

BOARD OF REGENTS

	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:							
State General Fund	\$ 195,996,549	\$ 200,652,441	\$ 203,430,248	\$ 242,793,588	\$ 197,081,200	\$ 251,907,716	\$ 197,010,592
Other Funds	17,052,112	18,733,818	18,730,931	17,888,547	17,872,478	17,971,440	17,955,048
TOTAL	\$ 213,048,661	\$ 219,386,259	\$ 222,161,179	\$ 260,682,135	\$ 214,953,678	\$ 269,879,156	\$ 214,965,640
Capital Improvements:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	55,000,000	29,000,000	55,000,000	32,000,000
TOTAL	\$ 0	\$ 0	\$ 0	\$ 55,000,000	\$ 29,000,000	\$ 55,000,000	\$ 32,000,000
GRAND TOTAL	\$ 213,048,661	\$ 219,386,259	\$ 222,161,179	\$ 315,682,135	\$ 243,953,678	\$ 324,879,156	\$ 246,965,640

Percentage Change:

Operating Expenditures							
State General Fund	2.7 %	2.4 %	3.8 %	21.0 %	(3.1) %	3.8 %	(0.0) %
All Funds	0.8	3.0	4.3	18.8	(3.2)	3.5	0.0
FTE Positions	62.5	62.5	62.5	62.5	62.5	62.5	62.5
Non-FTE							
Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	62.5	62.5	62.5	62.5	62.5	62.5	62.5

AGENCY OVERVIEW

Article 6 of the *Kansas Constitution* directs the Legislature to provide for a State Board of Regents comprised of nine members appointed by the Governor, subject to confirmation by the Senate. One member is to be from each Congressional District, with the remaining members appointed at-large. The Board of Regents is responsible for coordination of all postsecondary education in the state and supervising the operation of the six state Regents' universities. In carrying out this responsibility, the Board: (1) appoints a chief executive officer to administer each university; (2) reviews the mission, role, and curriculum of each university; (3) sets tuition, fees, and charges to be collected at each university; (4) submits requests to the Legislature for funds to operate its universities and central

office staff, and for funds to construct, maintain, and equip university buildings; (5) administers student financial aid programs; (6) determines the eligibility of private postsecondary Kansas institutions to confer academic or honorary degrees; (7) registers courses conducted in Kansas by postsecondary institutions located outside of the state; and (8) administers state aid to Washburn University. The 1999 Legislature expanded the duties of the Board with the passage of the Higher Education Coordination Act (SB 345). Under the act, the Board is charged with the coordination of all higher education and is responsible for state assistance in support of community colleges, vocational technical schools, and adult basic education.

MAJOR ISSUES FROM PRIOR YEARS

The **1999 Legislature** passed the Higher Education Coordination Act (SB 345) which transferred supervision of community colleges, area vocational schools, technical colleges, adult education programs, and proprietary schools from the Department of Education to the Board of Regents. The responsibilities of the Board of Regents also changed to include coordination of all postsecondary education in the state including Washburn University and private colleges and universities.

The legislation outlined several funding components which were designed to be adjusted annually over four years.

- An operating grant formula was established to provide state funding for the community colleges and Washburn University beginning in FY 2001.

The grant amount would be calculated based upon the State General Fund appropriations at the regional Regents' universities (Emporia, Fort Hays, or Pittsburg) and the institutions' FTE enrollment and would increase incrementally over four years. County out-district tuition would be phased out over the four years and be replaced by state aid which would be added to the operating grant. Only the first three years of this provision have been implemented.

- An amount equal to the increase in the community college operating grant would be given to the Regents' institutions for faculty salary increases.

- A performance funding mechanism was established through which an institution could receive up to an additional 2.0 percent of its State General Fund appropriation based upon its performance as compared to pre-specified indicators. This provision has not been implemented at any funding level.

The **2001 Legislature** adopted a proposal which provided for the state universities to be funded through an operating or block grant rather than the multiple line-item appropriations which had been used previously. The change was made to allow the institutions greater flexibility in managing their budgets and to base future funding on performance rather than an enrollment formula.

The **2002 Legislature** passed the University Research and Development Act (HB 2690) which authorized the issuance of not more than \$120.0 million in bonds to fund a portion of the financing for research facilities at the state universities. The legislation also directed the Board of Regents to form a subsidiary corporation to oversee and implement the projects.

The proceeds of the research bonds were to be used for four specific projects.

- Constructing the Food Safety and Security Research Facility at Kansas State University.
- Constructing the Biomedical Research Facility at the University of Kansas Medical Center.
- Expanding the Aviation Engineering Complex at Wichita State University.
- Equipping the Biosciences Research Building at the University of Kansas.

The debt service on the bonds began in FY 2006 and is to be funded through a transfer from the State General Fund to a fund designated for that specific purpose. The transfer is limited to not more than \$10.0 million per year and not more than \$50.0 million over the course of the repayment. The balance of the repayment is the responsibility of the Board of Regents and the state universities.

The legislation also provided for additional bond authority of \$13.0 million for capital improvements and equipment purchases for the National Institute of Aviation Research at Wichita State University. The capital improvement projects outlined in the legislation included laboratories and equipment for icing and wind tunnels, crash testing, and advanced manufacturing. Debt service on this bond issuance is to be paid through State General Fund appropriations or special revenue fund expenditures.

The **2003 Legislature** passed legislation requiring technical colleges to replace their existing governing boards (typically the local school board) with an independent governing board (SB 7). An implementation plan was required to be presented to the Board of Regents by July 1, 2005, and agreement reached on the plan by June 30, 2007. The plan was required to include: composition of the new governing board; territory of the technical college; method of election of the new board; date the new board will assume management of the college; and issues relating to the transfer. The governance change was sought to facilitate the North Central Association accreditation of the technical colleges.

The **2006 Legislature** passed legislation allowing interest earnings on certain state university funds to be spent on deferred maintenance. Under prior law, the interest earned by the General Fees Fund (tuition revenue) and the Restricted Fees Fund (student fees and other revenue) was retained in the

State General Fund. The legislation transfers the amount of interest earned into the deferred maintenance fund.

The **2006 Legislature** passed legislation for the establishment and operation of the Kansas Academy of Mathematics and Science (KAMS), subject to appropriation of funds for that purpose. The academy provides an accelerated residential program for Kansas high school juniors or seniors who are academically talented in science or math. The two-year curriculum includes course work designed to meet both high school graduation requirements and requirements for associate of arts or associate of science degrees. The academy is conducted at a Kansas postsecondary educational institution (state university, municipal university, community college, technical college, or technical school) designated by the Board of Regents.

The Board of Regents is also authorized to aid Regents' institutions in developing short-term summer academies that may be either residential or conducted over KAN-ED. The Board of Regents is required to request funds for operation of those academies in its annual budget. The Governor is required by the legislation to include funding for the academies in the budget report to the Legislature. The Board of Regents is authorized to accept and expend public and private funds for KAMS.

The **2006 Legislature** passed legislation authorizing public colleges, universities and technical schools to purchase insurance, other than employee health insurance, independently of the Committee on Surety Bonds and Insurance. An institution that purchases insurance pursuant to the legislation must make that purchase using a competitive bid or competitive negotiation in accordance with procedures prescribed by the State Board of Regents. The legislation requires that the insurance be purchased from an insurance company authorized to do business in Kansas. Under prior law, most state agencies,

including state universities, were prohibited from separately purchasing insurance.

The same legislation also authorizes the Board of Regents to enter into contracts for accident and health insurance or the services of a health maintenance organization for students of state universities and their dependents. Purchase of coverage would be voluntary on the part of the student. Universities would continue to pay an employer contribution for those students who are employees of that university. The employer contribution rate would be set by the Board of Regents.

Under prior law, health insurance for student employees at state universities was provided through the Kansas State Employees Health Care Commission. The legislation transfers that authority to the Board of Regents. In addition, the Kansas State Employees Health Care Commission will no longer be able to charge the state universities for employer contributions for health care benefits for student employees. The legislation requires the Kansas State Employees Health Care Commission to continue coverage for the student employees until any contracts entered into by the Board of Regents become effective. Health insurance purchased pursuant to the legislation cannot cover elective procedures.

The **2006 Legislature** also passed legislation permitting the Board of Regents to authorize resident tuition and fees to members of the military who retired or were honorably discharged from the military, who had served on active duty in Kansas, and who reside in Kansas at the time of enrollment. The provisions also apply to the spouse and dependents of that individual.

The **2006 Legislature** also passed legislation establishing the Veterinary Training program for Rural Kansas at the College of Veterinary Medicine at Kansas State University (KSU). The purpose of the program is to provide encouragement,

opportunities and incentives for persons pursuing a veterinary medicine degree program at KSU to locate their veterinary practices in rural Kansas communities and receive specialized training to meet the needs of livestock producers. Preference is given to those students who are Kansas residents and who agree to serve in specified counties. The program is to be administered by the College of Veterinary Medicine at KSU.

The **2007 Legislature** passed legislation increasing the number of months—from 12 months to 60 months—Kansas residents who move out of the state and then return are allowed to be gone and still be considered state residents for tuition purposes at any of the state educational institutions under the control and supervision of the Kansas Board of Regents. The legislation does not apply to certain persons without lawful immigration status.

The legislation increased the stipend for students participating in the Medical Student Loan Agreement from a maximum of \$1,500 per month to a maximum of \$2,000 per month. It also allows loans to be awarded retroactively for any academic year that a student has completed successfully, but for which a loan had not been awarded previously. The legislation required the University of Kansas School of Medicine to report to the 2008 Legislature on its evaluation of criteria for identifying underserved areas to be served by recipients of the Medical Student Loans.

The legislation also created the Nurse Educator Service Scholarship Program Act, initially created by proviso in the 2006 Legislative Session. This Act provides funding for registered nurses in graduate level degree-granting programs leading to a master of science or doctorate degree in nursing, and who plan to teach nursing.

The legislation also consolidated the existing four teacher service scholarship programs into a single program, the Teacher

Service Scholarship program. The four programs consolidated include the following items.

- The Kansas Teacher Service Scholarship.
- The Math and Science Teacher Service Scholarship.
- The Special Education Teacher Service Scholarship.
- The Teacher Education Scholarship.

Finally, the legislation established the Teacher Education Competitive Grant program for state universities and Washburn University, with the intent of increasing the number of students in courses of study leading to licensure to teach in hard-to-fill teaching disciplines or who agree to teach in an underserved area. The Kansas Board of Regents was required to submit a report to the Legislature by January 14, 2009, describing program activity.

The **2007 Legislature** passed legislation establishing the Postsecondary Technical Education Authority (Authority), which is composed of the following 12 members: 4 appointed by the Board of Regents, 3 appointed by the Governor, including the chairman, one appointed by the President of the Senate, and one appointed by the Speaker of the House. There are also three *ex officio* members: the Commissioner of Education, the Secretary of Commerce, and the Secretary of Labor.

The Authority, under delegated authority from the Board of Regents, is responsible for coordination and review of technical education in the state, as well as the development benchmarks, accountability standards, and a policy agenda for technical education each year. The Authority also conducts studies of ways to maximize resources to best meet the needs of business and industry, and makes recommendations to the State Board of Regents, which are considered and acted on by the State

Board of Regents. Disapproval of a recommendation requires a majority vote of all members of the State Board of Regents, within 45 days of the submission of the recommendation.

The Authority and the Board of Regents select a Vice-President of Workforce Development to serve as the executive director of the Authority, with the participation of the Kansas Association of Technical Schools and Colleges and the Kansas Association of Community College Trustees. The Vice-President is not a member of the Authority and serves in the unclassified service, at the pleasure of the Board of Regents.

The legislation required the governing bodies of Northeast Kansas Technical College; Kansas City Area Technical School; Kaw Area Technical School; Salina Area Technical School; and Southwest Kansas Technical School to submit a plan to merge or affiliate with a postsecondary education institution, or become an accredited technical college with an independent governing board by July 1, 2008. Salina Area Technical School became Salina Area Technical College, Southwest Kansas Technical School merged with Seward Community College, Northeast Kansas Technical School merged with Highland Community College, Kansas City Area Technical School merged with Kansas City Kansas Community College and Kaw Area Technical School merged with Washburn University.

The Legislation originally set a sunset date of June 30, 2014 but the 2013 Legislature amended the sunset to June 30, 2017.

The **2008 Legislature** passed legislation authorizing a pilot investment program for idle funds at the state universities. The Board of Regents is authorized to designate one university to invest the core balance of that state educational institution's idle funds. This core balance is defined as non-State General Fund dollars legally available for investment for a period of not less than twelve months. Further, the Board of Regents can establish and adopt procedures, standards, and criteria for the program.

The amount invested under the pilot program is limited to \$40.0 million at any one time and the core balance invested must be approved by the Board of Regents. The investment funds under the pilot program are managed by an independent investment entity, designated by the university. The independent investment entity and the university will make quarterly reports to the Board of Regents, or report on the request of the Board of Regents.

The **2008 Legislature** passed legislation amending the law concerning the Kansas Academy of Mathematics and Science (KAMS). The legislation requires KAMS pupils to pay tuition in addition to fees. For pupils enrolled in a Kansas school district, the tuition and fees are paid by the school district in which the pupil is enrolled but does not exceed the total of an amount equal to the current base state aid per pupil. The procedure for selecting pupils for admission to KAMS provides for admission of 20 pupils selected on a congressional district basis, with no more than five pupils from each of the four congressional districts and 20 other pupils on a state-wide basis. (KAMS will have a total of 80 students in its two classes.) The Board of Regents has the authority to expand the number of pupils specified by law and could authorize admission of nonresident and international academically talented pupils, as well as additional Kansas residents. However, at least three-fourths of the total number of pupils enrolled in KAMS must be Kansas residents. In addition, a school district sending a pupil to KAMS will not receive school finance weightings or the amount of local option budget attributable to the pupil.

Additional language was passed appropriating State General Fund funding to the Board of Regents for the Kansas Academy for Math and Science (KAMS) for fiscal years 2009 through 2014, as follows.

- FY 2009 - \$295,000.
- FY 2010 - \$713,000.
- FY 2011 - \$754,000.

- FY 2012 - \$792,000.
- FY 2013 - \$835,000.
- FY 2014 - \$938,000.

KAMS is an accelerated residential program for Kansas high school juniors and seniors who are academically talented in science and mathematics. The purpose of KAMS is to provide an opportunity for academically talented pupils to work in a community of peers and to earn simultaneously college credits and a high school diploma at a state educational institution designated by the Board of Regents. The Board designated Fort Hays State University as the site for KAMS in December of 2007. The appropriation of funding for the program is based on estimates provided by Fort Hays State University and the Board of Regents.

The **2011 Legislature** passed legislation making technical corrections and updates related to postsecondary technical education. The bill updated terminology, removed definitions for terms no longer used, eliminated vocational school references, added individual institution specific references, updated and removed obsolete sections of identified statutes, and repealed statutes no longer needed.

The bill created the Postsecondary Tiered Technical Education State Aid Act (the Act), replacing the current funding structure. Beginning with FY 2012, and in each fiscal year thereafter, each community college and technical college and the Washburn Institute of Technology is eligible for postsecondary tiered technical education state aid from the State General Fund for credit hours approved by the State Board of Regents, using a credit hour cost calculation model that includes all of the following concepts.

- Arrange into categories or tiers, technical education programs, recognizing cost differentials, e.g. programs with similar costs comprise one of six tiers.
- Consider target industries critical to the Kansas economy.
- Respond to program growth.
- Consider local taxing authority for credit hours generated by in-district students.
- Include other factors and considerations determined necessary by the State Board of Regents.

The State Board of Regents will establish the rates to be used as the state's share in a given year, as well as in the actual distribution. The bill prohibits receipt of both tiered technical education state aid and non-tiered course state aid for any one credit hour. (A non-tiered course would be a general education course.)

The bill provides for fund accounting and management requirements related to state aid received under the Act. The bill authorizes the State Board of Regents to adopt policies necessary or desirable to implement and administer the Act.

The bill provides that each community college and technical college is eligible for a grant from the State General Fund, in an amount determined by the State Board of Regents for non-tiered course credit hours approved by the Board of Regents after dialogue with community college and technical college presidents.

The **2011 Legislature** also passed legislation designating 50 counties as Rural Opportunity Zones (ROZ), effectively providing an income tax exemption for certain out-of-state taxpayers who relocate to those counties; and authorizing the counties to participate in a state-matching program to repay student loans of up to \$15,000 for certain students who establish domicile in ROZ counties.

The counties receiving the ROZ designation are: Barber, Chautauqua, Cheyenne, Clark, Cloud, Comanche, Decatur, Edwards, Elk, Gove, Graham, Greeley, Greenwood, Hamilton, Harper, Hodgeman, Jewell, Kearny, Kingman, Kiowa, Lane, Lincoln, Logan, Marion, Mitchell, Morton, Ness, Norton, Osborne, Pawnee, Phillips, Pratt, Rawlins, Republic, Rooks, Rush, Russell, Scott, Sheridan, Sherman, Smith, Stafford, Stanton, Trego, Thomas, Wallace, Washington, Wichita, Wilson and Woodson.

ROZ counties are authorized to adopt resolutions prior to January 1, 2012 (and every subsequent year through January 1, 2016) irrevocably obligating the counties to pay half of certain extant student loan costs, up to a maximum of \$15,000, in equal increments over a five-year period. A state matching program, subject to appropriations, will provide for matching payments. (If the maximum \$15,000 amount were to be adopted in a ROZ county resolution, the state and the county would each repay \$7,500 in equal increments over a five-year period, or \$1,500 per year per governmental entity.)

Resident individuals are entitled to apply for the loan repayments relative to payments made to attend institutions of higher learning where they obtained an associate, bachelor or post-graduate degree, provided they have established domicile in a ROZ county on or after the date such county commenced participation in the program, and prior to July 1, 2016. Eligibility for the loan repayment program terminates upon relocation

outside of the ROZ county from which initial eligibility was obtained.

The **2011 Legislature** passed legislation replacing the Kansas Bioscience Authority with the Kansas Department of Administration in that section of law giving authority to issue revenue bonds and to make expenditures from the proceeds of the bonds for the purpose of land acquisition, site preparation, fencing, central utility plant facility construction and improvements in anticipation of the construction of the National Bio and Agro-Defense Facility (NBAF) at Kansas State University. The bill adds a provision predicated issuance of the bonds on approval by the State Finance Council.

The **2012 Legislature** passed legislation requiring the State Board of Regents to establish a career technical education incentive program that will award \$1,000, subject to appropriation, to a school district for each high school graduate who graduates from that district with an industry-recognized credential in a high-need occupation, as identified by the Secretary of Labor, in consultation with the State Board of Regents and the State Board of Education.

The legislation requires the State Board of Regents to initiate the development of a statewide articulation agreement on career technical education programs among high schools, community colleges, technical colleges, and the Institute of Technology at Washburn University. This provision went into effect on July 1, 2013.

The **2012 Legislature** passed legislation amending statutes governing the low-income family postsecondary savings accounts incentive program. The bill allows a third-party contributor, other than the account owner, to contribute money to a family postsecondary savings account.

The **2012 Legislature** passed legislation removing the expiration date on the State Educational Institution Project Delivery Construction Procurement Act, which applies only to university construction projects and services funded totally with non-state money.

The **2012 Legislature** passed legislation amending the Vocational Education Scholarship statutes that deal with state universities and negotiated contracts, extending a sunset on private and out-of-state postsecondary fees, changing requirements related to remedial education and the qualified admissions standards at state education institutions, and authorizing individual plans for success for students admitted under the minimum admissions standards.

The bill replaced the Vocational Education Scholarship with the new Career Technical Workforce Grant. The grant is available for students at or accepted into a designated career technical education program at the postsecondary level as designated by the Kansas Board of Regents. The Kansas Board of Regents, within the limits of appropriations, could award grants to those applicants who exhibit financial need. Under the bill, a grant for a full-time student will be up to \$1,000 per year, but could not exceed the cost of tuition and fees.

The bill extends the authority until June 30, 2017, for the Kansas Board of Regents to fix, charge, and collect fees for Kansas private and out-of-state postsecondary institutions operating in Kansas.

The bill prohibits State General Fund dollars from being used for remedial courses at state universities effective August 15, 2015, but does not prohibit the courses from being provided with funding from other sources. It also allows the development

of individual student plans for success by each state educational institution admitting a student under the 10.0 percent exception to the minimum admissions standards.

The bill requires the Kansas Board of Regents to conduct a study regarding the retention and graduation rates of students who are accepted into state universities through the exception to the minimum admissions standards. The Kansas Board of Regents is required to report the study's findings to the Senate and House Committees on Education by January 13, 2014.

The **2013 Legislature** reduced the agency's operating budget and most scholarship programs for FY 2014 by 2.0 percent from the State General Fund. There was a 1.5 percent reduction to the Municipal University Operating Grant in both FY 2014 and FY 2015, and also reductions of 1.5 percent to the Postsecondary Tiered Technical Education State Aid and the non-tiered Course Credit Hour Grant in FY 2015, all from the State General Fund.

The **2014 Legislature** passed legislation that allows the Board of Regents to provide payments to postsecondary educational institutions that have provided any of the following to an individual enrolled in the institution: receipt of a GED credential while enrolled in an eligible career technical education (CTE) program; receipt of a CTE credential; or enrollment in an eligible CTE program. This program is referred to as the Performance-based Funding Program.

The **2014 Legislature** allowed the Board of regents to use up to \$500,000 of funding from the tuition for technical education account for the payment of technical education tuition for adult students who are enrolled in technical education classes while obtaining a GED using the Accelerating Opportunity program.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency's** revised estimate is \$219.4 million, including \$200.7 million from the State General Fund in FY 2015. This is an increase of \$1.3 million in other funds primarily in federal funding sources in aid to local units of government. It is the

same amount as the Legislative approved amount of State General Fund in FY 2015. There are no capital improvement requests in FY 2015.

FY 2015 Governor Recommendation

The **Governor** recommends \$222.2 million, including \$203.4 million from the State General Fund. This is an increase of \$4.1 million, or 1.9 percent, all funds and \$2.9 million, or 1.4 percent, State General Fund above the approved amount. The

State General Fund increase is for the Career Technical Education tuition. This was an agency requested increase after it submitted its budget due to the increased number of students taking part in the program.

FY 2016 Agency Request

The **agency** requests operating expenditures \$260.7 million, including \$242.8 million from the State General Fund for FY 2016. This is an overall increase of \$41.3 million, or 18.8 percent, and \$42.1 million, or 21.0 percent, State General Fund above the FY 2015 revised estimate. The increase is primarily due to requests for enhancements totaling over \$44.6 million.

from the State General Fund, below the FY 2015 revised estimate.

The agency is requesting \$55.0 million, all from other funds for capital improvements for FY 2016. The request includes \$35.0 million from the Educational Building Fund for rehabilitation and repair and an enhancement of \$20.0 million from the Expanded Lottery Act Revenue Fund for deferred maintenance. This is the same as the request made for FY 2015 during the 2013 Session.

Without the operating enhancements the FY 2016 request is \$3.3 million, or 1.5 percent, all funds and \$2.4, or 1.2 percent,

FY 2016 Governor Recommendation

The **Governor** recommends operating expenditures of \$215.0 million, including \$197.1 million for the State General

Fund. This is a decrease of \$7.2 million, or 3.2 percent, all funds and \$6.3 million, or 3.1 percent, State General Fund below the

FY 2015 recommendation. The recommendation includes one enhancement for the Board of Regents (\$555,738).

The Governor recommends a reduction of \$42,250, including \$21,681 from the State General Fund, to reduce employer contributions for state employee health insurance. The recommendation also includes a reduction of \$157,911, or 4.0 percent, State General Fund operating expenditures.

FY 2017 Agency Request

The **agency** requests operating expenditures \$270.0 million, including \$252.0 from the State General Fund for FY 2017. This is an all funds increase of \$9.2 million, or 3.5 percent, and \$9.1 million, or 3.8 percent, State General Fund above the FY 2016 request. The increase is primarily due to additional operating enhancement requests totaling over \$53.8 million for FY 2017.

Without the operating enhancements the FY 2017 request is \$9.2 million, or 1.5 percent, all funds and \$9.1, or 3.8 percent, from the State General Fund, above the FY 2016 request.

FY 2017 Governor Recommendation

The **Governor** recommends operating expenditures of \$215.0 million, including \$197.0 million from the State General Fund. This is an increase of \$11,962, or less than 0.1 percent, all funds and a decrease of \$70,608, or less than 0.1 percent, State General Fund from the FY 2016 recommendation. The recommendation includes one enhancement for the Board of Regents (\$555,738).

The Governor recommends a reduction of \$43,097, including \$26,705 from the State General Fund, to reduce employer contributions for state employee health insurance. The

The Governor's recommendation also deletes \$1.5 million, all from the State General Fund, for the Incentive for Technical Education. This would eliminate the \$1,000 payment to the school districts for each student who graduates from the district with an industry-recognized credential in a high-need occupation.

The **Governor** recommends \$29.0 million, all from the Educational Building Fund, for capital improvements.

The agency is requesting \$55.0 million, all from other funds for capital improvements for FY 2017. The request includes \$35.0 million from the Educational Building Fund for rehabilitation and repair and an enhancement of \$20.0 million from the Expanded Lottery Act Revenue Fund for deferred maintenance. This is the same as the request made for FY 2016.

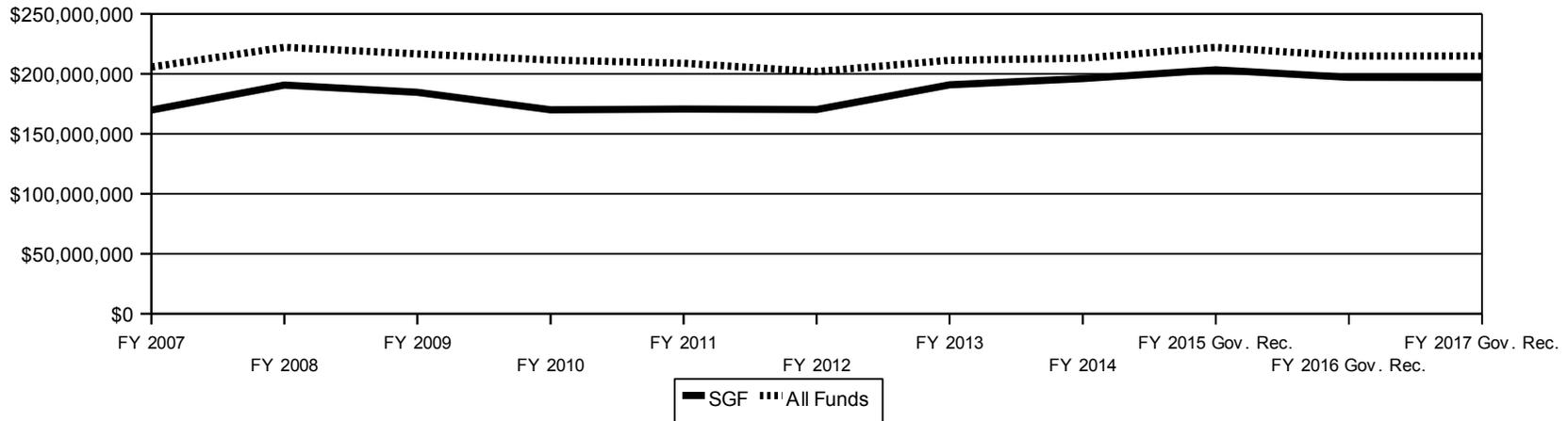
recommendation also includes a reduction of \$157,911, or 4.0 percent, State General Fund operating expenditures.

The Governor's recommendation also deletes \$1.5 million, all from the State General Fund, for the Incentive for Technical Education. This would eliminate the \$1,000 payment to the school districts for each student who graduates from the district with an industry-recognized credential in a high-need occupation.

The **Governor** recommends \$32.0 million, all from the Educational Building Fund, for capital improvements.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2007 – FY 2017



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	\$ 169,799,761	13.5 %	\$ 205,744,962	8.5 %	58.5
2008	190,529,747	12.2	222,136,389	8.0	63.5
2009	184,610,746	(3.1)	216,656,895	(2.5)	63.5
2010	170,012,170	(7.9)	211,562,505	(2.4)	63.5
2011	170,708,345	0.4	208,850,628	(1.3)	63.5
2012	170,171,047	(0.3)	201,968,904	(3.3)	62.5
2013	190,856,649	12.2	211,340,908	4.6	62.5
2014	195,996,549	2.7	213,048,661	0.8	62.5
2015 Gov. Rec.	203,430,248	3.8	222,161,179	4.3	62.5
2016 Gov. Rec.	197,081,200	(3.1)	214,953,678	(3.2)	62.5
2017 Gov. Rec.	197,010,592	(0.0)	214,965,640	0.0	62.5
Eleven-Year Change	\$ 27,210,831	16.0 %	\$ 9,220,678	4.5 %	4.0

Summary of Operating Budget FY 2014 - FY 2016

	Actual 2014	Agency Estimate				Governor's Recommendation			
		Estimate FY 2015	Request FY 2016	Dollar Change from FY 15	Percent Change from FY 15	Rec. FY 2015	Rec. FY 2016	Dollar Change from FY 15	Percent Change from FY 15
By Program:									
Administration	\$ 8,497,269	\$ 6,499,970	\$ 7,431,466	\$ 931,496	14.3 %	\$ 6,424,890	\$ 7,122,558	\$ 697,668	10.9 %
Postsecondary Educational Institutions	181,530,605	188,726,958	230,787,854	42,060,896	22.3	191,576,958	185,369,286	(6,207,672)	(3.2)
KAN ED Broadband Network	767,307	804,005	733,228	(70,777)	(8.8)	804,005	732,247	(71,758)	(8.9)
Student Financial Assistance	21,405,443	22,791,041	21,434,712	(1,356,329)	(6.0)	22,791,041	21,434,712	(1,356,329)	(6.0)
Debt Service	848,048	564,285	294,875	(269,410)	(47.7)	564,285	294,875	(269,410)	(47.7)
TOTAL	\$ 213,048,672	\$ 219,386,259	\$ 260,682,135	\$ 41,295,876	18.8 %	\$ 222,161,179	\$ 214,953,678	\$ (7,207,501)	(3.2)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 6,939,481	\$ 5,057,246	\$ 5,928,680	\$ 871,434	17.2 %	\$ 5,049,490	\$ 5,718,430	\$ 668,940	13.2 %
Contractual Services	2,153,058	2,073,562	2,428,449	354,887	17.1	2,006,238	2,040,810	34,572	1.7
Commodities	174,529	78,915	63,881	(15,034)	(19.1)	78,915	63,881	(15,034)	(19.1)
Capital Outlay	88,162	182,257	120,713	(61,544)	(33.8)	182,257	120,713	(61,544)	(33.8)
Debt Service	848,048	564,285	294,875	(269,410)	(47.7)	564,285	294,875	(269,410)	(47.7)
Subtotal - Operations	\$ 10,203,278	\$ 7,956,265	\$ 8,836,598	\$ 880,333	11.1 %	\$ 7,881,185	\$ 8,238,709	\$ 357,524	4.5 %
Aid to Local Units	177,825,189	184,809,603	194,064,839	9,255,236	5.0	187,659,603	182,292,839	(5,366,764)	(2.9)
Other Assistance	25,020,205	26,620,391	57,780,698	31,160,307	117.1	26,620,391	24,422,130	(2,198,261)	(8.3)
TOTAL	\$ 213,048,672	\$ 219,386,259	\$ 260,682,135	\$ 41,295,876	18.8 %	\$ 222,161,179	\$ 214,953,678	\$ (7,207,501)	(3.2)%
Financing:									
State General Fund	\$ 195,996,549	\$ 200,652,441	\$ 242,793,588	\$ 42,141,147	21.0 %	\$ 203,430,248	\$ 197,081,200	\$ (6,349,048)	(3.1)%
Economic Development Initiatives Fund	4,157,625	4,283,520	4,220,275	(63,245)	(1.5)	4,283,520	4,220,275	(63,245)	(1.5)
All Other Funds	12,894,487	14,450,298	13,668,272	(782,026)	(5.4)	14,447,411	13,652,203	(795,208)	(5.5)
TOTAL	\$ 213,048,661	\$ 219,386,259	\$ 260,682,135	\$ 41,295,876	18.8 %	\$ 222,161,179	\$ 214,953,678	\$ (7,207,501)	(3.2)%

Summary of Operating Budget FY 2016 - FY 2017

	Agency Estimate				Governor's Recommendation			
	Request FY 2016	Request FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:								
Administration	\$ 7,431,466	\$ 7,632,167	\$ 200,701	2.7 %	\$ 7,122,558	\$ 7,318,220	\$ 195,662	2.7 %
Postsecondary Educational Institutions	230,787,854	239,967,854	9,180,000	4.0	185,369,286	185,369,286	0	0.0
KAN ED Broadband Network	733,228	737,048	3,820	0.5	732,247	736,047	3,800	0.5
Student Financial Assistance	21,434,712	21,434,712	0	0.0	21,434,712	21,434,712	0	0.0
Debt Service	294,875	107,375	(187,500)	(63.6)	294,875	107,375	(187,500)	(63.6)
TOTAL	\$ 260,682,135	\$ 269,879,156	\$ 9,197,021	3.5 %	\$ 214,953,678	\$ 214,965,640	\$ 11,962	0.0 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 5,928,680	\$ 6,128,990	\$ 200,310	3.4 %	\$ 5,718,430	\$ 5,917,893	\$ 199,463	3.5 %
Contractual Services	2,428,449	2,432,660	4,211	0.2	2,040,810	2,040,809	(1)	(0.0)
Commodities	63,881	63,881	0	0.0	63,881	63,881	0	0.0
Capital Outlay	120,713	120,713	0	0.0	120,713	120,713	0	0.0
Debt Service	294,875	107,375	(187,500)	(63.6)	294,875	107,375	(187,500)	(63.6)
Subtotal - Operations	\$ 8,836,598	\$ 8,853,619	\$ 17,021	0.2 %	\$ 8,238,709	\$ 8,250,671	\$ 11,962	0.1 %
Aid to Local Units	194,064,839	202,064,839	8,000,000	4.1	182,292,839	182,292,839	0	0.0
Other Assistance	57,780,698	58,960,698	1,180,000	2.0	24,422,130	24,422,130	0	0.0
TOTAL	\$ 260,682,135	\$ 269,879,156	\$ 9,197,021	3.5 %	\$ 214,953,678	\$ 214,965,640	\$ 11,962	0.0 %
Financing:								
State General Fund	\$ 242,793,588	\$ 251,907,716	\$ 9,114,128	3.8 %	\$ 197,081,200	\$ 197,010,592	\$ (70,608)	(0.0)%
Economic Development Initiatives Fund	4,220,275	4,220,275	0	0.0	4,220,275	4,220,275	0	0.0
All Other Funds	13,668,272	13,751,165	82,893	0.6	13,652,203	13,734,773	82,570	0.6
TOTAL	\$ 260,682,135	\$ 269,879,156	\$ 9,197,021	3.5 %	\$ 214,953,678	\$ 214,965,640	\$ 11,962	0.0 %

BUDGET OVERVIEW

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The 2014 Legislature approved a State General Fund budget of \$198,944,204 for the Board of Regents in FY 2015. Several adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made.

- An increase of \$1,708,237, based on the reappropriation of FY 2014 funding which was not spent in FY 2014 and has shifted to FY 2015;

- A reduction of \$72,193, as the result of the Governor’s December 2014 State General Fund allotment.

These adjustments change the FY 2015 approved State General Fund to \$200,580,248. That amount is reflected in the table below as the currently approved FY 2015 State General Fund amount.

	CHANGE FROM APPROVED BUDGET				
	Legislative Approved FY 2015	Agency Estimate FY 2015	Agency Change from Approved	Governor Rec. FY 2015	Governor Change from Approved
State General Fund	\$ 200,580,248	\$ 200,652,441	\$ 72,193	\$ 203,430,248	\$ 2,850,000
All Other Funds	17,470,685	18,733,818	1,263,133	18,730,931	1,260,246
TOTAL	<u>\$ 218,050,933</u>	<u>\$ 219,386,259</u>	<u>\$ 1,335,326</u>	<u>\$ 222,161,179</u>	<u>\$ 4,110,246</u>
FTE Positions	62.5	62.5	0.0	62.5	0.0

The **agency’s** revised estimate is \$219.4 million, including \$200.7 million from the State General Fund in FY 2015. This is an increase of \$1.3 million, or 0.6 percent, all funds and

\$72,193, or less than 0.1 percent, State General Fund above the approved amount. The increase in all other funds is primarily in federal funding sources in aid to local units of government.

The increase in State General Fund is due to the agency submitting its budget prior to the Governor’s allotment.

The **Governor** recommends \$222.2 million, including \$203.4 million from the State General Fund. This is an increase

of \$4.1 million, or 1.9 percent, all funds and \$2.9 million, or 1.4 percent, State General Fund above the approved amount. The State General Fund increase is for the Career Technical Education tuition. This was an agency-requested increase after it submitted its budget due to the increased number of students taking part in the program.

Governor’s Allotments

The consensus revenue estimating process was completed on November 10, 2014 subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a \$278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling \$280.0 million, which reduced

expenditures by \$60.1 million. The allotment plan included recommendations to transfer funds and adjust Non-State General Fund expenditures an additional \$219.9 million. The adjustments included in the \$219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments that have already taken place.

GOVERNOR’S ALLOTMENTS			
<u>Allotment</u>	<u>SGF</u>	<u>All Funds</u>	<u>FTE</u>
December Allotment			
Reduce SGF Funding by 4.0 Percent	\$ (67,324)	\$ (67,324)	0.0
Reduce KPERS Employer Contribution Rate	(4,869)	(4,869)	0.0
TOTAL	<u>\$ (72,193)</u>	<u>\$ (72,193)</u>	<u>0.0</u>

4.0 Percent Reduction to Cabinet-level and Other SGF Funded Agencies

A reduction of \$67,324, as a result of the Governor’s State General Fund allotment of 4.0 percent to Cabinet and other State General Funded agencies in FY 2015. This allotment will

be managed by possibly delaying the filling of two positions currently open and finding other efficiencies in operating expenditures throughout the remainder of the year.

**Kansas Public Employees Retirement System
(KPERs) Reduction:**

A reduction of \$4,869 from the State General Fund, as a result of the Governor’s State General Fund allotment reducing the Kansas Public Employer Regular and School Members

employer contribution rate (excluding KPERs Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations, but is reflective of a reduction of expenditures. An additional \$2,887 from special revenue funds is reduced in the Governor’s budget recommendation resulting in a total reduction of \$7,756.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY			
	Agency Request	Governor’s Recommendation	Difference
Total Request/Recommendation	\$ 260,682,135	\$ 214,953,678	\$ (45,728,457)
FTE Positions	62.5	62.5	0.0
<i>Change from FY 2015:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ 42,141,147	\$ (6,349,048)	
All Other Funds	(845,271)	(858,453)	
TOTAL	<u>\$ 41,295,876</u>	<u>\$ (7,207,501)</u>	
<i>Percent Change:</i>			
State General Fund	21.0 %	(3.1) %	
All Other Funds	(4.5)	(4.6)	
TOTAL	<u>18.8 %</u>	<u>(3.2) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests operating expenditures of \$260.7 million, including \$242.8 million from the State General Fund for FY 2016. This is an overall increase of \$41.3 million, or 18.8 percent, and \$42.1 million, or 21.0 percent, from the State General Fund above the FY 2015 revised estimate. The increase is primarily due to requests for enhancements.

The **Governor** recommends \$215.0 million, including \$197.1 million for the State General Fund. This is a decrease of \$7.2 million, or 3.2 percent, all funds and \$6.3 million, or 3.1 percent, State General Fund below the FY 2015 recommendation. The recommendation includes one enhancement for the Board of Regents (\$555,738).

Enhancements Detail

The **agency** requests \$64.6 million, including \$44.6 million from the State General Fund for additional enhancement funding. The enhancement requests are for the individual

The Governor recommends a reduction of \$42,250, including \$21,681 from the State General Fund, to reduce employer contributions for state employee health insurance. The recommendation also includes a reduction of \$157,911, or 4.0 percent, State General Fund operating expenditures.

The Governor's recommendation also deletes \$1.5 million, all from the State General Fund, for the Incentive for Technical Education. This would eliminate the \$1,000 payment to the school districts for each student who graduates from the district with an industry-recognized credential in a high-need occupation.

universities as well as the Board of Regents and the details for each enhancement is described below the table.

FY 2016 ENHANCEMENTS

Enhancements	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
KU - Drug and Vaccine Discovery Institute	\$ 5,000,000	\$ 5,000,000	0.0	\$ 0	\$ 0	0.0
KUMC - Merit-Based Salary Enhancements	3,400,000	3,400,000	0.0	0	0	0.0
KSU - Strengthen the College of Architecture, Planning & Design	5,000,000	5,000,000	0.0	0	0	0.0
WSU - Support for Economic, Innovation, Diversification, Technology Transfer	4,700,000	4,700,000	0.0	0	0	0.0
ESU - Newman Division of Nursing	500,000	500,000	0.0	0	0	0.0
PSU - Expand Capacity and Excellence in Health-Related Programs	1,000,000	1,000,000	0.0	0	0	0.0
FHSU - Retention, Graduation and Enrollment Enhancements	1,008,568	1,008,568	0.0	0	0	0.0
Washburn University - KBI Crime Lab Partnership Project	920,000	920,000	0.0	0	0	0.0
Close the Gap in Tiered Technical Education Formula	8,000,000	8,000,000	0.0	0	0	0.0
Fort Hays State and Dodge City Community College Merger	10,000,000	10,000,000	0.0	0	0	0.0
Developmental Education Working Group Budget-Related Recommendations	988,000	988,000	0.0	0	0	0.0
Adult Education - Restore Cuts to Maintain Current Services and Add New Funding to Increase Enrollments	632,000	632,000	0.0	0	0	0.0
KBOR Office Space - 32.0 Percent Increase in State Lease Rate	109,728	109,728	0.0	0	0	0.0
Sustain Regents Data System and Staffing Capacity	555,738	555,738	0.0	555,738	555,738	0.0
Midwest Higher Education Compact Annual State Commitment Increase	20,000	20,000	0.0	0	0	0.0
Increase State Support for Need-Based Financial Aid in Kansas	2,500,000	2,500,000	0.0	0	0	0.0
Increase State Support for National Guard Educational Assistance Program	250,000	250,000	0.0	0	0	0.0
Increase State Support for State University Deferred Maintenance	0	20,000,000	0.0	0	0	0.0
TOTAL	\$ 44,584,034	\$ 64,584,034	0.0	\$ 555,738	\$ 555,738	0.0

- KU - Drug and Vaccine Discovery Institute.**
 The University of Kansas requests \$5.0 million, all from the State General Fund, in recurring funding to begin for FY 2016. The University of Kansas seeks support to create a Drug and

Vaccine Discovery Institute that would build on KU's strengths in pharmaceutical research. According to KU, in addition to improving human health, the drugs and vaccines produced by this institute would benefit the Kansas economy by

fostering KU collaborations with pharmaceutical firms, encouraging companies to move to Kansas, creating new startups, and fostering partnerships between other KU institutions such as the Midwest Stem Cell Therapy Center.

The **Governor** does not recommend this enhancement request.

- **KUMC - Merit-Based Salary Enhancements.** The University of Kansas Medical Center requests \$3.4 million, all from the State General Fund, in recurring funding to begin for FY 2016. KUMC seeks support for a 3-percent merit-based salary enhancement for faculty and staff at the KU Medical Center, where state-funded employees have received just one institutionally supported annual raise in the past five fiscal years.

The **Governor** does not recommend this enhancement request.

- **KSU - Strengthen the College of Architecture, Planning, and Design.** Kansas State University requests \$5.0 million, all from the State General Fund, in recurring funding to begin in FY 2016. KSU's number one priority is to support the College of Architecture, Planning and Design Renovation and expansion of Seaton Hall and to provide program support.

The **Governor** does not recommend this enhancement request.

- **WSU - Support for Economic, Innovation, Diversification, Technology Transfer.** Wichita State University requests \$4.7 million, all from the State General Fund for FY 2016. WSU seeks base budget funding to rapidly expand the innovation research capacity of the university to support new company formation, product innovation, and economic expansion (\$1.5 million); base funding to support technology transfer and business development infrastructure (\$1.7 million); and funding for state participation for construction of the College of Business and Innovation Center on the Innovation Campus (\$1.5 million).

The **Governor** does not recommend this enhancement request.

- **ESU - Newman Division of Nursing.** Emporia State University requests \$500,000, all from the State General Fund, in recurring funding to begin in FY 2016. According to ESU, Newman Division of Nursing is the only state university nursing program in Kansas with no State General Fund support. Since 1993, Newman has provided financial support to ESU's baccalaureate program in the form of Medicare pass-through funding. Starting in FY 2015, Newman Regional Health is ineligible for this funding due to changes in the Centers the Medicare and Medicaid Services criteria for Medicare pass-through.

The **Governor** does not recommend this enhancement request.

- **PSU - Expand Capacity and Excellence in Health-Related Programs.** Pittsburg State University requests \$1.0 million, all from the State General Fund, for FY 2016. According to the university, as the University of Kansas expands the number of doctors it produces, PSU will need to see a similar increase in premed students. PSU would also grow other pre-professional programs and solidify the Doctor of Nursing Practice program and provide the space to expand and serve a growing nursing program.

The **Governor** does not recommend this enhancement request.

- **FHSU - Retention, Graduation, and Enrollment Enhancements.** Fort Hays State University requests \$1.0 million, all from the State General Fund, for FY 2016. FHSU requests funding to support their achievement of Foresight 2020 Goal 1 by expanding the Freshman seminar model; expanding the living and learning communities; expand the Freshman Advising Center; and provide a focused approach on at-risk students.

The **Governor** does not recommend this enhancement request.

- **Washburn University - KBI Crime Lab Partnership Project.** Washburn University requests \$920,000, all from the State General Fund, in recurring funding to begin in FY 2016. The university seeks state funding for a joint venture between the university and the Kansas

Bureau of Investigation to create a state of the art forensic laboratory and forensic program.

The **Governor** does not recommend this enhancement request.

- **Close the Gap in Tiered Technical Education Formula.** The Board requests \$8.0 million, all from the State General Fund, for FY 2016 to close the gap in the Tiered Technical Education formula. The gap is the difference between the Board's calculated state amount and the actual amount received by each college.

The **Governor** does not recommend this enhancement request.

- **Fort Hays State and Dodge City Community College Merger.** The Board requests \$10.0 million, all from the State General Fund, for FY 2016 for a new Institute of Applied Technology building.

The **Governor** does not recommend this enhancement request.

- **Developmental Education Working Group Budget-Related Recommendation.** The Board requests \$988,000, all from the State General Fund, per year for three years beginning in FY 2016. The Development Education Working Group recommends that the Board seek funding to provide the necessary time, resources, and opportunity for institutions to develop, scale, and implement research-based recommendations

and best practices to reform developmental education in Kansas.

The **Governor** does not recommend this enhancement request.

- **Adult Education - Restore Cuts to Maintain Current Services and Add New Funding to Increase Enrollments.** The Board requests \$632,000, all from the State General Fund, in recurring funding to begin for FY 2016. This budget increase would help increase enrollment for Adult Education programs in Kansas in order to serve more learners and prepare more of them to transition to higher education.

The **Governor** does not recommend this enhancement request.

- **KBOR Office Space - 32.0 Percent Increase in State Lease Rate.** The Board requests \$109,728, all from the State General Fund, for FY 2016 due to the increase of office space rental rates by the Office of Facilities Management.

The **Governor** does not recommend this enhancement request.

- **Sustain Regents Data System and Staffing Capacity.** The Board requests \$555,738, all from the State General Fund, for FY 2016 to sustain the Board's data and reporting system. The Board is responsible for the planning, development, and maintenance of a data and

reporting system for postsecondary institutions in the State.

The **Governor** concurs with this enhancement request.

- **Midwest Higher Education Compact (MHEC) Annual State Commitment Increase.** The Board requests \$20,000, all from the State General Fund, in recurring funding to begin for FY 2016 for increased annual commitment rate by the Compact. MHEC is a statutorily created entity in each of twelve member states driven by its mission to advance collaboration and resource sharing in higher education.

The **Governor** does not recommend this enhancement request.

- **Increase State Support for Need-Based Financial Aid in Kansas.** The Board requests \$2.5 million, all from the State General Fund, for FY 2016 to increase the expenditures through the Kansas Comprehensive Grant program. This is a need-based student financial aid program available to Kansas resident students attending the state's four-year public and independent colleges.

The **Governor** does not recommend this enhancement request.

- **Increase State Support for National Guard Educational Assistance Program.** The Board requests \$250,000, all from the State General Fund, in recurring funding beginning for FY 2016. According to the agency, Adjutant General Lee

Tafanelli has requested additional funding be added to the National Guard Education Assistance Program due to the increased number of applicants.

The **Governor** does not recommend this enhancement request.

Higher Education Institution Performance Agreements

The **2002 Legislature** amended the provisions of the Higher Education Coordination Act (1999 SB 345) relating to institutional improvement plans. The bill authorized the Board of Regents to review and approve institutional improvement plans and to use those plans to implement a performance agreement with each institution. Each performance agreement is to include specific performance measures and, beginning in FY 2006, any new state funds will be based upon compliance with those measures. Allocations of additional state funding in FY 2015 will be based upon performance agreements in effect from January 1, 2012 through December 31, 2012.

The Board of Regents has established six systemwide goals.

- System Goal A: Increase System Efficiency/Effectiveness/Seamlessness.
- System Goal B: Improve Learner Outcomes.

- **Increase State Support for State University Deferred Maintenance.** The Board requests \$20.0 million from the Expanded Lottery Act Revenue Fund for FY 2016 for deferred maintenance for the universities..

The **Governor** does not recommend this enhancement request.

- System Goal C: Improve Workforce Development.
- System Goal D: Increase Targeted Participation/Access.
- System Goal E: Increase External Resources.
- System Goal F: Improve Community/Civic Engagement.

Each institution must address System Goal A and at least two of System Goals B through D. System Goals E and F are to be considered in future years. A summary of all of the performance agreements are available in the Kansas Legislative Research Department.

The following are additional items that the Board of Regents did not include in its submitted budget but would like considered.

FY 2016 ADDITIONAL CONSIDERATIONS

Item for Consideration	Agency Amount			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
KUMC - Strengthening Community-Based Medical Education in Wichita	\$ 2,400,000	\$ 2,400,000	0.0	\$ 0	\$ 0	0.0
WSU - Innovation Equipment and Operations	12,500,000	12,500,000	0.0	0	0	0.0
ESU - Establish Master of Science, Forensics	284,300	284,300	0.0	0	0	0.0
PSU - Create the PSU School of Transportation	1,000,000	1,000,000	0.0	0	0	0.0
TOTAL	\$ 16,184,300	\$ 16,184,300	0.0	\$ 0	\$ 0	0.0

Item for Consideration

- **KUMC - Strengthening Community-Based Medical Education in Wichita.** The Board would like considered \$2.4 million, all from the State General Fund, for FY 2016 to address Kansas' critical shortage of doctors.

The **Governor** does not recommend this additional request.

- **WSU - Innovation Equipment.** The Board would like considered \$12.5 million, all from the State General Fund, for FY 2016. Of the request, \$7.5 million would be for equipment and \$5.0 million would be recurring funding for operations, This would include funding for new economy innovation, based strongly in electronics, advanced manufacturing, and biomedical technologies.

The **Governor** does not recommend this additional request.

- **ESU - Establish Master of Science, Forensics.** The Board would like considered \$284,300, all from the State General Fund, for FY 2016 for a new Master of Science in Forensic Science program.

The **Governor** does not recommend this additional request.

- **PSU - Create the PSU School of Transportation.** The Board would like considered \$1.0 million, all from the State General Fund, for FY 2016 to continue to develop the transportation programs.

The **Governor** does not recommend this additional request.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 269,879,156	\$ 214,965,640	\$ (54,913,516)
FTE Positions	62.5	62.5	0.0
Change from FY 2016:			
<i>Dollar Change:</i>			
State General Fund	\$ 9,114,128	\$ (70,608)	
All Other Funds	82,893	82,570	
TOTAL	<u>\$ 9,197,021</u>	<u>\$ 11,962</u>	
<i>Percent Change:</i>			
State General Fund	3.8 %	(0.0) %	
All Other Funds	0.5	0.5	
TOTAL	<u>3.5 %</u>	<u>0.0 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests operating expenditures of \$270.0 million, including \$252.0 from the State General Fund for FY 2017. This is an increase of \$9.2 million, or 3.5 percent, all funds and \$9.1 million, or 3.8 percent, State General Fund above the FY 2016 request. The increase is primarily due to additional enhancement requests for FY 2017.

The **Governor** recommends \$215.0 million, including \$197.0 million from the State General Fund. This is an increase of \$11,962, or less than 0.1 percent, all funds and a decrease of \$70,608, or less than 0.1 percent, State General Fund from the FY 2016 recommendation. The recommendation includes one enhancement for the Board of Regents (\$555,738).

The Governor recommends a reduction of \$43,097, including \$26,705 from the State General Fund, to reduce employer contributions for state employee health insurance. The recommendation also includes a reduction of \$157,911, or 4.0 percent, State General Fund operating expenditures.

The Governor's recommendation also deletes \$1.5 million, all from the State General Fund, for the Incentive for Technical Education. This would eliminate the \$1,000 payment to the school districts for each student who graduates from the district with an industry-recognized credential in a high-need occupation.

Enhancements Detail

The **Agency** requests \$73.8 million, including \$53.8 million from the State General Fund for additional enhancement funding. The enhancement requests are for the individual

universities as well as the Board of Regents and the details for each enhancement is described below the table.

FY 2017 ENHANCEMENTS

Enhancements	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
KU - Drug and Vaccine Discovery Institute	\$ 5,000,000	\$ 5,000,000	0.0	\$ 0	\$ 0	0.0
KUMC - Merit-Based Salary Enhancements	3,400,000	3,400,000	0.0	0	0	0.0
KSU - Strengthen the College of Architecture, Planning & Design	5,000,000	5,000,000	0.0	0	0	0.0
WSU - Support for Economic, Innovation, Diversification, Technology Transfer	6,200,000	6,200,000	0.0	0	0	0.0
ESU - Newman Division of Nursing	500,000	500,000	0.0	0	0	0.0
PSU - Expand Capacity and Excellence in Health-Related Programs	2,000,000	2,000,000	0.0	0	0	0.0
FHSU - Retention, Graduation and Enrollment Enhancements	2,188,568	2,188,568	0.0	0	0	0.0
Washburn University - KBI Crime Lab Partnership Project	920,000	920,000	0.0	0	0	0.0
Close the Gap in Tiered Technical Education Formula	16,000,000	16,000,000	0.0	0	0	0.0
Fort Hays State and Dodge City Community College Merger	5,000,000	5,000,000	0.0	0	0	0.0
Developmental Education Working Group Budget-Related Recommendations	988,000	988,000	0.0	0	0	0.0
Adult Education - Restore Cuts to Maintain Current Services and Add New Funding to Increase Enrollments	632,000	632,000	0.0	0	0	0.0
KBOR Office Space - 32.0 Percent Increase in State Lease Rate	113,940	113,940	0.0	0	0	0.0
Sustain Regents Data System and Staffing Capacity	555,738	555,738	0.0	555,738	555,738	0.0
Midwest Higher Education Compact Annual State Commitment Increase	20,000	20,000	0.0	0	0	0.0
Increase State Support for Need-Based Financial Aid in Kansas	5,000,000	5,000,000	0.0	0	0	0.0
Increase State Support for National Guard Educational Assistance Program	250,000	250,000	0.0	0	0	0.0
Increase State Support for State University Deferred Maintenance	0	20,000,000	0.0	0	0	0.0
TOTAL	\$ 53,768,246	\$ 73,768,246	0.0	\$ 555,738	\$ 555,738	0.0

- KU - Drug and Vaccine Discovery Institute.**
 The University of Kansas requests \$5.0 million, all from the State General Fund, in recurring funding for FY 2017. The University of Kansas seeks support to create a Drug and Vaccine

Discovery Institute that would build on KU's strengths in pharmaceutical research. According to KU, in addition to improving human health, the drugs and vaccines produced by this institute would benefit the Kansas economy by fostering

KU collaborations with pharmaceutical firms, encouraging companies to move to Kansas, creating new startups, and fostering partnerships between other KU institutions such as the Midwest Stem Cell Therapy Center.

The **Governor** does not recommend this enhancement request.

- **KUMC - Merit-Based Salary Enhancements.** The University of Kansas Medical Center requests \$3.4 million, all from the State General Fund, in recurring funding for FY 2017. KUMC seeks support for a 3-percent merit-based salary enhancement for faculty and staff at the KU Medical Center, where state-funded employees have received just one institutionally supported annual raise in the past five fiscal years.

The **Governor** does not recommend this enhancement request.

- **KSU - Strengthen the College of Architecture, Planning, and Design.** Kansas State University requests \$5.0 million, all from the State General Fund, in recurring funding for FY 2017. KSU's number one priority is to support the College of Architecture, Planning and Design Renovation and expansion of Seaton Hall and to provide program support.

The **Governor** does not recommend this enhancement request.

- **WSU - Support for Economic, Innovation, Diversification, Technology Transfer.** Wichita

State University requests \$6.2 million, all from the State General Fund, for FY 2017. WSU seeks base budget funding to rapidly expand the innovation research capacity of the university to support new company formation, product innovation, and economic expansion (\$3.0 million); base funding to support technology transfer and business development infrastructure (\$1.7 million); and funding for state participation for construction of the College of Business and Innovation Center on the Innovation Campus (\$1.5 million).

The **Governor** does not recommend this enhancement request.

- **ESU - Newman Division of Nursing.** Emporia State University requests \$500,000, all from the State General Fund, in recurring funding for FY 2017. According to ESU, Newman Division of Nursing is the only state university nursing program in Kansas with no State General Fund support. Since 1993, Newman has provided financial support to ESU's baccalaureate program in the form of Medicare pass-through funding. Starting in FY 2015, Newman Regional Health is ineligible for this funding due to changes in the Centers the Medicare and Medicaid Services criteria for Medicare pass-through.

The **Governor** does not recommend this enhancement request.

- **PSU - Expand Capacity and Excellence in Health-Related Programs.** Pittsburg State

University requests \$2.0 million, all from the State General Fund, for FY 2017. According to the university, as the University of Kansas expands the number of doctors it produces, PSU will need to see a similar increase in premed students. PSU would also grow other pre-professional programs and solidify the Doctor of Nursing Practice program and provide the space to expand and serve a growing nursing program.

The **Governor** does not recommend this enhancement request.

- **FHSU - Retention, Graduation, and Enrollment Enhancements.** Fort Hays State University requests \$2.2 million, all from the State General Fund, for FY 2017. FHSU requests funding to support their achievement of Foresight 2020 Goal 1 by expanding the Freshman seminar model; expanding the living and learning communities; expand the Freshman Advising Center; and provide a focused approach on at-risk students.

The **Governor** does not recommend this enhancement request.

- **Washburn University - KBI Crime Lab Partnership Project.** Washburn University requests \$920,000, all from the State General Fund, in recurring funding beginning for FY 2017. The university seeks state funding for a joint venture between the university and the Kansas Bureau of Investigation to create a state of the art forensic laboratory and forensic program.

The **Governor** does not recommend this enhancement request.

- **Close the Gap in Tiered Technical Education Formula.** The Board requests \$16.0 million, all from the State General Fund, for FY 2017 to close the gap in the Tiered Technical Education formula. The gap is the difference between the Board's calculated state amount and the actual amount received by each college.

The **Governor** does not recommend this enhancement request.

- **Fort Hays State and Dodge City Community College Merger.** The Board requests \$5.0 million, all from the State General Fund, for FY 2017 for operations of the institution and an upper-division college in Dodge City.

The **Governor** does not recommend this enhancement request.

- **Developmental Education Working Group Budget-Related Recommendation.** The Board requests \$988,000, all from the State General Fund, for FY 2017. The Development Education Working Group recommends that the Board seek funding to provide the necessary time, resources, and opportunity for institutions to develop, scale, and implement research-based recommendations and best practices to reform developmental education in Kansas.

The **Governor** does not recommend this enhancement request.

- **Adult Education - Restore Cuts to Maintain Current Services and Add New Funding to Increase Enrollments.** The Board requests \$632,000, all from the State General Fund, recurring funding for FY 2017. This budget increase would help increase enrollment for Adult Education programs in Kansas in order to serve more learners and prepare more of them to transition to higher education.

The **Governor** does not recommend this enhancement request.

- **KBOR Office Space - 32.0 Percent Increase in State Lease Rate.** The Board requests \$113,940, all from the State General Fund, for FY 2017 due to the increase of office space rental rates by the Office of Facilities Management.

The **Governor** does not recommend this enhancement request.

- **Sustain Regents Data System and Staffing Capacity.** The Board requests \$555,738, all from the State General Fund, for FY 2017 to sustain the Board's data and reporting system. The Board is responsible for the planning, development, and maintenance of a data and reporting system for postsecondary institutions in the State.

The **Governor** recommends this enhancement request.

- **Midwest Higher Education Compact (MHEC) Annual State Commitment Increase.** The

Board requests \$20,000, all from the State General Fund, in recurring funding beginning for FY 2017 for increased annual commitment rate by the Compact. MHEC is a statutorily created entity in each of twelve member states driven by its mission to advance collaboration and resource sharing in higher education.

The **Governor** does not recommend this enhancement request.

- **Increase State Support for Need-Based Financial Aid in Kansas.** The Board requests \$5.0 million, all from the State General Fund, for FY 2017 to increase the expenditures through the Kansas Comprehensive Grant program. This is a need-based student financial aid program available to Kansas resident students attending the state's four-year public and independent colleges.

The **Governor** does not recommend this enhancement request.

- **Increase State Support for National Guard Educational Assistance Program.** The Board requests \$250,000, all from the State General Fund, for FY 2017. According to the agency, Adjutant General Lee Tafanelli has requested additional funding be added to the National Guard Education Assistance Program due to the increased number of applicants.

The **Governor** does not recommend this enhancement request.

- **Increase State Support for State University Deferred Maintenance.** The Board requests \$20.0 million from the Expanded Lottery Act Revenue Fund for FY 2017 for deferred maintenance for the universities.

The **Governor** does not recommend this enhancement request.

The following are additional items that the Board of Regents did not include in its submitted budget but would like considered.

FY 2017 ADDITIONAL CONSIDERATIONS						
Item for Consideration	Agency Amount			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
KU - Innovation Way Development - Operations Support	\$ 7,000,000	\$ 7,000,000	0.0	\$ 0	\$ 0	0.0
KUMC - Strengthening Community-Based Medical Education in Wichita	\$ 4,900,000	\$ 4,900,000	0.0	\$ 0	\$ 0	0.0
KSU - Geoscience Support in the College of Arts and Sciences	5,000,000	5,000,000	0.0	0	0	0.0
KSU - Planning for Food Systems Research and Educational Facility	5,000,000	5,000,000	0.0	0	0	0.0
WSU - Innovation Equipment and Operations	7,500,000	7,500,000	0.0	0	0	0.0
ESU - Establish Master of Science, Forensics	284,300	284,300	0.0	0	0	0.0
ESU - STEM Programming for Kansas Economy	715,700	715,700	0.0	0	0	0.0
PSU - Create the PSU School of Transportation	1,000,000	1,000,000	0.0	0	0	0.0
PSU - Initiative to Better Serve Small Business	1,300,000	1,300,000	0.0	0	0	0.0
PSU - Create a Workforce Language Institute	1,000,000	1,000,000	0.0	0	0	0.0
Technical Education Fund - Excel in CTE Initiative	--	--	0.0	0	0	0.0
TOTAL	\$ 33,700,000	\$ 33,700,000	0.0	\$ 0	\$ 0	0.0

Items for Consideration

- **KU - Innovation Way Development - Operations Support.** The University of Kansas would like considered \$7.0 million, all from the State General Fund, for FY 2017, for operating expenditures for the new Innovative Way development, including replacing outdated

science teaching and research facilities and linking basic sciences in the College of Liberal Arts and Sciences, engineering, pharmacy and many life and earth sciences work that is currently underway.

The **Governor** does not recommend this additional request.

- **KUMC - Strengthening Community-Based Medical Education in Wichita.** The University of Kansas Medical Center would like considered \$4.9 million, all from the State General Fund, for FY 2017 to address Kansas' crucial shortage of doctors.

The **Governor** does not recommend this additional request.

- **KSU - Geoscience Support in the College of Arts and Sciences.** Kansas State University would like considered \$5.0 million, all from the State General Fund, for FY 2017 to construct a new facility, install state-of-the-art training and research equipment, and provide resources for faculty, staff and students to accommodate added recruitment, teaching, advising, research and retention activities.

The **Governor** does not recommend this additional request.

- **KSU - Planning for New Foods Systems research and Education Facility.** Kansas State University would like considered \$5.0 million, all from the State General Fund, for FY 2017 to provide state funding for the College of Agriculture and K-State Research and Extension to plan and build a new Food Systems Research and Education Facility.

The **Governor** does not recommend this additional request.

- **WSU - Innovation Equipment.** Wichita State University would like considered \$7.5 million, all from the State General Fund, for FY 2017. Of the request, \$2.5 million would be for equipment and \$5.0 million would be reoccurring funding for operations. This would include funding for new economy innovation, based strongly in electronics, advanced manufacturing, and biomedical technologies.

The **Governor** does not recommend this additional request.

- **ESU - Establish Master of Science, Forensics.** Emporia State University would like considered \$284,300, all from the State General Fund, for FY 2017, for a new Master of Science in Forensic Science program.

The **Governor** does not recommend this additional request.

- **ESU - STEM (Science, Technology, Engineering, and Mathematics) Programming for Kansas Economy.** Emporia State University would like considered \$715,000, all from the State General Fund, for FY 2017 for updated facilities, better equipped laboratories, and additional faculty to meet the university's needs.

The **Governor** does not recommend this additional request.

- **PSU - Create the PSU School of Transportation.** Pittsburg State University would like considered \$1.0 million, all from the State General Fund, for FY 2017 to provide continued development of the Automotive Department and

increase opportunities with the School of Transportation.

The **Governor** does not recommend this additional request.

- **PSU - Initiative to Better Serve Small Business.** Pittsburg State University would like considered \$1.3 million, all from the State General Fund, for FY 2017 to develop a Bachelors of Business Administration in Small Business Leadership.

The **Governor** does not recommend this additional request.

- **PSU - Create a Workforce Language Institute.** Pittsburg State University would like considered \$1.0 million, all from the State General Fund, for FY 2017 to provide contextual language instruction for learners who are currently in or

preparing to enter into a workforce where the understanding of English can be a barrier to job performance.

The **Governor** does not recommend this additional request.

- **Community and Technical Colleges - Continued Support to Fully Fund the CTE Initiative.** The Board would like considered additional expenditures, all from the State General Fund, for FY 2017 for tuition for the Career Technical Education Initiative. Approximately \$22 million is currently appropriated for the program and as enrollments are reported for the current year, supplemental funding may need to be requested.

The **Governor** does not recommend this additional request.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. The 2014 Legislature approved funding of \$11.3 million, including \$4.5 million from the State General Fund, in FY 2015 for a \$250 bonus for all full-time employees except elected officials who were employed on December 6, 2013, and which was paid December 6, 2014. **For this agency, the FY 2015 bonus totals \$15,643, including \$9,650 from the State General Fund, and affects 50 employees.**

Longevity Bonus Payments. For FY 2016 and FY 2017, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400), and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008 are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2016 payments is \$7.2 million, including \$2.8 million from the State General Fund. For FY 2017, the estimated cost for the payments is \$7.7 million, including \$3.0 million from the State General Fund. **For this agency, FY 2016 longevity payments total \$2,240, including \$1,387 from the State General Fund, and FY 2017 longevity payments total \$2,320, including \$1,434 from the State General Fund.**

Group Health Insurance. The Governor recommends Group Health and Hospitalization employer contributions of \$282.8 million, including \$108.2 million from the State General Fund, for FY 2016 and \$289.2 million, including \$110.7 million from the State General Fund, for FY 2017. For FY 2016 and FY 2017, the Governor recommends reducing the employer contributions for group health insurance by 8.5 percent. **For this agency this is a reduction of \$42,250, including \$26,181 from the State General Fund for FY 2016. This is a reduction of \$43,097, including \$26,705 from the State General Fund, for FY 2017.**

Kansas Public Employees Retirement System (KPERs) Rate Adjustments. The FY 2015 employer retirement contribution for KPERs regular and school members was scheduled to be 11.27 percent, an increase of 1.0 percent from 10.27 in FY 2014. The Governor reduced the employer contribution rate from 11.27 percent to 8.65 percent for the second half of FY 2015, for an effective contribution rate of 9.96 percent as part of the Governor's allotment plan. For FY 2016, the Governor recommends the retirement rate increase by 2.41 percent from 9.96 percent to 12.37 percent. For FY 2017, the Governor recommends the retirement rate increase by 1.2 percent from 12.37 percent to 13.57 percent. This increase is attributable to the annual statutory increase for financing the unfunded liability of the KPERs fund.

In addition, the employer contribution for the KPERs death and disability insurance rate will be increased to 1.0 percent, from 0.85 percent, for FY 2016 and for FY 2017.

The Governor further proposes offering \$1.5 billion in Pension Obligation Bonds, backed by the State General Fund, to be paid back over 30 years and extending the amortization on the current bonds by ten years to 2043. The proceeds of the bonds would be used to help reduce the future employer contribution rates of the State/School Group. The Kansas Public Employee Retirement System estimates this plan could reduce employer contributions by \$68.43 million in FY 2016 and \$132.85 in FY 2017. The Kansas Development Finance Authority estimates that the bond service would be \$90.3 million in FY 2016 through FY 2017, assuming the Kansas credit ratings are not downgraded.

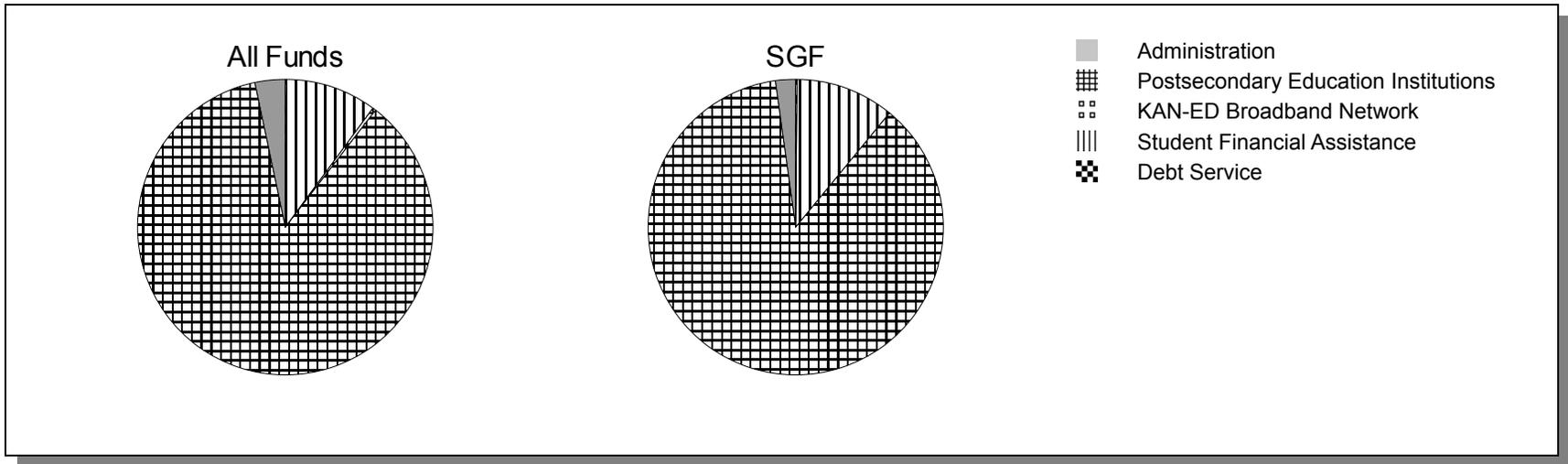
Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	93.1 %	91.7 %	93.3 %	91.6 %
Economic Development Initiatives Fund	1.6	2.0	1.6	2.0
All Other Funds	5.3	6.3	5.1	6.4
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Percentages may not add due to rounding.

PROGRAM DETAIL

EXPENDITURES BY PROGRAM-- GOVERNOR'S FY 2016 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2016	Percent of Total	Gov. Rec. SGF FY 2016	Percent of Total
Administration	\$ 7,122,558	3.3 %	\$ 4,339,384	2.2 %
Postsecondary Education Institutions	185,369,286	86.2	171,109,229	86.8
KAN-Ed Broadband Network	732,247	0.3	0	0.0
Student Financial Assistance	21,434,712	10.0	21,337,712	10.8
Debt Service	294,875	0.1	294,875	0.1
TOTAL	\$ 214,953,678	100.0 %	\$ 197,081,200	100.0 %

FTE POSITIONS BY PROGRAM FY 2014 – FY 2017

Program	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Administration	61.3	61.3	61.3	61.3	61.3	61.3	61.3
Postsecondary Education Institutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
KAN ED Broadband Network	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Student Financial Assistance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	62.5	62.5	62.5	62.5	62.5	62.5	62.5

A. Administration

The Administration program provides staff support to the Board of Regents in the areas of academic affairs, fiscal affairs, legal affairs, facilities, and student financial aid for the state’s six universities, Washburn University, 19 community colleges, and six technical colleges.

The **agency** requests FY 2016 operating expenditures of \$7.4 million, including \$4.6 million from the State General Fund. The request is an increase of \$931,496, or 14.3 percent, all funds and \$655,816, or 16.5 percent, State General Fund, above the FY 2015 revised estimate amount. The increase is due to increased expenditures in salaries and wages and contractual services for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of \$7.1 million, including \$4.3 million from the State General Fund. The recommendation is a decrease of \$308,908, or 4.2 percent, all funds and \$293,820, or 6.3

percent, State General Fund below the agency’s request. Reductions include employer contributions to state employee health insurance and reduced operating expenditures.

The **agency** requests FY 2017 operating expenditures of \$7.6 million, including \$4.8 million from the State General Fund. The request is an increase of \$200,701, or 2.7 percent, all funds and \$121,628, or 2.6 percent, State General Fund, above the FY 2016 requested amount. The increase is due to increased expenditures for salaries and wages including benefits.

The **Governor** recommends FY 2017 operating expenditures of \$7.3 million, including \$4.5 million from the State General Fund. The recommendation is a decrease of \$313,947, or 4.1 percent, all funds and \$298,556, or 6.3 percent, State General Fund below the agency’s request. Reductions include employer contributions to state employee health insurance and reduced operating expenditures.

B. Postsecondary Education Institutions

The Postsecondary Education program was created in FY 2001 following the passage of the Higher Education Coordination Act (1999 SB 345). The program administers aid and assistance for community colleges, vocational technical schools, the municipal university, and adult basic education; provides oversight of proprietary schools; and operates other programs in support of post high school education opportunities.

The **agency** requests FY 2016 operating expenditures of \$230.8 million, including \$216.5 million from the State General Fund. The request is an increase of \$42.1 million, or 22.3 percent, all funds and \$43.1 million, or 24.8 percent, State General Fund, above the FY 2015 requested amount. The increase is due to enhancement requests for the Board of Regents and Regents Universities for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of \$185.4 million, including \$171.1 million from the State General Fund. The recommendation is a decrease of \$45.4 million, or 21.0 percent, State General Fund below the

agency's request. The reduction is due to the Governor not recommending most of the agency's enhancement requests for FY 2016.

The **agency** requests FY 2017 operating expenditures of \$240.0 million, including \$225.7 million from the State General Fund. The request is an increase of \$9.2, or 4.0 percent, all funds and \$9.2, or 4.2 percent, State General Fund, above the FY 2016 requested amount. The increase is primarily due to increased enhancement expenditures to close the gap in the Tiered Technical Education Formula for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of \$185.4 million, including \$171.1 million from the State General Fund. The recommendation is a decrease of \$54.6 million, or 24.2 percent, State General Fund below the agency's request. The reduction is due to the Governor not recommending most of the agency's enhancement requests for FY 2017.

C. KAN-ED Broadband Network

The KAN-ED Broadband Network program was established when the 2001 Legislature passed the KAN-ED Act to provide a broadband technology based network to which schools, libraries, and hospitals could connect for broadband internet access and intranet access for distance learning. The Board of Regents was charged with the governance of the network.

The **agency** requests FY 2016 operating expenditures of \$733,228, all from special revenue funds. This is a decrease of \$70,777, or 8.8 percent, below the approved amount in FY 2015 due to fewer support services necessary. The Board of Regents

continues to provide some support services to libraries and the Department of Education for the network services.

The **Governor** recommends FY 2016 operating expenditures of \$732,247, all from special revenue funds. This is a decrease of \$981, or 0.1 percent, below the agency request. The decrease is due to the reduction in the employer contributions for health insurance for FY 2016.

The **agency** requests FY 2017 operating expenditures of \$737,048, all from special revenue funds. The request is a

increase of \$3,820, or 0.5 percent, from special revenue funds. The increase is in salaries and wages.

D. Student Financial Assistance

The Student Financial Assistance program administers student financial aid programs in accordance with state and federal law and reviews each program to determine the program's effectiveness.

The **agency** requests FY 2016 operating expenditures of \$21.4 million, including \$21.3 million from the State General Fund. The request is a decrease of \$1.4 million, or 6.0 percent, all from the State General Fund. The decrease is attributable to less funds available for scholarships.

The **Governor** recommends FY 2017 operating expenditures of \$736,047, all from special revenue funds. The recommendation is a decrease of \$1,001, or 0.1 percent, below the agency's request. The decrease is due to the reduction in the employer contributions for health insurance for FY 2017.

The **Governor** concurs with the agency's request.

The **agency** requests FY 2017 operating expenditures of \$21.4 million, including \$21.3 million from the State General Fund. The request is the same amount requested for FY 2016.

The **Governor** concurs with the agency's request..

The following information outlines the student financial assistance programs administered by the Board of Regents as well as the FY 2014 funding level.

Need Based Aid

- Kansas Comprehensive Grant Program (KSA 74-32,120).** Created by the 1998 Legislature, the Comprehensive Grant program provides grants to financially needy students. The program provides need-based grants to full-time (12 hours) undergraduate students with no previous baccalaureate degree, who have submitted the federal student financial aid application by the priority deadline and who are Kansas residents

enrolled in accredited Kansas colleges and universities. The program is intended to provide up to half of the average tuition and fees of state educational institutions. However, it is subject to available appropriations. The maximum annual award is \$1,500 for a student enrolled at a state educational institution or municipal university and \$3,500 for a student enrolled at an independent institution.

Agency Request FY 2016			Governor's Recommendation FY 2016		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 15,758,338	\$ 15,758,338	9,300	\$ 15,758,338	\$ 15,758,338	9,300
Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 15,758,338	\$ 15,758,338	9,300	\$ 15,758,338	\$ 15,758,338	9,300

- Kansas State Scholarship Program (KSA 72-6810).** The State Scholarship program was enacted in 1963 and is the oldest state-supported financial aid program. State scholars are selected on the basis of merit (high school seniors who complete the Kansas Scholars Curriculum based on an index number utilizing ACT composite

score and seventh semester GPA). Recipients must be financially needy undergraduate Kansas residents with no previous baccalaureate degree, enrolled full-time and have submitted the federal student financial aid application and state application. Recipients must maintain a 3.0 college GPA measured at the end of each spring semester.

Agency Request FY 2016			Governor's Recommendation FY 2016		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 1,040,919	\$ 1,040,919	1,065	\$ 1,040,919	\$ 1,040,919	1,065
Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 1,040,919	\$ 1,040,919	1,065	\$ 1,040,919	\$ 1,040,919	1,065

- Kansas Ethnic Minority Scholarship (KSA 74-3284).** The Kansas Ethnic Minority Scholarship program was enacted in 1989 to increase the enrollment in Kansas colleges and universities of academically able ethnic and minority Kansas residents. The program assists financially-needy Native American, Asian, Pacific Islander, Black, and Hispanic scholars who desire to become full-

time students at an accredited Kansas institution. Students may attend Regents institutions, Washburn University, public community colleges, and accredited private colleges and universities for undergraduate studies. The program provides a maximum grant of \$1,850 to graduating high school seniors completing the Kansas Scholars Curriculum and who are competitive in test scores, GPA, and class rank.

Agency Request FY 2016			Governor's Recommendation FY 2016		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 296,498	\$ 296,498	157	\$ 296,498	\$ 296,498	157
Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 296,498	\$ 296,498	157	\$ 296,498	\$ 296,498	157

- Kansas Career Work-Study Program (KSA 74-3274).** The purpose of the Kansas Work Study program is to provide work-related experiences to Kansas residents enrolled at regents

institutions and Washburn University. The program provides that at least one-half of a student's wages are paid by the employer and up to one-half are paid by the educational institution. Students work 15 to 20 hours per week and must

be enrolled at least half-time. Funding is allocated among the institutions by the Board of Regents based on historical award patterns and recommendations by the participating schools.

Approximately 13.0 percent of the funds are earmarked for students providing tutoring to elementary and secondary students at the school site and do not require matching funds.

Agency Request FY 2016			Governor's Recommendation FY 2016		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 496,813	\$ 496,813	360	\$ 496,813	\$ 496,813	360
Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 496,813	\$ 496,813	360	\$ 496,813	\$ 496,813	360

- Deceased Public Safety Officer/Military Personnel/Prisoner of War Tuition Waiver (KSA 75-4364).** 2005 HB 2072 greatly expanded the number of tuition waivers available to certain students. Under current law, the following Kansas residents are eligible for enrollment without charge for tuition or fees for ten semesters at a Kansas educational institution: spouses or

dependents of public safety officers killed in the line of duty; spouses or dependents of military personnel who died as a result of military service after September 11, 2001; and military personnel declared to be a prisoner of war after July 1, 1960. The statute also requires the Board of Regents to reimburse the educational institutions for the amount of the tuition and fees of the individuals.

Agency Request FY 2016			Governor's Recommendation FY 2016		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 84,657	\$ 84,657	21	\$ 84,657	\$ 84,657	21
Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 84,657	\$ 84,657	21	\$ 84,657	\$ 84,657	21

- Kansas Nurse Educator Scholarship Program (2006 HB 2968).** The purpose of the Kansas Nurse Educator program is to increase the number of qualified nursing faculty in the state of Kansas. The program was established by proviso during the 2006 Legislative Session to encourage registered nurses to pursue graduate education in order to enable them to become full-time nursing faculty. Scholarship recipients must be Kansas residents who are registered nurses and enrolled in an accredited program leading to a

master of science degree in nursing or a doctorate degree in nursing at a state educational institution or another institution of higher education located in Kansas. The scholarship award shall not exceed 70.0 percent of the cost of attendance for an individual enrolled at a state educational institution. These grants shall be matched on the basis of \$2 from the nurse educator scholarship program account for \$1 from the state educational institution located in Kansas.

Agency Request FY 2016			Governor's Recommendation FY 2016		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 188,126	\$ 188,126	60	\$ 188,126	\$ 188,126	60
Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 188,126	\$ 188,126	60	\$ 188,126	\$ 188,126	60

Service Based Aid

- Kansas Teacher Service Scholarship Program (KSA 74-32,100).** The Kansas Teacher Scholarship program was established in 1990 and provides financial assistance to students who plan to teach in a discipline or an underserved geographic area that there is a critical shortage of teachers, as determined by the State Board of Education. Up to 80.0 percent of the scholarships are typically awarded to students majoring in special education.

Recipients of the award must teach in the hard-to-fill discipline or underserved geographic area for one year for each year they receive a scholarship, or repay the scholarship with interest. Students must be Kansas residents and priority goes to upper class students, followed by high school students who demonstrate high achievement on the ACT, with high GPA and class rank. The maximum award for the program is \$5,100 annually, with an average award of \$4,000 annually.

Agency Request FY 2016			Governor's Recommendation FY 2016		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 1,292,424	\$ 1,292,424	325	\$ 1,292,424	\$ 1,292,424	325
Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 1,292,424	\$ 1,292,424	325	\$ 1,292,424	\$ 1,292,424	325

- Nursing Service Scholarship Program (KSA 74-3291).** The Nursing Scholarship program was established in 1989 for the purpose of providing financial assistance to nursing students in order to reduce the impact of nurse shortages, especially in rural areas of Kansas. Students seeking a nursing scholarship must also have a sponsor (a medical facility, a state agency that employs nurses, or a psychiatric hospital) that

also provides financial assistance to the student. Urban families must pay one-half of the \$2,500 (LPN) or \$3,500 (RN) annual scholarship. Rural and small approved facilities pay \$1,000. Students must be enrolled full-time in a Kansas nursing program and agree to provide one year of nursing service to the sponsor for each year of scholarship support. Recipients who do not serve must repay both the state and the sponsor with interest.

Agency Request FY 2016			Governor's Recommendation FY 2016		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 417,255	\$ 542,255	183	\$ 417,255	\$ 542,255	183
Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 417,255	\$ 542,255	183	\$ 417,255	\$ 542,255	183

- Vocational Education Scholarship (KSA 72-4460).** The Vocational Education Scholarship was created in 1986 to recognize, with financial assistance, students who receive high scores on a standardized vocational skills test and who enroll in one-or two-year vocational programs. The program provides for a maximum individual grant of \$1,000. Students must be undergraduate Kansas residents with no previous baccalaureate degree, enrolled full-time and have taken the Differential Aptitude Test. Funding is allowed for a

second year if the recipient is enrolled in a program longer than one academic year. During the 2012 Session, this scholarship program was revised to include students pursuing certificate programs and part-time enrollment with a focus on those who are pursuing studies that lead to jobs in high demand areas of the state's economy. Recipients must be Kansas residents attending Kansas postsecondary educational institutions that award associates and certificate degrees. The Differential Aptitude Test will no longer be given to determine eligibility.

Agency Request FY 2016			Governor's Recommendation FY 2016		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 114,075	\$ 114,075	114	\$ 114,075	\$ 114,075	114
Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 114,075	\$ 114,075	114	\$ 114,075	\$ 114,075	114

- Osteopathic Medical Service Scholarship Program (KSA 74-3265).** The Osteopathic Scholarship program was enacted in 1982 to provide financial assistance to Kansas residents who are enrolled in an accredited program leading to the degree of doctor of osteopathy. For

each year the student receives a scholarship, the student must fulfill a service obligation by practicing in an underserved area, or else pay back the scholarship, plus interest. The maximum award is \$15,000 per year, and a maximum of 15 awards to first-time recipients may be made in any one year.

Agency Request FY 2016			Governor's Recommendation FY 2016		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 0	\$ 220,000	14	\$ 0	\$ 220,000	14
Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 0	\$ 220,000	14	\$ 0	\$ 220,000	14

- Optometry Service Scholarship Program (KSA 76-721a).** The Kansas Legislature authorized contracts between the Kansas Board of Regents and selected schools of optometry for approximately 40 students to attend out-of-state school at resident tuition rates. Depending on the school attended, the recipient may have to

practice optometry in Kansas one year for each year of financial assistance or repay the assistance at the interest rate under the federal PLUS program at the time the student entered into the agreement plus five percentage points. Students are ranked academically by the optometry schools and are funded in that order.

Agency Request FY 2016			Governor's Recommendation FY 2016		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 107,089	\$ 162,430	20	\$ 107,089	\$ 162,430	20
Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 107,089	\$ 162,430	20	\$ 107,089	\$ 162,430	20

- **ROTC Service Program (KSA 74-3255).** The ROTC Scholarship program was established in 1979 to provide for the payment of tuition for eligible ROTC students each year at state and municipal universities that have an ROTC

program. There is a statutory maximum of 160 recipients. In exchange, scholarship recipients agree to serve four years in the Kansas National Guard to repay the benefits plus interest. The average award for the program is \$7,256.

Agency Request FY 2016			Governor's Recommendation FY 2016		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 175,335	\$ 175,335	23	\$ 175,335	\$ 175,335	23
Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 175,335	\$ 175,335	23	\$ 175,335	\$ 175,335	23

- **Kansas National Guard Educational Assistance Program (KSA 74-32,145).** The Kansas National Guard Educational Assistance program was created in 1996 for the purpose of assisting students who are eligible National Guard members with tuition and fees for postsecondary education. The program provides 100.0 percent of the cost of tuition and fees for eligible guard members enrolled in an area vocational technical school, college, community

college, municipal university, state educational institution and accredited independent postsecondary institutions within Kansas. The students receiving assistance must agree to complete their current service obligation in the Kansas National Guard, plus three months service, for each semester of assistance they have received. Failure to do so results in the student repaying the state an amount equal to the total amount of assistance received. The annual award is projected to be \$3,300.

Agency Request FY 2016			Governor's Recommendation FY 2016		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 870,869	\$ 870,869	261	\$ 870,869	\$ 870,869	261
Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 870,869	\$ 870,869	261	\$ 870,869	\$ 870,869	261

- Military Service Scholarship (2007 SB 357).**
 The Kansas Military Service Scholarship was established by proviso during the 2007 Session to assist individuals who had served after September 11, 2001, in one or more of the

following military operations: Enduring Freedom; Noble Eagle; or Iraqi Freedom. The scholarship provides payment of tuition and fees at eligible institutions that include: technical schools, community colleges, the municipal university and state universities.

Agency Request FY 2016			Governor's Recommendation FY 2016		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 470,314	\$ 470,314	156	\$ 470,314	\$ 470,314	156
Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 470,314	\$ 470,314	156	\$ 470,314	\$ 470,314	156

E. Debt Service

The Board of Regents operating budget includes debt service interest payments for two different bonding projects: Research bonds and Postsecondary Educational Institutions (PEI) Infrastructure Bonds.

The 2002 Legislature passed the University Research and Development Act (2002 HB 2690) that authorized the issuance of not more than \$120.0 million in bonds to fund a portion of the financing for research facilities at the state universities. The debt

service on the bonds began in FY 2006 and is to be funded through a transfer from the State General Fund to a fund designated for that specific purpose. The transfer is limited to not more than \$10.0 million per year and not more than \$50.0 million over the course of the repayment. The balance of the repayment is the responsibility of the Board of Regents and the state universities.

The **2007 Legislature** passed legislation establishing the State Educational Institution Long-Term Infrastructure Maintenance program. The program has three components; direct funding, bond funding, and tax credits, to fund deferred maintenance at Regents governed institutions and Regents coordinated institutions. Funding of \$100.0 million in bonds was made available to Washburn University, and community colleges and the technical colleges, over a five-year period. The bond principal payments are made by the institutions, while the bond interest payments are made from the State General Fund.

The **agency** requests a FY 2016 debt service interest budget of \$294,875 all from the State General Fund. This request is an decrease of \$269,410, or 47.7 percent, and \$225,000, or 43.3 percent State General Fund below the FY 2015 revised estimate. The decrease is due to paying down the debt.

The **Governor** concurs with the agency's request for FY 2016.

The **agency** requests a FY 2017 debt service interest budget of \$107,375 all from the State General Fund. The request is a decrease of \$187,500, or 63.6 percent, below the FY 2016 requested amount. The decrease is due to paying down the debt for FY 2017.

The **Governor** concurs with the agency's request for FY 2017.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS						
	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Rehabilitation and Repair	\$ 0	\$ 0	\$ 35,000,000	\$ 29,000,000	\$ 35,000,000	\$ 32,000,000
Deferred Maintenance	0	0	20,000,000	0	20,000,000	0
TOTAL	\$ 0	\$ 0	\$ 55,000,000	\$ 29,000,000	\$ 55,000,000	\$ 32,000,000
Financing:						
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	0	0	55,000,000	29,000,000	55,000,000	32,000,000
TOTAL	\$ 0	\$ 0	\$ 55,000,000	\$ 29,000,000	\$ 55,000,000	\$ 32,000,000

Current Year Agency Estimate

FY 2015 – Current Year. The agency has no revised estimate for FY 2015. The original request for 35.0 million, all from the Educational Building Fund, was transferred to each

university and therefore, the agency has no capital improvement expenditures for FY 2015.

Current Year Governor Recommendation

The **Governor** concurs with the agency's revised estimate.

Budget Year Agency Request

FY 2016 – Budget Year. The agency requests \$55.0 million for capital improvements for FY 2016. The agency requested \$35.0 million from the Educational Building Fund for

rehabilitation and repair to the universities and \$20.0 million from the Expanded Lottery Act Revenue Fund for deferred maintenance for the universities.

Budget Year Governor Recommendation

The **Governor** recommends \$29.0 million, all from the Educational Building Fund.

Budget Year Agency Request

FY 2017 – Budget Year. The agency requests \$55.0 million for capital improvements for FY 2016. The agency requested \$35.0 million from the Educational Building Fund for

rehabilitation and repair to the universities and \$20.0 million from the Expanded Lottery Act Revenue Fund for deferred maintenance for the universities.

Budget Year Governor Recommendation

The **Governor** recommends \$32.0 million, all from the Educational Building Fund.

PERFORMANCE MEASURES					
<u>Measure</u>	<u>Gov. Rec. for FY 2014</u>	<u>Actual FY 2014</u>	<u>Gov. Rec. FY 2015</u>	<u>Gov. Rec. FY 2016</u>	<u>Gov. Rec. FY 2017</u>
Percent of goals met in the Development of the postsecondary database over a three-year period	100.0%	100.0%	100.0%	100.0%	100.0%
Number of awards made	13,000	13,574	13,000	13,000	13,000
Second year retention rate wit the goal of 85.2% by FY 2020	77.5%	74.7%	76.0%	77.5%	79.0%
Certificate and degrees awarded	0	24,130	42,251	44,401	46,551