

MINUTES OF THE HOUSE VISION 2020 COMMITTEE

The meeting was called to order by Chairman Tom Sloan at 1:30 p.m. on January 25, 2010, in Room 785 of the Docking State Office Building. The Chairman welcomed the conferees and guests.

All members were present.

Committee staff present:

Art Griggs, Office of the Revisor of Statutes
Corey Carnahan, Kansas Legislative Research Department
Mary Koles, Committee Assistant

Conferees appearing before the Committee:

Art Griggs, Office of the Revisor of Statutes
Audrey A. Dunkel, Kansas Legislative Research Department

Others attending:

See attached list.

Action on:

HB 2428 - Creating the Kansas reservoir sustainability fund

Art Griggs, Office of the Revisor of Statutes, explained the proposed amendment to **HB 2428** and indicated the source of each suggested change. Questions were asked by Representatives Tom Hawk, Joe Seiwert, Mario Goico, and Raj Goyle.

Representative Doug Gatewood moved and Representative Tom Hawk seconded the motion that the Committee accept the balloon amendment. The motion carried.

Representative Hawk moved and Representative Gatewood seconded the motion that the Committee report **HB 2428** favorable for passage as amended. Discussion ensued with comments by Representatives Tom Hawk, Mario Goico, Raj Goyle, and Joe Seiwert. After considerable debate, on motion by Representative Mario Goico the bill was tabled. Representative Raj Goyle commented that he would have voted no and requested that his remark be recorded in the minutes.

At the request of several Committee members, Chairman Sloan explained how **HB 2428** could be resurrected; committee members need to approach him and express an interest in reviving the bill. Brief conversation occurred between Chairman Sloan and Representatives Doug Gatewood and Joe Siewert.

Audrey A. Dunkel, Principal Fiscal Analyst, Kansas Legislative Research Department, discussed postsecondary education funding. She described the structure and responsibilities of the Board of Regents and explained block grants, Kansas' funding process for postsecondary education. She mentioned the Governor's allotments/reductions made in July and November, 2009, and provided a detailed account of the allotments (\$17,285,976) as they impacted postsecondary education funding (Attachment 1). Chairman Sloan and Representatives Pat George and Tom Hawk asked questions and commented during and after her presentation.

Chairman Sloan requested additional information be presented to the Committee:

1. data showing the funding for each type of postsecondary educational institution, including aid given to private institutions
2. an example of a performance agreement for one institution, or part of one agreement
3. a list of the institutions indicating which ones have merged to provide more efficient and stronger programs.

Representative Tom Hawk expressed his hope that **HB 2428** will rise from the table.

Chairman Sloan thanked the conferees for their presentations.

The next meeting is scheduled for January 27, 2010.

CONTINUATION SHEET

Minutes of the House Vision 2020 Committee at 1:30 p.m. on January 25, 2010, in Room 785 of the Docking State Office Building.

The meeting was adjourned at 2:35 p.m.

Guest List

House Vision 2020 Committee

January 25, 2010

Name	Client/Authority
Peter L. Brodie	Emporia State Univ
Mayoune Wonly	EHL
TERRY FOREST	KWEA
Ashley Ballweg	Pinegar, Smith & Associates
Bernie Koch	Ks. Economic Progress Council
SCOTT CARLSON	SCC
GALAN E BERRY	KRWAD #1 CURBWAAD #3
Earl Lewis	KS Water Office
Jackson Lindsey	Hein Law
KOB MEALY	KEARNEY & Assoc.
LARRY BERG	KACCT
Alan Cox	GDA
Tom Kuba	KASB
Julene Miller	KBOR
Diane Duffy	KBOR

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January 25, 2010

To: Representative Tom Sloan, Chairperson
Vision 2020 Committee

Office No.: 55-S

From: Audrey A. Dunkel, Principal Fiscal Analyst

Re: Postsecondary Education Funding

Postsecondary Education Structure

Article 6 of the *Kansas Constitution* directs the Legislature to provide for a State Board of Regents comprised of nine members appointed by the Governor, subject to confirmation by the Senate. One member is to be from each Congressional District, with the remaining members appointed at-large. The Board of Regents is responsible for coordination of all postsecondary education in the State and supervising the operation of the six State Regents' universities. In carrying out this responsibility, the Board:

- Appoints a chief executive officer to administer each university;
- Reviews the mission, role, and curriculum of each university;
- Sets tuition, fees, and charges to be collected at each university;
- Submits requests to the Legislature for funds to operate its universities and central office staff, and for funds to construct, maintain, and equip university buildings;
- Administers student financial aid programs;
- Determines the eligibility of private postsecondary Kansas institutions to confer academic or honorary degrees;
- Registers courses conducted in Kansas by postsecondary institutions located outside of the State; and
- Administers State aid to Washburn University.

The 1999 Legislature expanded the duties of the Board with the passage of the *Higher Education Coordination Act* (Senate Bill 345). Under that Act, the Board is charged with the coordination of all higher education and is responsible for State assistance in support of nineteen community colleges, six technical colleges, and adult basic education.

Postsecondary Education Funding

Postsecondary education funding is distributed through a block grant by the Board of Regents. These funds are in addition to the base budget of the institution – generally the previous year's budget, adjusted for salary and fringe benefit increases. The amount received by the institution is based on the percentage of compliance with the institution's performance agreement with the Board of Regents, as authorized by the *Higher Education Coordination Act*. For the following year, new State funds, whether actually received by the institution or not, are factored into the base in subsequent years for calculating any State funding increases.

State funding is not the only resource for postsecondary educational institutions. Revenue for the State universities typically comes from three sources: State funds, tuition and fees, and other sources (typically with specific requirements for expenditure from these funds). Community colleges receive State funds, tuition and fees, property tax levies, federal funds, and private donations. Technical colleges and area vocational schools receive funding from a number of sources: tuition and fees, State funds, federal funds, private donations, and revenue from the sale of items produced during instruction.

FY 2010 and FY 2011 Governors Recommendation for Postsecondary Education

FY 2010 - Governor's Allotments

On July 2, 2009, the Governor imposed State General Fund allotments or reductions for FY 2010 of \$90.1 million. Included in the Governor's allotted budget were revenue adjustments that resulted in additional State General Fund revenue of \$30.9 million, for a net gain to the State General Fund of \$121.0 million.

Then again on November 23, 2009, the Governor imposed additional State General Fund allotments or reductions for FY 2010 of \$192.2 million. Included in the Governor's further revised allotted budget were revenue adjustments that resulted in additional State General Fund revenue of \$5.0 million, for a net gain to the State General Fund of \$197.2 million. The Governor's State General Fund allotments for FY 2010 totaled \$282.3 million in reductions and \$35.9 in revenue gains.

Allotments listed in the table below are for the FY 2010 approved budget without any required Legislative approval. As it relates to postsecondary education, the allotment adjustments totaled \$17,285,976. The allotments applied to postsecondary education are detailed below:

	Governor's Allotments		
	July	November	Total
<u>University of Kansas</u>			
Operating Expenditures	\$ (2,672,778)	\$ (347,921)	\$ (3,020,699)
Geological Survey	(122,807)	(15,986)	(138,793)
Umbilical Cord Matrix Project	(2,731)	(355)	(3,086)
Subtotal	\$ (2,798,316)	\$ (364,262)	\$ (3,162,578)
<u>University of Kansas Medical Center</u>			
Operating Expenditures	\$ (2,122,384)	\$ (276,275)	\$ (2,398,659)
Cancer Center	(90,833)	(11,824)	(102,657)
Medical Loan Program - KUMC	(54,599)	(7,107)	(61,706)
Subtotal	\$ (2,267,816)	\$ (295,206)	\$ (2,563,022)
<u>Kansas State University</u>			
Operating Expenditures	\$ (2,143,877)	\$ (279,428)	\$ (2,423,305)
Midwest Institute for Comparative Stem Cell Biology	(2,733)	0	(2,733)
Subtotal	\$ (2,146,610)	\$ (279,428)	\$ (2,426,038)
<u>KSU-ESARP</u>			
Cooperative Extension Service	\$ (387,727)	\$ (50,471)	\$ (438,198)
Agricultural Experiment Stations	(617,254)	(80,349)	(697,603)
Subtotal	\$ (1,004,981)	\$ (130,820)	\$ (1,135,801)
<u>KSU Vet Med</u>			
Operating Expenditures	\$ (213,307)	\$ (26,746)	\$ (240,053)
Veterinary Training Program	0	(1,020)	(1,020)
Subtotal	\$ (213,307)	\$ (27,766)	\$ (241,073)
<u>Wichita State University</u>			
Operating Expenditures	\$ (1,358,511)	\$ (176,840)	\$ (1,535,351)
<u>Emporia State University</u>			
Operating Expenditures	\$ (639,921)	\$ (84,222)	\$ (724,143)
Reading Recovery Program	(4,426)	0	(4,426)
National Board Cert/Future Teacher Academy	(2,656)	0	(2,656)
Subtotal	\$ (647,003)	\$ (84,222)	\$ (731,225)

Pittsburg State University

Operating Expenditures	\$ (702,145)	\$ (91,399)	\$ (793,544)
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Fort Hays State University

Operating Expenditures	\$ (683,757)	\$ (89,899)	\$ (773,656)
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Kansas Board of Regents Office

Operating Expenditures	\$ (68,237)	\$ (9,126)	\$ (77,363)
Postsecondary Technical Education Authority	(15,059)	(1,960)	(17,019)
Community College Operating Grant	(1,999,783)	(261,395)	(2,261,178)
Tech Equip at Community Colleges and Washburn	(8,300)	0	(8,300)
Washburn Operating Grant	(228,201)	(29,705)	(257,906)
Postsecondary Aid for Vocational Education	(640,035)	(83,508)	(723,543)
Tech Ed Capital Outlay	(1,491)	0	(1,491)
Tuition Waivers	(1,763)	(30,000)	(31,763)
Vocational Scholarships	(115,863)	0	(115,863)
Nursing Student Scholarship Program	(58,691)	0	(58,691)
Nurse Educator Grant Program	(78,918)	0	(78,918)
State Scholarship Program	(166,468)	0	(166,468)
ROTC Service Scholarship	(3,652)	(26,643)	(30,295)
Military Service Scholarship	(9,796)	0	(9,796)
MHEC Dues	(1,866)	0	(1,866)
Adult Basic Education	(30,349)	(3,951)	(34,300)
Nursing Faculty and Supplies Program	(37,225)	(4,846)	(42,071)
Kansas Academy for Math and Science	(6,857)	0	(6,857)

PEI Infrastructure Debt Service			0
Subtotal	<u>\$ (3,472,554)</u>	<u>\$ (451,134)</u>	<u>\$ (3,923,688)</u>

TOTAL	<u><u>\$ (15,295,000)</u></u>	<u><u>\$ (1,990,976)</u></u>	<u><u>\$ (17,285,976)</u></u>
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These reductions, along with reduction related to debt service payments of \$5,038,114, all from the State General Fund, reduce the budget for postsecondary education to \$2,278.1 million, including \$747.1 million from the State General Fund. The reductions bring postsecondary education funding to the threshold for denial of American Recovery and Reinvestment Act (ARRA) funding.

FY 2011 Governor Recommendation

The FY 2011 Governors recommendation for postsecondary education is \$2,235.8 million, including \$757.1 million from the State General Fund. The Governor recommends an additional \$10.0 million, all from the State General Fund, for postsecondary education. The increase includes \$2.1 million for the postsecondary education operating grant, \$5.0 million for debt service on the Postsecondary Education Infrastructure (PEI) program, and \$2.9 million for debt service payments that were delayed in FY 2010 by the restructuring of bonds.

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