

MINUTES OF THE HOUSE HIGHER EDUCATION COMMITTEE

The meeting was called to order by Chairman Tom Sloan at 3:30 P.M. on January 25, 2006 in Room 231-N of the Capitol.

All members were present except:

Representative Bill Otto- excused
Representative Deena Horst- excused
Representative Dick Kelsey- excused
Representative Eber Phelps- excused
Representative Valdenia Winn- excused

Committee staff present:

Mary Galligan, Kansas Legislative Research Department
Deb Hollon, Kansas Legislative Research Department
Art Griggs, Office of the Revisor
Haley DaVee, Committee Secretary

Conferees appearing before the committee:

Sheila Frahm, Kansas Association of Community College Trustees
Dale Hahs, Custom Energy
Vicky Smith, President, Neosho County Community College
Jim Ploger, KCC Energy Office
Charles Benjamin, Sierra Club

Others attending:

See attached list.

Chairman Sloan called the meeting to order and asked for any bill introductions from the committee and audience. Representative Tim Owens requested a bill that will use tuition incentives to encourage college students to remain in the state of Kansas after their graduation.

Representative Kuether moved that the bill be introduced. Representative Sharp seconded the motion.

The motion carried.

Chairman Sloan asked to request a bill be introduced that would deal with funding the infrastructure needs of the state's higher education institutions.

Representative Krehbiel moved that the bill be introduced. Representative Carlin seconded the motion.

The motion carried.

Representative Johnson provided the committee with information relative to community college financing. (Attachment 1) He requested that an interim committee be established to look at the financing of community colleges to see if we can spread the costs more evenly over all counties based on population or some other criteria.

Chairman Sloan opened the hearing on:

HB 2602 - Energy conservation project financing for technical and community colleges.

Chairman Sloan recognized the written testimony submitted by Sheila Frahm, Kansas Association of Community College Trustees. (Attachment 2)

Chairman Sloan welcomed Dale Hahs, Custom Energy, to testify as a proponent of **HB 2602**. He suggested that the Facility Conservation Improvement Program has had significant success. This program has given schools the ability to significantly improve campus mechanical and electrical infrastructures while enhancing the working and learning environments and reducing deferred maintenance lists. He believed that **HB 2602**

CONTINUATION SHEET

Minutes of the House Higher Education Committee at 3:30 P.M. on January 25, 2006 in Room 231-N of the Capitol.

is necessary to correct the language oversight that created a conflict between the Performance Contract Enabling Legislation and other Community College Procurement guidelines. (Attachment 3)

Chairman Sloan recognized Vicky Smith, President of Neosho County Community College, to testify as a proponent. Smith pointed to the success of Neosho County Community College in using the Facilities Conservation Improvement Program. She noted that they would have attempted to do more if they could have extended the lease purchase beyond 10 years. (Attachment 4)

Chairman Sloan welcomed Jim Ploger, Kansas Corporation Commission Energy Office, to the committee to testify as a proponent of **HB 2602**. He noted that the bill makes minor changes to current law but will have numerous positive effects. (Attachment 5) He also provided the committee with a brochure containing information about what the Facility Conservation Improvement Program does for the state.

The Chairman called Charles Benjamin, Sierra Club, to testify as a proponent of **HB 2602**. Benjamin pointed out that the Sierra Club strongly supports public policies that encourage energy efficiency and the use of renewable energy. As such, they are strong supporters of this legislation. (Attachment 6)

Chairman Sloan opened the floor for questions and Representative Storm asked a question regarding what facilities used similar programs. Art Griggs, Office of the Revisor, noted that state agencies use a similar program with 20 year lease purchases.

Chairman Sloan closed the hearing on **HB 2602** and turned the committee's attention to **HB 2604 - Midwestern high education commission.**

Art Griggs, Office of the Revisor, explained an amendment requested by Representative Horst. The amendment would clarify that a person serving on the executive committee may serve up to an additional two year term. (Attachment 7)

Representative Sharp moved to adopt the balloon. Representative Pottorf seconded the motion.

The motion carried.

Representative Sharp moved that the committee pass **HB 2604** favorably as amended. Representative Hill seconded the motion.

The motion carried.

Chairman Sloan asked Representative Sharp to carry the bill.

Chairman Sloan turned the committee's attention to **HB 2602- Energy conservation project financing for technical and community colleges.**

Representative Storm moved to pass **HB 2602** favorably and put it on the consent calender. Representative Pottorf seconded the motion.

The motion carried.

Chairman Sloan adjourned the meeting at 4:10 p.m. The next meeting is scheduled for January 30, 2006 at 3:30 p.m. in Rm. 231-N.

HOUSE HIGHER EDUCATION COMMITTEE GUEST LIST

DATE 1/25/06

NAME	REPRESENTING
Charles Benjamin	KS Sierra Club
Sheila Fruehan	KACCT
Ken Clouse	NewKs Tech Coll
Howard Smith	PITTSBURG STATE
RUSSELL MILLS	GACHES
Mary Ellen Conlee	Wichita Area Tech. College
Pat Ward	Inter
Jennifer Lyon	Inegar, Smith, and Associates
Jim Ploger	Ks Energy Office
Jeff Flathman	Custom Energy Services
Kevin Green	" " "
Dale L. Hahn	Custom Energy
Ann Taylor	Kansas Comp. Comm
Dr. Vicky Smith	Neosho County Community College
Dan Smith	NCCC

From Rep. Johnson 1/25/06

Information relative to Community College Financing

- 1) Community College Revenue by Source
- 2) Community College Revenue by Source as % of total
- 3) Proposed Mill Levy and Tax
- 4) State General Fund as % of Total Operating Budget
- 5) Legislators Representing Community College Counties
- 6) Kansas Community Colleges and Service Areas

Kansas Community Colleges - Revenue by Source YE 2004 Actual - Summary Worksheet							
Compiled from KACCBO - Kansas Community Colleges Enrollment & Financial Statistic (Draft January, 2005)							
by Kent Williams, Butler Community college, January 25, 2005							
	Student	Federal	State	County	Local	Other	Total
	Sources	Sources	Sources	Sources	Sources	Sources	
Allen	\$1,866,183	\$99,638	\$3,424,235	\$211,644	\$1,644,357	\$213,673	\$7,459,730
Barton	\$5,175,902	\$65,068	\$6,579,143	\$291,369	\$7,161,363	\$604,777	\$19,877,622
Butler	\$11,860,667	\$67,070	\$11,879,453	\$1,358,535	\$9,781,986	\$2,687,108	\$37,634,819
Cloud	\$2,287,902	\$11,388	\$3,835,416	\$440,755	\$2,682,480	\$106,034	\$9,363,975
Coffeyville	\$2,641,650	\$203,305	\$2,366,258	\$47,568	\$5,730,790	\$159,958	\$11,149,529
Colby	\$2,438,950	\$13,612	\$2,368,765	\$285,184	\$3,183,967	\$525,762	\$8,816,240
Cowley	\$6,124,606	\$0	\$7,415,012	\$393,708	\$4,791,212	\$1,466,245	\$20,190,783
Dodge	\$1,455,600	\$272,587	\$2,405,675	\$133,929	\$6,263,678	\$174,136	\$10,785,865
Fort Scott	\$3,259,653	\$178,621	\$2,953,040	\$263,292	\$2,504,812	\$423,973	\$9,583,391
Garden City	\$2,902,433	\$413,602	\$2,501,990	\$156,096	\$7,982,025	\$785,060	\$14,741,206
Highland	\$2,793,538	\$0	\$3,555,405	\$426,714	\$1,344,744	\$225,078	\$8,145,479
Hutchinson	\$4,683,799	\$117,869	\$5,775,721	\$478,134	\$13,705,561	\$1,145,431	\$25,906,515
Independence	\$807,952	\$1,948	\$1,909,262	\$495,987	\$3,074,271	\$13,872	\$6,303,292
Johnson	\$21,680,516	\$364,333	\$19,221,306	\$495,576	\$85,460,075	\$2,825,242	\$130,047,048
Kansas City	\$4,930,713	\$0	\$5,019,268	\$312,493	\$25,965,261	\$25,411	\$36,253,146
Labette	\$1,466,996	\$334,759	\$2,174,406	\$147,219	\$3,715,945	\$81,729	\$7,921,054
Neosho	\$1,323,216	\$151,924	\$1,684,652	\$200,244	\$4,012,362	\$308,208	\$7,680,606
Pratt	\$1,463,679	\$0	\$1,990,959	\$188,796	\$4,856,171	\$862,779	\$9,362,384
Seward	\$1,662,150	\$11,492	\$1,514,261	\$141,057	\$7,550,993	\$264,328	\$11,144,281
Totals	\$80,826,105	\$2,307,216	\$88,574,227	\$6,468,300	\$201,412,053	\$12,898,804	\$392,486,705
Note: Federal Sources include only revenues recorded in the Current Unrestricted Fund. Most Federal grants are recorded in Restricted Funds.							

Kansas Community Colleges - Revenue by Source YE 2004 Actual - Percentage Worksheet							
Compiled from KACCBO - Kansas Community Colleges Enrollment & Financial Statistic (Draft January, 2005)							
by Kent Williams, Butler Community college, January 25, 2005							
	Student	Federal	State	County	Local	Other	
	<u>Sources</u>	<u>Sources</u>	<u>Sources</u>	<u>Sources</u>	<u>Sources</u>	<u>Sources</u>	<u>Total</u>
Allen	25.0%	1.3%	45.9%	2.8%	22.0%	2.9%	100.0%
Barton	26.0%	0.3%	33.1%	1.5%	36.0%	3.0%	100.0%
Butler	31.5%	0.2%	31.6%	3.6%	26.0%	7.1%	100.0%
Cloud	24.4%	0.1%	41.0%	4.7%	28.6%	1.1%	100.0%
Coffeyville	23.7%	1.8%	21.2%	0.4%	51.4%	1.4%	100.0%
Colby	27.7%	0.2%	26.9%	3.2%	36.1%	6.0%	100.0%
Cowley	30.3%	0.0%	36.7%	1.9%	23.7%	7.3%	100.0%
Dodge	13.6%	2.5%	22.5%	1.3%	58.5%	1.6%	100.0%
Fort Scott	34.0%	1.9%	30.8%	2.7%	26.1%	4.4%	100.0%
Garden City	19.7%	2.8%	17.0%	1.1%	54.1%	5.3%	100.0%
Highland	33.5%	0.0%	42.6%	5.1%	16.1%	2.7%	100.0%
Hutchinson	18.1%	0.5%	22.3%	1.8%	52.9%	4.4%	100.0%
Independence	12.8%	0.0%	30.3%	7.9%	48.8%	0.2%	100.0%
Johnson	16.7%	0.3%	14.8%	0.4%	65.7%	2.2%	100.0%
Kansas City	13.6%	0.0%	13.8%	0.9%	71.6%	0.1%	100.0%
Labette	18.5%	4.2%	27.5%	1.9%	46.9%	1.0%	100.0%
Neosho	17.2%	2.0%	21.9%	2.6%	52.2%	4.0%	100.0%
Pratt	15.6%	0.0%	21.3%	2.0%	51.9%	9.2%	100.0%
Seward	14.9%	0.1%	13.6%	1.3%	67.8%	2.4%	100.0%
Totals	20.6%	0.6%	22.6%	1.6%	51.3%	3.3%	100.0%
Note: Federal Sources include only revenues recorded in the Current Unrestricted Fund. Most Federal grants are recorded in Restricted Funds.							

Survey of Proposed Mill Levy and Tax

College Name	Business Officer	Phone #	Published Assessed Valuation	Published Amount of 2004 Tax to be Levied	Published Estimated Tax Rate	Notes	Certified Amount of 2004 Tax to be levied	Certified Tax Rate	Certified Assessed Valuation
1 Allen County	Steve Troxel	620 365-5116 ext 209	73,358,117	1,348,469	18.382	G, C	1,348,468	18.025	74,812,512
2 Barton County	Ron Vratil	620 792-2701	171,828,878	5,302,639	30.860	G	5,302,639	30.810	172,108,641
3 Butler County	Kent Williams	316 322 3103	412,185,732	6,968,567	16.910	G	6,968,567	16.802	414,741,270
4 Cloud County	Carter File	785 243-1435 ext 204	66,924,915	1,881,459	28.110	G	1,881,459	28.144	66,849,994
5 Coffeyville	Thomas Smart	620 251-7700 ext 2074	108,439,214	4,315,947	39.800	G, C	4,315,947	49.983	105,310,150
6 Colby	Dan Erbert	785 462-3984 ext 203	74,708,635	2,426,661	32.480	G	2,426,661	31.578	76,846,263
7 Cowley	Tony Crouch	620 441-5207	191,452,007	3,362,132	17.561	G, S	3,362,132	17.423	192,967,888
8 Dodge City	Vada Hermon	620 227-9213	217,007,191	6,066,945	27.960	G, A	6,066,945	27.731	218,781,783
9 Fort Scott	Carolyn Sinn	620 223-2700	78,445,387	1,767,919	22.540	G	1,767,919	22.429	78,821,838
10 Garden City	William Hammond	620 276-9577	450,990,471	8,796,076	19.500	G, C	8,796,076	19.450	452,245,616
11 Highland	Deborah Fox	785 442-6000	64,134,167	955,865	14.900	G	955,865	14.900	63,948,514
12 Hutchison	Bill Warner	620 665-3510	452,633,711	10,226,059	22.592	G, C	10,226,060	22.774	449,036,165
13 Independence	Jim Griggs	620 331-4100 ext 4232	90,866,468	3,520,483	38.740	G	3,520,483	36.544	96,336,186
14 Johnson Count	Gerald Baird	913 469-3815	6,804,047,897	64,147,329	9.428	G, C, S	64,147,329	9.438	6,796,899,695
15 Kansas City	Jerry Reid	913 288-7114	1,025,092,309	20,954,956	20.442	G, C	20,954,957	20.423	1,026,060,047
16 Labetts	Leanna Newberry	620 820-1231	107,571,387	3,647,837	33.910	G	3,647,837	33.640	108,436,813
17 Neosho County	Sandi Solander	620 431-2820 ext 222	85,885,676	2,836,189	33.020	G, A	2,836,190	32.427	87,465,262
18 Pratt	Kent Adams	620 672-2724	86,863,834	3,639,786	41.900	G, C	3,639,786	41.699	87,286,538 *
19 Liberal	Tommy Williams	620 624-1951	241,849,969	7,204,603	29.790	G, B	7,204,603	29.843	242,160,933

Notes:

- G General
- A Adult Education
- B Bond and Interest
- C Capital Outlay
- N No Fund Warrants
- S Special Assessment

* Assessed valuation net of \$3,518,196 Neighborhood Revitalization

Institutions of Higher Education
FY 2004 State General Fund as a Percentage of Total Operating Budget

Institution	FY 2004 SGF	FY 2004 Total Operating Budget	Percent of Total
State Universities			
University of Kansas	\$ 129,276,833	\$ 422,952,040	30.6 %
KU Medical Center	100,131,204	217,053,522	46.1 %
Kansas State University	101,321,084	375,768,098	27.0 %
KSU Veterinary Medical Center	9,568,048	24,763,974	38.6 %
KSU ESARP	46,595,640	109,252,155	42.6 %
Wichita State University	63,518,833	155,752,842	40.8 %
Emporia State University	29,633,548	59,991,305	49.4 %
Fort Hays State University	30,339,303	63,636,679	47.7 %
Pittsburg State University	31,954,826	64,955,746	49.2 %
<i>Total - State Universities</i>	<u>\$ 542,339,319</u>	<u>\$ 1,494,126,361</u>	<u>36.3 %</u>
Washburn University	\$ 10,102,336	\$ 59,078,000	17.1 %
Community Colleges			
Allen County Community College	\$ 3,424,235	\$ 8,617,383	39.7 %
Barton County Community College	6,579,143	22,534,167	29.2 %
Butler County Community College	11,879,453	43,279,715	27.4 %
Cloud County Community College	3,835,416	11,603,274	33.1 %
Coffeyville Community College	2,366,258	11,500,578	20.6 %
Colby Community College	2,368,765	8,816,240	26.9 %
Cowley County Community College	7,415,012	22,033,162	33.7 %
Dodge City Community College	2,405,675	12,202,599	19.7 %
Fort Scott Community College	2,953,040	10,060,459	29.4 %
Garden City Community College	2,501,990	15,916,660	15.7 %
Highland Community College	3,555,405	10,275,149	34.6 %
Hutchinson Community College	5,775,721	31,854,004	18.1 %
Independence Community College	1,909,262	7,598,160	25.1 %
Johnson County Community College	19,221,306	139,417,395	13.8 %
Kansas City KS Community College	5,019,268	38,764,960	12.9 %
Labette Community College	2,174,406	8,720,829	24.9 %
Neosho County Community College	1,684,652	8,777,098	19.2 %
Pratt Community College	1,990,959	10,280,294	19.4 %
Seward County Community College	1,514,261	12,431,859	12.2 %
<i>Total - Community Colleges</i>	<u>\$ 88,574,227</u>	<u>\$ 434,683,985</u>	<u>20.4 %</u>
Technical Colleges and Schools			
Flint Hills Technical College	\$ 1,587,082	\$ 2,412,578	65.8 %
Manhattan Area Technical College	1,964,016	2,574,785	76.3 %
North Central Kansas Technical College	2,495,528	3,393,890	73.5 %
Northeast Kansas Technical College	999,282	1,598,238	62.5 %
Northwest Kansas Technical College	1,795,280	2,355,842	76.2 %
Wichita Area Technical College	6,152,968	8,671,001	71.0 %
Kansas City KS Area Technical School	2,816,292	4,993,305	56.4 %
Kaw Area Technical School	2,302,587	4,910,085	46.9 %
Salina Area Technical School	1,551,663	2,321,704	66.8 %
Southwest Kansas Technical School	1,336,147	2,008,389	66.5 %

Legislators Representing Community College Counties

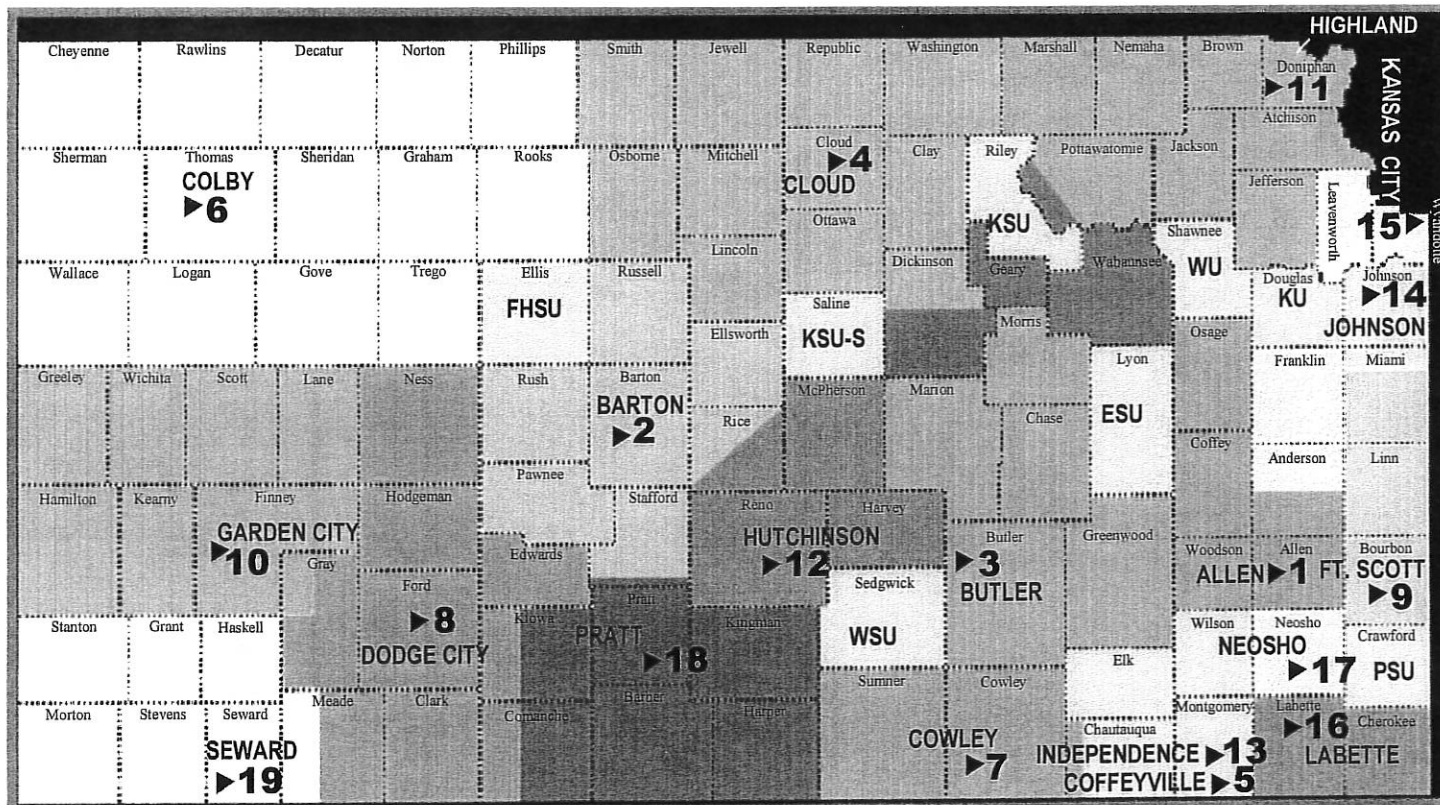
County	Representative	Senator	County	Representative	Senator
Allen	Bill Otto	Derek Schmidt	Labette	Jerry Williams	Dwayne Umbarger
Barton	Bob Bethell	Jay Emler		Jeff Jack	
	John Edmonds	Ruth Teichman	Montgomery*	Frank Miller	Derek Schmidt
Bourbon	Bob Grant	Jim Barone		Virgil Peck	Dwayne Umbarger
	Lynne Oharah		Neosho	Jerry Williams	Dwayne Umbarger
Butler	Donald Dahl	Peggy Palmer	Pratt	Mitch Holmes	Ruth Teichman
	Judy Showalter		Reno	Bob Bethell	Terry Bruce
	Everett Johnson			Mitch Holmes	
	Todd Novascone			Mark Treaster	
	John Grange			Janice Pauls	
Cloud	Joann Freeborn	Mark Taddiken		Mike O'Neal	
Cowley	Judy Showalter	Greta Goodwin	Seward	Bill Light	Tim Huelskamp
	Kasha Kelley			Carl Holmes	
Doniphan	Jerry Henry	Dennis Pyle	Thomas	Jim Morrison	Ralph Ostmeyer
Finney	Gary Hayzlett	Steve Morris	Wyandotte	Ray Cox	Mark Gilstrap
	Ward Loyd			Margaret Long	Chris Steineger
	Larry Powell			Tom Burroughs	David Haley
Ford	Pat George	Tim Huelskamp		Broderick Henderson	Nick Jordan
	Melvin Neufeld			Valdenia Winn	
	Dennis McKinney			Michael Peterson	
Johnson	Anthony Brown	Kay O'Connor		Louis Ruiz	
	S. Mike Kiegerl	Karin Brownlee		Bonnie Sharp	
	Ray Merrick	Dennis Wilson			
	Robert Olson	John Vratil			
	Eric Carter	Barbara Allen			
	Pat Colloton	Nick Jordan			
	Lance Kinzer	David Wysong			
	Arlen Siegfroid				
	Kevin Yoder				
	Tim Owens				
	Patricia Kilpatrick				
	David Huff				
	Jim Yonally				
	Stephanie Sharp				
	Sue Storm				
	Dean Newton				
	Terrie Huntington				
	Edward O'Malley				
Judy Morrison					
Mary Pilcher-Cook					
Ray Cox					
Scott Schwab					

* Independence and Coffeyville Community colleges are both located in Montgomery County.

29 Senators
64 Reps

1-6

Kansas Community Colleges and Service Areas for Kansas Community Colleges



- | | |
|---|---|
| <ul style="list-style-type: none"> ▷ 1. Allen County Community College, Iola ▷ 2. Barton County Community College, Great Bend ▷ 3. Butler County Community College, El Dorado ▷ 4. Cloud County Community College, Concordia ▷ 5. Coffeyville Community College, Coffeyville ▷ 6. Colby Community College, Colby ▷ 7. Cowley County Community College, Arkansas City ▷ 8. Dodge City Community College, Dodge City ▷ 9. Fort Scott Community College, Fort Scott ▷ 10. Garden City Community College, Garden City ▷ 11. Highland Community College, Highland | <ul style="list-style-type: none"> ▷ 12. Hutchinson Community College, Hutchinson ▷ 13. Independence Community College, Independence ▷ 14. Johnson County Community College Overland Park ▷ 15. Kansas City Kansas Community College, Kansas City ▷ 16. Labette Community College, Parsons ▷ 17. Neosho County Community College, Chanute ▷ 18. Pratt Community College, Pratt ▷ 19. Seward County Community College, Liberal |
|---|---|
-
- | |
|--|
| <ul style="list-style-type: none"> ▷ State Universities/Washburn ▷ Unassigned/Shared |
|--|



KANSAS ASSOCIATION OF COMMUNITY COLLEGE TRUSTEES

700 SW Jackson, Suite 1000 • Topeka, KS 66603-3757 • Phone: 785-357-5156 • Fax: 785-357-5157
Sheila Frahm, Executive Director • E-mail: frahm@kacct.org • Website: www.kacct.org

MEMO

TO: Representative Tom Sloan, Chairman

From: Sheila Frahm, Executive Director

Date: January 25, 2005

RE: HB 2602

Mr. Chairman and Members of the House Higher Education Committee:

Thank you for introducing and hearing this bill. HB 2602 provides extended time flexibility for Kansas Community Colleges as they consider how they might participate in an energy performance project with the Facilities Conservation Improvement Program (FCIP).

The bill will move the 10-year restriction from 10 to 20 years. This will provide needed flexibility and allow for better use of limited funds while accomplishing needed improvements and conservation projects.

When this change was made for school districts, it was likely intended to include the same flexibility for community colleges; however, it was not specifically indicated. To prevent any confusion, HB 2602 will officially make this needed statutory change.

On behalf of the 19 Kansas Community Colleges, we do support this bill and request your favorable review and action.

Thank you.

Sheila Frahm

House Higher Education Committee

1-25-06

Attachment 2

**BEFORE THE HOUSE COMMITTEE ON HIGHER EDUCATION
PRESENTATION BY CUSTOM ENERGY
January 25th 2006
PROPONENT OF HB 2602**

Thank you Chairman and Members of the Committee. My name is Dale Hahs, President of Custom Energy, a National Energy Services Company headquartered in Overland Park, Kansas. Thank you for the opportunity to be here today to testify as a proponent of House Bill 2602.

My company, Custom Energy, was selected as one of the four Facility Conservation Improvement Program partners at the program's inception almost 4 years ago.

The program has achieved significant success, thanks in large part to the insight of the Kansas Legislature to empower the program; its framers, the Kansas Energy Office and the program administrators. The Kansas Program has become a model for many other states that stand in awe of the Kansas success. But the work is not done.

The program has provided significant infrastructure modernization for facilities throughout the State of Kansas including: the Department of Corrections facilities, some SRS facilities, some administrative buildings and a significant portion of the Regents' institutions; including the University of Kansas, Kansas State University, Fort Hayes State University, Pittsburgh State University and a project soon to be implemented at Wichita State University. But the work is not done.

I take the opportunity to call to your attention those organizations because this program has given them the ability to significantly improve campus mechanical and electrical infrastructures while enhancing the

House Higher Education Committee

1-25-06

Attachment 3



9217 Cody
Overland Park, Kansas 66214

working and learning environments and reducing dreaded deferred maintenance list, all without further straining state budgets. These programs are funded by the diversion of dollars previously paid to utility companies. The dollars being earned by the installation of energy savings devices and systems are in fact repaying the debt used to purchase and install them.

The original enabling legislation went far to empower State Agencies to utilize this alternative construction methodology within a payback framework of up to 20 years, if justified. In 2004, when the program was moved to the Kansas Energy Office, the program was extended to municipalities, counties, community colleges and unified school districts to take advantage of the program's success and opportunity.

Last year, Custom Energy was fortunate enough to participate with Neosho County Community College in the development of a Performance Contract for their institution. During the project development time, we recognized that a language oversight created a conflict between the Performance Contract Enabling Legislation and other Community College Procurement guidelines.

This minor oversight can be corrected with House Bill 2602.

We might all agree with the American Association of Community Colleges when it states that "Community Colleges are centers of educational opportunity that put publicly funded higher education at close-to-home facilities welcoming all who desire to learn, regardless of wealth, heritage, or previous academic experience." They too, challenged by budget constraints, are seeking to find the best ways to be great stewards of their capital, their energy and natural resources.

Today we enlist your support to allow us to get the work done!

Thank you. I would be happy to answer any questions.

**Testimony to Higher Education Committee
House of Representatives
RE: HB 2602 January 25, 2006**

**By
Dr. Vicky Smith
President, Neosho County Community College
Chanute, KS**

Thank you Mr. Chairman.

My name is Dr. Vicky Smith and I am president of Neosho County Community College in Chanute, Kansas.

Last year NCCC undertook a \$2.1 million energy performance project under the auspices of the state's Facilities Conservation Improvement Program (FCIP). The College was able, under the program, to successfully address major infrastructure problems affecting energy conservation at the College. Included in the project were lighting improvements, energy management system upgrades, chiller, cooling tower and pump replacements, new roofs, vestibules, renovations to our Center for Academic and Vocational Excellence, water conservation measures, and air conditioning certain areas of the campus.

When the College initially looked at the scope of the potential project, we included additional energy conservation measures than those I have just identified for you. We decided to limit the scope of the energy conservation measures to \$2.1 million, because that was what we could afford within the 10 year restriction noted in state statute 71-201 for lease purchase projects for community colleges. The state FCIP representative assigned to our project was surprised at the 10 year limitation, since boards of educations of public school districts could, under state statute 73-27,125 3a and 3c, exceed 10 years and could choose to have such lease purchase projects extend up to 20 years. He was under the impression that the statute covered community colleges. It does not.

Neosho County Community College would have included additional needed energy conservation measures in our FCIP project if we could have extended the lease purchase beyond 10 years. Specifically, we would have replaced our 38 year old hot/cold piping loop that runs throughout the campus. The cost of that energy conservation measure would have been around \$600,000. We also would have replaced our 38 year old domestic hot water for a cost of \$100,000. And lastly, we would have found a solution for replacing our unit ventilators and fan coil units, which would have cost \$225,000-\$360,000.

Having the flexibility of longer term lease purchase energy conservation projects would be helpful in solving our infrastructure issues. I urge the members of the committee to support the legislation before you.

Thank you.

House Higher Education Committee
1-25-06
Attachment 4

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR

ROBERT E. KREHBIEL, COMMISSIONER

MICHAEL C. MOFFET, COMMISSIONER

**BEFORE THE HOUSE COMMITTEE ON HIGHER EDUCATION
PRESENTATION OF THE
KANSAS CORPORATION COMMISSION
January 25, 2006
HB 2602**

Thank you, Chairman and members of the Committee. I am Jim Ploger, Director of the Kansas Energy Office at the Kansas Corporation Commission. I appreciate the opportunity to be here today to testify for the Commission on HB 2602.

This bill makes a couple minor amendments to KSA 75-37,125 – dealing with energy conservation projects in public buildings. A very successful program, known as the Facility Conservation Improvement Program (or FCIP), allows – on a voluntary basis – public entities to implement energy conservation improvements for buildings. Commonly called energy savings performance contracts, the capital improvements are financed from future, guaranteed utility savings (electricity, gas, water and/or operational savings), using a lease-purchase agreement.

While performance contracts by public agencies are commonly used in most states, the Kansas program has gained national recognition with its streamlined process. Recently, the Western Governors Association's Energy Efficiency and Conservation Task Force of the Clean & Diversified Energy Advisory Committee recommended as a "best practices" the Kansas Facility Conservation Improvement Program.

Kansas uses pre-qualified energy service companies – there are four such pre-qualified companies in Kansas. That allows public agencies to use pre-negotiated and agreed upon rates,

House Higher Education Committee

1-25-06

Attachment 5

fees and standardized contracts. Thus institutions can implement projects much quicker and with less effort, thereby saving time and money and still maintaining a high degree of confidence and that they are receiving a quality product.

Since its inception about four years ago, nearly \$85 million in capital improvements have resulted in over \$7.6 million in annual avoided energy costs for state owned buildings.

With the transfer of the program to the Kansas Energy Office in 2004, it has allowed Kansas municipalities, counties, community colleges and unified school districts to also take advantage of the successful streamlined program.

The authors of the original legislation realized there may be a conflict with existing statutes regarding the use by K-12 schools of lease-purchase agreements beyond 10 years. The FCIP legislation allows financing to extend up to 20 years, if justified. Therefore, our legislation made it clear it was permissible for unified school districts – for energy conservation projects ONLY – go beyond ten years of financing.

Overlooked at that time was a similar limitation for Kansas community colleges that may cause legal concerns regarding the maximum years that could be used in financing projects. This was discovered last year with an FCIP project at Neosho County Community College, the first community college to participate in the program.

In Section 1(3)(c), HB 2602 corrects this potential conflict – as the original legislation did with K-12 schools – by inserting: “Notwithstanding any provision contained in K.S.A. 71-201 and 72-8225, and amendments thereto or other provisions of law, the board of education of any school district and the board of any community college or technical college may enter into a contract or lease-purchase agreement for an energy conservation measure for a period exceeding 10 years.”

In addition – in Section 1(3)(e) – of HB 2602 adds the words *school districts, private and public colleges in Kansas*. This would allow established, private Kansas colleges – *on a voluntary basis* – use the technical oversight service of the FCIP if desired. Such services to a private institution would be provided using an established fee-based schedule – with no financial or legal liability on the part of the State of Kansas.

I understand this is a commonly used provision allowing the State of Kansas provide technical services to private entities in other situations.

I urge the adoption of HB 2602. I would be happy to answer any questions.

Thank you.

Attachment: List of state-owned FCIP building projects

Kansas Facility Conservation Improvement Program Projects

(State Owned Building Projects - as of January, 2006)

<i>Agency</i>	<i>Area (Sq. Ft.)</i>	<i>Project Amount</i>	<i>Avoided Energy Costs</i>
Kansas School for the Blind	112,689	\$467,153	\$44,519
Hutchinson Correctional Facility	424,030	\$2,355,000	\$332,196
Pittsburg State University	1,379,549	\$4,500,000	\$358,975
Kansas State University - Housing	1,080,981	\$2,418,169	\$356,097
Kansas Neurological Institute	414,539	\$2,268,817	\$177,764
University of Kansas - Campus	5,881,330	\$18,393,010	\$1,723,488
University of Kansas Medical Center	1,912,889	\$12,500,000	\$964,768
Kansas State University - Campus	5,532,479	\$21,090,000	\$1,629,935
Winfield Correctional Facility	227,385	\$1,164,639	\$182,400
Wichita Work Release Facility	54,672	\$261,000	\$33,100
Norton Correctional Facility	308,150	\$1,682,971	\$189,000
Lansing Correctional Facility	716,157	\$3,583,697	\$445,736
Fort Hays State University	1,839,022	\$4,689,072	\$348,816
Parsons State Hospital	394,618	\$2,058,435	\$194,542
Kansas School for the Deaf	243,108	\$1,016,810	\$95,151
El Dorado Correctional Facility	609,431	\$2,123,556	\$220,610
Topeka Correctional Facility	245,069	\$887,985	\$96,252
Ellsworth Correctional Facility	201,676	\$998,090	\$111,829
Larned Correctional Facility	131,327	\$178,035	\$19,996
Pittsburg State University - Housing	232,009	\$1,550,401	\$60,425
Kansas Insurance Department	36,000	\$692,419	\$83,143
TOTAL	21,977,110	\$84,879,259	\$7,668,742

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Testimony in Support of H.B. 2602

relating to energy conservation projects of technical and community colleges

On Behalf of the Kansas Chapter of Sierra Club

Before the House Committee on Higher Education

January 25, 2006

Mr. Chairman, members of the Committee, thank you for the opportunity to testify in favor of H.B. 2602 on behalf of the Sierra Club – the largest grass roots environmental organization in the world with over 750,000 members including over 4,000 in Kansas. The Kansas Chapter of Sierra Club strongly supports public policies that encourage energy efficiency and the use of renewable energy.

We want to take this opportunity to commend Chairman Sloan for the leadership he has shown in promoting public policies that encourage the more efficient use of energy no matter what the source of that energy. H.B. 2602 is an example of common sense policies that can be enacted by the state's cities, counties, library districts, park and recreation districts, fire districts, rural water districts and community and technical colleges and many more local units of government to achieve energy costs savings in their operations - in other words, to more efficiently use energy.

As former county commissioner in Harvey County for 16 years I am well aware of the drain on county budgets, and the impact on the taxpayers who pay for local governmental services, of increases in energy prices. Increases in energy prices, whether it is for natural gas or petroleum products, hits taxpayers in their pocket books several times – once in their own homes and again and again in the taxes they pay to school districts, city and county government and other units of local government and when they send their kids to a community or technical college. Anything that is an incentive to local governments to more efficiently use energy will ultimately save taxpayer dollars. As a side benefit of more efficient use of energy, these local government entities will make less demand on coal burning power plants thus lessening the environmental impact of those facilities on the quality of the air we breathe.

We urge this Committee to report H.B. 2602 favorably for passage by the full Kansas House of Representatives.

Thank you for your time and attention. I will stand for questions when appropriate.

HOUSE BILL No. 2604

By Committee on Higher Education

1-12

Representative Horst

House Higher Education Committee
1-25-06
Attachment 7

9 AN ACT relating to members of the midwestern higher education com-
10 mission; amending K.S.A. 72-60b02 and repealing the existing section.

11 *Be it enacted by the Legislature of the State of Kansas:*

12 Section 1. K.S.A. 72-60b02 is hereby amended to read as follows: 72-
13 60b02. The members of the midwestern higher education commission
14 representing the state of Kansas shall be the following: (a) The governor
15 or a designee of the governor; (b) two members of the legislature ap-
16 pointed by the legislative coordinating council so that one is a member
17 of the senate and one is a member of the house of representatives and
18 such members are not members of the same political party; and (c) two
19 members of the state board of regents selected by the state board or, at
20 the discretion of the state board, designees thereof. One such member
21 shall be representative of the four-year institutions of higher education
22 and one such member shall be representative of the two-year institutions
23 of higher education. The term of the member serving under subpart (a)
24 shall expire concurrently with the term of the governor. The terms of
25 members serving under subpart (b) shall expire concurrently with their
26 terms as state officers or two years after the date of their appointment to
27 membership on the commission, whichever occurs sooner, *except that*
28 *legislative members serving on the commission's executive committee may*
29 *serve ~~an~~ additional two-year term while serving on such executive com-*
30 *mittee.* The term of each member serving under subpart (c), if such mem-
31 ber is a state officer, shall expire concurrently with such member's term
32 as a state officer or four years after the date of appointment to member-
33 ship on the commission, whichever occurs sooner. If such member is not
34 a state officer, the term of such member shall expire four years after the
35 date of appointment to membership on the commission. All vacancies in
36 the membership of the commission shall be filled in the same manner as
37 originally filled, except that vacancies created for reasons other than ex-
38 piration of terms of office shall be filled for the unexpired terms.

up to one

39 Sec. 2. K.S.A. 72-60b02 is hereby repealed.

40 Sec. 3. This act shall take effect and be in force from and after its
41 publication in the statute book.
42