

**PRELIMINARY MINUTES
KANSAS POSTSECONDARY
TECHNICAL EDUCATION AUTHORITY**

**SPECIAL MEETING
Monday June 21, 2010**

A special meeting of the Kansas Postsecondary Technical Education Authority called by Chairman Joseph Glassman and conducted on Monday, June 21, 2010 via conference call.

Members Present:

Joseph Glassman, Chairman
Sheila Frahm
Clark Coco
Diane DeBacker
Eddie Estes
Jim Garner

Jim Grier
Kathy Howell
William Thornton
William Quattlebaum, Vice Chairman
Jack Wempe

Members Absent

Wayne Carter

Institutions Represented

Barton County Community College
Cowley County Community College
Hutchinson Community College
Manhattan Area Technical College
Northwest Kansas Technical College

Butler County Community College
Flint Hills Technical College
Johnson County Community College
North Central Kansas Technical College
Wichita Area Technical College

Staff

Blake Flanders
Diane Duffy
Julene Miller
Terry Schwartz
Rita Johnson
Kelly Russell
Kathy Hund
Vanessa Lamoreaux
Janice Haberman

Others

Linda Fund, Gayle Shaw
Steve Kearney

A roll call was conducted to verify members participating in the call. Chairman Glassman called the meeting to order at 12:06 p.m. and reviewed the context of the meeting. Chairman Glassman explained that after additional information was received by members from Legislators and the Governor's office the special meeting was called to reconsider TEA action taken during the May 26, 2010 meeting regarding the recommendation for the distribution of FY 2011 appropriation for Technical College Aid for Technical Education. Chairman Glassman then turned the meeting over to Member Grier, Chair of the TEA Budget and Finance Committee.

Motion

Member Grier asked for a motion to set aside the action taken regarding the recommendation for the FY 2011 distribution of Technical College Aid for Technical Education, and Chairman Glassman so moved. Member Frahm seconded the motion.

Discussion

In response to a question from Member Quattlebaum, Diane Duffy was asked to review with members the three distribution options presented. Ms. Duffy stressed the three options represented concepts for allocations to technical colleges based on no changes in eligible institutions and the dollars appropriated and restored from a previous allotment (\$18, 892,718).

- Option 1: Distribution based on a three-year rolling average of credit hour enrollments for participating colleges (FY 2007, 2008, 2009)
- Option 2: Distribution based on the amount of funding each college received for FY 2010, with a small increase (\$50,732) from the restoration of previously reduced funding, and does not consider enrollment changes in any of the colleges
- Option 3: Distribution based on a modified three-year rolling average of credit hour enrollments for participating colleges with adjustments moderating the negative impact as well as substantial gains for colleges

Members asked for a review of the statutory responsibilities of the TEA regarding the allocation of appropriated funding for technical education. Ms. Duffy stated that although the Board proposed and the Governor recommended funding for Postsecondary Aid in a single line item, the legislature split this funding into two separate line items—Technical College Aid for Technical Education and Other Institutions Aid for Technical Education. Members were reminded that although there are postsecondary aid statutes in effect with regard to the institutions eligible to participate in postsecondary aid funding, the specific statute outlining the calculation for postsecondary aid (K.S.A. 72-4431) was amended in 2009 to reference the TEA statute (K.S.A. 72-4482) which states that the TEA will “*review requests of state funding for postsecondary technical education and make recommendations to the state board of regents for amounts of state funding and the distribution thereof.*”

In addressing questions regarding the legislative language used to guide the development of the new approach for funding (first as a proviso and codified in 2009 in statute), Vice President Flanders referenced Section 11 of K.S.A. 72-4482 requiring the TEA to “(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, (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.*” In response to a question raised by Secretary Thornton regarding whether the intent of the new approach was to provide equal funding per FTE, Vice President Flanders responded that while the language does not specifically require equal funding per FTE the statute does say that the formula should be based on a credit hour formula and provide for growth. Through the development of the new approach, the Authority and the Regents will need to interpret how providing for growth would be accomplished.

Member Grier shared that KBOR has requested TEA recommendations and a plan for implementation of the new funding approach be presented for consideration at their September meeting. In preparation, the Budget and Finance Committee met on June 9 to discuss some preliminary recommendations and will meet again on July 15, 2010 with the intent of presenting recommendations for consideration by the full TEA during the July 28-29, 2010 meeting and to KBOR in September.

Action

A roll call vote was taken on the motion to set aside the action taken regarding the recommendation for the FY 2011 distribution of Technical College Aid for Technical Education during the May 26, 2010 TEA meeting. The motion carried by a vote of 8 to 3. Voting in favor of the motion were members Coco, DeBacker, Estes, Frahm, Howell, Garner, Glassman, and Thornton. Voting in opposition to the motion were members Grier, Quattlebaum, and Wempe.

Motion

Member Estes then moved to recommend the across-the-board funding option for the distribution of the FY 2011 Technical College Aid for Technical Education. Member Howell seconded the motion.

Discussion

At the request of Member DeBacker, Diane Duffy explained the across-the-board option as presented.

Dean Hollenbeck, President of Flint Hills Technical College, reminded members that the technical college presidents met to discuss the three potential distribution options and the majority consensus of the technical college presidents (4 to 2) was to distribute the Technical College Aid for Technical Education using the modified approach (Option 3).

Member Grier stressed to the TEA members and others participating in the conference call the need to understand that as the new funding approach is implemented there will be significant differences between that approach and the proposed across-the-board distribution being considered. He also noted that unless the Legislature or others decide to hold institutions harmless, a tiered, credit hour formula will result in significant funding differences impacting all colleges.

Member Wempe shared that during the session there was an attempt by the Legislature to maintain funding for both the K-12 and higher education systems. However, he questioned whether school districts would be held harmless or whether the funds would continue to be distributed based on district enrollments. He also questioned the fairness of continuing to distribute the same dollar amounts to colleges without any consideration of the impact of credit hour enrollments on all colleges. He reminded members that the modified option provided a compromise between Options 1 (entirely credit hour based) and Option 2 (no consideration for credit hour enrollments) and urged members to consider the impact on the system as opposed to individual institutions when making their decision.

Chairman Glassman stressed that the TEA will definitely be recommending implementation of a new funding approach July 1, 2011 (FY 2012). Members were reminded that during the January 27, 2010 meeting the TEA voted to defer implementation of a technical education tiered cost model for one year due to the downturn of the economy and the status of the state budget at that time. He also commented that he would not support changing the distribution methodology from that used in the current year only a few weeks before the beginning of the new fiscal year. Members Estes and Howell concurred with Chairman Glassman's comments, support a new funding model and agreed with implementing the corresponding distribution change beginning with the 2012 fiscal year.

Member Frahm expressed agreement with all of the comments previously shared and asked that members look at the current situation as an opportunity to be sure all of the necessary entities (the Legislature, the Governor's office, and KBOR) are involved and support the new funding model and the direction it will take before decisions are made. Member Grier added that the support of the Legislature and KBOR is critical if a new tiered funding model is to be effective and stressed again the significant impact the new model will have on all colleges. He also emphasized that if colleges need planning time to adjust budgets it should begin now.

Member Frahm clarified that members were not being asked to reconsider the distribution of the Other Institutions Aid for Technical Education, the recommended three-year rolling average will be used to distribute these funds even though there are some colleges receiving significant decrease in funds, none of these colleges has requested changing the recommended approach, and as a result not all colleges are being held harmless. She also noted that the colleges in the Other Institutions Aid for Technical Education funding pool will probably have less difficulty and fewer abrupt changes next year because they are already making some funding adjustment. She also cautioned that the technical colleges may face an even more difficult situation having to make extremely significant adjustments when a new funding approach is implemented.

Ray Frederick, Interim President of Wichita Area Technical College, questioned why the distribution of the Other Institutions Aid for Technical Education was not also being revisited. Chairman Glassman responded that the presidents of the colleges participating in the Other Institutions Aid for Technical Education funding were all in agreement with the distribution recommendation which was not the case with the technical college presidents participating in the distribution of the Technical College Aid for Technical Education funding. He also expressed concern regarding the ability of at least two of the technical colleges to adjust for the reduction in funding so near to the beginning of the new fiscal year. President Hollenbeck added that the agreement among the community college presidents might have been reached partly because the percentage of the overall college's budget represented by these funds for a community college is considerably less than for a technical college. For technical colleges these funds represent a significant percentage of the college's overall budget.

Member Quattlebaum expressed his concerns about not taking the credit hour enrollment changes into consideration when determining the distribution of funds and the precedence being established for setting aside previous action which had completed the full vetting process.

Members reviewed the discussion and actions from the January 27, 2010 meeting regarding deferring implementation of the new tiered funding model until FY 2012 and comments made during subsequent meetings which some institutions may have interpreted as there would be no funding changes for FY 2011. Members were reminded that none of the options under consideration represent or are based on the new tiered funding approach recommendations being developed by the TEA.

Action

A roll call vote was taken on the motion to recommend the across-the-board funding option for the distribution of the FY 2011 Technical College Aid for Technical Education. The motion carried by a vote of 8 to 3. Voting in favor of the motion were members Coco, DeBacker, Estes, Frahm, Howell, Garner, Glassman, and Thornton. Voting in opposition to the motion were members Grier, Quattlebaum, and Wempe.

The meeting adjourned at 12:55 p.m.

Respectfully submitted

Janice Haberman, Executive Asst.