

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:30 A.M. on January 25, 2008 in Room 123-S of the Capitol.

All members were present except.

Senator Donald Betts, Jr. - excused

Senator Jay Emler - excused

Committee staff present:

Jill Wolters, Senior Assistant, Revisor of Statutes

Alan Conroy, Director, Kansas Legislative Research Department

Kristen Clarke Kellems, Assistant Revisor of Statutes

Audrey Dunkel, Kansas Legislative Research Department

J. G. Scott, Kansas Legislative Research Department

Jarod Waltner, Kansas Legislative Research Department

Melinda Gaul, Chief of Staff, Senate Ways & Means

Mary Shaw, Committee Assistant

Conferees appearing before the committee:

Diane Duffy, Vice President for Financing & Administration, Kansas Board of Regents

Reginald "Reggie" Robinson, President & CEO, Kansas Board of Regents

Rich Hoffman, Kansas Area Technical Schools and Colleges

Others attending:

See attached list.

Bill Introduction

Senator McGinn moved, with a second by Senator Morris, to introduce a bill concerning counties; alternative building construction procurement. Motion carried on a voice vote.

Chairman Umbarger welcomed Diane Duffy, Vice President for Financing & Administration, Kansas Board of Regents, who addressed three areas (Attachment 1):

1. Direct State Funds/University Interest Earnings Portion of the Legislation.
2. Bond Portion of the Legislation.
3. Tax Credit Portion of the Legislation.

The Chairman welcomed Reginald "Reggie" Robinson, President and CEO, Kansas Board of Regents, who presented an update and review of the budget items for the Kansas Board of Regents (Attachment 2). President Robinson highlighted items since the conclusion of the 2007 Legislative Session. He noted that there are five new Regents on the Board; the Board has adopted a Student Loan Code of Conduct; the first Joint State Board of Education/Board of Regents meeting was held since 2003; Board receives Technical School transition plans; campus security reviews; Board's Adult Education Program receives competitive federal grant to fund "Ready for College: Adult Education Program" and Fort Hays State University selected to host Kansas Academy of Math and Sciences; continued nursing and teacher shortages. President Robinson summarized the Governor's FY 2009 Budget Recommendations highlights and detailed their 2008 Policy Initiatives. Questions and discussion followed.

Staff briefed the Committee on the Report of the Kansas Technical College and Technical School Commission to the 2008 Legislature (Attachment 3).

The Chairman welcomed Dr. Rob Edleston, who explained that the implementation of the tax credits has been successful so far (Attachment 4). The people most affected have stepped up and purchased those bonds. Dr. Edleston introduced Richard Hoffman, Past President of the Association, KATSC, and of the Kaw Area Technical School, Topeka (Attachment 5). He noted that the savings will not be enough to offset costs. Questions and discussion followed. The Committee complimented the technical schools for their innovative

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:30 A.M. on January 25, 2008 in Room 123-S of the Capitol.

implementations that have been made in the process.

Dr. Edleston came before the Committee again regarding being held harmless and the funding for the technical colleges and schools and what happened with decreasing enrollment it created inequity. In order to change from a block grant and change to based on enrollment would probably would shut the doors on a school like Wichita Technical School. They wanted to create a period of hold harmless to not receive less funds under the new system and ask for three-year hold harmless as they regain their feet between \$1.5 - \$2 million.

Chairman Umbarger thanked all involved in the negotiation of this subject of technical education authority and the tax credits.

The meeting adjourned at 12:00 p.m. The next meeting was scheduled for January 28, 2008.

SENATE WAYS AND MEANS GUEST LIST

Date January 25, 2008

NAME	REPRESENTING
<i>Cody Deaton</i>	<i>Budget</i>
MARK BOBANYAK	Capitol Strategies
JAY KRAMER	CARTER GROUP
<i>Tom Bruno</i>	<i>WATC</i>
ERIC SOXTON	WSU
Katie Pirbangan	Kearney & Assoc.
Callie Coco	Kearney + Assoc.
<i>Fred Powell</i>	<i>Fort Hays State</i>
Nate Michel	Hein Law Firm
<i>Sheila Krahn</i>	<i>KACCT</i>
<i>Rachel Hoffman</i>	<i>KATSC</i>
Rob Edleston	KATSC
<i>Richard Samoy</i>	<i>Kearney Assoc.</i>
Eric Stafford	AGC of KS
HOWARD SMITH	PITTSBURG STATE UNIVERSITY
BILL REARDON	KCKs. Public Schools
Kathy Danner	KU
Kip Peterson	KBOR
Reggie Robinson	KBOR
Diane Duffy	KBOR
LARRY BERG	KACCT



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Senate Ways & Means
January 25, 2008

Deferred Maintenance Update

Diane Duffy
Vice President for Finance & Administration

Chairman Umbarger, Ranking Member Kelly, and members of the Committee, thank you for the opportunity to appear before you this morning. I would like to update you on the implementation of Senate Substitute for House Bill 2237, the five-year deferred maintenance funding package that was approved by the 2007 Legislature, and provide you with an overview of the second quarterly report for FY 2008, which details the expenditure of the direct state funds/university interest earnings portion of this legislation.

The Postsecondary Educational Institution Long-Term Infrastructure Maintenance Program (HB 2237) contained several important financing components that will be implemented over the next five years. These components include: (1) direct state funds of \$90 million and \$44 million in interest earnings from university funds to begin to address the documented \$663 million backlog of deferred maintenance projects at the state universities; (2) \$100 million in interest-free bonding authority available to Washburn University, the 19 community colleges, and five technical colleges to be used for infrastructure improvement projects; and (3) state-funded tax credits intended to generate up to \$158 million in private contributions to the state's six universities, Washburn University, the 19 community colleges, and five technical colleges.

For the state's six universities alone, the five-year maintenance plan will provide \$90 million in direct state funding, approximately \$44 million in retained interest earnings, and up to \$118 million in private contributions generated by state-funded tax credits. If these separate funding mechanisms are fully realized, this legislation will allow the state universities to address approximately 38% of the documented maintenance backlog that currently exists on those campuses.

As you may know, the Governor included \$15 million for state university deferred maintenance in her FY 2009 budget recommendations. In addition, at the Board's request, HB 2610 was introduced and it would further address the deferred maintenance backlog by completely freeing-up the use of the Educational Building Fund (\$15 million/year for five years).

Senate Ways and Means
1-25-08
Attachment 1

1) Direct State Funds/University Interest Earnings Portion of the Legislation

In June, the Board of Regents formally approved five-year maintenance project plans for each of the state universities. In August, the Legislature's Joint Committee on State Building Construction formally passed out the first year of these state university maintenance projects as "reviewed favorably." The Committee's formal review allowed the state universities to begin work on their campuses. I would especially like to thank Senators Goodwin, Kelly, Morris, and Umbarger, members of this Committee who also serve on the Building Committee, for their commitment and oversight this past interim and for their insight and assistance in helping us to get this important maintenance program up and running.

The amount of state university maintenance funding (tax credits excluded) made available through the legislation and the number of projects initiated in the first year of the five-year maintenance plan are as follows:

Year 1 (FY 2008):	<u>Projects</u>	<u>Funding</u>
Emporia State University	7	\$2,461,000
Fort Hays State University	7	\$2,668,000
Kansas State University	6	\$12,566,500
Pittsburg State University	5	\$2,820,000
University of Kansas	3	\$9,951,000
University of Kansas Medical Center	9	\$3,634,500
Wichita State University	13	\$4,254,000
TOTAL:	50	\$38,355,000

The attached quarterly report, which is required by the legislation, covers the second quarter of FY 2008, ending December 31, 2007. As of the end of the quarter, the state universities have actual expenditures of \$782,567. The expenditure report includes only FY 2008 funds available through direct state funds (\$30,000,000) and through interest earnings from university funds (\$8,355,000).

The following is an abbreviated narrative update on the progress being made by the state universities. Additional expenditure details can be found in the spreadsheets attached for your review (Attachment A).

Emporia State University:

1. Physical Education Building Roof Replacement - Project is under contract and is under construction. The contract bid was \$990,900. Work will proceed as weather permits. Estimated completion is May 2008.
2. WAW Library HVAC Repairs/Replacement - Contracts have been approved for Consultant fees with Brack & Associates (Topeka, Ks.). Preliminary and final planning to be completed by May 2008. Construction will commence upon the completion of the planning phase.

3. WAW Library Electrical Repairs/Replacement - Contracts have been approved for Consultant fees with Brack & Associates (Topeka, Ks.). Preliminary and final planning to be completed by May 2008. Construction will commence upon the completion of the planning phase.
4. Utility Tunnels Repairs - Asbestos removal and re-insulation contracts (\$263,057) have been signed and replacement valves have been purchased. Work has started with valve replacements and asbestos abatement will start immediately after the steam has been shut off after the heating season. Additional tunnel work will be started upon the completion of the asbestos and re-insulation work.
5. Roosevelt Hall Foundation Stabilization - B&G Consultants have been selected to provide engineering consultant services. A fee proposal is being developed. Asbestos removal and re-insulation contracts (\$76,705) in the crawl spaces have been signed. Asbestos removal and re-insulation will begin March 2008 and be completed May 2008. Preliminary and final planning to begin May 2008 and be completed by August 2008.
6. Roosevelt Hall HVAC Replacement - Project for the replacement of existing roof top units has been bid. It was awarded (\$135,984). Construction will commence immediately after the execution of the contract and will continue, as weather permits, until it is completed. Estimated completion is May 2008.
7. Roosevelt Hall Plumbing Replacement - Specifications are being prepared for the repairs and/or replacement of the hot/cold water main supply lines and the main sewer line from the building to the city sewer main. Work cannot proceed until access to the crawl space is permitted after the removal of the existing asbestos insulation. Work is expected to be completed by March 2008. Work on the supply water mains is expected to start June 2008 and be completed by September 2008.

Fort Hays State University:

1. Picken Hall Improvements are now in the schematic design phase.
2. On-call consultants are currently working on construction documents for the Utility Tunnel Replacement and the Service Building masonry restoration project.
3. The Sheridan Hall re-roof project has been bid and will commence when weather permits.

Kansas State University:

1. Utilities Infrastructure and Power Plant Improvements - Replacement of campus steam line design and construction documents are being prepared and are currently about 5% complete. Boiler replacement in Power Plant construction documents are 40% complete. Repair and replace antiquated 4160 volt electrical system has been advertised and engineer interviews is scheduled on January 23, 2008 to design and prepare bid documents for this project.

2. Renovate Academic and Academic Support Space in Old Memorial Stadium - Master planning to schedule the sequence of repair and replacement of different components of building is 20% complete.
3. Leasure Hall Renovation - On call architect has completed the plans to replace the old residential elevator in Leasure Hall with a code compliant commercial unit. The project bids February 12.
4. Willard Hall - On call architect is 90% complete with plans to repair and replace exterior stone walls. Plans are being prepared in-house to waterproof the lower level at the north and northwest side of the building. This work effort is 60% complete. A preliminary mechanical, electrical and plumbing replacement study has been completed by on-call engineers. Advertising for engineering selection process will begin in February. Demolition and removal of broken coolers and asbestos abatement is in progress with in-house labor. Plans are being prepared by on-call architects to correct life safety and ADA concerns in the building. This work is 80% complete. Plans are being prepared by an on-call architect to correct mechanical and electrical deficiencies in the basement areas.
5. Seaton Court - On-call architects are working on preliminary design to prepare cost estimate for phased roof replacement.
6. Roofs and Other Projects - McCain Hall low roof replacement is completed. Calvin Hall re-roof project will bid on January 15, 2008.

Pittsburg State University:

1. Anderson MacAdam Architects were selected for design and construction administration services for the McCray Hall Renovation Project. Existing conditions and field investigation has been completed and the design process has begun.
2. Utilizing on-call architecture/engineer contracts, work has begun on the campus electrical switchgear replacements in Heckert-Wells Hall and Weede Hall. On site field investigation has been completed and the design is in process. Construction documents for the Axe Library masonry restoration is complete and in final review before going out for bid. It is anticipated that bids will be received by the end of February or early March. Design services for the campus steam line replacement project will be contracted as soon as the interest money has accrued.
3. Russ Hall façade restoration work has begun. Atkins Weatherproofing was awarded a contract and has mobilized the site and begun removing damaged terra cotta pieces and sand blasting the metal flashings. Weather has been a factor for the tuck pointing scope of work but to date there has not been a request for a time extension. Contract completion date is April 10, 2008.

The University of Kansas:

1. The Utility Tunnel Improvements project is in design. The project will be released for bidding in late February with construction anticipated to start as early as April 2008.
2. Wescoe Hall Improvements - Design is complete and contracts for construction are in process. Construction is anticipated to start by mid to late January 2008. Completion of first floor work is scheduled for August 2008 and the work on 2nd and 3rd floors are scheduled to complete by January 2009.
3. Haworth Hall Improvements - Purchase and design of the fume hoods is complete. Installations of the fume hoods are expected to start in March 2008. FY 2008 Deferred Maintenance funding is adequate to fund the fume hood replacements and start design of the HVAC system improvements. The University will release the project for advertisement for design services in January 2008.
4. Regarding energy conservation improvements, request for pre-audit has been released to five firms. Assuming there are energy savings projects that qualify for the FCIP program, final selection of the firm to provide energy performance contract is expected by March 2008.

The University of Kansas Medical Center:

1. Initiated a 5-year contract for exterior masonry restoration. Wall restoration work on Dykes Library is planned to commence this spring.
2. Cleaned and sanitized sound attenuators and supply-air chambers on Lied research building air-handling units.
3. The Wahl Hall East air-handling unit that serves one of the largest lecture rooms on campus was replaced during the Christmas break.
4. Black & Veatch Engineers was retained to perform engineering services for the Applegate Energy Center & utility distribution system project. B&V completed the first phase of work to analyze and recommend a prioritized list of projects based upon risk reduction and energy savings that fit within the annual funding allocation.

Wichita State University:

1. Duerksen Fine Arts Center - Study of HVAC system replacement/program statement completed and selection of consultant will occur on February 5. On-call services have been initiated for replacement of existing storefronts, upgrades to existing electrical service, and demolition of obsolete boilers, including associated required abatement of asbestos.
2. Engineering Building - On-call services have been initiated for replacement of the HVAC system.

3. Grace Wilkie Hall - On-call services have been initiated for study of the HVAC system replacement and preparation of needed program statement.
4. Visual Communications Building - On-call services have been initiated for preparation of construction documents for upgrade of existing electrical service.
5. Wallace Hall - On-call services have been initiated for preparation of construction documents for upgrade of existing electrical service. The university is preparing specifications for replacement and upgrade of building elevator components.
6. Ahlberg Hall - On-call services have been initiated for preparation of construction documents for upgrade of existing electrical service. The university is preparing specifications for replacement and upgrade of building elevator components.
7. McKnight Art Center - The university is preparing specifications for replacement and upgrade of building elevator components and HVAC building controls.
8. Central Energy Plant - On-call services have been initiated for preparation of construction documents involving upgrade of electrical service and replacement of the motor control center.
9. Lindquist Hall - The university is preparing specifications for replacement and upgrade of building elevator components.
10. Jardine Hall - The university is preparing specifications for replacement and upgrade of building elevator components.
11. Campus Infrastructure - On-call services have been initiated for preparation of construction documents for expanded and improved fire flow and fire hydrant coverage and also for preparation of construction documents for waterproofing a segment of utility tunnel in the vicinity of the Engineering Building and Ahlberg Hall.
12. Heskett Center - The university is preparing specifications for the replacement of HVAC building controls.
13. National Institute for Aviation Research (NIAR) - The university has completed the preparation of specifications for replacement of HVAC building controls. The project has been bid and work should begin in mid to late January, 2008.

2) Bond Portion of the Legislation

The legislation authorized \$100 million in bonds (\$20 million each fiscal year) beginning in FY 2008. The bonds are to be requested by the Board of Regents from the Kansas Development Finance Authority for Washburn University, the 19 community colleges, and the five technical colleges. The principal and interest for the bonds will be paid from the State General Fund, with the institutions reimbursing the State General Fund for the principal portion of the payments each year. The date of maturity on the bonds may not exceed eight years from the date of issuance. The Board is authorized to enter into loan agreements with the eligible institutions to provide for payment of principal on the bonds. When approving applications for financing under the program, the Board shall take into consideration the need for the project and the financial ability of the institution to meet its obligation if the application is approved. The capacity to repay the bonds will be further reviewed by KDFA. The Board is required to provide an annual report to the Legislature disclosing the aggregate amount of bonds issued, the amount of the bonds issued at the request of each postsecondary educational institution and an overview of the projects financed by such bonds.

Projects Eligible for Financing: As defined in the legislation, “project” or “infrastructure project” means the maintenance, repair, reconstruction, remodeling or rehabilitation of a building located at a postsecondary education institution, any additions to a building, any utility system and other infrastructure relating to such a building, any life-safety upgrades to such building, any improvements necessary to be made to such building in order to comply with the requirements of the Americans with Disabilities Act or other federal or state law.

“Infrastructure improvement project” shall not mean:

- (A) the new construction of buildings;
- (B) the maintenance, repair, reconstruction or rehabilitation of any building used as an athletic facility that does not directly support the delivery of academic pursuits; or
- (C) the maintenance, repair, reconstruction or rehabilitation of the residence of the president or chief executive officer of a postsecondary educational institution.

The following steps have been taken to implement the bond program:

- July, the Kansas Development Finance Authority prepared a summary of the bond provisions of the legislation and shared it with all eligible institutions.
- July 25, 2007, Board staff and KDFA convened a meeting of all 25 eligible institutions to discuss the program and gather input about the implementation. The decision was made for Board staff and KDFA to initiate a survey to gauge demand for the program and gather preliminary information.
- Board staff and KDFA developed and distributed a survey to all eligible institutions for completion. The purpose of the survey was to gather data from the eligible institutions to get a sense of the demand for the loan program in its current form and to also gather information about the demand implications of expanding the 8-year amortization to a longer duration. The survey results included 470 projects identified by 22 institutions.

No attempt was made to screen the identified projects and their associated descriptions for compliance with the statutory authorization.

- Board staff and KDFFA developed a loan application. The Year One application was sent to all eligible institutions. The on-line loan application deadline was December 21, 2007. Board staff and KDFFA responded to written questions and requests for clarification from institutions and posted the responses to the web site.
- An independent review committee was formed to review applications in accordance with statutory criteria and to rate projects in accordance to "need" as directed in the statute.
- Review team sought additional information and answers to questions from individual institutions that submitted applications.
- The Board of Regents approved the \$20 million in loan applications from 13 institutions at their meeting on January 16, 2008 (Attachment B).

The general time frame for the Year 1 issuance is as follows:

Application Deadline	December 21, 2007
Loan Review	December 21, 2007- January 11, 2008
Loans Approved by KBOR for Inclusion in Loan Portfolio (Funds will be available once a final loan agreement is signed and the associated bond transaction has closed.)	January 16, 2008
KDFFA Initiates Rating Call	January 29, 2008-February1, 2008
Approved by KDFFA Board of Directors	February 7, 2008
Bond Pricing	First week of March, 2008
Funds Available	March 18, 2008 (estimated date, assuming no delays in bond transactions, etc.)

3) Tax Credit Portion of the Legislation

The tax credit provisions establish a new tax credit based on a percentage of a taxpayer's contribution made on or after July 1, 2008, to a community college for capital improvements (60% of the contribution), a technical college for deferred maintenance or purchases of technology or equipment (60% of the contribution) or universities for deferred maintenance (50% of the contribution). The credit, effective for tax years 2008 through 2012, is applicable to

corporate and individual income tax, insurance premiums tax, and financial institutions privilege tax. The credits would sunset after tax year 2012. The credit on a contribution to a community or technical college is refundable, if in excess of income tax liability. The university credits would be non-refundable but could be carried forward for up to three years. All credits would be transferable to other taxpayers if originally claimed by not-for-profit entities. The credit process would be developed and implemented for all institutions in a manner designed to assure that qualifying contributions also would qualify for federal and state income tax deductions.

According to the legislation's fiscal note, the tax credits would be expected to generate the following amounts of contribution (in millions) for each sector of postsecondary education, assuming contributions would be received to fully utilize the tax credits.

Fiscal Year	Total	State Universities Washburn University	Community/Technical Colleges
2009	\$14.375	\$11.250	\$3.125
2010	27.750	22.500	6.250
2011	38.333	30.000	8.333
2012	38.333	30.000	8.333
2013	38.333	30.000	8.333
Total	\$158.125	\$123.750	\$34.375

Assuming that contributions will be received to fully utilize the maximum amount of tax credits, the fiscal impact of the credits to the State General Fund (in millions) will be as follows.

Fiscal Year	Total	State Universities Washburn University	Community/Technical Colleges
2009	\$(7.500)	\$(5.625)	\$(1.875)
2010	(15.000)	(11.250)	(3.750)
2011	(20.000)	(15.000)	(5.000)
2012	(20.000)	(15.000)	(5.000)
2013	(20.000)	(15.000)	(5.000)
Total	\$(82.500)	\$(61.875)	\$(20.625)

The allotment of the tax credits in the legislation is handled differently for state universities and Washburn than community and technical colleges. The legislation specifies that for tax year 2008, each community and technical college is allotted \$78,125 in tax credits. For tax year 2009, this amount increases to \$156,250 and for tax years 2010 through 2012, further increases to \$208,233. Assuming that all tax credits are utilized, each of the 24 institutions will generate private contributions for projects of \$130,308 in tax year 2008, \$260,416 in tax year 2009, and \$347,208 for tax years 2010 through 2012.

For the state universities and Washburn University, a total of \$5,625,000 in tax credits will be divided between the 7 institutions for tax year 2008. This total amount increases to \$11,250,000 for tax year 2009, and further increases to \$15,000,000 for tax years 2010 through 2012. The legislation stipulates that the Board of Regents, in consultation with the Secretary of Revenue

and university foundation or endowment associations for each institution, will make the allotment of tax credits in advance of any credit issuance each year, with not more than 40 percent of the total credits being allotted to any one institution, unless all institutions are in agreement.

The following steps have been taken to prepare for the July 1, 2008, date when taxpayers can make contributions:

- May 21, 2007, the Department of Revenue sent all eligible institutions a summary of the tax credit provisions of the legislation along with a Q & A fact sheet.
- July 25, 2007, the Department of Revenue convened a meeting inviting the participation of all 31 postsecondary institutions to discuss the legislation and gather input on the drafting of the program's regulations. The Department of Revenue's draft regulations are moving through the review process.
- July 25, 2007, representatives from the universities and the Board office met with Secretary Wagon to agree upon a methodology for the tax credit allotment. Based upon the language and intent of the statute, it was determined that the allocation take into consideration the square footage, age, and complexity of the buildings and infrastructure at each state educational institutions. This is known as the "adjusted square footage." The percentage of the adjusted square footage each institution represents of the total will be applied to the total available project funds from private sources resulting from the tax credits.
- October 24, 2007, President Robinson provided a written update on the implementation to Representatives Schwartz (Chair, House Appropriations) and Wilk (Chair, House Taxation), including proposed allotment of tax credits. President Robinson also briefed the Joint Committee on State Building Construction and Legislative Budget Committee on the proposed allotment.
- December 20, 2007 board meeting, the Council of Presidents endorsed the COBO recommendation that the CY 2008 tax credit efforts be focused on projects identified in the \$200 million list approved last February.
- The Board of Regents approved the following university allocations for CY 2008 at their meeting on January 16, 2008:

University of Kansas	\$1,540,566
University of Kansas – Medical Center	588,471
Kansas State University	1,624,381
Wichita State University	553,879
Emporia State University	324,481
Pittsburg State University	370,910
Fort Hays State University	371,220
Washburn University	251,092
TOTAL	\$5,625,000

Thank you for your time this morning. I would be pleased to respond to any questions that you may have.

Attachment A
Kansas Board of Regents
University Deferred Maintenance Quarterly Report
Summary of Project Status, Quarter Ending December 31, 2007

University	FY 2008 Approved Budget		Actual Expenditures			
	IMP	UI	Current Quarter		Total to Date	
			IMP	UI	IMP	UI
University of Kansas	\$8,601,000	\$1,350,000	\$202,726	\$0	\$202,726	\$58,952
University of Kansas Medical Center	\$3,285,000	\$349,500	\$0	\$29,967	\$0	\$29,967
Kansas State University	\$9,066,000	\$3,500,500	\$65,555	\$358,783	\$70,925	\$385,121
Wichita State University	\$3,093,000	\$1,161,000	\$0	\$4,375	\$0	\$4,375
Emporia State University	\$1,812,000	\$649,000	\$96	\$0	\$96	\$0
Pittsburg State University	\$2,070,000	\$750,000	\$0	\$0	\$0	\$0
Fort Hays State University	\$2,073,000	\$595,000	\$0	\$30,044	\$0	\$30,406
Total	\$30,000,000	\$8,355,000	\$268,377	\$423,168	\$273,747	\$508,820

**Kansas Board of Regents
Deferred Maintenance Quarterly Reporting Form**

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City of Kansas

For the Quarter Ending: December 31, 2007

Project/Building Name*	Original Budget			Revised Budget			FY 2008 Approved Budget		Actual Expenditures				Project Status	
	Total	IMP	UI	IMP	UI	Date Approved	IMP	UI	Current Quarter		Total to Date		Projected Completion mm/yy	% Complete
									IMP	UI	IMP	UI		
Utility Tunnel Improvements	\$8,800,000	\$8,800,000							\$5,622		\$5,622		12/09	6%
Wescoe Hall	\$4,910,000	\$3,560,000	\$1,350,000						\$197,104		\$197,104		01/09	15%
Haworth Hall	\$2,600,000	\$2,600,000											11/09	5%
Total	\$16,310,000	\$14,960,000	\$1,350,000	\$0	\$0		\$8,601,000	\$1,350,000	\$202,726	\$0	\$202,726	\$58,952		

*Italicized projects not part of original 5-year plans approved by Board in June 2007
 IMP - Infrastructure Maintenance Program Funding
 UI - University Interest Earnings Funding

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**Kansas Board of Regents
Deferred Maintenance Quarterly Reporting Form**

University of Kansas Medical Center

For the Quarter Ending: December 31, 2007

Project/Building Name*	Original Budget			Revised Budget			FY 2008 Approved Budget		Actual Expenditures				Project Status		
	Total	IMP	UI	IMP	UI	Date Approved	IMP	UI	Current Quarter		Total to Date		Projected Completion mm/yy	% Complete	
									IMP	UI	IMP	UI			
Campus Exterior Maintenance	\$100,000		\$100,000					\$100,000		\$0		\$0	06/08	0%	
Campus Infrastructure Improvements	\$45,000		\$45,000					\$45,000		\$7,910		\$7,910	06/08	18%	
Wahl Hall East Basement AHU Replacement	\$80,000		\$80,000					\$80,000		\$22,057		\$22,057	01/08	28%	
Mechanical Infrastructure - Wichita	\$24,500		\$24,500					\$24,500		\$0		\$0	06/08	0%	
Applegate Motor Control Center	\$100,000		\$100,000					\$100,000		\$0		\$0	06/08	0%	
Applegate Energy Center Replace No. 5,6 Chillers	\$2,235,000	\$2,235,000						\$2,235,000		\$0		\$0	06/08	0%	
Applegate Energy Center Replace Motor Control Centers, Transformers	\$200,000	\$200,000						\$200,000		\$0		\$0	06/08	0%	
Applegate Energy Center Replace No. 4 Boiler with Summer Boiler	\$650,000	\$650,000						\$650,000		\$0		\$0	06/08	0%	
Applegate Energy Center Install Plate/Frame Heat Exchanger	\$200,000	\$200,000						\$200,000		\$0		\$0	06/08	0%	
Total	\$3,634,500	\$3,285,000	\$349,500	\$0	\$0			\$3,285,000	\$349,500	\$0	\$29,967	\$0	\$29,967		

*Italicized projects not part of original 5-year plans approved by Board in June 2007

IMP - Infrastructure Maintenance Program Funding

UI - University Interest Earnings Funding

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**Kansas Board of Regents
Deferred Maintenance Quarterly Reporting Form**

Kansas State University

For the Quarter Ending: December 31, 2007

Project/Building Name*	Original Budget			Revised Budget			FY 2008 Approved Budget		Actual Expenditures				Project Status	
	Total	IMP	UI	IMP	UI	Date Approved	IMP	UI	Current Quarter IMP	UI	Total to Date IMP	UI	Projected Completion mm/yy	% Complet
Utility Infrastructure and Power Plant Improvements	\$18,423,000	\$14,378,000	\$4,045,000				\$2,970,000	\$0	\$51,459		\$51,459		12/2012	1.73%
Renovate Academic & Academic Support Spaces in Old Memorial Stadium	\$10,000,000	\$2,600,000	\$7,400,000				\$600,000	\$1,740,000	\$0	\$0	\$0	\$0	11/2010	0.00%
Leasure Hall	\$3,600,000	\$2,863,000	\$737,000				\$216,000	\$0	\$0	\$0	\$0	\$0	12/2010	0.00%
Willard Hall	\$10,000,000	\$5,357,000	\$4,643,000				\$5,100,000	\$0	\$14,096		\$14,096		12/2012	0.28%
Seaton Court	\$2,000,000	\$2,000,000	\$0				\$180,000	\$0	\$0		\$5,370		12/2009	2.98%
Roofs and Other Projects	\$1,760,500	\$0	\$1,760,500				\$0	\$1,760,500		\$358,783		\$385,121	07/2008	21.88%
Total	\$45,783,500	\$27,198,000	\$18,585,500	\$0	\$0		\$9,066,000	\$3,500,500	\$65,555	\$358,783	\$70,925	\$385,121		

*Italicized projects not part of original 5-year plans approved by Board in June 2007
 IMP - Infrastructure Maintenance Program Funding
 UI - University Interest Earnings Funding

1-16

**Kansas Board of Regents
Deferred Maintenance Quarterly Reporting Form**

Wichita State University

For the Quarter Ending: December 31, 2007

Project/Building Name*	Original Budget			Revised Budget			FY 2008 Approved Budget		Actual Expenditures				Project Status	
	Total	IMP	UI	IMP	UI	Date Approved	IMP	UI	Current Quarter		Total to Date		Projected Completion mm/yy	% Complete
Duerksen Fine Arts Center	\$5,568,000	\$1,506,000	\$4,062,000				\$24,000	\$1,161,000					09/08	3.69%
Engineering Building	\$1,050,000	\$1,014,000	\$36,000				\$101,000	\$0					10/08	
Grace Wilkie Hall	\$1,134,000	\$1,134,000	\$0				\$70,000	\$0					10/08	
Visual Communications Building	\$192,000	\$156,000	\$36,000				\$120,000	\$0					06/08	
Wallace Hall	\$662,000	\$562,000	\$100,000				\$220,000	\$0					06/08	
Ahlberg Hall	\$348,000	\$348,000	\$0				\$300,000	\$0					09/08	
McKnight Art Center	\$504,000	\$474,000	\$30,000				\$450,000	\$0					06/08	
Central Energy Plant	\$408,000	\$384,000	\$24,000				\$300,000	\$0					06/08	
Lindquist Hall	\$294,000	\$252,000	\$42,000				\$252,000	\$0					06/08	
Jardine Hall	\$60,000	\$36,000	\$24,000				\$36,000	\$0					06/08	
Infrastructure	\$680,000	\$680,000	\$0				\$680,000	\$0					09/08	
Heskett Center	\$300,000	\$300,000	\$0				\$300,000	\$0					06/08	
National Institute for Aviation Research	\$240,000	\$240,000	\$0				\$240,000	\$0					06/08	
Total	\$11,440,000	\$7,086,000	\$4,354,000	\$0	\$0		\$3,093,000	\$1,161,000	\$0	\$4,375	\$0	\$4,375		

*Italicized projects not part of original 5-year plans approved by Board in June 2007

IMP - Infrastructure Maintenance Program Funding

UI - University Interest Earnings Funding

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**Kansas Board of Regents
Deferred Maintenance Quarterly Reporting Form**

Eastern State University

For the Quarter Ending: December 31, 2007

Project/Building Name*	Original Budget			Revised Budget			FY 2008 Approved Budget		Actual Expenditures				Project Status	
	Total	IMP	UI	IMP	UI	Date Approved	IMP	UI	Current Quarter		Total to Date		Projected Completion mm/yy	% Complete
									IMP	UI	IMP	UI		
Physical Education Building Roof Replacement	\$1,000,000	\$351,000	\$649,000				\$351,000	\$649,000	\$16	\$0	\$16	\$0	05/08	0%
William Allen White Library HVAC Repairs/Replacement	\$1,825,000	\$1,438,000	\$387,000				\$230,000		\$0	\$0	\$0	\$0	04/08	0%
Electrical Repairs/Replacement	\$737,000	\$519,000	\$218,000				\$410,000		\$0	\$0	\$0	\$0	04/08	0%
Utility Tunnel Repairs/Replacement	\$1,000,000	\$936,000	\$64,000				\$339,000		\$0	\$0	\$0	\$0	05/08	0%
Roosevelt Hall Foundation Stabilization/Repairs	\$1,000,000	\$819,000	\$181,000				\$272,000		\$80	\$0	\$80	\$0	08/08	0%
HVAC Repairs/Replacement	\$450,000	\$175,000	\$275,000				\$175,000		\$0	\$0	\$0	\$0	05/08	0%
Plumbing Repairs/Replacement	\$160,000	\$35,000	\$125,000				\$35,000		\$0	\$0	\$0	\$0	09/08	0%
Total	\$6,172,000	\$4,273,000	\$1,899,000	\$0	\$0		\$1,812,000	\$649,000	\$96	\$0	\$96	\$0		

*Italicized projects not part of original 5-year plans approved by Board in June 2007

IMP - Infrastructure Maintenance Program Funding

UI - University Interest Earnings Funding

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**Kansas Board of Regents
Deferred Maintenance Quarterly Reporting Form**

Pittsburg State University

For the Quarter Ending: December 31, 2007

Project/Building Name*	Original Budget			Revised Budget			FY 2008 Approved Budget		Actual Expenditures				Project Status	
	Total	IMP	UI	IMP	UI	Date Approved	IMP	UI	Current Quarter IMP	UI	Total to Date IMP	UI	Projected Completion mm/yy	% Complete
McCray Hall	\$2,300,000	\$2,300,000	\$0				\$2,070,000	\$0					11/08	0
Russ Hall	\$150,000	\$0	\$150,000				\$0	\$150,000					04/08	0
Axe Library	\$250,000	\$0	\$250,000				\$0	\$250,000					07/08	0
Various Buildings-Replace Electrical Switch Gear	\$150,000	\$0	\$150,000				\$0	\$150,000					08/08	0
Steam Line Replacement	\$200,000	\$0	\$200,000				\$0	\$200,000					08/08	0
Total	\$3,050,000	\$2,300,000	\$750,000	\$0	\$0		\$2,070,000	\$750,000	\$0	\$0	\$0	\$0		

*Italicized projects not part of original 5-year plans approved by Board in June 2007

IMP - Infrastructure Maintenance Program Funding

UI - University Interest Earnings Funding

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**Kansas Board of Regents
Deferred Maintenance Quarterly Reporting Form**

Fc 's State University

For the Quarter Ending: December 31, 2007

Project/Building Name*	Original Budget			Revised Budget			FY 2008 Approved Budget		Actual Expenditures				Project Status	
	Total	IMP	UI	IMP	UI	Date Approved	IMP	UI	Current Quarter IMP	Current Quarter UI	Total to Date IMP	Total to Date UI	Projected Completion mm/yy	% Complete
Picken Hall Improvements	\$3,845,000	\$3,455,000	\$390,000				\$2,073,000			\$19,333		\$19,690	05/10	2%
Utility Tunnel Replacement - Center of Quadrangle to Rarick Hall	\$260,000		\$260,000					\$260,000		\$5,600		\$5,605	09/08	3%
Sheridan Hall Roof Repairs	\$70,000		\$70,000					\$70,000		\$5,111		\$5,111	05/08	10%
Service Buildings Masonry Cleaning and Sealing	\$90,000		\$90,000					\$90,000		\$0		\$0	08/08	1%
Repaint Cunningham Hall Gyms 100, 101, 102 & 121	\$35,000		\$35,000					\$35,000		\$0		\$0		
Felten-Start Theatre Seating Replacement	\$90,000		\$90,000					\$90,000		\$0		\$0		
Campus Exterior Graphics-Phase II	\$50,000		\$50,000					\$50,000		\$0		\$0		
Total	\$4,440,000	\$3,455,000	\$985,000	\$0	\$0		\$2,073,000	\$595,000	\$0	\$30,044	\$0	\$30,406		

*Italicized projects not part of original 5-year plans approved by Board in June 2007

IMP - Infrastructure Maintenance Program Funding

UI - University Interest Earnings Funding

Attachment B

Kansas Board of Regents				
Postsecondary Education Institution Loan Program, HB 2237				
Applications Submitted 12/21/2007, Staff Review Committee Recommendations 1/14/08				
Approved by the Kansas Board of Regents 1/16/08				
Institution	Short Project Description	Total Project Cost	Loan Amount Requested	KBOR Loan Approved
Barton County CC	Repair/remodel library	\$2,435,000	\$1,300,000	\$1,300,000
Institution Total		\$2,435,000	\$1,300,000	\$1,300,000
Butler County CC	Repair exterior envelope	\$548,403	\$548,403	\$548,403
	Repair concrete floor	\$225,055	\$225,055	\$225,055
	Remodel, move classrooms/ offices to bldg	\$178,858	\$178,858	\$178,858
	Replace roof library/ Hubbard Ctr	\$165,784	\$165,784	\$165,784
	Replace roof automotive tech facility	\$92,288	\$92,288	\$92,288
	Replace roof classroom/gym	\$263,479	\$263,479	\$263,479
	Upgrade electrical infrastructure, Fine Arts Bldg	\$47,990	\$47,990	\$47,990
	Campus improvements ADA/life safety	\$288,900	\$288,900	\$288,900
	Remodel, reconstruct ag facility	\$411,950	\$411,950	\$411,950
Institution Total		\$2,222,707	\$2,222,707	\$2,222,707
Coffeyville CC	Repair and replace campus roofs	\$300,485	\$300,485	\$300,485
	Move administrative services from flood-prone basement, accessibility related to ADA	\$283,425	\$283,425	\$283,425
	Improve accessible parking for and A & S Building	\$65,000	\$65,000	\$65,000
	Repair HVAC and replace windows A&S Bldg & Union	\$305,550	\$305,550	\$250,550
Institution Total		\$954,460	\$954,460	\$899,460
Dodge City CC	Remodel Scienc-Math Bldg, ADA compliance	\$625,000	\$625,000	\$625,000
	Reconstruct computer lab, ADA	\$225,000	\$225,000	\$225,000
Institution Total		\$850,000	\$850,000	\$850,000
Highland CC	Replace roof math/science and auditorium seating CTMS Bldg and life safety upgrades	\$450,000	\$450,000	\$450,000
	Repair library wall, remodel- roof, paint, carpet	\$250,000	\$250,000	\$220,000
	Install HVAC and new roof admin. Bldg	\$200,000	\$200,000	\$200,000
	Improvements Irvin Hall - window, fire/ safety, HVAC, roof	\$100,000	\$100,000	\$100,000
Institution Total		\$1,000,000	\$1,000,000	\$970,000
Hutchinson CC	Renovate and Expand Science Bldg	\$7,219,100	\$7,219,100	\$3,427,217
	Renovate and Expand Industrial Ctr	\$614,000	\$614,000	\$552,053
Institution Total		\$7,833,100	\$7,833,100	\$3,979,270
Kansas City KS CC	Replace campus A/C chiller & cooling tower	\$1,285,000	\$1,250,000	\$1,250,000

	Replace 9 separate fire alarm systems	\$1,500,000	\$1,500,000	\$825,000
	Remove, replace roofs	\$450,000	\$450,000	\$450,000
Institution Total		\$3,235,000	\$3,200,000	\$2,525,000
Labette CC	Replace non-code compliant doors - Main Bldg	\$77,400	\$77,400	\$77,400
	Install central heat, A/C Health Science Bldg	\$950,000	\$950,000	\$950,000
	Renovate & remodel library (Main Bldg)	\$186,500	\$186,500	\$186,500
Institution Total		\$1,213,900	\$1,213,900	\$1,213,900
Manhattan ATC	Replace main bldg A/C, heaters	\$120,000	\$120,000	\$120,000
	Repair floor, renovate restrooms, ADA	\$57,500	\$57,500	\$57,500
	Remodel for dental hygiene facility	\$275,000	\$275,000	\$235,000
Institution Total		\$452,500	\$452,500	\$412,500
Northwest KS TC	Replace roof, new heating/cooling units	\$229,950	\$229,950	\$114,975
	Replace boiler/chiller	\$126,000	\$126,000	\$200,000
	Replace deteriorated overhead door, diesel tech bldg	\$7,555	\$7,555	\$7,555
	Replace heating systems	\$15,750	\$15,750	\$15,750
Institution Total		\$379,255	\$379,255	\$338,280
Pratt CC	Remodel and expand nursing facility	\$300,000	\$300,000	\$300,000
	Replace fire alarm system	\$95,883	\$95,883	\$95,883
	Replace flat portion of roof	\$30,000	\$30,000	\$30,000
	Replace HVAC control valves	\$150,000	\$150,000	\$150,000
	Remodel restrooms	\$48,000	\$48,000	\$48,000
Institution Total		\$623,883	\$623,883	\$623,883
Seward County CC	Replace boilers, chillers	\$390,000	\$390,000	\$390,000
	Replace breaker panels	\$435,000	\$435,000	\$435,000
	Install fire alarm system	\$95,000	\$95,000	\$55,000
	Improvements campus exhaust system, HVAC, controll	\$101,000	\$101,000	\$101,000
	Renovate washrack in ag bldg	\$71,000	\$71,000	\$71,000
	Repair, deteriorated brick, entryways	\$208,000	\$208,000	\$208,000
Institution Total		\$1,300,000	\$1,300,000	\$1,260,000
Washburn Univ	Upgrade HVAC in Morgan Hall, Union, Library	\$3,190,000	\$3,190,000	\$2,990,000
	Replace HVAC controls	\$415,000	\$415,000	\$415,000
Institution Total		\$3,605,000	\$3,605,000	\$3,405,000
GRAND TOTAL		\$26,104,805	\$24,934,805	\$20,000,000

The Board of Regents provides a structure for integrated coordination of post-secondary education

Kansas Board of Regents			
Governed Institutions	Coordinated Institutions		
Emporia State Univ. Fort Hays State Univ. Kansas State Univ. University of Kansas Pittsburg State Univ. Wichita State Univ.	Washburn Univ.	Community Colleges Allen Cty CC Barton Cty CC Butler Cty CC Cloud Cty CC Coffeyville CC Colby CC Dodge City CC Fort Scott CC Garden City CC Highland CC Hutchinson CC Independence CC Johnson Cty CC Kansas City KS CC Labette CC Neosha CC Pratt CC Seward CC	Technical Institutions Flint Hills TC Manhattan Area TC N. Central Area TC NE KS Area TC NW KS Area TC Wichita Area TC Kansas City Area TS Kaw Area TS Salina Area TS SW Area TS TC = Technical College TS = Technical School

Source: Kansas Board of Regents.

2008 UPDATE & OVERVIEW

Senate Ways & Means Committee

January 25, 2008

Reginald L. Robinson
President & CEO
Kansas Board of Regents



BUILDING A PUBLIC AGENDA FOR HIGHER EDUCATION:



FIVE STRATEGIC QUESTIONS



Senate Ways and Means
1-25-08
Attachment 2



QUESTION #1: EDUCATIONAL SYSTEMS ALIGNMENT

Are we satisfied that high school graduation expectations are aligned with college preparation expectations?

Are Kansas high school graduates prepared to meet postsecondary expectations?



WHAT WE MUST KNOW / WHAT WE MUST DO

- Engagement With K-12 Leadership
- Testing & Survey Data
- Volume of Development Course Offerings
- Define College Readiness





QUESTION #2: PARTICIPATION

Are we satisfied with the level of participation in the Kansas higher education system?

Do participation rates adequately reflect the state's demographic composition?

Are we satisfied with the participation of adult learners in the higher education system?



WHAT WE MUST KNOW

- Enrollment Data
 - Population Aged 25-64
- Census Data
 - Population Aged 25-64
- College Going Rate Data





QUESTION #3: PERSISTENCE

Are we satisfied with our institutional retention and completion rates?



WHAT WE MUST KNOW

- Retention Rate Data
- Graduation Rate Data
- Migration Within Kansas Higher Education System Data





QUESTION #4: ALIGNMENT WITH THE KANSAS ECONOMY

Are the programs, resources, and incentives of higher education aligned with the workforce demands of Kansas?

Are we satisfied with the level of innovation-spurring research and discovery that is being produced within our universities?



WHAT WE MUST KNOW / WHAT WE MUST DO

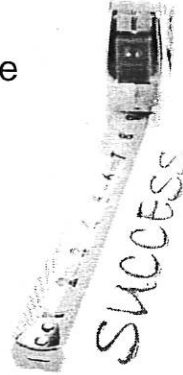
- Workforce Study Data
- Governor's Economic Sub-Cabinet Report
- Immediate Areas of Focus
 - Teachers
 - Nurses
 - Engineers
 - Other Technical Fields
- Kansas, Inc. Study
- Mechanism For Maintaining Alignment





QUESTION #5: OUTCOMES

Do those that complete programs have the cross-cutting competencies and skills necessary for success in work and in life?



WHAT WE MUST DO

- Identify The Skills And Competencies Necessary For Success
- Mechanisms For Measurement



SINCE THE CONCLUSION OF THE 2007 LEGISLATIVE SESSION...



- 5 New Regents (Boettcher, Docking, Hedges, Sherrer, & Thornton).
- State University enrollment tops 90,000 students for the first time in the state's history.
- State Universities assist 592 students affected by natural disasters.
- Student Loan Code of Conduct adopted.
- Presidents Hammond & Wefald each recognized by the Governor for over 20 years of service to the state.
- First joint State Board of Education / Board of Regents meeting since 2003.
- Postsecondary Technical Education Authority begins work.
- Board receives Technical School transition plans.
- Tuition cost discussions/direction.
- Campus security reviews.



- Board's Adult Education Program receives competitive federal grant (\$500,000) to fund the "Ready For College: Adult Education Transitions Program" – an adult education program that focuses on helping adult learners transition to postsecondary education programs.
- FHSU selected to host KAMS.
- Continued nursing shortage progress (annual report soon to be released).
- Deferred Maintenance work begins:
 - State Universities begin work on 50 projects totaling \$38 million.
 - Board approves \$20 million in no-interest loans for Washburn University, Community Colleges, & Technical Colleges (48 projects financed).
 - Board approves Public University tax credit allocations for 2008 tax year.



TEACHER SHORTAGE:

- The 2007 Legislature enacted a new Kansas Teacher Service Scholarship Program which streamlined four existing teacher scholarships into one comprehensive teacher scholarship program.
- The four previous scholarship programs, during Academic Year 2006-07, totaled \$777,744 and allowed 248 students to be awarded.
- Under the new program, a total of \$1.4 million in scholarship assistance was available. The Board received 815 applications for Academic Year 2007-08 and was able to award 463 students – **an 87% increase over last year.**
- This merit-based, service obligation scholarship program provides financial assistance of up to \$2,500/semester to students and currently-licensed teachers pursuing bachelor's or master's degree programs. Students must pursue endorsement and/or licensure or master's degrees in hard-to-fill disciplines (special education, mathematics, science, music, foreign language, and English as a second language), or plan to teach in an identified underserved geographic area of the state of Kansas (USD 501 – Topeka, USD 500 – Kansas City, USD 259 – Wichita, and State Board of Education District #5 – the western 1/3 of Kansas).



GOVERNOR'S FY 2009 BUDGET RECOMMENDATIONS



HIGHLIGHTS*:

	<u>Increase</u>
Postsecondary Institutions Operating Grant:	\$35 million
Student Financial Assistance (Total):	\$4.35 million
KU School of Pharmacy Expansion:	\$1 million
KAMS @ FHSU:	\$150k
State University Building Maintenance:	\$15 million
TOTAL INCREASE:	\$55.9 million (6.7%)

**Please see attached budget memo for specific details.*



INVESTMENT PACKAGE:

A \$20.1 million state priority "investment package" was included in the Board's FY 2009 budget request. Of the 11 projects contained in the package, one was included in the Governor's budget recommendations. If ultimately funded, the following projects would produce measurable outcomes and results for Kansas:

- **Increase the Supply of Math & Science Teachers (ESU)**
 - Create cooperative math & science programs with community colleges and develop a summer bioscience institute for math & science teachers.
- **"U-Kan" Teach / Undergraduate Certificate Programs (KU)**
 - Implement new pathways to teacher licensure to address critical teacher shortages in Kansas.



- **Create School of Construction (PSU)**
 - Address critical workforce shortages and increased demand for skilled graduates in this field.
- **Expand School of Pharmacy (KU) - INCLUDED**
 - Address the state's looming pharmacist shortage by enhancing Wichita and Lawrence pharmacy programs.
- **Work-Based Learning (WSU)**
 - Double the number of students involved in work-based learning programs.
- **Workforce Development Shortages (KU)**
 - Increase graduate output in nursing, physical therapy, other allied health professions, business, engineering, and technology.



- **Current Workforce Needs (WSU)**
 - Significantly increase the number of graduates in the areas of accounting, engineering, nursing/other health professions, and teaching.
- **Create Professional Science Master's Degree Program (FHSU)**
 - Establish the first PSM program in Kansas and in the region.
- **Targeted Research (KSU)**
 - Increase investment in targeted research areas that are of particular importance to Kansas.
- **Community Colleges Competitive Grant Initiative**
- **Technical Colleges & Schools Competitive Grant Initiative**



2008 POLICY INITIATIVES



- **Adjust the Partnership for Faculty of Distinction Program Cap**

- Raise the current \$5 million cap to \$10 million (SB 403 – Referred to Senate Ways & Means)

- **SGF Payments to Eliminate Crumbling Classrooms Debt**

- Reduce state debt and continue deferred maintenance progress by freeing-up the EBF (HB 2610)

- **Local Option Sales Tax to Reduce Property Taxes**

- Enable the 18 counties that are home to community colleges to offset local property taxes with a local sales tax (SB 436)



- **Implementation of the KS Academy of Mathematics and Science**

- Amend the KAMS statute and Compulsory Attendance statutes to allow non-resident students, to facilitate student eligibility for Federal financial aid, and clarify fees for non-public school students (SB 404)

- **University Support Staff and Classified Staff Benefits Clarification**

- Seek clean-up legislation to resolve two conflicting statutes (HB 2611)





"The Kansas Board of Regents shall pursue measurable continuous improvement in the quality and effectiveness of the public postsecondary educational system in Kansas, while expanding participation for all qualified Kansans. To achieve that mission, the Board will demand accountability, focus resources, and advocate powerfully."

www.kansasregents.org



KANSAS BOARD OF REGENTS

1000 SW JACKSON • SUITE 520 • TOPEKA, KS 66612-1368

TELEPHONE – 785-296-3421
FAX – 785-296-0983
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Date: January 15, 2008 (DRAFT: Noon)
TO: Kansas Board of Regents
FROM: Diane C. Duffy
Vice-President, Finance & Administration
RE: Governor's Recommendations for FY 2009

The Governor's recommended appropriations from state funds for postsecondary education for FY 2009 totals \$ 892.1 million, an increase of \$55.9 million or 6.7 percent over the FY 2008 base appropriations. The Governor's SGF spending plan grows by \$281.5 million, or 4.6 percent, over FY 2008. The increase in spending of \$281.5 million is attributed to: K-12 (\$167.6 million), social service caseloads and KPERs (\$67.4 million), a continued commitment to postsecondary education (\$39.5 million). In addition, enhancements to State General Fund programs are made possible by using new gaming revenues to reduce SGF debt obligations and pay for infrastructure improvements. Furthermore, the Governor's plan is based on a 5.0 percent ending balance. The difference between a budget with a 7.5 percent statutory ending balance and a budget with a 5.0 percent ending balance is \$147.4 million and is the amount recommended as the final year of commitment made to increase funding for K-12 public education.

This memo generally describes the key components of the Governor's recommendations for postsecondary education. More detailed information is contained in the Governor's Budget Report, Volumes 1 and 2.

All Higher Education Sectors -- Operating Grant Increase for Postsecondary Education

- The Governor recommends an increase of \$35.0 million for the Postsecondary Institutions Operating Grant, which represents a 4.4 percent increase over the FY 2008 combined operating grants of \$789.4 million. The Postsecondary Institutions Operating Grant represents new funding for the state universities, community colleges, technical institutions, and Washburn University.
- The Governor recommends \$1.0 million (ELARF) for planning and start-up costs in FY 2009 and \$50 million in bonding authority for the expansion of the KU Pharmacy program.
 - The Board requested \$26.8 million for a 3.4 percent HEPI increase
 - The Board requested \$12.6 million for a 1.6 percent "close the gap" increase

- The Board requested \$20.1 million for investment initiatives increase, including the expansion of the KU Pharmacy program.
- The Board requested the Governor to combine the new funding and appropriate it as a new separate line-item -- Postsecondary Institutions Operating grant.

Student Financial Assistance Increases

- The Governor recommends an increase of \$3.0 million for the Comprehensive Grant Program for an SGF total of \$18.7 million.
 - The Board requested the increase of \$3.0 million.
- The Governor recommends an \$1.0 million for the STEM Teacher Service Scholarship program. This program would have the same criteria as the existing Teacher Service Scholarship Program.
 - In coordination with the State Board of Education, the Board supported an increase in teacher service scholarships.
- The Governor recommends an increase of \$250,000 for Military Service Scholarships for a total of \$500,000. This was a new program authorized last session in the Omnibus appropriation bill.
- The Governor recommends an increase of \$100,000 KSU Veterinary Training Program for Rural Kansas Scholarships, the third year of this program for a base total of \$300,000.
 - The Board requested a 3.4 percent increase for other targeted student scholarship programs.

Other Postsecondary Education Program Increases

- The Governor recommends an increase of \$150,000 for the Kansas Academy of Math and Science at Fort Hays State University for a total of \$250,000 for FY 2009.
 - The Board requested a multi-year request with start-up year funding of \$294,988.
- The Governor recommends \$2.5 million (ELARF) for Technical Education Technology and Equipment grants, which is \$1.5 million less than the \$4.0 million recommended in the current year.
 - The Board requested continuation of \$4.0 million in Technical Education Technology and Equipment grants.

Facility Maintenance

- The Governor recommends \$15.0 million (ELARF) to be transferred into the EBF to pay debt service on Regents Crumbling Classroom bonds which would free up \$15.0 million from the EBF for deferred maintenance projects.
 - The Board requested an increase of \$56.4 million which is the difference between the amount of funding already approved by the 2007 Legislature for projects in FY 2009 (\$20 million SGF, \$8.6 million est. interest earnings, and \$15 million EBF) and \$100 million, the estimated amount of funds that can be expended on deferred maintenance projects in a fiscal year.

Governor's Initiatives

- The Governor recommends \$1.0 million for the Wichita Center for Graduate Medical Education in FY 2008 and continues the \$1.0 million into FY 2009. (Appropriated to KUMC).
- The Governor recommends continuation of \$4.0 million (EDIF) for Aviation Research (NAIR- WSU). The FY 2008 amount is \$4,750,000.
- The Governor recommends \$2.5 million (ELARF) for Aviation Infrastructure for support of the aviation industry in the state. This funding is appropriated to WSU.

Other Issues

- KAN-ED – The Governor does not recommend the requested \$4.5 million SGF to offset the statutorily required \$4.5 million in financing from the Kansas University Service Fund (KUSF) , but recommends that a proviso be added to provide the same mix of funding as in FY 2008 (\$8.0 million KUSF and \$2.0 million SGF). KUSF revenues are derived from an assessment on users of intrastate telecommunication services.
 - The Board requested a total of \$4.5 million SGF and \$5.5 million KUSF, in accordance with the statute.
- Transfers from the SGF

Regents Faculty of Distinction – The Governor recommends an estimated transfer of \$5.0 million.

Regents Research Corp Debt Service – The Governor recommends an estimated transfer of \$9.6 million.

The Governor also recommends transfers in accordance with the 2007 Postsecondary Educational Institution Long-Term Infrastructure Program.

- Pay plan for State Employees – The Governor recommends that the base pay all state employees increase by 2.5 percent and endorses a new approach to classified employee compensation.
- KPERS COLA – The budget provides funds for a 1 percent cost-of-living increase for KPERS retirees in each of the next three years.
- The Governor recommends \$209,430 to staff the new Educational Center at Cheyenne Bottoms Wetland. This project was previously approved.

Attached is a table which compares the Governor's FY 2009 recommended increases for higher education appropriations totaling \$55.7 million to the Board's requested increases. The table also includes the adjusted FY 2008 base appropriation levels.

If you have any questions or if you would like additional information, please let me know.

cc: Institutional CEOs, Business Officers and Legislative Liaisons
Reginald Robinson
Sheila Frahm
Steve Kearney
KBOR Staff

KANSAS BOARD OF REGENTS
FY 2009 HIGHER EDUCATION UNIFIED BUDGET REQUEST - STATE FUNDS¹
COMPARED WITH GOVERNOR'S BUDGET RECOMMENDATIONS

Original Budget Submission September 15, 2007, Amended by the Board November 26, 2007, Governor's Recommendation January 15, 2008

	FY 2008 Combined Line Item Base Appropriations	FY 2009 Requested Increase	% Increase	FY 2009 Governor's Recommend Increase	% Increase
All Higher Education Sectors					
Combined Operating Grants Total	\$789,427,156				
New Unified Operating Grant - 3.4% HEPI Increase		\$26,840,523		\$35,000,000	
New Unified Operating Grant - 1.6% Increase		\$12,630,834		\$1,000,000	
State Priorities - Investment Increase		\$20,130,000		\$36,000,000	4.6%
KU School of Pharmacy					
Total - Higher Education Sectors	\$789,427,156	\$59,601,357	7.5%		
Student Financial Assistance					
Comprehensive Grant Program	\$15,689,878	\$3,000,000		\$3,000,000	
Military Service Scholarship	\$250,000			\$250,000	
STEM (Teacher) Service Scholarship	\$1,962,859			\$1,000,000	
KSU Vet Training Program	\$200,000			\$100,000	
Other Programs - 3.4% HEPI Increase	\$6,844,304	\$126,844		\$0	
Total - Student Financial Assistance	\$24,947,041	\$3,126,844	12.5%	\$4,350,000	17.4%
Board of Regents Office	\$4,282,953 ²				
Staff Support to Align with New Higher Ed Initiative		\$250,000			
3.4% HEPI Increase/Operating Increase/Decrease		\$145,620		(\$74,544) ³	
Kan-ed Financing Shift - SGF replacement of KUSF	\$2,000,000	\$2,500,000			
Total - Board of Regents Office	\$6,282,953	\$2,895,620	9.2%	(\$74,544)	-1.2%
Other Postsecondary Education Programs	\$5,683,502				
3.4% HEPI Increase		\$256,003			
Technical Education Technology & Equip Grants ⁴	\$4,000,000	\$0		(\$1,500,000)	
Kansas Academy of Math & Science (start-up)	\$100,000	\$194,988		\$150,000	
Cheyenne Bottoms Educational Center Staffing				\$209,430	
Pilot for Part-time Adult Learners		\$200,000			
Total - Other Postsecondary Ed. Programs	\$9,783,502	\$650,991	6.7%	(\$1,140,570)	-11.7%
Governor's Initiatives					
Wichita Center For Graduate Medical Education	\$1,000,000			\$0	
Aviation Research (NIAR)	\$4,750,000			(\$750,000)	
Aviation Infrastructure				\$2,500,000	
Total - Governor's Initiatives	\$5,750,000	\$0	0.0%	\$1,750,000	
Facility Maintenance State Universities					
Deferred Maintenance Projects ⁵		\$56,393,000		\$15,000,000	
Annual Maintenance Increase ⁶		\$28,000,000			
Total - Building Maintenance		\$84,393,000		\$15,000,000	
Grand Total	\$836,190,652	\$150,667,812	18.0%	\$55,884,886	6.7%
Grand Total, Excluding Facility Maintenance	\$836,190,652	\$66,274,812	7.9%	\$40,884,886	4.9%

Note: HEPI is the Higher Education Price Index. In FY 2009, appropriations will be reduced for FY 2008 one-time bonuses of \$7,727,391 for the universities and \$32,486 for the Board Office.

¹ The table reflects appropriations from State General Fund, Economic Development Initiatives Fund, and ELARF.

² The Governor recommended a reduction of \$268,000 in the Board Office budget in FY 2008.

³ For FY 2009, the Governor recommended a base budget reduction in the Board Office Administration of \$150,000 and Technical Education Authority of \$38,000, and the Governor recommended an increase of \$113,456 for salary and market rate adjustments.

⁴ The Board requested continuation of \$4.0 million in Technical Education Technology & Equipment grants. The Governor recommended \$2.5 million.

⁵ This figure is the difference between the amount of funding already approved by the 2007 Legislature (\$20 million SGF; \$8.6 million interest earnings and \$15 million in EBF) and \$100 million, the estimated amount of funds that can be expended on deferred maintenance projects in a fiscal year. The Governor recommended an increase of \$15.0 million from ELARF.

⁶ Updated 6/27 preliminary estimate. Assumes budgeting goal of \$84 million in annual maintenance expenditures less \$38 million (est) currently expended in the Physical Plant of the operating budgets of the universities. The difference of \$46 million would be only partially financed with SGF (60%) and the balance with other university funds for an SGF request of \$28.0 million, which would be adjusted by any approved inflation increase to the operating budget.

**Report of the
Kansas Technical College and
Technical School Commission
to the
2008 Kansas Legislature**

CHAIRPERSON: Mr. George Fahnestock

LEGISLATIVE MEMBERS: Senator Janis Lee and Representative Ann Mah

OTHER NON-LEGISLATIVE MEMBERS: Ms. Karen Conklin, Doctors Duane Dunn, Robert Edleston and Jerry Farley, Mr. Richard "Dick" Hedges, Mr. Reggie Robinson, and Mr. Dick Veach

STUDY TOPICS

The Commission is directed by statute to study the governance, funding, and mission of Kansas technical colleges and vocational education schools. On or before November 15, 2007, the Commission is required to submit a preliminary report of its activities and recommendations regarding governance, funding, and the mission of Kansas technical colleges and vocational education schools to the Legislative Educational Planning Committee.

Technical College and Technical School Commission

POSTSECONDARY TECHNICAL EDUCATION

CONCLUSIONS AND RECOMMENDATIONS

After reviewing the Postsecondary Technical Education Authority's activities, the Commission makes the following recommendations and conclusions:

- The Commission applauds the work of the Authority since its July 1, 2007, inception date, and supports its commitment to technical education;
- The Commission recommends the Authority standardize the curriculum within each technical program with significant input from employers;
- The Commission recommends the Authority develop competency certification for all technical education completers with significant input from employers;
- The Commission recommends the Authority develop programs to assist technical education completers in maintaining current skills in their technical field, acknowledging the rapidly changing technology in today's world;
- The Commission recommends the appropriation of funds to the five technical schools to assist them as they merge with other institutions, affiliate with other institutions, or pursue independent status as a degree-granting institution;
- The Commission recommends the appropriation of funds for direct marketing programs for technical education which concentrate on the needs and interests of the students;
- The Commission recommends the Legislature continue, if not increase, funding for the technology and equipment matching grant program; and
- The Commission recommends additional funding for the Authority in FY 2009, noting the initial funding estimates for the Authority were based on expenditures for only a partial fiscal year.

Proposed Legislation: None.

BACKGROUND

The 2006 Legislature, by proviso in the Omnibus appropriation bill (Senate Substitute for House Bill 2968), authorized the establishment of the Kansas Technical College and Vocational

School Commission. The Commission was composed of eight members, seven voting members and one ex-officio, nonvoting member. The Commission was charged to study the mission, governance, and funding of Kansas technical

colleges and vocational education schools and submitted its final report and recommendations to the 2007 Legislature in March of 2007. Among the recommendations of the Commission was the creation of a Postsecondary Technical Education Authority.

The 2007 Legislature acted on that recommendation with 2007 HB 2556, which created the Postsecondary Technical Education Authority. In addition, the Kansas Technical College and Technical School Commission was created as a statutory entity. The Commission has nine voting members and one *ex-officio* member appointed as follows:

- One member appointed by the Senate President;
- One member appointed by the Senate Minority Leader;
- One member appointed by the Speaker of the House;
- One member appointed by the House Minority Leader;
- Two members appointed by the Governor, including one resident of northeast Kansas; and
- Three members appointed by the Board of Regents: a member of the Board, the president of a technical college, and a representative of a community college that provides technical education.

The Commission was once again tasked with the study of the mission, governance, funding of Kansas technical colleges and technical schools. The Commission was required to submit reports of its activities and recommendations to the Legislative Educational Planning Committee (LEPC) with a preliminary report by November 15, 2007, and a final report by November 15,

2008. The Commission expires on December 31, 2008.

The new Postsecondary Technical Education Authority created by the bill is composed of 12 members as follows:

- Four members appointed by the State Board of Regents with two members from the Board, one member representing a community college that provides technical education, and one representative of technical colleges in the state;
- Three appointed by the Governor: one member representing Kansas business and industry and two members representing the general public;
- One member appointed by the Senate President representing business and industry;
- One appointed by the Speaker of the House representing business and industry; and
- Three *ex-officio* members: the Commissioner of Education, the Secretary of Commerce, and the Secretary of Labor.

No more than two members can represent any single specific technical career cluster and, of the members appointed from business and industry and the general public, at least one must come from each congressional district. In addition, no more than five members of the Authority may be from the same political party. The chairperson of the Authority is selected by the Governor.

The Authority has a variety of responsibilities, delegated to it by the Board of Regents. The Authority is responsible for the coordination of statewide planning for existing and new postsecondary technical education programs and contract training and for reviews of existing and proposed postsecondary technical education programs. The Authority also reviews requests

for state funding for postsecondary technical education and makes recommendations to the State Board of Regents for funding amounts and distribution. The Authority develops benchmarks and accountability indicators for the programs as well as an annual policy agenda for postsecondary technical education. It is the Authority's responsibility to advocate each year for this agenda. In addition, the Authority conducts studies of ways to maximize resources to best meet the needs of business and industry, making recommendations to the State Board of Regents.

Recommendations adopted by the Authority are considered and acted on by the State Board of Regents. Recommendations of the Authority can be rejected only by a majority vote of all members of the State Board of Regents, within 45 days of the submission of the recommendation.

The Authority and the Board of Regents select a vice-president of Workforce Development to serve as the executive director of the Authority, with the participation of the Kansas Association of Technical Schools and Colleges and the Kansas Association of Community College Trustees. The vice-president is not a member of the Authority and serves in the unclassified service, at the pleasure of the Board of Regents.

The Authority sunsets on June 30, 2014.

The legislation creating the Authority included a requirement that the governing bodies of the following institutions submit a plan to merge or affiliate with a postsecondary education institution, or become an accredited technical college with an independent governing board, by July 1, 2008:

- Northeast Kansas Technical College;
- Kansas City Area Technical School;
- Kaw Area Technical School;
- Salina Area Technical School; and
- Southwest Kansas Technical School.

COMMITTEE ACTIVITIES

The Commission met on October 18, 2007, to review the activities of the newly created Postsecondary Technical Education Authority. The meeting began with an overview by the Revisor of Statutes of 2007 HB 2556, which created the Postsecondary Technical Education Authority.

Joseph Glassman, Chairman, Kansas Postsecondary Technical Education Authority, presented an update on the activities of the Authority. The current Authority members are listed below:

Joseph Glassman, Chairman, Glassman Corp., Hays; Clark Coco, North Central Kansas Technical College, Beloit; Eddie Estes, Western Kansas Manufacturers Association, Dodge City; Sheila Frahm, Kansas Association of Community College Trustees, Topeka; Jim Garner, Kansas Department of Labor, Topeka; Jim Grier, Martin K. Eby Construction, Wichita; David D. Kerr, Kansas Department of Commerce, Topeka; Alexa Posny, Kansas Department of Education, Topeka; Bill Quattlebaum, Cessna, Wichita; Jack Wempe, Lyons; Steve Wilkinson, Menorah Medical Center, Overland Park; and Debra Nichols, Vice-President of Science and Technology, Hills Pet Nutrition, Lawrence.

The Authority had its inaugural meeting on September 26 and 27, 2007, which was an orientation and planning meeting. The Authority met again on October 17 and 18 and October 30 and 31, 2007. The Authority has named two committees - the Selection Committee for Vice-President and the Budget Committee. The Budget Committee is scheduled to report in mid-December on its recommendations for the expenditure of the \$4.0 million appropriated by the 2007 Legislature for a technology and equipment matching program for technical schools and colleges and community colleges.

The Authority plans to meet monthly in the future, approximately two weeks prior to each Board of Regents meeting. Locations for the meeting will alternate between Topeka and postsecondary institutions across the state providing technical education programs. In addition, the Authority planned to launch its search for a Vice-President of Technical Education the week of October 22, 2007, with a targeted final selection date of December 31, 2007, and a hiring date of February 2008.

It was stressed to the Commission that the Authority has just begun its study of technical education and technical workforce needs. While the Authority recognizes one of its key responsibilities is working with the Legislature and the Governor to support funding for technical education, they do not want to go before the Legislature without developing a solid set of goals and objectives for postsecondary technical education. It was noted that those goals and objectives will not be ready for the 2008 Session. This late start for the Authority led the Authority chairman to recommend the extension of the Commission for at least six months from its December 2008 sunset date, so that it might continue its oversight of the Authority's activities.

The Authority has identified several objectives and priorities based on the work of the Kansas Technical College and Vocational School Commission in 2006 and 2007 in three main areas: baseline standardization of the curriculum, implementation of levels of excellence, and funding.

The first major objective is the baseline standardization of the curriculum. Baseline standardization of the core curriculum should involve minimum standards developed with education system input, industry/commerce recommendations from employers, and review by the technical department of the Authority, recognizing that technical education is much different from university education. In addition,

there should be standards to insure the quality of programs. Those standards should be developed with the input of business and industry, then approved and implemented by the Authority. The Authority proposes the creation of a "Kansas Guarantee," with certified education by discipline and free reeducation when a program completer does not meet employment criteria for a defined period.

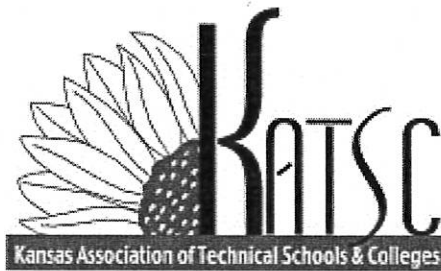
The second major objective is the implementation of levels of excellence. The challenge is to compete globally. This can be done by defining higher standards of output for completers, as well as the annual measurement of competence and efficiency of completers by industry. Toward this end, programs would be reviewed and placed in a rated system of peer programs. Measures used to rate each program would include size, scope, completers in employment by discipline, proficiency of completers, ability of completers to advance and add education, and employer-rated performance of individuals by school. In addition, quick start approaches to the development of new and innovative training for industry need to be developed based on capital and physical requirements, best program available, and geographic considerations.

The third major objective is addressing the funding of technical education. The first step is a review of the Commission's recommended funding formula. The second is a united effort between the Authority and Commission to support technical education funding. The third is the inclusion of marketing funds from the state for technical education. This would include matching funds from the state for postsecondary technical institutions, state authority to direct marketing programs for technical education, and collaborative programs with commerce and industry to market technical education.

CONCLUSIONS AND RECOMMENDATIONS

After reviewing the Authority's activities, the Commission makes the following recommendations and conclusions:

- The Commission applauds the work of the Authority since its July 1, 2007, inception date and supports its commitment to technical education;
- The Commission recommends the Authority standardize the curriculum within each technical program with significant input from employers;
- The Commission recommends the Authority develop competency certification for all technical education completers with significant input from employers;
- The Commission recommends the Authority develop programs to assist technical education completers in maintaining current skills in their technical field, acknowledging the rapidly changing technology in today's world;
- The Commission recommends the appropriation of funds to the five technical schools to assist them as they merge with other institutions, affiliate with other institutions, or pursue independent status as a degree-granting institution;
- The Commission recommends the appropriations of funds for direct marketing programs for technical education which concentrate on the needs and interests of the students;
- The Commission recommends the Legislature continue, if not increase, funding for the technology and equipment matching grant program; and
- The Commission recommends additional funding for the Authority in FY 2009, noting the initial funding estimates for the Authority were based on expenditures for only a partial fiscal year.



Senate Committee on Ways and Means
January 25, 2008

Chairman Umbarger and committee members:

As we entered the 2005 legislative session three years ago the technical education institutions in the state had begun a major metamorphosis. Several of these institutions had recently separated from their host school districts in order to enhance educational opportunities for area students. Institutions previously reporting their training activities on a clock hour basis converted to the collegiate model and transformed all programs to credit hours. This transformation was necessary to ensure compliance with our HLC accrediting agency as well as facilitating transfer from our institutions to four-year colleges that allow upward mobility. As with any major shift, there are often unintended consequences. The shift made it difficult for secondary students to attend colleges who had transformed to line schedules. Enrollments plummeted and these progressive institutions found themselves in financial crisis.

In an unselfish move, the remaining technical institutions agreed to allow a period of hold-harmless funding to sustain these institutions until they could regain their equilibrium. That process has been beneficial and our sister institutions are beginning to flourish once again. In fact the hardest hit of these colleges, Wichita Area Technical College, has an incredibly bright future in store. The process is almost complete, but by using a three year rolling average to evenly distribute funding, the third and final year of additional funding will be necessary.

As a side note, should these funds not come from the State coffers; the monies will be shifted from the other nine colleges and schools thereby causing unintentional harm to your other technical institutions.

On behalf of the institutions represented by the Kansas Association of Technical Schools and Colleges, we request that between \$1,000,000 and \$1,200,000 be allocated to hold Wichita Area Technical College, North Central Kansas Technical College, Kaw Area Technical School, and Northwest Kansas Technical College harmless as we continue our journey of growth ultimately adding to Kansas' prosperity.

Respectfully,

Dr. Robert J. Edleston, President
Kansas Association of Technical Schools and Colleges

Senate ways and means
1-25-08
Attachment 4



Senate Committee on Ways and Means
January 25, 2008

Chairman Umbarger and Committee Members:

Good Morning. I am Richard Hoffman, Past President of the Kansas Association of Technical Schools and Colleges, (KATSC) and current Director of Kaw Area Technical School (KATS).

First let me say thank you for passing HB 2337 last year and your consideration of SB 415 which adds the technical schools and Northeast Kansas Technical College to the tax credit and bonding deferred maintenance plan. This will help provide us with the resources to improve our campuses and upgrade our technology while building important partnerships just as it currently does for the technical and community colleges. We appreciate your full support of SB 415.

Attached to this testimony are the initial transition plans for the five institutions facing a change in governance. While each institution will have its' own challenges, I would like to tell you why we at KATS made the choice we did.

KATS is currently a type one Area Technical School meaning KATS is governed by a school district. The Topeka Public School District has negotiated with Washburn University to merge KATS with Washburn University in response to the legislative mandate and Kansas Board of Regents policy that all public postsecondary institutions be accredited by the Higher Learning Commission of the North Central Accrediting agency. As a result, Washburn University will be added to our consortium of seventeen school districts and assume the managing partner role previously performed by the Topeka Public School District.

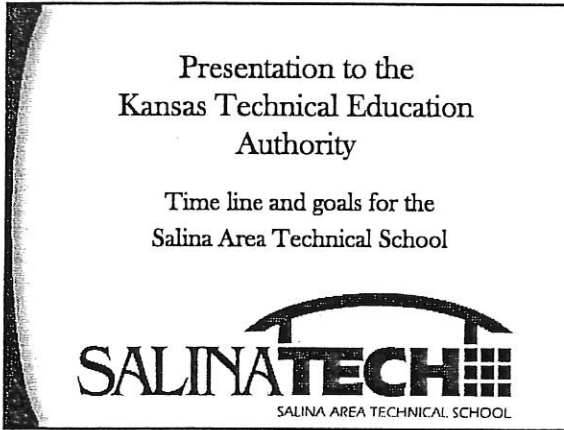
So why am I here? I am simply making you aware that there will be costs associated with this change in governance as required by the mandate. Therefore I respectfully request your assistance by providing the funds necessary to implement this transition. However, most transition plans were only recently submitted and we do not yet have an exact figure as to the full costs involved. Each institution is working diligently to come up with an accurate figure for the transition process and will promptly provide this information for your review. Thank you for your support of technical education in Kansas. I will be glad to stand for questions from the committee.

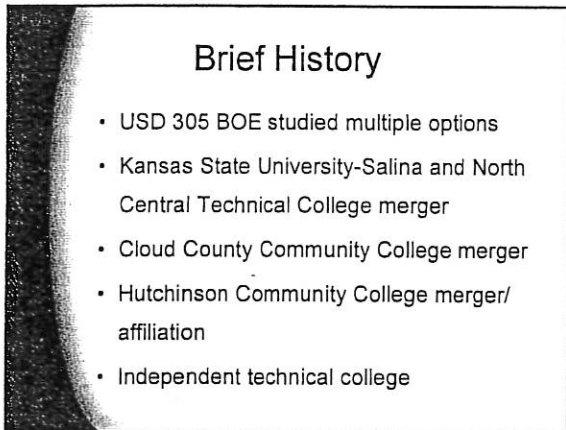
Sincerely,

Richard B. Hoffman

Senate Ways and Means
1-25-08
Attachment 5







Transition Plan

- District wide meeting held on January 17 to discuss issues involved in transitioning from USD 305 to independent college
- Independent facillitator involving staff, administration of USD 305 and Salina Technical School
- Transition plan to be submitted on or around May 1, 2008 – Deadline is July 1, 2008

HLC Accreditation

- In the process of hiring a person dedicated to HLC accreditation – March 2008 anticipated start date
- Secured reservations for a team to attend HLC workshops in Chicago - April 2008
- Will start HLC process as soon as we receive KBOR approval

Other Transition Activities

- Visiting each technical college in Kansas and possibly some outside of Kansas
- Work closely with Technical Education Authority in development of new system for Salina Area Technical College
- Continue to work on NCA-CASI Accreditation for Spring 2009 site visit

TRANSITION PLAN FOR THE MERGER OF KAW AREA TECHNICAL SCHOOL WITH WASHBURN UNIVERSITY

Pursuant to Chapter 199 of the 2007 Session Laws of Kansas, Kaw Area Technical School (KATS) is to submit a final plan to the Kansas Board of Regents (KBoR) not later than July 1, 2008 for the merger or affiliation with a four year post-secondary education institution in the state of Kansas or to become an accredited technical college with an independent governing board.

The unified school districts participating in the Vocational Education Agreement for Kaw Area Technical School have endorsed the merger of Kaw Area Technical School with Washburn University as it will best meet the interests of the secondary and post-secondary education students it serves, ensuring seamless education of its students in achieving academic success. There are existing articulation agreements in place for Kaw Area Technical School students to achieve either an associate degree or a bachelor degree utilizing vocational education training and Washburn University will continue to assist these students in earning a college degree.

Washburn University is accredited by the Higher Learning Commission and will have a site visit by an HLC team in the spring, 2008 which, with approval of this Transition Plan by the Kansas Board of Regents, will be expanded to include an accreditation site visit of the vocational education programs.

1. Effective Date

The effective date of the merger of Kaw Area Technical School into Washburn University will be July 1, 2008.

2. Method for Merger

The transfer of governance of Kaw Area Technical School will be accomplished pursuant to existing Kansas law by agreement of Topeka Public Schools and Washburn University assigning supervision and control of Kaw Area Technical School under a Vocational Education Agreement pursuant to K.S.A. 72-4411 for Kaw Area Technical School from the Board of Education of the Topeka Public Schools to the Board of Regents of Washburn University and amending such Vocational Education Agreement.

3. Transfer of Facilities and Equipment

a. Real Property

Topeka Public Schools, USD 501, will lease to Washburn University the real property it owns at 5724 SW Huntoon, Topeka, Kansas, which contains the KATS buildings, grounds and facilities for \$1.00 and other valuable consideration. Washburn University shall be responsible for utilities and will assume responsibilities for maintenance and repair to the facilities. Topeka Public Schools

5. Employees

As of the effective date of the merger, except as provided otherwise herein, all employees at KATS shall continue as KATS employees through employment by a Kansas Educational Service Center or similar entity and receive, to the fullest extent possible, the same rates of pay and benefits, including but not limited to leave and retirement benefits, they enjoyed prior to the merger. To ensure specific qualified school staff at KATS have the option of receiving certain benefits of their employment with Topeka Public Schools, the parties agree the following KATS employees shall have the option to remain employees of Topeka Public Schools: KATS employees within four years, as of July 1, 2008, (a) of vesting in KPERS, until the date they become eligible for such KPERS benefits; or, (b) of qualifying for early retirement benefits under the policy, rules and contractual agreements of Topeka Public Schools, until the date they do become eligible for early retirement benefits. Washburn University and Topeka Public Schools shall enter into an interlocal agreement pursuant to K.S.A. 75-4403 for the performance of administrative, clerical and instructional services by those KATS employees who opt to remain employees of Topeka Public Schools. During the duration of the interlocal agreement, Washburn University shall reimburse Topeka Public Schools for salaries, fringe benefits and early retirement of the affected qualified employees from KATS revenue.

6. Operational Policies

Commencing on the effective date of the transition, the day to day operational policies for Kaw Area Technical School, including but not limited to purchasing, facilities use and security, shall be those of Washburn University as set forth in the Washburn University Policy, Regulations and Procedures Manual.

7. Contracts for Goods and Services

Contracts for goods and services for Kaw Area Technical School made by Topeka Public Schools shall be assigned to Washburn University. Washburn shall assume all rights and duties under such contracts. Commencing on the date of approval of the transition plan, Topeka Public Schools shall enter into new contracts for goods and services upon consultation with and approval of Washburn University. In the event any vendor shall prohibit or withhold consent for the assignment of a contract or lease, Washburn University shall reimburse Topeka Public Schools for the use of such equipment, personal property or goods.

8. Transfer of Accounts Payable and Accounts Receivable

On the effective date of transition and consistent with the assignment of contractual rights and obligations as stated above, all balances of Topeka Public Schools in accounts payable and accounts receivable, except in accounts for employees, shall be transferred to Washburn University.

**PRELIMINARY PLAN FOR CONSOLIDATION OF
NORTHEAST KANSAS TECHNICAL COLLEGE
AND
HIGHLAND COMMUNITY COLLEGE**

This preliminary plan is intended to address the requirements of KSA 71-1702. This statute mandates a change in governance for Northeast Kansas Technical College.

The plan must be approved by both Unified School District 409 and the Highland Community College Board of Trustees, with the final approval of the Kansas Board of Regents.

The approved plan would take effect July 1, 2008.

A Continued Commitment to Technical Education

Technical education has been and continues to be an essential economic development tool for the communities of Northeast Kansas and a primary means for its residents to access gainful employment. For the past 40 years Unified School District 409 has governed Northeast Kansas Technical College in its various organizational structures and has assured quality technical education has been available to area students and businesses.

It is the intent of the participants of this plan to continue to enhance the quality and availability of technical education in Northeast Kansas.

A successfully merged institution must continue to serve its current student population while expanding the delivery, and increasing the effectiveness, of both technical and academic education throughout Northeast Kansas. Continuing to serve secondary students with amendable course offerings, improved academic and technical educational opportunities for students and complete institutional accreditation by Higher Learning Commission to assure continued access to post secondary aid funding are essential outcomes of any proposed merger. The merging of two viable and successful institutions will result in a stronger consolidated institution, operating with economy of scale and better able to serve all patrons.

1.1.1.1. The length of the Lease would be at least 10 years with 3 years prior notification of the parties to dissolve the Lease;

1.1.1.2. Maintenance of the Technical College Buildings will be the responsibility of the merged institution;

1.1.1.3. Insurance of the Buildings and contents will be the responsibility of the merged institution;

1.1.1.4. If the merger is dissolved all real estate shall revert to USD 409;

1.1.1.5. The merged institution will continue construction of residential units on the Washington School Site construction project, and upon completion of those residences, those homes and the real estate will be declared surplus, sold and the proceeds from the sale of those homes will go to the merged institution;

1.1.1.6. The pasture property immediately to the north of the Northeast Kansas Technical College shall remain the property of USD 409.

(2) *"The disposition of all personal property, records and moneys, including state and federal financial aid, of the affected area vocational school or area vocational-technical school."*

2.1. Equipment and furnishings purchased with funds through NEKTC programs and/or purchased on behalf of NEKTC programs will become property of HCTC upon transfer from USD 409 on the effective date of merger;

2.2. NEKTC staff and USD 409 staff will work together to prepare an inventory of equipment and furnishings for approval by USD 409 before May 1, 2008;

2.3. Vehicles purchased with/through NEKTC postsecondary funding sources will become the property of HCTC upon transfer from USD 409 on the effective date of merger;

2.4. NEKTC staff and USD 409 staff will work together to prepare an inventory of vehicles for Board approval before may 1, 2008;

2.5. Liability for employees, directors, officers, property, structures, equipment and furnishing will become the responsibility of the merged institution on July 1, 2008;

5.5: Copies of all NEKTC employee records will be provided to the HCTC governing board upon separation. Original employee records will be maintained by USD 409. NEKTC employee records would be subject to review by HCC prior to employment with the merged institution;

(6) "Such other matters as may need to be addressed as the result of such consolidation by the affected area vocational school or area vocational-technical school and the community college."

6.1. Daily operations of the merged institution will be in accordance with the policies of HCTC, under the supervision of the Kansas Board of Regents and in accordance with the laws of the state of Kansas;

6.2. On July 1, 2008 the merged institution will operate under the Board of Governance of the Highland Board of Trustees;

6.3. The USD 409 Board shall operate as an Advisory Board to the Board of Trustees as prescribed in KSA 73-1703;

6.4. Secondary students meeting the established requirements will continue to be eligible for Technical Education courses offered at the Atchison Regional Center.

ATS – KCKCC Merger - Working Timeline

- 7/07-8/07 USD 500 and KCKCC begin informal conversations to begin evaluation of the expectations and options given the passage of HB 2556.
- 8/20/07 USD 500 Administrative Leadership Team discusses options for ATS-KCKCC consolidation and plans for board engagement. Deputy Superintendent is directed to work with the Provost at KCKCC to craft a process to address HB 2556.
- 8/22/07 Provost of KCKCC and Deputy Superintendent of USD 500 meet to discuss possible responses to HB 2556.
- 9/5/07 Provost – KCKCC and Deputy Superintendent of USD 500 meet to continue discussion of possible responses to HB 2556
- 9/25/07 USD 500 Board has preliminary conversations regarding ATS-KCKCC consolidation and names board and administrative leadership to meet with KCKCC board and administrative leadership to begin a more formalized merger process.
- 10/9/07 ATS Director updated the USD 500 Board of ATS-KCKCC merger mandates and options.
- 10/11/07 Meeting held with representatives from KCKCC Board of Trustees and USD 500 Board of Education. The purpose of the meeting was to begin preliminary discussions with board members and the leadership of each institution regarding the possible merger.
- 10/11/07 Announced proposal and rationale for ‘accelerated timeline’ to merge operations of ATS with KCKCC by 7/1/08.
- 10/31/07 Committees were convened to discuss key issue areas regarding the merger. Each committee has representation from KCKCC, USD 500, and ATS. (See attachment for list of committees) The committees were charged with drafting a proposal to address the issues in their specific area of concentration that would lead to a successful merger. Drafts are due on 12/20/07.
- 11/7/07 ATS Advisory Board Meeting – Discussed issues related to merger.
- 11/13/07 2nd meeting held with representatives from KCKCC Board of Trustees and USD 500 Board of Education. The purpose of the meeting was to keep the board representatives informed of the committee progress and discuss issues surrounding the merger.

**JOINT RESOLUTION OF UNIFIED SCHOOL DISTRICT
NO. 500, WYANDOTTE COUNTY, KANSAS
AND KANSAS CITY KANSAS COMMUNITY COLLEGE**

Whereas, the Board of Education of Unified School District No. 500, Kansas City, Kansas Public Schools (“USD No. 500”) as the governing body of the Kansas City Area Technical School (“ATS”) must, pursuant to Chapter 199 of the 2007 Session Laws of Kansas, present a plan to the Kansas Board of Regents not later than July 1, 2008 to merge or affiliate with a post-secondary education institution; and,

Whereas, upon thoughtful review and being fully advised in the premises, the Board of Education of Unified School District No. 500, Kansas City, Kansas Public Schools hereby accepts the recommendation of the Superintendent of Schools concerning the merger of the Kansas City Area Technical School with the Kansas City Kansas Community College; and

Whereas, USD No. 500 applauds and welcomes the action of the Kansas City Kansas Community College Board of Trustees which has fully endorsed the proposed plan to merge and/or affiliate ATS with KCKCC, subject to the submission of a final plan, to be jointly submitted by the Superintendent of Schools and the President of Kansas City Kansas Community College on or before March 1, 2008.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF EDUCATION OF UNIFIED SCHOOL DISTRICT NO. 500, WYANDOTTE COUNTY, KANSAS, AND THE BOARD OF TRUSTEES OF KANSAS CITY KANSAS COMMUNITY COLLEGE THAT, The Board of Trustees of Kansas City Kansas Community College and the Board of Education of Unified School District No. 500 on this 11th day of December, 2007, hereby resolve:

to work together toward a consolidated agreement as outlined in Kansas Statutes Annotated 71-1701, 71-1702 and 71-1703 to be presented to the Kansas Board of Regents for approval. The purpose of this consolidated agreement is the merger of Kansas City Kansas Community College and the Kansas City Area Technical School. Both institutions will work toward this agreement with the intent to have it approved by both Boards and the Kansas Board of Regents and to begin merged operations by July 1, 2008.