

## **DISCUSS AUTHORITY OPERATIONS BUDGET**

### **Summary**

*The Legislature appropriated \$817,687 from the State General Fund in a separate SGF line item in the State Board of Regents section of the Omnibus Appropriations bill titled Postsecondary Technical Education Authority. This is the amount of funding itemized in the fiscal note that accompanied HB 2556 that established the authority. At the last Authority meeting, Staff was requested to provide a briefing on the operating budget.*

### **Background**

Attachment 1 is the fiscal note submitted on March 8, 2007, to estimate the fiscal impact of HB 2556. The estimated funding for FY 2008 of \$817,687 was appropriated in the Omnibus appropriation bill.

Attachment 2 is a summary of the TEA budgeted expenditures submitted as part of the Board's FY 2009 budget submission on September 15, 2007.

Attachment 3 is a summary of the Board's FY 2009 Unified Budget Request.

March 8, 2007

The Honorable Clay Aurand, Chairperson  
House Committee on Education  
Statehouse, Room 143-N  
Topeka, Kansas 66612

Dear Representative Aurand:

**SUBJECT:** Fiscal Note for HB 2556 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2556 is respectfully submitted to your committee.

HB 2556 would establish the Postsecondary Technical Education Authority, which would be composed of seven members appointed by the Governor. The bill would establish the criteria under which the seven-member Authority would be selected and compensated. Under delegated authority from the Board of Regents, the Authority would:

1. Coordinate statewide planning for existing and new postsecondary technical education programs and contract training with federal agencies, the Kansas Board of Education, other state agencies, and Kansas business and industry;
2. Recommend rules and regulations related to supervision of the program;
3. Review programs and program locations;
4. Review requests for state funding;
5. Develop benchmarks and accountability indicators for the programs;
6. Develop and advocate a policy agenda;
7. Conduct studies of ways to maximize the use of resources and aid in making recommendations for improvements;
8. Conduct studies to develop strategies and programs for meeting business and industry needs;
9. Report on its performance to the Board of Regents and the Legislature; and
10. Coordinate the development of a seamless system for delivery of technical education.

Recommendations adopted by the Authority would require approval by the Board of Regents; disapproval of a recommendation would require a simple majority vote. Subject to appropriations, HB 2556 would require the Authority and the Chief Executive Officer of the

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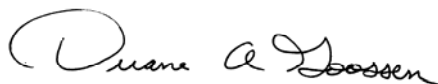
Board of Regents to appoint an Executive Director. The Board of Regents would be required to provide staff, facilities, and other necessary assistance to the Authority. The bill would also require that on or before July 1, 2008, the governing bodies of specified technical institutions submit a plan to merge or affiliate with another postsecondary educational institution or become accredited technical colleges with independent governing boards.

The fiscal effect of any new board depends on factors that cannot be known with certainty, such as the level of staff support and the new Authority's level of activity. Passage of HB 2556 would require additional State General Fund monies for the Board of Regents. While the Postsecondary Technical Education Authority is organizing, the Board of Regents expects that two-day meetings would be held 11 months out of the year. Each meeting would require payment to Authority members of compensation of \$84.80 plus fringe benefits, for a total of \$92.89 per day plus \$99 for subsistence and other expenses, for an estimated total for the entire Authority of \$29,551 ( $\$191.89 \times 7 \text{ members} \times 2 \text{ days} \times 11 \text{ meetings}$ ). With reimbursement for mileage estimated to be \$129 per member per meeting ( $\$129 \times 7 \text{ members} \times 11 \text{ meetings} = \$9,933$ ), the total cost per year for holding meetings is expected to be approximately \$39,484 ( $\$29,551 + \$9,933$ ).

The Authority would be required by the bill to appoint an Executive Director, and the Board believes that the Director would need a four-member support staff. The cost of these 5.00 FTE positions is estimated to be \$475,000 annually for salaries, with an additional \$25,000 for other operating expenses to support these positions. In addition, the Board estimates a one-time cost of \$250,000 in FY 2008 to fund initial start-up costs, which would include consultants, furniture, and computers. The Board of Regents estimates base salary expenses at \$130,000 for the Executive Director, \$80,000 for a senior professional position, \$65,000 each for 2.00 professional positions, and \$35,000 for an administrative position.

All amounts would be from the State General Fund, and the total fiscal effect in FY 2008 of passage of HB 2556, under the assumptions presented above, would be \$789,484. The costs for FY 2009 and out years are expected to be at least \$250,000 less, or \$539,484. The fiscal effect from passage of this bill would be in addition to amounts shown in *The FY 2008 Governor's Budget Report*.

Sincerely,



Duane A. Goossen  
Director of the Budget

cc: Kelly Oliver, Board of Regents

**Kansas Board of Regents  
Postsecondary Technical Education Authority  
Estimated Budget**

<b>Expenditure Category</b>	<b>FY 2008</b>	<b>FY 2009</b>
Salaries and Wages *	\$458,214	\$458,284
Travel	\$73,000	\$73,000
Professional Fees	\$220,000	\$220,000
Capital Outlay	\$50,000	\$50,000
Other Operating Expenditures	\$16,473	\$16,403
<b>Total</b>	<b>\$817,687</b>	<b>\$817,687</b>

\* Positions and Estimated Salary Level

Vice President for Workforce Development	\$125,000
Senior Associate Director	\$85,000
Associate Director	\$75,000
Executive Assistant	\$33,700
Associate Director Communications (50%)	\$27,500
Associate Director Finance (50%)	\$27,500

The budgeted expenditures are as reported in the Kansas Board of Regents FY 2009 Budget Request Document, submitted to the Division of Budget, September 15, 2007.

**KANSAS BOARD OF REGENTS**  
**FY 2009 HIGHER EDUCATION UNIFIED BUDGET REQUEST - STATE FUNDS<sup>1</sup>**  
**September 15 Budget Submission**

	FY 2008 Combined Line Item Appropriations	FY 2009 Increase	% Increase
<b>All Higher Education Sectors</b>			
Combined Operating Grants Total	\$789,427,156		
New Unified Operating Grant - 3.4% HEPI Increase		\$26,840,523	
State Priorities - Investment Increase		\$25,319,455	
<b>Total - Higher Education Sectors</b>	<b>\$789,427,156</b>	<b>\$52,159,978</b>	<b>6.6%</b>
<b>Student Financial Assistance</b>	\$9,257,163		
Comprehensive Grant Program	\$15,689,878	\$3,000,000	
Other Programs - 3.4% HEPI Increase		\$126,844	
<b>Total - Student Financial Assistance</b>	<b>\$24,947,041</b>	<b>\$3,126,844</b>	<b>12.5%</b>
<b>Board of Regents Office</b>	\$3,383,111		
Staff Support to Align with New Higher Ed Initiative		\$250,000	
3.4% HEPI Increase		\$145,620	
Kan-ed Financing Shift - SGF replacement of KUSF	\$2,000,000	\$2,500,000	
<b>Total - Board of Regents Office</b>	<b>\$5,383,111</b>	<b>\$2,895,620</b>	<b>11.7%</b>
<b>Other Postsecondary Education Programs</b>	\$10,601,189		
3.4% HEPI Increase		\$256,003	
Pilot for Part-time Adult Learners		\$200,000	
<b>Total - Other Postsecondary Ed. Programs</b>	<b>\$10,601,189</b>	<b>\$456,003</b>	<b>4.3%</b>
<b>Facility Maintenance State Universities</b>			
Deferred Maintenance Projects <sup>2</sup>		\$56,393,000	
Annual Maintenance Increase		\$28,000,000	
<b>Total - Building Maintenance</b>		<b>\$84,393,000</b>	
<b>Grand Total</b>	<b>\$830,358,497</b>	<b>\$143,031,445</b>	<b>17.2%</b>
<b>Grand Total, Excluding Facility Maintenance</b>	<b>\$830,358,497</b>	<b>\$58,638,445</b>	<b>7.1%</b>

Note: HEPI is the Higher Education Price Index

<sup>1</sup> Table reflects appropriations from State General Fund and Economic Development Initiatives Fund.

<sup>2</sup> This figure is the difference between the amount of funding already approved by the 2007 Legislature (\$20 million SGF; \$8.6 million interest earnings and \$15 million in EBF) and \$100 million, the estimated amount of funds that can be expended on deferred maintenance projects in a fiscal year.

<sup>3</sup> Updated 6/27 preliminary estimate. Assumes budgeting goal of \$84 million in annual maintenance expenditures less \$38 million (est) currently expended in the Physical Plant of the operating budgets of the universities. The difference of \$46 million would be only partially financed with SGF (60%) and the balance with other university funds for an SGF request of \$28.0 million, which would be adjusted by any approved inflation increase to the operating budget.

<sup>4</sup> In addition to the 2009 increase, the Board requests continuation of \$4.0 million in Technical Education Technology & Equipment grants