

Written Testimony HB-2144 dealing with Community College transparency and accountability

Chairman Huebert and Committee Members

February 8, 2019

I write in support of HB-2144, which provides protections to local taxpayers and students. This bill is necessary because as CC's have evolved from a local focus to a regional focus - the local taxpayers have remained on the hook. A quick history and set of numbers. Many of the 19 Kansas Community Colleges (CC) were started nearly 100 years ago - located in a portion of the local high school to serve as the 13th and 14th grade - to provide educational opportunities to mostly rural areas at the time unable to connect to urban areas by today's transportation and internet infrastructure. Today, the 19 CC's teach 114,247 total students and 47,456 full time equivalent students (FTE) *KBOR CC Databook table 3.1 & 3.2*, each CC with multiple campuses and a significant on-line presence.

For KBOR defined Education Costs (Instruction, Student and Academic Support and Institutional Overhead), CC's spend \$9,617 per FTE *KBOR CC Databook table 1.11a*. (Note - ESU,PSU,FHSU spend \$8,867 per FTE - *KBOR St U Databook table 1.40*). Half of the Education Costs (\$4,936 per FTE) *KBOR CC Databook table 1.11b & 3.2* is subsidized by local property taxes. One final number - illustrating the relevance of this bill - over 60% of all CC students are "outside" the home CC county, and therefore pay no mill levy. CC's are not necessarily a lower cost education - they are an education subsidized by local taxpayers to the majority benefit of non-local taxpayers - a wealth transfer - and in many cases from poorer communities to wealthier.

That said, there appears to be vast differences in the way CCs operate. Nearly 80% of Johnson CC's students are in-county, whereas nearly 80% of Butler CC students are out of county. Many CC's serve a large area with low population density. It is important to note - in each of the cases above - this legislation does not change current funding. This legislation does not propose "cuts". Instead, this legislation provides taxpayers and students with a level of accountability and transparency consistent with other consumer and taxpayer protections.

Anecdotal reasons for this bill would include:

- A legislative post audit in February 2008 found that many CCs were not following the practice of returning 80% of increases in state funding to local taxpayers.
- A recent Wichita Eagle article noted athletic scholarships are most scholarships given, and the vast majority of athletic scholarships are given to out of state students - these scholarships are funded in part by student fees. It is my understanding there is litigation percolating on this issue - tuition and fees are a distinction without a difference.
- Stories - exaggerated, fabricated or not - of students having 15-25 credit hours not transfer to regents' school abound. This is not good for anyone - reputation of CC, taxpayer, student.
- Butler CC announced plans last summer to remodel/expand a satellite campus adjacent to Sedgwick county to the tune of \$14M. Statute exists spelling the obligation of CCs to

use a special – protestable mill levy for this purpose. Butler CC is arguably circumventing this issue by using cash built up from prior operations and possible off-balance sheet lease financing. A regents university could not do this without regents approval. Imagine your USD undergoing a \$14M capital expenditure without specific voter approval, much less with the voters not having any petition or protest rights? Further then imagine if that building served a student body of which almost 90% did not even live in your USD, and therefore paid no tax? This is what is happening to Butler County residents.

- CCs will say they haven't been fully funded by the state and need more \$'s. I view the fact that a CC having \$14M of cash to use on a building project without even seeking the will of the people is proof they do not need more tax \$'s.

There are future issues to be considered. The apparent volume-based formula used by the state to fund CCs encourages CCs to compete with one another for growth, without regard to efficiency, duplication or local taxpayers. The rise in dual credit classes – concurrent, early academy, etc. – appears to be forcing state and local taxpayers to be paying twice, at the same time for the same student. However, if or until any of these issues can be considered, this bill provides desperately needed taxpayer protest rights, student protections and institutional information sharing to inform and protect citizens under the current trustee governance structure.

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CC: Rep. Williams, 77th District