

KANSAS STATE UNIVERSITY – EXTENSION SYSTEMS AND AGRICULTURE RESEARCH PROGRAMS

	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	\$ 46,908,989	\$ 47,527,208	\$ 47,473,775	\$ 47,419,568	\$ 47,101,546	\$ 48,185,281	\$ 47,861,006
Other Funds	85,044,193	84,930,471	84,875,257	83,915,934	83,552,464	85,514,936	85,144,319
TOTAL	\$ 131,953,182	\$ 132,457,679	\$ 132,349,032	\$ 131,335,502	\$ 130,654,010	\$ 133,700,217	\$ 133,005,325
Capital Improvements:							
State General Fund	\$ 69,712	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	1,355,301	1,250,000	1,250,000	1,450,000	1,450,000	0	0
TOTAL	\$ 1,425,013	\$ 1,250,000	\$ 1,250,000	\$ 1,450,000	\$ 1,450,000	\$ 0	\$ 0
GRAND TOTAL	\$ 133,378,195	\$ 133,707,679	\$ 133,599,032	\$ 132,785,502	\$ 132,104,010	\$ 133,700,217	\$ 133,005,325

Percentage Change:

Operating Expenditures

State General Fund	(2.6) %	1.3 %	1.2 %	(0.2) %	(0.8) %	1.6 %	1.6 %
All Funds	1.7	0.4	0.3	(0.8)	(1.3)	1.8	1.8

FTE Positions	1,116.9	1,125.1	1,125.1	1,125.1	1,125.1	1,125.1	1,125.1
Non-FTE							
Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	1,116.9	1,125.1	1,125.1	1,125.1	1,125.1	1,125.1	1,125.1

AGENCY OVERVIEW

Kansas State University-Extension Systems and Agricultural Research Programs (ESARP) was established as a separate budget unit in FY 1993 by the merger of the Kansas Agricultural Experiment Station (KAES), the Cooperative Extension Service (CES), the International Grain, and the Meat and Livestock programs. All programs previously part of the KSU budget but under the jurisdiction of the Dean of Agriculture (except for the Office of Academic programs and Office of the Dean) are included in the separate agency administered by the Dean of Agriculture.

The KAES and CES are mandated programs by both federal and state legislation. Involved in the systems are the land grant

universities, including KSU, and the U.S. Department of Agriculture (USDA). Base formula funds are provided by the USDA. The KAES conducts research statewide at two research centers, two research-extension centers, and 11 experimental fields in addition to the main station at Manhattan. The research is conducted by KAES in five colleges of KSU: Agriculture; Human Ecology; Engineering; Arts and Sciences; and Veterinary Medicine. The CES is a research-based educational system with extension agents in each county and with specialists in five area offices and in four colleges on the KSU campus. Specialists are housed in the colleges of Agriculture, Human Ecology, Engineering, and Veterinary Medicine.

MAJOR ISSUES FROM PRIOR YEARS

The **1999 Legislature** passed the Higher Education Coordination Act (SB 345) that 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 **2001 Legislature** adopted a proposal that provided for the state universities to be funded through an operating block grant rather than the multiple line-item appropriations that had been used previously. The change was made to allow the institutions greater flexibility in managing its 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) 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 **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 **2011 Legislature** passed legislation that created the Postsecondary Tiered Technical Education State Aid Act. 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.

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 **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.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency's** revised estimate in FY 2015 is \$133.7 million, including \$47.5 million from the State General Fund. This is an increase of \$1.8 million, or 1.4 percent, all funds and \$53,433,

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, that 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 **2013 Legislature** reduced the agency's State General Fund operating expenditures by 1.5 percent and made additional reductions to the agency's salaries and wages all funds expenditures of approximately 3.6 percent in FY 2014 and 2.6 percent for FY 2015.

or 0.1 percent, State General Fund above the approved amount. The increase is mainly due to increases in salaries and wages (\$3.3 million) and capital outlay (\$895,597) with offsetting

decreases in other assistance (\$2.0 million) and contractual services (\$356,030). There was also a decrease of \$250,000, or 16.7 percent, below the approved amount for capital

improvements in FY 2015. The State General Fund increase is due to the agency submitting their budget prior to the Governor's allotment.

FY 2015 Governor Recommendation

The **Governor** recommends \$133.6 million, including \$47.5 million from the State General Fund. This is an increase of \$1.7 million, or 1.3 percent, all from special revenue funds. There is no change to the State General Fund approved amount after adjustments for the December 9th Governor's allotment.

The Governor also concurs with the agency's capital improvement budget request.

FY 2016 Agency Request

The **agency** requests operating expenditures of \$131.3 million, including \$47.4 million from the State General Fund for FY 2016. This is a decrease of \$1.1 million, or 0.8 percent, all funds and \$107,640, or 0.2 percent State General Fund, below the FY 2015 revised amount. The decrease in State General Fund is the one time \$250 bonus to all full time employees. The decrease in other funds is mainly contractual services

(\$570,810) and commodities (\$514,519) with an increase in salaries and wages (\$132,593).

The agency also requests \$1.5 million, all from special revenue funds, for the SE Research/Extension building capital improvement project.

FY 2016 Governor Recommendation

The **Governor** recommends \$130.7 million, including 47.1 million from the State General Fund. This is a decrease of \$1.7 million, or 1.3 percent, all funds and \$372,229, or 0.8 percent, State General Fund below the FY 2015 recommendation.

the State General Fund, to reduce employer contributions for state employee health insurance.

The Governor concurs with the agency's capital improvement budget request.

The Governor concurs with the agency request with the exception of a reduction of \$681,492, including \$318,022 from

FY 2017 Agency Request

The **agency** requests operating expenditures of \$133.7 million, including \$48.2 million from the State General Fund for FY 2017. This is an increase of \$2.4 million, or 1.8 percent all funds and \$765,713, or 1.6 percent, State General Fund above the FY 2016 request. The increase is mainly in salaries and

wages (\$2.6 million) with off setting decreases in the other operating expenditures.

There are no requested capital improvement expenditures for FY 2017 at this time.

FY 2017 Governor Recommendation

The **Governor** recommends \$133.0 million, including \$47.9 million from the State General Fund. This is an increase of \$2.4 million, or 1.8 percent, all funds and \$759,460, or 1.6 percent, State General Fund above the FY 2016 recommendation.

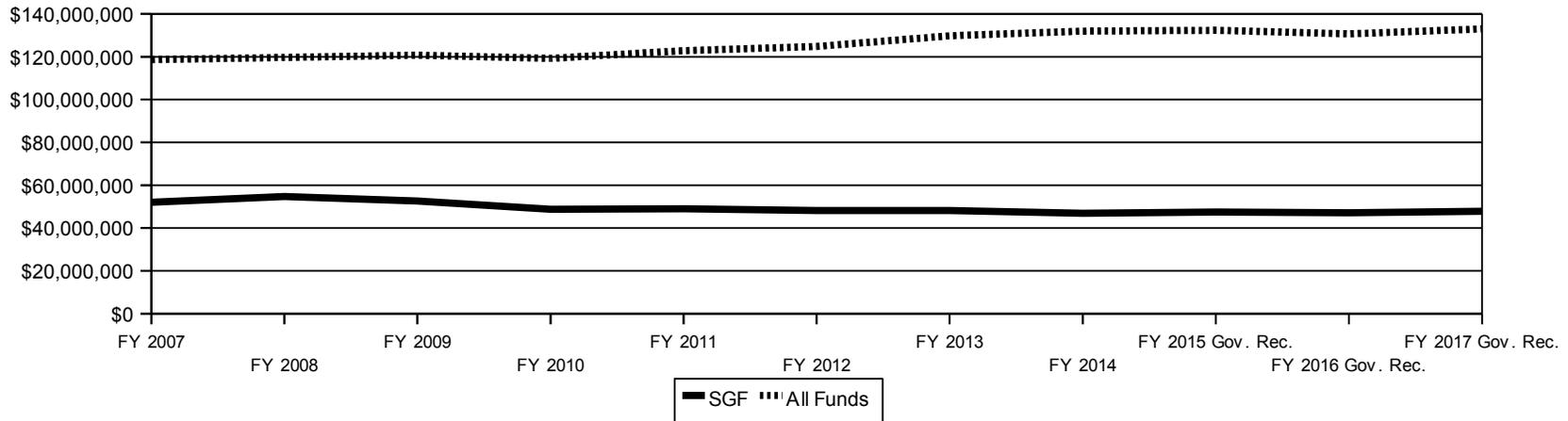
The Governor concurs with the agency request with the exception of a reduction of \$694,892, including \$324,275 from

the State General Fund, to reduce employer contributions for state employee health insurance.

The Governor concurs with the agency's capital improvement budget request.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2007 – FY 2017



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	\$ 52,029,522	1.7 %	\$ 118,631,878	4.5 %	1,390.3
2008	54,729,340	5.2	119,680,556	0.9	1,389.7
2009	52,595,448	(3.9)	120,714,696	0.9	1,285.6
2010	48,699,791	(7.4)	119,232,780	(1.2)	1,198.5
2011	48,951,068	0.5	122,805,825	3.0	1,191.6
2012	48,160,371	(1.6)	124,811,677	1.6	1,173.5
2013	48,182,071	0.0	129,751,842	4.0	1,160.4
2014	46,908,989	(2.6)	131,953,182	1.7	1,116.9
2015 Gov. Rec.	47,473,775	1.2	132,349,032	0.3	1,125.1
2016 Gov. Rec.	47,101,546	(0.8)	130,654,010	(1.3)	1,125.1
2017 Gov. Rec.	47,861,006	1.6	133,005,325	1.8	1,125.1
Eleven-Year Change	\$ (4,168,516)	(8.0)%	\$ 14,373,447	12.1 %	(265.2)

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:									
Academic Support	\$ 241,324	\$ 169,804	\$ 169,905	\$ 101	0.1 %	\$ 169,804	\$ 169,614	\$ (190)	(0.1)%
Research	83,088,898	84,071,012	82,911,592	(1,159,420)	(1.4)	84,005,269	82,649,039	(1,356,230)	(1.6)
Public Service	48,283,714	48,121,634	48,158,776	37,142	0.1	48,078,730	47,740,128	(338,602)	(0.7)
Physical Plant/Central Services	339,246	95,229	95,229	0	0.0	95,229	95,229	0	0.0
TOTAL	\$ 131,953,182	\$ 132,457,679	\$ 131,335,502	\$ (1,122,177)	(0.8) %	\$ 132,349,032	\$ 130,654,010	\$ (1,695,022)	(1.3)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 89,987,919	\$ 94,284,986	\$ 94,417,579	\$ 132,593	0.1 %	\$ 94,176,339	\$ 93,736,087	\$ (440,252)	(0.5)%
Contractual Services	17,076,399	15,464,841	14,894,031	(570,810)	(3.7)	15,464,841	14,894,031	(570,810)	(3.7)
Commodities	12,009,121	10,947,036	10,432,517	(514,519)	(4.7)	10,947,036	10,432,517	(514,519)	(4.7)
Capital Outlay	6,601,908	6,041,020	5,992,388	(48,632)	(0.8)	6,041,020	5,992,388	(48,632)	(0.8)
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 125,675,347	\$ 126,737,883	\$ 125,736,515	\$ (1,001,368)	(0.8) %	\$ 126,629,236	\$ 125,055,023	\$ (1,574,213)	(1.2)%
Aid to Local Units	265,486	231,350	231,350	0	0.0	231,350	231,350	0	0.0
Other Assistance	6,012,349	5,488,446	5,367,637	(120,809)	(2.2)	5,488,446	5,367,637	(120,809)	(2.2)
TOTAL	\$ 131,953,182	\$ 132,457,679	\$ 131,335,502	\$ (1,122,177)	(0.8) %	\$ 132,349,032	\$ 130,654,010	\$ (1,695,022)	(1.3)%
Financing:									
State General Fund	\$ 46,908,989	\$ 47,527,208	\$ 47,419,568	\$ (107,640)	(0.2) %	\$ 47,473,775	\$ 47,101,546	\$ (372,229)	(0.8)%
All Other Funds	85,044,193	84,930,471	83,915,934	(1,014,537)	(1.2)	84,875,257	83,552,464	(1,322,793)	(1.6)
TOTAL	\$ 131,953,182	\$ 132,457,679	\$ 131,335,502	\$ (1,122,177)	(0.8) %	\$ 132,349,032	\$ 130,654,010	\$ (1,695,022)	(1.3)%

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:								
Academic Support	\$ 169,905	\$ 171,130	\$ 1,225	0.7 %	\$ 169,614	\$ 170,833	\$ 1,219	0.7 %
Research	82,911,592	83,793,356	881,764	1.1	82,649,039	83,525,640	876,601	1.1
Public Service	48,158,776	49,640,502	1,481,726	3.1	47,740,128	49,213,623	1,473,495	3.1
Physical Plant/Central Services	95,229	95,229	0	0.0	95,229	95,229	0	0.0
TOTAL	\$ 131,335,502	\$ 133,700,217	\$ 2,364,715	1.8 %	\$ 130,654,010	\$ 133,005,325	\$ 2,351,315	1.8 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 94,417,579	\$ 96,968,314	\$ 2,550,735	2.7 %	\$ 93,736,087	\$ 96,273,422	\$ 2,537,335	2.7 %
Contractual Services	14,894,031	14,788,135	(105,896)	(0.7)	14,894,031	14,788,135	(105,896)	(0.7)
Commodities	10,432,517	10,396,650	(35,867)	(0.3)	10,432,517	10,396,650	(35,867)	(0.3)
Capital Outlay	5,992,388	5,948,140	(44,248)	(0.7)	5,992,388	5,948,140	(44,248)	(0.7)
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 125,736,515	\$ 128,101,239	\$ 2,364,724	1.9 %	\$ 125,055,023	\$ 127,406,347	\$ 2,351,324	1.9 %
Aid to Local Units	231,350	231,350	0	0.0	231,350	231,350	0	0.0
Other Assistance	5,367,637	5,367,628	(9)	(0.0)	5,367,637	5,367,628	(9)	(0.0)
TOTAL	\$ 131,335,502	\$ 133,700,217	\$ 2,364,715	1.8 %	\$ 130,654,010	\$ 133,005,325	\$ 2,351,315	1.8 %
Financing:								
State General Fund	\$ 47,419,568	\$ 48,185,281	\$ 765,713	1.6 %	\$ 47,101,546	\$ 47,861,006	\$ 759,460	1.6 %
All Other Funds	83,915,934	85,514,936	1,599,002	1.9	83,552,464	85,144,319	1,591,855	1.9
TOTAL	\$ 131,335,502	\$ 133,700,217	\$ 2,364,715	1.8 %	\$ 130,654,010	\$ 133,005,325	\$ 2,351,315	1.8 %

BUDGET OVERVIEW

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of \$47,527,208 for Kansas State University – Extension Systems and Agricultural Research Program in FY 2015. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made.

- A reduction of \$53,433, from State General Fund as the result of the Governor's December 9th, allotment.

This adjustment changes the FY 2015 approved State General Fund to \$47,473,775. That amount is reflected in the table below as the currently approved FY 2015 State General Fund amount. The agency's budget was submitted prior to the December allotment, so the agency's revised budget estimates do not incorporate the allotment

	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	\$ 47,473,775	\$ 47,527,208	\$ 53,433	\$ 47,473,775	\$ 0
All Other Funds	84,403,124	86,180,471	1,777,347	86,125,257	1,722,133
TOTAL	<u>\$ 131,876,899</u>	<u>\$ 133,707,679</u>	<u>\$ 1,830,780</u>	<u>\$ 133,599,032</u>	<u>\$ 1,722,133</u>
FTE Positions	1,116.9	1,125.1	8.2	1,125.1	8.2

The **agency's** revised estimate in FY 2015 is \$133.7 million, including \$47.5 million from the State General Fund. This is an increase of \$1.8 million, or 1.4 percent, all funds and \$53,433,

or 0.1 percent, State General Fund above the approved amount. The increase is mainly due to increases in salaries and wages (\$3.3 million) and capital outlay (\$895,597) with offsetting

decreases in other assistance (\$2.0 million) and contractual services (\$356,030). There was also a decrease of \$250,000, or 16.7 percent, below the approved amount for capital improvements in FY 2015. The State General Fund increase is due to the agency submitting their budget prior to the Governor's allotment.

The **Governor** recommends \$133.6 million, including \$47.5 million from the State General Fund. This is an increase of \$1.7 million, or 1.3 percent, all from special revenue funds. There is no change to the State General Fund approved amount after adjustments for the December 9th Governor's allotment.

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			
Allotment	SGF	All Funds	FTE
December Allotment			
Reduce KPERS Employer Contribution Rate	\$ (53,433)	\$ (53,433)	0.0
TOTAL	\$ (53,433)	\$ (53,433)	0.0

Kansas Public Employees Retirement System (KPERS) Reduction:

A reduction of \$53,433 from the State General Fund as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member

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 \$55,214 from special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of \$108,647.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 131,335,502	\$ 130,654,010	\$ (681,492)
FTE Positions	1,125.1	1,125.1	0.0
Change from FY 2015:			
<i>Dollar Change:</i>			
State General Fund	\$ (107,640)	\$ (372,229)	
All Other Funds	(1,014,537)	(1,322,793)	
TOTAL	<u>\$ (1,122,177)</u>	<u>\$ (1,695,022)</u>	
<i>Percent Change:</i>			
State General Fund	(0.2) %	(0.8) %	
All Other Funds	(1.2)	(1.6)	
TOTAL	<u>(0.8) %</u>	<u>(1.3) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$131.3 million, including \$47.4 million from the State General Fund for FY 2016. This is a decrease of \$1.1 million, or 0.8 percent, all funds and \$107,640, or 0.2 percent State General Fund, below the FY 2015 revised amount. The decrease in State General Fund is the one time \$250 bonus to all full time employees. The decrease in other funds is mainly contractual services (\$570,810) and commodities (\$514,519) with an increase in salaries and wages (\$132,593).

The **Governor** recommends \$130.7 million, including \$47.1 million from the State General Fund. This is a decrease of \$1.7 million, or 1.3 percent, all funds and \$372,229, or 0.8 percent, State General Fund below the FY 2015 recommendation.

The Governor concurs with the agency request with the exception of a reduction of \$681,492, including \$318,022 from the State General Fund, to reduce employer contributions for state employee health insurance.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 133,700,217	\$ 133,005,325	\$ (694,892)
FTE Positions	1,125.1	1,125.1	0.0
Change from FY 2016:			
<i>Dollar Change:</i>			
State General Fund	\$ 765,713	\$ 759,460	
All Other Funds	1,599,002	1,591,855	
TOTAL	<u>\$ 2,364,715</u>	<u>\$ 2,351,315</u>	
<i>Percent Change:</i>			
State General Fund	1.6 %	1.6 %	
All Other Funds	1.9	1.9	
TOTAL	<u>1.8 %</u>	<u>1.8 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$133.7 million, including \$48.2 million from the State General Fund for FY 2017. This is an increase of \$2.4 million, or 1.8 percent all funds and \$765,713, or 1.6 percent, State General Fund above the FY 2016 request. The increase is mainly in salaries and wages (\$2.6 million) mainly due to the 27th paycheck with slight off setting decreases in the other operating expenditures.

The **Governor** recommends \$133.0 million, including \$47.9 million from the State General Fund. This is an increase of \$2.4 million, or 1.8 percent, all funds and \$759,460, or 1.6 percent, State General Fund above the FY 2016 recommendation.

The Governor concurs with the agency request with the exception of a reduction of \$694,892, including \$324,275 from the State General Fund, to reduce employer contributions for state employee health insurance.

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 \$228,801, including \$107,640 from the State General Fund, and affects 736 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, there are no longevity bonus payments.**

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 \$681,492, including \$318,022 from the State General Fund for FY 2016. This is a reduction of \$694,892, including \$324,275 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.

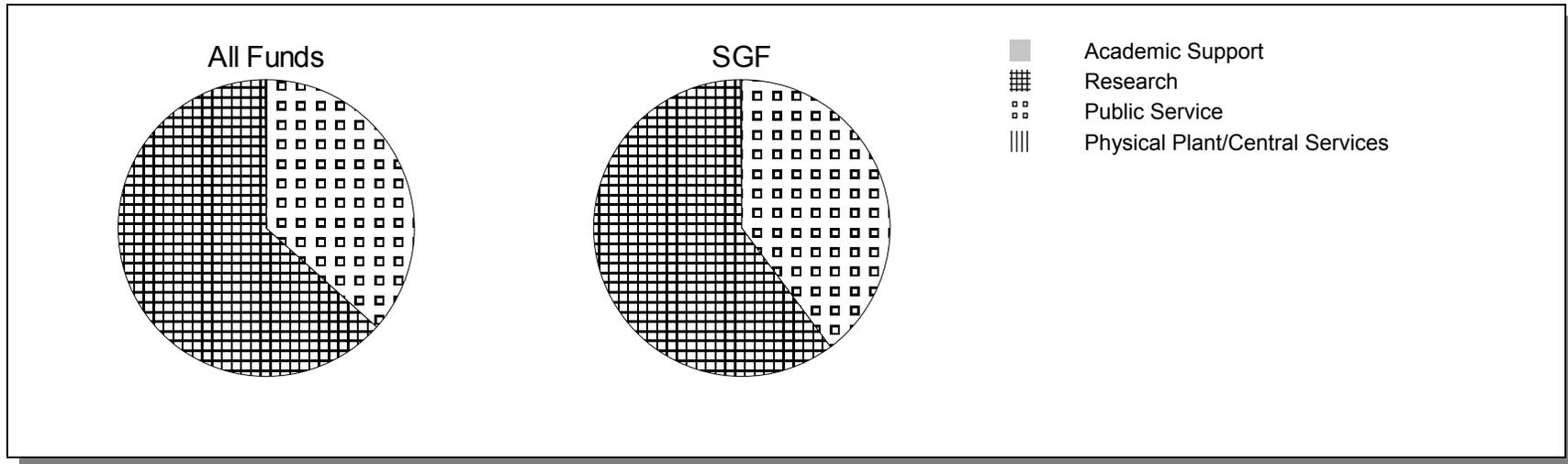
Funding Sources

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	36.1 %	36.1 %	36.0 %	36.0 %
All Other Funds	63.9	63.9	64.0	64.0
TOTAL	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

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
Academic Support	\$ 169,614	0.1 %	\$ 90,390	0.2 %
Research	82,649,039	63.3	28,274,909	60.0
Public Service	47,740,128	36.5	18,736,247	39.8
Physical Plant/Central Services	95,229	0.1	0	0.0
TOTAL	\$ 130,654,010	100.0 %	\$ 47,101,546	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
Academic Support	0.0	0.5	0.5	0.5	0.5	0.5	0.5
Research	545.5	547.2	547.2	547.2	547.2	547.2	547.2
Public Service	571.4	577.4	577.4	577.4	577.4	577.4	577.4
Physical Plant/Central Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	1,116.9	1,125.1	1,125.1	1,125.1	1,125.1	1,125.1	1,125.1

A. Academic Support

The Academic Support program includes all support services for the institution's primary mission's of instruction, research, and public service. These support services cover libraries, museums and galleries, educational media services, academic computing support, academic administration, and course and curriculum.

The **agency** requests FY 2016 operating expenditures of \$169,905, including \$90,390 from the State General Fund. This is an increase of \$101, or 0.1 percent, all from special revenue funds, above the approved amount. The State General Fund revised estimate is the same as the approved amount. The increase is in salaries and wages.

The **Governor** recommends FY 2016 operating expenditures of \$169,614, including \$90,390 from the State General Fund. The recommendation is a decrease of \$291, or 0.2 percent, all from special revenue funds below the agency's

request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of \$171,130, including \$90,390 from the State General Fund. This is an increase of \$1,225, or 0.7 percent, all from special revenue funds, above the approved amount. The State General Fund revised estimate is the same as the approved amount. The increase is in salaries and wages.

The **Governor** recommends FY 2017 operating expenditures of \$170,833, including \$90,390 from the State General Fund. The recommendation is a decrease of \$297, or 0.2 percent, all special revenue funds below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

B. Research

The Research program includes most research projects conducted by university personnel whether individually or through an institute or research center.

The **agency** requests FY 2016 operating expenditures of \$82.9 million, including \$28.4 million from the State General Fund. This is a decrease of \$1.2 million, or 1.4 percent, all funds and \$65,849, or 0.2 percent, State General Fund below the revised estimate for FY 2016. There are decreases in contractual services (\$508,021) and commodities (\$505,543) for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of \$82.6 million, including \$28.3 million from the State General Fund. The recommendation is a decrease of \$262,553, or 0.3 percent, all funds and \$141,227, or 0.5 percent, State General Fund below the agency's request. The

C. Public Service

The Public Service program is responsible for all non-credit instruction (except remedial instruction) and other activities that are primarily of benefit to external groups or individuals. These activities include outreach education and community service.

The **agency** requests FY 2016 operating expenditures of \$48.2, including \$18.9 from the State General Fund. This is an increase of \$37,142, or 0.1 percent, all funds and a decrease of \$41,791, or 0.2 percent, from the revised estimate. The overall increase is mainly due to an increase in salaries and wages (\$117,056) with a decrease in contractual services (\$62,789) for FY 2016.

decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of \$83.8 million, including \$29.1 million from the State General Fund. This is an increase of \$881,764, or 1.1 percent, all funds and \$662,272, or 2.3 percent, State General Fund above the FY 2016 request for FY 2017. There is an increase in salaries and wages (\$993,665) with off setting decreases in all other operating expenditures for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of \$83.5 million, including \$28.9 million from the State General Fund. The recommendation is a decrease of \$267,716, or 0.3 percent, all funds and \$144,004, or 0.5 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **Governor** recommends FY 2016 operating expenditures of \$47.7 million, including \$18.7 million from the State General Fund. The recommendation is a decrease of \$418,648, or 0.9 percent, all funds and \$176,795, or 0.9 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of \$49.6 million, including \$19.0 million from the State General Fund. This is an increase of \$1.5 million, or 3.1 percent, and \$103,441, or 0.5 percent, State General Fund above the FY

2016 request for FY 2017. The increase is mainly in salaries and wages.

The **Governor** recommends FY 2017 operating expenditures of \$49.2 million, including \$18.8 million from the

D. Physical Plant/Central Services

The Physical Plant/Central Services program is responsible for the operation and maintenance of the facilities and grounds of the institution. This includes facilities planning, building maintenance, custodial services, and utilities.

The **agency** requests FY 2016 operating expenditures of \$95,229, all from special revenue funds in contractual services for FY 2016.

State General Fund. The recommendation is a decrease of \$426,879, or 0.9 percent, all funds and \$180,271, or 0.9 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

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

The **agency** requests FY 2017 operating expenditures of \$95,229, all from special revenue funds in contractual services 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
SE Research and Extension Building	\$ 1,250,000	\$ 1,250,000	\$ 1,450,000	\$ 1,450,000	\$ 0	\$ 0
TOTAL	<u>\$ 1,250,000</u>	<u>\$ 1,250,000</u>	<u>\$ 1,450,000</u>	<u>\$ 1,450,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
Financing:						
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,250,000	1,250,000	1,450,000	1,450,000	0	0
TOTAL	<u>\$ 1,250,000</u>	<u>\$ 1,250,000</u>	<u>\$ 1,450,000</u>	<u>\$ 1,450,000</u>	<u>\$ 0</u>	<u>\$ 0</u>

Current Year Agency Estimate

FY 2015 – Current Year. The agency’s revised estimate in FY 2015 is \$1.3 million. This is a decrease of \$250,000, or 16.7 percent, below the approved amount.

Current Year Governor Recommendation

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

Budget Year Agency Request

FY 2016 – Budget Year. The agency requests \$1.5 million, all from special revenue funds, for the SE Research/Extension building project.

Budget Year Governor Recommendation

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

Budget Year Agency Request

FY 2017 – Budget Year. There are no requested expenditures for FY 2017 at this time.

Budget Year Governor Recommendation

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

Measure	PERFORMANCE MEASURES				
	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Number of new research grants	350	365	365	365	365
Number of renewed research grants	25	26	30	30	30
Dollar value of grant receipts (in millions)	\$38.0	\$46.2	\$40.0	\$40.0	\$40.0