



KANSAS BOARD OF REGENTS

MEMO

TO: Kansas Board of Regents

FROM: Diane C. Duffy, Vice-President, Finance & Administration
Kelly Oliver, Director, Finance

CC: Andy Tompkins, University and College Officials, Senior Staff

DATE: January 13, 2011 (4:00pm)

RE: Governor's Budget Recommendations

The purpose of this memorandum is to provide you with a quick review of some of the details contained in the Governor's budget recommendations. The Governor's budget documents were made available this morning at 9:00am and can be found at <http://budget.ks.gov/gbr.htm>. As additional details are learned I will update this memo, and also have a briefing for you at the Board meeting next week.

For FY 2011 (current year), the Governor makes no change to the Board's submitted SGF budgeted expenditures of \$756.7 million. The Governor recommends no reductions to the system's current year SGF budget.

For FY 2012, the Governor recommends expenditures from SGF in the Board of Regents' budget and the state universities' budgets of \$751.7 million. The net SGF reduction in authorized expenditures of \$5 million from FY 2011 to FY 2012 is comprised of:

Benefit rate adjustments (inc. restoration of D&D)	\$956,230
Net debt service payment adjustments for previously approved projects	2,123,056
KSU Veterinary Training Program	11,377
KUMC Cancer Center (funding moved to Commerce)	(4,424,017)
Board Office Administrative Reduction	(203,021)
Prior Year Carry forward	(3,495,217)
Net Decrease in SGF Expenditure Authority	\$(5,031,592)

The Governor does propose to appropriate funding in the Department of Commerce for a Regents Research Initiative and two other new programs totaling \$16.5 million, of which \$7.1 million is new funding. He recommends \$5 million SGF for the KUMC Cancer Center, an increase of \$600,000 (in FY 2011 this program was budgeted at \$4.4 million SGF in the KUMC budget), \$5 million SGF for KSU Animal Health Research, and \$5 million SGF for aviation research at WSU (in FY 2011 \$5 million for

WSU-National Institute for Aviation Research (NIAR) was financed from the EDIF and budgeted in the WSU budget). He also recommends \$1 million from the EDIF for competitive grants for engineering expansion and \$500,000 for a competitive grant program for community colleges.

Governor's recommendations for Board of Regents and State Universities Budgets

- Continue flat SGF for operations of colleges and universities.
- Reduce SGF of 5%, or \$203,021, for Board Office operations.
- Add a net SGF increase of \$2,123,056 related to ongoing debt service payments for previously authorized projects. This addition is comprised of the following: KBOR KPERS debt service - \$1,996; KBOR PEI Infrastructure Debt Service- (\$156,250); Completed KSU Salina Aeronautical lease payment- (\$165,396); PSU Readiness Center- (\$1,800); KU Pharmacy Expansion - \$2,448,168; and WSU NIAR (\$3,662).
- Add \$11,377 SGF to the KSU Veterinary Training Program which will restore prior year cuts and the program to a total of \$400,000.
- Add \$1 million EDIF to the Board budget and shift responsibility for the administration of the Experimental Program to Stimulate Competitive Research (EPSCoRE) program to the Board. This program has been administered by the Kansas Technology Enterprise Corporation.
- Discontinue the \$200,000 EDIF for the Kansas Academy of Math and Science (KAMS) at FHSU.
- Do not fund the \$10 million deferred maintenance for the state universities or the Infrastructure Loan program for the community and technical colleges. This was part of the 2007 Deferred Maintenance legislation.
- Elimination 367 unfilled FTE positions at the state universities; however, the state universities have no restriction imposed on their number of positions.

Other Governor's Recommendations including the Regents Research Initiative

- Increase SGF of \$586,569 over FY 2011 for the KU Medical Center Cancer Center for a total of \$5 million, and appropriate the \$5 million to the Kansas Department of Commerce (makes a reduction of \$4.4 million in the KUMC budget from FY 2011 to FY 2012.) State funding for the Cancer Center was included in the KU Medical Center budget in previous years. The university will be required to provide a one-to-one match.
- Add \$5 million SGF, appropriated to the Department of Commerce, for grants to KSU for animal health research. The university will be required to provide a one-to-one match. This is new funding.
- Add \$5 million SGF, appropriated to the Department of Commerce, for grants to WSU for aviation research. The university will be required to provide a one-to-one match. In FY 2011 this program was budgeted in the WSU budget and financed from the EDIF.

- Add \$1 million EDIF, appropriated to the Department of Commerce, for a new program to provide competitive Engineering Expansion Grants.
- Add \$500,000 EDIF appropriated to the Department of Commerce for a program to provide community colleges a new competitive grant program. The Community College Competitive Grant Program will require a local dollar-for-dollar match and will develop innovative programs with private companies needing specific job skills or to meet other industry needs that cannot be addressed with current funding streams.
- Lapse the FY 2012 and FY 2013 SGF funding for the undermarket salary adjustments for classified employees appropriated by the 2008 Legislature.

Aspects of the Budget Where There is No Recommended Change

- Recommends the longevity bonus program for eligible classified employees, but provides no additional funding.
- Continue EDIF spending on equipment for technical colleges and eligible community colleges (\$2.7 million).
- Continue \$5 million EDIF for the National Center for Aviation Training. The State funding is administered by WSU.
- Continue the SGF transfer for the Faculty of Distinction Program (\$1.6 million) in accordance with statute.
- Continue the SGF transfer for debt service on bond payments for the University Research and Development Enhancement Program in accordance with statute (\$5.9 million).
- Continue the KUSF transfer for Kan-ed (\$10 million).
- Continue the transfer to the Bioscience Authority (\$35 million).
- Continue at current levels the Board's student financial assistance programs.

Board staff will continue to comb through the budget details and provide a briefing to the Board at next week's meeting. In the meantime, if you have any questions or if I can provide any additional information, please don't hesitate to let me know.