

**PRELIMINARY MINUTES
KANSAS POSTSECONDARY
TECHNICAL EDUCATION AUTHORITY
MEETING**

Wednesday, July 28, 2010

The July 28, 2010 meeting of the Kansas Postsecondary Technical Education Authority was called to order by Chairman Joe Glassman at 9:10 a.m. The meeting was held in Room 530 of the Curtis State Office Building, 1000 S.W. Jackson, Topeka, Kansas.

Members Present:

Joseph Glassman, Chairman
Clark Coco
Diane DeBacker
Eddie Estes

Sheila Frahm
Jim Grier
William Thornton
Jack Wempe

Members Absent:

Wayne Carter
Jim Garner

Kathy Howell
William Quattlebaum, Vice Chairman

Others Present:

Jarold Boettcher

APPROVAL OF MINUTES

Motion: Member Grier moved to approve the minutes of May 26, 2010 and June 21, 2010. Following second of Secretary Thornton, the motion carried.

REPORTS

Chairman Report

Chairman Glassman forwent his report in the interest of time.

CONSIDERATION OF DISCUSSION AGENDA

Budget Finance Committee Report

Litigation Update:

Julene Miller reported the Plaintiffs sought a hearing in May for Judge Theis to consider their request for temporary injunction of the FY 2011 distribution of funds from the "Other Institutions Aid for Technical Education" appropriation. The hearing was held June 22, 2010 and after hearing testimony and arguments from both sides, Judge Theis denied the application for temporary injunction on July 9, 2010. No appeals have been filed to date. The case is pending final determination on the merits.

Review of Chairman's Charge and Timeline:

Members reviewed the Charge and the aggressive timeline that was established. Members expressed appreciation to the institutions and staff for all of the work done prior to this meeting and for the input shared during the TEA Budget/Finance Committee meetings, the Process Management Committee meetings and CEO Briefings conducted during the summer months. The Charge and Timeline will be filed with the official minutes.

New Approach to Technical Education Funding:

Diane Duffy reviewed the background information provided that included the following: an explanation of the cost model framework, a listing of all colleges participating in Kansas Study, a listing of critical industries, and an updated listing of programs supporting critical industries.

Blake Flanders and Diane Duffy then reviewed with Members a summary of the discussions and comments shared during the summer meetings regarding the cost model framework and a series of policy questions needing to be addressed.

After a brief discussion of how each of the data sources were used to calculate the rates for tiered technical funding, Members reaffirmed using the cost model as developed as the new approach for funding technical education noting that the model is designed to reflect “what it should cost” to deliver a technical education course with the course credit hour as the basic unit for calculating each component (instructor cost + extraordinary cost + institutional support).

The following is a general summary of the discussions regarding policy questions:

1. Policy questions related to eligible students credit hours.
 - a. Resident Status – Although the time period for non-resident students to obtain resident status differs for community colleges and technical colleges, the general consensus was to establish consistent requirements for institutions in each of the two-year sectors with respect to funding for the tiered technical education courses. Inclusion of non-resident credit hours for funding will carry a fiscal note. It was also noted the amount of tuition each institution charges would continue to be determined by local governing boards.
 - b. Secondary Students – Although eligibility for state funding for postsecondary credit hours earned by secondary students differs among and between community and technical colleges, the general consensus was to establish consistent requirements for all postsecondary credit hours earned by secondary students making these hours eligible for state funding regardless of the type of institution. Inclusion of these credit hours for state funding will carry a fiscal note; however, some of this amount could potentially be offset with changes in secondary funding allocations. It was noted that further discussion with KSDE and Legislators will need to occur.
2. Policy questions related to eligible course credit hours.
 - a. Critical Industries – Discussion focused on the need to ensure a funding base for all technical programs and the need for the development of a comprehensive review process for validating, adding and deleting the critical industry designations and the programs supporting those critical industries. The general consensus was to include all approved technical programs in the tiered cost model and provide incentives for critical industries through other initiatives outside the formula.
 - b. Completers – Discussion focused on establishing a definition for completers and the potential for inclusion of students who may leave a program for employment purposes. The general consensus was not to include completers at this time as an element in the cost model formula.
3. Policy questions related to repositioning current state appropriation line-items – budgetary amendments.

Discussion focused on the need to ensure a funding base for both the tiered and non-tiered courses within technical programs as well as the general education aspect of higher education institutions. The general consensus was to utilize the community college operating grant and establish a similar operating grant for technical colleges and one for Washburn Tech to provide a funding line item source (by sector) for all non-tiered course credit hours and to establish a tiered technical education line item as the source for all tiered course credit hours for community colleges, technical colleges, and Washburn Tech.
4. Policy questions related to financing and the state’s share of the calculated cost to deliver a tiered technical education course.

Although the actual percentage may vary by institution, the discussion focused on the use of a common percentage across institutions as the assumed student share of the cost for purposes of the model. Members requested funding scenarios using 20%, 25% and 30% to help determine the common percentage to be assumed and the corresponding impact on the cost model fiscal note. Members also discussed the need to recognize some percentage of cost sharing for local tax funds currently being received by community colleges. The general consensus was to

recognize the local effort by deducting a cost percentage amount only for credit hours earned by students who are residents of a community college's taxing district and that the same recognition would apply to technical colleges if at some point in the future technical colleges receive local taxing authority.

5. Policy questions related to implementation.

Members were provided four summary documents based on student eligibility assumptions as a means to depict the potential impact on institutions and the cost model's calculated cost. Dawn Ressel demonstrated the Excel workbooks used to generate the summary documents and explained the information contained on each of the spreadsheets. She then showed members how the workbooks could be used to generate cost calculations when varying percentages were entered for policy options. Members were reminded that FY 2009 credit hour data was used for modeling purposes and to assist in policy discussions. Institutions are meeting with KBOR staff to work out any data issues that may have been discovered. Committee Chairman Grier urged all colleges to complete any data updates within the next 60 days.

Discussion also focused on the need to ensure access to both geographically bound students and an institution's ability to expand to meet growing enrollment needs. It was noted that the tiered cost model was developed with the intent that all institutions would be treated the same. The general consensus was that if the cost model were fully funded, access may not be a critical issue. However, if the model is not fully funded multiple distribution and implementation options would need to be considered.

Open Discussion

John Masterson, President-Allen County Community College, addressed members on behalf of the community college presidents and shared the following comments/concerns:

- Community colleges support the cost model but stress the need for further data validation and time to fix any data issues as well as development of processes for model improvements.
- The cost model should be fully funded to adequately support technical education; however, if full funding is not realized, funds should remain in existing funding streams and no redistribution of funds made.
- There is a concern regarding adequate recognition of and continued funding support for the academic and transfer mission of community colleges.
- Equitable funding for technical education is supported but implementation may need to be phased in. Local decisions have been made based on the current funding status and institutions will need a period of time to adjust to the impact made as a result of any changes in funding. Institutions should be held at their current level of funding and given time to make necessary adjustments.
- Funding should support base funding for all technical programs before incentives for critical industries and/or completers are added. A clear and agreed upon definition of the term "completer" needs to be established. Any incentives should either be phased-in or considered outside the cost model calculations.
- Postsecondary credit hours earned by secondary students should be treated the same regardless of sector.
- Recognition of local support for in-district students needs to be the same regardless of sector.
- Any redistribution of funding should not occur until additional dollars are identified/allocated. All institutions have already seen reduced state funding based on the state's economy.
- Accurate information/data and time to make any appropriate changes are key elements to be addressed prior to implementing the cost model.

Rob Edleston, President-Manhattan Area Technical College, addressed members on behalf of the technical colleges and shared the following comments/concerns:

- Technical colleges support the cost model but also stressed the need to be able to validate the data prior to funding being attached.

- Technical colleges agree with most of the comments made by the community colleges regarding the implementation of the cost model and that more funding dollars need to be found/identified to finance the cost for technical education as indicated through the cost model calculations.
- There is concern that if institutions are not held at least at current funding levels, providing access may be difficult.
- There was agreement that base funding for all technical education programs should be met before incentives for critical industries and completers are included in the cost model calculations.
- The general consensus of the technical colleges was to include postsecondary credit hours earned by secondary students and that the technical college residency requirement be used for both technical and community colleges in determining student credit hours eligible for the tiered technical education funding stream.

Other comments:

- Any modification to student residency status for community colleges should apply only to the tiered technical education funding stream and any waiver should be included as part of any newly created statutes pertaining to individual funding line items as opposed to modifying existing statutes.
- Even though there may be issues with the distribution of state funding through the community college operating grant, the calculated rate for non-tiered courses would serve as the tool to determine the overall total for the operating grant. Distribution of that total would follow the current statute.
- The same calculated rate for non-tiered courses would also be used to determine the total amounts for a newly established technical college and Washburn Tech operating grants.
- To address the concern that over time funding for the operating grants would decline and the potential for funding to be directed instead to the tiered technical education pool, a suggestion was made that a policy statement be created stressing equal advocacy for all funding streams (through the unified KBOR budget request) and process established to fund the operating grants first was offered.
- Ed Berger, President-Hutchinson Community College, shared a series of spreadsheets developed by his staff utilizing information from previous cost model spreadsheets to approximate an amount of money that would be need to hold all institutions at 100%, 75%, 50%, and 0% of their current funding levels while phasing-in implementation of the cost model.

ADJOURNMENT

Chairman Glassman adjourned the meeting at 4:10 p.m.

Thursday, July 29, 2010

The July 29, 2010 meeting of the Kansas Postsecondary Technical Education Authority was called to order by Chairman Joe Glassman at 8:40 a.m. The meeting was held in the Kansas Board of Regents Boardroom located in the Curtis State Office Building, 1000 S.W. Jackson, Suite 520, Topeka, Kansas.

Members Present:

Joseph Glassman, Chairman
Eddie Estes
Tom Foster for Diane DeBacker
Sheila Frahm

Jim Grier
William Thornton
Jack Wempe

Members Absent

Wayne Carter
Clark Coco
Jim Garner

Kathy Howell
William Quattlebaum, Vice Chairman

Others Present:

Jarold Boettcher

CONSIDERATION OF DISCUSSION AGENDA (Continued)**Discussion of Recommendations and Range of Options:**

Discussion continued regarding potential options for implementing the cost model approach to technical education funding. The basic concepts underlying the spreadsheets shared by Hutchinson Community College were discussed including the degree of funding and length of time institutions might need to align funding with enrollment levels. It was noted that even though the total amount of funding for the community college operating grant might remain at the current level, the actual distribution is in statute and could result in funding changes for individual community colleges. Various percentages for “hold harmless” were discussed, no consensus was reached. Members did reach consensus regarding the new funding structure (three separate operating grants, one for community colleges, one for technical colleges, and one for Washburn Tech, to fund non-tiered credit hours, and a tiered technical education fund for tiered technical course credit hours for all institutions in each of the sectors currently receiving technical education funding) and methodology for determining an initial amount for each of the operating grants and the tiered technical education funding line item.

Chairman Glassman asked for additional information regarding the process that was used to determine a rate for non-tiered courses based on information from the Kansas Study.

Discussion of Potential Statutory and/or Budgetary Amendments:

Julene Miller explained that KBOR staff reviewed all relevant statutes and described the process used to categorize the statutes into three subcategories: A) provisions potentially needing to be enacted or amended in order to implement the new technical education approach; B) statutory amendments to be considered for possible clean up (updating terminology, removal of obsolete provisions), which would continue the process started in 2008; and C) statutes that could be set aside for consideration at a later time. Ms. Miller then explained the content of each of the statutes listed both Charts A and B, the rationale for including the statutes in these subcategories, and options for any potential recommended action. The statute charts are filed with the official minutes.

Diane Duffy and Dawn Ressel then shared a newly developed document that could be used to determine the fiscal impact based on the percentage of the cost model funding allocated.

A series of motions were made to formulate potential recommendations for consideration and give focused direction for additional work needing to occur prior to the next TEA meeting.

Motion: In response to the discussion regarding eligible students, Chairman Glassman moved to recommend the necessary statutes and/or statutory changes be drafted to ensure consistent treatment of postsecondary credit hours earned by secondary students and non-resident students enrolled in tiered technical courses for state technical funding streams established for community colleges, technical colleges, and Washburn Institute of Technology. Following a second by Member Estes, the motion carried unanimously.

Motion: In response to the discussion regarding incentives for critical industries and student completion, Member Estes moved that until further study and development of a periodic review process to determine critical industries and the supporting programs, incentives for critical industries not be included in the initial cost model calculations but asked for potential funding options outside the formula be identified and brought back to the TEA for consideration and that incentives for program/course completers not be included at this time. The motion was seconded by Member Wempe. After discussion the motion carried unanimously.

Motion: In response to the discussion regarding the funding structure, Member Estes moved to recommend establishing a funding structure to include the community college operating grant, an operating grant for technical colleges, and an operating grant for Washburn Institute of Technology to support all non-tiered course credit hours, as well as a tiered technical education funding line item to support tiered technical courses at community colleges, technical colleges, and Washburn Tech. Following a second by Chairman Glassman, the motion carried unanimously.

Motion: In response to the discussion addressing the percentage of the cost model that should be funded by the student, local contributions, and the state's share, Chairman Glassman moved to ask staff prepare cost scenarios with student share percentages at 20%, 25% and 30% for further discussion and to assist in determining the fiscal note associated with the varying amounts. Following a second by Member Estes, the motion carried unanimously.

In response to the discussion regarding seeking taxing authority for technical colleges, members agreed to put this issue on hold for the present time. If at some point in the future the technical colleges wish to bring forward a recommendation regarding taxing authority, the TEA would take the issue under consideration.

Following additional discussion regarding potential funding levels and implementation options, Chairman Grier asked staff to develop and bring forward potential distribution options for funding that would include multi-year phase-in approaches to funding the cost model recognizing the impact on institutions which may be under-base and/or under-growth funded as a result of the redistribution of technical education funding for further discussion at the August 26, 2010 TEA meeting.

ADJOURNMENT

Chairman Glassman adjourned the meeting at 11:00 a.m. The next meeting is scheduled for August 26, 2010.

Respectfully Submitted by
Janice Haberman, Executive Assistant