

BOARD OF REGENTS

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 197,327,889	\$ 202,244,313	\$ 197,889,366	\$ 227,366,966	\$ 197,813,649
Other Funds	16,560,318	15,966,597	15,966,597	15,915,146	15,915,146
TOTAL	\$ 213,888,207	\$ 218,210,910	\$ 213,855,963	\$ 243,282,112	\$ 213,728,795
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	32,000,000	32,000,000
TOTAL	\$ 0	\$ 0	\$ 0	\$ 32,000,000	\$ 32,000,000
GRAND TOTAL	\$ 213,888,207	\$ 218,210,910	\$ 213,855,963	\$ 275,282,112	\$ 245,728,795
Percentage Change:					
Operating Expenditures					
State General Fund	0.7 %	2.5 %	0.3 %	12.4 %	(0.0) %
All Funds	0.4	2.0	(0.0)	11.5	(0.1)
FTE Positions	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
TOTAL	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; and
- 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 (KSU);
- Constructing the Biomedical Research Facility at the University of Kansas Medical Center (KUMC);
- Expanding the Aviation Engineering Complex at Wichita State University (WSU); and

- 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 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; and
- 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** also 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** also passed legislation amending the law concerning the 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 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; and
- 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; and
- 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 KSU. 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** also 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** also 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 general educational development (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** also 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.

The **2015 Legislature** made numerous changes to this agency's appropriations including the following:

- Added \$555,738, all from the State General Fund, to sustain the Regents Data System for FY 2016 and FY 2017;
- Added \$770,000, all from the State General Fund, to the Municipal Operating Grant for a new forensic science program at Washburn University for FY 2016 and FY 2017;
- Added \$750,000, all from the State General Fund, for the Incentive for Technical Education and prorated the distribution of the funds to participating schools for FY 2016 and FY 2017. The Governor's recommendation had deleted the \$1.0 million appropriated as part of SB 155 that allowed the participating school districts \$1,000 for each participating student who received a degree through this program;
- Added language dispersing no less than 60.0 percent of the Kansas Comprehensive Grant to the Independent and Private Colleges for FY 2016;
- Added language including Johnson County Community College to the Performance-based Incentives Program for FY 2016; and
- Added language capping the tuition increase for FY 2016 and FY 2017 to the rate from the previous year adding the Consumer Price Index plus 2.0 percent.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised estimate of \$218.2 million, including \$202.2 million from the State General Fund in FY 2016. This is an all funds decrease of \$27.2 million, or 11.1 percent, and a State General Fund increase of \$3.7 million, or 1.8 percent, from the FY 2016 approved amount. The State General Fund increase includes a reappropriation of \$1.4 million that was lapsed by the Governor after the agency submitted its budget. The \$2.3 million State General Fund increase is the supplemental request for additional Career Technical Education Tuition program expenditures due to increased participation. There is a decrease of \$29.0 million from special revenue funds in capital improvements due to the transfer of the Educational Building Fund moneys to the universities during the year.

The **Governor** recommends a revised budget of \$213.9 million, including \$197.9 million from the State General Fund. This is a decrease of \$31.6 million, or 12.9 percent, all funds and \$700,000, or 0.4 percent, State General Fund, below the approved amount. The decrease in State General Fund is for the Career Technical Education Initiative program. The Governor does not recommend funding the supplemental requests.

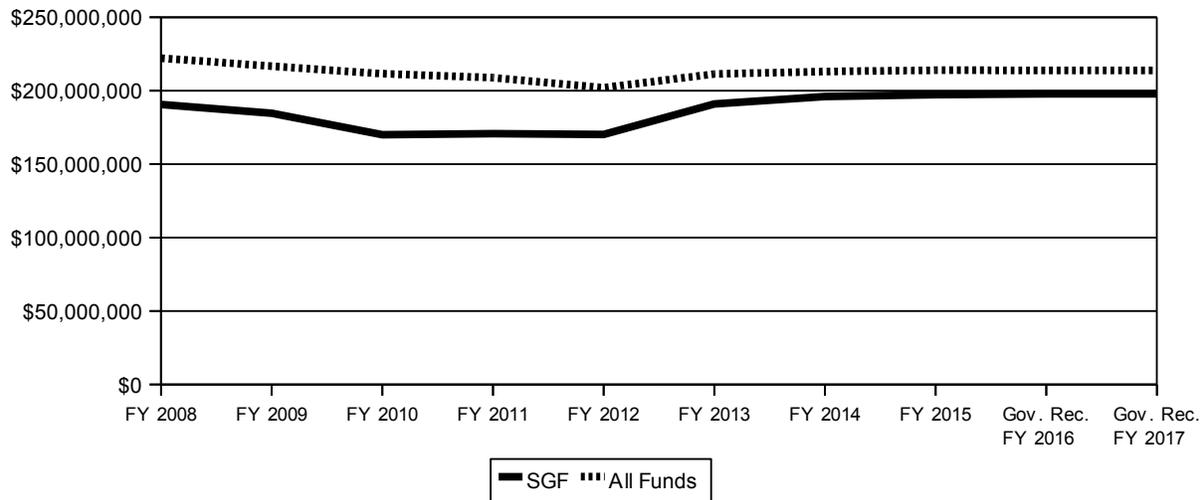
FY 2017 – Budget Year. The **agency** requests a revised estimate of \$275.3 million, including \$227.4 million from the State General Fund for FY 2017. This is an increase of \$26.8 million, or 12.4 percent, all funds and \$28.9 million, or 14.5 percent, State General Fund, above the approved amount. The increase is due to supplemental requests.

Without the supplemental requests, the revised budget would be \$246.4 million, including \$198.5 million from the State General Fund. This is a decrease of \$2.0 million, or 0.8 percent, all from special revenue funds, below the approved amount.

The **Governor** recommends a revised budget of \$245.7 million, including \$197.8 million from the State General Fund. This is a decrease of \$2.7 million, or 0.8 percent, all funds and \$700,000, or 0.4 percent, State General Fund, below the approved amount. The decrease in State General Fund is for the Career Technical Education Initiative program. The Governor does not recommend funding the supplemental requests.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	197,327,889	0.7	213,888,207	0.4	62.5
2016 Gov. Rec.	197,889,366	0.3	213,855,963	(0.0)	62.5
2017 Gov. Rec.	197,813,649	(0.0)	213,728,795	(0.1)	62.5
Ten-Year Change Dollars/Percent	\$ 7,283,902	3.8 %	\$ (8,407,594)	(3.8)%	(1.0)

*2013 increase is primarily for funding of SB155 - Technical Education Incentives and Tuition.

Summary of Operating Budget FY 2015 - FY 2017

	Actual 2015	Agency Estimate				Governor's Recommendation			
		Estimate FY 2016	Estimate 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	\$ 6,513,722	\$ 7,089,343	\$ 7,444,481	\$ 355,138	5.0 %	\$ 7,089,343	\$ 7,266,481	\$ 177,138	2.5 %
Postsecondary Educ. Institutions	184,135,613	187,397,811	213,702,637	26,304,826	14.0	184,447,811	184,327,320	(120,491)	(0.1)
KAN ED Broadband Network	649,936	596,222	599,907	3,685	0.6	596,222	599,907	3,685	0.6
Student Financial Assistance	22,027,220	22,832,659	21,427,712	(1,404,947)	(6.2)	21,427,712	21,427,712	0	0.0
Debt Service	561,716	294,875	107,375	(187,500)	(63.6)	294,875	107,375	(187,500)	(63.6)
TOTAL	\$ 213,888,207	\$ 218,210,910	\$ 243,282,112	\$ 25,071,202	11.5 %	\$ 213,855,963	\$ 213,728,795	\$ (127,168)	(0.1)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 4,972,171	\$ 5,131,426	\$ 5,315,829	\$ 184,403	3.6 %	\$ 5,131,426	\$ 5,315,829	\$ 184,403	3.6 %
Contractual Services	2,671,262	2,379,387	2,575,273	195,886	8.2	2,379,387	2,377,273	(2,114)	(0.1)
Commodities	50,985	174,655	174,165	(490)	(0.3)	174,655	174,165	(490)	(0.3)
Capital Outlay	62,219	95,097	94,121	(976)	(1.0)	95,097	94,121	(976)	(1.0)
Debt Service	561,716	294,875	107,375	(187,500)	(63.6)	294,875	107,375	(187,500)	(63.6)
Subtotal - Operations	\$ 8,318,353	\$ 8,075,440	\$ 8,266,763	\$ 191,323	2.4 %	\$ 8,075,440	\$ 8,068,763	\$ (6,677)	(0.1)%
Aid to Local Units	180,376,804	184,469,970	192,660,013	8,190,043	4.4	181,519,970	181,399,479	(120,491)	(0.1)
Other Assistance	25,193,050	25,665,500	42,355,336	16,689,836	65.0	24,260,553	24,260,553	0	0.0
TOTAL	\$ 213,888,207	\$ 218,210,910	\$ 243,282,112	\$ 25,071,202	11.5 %	\$ 213,855,963	\$ 213,728,795	\$ (127,168)	(0.1)%
Financing:									
State General Fund	\$ 197,327,889	\$ 202,244,313	\$ 227,366,966	\$ 25,122,653	12.4 %	\$ 197,889,366	\$ 197,813,649	\$ (75,717)	(0.0)%
Economic Dev. Initiatives Fund	4,247,172	4,256,623	4,220,275	(36,348)	(0.9)	4,256,623	4,220,275	(36,348)	(0.9)
All Other Funds	12,313,146	11,709,974	11,694,871	(15,103)	(0.1)	11,709,974	11,694,871	(15,103)	(0.1)
TOTAL	\$ 213,888,207	\$ 218,210,910	\$ 243,282,112	\$ 25,071,202	11.5 %	\$ 213,855,963	\$ 213,728,795	\$ (127,168)	(0.1)%

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$198,589,366 for the Board of Regents in FY 2016. 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 \$1,404,947, based on the reappropriation of FY 2015 funding not spent in FY 2015, and has shifted to FY 2016; and
- A reduction of \$1,404,947, as the result of the Governor’s November 6 State General Fund allotment and authority given under 2015 Senate Sub. for HB 2135.

These adjustments change the FY 2016 approved State General Fund to \$198,589,366. That amount is reflected in the table below as the currently approved FY 2016 State General Fund amount. The agency’s budget was submitted before the Governor’s November allotment, so the agency’s revised budget estimates do not incorporate the allotment.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 198,589,366	\$ 202,244,313	\$ 3,654,947	\$ 197,889,366	\$ (700,000)
All Other Funds	46,865,449	15,966,597	(30,898,852)	15,966,597	(30,898,852)
TOTAL	\$ 245,454,815	\$ 218,210,910	\$ (27,243,905)	\$ 213,855,963	\$ (31,598,852)
FTE Positions	62.5	62.5	0.0	62.5	0.0

The **agency** requests a revised estimate of \$218.2 million, including \$202.2 million from the State General Fund. This is an all funds decrease of \$27.2 million, or 11.1 percent, and a State General Fund increase of \$3.7 million, or 1.8 percent, from the FY 2016 approved amount. The State General Fund increase includes a reappropriation of \$1.4 million that was lapsed by the Governor after the agency submitted their budget. The \$2.3 million State General Fund increase is the supplemental request for additional expenditures for the Career Technical Education tuition program due to the increased participation. There is a decrease of \$29.0 million from special revenue funds in capital improvements due to the transfer of the Educational Building Fund to the universities during the year.

The **Governor** recommends a revised budget of \$213.9 million, including \$197.9 million from the State General Fund. This is a decrease of \$31.6 million, or 12.9 percent, all funds and \$700,000, or 0.4 percent, State General Fund, below the approved amount. The decrease in State General Fund is for the Career Technical Education initiative.

Supplemental Detail

FY 2016 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Career Technical Education Tuition	\$ 2,250,000	\$ 2,250,000	0.0	\$ 2,250,000	\$ 2,250,000	0.0
TOTAL	\$ 2,250,000	\$ 2,250,000	0.0	\$ 2,250,000	\$ 2,250,000	0.0

The **agency** requests \$2.3 million, all from the State General Fund, for the Career Technical Education Tuition program's increased participation in FY 2016.

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

Governor's Allotments

The 2015 Legislature, through the enactment of Senate Sub. for HB 2135, authorized the Director of the Division of the Budget to lapse appropriations or transfer funding from special revenue funds to the State General Fund (SGF), up to a total of \$100.0 million, at any time during FY 2016 if the Director determines the unencumbered ending balance of the SGF for FY 2016 will be less than \$100.0 million. This authority does not apply to appropriations for the Judicial Branch, Legislative Branch agencies, debt service, employer contributions to the Kansas Public Employees Retirement System (KPERs), the Department of Education (except the agency's operating expenditures account), or demand transfers to the school district capital improvements fund. On July 30, 2015, the Director announced various SGF lapses and transfers totaling \$60.7 million of which \$17.7 million require legislative approval.

On November 6, 2015, the Consensus Revenue Estimating Group met to revise the SGF Revenue Estimate for FY 2016. The estimate was decreased by \$159.1 million, for FY 2016. Excluding Governor recommended legislative adjustments, the ending balance for FY 2016 was estimated to require \$135.9 million in adjustments to achieve a zero ending balance. This estimate assumes that human services caseloads are funded at the recommended level and school finance KPERs contributions are reduced to reflect current estimates. As a result, on November 6, 2015 the Director exercised his authority under Senate Sub. for HB 2135 to make an additional \$56.9 million in revenue adjustments. The Governor further made \$52.6 million in expenditure reductions under the Governor's allotment authority. Finally, the Governor recommended the Legislature make an additional \$14.3 million in revenue adjustments.

Between the July and November adjustments, the Governor has reduced expenditures by a total of \$73.2 million, made \$79.4 million in revenue adjustments, and recommended the Legislature enact an additional \$32.0 million through the allotment authority and authority under 2015 Senate Sub. for HB 2135 or the special allotment statute. These adjustments, including the recommended Legislative adjustments, would result in a State General Fund ending balance of approximately \$5.6 million in FY 2016. This estimate excludes monthly SGF receipts subsequent to the November 6, 2015 consensus revenue estimate and any further adjustments made within the FY 2016 Governor's Budget Recommendation. The impact of these adjustments on this agency is described below.

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
November Allotment			
Lapse the reappropriation	\$ 1,404,947	\$ 1,404,947	0.0
TOTAL	\$ 1,404,947	\$ 1,404,947	0.0

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$198,513,649 for the Board of Regents in FY 2017. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 198,513,649	\$ 227,366,966	\$ 28,853,317	\$ 197,813,649	\$ (700,000)
All Other Funds	49,945,024	47,915,146	(2,029,878)	47,915,146	(2,029,878)
TOTAL	\$ 248,458,673	\$ 275,282,112	\$ 26,823,439	\$ 245,728,795	\$ (2,729,878)
FTE Positions	62.5	62.5	0.0	62.5	0.0

The **agency** requests a revised estimate of \$275.3 million, including \$227.4 million from the State General Fund. This is an increase of \$26.8 million, or 12.4 percent, all funds and \$28.9 million, or 14.5 percent, State General Fund above the approved amount. The increase is due to supplemental requests as shown in the table below.

Without the supplemental requests, the revised budget would be \$246.4 million, including \$198.5 million from the State General Fund. This is a decrease of \$2.0 million, or 0.8 percent, all from special revenue funds, below the approved amount.

The **Governor** recommends a revised budget of \$245.7 million, including \$197.8 million from the State General Fund. This is a decrease of \$2.7 million, or 0.8 percent, all funds and \$700,000, or 0.4 percent, State General Fund, below the approved amount. The decrease in State General Fund is for the Career Technical Education Initiative. The Governor does not recommend any of the supplemental requests.

Supplemental Detail

Supplementals	FY 2017 SUPPLEMENTALS					
	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Board of Regents Office Lease	\$ 178,000	\$ 178,000	0.0	\$ 0	\$ 0	0.0
ESU - Newman Division of Nursing	500,000	500,000	0.0	0	0	0.0
FHSU - Increase Retention and Graduation Rates	2,188,568	2,188,568	0.0	0	0	0.0
PSU - School of Transportation	1,500,000	1,500,000	0.0	0	0	0.0
WSU - Department of Chemical and Materials Engineering	2,000,000	2,000,000	0.0	0	0	0.0
KSU - Geoscience Building Debt Service	5,000,000	5,000,000	0.0	0	0	0.0
KU - Integrated Science Building	3,500,000	3,500,000	0.0	0	0	0.0
KUMC - Merit-based Salary Enhancement	3,406,215	3,406,215	0.0	0	0	0.0
Postsecondary Tiered Technical Education State Aid	8,310,534	8,310,534	0.0	0	0	0.0
Technical Education Tuition	2,250,000	2,250,000	0.0	0	0	0.0
Midwest Higher Education Dues	20,000	20,000	0.0	0	0	0.0
TOTAL	\$ 28,853,317	\$ 28,853,317	0.0	\$ 0	\$ 0	0.0

The **agency** requests \$28.9 million, all from State General Fund, for additional supplemental funding. The supplemental requests are for the individual universities as well as the Board of Regents and the detail for each supplemental is described below.

- **KBOR Office Space.** The Board requests \$178,000, 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 supplemental request.

- **ESU - Newman Division of Nursing.** Emporia State University (ESU) requests \$500,000, all from the State General Fund, in recurring funding to begin in 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 for Medicare and Medicaid Services criteria for Medicare pass-through.

The **Governor** does not recommend this supplemental 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 to increase higher education attainment among Kansans by expanding the Freshman seminar model; expanding the living and learning communities;

expanding the Freshman Advising Center; and providing a focused approach on at-risk students.

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

- **PSU - Create the PSU School of Transportation.** Pittsburg State University (PSU) requests \$1.5 million, all from the State General Fund, in recurring funding starting in FY 2017. PSU's automotive programs have continued their development in both program sophistication as well as breadth of offerings. According to the agency, the future of the Automotive Department certainly has additional opportunities that are viable and worthy of pursuit. These would be best served by housing all programs into a single School of Transportation.

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

- **WSU - Establish Department of Chemical and Materials Engineering.** WSU requests \$2.0 million, all from the State General Fund, in recurring funding starting in FY 2017. The College of Engineering at Wichita State currently has five departments offering seven engineering programs. It has been experiencing extensive growth due in part to the investment by the State of Kansas through the Engineering Expansion Grant. The establishment of a Department of Chemical and Materials Engineering at WSU would provide the basis for sustainable industrial growth in the region; further diversify the College; provide an interdisciplinary research program; and continue to strengthen and grow the College of Engineering expanding the number of real-world-ready engineers in Kansas.

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

- **KSU - Geoscience Building Debt Service.** KSU is requesting \$5.0 million, all from the State General Fund, in recurring funding to support the College of Arts and Sciences, Department of Geology, to construct a new facility, install state-of-the-art training and research equipment, and provide much-needed resources for faculty, staff, and students to accommodate added recruitment, teaching, advising, research, and retention activities. State support will be matched with \$2.5 million in private donations, \$1.0 million from tuition revenues, and \$1.5 million from research.

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

- **KU - Integrated Science Buildings for Innovation Way.** University of Kansas (KU) requests \$3.5 million for FY 2017 and \$7.0 million in recurring funding beginning in FY 2018, all from the State General Fund, for integrated science buildings as part of the Innovation Way development, the centerpiece of KU's Campus Master Plan. The state support to be phased in over two years, will be one source of revenue for this unique public-private partnership.

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

- **KUMC - Merit-based Salary Supplemental.** KUMC requests \$3.4 million, all from the State General Fund, in recurring funding beginning in FY 2017 for a 3.0

percent merit-based salary for faculty and staff at KUMC. This supplemental will help attract and retain top faculty and staff.

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

- **Close the Gap in Tiered Technical Education Formula.** The Board requests \$8.3 million, all from the State General Fund, for FY 2017 in recurring funding, 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 supplemental request.

- **Increase the Technical Education Tuition.** The Board requests \$2.3 million, all from the State General Fund, for continued support to fully fund SB 155, the Excel in Career Technical Education Initiative.

The **Governor** does not recommend this supplemental 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 in 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 supplemental 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
WSU - Technology Transfer Phase I	\$ 9,200,000	\$ 9,200,000	0.0	\$ 0	\$ 0	0.0
WSU - Innovation Equipment	10,000,000	\$ 10,000,000	0.0	0	0	0.0
KUMC - Community-based Education in Wichita	3,500,000	3,500,000	0.0	0	0	0.0
KSU - College of Architecture/Research and Extension New Facility	5,000,000	5,000,000	0.0	0	0	0.0
KSU - College of Architecture, Planning and Design	3,700,000	3,700,000	0.0	0	0	0.0
ESU - STEM Programming for Kansas Economy	715,700	715,700	0.0	0	0	0.0
PSU - Rural Health-Care Professions Initiative	1,000,000	1,000,000	0.0	0	0	0.0
TOTAL	\$ 33,700,000	\$ 33,700,000	0.0	\$ 0	\$ 0	0.0

Items for Additional Consideration:

- **WSU - Support for Economic, innovation, Diversification, Technology Transfer - Phase I.** WSU requests \$9.2 million, for FY 2017 and \$3.2 million recurring funding for FY 2018, all from the State General Fund, as part of Phase I and broken down into three parts: Part One - to rapidly expand the innovation research capacity of the university to support new company formation, product innovation, and economic expansion (\$1.5 million); Part Two - base funding to support technology transfer and business development infrastructure (\$1.7 million); and Part Three - funding for construction of the Innovation Center on the Innovation Campus (\$6.0 million).

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

- **WSU - Innovation Equipment.** WSU requests \$10.0 million, all from the State General Fund, for FY 2017 with recurring funding of \$2.5 million for FY 2018 for updated electronics and equipment for advanced manufacturing and biomedical technologies.

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

- **KUMC - Strengthen Community-Based Medical Education in Wichita.** KUMC requests \$3.5 million, all from the State General Fund for FY 2017 and \$5.7 recurring funding for FY 2018. To address Kansas' crucial shortage of doctors the School of Medicine in Wichita was expanded to a full four-year program. Additional funds are needed to secure the expanded program's continued operation and expand class size to train more doctors for Kansas.

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

- **KSU - College of Agriculture/Research and Extension New Facility Request.** KSU requests \$5.0 million, all from the State General Fund, for FY 2017 in recurring funding. The funding is to build a new Food Systems Research and Education Facility. This facility would house diverse programs related to agricultural and food systems including cutting edge research laboratories, modern greenhouses, specialized teaching laboratories, extension and distance education space, and classrooms.

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

- **KSU - College of Architecture, Planning and Design.** KSU requests \$3.7 million, all from the State General Fund, for FY 2017 in recurring funding. It also requests a realignment of the \$3.7 million appropriated to the University during the 2015 Session from the Educational Building Fund to the State General Fund. The funding would pay the debt service for the bonds.

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

- **ESU - STEM Programming for the Kansas Economy.** ESU requests \$715,700, all from the State General Fund, for FY 2017 in recurring funding for an array of Science-Engineering-Technology-Mathematics related programs.

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

- **PSU - Rural Health-Care Professions Initiative.** PSU requests \$1.0 million, all from the State General Fund, for FY 2017 and recurring at \$2.0 million for FY 2018 for pre-medical school preparation, pre-health professions program, and professional nursing degrees.

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

Funding Sources

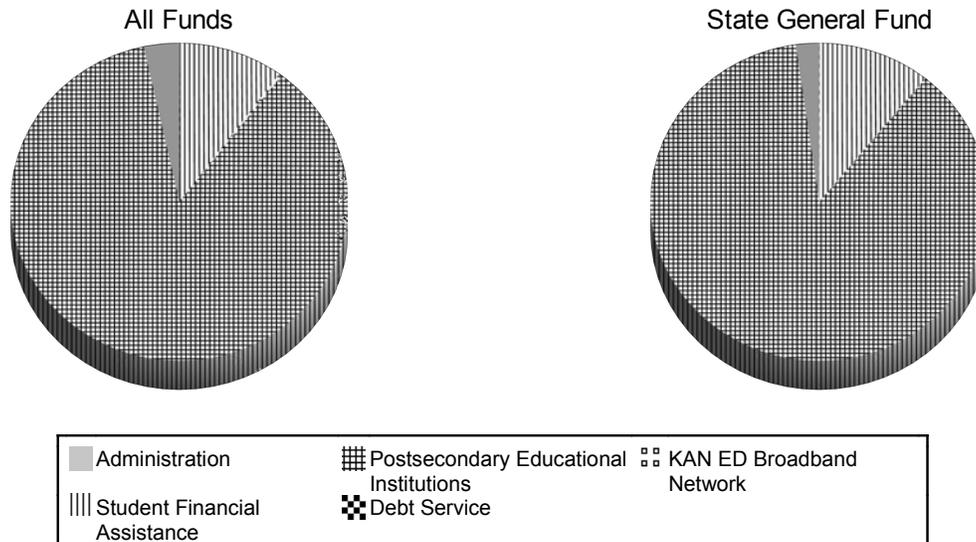
<u>Funding Source</u>	<u>Agency Est. Percent of Total FY 2017</u>	<u>Gov. Rec. Percent of Total FY 2017</u>
State General Fund	93.5 %	92.6 %
Economic Development Initiatives Fund	1.7	2.0
All Other Funds	4.8	5.5
TOTAL	100.0 %	100.0 %

Note: Details may not add to totals due to rounding.

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2017 Recommendation



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Administration	\$ 7,266,481	3.4 %	\$ 4,439,333	2.2 %
Postsecondary Educ. Institutions	184,327,320	86.2	171,929,229	86.9
KAN ED Broadband Network	599,907	0.3	0	0.0
Student Financial Assistance	21,427,712	10.0	21,337,712	10.8
Debt Service	107,375	0.1	107,375	0.1
TOTAL	\$ 213,728,795	100.0 %	\$ 197,813,649	100.0 %

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017					
Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	61.3	61.3	61.3	61.3	61.3
Postsecondary Educ Institutions	0.0	0.0	0.0	0.0	0.0
KAN ED Broadband Network	1.2	1.2	1.2	1.2	1.2
Student Financial Assistance	0.0	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0	0.0
TOTAL	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 6 technical colleges.

The **agency** requests revised FY 2017 operating expenditures of \$7.4 million, including \$4.6 million from the State General Fund. The request is an increase of \$153,016, or 2.1 percent, all funds and \$178,000, or 4.0 percent, State General Fund, above the FY 2017 approved amount. The increase is primarily in contractual services (\$650,964) with an offsetting decrease in salaries and wages (\$574,919).

The **Governor** recommends FY 2017 operating expenditures of \$7.3 million, including \$4.4 million from the State General Fund. The recommendation is a decrease of \$178,000, or 2.4 percent, all funds and \$178,000, or 3.9 percent, State General Fund below the agency's request. Reduction is due to the Governor not recommending the agency's additional office lease supplemental request.

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 revised FY 2017 operating expenditures of \$213.7 million, including \$201.3 million from the State General Fund. The request is an increase of \$26.8 million, or 14.3 percent, all funds and \$28.7 million, or 16.6 percent, State General Fund, above the FY 2017 approved amount. The increase is due to supplemental requests.

The **Governor** recommends FY 2017 operating expenditures of \$184.3 million, including \$171.9 million from the State General Fund. The recommendation is a decrease of \$29.4 million, or 14.6 percent, State General Fund below the agency's request. The reduction is due to the Governor not recommending any of the agency's supplemental requests for FY 2017 and a further reduction of \$700,000 of State General Fund for the Career Technical Education Initiative.

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 revised FY 2017 operating expenditures of \$599,907, all from special revenue funds. The request is a decrease of \$135,928, or 18.5 percent, from the FY 2017 approved amount. The decrease is primarily in contractual services (\$136,500).

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

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 revised FY 2017 operating expenditures of \$21.4 million, including \$21.3 million from the State General Fund. This is a decrease of \$7,000, or less than 0.1 percent, all from special revenue funds, below the FY 2017 approved amount.

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

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 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 15,758,338	\$ 15,758,338	8,776	\$ 15,758,338	\$ 15,758,338	8,776

- 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 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 1,040,919	\$ 1,040,919	1,045	\$ 1,040,919	\$ 1,040,919	1,045

- 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 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 296,498	\$ 296,498	320	\$ 296,498	\$ 296,498	320

- 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 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 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 84,657	\$ 84,657	11	\$ 84,657	\$ 84,657	11

- 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 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 with 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 \$5,514 annually, with an average award of \$4,000 annually.

Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 1,292,424	\$ 1,292,424	364	\$ 1,292,424	\$ 1,292,424	364

- 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 facilities 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 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 417,255	\$ 507,255	180	\$ 417,255	\$ 507,255	180

- Career Technical Workforce Grant (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 is no longer given to determine eligibility.

Agency Request FY 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 114,075	\$ 114,075	378	\$ 114,075	\$ 114,075	378

- 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 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 0	\$ 15,000	1	\$ 0	\$ 15,000	1

- 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 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 107,089	\$ 126,512	20	\$ 107,089	\$ 126,512	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 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 175,335	\$ 175,335	27	\$ 175,335	\$ 175,335	27

- 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 2017			Governor's Recommendation FY 2017		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 870,869	\$ 870,869	427	\$ 870,869	\$ 870,869	427

- 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 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, 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 revised FY 2017 debt service interest budget of \$107,375, all from the State General Fund. This is the same as the FY 2017 approved amount.

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

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Educational Building Fund	\$ 0	\$ 0	\$ 32,000,000	\$ 32,000,000
TOTAL	\$ 0	\$ 0	\$ 32,000,000	\$ 32,000,000
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	0	0	32,000,000	32,000,000
TOTAL	\$ 0	\$ 0	\$ 32,000,000	\$ 32,000,000

FY 2016 – Current Year. The agency requests a revised budget of no dollars. The request from last year of Educational Building Fund subsequently has been transferred to the universities for rehabilitation and repair.

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

FY 2017 – Budget Year. The agency requests a revised budget of \$32.0 million, all from the Educational Building Fund. This is the same as the approved amount.

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

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Percent of goals met in the development of the postsecondary database over a three-year period	100%	100%	100%	100%
Number of awards made	13,000	12,678	12,000	12,000
Second year retention rate with the goal of 85.2% by FY 2020	76.0%	76.0%	77.5%	79.0%
Certificates and degrees awarded	42,251	42,251	44,401	46,551