



KANSAS BOARD OF REGENTS

MEMO

TO: Kansas Board of Regents
Postsecondary Technical Education Authority

FROM: Elaine Frisbie, Vice President for Finance & Administration

CC: Blake Flanders, University and College Officials, Senior Staff

DATE: January 10, 2018

RE: Governor's Budget Recommendations for Postsecondary Education

The purpose of this memorandum is to provide you with an overview of the Governor's budget recommendations related to higher education. *The FY 2019 Governor's Budget Report* was made available this morning and can be found at <http://budget.ks.gov/gbr.htm>.

The documents released today present the Governor's revisions to the budgets enacted by the 2017 Legislature. The Governor recommends State General Fund expenditures that total \$764.6 million in FY 2018 and \$780.9 million in FY 2019 for the Regents System. The Governor's FY 2018 recommendation is an increase of \$7.3 million from the approved budget for FY 2018. The FY 2019 recommendation is an increase of \$20.7 million.

A summary table of the adjustments recommended by the Governor affecting both fiscal years is attached. The first page details the budget for the Board of Regents (along with notes about items elsewhere in the state budget that are of benefit to the state universities), and the second page details the state universities' adjustments.

The Governor's budget does not address the Board's top priority—restoration of \$23.9 million from the allotment imposed back in FY 2017 and which still remains in the budget. He did recommend additional money in both FY 2018 and FY 2019 for the Excel in CTE initiative and elsewhere in the university budgets, as noted in the attachment.

Elsewhere in the state budget, Governor Brownback recommends the addition of \$600 million over the next five years for elementary/secondary education, accompanied with five strategic objectives. Those five objectives are:

1. Increase average teacher pay in Kansas to be higher than all surrounding states;

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2. Increase the number of school counselors and psychologists by 150 each year;
3. Increase participation among school districts in the Department of Education's "Kansans Can" redesign project to 50;
4. Offer every Kansas high school student access to 15 credit hours of dual enrollment credit at no cost to the student (which includes tuition, fees and textbook costs); and
5. Offer every high school student the opportunity to take either the ACT or WorkKeys Assessment at no cost to the student.

Budget Director Sullivan, in his presentations to the Senate Committee on Ways Means this morning explained the cost assumptions for providing the dual enrollment credit. Assuming 80% of high school seniors take dual enrollment courses at a cost of \$175 per course, the estimated cost to school districts will be \$24.5 million. The ACT/WorkKeys Assessment options are estimated to cost \$1.4 million to school districts. The Governor's budget assumes the districts will provide these options to their students using the additional state aid in the Governor's budget—there are no specific amounts provided for them. There is not the expectation that the courses and tests be provided immediately—they could be phased in over time. There was also mention that the Department of Education should work with the Board of Regents to lower the students' costs for textbooks.

The Governor's goal at the end of the five years is for 95% of Kansas high school students to graduate, and that 75% of those graduates seek further education, either through postsecondary education or by joining the military.

One item that was identified in the Department of Education's budget was an additional \$55,000 for the credentials students take from participating in the Excel in CTE program. This doubles the amount available for this item in FY 2019. This item was previously in the Board's budget.

The single largest KPERS amount is located in the Department of Education's budget for the employer contributions made on behalf of school district employees, but the Department also makes the employer contribution on behalf of community and technical college employees, as well as employees of K-12 interlocals ("non-USD employers"). For the non-USD KPERS contributions, the Governor recommends another \$2.8 million in FY 2018 and \$4.6 million in FY 2019 as payrolls have risen higher than anticipated. The Governor's K-12 plan noted above will have a sizable impact on KPERS contributions, as they are salary-intensive.

The Governor includes no tax changes in his budget recommendations to finance the additional expenditures. His revenue projections assume \$293.1 million will be transferred from the State Highway Fund to the State General Fund, as the 2017 Legislature provided in the budget. The other revenue transfers the Legislature planned in the budget also remain in place.

Appropriation bills that embody the Governor's recommendations have been introduced this morning in both the House and Senate Committees. We will comb through the details and update you on the budget as it moves through the legislative process. If we can provide any additional information, please do not hesitate to let us know.

State Appropriations for Kansas Board of Regents

	FY 2018 Approved	FY 2018 Governor's Adjustment	FY 2019 Approved	FY 2019 Governor's Adjustment
State General Fund				
Postsecondary Tiered Technical State Aid	55,968,922	--	56,183,922	--
Non-Tiered Course Credit Hour Grant	73,436,476	--	73,721,476	--
Technology Eqpmnt at Comm Colleges & Washburn	382,536	--	382,536	--
Vocational Education Capital Outlay	68,722	--	68,722	--
Nursing Faculty and Supplies Grant Program	1,715,705	--	1,715,705	--
Tuition for Technical Education (HS Students)	20,750,000	7,300,000	20,750,000	8,300,000
Washburn University Operating Grant	11,424,883	--	11,543,883	--
Comprehensive Grant Program	15,758,338	--	15,758,338	--
State Scholarship Program	950,254	--	950,254	--
Ethnic Minority Scholarship Program	296,498	--	296,498	--
National Guard Educational Assistance	870,869	--	870,869	2,129,131
Military Service Scholarships	460,314	--	460,314	--
ROTC Scholarship Reimbursement	165,335	--	165,335	--
Teachers Scholarship Program	1,717,124	--	1,147,023	--
Optometry Education Program	107,089	--	107,089	--
Kansas Work-Study Program	496,813	--	496,813	--
Career Technical Workforce Grant	114,075	--	114,075	--
Nursing Student Scholarship Program	217,255	--	217,255	--
Nurse Educator Grant Program	118,126	--	118,126	--
Tuition Waivers	64,657	--	64,657	--
Financial Aid Programs - Prior Year's Unspent Cash	1,163,160			
Agency Operations, TEA, MHEC	4,346,059	--	4,356,942	--
Adult Basic Education	1,398,750	--	1,398,750	--
Total-State General Fund	\$ 191,991,960	\$ 7,300,000	\$ 190,888,582	\$ 10,429,131

Economic Development Initiatives Fund

Vocational Education Capital Outlay	2,547,726	--	2,547,726	--
EPSCoR	993,265	--	993,265	--
Tech Innovation & Internship Program	179,284	--	179,284	--
Community College Competitive Grants	500,000	--	500,000	--
Total-Economic Development Initiatives Fund	\$ 4,220,275	\$ --	\$ 4,220,275	\$ --

Other State Investments - Universities

EDIF KSU-ESARP (Ag Experiment Stations)	294,659	--	295,046	--
Water Plan Fund KU (Geological Survey)	26,841	--	26,841	--
ELARF Transfer (Kan-Grow Engineering)	10,500,000	--	10,500,000	--
SGF Transfer KSU (NBAF)	5,000,000	--	5,000,000	--
SGF Transfer WSU (CIBOR)	1,000,000	--	--	--
SGF Transfer KUMC (Psych Rural Health)	1,000,000	--	1,000,000	--
SGF Debt Service KUMC Health Ed Building	1,864,750	--	1,866,000	--
SGF Debt Service KSU NBAF	23,483,888	--	23,457,044	--

State Appropriations for State Universities

	FY 2018 Approved	FY 2018 Governor's Adjustment	FY 2019 Approved	FY 2019 Governor's Adjustment
State General Fund				
University of Kansas				
Operations	122,791,750	--	124,344,657	--
Geological Survey	5,699,859	--	5,774,032	--
Umbilical Cord Matrix Project	124,913	--	126,450	--
Debt Service-Pharmacy School	3,485,095	--	3,487,914	--
Total-University of Kansas	\$ 132,101,617	\$ --	\$ 133,733,053	\$ --
University of Kansas Medical Center				
Operations	95,887,121	--	96,368,101	--
School of Dentistry	--	--	--	3,000,000
Midwest Stem Cell Therapy Center	723,673	--	726,733	--
Rural Health Bridging	135,358	--	135,792	--
Research: Cancer Center	4,950,814	--	4,957,327	--
Medical Student Loans	4,339,349	--	4,353,262	--
Total-University of Kansas Medical Center	\$ 106,036,315	\$ --	\$ 106,541,215	\$ 3,000,000
Kansas State University				
Operations	90,444,695	--	91,695,412	--
Midwest Inst for Compar Stem Cell Biology	124,640	--	125,938	--
Research: Global Food Systems/Animal Health	1,049,475	--	970,000	--
Salina Polytechnic Campus	5,837,859	--	5,920,065	--
Total-Kansas State University	\$ 97,456,669	\$ --	\$ 98,711,415	\$ --
KSU-Extension Systems & Ag Research Programs				
Cooperative Extension Service	17,528,414	--	17,565,919	--
Agricultural Experiment Stations	28,091,957	--	28,158,705	--
Total-Kansas State University-ESARP	\$ 45,620,371	\$ --	\$ 45,724,624	\$ --
KSU-Veterinary Medical Center				
Operations	9,164,548	--	9,234,741	--
Operating Enhancement	4,820,967	--	4,842,934	--
Veterinary Training Program	400,000	--	400,000	--
Total-KSU-Veterinary Medical Center	\$ 14,385,515	\$ --	\$ 14,477,675	\$ --
Wichita State University				
Operations	60,960,543	--	61,689,016	--
Research: Aviation Research	4,809,000	--	4,850,000	5,000,000
Technology Transfer Facility	1,924,000	--	1,940,000	--
Aviation Infrastructure (NCAT)	3,367,000	--	3,396,000	1,700,000
Total-Wichita State University	\$ 71,060,543	\$ --	\$ 71,875,016	\$ 6,700,000
Emporia State University				
Operations (Includes School of Nursing)	30,634,968	--	30,233,777	535,000
Reading Recovery Program	206,695	--	206,836	--
National Board Cert/Future Teacher Academy	125,558	--	125,566	--
Total-Emporia State University	\$ 30,967,221	\$ --	\$ 30,566,179	\$ 535,000
Pittsburg State University				
Operations	32,999,972	--	33,094,085	--
School of Construction	766,061	--	722,041	--
Polymer Science Program	1,159,573	--	964,382	--
Total-Pittsburg State University	\$ 34,925,606	\$ --	\$ 34,780,508	\$ --
Fort Hays State University				
Operations	31,699,651	--	31,843,841	--
Master's Level Nursing Capacity	130,566	--	130,758	--
KS Wetlands Education Ctr at Cheyenne Bottoms	249,029	--	249,368	--
Kansas Academy for Math & Science	697,529	--	698,023	--
Total-Fort Hays State University	\$ 32,776,775	\$ --	\$ 32,921,990	\$ --
Total-State General Fund	\$ 565,330,632	\$ --	\$ 569,331,675	\$ 10,235,000