

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Marc Rhoades at 9:10 a.m. on February 7, 2011, in Room 346-S of the Capitol.

All members were present

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
Jarod Waltner, Kansas Legislative Research Department
Shirley Morrow, Kansas Legislative Research Department
Cindy O'Neal, Administrative Assistant, Appropriations Committee
Kathy Holscher, Committee Assistant, Appropriations Committee

Others attending:

See attached list.

- Attachment 1 Kansas Board of Regents Update

Chairman Rhoades welcomed committee members and reviewed the committee agenda.

Representative Gatewood made a motion to introduce legislation to allow fire investigators the authority to determine evidence for additional crimes other than arson during investigations. The motion was seconded by Representative Feuerborn. Motion carried.

Dr. Tompkins, President and CEO, Kansas Board of Regents, presented an update on the Kansas Board of Regents, (Attachment 1). He stated that a 10-year strategic agenda for higher education has been developed. Emphasis was placed on realignment of K-12 and the higher education system, focusing on increased participation and retention in the higher education system, and to ensure students' success to obtain essential skills and credentials to meet the needs of the Kansas economy. President Tompkins reviewed legislative priorities which included continued support of higher education, increased financial aid to students in need, deferred maintenance, implementation of a tiered technical education funding model, targeted program initiatives to support economic needs, and support of the Governor's FY 2012 budget recommendations. He stated that major growth has been experienced in the 2-year higher education systems. A review of student debt and need-based financial aid followed. President Tompkins discussed deferred maintenance issues and noted that most state-owned buildings are 30 years or older with an annual maintenance of approximately \$90 million. Maintenance projects that have been approved and those which have been completed were highlighted. The PEI loan progress and the development of a funding formula for technical training programs was reviewed.

President Tompkins responded to questions from committee members. He stated that additional information will be provided regarding buildings that have been raised and land availability, a prioritized deferred maintenance list based on critical needs and academic purpose, university comparisons with similar mission, size and rankings, and the economic impact on students who have not completed college. In regards to the consolidation of KTEC into the Department of Commerce, he stated that EPSCOR and STAR programs will remain with the Kansas Board of Regents. These programs receive leverage research funding, and a recommendation for an independent party to review of grant proposals and guide the process will be needed, he stated. Discussion followed regarding tax credit incentives, on-line and virtual courses, national rankings and guidelines, shared resources within universities and credit transfers, tier-funded formulas, programs and standards in alignment of business needs. Cultural changes, expectations and the increased interest in 2-year college programs was reviewed. The Technical Education advisory board is responsible for program approval, program alignment and development of the tiered funding formula, it was noted.

Ray Roberts, Acting Secretary, Kansas Department of Corrections, provided an overview of the department, (no attachments were provided). He discussed bed space, the impact of reduced funding, staff reductions, and increased shrinkage rate. With the abolishment of the Kansas Parole Board, three staff members who will make up the Prison Review committee will be absorbed into the central office staff, he noted. The department's goal is to become leaner and more efficient, which includes consolidation of the parole board and facilities, and low or no cost programs. Long term goals were identified and included

CONTINUATION SHEET

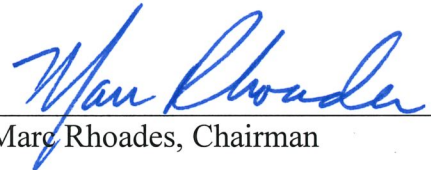
Minutes of the House Appropriations Committee at 9:10 a.m. on February 7, 2011, in Room 346-S of the Capitol.

additional substance abuse and community based programs, upgrade fleet, update technology and radio systems, building repair and maintenance funding secured, facility, resources identified for anticipated increase in high-risk prisoners, and preparation for staff turn-over in the workforce.

Acting Secretary Roberts responded to questions from committee members. He highlighted recent fund raising events sponsored by prisoners, with proceeds to benefit the Spiritual Life Center. Discussion followed regarding prisoner release and transporting issues. He stated that statistics on prisoners leaving or coming to Kansas would be provided. Video conferencing equipment for efficiencies, further research regarding privately owned prisons and contract opportunities with low-risk prisoners should be explored, he stated. The Aramark contract was discussed, and he stated that the contract has not been signed to date, which would be for \$3.5 million over a three-year period and includes a reduction of 11 cents per meal per inmate. He added that the capital needed, to remain operational in the Kansas Correctional Industry, is approximately \$1 million, and the re-entry staff is working with employers to help with recidivism.

Chairman Rhoades reviewed the committee agenda for the remainder of the week, and thanked presenters for attending the committee meeting.

The meeting was adjourned at 10:42 am.



Marc Rhoades, Chairman

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 2-7-11

NAME	REPRESENTING
Derek Henw	HEW LAW FIRM
ROD MENZ	KEARNEY & ASSOC.
Brendan Yorken	Budget
Jonathan Krueger	KBOR
Marilyn Jacobson	DOH
Paul Johnson	Ks. Rural Center
Dennis Williams	KDOC
RAY ROBERTS	KDOC
JEREMY BARCLAY	KDOC
Wigh Klock	Capitol Strategies
Tyler Cantu	Emporia State
DICK CARTER	JCC
Rob Edlestow	KATC
Shannon Little	LGR
Dan ...	Fed Con
Mandy ...	SCOPS
Charles Lee Smith	KMHA
Boyle Brady	C.S.
Phil Hanner	K-State

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: _____

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KANSAS BOARD OF REGENTS



HOUSE APPROPRIATIONS COMMITTEE

February 7, 2011

Higher Education Update

Dr. Andy Tompkins, President & CEO

★ LEADING HIGHER EDUCATION ★

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★ FORESIGHT 2020 ★

A 10-Year Strategic Agenda for Public Higher Education

- ★ Achieve alignment between the state's preK-12 and higher education systems and continue to enhance alignment between higher education institutions.
- ★ Achieve participation in the state's higher education system that better reflects the state's demography and more fully engages adult learners.
- ★ Achieve measurable improvement in persistence and completion rates for higher education institutions.
- ★ Ensure that students earning credentials and degrees possess the foundational skills essential for success in work and in life.
- ★ Enhance alignment between the work of the state's higher education system and the needs of the Kansas economy.
- ★ Enhance the regional and national reputation of Kansas universities through aspirational initiatives.

Appropriations Committee

Date February 7, 2011Attachment 1

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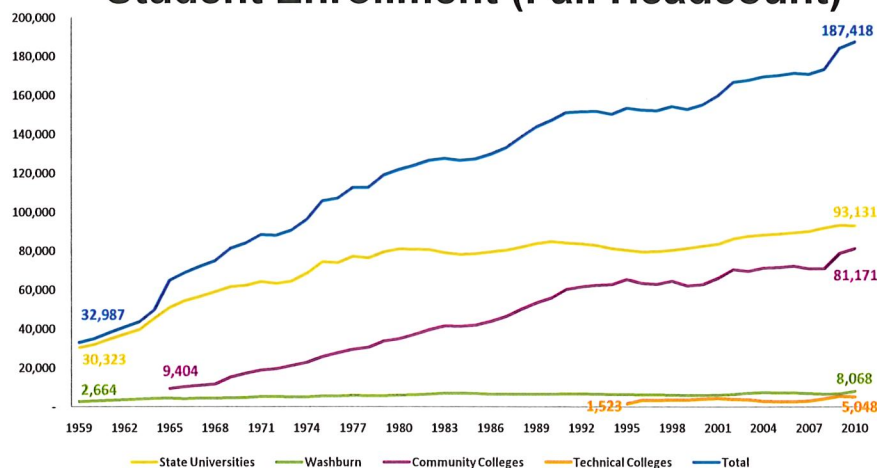
Board Legislative Priorities

- ★ Support Governor's FY 2012 Budget
- ★ Seek Continued Support for the Higher Education System including Kan-ed.
- ★ Increase Aid to Students in Need.
- ★ Address Deferred Maintenance.
- ★ Implement a Tiered Technical Education Funding Model.
- ★ Target Specific Program Initiatives to Support High Need Areas of the Economy.

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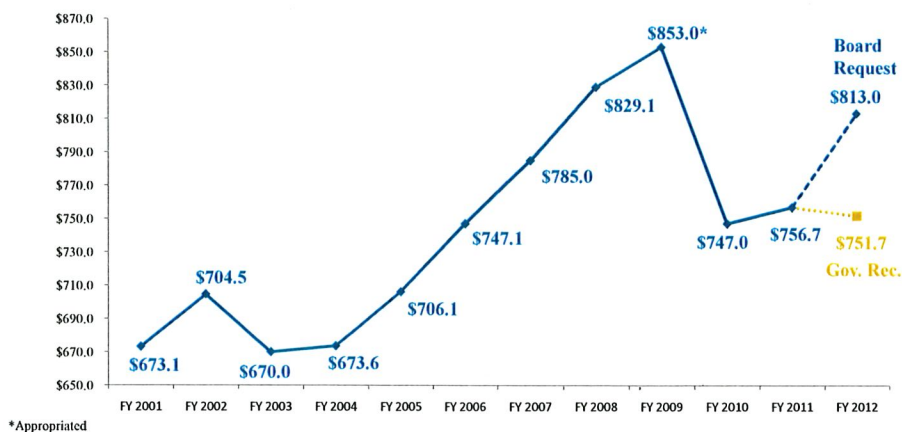
Student Enrollment (Fall Headcount)



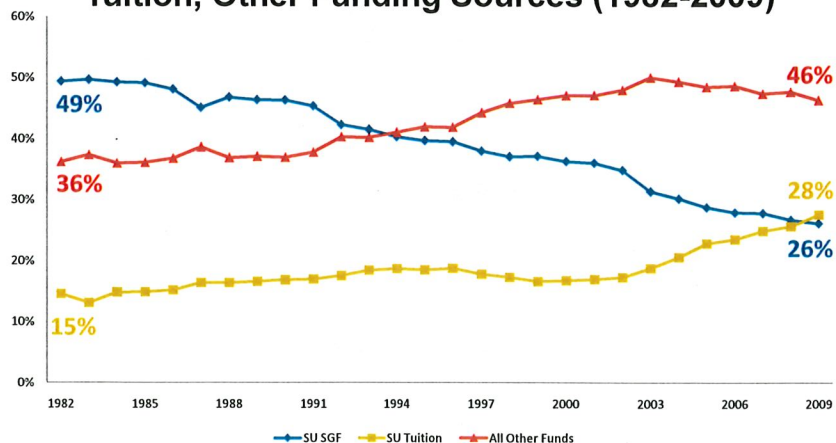
Appropriations Committee

Date February 7, 2011Attachment 1-2

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State Higher Education SGF Funding
(FY01 – FY12)

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Funding for State Universities: State Funding,
Tuition, Other Funding Sources (1982-2009)

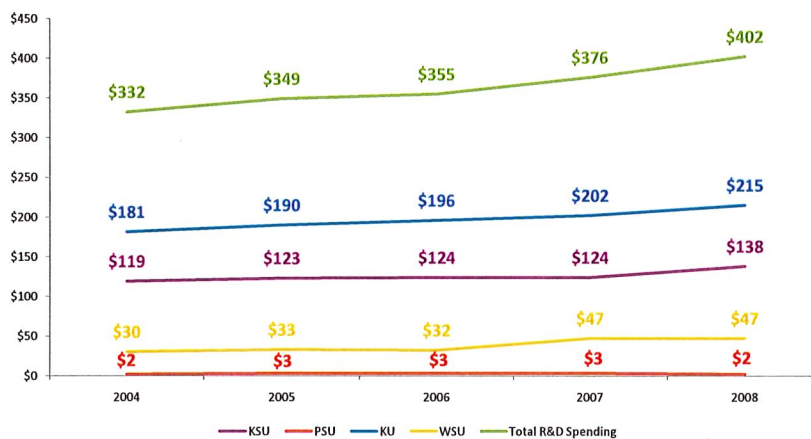
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University Research & Development Spending

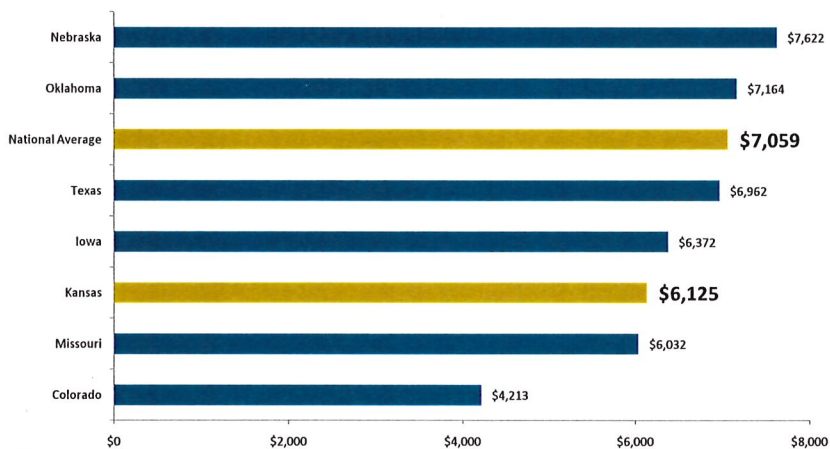


*In Millions

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*How Kansas Compares To The Region –
State & Local Public Higher Education Support per FTE
Student (FY08):*



*Systemwide

Appropriations Committee

Date February 1, 2011Attachment 1-4

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Student Debt

- ★ In 2008, 62% (3 out of every 5) of graduates from public universities had student loans, and the average student debt was \$20,200 – 20% higher than in 2004, when the average was \$16,850 (www.projectonstudentdebt.org).
- ★ In Kansas, 55% of graduates from public universities have student debt (www.projectonstudentdebt.org).
- ★ In the United States, total student loan debt (\$850 billion) now exceeds total credit card debt (\$828 billion) (*USA Today 9-10-10*).

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Average Debt of Graduates

KU	\$23,227
K-State	\$20,704
Emporia State	\$20,226
Pittsburg State	\$19,558
Wichita State	\$18,950
Fort Hays State	\$18,310
Combined Average	\$20,163

Source: KBOR (AY 2009-2010)

Appropriations Committee

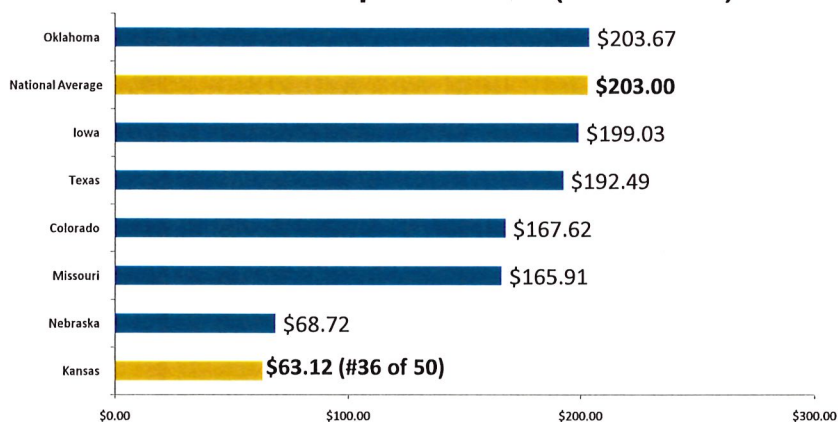
Date February 7, 2011

Attachment 1-5

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Per Capita State Need-Based Financial Aid Contributions per Student (2008-2009):



*Chart includes Big 12 States and national average.

**Per capita based on population aged 18-24, represents aid to all institutions within a state, both public and private.

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Deferred Maintenance

- ★ State universities are stewards for:
 - 818 state-owned buildings which encompass 30 million square feet and represent two-thirds of the state's buildings
 - At least 75% of the buildings are 30 years or older
 - 26,214 acres of land
 - Replacement value of \$7.3 billion
- ★ Deferred maintenance is estimated to be over \$800 million.
- ★ Funds needed for annual maintenance is estimated to be approximately \$90 million.

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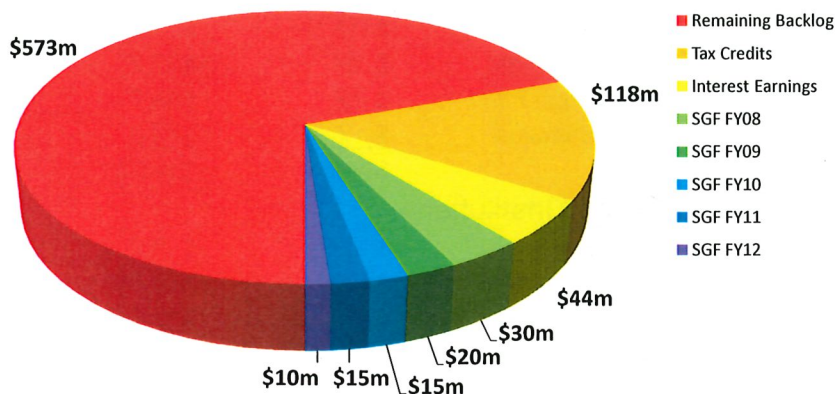
Deferred Maintenance

- ★ In 2007, the Legislature approved a 5-year comprehensive deferred building maintenance plan to help address the State University maintenance backlog estimated at that time to be \$825 million and the maintenance backlog at WU and the Community and Technical Colleges estimated at that time to be \$172 million.

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If Fully-Funded, the Legislature's 5-Year Plan Would Have Addressed 31% of the State University Maintenance Backlog



Source: KBOR

Appropriations Committee

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Deferred Maintenance

- ★ To help balance the State's budget, the Legislature removed \$1.3 million SGF from Year 3 (FY10) and \$15 million SGF from Year 4 (FY11) of the State University deferred maintenance appropriation.
- ★ In addition, the Legislature removed all funding for Year 3 (FY10) and Year 4 (FY11) of the Postsecondary Educational Institution Long-Term Infrastructure Maintenance Program (PEI) no-interest loan program that is utilized by WU and the Community and Technical Colleges.
- ★ However, \$90 million was received for use on deferred maintenance and tuition mitigation from federal ARRA funds.

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Deferred Maintenance

★ State University Summary:

Anticipated in 2007 (in millions)		Actual (To Date)
Tax Credits	\$118	\$ 1.3
Interest Earnings	\$ 44	\$32.7
SGF Through FY11	\$ 80	\$63.7
Federal Stimulus	<u>\$ 0</u>	<u>\$45.8</u>
Total	\$242	\$143.5

★ Coordinated Institutions:

Tax Credits	\$40.5	\$ 3.2
PEI	\$100	\$40.0
Federal Stimulus	<u>\$ 0</u>	<u>\$17.7</u>
Total	\$140.5	\$60.9

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State University Progress

- ★ 96 maintenance projects have been approved by the Joint Committee on State Building Construction, 79 have been initiated, and 42 have been completed.
- ★ Projects include utility tunnel improvements, boiler replacement, waterline improvements, electrical switchgear replacements, ADA improvements, life-safety improvements, and the re-roofing of facilities, among others.

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PEI Loan Progress

- ★ 17 of the 25 eligible coordinated institutions have utilized the no-interest loan program:
- | | |
|----------------------------------|--|
| ★ Barton Community College | ★ Johnson County Community College |
| ★ Butler Community College | ★ Kansas City Kansas Community College |
| ★ Cloud County Community College | ★ Labette County Community College |
| ★ Coffeyville Community College | ★ Manhattan Area Technical College |
| ★ Dodge City Community College | ★ Northwest Kansas Technical College |
| ★ Garden City Community College | ★ Pratt Community College |
| ★ Highland Community College | ★ Seward County Community College |
| ★ Hutchinson Community College | ★ Washburn University |
| ★ Independence Community College | |

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Technical Education Funding Legislative Charge (K.S.A.72-4482)

- ★ “(11) (A) develop and recommend to the state board of regents a credit hour funding distribution formula for postsecondary technical training programs that
 - (i) is tiered to recognize and support cost differentials in providing high-demand, high-tech training,
 - (ii) takes into consideration target industries critical to the Kansas economy,
 - (iii) is responsive to program growth and
 - (iv) includes other factors and considerations as deemed necessary or advisable; and
- ★ (B) establish and recommend to the state board of regents the rates to be used in such funding distribution formula.”

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New Model

- ★ Fund technical education courses “the same” regardless of which institution delivers the course.
- ★ Base the model on data.
- ★ Encourage high-wage, demand-driven education.
- ★ Encourage program growth.
- ★ Establish a “calculated cost” based on data for technical programs.
- ★ Programs are divided into 6 tier rates and tier rates are based on program costs.

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Benefits to New Approach

- ★ Long-term system incentives for increased production of a high-wage workforce.
- ★ Uniform state funding for technical education regardless of sector.
- ★ Data-driven method of funding distribution.
- ★ Allows for strategic investments at the course level.
- ★ Improves linkage between secondary and postsecondary levels.

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Questions?

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

★ LEADING HIGHER EDUCATION ★

Appropriations Committee

Date February 7, 2011

Attachment 1-11