



**Chancellor Robert Hemenway's Testimony to the
Kansas House Education Budget Committee**

February 25, 2009

Chairman McLeland and members of the subcommittee: Thank you for allowing the University of Kansas this opportunity to discuss our mission and KU's role in creating a prosperous state.

At its heart, KU is an institution devoted to the future. And as I provide testimony to you for what I assume will be the final time before stepping down as Chancellor, I do so with a great sense of optimism about the future of KU and of our state.

Yes, we face serious economic challenges. But Kansans have faced trials before and overcome them, starting with the pioneers who founded our state.

Kansans still possess a proud pioneer spirit. As I had the opportunity to travel around Kansas these past 14 years, I saw that Kansans share a sense of optimism about the future, a willingness to take risks and break new ground, and a belief in the importance of working together for the common good.

As the state's flagship university, KU has a responsibility to reflect those values.

Through the more than 6,000 students who earn degrees from KU each year, we demonstrate our commitment to the future and provide the talented workers our businesses require.

Through the cutting-edge research that takes place here, we challenge old ideas and make new discoveries that improve all of our lives and provide the innovations our economy needs.

And through the countless ways KU works for Kansas, we embody the spirit of community that has bound us together as a state for nearly 150 years.

Those values will continue to guide us as we face the challenges brought on by the global economic slowdown.

First and foremost, KU remains committed to the future, in particular to the students who will become workers and leaders in the Kansas economy upon graduation. Without their skill and energy, our economy will never recover its former prosperity. That is why I have repeatedly emphasized during our budget discussions the need to protect academic programs and student scholarships as much as possible.

But the state is not the only victim of the financial crisis. Families throughout Kansas are hurting, too, which is why KU remains committed to keeping college affordable and why we plan to continue to offer the Four-year Tuition Compact.

The compact guarantees students a set tuition rate for four years, giving families the ability to know in advance what college will cost. It is an important part of our commitment to our students and to the state of Kansas to provide a quality higher education at an affordable price.

The challenge of budget cuts

When we look at the overall budget picture, KU recognizes the need for budget cuts during these difficult economic times. But we also recognize the need for prudence and balance in those cuts to ensure our state's long-term prosperity is not damaged by cuts needed to close short-term budget gaps.

We have implemented the 3 percent cuts already called for, which total \$4.6 million on the Lawrence campus and \$3.7 million at the Medical Center, and are working to implement the additional 1.25 percent cut for FY 2009 that was recently signed into law.

In Lawrence we have delayed hiring, delayed technology investments, and generally cut back on operating costs wherever possible to make this reduction. The Medical Center put in place a 90-day-hiring delay earlier in the budget year and has continued to hold some positions vacant.

Cuts of the magnitude proposed in the Governor's budget, which in FY 2010 would total roughly \$10.8 million for the Lawrence campus and another \$11 million for the Medical Center, would undoubtedly harm our ability to maintain the promise of a quality, affordable education to our students and jeopardize the economic future of our state.

In preparation for a cut of this size, at the Lawrence campus we will lay off 11 employees effective June 30, we have not filled 110 vacant positions, have delayed hires and trimmed funds for student jobs. Administrative areas were tasked with cutting more than academic areas, though half of the positions we are not filling on the Lawrence campus are faculty positions, meaning fewer course offerings and larger class sizes.

The situation at the Medical Center is even more serious. I told you the Governor's proposed cut for the Medical Center is \$11 million. By means of comparison, the entire School of Nursing budget is \$8.9 million, so that gives you an idea of the impact the proposed cuts would have.

At this time the Medical Center's preliminary plan for dealing with a FY 2010 reduction of 7 percent in SGF funding would require the elimination of 76 positions, 47 of which are occupied, and reductions in appointment for 29 more positions. In addition there would be a reduction at KUMC of \$2.3 million in expenditures for new equipment, technology, maintenance and program support.

The proposed cuts also jeopardize the expansion of the School of Pharmacy, for which \$20 million in bonds have already been issued, and our projects to address the critical deferred maintenance needs of our campus infrastructure. So far we have undertaken a number of projects, including replacing century-old utility tunnels that, if they had failed, would have seriously impacted our ability to operate. Without funding for these and other projects, the deferred maintenance needs at KU will only continue to grow.

At both campuses, cuts above what the Governor has recommended, such as SGF cuts of 10 percent or greater, would significantly harm our students and damage our ability to educate the workers our

economy needs now and in the future. These cuts would result in additional layoffs, as well as furloughs of remaining employees. This would cause further increases in class sizes, in addition to reductions in course offerings that would likely impact students' ability to complete their degrees in a timely fashion.

Kansas' economy harmed by cuts to higher education

These cuts would also have a direct impact on the people and economy of our state, because the workforce needs of the state continue to grow, despite the tough economic times.

Many academic disciplines of great importance to the state economy have strict accreditation requirements when it comes to teacher-student ratios. We would have to reduce the number of students we admit into many fields as a result of cuts beyond the Governor's recommendations.

Many of these fields are already facing severe shortages and because it takes four or more years to educate a student in these areas, cutting the number of students we admit will only serve to reduce the number of students we graduate in several years when the economy has recovered and is in need of educated workers.

For example, the shortage of pharmacists has not abated, with six counties still having no pharmacy and another 31 having only one. Through the expansion of the School of Pharmacy you approved last year, KU will help meet this shortage and ensure all Kansans have access to the critical health service provided by pharmacists. But that expansion is threatened by budget cuts, as is our ability to provide the number of instructors required to admit as many students to the program as Kansas needs us to in order to close this gap.

Similarly, the need for math and science teachers is still acute, which is why our UKanTeach program is increasing the number of teachers in these fields. The goal is to double the number of math and science teachers that graduate from KU each year to about 50, but even meeting this goal will not address the gap that exists in Kansas, where several hundred math and science teachers retire or leave the profession each year. Further cuts to our budget will impact the ability of our School of Education to train the teachers Kansas schools need in math, science, and the whole range of other academic areas.

KU is also working collaboratively with Kansas State University and Wichita State University to address the need for skilled engineers. Collectively the three institutions graduate roughly 875 engineers a year, but this does not meet the need in our state now or over the next decade, when the demand for graduates in engineering fields is expected to double.

Similarly, we know we need doctors, nurses and health professionals now. The need has not abated due to the economic downturn, yet cuts to the Medical Center beyond the Governor's recommendations would severely compromise our ability to meet that need.

Finally, while seventy percent of KU students are from Kansas, the number of students graduating from Kansas high schools has begun a demographic decline. That's why we are supporting a proposal that would allow us the freedom to innovate in the area of student recruitment, specifically to recruit students with existing family ties to our state to attend KU. HB 2007 would give us the

ability to bring more of these students to KU, increasing the likelihood that they would stay and contribute to our state economy upon graduation.

Again, we recognize the difficulty faced by all of state government and we are willing to do our part. But we also must advocate on behalf of the students who attend KU. And we must advocate on behalf of the future economic progress that will be lost if we make cuts that harm our ability to provide educated workers and make the discoveries that lead to new jobs and new prosperity for our state.

Multiplying Kansans' investment in KU

Any cuts would have ripple effects due to the ways KU leverages the state's investment of resources to create an institution that advances Kansans' desire to have an educated workforce and an economy driven by research and innovation.

KU only receives roughly a quarter of its budget from the State General Fund, meaning for every dollar provided by the SGF, we bring in through tuition, grants, donations and other revenue an additional three dollars to advance our mission.

One example of how we do this is on the Medical Center campus, where the return on KU's investment in the life sciences has been remarkable. Last month marked two years of operations at the Kansas Life Sciences Innovation Center. While the facility cost \$84.2 million to build and equip, the public portion of that is only \$57 million. Now, at only the two-year mark, active grant awards for researchers housed in the KLSIC already total approximately \$80 million over the life of those awards, exceeding the state's investment.

In addition to working every day to identify ways to leverage the state's investment we also work to find new ways of operating even more efficiently. This past December, I outlined for the Board of Regents how KU has implemented \$9 million in savings and efficiencies over the course of the previous and current fiscal years.

These efficiencies include the use of technology such as electronic medical records at the student health center to reduce redundancies and processing time. The Purchasing Pilot Project approved by the Legislature in SB 52 will allow us to save nearly \$2 million over two years. And we're saving hundreds of thousands of dollars by putting documents online instead of printing them.

Additionally, one new tool we received from the Legislature is the deferred maintenance tax credit. KU Endowment has dedicated a full-time staff member to promoting this opportunity to donors and I believe it will help mitigate the growing need for resources to make the repairs and upgrades to KU's infrastructure.

One Great Year

Even through the challenges we are facing, KU remains optimistic about the future because we know what we've achieved in the past. This past year was just the latest in a series of successful years for our institution, but 2008 will stand out in the history of KU for a number of reasons.

The first is that KU enrolled a record number of students this past fall: 30,102. The 2008-09 class was notable both for its size and for its achievement. The incoming class set a KU record for academic proficiency with a record-high average ACT composite score of 24.8, topping the national average of 22.

Additionally, KU's student body is now more diverse than at any point in its history, with 12.7 percent of KU students identifying as American Indian/Alaskan Native, Asian, African-American or Latino. We also continue to enroll more Kansans than any other institution with seven in 10 of our students coming from the Sunflower State.

Some of the new students we are especially proud to welcome to KU are the participants in the Wounded Warriors Initiative. In a partnership between KU and the U.S. Army, the Army will pay for wounded soldiers to earn graduate degrees at KU.

In exchange those veterans will remain with the Army as military or civilian instructors, helping to educate the next generation of soldiers. This is an outstanding program that builds on our already strong ties with Ft. Leavenworth, and we are very excited about this opportunity to work with individuals who have given so much for our nation.

Two other groups of students I want to be sure to recognize are those who have been assisting the people of Greensburg as that community continues to rebuild.

Our School of Architecture's Studio 804 program built an arts center that opened on the one-year anniversary of the tornado. The center uses sustainable building techniques – recycling materials from the Sunflower Army Ammunition plant near De Soto – and combines those with other “green” systems such as wind power. Together these students created a building that is both attractive and functional, and which is the first building in the state of Kansas to earn the nation's highest certification for sustainable building, the LEED Platinum designation.

The 5.4.7 Arts Center also serves as a community meeting place and in October students from our School of Pharmacy held a free flu shot clinic there. These students administered roughly 400 doses of flu vaccine during the clinic, vaccines they paid for by cleaning Memorial Stadium after football games, selling t-shirts and securing donations from pharmacists.

This service was particularly important since Kiowa County is one of six Kansas counties with no pharmacy, a problem we're hoping to help solve by securing continuing funding for the expansion of the School of Pharmacy.

These are just a few of the accomplishments of KU students this past year. We saw our debate team finish the season ranked first in the nation, while our journalism students won the Hearst National Intercollegiate Writing Competition, known as the Pulitzers of college journalism.

Our Society of Black Engineers won the National Small Chapter of the Year award, while our social welfare students won first place at the national Eli Lilly Reintegration Awards.

These students are able to achieve these things both because of their own skill, but also through the help of our talented faculty. Our special education and city management & urban policy programs retained their top ratings from U.S. News, while a total of 26 of our graduate programs rank in their top 25.

I could highlight any number of faculty and staff members for praise here, because they are a huge reason for why KU is as successful as it is. But in the interests of time, I want to identify one recent addition to our faculty, as well as one member of our team who brought the largest grant in Kansas history to KU.

Dr. Steve Hawley has logged more than 32 days in space over the course of five shuttle flights. A native of Salina, he was on the mission to deploy the Hubble Space Telescope, as well as serving in several top administrative roles at NASA.

Now, Steve has joined our Department of Physics and Astronomy, teaching the next generation of astronauts, physicists and researchers. He also will travel the state talking to students about the importance of math and science, and using his story to inspire them to reach for the stars.

Another member of the KU faculty that has reached for the stars is professor of medicinal chemistry, Dr. Jeff Aube. Last September, Jeff and his team were awarded a six-year, \$20 million grant from the National Institutes of Health. KU will now be part of a high-level network of institutions in the search for molecules that can fight disease and advance human health.

Dr. Aube and other researchers will be able to take advantage of the newly dedicated Structural Biology Center, part of our growing research operation on the West Campus. This center will allow KU to make strong bids for additional research grants, while its location near the Multidisciplinary Research Building, Higuchi Biosciences Center and the Biotechnology Innovation and Optimization Center will allow for greater collaboration between researchers.

This critical mass of research at KU helps us in our continuing bid to earn a National Cancer Institute designation for the KU Cancer Center. Thanks to the continued support of the Governor and Kansas Legislature, we have made great progress toward achieving that goal and now have received our application date: September 25, 2011.

While that seems like a long time from now, we will need every day and every ounce of support we can get from you and from our fellow institutions, such as Kansas State University, in order to earn this recognition.

Once in-hand, this designation will make the most advanced cancer treatments and cures available to patients here in Kansas through an alliance of hospitals, reducing the need for cancer patients to travel out of state. That will be of great benefit to patients and to the overall health of our state.

I would be remiss if I did not acknowledge one other area KU has excelled in since I spoke to this committee last. As you are well aware, Allen Fieldhouse is now the proud home of the trophy for the 2008 NCAA Men's Basketball National Championship. It sits next to the Orange Bowl and Insight Bowl trophies won by our football team, which are all a great source of pride on Mount Oread and, I believe, around the entire state.

As I said at the outset, Kansans are an optimistic people. We're willing to take risks and we're always ready to work for the common good. Those values are what motivate the KU community and they're the values we need to adhere to as we weather this current storm, knowing that those values will be what lead us to brighter, more prosperous days.