

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 2017	Governor Recommendation FY 2017	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 859,552,611	\$ 798,076,176	\$ 1,500,000
Other Funds	1,827,633,024	1,819,992,388	0
Subtotal	<u>\$ 2,687,185,635</u>	<u>\$ 2,618,068,564</u>	<u>\$ 1,500,000</u>
Capital Improvements:			
State General Fund	\$ 7,125,559	\$ 4,305,272	\$ 0
Other Funds	117,741,757	87,024,757	0
Subtotal	<u>\$ 124,867,316</u>	<u>\$ 91,330,029</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 2,812,052,951</u></u>	<u><u>\$ 2,709,398,593</u></u>	<u><u>\$ 1,500,000</u></u>
FTE positions	17,970.7	17,970.7	0.0
Non FTE Uncl. Perm. Pos.	55.0	55.0	0.0
TOTAL	<u><u>18,025.7</u></u>	<u><u>18,025.7</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests operating expenditures of \$2.7 billion, including \$859.6 million from the State General Fund. This is an overall increase of \$60.8 million, or 2.3 percent, all funds and \$23.9 million, or 2.9 percent, from the State General Fund. There is an enhancement request of \$73.8 million, including \$53.8 million from the State General Fund.

The budget includes increases of \$43.9 million, or 2.8 percent, in salaries and wages and \$7.8 million, or 2.2 percent, in contractual services. This is offset with a decrease of \$1.1 million, or 2.8 percent, in debt service.

The postsecondary education systemwide requests \$124.9 million, including \$7.1 million from the State General Fund, in capital improvement for FY 2017. This is a decrease of \$30.8 million, or 19.8 percent, all funds and \$390,344, or 5.2 percent, below the FY 2016 request. The decrease is due to fewer capital improvement projects at most universities including the completion of the Weist Hall replacement project at Fort Hays State.

Governor's Recommendation

The **Governor** recommends operating expenditures of \$2.6 billion, including \$798.1 million from the State General Fund. This is an increase of \$51.2 million, or 2.0 percent, all

funds and \$14.6 million, or 1.9 percent, above the FY 2016 recommendation. The increase is mainly attributable to the 27th pay period expenditure in this year.

The Governor recommends a reduction of \$12.1 million, including \$4.4 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 \$91.3 million, including \$4.3 million from the State General Fund for capital improvements. This is a decrease of \$33.5 million, or 26.9 percent, all funds and \$2.8 million, or 39.6 percent, State General Fund below the agency requests. The recommendation did not include newly requested State General Fund debt service payments or the Fort Hays State Art and Education building project which has changed and will be submitted at a later date. The recommendation also includes a decrease of \$3.0 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 2017.
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 2017.
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 \$73.8 million, including \$53.8 million from the State General Fund for FY 2017.

Kansas State University

1. The Budget Committee notes the trend of increasing instructional costs at this University.

University of Kansas

1. The Budget Committee notes the trend of increasing instructional costs at this University.

Wichita State University

1. Delete the \$1.0 million transfer from the Kansas Bioscience Authority, 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 2017.

House Committee Recommendation

The **Committee** concurs with the Governor'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.

Kansas State University

1. The Committee will discuss the bonding authority request for the College of Architecture and the use of Educational Building Fund for debt service of the bonds prior to the passing out of the appropriations bill.

Senate Subcommittee Report

Agency: Postsecondary Education Systemwide **Bill No.** SB 237 **Bill Sec.** --

Analyst: Morrow **Analysis Pg. No.** 1971 **Budget Page No.** 121

<u>Expenditure Summary</u>	<u>Agency Request FY 2017</u>	<u>Governor Recommendation FY 2017</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 859,552,611	\$ 798,076,176	\$ (1,240,338)
Other Funds	1,827,633,024	1,819,992,388	0
Subtotal	<u>\$ 2,687,185,635</u>	<u>\$ 2,618,068,564</u>	<u>\$ (1,240,338)</u>
Capital Improvements:			
State General Fund	\$ 7,125,559	\$ 4,305,272	\$ 0
Other Funds	117,741,757	87,024,757	15,430,000
Subtotal	<u>\$ 124,867,316</u>	<u>\$ 91,330,029</u>	<u>\$ 15,430,000</u>
TOTAL	<u><u>\$ 2,812,052,951</u></u>	<u><u>\$ 2,709,398,593</u></u>	<u><u>\$ 14,189,662</u></u>
FTE positions	17,970.7	17,970.7	0.0
Non FTE Uncl. Perm. Pos.	55.0	55.0	0.0
TOTAL	<u><u>18,025.7</u></u>	<u><u>18,025.7</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests operating expenditures of \$2.7 billion, including \$859.6 million from the State General Fund. This is an overall increase of \$60.8 million, or 2.3 percent, all funds and \$23.9 million, or 2.9 percent, from the State General Fund. There is an enhancement request of \$73.8 million, including \$53.8 million from the State General Fund.

The budget includes increases of \$43.9 million, or 2.8 percent, in salaries and wages and \$7.8 million, or 2.2 percent, in contractual services. This is offset with a decrease of \$1.1 million, or 2.8 percent, in debt service.

The postsecondary education systemwide requests \$124.9 million, including \$7.1 million from the State General Fund, in capital improvement for FY 2017. This is a decrease of \$30.8 million, or 19.8 percent, all funds and \$390,344, or 5.2 percent, below the FY 2016 request. The decrease is due to fewer capital improvement projects at most universities including the completion of the Weist Hall replacement project at Fort Hays State.

Governor's Recommendation

The **Governor** recommends operating expenditures of \$2.6 billion, including \$798.1 million from the State General Fund. This is an increase of \$51.2 million, or 2.0 percent, all funds and \$14.6 million, or 1.9 percent, above the FY 2016 recommendation. The increase is mainly attributable to the 27th pay period expenditure in this year.

The Governor recommends a reduction of \$12.1 million, including \$4.4 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 \$91.3 million, including \$4.3 million from the State General Fund for capital improvements. This is a decrease of \$33.5 million, or 26.9 percent, all funds and \$2.8 million, or 39.6 percent, State General Fund below the agency requests. The recommendation did not include newly requested State General Fund debt service payments or the Fort Hays State Art and Education building project which has changed and will be submitted at a later date. The recommendation also includes a decrease of \$3.0 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 2017.
2. Add \$1.0 million, all from State General Fund, for the Incentive for Technical Education for FY 2017.

Fort Hays State University

1. Delete \$2,664, all from the State General Fund, for the Master's-level nursing capacity for FY 2017.
2. Delete \$5,245, all from the State General Fund, for the Kansas wetlands education center at Cheyenne bottoms for FY 2017.
3. Add \$13.85 million all from special revenue funds, for the construction of a new Department of Art building and parking lot for FY 2017.
4. Add \$1.58 million, all from special revenue funds, to raze Wiest Hall "B" for FY 2017.

Kansas State University

1. Delete \$2.1 million, all from the State General Fund, for operating expenditures for FY 2017.
2. Delete \$2,597, all from the State General Fund, for the Midwest institute for comparative stem cell biology for FY 2017.

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 2017.
2. Delete \$583,764, all from the State General Fund, for the agricultural experiment stations for FY 2017.

Kansas State University Veterinary Medical Center

1. Delete \$96,258, all from the State General Fund, for operating expenditures for FY 2017.
2. Delete \$50,012, all from the State General Fund, from the operating enhancement for FY 2017.

University of Kansas

1. Delete \$117,865, all from the State General Fund, for the Geological Survey for FY 2017.
2. Delete \$2,621, all from the State General Fund, for the Umbilical Cord Matrix project, for FY 2017.

University of Kansas Medical Center

1. Delete \$15,088, all from the State General Fund, for Midwest stem cell therapy center for FY 2017.

2. Delete \$1,400, all from the State General Fund, for Rural Health Bridging for FY 2017.
3. Add \$1.0 million, all from the State General Fund, for the Medical Scholarships and Loans fund for FY 2017.
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 2017.

Pittsburg State University

1. Add \$1.0 million, all from the State General Fund, for the School of Transportation for FY 2017.

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 2017.

Senate Committee Recommendation

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

Kansas State University

1. Review at Omnibus the addition of \$2.1 million, all from the State General Fund, for operating expenditures for FY 2017.

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 2017.

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 2017.

University of Kansas Medical Center

1. Review at Omnibus the Wichita hospital expansion project for FY 2017.

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 2017.
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 2017.
3. Add language allowing tuition increases at the 2016 school year rate adding the Consumer Price Index plus 2.0 percent for school year 2017.
4. 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 2017.
5. 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 2017.
6. Delete \$16,174, including \$10,242 from the State General Fund, to reduce the Kansas Public Employees Retirement System employer contribution rate from 13.57 percent to 10.81 percent for FY 2017. This implements the provisions of SB 228.
7. Delete \$10,793, including \$6,701 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 2017.

Emporia State University

1. Delete \$246,511, including \$152,597 from the State General Fund, to reduce the Kansas Public Employees Retirement System employer contribution rate from 13.57 percent to 10.81 percent for FY 2017. This implements the provisions of SB 228.
2. Delete \$105,119, including \$55,336 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 2017.

Fort Hays State University

1. Add \$13.9 million all from special revenue funds, for the construction of a new Department of Art building and parking lot for FY 2017.

2. Add \$1.6 million, all from special revenue funds, to raze Wiest Hall “B” for FY 2017.
3. Delete \$252,722, including \$127,163 from the State General Fund, to reduce the Kansas Public Employees Retirement System employer contribution rate from 13.57 percent to 10.81 percent for FY 2017. This implements the provisions of SB 228.
4. Delete \$137,880, including \$67,334 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 2017.

Kansas State University

1. Add \$3.7 million all from the Educational Building Fund, for debt service payments on the College of Architecture Planning and Design - Seaton Hall bonds for FY 2017.
2. Delete \$1.2 million, including \$462,075 from the State General Fund, to reduce the Kansas Public Employees Retirement System employer contribution rate from 13.57 percent to 10.81 percent for FY 2017. This implements the provisions of SB 228.
3. Delete \$668,145, including \$180,943 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 2017.

Kansas State University—Extension Systems and Agricultural Research Programs

1. Delete \$237,590, including \$116,673 from the State General Fund, to reduce the Kansas Public Employees Retirement System employer contribution rate from 13.57 percent to 10.81 percent for FY 2017. This implements the provisions of SB 228.
2. Delete \$177,156, including \$85,496 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 2017.

Kansas State University Veterinary Medical Center

1. Delete \$141,980, including \$46,401 from the State General Fund, to reduce the Kansas Public Employees Retirement System employer contribution rate from 13.57 percent to 10.81 percent for FY 2017. This implements the provisions of SB 228.
2. Delete \$71,703, including \$22,543 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 2017.

University of Kansas

1. Delete \$782,859, including \$346,187 from the State General Fund, to reduce the Kansas Public Employees Retirement System employer contribution rate from 13.57 percent to 10.81 percent for FY 2017. This implements the provisions of SB 228.

2. Delete \$903,723, including \$251,471 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 2017.

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 2017. 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 2017.
3. Delete \$242,399, including \$130,408 from the State General Fund, to reduce the Kansas Public Employees Retirement System employer contribution rate from 13.57 percent to 10.81 percent for FY 2017. This implements the provisions of SB 228.
4. Delete \$469,075, including \$159,984 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 2017.

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 2017.
2. Delete \$223,600, all from the State General Fund for a technical correction to the debt service payments for the armory classroom bonds for FY 2017.
3. Delete \$257,721, including \$126,197 from the State General Fund, to reduce the Kansas Public Employees Retirement System employer contribution rate from 13.57 percent to 10.81 percent for FY 2017. This implements the provisions of SB 228.
4. Delete \$104,055, including \$53,517 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 2017.

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 2017.

2. Delete \$544,690, including \$317,702 from the State General Fund, to reduce the Kansas Public Employees Retirement System employer contribution rate from 13.57 percent to 10.81 percent for FY 2017. This implements the provisions of SB 228.
3. Delete \$266,820, including \$105,181 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 2017.

	Governor's Recommendation FY 2017	Legislative Action	Legislative Approved FY 2017	Governor's Veto FY 2017	Final Legislative Approved FY 2017
All Funds					
State Operations	\$ 2,172,318,367	\$ (6,116,564)	\$ 2,166,201,803	\$ 0	\$ 2,166,201,803
Aid to Local Units	183,431,536	1,520,000	184,951,536	0	184,951,536
Other Assistance	262,318,661	(11,007)	262,307,654	0	262,307,654
Subtotal- Operations	\$ 2,618,068,564	\$ (4,607,571)	\$ 2,613,460,993	\$ 0	\$ 2,613,460,993
Capital Improvements	91,086,433	16,590,000	107,676,433	0	107,676,433
TOTAL	<u>\$ 2,709,154,997</u>	<u>\$ 11,982,429</u>	<u>\$ 2,721,137,426</u>	<u>\$ 0</u>	<u>\$ 2,721,137,426</u>
State General Fund					
State Operations	\$ 596,555,384	\$ (3,727,298)	\$ 592,828,086	\$ 0	\$ 592,828,086
Aid to Local Units	169,526,047	1,520,000	171,046,047	0	171,046,047
Other Assistance	31,994,745	(11,007)	31,983,738	0	31,983,738
Subtotal-Operating	\$ 798,076,176	\$ (2,218,305)	\$ 795,857,871	\$ 0	\$ 795,857,871
Capital Improvements	4,061,676	(940,000)	3,121,676	0	3,121,676
TOTAL	<u>\$ 802,137,852</u>	<u>\$ (3,158,305)</u>	<u>\$ 798,979,547</u>	<u>\$ 0</u>	<u>\$ 798,979,547</u>
FTE Positions	17,970.7	0.0	17,970.7	0.0	17,970.7
Non-FTE Unclass. Perm. Pos.	55.0	0.0	55.0	0.0	55.0
TOTAL	<u>18,025.7</u>	<u>0.0</u>	<u>18,025.7</u>	<u>0.0</u>	<u>18,025.7</u>