

KANSAS BOARD OF REGENTS



LEGISLATIVE EDUCATIONAL PLANNING COMMITTEE

November 4, 2010

Regent Gary Sherrer, Chairman

★ LEADING HIGHER EDUCATION ★

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★ FORESIGHT 2020 ★

***A 10-Year Strategic Agenda for the State's
Public Higher Education System***



Foresight 2020 sets the following 6 strategic goals (which include 28 separate objectives) that are measurable, reportable, and ensure the state's higher education system meets Kansans' expectations:

- ★ Align Systems & Institutions
- ★ Increase Participation
- ★ Improve Retention & Graduation Rates
- ★ Enhance Student Success
- ★ Align with Kansas Workforce Needs
- ★ Ensure State University Excellence

SEE HANDOUT FOR DETAILS



ADMISSIONS TASK FORCE:

- ★ The 1996 Legislature approved “qualified admissions” for the six state universities – changing the state’s long-standing “open admissions” policy.
 - QA: Earn a GED or graduate from an accredited high school and meet one of the following:
 - ▶ ACT score of 21;
 - ▶ Graduate in the top 1/3 of high school class; or
 - ▶ GPA of 2.0 in the QA pre-college curriculum.
- ★ The 2009 Legislature approved HB 2197 authorizing the Board of Regents to set the state universities’ admissions standards.
- ★ The 16-member Admissions Task Force that recommended the changes encompassed in HB 2197 was reconvened in May 2010 to discuss possible admissions standards changes.
- ★ Foresight 2020, Strategic Goal #1, Objective 1.3.



TRANSFER & ARTICULATION TASK FORCE:

- ★ Foresight 2020, Strategic Goal #1, Objective 1.4: “During the 2010-11 academic year, the Board will create a task force to review progress on alignment of higher education institutions and charge the task force with developing recommendations for additional enhancements needed to ensure greater alignment.”
- ★ Before SB 345, the Higher Education Coordination Act, was approved by the 1999 Legislature, the transfer of credit hours from two-year colleges to four-year universities was often problematic. The Board’s work pursuant to SB 345 successfully alleviated most credit hour transfer issues, but the Board was troubled to hear that significant issues still remain.
- ★ The Board created a 20-member Transfer & Articulation Task Force, with representation from the two-year colleges, four-year universities, students, faculty, and staff, chaired by Regents Vice Chairman Ed McKechnie. The Task Force is charged with developing an inventory and assessing the efficiency of existing alignment arrangements among higher education institutions in the system. A report and recommendations will be presented to the Board in April 2011.

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The Kansas Commitment protects the state's historical investment in its higher education infrastructure, helps middle and low income Kansans attend college, and boosts the Kansas economy through targeted workforce development initiatives. In addition, the Kansas Commitment restores the Legislature's deferred building maintenance funding promise and ensures Kansans in every corner of the state have access to high-speed broadband internet.

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A 5-part \$50 million initiative to boost the Kansas economy.

 **KAN-PROTECT**

 **KAN-BUILD**

 **KAN-HELP**

 **KAN-GROW**

 **KAN-CONNECT**



 **KAN-PROTECT**

Protect the State's historical investment in its higher education infrastructure so Kansas can compete in today's knowledge-based global economy.



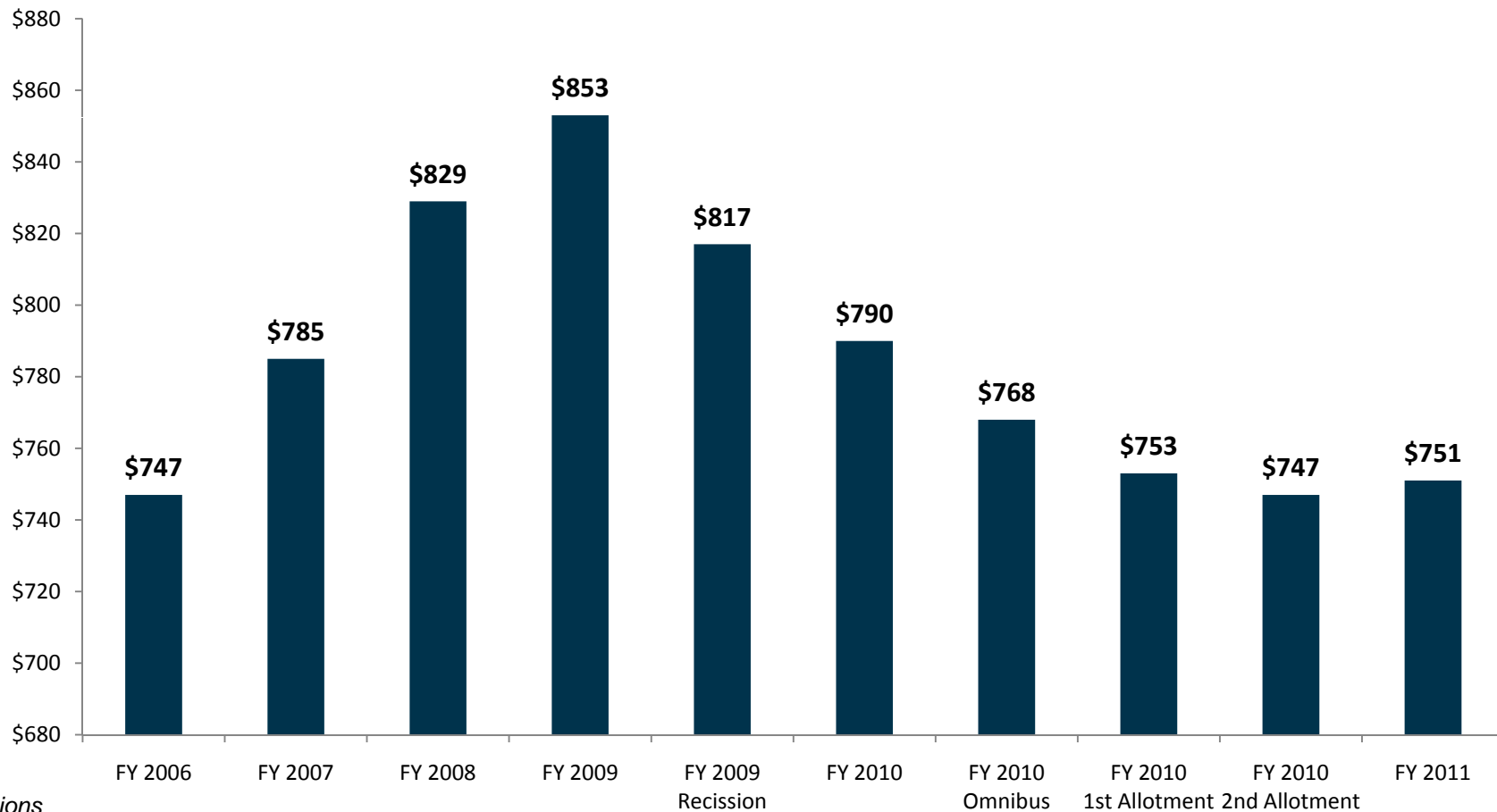
THE ISSUE:

- ★ Since FY 2009, the state's higher education system has been cut over \$100 million (a 12% cut), and State funding per student is at an all-time low.

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The State's Higher Education Budget (FY06-FY11):



**In Millions*

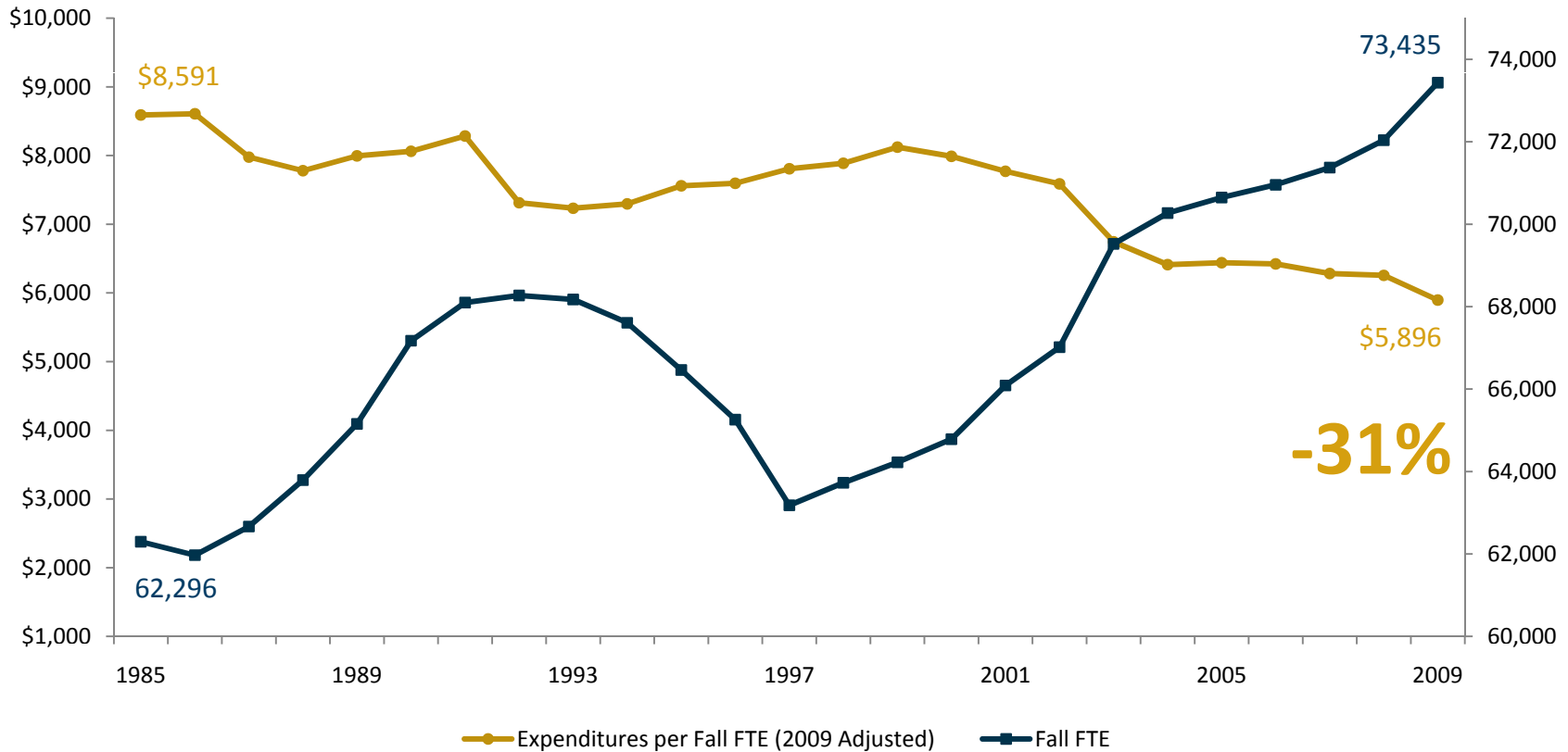
Source: KBOR

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State Universities Are Doing More With Less... Funding vs. Enrollment (1985-2009):

+15%



-31%

*HEPI-Adjusted

Source: KBOR



THE PLAN:

- ★ Request an inflationary increase based on the 3-year rolling average of the Higher Education Price Index (HEPI).
- ★ HEPI (FY08-FY10): 2.73% = \$20.5 million.



 **KAN-BUILD**

*Restore the Legislature's 5-year
deferred building maintenance
funding promise.*



THE ISSUE:

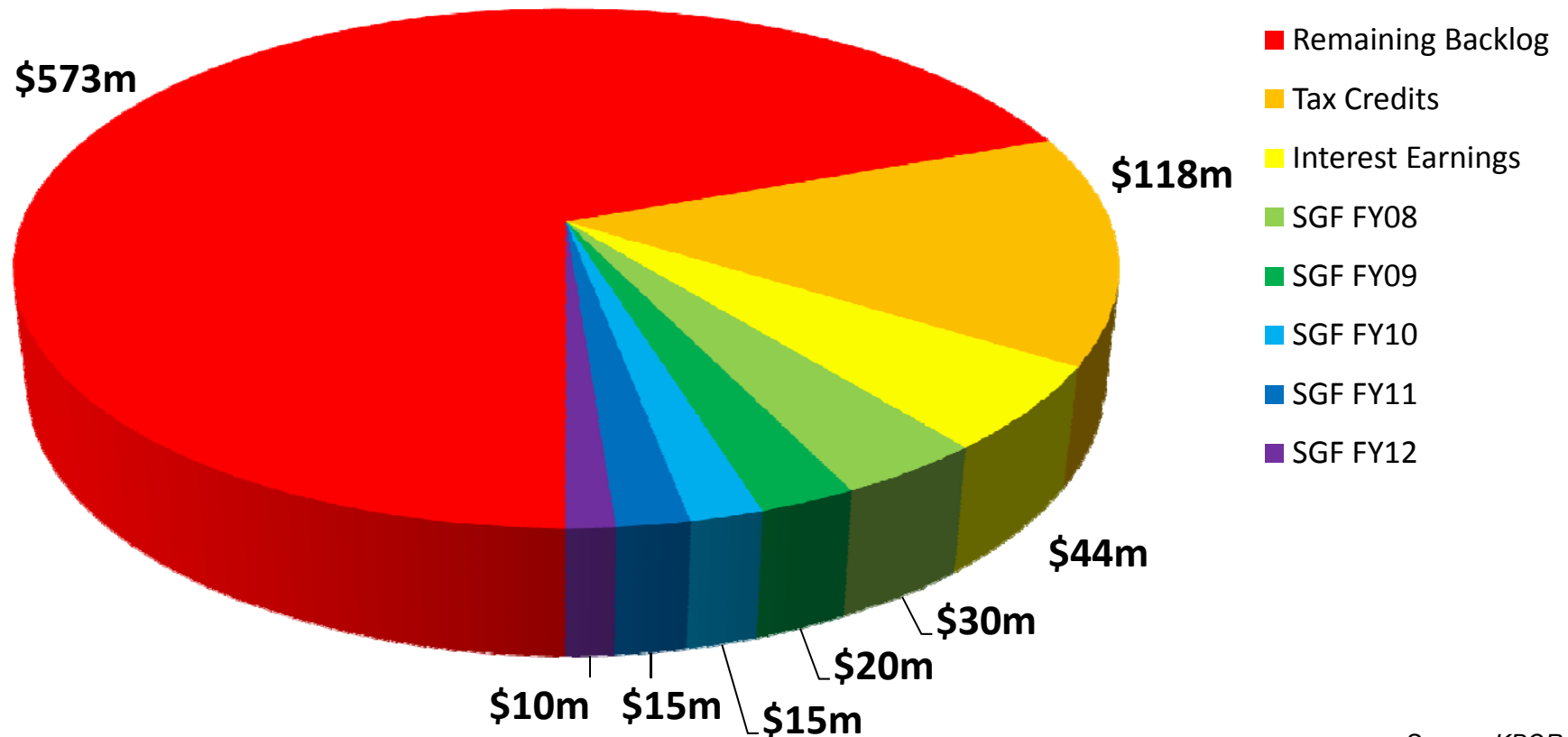
- ★ In 2007, the Legislature approved a 5-year comprehensive deferred building maintenance plan to help address the \$825 million State University maintenance backlog and the \$172 million maintenance backlog at WU and the Community and Technical Colleges.



- ★ To help balance the State's budget, the Legislature removed \$1.3 million SGF from Year 3 (FY10) and \$15 million SGF from Year 4 (FY11) of the State University deferred maintenance appropriation.
- ★ In addition, the Legislature removed all funding for Year 3 (FY10) and Year 4 (FY11) of the PEI no-interest loan program that is utilized by WU and the Community and Technical Colleges.

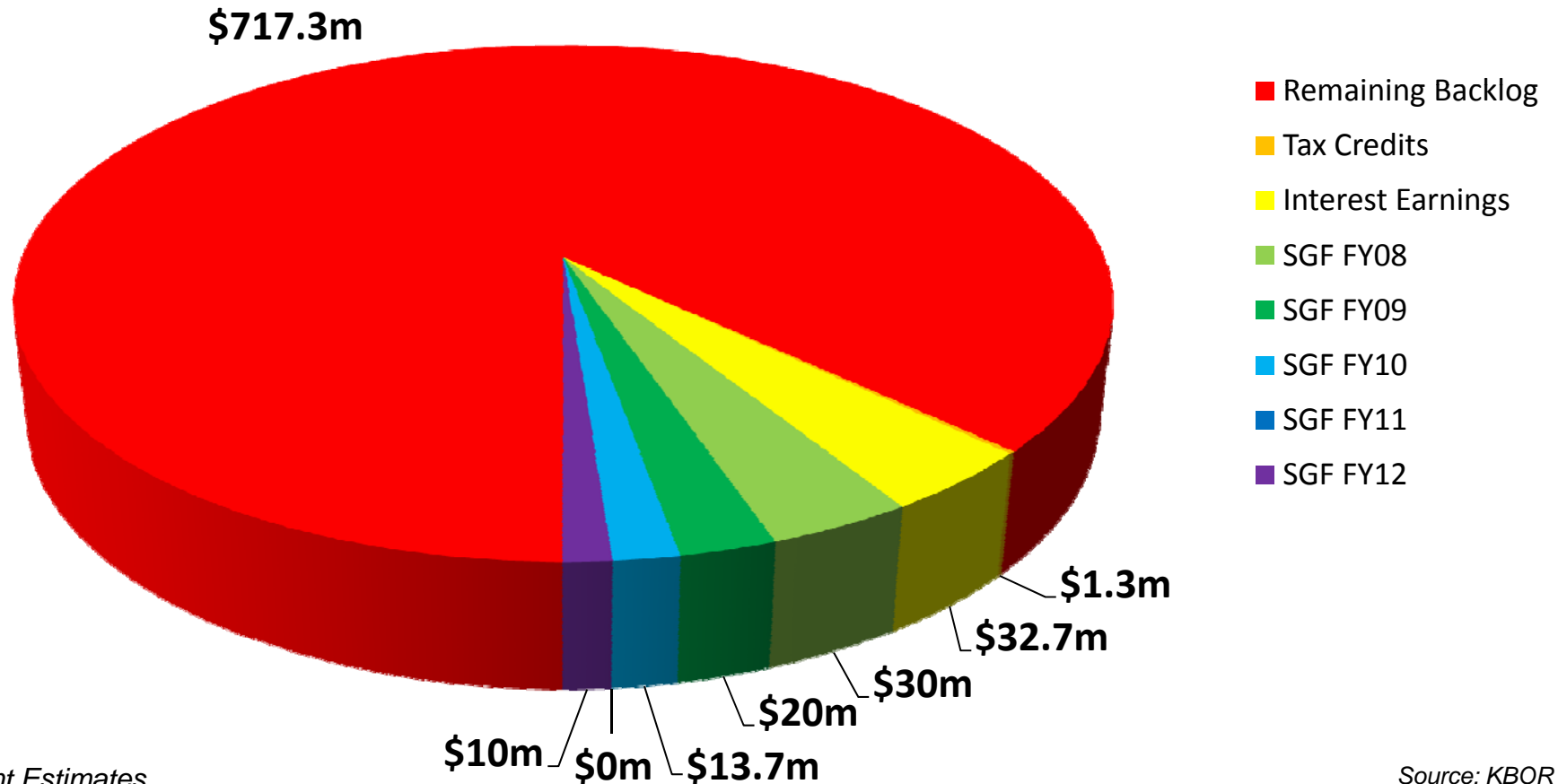


If Fully-Funded, the Legislature's 5-Year Plan Could Have Addressed 31% of the State University Maintenance Backlog:





In Reality, Only 13% of the State University Maintenance Backlog Might Be Addressed*:



*Current Estimates

Source: KBOR



STATE UNIVERSITY PROGRESS:

- ★ 96 maintenance projects have been approved by the Joint Committee on State Building Construction, 79 have been initiated, and 42 have been completed.
- ★ Projects include utility tunnel improvements, boiler replacement, waterline improvements, electrical switchgear replacements, ADA improvements, life-safety improvements, and the re-roofing of facilities, among others.



PEI LOAN PROGRAM:

★ 17 of the 25 eligible institutions have utilized the no-interest loan program:

- ★ Barton Community College
- ★ Butler Community College
- ★ Cloud County Community College
- ★ Coffeyville Community College
- ★ Dodge City Community College
- ★ Garden City Community College
- ★ Highland Community College
- ★ Hutchinson Community College
- ★ Independence Community College
- ★ Johnson County Community College
- ★ Kansas City Kansas Community College
- ★ Labette County Community College
- ★ Manhattan Area Technical College
- ★ Northwest Kansas Technical College
- ★ Pratt Community College
- ★ Seward County Community College
- ★ Washburn University



THE PLAN:

- ★ The State's higher education system realizes it had to do its part in FY10, but it is critical to get back on track and to fulfill the Legislature's 5-year deferred maintenance funding promise.
- ★ Request \$15 million SGF to restore the State Universities' Year 4 (FY11) funding.
- ★ Request \$750,000 SGF to restore Year 4 (FY11) of the PEI no-interest loan program that is utilized by WU and the Community and Technical Colleges.



KAN-HELP

Help middle and low-income Kansans who can't afford to attend but who have the talent to succeed, while at the same time growing the State's workforce.

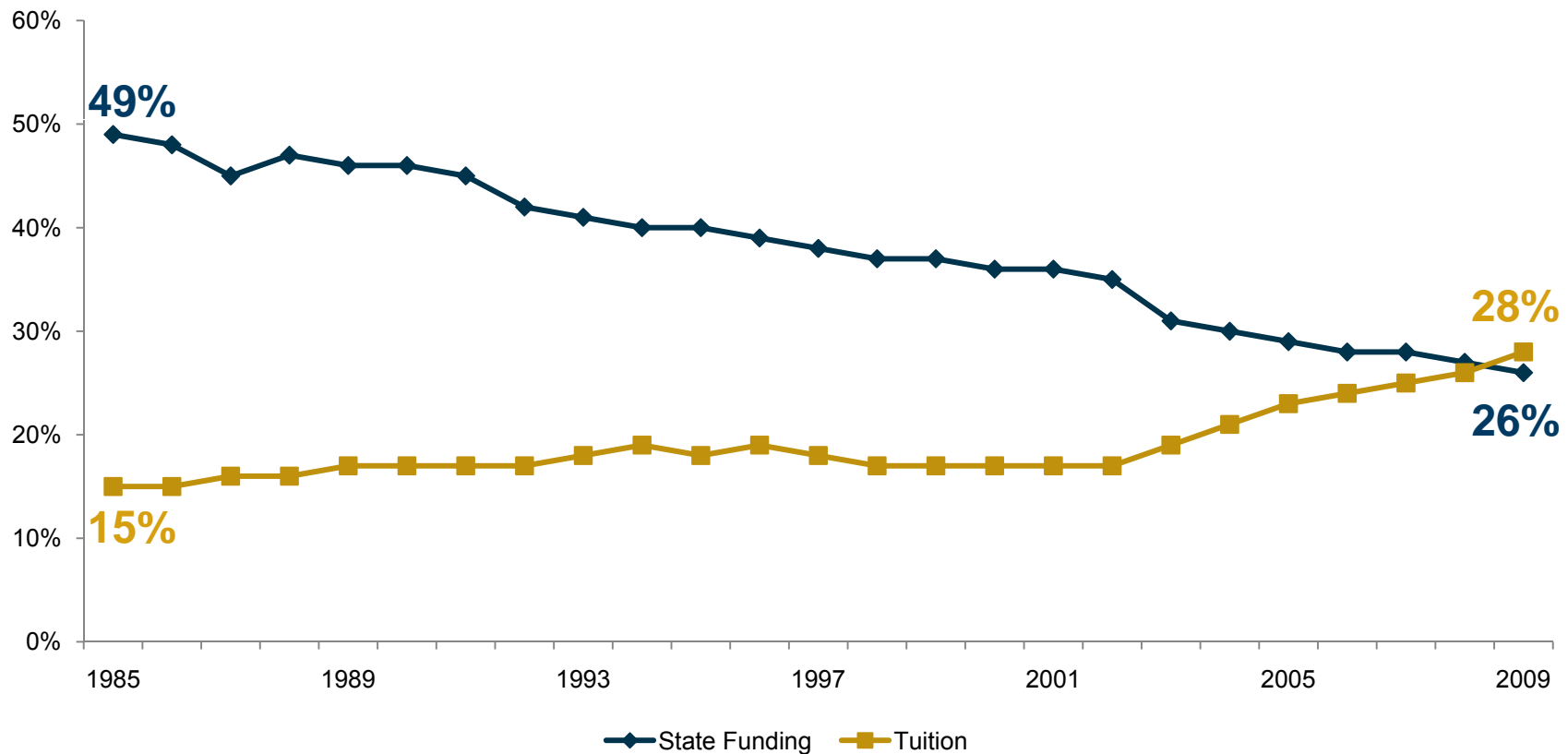


THE ISSUE: LESS STATE FUNDING = HIGHER TUITION COSTS

- ★ Over the past 25 years, State University tuition and fee rates have risen steadily to offset state funding reductions. At the same time, the State's need-based financial aid program (Kansas Comprehensive Grant) has seen only slight increases.
- ★ Students now contribute more to the State University operating budgets than the State does.
- ★ Kansas ranks last in the Big 12 and #36 in the nation in per capita need-based financial aid per student.

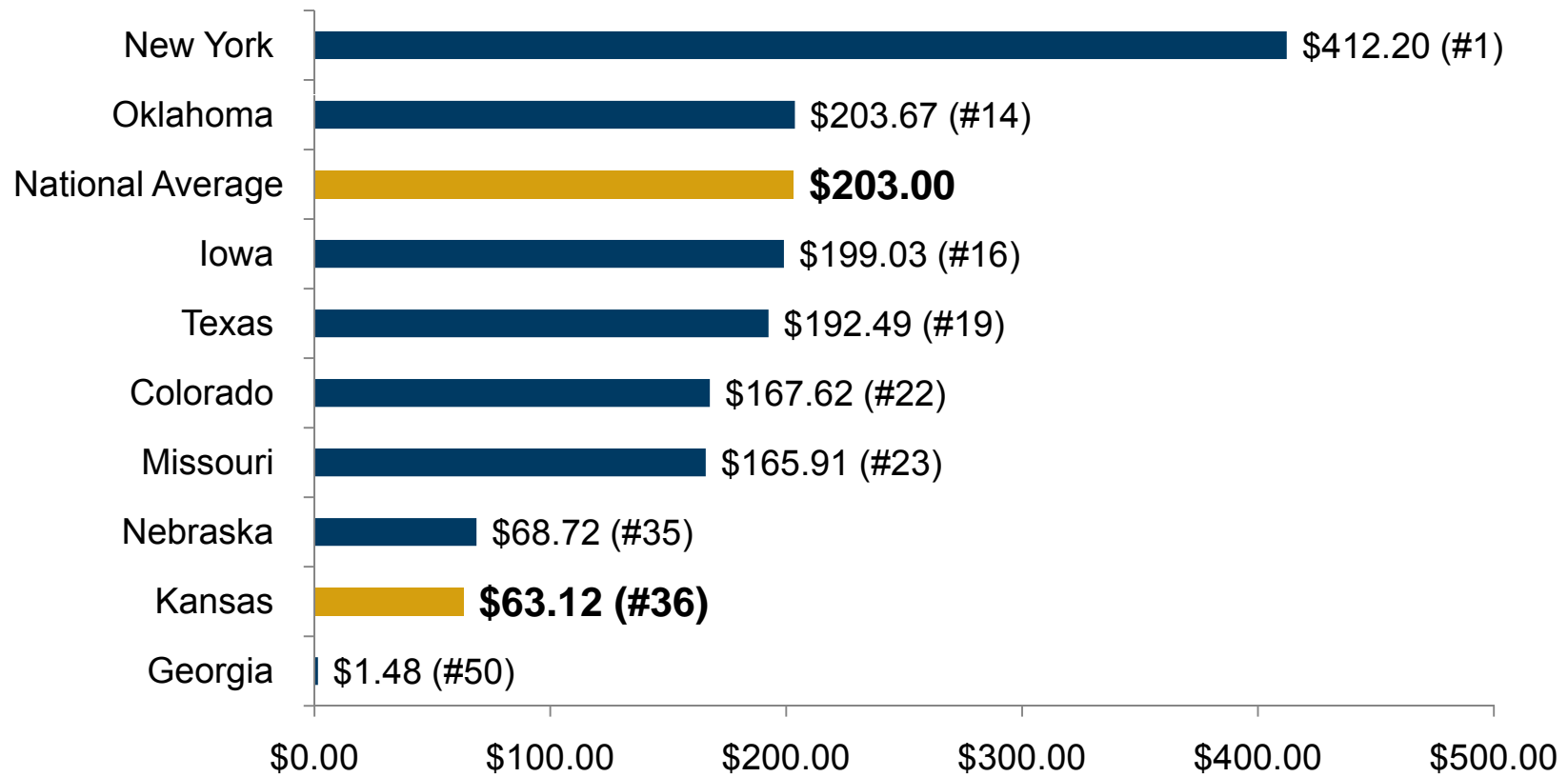


The Burden Has Shifted... State University Tuition vs. State Funding (1985-2009):





Per Capita State Need-Based Financial Aid Contributions per Student (2008-2009):



*Chart includes Big 12 States, highest and lowest states, and national average.

**Per capita based on population aged 18-24, represents aid to all institutions within a state, both public and private.

Source: NASSGAP



STUDENT DEBT:

- ★ In 2008, 62% (3 out of every 5) of graduates from public universities had student loans, and the average student debt was \$20,200 – 20% higher than in 2004, when the average was \$16,850 (www.projectonstudentdebt.org).
- ★ The student loan default rate has risen for a 3rd year in a row, reaching an 11-year high of 7% (*Chronicle for Higher Education*, 9-13-10).
- ★ In the United States, total student loan debt (\$850 billion) now exceeds total credit card debt (\$828 billion) (*USA Today* 9-10-10).

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- ★ More students than ever (1 in 10) graduate with \$40,000 or more in student loans. In 2008, 10% of borrowers who graduated from 4-year institutions owed at least \$40,000 in student loans, up from 3% in 1996 (www.projectonstudentdebt.org).
- ★ Pell Grant recipients, who generally have family incomes under \$50,000, are more likely to graduate with high debt. Among graduates in 2008 who received a Pell Grant, 87% had student loans, the average debt was \$24,800, and 14% had at least \$40,000 in debt (www.projectonstudentdebt.org).
- ★ “The number one reason students drop out at our university, or have delayed their education, is because of finances.”

-Pat Bosco, K-State Vice President for Student Life.



AVERAGE DEBT OF GRADUATES

KU	\$23,227
K-State	\$20,704
Emporia State	\$20,226
Pittsburg State	\$19,558
Wichita State	\$18,950
Fort Hays State	\$18,310
Combined Average	\$20,163



THE PLAN:

- ★ **FUNDING:** Re-coup the state sales tax already being collected on the State University campuses (FY10 = \$6 million). State Universities will contribute an additional \$4 million.
- ★ **ELIGIBILITY:** Resident State University students, whose families are at or below the statewide median family income level (\$50,174), would be eligible for a KAN-HELP Loan that could be applied to tuition and fee costs (Foresight 2020, Strategic Goal #2, Objective 2.8).
- ★ **LOAN FORGIVENESS:** Students who live and work in Kansas for a to-be-determined period of time following graduation, would be eligible for complete loan forgiveness. Students who depart Kansas following graduation or who fail to graduate would be required to pay back the low-interest loan.

**Exact details regarding loan amounts and eligibility will be finalized by January 1, 2011.*



“Support for higher education is the lever by which the government can move the entire economy.”

-Paul Romer, Stanford economist



THE ISSUE:

- ★ Higher education is more important than ever before:
 - In 1955, “skilled” and “professional” jobs comprised 40% of the Kansas workforce. Today, that number is 88% (ACT, Inc.).
 - By 2018, over 1 million (64%) jobs in the Kansas economy will require some level of postsecondary education (Georgetown Univ.).
 - Over the next 10 years, Kansas will experience an increase of 99,000 jobs requiring some level of postsecondary education (Georgetown Univ.).
- ★ The Kansas economy can’t succeed without an educated workforce:
 - Increasing the nation’s average level of education by one year could increase economic growth by 6-15%, adding between \$600 billion and \$1.5 trillion to U.S. economic output (U.S. Dept. of Labor). The effect would be similar in Kansas.
 - Kansans with higher levels of education have higher labor participation rates and are better prepared to weather economic downturns. In 2008, 65% of Kansans with a high school or less were employed, compared to 89% employment for those with at least an associate’s degree (KS Dept. of Labor).



- ★ When provided with targeted and matching funds (e.g. the \$10 million nursing shortage initiative), the state's public higher education system has proven it can help solve critical workforce shortages.
 - The first 2 years of the Board's Nursing Shortage Initiative produced 873 additional nursing students, exceeding the Legislature's goal by 75%.



THE PLAN:

- ★ KAN-GROW – a systemwide initiative to grow the Kansas workforce and economy (Foresight 2020, Strategic Goal #5).
- ★ Through a 2-to-1 state-to-college/university matched funding program, \$14.15 million SGF will leverage \$7.075 million from other sources.
- ★ The state's 32 public colleges and universities will use the funds to address critical workforce shortage areas such as engineering, nursing, rural doctors, construction, biotechnology, and others.



 **KAN-CONNECT**

In order to succeed, Kansans in every corner of the state must have access to the global economy through broadband technology.



THE ISSUE:

- ★ Access to high-speed broadband Internet is a requirement for doing business in today's world. High-speed broadband brings services into smaller, rural areas and allows rural communities and businesses to compete in the global marketplace.
- ★ Kan-ed, a program administered by the Board of Regents, connects almost 900 Kansas hospitals, libraries, higher education institutions, and K-12 schools with high-speed bandwidth.
- ★ Kan-ed brings members together through Interactive Distance Learning and the exchange of data. Members have access to shared databases, video-conferencing, telemedicine, and to content that is otherwise unavailable or available at prohibitive costs.

THE PLAN:

- ★ Maintain the same level of funding (\$10 million annually) for Kan-ed through the Kansas Universal Service Fund (Foresight 2020, Strategic Goal #2, Objective 2.11).



IN SUMMARY:



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- ★ **KAN-PROTECT** = \$20.5 million SGF
- ★ **KAN-BUILD** = \$15.75 million SGF
- ★ **KAN-HELP** = \$0 SGF (\$10 million other funds)
- ★ **KAN-GROW** = \$14.15 million SGF (\$7.075 million other funds)
- ★ **KAN-CONNECT** = \$0 SGF (\$10 million other funds)
- ★ **TOTAL** = \$50.4 million SGF (\$27.075 million other funds)

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LEGISLATIVE EDUCATIONAL PLANNING COMMITTEE

November 4, 2010

Dr. Andy Tompkins, President & CEO

★ LEADING HIGHER EDUCATION ★



MISC. ITEMS:

- ★ Coordination with preK-12.
- ★ Regent visits to all 32 public colleges and universities.
- ★ Enhanced the annual State University CEO evaluation process.
- ★ Big 12 re-alignment.
- ★ Distance education inventory and report (Foresight 2020, Strategic Goal #2, Objective 2.11).



Preliminary Systemwide Headcount Enrollment Fall 2010 Academic Semester (20th Day)

INSTITUTIONS	STUDENTS	CHANGE	% CHANGE
State Universities (6)	93,132	-175	-0.18%
Washburn (1)	7,876	+539	+7.3%
Community Colleges (19)	81,474	+2,609	+3.3%
Technical Colleges (6)	4,916	+264	+5.7%
System Total (32)	187,398	+3,237	+1.8%

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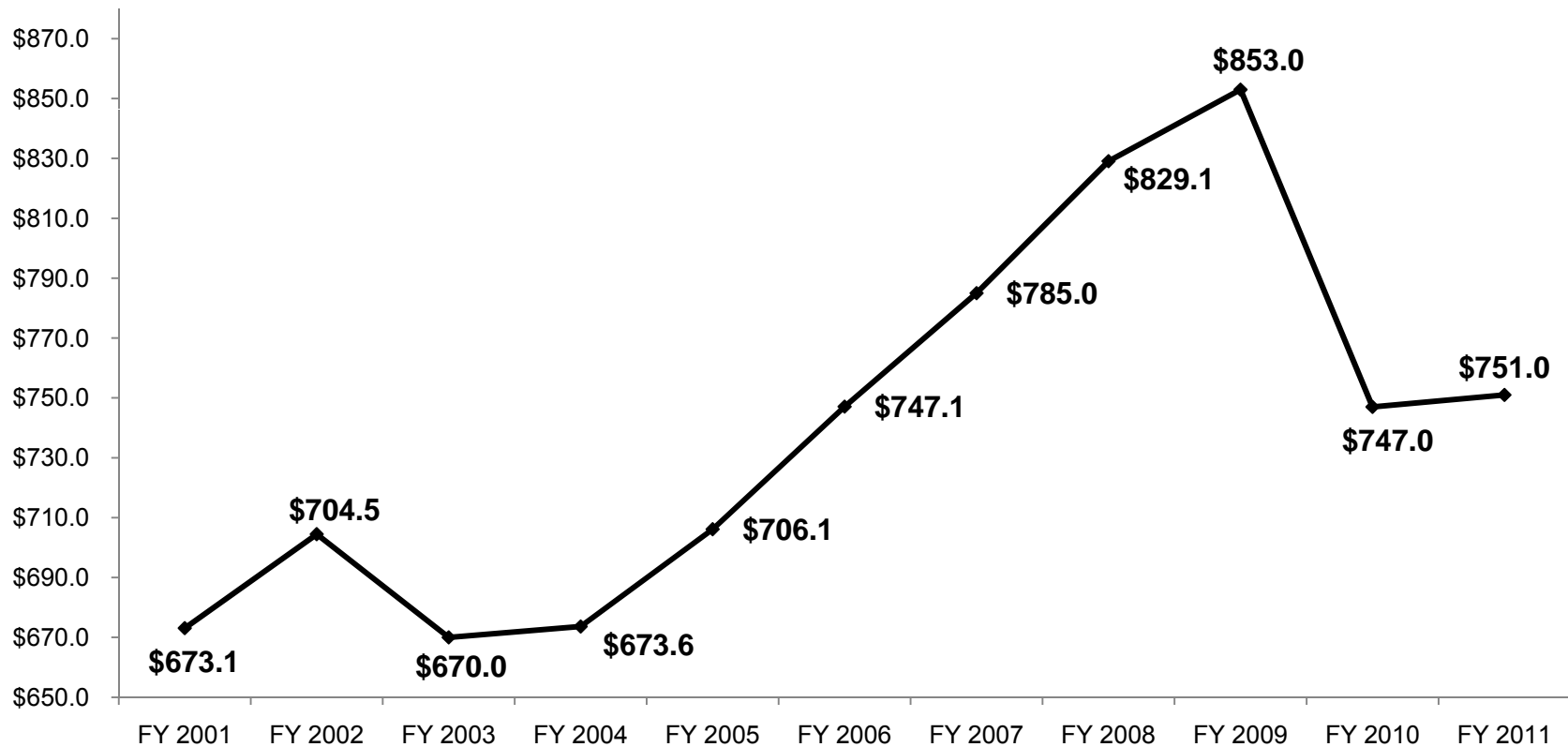


THE HIGHER EDUCATION BUDGET

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State Higher Education Funding (FY01 – FY11)

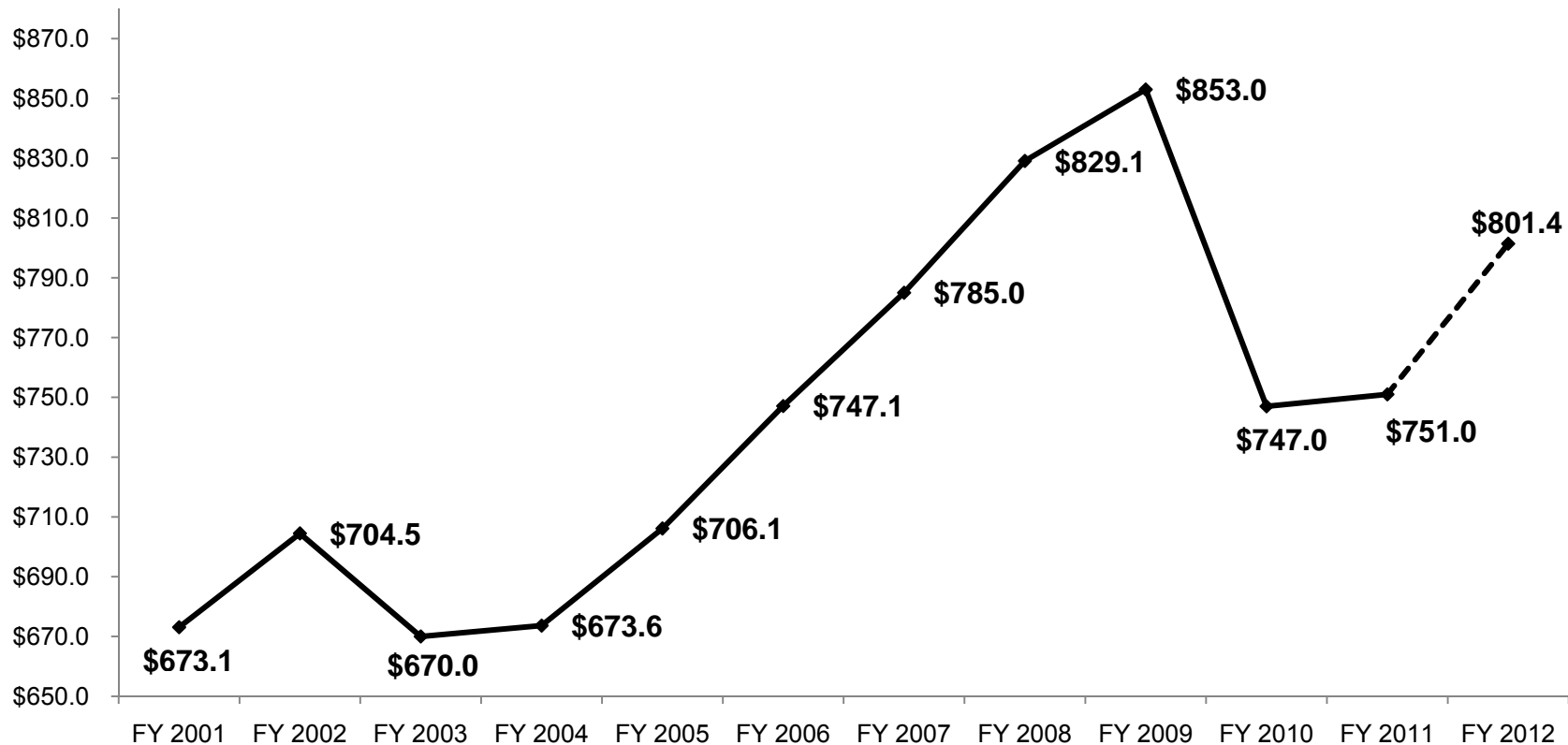


*Systemwide, In Millions.

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State Higher Education Funding (FY01 – FY11) Plus FY12 Higher Education Unified Budget Request*

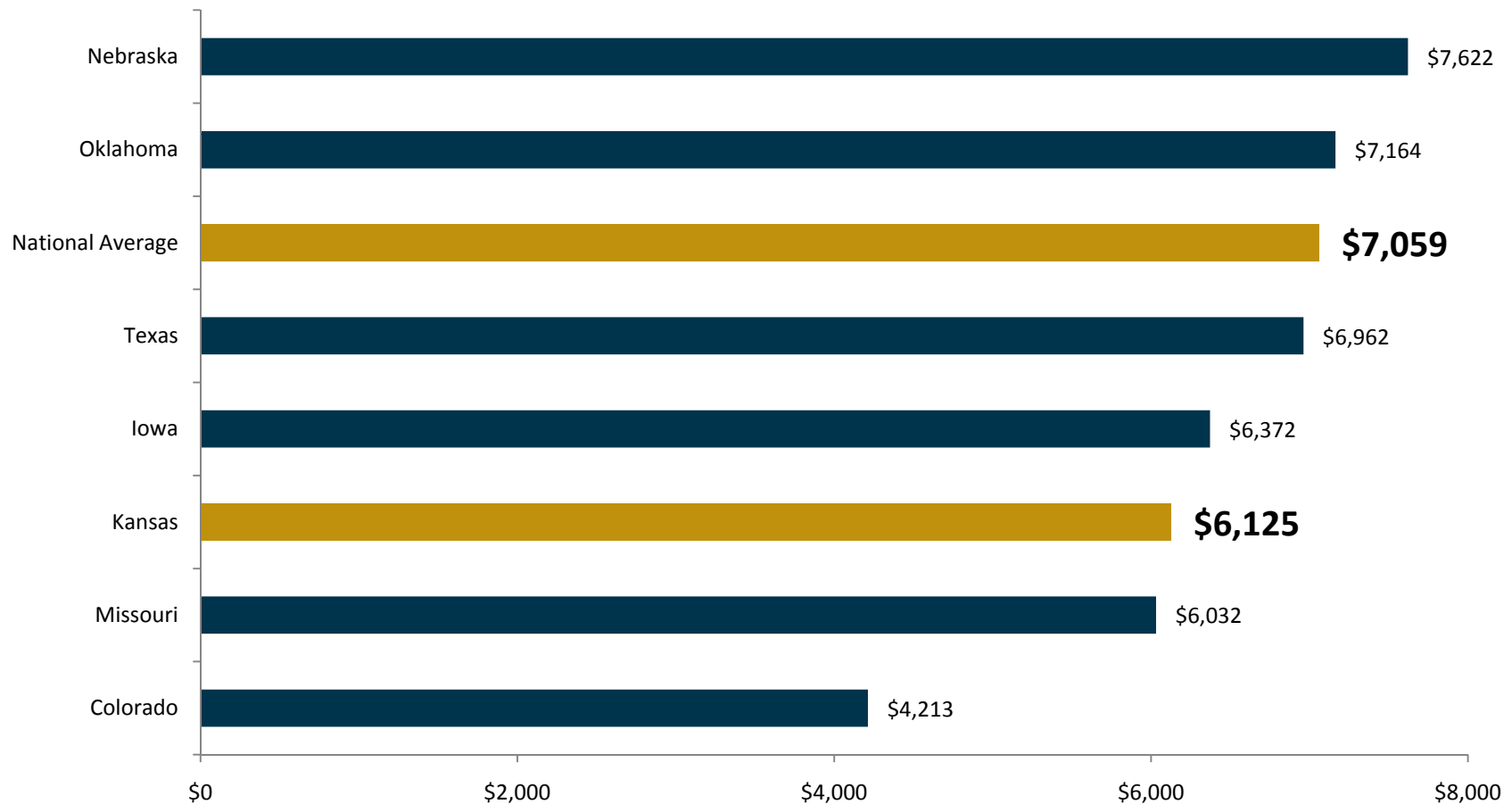


*Represents less than half the amount cut from higher education from FY09-FY11.

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How Kansas Compares To The Region... State & Local Public Higher Education Support per FTE Student (FY08):



*Systemwide



FEDERAL STIMULUS FUNDING:

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2011 Supplemental</u>	<u>3-Year Total</u>
State Universities (6):	\$7,715,773	\$32,151,982	\$32,151,983	\$340,436	\$72,360,174
Washburn (1):	\$181,507	\$756,280	\$756,280	\$8,008	\$1,702,075
Community Colleges (19):	\$1,447,198	\$6,029,986	\$6,029,986	\$63,846	\$13,571,016
Technical Colleges (6):	\$254,821	\$1,061,752	\$1,061,752	\$11,243	\$2,389,568
Total (32):	\$9,599,299	\$40,000,000	\$40,000,001	\$423,533	\$90,022,833



STATE UNIVERSITY FEDERAL STIMULUS ALLOCATION:

	<u>FY 2009 – FY 2011</u>
Deferred Maintenance (63%):	\$45,781,669
Tuition Mitigation (37%):	\$26,578,504
Total:	\$72,360,173

Note: Most states used the vast majority of their stimulus funding to back-fill operating budgets.

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DEVELOPING A NEW TECHNICAL EDUCATION FUNDING MODEL



Legislative Charge

K.S.A.72-4482

- ★ “(11) (A) develop and recommend to the state board of regents a credit hour funding distribution formula for postsecondary technical training programs that
 - (i) is tiered to recognize and support cost differentials in providing high-demand, high-tech training,



Legislative Charge

K.S.A.72-4482

- (ii) takes into consideration target industries critical to the Kansas economy,
 - (iii) is responsive to program growth and
 - (iv) includes other factors and considerations as deemed necessary or advisable; and
- ★ (B) establish and recommend to the state board of regents the rates to be used in such funding distribution formula.”



Input Opportunities

- ★ 4 Technical Education Funding Workgroup Meetings
- ★ 2 Process Management Committee Meetings
- ★ 15 CEO Briefings
- ★ 1 Funding Summit (KBOR/TEA)
- ★ 10 Open Comment Opportunities at TEA Meetings
- ★ 2 Presidential Comment Periods (Since July 2010)



The Journey to a New Approach

- ★ Fund technical education courses “the same” regardless of which institution delivers the course
- ★ Base the model on data
- ★ Encourage high-wage, demand-driven education
- ★ Encourage program growth



Build the Cost Model

- ★ Establish a “calculated cost” based on data for technical programs
- ★ Tier rates based on instructor costs
- ★ Programs are divided into 6 tier rates



Tier Rates for Programs

Tier Level	Example Program
1	Medical Assistant
2	Early Childhood Education
3	Power Plant Technology
4	Automotive Technology
5	Computer Aided Drafting Technology
6	Associate Degree Nursing

Rates using 2009 Kansas Study Data—Instructor Costs Only



Sample Nursing Program Courses

Course Title	Credit Hours	Designation
Foundations of Nursing	4	Tier 6
Foundations of Nursing Clinical	2	Tier 6
Medical-Surgical Nursing	4	Tier 6
Medical-Surgical Nursing Clinical	2	Tier 6
Psychology	3	Nontier
College Algebra	3	Nontier



Benefits to New Approach

- ★ Long-term system incentives for increased production of a high-wage workforce
- ★ Uniform state funding for technical education regardless of sector
- ★ Data driven method of funding distribution
- ★ Allows for strategic investments at the course level
- ★ Improves linkage between secondary and postsecondary levels



2011 LEGISLATIVE POLICY INITIATIVES

For LEPC Consideration of Introduction

SEE HANDOUT FOR DETAILS



1) Private and Out-of-State Postsecondary Fees

Proposal: Would request that the 2010 fee structure not be subject to the “sunset” provision, the Board be given rule and regulation authority to set fees at less than statutory amounts if warranted, and clarify application of certain new categories of schools to ensure smaller Kansas schools pay a lower fee, commensurate with the amount of work it takes to regulate a smaller school.

2) Kan-Ed, Expand Membership and Statutory Clean-Up

Proposal: Would expand Kan-Ed membership to include health information organizations, community anchor institutions, and community-based technology networks, would amend out-dated funding language, and would specify that funding come from the Kansas Universal Service Fund.



3) Technical Education Statutory Clean-Up

Proposal: Would amend Technical Education Authority statutes by: updating terminology, removing definitions for terms no longer used, eliminating vocational school references, adding individual institution specific references, updating/removing obsolete sections of identified statutes, and repealing statutes no longer needed.

4) Community College Tax Credits, Reinstate

Proposal: Would reinstate tax credits to 60% of statutorily available amounts, up from the 54% level set during the 2009 legislative session. This would create the option of pooling unused tax credits so that other colleges might use them before expiring.



5) State University Information Technology Threshold

Proposal: Would amend statutes to raise the dollar threshold that currently triggers approval from the State Chief Information Technology Officer (CITO) from \$250,000 to \$1,000,000 and would eliminate infrastructure projects from the definition of Information Technology Project. Today, state university projects undertaken above the \$250,000 level must be approved by the CITO, a process that was created 12 years ago. Now, significant changes in technology costs have made this an extremely low threshold for projects. This proposed change would increase efficiency by reducing the reporting burden and staff costs/overhead.

6) State Universities, Housing Suspense Fund

Proposal: Would amend statute to make the use of the Housing Suspense Fund optional rather than mandatory. Statute requires rent and boarding fees to be sent to the State Treasurer for deposit in the Housing Suspense Fund before they can be transferred to the Operations Fund. This proposal would allow rent and boarding fees to be directly deposited into the Housing Operations Fund rather than the money flowing through the Suspense Fund to the Operations Fund.



7) State Universities, JCERTA Earned Interest Retention

Proposal: Would amend statute to enable the Universities (University of Kansas Edwards Campus, Johnson County location of Kansas State University, and Johnson County location of the University of Kansas Medical Center) to retain earned interest on revenue raised by the Johnson County Education Research Triangle Authority sales tax. Current statute does not specify what is to be done with the interest earned on JCERTA funds. This proposal would ensure it is used for the intended purpose of supporting the Johnson County Education Research Triangle.

8) WSU, Rhatigan Student Center Expansion

Proposal: WSU requests legislative authority for the issuance of approximately \$33 million in revenue bonds for the Rhatigan Student Center Expansion and Renovation Project. This project will be funded through a sale of revenue bonds supported by student fees as approved by the WSU Student Government Association and the Kansas Board of Regents.