

Approved: 5-31-91
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson George Teagarden at 12:25 p.m. on April 3, 1991 in room 514-S of the Capitol.

All members were present except: Representatives Pottorff, Goossen, Helgerson, Blumenthal, Hochhauser, and Adam (all excused).

Committee staff present:

Ellen Piekalkiewicz, Legislative Research Department
Debra Duncan, Legislative Research Department
Jim Wilson, Revisor of Statutes
Susan Miller, Administrative Aide
Sue Krische, Committee Secretary

Conferees appearing before the committee:

Charles Simmons, Chief Counsel, Department of Corrections
Robert Wunsch, University of Kansas Medical Center
Sally Thompson, State Treasurer
Walt Chappell, Chanute, Kansas
Dr. Stanley Koplak, Executive Director, Kansas Board of Regents

Others attending: see attached list.

SB 369 - Imprest funds for new and renamed state correctional facilities.

Charles Simmons, Chief Legal Counsel, Department of Corrections, appeared in support of SB 369 which would adjust balances in imprest fund accounts for several correctional facilities (Attachment 1). In addition, imprest funds for the new facilities at El Dorado and Larned are established.

HB 2619 - Scholarships for persons in University of Kansas school of medicine, repayment terms and less than full-time practice obligations.

Robert Wunsch, KUMC, testified that HB 2619 provides that a person who does not enter a primary care residency under the medical scholarship program would be obligated to repay the entire scholarship owed in five annual installments upon completion of the non-complying residency (Attachment 2). Mr. Wunsch also explained that the bill, upon a finding by the Chancellor, allows a person to practice less than full-time with a corresponding increase in the length of the service obligation.

HB 2624 - KUMC, authorizations for an out-patient cancer treatment service center.

Robert Wunsch, KUMC, testified that through HB 2624, KUMC is seeking authority to pursue a relationship with a private concern to establish a cancer treatment center, which would initially involve certain arrangements for the renovation of existing facilities (Attachment 3). The Medical Center feels the development of a out-patient detection, screening, diagnostic and treatment service center related to cancer is imperative to its ability to remain competitive in the health care environment in the Kansas City area.

During discussion, Mr. Wunsch stated the permanent facility would be planned to go on top of the current radiology department. Representative Chronister noted the request for right of eminent domain in acquiring a storage facility in Wyandotte County may present a problem in getting the bill approved by the Legislature. Representative Patrick requested KUMC to furnish him a 10-K report on Salick Health Care, Inc., which is the private entity with whom the Medical Center is planning to negotiate.

Mr. Rein stated, except for the Medical Director, all the other workers at the Center will be KUMC faculty and students. Representative Patrick questioned if the Medical Center has studies indicating how the addition of this cancer center would affect the cost of cancer services in the immediate area as well as across Kansas. It is anticipated the private concern pursuing this relationship with the KUMC will locate at one of the hospitals in the Kansas City area if negotiations with KUMC are unsuccessful.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, room 514-S Statehouse, at 12:25 p.m.
on April 3, 1991.

HB 2625 - Attorney General's antitrust special revenue fund, annual transfer of excess moneys to state general fund.

Jim Wilson, Revisor of Statutes, explained that HB 2625 was the recommendation of the Appropriations subcommittee on the Attorney General's budget and would annually cause to be transferred to the State General Fund all money in the Attorney General's Antitrust Special Revenue Fund which is not estimated to be needed to meet the following fiscal year's expenses.

Attorney General Robert Stephan submitted written testimony stating he neither endorses nor opposes HB 2625 (Attachment 4).

Staff advised if this bill passes, \$825,000 will be transferred to the State General Fund at the end of the current fiscal year and \$270,000 at the end of next year.

HB 2614 - State Treasurer, authorizing fees municipal bond registration or certification.

Sally Thompson, State Treasurer, appeared and submitted information on fees to be charged under HB 2614 as requested by the Committee at yesterday's hearing (Attachment 5). Per a balloon on HB 2614, a statutory limit on fees that can be charged would be not more than \$30 per issue (Attachment 6). In addition, the balloon inserts a new section allowing the Attorney General to fix fees for the review and examination of transcripts of the proceedings of municipalities for the issuance of municipal bonds. Representative Chronister moved to amend HB 2614 by adopting the proposed balloon. Representative Dean seconded. Motion carried. Representative Vancrum moved that HB 2614, as amended, be recommended favorably for passage. Representative Solbach seconded. Motion carried.

Representative Chronister moved that SB 369 be recommended favorably for passage. Representative Hamm seconded. Motion carried.

Representative Patrick expressed concern at authorizing the issuance of revenue bonds in HB 2624. Representative Vancrum made a motion to amend HB 2624 to extend the authority provided in new Section 3 to include acquisition of a site adjacent to the Medical Center. Representative Solbach seconded. Motion carried. Representative Vancrum moved that HB 2624, as amended, be recommended favorably for passage. Representative Chronister seconded. Motion carried.

Representative Hamm moved that HB 2619 be recommended favorably for passage. Representative Chronister seconded. Representative Gatlin made a substitute motion that the installment payments to repay a medical scholarship be made within the period of one year. Representative Patrick seconded. Substitute motion failed. On Representative Hamm's original motion, the motion carried.

The meeting was recessed at 2:10 p.m. and will reconvene on adjournment of the House.

Chairman Teagarden reconvened the meeting at 5:10 p.m. for a hearing on HB 2600.

HB 2600 - State educational institutions, minimum class sizes, limits on administrative and non-instructional personnel costs.

Walt Chappell, Chanute, Kansas, explained the 20/20 plan for higher education contained in HB 2600. The bill would require 20 students per class before another section of the same class is opened and it would fix a limit of 20 percent of the budget expenditures for non-instructional administrative costs. Mr. Chappell submitted written testimony (Attachments 7 and 8). Mr. Chappell stated that 60 percent of state revenue goes to fund education at all levels and 80 percent of education funding goes for personnel. He believes substantial savings can be realized by increasing productivity and decreasing overhead as proposed in the 20/20 plan in HB 2600. Mr. Chappell projects savings of approximately \$300 million from implementing this plan.

Dr. Stanley Koplik, Executive Director, Kansas Board of Regents, appeared in opposition to HB 2600 (Attachment 9). He stated that results of a recent survey reveal that only 9.5 percent of the total sections offered during the semester had enrollments of less than 25 students at the Regents institutions. At the 20 student level, this would fall to approximately 7.9 percent. Dr. Koplik advised that financial accountability and demonstrations of improved performance are issues which the Regents will aggressively pursue in the coming months. He does not feel inflexible statutory guidelines are necessary. Representative Chronister requested Dr. Koplik to provide an analysis of the ratios of support salaries to instructional expenditures at the institutions shown on Attachment II of his testimony. The meeting was adjourned at 6:00 p.m.

STATE OF KANSAS



DEPARTMENT OF CORRECTIONS

OFFICE OF THE SECRETARY

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Joan Finney
Governor

Steven J. Davies, Ph.D.
Secretary

To: House Appropriations Committee

From: Steven J. Davies, Ph.D.
Secretary of Corrections

Re: Senate Bill No. 369

Date: April 4, 1991

Senate Bill No. 369 would adjust balances in imprest fund accounts for several correctional facilities. These adjustments are due to facility consolidations. In addition, imprest funds for the new facilities at El Dorado and Larned are established.

The Department of Corrections requested the amendment made by the Senate in reducing the imprest fund for the Larned Correctional Mental Health Facility from \$15,000 to \$5,000.00. The lower amount is anticipated to be sufficient for the anticipated inmate earnings and releases from LCMHF.

It is urged that the legislature take favorable action on S.B. 369, as amended by the Senate.

HA
4-3-91
Attachment 1

TESTIMONY BEFORE
THE HOUSE COMMITTEE ON APPROPRIATIONS

HOUSE BILL 2619

April 3, 1991

Robert S. Wunsch
University of Kansas Medical Center

K.S.A. 76-373 et seq. provides for the medical scholarship program at the University of Kansas Medical Center. This program has been modified a number of times since its inception in the late 1970's to address the ever-changing circumstances involved in the delivery of health care in Kansas. House Bill 2619 addresses two problems which have arisen during the past year.

Under current law, persons first receiving a scholarship after December 31, 1985 are required to enter a primary care residency upon graduation from medical school. Those who do not must repay all monies received plus interest at the rate of 15 percent within 90 days of graduation. The first individuals having received scholarships under this provision graduated from medical school last spring. Several did not enter primary care residences, although all have entered some residency program. Those individuals are faced with immediately paying the total amount they received under the program plus interest. The range of this obligation is from approximately \$9,000 to nearly \$60,000.

This repayment provision should be contrasted with that provided for persons who likewise graduated last spring who enter and complete the required primary care residency, but who then do not enter practice in a community of 12,000 or less, as required by the statute. Those individuals will be required to repay the amounts they received at the same interest rate, but in five annual installments beginning at the time they complete the residency.

Another distinction between the two groups of individuals is that those who do not enter the required primary care residency, and therefore are obligated to immediately repay in full, are at a stage in their medical training which does not afford them the income to make a lump sum repayment, whereas the individuals who default after completing a primary care residency not only have five years in which to complete repayment, but will also be at a stage in their career to have the earning capacity to repay the amount due. Admittedly, neither group is accomplishing the goal the scholarship program intended.

Further, it is our understanding that the provision requiring immediate repayment within 90 days of graduation was the result of a Senate floor amendment. Undoubtedly, the long-term consequences of the amendment went undetected.

HA
4-3-91
Attachment 2

We presently are faced with collection of the amount owed by those covered by the 90-day repayment provision. We have received evidence from several individuals of their current financial status and inability to immediately repay, even though they acknowledge their obligation. Reviewing the information provided suggests that we would likely be unsuccessful in obtaining any substantial recovery if we instituted legal procedures to compel repayment. Furthermore, if we initiated litigation under these circumstances, it is possible that an individual might attempt to discharge the obligation in bankruptcy. While such an individual would face substantial obstacles in pursuing this course, it seems to us that H.B. 2619 provides a practical solution which would eventually accomplish repayment.

Under the provisions of H.B. 2619, a person who does not enter a primary care residency will be treated in the same way as the person who does enter the required residency but fails to practice in an appropriate service location, except that the person failing to enter the residency would be required to annually pay accrued interest on the outstanding obligation. At the time the individual completes the non-complying residency, he or she would be obligated to repay the entire amount owed in five annual installments.

The second part of House Bill 2619 beginning at line 9 on page 3 addresses the situation of those individuals who are practicing medicine full-time in compliance with their service obligations, but who wish to reduce their practice to less than full-time. A request has recently been made by a pregnant physician who wishes to reduce her practice to less than full-time, but who is willing to extend her service obligation for an additional period of time. Under the proposed amendment, the Chancellor or his or her designee, upon a finding of exceptional circumstances on a case-by-case basis, could authorize a person to practice less than full-time, but at least half-time, with a corresponding increase in the length of the service obligation. For example, a person with an obligation to practice full-time for 4 years who reduces to half-time practice after having served full-time for 2 years would have to practice half-time for an additional 4 years, for a total of 6 years. We believe that this modification furthers the purpose intended under the scholarship program, plus affording relief when circumstances so warrant.

TESTIMONY BEFORE
HOUSE APPROPRIATIONS COMMITTEE

HOUSE BILL 2624

April 3, 1991

Robert S. Wunsch
Kansas University Medical Center

The principal mission of the University of Kansas Medical Center is to educate and train health care professionals. Essential to this teaching mission is the University Hospital and the training laboratory that it provides. As an additional service, the University Hospital has for decades provided the highest quality and greatest diversity of health care services available to the citizens of Kansas and the region.

Over the years, the University Hospital has been able to attract sufficient numbers of patients to support its operating costs and the educational needs of the institution. One of the realities of the changes in the health care delivery system is that high quality tertiary care health services are no longer available only at University teaching facilities. In Kansas, very sophisticated health care facilities are available to meet the health care needs for the region. This increased competition for patients places the University Hospital in a position of having to alter its longtime passive approach to attracting patients. No longer can the institution merely rely on referrals of patients from physicians across Kansas and throughout the midwest as its principal source of patients to support academic programs. Other health care providers actively promote their institutions and programs through a variety of means. To remain competitive in this ever-changing health care environment, it becomes imperative that the University Hospital become more proactive in developing the kinds of services and programs that will make it attractive to sufficient numbers of patients in the years to come.

Currently, the University Hospital is recognized as the premier provider of cancer care in the greater Kansas City area. An opportunity is now available to significantly advance our cancer care program and substantially increase our effectiveness in meeting the needs of the citizens of Kansas and the region, as well as to enhance the educational opportunities for medical student and residents alike. Our association with a private enterprise to develop an outpatient detection, screening, diagnostic and treatment service center related to cancer would enable us to provide the following services which are not presently available: 24-hour outpatient care; funding for retention and enhancement of staff; enhancement of marketing and public relations; educational opportunities for student, residents and fellows in an multidisciplinary cancer center environment; modernization and upgrading of equipment; improvement in community education and outreach programs; and satellite programs which will allow us to expand our service area.

HA
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Attachment 3

Entering in to such a contractual arrangement would enable the institution to protect its existing patient base as well as to enhance its competitive position in today's ever changing health care market. Unless the University Hospital moves aggressively in areas such as cancer treatment, among others, it will inevitably suffer in its ability to support the educational needs of the institution. Participation with a private concern in establishing such an outpatient service center related to cancer would offer numerous advantages to the State of Kansas and its citizens: improved facilities and support for patients and faculty/staff; the opportunity to offer on-the-spot multivisibility in the community; a clinical cornerstone for a comprehensive cancer center status as defined by the National Cancer Institute; improved early detection opportunities; and a better payor mix of patients due to increased patient convenience.

We are seeking through H.B. 2624 authority to pursue a relationship with a private concern which would initially involve certain arrangements for the renovation of existing facilities in order to establish an interim center. Construction of a permanent center would then be undertaken in conjunction with the private entity. We have proposed in H.B. 2624 several alternative methods of accomplishing those undertakings, which would also include a long-term lease arrangement through which the private concern would operate the patient care aspects of the center. This would create a kind of joint venture between the Medical Center and the private concern, with each drawing on the strengths and expertise of the other in order to provide the enhancements to our program which are described above.

The organization we are currently considering now operates cancer centers jointly with a number of hospitals throughout the United States. It is interested in expanding its operation through a center in the greater Kansas City area. Should our current discussions not prove fruitful, we would be interested in pursuing affiliations with other entities.

New Section 2 of H.B. 2624 is modeled after K.S.A. 76-757 which authorizes endowment associations to construct, repair and renovate buildings on state property. Under New Section 2 the private organization would be authorized to repair, remodel and renovate existing facilities in the University Hospital where the cancer center would operate on an interim basis. These improvements would be totally financed from the monies of the private organization. The section would further authorize the private organization to construct a facility to permanently house the center on state property. Again, this would be totally financed by the private organization. At the completion of the project, whether renovation or new construction, the facilities involved would become the property of the State. The statute further provides that no such project would be undertaken without the Board of Regents first advising and consulting with the Joint Committee on State Building Construction, and plans and specifications for the project would be approved by the Secretary of Administration.

New Section 3 provides an alternative method of accomplishing the renovation of existing facilities or the construction of new facilities. Under this section, the Board of Regents would be authorized to issue revenue bonds to finance all or a part of the costs of the renovation or construction. The Board could not issue bonds without first advising and consulting with the Joint Committee on State Building Construction. The principal and interest on the bonds would be payable from revenues arising out of the operation of the University Hospital or the operation of the cancer center itself.

New Section 4 authorizes the Board of Regents to enter into an agreement to lease the interim or permanent facilities described in both Sections 2 and 3 to the private organization, with or without receiving direct monetary consideration. This agreement would be for a maximum of 35 years. The section also enumerates certain provisions which must be in the agreement, such as provisions for termination, etc. The agreement may not be entered until the Board of Regents has consulted with the Joint Committee on State Building Construction.

We anticipate that space for the interim facility will be located in an area within the University Hospital where administrative functions are now located. These units will be relocated to other areas of the Hospital which are now used principally for storage purposes. We believe it is more cost effective to relocate storage space to an off-site location and to utilize the "prime" Hospital space for administrative space. Therefore, we seek authority to acquire an existing facility in Wyandotte County for storage space. The statute would provide for the Board of Regents to issue revenue bonds to pay for the acquisition of this real estate. If the property cannot be obtained through negotiation, the statute would also authorize the acquisition of the property through eminent domain. The income to finance the bonds, principal and interest, would come from revenue of the University Hospital.

New Section 6 is necessary to revise the definitions of "institution" and "building" as those terms are used in the statutes authorizing the Board of Regents to issue revenue bonds, K.S.A. 76-6a13 et seq.

In reviewing the bill, we recognize the remote possibility that a site on the Medical Center campus might be found unsuitable for construction of the permanent facility. Therefore, we need to extend the authority provided in new Section 3 to include acquisition of a site adjacent to the Medical Center.



STATE OF KANSAS

OFFICE OF THE ATTORNEY GENERAL

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ROBERT T. STEPHAN
ATTORNEY GENERAL

April 3, 1991

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The Honorable George Teagarden
Chairman, House Appropriations Committee
Capitol, Room 514-S
Topeka, Kansas 66612


Re: House Bill No. 2625

Mr. Chairman and Members of the Committee:

House Bill No. 2625 would annually cause to be transferred to the General Fund all money in the Attorney General's Antitrust Special Revenue Fund which is not estimated to be needed to meet the following fiscal year's expenses. I neither endorse nor oppose this legislation.

I understand the present need to find money whenever possible to bolster the General Fund. On the other hand, money set aside in this fund was intended for use in enforcement of antitrust law for years to come. Indeed, with a significant balance available in the fund, the decision as to whether to enter into complex antitrust litigation would be an easier one to make. By establishment of the fund, the legislature determined a portion of money collected from antitrust violators should be used to investigate and prosecute future violations. In enacting House Bill No. 2625, that policy would be eroded to a certain extent and the legislature must pledge General Fund resources to antitrust enforcement in future years. If you are proceeding with that understanding, I will not oppose depletion of the fund for the sake of General Fund balances. I leave the decision to your discretion.

Very truly yours,


Robert T. Stephan
Attorney General

RTS:crw

HA
4-3-91
Attachment 4



STATE OF KANSAS

Sally Thompson

TREASURER

900 JACKSON, SUITE 201
TOPEKA, KANSAS 66612-1235

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Additional Testimony on HB 2614
before the House Committee on Appropriations
by
State Treasurer Sally Thompson
Wednesday, April 3, 1991

Mr. Chairman and members of the Committee. I appreciate the opportunity to provide additional information and estimates as you requested yesterday. I believe that two basic issues are involved.

1) Should the State be compensated for services performed for local municipalities?

Fees for services is not a new concept. Statutory fees were previously provided for bond registration (10-604 repealed in 1983). Those wishing to hunt or drive pay a licensing fee and a bond registration fee is merely a similar fee which becomes a part of the cost of issuing bonds. Even the SEC has an established fee for issues over \$2,000,000.

Charging a fee allocates the cost of state government to those who use those services. Consequently, the residents of Overland Park will not be subsidizing the bond registration costs of the airport authority in Wichita with sales and income taxes.

2) Should individual agency budget costs be offset against the fees it collects?

The segregation of these fees and costs provides accountability not provided in a general fund revenue. The segregation provides information regarding the net cost of a service in order for

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Attachment 5

informed decisions to be made as to what services and related fees should be provided by and paid to the State.

These philosophical issues led to the proposed bill. In response to your inquiry we estimate the current cost of bond registration to be \$25 for every issue. In addition \$.10 per bond is the estimated cost in those instances when the State Treasurer's office does not act as registrar and paying agent. As an example, the total cost of issuance on a \$4 to \$5 million issue is usually estimated at 10%, or \$400,000 to \$500,000. The registration fees proposed by this House Bill will add \$200 to \$400 to the issuance cost and are estimated to generate \$15,000 to \$20,000 revenue per year for all bonds registered by the State Treasurer's office.

There is approximately \$6.0 billion of outstanding bond principal registered in the State. Had these fees been in effect, the Treasurer's office would have generated \$100,000 to \$150,000 on these outstanding issues.

We are not talking about windfall profits; we are simply talking about paying for services rendered.

I greatly appreciate the opportunity to discuss HB 2614 and would be happy to work with the Committee as it continues its consideration of this bill. I stand ready to answer any questions the committee may have.

Corrected

HOUSE BILL No. 2614

By Committee on Appropriations

3-26

8 AN ACT concerning ~~the state treasurer~~; authorizing fees for regis-
9 tration or certification of municipal bonds; creating the bond serv-
10 ices fee fund; amending K.S.A. 1990 Supp. 10-108 and repealing
11 the existing section.

municipal bonds

12
13 *Be it enacted by the Legislature of the State of Kansas:*

review,

14 Section 1. K.S.A. 1990 Supp. 10-108 is hereby amended to read
15 as follows: 10-108. (a) Before any bonds become a valid obligation,
16 a full and complete transcript of the proceedings leading up to the
17 issuance thereof, properly certified by the clerk, secretary or other
18 recording officer of the municipality proposing to issue such bonds,
19 shall be transmitted to the state treasurer, together with the bonds
20 proposed to be issued and any coupons attached thereto. The state
21 treasurer shall submit such transcript to the attorney general for the
22 purpose of determining the sufficiency of the transcript. Upon re-
23 ceiving written approval of such sufficiency, the state treasurer shall
24 register such bonds in the municipal bond register in the state
25 treasurer's office. Thereupon, the state treasurer shall, under seal of
26 office, certify upon the bonds the fact that they have been registered.

for the state treasurer and the bond transcript review fee fund
for the attorney general

27 No fee shall be charged

: (1) For each bond issue for which the state treasurer serves as
paying agent, a fee of not more than \$30 per issue, and (2) for
each bond issue for which the state treasurer does not serve as
paying agent, a fee of not more than \$30 per issue and a fee of
not more than \$.30 per bond in the issue

28 (b) *The state treasurer is hereby authorized to fix, charge and*
29 *collect fees for registration or certification under this section. Fees*
30 *for registration or certification of bonds shall be fixed in order to*
31 *recover all or part of the operating expenses incurred for such*
32 *purpose. All such fees received shall be deposited in the state treasury*
33 *to the credit of the bond services fee fund, which is hereby created.*

All expenditures from the bond services fee fund shall be made in
accordance with appropriation acts upon warrants of the director
of accounts and reports issued pursuant to vouchers approved by
the state treasurer or a person or persons designated by the
state treasurer.

34 (c) Bonds which have been registered under this section shall
35 be returned to the municipality issuing the same. The state treasurer
36 may make personal delivery of the bonds to the purchaser or to an
37 authorized officer or agent of the municipality at the office of the
38 state treasurer. In lieu of return by personal delivery, the state
39 treasurer may return the bonds by registered or certified mail, return
40 receipt of addressee only, or by any other method prescribed in
41 writing by the municipality. All returns shall be at the expense of
42 the municipality and moneys received to reimburse the state treas-
43 urer for return charges shall be deposited in the state treasury and

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H/A

1 credited to the state treasurer's revolving bond services fee fund
2 created by this section.

3 (d) The attorney general shall appoint an additional assistant at-
4 torney general for the purpose of determining the sufficiency of
5 transcripts submitted to the attorney general by the state treasurer
6 who shall be assigned, except in unusual workload situations, exclu-
7 sively to the examination of such transcripts.

8 ~~Sec. 2. K.S.A. 1990 Supp. 10-108 is hereby repealed.~~

9 Sec. 3. This act shall take effect and be in force from and after
10 its publication in the statute book.

New Sec. 2. The attorney general is hereby authorized to fix, charge and collect fees for review and examination of the transcripts of the proceedings of municipalities for the issuance of municipal bonds under K.S.A. 10-108 and amendments thereto. Fees for such review and examination of transcripts for municipal bond issues shall be fixed in order to recover all or part of the direct operating expenses incurred therefor. All such fees received shall be deposited in the state treasury to the credit of the bond transcript review fee fund, which is hereby created. All expenditures from the bond transcript review fee fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the attorney general or a person or persons designated by the attorney general.

And renumber sections accordingly

6-2

THE 20/20 PLAN CAN REDUCE STATE SPENDING BY \$300 MILLION AND LOWER PROPERTY TAXES BY 20%

- WHAT THE 20/20 PLAN DOES FOR KANSAS:
- SIMPLE, SELF-REGULATING POLICY
- 20 STUDENTS/CLASS BEFORE ANOTHER SECTION
- 20% NON-INSTRUCTIONAL ADMINISTRATIVE COSTS
- CLASSROOMS BUILT FOR 30 OR MORE STUDENTS
- PRESENT CLASS SIZE = # STUDENTS NEEDING COURSE / # FACULTY TEACHING THAT SEMESTER
- CURRENTLY 21% CLASS SECTIONS UNDER 25 STUDENTS
- NO COURSE IS ELIMINATED BY 20/20 PLAN
- QUALITY UP WHEN EXPERIENCED FACULTY TEACH
- INCREASE DESERVING FACULTY SALARIES
- CROSS-TRAIN & REDUCE ADMINISTRATIVE DUPLICATION
- LEGISLATIVE INTENT TO REDUCE COSTS BEFORE INCREASING TAXES
- REGENTS, DOE & C.C. BOARDS IMPLEMENT REGULATION
- BETTER USE OF EXPENSIVE RESOURCES
- MINOR "TUNE-UP" YIELDS SUBSTANTIAL SAVINGS
- SHIFT SAVINGS TO K-12 DISTRICTS
- REDUCE PROPERTY TAXES UP TO 20%
- NO NEED TO INCREASE SALES OR INCOME TAXES

Dr. Walt Chappell (4/3/91) *WC*

HA
4-3-91
Attachment 7

20/20 PLAN FACT SHEET

- 1) The 20/20 PLAN is a common sense way to provide significant savings during each Fiscal Year by requiring that classrooms and faculty are effectively utilized with at least 20 students or more before additional sections of the same class are opened for enrollment.
- 2) The 20/20 PLAN puts the emphasis in Kansas community colleges and universities back on learning and teaching rather than on administrative and support services.
- 3) The high cost of Post-Secondary education is due to the large number of employees--not the cost to provide quality instruction.
- 4) For example, during the last 10 years, Regents enrollments have stayed level with only a 4% increase.
- 5) However, since 1981, Regents spending is up 86%
- 6) The number of university employees hired since 1981 is up 10.5%
- 7) Just since FY-88, the Regents FY-92 budget request is up 40%.
- 8) Compared with K-12 teachers, Kansas Post-Secondary faculty produce 1/3rd the number of student contact hours.
- 9) Data from Kansas community colleges show that faculty are finished teaching by 12 noon and yet collect a full salary plus benefits.
- 10) University faculty are not required to teach students more than 15 hours per week and many have no teaching assignment at all.
- 11) Low teaching productivity and high administrative costs cause rapid yearly increases in Regents and community college budget requests.
- 12) For example, Kansas community colleges charge the taxpayers 2.3 X's more to teach a FTE student than K-12 Districts charge.
- 13) Expenses in the 6 Regents universities average 3.3 X's more to teach a full time student than in a Kansas high school.
- 14) KU Medical Center charges 18.9 X's more per student than K-12 School Districts and 5.75 X's higher than University courses which are basically taught the same for the first two years of Medical School as at the universities.
- 15) It costs \$3.5 Million dollars per medical student who graduates from KU Med Center and returns to Kansas to practice medicine.

HA

4-3-91

Attachment 8

16) The way Medical, Nurses and Allied Health students are admitted and taught at KU Medical Center has a major impact on whether they remain in Kansas after graduation and if they practice in intermediate and rural communities.

17) Class sizes are determined primarily by the number of students enrolled in a course and the number of faculty willing to teach that semester.

18) National Higher Education research centers report that NO studies or research have been done which show that fewer than 25 students per class produces better learning. This conclusion is supported by literature searches at the KU and KSU libraries.

19) However, the opposite seems true. U.S.A. Medical Schools plus universities in Japan, England, and Germany successfully teach 60 to 200 students per graduate level technical class.

20) An analysis of Kansas Post-Secondary administrative costs shows that our community colleges and universities are averaging 45% or more for non-instructional personnel.

21) In Kansas community colleges and universities, there has been a massive increase in middle-level managers and supervisory personnel matched by a similar increase in non-instructional staff to support these administrators.

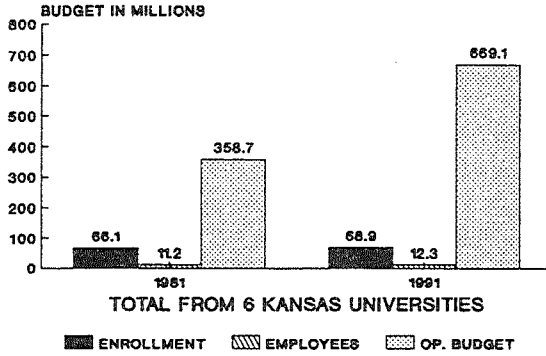
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A) The data and calculations in this fact sheet are based on public documents and reports prepared by the Kansas Department of Education, Kansas Board of Regents, Kansas Legislative Division of Post Audit, Kansas Legislative Research Office and Kansas Governor's Office plus individual institutional reports.

B) The data have been compared with national trends in higher education costs and productivity reported by the National Center for Higher Education Management Systems, American Council on Education, and the Center for the Study in Higher Education. The Editors of Jossey-Bass, the Publishers of national studies on Higher Education, have also been consulted.

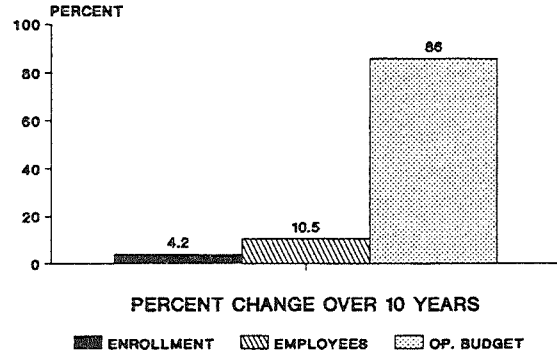
C) Questions about HB-2600 or SB-419 and SB-420 can be addressed to members of the House Appropriations Committee or the Senate Ways and Means Committee which introduced the bills. Specific questions about the 20/20 PLAN and the data in this Fact Sheet can be clarified by Dr. Walt Chappell at (316)431-7920.

**REGENTS COSTS, ENROLLEMENT & EMPLOYEES
FY-81 COMPARED WITH FY-91**



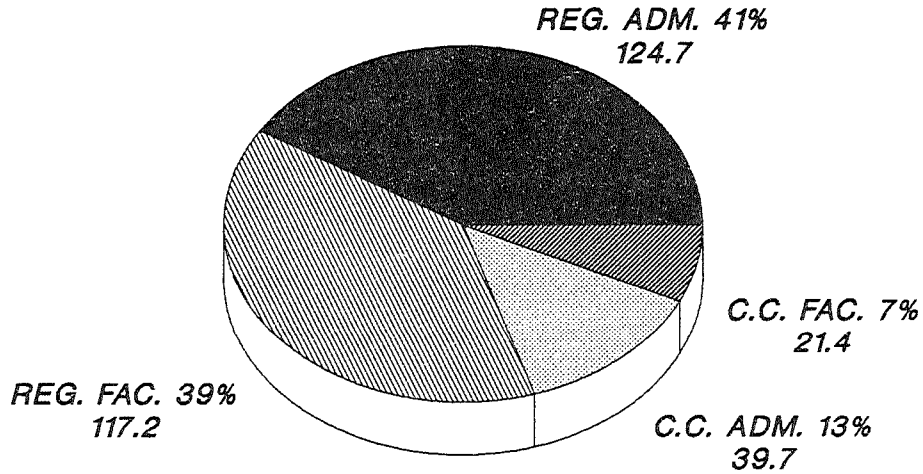
SOURCE: REGENTS, GOVERNOR'S BUDGET & LRO

**REGENTS COSTS, ENROLLEMENT & EMPLOYEES
PERCENT CHANGE BETWEEN FY-81 & FY-91**



SOURCE: REGENTS, GOVERNOR'S BUDGET & LRO

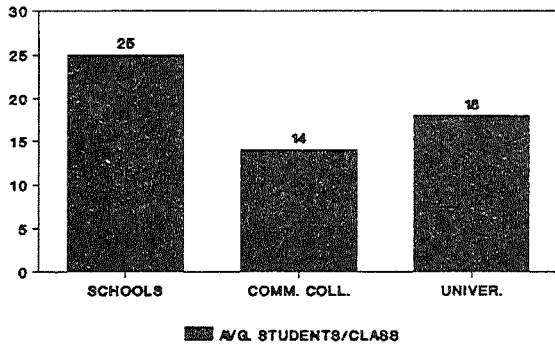
**20/20 PLAN FOR POST-SECONDARY SAVINGS
INCREASED FACULTY & ADMIN. PRODUCTIVITY**



\$303 MILLION SAVINGS/YEAR

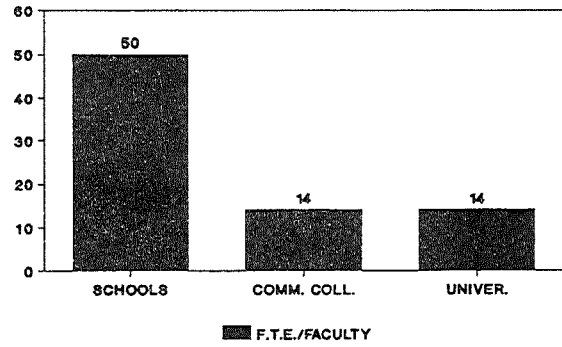
20 STUDENTS/CLASS + 20% ADM. COSTS

AVG. STUDENTS/CLASS
K-12 + COM. COLL. + UNIVER.



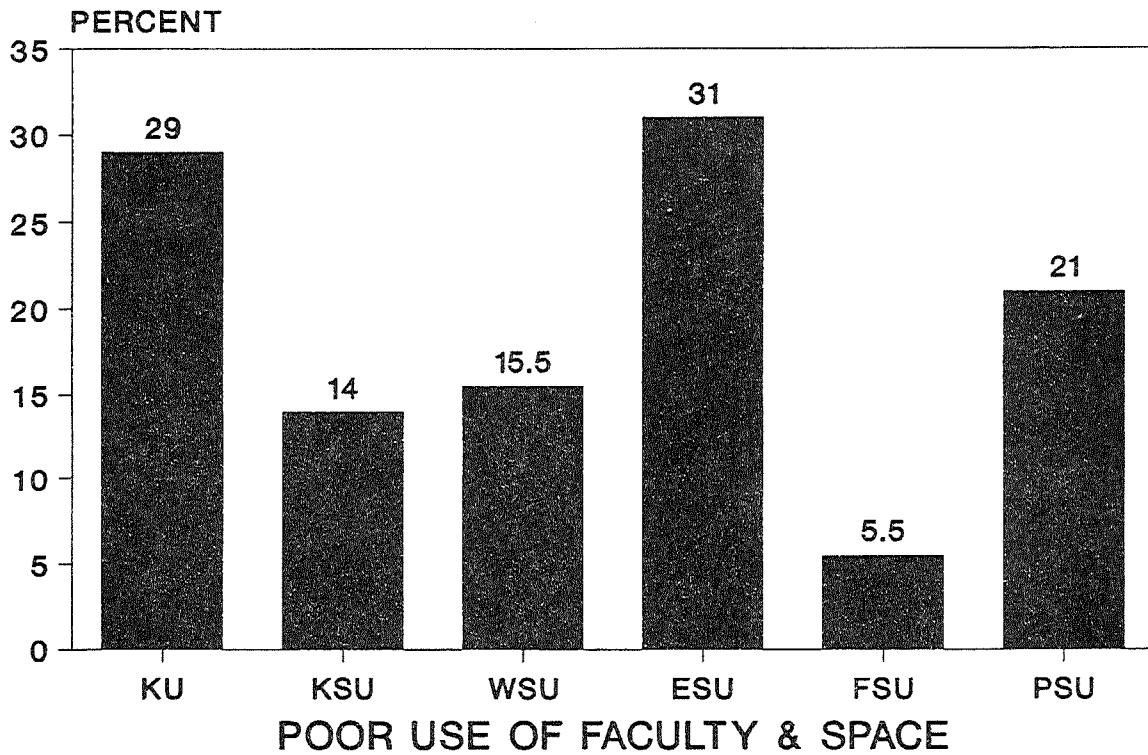
SOURCE: KANSAS DOE, REGENTS & LEG. AUDIT

FACULTY PRODUCTIVITY
F.T.E. STUDENTS TAUGHT/FACULTY



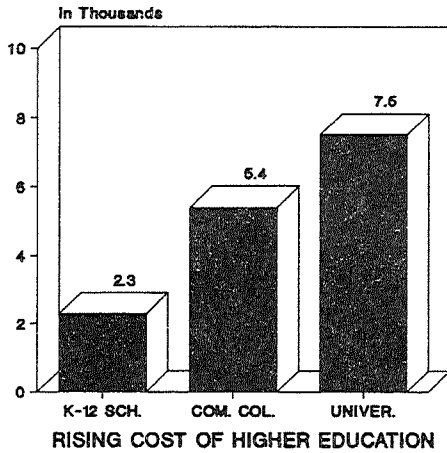
SOURCE: KANSAS DOE, REGENTS & LEG. AUDIT

PERCENT OF LECTURE & SEMINAR SECTIONS
WITH UNDER 25 STUDENTS/CLASS SECTION



SOURCE: REGENTS 1990 REPORT TO LEPC

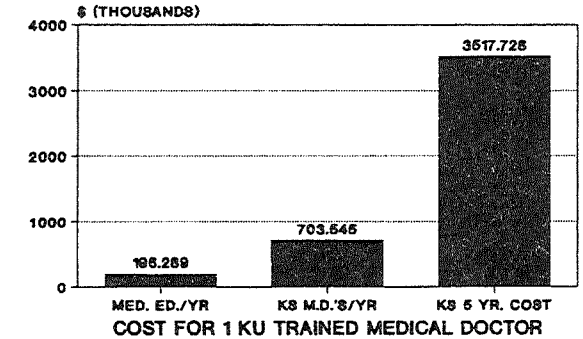
**KANSAS EDUCATION \$/F.T.E.
TAX DOLLARS TO EDUCATE ONE STUDENT**



■ \$/F.T.E.

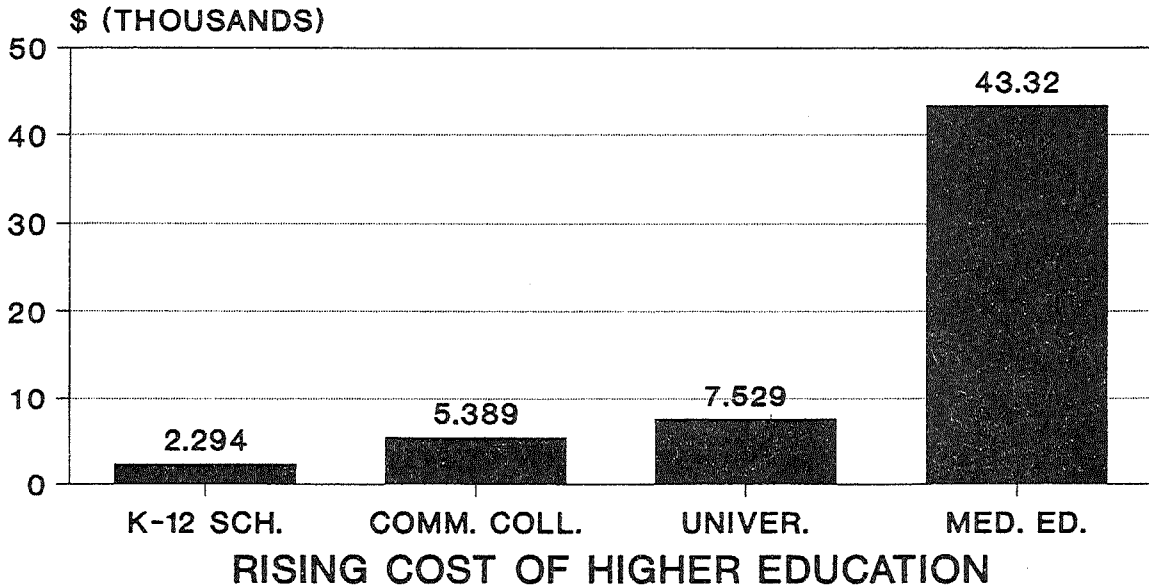
SOURCE: KANSAS DOE, REGENTS & LEG. AUDIT

**TOTAL \$ TO EDUCATE 1 M.D.
WHO STAYS IN KANSAS TO PRACTICE**



SOURCE: KANSAS B.O.R. & KU MED. CTR.

**KANSAS EDUCATION \$/F.T.E.
TAX DOLLARS TO EDUCATE 1 STUDENT**



■ \$/F.T.E.

SOURCE: KANSAS DOE, REGENTS & LEG. AUDIT

**Testimony to House Appropriations Committee
on House Bill 2600**

**Stanley Z. Koplik, Executive Director
Kansas Board of Regents**

Mr. Chairman and Members of the Committee:

I appreciate the opportunity to appear before you today to offer some comments in opposition to House Bill 2600. The bill would impose enrollment limitations affecting multiple sections of the same class having fewer than twenty students per section as well as mandating that administrative expense at universities not exceed twenty percent of direct instructional costs.

First, I will turn my attention to the enrollment provisions. We recently captured data using an enrollment threshold of 25 rather than 20 as stipulated in the bill. Nevertheless, our findings will be similar although the numbers I will share with you would be lowered even further according to the provisions of House Bill 2600. The data from our survey completed for the Fall of 1989 revealed 533 multiple section classes in which at least one section had fewer than 25 students. Of that total, in 151 cases, there is only one section having fewer than 25 enrollees. During the Fall, 1989 semester there were 1,817 multiple section classes having enrollment of less than 25, comprising only 9.5% of the total sections offered during the semester. At the 20 student level, this would fall to approximately 7.9%. Attached to this testimony is an overview illustrating the number of sections in which fewer than 25 students were enrolled.

Frankly, I do not believe that an inflexible statutory guideline of minimum enrollments per section would prove significantly beneficial to either the Legislature or to students at Regents institutions. However, it may be a desirable objective and it would be our intent to receive this message of legislative interest and thereby more diligently monitor the distribution of enrollment in order to maximize efficiency.

There are several reasons which defend the limited use of our present practice. Chief among these are:

1. The non-existence of any windfalls for Regents institutions by deliberately offering underutilized sections. We are, of course, interested in demonstrating productivity and receive no special monies based solely upon number of classes offered. In fact, we are quite sensitive to the complaints we receive regarding large classes and a misleading public perception that special monetary incentives exist for serving students in large classes.

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Attachment 9

2. Multiple sections are sometimes offered for purposes of student scheduling. In some instances, multiple sections of classes are offered to provide a broader range of available times for student enrollment and therefore accommodate more students. This is particularly true among classes in which both day and evening sections are offered.
3. Multiple sections are sometimes offered to enhance the learning experience. In several instances our data reflect that in certain types of courses the small class sections improve student learning. Accordingly, several professional organizations recommend small class sections for specific courses (i.e., the National Association of Teachers of English recommends 22 as a desirable composition class size, the National Accrediting Council of Education in Journalism recommends class sizes of 15 or fewer, and the American Association of Teachers of French recommends class sizes between 15-20. It is therefore, noteworthy that many of the classes having enrollment of less than 25 from our survey are composition and foreign language courses. Additionally, many of the small sections indicated in our survey happen to be honors classes where the faculty-student ratio is kept deliberately low.
4. Statutory guidelines would be difficult to administer. Although certain sections appear to be underutilized, it would be administratively difficult to only open new sections when existing ones have more than 20 students. In most instances, class schedules are developed and published several months in advance. A statutory guideline precluding small sections would either necessitate closing small sections or opening new ones on a haphazard, circumstantial basis. In many cases it is desirable to evaluate the utilization of courses following enrollment, allowing utilization rates to be one factor determining future offerings. As a consequence of such evaluations, observed inefficiencies are eliminated during succeeding semesters.

With regard to the bill's provisions specifying not more than 20% of instructional cost may be spent in institutional, student, and academic support areas, I offer the following comments:

1. The present wording of the bill:
 - a. Makes no recognition of the cost of administering research and public service since a portion of these areas falls in the administrative area.
 - b. Makes no distinction of allowance for library staff as a component of administration. The same goes for museums and galleries.

- c. Selects an arbitrary point of 20% as an objective. Why? In fact, the Regents institutions fall well below their peers in the category of "administrative cost." Whereas our overall funding may be behind, at least in this particular category of comparison, we are ahead and intend to stay that way.
2. If we subtract out these items enumerated above, it seems to me that our institutions are at or near the thresholds indicated. Attachment II illustrates this point.

In summary, Mr. Chairman and members of the Committee, I can assure you that the Kansas Board of Regents shares the general purposes expressed in H.B. 2600 but would rather not choose some arbitrary points of demarcation labeled as "improved efficiency." Financial accountability and demonstrations of improved performance, are issues which the Regents will aggressively pursue in the coming months. I do not believe that H.B. 2600 is necessary or desirable under the present circumstances.

SUMMARY OF MULTIPLE SECTION ACADEMIC COURSES HAVING SECTIONS
WITH FEWER THAN 25 ENROLLED

FALL, 1989

	<u>Multiple Section Classes Having At Least One Section With Enrollment of Less than 25</u>			<u>Total Number of Sections Offered In Classes Having At Least One Section With Enrollment of Less Than 25</u>	<u>Total Number of Sections In Which Enrollment Is Less Than 25</u>	<u>Total Sections Offered Fall, 1989 Semester</u>
	<u>Total</u>	<u>Only One Section With Enrollment Less Than 25</u>	<u>More Than One Section With Enrollment Less Than 25</u>			
KU	184	44	140	1,078	729	6,362
KSU	58	19	39	445	323	5,000
WSU	88	40	48	472	219	2,799
ESU	100	24	76	403	283	1,527
PSU	66	17	49	231	172	1,563
FHSU	13	2	11	48	39	1,570
KCT	<u>24</u>	<u>5</u>	<u>19</u>	<u>60</u>	<u>52</u>	<u>227</u>
TOTAL	533	151	382	2,737	1,817	19,048

SUPPORT SALARIES AS A PERCENTAGE OF INSTRUCTIONAL EXPENDITURES -- FY 1990 ACTUAL -- ALL FUNDS

Attachment II

	SYSTEM TOTAL	KU	KUMC	KSU	KSUVMC	WSU	ESU	PSU	FHSU
Instruction - Total Expend.	285,863,382	86,026,360	58,176,920	56,632,106	7,640,129	34,335,911	13,870,921	15,637,000	13,544,035
Support Salaries									
Academic Support	38,994,871	13,837,412	2,175,826	8,967,489	1,289,650	5,832,680	2,446,062	1,995,945	2,449,807
Student Services	22,742,595	5,949,993	512,903	4,885,873	0	5,002,862	2,296,470	2,312,833	1,781,661
Institutional Support	34,974,869	8,945,888	9,354,988	6,130,810	0	4,461,608	2,006,320	2,130,293	1,944,962
Gross Support Salaries	96,712,335	28,733,293	12,043,717	19,984,172	1,289,650	15,297,150	6,748,852	6,439,071	6,176,430
Less:									
Academic Support:									
Libraries	14,176,923	5,827,402	1,263,044	3,039,086	0	1,794,987	769,685	760,969	721,750
Museums and Galleries	2,520,090	2,188,162	0	0	0	137,215	52,664	0	142,049
Audio/Visual Services	2,593,397	437,467	601,915	0	0	712,743	205,527	307,412	328,333
Student Services:									
Social/Cultural Development	4,600,260	1,829,654	0	577,668	0	1,286,590	319,382	479,639	107,327
Counseling/Career Guidance	2,844,416	900,081	0	310,898	0	699,374	360,184	398,791	175,088
Financial Aid Administration	2,355,860	494,052	111,876	816,629	0	339,957	182,353	190,604	220,389
Admissions and Records	6,183,306	1,384,503	401,027	1,202,155	0	1,216,239	834,297	654,751	490,334
Intercollegiate Athletics	3,285,338	587,898	0	340,839	0	660,260	527,316	589,048	579,977
Net Support Salaries	58,152,745	15,084,074	9,665,855	13,696,897	1,289,650	8,449,785	3,497,444	3,057,857	3,411,183
Ratio - Support Salaries to Instructional Expend.	20.3%	17.5%	16.6%	24.2%	16.9%	24.6%	25.2%	19.6%	25.2%

SOURCE: FY 1990 Annual Financial Reports of Regents Universities

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