November 18, 2014

The Honorable Sam Brownback
Governor, State of Kansas
Statehouse, 2nd Floor
Topeka, KS 66612-1590

Dear Governor Brownback:

On behalf of the students, faculty, staff and alumni of Kansas State University, congratulations on your recent re-election as governor. We look forward to another four years of collaboration to continue enhancing Kansas’ higher education system. As you know, a key component to the state’s continued economic growth is a well prepared workforce. The higher education system is a significant producer of this critical resource for Kansas.

This past year, we completed our sesquicentennial celebration which provided students, faculty, staff and alumni the opportunity to reflect on the past 150 years of success at the university. As we look forward, we are on track to continue that success by strategically focusing our efforts through the K-State 2025 visionary plan. Our goal is to be recognized nationally as a Top 50 public research university. Toward that end, we have seen an increase in our endowment to $473.9 million which benefits key areas for our faculty, staff and students. Additionally, the university’s alumni, friends, corporate partners, students, faculty and staff set a new record of $211 million in gift activity. These private funding efforts reflect confidence in the direction K-State is heading in providing a quality educational experience for our students, and the vital research efforts our faculty provide to the state, nation, and world.

Although private funding has increased, state funding is still an essential and substantial component of the financing model for Kansas State University. I appreciate all of your past efforts to hold the base funding steady for higher education. We have worked diligently to honor those efforts by assuring you and the Legislature that state funds invested in the university are effectively managed and produce real results for the Kansas taxpayer.

Our top priority for additional funding is the renovation and expansion of East Seaton Hall, the home of the College of Architecture, Planning & Design. The college has three design programs ranked among the nation’s Top 10 by DesignIntelligence magazine. The rankings, considered the primary source for comparison in the industry, named the graduate program in landscape architecture No. 2 in the nation, the architecture graduate program No. 8 and the interior architecture and product design graduate program No. 7 in the interior design category. The college’s rankings have been high year after year and have boosted our ability to recruit students from across the country as they realize the incredible value of the accredited programs offered. To meet the needs of the growing class sizes and to enhance the student experience the time has come to renovate buildings housing the college. Your prior financial
support for this project is appreciated and is being spent on architectural fees designing the changes and expansion to the current structure.

I would also like to bring to your attention two additional appeal items which require your support and legislative action but do not involve the direct appropriation of state dollars. You are well aware of the substantial investment made by the federal, State of Kansas, and Manhattan governments in the National Bio and Agro-defense Facility which will be located in Manhattan. Construction of the central utility plant is progressing well and I look forward to breaking ground on the main facility.

As you know, the state has committed $35 million in support of the NBAF project to the Department of Homeland Security by providing $5 million over seven years to Kansas State University. The funding is being used to continue critical NBAF disease research while construction of the main facility continues. So far three years have been appropriated beginning in FY 2013 through FY 2015 totaling $15 million through a transfer of funds to the National Bio and Agro-defense Facility Fund. The balance of the funds is requested to continue in FY 2016 and FY 2017 and beyond to FY 2019 to fulfill the commitment by the state for the NBAF project. This funding is critical to completing disease research impacting the state and nation and will expedite the transition of research from Plum Island when NBAF opens.

Lastly, our student body voted to support a $25 million renovation and expansion project for the K-State Student Union in a 2013 referendum. Originally constructed in 1956, the Union is a vital component of the main campus student experience. The planned enhancements will touch all facets of the Union, including expanded student organization space, dining facilities and retail options. The project is financed with a $20/semester increase in the student privilege fee which was approved by a student referendum and collections began this fall. No state funds support this project, and we request your approval for bonding authority.

I urge you to continue your efforts to hold the base state funding flat for postsecondary education. I pledge my full participation as you and the Legislature work to balance budgets during the next few months. Thank you for the opportunity to respond to the Division of Budget recommendations for Kansas State University. I would be pleased to answer any questions you or your staff may have regarding our budget request.

Sincerely,

Kirk H. Schulz
President

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cc: Members, Kansas Board of Regents
     Dr. Andy Tompkins, President and CEO, Kansas Board of Regents
Appeal of the Budget Director’s Recommendations:

**FY 2016 & FY 2017**

- Appeal: College of Architecture, Planning & Design – East Seaton Hall Renovation and Addition
  - Debt Service $5,000,000

  Kansas State University’s top additional funding priority is $5 million from the State General Fund (SGF) in FY 2016 and FY 2017 to support the College of Architecture Planning & Design’s renovation and expansion of Seaton Hall. $1 million in FY 2014 from Educational Building Fund (EBF) and $2.5 million in FY 2015 was approved from both the EBF ($1 million) and SGF ($1.5 million) to hire an architect to design the expansion and renovation.
  - Bonding Authority $75,000,000

  Included in our request is bonding authority of up to $75 million for this project for FY 2016 and FY 2017. The debt service will be repaid using the $5 million from the SGF which will be matched with private funding and tuition revenue generated through increased enrollment. The continued investment of funds will enable the university to move forward with creating a 21st century learning and research facility.

- Appeal: Continuation of funds for the National Bio Agro-Defense Facility Fund $5,000,000

  As part of the state’s funding commitment for NBAF, $5 million is transferred annually to the university’s National Bio and Agro-defense Facility Fund. A total of $35 million was committed by the state as a part of the package for securing the NBAF facility in Kansas. So far three years have been appropriated beginning in FY 2013 through FY 2015 totaling $15 million.

  As stipulated in the fund’s enabling legislation, all expenditures from the fund must be in accordance with the strategic plan adopted by the governor’s National Bio and Agro-defense Facility steering committee. The majority of funds will be expended on Rift Valley Fever (RVF), African Swine Fever (ASF), Classical Swine Fever (CSF) and Japanese Encephalitis (JE) research. A smaller amount will go towards research and training by faculty and students at the Plum Island Animal Disease Center (PIADC) and the Australian Animal Health Laboratory (AAHL). These efforts will begin to develop the skilled Kansas workforce that will be needed to facilitate the transition of research when NBAF opens. The transfer of funds will sunset in legislaton at the end of FY 2015. The balance of the funds is requested to continue in FY 2016 and FY 2017 and beyond to FY 2019 to fulfill the commitment by the state for the NBAF project.

- Appeal: Bonding Authority for K-State Student Union Renovation $25,000,000

  The FY 2016 capital improvement plan approved by the Board of Regents includes the Student Union renovation project to update an outdated food service model and address inefficiencies of the current
student union as well as the needs of a growing student body. Originally built in 1956, the Union has been an important part of campus life for students and the many others who utilize its services daily. The project is funded by a $20/semester increase in the student privilege fee (beginning fall 2014, for students taking classes or the Manhattan campus). The fee was approved in a spring 2013 student referendum.

Summary Appeal of Recommendations:

In support of the Board of Regents FY 2016 budget request, we ask that the following items be included in your recommendations to the 2015 Legislature:

- **College of Architecture, Planning & Design—East Seaton Hall Renovation and Addition**
  - Base increase for debt service support $5,000,000
  - Bonding Authority $75,000,000

- **Continuation of Funds for the National Bio and Agro-defense Facility Fund** $5,000,000

- **Bonding Authority for K-State Student Union Renovation and Expansion** $25,000,000