

Testimony Presented to House Education Budget Committee
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Good afternoon Chair Gordon and Members of the House Education Budget Committee,

I am Kirk Schulz, President, Kansas State University. Thank you for the invitation to appear before you this morning.

FY 2012

- K-State supports the Governor's FY 2012 budget recommendation for higher education. We appreciate the Governor's recognition of the long-term benefit of maintaining the State's investment in higher education.
- Even with no further State General Fund reduction in FY 2012, K-State has to address about \$13.1 million in fiscal needs.
 - We need to provide resources to fund a 15% increase in Group Health Insurance costs, to slightly increase the level of financial aid provided to our students and to fund increased utility costs.
 - We need to provide resources to increase student financial aid. This is particularly important to K-State because 25% of our student body is Federal Pell Grant eligible – the most needy student body among the state's four-year public institutions.
 - To be sure we can retain our critical faculty; we need to identify funding to modestly increase the salaries of our best and brightest. These people are of central importance as we progress towards becoming a top 50 Public Research University - we can't afford to lose them and the resources they attract.
 - We also need to increase our investment in Graduate Research Assistants to attract the best and brightest future researchers to Kansas State.
 - We plan to fund these needs with funds from enrollment growth, a modest tuition increase and internal reallocations.

The recent past

- K-State's FY 2011 General Use Budget, consisting primarily of State General Fund (SGF) appropriations and tuition, is about \$340 million.
- K-State's FY 2011 State General Fund (SGF) appropriation is about \$22 million (12%) less than beginning FY 2009 levels.
- Additionally, during FY 2010 and FY 2011, K-State had to provide \$11 million in base resources to fund cost increases for employer group health insurance and for other needs such as utilities and classified pay plan adjustments.
- This means that, over the last two years, K-State addressed \$33 million in funding challenges.
 - Budgets were reduced by a total of \$14 million in FY 2010 (3.5% for academic units and 5% for non-academic units).
 - Budgets of non-academic units are being reduced an additional \$8 million in FY 2011 and FY 2012 in a targeted manner.
 - Tuition rate increases of 3.9% in FY 2010 and 3% in FY 2011 resulted in \$11 million – enough to fund most required cost increases.
- The base funding reductions have been made by reducing positions, partially meeting critical needs with part-time temporary replacements, reducing our student employee labor force; and

by cutting non-salary expenditures. K-State has tried very hard to not significantly reduce course offerings but has combined or delayed offerings of several sections across all colleges. As a result, many faculty members were assigned heavier teaching loads, creating workload discrepancies. For example, six faculty members in architecture taught double studios, which are huge teaching loads with nearly 20 contact hours. These increased teaching loads in all colleges affect faculty member's ability to contribute to masters and doctoral committees or to produce scholarly work and competitive research opportunities.

- Because of the extraordinary efforts of our faculty, staff and students, we are meeting our core mission. Our enrollment was up in FY 2010 and it continues to be strong this year. Additionally, extramural research awards continue to be healthy and we are meeting our significant service and outreach mission.
- This year, with agreement from our students, we started collecting a \$10 per hour instructional support fee that is expected to produce about \$5 million per year. These funds are being allocated directly to colleges and are being used to help restore and stabilize the quality of our core academic programs.
- Over the course of the last 30 months, K-State has endured its share of the State's budget burden. Despite the challenges, our campuses are vibrant, productive and growing. We are actively engaged in a planning process that will result in K-State becoming a top 50 public research university by 2025

Tuition

I cannot overemphasize the important role that tuition plays in our overall budget at K-State. Budgetary support provided by tuition revenue is now almost equal to support provided by the State General Fund. We use tuition revenue for basic operations such as faculty salaries, information infrastructure, library holdings, instructional supplies and equipment, and student employee salaries. We would not have been able to maintain the quality of our academic programs without additional tuition revenue in recent years. Eight years ago, K-State's resident tuition and required fees ranked 10th in the Big XII Conference and 127th of 177 institutions belonging to the National Association of State Universities and Land Grant Colleges (NASULGC). This year, we rank 9th in the Big XII and 97th in the NASULGC group. We continue working with the Student Senate Special Committee to draft a tuition plan for the coming year that is supported by our students. Those discussions focus on balancing affordability with maintaining the quality of a K-State education.

Sample efforts to increase efficiency

- **Early Warning System for Low Enrollment classes:** We have implemented an "early warning" process to assist departments in the identification of low enrollment classes.
- **Changes in Course Offerings:** Departments examine their recent class enrollments to determine whether current courses can be taught less frequently or cancelled if enrollment trends suggest a history of low enrollment.
- **Collaborations:** Kansas State University has 2+2 partnerships with 14 Kansas community colleges and 4 out-of-state community colleges that provide students an opportunity to complete an associate degree through their local community or technical college and then complete an entirely distance-based bachelor's degree through Kansas State University. Additionally, Kansas State University's Institute for Academic Alliances (IAA) has worked collaboratively with SHEEO, APLU and accrediting boards to establish the Great Plains Interactive Distance Education Alliance (Great Plains IDEA) and the Big 12 Engineering Alliance. The Great Plains IDEA Human Sciences initiative capitalizes on the talents of faculty at 14 institutions from 10 states to offer 7 masters programs. The Great Plains IDEA Agriculture

initiative, a more recent effort, offers 4 programs. Over 570 students were enrolled in Great Plains IDEA courses in fall 2010. The Big 12 Engineering Alliance is a collaborative effort of Big 12 Engineering schools to share coursework in selected programs with nuclear engineering being the first collaboration. Both the Great Plains IDEA and Big 12 Engineering Consortium are governed by boards of institutional personnel.

- **Increasing Access through Distance Learning:** Through distance education, K-State currently offers over 400 courses, 14 bachelor's degree completion programs, 20 masters and 9 certificate programs. K-State is currently developing several new online courses, as well as two new bachelor's degree completion programs, two new masters programs, and three new online certificate programs.
- **Faculty Workloads:** Data from a recent University of Delaware's National Study of Instructional Costs and Productivity clearly shows that, compared to our peer institutions, across a wide range of departments, K-State is (1) more efficient in terms of total student credit hours produced and FTE students taught, and (2) less costly in terms of instructional expense per student credit hour and per FTE student. We believe that our faculty teaching loads reflect a very efficient use of resources and productivity, particularly given the recent decrease in available personnel. An important aspect of a research university is the amount of faculty time allocated to conducting research. This research generates a significant portion of funding for the university. In fact, 20% of our overall university budget is funded by extramural support obtained directly from faculty research grants. That funding typically comes from outside the state, significantly enhances the educational experience, and frequently results in knowledge that enhances the State economy. In thinking about increasing faculty instructional assignments, we must recognize that any efficiency gained with respect to teaching loads may be outweighed by the loss of extramural funding. For example, our FY 2010 level of extramural funding at K-State (\$147 million) was generated by faculty members whose research assignments totaled approximately 300 FTE. This means that each tenth of faculty research time generated over \$45,000 of extramural funding.
- **Library Subscription Database Consortia:** University libraries participate in three consortia: Greater Western Library Alliance, Regents Libraries Database Consortium, and EPSCOR Science Information Group. Because we are members of these consortia, we pay for database subscriptions at a lower rate than if we subscribed to these services on our own. In addition, the database memberships and licenses allow us to avoid hardcopy procurement costs.
- **Sharing of Technology and Specialized Equipment:** There are continuous efforts to create research centers and spaces to share expensive research equipment and expertise among academic departments. Early examples were the KSU Electronic Design Laboratory and the Biotechnology Center. Most recently, the Lipidomics Center and the Bioinformatics Center have been established. Other examples involve the sharing of technology, such as equipment for confocal microscopy, laser research and flow cytometry. Our research centers are often formed with an infusion of federal research dollars, allowing a shift of funding from state resources. Furthermore, they provide our faculty members with the equipment, skills, and expertise to be successful in applications for additional research funding as well as allowing us to avoid needless duplication of equipment.
- **Electronic Student Billing:** We now produce only on-line bills for our students. This decision has resulted in savings for printing, envelopes and postage—and produced a favorable change in bill collection patterns. For example, our volume of electronic payments increased from 8% of the total cashing volume to over 25% since 2007. At the beginning of this fiscal year we began offering online signup for the University managed Tuition Installment Payment Plan. This plan provides students a low cost and effective method for spreading tuition costs over a longer time during a semester. On-line access has increased plan usage by approximately 35%.

- **Electronic Dissertation and Thesis Submission:** Over a year ago we instituted a policy requiring all doctoral and masters graduate students to submit their dissertations, theses, and reports in electronic (PDF) form. Under this new policy, students submit their documents to the K-State Research Exchange, a website developed for that purpose. The time it takes Graduate School and university library staff to review and process these documents has been greatly reduced and approved documents are typically available online within a few days of submission. In addition, our students save the cost of reproducing their dissertations and theses. This approach also means that K-State theses and dissertations are automatically indexed by Google and other search engines—thus greatly expanding access to academic research done by our students.
- **Electronic Conferencing:** Agricultural Research and Extension is using new media technologies such as *Wimba* and *Connect* to facilitate employee training at its remote sites located across the state.
- **Reorganizing Media and Print Services:** The Vice President for Communications and Marketing is working with Agricultural Research and Extension and other campus units to centralize and share print, radio, and television functions. The synergy is resulting in higher quality information for news media outlets and local Extension offices. This approach more appropriately meets audience demands, represents a more efficient structure, and capitalizes on the use of technology to deliver information more effectively.
- **Developing a Learning Management System:** K-State has developed and deployed a very functional in-house learning management system known as *K-State Online*. This system allows K-State faculty to supplement traditional face-to-face instruction with additional web-based information and to efficiently communicate with students electronically. *K-State Online* is used in more than 2,300 of our courses. This system is also used as our platform for providing distance courses. Because we developed this comprehensive system in-house and maintain it with existing university staff, we are able to avoid uncontrollable annual increases in license, maintenance and external support costs associated with commercial products such as BlackBoard.
- **Grounds Maintenance:** We are expanding the use of technology to reduce water use and we are using mulching mowers to help reduce fertilizer costs. Employees are using bicycles rather than motorized vehicles as they conduct routine campus grounds tasks such as watering and weeding. Additionally, we have optimized landscape/grounds staff size through better lawn maintenance scheduling and equipment selection.
- **Cash Management:** We have centralized our cash management and check writing processes through the State of Kansas.
- **Transactional activity processing:** Transactional activity processing through the state allows us to be part of the state financial reports, eliminating the need to have an external audit of our independent annual reports.
- **Processing of student refunds:** We are pursuing plans that will require all student refunds to be processed electronically. Currently over 50% of such transactions are processed electronically.
- **Business Procurement Card Usage:** K-State has traditionally been a heavy user of the State's business procurement card (BPC). We are increasing training, card issuances and card limits, consolidating card types, and analyzing all purchases as they come through the system. For transactions appropriate for BPC usage, we are educating the campus on the benefits of using the card.
- **Outsourcing:** KSU has already outsourced its bookstore, K-State Student Union food service, vending services and a great deal of facilities work. Further outsourcing opportunities will be continually explored.

- **Energy Conservation Projects:** K-State has entered into two energy conservation projects. The first will be to install well systems and replace exterior lighting. The second is to replace fume hoods across campus and to upgrade the central chill plant and chilled water distribution system. Energy savings will repay the investment. Additionally, we are developing an in-house behavior-based energy saving program.
- **Electronic Course Catalogs:** We have replaced our printed undergraduate and graduate course catalogs with electronic versions and no longer publish paper copies. The electronic catalogs, which operate in a secure hosted environment at an off-campus site, provide timely information in a user-oriented, searchable format. The electronic versions replace a 300 page undergraduate catalog and a 200 page graduate catalog that in the past had been revised and reprinted on a two-year cycle. The printed catalogs had been provided to entering students, transfer students, faculty, and university departments at no cost. In converting to the electronic catalog, we are saving more than 7 million pages of paper every two years.
- **Converting Paper Documents to Electronic Form:** There is an on-going effort to move space-consuming, difficult-to-access paper documents to an electronic environment. More than 2.5 million paper documents are now stored securely in electronic form for the Office of Student Financial Aid, the Registrar's Office, the Human Resources Department, K-State Salina administrative offices, Environmental Health and Safety, Academic Services and the Graduate School.
- **Recycling:** K-State has partnered with the City of Manhattan (using City and University funds) to establish a recycling center on campus. We also manage a website that advertises used equipment (e.g., computers, printers, furniture) for use by the members of the university community. Housing and Dining Services is an active recycler and has an *All Taste...No Waste* campaign to reduce the amount of excess food that ultimately ends up in the waste stream.

Deferred Maintenance

The most recent report on State University Deferred and Annual Maintenance estimates it would cost over \$300 million to bring all K-State buildings and infrastructure to good condition. In recent years, \$30 million (depending on funding availability) was provided by the 2007 legislature and \$13.8 million in ARRA funding was made available. Upgrades to our utility infrastructure (the Frankenstein room), roofs, building exteriors, building plumbing and HVAC systems and basic building improvements have been made possible. However, additional funds will be required to continue addressing the deferred maintenance backlog. Any funding made available will be wisely used to help us continue to meet our core mission and to preserve the State's investment in K-State.

K-State's Impact

- **K-State awards about 4600 degrees per year**
- **K-State has 265,000 living alumni and friends – about half live in Kansas**
 - 80% of licensed DVMs in Kansas are K-State grads
 - 70% of students earning Bachelor's degrees from Agriculture stay in Kansas
 - More than 60% of bachelor's graduates in Business stay in Kansas
 - 37% of living engineering alumni reside in Kansas
 - Engineering degree results in **increased** lifetime earnings of about \$1 million on average
 - K-State's awards 450 BS degrees/yr; 130 graduate degrees/yr; about 50% of Kansas degrees
 - In 2006 (latest data available), the industry workforce payroll in Kansas was approximately \$39 billion; about 33%, \$12.5 billion, is attributable to engineering
 - Nearly 6,000 K-State graduates currently teach in Kansas' schools; they influence the education of literally hundreds of thousands of P-12 students daily

- **English as a Second Language program has prepared thousands of teachers** to educate the State's large and growing population of second language learners, significantly impacting the education of the workforce across the entire state
- **K-State received \$147 million in research funding in FY10;** most funds come from outside Kansas and are spent in Kansas
 - Enhance faculty salaries
 - Create new jobs: research faculty and staff, technicians, post-docs, students
 - Purchase equipment and supplies
- **Research on fungicide applications to wheat, pasture and grazing management techniques, and wheat breeding have resulted in annual cost savings and increased revenue of more than \$250 million.**
- **K-State researchers are responsible for development of more than 70% of wheat varieties grown in Kansas.** For wheat breeding alone, \$17 is returned to the Kansas economy for each \$1 spent on research.
- **\$3 million in Arts & Sciences externally funded research projects have a direct impact on Kansas.**
 - Studies of the tall grass prairies and the Konza Prairie
 - Developing policy scenarios for sustainable water use in the High Plains Aquifer
 - Studying effects of bio-fuels development on rural communities
 - Identifying source, impact and mitigation of climate change in the Great Plains
- **\$3.9 million over 20 years has been provided to K-State from KDOT's K-TRAN program** that has resulted in documented benefits to Kansas of \$110 million (per documentation generated by KDOT).
- **Sensory Analysis Center accepts contracts worldwide** to provide sensory analysis of products
- Institute of Environment Research accepts contracts from throughout the nation to provide thermal testing of apparel and other textile products
- **\$4.25 million HUD grant to the Mid-America Regional Council in KC**
 - Kansas City Design Center, operated jointly by K-State College of Architecture, Planning and Design and KU School of Architecture, Design and Planning, is one of the significant partners
 - Students and faculty will be major contributors to research and design aspects. Presence in Kansas City and in-kind contributions served as significant leverage in obtaining this grant.
- **NBAF is a \$650 million state-of-the-art Biosafety Level 4 federal lab** that will tackle diseases threatening the nation's agricultural economy and food supply.
 - Create up to 1,500 construction jobs / 450 permanent jobs at the lab
 - Expected economic impact of \$3.5 billion in the first 20 years

Conclusion

Thank you for the opportunity to appear before you today. While we understand fiscal reality, we will always strive for excellence through hard work, creativity and collaborative decision making. We are involving our best people in determining how to meet our purpose during these difficult times. But we cannot be successful by ourselves—we need your help. We will do our part to help the Governor and Legislature achieve the best for the State of Kansas. I would be pleased to answer any questions you may have.