

KANSAS STATE UNIVERSITY VETERINARY MEDICAL CENTER

	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	\$ 12,074,595	\$ 14,548,313	\$ 14,527,057	\$ 15,008,743	\$ 14,936,939	\$ 15,301,771	\$ 15,228,556
Other Funds	29,186,559	31,239,612	31,195,975	31,248,414	31,088,789	32,058,792	31,896,028
TOTAL	\$ 41,261,154	\$ 45,787,925	\$ 45,723,032	\$ 46,257,157	\$ 46,025,728	\$ 47,360,563	\$ 47,124,584
Capital Improvements:							
State General Fund	\$ 2,809,380	\$ 500,000	\$ 500,000	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	4,305,500	4,305,500	2,700,000	2,700,000	0	0
TOTAL	\$ 2,809,380	\$ 4,805,500	\$ 4,805,500	\$ 2,700,000	\$ 2,700,000	\$ 0	\$ 0
GRAND TOTAL	\$ 44,070,534	\$ 50,593,425	\$ 50,528,532	\$ 48,957,157	\$ 48,725,728	\$ 47,360,563	\$ 47,124,584

Percentage Change:

Operating Expenditures

State General Fund	(5.9) %	20.5 %	20.3 %	3.2 %	2.8 %	2.0 %	2.0 %
All Funds	5.1	11.0	10.8	1.0	0.7	2.4	2.4

FTE Positions	323.8	332.6	332.6	332.6	332.6	332.6	332.6
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	323.8	332.6	332.6	332.6	332.6	332.6	332.6

AGENCY OVERVIEW

The Veterinary Medical Center was established at Kansas State University in 1905. It was included within the main campus budget of Kansas State University until 1978. The institution trains veterinarians, conducts broad-based interdisciplinary research, provides continuing education for veterinarians, and provides hospital and diagnostic services to the public. Its

academic programs are fully accredited by the Council on Education of the American Veterinary Medical Association. **A total of 476 students attended the institution during the Fall 2014 semester, an increase of 11, or 2.4 percent above the Fall 2013 semester.**

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 **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 administered by the College of Veterinary Medicine at KSU.

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.

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. This act exempts certain construction projects and construction project services at state universities from many of the requirements imposed on other state agencies.

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 further reduced the salaries and wages all funds expenditures by approximately 0.8 percent in FY 2014.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency's** revised estimate is \$50.6 million, including \$15.0 million from the State General Fund. This is an increase of \$5.5 million, or 12.2 percent, all funds and \$21,256, or 0.1 percent, State General Fund above the approved amount. The

increase includes approximately \$3.0 million in operating expenditures, \$2.7 million of which is for salaries and wages and \$2.5 million increase in expenditures for capital improvements with offsetting decreases in capital outlay in FY

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

The agency's revised estimate includes \$4.8 million, including \$500,000 from the State General Fund for capital

FY 2015 Governor Recommendation

The **Governor** recommends \$50.5 million including \$15.0 million from the State General Fund. This is an increase of \$5.4 million, or 12.0 percent, above the approved amount.

FY 2016 Agency Request

The **agency** requests operating expenditures of \$46.3 million, including \$15.0 million from the State General Fund for FY 2016. This is an increase of \$469,232, or 1.0 percent, all funds and \$460,430, or 3.2 percent, State General Fund above the FY 2015 revised request. The increase is mainly in contractual services (\$267,552) and commodities (\$123,188) for FY 2016.

FY 2016 Governor Recommendation

The **Governor** recommends operating expenditures of \$46.0 million, including \$14.9 million from the State General Fund. This is an increase of \$302,696, or 0.7 percent, all funds and \$409,882, or 2.8 percent, above the FY 2015 recommendation.

The Governor recommends a reduction of \$231,429, including \$71,804 from the State General Fund, below the

improvements. This is an increase of \$2.5 million, or 108.9 percent, all funds and a decrease of \$1.0 million State General Fund from the FY 2015 approved amount. The increase is for additional expenditures for the equine performance testing facility and small animal clinic renovations in FY 2015.

The Governor concurs with the agency's capital improvement revised estimate.

The agency requests \$2.7 million, all from special revenue funds for capital improvements for FY 2016. This includes \$1.8 million for the equine performance testing facility and \$900,000 for the small animal clinic renovations. This is a decrease of \$2.1 million, or 43.8 percent, all funds and \$500,000, or 100.0 percent, State General Fund below the FY 2015 revised estimate.

agency request to reduce employer contributions for state employee health insurance. This is the only change to the agency's request.

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

FY 2017 Agency Request

The **agency** requests operating expenditures of \$47.4 million, including \$15.3 million from the State General Fund for FY 2017. This is an increase of \$1.1 million, or 2.4 percent, all funds and \$293,028, or 2.0 percent, State General Fund above the FY 2016 request. The increase is in salaries and wages.

FY 2017 Governor Recommendation

The **Governor** recommends operating expenditures of \$47.1 million, including \$15.2 million from the State General Fund. This is an increase of \$1.1 million, or 2.4 percent, all funds and \$291,617, or 2.0 percent, State General Fund above the FY 2016 recommendation.

The Governor recommends a reduction of \$235,979, including \$73,215 from the State General Fund, below the

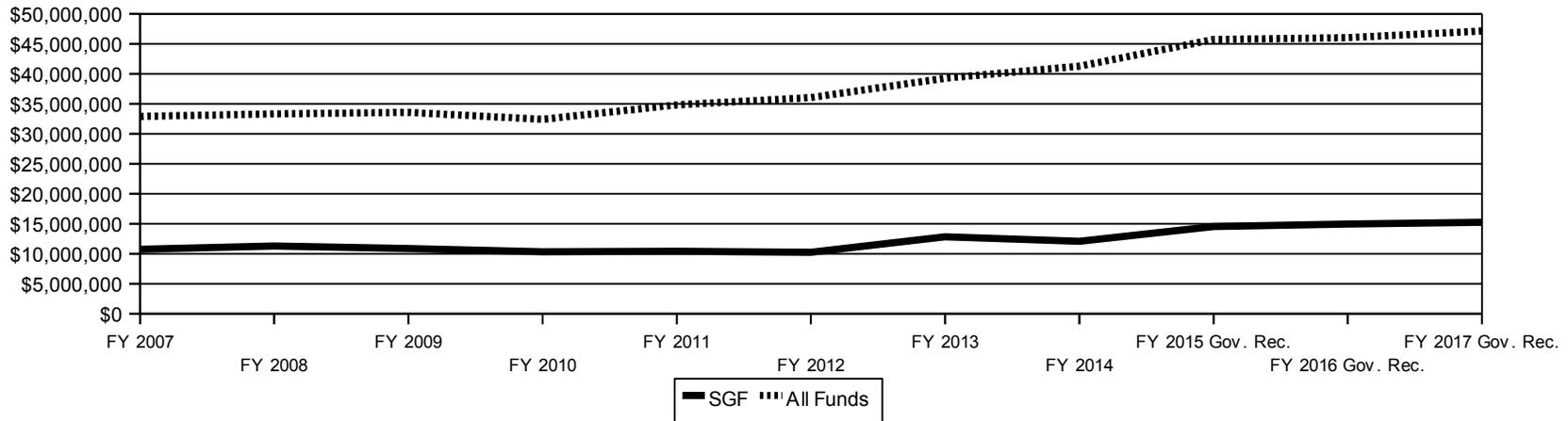
The agency requests no expenditures in capital improvements for FY 2017.

agency request to reduce employer contributions for state employee health insurance. This is the only change to the agency's request.

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

BUDGET TRENDS

OPERATING EXPENDITURES FY 2007 – FY 2017



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	\$ 10,736,967	2.0 %	\$ 32,884,580	3.5 %	315.6
2008	11,281,788	5.1	33,312,590	1.3	323.1
2009	10,850,535	(3.8)	33,563,347	0.8	314.9
2010	10,336,516	(4.7)	32,410,739	(3.4)	309.1
2011	10,415,617	0.8	34,818,811	7.4	310.9
2012	10,251,459	(1.6)	36,027,437	3.5	312.7
2013	12,832,430	25.2	39,273,500	9.0	320.1
2014	12,074,595	(5.9)	41,261,154	5.1	323.8
2015 Gov. Rec.	14,527,057	20.3	45,723,032	10.8	332.6
2016 Gov. Rec.	14,936,939	2.8	46,025,728	0.7	332.6
2017 Gov. Rec.	15,228,556	2.0	47,124,584	2.4	332.6
Eleven-Year Change	\$ 4,491,589	41.8 %	\$ 14,240,004	43.3 %	17.0

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:									
Instructional Services	\$ 27,703,815	\$ 34,360,665	\$ 34,779,723	\$ 419,058	1.2 %	\$ 34,325,473	\$ 34,630,186	\$ 304,713	0.9 %
Academic Support	5,784,821	4,940,908	4,960,418	19,510	0.4	4,933,576	4,922,399	(11,177)	(0.2)
Research	2,137	175,071	176,174	1,103	0.6	174,113	175,008	895	0.5
Public Service	5,293,944	3,787,164	3,803,480	16,316	0.4	3,777,212	3,781,295	4,083	0.1
Student Aid	399,996	400,000	400,000	0	0.0	400,000	400,000	0	0.0
Physical Plant/Central Services	2,076,441	2,124,117	2,137,362	13,245	0.6	2,112,658	2,116,840	4,182	0.2
TOTAL	\$ 41,261,154	\$ 45,787,925	\$ 46,257,157	\$ 469,232	1.0 %	\$ 45,723,032	\$ 46,025,728	\$ 302,696	0.7 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 32,083,157	\$ 33,311,629	\$ 33,343,529	\$ 31,900	0.1 %	\$ 33,246,736	\$ 33,112,100	\$ (134,636)	(0.4)%
Contractual Services	4,571,810	6,306,012	6,573,564	267,552	4.2	6,306,012	6,573,564	267,552	4.2
Commodities	2,133,122	2,795,059	2,918,247	123,188	4.4	2,795,059	2,918,247	123,188	4.4
Capital Outlay	1,860,808	2,539,215	2,585,831	46,616	1.8	2,539,215	2,585,831	46,616	1.8
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 40,648,897	\$ 44,951,915	\$ 45,421,171	\$ 469,256	1.0 %	\$ 44,887,022	\$ 45,189,742	\$ 302,720	0.7 %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	612,257	836,010	835,986	(24)	(0.0)	836,010	835,986	(24)	(0.0)
TOTAL	\$ 41,261,154	\$ 45,787,925	\$ 46,257,157	\$ 469,232	1.0 %	\$ 45,723,032	\$ 46,025,728	\$ 302,696	0.7 %
Financing:									
State General Fund	\$ 12,074,595	\$ 14,548,313	\$ 15,008,743	\$ 460,430	3.2 %	\$ 14,527,057	\$ 14,936,939	\$ 409,882	2.8 %
General Fees Fund	16,402,509	18,267,701	18,267,701	0	0.0	18,241,117	18,158,215	(82,902)	(0.5)
All Other Funds	12,784,050	12,971,911	12,980,713	8,802	0.1	12,954,858	12,930,574	(24,284)	(0.2)
TOTAL	\$ 41,261,154	\$ 45,787,925	\$ 46,257,157	\$ 469,232	1.0 %	\$ 45,723,032	\$ 46,025,728	\$ 302,696	0.7 %

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:								
Instructional Services	\$ 34,779,723	\$ 35,560,001	\$ 780,278	2.2 %	\$ 34,630,186	\$ 35,407,524	\$ 777,338	2.2 %
Academic Support	4,960,418	5,130,407	169,989	3.4	4,922,399	5,091,640	169,241	3.4
Research	176,174	180,854	4,680	2.7	175,008	179,666	4,658	2.7
Public Service	3,803,480	3,891,847	88,367	2.3	3,781,295	3,869,226	87,931	2.3
Student Aid	400,000	400,000	0	0.0	400,000	400,000	0	0.0
Physical Plant/Central Services	2,137,362	2,197,454	60,092	2.8	2,116,840	2,176,528	59,688	2.8
TOTAL	\$ 46,257,157	\$ 47,360,563	\$ 1,103,406	2.4 %	\$ 46,025,728	\$ 47,124,584	\$ 1,098,856	2.4 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 33,343,529	\$ 34,555,745	\$ 1,212,216	3.6 %	\$ 33,112,100	\$ 34,319,766	\$ 1,207,666	3.6 %
Contractual Services	6,573,564	6,499,838	(73,726)	(1.1)	6,573,564	6,499,838	(73,726)	(1.1)
Commodities	2,918,247	2,893,471	(24,776)	(0.8)	2,918,247	2,893,471	(24,776)	(0.8)
Capital Outlay	2,585,831	2,576,430	(9,401)	(0.4)	2,585,831	2,576,430	(9,401)	(0.4)
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 45,421,171	\$ 46,525,484	\$ 1,104,313	2.4 %	\$ 45,189,742	\$ 46,289,505	\$ 1,099,763	2.4 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	835,986	835,079	(907)	(0.1)	835,986	835,079	(907)	(0.1)
TOTAL	\$ 46,257,157	\$ 47,360,563	\$ 1,103,406	2.4 %	\$ 46,025,728	\$ 47,124,584	\$ 1,098,856	2.4 %
Financing:								
State General Fund	\$ 15,008,743	\$ 15,301,771	\$ 293,028	2.0 %	\$ 14,936,939	\$ 15,228,556	\$ 291,617	2.0 %
General Fees Fund	18,267,701	18,796,845	529,144	2.9	18,158,215	18,685,206	526,991	2.9
All Other Funds	12,980,713	13,261,947	281,234	2.2	12,930,574	13,210,822	280,248	2.2
TOTAL	\$ 46,257,157	\$ 47,360,563	\$ 1,103,406	2.4 %	\$ 46,025,728	\$ 47,124,584	\$ 1,098,856	2.4 %

BUDGET OVERVIEW

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of \$15,048,313 for the Kansas State University Veterinary Medical Center 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.

This adjustment changes the FY 2015 approved State General Fund to \$15,027,057. 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.

- A reduction of \$21,256, as the result of the Governor's December 9th 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	\$ 15,027,057	\$ 15,048,313	\$ 21,256	\$ 15,027,057	\$ 0
All Other Funds	30,085,177	35,545,112	5,459,935	35,501,475	5,416,298
TOTAL	<u>\$ 45,112,234</u>	<u>\$ 50,593,425</u>	<u>\$ 5,481,191</u>	<u>\$ 50,528,532</u>	<u>\$ 5,416,298</u>
FTE Positions	323.8	332.6	8.8	332.6	8.8

The **agency's** revised estimate is \$50.6 million, including \$15.0 million from the State General Fund. This is an increase of \$5.5 million, or 12.2 percent, all funds and \$21,256, or 0.1 percent, State General Fund above the approved amount. The

increase includes approximately \$3.0 million in operating expenditures, \$2.7 million of which is for salaries and wages and \$2.5 million increase in expenditures for capital improvements with offsetting decreases in capital outlay in FY

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

The **Governor** recommends \$50.5 million including \$15.0 million from the State General Fund. This is an increase of \$5.4 million, or 12.0 percent, above the approved amount.

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 KPERS Employer Contribution Rate	\$ (21,256)	\$ (21,256)	0.0
TOTAL	<u>\$ (21,256)</u>	<u>\$ (21,256)</u>	<u>0.0</u>

Kansas Public Employees Retirement System (KPERS) Reduction:

A reduction \$21,256 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 \$43,637 from special revenue funds is reduced in the Governor’s budget recommendation resulting in a total reduction of \$64,893.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 46,257,157	\$ 46,025,728	\$ (231,429)
FTE Positions	332.6	332.6	0.0
Change from FY 2015:			
<i>Dollar Change:</i>			
State General Fund	\$ 460,430	\$ 409,882	
All Other Funds	8,802	(107,186)	
TOTAL	<u>\$ 469,232</u>	<u>\$ 302,696</u>	
<i>Percent Change:</i>			
State General Fund	3.2 %	2.8 %	
All Other Funds	0.0	(0.3)	
TOTAL	<u>1.0 %</u>	<u>0.7 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$46.3 million, including \$15.0 million from the State General Fund for FY 2016. This is an increase of \$469,232, or 1.0 percent, all funds and \$460,430, or 3.2 percent, State General Fund above the FY 2015 revised estimate. The increase is mainly in contractual services (\$267,552) and commodities (\$123,188) for FY 2016.

The **Governor** recommends \$46.0 million, including \$14.9 million from the State General Fund. This is an increase of

\$302,696, or 0.7 percent, all funds and \$409,882, or 2.8 percent, above the FY 2015 recommendation.

The Governor recommends a reduction of \$231,429, including \$71,804 from the State General Fund, below the agency request to reduce employer contributions for state employee health insurance. This is the only change to the agency's request.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 47,360,563	\$ 47,124,584	\$ (235,979)
FTE Positions	332.6	332.6	0.0
Change from FY 2016:			
<i>Dollar Change:</i>			
State General Fund	\$ 293,028	\$ 291,617	
All Other Funds	810,378	807,239	
TOTAL	<u>\$ 1,103,406</u>	<u>\$ 1,098,856</u>	
<i>Percent Change:</i>			
State General Fund	2.0 %	2.0 %	
All Other Funds	2.6	2.6	
TOTAL	<u>2.4 %</u>	<u>2.4 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$47.4 million, including \$15.3 million from the State General Fund for FY 2017. This is an all funds increase of \$1.1 million, or 2.4 percent, and a State General Fund increase of \$293,028, or 2.0 percent, above the FY 2016 request. The increase is in salaries and wages mainly due to the 27th paycheck.

The **Governor** recommends \$47.1 million, including \$15.2 million from the State General Fund. This is an increase of \$1.1

million, or 2.4 percent, all funds and \$291,617, or 2.0 percent, State General Fund above the FY 2016 recommendation.

The Governor recommends a reduction of \$235,979, including \$73,215 from the State General Fund, below the agency request to reduce employer contributions for state employee health insurance. This is the only change to the agency's 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 \$124,356, including \$39,570 from the State General Fund, and affects 400 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 \$231,429, including \$71,804 from the State General Fund for FY 2016. This is a reduction of \$235,979, including \$73,215 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	32.4 %	32.5 %	32.3 %	32.3 %
General Fees Fund	39.5	39.5	39.7	39.7
All Other Funds	28.1	28.1	28.0	28.0
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.

General Fees Fund

Under KSA 76-719, the Board of Regents has the authority to set tuition rates at each university and the funds from tuition are deposited in the general fees fund, excluding the student

activity fees that are deposited in the restricted fees fund. Tuition is set by the Board of Regents after the Legislative Session has concluded each year.

Resource Estimate	Actual FY 2014	Agency Estimate FY 2015	Governor Rec. FY 2015	Agency Request FY 2016	Gov. Rec. FY 2016	Agency Request FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 3,380,038	\$ 4,129,711	\$ 4,129,711	\$ 2,313,401	\$ 2,339,985	\$ 1,902,591	\$ 2,038,661
Revenue	17,177,981	17,882,690	17,882,690	17,882,690	17,882,690	17,882,690	17,882,690
Transfers in	0	0	0	0	0	0	0
Total Funds Available	\$ 20,558,019	\$ 22,012,401	\$ 22,012,401	\$ 20,196,091	\$ 20,222,675	\$ 19,785,281	\$ 19,921,351
Less: Expenditures	16,402,509	19,673,201	19,646,617	18,267,701	18,158,215	18,796,845	18,685,206
Transfers Out	25,799	25,799	25,799	25,799	25,799	25,799	25,799
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	\$ 4,129,711	\$ 2,313,401	\$ 2,339,985	\$ 1,902,591	\$ 2,038,661	\$ 962,637	\$ 1,210,346
Ending Balance as Percent of Expenditures	25.2%	11.8%	11.9%	10.4%	11.2%	5.1%	6.5%
Month Highest Ending Balance	June \$ 10,447,000	June \$ 10,342,000	June \$ 10,342,000	June \$ 10,239,000	June \$ 10,239,000	June \$ 10,136,000	June \$ 10,136,000
Month Lowest Ending Balance	January \$ 4,233,000	January \$ 4,190,000	January \$ 4,190,000	January \$ 4,148,000	January \$ 4,148,000	January \$ 4,107,000	January \$ 4,107,000

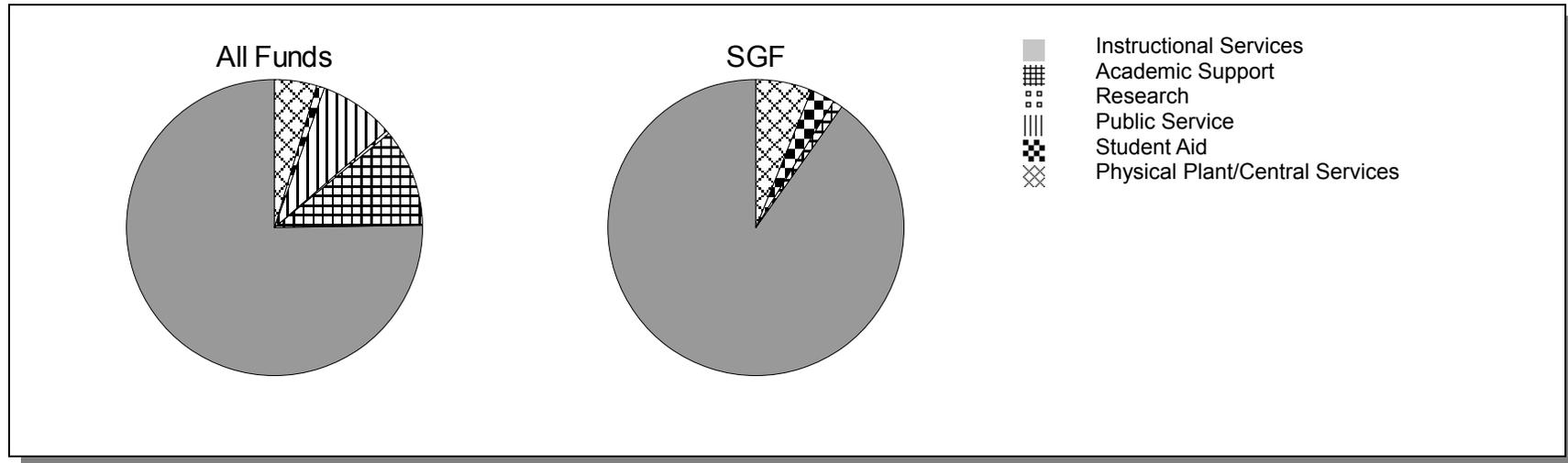
Enrollment Trends

The following table summarizes recent enrollment trends at the Kansas State University Veterinary Medical Center. Headcount enrollment reflects the actual number of students enrolled. Full-time equivalent converts those students to full-time, based on the number of credit hours the students are enrolled.

	Fall 2009	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2009 to Fall 2014
Headcount	437	462	457	464	465	476	
Change	(2)	25	(5)	7	1	11	39
%Change	(0.5)%	5.7 %	(1.1)%	1.5 %	0.2 %	2.4 %	8.9 %
FTE Students	687	721	723	723	712	719	
Change	13	34	2	0	(11)	7	32
%Change	1.9 %	4.9 %	0.3 %	0.0 %	(1.5)%	1.0 %	4.7 %
Student Credit Hours	8,243	8,649	8,675	8,680	8,546	8,628	
Change	156	406	26	5	(134)	82	385
%Change	1.9 %	4.9 %	0.3 %	0.1 %	(1.5)%	1.0 %	4.7 %

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
Instructional Services	\$ 34,630,186	75.2 %	\$ 13,465,203	90.1 %
Academic Support	4,922,399	10.7	159,474	1.1
Research	175,008	0.4	0	0.0
Public Service	3,781,295	8.2	0	0.0
Student Aid	400,000	0.9	400,000	2.7
Physical Plant/Central Services	2,116,840	4.6	912,262	6.1
TOTAL	\$ 46,025,728	100.0 %	\$ 14,936,939	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
Instructional Services	212.8	214.2	214.2	214.2	214.2	214.2	214.2
Academic Support	54.7	53.1	53.1	53.1	53.1	53.1	53.1
Research	1.0	2.0	2.0	2.0	2.0	2.0	2.0
Public Service	25.3	33.3	33.3	33.3	33.3	33.3	33.3
Student Aid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Physical Plant/Central Services	30.0	30.0	30.0	30.0	30.0	30.0	30.0
TOTAL	323.8	332.6	332.6	332.6	332.6	332.6	332.6

A. Instructional Services

The Instructional Services program includes all general and remedial instruction of students.

The **agency** requests FY 2016 operating expenditures of \$34.8 million, including \$13.5 million from the State General Fund. The overall request is an increase of \$419,058, or 1.2 percent, all funds and \$450,066, or 3.4 percent, State General Fund from the FY 2015 revised estimate. There are increases in contractual services (\$267,552) and commodities (\$123,188).

The **Governor** recommends FY 2016 operating expenditures of \$34.6 million, including \$13.5 million from the State General Fund. This is a decrease of \$149,537, or 0.4 percent, all funds and \$56,674, or 0.4 percent, State General Fund below the agency 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 \$35.6 million, including \$11.913.8 million from the State General Fund. The overall request is an increase of \$780,278, or 2.2 percent, all funds and \$246,662, or 1.8 percent, State General Fund above the FY 2016 request. The increase is in salaries and wages for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of \$35.4 million, including \$13.7 million from the State General Fund. This is a decrease of \$152,477, or 0.4 percent, all funds and \$57,788, or 0.4 percent, State General Fund below the agency request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

B. Academic Support

The Academic Support program includes all support services for the institution's primary missions 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 \$5.0 million, including \$160,881 from the State General Fund. This is an increase of \$19,510, or 0.4 percent, all funds and \$1,067, or 0.7 percent, State General Fund, above the revised estimate. The increase is in salaries and wages.

The **Governor** recommends FY 2016 operating expenditures of \$4.9 million, including \$159,474 from the State General Fund. This is a decrease of \$38,019, or 0.8 percent, all funds and \$1,407, or 0.9 percent, State General Fund below the

C. 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 \$176,174, all from special revenue funds. This is an increase of \$1,103, or 0.6 percent, above the FY 2015 revised estimate. The increase is in salaries and wages.

The **Governor** recommends FY 2016 operating expenditures of \$175,008, all from special revenue funds. This is a decrease of \$1,166, or 0.7 percent, below the agency's request. The decrease is due to the Governor's

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 \$5.1 million, including \$166,962 from the State General Fund. This is an increase of \$169,989, or 3.4 percent, all funds and \$6,081, or 3.8 percent, State General Fund above the FY 2016 request. The increase is in salaries and wages.

The **Governor** recommends FY 2017 operating expenditures of \$5.1 million, including \$165,528 from the State General Fund. This is a decrease of \$38,767, or 0.8 percent, all funds and \$1,434, 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.

recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of \$180,854, all from special revenue funds. This is an increase of \$4,680, or 2.7 percent, above the FY 2016 request. The increase is in salaries and wages.

The **Governor** recommends FY 2017 operating expenditures of \$179,666, all from special revenue funds. This is a decrease of \$1,188, or 0.7 percent, below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

D. 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 \$3.8 million, all from special revenue funds. The overall request is an increase of \$16,316, or 0.4 percent, above the revised estimate. The increase is in salaries and wages for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of \$3.8 million, all from special revenue funds. This is a decrease of \$22,185, or 0.6 percent, below the agency's request. The decrease is due to the Governor's

E. Student Aid

The Student Aid program consists of the service scholarships that were established in the Veterinary Training Program for Rural Kansas by 2006 HB 3005. The College is authorized, subject to appropriations to enter into agreements with up to five first-year veterinary students per year for a loan in the amount of \$20,000 per year for not more than four years for tuition, books, supplies, and other school expenses, and travel and training expenses incurred by the student. The program requires that the persons receiving the loans, complete the veterinary medicine degree program at the College; complete all advanced training in public health, livestock biosecurity, foreign animal disease diagnosis, and other requirements outlined in the bill; and engage in the full-time practice of veterinary medicine in any county in Kansas that has a population not exceeding 35,000 for a period of one year for each year of assistance provided.

recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of \$3.9 million, all from special revenue funds. This is an increase of \$88,367, or 2.3 percent, above the FY 2016 request. The increase is in salaries and wages.

The **Governor** recommends FY 2017 operating expenditures of \$3.9 million, all from special revenue funds. This is a decrease of \$22,621, or 0.6 percent, 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 2016 operating expenditures of \$400,000, all from State General Fund, the same as the FY 2015 revised estimate.

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

The **agency** requests FY 2017 operating expenditures of \$400,000, all from State General Fund. This is the same amount as requested for FY 2016.

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

F. 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 \$2.1 million, including \$925,985 from the State General Fund. The overall request is an increase of \$13,245, or 0.6 percent, all funds and \$9,297, or 1.0 percent, State General Fund above the FY 2015 revised estimate. The increase is in salaries and wages.

The **Governor** recommends FY 2016 operating expenditures of \$2.1 million, including \$912,262 from the State General Fund. This is a decrease of \$20,522, or 1.0 percent, all funds and \$13,723, or 1.5 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 **agency** requests FY 2017 operating expenditures of \$2.2 million, including \$966,270 from the State General Fund. The overall request is an increase of \$60,092, or 2.8 percent, all funds and \$40,285, or 4.4 percent, State General Fund above the FY 2016 request. The increase is in salaries and wages.

The **Governor** recommends FY 2017 operating expenditures of \$2.2 million, including \$952,277 from the State General Fund. This is a decrease of \$20,926, or 1.0 percent, all funds and \$13,993, or 1.4 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.

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
Mosier Hall Remodel	\$ 1,905,500	\$ 1,905,500	\$ 0	\$ 0	\$ 0	\$ 0
Library Renovation	1,000,000	1,000,000	0	0	0	0
Equine Performance Testing Facility	1,000,000	1,000,000	1,800,000	1,800,000	0	0
Small Animal Clinic Renovations	900,000	900,000	900,000	900,000	0	0
TOTAL	\$ 4,805,500	\$ 4,805,500	\$ 2,700,000	\$ 2,700,000	\$ 0	\$ 0
Financing:						
State General Fund	\$ 500,000	\$ 500,000	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	4,305,500	4,305,500	2,700,000	2,700,000	0	0
TOTAL	\$ 4,805,500	\$ 4,805,500	\$ 2,700,000	\$ 2,700,000	\$ 0	\$ 0

Current Year Agency Estimate

FY 2015 – Current Year. The agency’s revised estimate includes \$4.8 million, including \$500,000 from the State General Fund. This is an increase of \$2.5 million, or 108.9 percent, all funds and a decrease of \$1.0 million, or 66.7 percent, State General Fund from the approved amount. The increase is from additional expenditures for the equine performance testing

facility and small animal clinic renovations in FY 2015. The State General Fund decrease is due to an original request last year to use \$1.5 million for the Mosier Hall remodel and the revised estimate is for \$500,000 from the State General Fund for the project in 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 \$2.7 million, all from special revenue funds for FY 2016. This is a decrease of \$2.1 million, or 43.8 percent all funds and \$500,000, or 100 percent, State General Fund below the FY 2015 revised

estimate. This includes \$1.8 million for the equine performance testing facility and \$900,000 for the small animal clinic renovations.

Budget Year Governor Recommendation

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

Budget Year Agency Request

FY 2017 – Budget Year. The agency requests no expenditures for capital improvements for FY 2017.

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
Four-year graduation rate	98.0%	97.0%	98.0%	98.0%	98.0%
Number of animals treated at veterinary teaching hospital	16,000	16,553	16,500	16,500	16,500
Research funding (in millions)	\$16.0	\$12.9	\$15.0	\$15.0	\$15.0