1,250,000
GRAND TOTAL	\$ 43,681,626	\$ 43,235,281	\$ 1,316,190
FTE Positions:			
Classified	315.7	314.7	(1.0)
Unclassified	386.2	384.2	(11.0)
TOTAL	701.9	698.9	(12.0)

Agency Request/Governor's Recommendation

The University requests an operating budget increase of \$2,657,226, of which \$2,441,121 is general use expenditures. The requested general use increase includes: (1) an increase in the Regents employers' retirement contribution from 8.5 percent to 9 percent (\$83,729); (2) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees (\$138,312); (3) a 3.0 percent merit pool for unclassified employees (\$522,441); (4) a 3.0 percent increase for student salaries (\$29,682); (5) a 3.0 percent increase for other operating expenditures (\$111,771); (6) a faculty salary enhancement to be targeted to "ranked faculty and those directly involved in the instructional experience" (\$411,000); (7) funds for servicing the new science building for six months (\$163,616); (8) mission related program enhancements targeted at library improvements (\$157,500) and a .50 percent reduction in the shrinkage rate (\$128,000); and (9) an enrollment adjustment (\$495,880).

For FY 1995 the Governor's recommendation reflects a general use increase of \$1,982,125, a 6.8 percent increase over the FY 1994 recommendation. The increase is financed by increasing expenditures from the State General Fund by \$1,516,292 (6.9 percent) and tuition revenues by \$465,833 (6.5 percent).

The overall general use increase of \$1,982,125 is composed of the following: (1) classified step movement (approximately 2.5 percent) and annualization of mid-year position reclassifications (\$138,312); (2) a 2.5 percent merit pool for unclassified employees (\$433,283); (3) a 3.0 percent increase for student salaries as requested (\$29,682); (4) a 3.0 percent increase for OOE as requested (\$111,771); (5) an additional faculty salary enhancement pool of \$487,954 which equates to a 7.3 percent increase in the institution's estimated faculty salary base; (6) \$163,616 for servicing the new science building; and (7) \$486,698 for an enrollment adjustment.

Senate Subcommittee Recommendation

FY 1995. The Senate Subcommittee concurs with the Governor's recommendation with the following adjustments:

1. **Systemwide Recommendation -- Student Salaries.** Delete \$4,947 from General Use Funds for student salaries. The Systemwide recommendation is for a 2.5 percent increase to the student salary base compared to the 3.0 percent requested by the Regents and recommended by the Governor.
2. **Systemwide Recommendation -- Enrollment Adjustment.** Delete \$70,318 from General Use Funds for a total of \$416,380 for enrollment adjustment funding in FY 1995.
3. **Systemwide Recommendation -- Regents Libraries.** Add \$7,875 from General Use Funds to begin funding of the Regents systemwide library enhancement proposal.
4. **Systemwide Recommendation -- Graduate Teaching Assistants Salaries and Wages and Tuition Payments.** Create a separate State General Fund line item with an appropriation of \$285,697 for GTA salaries and wages and delete the same amount from the operating expenditures line item. Indicate in a proviso that salaries and wages for GTAs shall not be expended from the university's operating expenditures line item. Also, increase expenditures from the General Fees Fund by \$82,534 to provide for the payment of tuition for GTAs and in a proviso indicate the amount to be expended for tuition payments for GTAs.
5. **Systemwide Recommendation -- Faculty Salary Enhancement.** Delete \$76,954 from General Use Funds that the Governor added to the faculty salary enhancement pool, above the \$411,000 financed from tuition revenues that the Regents requested.
6. **Specific University Program Enhancement -- Salary Shrinkage.** Add \$128,000 from General Use Funds to reduce the FY 1995 salary shrinkage rate from 1.96 percent to 1.45 percent. The 1993 Legislature reduced the shrinkage rate from 2.31 percent to 1.96 percent for FY 1994 and recommended that the 1994 Legislature review the rate for further adjustment. The actual shrinkage rate in FY 1993 was 2.97 percent. The Governor recommended FY 1995 shrinkage rates of 1.36 percent at ESU and 1.40 at PSU.
7. The Subcommittee discussed the agency's appeal for \$143,271 to correct its unclassified retirement rate. When the 1993 Legislature increased the state TIAA contribution, the university should have budgeted an FY 1994 rate of 9.17 percent compared to an actual rate of 8.72 percent in FY 1993. Instead the university

budgeted an effective rate of 8.55 percent in FY 1994 and has held positions vacant to fund the required rate of 9.17 percent. The university continued the error in FY 1995 by budgeting an effective TIAA rate of 8.65 percent rather than the correct rate of 9.27 percent. The university has submitted a request for a Governor's Budget Amendment to address the error in FY 1995. The Subcommittee is favorably inclined towards approving the request pending receipt of a Governor's Budget Amendment.

8. The Senate Committee in its review of Regents systemwide issues rejected the Regents request to narrow the first positive corridor which would have allowed a funding increase for a smaller enrollment growth and recommended maintaining the "old corridors" for positive enrollment. The Committee adopted a Regents request to reduce the time lag by measuring enrollment adjustment changes on a calendar year basis instead of a fiscal year basis. Fort Hays State University informed the Subcommittee that under the Regents enrollment adjustment proposal, \$486,698 was requested based on the 20th day reported student credit hours (SCH) for the fall semester. However, the final fall semester SCH were 243 higher than reported on the 20th day report. The university explained that many of its off-campus students enroll later than on-campus students. If the enrollment adjustment were recalculated using the final fall SCH the requested amount would have been \$513,164.

Using the enrollment adjustment recommended by the Senate Committee, the FHSU enrollment adjustment would be \$416,380. The university noted that the old method of calculating the enrollment adjustment allowed for the addition of the last semester's final SCH to the 20th day figures. If the final fall SCH were used in the calculation based on the formula recommended by the Senate Committee, the enrollment adjustment would be \$442,846 (\$26,466 more than approved).

The Senate Subcommittee concurs with the Regents Systemwide recommendation of the Senate Committee of \$416,380 for FHSU. The Subcommittee learned that any supplemental enrollments after the 20th day are reflected in the enrollment adjustment for the following year. The Subcommittee also learned that PSU had supplemental credit hours of 411 after the 20th day of Fall, 1993, so FHSU is in no way being singled out under the new formula.

9. **Enrollment Adjustment -- FTE Positions.** The Subcommittee did not receive adequate justification for the new positions associated with the FY 1995 enrollment adjustment. The Subcommittee recommends the deletion of the 12.0 FTE positions, and urges the House Subcommittee to further review the request for new positions.
10. **Restricted Use Positions.** The Subcommittee reviewed the university's request for 8.0 FTE new restricted use positions, and is satisfied with the agency's justification for those positions. In the following list, the first six are unclassified, the latter two are classified:

Director of Tiger Tots Nurtury Center
Teacher of Tiger Tots
Museum Collection Manager
University Nurse
Docking Institute Research Associate
Docking Institute Research Fellow

Student Information Processing Office Assistant
Auxiliary Accounts Receivable Office Assistant

11. **Servicing New Buildings -- Physical Science Building.** The Subcommittee reviewed the university's request for 8.1 FTE new positions to provide support to the new science building which is scheduled for completion in January, 1995. The Subcommittee is satisfied with the justification provided by the university -- that the new science building is additional space, not replacement space, and that the number of positions are based on a formula established by the Board of Regents providing for 1.0 FTE new position for every 10,500 gross square feet of new space.
12. The Subcommittee learned that the Board of Regents granted permission on February 17 for FHSU to seek bonding authority to refinance \$1,257,761 of existing debt on housing bonds. In addition, the Residential Life Office seeks to renovate existing housing facilities through a bond issuance of \$1,250,000. The Joint Committee on State Building Construction reviewed and recommended the project on February 23. The Subcommittee concurs with the recommendation of the Joint Committee.

Senate Committee Recommendation

The Committee concurs with the recommendation of the Subcommittee with the following adjustment:

1. **Systemwide -- Change Methodology to Allocate Faculty Salary Enhancement Pool.** Delete \$38,000 from the faculty salary enhancement pool for a total of \$373,000 based on changing the methodology used to allocate the faculty salary enhancement among the Regents institutions. The Senate Committee's recommendation is based on using a methodology which allocates funding based on the position of each institution relative to its peers to bring the institutions with designated peers to 94 percent of the average paid at peer institutions.

Senate Committee of the Whole Recommendation

The Senate concurs with the recommendation of the Committee with the following adjustments:

1. Restore \$4,947 from the State General Fund for student salaries. The Senate recommends a 3.0 percent increase to the student salary base.
2. Restore the \$38,000 deleted by the Senate Committee to reallocate the faculty salary enhancement pool.

Expenditure	Senate Adj. FY 95	Senate Rec. FY 95	House Sub. Adjustments
Operating Expenditures:			
State General Fund	\$ 10,051	\$ 23,554,567	\$ (1,526,343)
General Fees Fund	61,086	7,656,085	(214,534)
Subtotal General Use	\$ 71,137	\$ 31,210,652	\$ (1,740,877)
Restricted Use Funds	--	11,809,174	--
TOTAL -- Oper. Expend.	\$ 71,137	\$ 43,019,826	\$ (1,740,877)
Capital Improvements:			
Educational Bldg. Fund	\$ --	\$ --	\$ --
Special Cap. Impr. Fund	--	--	--
Other Funds	1,250,000	1,536,592	--
TOTAL--Capital Impr.	\$ 1,250,000	\$ 1,536,592	\$ --
GRAND TOTAL	\$ 1,321,137	\$ 44,556,418	\$ (1,740,877)
FTE Positions:			
Classified	(1.0)	313.7	1.0
Unclassified	(11.0)	373.2	11.0
TOTAL	(12.0)	686.9	12.0

House Subcommittee Recommendation

FY 1995. The House Subcommittee concurs with the recommendations of the Senate with the following adjustments:

1. **Systemwide -- House Committee on Appropriations Plan for Funding the Regents in FY 1995.**
 - a. **State General Fund.** Delete a total of \$1,526,343 from the State General Fund line items for a total SGF base appropriation of \$22,028,224. (The House Committee recommends that the increase in SGF expenditures for the Regents system in FY 1995 be contained in a single SGF appropriation of \$12.4 million in the Kansas Board of Regents Office. This amount represents a 3.0 percent increase over FY 1994 SGF expenditures of \$413.5 million. The Board of Regents would be authorized to transfer funds from this account to the individual Regents institutions and to Board-administered financial aid programs.)
 - b. **Tuition.** Reduce the expenditure limitation on the General Fees Fund (tuition) by \$132,000 to reflect undergraduate tuition rates of 5.0 percent at KU, KSU, and WSU and 3.0 percent at ESU, FHSU and PSU.
2. **Systemwide -- GTA Salaries and Tuition Payments.** Reject the Senate recommendation to create a separate line item of \$285,697 for salaries and wages of Graduate

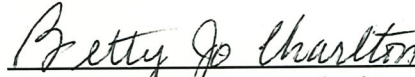
Teaching Assistants. The Subcommittee recommends that salaries and wages for GTAs be included in the operating expenditures line item account in the bill. Also, the House Subcommittee recommends that the current practice of waiving tuition for GTAs be maintained rather than increasing expenditures by \$82,534 from the General Fees Fund to provide for the payment of tuition of GTAs, as recommended by the Senate.

3. **Systemwide -- General Use Classified and Unclassified FTE Limitation.** Strike the FTE limitations from the appropriations bill. The institution will continue to budget for FTE positions and the Governor and Legislature will continue to make adjustments and track FTE positions.
4. The House Subcommittee reviewed Senate Subcommittee Recommendation No. 6 which added \$128,000 for the second year of a two-year effort to address an inequitably high salary shrinkage rate at FHSU. The increase would lower the shrinkage rate from 1.96 percent to 1.45 percent (compared to 1.36 at ESU and 1.40 at PSU). The House Subcommittee agrees that the salary shrinkage rate at FHSU should be on par with the other regional universities. The House Subcommittee recommends the addition of a proviso to the new State General Fund appropriation recommended by the House Committee (item 1a, above) to require a transfer of \$128,000 from the new account to FHSU to address salary shrinkage. The Subcommittee is not recommending an increase in the new SGF account at the Board Office above the amount recommended in the systemwide report.
5. The House Subcommittee on Regional Universities is concerned that the Systemwide recommendation on the reallocation of State General Fund appropriation increases to the Board Office could place the servicing of new buildings at risk. The Subcommittee reminds the Committee that new campus buildings have been approved by the Legislature, and the Legislature should take the responsibility in ensuring that those buildings are properly maintained. The Subcommittee urges the Board of Regents to place the servicing of new buildings high on its list of priorities.
6. The House Subcommittee reviewed Senate Subcommittee Recommendation No. 9 which deleted 12.0 FTE positions associated with the enrollment adjustment and asked the House Subcommittee to further review the need for the new positions. The House Subcommittee reviewed a revised justification provided by the University and recommends the restoration of the 12.0 FTE positions, as requested. The Subcommittee notes that if the FTE limitation is restored by the 1994 Legislature, the FTE limitation at Fort Hays should be adjusted accordingly.

7. The House Subcommittee concurs with a March 22 recommendation of the Joint Committee on State Building Construction to make a technical adjustment on the proviso associated with the Renovation of Housing Facilities Project. The language would change from "residence hall renovation debt financing" to "housing system debt financing."



Representative Robin Jennison
Subcommittee Chair



Representative Betty Jo Charlton



Representative Denise Everhart

SUBCOMMITTEE REPORT

Agency: Pittsburg State University

Bill No. --

Bill Sec. --

Analyst: Rothe

Analysis Pg. No. 629

Budget Page No. 476

Expenditure	Agency Est. FY 94	Gov.Rec. FY 94	Senate Sub. Adjustments
Operating Expenditures:			
State General Fund	\$ 22,494,253	\$ 22,489,827	\$ --
General Fund	<u>9,877,522</u>	<u>9,877,522</u>	<u>48,983</u>
Subtotal - General Use	\$ 32,371,775	\$ 32,367,349	\$ 48,983
Restricted Use Funds	<u>10,601,354</u>	<u>10,601,354</u>	<u>--</u>
TOTAL -- Oper. Expend.	<u>\$ 42,973,129</u>	<u>\$ 42,968,703</u>	<u>\$ 48,983</u>
Capital Improvements:			
Educational Bldg. Fund	\$ 941,374	\$ 941,374	\$ --
Special Capital Impr. Fund	1,000,000	1,000,000	--
Other Funds	<u>11,593,860</u>	<u>11,593,860</u>	<u>--</u>
TOTAL -- Capital Impr.	<u>\$ 13,535,234</u>	<u>\$ 13,535,234</u>	<u>\$ --</u>
GRAND TOTAL	<u>\$ 56,508,363</u>	<u>\$ 56,503,937</u>	<u>\$ 48,983</u>
FTE Positions:			
Classified	302.0	301.0	--
Unclassified	<u>420.5</u>	<u>420.5</u>	<u>--</u>
TOTAL	<u>722.5</u>	<u>721.5</u>	<u>--</u>

Agency Estimate/Governor's Recommendation

The University requests a total operating budget in FY 1994 of \$42,973,129, an increase of 1.3 percent above actual FY 1993 expenditures. Of the total request, general use expenditures account for \$32,371,775 (as approved), an increase of 5.9 percent over actual FY 1993 expenditures.

For FY 1994, the Governor recommends a total operating budget of \$42,968,703, of which general use expenditures are \$32,367,349. The Governor's general use current year recommendation is \$4,426 less than the agency estimated and includes offsetting adjustments for funding released by the State Finance Council for position reclassifications (\$9,441) and for other salary benefit and shrinkage rate adjustments (\$13,867).

Senate Subcommittee Recommendation

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

- Systemwide -- General Fee Release.** The Senate Committee in its recommendation on Regents Systemwide Issues recommended the release of 50 percent of the unanticipated general fees which were greater than the expenditure limitations set on

the General Fee Funds by the 1993 Legislature. The Subcommittee notes that the corrected fee release for Pittsburg State University in FY 1994 is \$48,983.

2. **Retirement Reductions per 1993 H.B. 2211.** The Subcommittee reviewed the impact of retirement reductions resulting from passage of 1993 H.B. 2211. Pittsburg State University reported that 5.0 FTE positions have retired so far this year, including two clerical positions, two physical plant supervisors and one groundskeeper. Financing for the first four positions has been restored, but funding for the groundskeeper position has been denied. The university projects a total of 8.0 FTE positions will retire in FY 1994 and that financing for a total of 2.0 FTE positions will be deleted. The university explained that the deletion of long-time classified positions will increasingly affect departments throughout the university. First, when a sole classified support position in a department is deleted, a clerical position must be shifted from another department. Second, by virtue of length of service, a higher percentage of classified retirements occur at higher levels in the organization. Third, the long-term impact would be that eventually no classified employees would be left to retire. Fourth, at a time when PSU is providing an education for an all-time record enrollment, it does not make sense to reduce the level of service provided by classified employees.

Senate Committee Recommendation

The Committee concurs with the recommendation of the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate concurs with the recommendation of the Committee.

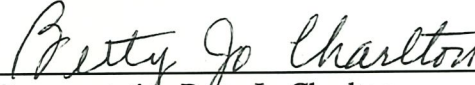
<u>Expenditure</u>	<u>Senate Adjustments</u>	<u>Senate Rec. FY 94</u>	<u>House Sub. Adjustments</u>
Operating Expenditures:			
State General Fund	\$ --	\$ 22,489,827	\$ --
General Fund	48,983	9,926,505	--
Subtotal - General Use	\$ 48,983	\$ 32,416,332	\$ --
Restricted Use Funds	--	10,601,354	--
TOTAL -- Oper. Expend.	\$ 48,983	\$ 43,017,686	\$ --
Capital Improvements:			
Educational Bldg. Fund	\$ --	\$ 941,374	\$ --
Special Capital Impr. Fund	--	1,000,000	--
Other Funds	--	11,593,860	--
TOTAL -- Capital Impr.	\$ --	\$ 13,535,234	\$ --
GRAND TOTAL	<u>\$ 48,983</u>	<u>\$ 56,552,920</u>	<u>\$ --</u>
FTE Positions:			
Classified	--	301.0	--
Unclassified	--	420.5	--
TOTAL	<u>--</u>	<u>721.5</u>	<u>--</u>

House Subcommittee Recommendation

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



Representative Robin Jennison
Subcommittee Chair



Representative Betty Jo Charlton



Representative Denise Everhart

SUBCOMMITTEE REPORT

Agency: Pittsburg State University

Bill No. 590

Bill Sec. 8

Analyst: Rothe

Analysis Pg. No. 629

Budget Page No. 476

<u>Expenditure</u>	<u>Agency Req. FY 95</u>	<u>Gov. Rec. FY 95</u>	<u>Senate Sub. Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 25,011,360	\$ 23,756,447	\$ (34,730)
General Fund	<u>10,230,736</u>	<u>10,796,020</u>	<u>225,000</u>
Subtotal - General Use	\$ 35,242,096	\$ 34,552,467	\$ 190,270
Restricted Use Funds	<u>10,912,070</u>	<u>10,912,070</u>	<u>--</u>
TOTAL -- Oper. Expend.	<u>\$ 46,154,166</u>	<u>\$ 45,464,537</u>	<u>\$ 190,270</u>
Capital Improvements:			
Educational Bldg. Fund	\$ 0	\$ 0	\$ --
Special Capital Impr. Fund	3,000,000	3,000,000	--
Other Funds	<u>6,960,000</u>	<u>6,960,000</u>	<u>--</u>
TOTAL -- Capital Impr.	<u>\$ 9,960,000</u>	<u>\$ 9,960,000</u>	<u>\$ --</u>
GRAND TOTAL	<u><u>\$ 56,114,166</u></u>	<u><u>\$ 55,424,537</u></u>	<u><u>\$ 190,270</u></u>
FTE Positions:			
Classified	322.0	320.0	--
Unclassified	<u>465.0</u>	<u>459.5</u>	<u>(1.5)</u>
TOTAL	<u><u>787.0</u></u>	<u><u>779.5</u></u>	<u><u>(1.5)</u></u>

Agency Request/Governor's Recommendation

The University requests an operating budget increase of \$3,181,037, of which \$2,870,321 is general use expenditures. The requested general use increase includes: (1) an increase in the Regents employers' retirement contribution from 8.5 percent to 9 percent (\$83,290); (2) classified step movement (approximately 2.5 percent) and longevity bonuses for eligible classified employees (\$197,166); (3) a 3.0 percent merit pool for unclassified employees (\$687,226); (4) a 3.0 percent increase for student salaries (\$23,877); (5) a 3.0 percent increase for other operating expenditures (\$148,854); (6) a faculty salary enhancement to be targeted to "ranked faculty and those directly involved in the instructional experience" (\$391,000); and (7) mission related program enhancements targeted at library improvements (\$161,000), network interconnectivity (\$91,800), and a nurse practitioner track (\$103,700).

For FY 1995 the Governor's recommendation reflects a general use increase of \$2,185,118, a 6.8 percent increase over the FY 1994 recommendation. The increase is financed by increasing expenditures from the State General Fund by \$1,266,620 (5.6 percent) and tuition revenues by \$918,498 (9.3 percent).

The overall general use increase of \$2,185,118 recommended by the Governor is composed of the following: (1) classified step movement (approximately 2.5 percent) and annualization of mid-year position reclassifications (\$197,166); (2) a 2.5 percent merit pool for unclassified employees (\$572,688); (3) a 3.0 percent increase for student salaries as requested (\$23,877); (4) a 3.0 percent increase for OOE as requested (\$148,854); (5) an additional faculty salary enhancement pool of \$464,209 which equates to

a 6.1 percent increase in the institution's estimated faculty salary base; (6) \$50,000 for a network interconnectivity enhancement; and (7) \$836,522 for an enrollment adjustment.

Senate Subcommittee Recommendation

FY 1995. The Senate Subcommittee concurs with the Governor's recommendation with the following adjustments:

1. **Systemwide Recommendation -- Student Salaries.** Delete \$3,979 from General Use Funds for student salaries. The Systemwide recommendation is for a 2.5 percent increase to the student salary base compared to the 3.0 percent requested by the Regents and recommended by the Governor.
2. **Systemwide Recommendation -- Enrollment Adjustment.** Delete \$77,292 from General Use Funds for a total of \$759,230 for enrollment adjustment funding in FY 1995.
3. **Systemwide Recommendation -- Regents Libraries.** Add \$16,050 from General Use Funds to begin funding of the Regents systemwide library enhancement proposal.
4. **Systemwide Recommendation -- Graduate Teaching Assistants Salaries and Wages and Tuition Payments.** Create a separate State General Fund line item with an appropriation of \$338,951 for GTA salaries and wages and delete the same amount from the operating expenditures line item. Indicate in a proviso that salaries and wages for GTAs shall not be expended from the university's operating expenditures line item. Also, increase expenditures from the General Fees Fund by \$225,000 to provide for the payment of tuition for GTAs and in a proviso indicate the amount to be expended for tuition payments for GTAs.
5. **Systemwide Recommendation -- Faculty Salary Enhancement.** Delete \$73,209 from General Use Funds that the Governor added to the faculty salary enhancement pool, above the \$391,000 financed from tuition revenues that the Regents requested.
6. **Enrollment Adjustment -- FTE Positions.** The Subcommittee reviewed the FTE positions associated with the enrollment adjustment, adjusted by the Senate Committee recommendation on systemwide issues to \$759,230. The university provided a list of the 14.0 FTE unclassified faculty positions and the 9.0 FTE classified support staff that had been requested under the original request of \$836,522. Given a reduction of \$77,292 in the enrollment adjustment, the Subcommittee recommends a deletion of 3.0 FTE unclassified positions.
7. **Restricted Use Positions.** The Subcommittee reviewed the university's request for 35.0 FTE new restricted use positions, and is satisfied with the agency's justification for the 25.0 FTE unclassified and 10.0 FTE classified positions. The university explained that the need for research and consulting services provided by the Business and Technology Institute, the School of Technology and Applied Science, and the Department of Biology continues to escalate. For example, recent proposals by two waste management firms could provide for the development of an environmental studies department that would be funded in whole from refuse tipping fees.

8. **Health Education Enhancements -- Nurse Practitioner Track.** Add \$103,700 from General Use Funds and 1.5 FTE unclassified positions to establish a Nurse Practitioner track within the Master of Science in Nursing degree program. This program would be in conjunction with the consortium established by Wichita State University, KUMC, and Fort Hays State University, whereby courses could be shared by the three Universities. The Family Nurse Practitioners have been very successful in rural areas, according to the University, and thus southeast Kansas would benefit by this program. The request would provide salaries and operating expenditures for one faculty position, a half-time lab director, and two graduate assistants.
9. The Subcommittee recommends technical adjustments to the FY 1995 appropriations bill to correct three transfers.

Senate Committee Recommendation

The Committee concurs with the recommendation of the Subcommittee with the following adjustment:

1. **Systemwide -- Change Methodology to Allocate Faculty Salary Enhancement Pool.** Add \$88,000 to the faculty salary enhancement pool for a total of \$479,000 based on changing the methodology used to allocate the faculty salary enhancement among the Regents institutions. The Senate Committee's recommendation is based on using a methodology which allocates funding based on the position of each institution relative to its peers to bring the institutions with designated peers to 94 percent of the average paid at peer institutions.

Senate Committee of the Whole Recommendation

The Senate concurs with the recommendation of the Committee with the following adjustments:

1. Restore \$3,979 from the State General Fund for student salaries. The Senate recommends a 3.0 percent increase to the student salary base.
2. Delete the \$88,000 added by the Senate Committee to reallocate the faculty salary enhancement pool.

<u>Expenditure Summary</u>	<u>Senate Adjustments</u>	<u>Senate Rec. FY 95</u>	<u>House Sub. Adjustments</u>
Operating Expenditures:			
State General Fund	\$ (30,751)	\$ 23,725,696	\$ (1,235,869)
General Fund	<u>225,000</u>	<u>11,021,020</u>	<u>(351,000)</u>
Subtotal - General Use	\$ 194,249	\$ 34,746,716	\$ (1,586,869)
Restricted Use Funds	<u>--</u>	<u>10,912,070</u>	<u>--</u>
TOTAL -- Oper. Expend.	<u>\$ 194,249</u>	<u>\$ 45,658,786</u>	<u>\$ (1,586,869)</u>
Capital Improvements:			
Educational Bldg. Fund	\$ --	\$ 0	\$ --
Special Capital Impr. Fund	--	3,000,000	--
Other Funds	<u>--</u>	<u>6,960,000</u>	<u>250,000</u>
TOTAL -- Capital Impr.	<u>\$ --</u>	<u>\$ 9,960,000</u>	<u>\$ 250,000</u>
GRAND TOTAL	<u>\$ 194,249</u>	<u>\$ 55,618,786</u>	<u>\$ (1,336,869)</u>
FTE Positions:			
Classified	--	320.0	--
Unclassified	<u>(1.5)</u>	<u>458.0</u>	<u>1.5</u>
TOTAL	<u>(1.5)</u>	<u>778.5</u>	<u>1.5</u>


House Subcommittee Recommendation

FY 1995. The House Subcommittee concurs with the recommendation of the Senate with the following adjustments:

1. **Systemwide -- House Committee on Appropriations Plan for Funding the Regents in FY 1995.**
 - a. **State General Fund.** Delete a total of \$1,235,869 from the State General Fund line items for a total SGF base appropriation of \$22,489,827. (The House Committee recommends that the increase in SGF expenditures for the Regents system in FY 1995 be contained in a single SGF appropriation of \$12.4 million in the Kansas Board of Regents Office. This amount represents a 3.0 percent increase over FY 1994 SGF expenditures of \$413.5 million. The Board of Regents would be authorized to transfer funds from this account to the individual Regents institutions and to Board-administered financial aid programs.)
 - b. **Tuition.** Reduce the expenditure limitation on the General Fees Fund (tuition) by \$126,000 to reflect undergraduate tuition rates of 5.0 percent at KU, KSU, and WSU and 3.0 percent at ESU, FHSU, and PSU.
2. **Systemwide -- GTA Salaries and Tuition Payments.** Reject the Senate recommendation to create a separate line item of \$338,951 for salaries and wages of Graduate Teaching Assistants. The Subcommittee recommends that salaries and wages for GTAs be included in the operating expenditures line item account in the bill. Also, the House Subcommittee recommends that the current practice of

waiving tuition for GTAs be maintained rather than increasing expenditures by \$225,000 from the General Fees Fund to provide for the payment of tuition of GTAs, as recommended by the Senate.

3. **Systemwide -- General Use Classified and Unclassified FTE Limitation.** Strike the FTE limitations from the appropriations bill. The institution will continue to budget for FTE positions and the Governor and Legislature will continue to make adjustments and track FTE positions.
4. The House Subcommittee on Regional Universities is concerned that the System-wide recommendation on the reallocation of State General Fund appropriation increases to the Board Office could place the servicing of new buildings at risk. The Subcommittee reminds the Committee that new campus buildings have been approved by the Legislature, and the Legislature should take the responsibility in ensuring that those buildings are properly maintained. The Subcommittee urges the Board of Regents to place the servicing of new buildings high on its list of priorities.
5. The House Subcommittee concurs with a March 22 recommendation of the Joint Committee on State Building Construction to authorize a total expenditure of \$2.5 million for the Overman Student Center Renovation project. The 1993 Legislature had recommended financing of up to \$2.0 million from the sale of revenue bonds, \$100,000 from a contribution by the bookstore vendor and \$400,000 from operating reserve funds. The 1993 Legislature authorized FY 1994 expenditures of \$250,000 for planning. Following submission of a program statement (which has eliminated the contribution from the vendor and increased expenditures by \$100,000 from operating reserve funds), the Building Committee has now recommended the creation of the appropriate funds to permit construction to proceed in FY 1995.
6. The House Subcommittee notes that if the systemwide plan to reallocate increases in SGF expenditures is not approved by the 1994 Legislature, the \$103,700 added by the Senate to establish a Nurse Practitioner track within the Master of Science in Nursing degree program should be restored to PSU as recommended by the Senate.



Representative Robin Jennison
Subcommittee Chair



Representative Betty Jo Charlton



Representative Denise Everhart