

MINUTES OF THE HOUSE EDUCATION BUDGET COMMITTEE

The meeting was called to order by Chairman Joe McLeland at 3:30 p.m. on February 16, 2010, in Room 159-S of the Capitol.

All members were present.

Committee staff present:

Theresa Kiernan, Office of the Revisor of Statutes
Reagan Cussimano, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Dee Heideman, Committee Assistant

Conferees appearing before the Committee:

Dr Edward Hammond, President, Fort Hays State University
Dr Donald Beggs, President, Wichita State University
Dr Ed Berger, President, Kansas Association of Community Colleges
Dr Jerry Farley, President, Washburn University

Others attending:

See attached list.

Dr Edward Hammond, President, Fort Hays State University, presented the activities of his university with a PowerPoint presentation and the progress on selling land to the City of Hays for a sports complex. (Attachment 1)

Next Dr Donald Beggs, President, Wichita State University, passed out to the committee an Accountability Planning Matrix. (Attachment 2) He gave an overview in a booklet of the happenings at Wichita State University, including cost savings and the effects of the budget cuts. A copy of this booklet, "Wichita State University, FY 2010 and FY 2011, Budget Overview, Budget Terms and Definitions," dated February 1, 2010, can be obtained from Wichita State University.

The president of the Kansas Association of Community Colleges, Dr Ed Berger, also, gave a PowerPoint presentation stating the vision of the community colleges and the action they have taken to cope with the budget cuts (Attachment 3)

Dr Jerry Farley, President, Washburn University, also, referenced the cuts to the university because of the budget crisis and the actions they have taken, and consequences of these cuts. He emphasized providing students a quality education is of utmost importance and any other cuts may hamper that ability. (Attachment 4)

HB 2239 - School districts; uniform accounting system for the recording and reporting of receipts and expenditures.

Representative Landwehr made a motion to strike all current provisions of HB 2239 and insert the attached new sections. (Attachment 5) The motion was seconded by Representative Aurand. Representative Feuerborn made an amendment motion to include if the fiscal effect of HB 2239 would cost the school districts or State Board of Education money to implement, it would be paid out of the State's general fund. The motion was seconded by Representative Lane and the motion for the amendment failed. Division was called with the showing of hands three (3) Yes and four (4) No. HB 2239 was then voted on as amended by Representative Landwehr. The vote was five (5) to three (3) for favorable passage of the bill.

HB 2647 - Schools; authorizing a local activities budget.

A motion was made by Representative Aurand to amend HB 2647 and change Line 20 change the percentage of the dollar amount to five (5) percent of base budget per pupil FTE. The second was made by Representative Siegfried. The motion to amend passed. Representative Aurand made a motion for an amendment to strike Page 3, Section 2b from the bill, with Representative Siegfried making the second. The motion to amend passed. Representative Siegfried made a motion to pass favorably as amended HB 2647.

CONTINUATION SHEET

Minutes of the House Education Budget Committee at 3:30 p.m. on February 16, 2010, in Room 159-S of the Capitol.

Representative Aurand seconded and the motion passed on a four (4) to two (2) vote.

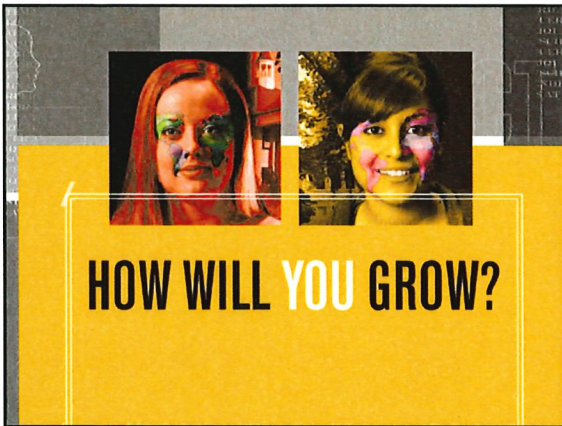
The next meeting is scheduled for February 24, 2010.

The meeting was adjourned at 5:44 p.m.

EDUCATION BUDGET COMMITTEE GUEST LIST
 DATE: FEBRUARY 16, 2010

NAME	REPRESENTING
Luc Storm	State BOE
Clayton Hunter	Myself
Kevin Belt	KNEA
Susan Walston	USD 261
Linda Dutton	DOB
Albra Prideaux	- HHSU -
BILL MUSGRAVE	KS CHE
Bernie Koch	KEPC
Janet Keggi	
Cindy Dambros	Washburn University
LARRY BERG	KACCT
DAVID MONICAL	WASHBURN
Mary George	Olathe School District
Scott Frank	Post Audit
Richard Samson	Kern & Assoc.

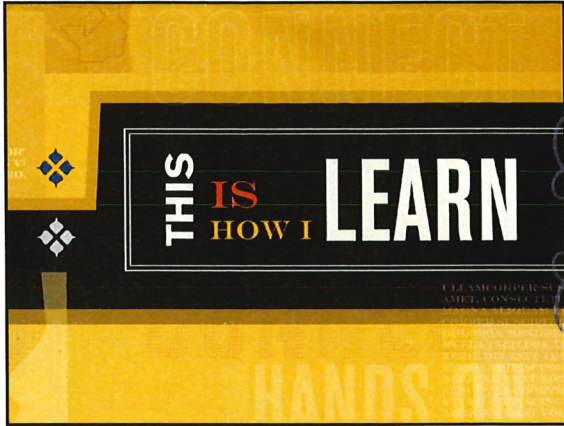


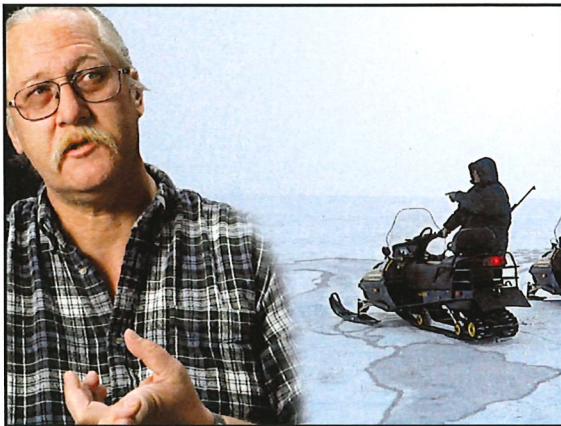


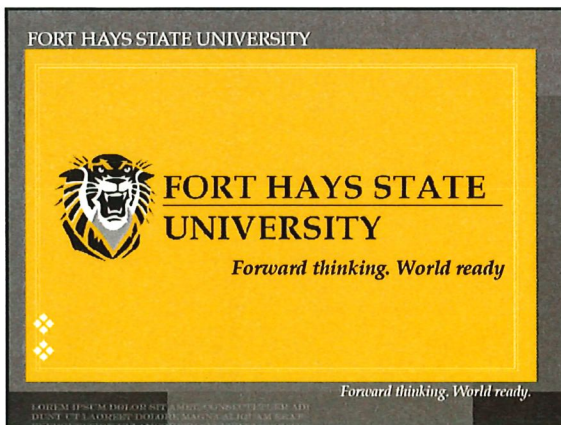


Dr Edward Hammond

House Education Budget Committee
Date: 02-16-2010
Attachment #: 1







FORT HAYS STATE UNIVERSITY

Forward thinking. World ready.



where will your vision take you?

Forward thinking. World ready.

LOREM IPSUM DOLOR SIT AMET, CONSECUTIVE, DUIS
DUNST UT LAUREST DOLOR SIT AMET, CONSECUTIVE

FORT HAYS STATE UNIVERSITY

Forward... Visionary




knowledge that goes everywhere

Forward thinking. World ready.

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DUNST UT LAUREST DOLOR SIT AMET, CONSECUTIVE

FORT HAYS STATE UNIVERSITY

**Thinking... Thoughtful,
Responsive, Reflective**




minds that get things done

Forward thinking. World ready.

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FORT HAYS STATE UNIVERSITY

World... Universal



Forward thinking. World ready.

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DUNT UT LAORET DOLORE MAJORE ALIQUAM

FORT HAYS STATE UNIVERSITY

**Ready... Hardworking,
Prepared, Equipped**




Forward thinking. World ready.

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FORT HAYS STATE UNIVERSITY

Forward thinking. World ready.
 "A visionary response to a universal
 need...education for global citizens."
 – Dr. Edward Hammond



Forward thinking. World ready.

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FORT HAYS STATE UNIVERSITY

"We are in an international brain race. Kansas needs to educate our way to a better economy. We can't leave any Kansan behind. We have to close the opportunity gap and expand access."

-Dr. Edward H. Hammond

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FORT HAYS STATE UNIVERSITY

Planning for Change

Impact of Cuts

%	3%	6%	9%	12%	15%
code	Green	Blue	Yellow	Orange	Red
Positions	0	19	31	54	85
Impact	-5	-10	-15	-20	-25
	\$1.1M	\$2.3M	\$3.4M	\$4.5M	\$5.6M

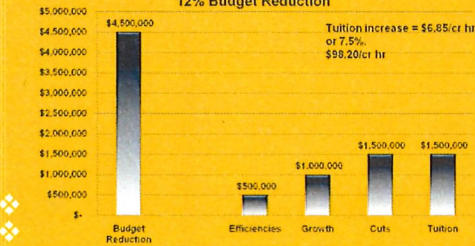
*817 Current FHSU Positions

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FORT HAYS STATE UNIVERSITY

2010 Budget

12% Budget Reduction



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FORT HAYS STATE UNIVERSITY

2010 Budget

Planning Principles

- Serve students
- Keep costs down for students (peer data)
- Protect faculty and staff
- Ask people to do more
- Minimize economic impact on Ellis County

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FORT HAYS STATE UNIVERSITY

2010 Budget

Planning Principles

Serve students

- 3% O.C. Growth
- 800+ Freshman
- 10% V.C. Growth



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FORT HAYS STATE UNIVERSITY

2010 Budget

Planning Principles

Keep costs down for students (peer data)

- \$6.85 increase per SCH
- 7.5% increase
- \$98.20 per SCH



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FORT HAYS STATE UNIVERSITY

2010 Budget

Planning Principles

Protect faculty and staff

- 28 positions impacted
- 3.5% of positions



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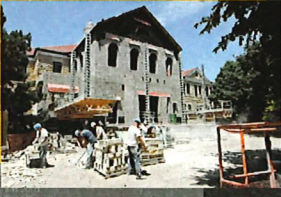
FORT HAYS STATE UNIVERSITY

2010 Budget

Planning Principles

Minimize economic impact on Ellis County

- Picken Project
- Sport Complex
- Stimulus projects



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FORT HAYS STATE UNIVERSITY

2010 Budget

Planning Principles

Ask people to do more

- Summer School redesign
- Expand VC class loads
- Athletic Expansion



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Positive Comments in LPA Report

"When looking at expenditures-per-student, Fort Hays State was the lowest."

Page 8 - 2009 LPA Report



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DUNSTON LAURENCE FLORENCE MARGARET ALICE MARY

Average Cost per Credit Hour FHSU and KBOR

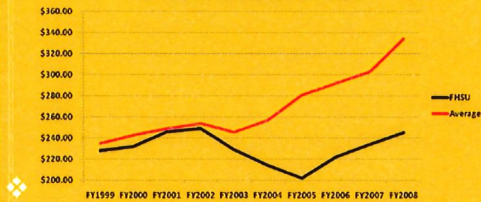


Figure 4- 2009 LPA Report

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DUNSTON LAURENCE FLORENCE MARGARET ALICE MARY

Positive Comments in LPA Report

"FHSU has maintained the lowest tuition for resident students among the Regents institutions for 10 years."

Page 9 - 2009 LPA Report



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DUNSTON LAURENCE FLORENCE MARGARET ALICE MARY

FORT HAYS STATE UNIVERSITY

Positive Comments in LPA Report

"FHSU has steadily increased the percent of personnel dedicated to instruction."

Page 14 - 2009 LPA Report

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FORT HAYS STATE UNIVERSITY

Positive Comments in LPA Report

"Among the regional universities, Fort Hays State had the highest percentage of low-enrollment course sections (19.9%)."

Page 33 - 2009 LPA Report

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FORT HAYS STATE UNIVERSITY

Positive Comments in LPA Report

"LPA identified two possible departmental consolidations: the Department of Special Education with Teacher Education, and the Department of Economics and Finance with Management and Marketing."

Page 41 - 2009 LPA Report

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Positive Comments in LPA Report

"Several universities changed their administrative processes for preparing, storing, or issuing documents by using an electronic process, instead of paper. Fort Hays State began issuing enrollment, grade, and fiscal documents electronically, saving an estimated \$73,000."

Page 63 - 2009 LPA Report



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Positive Comments in LPA Report

"In this audit, we became aware of one proposal to consolidate Kansas educational institutions on a regular basis. In September 2000, Pratt Community College and Fort Hays State proposed an affiliation between the two institutions in an effort to better meet the needs of western Kansas."

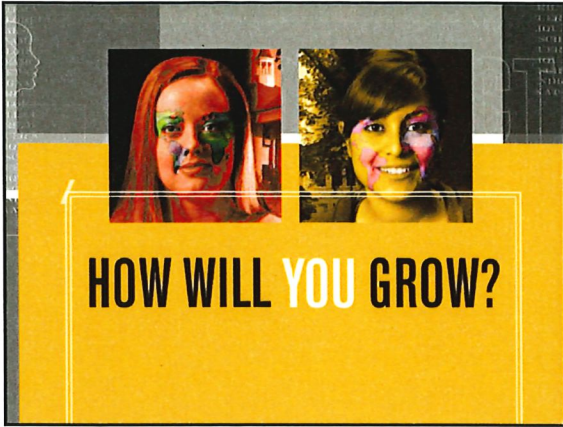
Page 64 - 2009 LPA Report



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Fort Hays State University
Authorization to Sell Land
2010 Session

Fort Hays State University (FHSU) is seeking legislation authorizing the sale of two tracts of land owned by the University to the City of Hays. One tract of land will be sold to the City of Hays in order to locate a community sports complex. Fort Hays State University is erecting an intercollegiate soccer stadium in conjunction with construction of the sports complex, and the property on which the soccer stadium will be located will be retained by the University. The second tract of land sought to be transferred is University owned-property adjacent to a municipal golf course and driving range, and the parties have agreed to exchange this property as part of the sports complex land transaction.

Background

The University was approached by a group of Hays residents to seek community support for construction of a community sports complex

Hays residents approved construction of a sports complex by a sales tax initiative in November 2008, which will be funded by a ½% city wide retailer's special purpose sales tax for construction and maintenance.

FHSU plans to locate an intercollegiate stadium to house its newly created soccer men's and women's program adjacent to and in conjunction with Hays sports complex.

The Hays ballot initiative specifically identified the property on which the complex would be located as being City owned property at the specific location on which the complex is now proposed to be constructed.

To capitalize on economies of scales between the City officials and the University, two tracts of land are being proposed to be sold to the City of Hays allowing the co-location of the sports complex and FHSU soccer stadium (a) 120 acres of University-owned property at the intersection of Old Highway 40 and US Highway 183 Alternate in Hays, appraised value = \$300,000; (b) 10.037 acres of property, located adjacent to a driving range serving the City of Hays Municipal Golf Course, appraised at \$20,074.

Property has received the necessary three appraisals required by law. Both properties were appraised on January 23, 2009.

Kansas Board of Regents approved the sale of tracts of property at its December 2009 meeting.

Fiscal and Administrative Impact

Land transaction would result in University receiving \$320,574 for transferring the land currently maintained by the University's buildings and grounds and farm personnel. Additional cost savings due to the University could be realized for not having to maintain the property any longer.

Impact on other State Agencies

This proposal is not believed to have any effect on other state agencies.

Contacts

Debra Prideaux, FHSU Executive Alumni & Governmental Relations, (785) 365-6011, dprideau@fhsu.edu
Todd Powell, FHSU General Counsel, (785) 628-4233, tpowell@fhsu.edu

WICHITA STATE UNIVERSITY ACCOUNTABILITY PLANNING MATRIX

VALUES	PLANS				
	Decisions	Evaluation	Action Plans	Goals	
	Excellence				
	Intellectual Exploration				
	Enhance Learning				
Support					
Retain					
Recruit					
	Students	Faculty	Staff	Alumni and Community	
	CONSTITUENT GROUPS				

House Education Budget Committee
 Date: 02-16-2010
 Attachment #: 2

Kansas Community Colleges

2010 Legislative Update
House Education Committee
February 16, 2010



Dr. Ed Berger

House Education Budget Committee
Date: 02-16-2010
Attachment #: 3

Kansas Community Colleges

Responsive



Responsive

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



Kansas Community Colleges

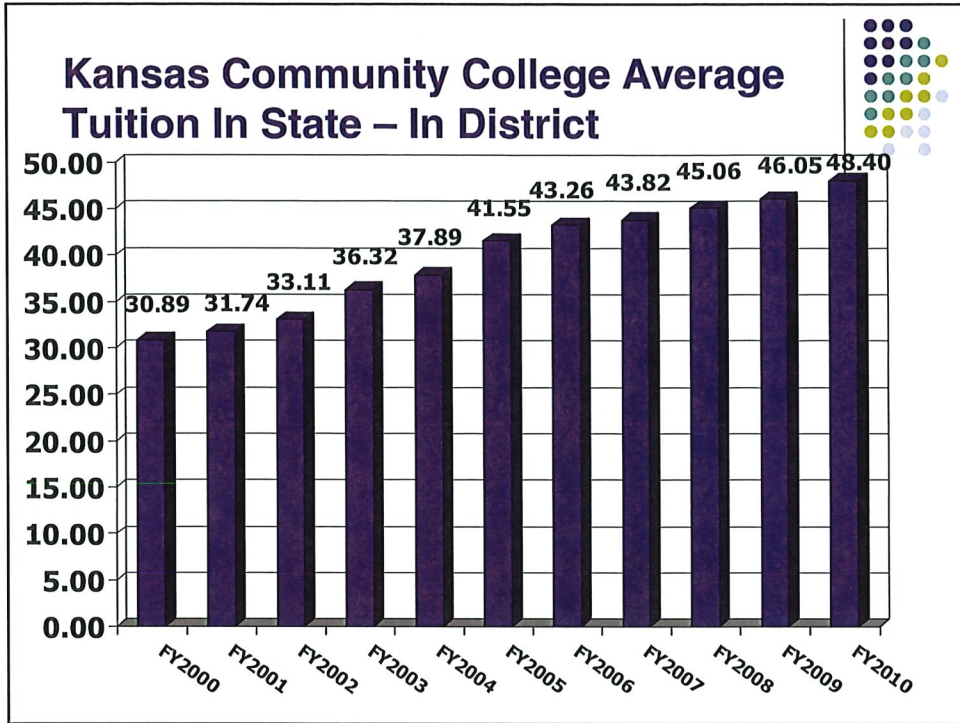
Affordable



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 Colleges

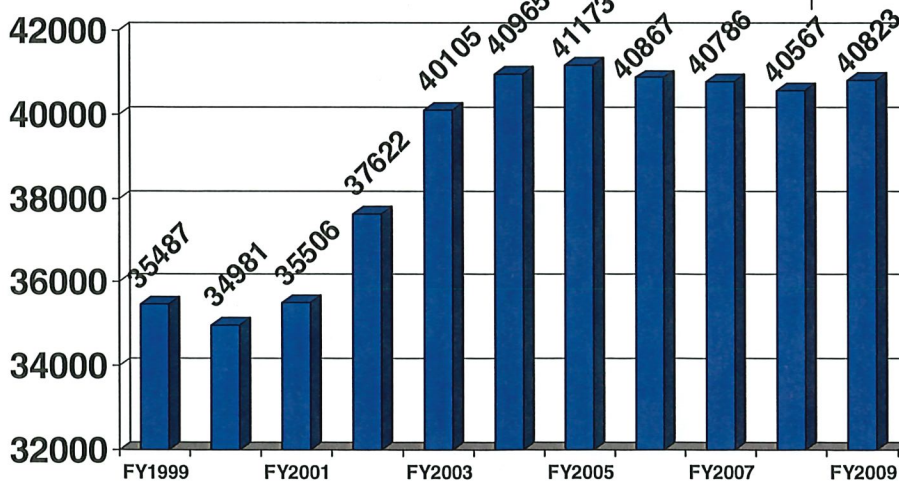
Accessible

Enrollment



- Enrollment has generally increased over the past four years

Community College- In State Full Time Equivalency



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



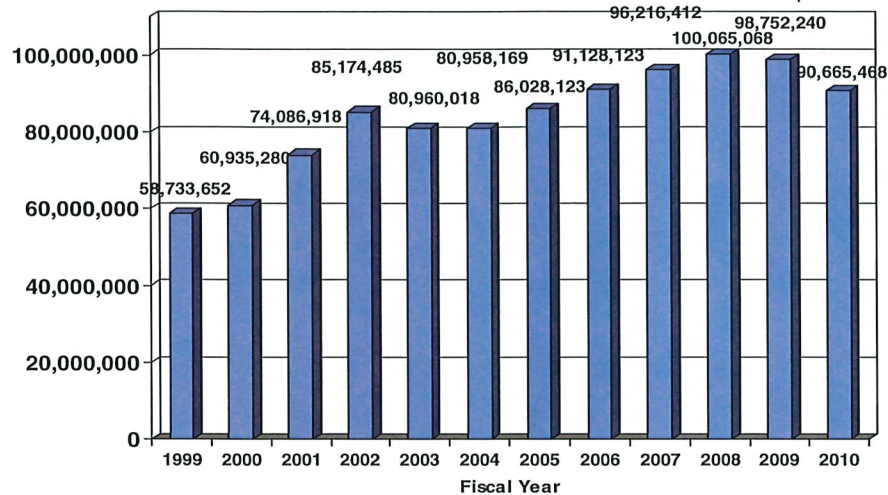
- Increase system efficiency/effectiveness/seamlessness
- Improve learner outcomes
- Improve workforce development
- Increase targeted participation/access
- Increase external resources
- Improve community/civil engagement

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

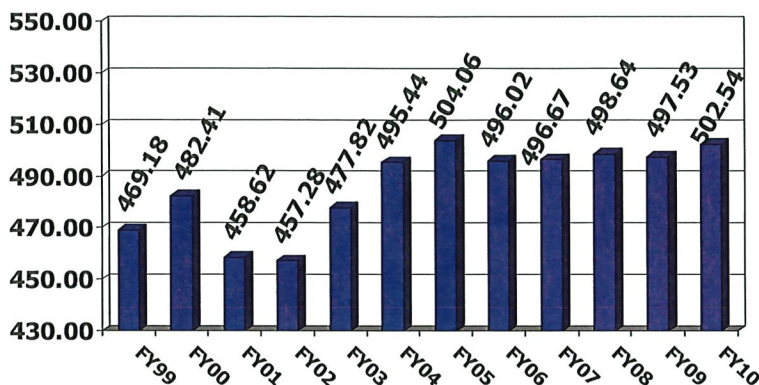


Mill Levy



- 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





**Testimony to
House Education Budget Committee
by
Jerry B. Farley
President
February 16, 2010**

Mr. Chairman, members of the Committee:

Thank you for the opportunity to discuss with you today how the state of the economy has, and will, affect Washburn University. Before I do, let me briefly update you on some of the University's accomplishments during these difficult times.

I am sure you noticed that for the tenth consecutive year Washburn University has been ranked in the top ten in the U. S. News and World Report College Ranking Survey. Of the public schools most similar to Washburn in the Midwest Region, we rank seventh. While some may consider the rankings a bit arbitrary, almost all of the components upon which the rankings are based reflect very positively on Washburn University. We rank very highly in academic reputation, small class sizes, the limited number of classes with over 50 students, and high graduation rates. We are quite proud this independent organization has such strong positive regard for Washburn.

This Fall our enrollment increased, we were up over 100 students, or approximately 1.7% (the second largest increase of the four-year institutions) and we had almost 1,000 additional student credit hours this Fall. Preliminary indications for Spring semester are we will be up over 250 students and 2,500 credit hours.

The integration of the Washburn Institute of Technology has moved along very nicely this past year. All of the administrative functions have been mapped and integrated. We are expanding the opportunities for students to move from the Tech campus to the traditional campus and we are embarking upon a detailed strategic plan to identify those programs where we have strength and where there is high demand for the skills in the local business and industrial community.

On the Washburn campus we are well into a comprehensive strategic planning process. We have involved many members of the local community as well as broad-based constituency on campus. We anticipate the results of this effort will help us set the direction for Washburn University for the next several years, particularly as we approach our 150th anniversary.

House Education Budget Committee

Date: 02-16-2010

Attachment #: 4

As we review three of our most crucial comparative metrics, we have mixed results. Our tuition levels remain below the national levels and our cumulative percentage tuition increase falls well below the other four-year state schools (with the exception of Fort Hays State). This Fall tuition was increased approximately two percent, which is the lowest increase in many years and well below increases at other institutions and in other states.

Faculty salary comparisons have not fared as well this past year as a result of a number of retirements and elimination of positions during these difficult budget times. We lost ground in comparison to salaries paid at similar comparative institutions. Over the past ten years we have made good progress in reducing the deficit and improving our comparative position, unfortunately this past year we lost ground in that comparison. We hope as we position ourselves to exit this recession we will be able to make progress in faculty salaries. Attracting and retaining the best possible qualified faculty is the basis upon which our reputation and student success will be built in the future. We must be competitive.

This past fiscal year we collected \$1.1 million less in local sales tax than we did the previous year. This is very disturbing, particularly in light of the additional reductions in state funds. The first five months of the current fiscal year we have collected \$388,000 less than we did last fiscal year at the same time. We hope sales tax revenues will stabilize, or at least not suffer further reductions, and perhaps even grow for the remainder of this fiscal year.

State budget reductions have also had an impact on Washburn University. You will recall last Legislative session three state appropriation reductions totaled over \$1.2 million. (An additional \$260,000 reduction was announced this fall). Reductions in credit hours last year resulted in a loss of over \$2 million, the loss of interest income on idle funds investments was almost \$600,000; and other lost revenues totaled over \$400,000. Total lost revenue to Washburn was approximately \$4.2 million in the current fiscal year budget. When fixed costs to continue for utilities, health insurance, minimum wage, audit fees, etc. are included, we required another approximately \$1 million, resulting in lost revenues and increased costs totaling \$5.2 million.

How did we respond? Expenditure reductions from elimination of positions (12 faculty, 50 adjunct faculty, six administrators, and seven hourly) totaled \$1.466 million. An early retirement program further reduced a net of six faculty and five hourly positions for \$512,000, fringe benefits for these staff reductions were \$647,000. Operating expenses were reduced by \$1.2 million. The difference between what was required to balance the FY 2010 budget after expenditure reductions were made was supplied by a modest two percent tuition increase - \$750,000 and stimulus funding of \$622,000.

House Education Budget Committee Testimony by Jerry B. Farley

Page 3

February 16, 2010

<u>Lost Revenue</u>	<u>Million \$</u>
State appropriation	1.2
Credit hours	2.0
Interest income	.6
Other	<u>.4</u>
	4.2
<u>Increased Cost</u>	
Utilities/heat/insurance/ minimum wage	<u>1.0</u>
Total	5.2
<u>Expenditure Reductions</u>	
Eliminate positions (faculty/staff)	1.5
Early retirement	.5
Fringe benefits	.7
Operating expenses	<u>1.2</u>
	3.9
<u>New Resources</u>	
Tuition increase	.7
Stimulus	<u>.6</u>
Total	5.2

While we have tried to minimize the impact on students, over 80 individual class sections were eliminated. Some class sizes have increased, and a number of qualified students could not be admitted to programs in Nursing, Allied Health and Health Sciences.

While we sincerely appreciate the legislature's efforts to minimize the amount of budget reductions, we must recognize that again this year we face increased operating costs from utilities and health insurance; the stimulus funding ends in fiscal 2011; interest income continues to decline (another estimated \$250,000 for FY 2010); and the only certainty regarding sales tax revenue is its uncertainty

We have begun our budget planning for FY 2010/FY 2011 under an austere set of assumptions. We have assumed cost to continue increases totaling \$615,000 and with the actual reductions in revenues and the need to begin to replace lost federal stimulus funding, we must cut expenditures or increase revenues by a total of \$2.1 million. This is in addition to the \$5.2 million last year and assumes the state can find revenue sources to fulfill the Governor's budget recommendations to make no further reductions in higher education.

You have asked us to do more, with less; we have. Now it is your responsibility to provide the funding necessary to retain what we have worked so hard to attain.

During these difficult times, people on campus continue to commit themselves to providing the best quality education we can to our students. We must realize that each time budgets are further reduced, our ability to deliver a quality education is impaired. We certainly need your help in maintaining and restoring adequate funding for our educational efforts.