Approved: April 19, 2007
Date

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:35 A.M. on March 21, 2007, in Room 123-S of the Capitol.

All members were present.

Committee staff present:
- Jill Wolters, Senior Assistant, Revisor of Statutes
- Theresa Kiernan, Revisor of Statutes Office
- Alan Conroy, Director, Kansas Legislative Research Department
- Audrey Dunkel, Kansas Legislative Research Department
- Michael Steiner, Kansas Legislative Research Department
- Melinda Gaul, Chief of Staff, Senate Ways & Means
- Mary Shaw, Committee Assistant

Conferees appearing before the committee:
- Senator Jean Schodorf
- Senator David Wysong
- Diane Duffy, Vice President Finance and Administration, Kansas Board of Regents
- George Fahnestock, Chair, Kansas Technical College and Vocational School Commission
- Ken Clouse, President, Northwest Technical College
- Joe Glassman, Commissioner, Hays, Kansas

Others attending:
See attached list.

Bill Introduction

Senator Schodorf moved, with a second by Senator Teichman to introduce a conceptual bill regarding the 2007 short term legislative package for accessible insurance for all Kansans (7rs1375). Motion carried on a voice vote.

The bill was introduced by Senator Jim Barnett, Representative Jeff Colyer, Representative Valdenia Wynn, Senator Laura Kelly and Dr. Marcia Nielsen, Kansas Health Policy Authority. (Attachment 1)

Chairman Umbarger opened the public hearing on:

SB 377--Postsecondary institutions; maintenance of buildings; financing

Staff briefed the committee on the bill. Copies of a memorandum from Theresa Kiernan, Senior Assistant Revisor of Statutes, were distributed to the Committee regarding **SB 377** (Attachment 2).

The Chairman welcomed the following conferees:

Senator Jean Schodorf explained the Senate Higher Education Task Force Report which she chaired (Attachment 3) and the support for **SB 377**. The task force overview, background of the issue, and the Governor's proposal were among the items discussed. Senator Schodorf addressed the following additional options:

- Identify a single, ongoing source of revenue to generate \$80.0 to \$100.0 million annually that is earmarked to address deferred maintenance for the Regents' universities, above the \$38.0 million annually the institutions spend on maintenance from their operating funds.
- Identify a plan with multiple sources of revenue to raise between \$80.0 million and \$100.0 million annually to address deferred maintenance at the Regents' universities.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

MINUTES OF THE Senate Ways and Means Committee at 10:35 A.M. on March 21, 2007, in Room 123-S of the Capitol.

Senator David Wysong presented information on the Proposed Regents Deferred Maintenance Legislation as member of the Task Force and in support of **SB 377** (Attachment 4). Senator Wysong explained the financial components of the plan as follows:

- Educational Building Fund (EBF)
- Retained Interest
- State General Fund
- Revolving Loan Pool

Senator Pat Apple was also present for questions.

Diane Duffy, Vice President, Administration and Finance, Kansas Board of Regents, testified in favor of **SB 377** and in favor of the State General Fund funding contained in the bill (Attachment 5). Ms. Duffy expressed concerns by the Kansas Board of Regents regarding three additional statutory changes contained in the bill:

- The first would make permanent the use of the tuition and fee and restricted fee interest income for deferred maintenance.
- Second, the bill changes the definition for the use of EBF to require that funds be used solely for infrastructure improvement projects.
- Third, the future maintenance provision in New Section 15 should be deleted or clarified.

Written testimony was submitted by:

Corey Peterson, Associated General Contractors of Kansas, Inc. (Attachment 6)
Trudy Aron, Executive Director, American Institute of Architects (Attachment 7)

There being no further conferees to come before the Committee, the Chairman closed the public hearing on **SB 377**.

Chairman Umbarger turned the Committee's attention to a briefing on the Final Report to the 2007 Kansas Legislature, Kansas Technical College and Vocational School Commission. Copies are on file in the Kansas Legislative Research Department.

The Chairman welcomed George Fahnestock, Chairman, Kansas Technical College and Vocational School Commission (Attachment 8). Mr. Fahnestock reviewed the Commission's charge to study the mission, governance and funding of the Kansas technical colleges and vocational education schools. Each of the conferees that came before the commission were asked what is right, what is wrong and what is needed. In his testimony, Mr. Fahnestock addressed a new approach to postsecondary technical education funding.

Chairman Umbarger acknowledged Ken Clouse, President, Northwest Kansas Technical College, Goodland, who presented information on the recommendations for technical education contained in **HB 2556** (Attachment 9). He explained that the Commission's recommendation is for an additional $38-$41 million infusion into current funding to bring Kansas' funding equal to or slightly above other states.

The Chairman recognized Dr. Ed Berger, President, Hutchinson Community College, who presented information from the Kansas Association of Community College Trustees (Attachment 10). Dr. Berger noted that regarding **SB 345** and technical education funding, funding would be differential for technical education. They like funding for program development and growth.

Chairman Umbarger welcomed Joe Glassman, Hays Commissioner, who addressed the issue of technical education not being funded enough in the past. He mentioned at one time technical schools were thought of as being secondary education. Mr. Glassman expressed the need for an authority for technical education to work with the Kansas Board of Regents. (No written testimony was provided.)

MINUTES OF THE Senate Ways and Means Committee at 10:35 A.M. on March 21, 2007, in Room 123-S of the Capitol.

The meeting adjourned at 12:30 p.m. The next meeting was scheduled for March 22, 2007.

SENATE WAYS AND MEANS COMMITTEE
GUEST LIST

Date March 21, 2007

Name	Representing
Julia Thomas	DOB
MARK P. MARTZ	CCba
Ethan ERICKSON	KDOT
Bernie Koch	Wichita Chamber
DERL TREFF	PMIB
Kari Smith [illegible]	[illegible]
[illegible] Douglas	Hein Law Firm
Jacquelyn Koehler	Kansas, Inc.
Keith [illegible]	KU
William Daugherty	KS Sch Blind
Debra Prideaux	FHSU
Esther Epp	self
JOHN DOUGHERTY	ESU.
MIKE LANE	ESU
Marci	
Jeff Colyer	Rep 48
Valdenia C Winn	Rep #34
Natalie Bright	Condee Consulting
SUE PETERSON	K-State
Trudy Aron	Amr Inst of Architects
ERIC KING	KS. BD. REGENTS
Diane Duffy	Ks Board of Regents
Kip Peterson	KBOR

SENATE WAYS AND MEANS COMMITTEE
GUEST LIST

Date March 21, 2007

Name	Representing
MARK BORANYAK	CAPITOL STRATEGIES
Eric Stafford	AGC of KS
Sandy Braden	Civic Council of Greater KC
Jimmi Rose	KACCT
Bob Vancrum	JCCC and J Co. Comm College
BILL Brady	Capitol Strategies
Barb Conant	KHPA
BLAKE FLANDERS	KBOR / Commerce

MARCIA J. NIELSEN, PhD
Executive Director

ANDREW ALLISON, PhD
Deputy Director

SCOTT BRUNNER
Chief Financial Officer

2007 Short Term Legislative Package for Access for All Kansans

Early detection and screening for newborns. Expands screening for newborns from our current level of four tests to twenty-nine. This effort represents a true and meaningful step in the direction of early diagnosis and early intervention that will pay immeasurable benefits in future years.
FY 2008 SGF: $191,000; All Funds: $1,189,942

> Recent Action: Funded in the Governor's budget. Passed the House on March 16, 2007, added $1,200,000 to pay for newborn screens for both private and public health insurance programs.

Medicaid outreach and enrollment expansion. Expands the marketing of programs available to the public in order to educate Kansans about the HealthWave program and about health and wellness by: (1) designing an online application and screening tool for potential beneficiaries, (2) developing and implementing a targeting marketing campaign and (3) employing additional outreach workers.
FY 2008 SGF: $336,247 (FY 2008) All Funds: $ 822,112 (FY 2008)

Consider Deficit Reduction Act (DRA) Flexibilities. Supports the opportunities provided through the DRA to allow moving waiver services into the Medicaid state plan, designing benchmark benefit packages with more cost sharing, and exploring innovative reform models through Medicaid Transformation Grants.

> Recent Action: The Kansas Medicaid program has received a Medicaid Transformation grant for $910,000 which will combine predictive modeling with training by KU clinicians to assist case managers in coordinating preventative care for disabled Medicaid beneficiaries with the goal of improved health outcomes. We have also submitted a Long Term Care Partnership grant together with the Kansas Department of Insurance. Premium assistance described below is included in the package. Other DRA flexibilities will be explored in broader health reform as outlined the enabling legislation.

Promoting price and quality transparency. Promotes transparency for Kansas consumers and purchasers through a two phased approach that collects data currently available in one convenient location (through KHPA and State libraries), and then adds health care pricing and quality data (as determined by the KHPA Data Consortium – comprised of providers, consumers, and purchasers). This kind of information will also help to reduce utilization of care that is not evidence-based or is of questionable quality, which can serve to reduce overall health care costs.
SGF: $425,682 (FY 2008) All Funds: $543,790 (FY 2008)

Increasing Health Information Technology/Health Information Exchange (HIT/HIE). Building on the

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Attachment 1

w(the Health Care Cost Containment Commission (H4C) and the KHPA, the state will develop and establish an "Implementation Center for HIE" in Kansas through a public/private entity in order to have a single coordination point for Kansas HIE efforts.
SGF: $750,000 (FY 2008) All Funds: $1 M (FY 2008)

Cover Kansas Pregnant Women, Children and/or Low Income Families through Premium Assistance. Creates a phased-in premium assistance program in order to help low income uninsured families in Kansas to purchase private health insurance, either through their employer or through state procured health insurance plans. Research suggests that better health outcomes are associated with all family members receiving access to care or health insurance through the same plan, and thus, have a "medical home". Although children in Kansas are eligible for Medicaid and/or the State Children's Health Insurance Program up to 200 percent of the federal poverty level (FPL), Kansas currently has one of the lowest rates of Medicaid eligibility in the nation for poor parents (less than 38 percent of the FPL). Premium assistance in Kansas will be phased in over four years, with a "legislative trigger" after the first two years to evaluate the program and ensure that funding is available.

Premium Assistance options this session:

- Competitively bid state-procured health plans: For low income uninsured families, Medicaid (state and federal share) would pay for premiums for state-procured private health insurance to be offered to low income children and their parents. Because children eligible for Medicaid are required by federal law to receive certain services, the private insurance plans would be supplemented by "wrapping around" private health insurance coverage with fee-for-service Medicaid.
- Employer-sponsored insurance (ESI) buy-in: For low income uninsured parents who have access to employer sponsored private health insurance, Medicaid would pay the employee share of the health insurance premium for families and then "wrap around" children's coverage with fee for service Medicaid.

Reduces the number of uninsured Kansans

- Phases-in health insurance coverage to families with Medicaid-eligible children, beginning with those families who are already eligible for Medicaid (i.e. those at approximately 37% of the federal poverty level)
- Creates a "medical home" for families because premium assistance brings parents and children into the same private health plan
- Protects health care benefits currently offered to children

Expands private health insurance coverage

- Expands coverage solely through private health plans, promoting competition in the health insurance marketplace
- Increases health plan choices available to low-income families, similar to the State Employee Health Benefits Plans (includes HSA)
- Puts Medicaid benefits for parents on a par with privately-insured families
- Prepares the way for further reforms to improve markets and expand health insurance coverage
- Can be used to incentivize health promotion and disease prevention within private plans
- Can be "phased in" over three or four years to dovetail with additional health insurance market reforms, such as a health insurance connector.

Leverages federal dollars toward broader health reform

- Draws in federal matching funds and takes advantage of Deficit Reduction Act Flexibilities – giving Kansas an opportunity to "catch up" with other states in terms of federal support for increasing access to health care

- Together with increased transparency of health care cost and quality as well as information technology, can create partnerships with the US Department of Health and Human Services

Cost and Coverage Options Under a Premium Assistance Plan – these are preliminary estimates only

Phase-In	**Year 1**	**Year 2**	**Year 3**	**Year 4**	***FULL PHASE IN***
Percent of Federal Poverty Level (FPL)	**Ramp up (Those under 37% FPL)**	**Under 50% FPL**	**50-74% FPL**	**75-99% FPL**	***Total under 100% FPL***
Number of parents covered	N/A	8,500	7,000	8,500	*24,000*
Estimated administrative costs	$.5M	$1.5M	$2M	$2.25M	$2.25M
SGF: Premium costs		$11M	$9M	$11M	*$31M*
Federal Matching Funds		$16M	$14M	$16M	*$46M*
Total Costs		$27M	$23M	$27M	*$77M*

TO: Senate Committee on Ways and Means

FROM: Theresa Kiernan, Senior Assistant Revisor of Statutes

RE: SENATE BILL NO. 377

Senate Bill No. 377 contains the recommendations of the Senate Task Force on Higher Education concerning the deferred maintenance issue.

The bill enacts two new financing tools for the financing of the infrastructure needs of certain postsecondary institutions of the state.

The first is contained in sections 1 through 5 of the bill and is called the university long-term infrastructure maintenance law.

The law provides revenue from transfers of moneys from the state general fund to an infrastructure maintenance fund which may be expended solely for the purpose of financing improvement of infrastructure at the state educational institutions; the law specifically excludes the use of the money for new construction. The transfers are as follows: $15 million on July 1, 2007; $20 million on July 1, 2008; and $25 million on July 1, 2009 and each year thereafter.

Projects would be subject to the oversight of the joint committee on state building construction.

The second new financing tool enacted in the bill is the state board of regents infrastructure loan law.

The law provides no-interest loans for the financing of infrastructure at the six regents institutions and community colleges.

Revenue is available to finance the loans from appropriations of the legislature, amounts made available from private or other public sources or from a revolving loan fund established in the law and funded from moneys loaned by the pooled money investment board.

There is an aggregate limit on the amount of loans which may be outstanding at any one time of $200 million. Outstanding loans to a single institution cannot exceed $50 million at any one time. The minimum loan amount is $250,000.

Projects would be subject to the oversight of the joint committee on state building construction.

K.S.A. 75-4209 is amended to increase the limit on the amount of state moneys which may be invested in loans pursuant to state mandates.

The bill also amends the law concerning the Kansas educational building fund. Beginning in July 2012, moneys in the fund could be expended solely for the purpose of paying the costs of infrastructure improvement projects at state educational institutions.

The bill requires the that the retained interest moneys on the general fees fund, restricted fees fund and housing revenue funds be expended on infrastructure maintenance.

The bill requires the state board to provide for the ongoing maintenance of any improvement or new construction that is financed from non-state moneys prior to entering a contract for the project.

SB377.wpd

Senate Ways and Means
3-21-07
Attachment 2

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Session of 2007

SENATE BILL No. 377

By Committee on Ways and Means

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AN ACT concerning the infrastructure needs of postsecondary educational institutions and the financing thereof; amending K.S.A. 76-6b02, 76-6b03, 76-6b12, 76-719, as amended by section 11 of chapter 132 of the 2006 Session Laws of Kansas, and 76-753 and K.S.A. 2006 Supp. 75-4209 and 76-762, as amended by section 12 of chapter 132 of the 2006 Session Laws of Kansas, and repealing the existing sections.

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

New Section 1. Sections 1 through 5, and amendments thereto, shall be known and may be cited as the university long-term infrastructure maintenance law.

New Sec. 2. As used in the university long-term infrastructure maintenance law:

(a) "University long-term infrastructure maintenance fund" means the fund established by section 3, and amendments thereto.

(b) "State educational institution" has the meaning ascribed thereto in K.S.A. 76-711, and amendments thereto.

(c) "State board" means the state board of regents.

(d) "Infrastructure" means a building and related utility systems located at a state educational institution.

(e) (1) "Improvement" means the maintenance, repair, reconstruction or rehabilitation of infrastructure.

(2) "Improvement" shall not mean new construction of infrastructure.

(f) "Infrastructure improvement project" or "project" means the maintenance, repair, reconstruction or rehabilitation of a building and related utility systems located at a state educational institution.

(g) "Cost" means all costs or expenses which are necessary or incidental to an infrastructure improvement project and which are directly attributable thereto.

New Sec. 3. There is hereby established in the state treasury the university long-term infrastructure maintenance fund which shall be administered and maintained for the use and benefit of the state educational institutions as provided by the university long-term infrastructure maintenance law. The university long-term infrastructure maintenance fund

Senate Task Force on Higher Education

Sections 1 through 5 constitute the university long-term infrastructure maintenance law.

The SBOR is required to advise and consult with the JCBC regarding each infrastructure improvement project

Improvement is defined to means the maintenance, repair. reconstruction or rehabilitation of infrastructure. It does not mean new construction.

Infrastructure is defined to mean a building and related utility systems located at a state educational institution (SEI)

Sec. 3. Established the university long-term infrastructure maintenance fund (ULIMF) which is administered by the SBOR. Moneys in the fund may be expended for infrastructure improvement projects.

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shall be administered by the state board. Subject to the provisions of appropriation acts, all expenditures from the university long-term infrastructure maintenance fund shall be made for purposes of infrastructure improvement projects.

New Sec. 4. (a) Subject to the provisions of appropriation acts, the state board may transfer moneys from the university long-term infrastructure maintenance fund to an account or accounts of a state educational institution for expenditure by the institution to pay the costs of an infrastructure improvement project as approved by the state board.

(b) The state board shall advise and consult with the joint committee on state building construction as required by subsection (b) of K.S.A. 75-3717b, and amendments thereto, regarding each infrastructure improvement project that has been approved by the state board for a state educational institution. No transfer of moneys from the long-term infrastructure maintenance fund shall be made to finance any infrastructure improvement project unless the state board first has advised and consulted with the joint committee on state building construction. The state board shall advise and consult with the joint committee before making the first transfer of moneys from the university long-term infrastructure maintenance fund to any account or accounts of a state educational institution for each project.

New Sec. 5. (a) (1) On July 1, 2007, or as soon thereafter as sufficient moneys are available, $15,000,000 shall be transferred by the director of accounts and reports from the state general fund to the university long-term infrastructure maintenance fund established by section 3, and amendments thereto.

(2) On July 1, 2008, or as soon thereafter as sufficient moneys are available, $20,000,000 shall be transferred by the director of accounts and reports from the state general fund to the university long-term infrastructure maintenance fund established by section 3, and amendments thereto.

(3) On July 1, 2009 and on July 1 each year thereafter, or as soon thereafter as sufficient moneys are available, $25,000,000 shall be transferred by the director of accounts and reports from the state general fund to the university long-term infrastructure maintenance fund established by section 3, and amendments thereto.

(b) All transfers made in accordance with the provisions of this section shall be considered to be revenue transfers from the state general fund.

(c) All moneys credited to the university long-term infrastructure maintenance fund shall be expended or transferred only for the purpose of paying the cost of infrastructure improvement projects approved by the state board pursuant to the university long-term infrastructure maintenance law, and amendments thereto. All expenditures from the univer-

Sec. 4. The SBOR is authorized to transfer moneys from the ULIMF to an account or accounts of a SEI.

Sec. 5. Provides for transfers of moneys from the state general fund to the ULIMF to provide revenues for the fund. First transfer of $15 million would occur on July 1, 2007; $20 million would be transferred on July 1, 2008; and $25 million would transferred on July 1, 2009 and on each July 1st thereafter.
The transfers would be considered to be revenue transfers.
Moneys in the fund shall be expended solely for the purpose of paying the costs of infrastructure improvement projects.

sity long-term infrastructure maintenance fund shall be made in accordance with appropriation acts.

New Sec. 6. Sections 6 through 14, and amendments thereto, shall be known and may be cited as the state board of regents infrastructure loan law.

New Sec. 7. As used in the state board of regents infrastructure loan law, and amendments thereto:

(a) "State board loan fund" means the state board of regents pooled money investment board loan fund established by section 9, and amendments thereto.

(b) "Infrastructure loan fund" means the state board of regents infrastructure loan fund established by section 8, and amendments thereto.

(c) "Costs" means all costs or expenses which are necessary or incidental to an infrastructure improvement project and which are directly attributable thereto.

(d) "Infrastructure" means a building and related utility systems located at a state educational institution.

(e) (1) "Improvement" means the maintenance, repair, reconstruction or rehabilitation of infrastructure.

(2) "Improvement" shall not mean new construction of infrastructure.

(f) "Infrastructure improvement project" or "project" means the maintenance, repair, reconstruction or rehabilitation of a building and related utility systems located at a state educational institution.

(g) "Regents loan funds" means the infrastructure loan fund and the state board loan fund.

(h) "State educational institution" has the meaning ascribed thereto in K.S.A. 76-711, and amendments thereto.

(i) "State board" means the state board of regents.

(j) "Authority" means the Kansas development finance authority.

(k) "State board of regents infrastructure loan program" or "program" means the state board of regents infrastructure loan program established by section 10, and amendments thereto.

(l) "Community college" means a community college established under the laws of this state.

(m) "Postsecondary educational institution" or "institution" means a state educational institution or a community college.

New Sec. 8. (a) There is hereby established in the state treasury the state board of regents infrastructure loan fund. The following shall be deposited to the credit of the infrastructure loan fund:

(1) Amounts appropriated or otherwise made available by the legislature for the purposes of the infrastructure loan fund;

(2) amounts of repayments made by the state board for loans financed

Sections 6 through 14 constitute the state board of regents infrastructure loan law.

Provides for NO interest loans to pay for the cost of improvements of infrastructure at postsecondary educational institutions.

Postsecondary institution is defined to include the six regents institutions and and community colleges.

Two loans are established under this law: The SBOR infrastructure loan fund which consists of moneys appropriated by the legislature, repayments of loans from the fund and amounts contributed or made available by a public or private entity.

with moneys credited to the infrastructure loan fund in accordance with agreements entered into between the state board and the state treasurer; and

(3) amounts contributed or otherwise made available by any public or private entity for use in effectuating the purposes of the infrastructure loan fund.

(b) Subject to the provisions of the state board of regents infrastructure loan law, and amendments thereto, and to the provisions of appropriations acts, expenditures from the infrastructure loan fund may be made solely for the following purposes:

(1) To provide financial assistance to the state board or a postsecondary educational institution to finance infrastructure improvement projects;

(2) to provide reserves for, or to otherwise secure, amounts payable by the state board on loans made for infrastructure improvement projects in the event of default on a particular loan;

(3) to provide a subsidy for, or to otherwise assist, the state board in the payment of debt service costs on loans made pursuant to the state board of regents infrastructure loan law, and amendments thereto; and

(4) to pay administrative costs of the infrastructure loan fund incurred pursuant to paragraphs (1) through (3).

(c) On or before the 10th day of each month, the director of accounts and reports shall transfer from the state general fund to the infrastructure loan fund interest earnings based on:

(1) The average daily balance in the infrastructure loan fund for the preceding month; and

(2) the net earnings rate of the pooled money investment portfolio for the preceding month.

New Sec. 9. (a) There is hereby established in the state treasury a fund to be known as the state board of regents pooled money investment board loan fund. The following shall be deposited to the credit of such fund:

(1) Any amounts provided by the pooled money investment board for the purposes of the state board loan fund; and

(2) amounts of repayments made by the state board of loans financed with moneys credited to the state board loan fund in accordance with agreements entered into between the state board and the state treasurer.

(b) On or before the 10th day of each month, the director of accounts and reports shall transfer from the state general fund to the state board loan fund interest earnings based on:

(1) The average daily balance in the state board loan fund for the preceding month; and

(2) the net earnings rate of the pooled money investment portfolio

Moneys in the fund may be expended solely for the purposes of:
financing infrastructure improvement projects;
to provide reserves for, or to secure, amounts paid by the SBOR on loans;
to pay debt service on loans from the fund;
to pay administrative costs for any of the above

Sec. 9. Establishes the SBOR pooled money investment board loan fund which consists of amounts provided by loans from the PMIB and repayments of loans from the fund.

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for the preceding month.

New Sec. 10. (a) There is hereby established the state board of regents infrastructure loan program. The state board shall be responsible for the administration of the program including the prioritization of projects, the recommendation of projects for loans, the amount of loans and the identification of the dedicated revenues necessary to repay the loan for each approved project. The total aggregate amount of loans outstanding under the program at any one time shall not exceed $200,000,000. The total aggregate amount of loans to a single institution which is outstanding under the program at any one time shall not exceed $50,000,000. The term of any loan made from the regents loan funds shall not exceed eight years.

(b) Upon request of the state board, the state treasurer shall transfer from the infrastructure loan fund an amount not to exceed the total amount of each loan in increments of not less than $250,000 to an account or accounts of a postsecondary educational institution for expenditure by the institution for one or more infrastructure improvement projects as approved by the state board. The state treasurer also may make expenditures from the infrastructure loan fund and from the revenues described in subsection (e) for the payment of loans, upon request by the state board.

(c) Upon request of the state board, the state treasurer shall transfer from the state board loan fund an amount not to exceed the total amount of each loan in increments not less than $250,000 to an account or accounts of a postsecondary educational institution for expenditure by the institution for one or more infrastructure improvement projects as approved by the state board. No interest shall accrue on the outstanding balance of a loan made to an institution from the state board loan fund.

(d) The state board may enter into agreements and contracts with postsecondary educational institutions, the state treasurer and others as required to effect the purposes of the state board of regents infrastructure loan law, and amendments thereto, including without limitation, the loan agreements described in subsection (e).

(e) The state board may enter into one or more loan agreements with the state treasurer for each infrastructure improvement project pursuant to which the state board shall agree to repay each loan. Each loan agreement shall provide for a pledge to the repayment of the loan made thereby of the general revenues of the state board, and may provide for an additional pledge to the repayment of the loan made thereby of the applicable revenues of a postsecondary educational institution, if any, as determined by the state board. The state board is authorized to consent to the assignment of loan agreements for loans made from the infrastructure loan fund.

New Sec. 10. Establishes the SBOR infrastructure loan program which is administered by the SBOR.
The total amount of loans outstanding at any one time shall not exceed $200 million.
The total amount of loans outstanding at any one time from the fund to a single institution shall not exceed $50 million.
The minimum amount of a loan is $250,000.

The SBOR may enter into agreements with PEIs to effectuate the purposes of the SBOR infrastructure loan law

The SBOR may enter into loan agreements with the state treasurer under which the SBOR agrees to repay the loan for each project and may provide for an additional pledge of the revenues of the PEI for which the loan is obtained.

(f) Moneys loaned under the program shall be expended solely for the infrastructure improvement project specified in the loan agreement.

(g) Oversight of infrastructure improvement projects approved by the state board and financed pursuant to the state board of regents infrastructure loan law, and amendments thereto, shall be provided by the joint committee on state building construction. The state board shall advise and consult with the joint committee on state building construction as required by subsection (b) of K.S.A. 75-3717b, and amendments thereto, regarding each infrastructure improvement project which has been approved by the state board. No loan shall be made for any infrastructure improvement project unless the state board first has advised and consulted with the joint committee on state building construction, which advising and consulting shall occur before making the first transfer from the regents loan funds to any account or accounts of the state board or such postsecondary educational institution.

New Sec. 11. (a) The state board may apply for loans pursuant to the state board of regents infrastructure loan law, and amendments thereto, on behalf of postsecondary educational institutions. The information specified in subsection (a) of section 10, and amendments thereto, shall be included in any application for a loan, along with such other information regarding the loan, the infrastructure improvement project, the applicable postsecondary educational institution and any other information that the pooled money investment board may require.

New Sec. 11. The SBOR may apply for loans on behalf of the PEI.

(b) The state board shall forward a completed loan application to the pooled money investment board for consideration.

Loan applications are forwarded by the SBOR to the PMIB.

(c) The pooled money investment board shall accept and review applications for loans to be made from the regents loan funds.

(d) Unless provision has been made with the state treasurer and the authority for the funding of a loan from the infrastructure loan fund, the loan shall be made from the state board loan fund.

Unless provision is made with the state treasurer, loans are made first from the infrastructure loan fund before money is loaned from the state board loan fund.

(e) The pooled money investment board may reject an application for a loan only if the amount of the loan requested causes the total amount for the program to exceed the limit set forth in subsection (a) of section 10, and amendments thereto, or the limits imposed by subsection (d) of K.S.A. 75-4209, and amendments thereto.

A loan application may be rejected by the PMIB only if the amount of the loan would cause the total amount outstanding to exceed the $200 million limit imposed under section 10.

(f) The pooled money investment board shall forward to the state treasurer, an approved state board loan application.

New Sec. 12. Upon receipt of a state board loan application approved by the pooled money investment board, the state treasurer shall enter into a loan agreement with the state board to make a state board loan in the amount certified by the state treasurer. No interest shall be charged for loans made from the state board loan fund or for loans made from the infrastructure loan fund.

Sec. 12. The PMIB forwards the loan application to the state treasurer who enters a loan agreement with the SBOR for the loan amount. No interest is charged for the loan.

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New Sec. 13. If the state treasurer enters into an agreement for a loan to be made from the state board loan fund, the pooled money investment board shall transfer the amount of the loan to the state board loan fund.

New Sec. 14. The state and the state treasurer shall not be liable in any manner for payment of the obligations incurred by the state board pursuant to the state board of regents infrastructure loan law, and amendments thereto.

New Sec. 15. Prior to entering any contract for any infrastructure improvement project financed under the university long-term infrastructure maintenance law or the state board of regents infrastructure loan law and prior to entering any contract for any other capital improvement project which is financed with non-state moneys, the state board of regents shall provide for the ongoing maintenance costs of such infrastructure improvement project or capital improvement project and shall identify in its budget for each fiscal year funds available for such purpose. In addition, each subsequent capital improvements budget of the state board of regents shall provide for the ongoing maintenance cost of each such infrastructure improvement project or capital improvement project.

Sec. 16. K.S.A. 2006 Supp. 75-4209 is hereby amended to read as follows: 75-4209. (a) The director of investments may invest and reinvest state moneys eligible for investment which are not invested in accordance with K.S.A. 75-4237, and amendments thereto, in the following investments:

(1) Direct obligations of, or obligations that are insured as to principal and interest by, the United States of America or any agency thereof and obligations and securities of the United States sponsored enterprises which under federal law may be accepted as security for public funds, on and after the effective date of this act moneys available for investment under this subsection shall not be invested in mortgage-backed securities of such enterprises and of the government national mortgage association, except that any such mortgage-backed securities held prior to the effective date of this act may be held to maturity;

(2) repurchase agreements with a bank or a primary government securities dealer which reports to the market reports division of the federal reserve bank of New York for direct obligations of, or obligations that are insured as to principal and interest by, the United States government or any agency thereof and obligations and securities of United States government sponsored enterprises which under federal law may be accepted as security for public funds;

(3) commercial paper that does not exceed 270 days to maturity and which has received one of the two highest commercial paper credit ratings by a nationally recognized investment rating firm.

Sec. 13. Transfer of moneys for the loan from the state board loan fund.

Sec. 14. Neither the state nor the state treasurer are liable for the payment of the obligations incurred by the SBOR under the SBOR infrastructure loan law.

Sec. 15. Requires that before entering a contract for any infrastructure improvement or any other capital improvement financed with non-state moneys, the SBOR shall provide for the ongoing maintenance costs of such improvement. The SBOR must show in its capital improvements budget for the ongoing maintenance cost of such improvements.

Sec. 16. Amends KSA 75-4209 to increase the limit on the amount of state moneys that the director of investments may invest in loans pursuant to legislative mandates. Current limit is 10% of the money available or $80 million, the bill increases the limit to 20% or $300 million.

(b) When moneys are available for deposit or investments, the director of investments may invest in SKILL act projects and bonds pursuant to K.S.A. 74-8920, and amendments thereto, and in state agency bonds and bond projects.

(c) When moneys are available for deposits or investments, the director of investments may invest in preferred stock of Kansas venture capital, inc., under terms and conditions prescribed by K.S.A. 74-8203, and amendments thereto, but such investments shall not in the aggregate exceed a total amount of $10,000,000.

(d) When moneys are available for deposits or investments, the director of investments may invest in loans pursuant to legislative mandates, except that not more than the lesser of ~~10% or $80,000,000~~ *20% or $300,000,000* of the state moneys shall be invested.

(e) Interest on investment accounts in banks is to be paid at maturity, but not less than annually.

(f) Investments made by the director of investments under the provisions of this section shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

(g) Investments under subsection (a) or (b) or under K.S.A. 75-4237, and amendments thereto, shall be for a period not to exceed four years, except that linked deposits authorized under the provisions of K.S.A. 2006 Supp. 2-3703 through 2-3707, and amendments thereto, shall not exceed a period of 10 years and agricultural production loan deposits authorized under the provisions of K.S.A. 2006 Supp. 75-4268 through 75-4274, and amendments thereto, shall not exceed a period of eight years.

(h) Investments in securities under paragraph (1) of subsection (a) shall be limited to securities which do not have any more interest rate risk than do direct United States government obligations of similar maturities. For purposes of this subsection, "interest rate risk" means market value changes due to changes in current interest rates.

(i) The director of investments shall not invest state moneys eligible for investment under subsection (a), in the municipal investment pool fund, created under K.S.A. 2006 Supp. 12-1677a, and amendments thereto.

(j) The director of investments shall not invest moneys in the pooled money investment portfolio in derivatives. As used in this subsection, "derivatives" means a financial contract whose value depends on the value of an underlying asset or index of asset values.

(k) Moneys and investments in the pooled money investment portfolio shall be invested and reinvested by the director of investments in

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accordance with investment policies developed, approved, published and updated on an annual basis by the board. Such investment policies shall include at a minimum guidelines which identify credit standards, eligible instruments, allowable maturity ranges, methods for valuing the portfolio, calculating earnings and yields and limits on portfolio concentration for each type of investment. Any changes in such investment policies shall be approved by the pooled money investment board. Such investment policies may specify the contents of reports, methods of crediting funds and accounts and other operating procedures.

(l) The board shall adopt rules and regulations to establish an overall percentage limitation on the investment of moneys in investments authorized under paragraph (3) of subsection (a), and within such authorized investment, the board shall establish a percentage limitation on the investment in any single business entity.

Sec. 17. K.S.A. 76-6b02 is hereby amended to read as follows: 76-6b02. (a) *Subject to the provisions of subsection (c),* all moneys received by the state treasurer under K.S.A. 76-6b01, and amendments thereto, shall be credited to the Kansas educational building fund to be used for the construction, reconstruction, equipment and repair of buildings and grounds at the state educational institutions under the control and supervision of the state board of regents and for payment of debt service on revenue bonds issued to finance such projects, all subject to appropriation by the legislature.

(b) Subject to *the provisions of subsection (c) and* any restrictions imposed by appropriation acts, the state board of regents is authorized to pledge funds appropriated to it from the Kansas educational building fund or from any other source and transferred to a special revenue fund of the state board of regents specified by statute for the payment of debt service on revenue bonds issued for the purposes set forth in subsection (a). Subject to any restrictions imposed by appropriation acts, the state board of regents is also authorized to pledge any funds appropriated to it from the Kansas educational building fund or from any other source and transferred to a special revenue fund of the state board of regents specified by statute as a priority for the payment of debt service on such revenue bonds. Neither the state or the state board of regents shall have the power to pledge the faith and credit or taxing power of the state of Kansas for such purposes and any payment by the state board of regents for such purposes shall be subject to and dependent on appropriations being made from time to time by the legislature. Any obligation of the state board of regents for payment of debt service on revenue bonds and any such revenue bonds issued for the purposes set forth in subsection (a) shall not be considered a debt or obligation of the state for the purpose of section 6 of article 11 of the constitution of the state of Kansas.

Sections 17, 18 and 19 amend current provisions of law relating to the Kansas educational building fund (EBF). After July 1, 2012, expenditures from the EBF would be solely for the purpose of paying the costs of infrastructure improvement projects as defined by section 1. [SEI projects]

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(c) Subject to any restrictions imposed by appropriation acts, beginning on July 1, 2012, all moneys credited to the Kansas educational building fund shall be expended solely for the purpose of financing the costs of infrastructure improvement projects.

As used in this subsection, "infrastructure improvement project" and "cost" have the meanings ascribed thereto in section 1, and amendments thereto.

Sec. 18. K.S.A. 76-6b03 is hereby amended to read as follows: 76-6b03. *(a) Subject to the provisions of subsection (b),* the state board of regents shall submit to the legislature at each regular session a report showing the long-range building needs of the institutions named in K.S.A. 76-6b02, and including recommendations regarding the construction, reconstruction, equipment and repair of buildings and grounds at such institutions during the ensuing fiscal year. Such provisions and appropriations for these purposes as the legislature shall deem proper shall be made by it. Such report and recommendations shall be made by, through, and included in the budget request made by ~~said~~ *the state* board as provided by law. The report of the long-range building needs shall be made as a supplemental part of the ~~said~~ budget request for informational purposes, and the recommendations for the ensuing fiscal year shall be included as a part of the regular budget requests.

(b) After July 1, 2012, recommendations of expenditures of moneys from the Kansas educational building fund shall be made solely for the purpose of financing the costs of infrastructure improvement projects.

As used in this subsection, "infrastructure improvement project" and "cost" have the meanings ascribed thereto in section 1, and amendments thereto.

Sec. 19. K.S.A. 76-6b12 is hereby amended to read as follows: 76-6b12. *(a)* On the first day of fiscal year 1998 and on the first day of each fiscal year thereafter through fiscal year 2012, moneys in the Kansas educational building fund which are appropriated for such fiscal year for debt service for capital improvement projects pursuant to subsection (d) of section 13 of chapter 259 of the 1996 Session Laws of Kansas or pursuant to future appropriation acts shall be transferred by the director of accounts and reports to the comprehensive rehabilitation and repair fund of the state board of regents established pursuant to subsection (c) of section 13 of chapter 259 of the 1996 Session Laws of Kansas.

(b) The provisions of this section shall expire on June 30, 2012.

Sec. 20. K.S.A. 76-719, as amended by section 11 of chapter 132 of the 2006 Session Laws of Kansas, is hereby amended to read as follows: 76-719. (a) Subject to K.S.A. 76-742 and amendments thereto, the board of regents shall fix tuition, fees and charges to be collected by each state educational institution. If a state educational institution collects a student-

Sections 20, 21 and 22 require the SBOR to expend interest earned on certain university funds to be deposited in the deferred maintenance support fund of each institution. Those funds are the general fees fund (tuition), restricted fees fund (student fees and other revenue) and housing revenue funds.

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activity fee, the funds so collected shall be set apart and used for the purpose of supporting appropriate student activities.

(b) All moneys received by a state educational institution for tuition fixed by the state board of regents shall be deposited in the state treasury and credited to the general fees fund of the state educational institution. All moneys received for any student-activity fee or for any other fees or charges fixed by the state board of regents shall be deposited in the state treasury and credited to the appropriate account of the restricted fees fund of the state educational institution or to another appropriate special revenue fund of the state educational institution.

(c) On or before the 10th day of each month, the director of accounts and reports shall transfer from the state general fund to the ~~general fees~~ *deferred maintenance support* fund of each state educational institution interest earnings based on:

(1) The average daily balance of moneys in the general fees fund of the state educational institution for the preceding month; and

(2) the net earnings rate of the pooled money investment portfolio for the preceding month.

(d) On or before the 10th day of each month, the director of accounts and reports shall transfer from the state general fund to the ~~restricted fees~~ *deferred maintenance support* fund of each state educational institution interest earnings based on:

(1) The average daily balance of moneys in the restricted fees fund of the state educational institution for the preceding month; and

(2) the net earnings rate of the pooled money investment portfolio for the preceding month.

Sec. 21. K.S.A. 76-753 is hereby amended to read as follows: 76-753. (a) There is hereby established in the state treasury a sponsored research overhead fund for each state educational institution.

(b) All moneys received by a state educational institution as overhead costs on sponsored research projects shall be deposited to the credit of the sponsored research overhead fund.

(c) On or before the 10th day of each month, the director of accounts and reports shall transfer from the state general fund to the deferred maintenance support fund of each state educational institution interest earnings sponsored based on:

(1) The average daily balance of moneys in the sponsored research overhead fund of the state educational institution for the preceding month; and

(2) the net earnings rate of the pooled money investment portfolio for the preceding month.

~~(c)~~ *(d)* In accordance with the provisions of appropriations acts, expenditures may be made from the sponsored research overhead fund of

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a state educational institution for administration, operation and development of research and for matching federal funds available for capital improvements and equipment that qualify for research purposes.

(e) As used in this section, "sponsored research overhead fund" includes the research and institutional overhead fund of Emporia state university.

Sec. 22. K.S.A. 2006 Supp. 76-762, as amended by section 12 of chapter 132 of the 2006 Session Laws of Kansas, is hereby amended to read as follows: 76-762. (a) There is hereby created in the custody of the state treasurer the following funds at each state educational institution from which the housing system shall be operated:

(1) A housing system suspense fund;

(2) a housing system operations fund; and

(3) a housing system repairs, equipment and improvement fund.

(b) Payments received for rents and boarding fees and other charges in connection with the operation of the housing system shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the housing system suspense fund.

(c) On or before the 10th of each month, the director of accounts and reports shall transfer from the state general fund to the ~~housing system suspense~~ *deferred maintenance support* fund of each state educational institution interest earnings based on:

(1) The aggregate of (A) the average daily balance of moneys in the housing system suspense fund, (B) the average daily balance of moneys in the housing system operations fund~~,~~ and (C) the average daily balance of moneys in the housing system repairs, equipment and improvement fund of the state educational institution for the preceding month; and

(2) the net earnings rate for the pooled money investment portfolio for the preceding month.

(d) The housing system operations fund shall be used to pay the expenses of operation of the housing systems and for the operation and maintenance of the system. The state educational institution shall transfer from the housing system suspense fund to the operations fund amounts needed for the operation and maintenance of the system. Each state educational institution shall establish such accounts within the housing system operations fund as are required for the efficient management of the system.

(e) The housing system repairs, improvements and equipment fund shall be used for repairs, equipment, improvements and expansion of the housing system that cannot be financed from the housing system operations fund. Transfers may be made to this fund from the housing system suspense fund or the housing system operations fund as determined by the state educational institution. Expenditures from this fund may be made for projects that have been approved by the state board of regents.

Sec. 23. K.S.A. 76-6b02, 76-6b03, 76-6b12, 76-719, as amended by section 11 of chapter 132 of the 2006 Session Laws of Kansas, and 76-753 and K.S.A. 2006 Supp. 75-4209 and 76-762, as amended by section 12 of chapter 132 of the 2006 Session Laws of Kansas, are hereby repealed.

Sec. 24. This act shall take effect and be in force from and after its publication in the Kansas register.

Effective Kansas Register

Senate Higher Education Task Force Report

Task Force Overview and Activities

Senate President Steve Morris appointed the Senate Higher Education Task Force, in particular to address the issue of Board of Regents' deferred maintenance. The President, in consultation with the Senate Democratic Leader Anthony Hensley, appointed the following members to the Task Force:

- Senator Jean Schodorf, Chairperson
- Senator Barbara Allen
- Senator Pat Apple
- Senator Karin Brownlee
- Senator Marci Francisco
- Senator Janis Lee
- Senator David Wysong

The Task Force held multiple meetings and received information from the Board of Regents, Kansas Association of Community Colleges, Washburn University, individual Regents' institutions, technical schools and colleges, and staff.

Background of Issue

The challenge to keep current on the maintenance and repair needs of more than 550 state university buildings that represent 20.5 million square feet of facilities is a daunting one. These facilities are located on 2,250 maintained acres on the university campuses. The estimated value of the Regents' facilities (including utilities and infrastructure) is $4.5 billion. Approximately 80.0 percent of the state university building inventory is at least 20 years old, with an average building age of 47 years old systemwide. The Board of Regents from time to time has estimated the universities deferred maintenance needs on their facilities and shared this information with the Legislature:

- In 1996, the Board of Regents requested $288.3 million to fund capital improvements and repairs at the six universities.

- In 2004, another study authorized by the Board of Regents indicated that $584.0 million would be needed to cover the deferred maintenance needs at the six universities.

- In 2006, the Board authorized another study of deferred maintenance needs at the six universities which concluded that deferred maintenance for those institutions had increased to $726.4 million. This amount was adjusted to $663.6 million at the request of the Legislative Budget Committee to include only buildings the Regents considered mission critical - that directly support the delivery of academic pursuits. Buildings eliminated include athletic/recreation facilities, residences, chapels, and memorials. In addition, trees, shrubs, outdoor recreation fields, outdoor furnishings, and other similar items were "pared" from

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the $727 million. The revised listing of Regents deferred maintenance by institution is as follows:

Institution		Deferred Maintenance Costs
The University of Kansas	$	180,562,833
The University of Kansas-Medical Center		71,658,361
Kansas State University		234,390,342
Wichita State University		38,519,549
Emporia State University		41,150,366
Pittsburg State University		57,656,608
Fort Hays State University		39,645,646
TOTAL	$	663,583,705

- The Regents have estimated the annual needs to stay current on maintenance and repair at $84.0 million.

Washburn University estimates that its maintenance needs, based on estimates following the Board of Regents guidelines, total approximately $20.0 million. It was noted that the deferred maintenance costs for Washburn are one-half of those at similarly sized state educational institutions, reflecting the destruction of most of the pre-1960 buildings on campus by a tornado in 1966, and the 3.0 mill levy on property within the City of Topeka that is dedicated to debt service and construction for the University.

The Kansas Association of Community College Trustees presented its listing of deferred maintenance costs, using the same methodology as the Regents. The Community College Association estimated its replacement cost of its facilities at $793.0 million. The deferred maintenance needs of the community colleges totaling $149.6 million (excluding Johnson County Community College) are detailed below:

Campus	Total Renewal Cost
Allen	$ 3,900,492
Barton	14,741,892
Butler	10,497,550
Cloud	9,198,396
Coffeyville	13,592,529
Colby	8,235,611
Cowley	6,150,704
Dodge City	7,022,293
Fort Scott	4,581,906
Garden City	7,290,303
Highland	3,350,389
Hutchinson	16,992,210
Independence	5,369,298
Kansas City	14,400,164
Labette	3,082,846
Neosho	4,927,522
Pratt	6,523,641
Seward	5,025,498
SWKTS*	4,672,682
GRAND TOTAL	$ 149,555,926

* Planned merger with Seward County Community College.

Legislative Action on Regents Capital Improvements

Maintaining our Regents' facilities has always been a priority of the Legislature. Some of the recent legislative action that relates to Regents' deferred maintenance includes:

Educational Building Fund – The Educational Building Fund which receives receipts from a 1.0 statewide mill levy which will generate an estimated $32.5 million in FY 2008. The Educational Building Fund levy was authorized by a constitutional amendment in 1918, with the first levy being made in 1942. The Educational Building Fund has been at least 1.0 mill since 1955. Of the current proceeds, $30.0 million are approved for expenditure for Regents maintenance and repair ($15.0 million annually) and to satisfy the annual Regents Crumbling Classroom bond debt service ($15.0 million annually).

Regents Crumbling Classroom Bonds – The 1996 Legislature took action which ultimately provided $178.6 million for construction and renovation projects known as the "Crumbling Classrooms Initiative." The projects on university campuses, included rehabilitation and repair, improvements to meet State Fire Marshal codes and the Americans with Disabilities Act, major remodeling of existing buildings, and new construction projects. The current Crumbling Classroom bonds will be satisfied in FY 2012:

- FY 2008 - Principal - $12.1 million; Interest - $3.0 million; Total - $15.1 million;
- FY 2009 - Principal - $12.7 million; Interest - $2.3 million; Total - $15.0 million;
- FY 2010 - Principal - $13.3 million; Interest - $1.7 million; Total - $15.0 million;
- FY 2011 - Principal - $14.0 million; Interest - $1.0 million; Total - $15.0 million;
- FY 2012 - Principal - $14.7 million; Interest - $0.3 million; Total - $15.0 million;
- Five-year total - Principal - $66.7 million; Interest - $8.3 million; Total - $75.0 million.

Staff Note: Totals may not add due to rounding.

Research Bonds – The 2002 Legislature passed the University Research and Development Act which authorized the issuance of not more than $120.0 million in bonds to fund a portion of the financing for research facilities at the state universities. The proceeds of the research bonds were to be used for four specific projects:

- Constructing the Food Safety and Security Research Facility at Kansas State University;
- Constructing the Biomedical Research Facility at the University of Kansas Medical Center;
- Expanding the Aviation Engineering Complex at Wichita State University; and
- Equipping the Biosciences Research Building at the University of Kansas.

The debt service on the research bonds began in FY 2006 and is to be funded through a transfer from the State General Fund to a fund designated for that specific purpose. The transfer is limited to not more than $10.0 million per year and not more than $50.0 million per year over the course of the repayment. The balance of the repayment is the responsibility of the Board of Regents and the state universities.

The University Research and Development Act also provided for additional bond authority of $13.0 million for capital improvements and equipment purchases for the National Institute of Aviation Research at Wichita State University. The capital improvement projects included laboratories and equipment for icing and wind tunnels, crash testing, and advanced manufacturing. Debt service on this bond issuance is to be paid through State General Fund appropriations or special revenue fund expenditures.

Retained Interest – 2006 House Substitute for Senate Bill No. 85 (law) provided that interest earnings on certain state university funds are to be retained in those funds. Under prior law, the interest earned by the General Fees Fund (tuition revenue), the Restricted Fees Fund (student fees and other revenue), and various housing revenue funds were retained in the State General Fund.

- The latest estimate by the Board of Regents is that this retained interest will total $8.5 million annually.

- The Regents have pledged to use up to the first five years of retained earnings proceeds (more than $40.0 million) for deferred maintenance and repair.

Governor's Proposal

The Task Force received Governor Sebelius' proposal to address the Regents' deferred maintenance problems. The Governor's proposal includes:

- Restore the Crumbling Classrooms initiative by using growing state revenues to pay off the bonds five years ahead of schedule. This would free up $15.0 million per year in the Educational Building Fund (EBF), which would double the amount available for repairs at the Universities.
- Provide $300.0 million in bonds to Regents universities over six years for repairs to campus facilities. Funds to pay the debt service on the bonds would be derived from a surcharge on Kansas Turnpike tolls. This would be implemented over seven years and would not exceed 5.0 percent a year.
- Make $200.0 million in low-interest revolving loans available from the Pooled Money Investment Board. Regents' universities would be responsible for repaying these loans.
- Require new accountability measures for future facilities. All newly-acquired buildings would be required to have a maintenance endowment, with the state being responsible for endowing facilities acquired with state appropriations, and the universities being responsible for endowing facilities acquired with donations, grants or other resources.

This would be in addition to the $28.6 million that is available to the Regents' institutions for maintenance from the Educational Building Fund and retained interest funds and the $38.0 million the institutions currently spend on annual maintenance from their operating funds.

Additional Options

After considerable discussion, the Task Force recommends two possible solutions to address the Regents' deferred maintenance needs:

1. Identify a **single, ongoing source of revenue to generate $80.0 to $100.0 million annually** that is earmarked to address deferred maintenance for the Regents' universities, above the $38.0 million annually the institutions spend on maintenance from their operating funds.

The Task Force recognizes the importance of the role both the community colleges and the technical colleges and schools play in Kansas' postsecondary education system. The Task Force heard testimony identifying the deferred maintenance needs of both sectors, but did not feel it could recommend funding for community colleges and technical schools and colleges deferred maintenance needs at this time.

The Task Force notes that the Governor's proposal to address deferred maintenance is a good start. However, based on what this Task Force has learned, the deferred maintenance problem not only includes state universities, but community colleges, Washburn, and other state-owned and operated buildings as well. The Task Force also understands that this issue will never go away.

Gaming was proposed as a possible single, ongoing source of revenue that could be earmarked to address deferred maintenance for all postsecondary institutions under the governance and coordination of the Board of Regents. The State General Fund estimates for 2006 Senate Bill 587 were that $114.0 million would have been made available in FY 2007 and $106.0 million in FY 2008, and $150.0 million in the following years.

The Task Force notes that other single, ongoing sources of revenue may be available. However, other sources were not reviewed.

2. **Identify a plan with multiple sources of revenue to raise between $80.0 and $100.0 million annually** to addressed deferred maintenance at the Regents' universities.

The following example would utilize the existing $28.6 million from the Educational Building Fund (EBF) and retained interest, as well as an additional $30.0 million, including $5.0 million from the State General Fund in FY 2008 for Regents maintenance expenses. The total amount available in FY 2008 would be $58.6 million. The total would increase to $97.4 million, including $25.0 million from the State General Fund by FY 2013.

The components of the example are as follows:

- **Educational Building Fund (EBF)** - Revenues to the EBF are approximately $32.5 million a year. Through FY 2012, $15.0 million is dedicated to paying bonds for the Crumbling Classrooms initiative, leaving $15.0 million for maintenance at the state universities. In FY 2008, $20.1 million is available for maintenance at the universities. Beginning in FY 2013, $38.9 million will be available in the EBF maintenance at the universities.

- **Retained Interest** - The 2006 Legislature passed legislation allowing interest earnings on certain state university funds to be retained in those funds. Under prior law, the interest earned by the General Fees Fund (tuition revenue), the Restricted Fees Fund (student fees and other revenue), and various housing revenue funds are retained in the State General Fund. The bill transfers the amount of interest earned into the funds earning the interest. The anticipated estimates of revenue from retained interest systemwide are $8.5 million annually.

- **Per Credit Hour Campus Maintenance Fee** - A campus maintenance fee of up to $5 per credit hour for resident students and up to $15 per credit hour for nonresident students would generate an estimated $15.0 million annually. The fee amount would be selected by the institution and approved by the Board of Regents. Revenues from the fee would be placed in a Campus Maintenance Fund at each institution.

- **Lottery Funds (Gaming Revenues)** - Currently, lottery (gaming) revenues above $50.0 million are transferred to the State General Fund, an estimated $25.0 million are recommended to be transferred by the Governor in FY 2008. This component would require a statutory change to dedicate $10.0 million in lottery (gaming) revenues for Regent's maintenance each year. This would increase the threshold from $50.0 million to $60.0 million before any lottery (gaming) revenues would be transferred to the State General Fund.

- **State General Fund** - Add $5.0 million from the State General Fund in FY 2008 for Regents maintenance, and increase that amount by $5.0 million annually through FY 2012, when the debt service on the Crumbling Classrooms bonds is repaid.

  The plan increases from FY 2008 through FY 2013 can be found below:

Revenue Sources for Regents Universities Deferred Maintenance

Funding Source	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Educational Building Fund (Less Crumbling Classrooms Debt Service)	$ 20,084,043	$ 18,924,077	$ 20,149,070	$ 21,117,196	$ 22,492,224	$ 38,920,859
Retained Interest	8,500,000	8,755,000	9,017,650	9,017,650	9,288,180	9,288,180
Subtotal - Current Funding Sources	**$ 28,584,043**	**$ 27,679,077**	**$ 29,166,720**	**$ 30,134,846**	**$ 31,780,404**	**$ 48,209,039**
Campus Maintenance Fee	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Lottery Revenues	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
State General Fund	5,000,000	10,000,000	15,000,000	20,000,000	25,000,000	25,000,000
TOTAL	**$ 58,584,043**	**$ 62,679,077**	**$ 69,166,720**	**$ 75,134,846**	**$ 81,780,404**	**$ 98,209,039**

The Task Force members voted, four to three, to include this plan in their report. Senators Lee, Wysong, and Francisco did not vote for this plan.

In addition to the plan above, the Task Force discussed the following funding options:

Source		Amount in FY 2008		Amount in FY 2013	
Educational Building Fund (existing)	$	20,084,043	$	38,920,859	
Increase Mill Collected for the Educational Building Fund by 1.0 Mill		32,000,000		38,920,859	
Set Aside Funding to Repay Crumbling Classrooms Bonds to Free Up Additional EBF		15,000,000		0	
Per Credit Hour Campus Maintenance Fee of $5 for residents and $15 for non-residents		15,000,000		15,000,000	*
Increase Local Sales Tax by 0.1 Cent in Counties That Have a Regents Institution		12,000,000		12,000,000	*
Lottery Funds		10,000,000		10,000,000	
Prepayment of Regents Research Bonds of $30.0 million State General Fund, and Shifting of Funds to Deferred Maintenance		10,000,000		10,000,000	
Retained Interest (existing)		8,500,000		9,288,180	
State General Fund		5,000,000		25,000,000	
10% of All Ticket Sales for University Events		3,598,814		3,598,814	*
Interest From Unclaimed Property More than 20 Years Old		2,951,000		2,951,000	*
Unclaimed property interest and principal for property left unclaimed for more than 20 years		**		**	
Additional Turnpike Fees of 5.0 percent a year		**		**	

* Out-year projections not available.
** Estimates not available.

The Task Force discussed additional funding options for this type of plan. Those options are listed below:

- Unclaimed property interest and principle for property left unclaimed for more than 20 years as the basis for a revolving loan program;
- A trust fund for building maintenance, either for individual institutions, or for the system as a whole;
- Low or no interest loans from the Pooled Money Investment Board, subsidized by the State;
- Use tax credits to raise funds for deferred maintenance; and
- Encourage the universities to raise funds on their own to address deferred maintenance.

In addition to possible funding sources, the Task Force discussed the following management approaches for new buildings that might lessen the maintenance costs for both the Regents' institutions and the State:

- The Board of Regents recommendation that state universities fund annual maintenance and operation costs for future new privately-funded building projects from either gifts or existing university resources and that each request for new buildings will include a plan to address annual maintenance and operations costs of new buildings, subject to Board of Regents approval;
- A cost benefit analysis of buildings to assess whether rehabilitating an existing building or building a new structure is the most cost effective approach to addressing the usage needs for that structure;
- Use of energy efficient designs for repairs and for new buildings to minimize maintenance and operations costs;
- Use of contract language that is favorable to universities for building projects; and
- Reduce the unnecessary involvement of architects in the project planning process.

Senator Wysong did not vote for the inclusion of the previous items in the Task Force report.

Additional Concerns and Comments

The members of the Task Force had the following additional concerns and comments regarding deferred maintenance at the Regents' universities:

- Some members of the Task Force also are concerned about burdening future legislatures with financial debt payments.
- The Task Force notes that any additional funding for the Regents' institutions for deferred maintenance will increase costs for the State Fire Marshal and the State Architect due to increased workload due to their oversight of the additional projects.

Proposed Regents Deferred Maintenance Legislation

The proposed plan to address the Regents deferred maintenance would provide, between direct funding and loan authorization, over $0.5 billion dollars for the next six years. The plan would dedicate $330.6 million, including $135.0 million from the State General Fund, to address Regents' deferred maintenance through FY 2013.

The plan would utilize the existing $28.6 million from the Educational Building Fund (EBF) and retained interest, as well as an additional $15.0 million from the State General Fund in FY 2008 for Regents maintenance expenses. The total amount available in FY 2008 would be $43.6 million, increasing to $73.2 million, including $25.0 million from the State General Fund by FY 2013. The additional funding would be supplemented by $200.0 million in no-interest revolving loans available from the Pooled Money Investment Board. Regents universities would be responsible for repaying these loans.

There are several non-financial components to the bill as well:

- The bill would require the Regents to expend their retained interest funds on maintenance;
- The additional funding would be used to address deferred maintenance, not new construction;
- Expenditures of the additional funds would be subject to review by the Joint Committee on State Building Construction; and
- Any new construction from non-state funds would be required to have a long-term source of funding for maintenance, for a new construction contracts entered into after the effective date of the bill. The state would not be responsible for the maintenance of these new buildings.

The financial components of the plan are as follows:

- **Educational Building Fund (EBF)** - Revenues to the EBF are approximately $32.5 million a year. Through FY 2012, $15.0 million is dedicated to paying bonds for the Crumbling Classrooms initiative, leaving $15.0 million for maintenance at the state universities. In FY 2008, $20.1 million is available for maintenance at the universities. Beginning in FY 2013, $38.9 million will be available in the EBF for maintenance at the universities.
- **Retained Interest** - The 2006 Legislature passed legislation allowing

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interest earnings on certain state university funds to be retained in those funds. Under prior law, the interest earned by the General Fees Fund (tuition revenue), the Restricted Fees Fund (student fees and other revenue), and various housing revenue funds were retained in the State General Fund. The 2006 legislation provided these various funds could retain their interest within each fund. The anticipated estimates of revenue from retained interest systemwide are $8.5 million in FY 2008 and growing to $9.3 million in FY 2013. This plan would require the Regents to expend this retained interest on maintenance projects.

- **State General Fund** - Add $15.0 million from the State General Fund in FY 2008 for Regents maintenance, and increase that amount by $5.0 million annually through FY 2010.

- **Revolving Loan Pool** - Establish a loan pool of $200.0 million with the Pooled Money Investment Board for Regents university and community college deferred maintenance. The loans would be no-interest loans, underwritten by the State General Fund. The Regents institutions would be responsible for repaying the no-interest loans.

The plan increases from FY 2008 through FY 2013 can be found below:

Revenue Sources for Regents Universities Deferred Maintenance

Funding Source	**FY 2008**	**FY 2009**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**
Educational Building Fund (Less Crumbling Classrooms Debt Service)	$20,084,043	$18,924,077	$20,149,070	$21,117,196	$22,492,224	$38,920,859
Retained Interest	8,500,000	8,755,000	9,017,650	9,017,650	9,288,150	9,288,180
State General Fund	15,000,000	20,000,000	25,000,000	25,000,000	25,000,000	25,000,000
TOTAL	**$43,584,043**	**$47,679,077**	**$54,166,720**	**$55,134,846**	**$56,780,374**	**$73,209,039**

* Includes unappropriated balances in FY 2008.

March 6, 2007

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Senate Ways and Means Committee
March 21, 2007

Regarding S. B. 377

Diane Duffy
Vice-President, Administration & Finance

Mr. Chairman and Members of the Committee, I am here on behalf of the Kansas Board of Regents to testify in favor of the SGF funding contained in S.B. 377 and respond to the Task Force's report. In addition, I need to mention our concerns about three of the bill's key provisions.

Response to Task Force Recommendations

As the Senate Task Force on Higher Education concluded, the deferred and ongoing maintenance problem is a "daunting one." Chairman Schodorf and the Senate's Higher Education Task Force spent many hours studying this issue and left no rock unturned as the members worked through a myriad of possible funding sources to help resolve this problem. The problem is critical and the need is substantial. There is no easy solution.

We appreciate the Task Force's work, and the fact that they've identified $135 million in new SGF to address this problem. Attached is a chart that outlines the impact of the Senate Task Force plan. Unfortunately, the $135 million in SGF provided over six years is just not enough to make real progress on the backlog and keep up with ongoing needs.

Chairman Schodorf asked that we comment on the "potpourri" of additional funding sources that the Task Force reviewed. Our comments on each of those sources are provided in the tables below.

Sources of Revenue Discussed by the Senate Task Force	Estimated Amount Generated	Kansas Board of Regents Comments
Increase mill collected for EBF by 1.0 mill	$32.0 million	Statewide, ongoing revenue streams are the most desirable funding source for ongoing needs and this particular fund has the additional merit of a relevant, statutorily dedicated purpose.
Set aside funding to repay prior debt service to free up additional EBF	15.0 million	This is a desirable option that would increase the availability of EBF funding to address current maintenance needs and add one-time SGF resources.

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Per credit hour campus maintenance fee ($5 residents; $15 non-residents)	15.0 million	The general decline in SGF support has already contributed to increasing student costs; adding a surcharge would exacerbate growing concerns about students' ability to afford a higher education.
Increase local sales tax by 0.1 cent in counties that have state universities	12.0 million	Reliance on a broad-based, ongoing tax as a revenue source is desirable, but limiting the increase to counties where state universities are located appears to imply that taking care of state buildings rests with entities other than the State of Kansas.
Lottery Funds	10.0 million	Ongoing revenue streams are the most desirable funding source for ongoing needs; however, this type of revenue stream can be highly variable and is easily diverted to other uses by future legislatures.
10% of all ticket sales for state university events	3.6 million	Adding a statewide ticket surcharge would dilute a revenue stream that is currently targeted to maintain athletic facilities; in addition, there is a reality of scale issue with smaller revenue streams such as this one.
Interest from unclaimed property over 20 years old	3.0 million	The Board defers comment to the State Treasurer's office about this specific source; however, there is a reality of scale issue with smaller revenue streams such as this one.

In addition, the Task Force reviewed several additional sources for which an estimated amount was not available:

Sources of Revenue Discussed by the Senate Task Force	**Kansas Board of Regents Comments**
Unclaimed property interest and principal for property left unclaimed for more than 20 years as the basis for a revolving loan program	The Board defers comment to the State Treasurer's office about this specific source; however, there is a reality of scale issue with smaller revenue streams. The concept of a revolving loan program has merit if the amount of funding available justifies the accompanying administrative requirements.
Trust fund for building maintenance, either for individual institutions, or for the system as a whole	Soliciting private contributions for building maintenance would be a major cultural change for donors, but we recognize that going forward this is an avenue that the state universities will need to pursue. Providing tax incentives or a program of state matching funds for those private gifts might generate additional interest and merits discussion.
Low or no interest loans from the Pooled Money Investment Board	Without a dedicated revenue stream to repay the loans, it is difficult to see how this program would be helpful. If broadened, such a program might be useful for other types of projects in the future.
Additional turnpike fees, expended as collected	Whether the turnpike should serve as the revenue source is probably a question that state policymakers, not the Board, should answer.

Prepay the SGF obligation on the Regents research bonds ($30.0 million that will be due in FY 2008 through FY 2010 ($10.0 million per year). The Board is currently committed to continue paying the research bonds after 2010 through increased research funds generated by the institutions. One option would be to leave the current $10.0 million SGF revenue stream for the research bonds in place, but dedicate it to state university deferred maintenance. This could be a permanent revenue stream for deferred maintenance.	The Board is currently committed to continue paying the research bonds after 2010 through increased research funds generated by the institutions; but it would be very helpful to continue this SGF revenue stream targeted to maintenance.

Ideally, the Board believes the State needs to commit to additional ongoing state sources of revenue earmarked to address deferred and annual maintenance at the state universities and to provide some assistance -- perhaps a matching fund arrangement -- to address the deferred maintenance needs of community colleges, technical colleges & institutions, and Washburn University. Which specific revenue sources are used to address these critically important maintenance problems is probably a question that state policymakers, not the Kansas Board of Regents, are most competent to answer. What we wholeheartedly support, however, is the Task Force's recognition that additional state funding must be identified to provide the resources necessary to address this critical state infrastructure problem.

Areas of Concern

As mentioned above, the Board is concerned about three additional statutory changes contained in SB 377. The first of these would make permanent the use of the tuition and fee and restricted fee interest income for deferred maintenance. As the attached letter indicated, this was a five-year agreement. Furthermore, we are very concerned about section 22 that commits interest from housing funds for deferred maintenance because of bond issues that carry language requiring those interest earnings be spent on housing maintenance.

Second, the bill changes the definition for use of the EBF to require that funds be used solely for infrastructure improvement projects. Although current circumstances mean new construction is not feasible, the Legislature may not want to eliminate that flexibility for the future.

Third, the future maintenance provision in New Section 15 should be deleted or clarified. As President Robinson testified before this Committee on January 24, 2007, the Board has agreed that the state universities will fund annual maintenance and operation costs for future new privately funded building projects from either gifts or existing university resources and will not seek State funds for that purpose.

That concludes my testimony, but I would be glad to answer any questions you may have.

5-4

Deferred and Annual Maintenance Initiative
Impact of Senate Task Force Plan

				FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Deferred Maintenance Backlog	**$ 663,000,000**								
Sources of Revenue:									
EBF (less Crumbling Classrooms debt service)				$ 20,084,043	$ 18,924,077	$ 20,149,070	$ 21,117,196	$ 22,492,224	$ 38,920,859
University Interest income (5 yr commitment)				$ 8,500,000	$ 8,755,000	$ 9,017,650	$ 9,288,179	$ 9,564,824	$ 9,851,770
State General Fund				$ 15,000,000	$ 20,000,000	$ 25,000,000	$ 25,000,000	$ 25,000,000	$ 25,000,000
Total				$ 43,584,043	$ 47,679,077	$ 54,166,720	$ 55,405,375	$ 57,057,048	$ 73,772,629
Difference- Deferred Maintenance				**$ 619,415,957**	**$ 571,736,880**	**$ 517,570,160**	**$ 462,164,785**	**$ 405,107,737**	**$ 331,335,108**
Annual Maintenance Growth	**$ 84,000,000**		3%	$ 84,000,000	$ 86,520,000	$ 89,115,600	$ 91,789,068	$ 94,542,740	$ 97,379,022
Sources of Revenue:									
State University Operating Budgets		$ 38,000,000	3%	$ 38,000,000	$ 39,140,000	$ 40,314,200	$ 41,523,626	$ 42,769,334	$ 44,052,415
Difference- Annual Maintenance				**$ 46,000,000**	**$ 93,380,000**	**$ 142,181,400**	**$ 192,446,842**	**$ 244,220,248**	**$ 297,546,855**
Deferred and Annual Maintence Balance				**$ 665,415,957**	**$ 665,116,880**	**$ 659,751,560**	**$ 654,611,627**	**$ 649,327,985**	**$ 628,881,963**

Notes:
1. Assumes 3% annual increase in University Interest Income and maintenance growth
2. Deferred maintenance backlog based on the Fall, 2006 study was $727.0 million. The Board "pared" the list of buildings to those at the academic core for purposes of requesting funding from the Legislature.
3. Senate Task Force plan also calls for making $200.0 million in no-interest revolving loans available from the PMIB. This part of the Senate Task Force's plan is not included in the figures above.
4. EBF (less Crumbling Classrooms debt service) in FY 2008 includes unappropriated balances

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March 31, 2006

Senator Stephen Morris
Senate President
Statehouse, Room 371-E
Topeka, KS 66612

Dear Senator Morris:

Thank you for your careful consideration of House Substitute for Substitute for Senate Bill 85, legislation that, among other things, would grant interest ownership to the six state universities.

As you know, the issue of interest ownership has been a long sought-after policy objective of the Board of Regents, and this legislation sends a clear signal to students and their parents that the full purchasing power of their tuition and fee payments will be leveraged for the betterment of the university they attend.

In addition, I am grateful for your recognition of the growing and dangerous deferred maintenance backlog on the campuses of the six state universities. That is why I am pleased that you would suggest that the interest generated from this legislation be dedicated to addressing this maintenance backlog.

If the Senate sees fit to concur with House Substitute for Substitute for Senate Bill 85, and the legislation is ultimately signed into law, the Board of Regents will, for a period of five years, dedicate the interest earnings to deferred maintenance projects on the campuses that generated those dollars. The Board will formalize this commitment and will initiate this practice beginning in FY 2008, the effective date of the legislation, and ending in FY 2013. However, if a comprehensive deferred maintenance package is approved by the Legislature before FY 2013, we understand that the five-year commitment will be re-visited.

Again, thank you for your leadership, your consideration of this important legislation, and your continued support of higher education in Kansas.

Sincerely,

Reginald L. Robinson
President & CEO

AGC of KANSAS
Building a Better Kansas Since 1934
200 SW 33rd St. Topeka, KS 66611 785-266-4015

TESTIMONY OF
ASSOCIATED GENERAL CONTRACTORS OF KANSAS
BEFORE SENATE COMMITTEE ON WAYS AND MEANS
SB 377
March 13, 2007
By Corey D Peterson, Associated General Contractors of Kansas, Inc.

Mister Chairman and members of the committee, my name is Corey Peterson. I am the Executive Vice President of the Associated General Contractors of Kansas, Inc. The AGC of Kansas is a trade association representing the commercial building construction industry, including general contractors, subcontractors and suppliers throughout Kansas (with the exception of Johnson and Wyandotte counties).

The AGC of Kansas supports House Bill 377 and requests that you report it favorably for passage.

While AGC represents the building construction industry in Kansas, an industry which will benefit greatly from a comprehensive maintenance program, it must first point out that a program to insure safe buildings on state university campuses should be the first priority. AGC does not have a position as to how the program is funded, but feels strongly that something needs to be done.

Regents schools are competing regularly with schools from other states and Kansas should therefore place a priority on having campuses it can be proud of, let alone campuses that are safe for students, faculty and public.

A deferred maintenance program would not only benefit the students of Board of Regent colleges, but would also be an investment in the economy of Kansas. Not far different than the benefits of the Kansas Highway plan, this type of program would create thousands of jobs for Kansas workers, which in turn would boost the state's economy.

The construction industry has been facing double digit inflation on materials. While this is expected to continue, labor costs will also continue to rise. Because of this, timely action is recommended to prevent the cost of the program rising even further.

The funding provided in SB 377 is a good start. Even though it falls short of the needs outlined by the Regents, **AGC of Kansas respectfully requests that you recommend SB 377 for passage, but encourages consideration of additional funding.**

Thank you.

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AIA Kansas
A Chapter of The American Institute of Architects

March 21, 2007

TO: Senate Ways and Means Committee

FROM: Trudy Aron, Executive Director

RE: Support for SB 377

Good Morning Chairman Umbarger and Members of the Committee, I am Trudy Aron, Executive of the American Institute of Architects in Kansas (AIA Kansas.) I submit this written testimony in support funding of infrastructure repair for our Regent Institutions.

AIA Kansas is a statewide association of architects and intern architects. Most of our 700 members work in over 120 private practice architectural firms designing a variety of project types for both public and private clients. The rest of our members work in industry, government and education where many manage the facilities of their employers and hire private practice firms to design new buildings and to renovate or remodel existing buildings.

AIA Kansas members have first-hand knowledge that many of our Regents Institution facilities are in deplorable condition. We spend millions of dollars building new buildings but because we do not allocate adequate funding to maintain, repair and update existing buildings, they are deteriorating. Currently, the Regents alone, not to mention other State-owned buildings, require maintenance and repairs exceeding $700 million. Every day the repairs are left undone, the cost of the maintenance and repairs is escalating. Many maintenance and repair items are also causing safety issues. Masonry systems are in poor repair, roofing systems are leaking, outdated electrical and mechanical systems waste energy, plumbing components have patches on the patches, and poor lighting not only wastes energy but it lowers learning potential. And the list goes on and on.

AIA Kansas has not taken a position on how these repairs are funded. We believe the funding mechanism is something the legislature must decide. However, it is critical to undertake the maintenance of these buildings now as the cost only continues to escalate

Thank you for allowing me to provide our support on SB 377.

700 SW Jackson, Suite 503
Topeka, Kansas 66603-3758
Telephone: 785-357-5308
800-444-9853
Facsimile: 785-357-6450

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Commission's Report

Commission hopes this report reflects its vision to provide more extensive analysis of technical education in Kansas

KANSAS TECHNICAL COLLEGE AND VOCATIONAL SCHOOL COMMISSION

Commission Members

George Fahnestock, Chair
Dr. Robert Edleston
Dr. Jerry Farley
Joseph Glassman
James Grier III
Senator Janis Lee
Dick Veach
Reginald Robinson

CREATED BY THE 2006 KANSAS LEGISLATURE

Commission Charge:

To study the mission, governance and funding of the Kansas technical colleges and vocational education schools

EACH CONFEREE WAS ASKED…

- What's right
- What's wrong
- What's needed

COMMUNITY COLLEGE ROLE IN TECHNICAL EDUCATION

- Early in the committee's study, it became obvious that the Community Colleges in Kansas teach a significant portion of postsecondary technical education.
- Both the Technical Schools and Colleges and Community Colleges reported that technical education is expensive to provide and that costs vary considerably from one program to another.
- A one funding plan fits all approach doesn't work.
- Community Colleges face the same funding challenges as they try to meet business demand.

COMMISSION CHARGE EXPANDED

- Consequently, the Community College role in technical education was added to the work of the Commission.
- We needed to look toward postsecondary training in states that are leaders in business driven workforce training.
- Evidence was calling for systemic change.

George Fahnestock

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THE COMMISSION CONCLUDED:

- TO IMPROVE TECHNICAL EDUCATION, KANSAS NEEDS:
  - A consistent statewide governance system,
  - An adequate and equitable funding mechanism, and
  - Standardized curriculum.

KANSAS TECHNICAL EDUCATION MISSION

- Opportunities for students to attain educational goals;
- Educated workforce to meet demands of Kansas Economy;
- Responsive to education & training needs of business & industry;

CONTINUED EDUCATION MISSION

- Quality technical training, customized industry training and continuing education; and
- Totally integrated educational opportunity for students at all levels.

NEW GOVERNANCE

- HB 2556-Techincal Education Authority
  - Passed by the House March 20, 2007
  - Coordinate statewide planning
  - Review funding requests and make recommendations to the Board of Regents
  - Develop benchmarks and accountability indicators
  - Maximize resources for industry demand

LEARN FROM OTHER STATES

- Oklahoma
  - Career Tech Program in 398 secondary districts;
  - 29 technology centers with 54 campuses & 1,136 teachers
  - 22 skill centers in prisons
  - Virtual career network
  - Total student enrollment: 275,790
  - Total budget: $431M

LEARN FROM OTHER STATES

- Georgia
  - 1985 consolidated of all workforce development, economic development and adult literacy;
  - 65 technical education campuses statewide
  - 97,000 students by 2003
  - $400M annually
  - 98% placement rate

POSTSECONDARY TECHNICAL EDUCATION FUNDING

A new approach

GUIDING PRINCIPLES FOR NEW FUNDING APPROACH

The Technical Education system will be an efficient economic engine for workforce development in Kansas through the:

- Development and delivery of high-wage and/or critically needed programs
- Encouragement of system efficiencies
- Support of customized training for Kansas business

CURRENT FUNDING LANDSCAPE

- 29 postsecondary institutions receive state funding for Technical Education programs from various statutory funding streams.
- Community Colleges have state operating funds, tuition and local taxing authority.
- Technical Schools and colleges are funded by state dollars and tuition, but do not have direct local taxing authority.

WHAT'S RIGHT?

- 29 Technical Schools & Colleges and Community Colleges teach an amazing array of courses that meet some of business and student demands in their communities.
- Business supports these programs by serving on advisory committees.

WHAT'S WRONG?

- System evolution has created inconsistent, confusing and unequal approach to funding institutions delivering Technical Education.
- Incentives to deliver high cost/wage programs do not exist.
- Physical capacity and funding challenges make it difficult for the Schools and Colleges to respond quickly to customer demand.

WHAT'S NEEDED?

- How much state investment is needed?
  - Develop a rational model for determining the level of state funding required for two-year public postsecondary technical education to meet the needs of business and industry and grow the Kansas economy.
- How to allocate state funding?
  - Develop standards and a new approach for the allocation of additional state funds among institutions in support of technical education.

A NEW APPROACH

- FUNDING THAT IS BASED ON PROGRAM COSTS
- EFFICIENT DIRECTION AND COORDINATION OF STATE RESOURCES
- TARGETED TRAINING DESIGNED TO GROW KANSAS ECONOMY

A TRUE COST ANALYSIS

- Need a method to determine true cost
- Cost Analysis Studies such as:
  - Kansas Study of Instructional Cost & Productivity
  - Aligning Postsecondary Education & Training to Meet the Needs of the Business Community

HOW MUCH STATE INVESTMENT IS NEEDED?

- FY 06 state spending is estimated to be $72.6 million (all funding appropriated to Post Secondary Aid, Capital Outlay Aid, and an estimated portion – 45%-of the Community College Operating grant).
- Study for complete system alignment in process, but compiling and evaluating data takes time and people.
- Immediate investment is needed to address workforce shortage in six critical areas.

INVESTMENT PRIORITIES

- Target 6 Critical Industries:
  - Advanced Manufacturing
  - Aviation
  - Biosciences
  - Communication
  - Conventional & Renewable Energy
  - Health Care

INVESTMENT PRIORITIES

- Align reimbursement rates with educational program delivery costs for programs in the six critical industries.
- Fund a list of specific programs that support targeted industries eligible for enhanced rates based on both demand for workers and cost.

INVESTMENT PRIORITIES

- Invest in growth for program enrollments aimed at targeted industries.
- Increase access to Technology and Equipment Funding.
- Develop "start-up" pool for new and innovative programs and to encourage system efficiencies.

INVESTMENT PRIORITIES

- Create Business and Industry training initiatives supported by matching funds from business.
- Increase state operational support within KBOR for the new Technical Training Authority.

TIERED STATE PROGRAM RATES

Enhanced Rates for Programs (associates and certificates)

- Recognizing the higher costs associated with these programs. Tiered rate structure based on cost calculation.
  - Mid – State Annual Program Rate $ 9,655
  - High – State Annual Program Rate $14,069
- Adopt consistent units of measurement across all institutions for funding purposes. Specifically, transition the technical colleges and schools from clock hours to credit hours and move to a rate structure that provides incentives for production in alignment with state priorities.

COST ESTIMATE FOR TARGETED GROWTH AREAS $16.5M

Target Area	Current Production (2-yr average FTE)	State Cost Per FTE
Advanced Manufacturing	626.5	$ 9,655
Aviation	184.4	$14,069
Bioscience	9.2	$ 9,655
Communication	313.6	$ 9,655
Conventional & Renewable Energy	206.0	$ 9,655
Health Care	1617.0	$14,069

METHODOLOGY TO CALCULATE STATE PROGRAM RATE

$$\text{State Program Rate} = \frac{X \text{ times } 30}{Y}$$

X = Instructional costs by type of program per credit hour

Y = % of instructional costs as a percentage E & G expenditures

TECHNOLOGY & EQUIPMENT FUNDING - $8.0 MILLION

- Application process
- Match required - $2 state and $1 institution
- Available to 29 public postsecondary institutions delivering technical education

START-UP POOL - $5.0 MILLION

- Create a new mechanism for funding new statewide priorities and initiatives as they emerge.
- Institutions through application could apply for funding to be used to help with meeting emerging needs.

BUSINESS & INDUSTRY TRAINING POOL - $3.0 million

- Short-term (non-credit) training
- Required matching funds from business
- $1 dollar state for $1 industry

STRENGHTEN STATE SUPPORT

- $1M – state operational support to:
  - Forecast technical education demand
  - Maintain standardized curriculum and system articulation
  - Monitor program outcomes
  - Refine State Program Rate Structure Concept
  - Develop and implement a marketing plan

FUNDING REQUEST RECAP

Align Rates with educational program delivery costs	$16.5M
Additional enrollments (growth)	$5.0-$8.0M
Technology & Equipment Funding	$8.0M
B & I Short-Term Training Pool (non-credit)	$3.0M
"Start-up" Pool	$5.0M
Strengthen State Capacity	$1.0M
TOTAL – Year One Investment	**$38.5-41.5M**

PRELIMINARY RETURN ON INVESTMENT - STATISTICS

- Student Benefit – The year one gains equate to $4,295 per student in added earnings based on an average work year of 2080 hours. Over the nine-year life-of-training in the targeted industries, the increase adds $38,671 (in 2005 dollars) to the earnings stream of the average program completer that remains in Kansas.
- State Benefit – A $5.0 million investment in growth in the targeted industries results in estimated earnings gains (year 1-9) of $12.9 million (direct) and $14.2 million (indirect/induced) for a total of $27.2 million; and total state tax revenues of $2.1 million.
- Source: *Completers of Vocational Technical Training Programs: Associated Wage Gains and the Impact on the Kansas Economy*, February 9, 2007, Prepared by Wichita State University, Center for Economic Development and Business Research

YEAR 2 AND BEYOND

- State investments will be driven by study and data.
- Move additional qualifying programs into the new financial business model that allocates state funds based on a cost/benefit analysis.

BENEFITS OF AN IMPROVED TECHICNAL EDUCATION SYSTEM

- INDUSTRY
  - Centralized System
  - Decentralized Delivery
  - Rapid Response
  - Guaranteed Quality
  - Program Clearinghouse & Directory
  - Industry Satisfaction Assessment of Programs Offered

BENEFITS...

- STUDENTS
  - Accessibility
  - Affordability
  - Placement Services
  - Articulation to Associate in Applied Science & Bachelor Degrees
  - Portability of Standardized Curriculum
  - Assessment of Skill Levels

BENEFITS...

- KANSAS
  - Skilled Workforce
  - Agile Delivery System
  - Guaranteed Skills
  - State Economic Development Engine
  - Seamless System Maximizing Existing Resources

Senate Ways and Means
March 21, 2007

Testimony in Support of HB 2556

Chairman Umbarger and committee members, it is my pleasure to testify in support of the Technical Education Commission's recommendations for technical education provided in HB 2556.

My name is Ken Clouse and I am the President of Northwest Kansas Technical College in Goodland. I appreciate you providing time to address this important part of the Kansas higher education system. The Authority as proposed in HB 2556 gives technical education:

- adequate priority and an elevated status
- statewide oversight, coordination, and consistency
- a relationship to KSDE for interagency work
- strong relationships with business and industry
- Statewide marketing.

All of this is provided allowing institutions to remain locally controlled delivering technical education in an improved and expanded fashion. Currently our state funds approximately $32 million for technical colleges and schools and approximately $40 million to community colleges for technical education. Several other states that are considered to be outstanding technical education providers spend about 33% more for their state's system of technical education in comparison to an equivalent population to Kansas.

The Commission recommendation is for an additional $38-$41 million infusion into current funding to bring Kansas' funding equal to or slightly above these other states. These funds will be utilized to perform the following:

1. $16.5 million to enhance current technical education
2. $5-8 million to increase capacity for growth and expansion
3. $8 million to upgrade equipment and technology
4. $5 million to expand offerings into new initiatives
5. $3 million to address business and industry incumbent worker training
6. $1 million to address statewide leadership, marketing and advocacy

This concludes my testimony. I encourage your full support and favorable recommendation of HB 2556 as passed by the House to strengthen and add muscle to the technical education delivery system for Kansas.

Senate Ways and Means
3-21-07
Attachment 9

Kansas Association of Community College Trustees

Senate Ways and Means Committee

House Appropriations Committee

March 21, 2007

Senate Ways and Means
3-21-07
Attachment 10

Dr. Ed Berger

10-8

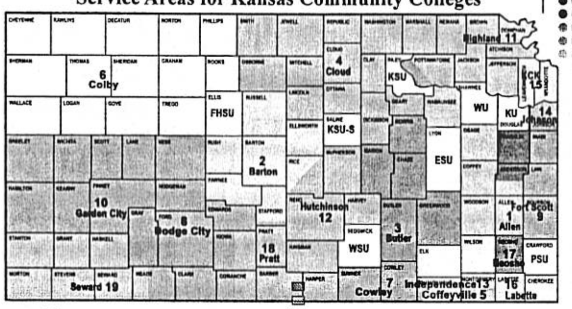
Kansas Community Colleges

Serving Nearly 170,000 Kansans with Educational Excellence

KACCT VISION

- Responsive, Affordable, Accessible and Quality Learning Opportunities.

Kansas Community Colleges and Service Areas for Kansas Community Colleges



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
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

State Universities/Washburn
Unassigned

Kansas Community Colleges

Responsive

10-3

Responsive

- Business/Industry
- Unified School Districts
- Universities
- Developmental Education
- Community Based Organizations

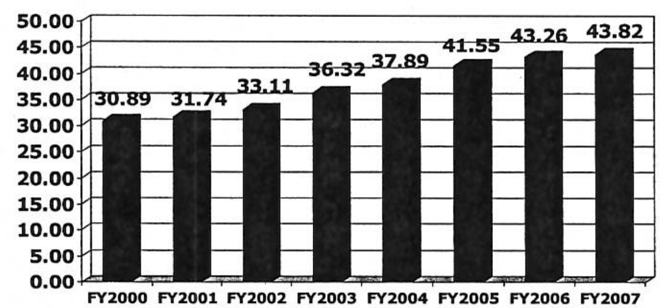
Kansas Community Colleges

Affordable

Tuition Increases

- Tuition alone has increased nearly 30 per cent since the inception of Senate Bill 345 (references only in district with some colleges charging a higher rate for out district)
- Fees have had a similar increase (the range and variety of fees make it difficult to include fees)

Kansas Community College Average Tuition In State – In District



10-4

Kansas Community Colleges

Accessible

Enrollment

- Enrollment has generally increased over the past four years

Enrollment

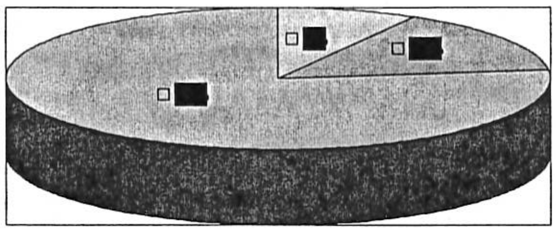
- Vocational Technical-30 percent
- Academic 70 percent

Access

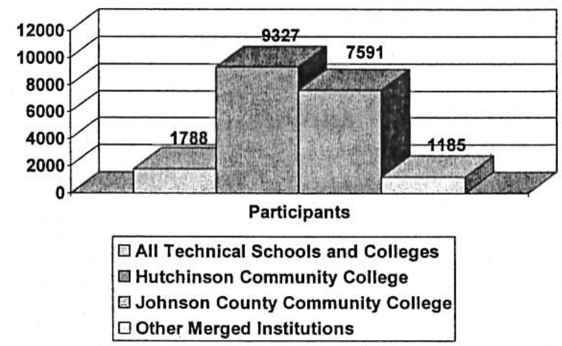
- Interactive Video capabilities since 1990
- On line classes (didactic and lab)
- Classes on site for business and industry
- Mobile classroom available
- Tuition costs affordable

10-5

Percentage of Career and Technical Education by Institution Type in FY2005

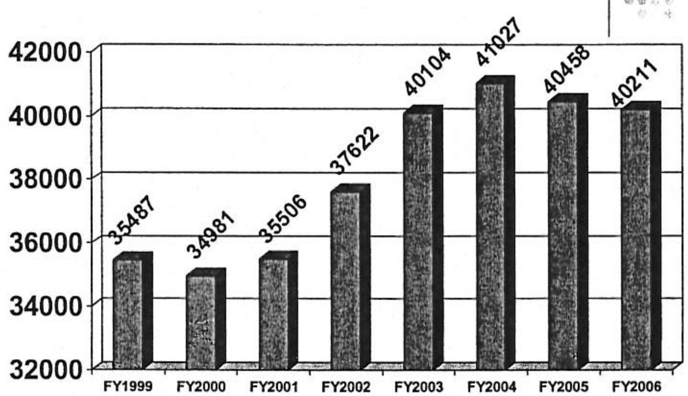


Business Participants at Kansas Two Year Institutions



Source- Legislative Post Audit, 9/2006

Community College- In State Full Time Equivalency

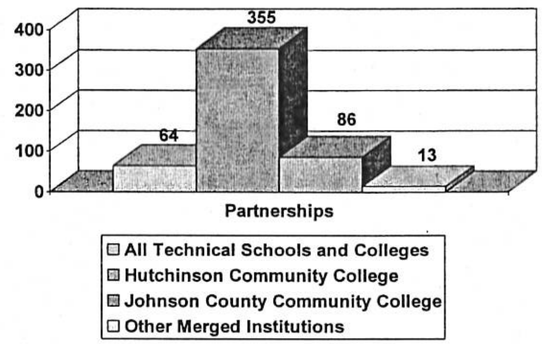


Collaboration

- Facilities
- Equipment
- Instruction

10-6

Business Partnerships at Kansas Two Year Institutions



Source- Legislative Post Audit, 9/2006

Kansas Community Colleges

Quality Learning Opportunities

Kansas Board of Regents

- Funding Performance Based 2005

KBOR SYSTEM GOALS

- Increase system efficiency/effectiveness/seamlessness
- Improve learner outcomes
- Improve workforce development
- Increase targeted participation/access
- Increase external resources
- Improve community/civil engagement

10-7

Senate Bill 345

- Community College coordination moved from State Board of Education to reconstituted Board of Regents
- County Out District Tuition phased out
- Funding to Community Colleges increased to 65 per cent of state support for the lower division enrollments
- Local tax relief a focus of increased state funding (eighty per cent of new money designated for tax relief)

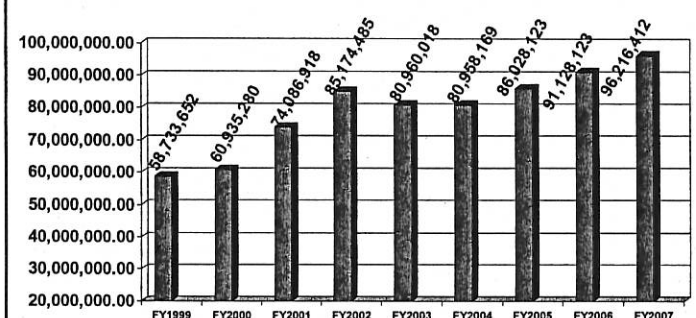
State Funding

- Goal was 65 per cent of state contribution to lower division funding at regional universities
- Peaked at 55 per cent in the second year of a four year plan ($85,174, 486)
- Currently, including out-district offset ($102,316,412)
- To fund at the 65 per cent level with current enrollment would cost over $120,000,000
- 4.2 million dollars in Local Ad Valorem Tax Reduction State Revenue Lost

State Grant

- $60,935,280 fy2000
- $73,673,854 fy2001 First Year of SB345
- $85,174,486 fy2002 Second Year
- $80,960,018 fy2003 Third Year
- $80,960,018 fy2004 Fourth Year
- $86,028,123 fy2005 Fifth Year
- $91,128,123 fy2006 Sixth Year
- $96,216,412 fy2007 Seventh Year
- (FY 2001 and 2002 include 25 per cent buy down of county out district for each year)
- (FY 2006 provided an additional $3,100,000 for third year of out district buy down)
- (FY 2007 provided an additional $3,100,000 for fourth year of out district buy down)

State Grant- All Community Colleges



10-8

Kansas Community Colleges - Revenue by Source YE June 30, 2006 - Summary Worksheet

COLLEGES	Student Sources	Federal Sources	State Sources Oper Grant	State Sources Other	County Sources	Local Sources	Other Sources	Total
Allen	$ 2,538,249	$ 85,884	$ 3,858,172	$ 240,020	$ 215,278	$ 1,302,847	$ 489,427	$ 8,729,877
Barton County	$ 5,668,897	$ 49,161	$ 6,759,712	$ 174,396	$ 153,687	$ 6,242,538	$ 844,774	$ 19,893,165
Butler	$ 13,337,134	$ 74,679	$ 12,323,830	$ 724,067	$ 756,609	$ 8,821,563	$ 2,637,773	$ 38,675,655
Cloud County	$ 2,387,637	$ 10,222	$ 4,328,001	$ 204,225	$ 200,454	$ 2,128,311	$ 316,610	$ 9,575,460
Coffeyville	$ 2,087,072	$ 194,257	$ 1,603,487	$ 1,058,025	$ 32,500	$ 4,795,476	$ 1,075,314	$ 10,846,131
Colby	$ 2,628,792	$ 72,235	$ 2,666,537	$ 233,356	$ 287,114	$ 2,857,753	$ 227,319	$ 8,973,106
Cowley County	$ 6,292,546	$ -	$ 7,546,988	$ 1,237,193	$ 252,345	$ 4,106,124	$ 1,186,871	$ 20,622,067
Dodge City	$ 1,647,147	$ 279,655	$ 2,501,677	$ 226,316	$ 60,975	$ 7,885,959	$ 316,634	$ 12,918,363
Fort Scott	$ 3,686,844	$ 163,176	$ 3,029,502	$ 226,862	$ 141,279	$ 2,201,228	$ 362,423	$ 9,811,314
Garden City	$ 2,860,036	$ -	$ 2,666,547	$ 3,454	$ 81,762	$ 9,397,557	$ 722,676	$ 15,732,032
Highland	$ 2,869,027		$ 3,905,842	$ 196,552	$ 186,594	$ 1,060,820	$ 462,114	$ 8,680,949
Hutchinson	$ 5,290,465	$ 399,949	$ 6,202,113	$ 1,023,744	$ 258,738	$ 11,263,241	$ 697,529	$ 25,135,779
Independence	$ 778,847	$ 34,784	$ 1,433,794	$ -	$ 596,821	$ 3,723,533	$ 75,700	$ 6,643,479
Johnson	$ 24,302,395	$ 468,704	$ 17,703,231	$ 5,186,818	$ 264,924	$ 67,900,439	$ 9,674,063	$ 125,500,572
Kansas City	$ 6,488,959	$ -	$ 5,782,091	$ 149,740	$ 267,348	$ 23,244,415	$ 503,464	$ 36,436,017
Labette	$ 1,569,192	$ 265,940	$ 2,462,242	$ 54,310	$ 141,623	$ 4,411,327	$ 147,949	$ 9,052,583
Neosho	$ 2,018,035	$ 184,454	$ 2,391,986	$ 301,726	$ 99,003	$ 3,400,120	$ 138,336	$ 8,533,660
Pratt	$ 1,241,290	$ -	$ 2,220,876	$ 98,066	$ 97,176	$ 4,218,863	$ 1,695,889	$ 9,572,160
Seward County	$ 1,667,388	$ 1,670	$ 1,668,682	$ 154,273	$ 54,330	$ 7,596,455	$ 327,259	$ 11,470,057
Totals	$ 89,359,952	$ 2,284,770	$ 91,055,310	$ 11,493,141	$ 4,148,560	$ 176,558,569	$ 21,902,124	$ 396,802,426

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 June 30, 2006 - Summary Worksheet

COLLEGES	Student Sources	Federal Sources	State Sources Oper Grant	State Sources Other	County Sources	Local Sources	Other Sources	Total
Allen	29.1%	1.0%	44.2%	2.7%	2.5%	14.9%	5.6%	100%
Barton County	28.5%	0.2%	34.0%	0.9%	0.8%	31.4%	4.2%	100%
Butler	34.5%	0.2%	31.9%	1.9%	2.0%	22.8%	6.8%	100%
Cloud County	24.9%	0.1%	45.2%	2.1%	2.1%	22.2%	3.3%	100%
Coffeyville	19.2%	1.8%	14.8%	9.8%	0.3%	44.2%	9.9%	100%
Colby	29.3%	0.8%	29.7%	2.6%	3.2%	31.8%	2.5%	100%
Cowley County	30.5%	0.0%	36.6%	6.0%	1.2%	19.9%	5.8%	100%
Dodge City	12.8%	2.2%	19.4%	1.8%	0.5%	61.0%	2.5%	100%
Fort Scott	37.6%	1.7%	30.9%	2.3%	1.4%	22.4%	3.7%	100%
Garden City	18.2%	0.0%	16.9%	0.0%	0.5%	59.7%	4.6%	100%
Highland	33.0%	0.0%	45.0%	2.3%	2.1%	12.2%	5.3%	100%
Hutchinson	20.5%	1.5%	24.0%	4.0%	1.0%	44.8%	2.8%	100%
Independence	11.7%	0.5%	21.6%	0.0%	9.0%	56.0%	1.1%	100%
Johnson	19.4%	0.4%	14.1%	4.1%	0.2%	54.1%	7.7%	100%
Kansas City	17.8%	0.0%	15.9%	0.4%	0.7%	63.8%	1.4%	100%
Labette	17.3%	2.9%	27.2%	0.6%	1.6%	48.7%	1.6%	100%
Neosho	23.6%	2.2%	28.0%	3.5%	1.2%	39.8%	1.6%	100%
Pratt	13.0%	0.0%	23.2%	1.0%	1.0%	44.1%	17.7%	100%
Seward County	14.5%	0.0%	14.5%	1.3%	0.5%	66.2%	2.9%	100%
Totals	22.5%	0.6%	22.9%	2.9%	1.0%	44.5%	5.5%	100%

Note: Federal Sources include only revenues recorded in the Current Unrestricted Fund. Most Federal grants are recorded in Restricted Funds.

Out District Tuition

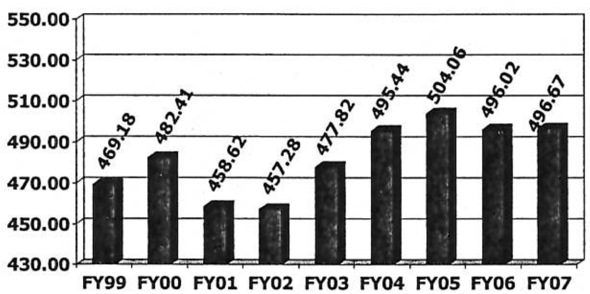
- $2.7 million year one
- $5.4 million year two
- $5.4 million year three
- $5.4 million year four
- $5.4 million year five
- $8.5 million year six
- $11.6 million year seven
- Aggregate savings to counties over 7 years in out district tuition totals over 44.4 million dollars.

Mill Levy

- SB 345 originally designed to reduce local mill levies
- Mill levy was reduced in years one and two but increased dramatically in years three and four with frozen funding
- Local tax payers are now paying more to support colleges than before implementation of SB 345

10-9

Kansas Community College Mill Levies



KANSAS ASSOCATION OF COMMUNITY COLLEGE TRUSTEES

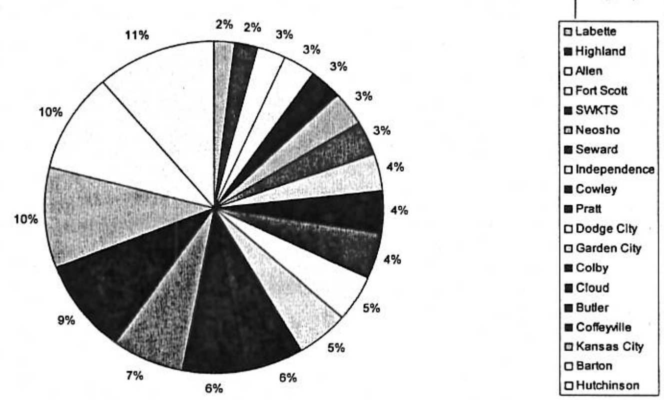
2006 Local Mill Levy

Final Valuation/Mill Levy's Kansas Community Colleges	Certified							
COLLEGES	2006/2007 Assessed Valuation	2006/2007 General Mill Levy	Adult Education	Bond & Interest	Capital Outlay	No Funds Warrants	Special Assessment	
Allen County	64,632,201	13.352			3.334			16.686
Barton County	208,376,190	30.537						30.537
Butler County	471,677,198	17.363						17.363
Cloud County	70,510,266	27.721			3.995			31.716
Coffeyville	109,588,433	36.798			1.942			38.740
Colby	80,743,172	33.400						33.400
Cowley County	210,324,808	18.595						18.595
Dodge City	225,347,352	28.072	0.249		2.00			30.321
Fort Scott	88,754,041	22.342						22.342
Garden City	507,337,233	18.217			0.999			19.216
Highland	66,816,640	14.620						14.620
Hutchinson	477,812,076	21.704			1.993			23.697
Independence	112,315,524	35.651						35.651
Johnson County	7,728,968,492	8.353			0.5		0.019	8.872
Kansas City Kansas	1,169,496,962	18.218			2.026			20.244
Labette	119,132,871	35.093	0.261					35.354
Neosho County	101,614,552	32.233	0.082					32.315
Pratt	110,690,684	39.037			1.951			40.988
Seward County	312,241,381	28.011						28.011
TOTALS	12,262,371,676.00	477.32	0.59	0.00	18.74	0.00	0.02	496.67

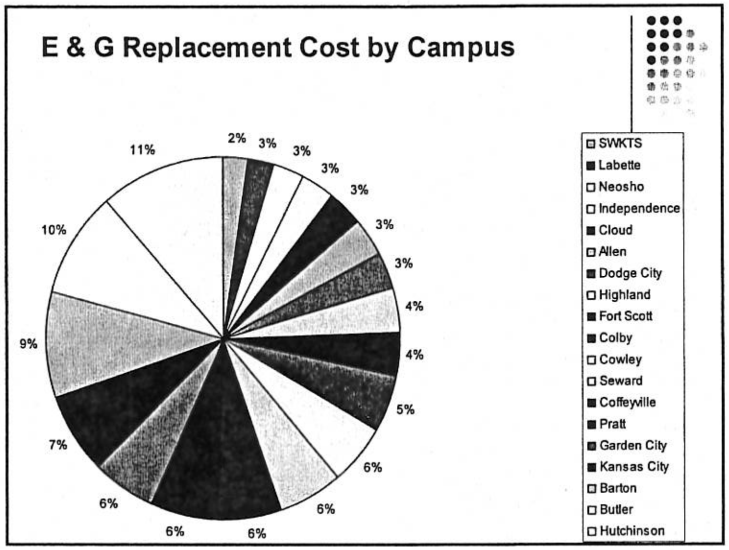
Fall 2006
Calculation of Building Renewal
Kansas Association of Community College Trustees
All Institutions E & G with Infrastructure

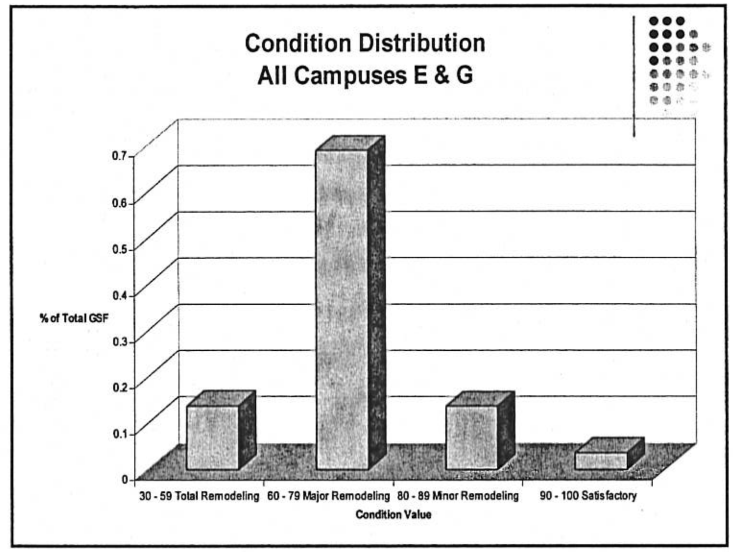
Campus	Total Facility Replacement Cost	Total Renewal Costs
Allen	$26,632,656	$3,900,492
Barton	$73,344,146	$14,741,892
Butler	$75,414,914	$10,497,550
Cloud	$25,372,201	$9,198,396
Coffeyville	$46,969,414	$13,592,529
Colby	$40,591,797	$8,235,611
Cowley	$44,731,952	$6,150,704
Dodge City	$27,365,846	$7,022,293
Fort Scott	$30,918,862	$4,581,906
Garden City	$47,420,804	$7,290,303
Highland	$29,653,571	$3,350,389
Hutchinson	$90,255,346	$16,992,210
Independence	$23,283,058	$5,369,298
Kansas City	$57,540,813	$14,400,164
Labette	$20,650,902	$3,082,845
Neosho	$23,249,986	$4,927,522
Pratt	$47,087,193	$6,523,641
Seward	$45,822,240	$5,025,498
SWKTS	$16,569,427	$4,572,682
	Total $792,925,128	Total $149,555,927

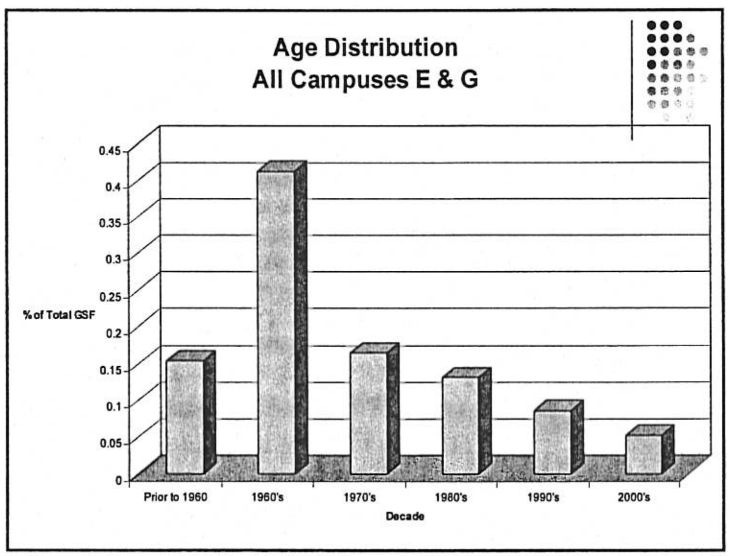
E & G Renewal Cost By Campus

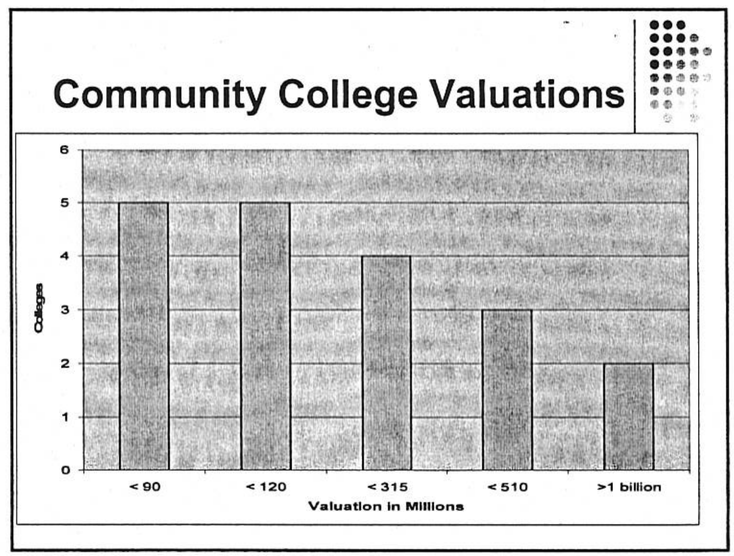


10-10


E & G Replacement Cost by Campus
11%
2%
3%
3%
3%
3%
3%
3%
10%
4%
9%
4%
5%
7%
6%
6%
6%
6%
6%
SWKTS
Labette
Neosho
Independence
Cloud
Allen
Dodge City
Highland
Fort Scott
Colby
Cowley
Seward
Coffeyville
Pratt
Garden City
Kansas City
Barton
Butler
Hutchinson


Condition Distribution
All Campuses E & G
% of Total GSF
0.7
0.6
0.5
0.4
0.3
0.2
0.1
0
30 - 59 Total Remodeling
60 - 79 Major Remodeling
80 - 89 Minor Remodeling
90 - 100 Satisfactory
Condition Value


Age Distribution
All Campuses E & G
% of Total GSF
0.45
0.4
0.35
0.3
0.25
0.2
0.15
0.1
0.05
0
Prior to 1960
1960's
1970's
1980's
1990's
2000's
Decade


Community College Valuations
Colleges
6
5
4
3
2
1
0
< 90
< 120
< 315
< 510
>1 billion
Valuation in Millions

10-11

Kansas Community Colleges

Serving Nearly 170,000 Kansans with Educational Excellence