

House Budget Committee Report

Agency: Postsecondary Education Systemwide

Bill No. HB 2370

Bill Sec. --

Analyst: Morrow

Analysis Pg. No. 1971

Budget Page No. 121

Expenditure Summary	Agency Request FY 2016	Governor Recommendation FY 2016	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 835,676,156	\$ 783,499,401	\$ 1,500,000
Other Funds	1,790,758,388	1,783,339,876	0
Subtotal	<u>\$ 2,626,434,544</u>	<u>\$ 2,566,839,277</u>	<u>\$ 1,500,000</u>
Capital Improvements:			
State General Fund	\$ 7,515,903	\$ 4,695,616	\$ 0
Other Funds	148,192,977	108,192,977	0
Subtotal	<u>\$ 155,708,880</u>	<u>\$ 112,888,593</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 2,782,143,424</u></u>	<u><u>\$ 2,679,727,870</u></u>	<u><u>\$ 1,500,000</u></u>
FTE positions	17,969.7	17,969.7	0.0
Non FTE Uncl. Perm. Pos.	55.0	55.0	0.0
TOTAL	<u><u>18,024.7</u></u>	<u><u>18,024.7</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests operating expenditures of \$2.6 billion, including \$835.7 million from the State General Fund. This is an overall increase of \$38.0 million, or 1.5 percent, all funds and \$45.3 million, or 5.7 percent, from the State General Fund above the FY 2015 revised estimate. There is an enhancement request of \$64.6 million, including \$44.6 million from the State General Fund.

The budget is an overall increase of \$6.5 million, or 0.4 percent, in salaries and wages, \$5.6 million, or 17.3 percent, in debt service and \$31.7 million, or 12.0 percent, in other assistance. This is offset with decreases of \$11.8 million, or 3.2 percent, in contractual services and \$3.1 million, or 3.0 percent, in commodities.

The postsecondary education systemwide requests \$155.7 million, including \$7.5 million from the State General Fund, in capital improvements for FY 2016. This is an increase of \$15.3 million, or 10.9 percent, all funds and \$ 214,659, or 2.9 percent, State General Fund above the FY 2015 revised request. The increase is mainly due to the budget for the Board of Regents showing the \$35.0 million request for the Educational Building Fund and an additional \$20.0 million enhancement for deferred maintenance. The increase in State General Fund expenditures is mainly due to increased debt service payments.

Governor's Recommendation

The **Governor** recommends operating expenditures of \$2.6 billion, including \$783.5 million from the State General Fund. This is a decrease of \$22.4 million, or 0.9 percent, all funds and \$8.8 million, or 1.1 percent, State General Fund below the FY 2015 recommendation.

The Governor recommends a reduction of \$11.7 million, including \$4.3 million from the State General Fund, to reduce employer contributions for state employee health insurance. The recommendation also includes a reduction of \$1.5 million from the Incentive for Career Technical Education program.

The Governor recommends capital improvements of \$112.9 million, including \$4.7 million from the State General Fund. This is a decrease of \$42.8 million, or 27.5 percent, all funds and \$2.8 million, or 37.5 percent, State General Fund below the agency requests. The recommendation does not include newly requested State General Fund debt service payments for the Fort Hays State Art and Education building project which has changed and will be resubmitted at a later date. The recommendation also includes a decrease of \$6.0 million from the Educational Building Fund due to lower than expected revenues into the fund.

House Budget Committee Recommendation

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

Board of Regents

1. Add \$1.5 million, all from the State General Fund, for the Incentive for Technical Education program for FY 2016.
2. Add language allowing the agency to expend \$20,000, all from existing resources, for the additional membership dues for the Midwest Higher Education Compact for FY 2016.
3. The Budget Committee wishes to draw the attention of the Committee to the enhancement requests by the Board of Regents and Regents Universities of \$64.6 million, including \$44.6 million from the State General Fund for FY 2016.

Kansas State University

1. Add language allowing \$25.0 million in bonding authority for the student union expansion for FY 2016. This action restores the agency to the Governor's recommendation prior to House Sub. for SB 4.
2. The Budget Committee notes the trend of increasing instructional costs at this University.

University of Kansas

1. Add language allowing \$51.2 million in bonding authority for a new dorm and dining hall for FY 2016. This action restores the agency to the Governor's recommendation prior to House Sub. for SB 4.

2. Add language allowing \$14.5 million in bonding authority for Corbin Hall for FY 2016. This action restores the agency to the Governor's recommendation prior to House Sub. for SB 4.
3. The Budget Committee notes the trend of increasing instructional costs at this University.

Wichita State University

1. Delete the \$1.0 million Kansas Bioscience Authority transfer, to Wichita State University, for the Center of Innovation for Biomaterials in Orthopaedic research and allow the agency to use \$1.0 million from the General Fees Fund for this expenditure for FY 2016.

House Committee Recommendation

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

Board of Regents

1. The Committee approved the Minority Report except for the last sentence which stated that the enhancement requests were well documented, appropriate, and should be considered at Omnibus.
2. Add a proviso to the Incentive for Technical Education that if the awards are greater than appropriations, the awards will be prorated for FY 2016.
3. Review at Omnibus the proviso for the Postsecondary Tiered Technical State Aid and how the removal of the proviso will affect the funding to each college.

Fort Hays State University

1. Add \$16.5 million all from special revenue funds, for the construction of a new Institute of Applied Technology and parking lot for FY 2016.

Kansas State University

1. Add language allowing \$60.0 million in bonding authority for the College of Architecture Planning and Design, Seaton Hall for FY 2016. This action came after the Committee reviewed the agency's request.

University of Kansas Medical Center

1. Add a proviso to the cancer center research appropriation for the \$1 to \$1 matching funds from the University and report to House Appropriations and Senate Ways and Means on the economic value and jobs created with this funding for FY 2016.
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Senate Subcommittee Report

Agency: Postsecondary Education Systemwide

Bill No. SB 237

Bill Sec. --

Analyst: Morrow

Analysis Pg. No. 1971

Budget Page No. 121

Expenditure Summary	Agency Request FY 2016	Governor Recommendation FY 2016	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 835,676,156	\$ 783,499,401	\$ 759,662
Other Funds	1,790,758,388	1,783,339,876	0
Subtotal	<u>\$ 2,626,434,544</u>	<u>\$ 2,566,839,277</u>	<u>\$ 759,662</u>
Capital Improvements:			
State General Fund	\$ 7,515,903	\$ 4,695,616	\$ 0
Other Funds	148,192,977	108,192,977	16,500,000
Subtotal	<u>\$ 155,708,880</u>	<u>\$ 112,888,593</u>	<u>\$ 16,500,000</u>
TOTAL	<u><u>\$ 2,782,143,424</u></u>	<u><u>\$ 2,679,727,870</u></u>	<u><u>\$ 17,259,662</u></u>
FTE positions	17,969.7	17,969.7	0.0
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TOTAL	<u><u>18,024.7</u></u>	<u><u>18,024.7</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests operating expenditures of \$2.6 billion, including \$835.7 million from the State General Fund. This is an overall increase of \$38.0 million, or 1.5 percent, all funds and \$45.3 million, or 5.7 percent, from the State General Fund above the FY 2015 revised estimate. There is an enhancement request of \$64.6 million, including \$44.6 million from the State General Fund.

The budget is an overall increase of \$6.5 million, or 0.4 percent, in salaries and wages, \$5.6 million, or 17.3 percent, in debt service and \$31.7 million, or 12.0 percent, in other assistance. This is offset with decreases of \$11.8 million, or 3.2 percent, in contractual services and \$3.1 million, or 3.0 percent, in commodities.

The postsecondary education systemwide requests \$155.7 million, including \$7.5 million from the State General Fund, in capital improvements for FY 2016. This is an increase of \$15.3 million, or 10.9 percent, all funds and \$ 214,659, or 2.9 percent, State General Fund above the FY 2015 revised request. The increase is mainly due to the budget for the Board of Regents showing the \$35.0 million request for the Educational Building Fund and an additional \$20.0 million enhancement for deferred maintenance. The increase in State General Fund expenditures is mainly due to increased debt service payments.

Governor's Recommendation

The **Governor** recommends operating expenditures of \$2.6 billion, including \$783.5 million from the State General Fund. This is a decrease of \$22.4 million, or 0.9 percent, all funds and \$8.8 million, or 1.1 percent, State General Fund below the FY 2015 recommendation.

The Governor recommends a reduction of \$11.7 million, including \$4.3 million from the State General Fund, to reduce employer contributions for state employee health insurance. The recommendation also includes a reduction of \$1.5 million from the Incentive for Career Technical Education program.

The Governor recommends capital improvements of \$112.9 million, including \$4.7 million from the State General Fund. This is a decrease of \$42.8 million, or 27.5 percent, all funds and \$2.8 million, or 37.5 percent, State General Fund below the agency requests. The recommendation does not include newly requested State General Fund debt service payments for the Fort Hays State Art and Education building project which has changed and will be resubmitted at a later date. The recommendation also includes a decrease of \$6.0 million from the Educational Building Fund due to lower than expected revenues into the fund.

Senate Subcommittee Recommendation

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

Board of Regents

1. Add language allowing the agency to expend \$20,000, all from within existing resources, for the additional membership dues for the Midwest Higher Education Compact for FY 2016.
2. Add \$1.0 million, all from the State General Fund, for the Incentive for Technical Education for FY 2016.
3. Add \$2.0 million, all from the State General Fund, to the Kansas Comprehensive Grant program for FY 2016.
4. Add language that notwithstanding the statutes for the Kansas Comprehensive Grant program, the Board of Regents shall disburse not less than 75.0 percent or \$13,318, 753 to the Independent and Private Colleges. In addition, the Kansas Independent College Association shall provide to the House Appropriations and Senate Ways and Means Committees at the beginning of the 2016 Session, a report on the total dollars dispersed to each college and how many students received scholarships, for FY 2016.

Fort Hays State University

1. Delete \$2,664, all from the State General Fund, for the Master's-level nursing capacity for FY 2016.
2. Delete \$5,245, all from the State General Fund, for the Kansas wetlands education center at Cheyenne bottoms for FY 2016.

3. Add \$16.5 million all from special revenue funds, for the construction of a new Institute of Applied Technology and parking lot for FY 2016.

Kansas State University

1. Delete \$2.1 million, all from the State General Fund, for operating expenditures for FY 2016.
2. Delete \$2,597, all from the State General Fund, for the Midwest institute for comparative stem cell biology for FY 2016.

Kansas State University—Extension Systems and Agricultural Research Programs

1. Delete \$365,712, all from the State General Fund, for the cooperative extension service for FY 2016.
2. Delete \$583,764, all from the State General Fund, for the agricultural experiment stations for FY 2016.

Kansas State University Veterinary Medical Center

1. Delete \$96,258, all from the State General Fund, for operating expenditures for FY 2016.
2. Delete \$50,012, all from the State General Fund, from the operating enhancement for FY 2016.

University of Kansas

1. Delete \$117,865, all from the State General Fund, for the Geological Survey for FY 2016.
2. Delete \$2,621, all from the State General Fund, for the Umbilical Cord Matrix project, for FY 2016.

University of Kansas Medical Center

1. Delete \$15,088, all from the State General Fund, for Midwest stem cell therapy center for FY 2016.
2. Delete \$1,400, all from the State General Fund, for Rural Health Bridging for FY 2016.
3. Add \$1.0 million, all from the State General Fund, for the Medical Scholarships and Loans fund for FY 2016.
4. Add a proviso to the cancer center research appropriation for the \$1 to \$1 matching funds from the university and report to House Appropriations and Senate Ways and Means on the economic value and jobs created with this funding for FY 2016.

Pittsburg State University

1. Add \$1.0 million, all from the State General Fund, for the School of Transportation for FY 2016.

Wichita State University

1. Add a proviso to the aviation research appropriation for the \$1 to \$1 matching funds from the university and report to House Appropriations and Senate Ways and Means on the economic value and jobs created with this funding for FY 2016.

Senate Committee Recommendation

The **Committee** concurs with the Subcommittee's recommendation with the following adjustments:

Board of Regents

1. Review at Omnibus the addition of \$920,000, all from the State General Fund, for the Washburn University crime lab faculty and equipment for FY 2016.

Kansas State University

1. Review at Omnibus the addition of \$2.1 million, all from the State General Fund, for operating expenditures for FY 2016.

Kansas State University Veterinary Medical Center

1. Review at Omnibus the addition of \$96,258 all from the State General Fund, for operating expenditures for FY 2016.

University of Kansas

1. Add \$117,865, all from the State General Fund, for the Geological Survey for FY 2016.
2. Add \$100,000, all from the State General Fund, for the Geological Survey to perform seismic surveys for FY 2016.
3. Review at Omnibus operating expenditures for FY 2016.

University of Kansas Medical Center

1. Review at Omnibus the Wichita hospital expansion project for FY 2016.

Senate Committee of the Whole Recommendation (Senate Sub. for HB 2135)

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

Conference Committee Recommendation (House Sub. for SB 112)

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

Board of Regents

1. Add \$750,000, all from the State General Fund, for the Incentive for Technical Education for FY 2016.
2. Add language allowing the agency to expend \$20,000, all from within existing resources, for additional membership dues for the Midwest Higher Education Compact for FY 2016.
3. Add language that, notwithstanding the statutes for the Kansas Comprehensive Grant program, the Board of Regents shall disperse no less than 60.0 percent allocation to the Independent and Private Colleges. In addition, the Kansas Independent College Association shall provide to the House Appropriations and Senate Ways and Means Committees at the beginning of the 2016 Session, a report on the total dollars dispersed to each college and how many students received scholarships for FY 2016.
4. Add language including Johnson County Community College in the Performance-based Incentives program for FY 2016.
5. Add language allowing tuition increases at the 2015 school year rate adding the Consumer Price Index plus 2.0 percent for school year 2016.
6. Add language to the Incentive for Career Technical Education appropriation requiring the incentives to be prorated if the total request exceeds the appropriated amount for FY 2016.
7. Add language requiring the Board of Regents to provide a report to the budget committees at the beginning of the 2016 Session on the distribution of the Postsecondary Tiered Technical Education State Aid funds for FY 2016.
8. Add \$770,000, all from the State General Fund, to the Municipal Operating Grant for a new forensic science program at Washburn University for FY 2016.
9. Delete \$8,240, including \$5,228 from the State General Fund, to reduce the Kansas Public Employees Retirement System employer contribution rate from 12.37 percent to 10.91 percent for FY 2016. This implements the provisions of SB 228.
10. Delete \$10,623, including \$6,606 from the State General Fund, to suspend employer contributions to the Kansas Public Employees Retirement System Group Insurance Fund, or Death and Disability Fund, for the final seven pay periods for FY 2016.

Emporia State University

1. Delete \$125,510, including \$77,891 from the State General Fund, to reduce the Kansas Public Employees Retirement System employer contribution rate from 12.37 percent to 10.91 percent for FY 2016. This implements the provisions of SB 228.
2. Delete \$103,910, including \$54,370 from the State General Fund, to suspend employer contributions to the Kansas Public Employees Retirement System Group Insurance Fund, or Death and Disability Fund, for the final seven pay periods for FY 2016.

Fort Hays State University

1. Add \$16.5 million all from special revenue funds, for the construction of a new Institute of Applied Technology and parking lot for FY 2016.
2. Delete \$131,063, including \$66,439 from the State General Fund, to reduce the Kansas Public Employees Retirement System employer contribution rate from 12.37 percent to 10.91 percent for FY 2016. This implements the provisions of SB 228.
3. Delete \$137,679, including \$68,482 from the State General Fund, to suspend employer contributions to the Kansas Public Employees Retirement System Group Insurance Fund, or Death and Disability Fund, for the final seven pay periods for FY 2016.

Kansas State University

1. Add language allowing \$25.0 million of bonding authority for the student union expansion for FY 2016. This action was originally in the Governor's recommendation in FY 2015.
2. Add language allowing \$60.0 million in bonding authority for the College of Architecture Planning and Design - Seaton Hall, for FY 2016.
3. Delete \$600,937, including \$234,824 from the State General Fund, to reduce the Kansas Public Employees Retirement System employer contribution rate from 12.37 percent to 10.91 percent for FY 2016. This implements the provisions of SB 228.
4. Delete \$666,774, including \$177,172 from the State General Fund, to suspend employer contributions to the Kansas Public Employees Retirement System Group Insurance Fund, or Death and Disability Fund, for the final seven pay periods for FY 2016.

Kansas State University—Extension Systems and Agricultural Research Programs

1. Delete \$121,088, including \$59,605 from the State General Fund, to reduce the Kansas Public Employees Retirement System employer contribution rate from 12.37 percent to 10.91 percent for FY 2016. This implements the provisions of SB 228.
2. Delete \$176,624, including \$85,668 from the State General Fund, to suspend employer contributions to the Kansas Public Employees Retirement System Group Insurance Fund, or Death and Disability Fund, for the final seven pay periods for FY 2016.

Kansas State University Veterinary Medical Center

1. Delete \$72,326, including \$23,707 from the State General Fund, to reduce the Kansas Public Employees Retirement System employer contribution rate from 12.37 percent to 10.91 percent for FY 2016. This implements the provisions of SB 228.
2. Delete \$70,400, including \$22,210 from the State General Fund, to suspend employer contributions to the Kansas Public Employees Retirement System Group Insurance Fund, or Death and Disability Fund, for the final seven pay periods for FY 2016.

Pittsburg State University

1. Concur with GBA No. 1, Item 11, and delete \$243,596, all from the State General Fund, to update State General Funded debt service payments and make further technical adjustments of adding \$135,596 to allow the GBA to correctly reflect debt service payments for FY 2016.
1. Add language allowing Pittsburg State University to exchange land with the City of Pittsburg, Kansas for FY 2016.
2. Delete \$130,933, including \$62,344 from the State General Fund, to reduce the Kansas Public Employees Retirement System employer contribution rate from 12.37 percent to 10.91 percent for FY 2016. This implements the provisions of SB 228.
3. Delete \$104,004, including \$53,112 from the State General Fund, to suspend employer contributions to the Kansas Public Employees Retirement System Group Insurance Fund, or Death and Disability Fund, for the final seven pay periods for FY 2016.
4. Add \$221,800, all from the State General Fund as a technical adjustment for Pittsburg State to pay the Armory/Classroom debt service for FY 2016.

University of Kansas

1. Add language allowing \$51.2 million in bonding authority for a new dorm and dining hall for FY 2016. This action was originally in the Governor's recommendation in FY 2015.
2. Add language allowing \$14.5 million in bonding authority for Corbin Hall for FY 2016. This action was originally in the Governor's recommendation in FY 2015.
3. Concur with GBA No. 1, Item 10, to add language to refinance the Law Enforcement Training Center bonds with debt service paid from State General Fund or any appropriate special revenue funds for FY 2016.
4. Delete \$394,745, including \$174,419 from the State General Fund, to reduce the Kansas Public Employees Retirement System employer contribution rate from 12.37 percent to 10.91 percent for FY 2016. This implements the provisions of SB 228.
5. Delete \$900,747, including \$247,218 from the State General Fund, to suspend employer contributions to the Kansas Public Employees Retirement System Group Insurance Fund, or Death and Disability Fund, for the final seven pay periods for FY 2016.

University of Kansas Medical Center

1. Delete \$1.8 million, all from the State General Fund, for debt service payments for the Health Education Building for FY 2016. These payments will be made through the Department of Administration.
2. Add language to the cancer center research appropriation for the dollar for dollar matching funds from the university and report to House Appropriations and Senate Ways and Means Committees on the economic value and jobs created with this funding for FY 2016.
3. Delete \$142,461, including \$74,190 from the State General Fund, to reduce the Kansas Public Employees Retirement System employer contribution rate from 12.37 percent to 10.91 percent for FY 2016. This implements the provisions of SB 228.
4. Delete \$476,904 including \$162,579 from the State General Fund, to suspend employer contributions to the Kansas Public Employees Retirement System Group Insurance Fund, or Death and Disability Fund, for the final seven pay periods for FY 2016.

Wichita State University

1. Add language to the aviation research appropriations for the dollar for dollar matching funds from the university and report to House Appropriations and Senate Ways and Means Committees on the economic value and jobs created with this funding for FY 2016.
2. Delete \$252,234, including \$147,691 from the State General Fund, to reduce the Kansas Public Employees Retirement System employer contribution rate from 12.37 percent to 10.91 percent for FY 2016. This implements the provisions of SB 228.
3. Delete \$258,869, including \$101,001 from the State General Fund, to suspend employer contributions to the Kansas Public Employees Retirement System Group Insurance Fund, or Death and Disability Fund, for the final seven pay periods for FY 2016.

	Governor's Recommendation FY 2016	Legislative Action	Legislative Approved FY 2016	Governor's Veto FY 2016	Final Legislative Approved FY 2016
All Funds					
State Operations	\$ 2,120,317,748	\$ (5,242,620)	\$ 2,115,075,128	\$ 0	\$ 2,115,075,128
Aid to Local Units	183,431,536	1,520,000	184,951,536	0	184,951,536
Other Assistance	263,089,993	(11,275)	263,078,718	0	263,078,718
Subtotal- Operations	\$ 2,566,839,277	\$ (3,733,895)	\$ 2,563,105,382	\$ 0	\$ 2,563,105,382
Capital Improvements	112,644,997	15,235,000	127,879,997	0	127,879,997
TOTAL	<u>\$ 2,679,484,274</u>	<u>\$ 11,501,105</u>	<u>\$ 2,690,985,379</u>	<u>\$ 0</u>	<u>\$ 2,690,985,379</u>
State General Fund					
State Operations	\$ 581,964,619	\$ (2,261,305)	\$ 579,703,314	\$ 0	\$ 579,703,314
Aid to Local Units	169,526,047	1,520,000	171,046,047	0	171,046,047
Other Assistance	32,008,735	(11,275)	31,997,460	0	31,997,460
Subtotal-Operating	\$ 783,499,401	\$ (752,580)	\$ 782,746,821	\$ 0	\$ 782,746,821
Capital Improvements	4,452,020	(1,265,000)	3,187,020	0	3,187,020
TOTAL	<u>\$ 787,951,421</u>	<u>\$ (2,017,580)</u>	<u>\$ 785,933,841</u>	<u>\$ 0</u>	<u>\$ 785,933,841</u>
FTE Positions	17,969.7	0.0	17,969.7	0.0	17,969.7
Non-FTE Unclass. Perm. Pos.	55.0	0.0	55.0	0.0	55.0
TOTAL	<u>18,024.7</u>	<u>0.0</u>	<u>18,024.7</u>	<u>0.0</u>	<u>18,024.7</u>