



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 12, 2012 (Noon), January 13, 2012 Revised

RE: Governor's Budget Recommendations

The purpose of this memorandum is to provide you with a quick, "first blush" of some of the details contained in the Governor's budget recommendations. The Governor's budget documents were made available this morning at 8:00am and can be found at <http://budget.ks.gov/gbr.htm>. As additional details are learned we will update this memo, and also have a briefing for you at the Board meeting next week.

For FY 2012, the Governor recommends SGF expenditures of \$740.6 million and \$782.5 million in FY 2013, an increase of \$41.9 million. The recommended SGF base appropriation enhancements total \$40.9 million with approximately \$1 million in net expenditure shifts and required debt service adjustments.

The table at the end of the memorandum summarizes the Boards' request and the Governor's recommendations for FY 2013.

Board's Request and the Governor's Recommendations

Board's Request – 1.8% Postsecondary Education System Inflationary Increase based on HEPI (\$12,709,464). The Governor does not include this item in his recommendations.

Board's Request – Student Financial Assistance.

- **2.6% Student Financial Assistance HEPI Increase (\$543,182).** The Governor does not include this item in his recommendations.
- **Kansas Comprehensive Grant Backfill from Loss of Federal Funds (\$1,785,852).** The Governor recommends an increase of \$1.0 million.
- **Revamped Technical Education Grant (\$385,925).** The Governor does not include this item in his recommendations.

Targeted Institutional/Sector Investments

KU- KUMC Medical Student Scholarship Program (\$1,866,779). The Governor concurs with the Board's request and includes \$1,866,779 for the Medical Student Scholarship Program in his recommendations.

KU – Foundation Professors (\$3,000,000). The Governor concurs with the Board's request and includes \$3,000,000 for Elite Professors in his recommendations.

KSU – Veterinary Medicine Improvement and Expansion (\$5,000,000). The Governor concurs with the Board's request and includes \$5 million for additional research and instruction.

FHSU – Increase KAMS Class Size (\$203,000). The Governor concurs with the Board's request and includes \$203,000 for KAMS in his recommendations.

PSU – Expand Polymer Science Program (\$1,000,000). The Governor concurs with the Board's request, but recommends \$500,000 to expand the Polymer Science Program in the first year of FY 2013 and growing to \$1 million in FY 2014.

Note: The Governor recommends that the above enhancements be appropriated directly to the receiving university.

Technical Education Funding (\$8,000,000). The Governor concurs with the Board's request and includes \$8,000,000.

Also, the Governor recommends an additional \$20.5 million for a total of \$28.5 million from the SGF for the Governor's Career and Technical Education Initiative. These funds would be appropriated to the Board of Regents:

- \$8 million for tiered technical education funding through the new approach
- \$17.5 million to pay for the tuition of high school students taking CTE course on a part-time basis with the intention of earning a professional certification
- \$3 million for \$1,000 incentive payments to high schools for each student who graduates with a technical certification and a high-demand occupation

The initiative would be carried out in cooperation with the Department of Education. The KSDE budget includes funding of \$550,000, of which \$500,000 would help school districts provide transportation to high school students receiving technical education at postsecondary institutions. \$50,000 would help promote the program to students. In addition, the Governor recommends removing the vocational weighting from the current K-12 school finance formula in FY 2013, and appropriating the equivalent amount in a separate SGF appropriation, which totals \$28.9 million. This amount would be distributed to school districts by KSDE based on the number of students that are participating in CTE programs. Funding would no longer be provided for those high school programs of study that are also available in a postsecondary institution within 30 miles of the high school.

The Governor's initiative also states that if a postsecondary institution does not offer a course/program that is needed, the Kansas Board of Regents would have the authority to authorize another Kansas postsecondary institution to provide such course/program. Also noting the Board will be encouraged to develop a statewide articulation agreement between high schools and community and technical colleges for these programs.

Research Services and Databases (\$800,000). The Governor concurs with the Board's request and includes \$800,000 SGF in his recommendations. The Governor recommends continuing the \$6 million from the Kansas Universal Service Fund noting the interim committee and future legislative consideration of the merits of the Kan-ed program.

State Universities Rehabilitation and Repair (\$20,000,000). The Governor concurs with the Board's request and includes an increase of \$20 million for a total of \$35 million from the EBF in his recommendations for rehabilitation and repair projects.

Other Items Not Specifically Requested by the Board but Included in the Governor's Recommendations

Washburn University Forensic Equipment (\$175,000). The funding will assist Washburn University in its development of forensic programs in biology, chemistry, and computer science. Using the new equipment, student interns will serve an important function in facilitating lab work for the Kansas Bureau of Investigation.

KSU- NBAF Preparation (\$5,000,000). The Governor recommends \$5 million in special revenue funds for the National Agro and Bio-Defense Facility preparation. The preparation includes the demolition and rebuilding of the grain science feed mill in an alternate area.

The Governor states that "each enhancement was considered with a view toward how it promotes the state's economy and would provide an opportunity for future job growth."

MHEC Dues Supplemental (\$5,462) and FY 2013 Funding (\$95,000). The Governor does not include the SGF supplemental and does not include funding in his recommendations for MHEC dues.

Aspects of the Budget Where There is No Recommended Change

- The Governor makes no change to the multi-year appropriations that were made to the Department of Commerce for the Regents Research Initiative - \$5 million SGF for the KUMC Cancer Center, \$5 million SGF for KSU Animal Health Research, and \$5 million SGF for aviation research at WSU. He also continues support in the Department of Commerce budget for the 10 year engineering expansion program with \$3.5 million for each university (KU, KSU, WSU) for a total of \$10.5 million in FY 2013, and \$500,000 for a competitive grant program for community colleges (Budgeted in KBOR, administered by Commerce).
- Recommends the longevity bonus program for eligible classified employees, but provides no additional funding.
- Continue all other line item appropriations at the FY 2012 funding levels, including:
 - SGF funding for Non-Tiered Course Credit Hour Grant;
 - EDIF spending on equipment for technical colleges and eligible community colleges (\$2.7 million);
 - Current levels of funding for the Board's other student financial assistance programs; and
 - \$5 million EDIF for the National Center for Aviation Training at Wichita Area Technical College. The State funding is administered by WSU.

- Continue the SGF transfer for the Faculty of Distinction Program (\$800,000) in accordance with statute.
- Continue the KUSF transfer for Kan-ed (\$6 million)
- Continue the SGF transfer for debt service on bond payments for the University Research and Development Enhancement Program in accordance with statute (\$1.1 million).
- No general salary increases are recommended for state employees, including no market adjustments for classified staff.

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.

State General Fund Budget Items	KBOR Requested Increase	Governor's Recommendation
1.8% Postsecondary Education System HEPI Increase	\$12,709,464	\$0
State Student Financial Assistance Programs		
2.6% Student Financial Assistance HEPI Increase	\$543,182	\$0
Kansas Comprehensive Grant backfill from loss of Federal Funds	\$1,785,852	\$1,000,000
Revamped Technical Education Grant	\$385,925	\$0
KU - KUMC Medical Student Scholarship Program	\$1,866,779	\$1,866,779
KU - "Elite Professors"	\$3,000,000	\$3,000,000
ESU - Workforce Development		
Nursing Informatics Degree	\$250,000	\$0
e-Commerce Degree	\$250,000	\$0
Sustainability Degree	\$250,000	\$0
KSU - Veterinary Medicine Improvement & Expansion	\$5,000,000	\$5,000,000
FHSU - Increase KAMS Class Size	\$203,200	\$203,200
FHSU - Information Systems Engineering Program	\$750,000	\$0
PSU - Expand Polymer Science Program ¹⁾	\$1,000,000	\$500,000
Technical Education Formula	\$8,000,000	\$8,000,000
Technical Education – High School Student Tuition Waivers		\$17,500,000
Technical Education – High School Promotion & Participation Incentive		\$3,000,000
Research Services and Databases	\$800,000	\$800,000
Midwest Higher Education Compact Dues		(\$95,000)
Washburn University - Forensic Lab Equipment		\$175,000
Total	\$36,794,402	\$40,949,979

Other Fund Budget Items	KBOR Request	Governor's Recommendation
EBF - State University Rehabilitation and Repair	\$20,000,000	\$20,000,000
Special Revenue - KSU - National Agro & Bio-Defense Facility Preparation		\$5,000,000
Total	\$20,000,000	\$25,000,000

Notes:

1) The PSU - Polymer Science Program is recommended at \$500,000 for FY 2013 and \$1,000,000 for FY 2014.