

POSTSECONDARY EDUCATION SYSTEMWIDE

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	\$ 772,589,439	\$ 787,597,544	\$ 774,242,597	\$ 823,983,011	\$ 790,429,694
Other Funds	<u>1,772,249,166</u>	<u>1,843,725,803</u>	<u>1,851,725,803</u>	<u>1,875,024,974</u>	<u>1,875,024,974</u>
TOTAL	\$ 2,544,838,605	\$ 2,631,323,347	\$ 2,625,968,400	\$ 2,699,007,985	\$ 2,665,454,668
Capital Improvements:					
State General Fund	\$ 7,312,535	\$ 3,912,786	\$ 3,912,786	\$ 3,849,853	\$ 3,849,853
Other Funds	<u>122,176,653</u>	<u>156,412,329</u>	<u>156,412,329</u>	<u>163,813,172</u>	<u>163,813,172</u>
TOTAL	\$ 129,489,188	\$ 160,325,115	\$ 160,325,115	\$ 167,663,025	\$ 167,663,025
GRAND TOTAL	<u>\$ 2,674,327,793</u>	<u>\$ 2,791,648,462</u>	<u>\$ 2,786,293,515</u>	<u>\$ 2,866,671,010</u>	<u>\$ 2,833,117,693</u>
Percentage Change:					
Operating Expenditures					
State General Fund	2.5 %	1.9 %	0.2 %	4.6 %	2.1 %
All Funds	4.2	3.4	3.2	2.6	1.5
FTE Positions	17,959.2	18,272.6	18,272.6	18,272.6	18,272.6
Non-FTE Perm.Uncl.Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>17,959.2</u>	<u>18,272.6</u>	<u>18,272.6</u>	<u>18,272.6</u>	<u>18,272.6</u>

AGENCY OVERVIEW

Postsecondary Education Systemwide summarizes state expenditures for higher education. The state operates six state universities under the control of the Board of Regents. The state universities are divided into nine budget units. Separate analysis for each of these units follow this overview. The state also provides financial assistance to local postsecondary educational institutions and student financial aid through the budget of the Board of Regents. Only the state's share of the local postsecondary educational institutions' budgets are reflected in the state budget.

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 State University (ESU), Fort Hays State University (FHSU), or Pittsburg State University (PSU)) and the institutions' FTE enrollment and would increase incrementally over four years. County out-district tuition would be phased out over the four years and be replaced by state aid which would be added to the operating grant. Only the first three years of this provision have been implemented.
- An amount equal to the increase in the community college operating grant would be given to the Regents' institutions for faculty salary increases.
- A performance funding mechanism was established through which an institution could receive up to an additional 2.0 percent of its State General Fund appropriation based upon its performance as compared to pre-specified indicators. This provision has not been implemented at any funding level.

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

The **2002 Legislature** amended the provisions of the Higher Education Coordination Act (1999 SB 345) relating to institutional improvement plans. The legislation authorized the Board of Regents to review and approve institutional improvement plans and to use those plans to implement a performance agreement with each institution. Each performance agreement is to include specific performance measures and, beginning in FY 2007, any new state funds will be based upon compliance with those measures.

The **2002 Legislature** passed the University Research and Development Act (2002 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 these 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 (KU).

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 WSU. 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 a bill that required technical colleges to replace its 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 **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 Kansas 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 no longer will 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** 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) which 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:

- 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 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. The direct funding, which is provided only for the state universities, totals \$90.0 million, including \$47.0 million from the State General Fund, over five years. \$100.0 million in bond funding was made available to Washburn University, the community colleges and the technical colleges, over a five-year period. The bond principal payments will be made by the institutions, while the bond interest payments will be made by the state, for a total state investment of \$38.1 million. The legislation further authorized new tax credits effective for tax years 2008-2012 for contributions earmarked for deferred maintenance at post-secondary educational institutions; certain capital improvements at community colleges (excluding new construction and real property acquisition); and deferred maintenance and certain technology or equipment at technical colleges which represent a five-year total state investment of \$62.5 million.

The **2007 Legislature** also passed legislation establishing the Postsecondary Technical Education Authority, which would be 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 legislation required the governing bodies of Northeast Kansas Technical College; Kansas City Area Technical School; Kaw Area Technical School; Salina Area Technical School; and Southwest Kansas Technical School to submit a plan to merge or affiliate with a postsecondary education institution, or become an accredited technical college with an independent governing board by July 1, 2008. Salina Area Technical School became Salina Area Technical College, Southwest Kansas Technical School merged with Seward Community College, Northeast Kansas Technical School merged with Highland Community College, Kansas City Area Technical School merged with Kansas City Kansas Community College, and Kaw Area Technical School merged with Washburn University.

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

The **2008 Legislature** passed legislation authorizing a pilot investment program for idle funds at the state universities. The Board of Regents is authorized to designate one university to invest the core balance of that state educational institution's idle funds. This core balance is defined as non-State General Fund dollars legally available for investment for a period of not less than twelve months. Further, the Board of Regents can establish and adopt procedures, standards, and criteria for the program. The amount invested under the pilot program is limited to \$40.0 million at any one time and the core balance invested must be approved by the Board of Regents. The investment funds under the pilot program are managed by an independent investment entity, designated by the university. The independent investment entity and the university will make quarterly reports to the Board of Regents, or report on the request of the Board of Regents.

The **2008 Legislature** passed legislation amending the law concerning the Kansas Academy of Mathematics and Science (KAMS). The legislation requires KAMS pupils to pay tuition in addition to fees. For pupils enrolled in a Kansas school district, the tuition and fees are paid by the school district in which the pupil is enrolled but does not exceed the total of an amount equal to the current base state aid per pupil. The procedure for selecting pupils for admission to KAMS provides for admission of 20 pupils selected on a congressional district basis, with no more than five pupils from each of the four congressional districts and 20 other pupils on a state-wide basis. (KAMS will have a total of 80 students in its two classes.) The Board of Regents has the authority to expand the number of pupils specified by law and could

authorize admission of nonresident and international academically talented pupils, as well as additional Kansas residents. However, at least three-fourths of the total number of pupils enrolled in KAMS must be Kansas residents. In addition, a school district sending a pupil to KAMS will not receive school finance weightings or the amount of local option budget attributable to the pupil.

Additional language was passed appropriating State General Fund funding to the Board of Regents for the 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 FHSU as the site for KAMS in December of 2007. The appropriation of funding for the program is based on estimates provided by FHSU and the Board of Regents.

The **2010 Legislature** passed legislation amending the Private and Out-of-State Postsecondary Educational Institutions Act. Under previous law, each institution would have to apply to the Kansas Board of Regents for a certificate of approval, but would not have to obtain additional approval for a branch campus. The legislation requires that institutions notify the Kansas Board of Regents about the existence of the branch campus. The branch campus is subject to fees and review by the Board to ensure it is in compliance with laws and regulations. Other provisions of the legislation include new definitions of regulated institutions, changes to the application and renewal process for branch campuses, clarification of the types of degrees requiring a certificate of approval, and greater penalties for violations of the Act. The legislation also establishes a broad range of fees for degree and non-degree granting institutions. The fee increases were in effect for FY 2011 only. Finally, the legislation requires any faculty member employed by a state educational institution who receives an annual salary of \$150,000 or more, other than an adjunct faculty member, file a statement of substantial interests with the Kansas Governmental Ethics Commission.

The **2010 Legislature** passed legislation exempting all Regents institutions from state purchasing laws and regulations, including the Prison Made Goods Act. It also exempts universities from the statutes covering the procurement of professional services, negotiated procurement processes, and the mandated use of the State Division of Printing. However, universities are not exempt from procurement requirements related to architectural, engineering, construction management, or ancillary technical services.

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, 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 Kansas 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 Kansas Board of Regents.

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 Kansas 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** passed legislation allowing revenues from rents, boarding fees, and other charges related to university student housing at state universities, to go to either the Housing System Suspense Fund or directly to the Housing System Operations Fund, at the discretion of the university.

In addition, the bill allows interest earned from the Housing System Operations Fund and Housing System Repairs Fund to be transferred into those funds. The bill requires that the interest earnings from the Johnson County Education Research Triangle sales tax be transferred from the State General Fund to the Johnson County Education Triangle Fund of the University of Kansas, KUMC, and KSU.

The bill requires that the interest earnings be transferred by the tenth day of each month, and is determined by the average daily balance in each of the respective funds in the preceding month, and the net earnings rate for the Pooled Money Investment Board portfolio for the preceding month.

The **2011 Legislature** 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 **2012 Legislature** passed legislation requiring the Kansas 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 Kansas Board of Regents and the Kansas Board of Education.

The legislation requires the Kansas 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.

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

The bill replaces the existing 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 all universities and Board of Regents State General Fund overall operating budgets and salaries and wages all funds expenditures.

The **2014 Legislature** created the general educational development (GED) Accelerating Opportunity program. This program allows the funds from the tuition for technical education fund to be used for adult students to enroll in technical education classes while obtaining a GED.

The **2014 Legislature** also created performance-based incentives program to award individuals receiving a GED or technical certification from a postsecondary educational institution.

In addition, the **2014 Legislature** added \$500,000 to the Board of Regents to create information technology educational opportunities in cooperation with the Department of Education.

The **2015 Legislature** made the following appropriation changes:

- 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;
- 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;

- Transferred the debt service for the KUMC Health Education Building construction to the Department of Administration;
- Added expenditure authority for FHSU for construction of the Institute of Applied Technology and Department of Art buildings with parking lots and demolition of the Wiest Hall “B” building;
- Added bonding authority language for KSU student union expansion and the College of Architecture Planning and Design buildings and an additional \$3.7 million in Educational Building Fund for debt service on the College of Architecture Planning and Design construction;
- Allowed for a land exchange between PSU and the City of Pittsburg; and
- Moved KUMC debt service payments to the Department of Administration.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agencies** request a revised estimate of \$2.8 billion, including \$791.5 million from the State General Fund. This is an all funds increase of \$98.7 million, or 3.7 percent, and a State General Fund increase of \$3.7 million, or 0.5 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.

The **agencies** request revised capital improvements budgets of \$160.3 million, including \$3.9 million from the State General Fund. This is an increase of \$32.2 million, or 25.1 percent all funds and \$482,170, or 14.1 percent, State General Fund above the approved amount. The increase is primarily due to the Wiest Hall replacement and track and field projects at FHSU, the West Residence Hall mechanical project at KSU, and the Health Education Building project at the KUMC. The increase in State General Fund is for debt service principal for KUMC.

The **Governor** concurs with the agencies’ requests but offsets the State General Fund expenditures with the Educational Building Fund in the amount of \$8.0 million to be used for information technology operations. There would need to be legislative authorization to expend from the Educational Building Fund for state operations. The Governor also reduced the Kansas State University Global Food System grant by \$1.0 million and the Career Technical Education Initiative by \$700,000, both from State General Fund. The Governor did not recommend the supplemental request.

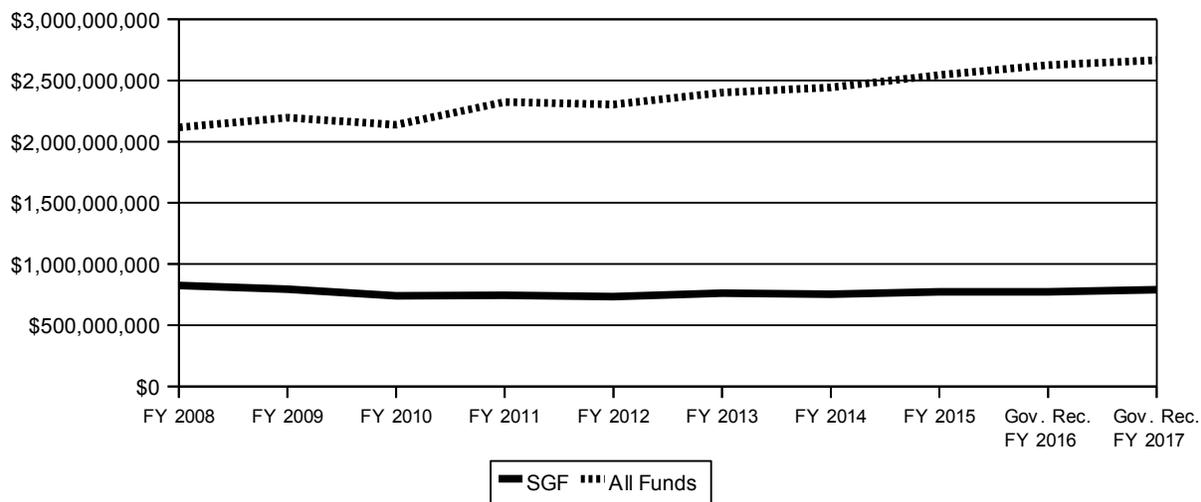
FY 2017 – Budget Year. The **agencies** request a revised estimate of \$2.9 billion, including \$827.8 million from the State General Fund. This is an increase of \$145.5 million, or 5.3 percent, all funds and \$28.9 million, or 3.6 percent, State General Fund, above the approved amount. The All Other Funds increase is \$116.7 million, or 6.1 percent, above the approved amount. This includes an increase of operating expenditures of \$57.4 million, or 3.2 percent, above the approved amount primarily in salaries and wages of \$42.1 million and capital improvement expenditures of \$59.7 million. The State General Fund increase is due to supplemental requests from the agencies.

The **agencies** request revised capital improvements budgets of \$167.7 million, including \$3.8 million from the State General Fund. This is an increase of \$59.7 million, or 55.4 percent all funds and \$484,581, or 14.4 percent, State General Fund above the approved amount. The increase is primarily due to the request for a new residence hall at ESU, the Applied Technology Building at FHSU, Summerfield Hall and additional housing maintenance projects at the University of Kansas, the Health Education Building project at KUMC, and the new School of Business at WSU. The increase in State General Fund is for debt service principal for the KUMC.

The **Governor** concurs with the agencies' revised estimates except reduced the Kansas State University Global Food System grant by \$4.0 million and the Career Technical Education Initiative by \$700,000, both from State General Fund. The Governor did not recommend any of 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	\$ 825,079,439	5.9 %	\$ 2,116,647,735	7.3 %	17,699.7
2009	794,816,142	(3.7)	2,195,650,938	3.7	17,653.1
2010	741,672,175	(6.7)	2,138,265,805	(2.6)	17,779.2
2011	745,910,105	0.6	2,324,306,207	8.7	16,996.0
2012	734,513,248	(1.5)	2,304,122,481	(0.9)	17,189.1
2013	762,051,658	3.7	2,400,661,542	4.2	18,025.3
2014	753,699,829	(1.1)	2,443,086,258	1.8	17,974.5
2015	772,589,439	2.5	2,544,838,605	4.2	17,959.2
2016 Gov. Rec.	774,242,597	0.2	2,625,968,400	3.2	18,272.6
2017 Gov. Rec.	790,429,694	2.1	2,665,454,668	1.5	18,272.6
Ten-Year Change Dollars/Percent	\$ (34,649,745)	(4.2)%	\$ 548,806,933	25.9 %	572.9

Summary of Operating Budget FY 2015 - FY 2017

Postsecondary Education Systemwide

	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:									
Board of Regents	\$ 213,888,207	\$ 218,210,910	\$ 243,282,112	\$ 25,071,202	11.5 %	\$ 213,855,963	\$ 213,728,795	\$ (127,168)	(0.1)%
Emporia State University	83,607,328	89,279,454	89,905,906	626,452	0.7	89,279,454	89,905,906	626,452	0.7
Fort Hays State University	115,447,559	117,324,896	119,713,105	2,388,209	2.0	117,324,896	119,713,105	2,388,209	2.0
Kansas State University	537,049,700	566,876,471	575,886,735	9,010,264	1.6	565,876,471	571,886,735	6,010,264	1.1
KSU - ESARP	135,657,175	133,536,563	133,820,470	283,907	0.2	133,536,563	133,820,470	283,907	0.2
KSU Veterinary Medical Center	46,079,808	46,867,351	47,878,094	1,010,743	2.2	46,867,351	47,878,094	1,010,743	2.2
Pittsburg State University	104,052,919	107,526,780	108,264,965	738,185	0.7	107,526,780	108,264,965	738,185	0.7
University of Kansas	694,424,696	706,440,170	719,357,859	12,917,689	1.8	706,440,170	719,357,859	12,917,689	1.8
University of Kansas Medical Center	325,633,791	343,472,700	359,225,709	15,753,009	4.6	343,472,700	359,225,709	15,753,009	4.6
Wichita State University	288,997,422	301,788,052	301,673,030	(115,022)	(0.0)	301,788,052	301,673,030	(115,022)	(0.0)
TOTAL	\$ 2,544,838,605	\$ 2,631,323,347	\$ 2,699,007,985	\$ 67,684,638	2.6 %	\$ 2,625,968,400	\$ 2,665,454,668	\$ 39,486,268	1.5 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 1,540,130,357	\$ 1,586,723,835	\$ 1,635,515,016	\$ 48,791,181	3.1 %	\$ 1,586,723,835	\$ 1,635,515,016	\$ 48,791,181	3.1 %
Contractual Services	356,788,242	366,826,078	360,596,441	(6,229,637)	(1.7)	365,826,078	356,398,441	(9,427,637)	(2.6)
Commodities	91,108,552	99,919,080	100,271,607	352,527	0.4	99,919,080	100,271,607	352,527	0.4
Capital Outlay	71,936,462	76,566,997	73,797,121	(2,769,876)	(3.6)	76,566,997	73,797,121	(2,769,876)	(3.6)
Debt Service	28,639,794	36,470,368	37,887,864	1,417,496	3.9	36,470,368	37,887,864	1,417,496	3.9
Subtotal - Operations	\$ 2,088,603,407	\$ 2,166,506,358	\$ 2,208,068,049	\$ 41,561,691	1.9 %	\$ 2,165,506,358	\$ 2,203,870,049	\$ 38,363,691	1.8 %
Aid to Local Units	181,541,345	184,830,047	193,020,090	8,190,043	4.4	181,880,047	181,759,556	(120,491)	(0.1)
Other Assistance	274,693,853	279,986,942	297,919,846	17,932,904	6.4	278,581,995	279,825,063	1,243,068	0.4
TOTAL	\$ 2,544,838,605	\$ 2,631,323,347	\$ 2,699,007,985	\$ 67,684,638	2.6 %	\$ 2,625,968,400	\$ 2,665,454,668	\$ 39,486,268	1.5 %
Financing:									
State General Fund	\$ 772,589,439	\$ 787,597,544	\$ 823,983,011	\$ 36,385,467	4.6 %	\$ 774,242,597	\$ 790,429,694	\$ 16,187,097	2.1 %
General Fees Fund	716,135,310	741,767,992	750,691,410	8,923,418	1.2	741,767,992	750,691,410	8,923,418	1.2
Restricted Fees Fund	490,609,877	503,967,091	505,851,433	1,884,342	0.4	503,967,091	505,851,433	1,884,342	0.4
All Other Funds	565,503,979	597,990,720	618,482,131	20,491,411	3.4	605,990,720	618,482,131	12,491,411	2.1
TOTAL	\$ 2,544,838,605	\$ 2,631,323,347	\$ 2,699,007,985	\$ 67,684,638	2.6 %	\$ 2,625,968,400	\$ 2,665,454,668	\$ 39,486,268	1.5 %

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$785,933,841 for the Postsecondary Education Systemwide in FY 2016. Two 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 \$3,326,489, based on the reappropriation of FY 2015 funding which was 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, 2015 State General Fund allotment.

These adjustments change the FY 2016 approved State General Fund to \$787,855,383. That amount is reflected in the table below as the currently approved FY 2016 State General Fund amount. The agencies budgets were submitted before the Governor’s November allotment, so the agencies 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	\$ 787,855,383	\$ 791,510,330	\$ 3,654,947	\$ 778,155,383	\$ (9,700,000)
All Other Funds	1,905,051,538	2,000,138,132	95,086,594	2,008,138,132	103,086,594
TOTAL	<u>\$2,692,906,921</u>	<u>\$2,791,648,462</u>	<u>\$ 98,741,541</u>	<u>\$ 2,786,293,515</u>	<u>\$ 93,386,594</u>
FTE Positions	17,959.2	18,272.6	313.4	18,272.6	313.4

The **agencies** request a revised estimate of \$2.8 billion, including \$791.5 million from the State General Fund. This is an all funds increase of \$98.7 million, or 3.7 percent, and a State General Fund increase of \$3.7 million, or 0.5 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.

The **Governor** concurs with the agencies’ requests but offsets the State General Fund expenditures with the Educational Building Fund in the amount of \$8.0 million to be used for information technology operations. There would need to be legislative authorization to expend from the Educational Building Fund for state operations. The Governor also reduced the Kansas State University Global Food System grant by \$1.0 million and the Career Technical Education Initiative by \$700,000, both from State General Fund.

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	\$ 0	\$ 0	0.0
TOTAL	\$ 2,250,000	\$ 2,250,000	0.0	\$ 0	\$ 0	0.0

The **agencies** request \$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 the 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			
Board of Regents Lapsed 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 \$798,979,547 for the Postsecondary Education Systemwide 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	\$ 798,979,547	\$ 827,832,864	\$ 28,853,317	\$ 794,279,547	\$ (4,700,000)
All Other Funds	1,922,157,879	2,038,838,146	116,680,267	2,038,838,146	116,680,267
TOTAL	\$2,721,137,426	\$2,866,671,010	\$ 145,533,584	\$ 2,833,117,693	\$ 111,980,267
FTE Positions	17,970.7	18,272.6	301.9	18,272.6	301.9

The **agencies** request a revised estimate of \$2.9 billion, including \$827.8 million from the State General Fund. This is an increase of \$145.5 million, or 5.3 percent, all funds and \$28.9 million, or 3.6 percent, State General Fund, above the approved amount. The All Other Funds increase is \$116.7 million, or 6.1 percent, above the approved amount. This includes an increase of operating expenditures of \$57.4 million, or 3.2 percent, above the approved amount primarily in salaries and wages or \$42.1 million and capital improvement expenditures of \$59.7 million. The State General Fund increase is due to supplemental requests from the agencies as detailed below.

The **Governor** concurs with the agencies' revised estimates except reduced the Kansas State University Global Food System grant by \$4.0 million and the Career Technical Education Initiative by \$700,000, both from the State General Fund.

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.** 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 Supplementals.** FHSU 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.** 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 WSU 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.** 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 2018 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. They also request 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

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	30.5 %	29.7 %
General Fees Fund	27.8	28.2
Restricted Fees Fund	18.7	19.0
All Other Funds	22.9	23.2
TOTAL	100.0 %	100.0 %

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

UNIFIED OPERATING GRANT

	Actual FY 2015	Agency Request FY 2016	Gov. Rec. FY 2016	Agency Request FY 2017	Gov. Rec. FY 2017
University of Kansas	\$ 134,463,063	\$ 135,510,583	\$ 133,635,355	\$ 138,755,895	\$ 138,755,895
University of Kansas Medical Center	107,261,725	107,973,763	106,488,966	111,555,200	111,555,200
Kansas State University	102,568,685	104,804,066	102,376,569	106,928,191	102,928,191
Kansas State University ESARP	46,265,381	46,956,273	46,316,699	47,658,837	47,658,837
KSU Veterinary Medical Center	14,728,160	14,891,022	14,688,197	15,159,612	15,159,612
Emporia State University	30,937,394	31,157,183	30,732,803	31,792,085	31,792,085
Fort Hays State University	33,308,350	33,535,686	33,078,908	34,047,251	34,047,251
Pittsburg State University	34,794,683	35,246,275	34,760,497	35,839,583	35,839,583
Wichita State University	70,934,109	75,278,380	74,275,237	74,879,391	74,879,391
<i>Subtotal</i>	<i>\$ 575,261,550</i>	<i>\$ 585,353,231</i>	<i>\$ 576,353,231</i>	<i>\$ 596,616,045</i>	<i>\$ 592,616,045</i>
Technical Colleges	\$ 70,153	\$ 71,585	\$ 71,585	\$ 71,585	\$ 71,585
Washburn University	10,908,302	11,900,920	11,900,920	11,900,920	11,900,920
Non-Tiered Course Credit Hour Grant	74,966,402	76,496,329	76,496,329	76,496,329	76,496,329
Postsecondary Tiered Technical Education	57,134,944	58,300,961	58,300,961	66,611,495	66,611,495
State Aid					
Unified Operating Grant Increase	0	0	0	0	0
TOTAL	\$ 718,341,351	\$ 732,123,026	\$ 723,123,026	\$ 751,696,374	\$ 747,696,374

The **Postsecondary Educational Institutions**, which include the state universities, community colleges, technical colleges, and Washburn University, request \$751.7 million from the State General Fund for Unified Operating Grants for FY 2017, an increase of \$8.3 million million, or 1.1 percent, above the FY 2017 approved amount. The increase is due to an additional \$8.3 million for Postsecondary Tiered Technical Education State Aid.

The **Governor** concurs with the agencies' revised estimates but reduced the Kansas State University Global Food System grant by \$4.0 million and did not recommend any of the supplemental requests.

Other State Funding

The Board and universities request \$4.5 million from the other centrally appropriated state funds for the benefit of the universities for FY 2017 as follows.

Economic Development Initiatives Fund

- \$2,547,726 for Technical Education Capital Outlay.
- \$179,284 for Technology Innovation and Internship Program.
- \$993,265 for EPSCOR.
- \$500,000 for Community College Comparative Grants.
- \$296,614 for research KSU-ESARP.

State Water Plan Fund

- \$26,841 for the geological survey at the University of Kansas.

The **Governor** concurs with the agencies' revised estimates.

State Universities

Faculty of Distinction Program. The Faculty of Distinction program provides a transfer of the equivalent of interest earnings on designated donations to public postsecondary institutions. FY 2003 was the first year of the program. Beginning in FY 2004, the transfers were treated under the Governor's recommendation as a revenue transfer instead of a State General Fund demand transfer. **The agency and the Governor estimate that transfers will total \$150,000 for FY 2017.**

Tuition and General Fees. State university tuition and fees are set with the approval of the Kansas Board of Regents. With the exception of certain designated fees that are credited to restricted use funds, tuition and general fees are credited to the General Fees Fund of each institution. Although subject to appropriation, under the State University Operating Grant Plan, the General Fees Fund are appropriated to the institutions without an expenditure limit, permitting maximum flexibility in the use of those funds. For FY 2016, the Board of Regents set tuition rates after the adjournment of the 2015 Legislative Session and the same schedule is anticipated for FY 2017. **[The 2015 Legislature capped the tuition increase limit for FY 2016 and FY 2017 to that year's Consumer Price Index plus 2.0 percent.]** The budgets submitted by the universities assume no increase in tuition rates in FY 2017. The following compares estimated General Fees Fund expenditures for the current year as presented to the 2015 Legislature, the revised current year estimate and the current estimate for FY 2017.

STATE UNIVERSITY GENERAL FEE FUND EXPENDITURES

Institution	Original Estimate FY 2016	Revised Est. and Gov. Rec FY 2016	Difference	Gov. Rec. for FY 2017
University of Kansas	\$ 280,650,658	\$ 293,477,128	\$ 12,826,470	\$ 296,461,049
KU - Medical Center	41,153,325	43,824,000	2,670,675	44,711,253
Kansas State University	212,222,499	213,254,130	1,031,631	215,336,119
KSU - Veterinary Medical Center	18,095,193	17,079,808	(1,015,385)	17,585,089
KSU - ESARP	0	0	0	0
Emporia State University	26,321,098	28,398,541	2,077,443	27,961,230
Fort Hays State University	49,178,538	44,186,248	(4,992,290)	49,337,978
Pittsburg State University	35,775,222	37,376,602	1,601,380	37,376,602
Wichita State University	81,355,111	84,264,686	2,909,575	85,157,857
TOTAL	\$ 744,751,644	\$ 761,861,143	\$ 17,109,499	\$ 773,927,177

Community Colleges, Technical Colleges, and Washburn University

Community and Technical College Operating Grants. The **Board** requests \$76.5 million from the State General Fund for FY 2017 for non-tiered course credit hour grants for general education and \$66.6 million for postsecondary tiered technical education state aid for technical education courses to support the 19 community colleges and seven technical colleges in the state. The request is an increase of \$8.3 million above the FY 2017 approved amount due to an enhancement request.

The **Governor** concurs with the agencies' revised estimates.

Municipal University Operating Grant. The **Board** requests \$11.9 million for FY 2017 for the Municipal University Operating Grant. 1999 SB 345 applies the same funding formula for state support for Washburn University as is used for community colleges. The request is the same as the FY 2017 approved amount.

The **Governor** concurs with the agencies' revised estimate.

Adult Basic Education. The **Board** requests \$5.1 million, including \$1.5 million from the State General Fund and \$3.2 million in federal funds, to support the 30 adult education centers in the state for FY 2017. The request is the same as the approved amount.

The **Governor** concurs with the agencies' revised estimate.

Student Financial Aid

Student Financial Aid. The **Board** administers a number of student financial aid programs, as well as other special programs. The agency requests \$21.3 million, all from the State General Fund, to support state sponsored student financial aid programs for FY 2017. This is the same as the approved amount.

The **Governor** concurs with the agencies' revised estimate.

Enrollment Trends. Student enrollment at the public universities, private colleges and universities, community colleges, technical colleges, and other institutions in the Fall of 2015

totaled 207,722, a decrease of 4,683 students, or 2.2 percent, below the Fall of 2014. Not included in this data are students enrolled in proprietary schools and vocational education students who are not attending a community college or technical college. The following table compares headcount enrollments for the Fall of 2013, 2014, and 2015.

Headcount Students

Institution	Fall 2013	Fall 2014	Fall 2015	Change Fall 2013- Fall 2015	Percent
University of Kansas	24,435	24,612	24,708	273	1.1 %
University of Kansas Medical Center	3,349	3,371	3,383	34	1.0
Kansas State University	24,116	24,290	23,678	(438)	(1.8)
KSU Veterinary Medical Center	465	476	468	3	0.6
Emporia State University	6,033	6,114	6,094	61	1.0
Fort Hays State University	13,441	13,825	14,210	769	5.7
Pittsburg State University	7,400	7,479	7,244	(156)	(2.1)
Wichita State University	14,550	15,003	14,495	(55)	(0.4)
<i>Subtotal-Regents Institutions</i>	<i>93,789</i>	<i>95,170</i>	<i>94,280</i>	<i>491</i>	<i>0.5</i>
Washburn University	6,973	6,722	6,615	(358)	(5.1)
Community Colleges	77,879	74,931	72,786	(5,093)	(6.5)
Technical Colleges	6,464	6,859	7,333	869	13.4
Washburn Institute of Technology	1,162	1,217	1,330	168	9.8
Independent Colleges and Universities	26,138	26,182	25,378	(760)	(2.9)
TOTAL	118,616	115,911	113,442	(5,174)	(4.4)
GRAND TOTAL	212,405	211,081	207,722	(4,683)	(2.2)

Source: Kansas Higher Education Enrollment Report (KHEER).

Peer Comparisons. The Regents institutions use a system of peer comparisons based upon the concept of comparing themselves to similar institutions. A similar method is used by institutions and systems in many states. Peer institutions were first selected by a Regents task force in 1976 with the weighted basis for selection being similarity in degree programs (60 percent); enrollment levels (30 percent); and financial expenditures (10 percent). The peer institutions for WSU, ESU, FHSU, and PSU were adjusted in 1995 using the same weightings. Each Regents university conducts a comprehensive cost study of its peer institutions each year. Peer comparisons are used for a number of purposes at the institutional and system level including local program review and comparative references related to faculty salaries, OOE support, and tuition rates.

REGENTS PEER INSTITUTIONS

University of Kansas

Indiana University - Bloomington
 University of Missouri - Columbia
 University of Oregon
 Michigan State University
 University of Buffalo

Wichita State University

New Mexico State University
 University of Massachusetts - Lowell
 University of Nevada - Reno
 University of North Dakota
 Wright State University

Fort Hays State University

Northwest Missouri State University
 Colorado Mesa University
 Northeastern State University - OK
 Southeast Missouri State University
 Tarleton State University

Kansas State University

Colorado State University
 Auburn University
 Clemson University
 Oklahoma State University
 University of Massachusetts - Amherst

Emporia State University

Colorado State University - Pueblo
 Northwest Missouri State University
 Pittsburg State University
 University of Nebraska - Kearney
 West Texas A&M University

Pittsburg State University

Arkansas Tech University
 Ferris State University
 Indiana University of Pennsylvania
 Northwest Missouri State University
 Valdosta State University

Source: Table 4.35 State University Databook, January 2015

RELATIVE FUNDING OF SALARY - BY INSTITUTION

Institution	Salaries FY 2011	Salaries FY 2015
KU	90.1 %	88.7 %
KSU	89.9	92.0
ESU	88.9	90.2
FHSU	90.7	102.1
PSU	92.8	86.4
WSU	86.3	81.2
Systemwide	91.8 %	91.1 %

Source: Table 4.35 State University Databook, revised 8/28/2015

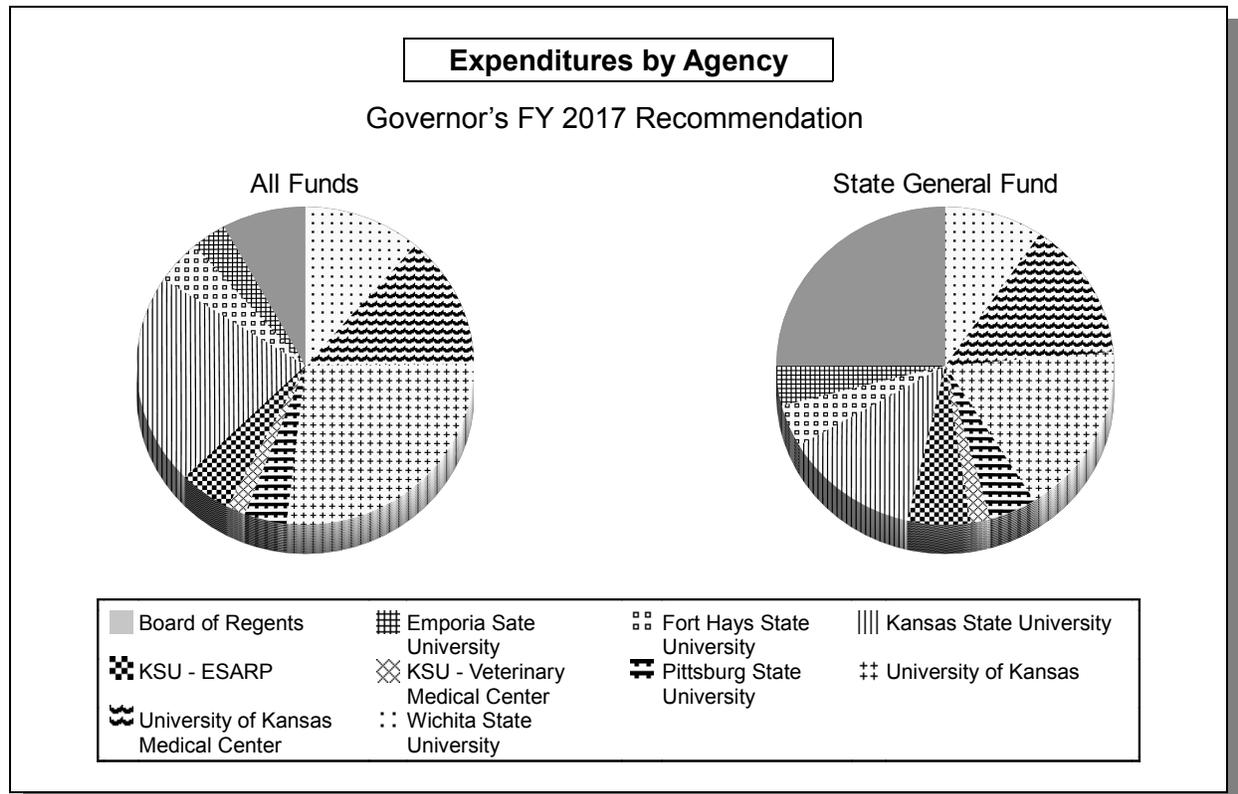
Peer comparisons are also made with regard to the level of both resident and nonresident tuition and fees charged to students during an academic year (AY) at the Regents institutions. Historically, tuition for both resident and nonresidents at Kansas schools has been less than that at the peer institutions.

TUITION AND FEES RELATIVE TO PEER INSTITUTIONS

Institution	Resident Tuition AY 2010	Resident Tuition AY 2015	Nonresident Tuition AY 2010	Nonresident Tuition AY 2015
KU	87.3 %	93.7 %	81.0 %	81.8 %
KSU	80.8	83.0	82.1	84.3
ESU	82.4	84.6	111.8	133.7
FHSU	71.6	68.7	125.6	94.6
PSU	72.7	80.5	101.4	107.1
WSU	78.7	87.6	79.0	74.7

Source: Table 2.3 State University Databook, revised 8/28/2015

PROGRAM DETAIL



Agency	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Board of Regents	\$ 213,728,795	8.0 %	\$ 197,813,649	25.0 %
Emporia State University	89,905,906	3.4	31,792,085	4.0
Fort Hays State University	119,713,105	4.5	34,047,251	4.3
Kansas State University	571,886,735	21.5	102,928,191	13.0
KSU-ESARP	133,820,470	5.0	47,658,837	6.0
KSU-Veterinary Medical Center	47,878,094	1.8	15,159,612	1.9
Pittsburg State university	108,264,965	4.1	35,839,583	4.5
University of Kansas	719,357,859	27.0	138,755,895	17.6
University of Kansas Medical Center	359,225,709	13.5	111,555,200	14.1
Wichita State University	301,673,030	11.3	74,879,391	9.5
TOTAL	\$ 2,665,454,668	100.0 %	\$ 790,429,694	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
Board of Regents	62.5	62.5	62.5	62.5	62.5
Emporia State University	702.5	804.7	804.7	804.7	804.7
Fort Hays State University	841.0	889.5	889.5	889.5	889.5
Kansas State University	3,861.7	3,840.9	3,840.9	3,840.9	3,840.9
KSU-ESARP	1,125.1	1,107.2	1,107.2	1,107.2	1,107.2
KSU Veterinary Medical Center	332.6	342.6	342.6	342.6	342.6
Pittsburg State university	958.5	962.4	962.4	962.4	962.4
University of Kansas	5,342.1	5,342.1	5,342.1	5,342.1	5,342.1
KU Medical Center	2,716.1	2,855.8	2,855.8	2,855.8	2,855.8
Wichita State University	2,017.1	2,064.9	2,064.9	2,064.9	2,064.9
TOTAL	<u>17,959.2</u>	<u>18,272.6</u>	<u>18,272.6</u>	<u>18,272.6</u>	<u>18,272.6</u>

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Board of Regents	\$ 0	\$ 0	\$ 32,000,000	\$ 32,000,000
Emporia State University	7,733,775	7,733,775	23,457,000	23,457,000
Fort Hays State University	35,360,907	35,360,907	25,852,862	25,852,862
Kansas State University	34,109,911	34,109,911	18,101,421	18,101,421
KSU-ESARP	450,000	450,000	0	0
KSU Veterinary Medical Center	3,395,328	3,395,328	0	0
Pittsburg State university	8,295,310	8,295,310	4,058,604	4,058,604
University of Kansas	37,822,719	37,822,719	26,650,741	26,650,741
KU Medical Center	19,359,406	19,359,406	30,189,581	30,189,581
Wichita State University	13,797,759	13,797,759	7,352,816	7,352,816
TOTAL	<u>\$ 160,325,115</u>	<u>\$ 160,325,115</u>	<u>\$ 167,663,025</u>	<u>\$ 167,663,025</u>
Financing:				
State General Fund	\$ 3,912,786	\$ 3,912,786	\$ 3,849,853	\$ 3,849,853
All Other Funds	156,412,329	156,412,329	163,813,172	163,813,172
TOTAL	<u>\$ 160,325,115</u>	<u>\$ 160,325,115</u>	<u>\$ 167,663,025</u>	<u>\$ 167,663,025</u>

FY 2016 – Current Year. The agencies request revised capital improvements budgets of \$160.3 million, including \$3.9 million from the State General Fund. This is an increase of \$32.2 million, or 25.1 percent all funds and \$482,170, or 14.1 percent, State General Fund, above the approved amount. The increase is primarily due to the Wiest Hall replacement and track and field projects at FHSU, the West Residence Hall mechanical project at KSU, and the Health Education Building project at the KUMC.

The **Governor** concurs with the agencies' revised estimates.

FY 2017 – Budget Year. The **agencies** request revised capital improvements budgets of \$167.7 million, including \$3.8 million from the State General Fund. This is an increase of \$59.7 million, or 55.4 percent all funds and \$484,581, or 14.4 percent, State General Fund, above the approved amount. The increase is primarily due to the request for a new residence hall at ESU, the Applied Technology Building at FHSU, Summerfield Hall and additional housing maintenance projects at the University of Kansas, the Health Education Building project at the KUMC, and the new School of Business at WSU.

The **Governor** concurs with the agencies' revised estimates.