

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Kevin Yoder at 9:14 a.m. on February 4, 2010, in Room 346-S of the Capitol.

All members were present except:

Representative Owen Donohoe- excused

Committee staff present:

Jim Wilson, Office of the Revisor of Statutes  
Nobuko Folmsbee, Office of the Revisor of Statutes  
Alan Conroy, Kansas Legislative Research Department  
J.G. Scott, Kansas Legislative Research Department  
Heather O'Hara, Kansas Legislative Research Department  
Jonathan Tang, Kansas Legislative Research Department  
Estelle Montgomery, Kansas Legislative Research Department  
Stephen Huggins, Chief of Staff  
Kathy Holscher, Committee Assistant

- Attachment 1 Kansas Board of Regents Testimony
- Attachment 2 University of Kansas Testimony
- Attachment 3 Kansas State University Testimony
- Attachment 4 Pittsburg State University Testimony
- Attachment 5 Kansas Community Colleges Update
- Attachment 6 Amendment HB 2222
- Attachment 7 Amendment HB 2222
- Attachment 8 Amendment HB 2222

Others attending:

See attached list.

Representative Whitham made a motion to introduce legislation that deals with the State Fair Board and Worker's Compensation Insurance. The motion was seconded by Representative Merrick. The motion carried.

Representative Lane made a motion to introduce legislation relating to the disposition of properties assigned to municipalities. The motion was seconded by Representative Feuerborn. The motion carried.

Representative Ballard made a motion to introduce legislation regarding a resolution on obesity, diabetes and cardiovascular rates. The motion was seconded by Representative Feuerborn. Motion carried.

Reginald Robinson, President and CEO, Kansas Board of Regents presented an overview on the Kansas Board of Regents, (Attachment 1). Mr. Robinson highlighted key areas since the 2009 Legislative Session, which included the hiring of State University Chief Executive Officer at the University of Kansas, Kansas State University and Pittsburg State University. Sixteen comprehensive audit reviews have been conducted, and he stated that on-going efforts continue with addressing efficiencies and cost-saving measures. Mr. Robinson discussed the impact of revenue shortfalls. He noted that we are presently at the FY 2006 level, and any additional budget cuts will have a bearing on meeting the requirements for state maintenance of the federal stimulus provision. Mr. Robinson updated members on the progress of maintenance funding plan and stated that only 11% of the maintenance backlog will be addressed.

Mr. Robinson responded to questions from committee members. He stated the increased value of community colleges and vocational technical schools in meeting workforce shortages in the future. Mr. Robinson responded that he would provide the committee members with information on salary increases and recommendations on addressing low enrollment concerns.

Dr. Bernadette Gray-Little, Chancellor, University of Kansas, presented an update on the university, (Attachment 2). Dr. Gray-Little stated that the priority is to ensure the dollars that are invested at the University of Kansas bring a strong return on investments, produce well-educated and professionally trained

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:14 a.m. on February 4, 2010, in Room 346-S of the Capitol.

Kansans who will keep the State strong and growing.

Kirk Schulz, President, Kansas State University, presented an update on the university, (Attachment 3). Dr. Schulz discussed budgetary challenges and the active process underway to preserve the university's ability to meet the core mission at the current funding level.

Dr. Steven Scott, President, Pittsburg State University, presented an update on the university, (Attachment 4). He reviewed strategic plans, reorganization efforts, facility projects and budget reductions. He stated that the university has experienced \$4.7 million budget reduction, with \$500,000 in increased costs primarily in health insurance coverage and increased minimum wages for student workers, and \$1.5 million was raised in tuition. The university continues to look at opportunities, efficiencies and continuing to build community partnership, Dr. Scott added.

Linda Fund, Executive Director, Kansas Community Colleges Trustee Association, provided an update on Kansas community colleges, (Attachment 5). She stated that enrollment increased over 50% since the inception of Senate Bill 345, which moved community college coordination from the State Board of Education to the reconstituted Board of Regents. Ms. Fund noted the importance of community college education in order to produce workers to get the economy going, and the need for financial resources to fuel the economy to get people back to work and a chance for a better future. As requested by committee members, she will provide a corrected map of service areas for community colleges.

**HB 2222 - S Sub for H 2222**

Representative Henry presented an amendment for **HB 2222-S Sub for HB 2222**, (Attachment 6). This amendment would add \$180,000 from the Hazardous Mitigation Fund and postpone the closing of 18 National Guard Armories until the end of this fiscal year, he stated.

Representative Henry made a motion to amend HB 2222-S Sub for H2222. The motion was seconded by Representative Feuerborn.

Discussion followed by committee members regarding the impact of closures in rural areas and the Hazardous Mitigation Fund. Aaron Klaassen, Kansas Legislative Research, stated that in FY 2007, \$5 million was transferred from State General Funds (SGF) to the Hazardous Mitigation Fund for losses due to future disasters. In FY 2009, 1.8 million was transferred out, and for FY 2010 the Governor recommends the transfer from these funds of \$180,000.

Representative Henry closed the motion. Motion failed.

Representative Gatewood reviewed an amendment regarding Legislative pay, (Attachment 7).

Representative Gatewood made a motion to amend HB 2222. The motion was seconded by Representative Lane. Motion carried.

Discussion followed by committee members. As requested, Alan Conroy, Kansas Legislative Research, will provide the actual dollar amount of the cuts to the Legislative budget.

Representative Feuerborn made a motion to strike \$1.1 million for the increase in the Legislature's budget. The motion was seconded by Representative Lane.

Discussion followed by committee members. Representative Feuerborn clarified that this was an additional cut of \$750,000 from the Legislature's budget, which is the increase the Senate put in the bill. He noted that there are 83 days in the current budget. Alan Conroy stated that the Governor's recommendation would be a 2.7% budget reduction.

Representative Feuerborn closed the motion. Motion carried.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:14 a.m. on February 4, 2010, in Room 346-S of the Capitol.

Representative Henry made a motion to amend HB 2222. (Attachment 8). The motion was seconded by Representative Ballard.

Representative Henry reviewed the contents of the amendment which would allow Community Developmental Disabilities to draw down \$9 million, to replace the \$2.3 million that the Governor cut in the allotment. He noted this is not an additional cost, only a shift in money.

Chairman Yoder stated that the committee will reconvene at 12:30 p.m.

The meeting was adjourned at 10:58.

The committee meeting reconvened at 12:42 p.m.

Representative Henry withdrew the motion to amend HB 2222, which was agreed upon by Representative Ballard the seconder of the motion.

Representative McLeland discussed an amendment that would take the \$5 million for the Judiciary Branch from Supplemental State Aid in the Department of Education budget and not out of the State General Fund. The amendment would apply only to the school districts that are participating in the fair funding lawsuit and based on a per student basis. He stated that there are 74 school districts that could be effected and the formula would be divided on a per student basis.

Representative McLeland made a motion to move amend HB 2222. The motion was seconded by Representative Merrick.

Discussion followed by committee members regarding legal issues and restricting school funding. Jim Wilson, Office of Revisor, responded that further research would be necessary to fully understand the impact. Mr. Conroy stated that the amendment would not have an impact on base state aid per pupil as this would be supplemental state aid, and would not effect the federal stimulus money. It was noted that the state is below \$40 million from January receipts and the need to ease the burden on tax payers was emphasized.

Representative McLeland moved the motion. Motion failed.

Representative McLeland made a motion to amend HB 2222 which would remove \$5 million from general state aid. The motion was seconded by Representative Merrick.

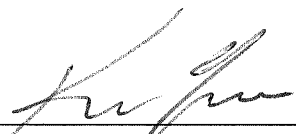
Discussion followed by committee members. Mr. Conroy noted that the motion could place the funding below FY 2006 funding level and jeopardize federal stimulus money. He added that the Governor could request a waiver to change the base state aid per pupil, modify the application and move federal stimulus dollars from FY 2011 to FY 2010 without jeopardizing federal stimulus dollars. Repayment of those dollars, and any penalties or sanctions would require further research, he stated.

Representative McLeland closed the motion. The motion failed.

Representative Merrick made a motion to approve HB 2222 favorably for passage as amended. The motion was seconded by Representative McLeland. Motion carried.

The meeting was adjourned at 1:03 p.m.

The next meeting is scheduled for February 8, 2010.

  
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Kevin Yoder, Chairman

# APPROPRIATIONS COMMITTEE GUEST LIST

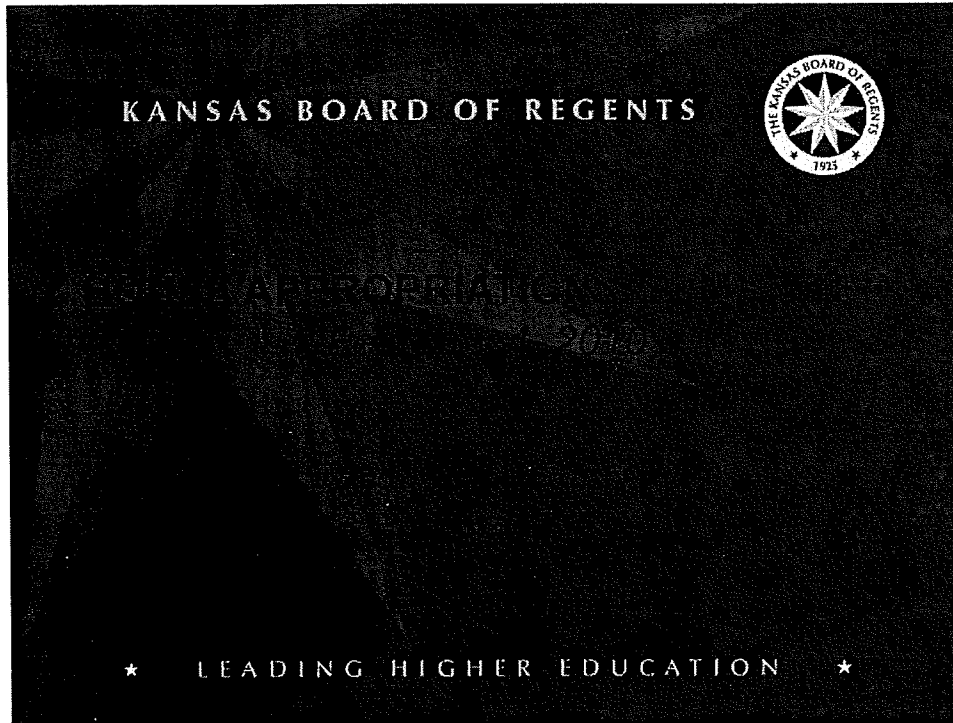
DATE: February 4, 2010

NAME	REPRESENTING
Gene Mylor	Kansas Reporter
Barend Koops	Hein Law Firm
Kim Fowler	Judicial Branch
TERRY FORTUIT	KWGA
Steve Stanekiwicz	KIA
Vigil Lynn Held	Budget
ROB MEAK	KEARNEY & ASSOC.
Victoria White	Pitt State
SUE PETERSON	K state
Bruce Schubert	K state
Kirk Schulz	K state
MARK BOBANYAK	CAPITOL STRATEGISTS
DIANE DUFFY	KBR
ERIC KING	KBR
John Fokerson	ASU
Bruce Schubert	KS
Jos Weeks	SRS
Diane Gustad	USD 259
Rodie Wellman	Ad Astra Group


D. Mays  
Lindy Fund

KHPA  
KACES





**KANSAS BOARD OF REGENTS**



***Since the 2009 Legislative Session:***

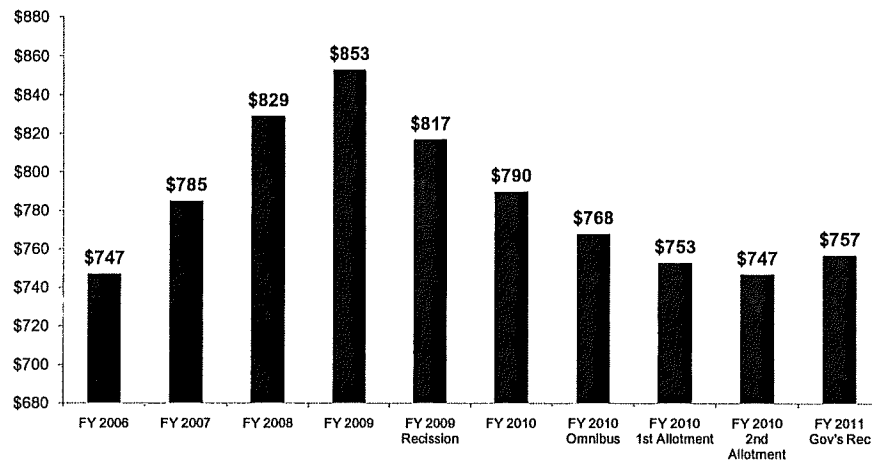
- ★ 3 new State University CEOs (KSU, KU, PSU).
- ★ 6 Independent State University Management Reviews.
- ★ State University Efficiencies Audit (Legislative Post Audit).
- ★ 6 State University Efficiency Task Forces.
- ★ State University Campus Security Consultant.
- ★ Technical Education Authority.
- ★ P-20 Council.
- ★ Kan-ed now serves over 830 hospitals, libraries, higher education institutions, and K-12 schools across the state.
- ★ Building A Public Agenda for Higher Education in Kansas ("The 5 Questions").
- ★ Statewide Business & Industry Roundtable Tour.

Appropriations Committee

Date 2-4-10

Attachment 1-1

## KANSAS BOARD OF REGENTS

**The State's Higher Education Budget:**

## KANSAS BOARD OF REGENTS

**Impact of Budget Cuts (Systemwide):**

- ★ Employee Layoffs, Positions Held Vacant, & Positions Eliminated: **Over 1,000.**
- ★ Programs/Classes Eliminated: **Over 450.**
- ★ Increased class sizes & reduced course offerings.
- ★ Reduced library resources (books, databases, & publications) & hours of operation.
- ★ Students less likely to graduate in 4 years.
- ★ Reduced operating support for equipment & technology upgrades.
- ★ Student counseling services reduced.
- ★ Eliminated purchases of research & educational equipment.
- ★ Reduced or eliminated overtime and student labor budgets.
- ★ Increased faculty teaching loads.
- ★ Increased tuition costs.

## KANSAS BOARD OF REGENTS

**Federal Stimulus Funding:**

	<u>FY 2009</u>	<u>FY 2010</u>	<u>2-Year Total</u>
State Universities (6):	\$7,715,773	\$32,151,982	\$39,867,755
Washburn University (1):	\$181,507	\$756,280	\$937,787
Community Colleges (19):	\$1,447,198	\$6,029,986	\$7,477,184
Technical Colleges (6):	\$254,821	\$1,061,752	\$1,316,573
<b>Total (32 institutions):</b>	<b>\$9,599,299</b>	<b>\$40,000,000</b>	<b>\$49,599,299</b>

## KANSAS BOARD OF REGENTS

**State University Federal Stimulus Allocation:**

	<u>FY 2009 &amp; FY 2010</u>
Deferred Maintenance (2/3):	\$26,578,503
Tuition Mitigation (1/3):	\$13,289,252
<b>Total:</b>	<b>\$39,867,755</b>

*Note: Most states have used the vast majority of their stimulus funding to back-fill operating budgets.*

KANSAS BOARD OF REGENTS



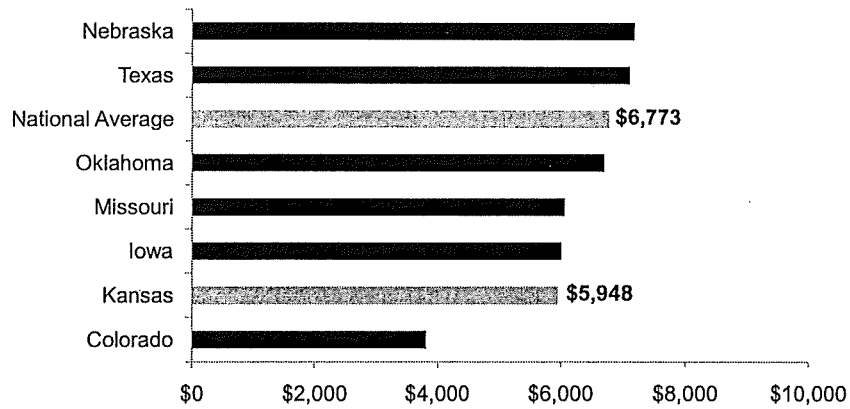
# FUNDING TRENDS

KANSAS BOARD OF REGENTS

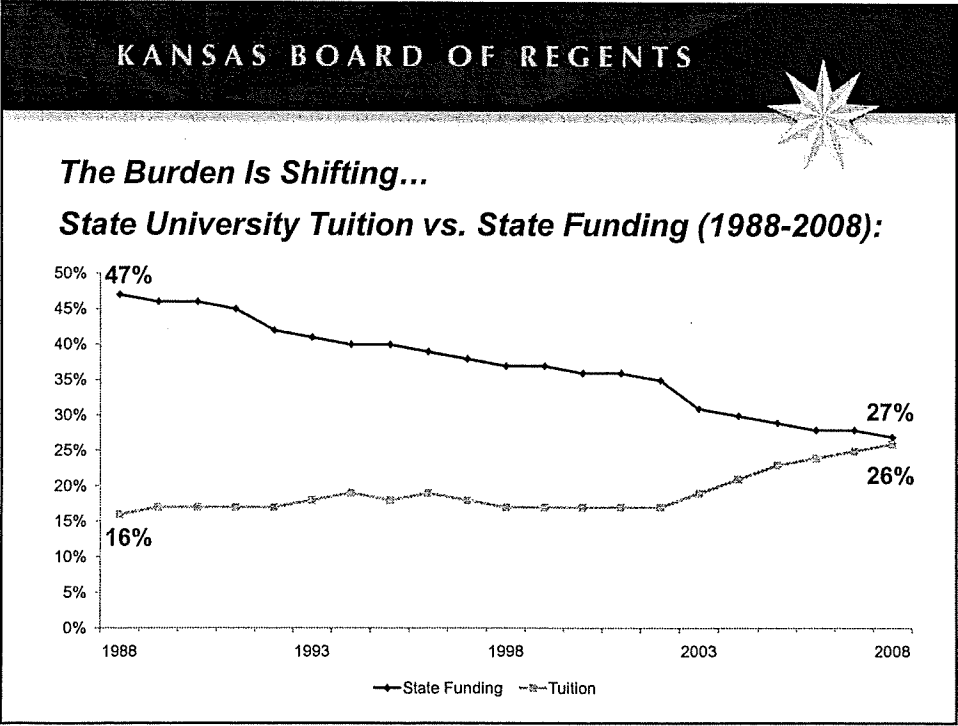
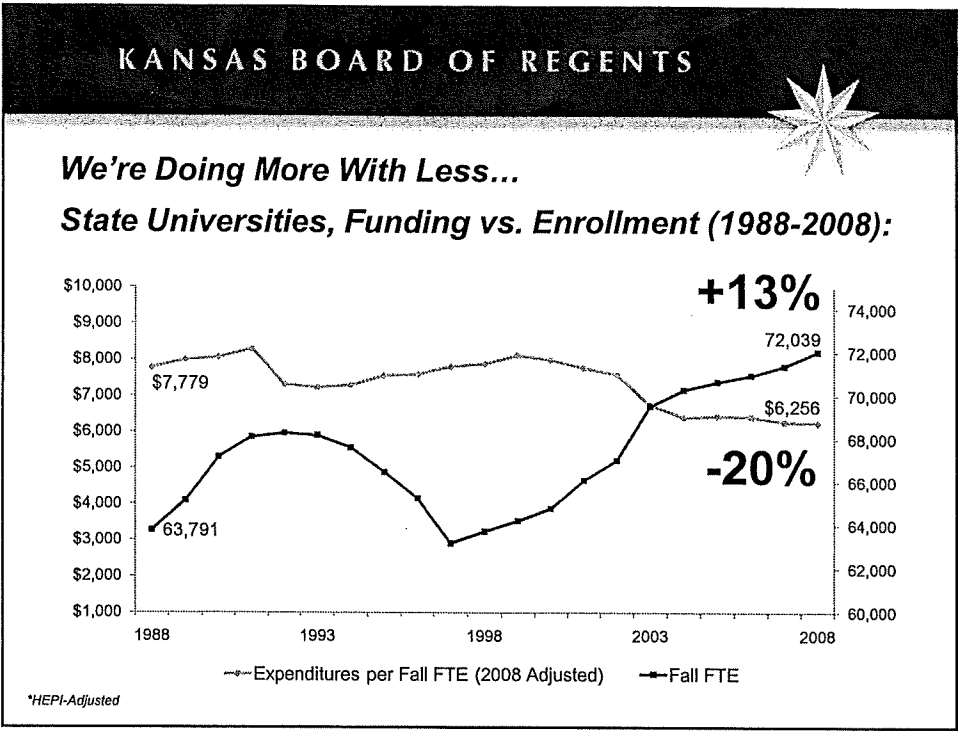


*How We Compare To The Region...*

*State & Local Public Higher Education Support per FTE Student (FY07):*



\*All 32 Institutions



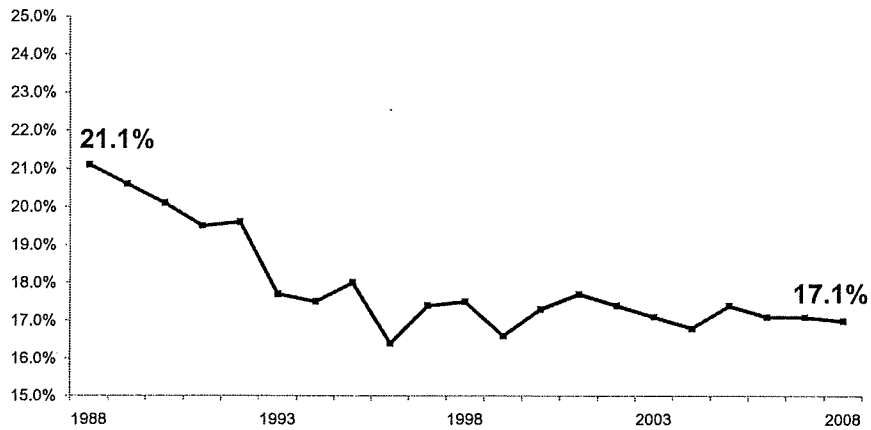


KANSAS BOARD OF REGENTS



**Declining State Support...**

**Percent of State Budget Dedicated to Higher Education (1988-2008):**



KANSAS BOARD OF REGENTS



**DEFERRED  
MAINTENANCE**

## KANSAS BOARD OF REGENTS



### ***History:***

- ★ **2006:** \$663 million deferred maintenance backlog on the campuses of the state's six universities. \$172 million backlog at Washburn University and the community and technical colleges.
- ★ **2007:** Legislature approved a 5-year (FY08-FY12) maintenance funding plan which was to provide:
  - \$90 million in state funds (new funds) and \$44 million in interest earnings (existing funding) to the state universities.
  - Tax credits that could generate up to \$158 million in private contributions for the system's public higher education institutions.
  - \$100 million in interest-free bonding authority for Washburn and the community and technical colleges.
- ★ **2008:** State university maintenance backlog increases to \$825 million due to construction inflation, increased age of buildings, and continued chronic under-funding.

## KANSAS BOARD OF REGENTS



### ***Maintenance Funding Plan Progress:***

- ★ Joint Committee on State Building Construction has approved 92 state university maintenance projects.
  - Committee receives very detailed maintenance reports each quarter.
- ★ 53 state university projects have been initiated, 29 projects have been completed, and 24 projects are still in progress.
- ★ \$51.2 million has been expended (\$42.2 million in state funds and \$9 million in interest earnings) on the state university campuses.
- ★ 17 of 25 eligible (state universities were excluded) colleges and universities utilized the interest-free loan program (110 projects initiated).
- ★ 26 of 31 eligible colleges and universities utilized tax credits.

KANSAS BOARD OF REGENTS



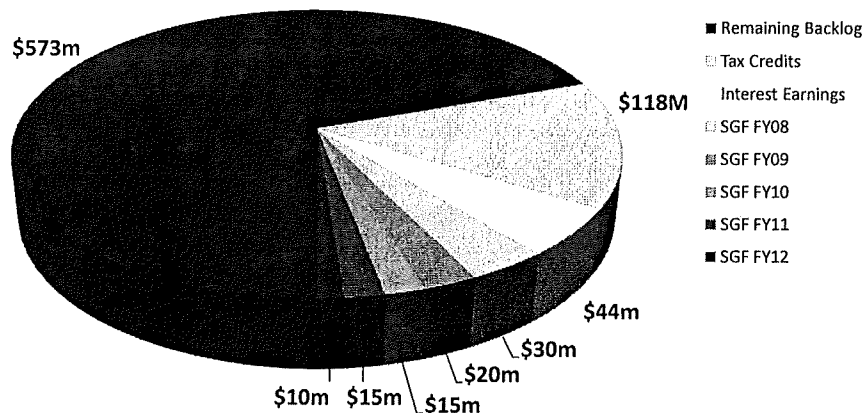
**Maintenance Plan Shortfalls:**

- ★ State Universities:
  - FY 2010 promise of \$15 million in state funding was cut by \$1.3 million.
  - FY 2011 promise of \$15 million in state funding was not included in the Governor's FY 2011 budget recommendation.
- ★ Washburn, Community & Technical Colleges:
  - Governor's FY 2011 budget recommendation did not include interest payments for an additional series of bonds which effectively ends the loan program.

KANSAS BOARD OF REGENTS



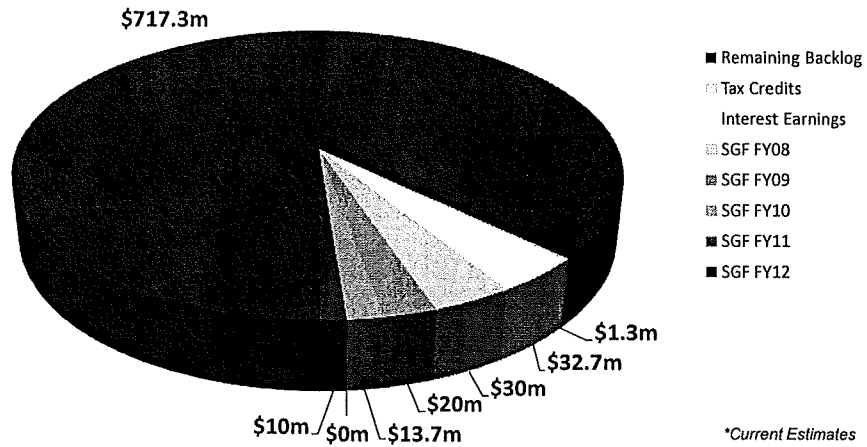
**Potentially, 31% of the State University Maintenance Backlog Could Have Been Addressed:**



# KANSAS BOARD OF REGENTS



***In Reality, Only 11% of the State University Maintenance Backlog Will Be Addressed\*:***



# KANSAS BOARD OF REGENTS



★ LEADING HIGHER EDUCATION ★

**KANSAS BOARD OF REGENTS  
DEFERRED MAINTENANCE PROGRAM FUNDING PROGRESS  
At January 31, 2010**

Infrastructure Maintenance Program (IMP) Funds from the State General Fund*						
Institution	ACTUAL			PROJECTED***		
	FY 2008	FY 2009	FY 2010*	FY 2011-GBR	FY 2012	5-Year Total
University of Kansas - Lawrence	\$ 8,601,000	\$ 5,734,000	\$ 3,927,790	\$ -	\$ 2,867,000	\$ 21,129,790
University of Kansas Medical Center	3,285,000	2,190,000	1,500,150	-	1,095,000	8,070,150
Kansas State University	9,066,000	6,044,000	4,140,140	-	3,022,000	22,272,140
Wichita State University	3,093,000	2,062,000	1,412,470	-	1,031,000	7,598,470
Emporia State University	1,812,000	1,208,000	827,480	-	604,000	4,451,480
Pittsburg State University	2,070,000	1,380,000	945,300	-	690,000	5,085,300
Fort Hays State University	2,073,000	1,382,000	946,670	-	691,000	5,092,670
<b>Total</b>	<b>\$ 30,000,000</b>	<b>\$ 20,000,000</b>	<b>\$ 13,700,000</b>	<b>\$ -</b>	<b>\$ 10,000,000</b>	<b>\$ 73,700,000</b>

University Interest (UI) Earnings						
Institution	ACTUAL			PROJECTED		
	FY 2008	FY 2009	FY 2010**	FY 2011	FY 2012	5-Year Total
University of Kansas - Lawrence	\$ 2,626,306	\$ 1,809,094	\$ 1,250,000	\$ 1,950,000	\$ 1,950,000	\$ 9,585,400
University of Kansas Medical Center	427,161	316,625	197,000	276,000	276,000	1,492,786
Kansas State University (incl. Salina)	3,138,171	1,955,846	1,214,000	1,800,000	1,800,000	9,908,017
Wichita State University	1,244,952	869,472	609,000	935,544	960,801	4,619,769
Emporia State University	459,700	372,414	193,000	370,000	370,000	1,765,114
Pittsburg State University	702,271	439,569	226,000	375,000	375,000	2,117,840
Fort Hays State University	771,120	727,199	426,000	635,100	635,100	3,194,519
<b>Total</b>	<b>\$ 9,369,681</b>	<b>\$ 6,490,219</b>	<b>\$ 4,115,000</b>	<b>\$ 6,341,644</b>	<b>\$ 6,366,901</b>	<b>\$ 32,683,445</b>

*The table above is updated from information furnished by the Universities*

TOTAL UI EARNINGS AND IMP FUNDING						
Institution	ACTUAL			PROJECTED		
	FY 2008	FY 2009	FY 2010*	FY 2011	FY 2012	5-Year Total
University of Kansas - Lawrence	\$ 11,227,306	\$ 7,543,094	\$ 5,177,790	\$ 1,950,000	\$ 4,817,000	\$ 30,715,190
University of Kansas Medical Center	3,712,161	2,506,625	1,697,150	276,000	1,371,000	9,562,936
Kansas State University (incl. Salina)	12,204,171	7,999,846	5,354,140	1,800,000	4,822,000	32,180,157
Wichita State University	4,337,952	2,931,472	2,021,470	935,544	1,991,801	12,218,239
Emporia State University	2,271,700	1,580,414	1,020,480	370,000	974,000	6,216,594
Pittsburg State University	2,772,271	1,819,569	1,171,300	375,000	1,065,000	7,203,140
Fort Hays State University	2,844,120	2,109,199	1,372,670	635,100	1,326,100	8,287,189
<b>Total</b>	<b>\$ 39,369,681</b>	<b>\$ 26,490,219</b>	<b>\$ 17,815,000</b>	<b>\$ 6,341,644</b>	<b>\$ 16,366,901</b>	<b>\$ 106,383,445</b>

Tax Credit Donation Funds Available for Expenditure (by CALENDAR year)						
Institution	ACTUAL			PROJECTED****		
	CY 2008	CY 2009	CY 2010	CY 2011	CY 2012	5-Year Total
University of Kansas - Lawrence	\$ 55,550	\$ 153,700	\$ -	\$ -	\$ -	\$ 209,250
University of Kansas Medical Center	15,400	25,895	-	-	-	41,295
Kansas State University (incl. Salina)	2,000	3,000	-	-	-	5,000
Wichita State University	85,000	70,000	-	-	-	155,000
Emporia State University	-	-	-	-	-	-
Pittsburg State University	15,000	18,598	-	-	-	33,598
Fort Hays State University	689,270	136,017	-	-	-	825,287
<b>Total</b>	<b>\$ 862,220</b>	<b>\$ 407,210</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,269,430</b>

*The actual amounts in the table above are from information furnished by the Universities*

TOTAL FUNDING - ALL SOURCES						
Institution	ACTUAL			PROJECTED		
	2008	2009	2010*	2011	2012	5-Year Total
University of Kansas - Lawrence	\$ 11,282,856	\$ 7,696,794	\$ 5,177,790	\$ 1,950,000	\$ 4,817,000	\$ 30,924,440
University of Kansas Medical Center	3,727,561	2,532,520	1,697,150	276,000	1,371,000	9,604,231
Kansas State University (incl. Salina)	12,206,171	8,002,846	5,354,140	1,800,000	4,822,000	32,185,157
Wichita State University	4,422,952	3,001,472	2,021,470	935,544	1,991,801	12,373,239
Emporia State University	2,271,700	1,580,414	1,020,480	370,000	974,000	6,216,594
Pittsburg State University	2,787,271	1,838,167	1,171,300	375,000	1,065,000	7,236,738
Fort Hays State University	3,533,390	2,245,216	1,372,670	635,100	1,326,100	9,112,476
<b>Total</b>	<b>\$ 40,231,901</b>	<b>\$ 26,897,429</b>	<b>\$ 17,815,000</b>	<b>\$ 6,341,644</b>	<b>\$ 16,366,901</b>	<b>\$ 107,652,875</b>

\*Note: In FY 2010, the IMP funding came from the Educational Building Fund instead of the State General Fund.

\*\*Note: In FY 2010, the UI earnings are estimated based on actual revenues received for July 1 through December 31, 2009.

\*\*\*Note: The FY 2011 Governor's Budget Recommendation is a zero allocation to this program from the State.

\*\*\*\*Note: To be conservative, no tax credit donation funds are projected to be received in calendar years 2010, 2011, and 2012.

ORIGINAL FUNDING PLAN	CURRENT STATUS
\$ 90,000,000	\$ 73,700,000
\$ 44,000,000	\$ 32,683,445
\$ 118,000,000	\$ 1,269,430
\$ 252,000,000	\$ 107,652,875



KANSAS BOARD OF REGENTS  
 FIVE-YEAR INFRASTRUCTURE MAINTENANCE PLAN  
 STATE UNIVERSITY PROJECTS AND FUNDING PROGRESS  
 FEBRUARY 3, 2010

UNIVERSITY	NUMBER OF PROJECTS				TOTAL EXPENDITURES AT 12/31/2009 BY FUNDING SOURCE (excluding tax credit donations)***		
	Authorized*	Initiated	Completed	In Progress	State Funds**	University Interest Earnings	Total
Emporia State University	16	8	3	5	\$ 2,924,055	\$ 768,196	\$ 3,692,251
Fort Hays State University	10	8	5	3	2,749,325	837,134	3,586,459
Kansas State University	6	6	0	6	11,770,791	2,135,637	13,906,428
Pittsburg State University	11	7	5	2	3,353,096	853,826	4,206,922
University of Kansas	13	4	2	2	13,015,902	3,584,956	16,600,858
University of Kansas Medical Center	10	7	4	3	4,849,502	669,690	5,519,192
Wichita State University	26	13	10	3	3,521,636	173,282	3,694,918
	92	53	29	24	\$ 42,184,307	\$ 9,022,721	\$ 51,207,028

**Notes:**

\*There were 5 separate components to the Applegate Energy Complex project on the KUMC campus, but they are counted as only 1 project.

\*\*In fiscal years 2008 and 2009, State funding was from the General Fund. In FY 2010, it is from the Educational Building Fund.

\*\*\*Expenditures are amounts reported to the Kansas Board of Regents by the universities through December 31, 2009. Expenditures of tax credit donations are excluded from this data.

POSTSECONDARY EDUCATIONAL INSTITUTIONS (PEI)  
INFRASTRUCTURE MAINTENANCE PROGRAM  
January 31, 2010

<b>BOND PROCEEDS LOAN PROGRAM</b>							
ELIGIBLE INSTITUTION	ACTUAL BOND PROCEEDS		ESTIMATED FUTURE BOND PROCEEDS			ACTUAL	ORIGINAL
	Allocation from 2008 Bond Proceeds	Allocation from 2009 Bond Proceeds	Allocation from 2010 Bond Proceeds	Allocation from 2011 Bond Proceeds	Allocation from 2012 Bond Proceeds	Total Allocation from Issued Bond Proceeds	Total Allocation from Bond Proceeds
Allen County Community College	-	-	-	-	-	-	-
Barton County Community College	\$ 1,300,000	-	-	-	-	\$ 1,300,000	-
Butler County Community College	2,222,707	\$ 1,451,923	-	-	-	3,674,630	-
Cloud County Community College	-	981,104	-	-	-	981,104	-
Coffeyville Community College	899,460	-	-	-	-	899,460	-
Colby Community College	-	-	-	-	-	-	-
Cowley County Community College	-	-	-	-	-	-	-
Dodge City Community College	850,000	276,841	-	-	-	1,126,841	-
Flint Hills Technical College	-	-	-	-	-	-	-
Fort Scott Community College	-	-	-	-	-	-	-
Garden City Community College	-	2,216,645	-	-	-	2,216,645	-
Highland Community College	970,000	241,100	-	-	-	1,211,100	-
Hutchinson Community College	3,979,270	4,178,520	-	-	-	8,157,790	-
Independence Community College	-	1,500,000	-	-	-	1,500,000	-
Johnson County Community College	-	5,293,382	-	-	-	5,293,382	-
Kansas City Kansas Community College	2,525,000	2,058,224	-	-	-	4,583,224	-
Labette Community College	1,213,900	-	-	-	-	1,213,900	-
Manhattan Area Technical College	412,500	-	-	-	-	412,500	-
Neosho County Community College	-	-	-	-	-	-	-
North Central Kansas Technical College	-	-	-	-	-	-	-
Northwest Kansas Technical College	338,280	98,261	-	-	-	436,541	-
Pratt Community College	623,883	460,000	-	-	-	1,083,883	-
Seward County Community College	1,260,000	1,244,000	-	-	-	2,504,000	-
Washburn University	3,405,000	-	-	-	-	3,405,000	-
Wichita Area Technical College	-	-	-	-	-	-	-
<b>GRAND TOTALS</b>	<b>\$20,000,000</b>	<b>\$20,000,000</b>	<b>\$20,000,000</b>	<b>\$20,000,000</b>	<b>\$20,000,000</b>	<b>\$40,000,000</b>	<b>\$100,000,000</b>

Original legislation authorized the issuance of up to \$100,000,000 in bonds, in increments of \$20 million for each fiscal year (FY), beginning in FY 2008, to fund the program. Principal payments on the bonds are to be paid from repayments of the loans made to the participating eligible institutions from bond proceeds, over a period of eight years for each series of bonds issued. Interest payments on the bonds are to be paid from the State General Fund. The Governor's Budget Recommendation for FY 2011 does not include interest payments for additional series of bonds, so bonds may not be issued in FY 2010, or subsequently.

<b>TAX CREDIT DONATIONS PROGRAM</b>							
ELIGIBLE INSTITUTION	Actual Calendar Year 2008 Tax Credit Donations	Actual Calendar Year 2009 Tax Credit Donations <sup>1</sup>	ESTIMATED FUTURE TAX CREDIT DONATIONS			Actual and Estimated Future Calendar Year Tax Credit Donations	Original Estimate of Tax Credit Donations to Community Colleges and Technical Colleges
			Calendar Year 2010	Calendar Year 2011	Calendar Year 2012		
Allen County Community College	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
Barton County Community College	112,200	8,000	-	-	-	-	-
Butler County Community College	130,208	201,550	-	-	-	-	-
Cloud County Community College	119,300	15,000	-	-	-	-	-
Coffeyville Community College	30,000	1,000	-	-	-	-	-
Colby Community College	62,000	8,000	-	-	-	-	-
Cowley County Community College	63,900	12,000	-	-	-	-	-
Dodge City Community College	54,750	31,650	-	-	-	-	-
Flint Hills Technical College	-	-	-	-	-	-	-
Fort Scott Community College	85,756	115,335	-	-	-	-	-
Garden City Community College	130,208	46,000	-	-	-	-	-
Highland Community College	6,500	56,800	-	-	-	-	-
Hutchinson Community College	130,208	260,417	-	-	-	-	-
Independence Community College	3,800	-	-	-	-	-	-
Johnson County Community College	1,000	100,655	-	-	-	-	-
Kansas City Kansas Community College	-	-	-	-	-	-	-
Labette Community College	130,000	260,417	-	-	-	-	-
Manhattan Area Technical College	48,500	31,500	-	-	-	-	-
Neosho County Community College	70,000	152,650	-	-	-	-	-
North Central Kansas Technical College	88,000	5,400	-	-	-	-	-
Northwest Kansas Technical College	25,000	32,000	-	-	-	-	-
Pratt Community College	130,208	169,792	-	-	-	-	-
Seward County Community College	17,000	21,500	-	-	-	-	-
Wichita Area Technical College	130,208	-	-	-	-	-	-
	<b>\$ 1,568,746</b>	<b>\$ 1,529,666</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,098,412</b>	<b>\$ 34,375,000</b>

Note:

1. Preliminary information collected by the Kansas Board of Regents from institutions. The Kansas Department of Revenue will provide the official tax figures when available.



**Chancellor Bernadette Gray-Little  
Testimony to the House Appropriations Committee  
Thursday, February 4, 2010**

Chairman Yoder, Ranking Member Feuerborn and members of the committee: Thank you for the invitation to speak with you today. I appreciate the chance to meet those of you I haven't yet met, and to take this opportunity to update you both on the university and my priorities as chancellor.

As you may know, I arrived on campus August 15. I believe it is important for the chancellor of the University of Kansas to be knowledgeable about the state he or she serves, which is why I immediately began a series of visits to communities around Kansas, meeting with local leaders, business people and KU alumni.

By the end of my first month at KU, I'd met with the legislative leadership, made trips to Topeka, Wichita, Pittsburg and the Kansas City area, and even visited the Kansas State Fair with Speaker O'Neal, where I had lunch with many of you during Legislator's Day at the fair. I marked one month on the job by visiting Garden City and Liberal, capping things off at the Grant County Home Products Dinner in Ulysses that night.

What I learned on these trips, and on subsequent visits to Colby, Dodge City, Greensburg, Junction City, Manhattan, Parsons, Salina, and other communities, is that Kansans have a strong belief in the power of education to transform a life, a career, a community, a state, and an economy.

Kansans see education as a tool for both personal improvement and economic development. They're proud of their local schools and their state's universities, and they understand how investing in education leads to a prosperous Kansas.

My job as chancellor is to ensure that the dollars invested at KU bring a strong return on their investment. We do this by making sure high quality faculty are retained at KU, that we leverage the money the state invests by growing every dollar invested to three dollars through external grants and donations, and most importantly by producing the well-educated, professionally trained Kansans who will keep our state strong and growing in the years ahead.

This is why Kansans believe that an investment in higher education is an investment in the prosperity of Kansas, and I've used the conversations I've had with them and with many of you to sharpen my vision for the university. I arrived at KU with three main priorities, and while my to-do list grows daily, these remain my focus for the foreseeable future.

First, the university must ensure that a student's time at KU ends with a degree. We send 6,000 graduates into the workforce each year, but far too many student careers end at KU short of

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graduation. This not only leaves their personal potential unfulfilled, but it reduces their ability to contribute to our economy.

We're taking a broad look at how to address this challenge – from examining whether admission standards give an accurate picture of what it takes to succeed at KU, to looking at what academic support services are most effective at ensuring student success. Teaching is our key mission and we have a responsibility to our students, their families, and the state of Kansas to do everything we can to give students the tools and opportunities they need to become college graduates.

Second, we must enhance the already high profile of our research and scholarly work. I know many of you took part in last week's roundtable on cancer research at KU. That remains our top research priority and we're making great progress toward achieving National Cancer Institute designation, which will bring new cures and treatments to Kansans in their communities.

Additionally, the Kansas Bioscience Authority just designated two more KU cancer researchers as Eminent Scholars, demonstrating the KBA's benefits to the state and providing new resources to the fight against cancer.

Our bioscience research and commercialization efforts will also receive a significant boost from the bioscience incubator that we broke ground on this fall. Thanks to our state and local partners, that facility will help turn discoveries into new businesses and new jobs right here in Kansas, adding to the 17 start-up companies already active in Kansas thanks to KU research.

As we support bioscience research, I also believe we can enhance scholarly work in all fields. We have research and scholarly activities taking place across a wide spectrum – from developing techniques to help parents and teachers unlock the potential of children with autism to the Hall Center for the Humanities' collaboration with the Kansas Historical Society on the Kansas History Online project.

Our scholarly activities not only leverage the state's investment in KU by bringing roughly \$200 million a year in external grants to Kansas, but they also create jobs and enhance our quality of life.

And finally, my third priority is one that you as appropriators will fully appreciate. I want to ensure the university has the resources necessary to achieve these goals and carry out all the functions that go into KU's mission of teaching, research and service.

We know the challenges the state is facing, which is why we have not only sought to maximize our use of private funds, research grants, and Recovery Act dollars, but have also taken action to use existing funds efficiently.

KU has implemented savings and efficiencies totaling at least \$9 million over the past two fiscal years. The Purchasing Pilot Project that you authorized in 2006 has saved \$1.76 million alone over two years and I hope you'll approve legislation to make that project permanent and extend it to all Regents universities.

The accomplishment of these three goals will require a university-wide effort and the support of state leaders. But fortunately, I came to KU during a time of great accomplishments for the university's students, faculty, staff and alumni – accomplishments that further justify Kansans' pride in the university and the state's investment in our work.

This fall we had our second highest enrollment ever, surpassing the 30,000 student mark for the second consecutive year. We continue to enroll more Kansans than any other university, with seven in ten of our students being from Kansas.

The Kansas workforce is the key to the prosperity of the state, which is why we have continued our efforts to educate the next generation of doctors and nurses, teachers and engineers, business leaders and professionals in nearly every field imaginable. Three projects illustrate our aspirations.

First, work is underway in both Lawrence and Wichita on the expansion of the School of Pharmacy that the Legislature supported, and we plan to start educating new pharmacists in Wichita in the fall of next year. This will help us meet the state's critical need for pharmacists, particularly to serve patients living in rural Kansas.

Another highlight is the recent \$12 million National Institute of Standards and Technology grant we received to build an engineering research facility for faculty working on biofuels and clean energy, as well as those developing sustainable materials and techniques. KU was one of only 12 research institutions chosen to receive this funding. Having this research take place in Kansas will make it more likely that jobs in these growing industries will be created in Kansas.

And finally, we know Kansas can produce a larger pool of engineers, but to do that we need a strong supply of math and science teachers to inspire smart young students. That's why we're pleased to report that our program to graduate math and science teachers, UKanTeach, is expanding to Johnson County Community College, opening up opportunities for even more students to enter a field that is crucial to our nation's ability to compete globally.

These are just three examples of how state's investment in KU adds to Kansas' workforce and economic growth. Most of this investment comes in the form of support for our academic mission, while a portion in recent years has been geared toward addressing key deferred maintenance needs.

I'm happy to report that we have leveraged the state's investment in deferred maintenance projects with funds from the Recovery Act. In our deferred maintenance work, we have replaced century-old utility tunnels and air handling systems, and are replacing aging electrical wiring and repairing damaged roofs, among other projects. These projects, a list of which I've provided to you, boost the safety and efficiency of our campuses and ensure our teaching and research missions can continue uninterrupted.

Unfortunately, not all of the news I have to report to you today is good. The state budget crisis has had serious effects for KU students, our instructors and researchers, and the Kansans we serve.



As a result of the \$37.3 million in cuts and unfunded mandates that the university has taken, we have had to cut more than 200 positions. Not only does this smaller workforce affect our ability to carry out our mission, but it also affects pocketbooks everywhere, from Kansas businesses to state and local tax coffers.

This ripple effect goes beyond the short-term sales impact at car dealerships and grocery stores; it has the potential to affect the long-term prosperity of Kansas. Let me give you a few examples.

In Kansas, the need for engineers remains acute. The state currently has 16,000 engineers, and the payroll earnings for them and their team members is estimated at \$2.5 billion. They are a cornerstone for our economy, especially in aviation, construction and technology-related fields.

Unfortunately, budget cuts have forced reductions in our engineering faculty. KU now has about 40 percent fewer engineering faculty members than the average for Big 12 public universities and that constricts enrollment capacity at a critical time for the state.

There's a similar shortage of nurses, especially as the state and national populations age. However, because of cuts, KU was only able to admit 120 nursing students of the 336 qualified applicants this year. With a decreased enrollment capacity brought about by faculty reductions, we are now educating only as many undergraduate nurses as we did in 2005.

These are just two specific programs, but there are other examples. Chemistry is a core course for a range of fields, from engineers to doctors, but we have had to reduce the number of introductory chemistry courses offered because of a lack of staff and available space. Other introductory courses, such as calculus, which form the foundation for many fields, now have classes of 40 to 49 students. This adds up to a diminished student experience and potentially reduces the number of students who will graduate in a timely manner.

The budget crisis affects our students, but it also affects KU research. As I mentioned, KU teachers and researchers bring approximately \$200 million in external grants to Kansas each year, so a reduction in faculty members reduces KU's ability to bring money into Kansas. It also reduces opportunities for the creation of start-up companies, further hampering the state's job growth.

Even the drive for National Cancer Institute designation isn't immune. Budget cuts have slowed down recruitment efforts for researchers and clinical staff, even though there are a number of talented researchers interested in joining our cancer center.

I know that you, possibly better than anyone, understand the challenges faced by Kansas, its residents and businesses. These are difficult times, but they will pass, so we must ensure the state and its people are ready for the recovery.

Kansas' students must have the ability to better themselves and improve their ability to contribute to the life and economy of our state through higher education.

Kansas' businesses must have the ability to hire educated workers here, in Kansas, and the opportunity to take advantage of the discoveries made in our university laboratories.

And to do this, Kansas' universities must have the resources needed to educate the talented graduates and make the critical advances that will lead to renewed prosperity for all Kansans.

I have greatly enjoyed the opportunities I have had to meet with you and your constituents, and I remain confident that not only will Kansas recover from this recession, but that higher education will play a vital part of that recovery.

I look forward to working with you and my fellow presidents to continue Kansas' tradition of outstanding public higher education, and I would be happy to answer any questions you might have.



**University of Kansas Medical Center  
Infrastructure Improvements  
February 4, 2010**

By 2008, KUMC had accumulated a total of \$90.5 million in deferred maintenance. Nearly \$30 million of this amount were in building systems that had been rated as poor or unsatisfactory by the campus Facilities Management staff.

KUMC annually receives approximately \$1.6 million in Repair and Rehabilitation funding from the Education Building Fund (EBF) the source of which is a one-mill tax on real property across the state that is dedicated to repairing Board of Regents facilities.

In 2008, the Legislature crafted a five-year plan to begin to address the Board of Regents deferred maintenance problem. Under the plan, KUMC received \$5.4 million of State General Funds in the first two years.

Year three, FY 2010, was funded from the Educational Building fund; KUMC's share was \$1.5 million. These funds were invested in Applegate Energy Center decreasing the deferred maintenance in this facility by \$6.7 million.

The five year plan also provided that interest earnings on university funds, primarily tuition, be used for deferred maintenance also. In FY 2009, \$400,000 of interest was available and was invested in Animal Building 37.

Lastly KUMC has been very successful in its efforts to address the deferred maintenance through other funding sources, such as by obtaining grants from the United States Department of Commerce and the Kansas Bioscience Authority (KBA) to fund the \$6 million renovation of a 50-year-old research building. In addition, the KUMC Research Institute and the KBA are funding the \$34 million remodeling of three 50+ year old research facilities. These projects will reduce the deferred maintenance by \$15.5 million.

The University of Kansas Medical Center has utilized funding from:

Repair and Rehabilitation funds (EBF) FY10	\$ 1,687,000
State Deferred Maintenance FY 2008 and 2009	\$ 5,475,000
State Deferred Maintenance Fund FY 2010.	\$ 1,500,150
University Interest funds FY09	\$ 400,000
Federal Recovery Act FY09 / FY10	\$ 2,990,082
KBA / U.S. Department of Commerce	\$ 2,500,000
KBA / KUMC Research Institute Bonds	<u>\$13,000,000</u>
<b>Total reduction in deferred maintenance</b>	<b>\$27,552,232</b>

The following pages summarize the \$50 million that is currently being invested in deferred maintenance either directly or as a component of a larger project.

**1. FY10 Repair and Rehabilitation Funds**

**\$1,687,000**

**60% Complete**

This annual investment will be used to replace roofs, chilled water piping in the building 14, replace control systems in the Lied Research Building, interior floor and wall repairs throughout campus, purchase of energy saving equipment when equipment failures occur, upgrade systems into code compliance as required by the annual Fire Marshal Plan of Corrections, and repairs to the exterior of Dykes Library.

**2. FY10 State Deferred Maintenance Fund**

**Applegate Energy Center**

**\$5,475,000**

**State General Fund**

**100% Complete**

This will be invested in the Applegate Energy Center to replace the campus emergency generator system, the campus chilled water pumping system and replace a chiller.

**\$1,500,150**

**Educational Building Fund**

**20% Complete**

Replace the remainder of the 13.8 volt electrical distribution within the plant, replace the electrical distribution for Chiller Number 1, re-construct the campus fire pump system to code and remove the abandoned emergency generators.

**Animal Research Building 37**

**\$400,000**

**University Interest Funds**

**100% Complete**

By addressing the deferred maintenance issues, Animal Research Building 37 was brought up to USDA standards by replacing and adding lighting, drains, and temperature and humidity systems. We replaced all flooring with a resin product; we painted all walls in animal rooms and corridors with a hard epoxy paint product and installed guard rails on all walls to prevent damage to the walls. These changes significantly improve the ability to maintain a clean and sterile environment and reduce operating costs.

**3. FY09 / FY10 Federal Stimulus Money (ARRA)**

**\$2,990,082**

**Animal Research Building 30**

**\$710,024**

**90% Complete**

By addressing the deferred maintenance issues, Animal Research Building 30 was brought up to USDA standards by replacing and adding lighting, drains, and temperature and humidity systems. We replaced all flooring with a resin product; we painted all walls in animal rooms and corridors with a hard epoxy paint product and installed guard rails on all walls to prevent damage to the walls. These changes significantly improve the ability to maintain a clean and sterile environment and lower operating costs.

### Lied Research Facility

**\$238,000**

**40% Complete**

The Lied Research Building required wall repairs from steam leak damage and the replacement of the buildings de-ionized water system.

### Campus Elevators

**\$1,342,058**

**A/E Selected**

**Bid in July 2010, Begins Aug 2010**

This money will be invested in the repair and renovation of seven elevators in Sudler, Lied, Wescoe, and Miller buildings. These are crucial facilities in that not only do these buildings serve faculty, staff and students, but also many patients and visitors. The average age of these elevators is 37 years.

### 6<sup>th</sup> Floor of Delp Pavilion

**\$700,000**

**Begins March 2010**

On the 6<sup>th</sup> floor of Delp Pavilion, this investment will fund the demolition, cleanup and disposal of all walls containing mold damaged by previous leaks in the walls and roof. The following infrastructure systems will be repaired through replacement: electrical, Heating Ventilation and Air Conditioning, fire alarm, and security. The renovation in this 60-year-old facility will also address fire code and ADA requirements on this floor.

### Briedenthal Entrepreneurial Research Institute

**\$2,500,000**

**Begins March 2020**

The Kansas BioScience Authority and the United State Department of Commerce are investing \$6 million to renovate the Briedenthal Research Facility into the BERI complex to assist researchers in developing their new discoveries into viable products for the consumer market. This investment will replace the electrical, HVAC, plumbing systems add an ADA elevator and eliminate approximately \$2.5 million in deferred maintenance in this building.

## **4. KBA / Research Institute Bonds**

**\$13,000,000**

**1% complete**

The Kansas BioScience Authority and the Research Institute are investing \$34 million in the renovation of the Wahl Hall East, Wahl Hall West and Hixon research facilities in support of the Cancer Initiative to create state of the art research facilities for the recruitment of world class researchers. This project completely replaces the mechanical, electrical and plumbing infrastructure for the three buildings eliminating approximately \$13,000,000 of deferred maintenance in this building.





**University of Kansas – Lawrence Campus**  
**Infrastructure Improvements**  
February 4, 2010

The University of Kansas wants to thank the Legislature for the continued support of the deferred maintenance program and the preservation of these valuable state assets at the University. With the Legislature's support, the University has been able to complete the top priorities on the deferred maintenance list, helping to ensure the safe ongoing operation of the university's teaching, research and service missions.

**State Deferred Maintenance Funding**

**Utility Tunnel Improvements** – The poor structural integrity of the tunnels and the unsafe work environment for maintenance personnel made the tunnels the University's top priority. During the bidding process on the first phase, the University was able to compare the cost of cast-in-place concrete to precast concrete tunnel sections. By going with precast tunnel sections, the University was able to save a million dollars. The first two phases of tunnel improvements replaced 1900 linear feet of tunnel at a cost of \$12 million and was completed the last two summers.

The balance of funding will be reallocated to the Bailey Hall mechanical and electrical improvements.

**Wescoe Hall Improvements** – This was a complicated project that replaced an undulated floor slab on the first floor, and mechanical systems on 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> floors, as well as fire and life safety improvements throughout the building. The work was implemented in phases, by floor, to minimize the number of faculty and staff displaced at any one time. Phase 1 started in January 2008 and the three phases of the project was completed in July 2009 at a cost of \$4.4 million.

The balance of project funding will be reallocated to the Bailey Hall mechanical and electrical improvements.

**Haworth and Malott Hall Improvements** – The University quickly moved forward with replacing antiquated and failing fume hoods to improve the laboratory safety. The fume hood replacements were completed in 2009.

At the request of the Legislature, the University was encouraged to look at the FCIP as a way to leverage deferred maintenance dollars to accomplish more deferred maintenance improvements and reduce energy costs. Through the FCIP the University contracted with Energy Solutions Professionals (ESP) to conduct an investment grade audit campus wide and specifically Haworth and Malott Hall.

The University has finalized a \$25 million contract with ESP to install more energy efficient lighting, water conserving fixtures and valves and steam optimization improvements. Included in the energy performance contract is the replacement of failing air handling (AHU) equipment in Haworth and Malott at a cost of \$4 million. Coordinated with the AHU replacements will be energy management controls. The AHU replacement work will start in April 2010 and is projected to complete in November 2010. The energy conservation improvements will be completed by June 2011.

**Murphy Hall Electrical Improvements** – With the reduction of available deferred maintenance funds, the electrical improvements at Murphy Hall are the only portion of the critically needed improvements funded for this facility at a budget of \$1.3 million. A consultant was selected in December 2009 and design has started. The project will bid in late spring with construction starting this summer. Completion is scheduled for December 2010.

### **Federal Stimulus Funding (ARRA) for Deferred Maintenance**

The University utilized the original deferred maintenance priority list of February 2007 and the current 5-year Maintenance Plan to continue to identify the critical needs on campus.

#### **FY 2009 (funds received June 2009)**

**Anschutz Science Library Fire Code Improvements** – The electronic fire alarm system was failing and required immediate attention. This \$273,000 project has been designed and construction is scheduled to start in March 2010.

**Carruth O’Leary Hall Reroof** – This is a project that was originally funded by R&R funds but because of other critical deferred maintenance needs on campus, the project was deferred. Bids were received in late November 2009 and construction on this \$200,000 project will start as soon as the weather permits. Completion is anticipated by June 2010.

**Military Science Reroof** – Bids were received January 11, 2010, and the \$105,000 project has been awarded. As soon as contracts are finalized and weather permits, construction is ready to start. Completion is anticipated by June 2010.

**Dyche Hall HVAC and Electrical Improvements** – The continued deterioration of the 50+ year-old mechanical and electrical systems has elevated this project on the priority list. Consultant was selected in October 2009 and design has started. The project budget is \$1.15 million. Construction will start late spring 2010 and be completed in late fall 2010.

**Jayhawk Blvd. Storm Sewer Replacement** – Jayhawk Blvd. has a limited storm sewer system. The storm sewer pipe from the road to Potter’s Lake is in poor condition and periodically collapses. This \$200,000 project is in design and will bid late spring 2010 with construction to start after commencement and will complete by August 2010.

## **FY 2010**

**Murphy Hall Mechanical Improvements** – This project replaces 50+ year old mechanical system air handlers at a cost of \$3.1 million. The project is being designed in coordination with the Deferred Maintenance (IMP) Murphy Hall Electrical Improvements. A same consultant is being used for both projects. The mechanical system replacements will start in late spring and complete before the start of the heating season in the fall.

**Spencer Museum of Art Chiller Replacement** – The existing chillers are in poor condition and need to be replaced. Design has started and construction is projected to start on this \$874,000 project in September 2010 after the cooling season.

**Utility Tunnel Waterproofing** – This is the last phase of utility tunnel improvements identified in the tunnel condition analysis. The tunnel section east of Robinson is severely leaking, causing damage to the steam pipe supports and the concrete structure. Repairs will cost \$1.1 million. The design is complete and the project bids February 11, 2010. Construction is scheduled to start in late spring and be completed in early fall 2010.

### **Repair and Rehabilitation Funds (EBF)**

**Lippincott Hall Mechanical and Electrical Improvements** – This project was originally scheduled to be on the deferred maintenance five-year-plan funding schedule. The infrastructure systems continue to deteriorate and it has become critical to identify funding to accomplish this work. Funds were reallocated from the replacement of water lines on Jayhawk Blvd. and other project balances to provide \$1.2 million for urgently needed repairs to the mechanical and electrical infrastructure in Lippincott Hall.

*Note: The deferred maintenance backlog is nearly \$200 million and funding for critical infrastructure improvements remains a high priority for the university. Lindley Hall, Watson Library, Learned Hall, Strong Hall and the Art and Design Building remain unfunded on the five-year deferred maintenance plan.*



Testimony Presented to House Appropriations Committee  
Kirk Schulz President  
Kansas State University  
February 4, 2010

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Good Morning Chairman Yoder and Members of the House Appropriations Committee,

I am Kirk Schulz, President, Kansas State University. Thank you for the invitation to appear before you this morning.

### **My response to K-State's unique challenges**

During the first few months of my administration, focus has been on financial and decisional transparency. This is most apparent in Athletics, where the new corporate structure encourages strong oversight by University administrators and the new Athletic Director has adopted a new code of transparency and fiscal accountability. My regular and frequent interaction with all constituency groups and stakeholders has been well received. As we move forward, the University administration will continue to emphasize this transparency, because we believe that it will lead to appropriate decision-making in the institution's best interests.

### **K-State's Budgetary Response**

- K-State's FY 2010 General Use Budget, consisting primarily of State General Fund (SGF) appropriations and tuition, is about \$326 million.
- K-State's FY 2010 State General Fund (SGF) appropriation has been reduced by \$22 million (about 12%) from the beginning FY 2009 level.
- In addition to these cuts, K-State had to identify about \$7 million to fund increased costs for items such as utilities, employee fringe benefits, faculty promotions, classified pay plan adjustments and the minimum wage increase.
- K-State's 3.9% tuition increase generated about \$6 million in additional resources.
- This means that K-State had to solve a \$23 million problem. The problem was addressed this year by reducing departmental budgets by \$14 million (3.5% for all units and more for most non-academic units) and by using \$9 million in temporary stimulus funding and funds that had been set aside for one-time equipment purchases.
- The base funding reductions have been made by holding approximately 200 positions vacant and partially meeting critical needs with part-time temporary replacements, reducing our student employee labor force; and by cutting non-salary expenditures. The FY 2010 situation was more difficult because many units used virtually all flexibility to meet their share of K-State's \$7.8 million FY 2009 rescission. K-State has tried very hard to not significantly reduce course offerings but has combined or delayed offerings of several sections across all colleges. As a result, many faculty members are assigned heavier teaching loads, creating workload discrepancies. For example, six faculty members in architecture are teaching double studios, which are huge teaching loads with nearly 20 contact hours. These increased teaching loads in all colleges greatly reduce faculty member's ability to contribute to masters and doctoral committees or to produce scholarly work and competitive research opportunities.
- Because of the extraordinary efforts of our faculty, staff and students, we are meeting our core mission. Our enrollment was up in the fall and continues to be strong this spring. Extramural

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research awards are running ahead of last year's level and we are fulfilling our service and outreach mission. Unfortunately, our adaptation to this reduced resource level is not complete. We still need to identify about \$15 million in further savings or new resources to address critical needs. First, our current base operating budget is not sustainable – we need to replace \$9 million in temporary resources that are being used to pay for base operations. Second, we need about \$5 million to strategically restore resources that have been cut from core campus academic units that are operating in a non-sustainable fashion - for example, some of the approximately 200 unfunded vacant positions must be filled to ensure continuation of quality academic offerings. Last, we need about \$1 million in central resources for contingent needs.

- Since last August, the entire K-State community has been actively engaged in determining how we should meet our budgetary challenges. Under a process agreed to by K-State administration, faculty, staff and students, 1,400 ideas about potential savings opportunities and revenue generation were submitted from across the campus. Those ideas have been collected, organized, evaluated, posted on the K-State web site and shared with the entire university. Discussions about how to proceed are ongoing. The collaborative nature of this entire process has served us well. The list of ideas and resultant discussions will help us through the current difficult times and will provide the basis for improvement opportunities for years to come.
- Over the course of the last 18 months, K-State has endured its share of the State's budget burden. We are actively engaged in a process designed to preserve our ability to meet our core mission at current funding levels. Additional reductions would significantly reduce our capacity to meet the needs of the State and to positively impact the future of Kansas.

#### **K-State ARRA Project Update (\$2.3 million in FY 2009, \$5.6 million in FY 2010, \$5.6 million in FY 2011)**

- **Replacement of Campus Steam Line** – Replaces deteriorated steam lines, it is about to be bid.
- **Call Hall, Kedzie Hall and Justin Hall Heating, Cooling and Control Replacement** – Addresses serious deficiencies in original domestic water, heating and cooling systems.
- **Roofing Replacement Projects** – Replaces several campus roofs.
- **Chemistry/Bio-Chemistry Fume Hood Building Ventilation System Replacement** – This project would use FY 2011 ARRA funds to address serious deficiencies in the original fume hood ventilation system that has deteriorated over years of chemical ventilation.

#### **K-State Deferred Maintenance Project Update (\$37.2 million depending on fund availability)**

- **Utilities Infrastructure and Power Plant Improvements** – This project replaces a power plant boiler and replaces the antiquated 4160 volt electrical system (the Frankenstein room). Construction is 70% complete and is expected to be finished by June, 2010.
- **Renovate Academic and Academic Support Space in Old West Memorial Stadium** – This project would renovate academic and academic support space in West Memorial stadiums when funds become available.
- **Leisure Hall Renovation** – This project improves ADA compliance and renovates classroom space. An elevator was completed in January 2009. The classroom is currently being renovated. Additional ADA improvements are planned for the building's two restrooms.
- **Willard Hall** – This project repairs and renovates exterior and interior building systems.
- **Seaton Court Roofs** – This project repairs Seaton Hall and Seaton Court roofs; is underway and is partially complete. Final completion is expected by summer 2010.
- **Roofs and Other Projects** – This project replaced two roofs and renovated general classroom space. It was completed in 2008.



# Pittsburg State University

House Appropriations Committee • February 4, 2010

Remarks by Dr. Steven A. Scott, President, Pittsburg State University

1. Enrollment – Fall 2009 headcount of 7,277; highest in institution's history.
2. Planning
  - a. Strategic plan update
  - b. Facilities Master Plan update and extension
3. Senior leadership team
  - a. Searches
    - i. Provost and Vice President for Academic Affairs - underway
    - ii. Chief Information Officer - underway
    - iii. General Counsel - completed
  - b. Reorganizations
    - i. Information Systems
    - ii. Marketing and Public Relations
    - iii. Athletics
4. Facilities
  - a. Recent developments:
    - i. Bryant Student Health Center
    - ii. Student Housing renovation and new construction
  - b. ARRA funding projects
  - c. Infrastructure Maintenance Program projects
5. Budget cuts and opportunities
  - a. 28 positions affected: 11 left unfilled and 17 cut from budget
  - b. Programs and services reduced or terminated
  - c. Operating funds reduced
  - d. Energy savings realized
  - e. Reorganizations of academic departments accomplished
  - f. New opportunities being seized

Appropriations Committee

Date 2-4-10

Attachment 4

# Kansas Community Colleges

2009-2010 Legislative Update  
House Appropriations Committee  
February 4, 2010



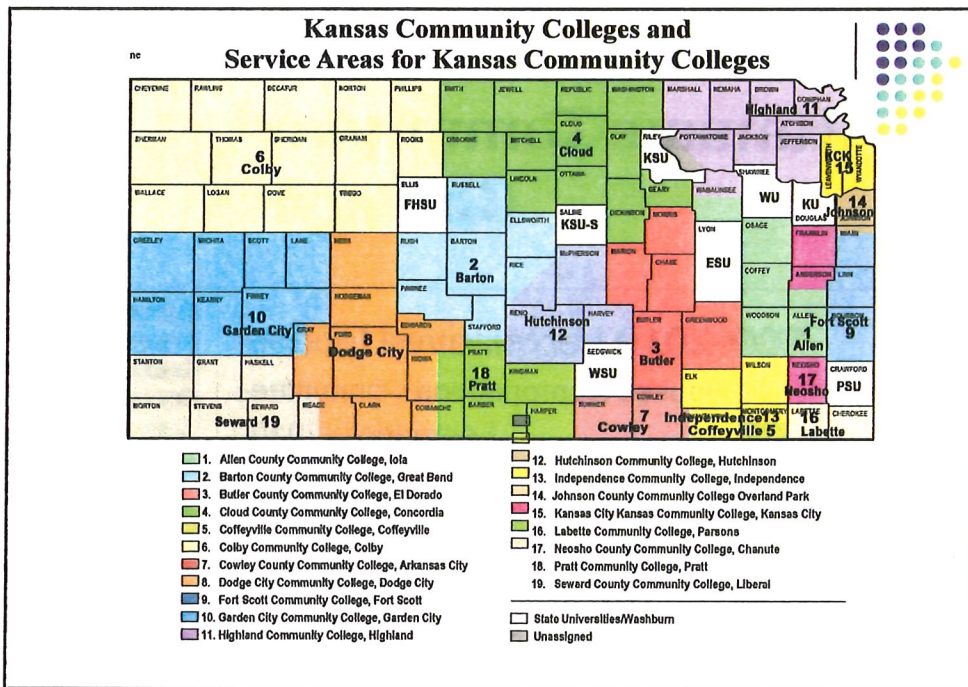
## KACCT VISION

- Responsive, Affordable, Accessible and Quality Learning Opportunities.



Appropriations Committee  
Date 2-4-10  
Attachment 5-1





# Kansas Community Colleges

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Responsive



## Responsive



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

## Kansas Community Colleges

Affordable

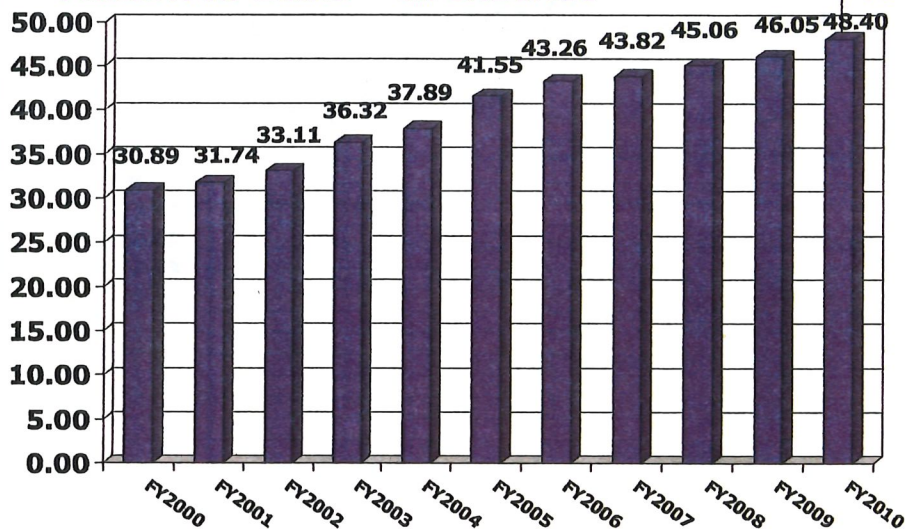


## Tuition Increases



- Tuition alone has increased over 50 per cent since the inception of Senate Bill 345 (references only in district with some colleges charging a higher rate for out district)
- Fees have had a similar increase (the range and variety of fees make it difficult to include fees)

## Kansas Community College Average Tuition In State – In District



# Kansas Community Colleges

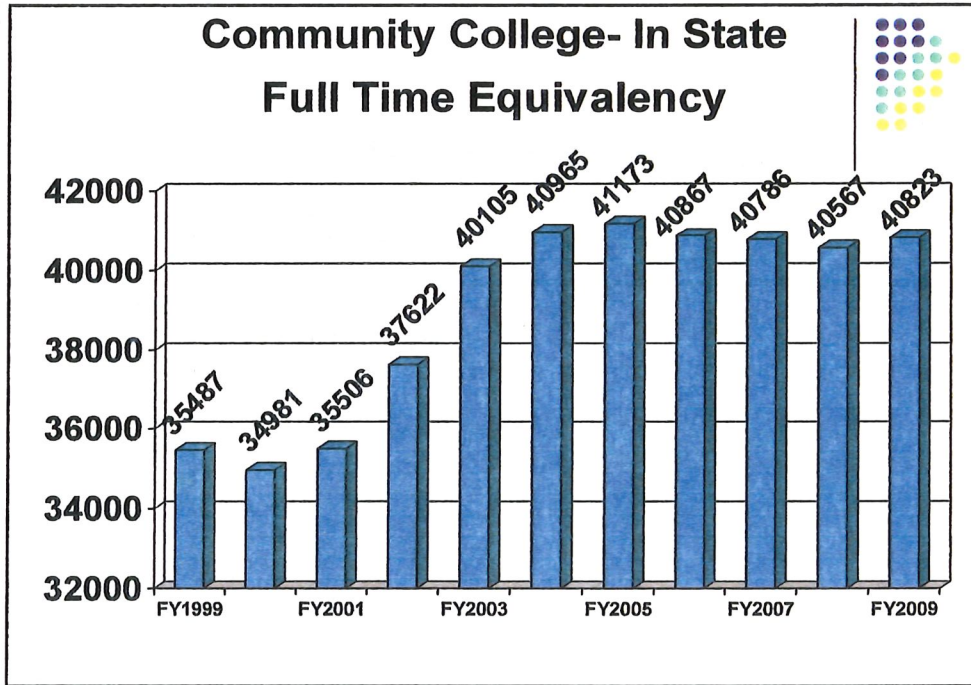
Accessible



## Enrollment

- Enrollment has generally increased over the past four years,
- More than 10% this year.





## Access

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

## Collaboration



- Facilities
- Equipment
- Instruction

## Kansas Community Colleges

Quality Learning Opportunities





## Kansas Board of Regents



- Funding Performance Based 2005

## KBOR SYSTEM GOALS



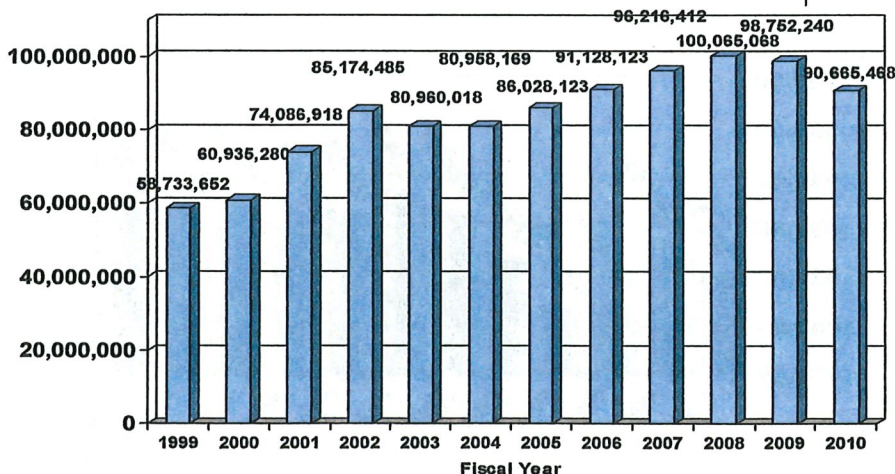
- Increase system efficiency/effectiveness/seamlessness
- Improve learner outcomes
- Improve workforce development
- Increase targeted participation/access
- Increase external resources
- Improve community/civil engagement

## Senate Bill 345



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

## State Grant- All Community Colleges

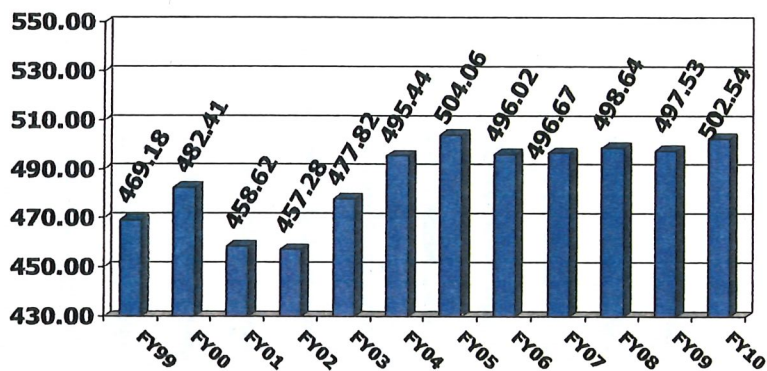


## Mill Levy



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

## Kansas Community College Mill Levies





## Deferred Maintenance



- Fiscal 2008-2012- 20 million dollars annual no interest loan
- July 1 2008 \$78,125 Tax Credits
- January 1, 2009 \$156,250
- January 1, 2010 \$208,233.33
- January 1, 2011 \$208,233.33
- January 1, 2012 \$208,233.33

## Budget Reductions 2009



- Technology
- Equipment
- Supplies
- Part-time staff
- Travel
- Transfers to internal funds

## Budget Reductions 2010



- Nearly a twelve percent reduction of approximately \$12,750,000

## Budget Reductions 2010



- Increase Local Mill Levy
- Increase Student Tuition (Access)
- Staff Reductions (Quality Responsive)
- Faculty Reductions (Quality Responsive)
- No Salary Increases (Quality)
- Equipment Purchases (Quality Responsive)
- Technology Purchases (Quality Responsive)
- Supplies/Travel/Equipment (Quality)
- High Cost Program Closures (Access Responsive)

## Budget Reductions 2010



- Deferred Maintenance (Quality)
- Limit Program Expansion (Responsiveness)
- Differential Tuition Rates/High Cost Programs (Access)

## Kansas Community Colleges

Serving Nearly 170,000 Kansans  
with Educational Excellence



STATE OF KANSAS

**JERRY HENRY**  
REPRESENTATIVE, SIXTY-THIRD DISTRICT  
ATCHISON AND DONIPHAN COUNTIES  
3515 NEOSHO RD.  
CUMMINGS, KANSAS 66016  
HOME: (913) 367-2050  
  
STATE CAPITOL—284-W  
TOPEKA, KANSAS 66612-1504  
(785) 296-7688  
1-800-432-3924 (IN SESSION)  
E-MAIL: henry@house.state.ks.us



TOPEKA

HOUSE OF  
REPRESENTATIVES

COMMITTEE ASSIGNMENTS

MEMBER: HOUSE APPROPRIATIONS COMMITTEE  
SOCIAL SERVICES BUDGET COMMITTEE  
HOUSE TRANSPORTATION COMMITTEE  
JOINT COMMITTEE ADMINISTRATIVE  
RULES AND REGULATIONS  
NCSL ASSEMBLY ON FEDERAL ISSUES—  
HEALTH COMMITTEE

February 4, 2010

Mr. Chairman:

I have an amendment that adds \$180,000 to the Kansas National Guard. I would like to fund this addition from the Hazardous Mitigation Fund.

This funding will allow the 18 National Guard Armories slated for closure to remain open until the end of the current fiscal year.

My amendment does not stop the closing of armories. My amendment allows the Kansas National Guard the time to set up procedures to close armories the way that it should happen, with dignity and respect.

I have attached a copy of a letter from Ms. Janet Wisdom. Janet's husband was killed in Iraq.

It is my hope that the House Appropriations Committee will provide the Kansas National Guard the time to respectfully work with local communities to set up procedures to close armories in a timely manner.

Jerry Henry

Appropriations Committee  
Date 2-4-10  
Attachment 6-1

----- Forwarded Message -----

**From:** Janet Wisdom <janet\_wsdm@yahoo.com>

**To:** Andrew MAJ Parker <Andrew.Parker@us.army.mil>; Tod.Bunting@us.army.mil

**Cc:** Charles Duelfer <unscm@aol.com>; Debbie Hower <debbie@hower-engineering.com>; Tracey CIV Talley <Tracey.Talley@us.army.mil>

**Sent:** Sun, January 24, 2010 10:30:49 AM

**Subject:** Closing of Armories and Memorials

Good day gentlemen,

### Armory Closing Issue

Sorry, Andy, I know you are very busy, but you are one of the few I feel I can trust. So I want to keep you in the loop.

I am writing because many people of the community are stopping me and asking about the memorials since the armories are closing. It is rather embarrassing to not have a clue what to tell them.

First I just want to let you know that I was never contacted in an official capacity about the closing of the armories or what would happen to the memorials. I heard about it through the B Battery grapevine.

Second, I'm not sure what the options are, but my concern is the soldiers, past and present, of the 2/130th. The original intent was to put these memorials in place so they would have a place to go to remember, grieve, and be grateful for Clint and Don Allen. Their deaths will never be forgotten by the folks of the 2/130th or Clint and Don Allen's families. I am wondering if anyone has talked to them about it to see where they would like the memorials to go.

Third, I find it appalling the State is shutting down more armories while the troops are out of country. It did not go well the last time and it will definitely not go well this time, especially if no one has asked them what they think should be done with the memorials.

Yes, gentlemen, I am frustrated. Probably more than I have been since Clint's death. I am very frustrated with the folks that were left here to take care of 2/130 business, but have failed to take the time to contact me about this matter.

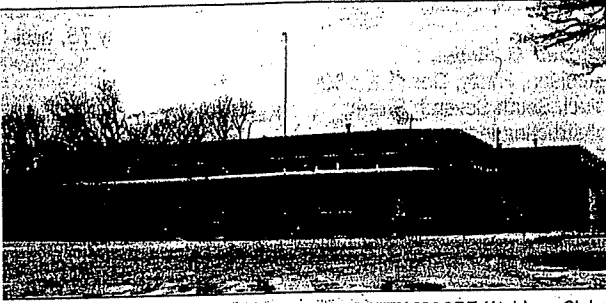
If possible I would like to be informed of what decision has been made so I can inform my children and the rest of Clint and my family. I would prefer not to be contact by anyone in the 2/130th with the exception of Major Andy Parker.

Thank you for your time and attention to this matter.

Proud wife of SFC Clinton Lee Wisdom

Janet Wisdom

# GLOBE



PATTY MOORE/Atchison Globe

Wednesday, December 16, 2009

The future of Atchison's National Guard Armory on 17th Street is in limbo following announcement of its closing, along with guard facilities in Horton, Troy and 15 other localities statewide. The Atchison and Horton units are to be moved to Holton, while Troy operations will go to Hiawatha.

## Area armories shot down

### Leaders ponder future of vacant sites

BY PATTY MOORE  
patty.moore@npgco.com  
**Atchison GLOBE**

Reaction was swift among Kansas lawmakers after the announcement this past week that 18 of the 6 Kansas National Guard armories would be closed. Among those shot down were Atchison, Horton and Troy, with soldiers based at those armories to be moved to other locations.

The Atchison armory is home to a unit of Bravo Battery, Company B, Second Battalion, 130th Field Artillery, and while an exact closing date had not been made public,

**It does bother me that again we're looking at rural areas."**

**Rep. Jerry Henry,**  
*on those hardest hit when the state makes cuts:*

Tuesday, the unit is slated for a nearby armory.

"Atchison and Horton will be moved to Holton," said Susan Watson, spokesperson for Maj. Gen. Tod Bunting, Kansas adjutant general. "Troy will go to Hiawatha."

"Basically, we won't be

Please see DOWN/Page 5

## Down

Continued from PAGE 1

changing any makeup of the units, as personnel and equipment will go with each unit to the new location where that unit will drill."

Ms. Watson said there was a slight possibility there could be some changes if something different would seem to make more sense, but as it stands right now, these are the target locations.

In the immediate area, Rep. Jerry Henry, D-2nd Dist., still dealing with the surprise news that the Atchison youth center will be shut down, said Monday he was not happy with the closings in his district, and the area.

"I was thoroughly disappointed that they not only picked Atchison and Troy, both in my district, but also Horton and Sabetha," he said. "I understand ... that to have a fully operational National Guard armory, you need 100 to 150 soldiers, and we've been under those numbers for some time."

He said Maj. Gen Bunting had told lawmakers it was very difficult to financially keep a Guard strong and functional without the numbers.

"From that standpoint it probably makes sense," Rep. Henry said. "But it does bother me that again we're looking at rural areas."

"I've had this problem for a long time ... it seems when we close something in our state, they look toward the rural areas."

He said that the Topeka armory would probably get more soldiers and come out better.

"We continually seem to be downsizing rural areas in everything we do, and that's of great concern to me," Rep. Henry added.

He said he would be looking into that trend, and that the other question he wanted answered was what would be done with the vacant armory buildings.

"Whether they will be mothballed for a couple of years," he said, "or turned over to some entities in the communities — I haven't seen that plan yet."

That was a question of

concern to leaders in affected communities; however, at Atchison City Hall, city manager Trey Cocking was hoping to turn lemons into lemonade.

"We think that the closings of the armory and youth center have some opportunities for us," Mr. Cocking said Tuesday. "Right now, we don't have any solid redevelopment plans for the use, but maybe we can turn those (buildings) into economic drivers for the community."

Maj. Gen. Bunting said Friday the closings would save about \$157,000 in the current budget year, and more than \$200,000 in the fiscal year starting next July 1.

He said all closed operations would be consolidated at the remaining 38 armories, with personnel and equipment to be transferred to those locations through mid-2010.

Other armories targeted for closure were at Russell, Kingman, Larned, Phillipsburg, Goodland, Garnett, Fort Scott, Cow Grove, Cherryvale, Chanute and Burlington

1 majority and minority leaders of the senate and the house of rep-  
2 resentatives, the assistant majority leaders of the senate and house  
3 of representatives, and the assistant minority leaders of the senate  
4 and house of representatives, during calendar year 2010, shall not  
5 exceed \$2,500 for each such officer of the legislature].

6 Sec. 3.

7 LEGISLATURE

8 (a) On the effective date of this act, of the \$17,031,301 appropriated  
9 for the above agency for the fiscal year ending June 30, 2010, by section  
10 32(a) of chapter 124 of the 2009 Session Laws of Kansas from the state  
11 general fund in the operations (including official hospitality) account, the  
12 sum of \$1,366,648 is hereby lapsed.

13 Sec. 4.

14 DIVISION OF POST AUDIT

15 (a) On the effective date of this act, of the \$2,732,354 appropriated for  
16 the above agency for the fiscal year ending June 30, 2010, by section 33(a)  
17 of chapter 124 of the 2009 Session Laws of Kansas from the state general  
18 fund in the operations (including legislative post audit committee) ac-  
19 count, the sum of \$225,457 is hereby lapsed.

20 Sec. 5.

21 JUDICIAL BRANCH

22 (a) There is appropriated for the above agency from the state general  
23 fund for the fiscal year ending June 30, 2010, the following:

24 Judiciary operations ..... \$5,000,000

25 Sec. 6.

26 DEPARTMENT OF TRANSPORTATION

27 (a) On February 1, 2010, or as soon thereafter as moneys are available,  
28 the director of accounts and reports shall transfer \$40,000,000 from the  
29 state highway fund of the department of transportation to the state gen-  
30 eral fund: *Provided*, That the transfer of such amount shall be in addition  
31 to any other transfer from the state highway fund of the department of  
32 transportation to the state general fund as prescribed by law: *Provided*  
33 *further*, That, in addition to other purposes for which transfers and ex-  
34 penditures may be made from the state highway fund during fiscal year  
35 2010 and notwithstanding the provisions of K.S.A. 68-416, and amend-  
36 ments thereto, or any other statute, transfers may be made from the state  
37 highway fund to the state general fund under this subsection during fiscal  
38 year 2010: *And provided further*, That all moneys transferred from the  
39 state highway fund to the state general fund under this subsection shall  
40 be moneys credited to the state highway fund pursuant to K.S.A. 79-3620  
41 or 79-3710, and amendments thereto.

42 (b) On May 1, 2010, or as soon thereafter as moneys are available, the  
43 director of accounts and reports shall transfer \$40,000,000 from the state

(f) During the fiscal year ending June 30, 2010, the expenditures by the legislature for fiscal year 2010 from the moneys appropriated or reappropriated from the state general fund and any special revenue fund or funds for fiscal year 2010, as authorized by chapter 124 or 144 of the 2009 Session Laws of Kansas or by this or other appropriation act of the 2010 regular session of the legislature, for the compensation payable pursuant to subsection (a) of K.S.A. 46-137e, and amendments thereto, for each officer specified in K.S.A. 46-137b, and amendments thereto, shall not exceed the aggregate amount of compensation that would be payable for 25 days in the performance of the duties of the officer in the officer's legislative office in Topeka during fiscal year 2010: *Provided*, That, on and after the effective date of this act, if the aggregate amount of such expenditures for fiscal year 2010 by the legislature for compensation payable pursuant to subsection (a) of K.S.A. 46-137e, and amendments thereto, for an officer specified in K.S.A. 46-137b, and amendments thereto, is equal to or exceeds the aggregate amount equal to the aggregate amount of such compensation that would be payable for 25 days in the performance of the duties of the officer in the officer's legislative office in Topeka during fiscal year 2010, then no further expenditures shall be made by the legislature from the moneys appropriated or reappropriated from the state general fund and any special revenue fund or funds for fiscal year 2010 for compensation payable pursuant to subsection (a) of K.S.A. 46-137e, and amendments thereto, for such officer for fiscal year 2010.

Appropriations Committee  
Date 2-4-10  
Attachment 7

PROPOSED AMENDMENT TO S SUB FOR HB 2222  
For Consideration by Committee on Appropriations  
February 4, 2010

On page 6, following line 30, by inserting the following material to read as follows:

“Sec. 14.

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

(a) During the fiscal year ending June 30, 2010, notwithstanding the provisions of K.S.A. 65-4413, and amendments thereto, or any other provisions of the Kansas community mental retardation facilities assistance act, on and after the effective date of this act, no expenditures shall be made by the department of social and rehabilitation services from moneys appropriated or reappropriated from the state general fund for fiscal year 2010 in the mental health and retardation services aid and assistance account for state grants or aid payments pursuant to the Kansas community mental retardation facilities assistance act: *Provided*, That all expenditures of the remaining unencumbered moneys in the mental health and retardation services aid and assistance account which were allocated for expenditure for such state grants or aid payments under the approved budget for fiscal year 2010 shall be expended from the mental health and retardation services aid and assistance account for the purpose of providing services to individuals utilizing the home and community based services waiver for individuals with developmental disabilities.”;

And by renumbering sections accordingly

Appropriations Committee  
Date 2-4-10  
Attachment 8