

MINUTES

LEGISLATIVE COMMISSION ON ECONOMIC DEVELOPMENT

December 8-9, 1986
Room 519-S -- Statehouse

Members Present

Representative Jim Braden, Chairman
Senator Wint Winter, Jr., Vice-Chairman
Senator Paul Feleciano, Jr.
Senator Mike Johnston
Senator Dave Kerr
Senator Alicia Salisbury
Representative Marvin Barkis
Representative David Heinemann
Representative Phil Kline
Representative Don Mainey

Staff Present

H. Edward Flentje, Consultant
Charles Krider, Consultant
Anthony Redwood, Consultant
Ben Barrett, Kansas Legislative Research Department
Chris Courtwright, Kansas Legislative Research Department
Julian Efir, Kansas Legislative Research Department
Tom Severn, Kansas Legislative Research Department
Paul West, Kansas Legislative Research Department
Gordon Self, Revisor of Statutes Office
Avis Swartzman, Revisor of Statutes Office

Others Present

Representative Denise Apt
David Barclay, Department of Economic Development
Phil Bradford, Kansas Advanced Technology Commission
Fred Braun, Business Training Task Force
Dana Ferrell, Division of Budget
John Kerry, Kansas Arts Commission
Jamie Schwartz, Department of Economic Development

December 8, 1986
Morning Session

The Chairman called the meeting to order at 10:10 a.m. He announced that the Legislative Coordinating Council (LCC) had been polled and that a majority had approved of the Commission's being allowed to prefile bills.

There being no additions or corrections to the minutes of the November 17 meeting, they were approved.

Jamie Schwartz, Secretary of Economic Development, briefed the Commission on the Kansas Department of Economic Development (KDED) budget. He said that 12 new FTE positions would be created in the Department of Commerce on January 18.

Dr. Anthony Redwood, Consultant, provided background for the report of the Higher Education Task Force (Attachment No. 1). He said that the task force believed that business sector-higher education linkages were extremely important for economic development. He also said that the recommendation was that all but one of the programs designed to enhance the linkages should be funded through the Kansas Technology Enterprise Corporation (K-TEC).

Phil Bradford, Kansas Advanced Technology Commission, said that research matching grants had both direct and indirect economic development impacts and provided some data to the Commission (Attachment No. 2). He said that Kansas lacked a statewide focused initiative in competing for federal research and development dollars.

Dr. Redwood continued briefing the Commission on the funding recommendations of the task force, providing handouts on proposed funding for the Kansas Industrial Extension Service, Rural Business Development Institute, and the Center for International Programs (Attachment Nos. 3, 4, and 5).

Afternoon Session

In the afternoon, Dr. H. Edward Flentje, Consultant, presented the task force's governance recommendation. He said that postsecondary education in Kansas should be consolidated under the jurisdiction of the Board of Regents and that the statutory mission of the Regents should be defined as coordination of postsecondary education. He added that the recommendations would not require constitutional change.

Staff then presented diagrams outlining current postsecondary governing structure, the governing structure recommended by the Higher Education Task Force, the governing structure recommended by the Business Training Task Force, and several other proposals (Attachment No. 6).

The Commission spent the balance of the afternoon discussing the various governance proposals. Representative Kline, Chairman of the Higher Education Task Force, presented two letters he had received to the Commission

(Attachment Nos. 7 and 8). Representative Barkis moved, seconded by Senator Dave Kerr, that the Commission adopt all of the recommendations of the Higher Education Task Force except the one that would establish a new board of governors below the Regents. The motion failed. Representative Kline moved, seconded by Senator Winter, that the Commission adopt all of the Higher Education Task Force's governance recommendations as written. The motion failed.

The Chairman adjourned the meeting shortly after 5:30 p.m.

December 9, 1986
Morning Session

The Chairman called the meeting to order at 9:15 a.m. He said that the Commission would defer further consideration of the governance issue until later in the day.

Dr. Charles Krider, Consultant, presented the report of the Task Force on Business Training (Attachment No. 9). He said that the task force strongly emphasized creation of customized job training programs, adding that such programs are one of the five factors firms consider most when deciding where to locate.

Staff then presented a summary of the recommendations of the task force (Attachment No. 10) and data on FY 1986 expenditures for vocational education (Attachment No. 11). KDED also provided data on Kansas Industrial Training (KIT) funding for FY 1987 (Attachment No. 12).

Representative Apt and Fred Braun, members of the Business Training Task Force, said that Kansas needed a good customized training program to be more competitive with surrounding states. Representative Apt added that the programs recommended by the task force could help Kansas right away, while any changes in governance could take time. Dr. Krider then presented some vocational enrollment data for Kansas and neighboring states (Attachment No. 13).

The Commission then discussed how California's training program is funded through a diversion of unemployment insurance tax. Representative Barkis moved, seconded by Representative Mainey, that an unemployment insurance diversion be used to fund a training program for in-state firms, while state funds be used to fund a similar program for new companies locating in Kansas. The Chairman suggested that the motion be amended to ensure that KIT money would be folded into the programs, but that the Commission funding recommendation should only include the notion that the customized training programs should be available at no cost or on a shared-cost basis to employers expanding the workforce in Kansas, and on a shared-cost basis to employers engaged in retraining. Representatives Barkis and Mainey accepted the friendly amendment. The Chairman then instructed staff that, should the motion pass, the unemployment insurance tax diversion should be drafted as a bill without the Commission's recommendation, indicating that some sort of funding methodology should be presented for initial consideration by the 1987 Legislature. The motion passed, with Senator Johnston voting against.

Afternoon Session

In the afternoon, John Kerry, Executive Director of the Kansas Arts Commission, told the Commission that Kansas ranked 47th out of 56 states and territories in per capita spending on the arts. He said that one of the Redwood-Krider report recommendations was that Kansas should increase funding to the arts to the national per capita average level. He said that this would mean that funding in Kansas would need to increase from around \$600,000 a year to over \$1.2 million. He recommended that lottery funds earmarked for economic development be used to increase the funding, adding that arts funding provided Kansas with a 9 to 1 return on investment.

The Commission then began consideration of the remaining recommendations of the Business Training Task Force. Representative Kline moved, seconded by Representative Mainey, that the program providing financial awards to public educational institutions demonstrating exemplary performance in providing vocational and technical training for handicapped or disadvantaged persons be funded at the recommended \$150,000 level, administered through the Department of Human Resources. The motion passed.

Representative Kline moved, seconded by Representative Mainey, that the recommendation of an awards program for those institutions demonstrating exemplary performance in job creation, entrepreneurship, and job upgrading in rural areas of Kansas be adopted. The program would be administered by the Department of Commerce. The motion passed, with Senator Feleciano voting against.

The Commission then discussed the recommendation that the multiple for funding community college vocational programs should be increased from 1.5 to 2.0 times the regular credit hour reimbursement rate in FY 1988. The fiscal note for this recommendation was \$3.1 million. Senator Salisbury moved, seconded by Senator Johnston, that the multiple be increased instead to 1.6 in FY 1988, 1.7 in FY 1989, 1.8 in FY 1990, 1.9 in FY 1991, and 2.0 in FY 1992 for all institutions whose programs were not already funded at 2.0 times the regular rate. The motion passed.

Senator Dave Kerr moved, seconded by Senator Winter, to accept the recommendation that the area vocational school capital outlay aid program be expanded to include community colleges and be funded with an additional \$2.0 million. The motion included the recommendation that the state pool of instructional equipment program be funded at \$250,000. The motion passed.

Senator Salisbury moved, seconded by Senator Johnston, that a Kansas Training Information Program be implemented and funded at the recommended level, \$14,500 for FY 1988 and \$10,000 each year thereafter. The motion carried.

Senator Heinemann moved, seconded by Senator Winter, that the Commission accept the recommendation that the proposed state policymaking board should increase accountability of job-training programs, and that the House and Senate Education and Economic Development Committees engage in a continuing review of the accountability issue. The motion passed.

Senator Heinemann moved, seconded by Senator Winter, that the Commission recommend that the House and Senate Education and Economic Development Committees and the Legislative Educational Planning Committee should engage in a regular review of major job training programs. The motion passed.

Senator Heinemann moved, seconded by Senator Salisbury, that the recommendation that the State Board of Education, amended to include the House and Senate Economic Development Committees, review approval procedures and standards for programs resulting in the award of certificates, credit hours, or degrees with the objective of proposing means of packaging the training so as to facilitate a more rapid and effective response to the training needs of business and industry. The motion passed.

Senator Salisbury moved, seconded by Representative Kline, that the Commission recommend that the Department of Commerce, through its five regional offices, act as a source of information for business and industry on available training programs. The motion passed.

Representative Braden commended the Chairman, Vice-Chairman, and the members of the Task Force on Business Training for a job well done. He thanked the Task Force staff for doing a superb job under a tough timetable.

The Chairman then directed the Commission to return to consideration of the governance issue. After some discussion, Senator Heinemann, seconded by Senator Winter, both having voted on the prevailing side, moved that the Commission reconsider the motion on the recommendation of the Higher Education Task Force as written. The motion passed. After further discussion, the motion carried.

After a short recess, the Commission began consideration of the business-university relations funding recommendations of the Higher Education Task Force. The Chairman said that consideration of funding for Centers of Excellence should be deferred until December 15, when the Capital Markets and Taxation Task Force would present its funding recommendation.

Senator Dave Kerr moved, seconded by Senator Salisbury, that the Research Matching Grant Program be funded at the recommended \$1.0 million. Senator Dave Kerr noted that this recommendation was identical to the funding recommendation of the Capital Markets and Taxation Task Force. The motion passed.

Representative Mainey moved, seconded by Senator Winter, that the Equipment Grant Program for universities be funded at the preferred level of \$3.0 million. The motion passed. The Chairman said that the recommendation of funding of \$2.0 million for a similar program for community colleges and vocational schools had been approved by an earlier motion that the area vocational school capital outlay program be expanded to the community colleges.

Senator Winter moved, seconded by Senator Salisbury, that the Commission recommend that technology transfer and industrial liaison function be funded at the recommended levels (\$400,000 for industry liaison and \$400,000 for Kansas Industrial Extension Service) but that K-TEC is to be the administering body. The motion carried.

Representative Barkis moved, seconded by Representative Kline, that the Commission adopt the funding recommendations of \$100,000 for FY 1988, and \$75,000 each year thereafter for a Kansas Technological Data Base, and \$75,000 for FY 1988, and \$60,000 each year thereafter for a central statistical agency to collect and disseminate economic and social data. The dissemination of the data is to be coordinated and networked into the state library system. The motion passed.

Senator Feleciano moved, seconded by Representative Kline, that the Small Business Development Centers (SBDCs) be funded at the preferred level of \$350,000 for FY 1988, \$450,000 for FY 1989, and \$550,000 for FY 1990. The motion passed.

Following discussion of distinguished professorships, the Chairman deferred until December 15 consideration of funding for research professorships and the issue of how state purchasing laws apply to Centers of Excellence and Research Matching Grants Programs.

Senator Winter moved, seconded by Senator Kerr, that an incubator program be funded through K-TEC at \$300,000 in FY 1988, \$400,000 in FY 1989, and \$300,000 in FY 1990, for a total of \$1.0 million. Any community would be eligible to propose an incubator in association with a Regents' school, private college, or university, community college, or area vocational-technical school. The motion passed.

Representative Kline moved, seconded by Representative Heinemann, that a management and entrepreneurship development program be funded at the preferred level of \$700,000 for FY 1988, and \$900,000 for each year thereafter. The motion passed.

Representative Kline moved, seconded by Senator Winter, that the Commission recognize that Centers of Excellence activities in basic research, applied research, and technology transfer could overlap and that the Commission adopt specific language to amend 1986 S.B. 755 to this extent (Attachment No. 14). The motion carried.

Action on the recommendation to exempt certain purchases from state requirements was deferred until December 15. Without objection, the recommendation that all funding recommended by the Commission be funded through K-TEC, except SBDC funding, which should be funded through the Department of Commerce, was adopted.

Since all of the recommendations of the Higher Education and Business Training Task Forces had been acted upon, with the exception of those deferred to December 15, the Chairman adjourned the meeting shortly before 5:00 p.m.

Prepared by Chris Courtwright

Approved by Committee on:

January 14, 1987
(Date)

ecdevdec.min/CC

ATTACHMENT 1

REPORT OF THE TASK FORCE ON HIGHER EDUCATION
OF THE
LEGISLATIVE COMMISSION ON ECONOMIC DEVELOPMENT

December 1, 1986

Attachment 1

TASK FORCE ON HIGHER EDUCATION

<u>Legislators</u>	<u>Non-Legislators</u>
Rep. Phil Kline, Chairman	Gary Bell, Wichita City Commissioner
Sen. Audrey Langworthy, Vice-Chairman	Frank Eaton, Schwab- Eaton, P.A.
Sen. Nancy Parrish	Dr. Gery Hochanadel, Pres., Labette Community College
Sen. Win Winter	Dr. Michael McCarthy, Pres., St. Mary of the Plains College
Rep. Jo Ann Pottorff	Sandra McMullen, Kansas Board of Regents
Rep. Bill Reardon	Frances Royer, Washburn Board of Regents and Pres., St. Mary's State Bank
	Don Slawson, Kansas Board of Regents and Pres. Slawson Companies, Inc.

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TASK FORCE ON HIGHER EDUCATION

INTRODUCTION

The Task Force on Higher Education was charged by the Legislative Economic Development Commission with making recommendations based on a review of the following dimensions:

1. Evaluate the appropriateness of the state's higher education system to meet the rapidly changing needs of the Kansas economy.
2. Evaluate control, supervision, and financing of postsecondary education in other states, compare other states' policies with those of Kansas, and create policies appropriate to Kansas based on the interstate analysis.
3. Evaluate control, supervision, and financing of postsecondary education in Kansas, including (a) a review and determination of the mission of public postsecondary education to and beyond the year 2000; (b) the kind of structure, control, and supervision required of public postsecondary education to accomplish such mission; and (c) the principles and level of financing of public postsecondary necessary to accomplish such mission.
4. Evaluate other states' policies which increase their commitment and investment in higher education and which encourage closer working relationships between industry, higher education, and state government.

In undertaking this review, the Task Force was directed by the Commission to:

5. Coordinate closely with the Board of Regents special study of the mission, role, and scope of each Regents' institution. It should be noted that the Regents' study is concerned with the mission of individual Regents' institutions whereas the charge to the Task Force is to look at the overall mission of public postsecondary education in Kansas.
6. Coordinate closely with the Special Interim Committee on Financing of Regents' Institutions. It should be noted that the Special Interim Committee's study is concerned with the appropriating and budgeting procedures for Regents' institutions, including enrollment adjustments, whereas the charge to the Task Force is to look at the overall financing of public postsecondary education necessary to accomplish its overall mission.

7. Coordinate closely with the Board of Education study of the mission of community colleges.
8. Coordinate closely with the Task Force on Business Training and Vocational Education.

The Task Force was served by two consultants: Dr. H. Edward Flentje, Professor of Public Administration, Hugo Wall Center for Urban Studies, Wichita State University and Dr. Anthony Redwood, Executive Director, Institute for Public Policy and Business Research, University of Kansas. Dr. Flentje served as principle consultant to the Task Force on governance of higher education. Dr. Redwood assisted the Task Force by providing information and recommendations on the state's economy and economic development issues.

SUMMARY OF RECOMMENDATIONS

Governance

The Task Force on Higher Education recommends that postsecondary education in Kansas be consolidated under the jurisdiction of the Kansas Board of Regents and that the statutory mission of the regents be defined as coordination of postsecondary education. This recommendation includes the following provisions:

1. The statutory mission of the Kansas Board of Regents would be redefined to include coordination of postsecondary education in addition to the performance of its constitutional powers and duties. The regents would be assigned specific statutory tasks as follows:
 - a. to conduct master planning for postsecondary education as a whole;
 - b. to review and have final authority for the approval of new programs in public postsecondary education;
 - c. to conduct ongoing review of existing programs in public postsecondary education and have final authority for the elimination of existing programs at state universities;
 - d. to review requests for state funds and make funding recommendations for postsecondary education to the Governor and the Legislature each year;
 - e. to develop each year and recommend to the Governor and the Legislature a policy agenda for postsecondary education, which assesses priorities among proposals for policy change, programmatic recommendations, and state funding requests;
 - f. to conduct ongoing study of ways to maximize the utilization of resources available to postsecondary education in Kansas and initiate action for improvement; and
 - g. to report annually to the Legislature and the Governor on the progress made in carrying out these assignments.

2. A state board of community colleges and vocational education would be created within the coordinating jurisdiction of the regents. The board would be composed of seven members appointed by the Governor with the consent of Senate. This board would provide a state authority for public review,

assessment, advocacy, and leadership in behalf of this segment of education; its powers would parallel but be subject to those of the Kansas Board of Regents. In other words, this board would perform key functions for its segment of education, that is, master planning, review of requests for state funds, program review, and agenda-setting within overall coordination by the regents. The authority of local governing boards for community colleges would remain intact. When state financing of community colleges reaches 50 percent, steps should be taken to bring the governance of community colleges under greater state control. The creation of this board would require an independent staff.

3. In addition to shifting statutory authority for community colleges and postsecondary vocational schools from the State Board of Education to the Kansas Board of Regents, the regents would also be assigned authority for coordination of Washburn University within postsecondary education. This change would keep the Washburn Board of Regents intact but would require delegation of program approval powers currently held by the State Board of Education and the Kansas Legislature to the Kansas Board of Regents.
4. An institutional governing board would be provided for the state universities, Kansas Technical Institute, and Washburn University. This board would be composed of seven members appointed by the Governor with the consent of Senate. This institutional board would appoint the campus chief executives with confirmation by the regents; would initiate plans for institutional advancement, new programs, and budget requests; and would have supervisory authority over each institution within policy established by the regents and within the parameters of plans, programs, and budgets approved by the regents. The creation of this board would require an independent staff. These changes in governance would be made without any major revision in the financing of Washburn. If a major shift in state financing of Washburn moves forward, further steps to bring Washburn under state control could be considered.
5. The Kansas Board of Regents would be authorized by statute to create a position of chief executive officer, in the form of a commissioner of higher education, and granted powers of appointment and removal over this officer. This officer's full-time occupation would be the execution of the regents' statutory assignments. The creation of such an office would require a delegation by the regents to this officer of recommending in the appointment of campus chief executives, in setting the regents' agenda, in reviewing academic programs and budget requests, in making representations before the Governor and the Legislature, in speaking on behalf of postsecondary education, among other matters.

Business/University Relations

1. Centers for Excellence. The Task Force recommends the following to ensure a viable and productive program:
 - a. Endorses the concept of small or mini-Centers of sufficient number to tap an array of strengths at Kansas universities rather than focus on one or two major Institutes.
 - b. Establish the following priorities in funding levels and sequence: (1) bring existing Centers, after appropriate review, to viable funding levels; (2) provide start-up funding for the approved Center for Technology Transfer at Pittsburg State; and (3) establish new Centers, through the external review competitive process, with a somewhat equal emphasis on the basic and applied research funds.

Minimum funding increase of \$2,200,000 in FY 1988 and \$3,200,000 for subsequent years, or preferred funding increase of \$3,500,000 in FY 1988 and \$5,000,000 in subsequent years, is recommended. FY 1987 funding is \$516,000.
 - c. Recognize that basic research drives applied research and technology transfer, but that with respect to basic research, the scope for matching funding is more limited and the payoff longer term. Therefore, provide a modest core budget for basic research Centers that would be exempt from the matching provision.
2. Research Matching Grant Program. The Task Force recommends that the present level of funding be increased from \$610,000 to \$1,000,000, an increase of \$390,000 in FY 1988 and subsequent years over FY 1987.
3. Equipment Grant Program. The Task Force recommends a five-year program of equipment enhancement. Minimum funding of \$2,000,000 annually or preferred funding of \$3,000,000 annually to remedy present deficiencies in research equipment at state universities is recommended. Minimum funding of \$1,000,000 annually or preferred funding of \$2,000,000 annually to provide equipment for job training in community colleges and area vocational schools is recommended. No funding was appropriated in FY 1987.
4. Technology Transfer/Industrial Liaison. The Task Force recommends funding two new programs authorized by 1986 S.B. 755:

- a. Industrial Liaison at \$400,000 in FY 1988 for basic offices, increasing to \$600,000 in subsequent fiscal years for expansion to other institutions.
 - b. Kansas Industrial Extension Service at \$400,000 in FY 1988, increasing to \$500,000 in subsequent years.
5. State Data Bases. The Task Force recommends the establishment of a Kansas Technological Data Base that will provide users with a comprehensive inventory of research and development activity in Kansas. Minimum funding of \$75,000 in FY 1988 and FY 1989, with \$60,000 subsequently, or preferred funding of \$100,000 in FY 1988 and FY 1989, with \$75,000 subsequently, is recommended for the Technological Data Base. The Task Force also recommends funding a central statistical agency to collect and disseminate economic and social data. Funding of \$75,000 in FY 1988 and FY 1989, with \$60,000 subsequently, is recommended for the comprehensive Inventory of Kansas Economic and Social Data.
 6. Small Business Development Centers. The Task Force recommends that the current level of state funding (\$250,000 in FY 1987) be increased by \$75,000 in FY 1988 and \$150,000 in FY 1989 and subsequent years at a minimum, with the preferred increases \$100,000 in FY 1988, \$200,000 in FY 1989, and \$300,000 in FY 1990.
 7. Research Professorship Program. The Task Force recommends that the existing Regents' Distinguished Professor Program be expanded to fund research professorships selected for their linkage to economic development. The cost for five such professorships added in FY 1988 would be \$500,000 and then another \$500,000 annually for each subsequent year in which five additional professorships are added. Current funding in FY 1987 is \$125,000.
 8. Incubators. The Task Force recommends the establishment of a minimum pool of \$600,000 to be funded over three years (\$200,000 per year beginning in FY 1988) or a preferred pool of \$1,000,000 to be funded over three years (\$300,000 in FY 1988, \$400,000 in FY 1989, and \$300,000 in FY 1990) to allow universities to become involved in incubators if they so choose. No state funding is currently provided.
 9. Management and Entrepreneurship Development. The Task Force recommends the following:
 - a. Support for new program improvements and other initiatives designed to enhance the quality of the state's Schools of Business that have or will be recommended to the Regents.

- b. New funding support for program development in the universities designed to bring management and related (e.g., international) expertise into interaction with the Kansas business sector. Minimum funding of \$550,000 in FY 1988 and \$750,000 for subsequent years, or preferred funding of \$700,000 in FY 1988 and \$900,000 in subsequent years, is recommended.

10. The Task Force recommends the following additional items:

- a. That Centers of Excellence activities in basic research, applied research, and technology transfer may overlap to some extent. Specific language to amend 1986 S.B. 755 was approved to effect this change.
- b. That institutions associated with Centers of Excellence, the Research Matching Grants Program, or sponsored research financed from restricted fees be exempted from current bid laws if purchases are less than \$10,000.
- c. That all funding recommended by the Task Force be appropriated to K-TEC, except in the case of Small Business Development Centers funding which should be appropriated to the Department of Commerce.

11. Fiscal implications of recommendations in terms of total net increase from FY 1987 appropriations:

	(In Millions of Dollars)		
	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>
Minimum	\$ 7.865	\$ 9.815	\$ 9.785
Preferred	11.465	14.165	14.125

PART A

GOVERNANCE OF POSTSECONDARY EDUCATION

For forty years, therefore, the Board [of Regents] and other agencies concerned with higher education in Kansas have been "studying" the problems of the State's universities and colleges. No fewer than nine major statewide reports have been prepared since 1922--some extremely comprehensive, as in 1960; some more limited, as in 1955 (municipal universities), 1955 (space utilization), and 1958 (extension services). Literally hundreds of recommendations have been made on how to improve higher education in Kansas or at least how to coordinate it better. But a reading of Kansas educational history leads to the conclusion that nothing much has happened as a result of these reports. The studies were made, the reports were accepted, the material was read, then it was filed. Higher education in Kansas continued to march on much as before.

"Kansas Plans for the Next Generation"
Alvin C. Eurich, chairman
November, 1962

Summary of Findings

This report on the governance of postsecondary education in Kansas has been guided by two principal objectives: 1) to assess existing governance of postsecondary education in Kansas; and 2) to identify alternative forms of governance for postsecondary education which may be applicable to Kansas.

The deadlines for completing this report have required that this assessment of existing governance rely more heavily on existing information concerning governance than on the development and collection of new data. For this reason not all aspects of postsecondary governance are fully covered, and the report, therefore, is preliminary.

The major findings of this report are as follows:

I. Postsecondary Education in Kansas

- comprises sixty-two postsecondary educational institutions including six state universities, one state-aided municipal university, nineteen private colleges and universities, nineteen public community colleges, one state technical institute, and sixteen area vocational schools (not including three bible colleges, a number of proprietary colleges, one of which offers a bachelors degree, and nine private colleges which offer degree programs in Kansas but are not located in Kansas).
- serves over 140,000 students each year (not including students at postsecondary vocational schools).
- offer degrees in forty fields and 369 subfields.
- awards over 14,000 degrees each year to students at the baccalau-
reate, masters, and doctoral level.

- expends over \$940 million annually, of which an estimated \$560 million, or 60 percent comes from state and local tax revenues and tuition.
- generates revenues estimated at nearly \$1 billion annually from tuition, state, local, and federal governments, endowments, and other sources.
- ranks seventh in the nation (27 percent above the national average) in the number of full-time students in public colleges or universities relative to the number of high school graduates.
- ranks seventh in the nation (25 percent above the national average) in the number of full-time students in public colleges and university per capita.
- ranks fourteenth in the nation (21 percent above the national average) in the percentage of state and local tax revenues allocated to public colleges and universities.
- ranks thirty-seventh in the nation (10 percent below the national average) in the level of student tuition at public colleges and universities relative to personal disposable income.

II. **Changing Character of Postsecondary Education in Kansas, 1960 to the present**

- established in 1961 a program of state aid to community colleges and municipal universities.
- provided in 1963 for the transformation of the municipal University of Wichita into a state university under the Kansas Board of Regents.
- adopted the Kansas Vocational Training Act of 1963 which has led to the formation and financing of sixteen new area vocational schools.

- created the Kansas Technical Institute in 1965 as a state governed and financed school.
- adopted the Community Junior College Act of 1965 which led to the reorganization of existing two-year colleges and the formation of five new community colleges.
- lost two private colleges (College of Emporia and St. John's College) since 1960, a 10 percent decrease in the number of private colleges and universities.
- expanded enrollment by 90,000 students since 1960, an increase of 180 percent for the period. Of this total, the state universities and Washburn gained 50,000 students, an increase of 139 percent; community colleges enrolled an additional 37,000 students, a growth rate of 740 percent; and private colleges and universities lost 1,000 students, a decrease of 9 percent.
- increased revenues from \$127 million in 1965 to \$926 million in 1985, a jump of 629 percent.
- increased expenditures from \$125 million in 1966 to \$900 million in 1985, a growth of 630 percent.

III. The Governance of Postsecondary Education in Kansas

- is diffused constitutionally between executive and legislative authorities at the state level. Current law divides authority for "supervision" of postsecondary education between two constitutional bodies, the State Board of Education and the Kansas Board of Regents. Another constitutional provision allows the Kansas legislature to provide for the "supervision" of municipal universities, independently of the State Board of Education or the Kansas Board of

Regents. The Kansas legislature and its committees through acts of authorization and appropriation are intimately involved in the governance of all segments of postsecondary education.

is fragmented and decentralized in the public sector among forty-three governing bodies and administrative structures, all of which have been created under legislative authorization. This fragmentation and decentralization may be found

1. in the creation of nineteen separately elected local governing bodies for the community colleges, which have been appropriated collectively \$262.9 million in state funds over the last twenty-five years.
2. in the assignment of administrative authority for postsecondary vocational education to sixteen local governing bodies, nine of which are local school boards, three of which are local community college boards, and four of which are locally initiated "composite" boards. Vocational programs offered through these local entities are paid for by 60 percent state funding. Further fragmentation may be found in the assignment of responsibility for vocational education to two state institutions under the control of the Kansas Board of Regents.
3. in delegation to six state university heads of administrative authority for personnel decisions, contracts for goods and services, legislative relations, budget development and execution, control of foundations, and many other such matters.
4. in the fragmentation of responsibility for governing Washburn University among five instrumentalities of the state including the

Washburn Board of Regents, the State Board of Education, the Kansas Board of Regents, the Kansas legislature, and the governor.

Fragmentation among executive agencies is reinforced by diffusion of authority for postsecondary education within the legislature. In the case of Washburn University of Topeka, for example, nine separate legislative committees have acted favorably on measures concerning the governance and finance of Washburn during the past twenty-five years. Principal committees recently involved in studying and coordinating postsecondary education include:

1. Ways and Means Committees - House and Senate;
2. Education Committees - House and Senate;
3. Legislative Educational Planning Committee;
4. Joint Building Committee;
5. Legislative Post Audit Committee; and
6. Various interim committees, for example, Special Committee on Washburn.

• provides no assignment of executive authority for functions critical to the overall governance and coordination of postsecondary education as a whole. These functions are:

1. executive authority for conducting master planning for postsecondary education as a whole;
2. executive authority for initiating a policy agenda for postsecondary education as a whole;
3. executive authority for maximizing the utilization of resources across postsecondary education as a whole;

Under existing governance no agency of the state has authority

or responsibility to look at postsecondary education as a whole--
except of course for the governor and the legislature.

- provides for strong advocacy of separate institutional interests in postsecondary education and weak advocacy of a state interest in postsecondary education. The demands of the various segments of postsecondary education are being effectively articulated while the interests of the whole of postsecondary education are not. The mechanisms established to articulate a state interest in postsecondary education as a whole are weakened by virtue of insufficient staffing, limited or unclear authority, partial jurisdictions, or political constraints.

IV. Decision Making Under Current Governance

- is characterized by "muddling."
 1. With the state's interest in postsecondary education uncertain, purposes become vague, contradictory, and fluctuating. Priorities shift. Institutional scope and mission lack clarity or uniqueness. Master planning is largely nonexistent. These voids in statewide vision encourage increased competition for resources among institutions and segments in postsecondary education and fuel on-going battles over educational turf.
 2. In this continuing contest for augmented resources and authority, institutional interests drive decisions concerning the governance and financing of postsecondary education. In the absence of state guidance, the institutional demands of postsecondary education are forcefully advocated before the governor and the legislature. These political arms of state have few means against which to test

the merits of institutional proposals and within the limits of available resources most often respond favorably to them.

3. In the context of a void in statewide vision, unbridled institutional demands, and limited resources, state action concerning postsecondary education proceeds in small steps. Responses to demands for improvement are partial and often temporary. The status quo is preserved; budgets ooze forward year-to-year. Proposals calling for major change are deferred. Dramatic steps in any direction are rarely taken. Incrementalism characterizes decision making. Public policy concerning postsecondary education muddles forward.

V. **Conclusions**

- A. The existing governance of postsecondary education in Kansas works but muddles. Major decisions are avoided or deferred. Policy change proceeds slowly in exceedingly small steps. Existing governance provides no one with the requisites of leadership to develop a strategic vision for postsecondary education in Kansas and to carry out that vision.
- B. To make major steps toward improvement, the Kansas legislature and the governor need help in governing postsecondary education in Kansas. This educational enterprise now comprises the work of sixty-two diverse institutions, expends nearly \$1 billion annually, 60 percent of which comes from the state's taxpayers and students, and touches over 140,000 Kansas residents each year.

Over the past twenty-five years, profound changes have occurred in the character of postsecondary education. Twenty-three new

schools have been added, an increase of nearly 60 percent. Ninety thousand additional students are being served, an increase of 180 percent. Annual revenues have jumped by over \$800 million, an increase of over 600 percent.

In the face of these profound changes, however, how decisions are being made concerning postsecondary education has not been revised significantly in this period. The governance of postsecondary education in Kansas has not adapted well to the magnitude of the enterprise nor to its changing character. The state's interest in postsecondary education is not being well articulated. Functions critical to the future of postsecondary education are not being performed. No agency is assigned authority to work on maximizing the utilization of existing resources on a statewide basis. Master planning is nonexistent. A policy agenda for postsecondary education, as an annual guide for decision making by the governor and the legislature, is not being established. To shape the future of postsecondary education in Kansas, both thoughtfully and compassionately, the governor and the legislature need help.

B. The financial environment facing postsecondary education in Kansas for the next twenty-five years will be less friendly than has been the case for the last twenty-five years.

First, the economic future of Kansas is uncertain. Those industries which have underpinned the state's economy in the past are weak and on the decline. Revenues generated from growth in the Kansas economy have fallen dramatically compared to past trends. The Kansas economy will not likely produce a major new

infusion of resources for postsecondary education or for any other state purposes in the immediate future.

Second, the leading justification for expanding aid to postsecondary education in the past, that is, growth in the number of students, has nearly evaporated. The number of students served will be at best stabilizing or slightly on the decline in the immediate years ahead. The basis for augmenting funds to postsecondary education will have to be found in terms other than solely student bodies.

Third, demands on the state treasury from a variety of quarters will continue to challenge the proportion of state funds that postsecondary education is allotted. Although Kansas ranks in the top one-third among the states in the share of state and local tax funds dedicated to public colleges and universities, that share has fallen since 1965. Maintaining the current allocation will not be an easy task.

- D. The existing governing structure for postsecondary education could be revised in ways that contribute to maximizing the utilization of available resources, making postsecondary education more responsive to the social, cultural, and economic well being of Kansans, and improving accountability to the governor and the legislature.
- E. Should Kansas policy makers act to revise the governance of postsecondary education? Whether action should be taken at all, and if so, what action should be taken, depends ultimately on the level of satisfaction or dissatisfaction with existing governance.

Has muddling on decisions been adequate for the \$1 billion enterprise of postsecondary education? Will muddling be adequate for the future? Should expectations for postsecondary education be high or modest?

Are policy makers satisfied that the utilization of resources available to postsecondary education has been maximized? Will existing structures be adequate to achieve maximum utilization of more limited resources in the future?

Are policy makers satisfied that postsecondary education has been responsive to the social, cultural, and economic well being of Kansans? Are existing structures adequate to respond to changing needs in the future?

Are the existing structures of governance sufficiently accountable to the public through the governor and the legislature? Will existing structures be adequate to assure public accountability in the future?

Options for Revising Governance

- I. **Do nothing.** Existing governance is satisfactory, and no action should be taken to change the governance of postsecondary education in Kansas.
- II. **Give existing governing structures specific assignments to improve the governance of postsecondary education.** For example, existing governing structures could be given specific statutory authority to work on maximizing the utilization of existing resources, to conduct master planning, and to prepare an annual policy agenda for their respective segments of postsecondary education. Either the State Board of Education or the Kansas Board of Regents could be assigned more authority for supervising Washburn University or private colleges and universities.
- III. **Create a Council for Postsecondary Education.** This council could be assigned statutory authority for 1) conducting on-going study and master planning for postsecondary education; 2) recommending specific actions to maximize the utilization of available resources in postsecondary education; and 3) developing an annual policy agenda for postsecondary education, as guidance to the governor, the legislature, the State Board of Education, and the Kansas Board of Regents. This council could be composed of a mixture of representatives from various segments of postsecondary education and of members appointed by the governor with the consent of senate. The council would require an independent staff to perform on-going study and advisory functions.

IV. Consolidate all postsecondary education under the jurisdiction of the Kansas Board of Regents and redefine the regents statutory mission as coordination of postsecondary education. Placing postsecondary education under the supervision of the Kansas Board of Regents could require a number of fundamental changes in governance.

First, statutory authority for supervision of the community colleges and postsecondary vocational schools would be shifted from the State Board of Education to the State Board of Regents. Authority for the supervision of Washburn University would be delegated by law to the state regents. Any clarification of regents responsibility with respect to private colleges and universities would have to be enacted.

Second, the statutory mission of the Kansas Board of Regents would require redefinition from one of governance to one of coordination. One approach to accomplishing this redefinition would be: first, to assign the regents specific statutory tasks of coordination for all of postsecondary education, that is, master planning, program and budget review, agenda-setting, and clear authority to take actions which maximize the use of available resources; second, to establish a state board with jurisdiction over the community colleges and postsecondary vocational schools in order that the interests of this segment of education are more clearly articulated and expressed; and third, to provide each of the state universities with an institutional board in order that the interests of these institutions are properly expressed.

The community college/vocational school board could perform for its segment of education master planning, budget and program review, and agenda-setting within overall coordination by the regents. This board could also provide a state authority for advocacy and leadership on behalf of this segment of postsecondary education. The local institutional boards could be assigned authority to act on the more routine matters now on the regents agenda, to appoint the campus chief executive subject to confirmation by the regents, and to initiate plans, programs, and budget requests for institutional advancement.

Third, the capacity of the Kansas Board of Regents in coordinating postsecondary education could be improved by providing the regents with a chief executive officer possibly in the form of a commissioner for higher education. The creation of such an office would require a clear delegation by the regents to their chief executive of authority in the appointment of campus heads, in setting the regents agenda, in reviewing academic programs and budget requests, in making representations before the governor and the legislature, and in speaking on behalf of postsecondary education.

V. Revise constitutional provisions concerning postsecondary education. If consideration is given to revising provisions of the Kansas constitution, the options for reshaping the governance of postsecondary education are virtually limitless. For example,

1. Postsecondary education could be consolidated constitutionally under one authority.

2. The issue of governance could be delegated to the legislature to be determined statutorily.
3. Postsecondary education could be divided constitutionally between two or more authorities, for example, community colleges and vocational education on the one hand and state universities on the other.
4. Specific assignments for governing authorities could be spelled out constitutionally or left for determination by statute.

The possibilities for consitutional revision are numerous.

Recommendation

The Task Force on Higher Education recommends that postsecondary education in Kansas be consolidated under the jurisdiction of the Kansas Board of Regents and that the statutory mission of the regents be defined as coordination of postsecondary education. This recommendation includes the following provisions:

1. The statutory mission of the Kansas Board of Regents would be redefined to include coordination of postsecondary education in addition to its constitutional powers and duties. The regents would be assigned specific statutory tasks as follows:
 - a. to conduct master planning for postsecondary education as a whole;
 - b. to review and have final authority for the approval of new programs in public postsecondary education;
 - c. to conduct ongoing review of existing programs in public postsecondary education and have final authority for the elimination of existing programs at state universities;
 - d. to review requests for state funds and make funding recommendations for postsecondary education to the Governor and the Legislature each year;
 - e. to develop each year and recommend to the Governor and the Legislature a policy agenda for postsecondary education, which assesses priorities among proposals for policy change, programmatic recommendations, and state funding requests;
 - f. to conduct ongoing study of ways to maximize the utilization of resources available to postsecondary education in Kansas and initiate action for improvement; and

- g. to report annually to the Legislature and the Governor on the progress made in carrying out these assignments.
2. A state board of community colleges and vocational education would be created within the coordinating jurisdiction of the regents. The board would be composed of seven members appointed by the Governor with the consent of Senate. This board would provide a state authority for public review, assessment, advocacy, and leadership in behalf of this segment of postsecondary education; its powers would parallel but be subject to those of the Kansas Board of Regents. In other words, this board would perform key functions for its segment of education, that is, master planning, review of requests for state funds, program review, and agenda-setting within overall coordination by the regents. The authority of local governing boards for community colleges would remain intact. When state financing of community colleges reaches 50 percent, steps should be taken to bring the governance of community colleges under greater state control. The creation of this board would require an independent staff.
3. In addition to shifting statutory authority for community colleges and postsecondary vocational schools from the State Board of Education to the Kansas Board of Regents, the regents would also be assigned authority for coordination of Washburn University within postsecondary education. This change would keep the Washburn Board of Regents intact but would require delegation of program approval powers currently held by the State Board of Education and the Kansas Legislature to the Kansas Board of Regents.

4. An institutional governing board would be provided for the state universities, Kansas Technical Institute, and Washburn University. This board would be composed of seven members appointed by the Governor with the consent of Senate. This institutional board would appoint the campus chief executives with confirmation by the regents; would initiate plans for institutional advancement, new programs, and budget requests; and would have supervisory authority over each institution within policy established by the regents and within the parameters of plans, programs, and budgets approved by the regents. The creation of this board would require an independent staff. These changes in governance would be made without any major revision in the financing of Washburn. If a major shift in state financing of Washburn moves forward, further steps to bring Washburn under state control could be considered.
5. The Kansas Board of Regents would be authorized by statute to create a position of chief executive officer, in the form of a commissioner of higher education, and granted powers of appointment and removal over this officer. This officer's full-time occupation would be the execution of the regents' statutory assignments. The creation of such an office would require a delegation by the regents to this officer of recommending in the appointment of campus chief executives, in setting the regents' agenda, in reviewing academic programs and budget requests, in making representations before the Governor and the Legislature, in speaking on behalf of postsecondary education, among other matters.

PART B

HIGHER EDUCATION - PRIVATE SECTOR LINKAGES FOR ECONOMIC DEVELOPMENT

RATIONALE FOR HIGHER EDUCATION/INDUSTRY LINKAGES

The major push for cooperation between business and academia stems from the revolutionary shift from an industrial to an information economy. Knowledge now doubles every decade, transforming the marketplace and the workforce. As a result, our economy increasingly is built on knowledge.

This evolution necessitates that business access and utilize quickly new technological and managerial developments. The linkage between our higher education institutions and industry will facilitate the networking of information throughout our state economy. The success of this linkage depends upon tailoring this collaboration to fit the capabilities of our institutions with the needs of existing and potential Kansas businesses and industries.

SUMMARY OF REPORT

The following report from the Task Force on Higher Education is in two parts:

1. Overview of other state programs of higher education-business interaction to foster economic development.
2. Recommendations for specific action by the 1987 Kansas Legislature.

Our recommendations to the Commission deal with specific mechanisms and systems to enhance economic development by fostering a closer link between Kansas industry and higher education. In the ultimate, however, the most productive contribution that higher education can make to long run economic development is to undertake its basic mission of teaching and research at the highest quality level. It is evident that a large number of states have reiterated their basic funding commitment to higher education in recent years for this reason. As noted in the **Kansas Economic Development Study**, one of Kansas' few major strengths for building its economy lies in its excellent higher education system. We strongly urge that a commitment be made to insure this strength is maintained and strengthened.

OVERVIEW OF PROGRAMS IN OTHER STATES

Economic development in other states has involved a multiplicity of activities, mechanisms and programs designed to tap the expertise in state universities in the state's economic development effort. These have included the following:

- 1) Centers of Excellence in Basic and Applied Research
- 2) Research Matching Grants
- 3) Industrial Liaison Offices
- 4) Technology Transfer
- 5) State Technological Database of Research & Development Activity
- 6) Incubators
- 7) Equipment Matching Grants
- 8) Selective Management Education & Business Development
- 9) Research Professorships
- 10) Research Parks

Following are brief summaries of five state's efforts in this arena in order to illustrate the nature, direction, magnitude, and array of programs.

Arkansas

In 1983, the state legislature established the Arkansas Science and Technology Authority (illustrative of 2 and 3 from above list) with initial funding of \$250,000. The Authority was created to play a major role in the identification, development and application of advanced technologies for increased state economic growth. Its functions were broadened in the 1985 legislative session. The Authority's operating budget was increased to \$1,000,000 and three new programs were authorized and funded for an additional \$4,500,000. These programs were the Seed Capital Investment Fund (\$1.8 million), Business Incubator Program (\$1.9 million) and the Basic and Applied Research Grant Program (\$1.8 million) (representing 6 and 2 from above list).

Arkansas appropriated \$3.4 million in 1983 for institutional development funds to support economic development in the state (3, 4, and 8). An additional \$3.4 million was appropriated for each year of the 1985-87 biennium with a matching stipulation on this second round of funding. Examples of programs funded include technology transfer centers designed to provide businesses with assistance, economic assessments and special studies, and research for business development.

Illinois

Through the State Board of Higher Education, Illinois provides funds for 48 technology centers at six universities and one technology institute

(example of 1 from aforementioned list). As illustrations, The Beckman Institute for Advanced Science and Technology received \$10 million in construction monies to match the \$40 million gift from Arnold O. Beckman. The Center for Supercomputing Applications will receive \$2.0 million for FY 87 matched with a total federal appropriation of \$40 million.

The Department of Commerce and Community Affairs (DCCA) funds the state's industry liaisons through its \$3 million (FY 87) commitment to sixteen Technology Commercialization Centers (3 and 4). This funding represents 60 percent of each Center's total operating budget with the balance provided by the institution and/or users. These Centers make faculties, researchers, and facilities available to industry and encourage collaboration on technical and management problems.

Two new university-associated research parks are being developed in the Chicago area to nurture new high technology companies (6 and 10). The Evanston/University Research Park received \$9.0 million from the state and the Chicago Technology Park received a \$4.0-5.0 million state commitment.

The State Board of Higher Education frequently requests monies for equipment deficiencies at its universities. For example, the University of Illinois at Urbana-Champaign received \$1.0 million in FY 86 for instructional equipment deficiencies (7).

The Illinois Resource Network (IRN) is a state-wide electronic directory of approximately 7000 university faculty members. FY 87 funding is \$230,000--\$150,000 from the Board of Higher Education's competitive Cooperation Act Grant Program and \$80,000 from a combination of DCCA funds and participant funds (5).

Iowa

In 1983, Iowa created the Iowa High Technology Council. The purpose of the Council is to encourage the development of high technology industries and research in Iowa to further economic development. The Council was funded \$50,000 for operations, \$50,000 for the creation of a system to get new research developments into the hands of Iowans who could use them and \$2 million was targeted to fund projects that would provide help to Iowa's economy within the next few years. Two of the projects receiving funding were incubators at the University of Iowa and Iowa State University.

The Iowa Program for Innovation at the Iowa Center for Industrial Research Service (CIRAS) serves as the arm of the Iowa State University Extension Service that assists owners and managers of manufacturing and processing firms. CIRAS' six field representatives travel the entire state in their efforts to support Iowa's industry. In 1984-85, the field representatives made a total of 6,524 calls upon Iowa industry. Faculty became involved in projects to either lend expertise or to gain exposure to and knowledge of an industry's particular challenges. (3)

The Iowa Development Commission has the responsibility for the administration of three programs designed to foster economic development--Iowa Product Development Commission, Business Incubator Center Program and the Economic and Research and Development Grants. The Iowa Product Development Commission is the state's source of seed capital. FY 87 funding is \$2.0 million both to cover administrative costs and for providing seed capital. The Business Incubator Center Program received \$450,000 (FY 87) for funding of incubators. There are presently three incubator centers in Iowa, one each at Iowa State University, University of Iowa and Des Moines Area Community College (6). The Economic and Research and Development Grants are designed to encourage research within Iowa. FY 86 funding was \$5 million which was increased to \$7.4 million for FY 87 (2). \$3.5 million of the FY 86 funding was used to establish seven endowed chairs. Each chair received \$500,000 from the state with an equivalent match made by each university (9). To date, \$4.75 million of the FY 87 funding has been committed to two Centers of Excellence (1)--\$3.75 million to expand Iowa State University's agricultural biotechnology program and \$1.0 million for Iowa State University's Microelectronics Research Center.

Both Iowa State University and the University of Iowa are in the process of initiating research parks with the support of private developers.

Ohio

Ohio established the Thomas Edison Program in 1983 with the purpose of stimulating working partnerships between business and academia. Thus far, the legislature has committed a total of \$67.9 million to support the program. The program consists of three main components: the Edison Seed Development Fund, the Edison Technology Centers and the Edison Incubators.

The Edison Seed Development Fund matches state funds with those put up by the private sector to demonstrate the feasibility of new ideas for products, processes or systems. To date, this program has been budgeted \$7.8 million.

The Edison Technology Centers are located at universities and bring together corporate sponsors and university researchers to explore key areas of technological concern in manufacturing, agriculture and information processing. Seven Centers have been funded to date for a total of \$49.35 million (1).

Edison Incubators provide basic business services such as accounting, legal advice and secretarial help to support entrepreneurs in developing new technology-based companies. Six have been established to date for a total of \$1.615 million (6).

Two other programs within Ohio's Department of Economic Development which further information/technology transfer are the Ohio Technology Transfer Organization (OTTO) and the Technology Information Exchange-Innovative Network (TIE-IN). OTTO links four Ohio universities and 24

technical community colleges in a state-wide information networking system. This is accomplished through the placement of field agents in each of the institutions. OTTO is currently funded by the state at \$3.7 million per biennium (3 and 4). TIE-IN is a powerful database that links users throughout the state of Ohio. Information is available on patents, faculty research interests, venture opportunities, corporate R & D, etc. Initial funding of \$100,000 created the database (5).

In its 1983-85 state budget, Ohio supported nine eminent scholars under its new Eminent Scholars Program to be administered by the Ohio Board of Regents. These scholars serve to attract and retain outstanding faculty and students, bring new research grants and capability to Ohio's campuses and act as resource consultants for the state. State funds, matched dollar-for-dollar by institutional funds from private sources, create endowments of \$1 million each to fund distinguished professorships. The 1985-87 budget provides funding for nine additional eminent scholars (9). In order to stimulate new and expanded research efforts at its colleges and universities, Ohio established a Research Challenge Program also under the Regents. The 1985-87 budget for this program is \$28 million (2 and 8).

Utah

In FY 86, the state of Utah appropriated \$2.415 million to fund Centers of Excellence. A minimum of a 2:1 match was required with a resulting match of \$16 million realized. Fourteen Centers were funded as well as seven planning grants (small dollar allocations to develop programs with Center potential). An additional \$1.0-1.5 million will be available for FY 87 (1).

The nationally recognized University of Utah Research Park was established in the late 1960's to provide a site for private research and development activities, especially those that involve interaction with the University. Though no state monies are appropriated for the Park, several academic University departments are housed there. Collaborative interdepartmental research at the University has produced such bioengineering marvels as the artificial heart and the Utah arm. These innovations were licensed to private firms for further development and production via the Technology Transfer Office within the Research Park (4, 6 and 10).

RECOMMENDATIONS FOR SPECIFIC ACTION BY THE 1987 LEGISLATURE

The Task Force is making recommendations on the following:

1. Centers of Excellence
2. Research Matching Grant Program
3. Equipment Grant Program
4. Technology Transfer/Industrial Liaison
5. State Data Bases
6. Small Business Development Centers
7. Research Professorship Program
8. Incubators
9. Management and Entrepreneurship Development
10. Clean-up revisions to SB 755 and state purchasing provisions.

Funding for these recommendations should be administered by the newly created Kansas Technology Enterprise Corporation (KTEC). This will insure accountability over time and provide for a review point to facilitate the matching of program goals with state economic development goals. The exception to this funding mechanism will be those funds provided for the Small Business Development Centers (#6). This funding should be administered through the Kansas Department of Commerce.

CENTERS OF EXCELLENCE

The Centers of Excellence program in Kansas is designed to expand the Kansas economy by enhancing academic programs which are at the leading edge of research and which have the potential to underpin future business development. The objective of this long term program is to build upon existing strengths in areas of key scientific and technological importance for Kansas.

Centers of Excellence characterize one of three general thrusts: Basic Research, Applied Research or Technology Transfer. Though emphasis is frequently placed on one area, it is important to recognize the continuum of movement from basic to applied research to technology transfer. Basic research is undertaken to broaden the knowledge base and understanding in a particular field while applied research focuses on resolving problems/opportunities encountered within the economic environment as they relate to a particular base of knowledge. Technology Transfer is the movement of this knowledge "in mass" to industry for its use.

For FY 87, \$172,000 has been appropriated for each of the current Centers at KU, KSU and WSU matched by \$86,000 in private sector contributions. The 1986 Legislature authorized the Kansas Technology Enterprise Corporation to designate and fund (with matching) Centers of Excellence for basic research, applied research and for technology transfer.

The majority of states have a program of this generic nature in place. The levels of funding range from multi-million mega Institutes (Illinois, Michigan, Oklahoma) to \$3-10 million Centers/Institutes (Iowa, Ohio, Pennsylvania) to mini-Centers in the under \$1 million category (Kansas, some Illinois Centers). In general, the programs seek to enhance existing strengths, but some also are designed to develop new strengths.

Given the new legislative mandate (Senate Bill 755, Section 6), the authorized role and functions of the new instrumentality K-TEC, and the Kansas context, the Task Force recommends the following to ensure a viable and productive program:

- 1) Endorses the concept of small or mini-Centers of sufficient number to tap an array of strengths at Kansas universities rather than focus on one or two major Institutes.
- 2) Establish the following priorities in funding levels and sequence:
 - a) Bring existing Centers, after appropriate review, to viable funding levels.
 - b) Provide start-up funding for the approved Center for Technology Transfer at PSU.
 - c) Establish new Centers, through the external review competitive process, with a somewhat equal emphasis on the basic and applied research funds.
- 3) Recognize that in the ultimate basic research drives applied research and technology transfer, but that with respect to basic research, the scope for matching funding is more limited and the payoff longer term. Therefore, provide for a modest core budget for basic research Centers that would be exempt from the matching provision.

The budget implications are as follows (these numbers represent NET INCREASES OVER FY 87):

	Millions			
	<u>FY 88</u>		<u>FY 89 and FY90</u>	
	<u>Minimum</u>	<u>Preferred</u>	<u>Minimum</u>	<u>Preferred</u>
Existing Centers (\$500,000-\$750,000 average)	\$1.0	\$1.75	\$1.0	\$1.75
Approved Center for Technology Transfer	.2	.25	.2	.25
New Centers (total 4: 2-FY 88, 2-FY 89)	<u>1.0</u>	<u>1.5</u>	<u>2.0</u>	<u>3.0</u>
TOTAL	\$2.2	\$3.5	\$3.2	\$5.0

RESEARCH MATCHING GRANT PROGRAM

The Research Matching Grant Program is designed to make Kansas industry more competitive by stimulating the development of high-technology industry and technology transfer, and by encouraging university-industry collaboration and interaction in Kansas. The Kansas Advanced Technology Commission invests these funds as seed money for research projects that promise to create jobs. Industry's required contribution to the project of at least 60 percent of total cost ensures that the project is worthy from the industry's point of view. These provisions are maintained in Senate Bill 755, Section 7.

Many states have this program, and it has been quite successful. Levels of funding vary significantly from state to state:

Arkansas	.90 million per year
Missouri	1.43 million
Iowa	5.00 million for fiscal 1986
Wisconsin	2.00 million for 1983-1985
Michigan	21.7 million
Texas	17.5 million

The objective of research matching grants is not to subsidize university-industry projects, but to leverage them and to establish a pattern of the university and industry working together. The Kansas program is quite small by comparison and needs to be somewhat larger to achieve the desired objectives. Thus the Task Force recommends that the present level of funding should be increased from \$610,000 to \$1 million.

EQUIPMENT GRANT PROGRAM

The Kansas Board of Regents, in its recent *A Time for Renewal* emphasizes "the importance of maintaining a modern 'state-of-the-art' instructional equipment inventory to support the academic programs at the Regents universities," and describes the state of the instructional equipment as "inadequate and out-of-date." Similarly, reductions in the research capabilities of universities in high technology and scientific fields, they report, will seriously harm the state's efforts to train graduate students who can work with modern technology-driven industry. It notes that research instrumentation is crucial for the survival of a research base in the state. This report identifies an instructional equipment and research instrumentation deficiency of \$33 million.

As the *Kansas Economic Development Study* recommended, it is essential that Kansas maintain its education quality differential in order to support the quality of its labor force, one of its few comparative strengths for economic development.

Many states have realized the danger of allowing equipment to deteriorate and become out-of-date and have legislated programs to remedy this situation. For example, North Carolina has allocated \$1.6 million to four institutions for equipment in engineering and the sciences; Virginia has established a \$28.8 million equipment trust fund for higher education; and Pennsylvania has set aside \$3 million for an engineering school equipment grant matching program.

The Task Force recommends a program of equipment enhancement that would have a dual focus: a portion of the fund would be committed to equipment purchases for general research, and another portion would be earmarked for equipment that will upgrade research programs linked directly to economic development. The Task Force recommends a five-year program, because the need for new equipment is great and cannot be met in one year. Funding should be at a minimum level of \$2 million each year for five years with preferred funding at \$3 million each year for five years.

Further, the Task Force on Business Training is considering proposals for community colleges to become more involved in vocational/technical education. If such a proposal is accepted, a multi-year program to fund equipment for community colleges' new orientation will be necessary, e.g., a minimum of \$1.0 million a year for five years with an annual level of preferred funding of \$2.0 million.

TECHNOLOGY TRANSFER/INDUSTRIAL LIAISON

Technology transfer occurs when scientific, technological and other academic resources are applied to business opportunities leading to the commercialization or incorporation of a new product, process or idea into the economy. There are three types of technology transfer:

- 1) Industry assumes an active role by aggressively pursuing university help with some technological or management issue. Lines of communication into the university must facilitate this type of relationship.
- 2) The university structure affords an avenue wherein new products, processes or ideas may be reviewed for their commercial and patent potential. If deemed appropriate, the university seeks a link with the proper industry to commercialize this new university-developed knowledge.
- 3) Through an industrial extension service, field representatives "drop in" on state industries to market the available state resources that the firm may tap for solving technical and management problems. A complete networking system is usually facilitated by a central state database of research activities, patents, expertise, etc.

In order to facilitate these linkages, university and state officials would need to:

- 1) Articulate a policy clearly supporting greater business-university interactions and identify institutional policies, such as tenure guidelines, that discourage business outreach efforts by professors and departments. Value should be placed on achieving corporate resource efficiency and commercial success.
- 2) Address the issue of proprietary information as it relates to applied research.
- 3) Develop patent and licensing policies before entering into collaborations (Include the collection and disbursement of royalties).

Funding for a wide variety of such programs in other states ranges from \$800,000/year for CIRAS (Center for Industrial Research and Service) in Iowa to the \$30 million commitment by Virginia to their Center for Innovative Technology. CIRAS is the arm of the Iowa State University Extension Service that assists owners and managers of manufacturing and processing firms. Its' six field representatives travel throughout the state of Iowa in an effort to provide technical assistance to industry. Faculty become involved in projects to either lend expertise or to gain exposure to and knowledge of an industry's particular challenges. Ohio's OTTO program, housed within the Department of Development, links four Ohio universities and 24 technical community colleges in a state-wide information networking system. The OTTO philosophy is demand driven with each agent visiting their local industries asking questions such as "Can we do it better, faster?" "What technology do you need access to?" Ohio's commitment to this program for FY 87 was \$1.4 million. The state of Illinois appropriated \$3.0 million for FY 87 for the operation of its sixteen Technology Commercialization Centers. These Centers help to identify and support emerging Illinois businesses and individuals working on high technology projects. These Centers make faculties, researchers and facilities available and encourage collaboration on technical and management problems.

The following initiatives were reviewed by the Task Force as the potential main elements of a Kansas program of technology transfer and liaison:

- 1) Industry Liaison Offices and Network (KATC)

Industry Liaison offices to be located in the three major universities, then expanded to other institutions and networked throughout post secondary institutions in the state.

- 2) Kansas Industrial Extension Service

This initiative stresses the development of a partnership between the Colleges of Engineering and the Kansas Department of Commerce (and KTEC) in order to provide assistance to Kansas industry through outreach and provide continuing education opportunities. This consortium would be linked to the industry liaison networks

and its emphasis would be on engineering and technology. State funds will be complemented by funds from other sources. This consortium would be administered at KSU, and be subject to KTEC oversight and liaison.

The Task Force recommends:

- 1) Funding support for the creation of industrial liaison positions at our state universities with KTEC serving as the focal point for coordination and facilitation of the state-wide networking efforts. Our community colleges must be included in this network as the initial contact point for business/education interaction.
(Budget: \$400,000 in FY 88; \$600,000 in FY 89)
- 2) Funding support for the establishment of a working partnership between our state engineering and scientific schools to facilitate the access of this specialized knowledge to Kansas business.
(Budget: \$400,000 in FY 88; \$500,000 in FY 89)

STATE DATA BASES

The Task Force recommends the establishment of a Kansas technological data base that will provide users with a comprehensive inventory of research and development activity in Kansas. This data base will eliminate barriers to innovation by allowing entrepreneurs efficient access to relevant information and by minimizing redundant efforts.

Many states have a centralized technological data base, but Kansas does not. These programs vary widely from state to state in the type of data compiled, in accessibility, and in how much they are actually used.

This program could be modeled on Ohio's successful TIE-IN program, which is administered by the Ohio Department of Development and includes campus-specific inventories of resources, programs and expertise. It maintains the following information:

1. a file of U.S. patents assigned to entities within the state;
2. information on research and development capabilities of companies in the state;
3. descriptions of faculty expertise and training capabilities;
4. data on sponsored university grants;
5. listing of technical publications of authors in the state; and
6. a system for matching business with appropriate federal, state or local assistance programs.

The Ohio data base also includes information about venture opportunities, an area we propose to leave to other data base systems in the state.

Ohio's system costs about \$100,000 per year. This figure includes salary for six part-time staff members, computer time, and the costs of survey mailings needed for gathering the information. Ohio uses the state's mainframe computer, so the cost of this equipment is not included. This is a useful program that can be built up over time, providing a good return on a relatively small investment.

The Task Force recommends the following funding levels for a technological data base:

	<u>Minimum</u>	<u>Preferred</u>	
fiscal 1988	\$75,000	\$100,000	development phase
fiscal 1989	\$75,000	\$100,000	implementation phase
fiscal 1990	\$60,000	\$ 75,000	maintenance phase

Similarly the state of Kansas does not have a statistical agency that collects and disseminates economic and social data. There is no focal unit to serve the multiple demands for data needed by state agencies and local communities for economic development. Yet experience elsewhere suggests the need for three types of data bases, and probably a preference for these to be separate rather than consolidated.

1. technological data base (see above)
2. agency specific data bases e.g. KDED information and data system (see recommendation #33, *Kansas Economic Development Study*).
3. economic and social statistics for use by local governmental units, the private sector, research units, and various organizations.

The Institute for Public Policy and Business Research at the University of Kansas collects data in order to publish the *Kansas Statistical Abstract* and the *Kansas Business Review*, to undertake economic, social and policy analysis, and to provide a service to Kansas organizations in need of data for diverse purposes. This data base is extensive, but it is not integrated in any way and it is not in a form suitable to support economic development needs e.g., local community's marketing to attract industry.

The Task Force recommends the following funding levels for an economic and social statistics data base to support state and local economic development activities.

FY 88	\$ 75,000	development phase
FY 89	\$ 75,000	implementation phase
FY 90	\$ 60,000	maintenance phase

SMALL BUSINESS DEVELOPMENT CENTERS

Small Business Development Centers provide free or low cost one-on-one business consulting, training, and research support for existing and potential small business owners and operators. Consulting includes feasibility studies, market research, analysis of new business ventures, development of business plans, financial analyses and development of personnel policies. Training programs can encompass business planning, financial management, and pre-business workshops. Small Business Development Centers also provide research to help the business owner with market, demographic, product, and competitor data. These services are provided by either the Center staff or private consultants hired by the Center. They are successful in increasing the probability of small business success through education and experienced advice.

The majority of funding for Kansas' Small Business Development Centers is received from the federal program with a match of these funds made by the institution housing the SBDC. The eight SBDCs within Kansas are located at seven universities and one community college. The State of Kansas made a \$250,000 appropriation to the SBDC program to help fund outreach initiatives in FY 87. As a result, these eight Centers have established ten associate centers in their efforts to service their regional area. Nine of these ten associate Centers involve a link with a community college. Additional funds to help support these associate centers are received from the institution housing the associate center as well as from the "main" SBDC's budget as needed.

Currently, forty-four states have SBDC programs with two-thirds of these receiving state funding. A 1985 study of 26 states, shows ten states committed more than \$250,000 to their SBDC program while seven states matched Kansas' commitment. Nine states appropriated fewer dollars than our state.

Given the progress made in outreach efforts, the Task Force recommends that the current level of annual state funding be increased to a minimum of \$325,000 for FY 88 and \$400,000 for FY 89 for the purpose of expanding the SBDC network in general and supporting community college and private college involvement in the SBDC program in particular. Preferred funding is \$350,000 (FY 88), \$450,000 (FY 89) and \$550,000 (FY 90). Funding for this program should be administered by the Department of Commerce.

RESEARCH PROFESSORSHIP PROGRAM

As an integral part in the achievement of a university's primary goal of creating and passing on a knowledge base, Research Professorship Programs are designed to foster national eminence of selected outstanding academic programs through the appointment of scholar-leaders. This program, known by a variety of phrases from Eminent Scholars to Distinguished Professorships, provides an opportunity for strengthening the essential relationship between public higher education and the private sector for addressing cooperatively

some of a state's most critical needs and for stimulating a new thrust toward academic excellence. Such a thrust should focus on already outstanding academic endeavors which, with the leadership of a Research Professor would likely gain a national reputation and would enhance the research underpinning of business development.

In the state of Kansas, the Regents Distinguished Professor Program is currently funded at an annual level of \$125,000 to support five of these professorships. Each professorship receives a \$25,000 award for either salary supplement or OOE. The professorships are distributed at the three major universities--two at the University of Kansas, two at Kansas State University, and one at Wichita State University. These professorships were not selected for their linkage to economic development. Ohio's commitment of \$9.1 million (4-year period) provides funding to create eighteen \$1 million endowments consisting of 50 percent state dollars matched equally with dollars from the private sector. Of Iowa's \$5.0 million Economic and Research and Development Grant dollars, \$3.5 million were appropriated for the creation of seven endowed chairs. These endowments also consisted of \$500,000 each in state funds matched with \$500,000 of private funds.

The Task Force recommends that the existing Regents Distinguished Professor Program be expanded to fund research professorships selected for their linkage to economic development. Adopting the approach of funding salary supplements and associated support for faculty positions. The cost for 5 such professorships added in each of FY 88 and FY 89 would be \$500,000 and \$1 million respectively.

INCUBATORS

Incubators act as funding catalysts in the formation of academic/business partnerships focusing on the special needs of newly formed, technology-driven small businesses. Through incubators, entrepreneurs receive an array of business services to improve their potential to be significant job-creators in and economic contributors to the state's future.

Incubators are frequently a joint venture between universities, industry and community developers. Ohio has committed \$1.615 to help fund operating expenses for six such partnerships at its universities. Incubator policies are established separately by each community with an average tenancy of two years. Three incubator programs exist in the state of Iowa; two at its research universities, and one at a community college. The Center at the University of Iowa is operated as an administrative arm of the University, housed on its Oakdale campus. This Center received \$100,000 in state monies for FY 87. The Center at Iowa State University, established in February 1986, is working now on obtaining state and private funding. The Incubator Center at Des Moines Area Community College reports to the Economic Development Department of the college even though it is a separate not-for-profit corporation. They, too, are attempting to obtain a portion of the \$450,000 state funds committed to incubators for FY 87.

The state of Kansas could make a commitment of funds which will allow its institutions to join partnerships to form incubators as part of the institution and community's economic development thrust. Funding should help with initial set-up costs through cash or in-kind contributions (i.e., use of a university building). Business tenants should be encouraged to link with University resources as applicable with each incubator eventually becoming self-sufficient through tenant fees.

Consequently, the Task Force recommends the establishment of a minimum pool of \$600,000 funded over 3 years (\$200,000 committed each year beginning with FY 88 and subject to review) to allow universities to become involved in incubators if they so choose. A pool of \$1.0 million funded over 3 years (\$300,000-FY 88; \$400,000-FY 89; and \$300,000 FY 90) is the recommended preferred funding level.

MANAGEMENT AND ENTREPRENEURSHIP DEVELOPMENT

University based outreach and development programs based on engineering and science (see Technology Transfer) are productive in that they shorten the time lag from knowledge development to application, and this is crucial in the global competitive environment of today's industrial world. But the deficiencies and shortcomings of firms in the modern competitive world are not only technological, but also managerial in nature. This is particularly true with respect to small- to medium-size firms, the backbone of the Kansas economy.

The *Kansas Economic Development Study* recommended (#13, p. 15, Executive Report) that the state "selectively enhance university programs in management and associated areas crucial to economic development."

As noted in that study, economic development is a long-term exercise. In order to make long-lasting and profound changes in the Kansas economy, future business managers must evolve from a cutting-edge curriculum. To become and remain competitive in the international market place, business schools and other academic units should place additional emphasis on areas such as small business management, international business, advanced production and operations management, and modern information systems. These management areas have been given emphasis in other states. If Kansas does not develop programs in these areas, the quality of management in Kansas will decline and Kansas's firms will not be competitive in world markets. Because the major business schools in the state are barely able to support basic quality education with current funding, the addition and enhancement of programs will require the funding of additional faculty and related operating expenses.

In essence, long-term economic progress will be enhanced (a) by a funding commitment to excellence in our Schools of Business and (b) by funding support for new thrusts in Business School curriculums.

In addition, ways have to be devised to bring the expertise of university management and related programs to bear on current business. The notion of outreach is equally relevant to the management as to the technological sphere. The capacity and infrastructure to develop this outreach and consultancy role could involve a variety of initiatives, of which the following are illustrative:

- i) Proposed Rural Business Development Institute at Kansas State University to utilize the knowledge base and expertise of that institution to support rural based economic development initiatives (\$200,000).
- ii) Proposed statewide program of services and activities linking international expertise in the Regents system to the support of Kansas industry now unavoidably competing in the global context (\$150,000) (Center for International Programs, University of Kansas).
- iii) Proposed outreach oriented Centers of Business Development in our Schools of Business, analogous to or based upon the nationally recognized Center for Entrepreneurship at Wichita State University and the newly established Bicknell Center for Entrepreneurship at Pittsburg State University.

The Task Force recommends as follows:

1. Support for new program improvements and other initiatives designed to enhance the quality of the state's Schools of Business that have or will be recommended by the Regents.
2. Funding support for program development (following the illustrations in i), ii), and iii) above) in the universities designed to bring management and related (e.g., international) expertise into interaction with the Kansas business sector. (\$550,000 for FY 88, \$750,000 for FY 89).

"CLEAN-UP" PROPOSALS FOR LEGISLATIVE CONSIDERATION

Following are the recommended amendments to SB 755 (Section 6). These changes afford recognition that basic research, applied research or technology transfer activities may overlap to some extent, and should be perceived as definitional in nature.

Sec. 6

(b) Centers of excellence for basic research will primarily undertake ongoing basic research with a particular focus that will have long-run potential for commercial development....

(1) The Kansas technology enterprise basic research fund is hereby created to which shall be credited any state funds specifically so designated. The fund is not to be used for applied research, technology transfer, technical assistance or training except as it is incidental to the basic research intended to be benefitted by this section.

(2) The corporation may use the Kansas technology enterprise basic research fund to carry out the purposes of this act by awarding funds to establish new centers of excellence for basic research or to increase funding to such already established centers of excellence so long as those centers are determined to be (only) **primarily** carrying out basic research and to meet the standards of excellence required by this act....

REPEAT FOR SEC. 6 (c) AND (d) RE APPLIED RESEARCH AND TECHNOLOGY TRANSFER.

STATE PURCHASING PROVISIONS

The Task Force discussed the impact of current state purchasing provisions on higher education/business interaction. A consensus was reached that the current limitation of \$2,000 for equipment acquisition be increased to \$10,000 in the following three situations.

- 1) Centers of Excellence purchases,
- 2) Purchases under the Research Matching Grant Program, and
- 3) Purchases from sponsored research funds.

Report of the Task Force on Higher Education
to the Legislative Commission on Kansas Economic Development

Program Name	Purpose	Fiscal Implications Over Fiscal Year 1987 Budget (Millions of Dollars)		
		FY 88	FY 89	FY 90
Centers of Excellence	Expansion of economic development by enhancing academic programs which are at the leading edge of research and which have the potential to underpin future business development.	\$2.2	\$3.2	\$3.2 minimum
		(\$3.5)	(\$5.0)	(\$5.0) (preferred)
Research Matching Grants	Stimulate high technology development and cultivate a greater degree of business/university/interaction in general.	\$.39	\$.39	\$.39
Equipment Grant Program	Remedy present deficiencies in research equipment at our state universities.	\$2.0 (\$3.0)	\$2.0 (\$3.0)	\$2.0 minimum (\$3.0) (preferred)
-Community College Job Training Equipment Funds	Provide appropriate equipment for job training efforts	\$1.0 (\$2.0)	\$1.0 (\$2.0)	\$1.0 minimum (\$2.0) (preferred)
Industrial Liaison	Facilitate the transfer of scientific, technological and other academic knowledge to industry.	\$.4	\$.6	\$.6
Kansas Industrial Extension Service	Development of a partnership between the Kansas Colleges of Engineering and the Department of Commerce to provide engineering and scientific outreach services	\$.4	\$.5	\$.5
State Data Bases Technological Data Base	Provide users with a comprehensive inventory of research and development activity in Kansas	\$.075 (\$.1)	\$.075 (\$.1)	\$.06 minimum (\$.075) (preferred)

Fiscal Implications Over Fiscal Year 1987 Budget
(Millions of Dollars)

Program Name	Purpose	Fiscal Implications Over Fiscal Year 1987 Budget (Millions of Dollars)		
		FY 88	FY 89	FY 90
Economic & Social Statistics Data Base	Provide users with a comprehensive inventory of Kansas social and economic data.	\$.075	\$.075	\$.06
Extension of Small Business Development Centers	Provide free or low cost one-on-one business consulting training and research support for small business owners and operators.	\$.075 (\$.1)	\$.15 (\$.2)	\$.15 minimum (\$.3) (preferred)
Research Professorship Program	Foster national eminence of selected outstanding academic programs important to economic development.	\$.5	\$1.0	\$1.0
Incubators	Funding catalyst in the formation of academic/business partnerships focusing on the special needs of newly formed technology-driven small businesses.	\$.2 (\$.3)	\$.2 (\$.4)	\$.2 minimum (\$.3) (preferred)
Management and Entrepreneurship Development	Creation or extension of research and outreach programs for enhancing areas crucial to economic development.	\$.55 (\$.7)	\$.75 (\$.9)	\$.75 minimum (\$.9) (preferred)
Total Net Increase from FY 87 Appropriations		\$7.865 (\$11.465)	\$9.815 (\$14.165)	\$9.785 minimum (\$14.125) (preferred)

Research Matching Grants
DIRECT
Economic Development Impact

Number of Active or Completed Projects: 62

Direct Employment:

University Faculty:	85	
Graduate Students:	125	
Universities Total	<u>210</u>	210

State Funds Committed	\$ 2,440,000
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Approved by the KATC	2,002,617
Matched by Industry	<u>3,149,692</u>
Total	\$ 5,152,309

Direct Employment by Industry	107
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1/3 Univ. + Indus. Employment	177
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Cost to the State per person employed:

$$\frac{\$2,002,617}{177} = \$11,314$$

KANSAS INDUSTRIAL EXTENSION SERVICE

INTRODUCTION: The rapid growth in new technology has exceeded the ability of many industries in Kansas to adopt it in their product designs and manufacturing processes. Competing companies in other states and countries that implement state-of-the-art technology, some of which is developed in Kansas, are eroding the market position of many Kansas corporations.

Kansas is fortunate to have three excellent colleges of engineering. In addition, specialized technical expertise exists within all the Regents institutions as well as in community colleges and private institutions. Neighboring states, realizing the potential that exists, have established formal programs within one or more of their universities to accelerate the incorporation of new technology by local industry. Unfortunately, because they have not attempted to coordinate their programs between universities within their states, they have not achieved the full potential possible.

HISTORICAL PERSPECTIVE: In 1964, the Board of Regents established the Kansas Industrial Extension Service to provide a link between industry and higher education, specifically engineering. Although the responsibility for operating this service was assigned to Kansas State University, "...in keeping with the land-grant university's traditional responsibility in this field," the program drew on the engineering expertise of both Kansas State University and the University of Kansas.

State funding for the program has not existed for a number of years. Nevertheless, Kansas State University has maintained a limited, but formal, industrial extension program to assist industry. The colleges of engineering at the University of Kansas and Wichita State University also attempt to assist industry as best as their resources allow.

PROPOSED KANSAS INDUSTRIAL EXTENSION SERVICE: It is proposed that the Kansas Industrial Extension Service be again funded to expedite the delivery and adoption of technology by new and existing industry in Kansas. The program would be a combined effort of the three colleges of engineering in Kansas with assistance from the other Regents schools, community colleges, and private institutions. By joint cooperation, a synergism will result that would not be possible if the schools were to operate independently. The program would be under the direct supervision of the Kansas Technology Enterprise Corporation with coordination provided by Kansas State University. Funding for the program would be administered by the Kansas Technology Enterprise Corporation and be allocated directly to each of schools of engineering.

Proposed Activities: The Kansas Industrial Extension Service will have three principal functions.

1. Educational Programs - Educational programs specifically

designed to accelerate the adoption of new technology will be conducted. Topics may range from those of interest to a large number of industries to specialized training provided at a plant site to meet a specific manufacturer's need. Delivery will range from traditional on-site training to the production of video tapes for use by single individuals or small groups. It is anticipated that many of the educational programs will be provided using talent from multiple universities.

2. Individual Assistance - Limited individual engineering and other technical assistance will be available through office consultations conducted on campus or at the plant site. For more extensive assistance, help will be provided in locating appropriate consulting services.
3. Networking - An engineering and technology consortium network will be maintained between the centers of higher education in Kansas. The purpose is twofold. First, by identifying engineering and other technical expertise which exists in the colleges and universities, Kansas can better serve its industries. Secondly, local colleges or universities are often acutely aware of industrial needs in their area but may not possess the expertise needed to assist them. The network will allow local colleges to refer requests for technical assistance to the appropriate resource. Kansas State University will be responsible for establishing and maintaining this network.

The three colleges of engineering will meet as often as weekly to coordinate efforts. Face to face meetings as well as teleconferencing will assure the high level of communication needed for a viable program. Because the three universities will be allowed to serve the entire state, these meetings will assure that there is no unnecessary duplication. In addition, the meetings will provide the Kansas Technology Enterprise Corporation the close supervision necessary to assure that the needs of the state are met in the best possible manner.

CONCLUSION: A study prepared by the U.S. General Accounting Office concluded that "...linkages between university and industry cannot only enhance technological innovation but can also stimulate regional economic development." This was followed by a report from the congressional Office of Technology Assessment which noted that "...industrial extension services benefit existing local businesses by increasing the rate of information diffusion and increasing their access to facilities, equipment, and expertise." The Kansas Industrial Extension Service will be a significant asset to the continued growth of the Kansas economy and will assure that the technical resources of the state will serve our industrial base.


A PROPOSAL TO ESTABLISH THE
RURAL BUSINESS DEVELOPMENT INSTITUTE

SUBMITTED TO

TASK FORCE ON HIGHER EDUCATION
OF THE
LEGISLATIVE COMMISSION ON KANSAS ECONOMIC DEVELOPMENT

SUBMITTED BY


KANSAS STATE UNIVERSITY
COLLEGE OF BUSINESS ADMINISTRATION
AND
SMALL BUSINESS DEVELOPMENT CENTER

Signature: 

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KSU-RURAL BUSINESS DEVELOPMENT INSTITUTE

At present the Kansas State University Small Business Development Center provides educational programs and individual small business counseling in 15 counties in North Central Kansas as part of a eight-center statewide effort. Because of the higher costs of serving rural areas a disproportionate amount of this service has been provided in the metropolitan areas surrounding the eight centers. The SBDCs have established several associate centers and satellite offices in less populated areas, and away from Regents Institutions, in an attempt to better serve the less populated areas of the state. There remain, however, significant portions of the State which are rural in nature and have suffered economic difficulties which could be alleviated through appropriately designed research, education and service programs. The KSU SBDC in cooperation with the Extension Service is in a unique position to coordinate the research and deliver the programs and services throughout the state of Kansas.

The Rural Business Development Institute would be developed to utilize the knowledge base of KSU to analyze the dimensions of the rural economic crises and offer positive educational programs to help the people in the rural areas cope with the present situation while building strong economic entities to provide jobs, income and economic activity for the future. It has been estimated that up to 4000 Kansas farmers will cease production in the next year and that for every seven farmers that quit, one main street merchant also will go out of business. While the agriculture and oil industries are subject to international markets beyond our control, there are certain pro-active responses that we can take in an attempt to reverse the trends in order to alleviate human suffering and prepare rural residents for new ways of making a living. These new strategies are crucial to short term survival for rural residents and they must have long term viability in order to produce economic independence. We must teach rural people to become better managers of the economic factors that control their destiny.

The Rural Business Development Institute would be located at Kansas State University and supervised by the KSU SBDC. It would focus on rural business related economic issues and utilize the combined efforts of the SBDC, the College of Business Administration, the Small Business Institute, the Kansas Center for Rural Initiatives, the Division of Cooperative Extension, Extension Community Development, Extension Home Economics, Farmers Assistance Counseling & Training Service (FACTS) and the Kansas Department of Economic Development through the Pride, Main Street and other programs which have a rural orientation. In addition, such Kansas State University Departments as Economics, Regional and Community Planning, Agricultural Economics, Architectural Engineering and Construction Sciences, the Kansas Industrial Extension Service and others would be called on to provide expertise where appropriate.

The activities of the Institute would include but not be limited to:

- A. Conducting applied research into the major business related economic problems of rural Kansas.
- B. Holding problem solving conferences to develop strategies for dealing with the rural economic crises and map out action agenda to address the problems. These might include:
 - Brainstorming sessions to help local citizens focus on their strengths and weaknesses.
 - How to deal with the economic consequences of less bus. rail and air transportation to rural areas.
 - New uses for vacated buildings such as schools, gas stations, retail stores and implement dealerships.
 - How to diversify a local economy that has been traditionally dependent on agriculture or oil.
 - How to maintain the infrastructure of rural community services in the wake of population decline and lower tax revenues.

- C. Offering specialized courses in co-sponsorship with the SBDCs and local extension offices in such topics as:
- Starting a Home-Based Business
 - Business Related Economic Restructuring for Small Towns
 - Marketing Techniques for Handcrafted Products
 - Catalog Sales of Home Produced Products
 - New Economic Opportunities for the Family Farm
 - Small Business Alternatives for Displaced Farmers
 - How to Develop and Market Specialty Food Items
 - Conversion of Vacant Schools and Public Buildings to Business Incubators
 - Developing Financing Sources for Rural Business Ventures
- D. Cooperate with local SBDC offices and Extension Community Development to provide intensive counseling to individual farmers who have been displaced and seek assistance in developing alternative business ventures.
- E. Cooperate with Extension Community Development to conduct intensive economic restructuring sessions with elected officials, Chamber of Commerce representatives and volunteers in small communities. This would help them assess their present situations and develop viable programs for bringing in or starting new businesses with the highest potential for success and which would round out the retail and service mix of the community. These sessions would also address methods of attracting new manufacturing, agri-businesses and transportation facilities to the area.
- F. Developing business and marketing plans for rural based food processing and packaging plants that would provide higher prices to farmers and additional jobs in a variety of skills in food chemistry, cooking, machine building, operating and repair, packaging and transportation plus the marketing skills including packaging design, advertising and TV commercial production to list a few.

- G. Cooperating with the Kansas Center for Rural Initiatives to develop and maintain a data base of the resources at KSU and other universities and state agencies that could assist people in the rural area. The system would be accessed by an 800 number similar to the FACTS program for agricultural concerns.

- H. Advocating the establishment of State subsidized arts and crafts retail stores to be located along the interstate highway system and near large population centers. These would sell "Kansas Only" products on a consignment basis. Products would be selected by a quality jury.

- I. Developing a Kansas Krafts Catalog to provide home-based businesses with an economical method of selling their products by direct mail. Products would be selected by a quality jury.

- J. Cooperating with wheat, beef, pork, poultry and other agricultural promotion groups to develop a Kansas Seal of Quality that would serve as a marketing umbrella for all Kansas grown or produced food products that meet strict quality guidelines.

- K. Cooperating with the KSU International Trade Institute to conduct programs to acquaint rural citizens with the opportunities of selling their products to foreign countries.

- L. Utilizing modern telecommunications equipment to conduct educational programs so that programs originating in Manhattan or other locations could be transmitted to every citizen in the State.

- M. Publishing a periodic newsletter to communicate the efforts of the Institute to the appropriate people in the state. to share ideas and promote the programs of the Institute.

Personnel:

1. The Director of the Small Business Development Center would also serve as the Director of the Rural Business Development Institute. The Director would serve on a joint appointment from the Extension Service at 2/10th time.
2. Program Coordinator - a person with a business administration degree and significant rural economic development experience would be hired to oversee the educational programs and supervise the individual counseling. The program coordinator would have a 5/10th appointment with the Extension Service.
3. Secretary - a full time secretary would be employed to promote the courses, prepare student workbooks and gather the required information to record class enrollments and maintain counseling case reports.
4. Counselors - would be hired as independent contractors from the faculty of KSU, from private industry, or contracted through local SBDC offices.
5. Instructors - would be hired as independent contractors from the faculty of KSU, from private industry, or contracted through local SBDC offices.
6. Data base operators (3) to provide phone coverage 8AM to 8PM Monday-Friday and 8AM to 5PM Saturday and Sunday.

Facilities: The Institute would be housed in the KSU College of Business Administration. Counseling and educational programs would be conducted in County Extension Offices or in space provided by local Chambers of Commerce, Community Development Corporations or other cooperating agencies. The computer for the data base would be loaned by the Robert Chapman Small Business Computing Center.

Funding: Funding would be provided by Kansas State University, the Extension Service and the Kansas Department of Economic Development. In addition, funds would be solicited from the U.S. Small Business Administration, the Economic Development Agency and other Federal, State and Private sources that might be interested in furthering the efforts of the Institute. Estimated first year expenditures:

	<u>EXTENSION</u>	<u>KDED</u>
FY 1988		
Director (0.2)	\$10.000	\$ 0
Program Coordinator	\$15.000	15.000
Secretary		13.000
Counselors and Instructors		73.000
Travel		16.000
Office equipment		6.000
Telephone equipment		3.000
Phone service 800 number		4.000
Publications, printing & supplies		5.000
Telecommunications support		10.000
Fringe Benefits (19%)	<u>4.750</u>	<u>24.890</u>
	\$29.750	\$199.890

Second year funding would be about the same as the first year since the non-recurring expense for phone and office equipment would approximately equal the assumed state salary increase of 2.5%.

	<u>EXTENSION</u>	<u>KDED</u>
FY 1989	\$30.500	\$195.662
FY 1990	31.260	200.560

For further information contact:

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Proposal

Supporting Kansas Business in the International Sphere
Center for International Programs (KU)

The State of Kansas has made major investments in its university system. As the State seeks to expand its ability to compete in the international marketplace, both through exports overseas and through attracting foreign investments into Kansas, it is reasonable to draw upon the rich resources that have been developed over the years in the state system of higher education. By linking research expertise within the Board of Regents' university system to business interests, Kansas will initiate a partnership for economic development that will capitalize on the strong foundation currently available in the educational and private sectors. The linkage of international expertise with the need for information in the private sector can enable the State to improve its competitive edge in international business transactions. The private sector may or may not have the quantitative data on which to make decisions. The Universities can provide the data, but more importantly, they can help raise the consciousness of human values that will allow commercial interests to understand and act on the notion that business is a human relationship.

In assessing the relative strength of the State's international readiness, it is important to consider the resources available in the system of higher education--the foreign language expertise, the experience with foreign cultures (which informs business development from both local and foreign sources), the availability of applicative research that can be readily used by Kansas firms, the number and home countries of foreign students in Kansas, and the supporting expertise in the fields of law, business, science, and technology.

The University of Kansas has exceptional strengths within the State and the entire Great Plains region. KU offers instruction in 26 foreign languages and has expertise in 62 languages within its faculty ranks. There are area studies programs in the major world areas (Africa and African-America, East Asia, Latin America, and Soviet and Eastern Europe) and exchange agreements with over 40 foreign universities are in operation. This year, nearly 1800 foreign students from 101 countries around the world are studying in KU's programs.

The University of Kansas has long had close ties with other Regents universities across the international sector. Initiatives among faculty cut across all of the three major missions of the system of higher education--teaching, research, and service. One example is the Tri-University Consortium of Latin American Studies which was funded by the federal government to conduct various research and academic projects. More recently, this effort has expanded to a consortial arrangement among all seven Regents institutions for initiatives relative to Kansas' sister state, Paraguay. The annual Conference on International Affairs sponsored by KU in collaboration with Senator Nancy Landon Kassebaum regularly involves participation by other professors within the Regents' university system. Other conferences in history, economics and business, career development, and aging, to name a few, constitute an area of cooperation annually within the Regents' system. Several institutions cooperate on scheduling international visitors to institutions of higher education in Kansas. Faculty and administrators participate in various international activities organized primarily by the University of

Kansas, the International Trade Institute of Kansas State University, the International Program of Wichita State University or other academic and research units of these schools.

In October 1983, the Kansas Board of Regents established the Center for International Programs at the University of Kansas. Constructed as an umbrella administrative unit that would coalesce international initiatives from various sectors of the University and that would facilitate the development of new research, teaching, and service activities on behalf of the University, KU's Center for International Programs is ideally suited to serve as a clearinghouse and coordinating point to link international expertise from the Universities system with the state-wide efforts to generate economic activity on an international scale. The Center is in a position to offer the following.

- *The Center can serve as a critical point of liaison between the business sector and the Universities system. Requests for assistance with cultural and linguistic preparation, travel, financial planning, and communications can be handled through the Center.
- *The Center regularly can disseminate information about economic conditions, market development, environment analyses, predictions and trends in specific countries.
- *The Center can foster applied research needed for industry innovation which can be forthcoming from the Regents' system.
- *Research analysts can conduct research on specific issues in market development, finance, trade, capital movements or other topics as needed by Kansas businesses.
- *The Center can monitor progress and facilitate evaluation of projects co-sponsored between Regents institutions and Kansas businesses.
- *The Center can make available cross-cultural training through workshops, seminars and other short courses that will help prepare Kansas businesses for working in foreign markets.

*The Center can organize a series of seminars for foreign investors around the topic of "Doing Business in the United States" thereby bringing potential investors to Kansas and introducing them to appropriate leaders in business and government.

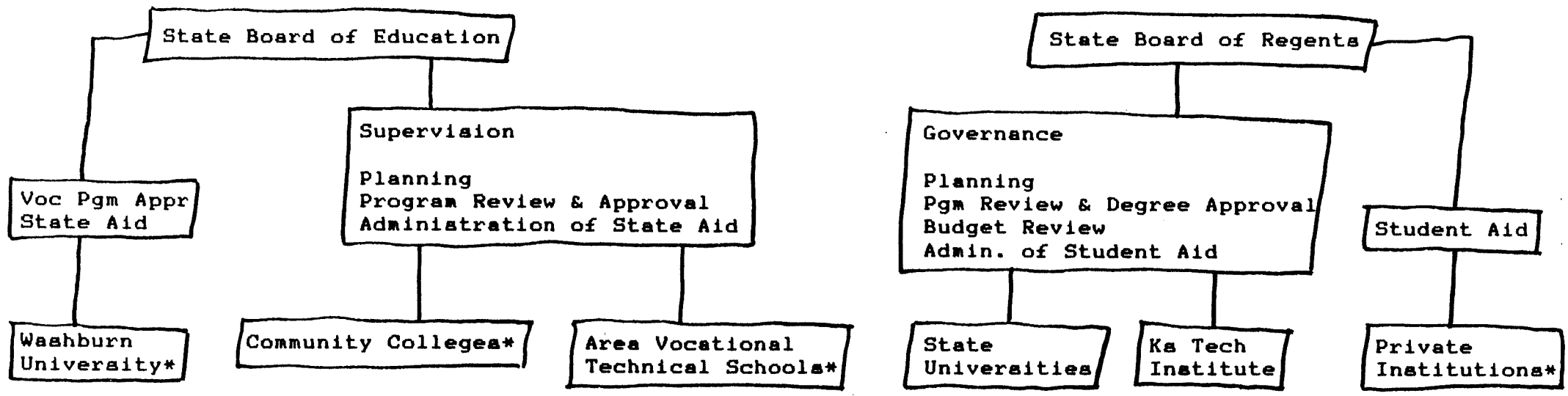
*The Center can access translation services in some 62 foreign languages at the University of Kansas. More assessment of foreign languages known at the other Regents institutions will need to be done before a complete inventory of foreign language expertise in Kansas is known.

The Center for International Programs has internal linkages within the University in addition to linkages with external agencies such as the United States Information Agency, the Kansas Department of Economic Development, and the State Board of Education. Additional resources would be needed to provide the levels of coordination and information indicated. To launch the statewide program of services and activities described, the following costs are anticipated:

Personnel

Director	.5 EFT	\$ 25,000
Program Assistant for Training and Development	1.0 EFT	25,000
Program Assistant for Publications	.5 EFT	10,000
Research Analysts	2.0 EFT	50,000
Clerical Support	1.0 EFT	15,000
Telephone and OOE		7,000
Publishing Costs & Mailing		18,000
	TOTAL	\$ 150,000

CURRENT POSTSECONDARY GOVERNING STRUCTURE



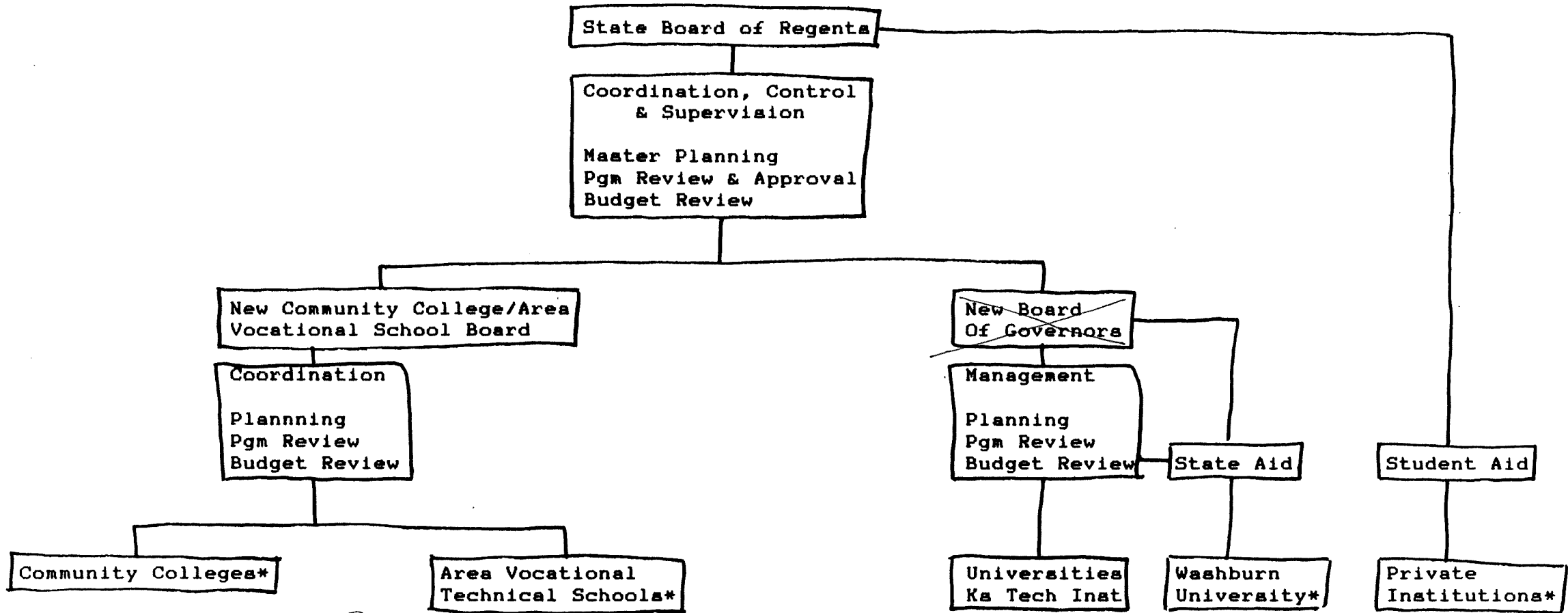
*Local Governing Boards

govern1.map

ATTACHMENT 6

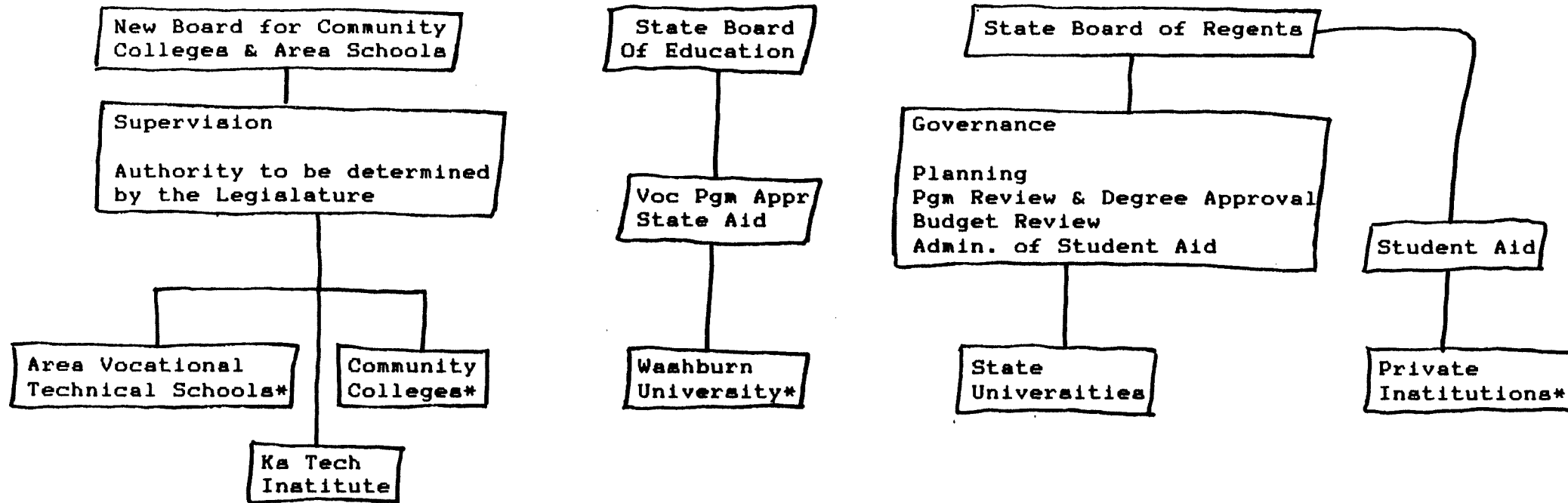
Attach 6

HIGHER EDUCATION TASK FORCE RECOMMENDATION FOR GOVERNANCE



*Local Governing Boards

BUSINESS TRAINING TASK FORCE RECOMMENDATION FOR GOVERNANCE



*Local Governing Boards

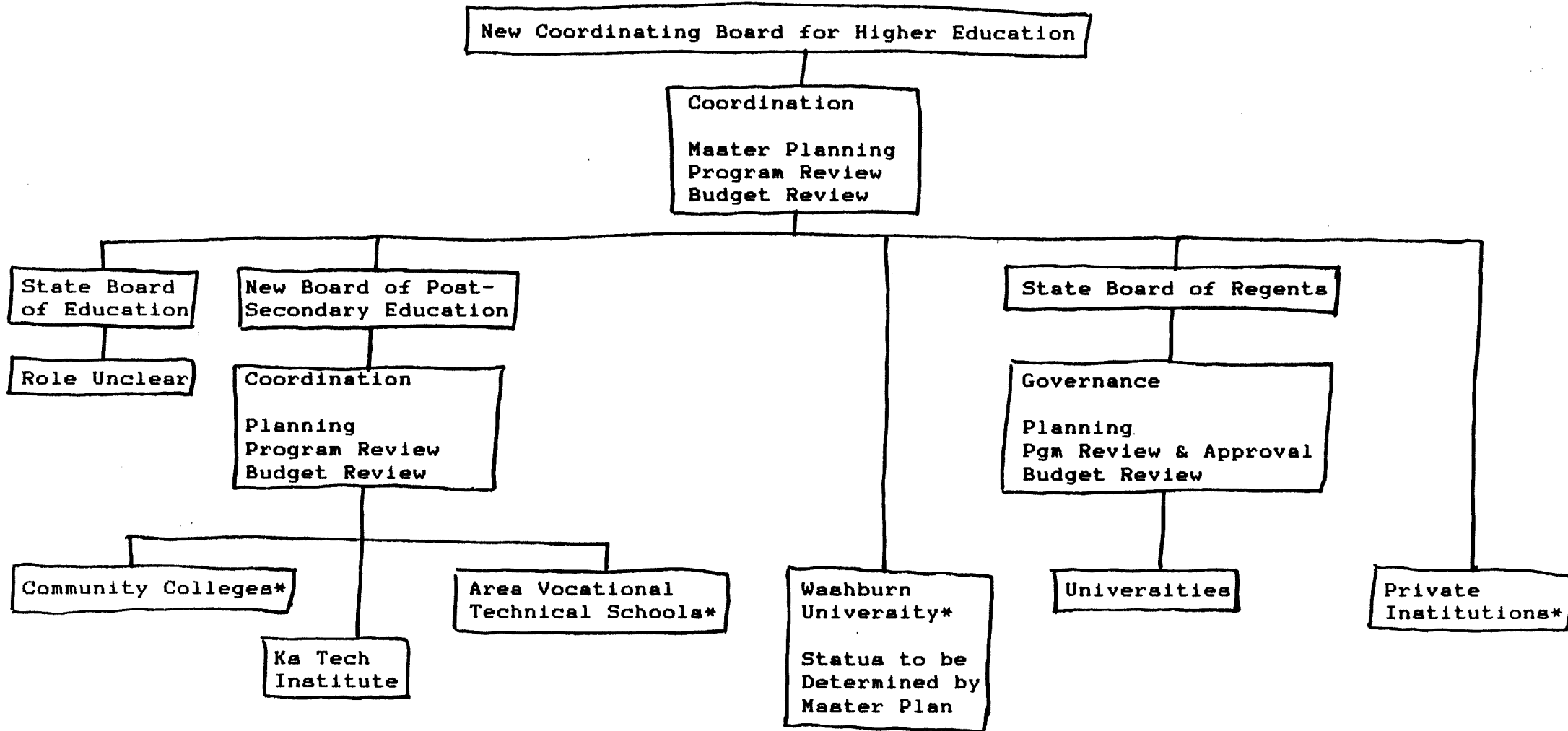
govern3.map

PUBLIC AGENDA COMMISSION REPORT'S OPTIONS FOR GOVERNANCE

OPTION ONE: STATUS QUO

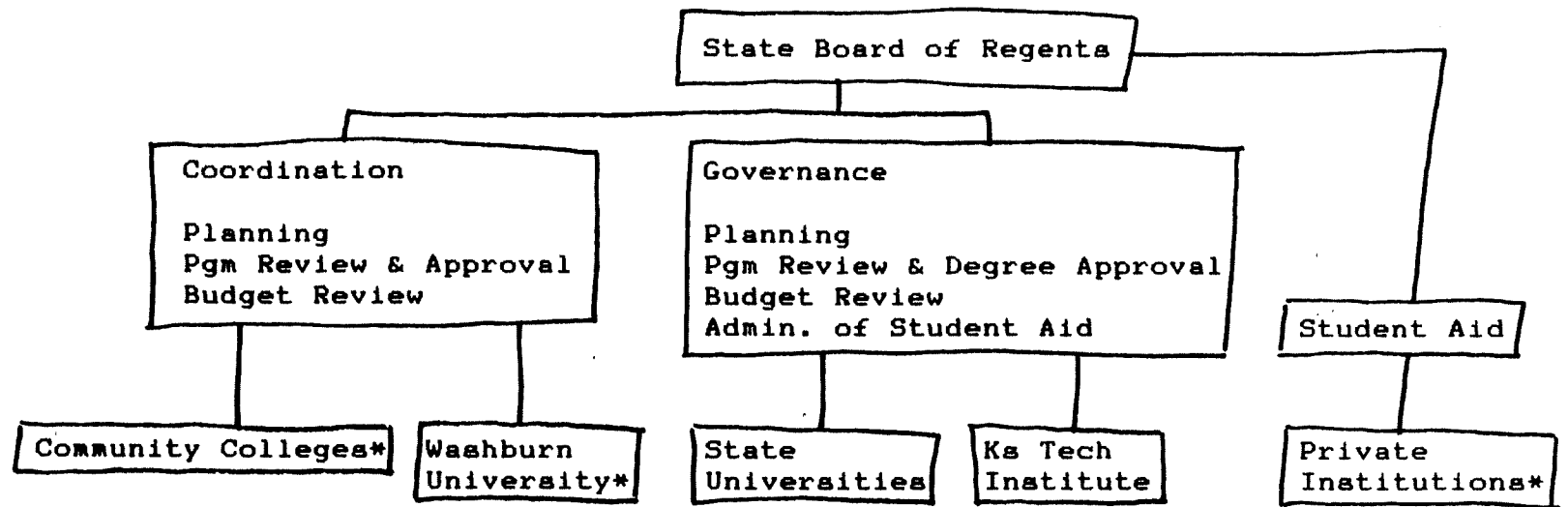
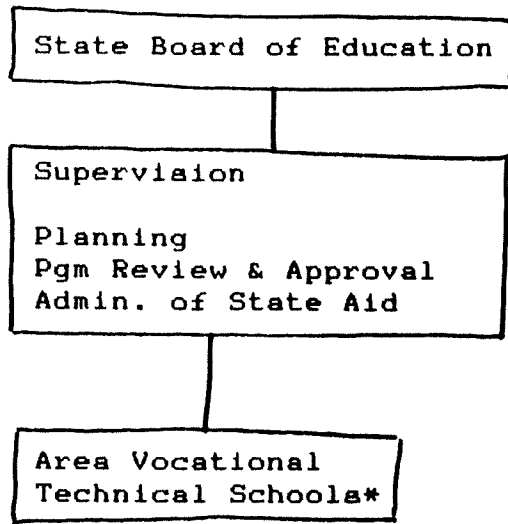
(See Current Structure)

OPTION TWO: NEW COORDINATING BOARDS



*Local Governing Boards

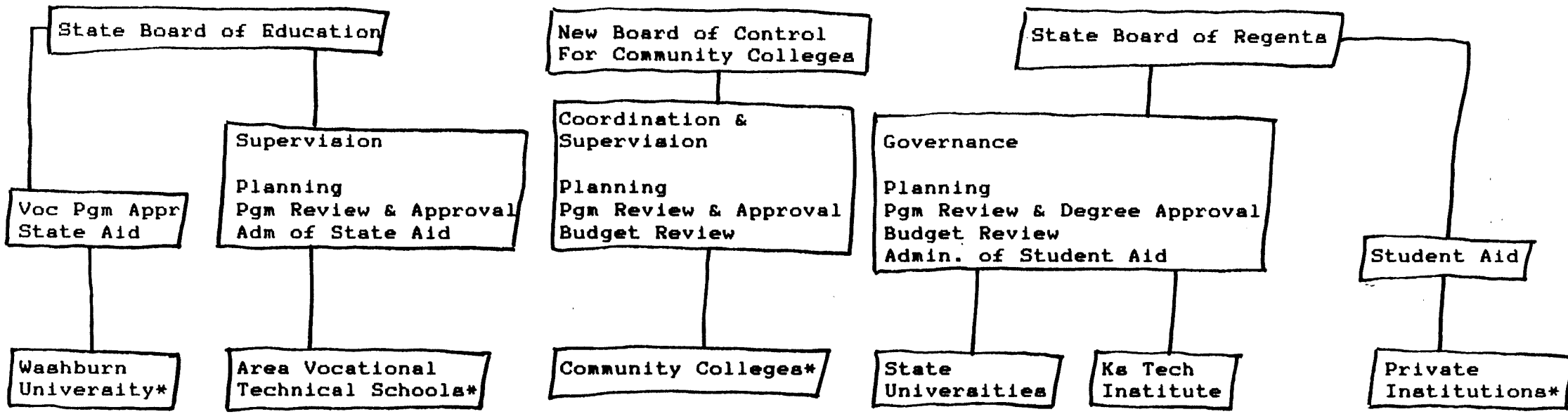
STATE BOARD OF REGENTS PROPOSAL FOR COORDINATION OF HIGHER EDUCATION



*Local Governing Boards

govern6.map

COMMUNITY COLLEGE FUNDING TASK FORCE RECOMMENDATION FOR GOVERNANCE



*Local Governing Boards

govern2.map



KANSAS BOARD OF REGENTS

Donald C. Slawson

200 Douglas Building
Wichita, Kansas 67202-2104
(316) 263-3201

via Federal Express

December 1, 1986

The Honorable Phil Kline
Representative, State of Kansas
11100 West 91st
Overland Park, Kansas 66214

Dear Phil:

As you know, I agree with Sandra McMullen's vote regarding the final Task Force recommendation yet obviously share what we all feel is a necessity to deliver a more efficient postsecondary education to the students in our system. My thoughts on how to improve on the Task Force's final recommendations follow.

There is apparently some currency to the idea that the Board of Regents' agenda deals with an excessive number of perfunctory items to the exclusion of a longer range view toward strategic planning. We are moving aggressively toward handling of those items by staff in order to allow more time for larger issues. During the 1986 calendar year, which encompasses my experience on the Board, we have initiated a comprehensive mission, role and scope study of all of the Regents' institutions which will receive its final review at our December meeting. Obviously this study is fundamental to the development of a more effective university system as we can achieve a focused effort, eliminating unnecessary duplication and competition. This study will materially affect higher education in Kansas for the next decade. The result will be a clear foundation for a concise strategic plan for the system and also for each institution.

Other new initiatives in 1986 include an additional focus on management development for our Presidents. These executives represent a major investment and responsibility for the Regents and the State. We are also encouraging additional

Page two

The Honorable Phil Kline

December 1, 1986

private sector initiatives to supplement the public funds we presently provide. It is obvious that our schools are making significant progress in the private arena but can and must do even more. As Chairman of our Fiscal Affairs Committee, I presided over the discussion of the current 3.8% budget recision at our November meeting. Clearly we must be careful with our limited resources, at the same time recognizing the unmistakable link between education and economic development.

In addition to the above initiatives, the Regents continue with further refinement of benchmark or peer comparisons through development of a sophisticated data base, undertaking a full review of the physical facilities at each campus, and completing the fourth year of a five-year cycle of academic program review. Planned new initiatives include developing non-enrollment driven budget strategies, devising methods for assessing the effectiveness of institutions, and program reviews focusing on specific institutional strengths, weaknesses and duplication.

Obviously I see the current structure as capable of adequate planning and management. This obviates the need for the Board of Governors for the Regents' institutions. I do agree with the Task Force report that the Regents would be assigned authority for coordination of Washburn University within postsecondary education. As recommended, this change would require delegation of program approval powers currently held by the State Board of Education and the Legislature to the Kansas Board of Regents.

I view the Community College Board from a somewhat different perspective. Although I still believe the current Board of Regents could perform the total coordination/governance function, I can conceptually accommodate a separate Community College Board reporting to the Board of Regents. My suggestion for improving

Page three
The Honorable Phil Kline

December 1, 1986

coordination while being vigilant to fiscal constraint is two-fold:

- 1) the Regents' agenda will include time devoted to Community College matters at each meeting. In that context, the Chairman of the Community College Board would bring a monthly report to the Regents.
- 2) the Community College Board staff should be housed with the Regents' staff for better coordination and accountability, with a dotted line to the Regents' executive.

As you can see, I have a great deal of confidence in the Board of Regents and the current staff and remain fully convinced that it is capable of meeting the challenges of coordination and governance without the assistance of subordinate boards. Indeed, I believe Kansas' best and most efficient road to improved delivery of postsecondary education rests with the presently constituted Board of Regents.

Sincerely,



Donald C. Slawson, Member
Kansas Board of Regents

DCS:ib

Copies: Mrs. Sandra L. McMullen
Mr. Frank J. Becker
Mr. Stanley Z. Koplik



KANSAS BOARD OF REGENTS

SUITE 609 • CAPITOL TOWER • 400 SW EIGHTH • TOPEKA, KANSAS 66603-3911 • (913) 296-3421

December 12, 1986

The Honorable James D. Braden
Chairman, Legislative Commission on
Economic Development and
Representative, State of Kansas
P.O. Box 58
Clay Center, Kansas 67432

Dear Chairman Braden:

In response to the Commission's inquiry of December 9, 1986, I have reviewed the Board of Regents file on the Regents Distinguished Professorship program. The program was established by the State of Kansas in 1964 at the recommendation of the Board of Regents. The basic purpose of the program was to attract into professorial positions at the Regents institutions out-of-state scholars whose capabilities would enhance the economic and industrial development of the state. Rigorous standards were established for appointees and a maximum award of \$12,500 was initially authorized by the Legislature to supplement the salary of individuals appointed into these positions. Those standards are reflected in the Board of Regents policy on Regents Distinguished Professors, a copy of which accompanies this letter.

By the late 70s inflation and endowed professor chairs offered at other universities had eroded the attractiveness of the salary supplement associated with the Kansas program. In addition, equipment to enable a distinguished professor to pursue research projects associated with his or her area of expertise had become as essential in attracting distinguished personnel to relocate as the salary supplement. Our institutions found that we could not compete unless we could offer individuals the opportunity to duplicate the research equipment they presently had available to them. The salary supplement alone failed to attract individuals who also needed the special equipment to support their research in high technology fields, and the program began to lose its luster.

To address these concerns, the Legislature increased the appropriations available for the program to \$25,000 per position in 1984 and expanded the possible use of the funds to cover support material and equipment as well as salary. While the increased appropriation has helped to make the program a more viable one, inflation and competition among universities continues to escalate while at the same time

The Honorable James D. Braden
December 12, 1986
Page 2

research equipment has become more sophisticated and costly. The recommendation of the Task Force on Higher Education, if enacted, will do much to breathe new vitality into the program at the same time that it expands it. Needless to say, the Board of Regents applauds the recommendation of the Higher Education Task Force in this regard.

There are currently five authorized Regents Distinguished Professorships within the Kansas system. At the University of Kansas Theodore Kuwana serves as Regents Professor of Pharmaceutical Chemistry; he succeeded Dr. Takeru Higuchi in that position in June 1985. Edmund K. Miller, appointed in November 1985, serves as Regents Professor of Electrical and Computer Engineering. At Kansas State University, Ernst Schulte is in his twelfth year as Regents Professor of Mathematics. A second position at Kansas State University will be filled by David Lieth, Regents Professor in Veterinary Medicine, beginning in the summer of 1987. Glenn W. Fisher has served as Regents Professor in Urban Affairs at Wichita State University since 1970.

The case of retired Professor Takeru Higuchi, Distinguished Regents Professor of Chemistry and Pharmacy at The University of Kansas from 1967 through 1984, best illustrates the extensive benefits that can accrue from the state's investment in prestigious scholars. Since coming to KU in 1967, Professor Higuchi founded INTERx, a drug research laboratory. The facility was purchased a few years ago by the Merck Drug Company, and a large part of that company's research is now carried out at the INTERx lab. The total 1983 budget for INTERx was \$3 million and the company then employed 36 people, half of whom had Ph.D.s. In 1983 the average personnel expense per employee was \$35,000 to \$40,000. INTERx, as the Commission is aware, was created with no tax concessions and no industrial revenue bonds. Its location in Lawrence, attributable entirely to Dr. Higuchi, has provided research opportunities for faculty and students in Kansas which would have been impossible without such a facility. In addition, the interface between the University and the private sector made possible by Dr. Higuchi's work -- resulting in over 50 patents to date -- constitutes a vital link between academe and the larger society. In the case of Dr. Higuchi, the Regents Distinguished Professor program has clearly contributed significantly to the economy of the State of Kansas.

The contributions of other Regents Distinguished Professors, perhaps because they are less dramatic, are more difficult to quantify. This is especially so in the case of individuals who have held their position for only a short time. Each year WSU, KSU and KU provide a report to the Board of Regents with respect to the achievements of their Regents Distinguished Professors for the past year. On the basis of that report the Board officially designates the Regents Distinguished Professors for the upcoming year, or, where appropriate, directs the institution to recruit a new individual to fill that

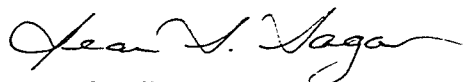
The Honorable James D. Braden
December 12, 1986
Page 3

position. To give you an idea of the nature of the reports received by the Board and the activities engaged in by these individuals, I have provided a copy of the minutes of the May 15, 1986 Board of Regents meeting at which the topic was discussed.

Though it does not constitute empirical evidence of the economic impact of Regents Professors on our state's economy, I hope the foregoing provides you with a broader view of the Regents Distinguished Professor program. In addition to the direct impact that such high calibre faculty have on the state's economy, I would be remiss in failing to underscore the residual effect of attracting high quality scholars to the state to study under them. These scholars are usually young people just starting their careers and families, many of whom hopefully will remain in Kansas to contribute to its economy in their own right.

I have visited with Executive Director Koplik in compiling this information on the current status of the Regents Distinguished Professor program. Should you have any further questions about the program, he will be happy to respond.

Sincerely,



Jean S. Sagan
Associate General Counsel

JSS:bf
Enclosures

cc: Dr. Stanley Z. Koplik
Dr. Anthony Redwood ✓

2) All prospective graduate teaching assistants of Regents institutions who are non-native speakers of English shall be required to achieve a minimum score of 220 on the TSE to be eligible for employment. All prospective graduate teaching assistants of the Regents institutions shall have their spoken English competency assessed prior to any teaching assignment through an interview with not less than three institutional personnel. Any graduate teaching assistant having classroom or laboratory instructional responsibility and/or direct tutorial responsibilities, other than courses or sessions conducted primarily in a foreign language, found to be potentially deficient shall be required to achieve a minimum score of 220 on the TSE even if such student has previously achieved such score prior to employment by the Regents institution.

c. General

(1) Non-native English speakers are persons whose principal language is other than English.

(2) Regents institutions shall develop implementing policies and procedures for the administration of this policy and may adopt standards additional to those contained herein. (6-28-85)

4. PROFESSORSHIPS

a. Distinguished Regents Professorships

(1) Beginning with Fiscal Year 1964 an annual appropriation has been made to the Board to be used for the employment of outstanding professors as Distinguished Regents Professors. The following are the rules and regulations for selection and designation of Distinguished Regents Professors:

(a) A Distinguished Regents Professor shall be a recognized leader in his or her field.

(b) It is the intent of the Board, in the selection of Distinguished Regents Professors, that emphasis should be placed on the appointment of professors whose capabilities will enhance the economic and industrial development of the State.

(c) Nominations for the appointment of a Distinguished Regents Professor may be made by the Chancellor and the Presidents or by members of the Board. The nomination of an individual for appointment shall include adequate descriptive material of the nominee and the nominee's work; the mode of financing and the facilities and resources that would need to be made available to the nominee on campus. This information shall be circulated to each Board member and to the Executive Director of the Board.

(d) Upon receipt, a nomination is to be referred to a Board committee appointed for that purpose, for consideration. The committee is authorized to use a panel of consultants, on a confidential "yes" or "no" basis, relative to the nominee's selection. The panel is to be composed of high-caliber educators not connected with the Kansas state higher education system.

(e) No person presently employed in the Kansas system shall be designated as a Distinguished Regents Professor.

(f) No nominee shall be appointed until he or she shall have been personally interviewed and recommended by at least two members of the Board.

(2) A Distinguished Regents Professor is eligible for the same tenure privileges as regular faculty. Before a Distinguished Regents Professor may be employed, there must be a vacant position. It is this vacant position plus the Distinguished Regents Professor allocation which will determine the salary of the Distinguished Regents Professor. Allocation of funds for Distinguished Regents Professors shall be limited to an amount appropriated by the Legislature for each professorship authorized by the Board Committee. (Exceptions can be made upon presentation of valid reasons and approval by the Board of Regents.) (9-27-63; 12-19-65)

b. Institutional Professorships

(1) Institutions under the Board are authorized to establish a limited number of university professorships. Such professorships are to be submitted to the Board for approval.

(2) The principle of accepting endowments to supplement salary of outstanding teachers is approved if recommended by the institution head. (5-22-58; 2-16-61)

5. EMERITUS STATUS

Emeritus status is an honorary title awarded to a retiring faculty member or administrator for extended meritorious service. Each Regents institution will establish its own criteria for awarding such status. Recommendations will be submitted to the Board for approval. There is no salary or emolument attached to the status other than such privileges as the institution may wish to extend. (10-18-74)

6. PROMOTIONS IN ACADEMIC RANK

Lists of proposed academic promotions shall be submitted by the chief executive officer of each institution to the Board at its April meeting for consideration in accordance with the following Board policy:

a. Academic rank shall be based solely on merit, salary scales shall be commensurate with rank, and salary differences within various scales established shall also be on basis of merit.

REGENTS DISTINGUISHED PROFESSORS

Board policy requires that institutions with Regents Distinguished Professorships report to the Board the current status of those positions and the activities of the individuals so appointed for the past year.

KU The University of Kansas named two individuals to Regents Professorships within the year:

Theodore Kuwana, Regents Professor of Pharmaceutical Chemistry and Director of the Center for Bioanalytical Research, was appointed June 1, 1985. Since that time he has submitted three research grants which have been funded, one for the purchase of a scanning electron microscope which will be on site in approximately three weeks. Two additional proposals are pending and three grants have been submitted and funded by the Advanced Technology Commission of Kansas.

Edmund K. Miller is the second Regents Professor at The University of Kansas and is a Professor of Electrical and Computer Engineering who was initially appointed in November, 1985. Professor Miller joined The University of Kansas following a distinguished career in technical research and managerial positions at the Lawrence Livermore National Laboratory and the University of Michigan. His technical expertise is in the areas of electromagnetics, computer modeling, signal processing, inverse problems, computer graphics applications and educational applications of computers. He has submitted several research proposals to external agencies and has assembled an interdisciplinary team in the general area of computational algorithms. This group submitted a major grant proposal in April of 1986.

KSU Kansas State University has been approved for two Regents Distinguished Professorships. One of those positions is currently open but negotiations are underway with a potential candidate who will fill the KSU Regents Professorship in the College of Engineering associated with their Center of Excellence.

The second professorship has been filled for twelve years by Professor of Mathematics Ernie Shult. In the past year, Professor Shult has participated as an invited speaker at a number of conferences, including the University of Michigan, the Netherlands and Belgium. Each of these presentations is being developed for publication from the proceedings of those conferences. This year he has also written ten chapters of notes for a course on geometry and plans research consultation in West Germany and Amsterdam, where he is coauthoring research papers with profound implications and applications.

(continued on the following page)

REGENTS DISTINGUISHED PROFESSORSHIPS (continued)

WSU Wichita State University is authorized for one Regents Distinguished Professorship. The position is filled by Profesdsor Glenn W. Fisher, who was named to that position in the spring of 1970. In the past year Professor Fisher has made two presentations, one at a national conference in Orlando, Florida, and the other in Wichita. He has made several public service presentations in the Wichita area and serves the state as a member of the Consensus Revenue Estimating Group. He is also a member of the editorial board of two publications. In the past year he chaired the task force for the University's North Central Association self-study. He has received \$9,000 in grants and contracts in the past year and completed a chapter in a book entitled "Assessment and Valuation Law in the 1980s."

KU attracts researcher to faculty

A research engineer from California's Lawrence Livermore National Laboratory will join the Kansas University faculty next month.

Chancellor Gene Budig announced today that Edmund K. Miller, former leader of two of the laboratory's engineering divisions, will become KU regents distinguished professor of electrical and computer engineering, effective in mid-November.

Miller's expertise is in two main areas: computational electromagnetics and innovative education techniques.

Using computers, he analyzes the electromagnetic fields associated with radio antennas and radar. Antennas on airplanes, ships and spacecraft are affected by the way they are mounted, and by objects they pass. Radar is affected in much the same way.

The effects may be detrimental and may need to be minimized, or they may be put to use, Miller said. Geophysicists, for example, may use this knowledge to find ore deposits.

Miller also is interested in better educational techniques to explain such technical aspects to engineering students. He founded an LLNL summer program on "Computer and Computer-graphic Applications in Engineering Education," and devised computer graphic animations to help University of California-Davis students visualize electrical and magnetic phenomena.

Deanell Tacha, KU vice chancellor for academic affairs, said Miller's expertise would broaden KU's instructional and research capabilities.

"He will be an integral part of the university's rigorous efforts to contribute to the state's economic development and potential for expansion in high technology fields," she said. "Professor Miller's outstanding record in electrical and computer engineering has earned him an international reputation. We are proud to welcome him as a colleague."

A native of Wisconsin, Miller holds a bachelor's degree in electrical engineering from the Michigan Technological University. He earned master's degrees in nuclear and electrical engineering and a doctorate in electrical engineering, all from the University of Michigan.

Before joining the staff at Lawrence Livermore in 1971, he was a researcher at the University of Michigan radiation and high altitude engineering laboratories.

REPORT OF THE TASK FORCE ON BUSINESS TRAINING
OF THE
LEGISLATIVE COMMISSION ON ECONOMIC DEVELOPMENT

Publication No. DD86-269

December 1, 1986

TASK FORCE ON BUSINESS TRAINING

<u>Legislators</u>	<u>Non-Legislators</u>
Sen. Alicia Salisbury, Chairperson	Buddy Baker, Midland Brake (Iola)
Rep. Denise Apt, Vice-Chairperson	Fred P. Braun, Jr., Zephyr Products, Inc. (Leavenworth)
Sen. Leroy Hayden	Gary Clark, University of Kansas (Lawrence)
Sen. Ben Vidricksen	Richard Corwin, Famous Companies (Topeka)
Rep. Rick Bowden	Ron Hoover, United Rubber Workers of America, Local 207 (Topeka)
Rep. Dorothy Nichols	John Moore, Cessna Aircraft Company (Wichita)
	James H. Stringer, Hutchinson Community College (Hutchinson)

(Funded in Part by a Grant from the
National Conference of State Legislatures and
Office of Educational Research and Improvement
(U.S. Department of Education))

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Appendix D -- Persons Who Made Presentations to the Task
Force

EXECUTIVE SUMMARY

Lamentably, Kansas has been slow to recognize that its beleaguered economy is not experiencing a cyclical downturn from which recovery can soon be expected; rather, the state is facing a major restructuring which carries with it no guarantees of future well-being. General aviation will not return to employment levels of the last decade, employment in production agriculture will continue its long-term decline, and recovery of the oil and gas industry cannot be predicted with any certainty. Kansas leaders must now come to terms with the requirements and uncertainties of restructuring the economy. There is no other alternative if we wish to achieve a revitalized, growth-oriented business climate.

Within the last year the Legislature has taken a series of steps designed to spur economic development. One called for the creation of this Task Force and charged it generally with assessing the publicly supported job training system. Continued state level attention to economic development issues must have a high profile for the next several years. Education has been recognized as perhaps Kansas' most important development tool. We must use it to our best advantage in making the job training system a cornerstone of our economic development strategy. The need for this emphasis becomes crystal clear when it is recognized that:

1. The states cannot continue to rely mainly on federal funding to support their job training efforts. These funds are dwindling and they come with too many restrictions as to how they may be used to serve as a reliable and responsive resource to meet the varied training needs of businesses. It is not that the restrictions are bad; indeed, they are not. The funds are targeted to genuinely needy populations. The point is that the states must develop alternative funding sources if they

are to meet the demands of business for customized training. State funds and partnerships for this purpose appear to be the wave of the future.

2. Most economic growth in Kansas can be expected to be generated from within the state, not by attracting manufacturing plants from outside or by attracting new branch plants. In order to nurture these ventures, we must do as well as, or better than, other states in developing a flexible and responsive job training system that will deliver the critical skills requisite to survival and growth. In this respect, we must recognize and compensate for the fact that many of these enterprises could not, by themselves, afford to provide the skills needed for survival.
3. In our efforts to attract businesses to the state and to encourage those located in Kansas to remain and to grow here, we face fierce competition from other states in the area of job training. We have no choice but to offer attractive employee training packages if we are to remain competitive. This will require the commitment of substantial state funds and development of partnership arrangements. Businesses are keenly aware of the extent to which their own survival depends on the training and quality of their workforce.

We face significant, but surmountable, obstacles in the development of a better job training system. For instance:

1. There are inherent barriers in the job training system which obstruct rapid and effective response to the job training

needs of businesses; furthermore, the goals of this system are not clearly articulated. The result is a system that cannot address the needs or utilize resources as efficiently as it should. Our resources are limited; we cannot afford to use them unwisely.

2. The design of the job training system does not allow it to adequately respond to the consumers, i.e., the students, and to the needs of employers. Nor is the system subject to meaningful accountability standards. As a result, the system is not sufficiently attuned to the employment needs and opportunities in a rapidly changing employment environment. If we are to be able competitors, we must do better.

Thus, the Task Force has gone about its duties with a keen understanding of the importance to economic development and to the well-being of the people of the state's commitment to the human capital component of the state's economic development policy.

The work of the Task Force was conducted through a series of two-day meetings in each of the months of July through October and one day in November. During this time the Task Force endeavored to develop an in-depth understanding of the present job training system, to receive input in the form of suggestions and recommendations for improving the system from as many interested parties as possible, and to evaluate the analysis and recommendations of two consultants whose services were retained on behalf of the Task Force.

The report of the Task Force is designed to respond to the several charges assigned to it. It includes a description of the major components of the job training system, identifies important issues and concerns pertaining thereto, and sets forth a far ranging set of

conclusions and recommendations, several of which can be characterized as bold new initiatives. So that the reader may be able to easily review the full range of proposals that were presented to the Task Force, our report includes the papers submitted to it by two consultants and a summary of the recommendations of conferees who appeared before the Task Force.

Generally, it will be observed that our work product is a practical set of recommendations which, we believe, can and should be implemented in the near term. We are confident that these recommendations will address many of the deficits which render the present system less effective than it should be. We have included a recommendation with respect to governance of the job training system. Adoption of that principle would lead to better planning and coordination of program activities, but it is not critical to the success of the improvements we are proposing.

The Task Force attaches a substantial amount of faith to the virtues of utilizing responsible competition and incentives to achieve desired objectives. This philosophical approach underpins many of our recommendations. We believe that the responsiveness we are seeking in order to address our job training problems can best be achieved in this way. The alternative approach, dictated imposed through bureaucratic channels, would miss the mark because they are not sufficiently sensitive to the changing requirements of the market place. Our proposal especially emphasizes the capacity to respond quickly to the customized training needs of business; it also features a consumer driven approach to accountability of the job training system.

The Task Force submits the following recommendations:

1. The community colleges and all public vocational training institutions, including the Kansas Technical Institute, should be

supervised by an appointed independent and separate policy board.

2. A strong commitment of the Task Force is for creation of a customized training program. The program should provide training to meet the needs of new employers in Kansas and of those who are increasing their work force in Kansas at no cost to them. It also should provide for retraining of employees of Kansas employers on a shared cost basis when such retraining is to prepare present employees for new technology applications or to otherwise prevent displacement of such employees. The source of funding for this program should be determined by the Legislature. In this respect, JTPA and federal vocational education funds should be used, to the extent possible, to supplement state funding for this program. (A somewhat similar program in California captures a portion of the unemployment insurance taxes paid by employers as the principal funding source and is one option that could be considered.)
3. A program should be enacted to provide financial awards to public educational institutions that provide vocational and technical training for exemplary performance in training and placing handicapped or disadvantaged persons in employment.

The annual appropriation for this program should be \$150,000, with five awards, one each for up to \$50,000, \$40,000, \$30,000, \$20,000, and \$10,000, to be outside of the institution's budget and used for any purpose it determines. The competition among institutions in pursuit of these awards should be exempt from any service area limitations. The program should be administered by the State Council for Employment and Training.

4. A program should be enacted to provide financial awards to public educational institutions that provide vocational and technical training for exemplary performance in job creation, entrepreneurship, and job upgrading in rural areas of Kansas. The annual appropriation for this program should be \$150,000, with five awards, one each of up to \$50,000, \$40,000, \$30,000, \$20,000, and \$10,000, to be outside of the institution's budget and used for any purpose it determines. The competition among institutions in pursuit of these awards should be exempt from any service area limitations. The program should be administered by the Kansas Department of Commerce. Also, greater emphasis should be placed on the option of unemployed persons becoming entrepreneurs. Job service offices and JTPA administrators should devote greater attention to this objective.

5. The multiple for funding community college vocational programs (1.5 generally, and 2.0 for Cowley County and Pratt) should be fixed at 2.0 for all such institutions. This will provide greater incentive for community colleges to emphasize vocational education.

6. It is imperative that the Legislature fund capital outlay programs for the acquisition by purchase or lease of instructional equipment by vocational schools and community colleges. Therefore, the vocational school capital outlay aid program (K.S.A. 72-4440, et seq., as amended) should be expanded to include community colleges. The Task Force recommends that \$2.0 million be provided for this program in FY 1988 and thereafter. This program should be competitive. Also, the state pool of instructional equipment program (K.S.A. 72-4444, et seq.) should be funded. The Task Force recommends that a minimum of \$250,000 be provided for this program in FY 1988.

7. A Kansas Training Information Program (K-TIP) should be implemented. This program will contribute to a consumer oriented performance driven job training system by providing to consumers information on placement and earnings rates of each job

training program. This information would include the community college and other postsecondary vocational training programs, as well as the programs of proprietary schools that opt to participate. The information should be prepared and disseminated by the State Board of Education.

8. The state policymaking board for community colleges and vocational schools should increase the accountability for job training programs under its jurisdiction. Initially, the board should consider enrollment, placement, and earnings criteria as means of evaluating programs for continued support. The board should work closely with the House and Senate education committees in a continuing dialogue on the development of meaningful performance criteria for these programs.
9. The House and Senate education committees and the Legislative Educational Planning Committee should engage in regular review of the operation and performance of the major job training programs. This practice should become "institutionalized."
10. The approval procedures and standards for training programs of community colleges and vocational schools that result in the award of a certificate, credit hours, or a degree should be reviewed by community college and

vocational school representatives to identify any barriers to rapid and effective responses in meeting the training needs of business and industry. These persons should recommend changes to reduce or eliminate such barriers while still maintaining the integrity of the courses or programs. This activity should be conducted under the auspices of the State Board of Education. The report of this review, together with any recommendations requiring legislation for implementation, should be submitted to the House and Senate education committees on or before January 15, 1987.

11. Through its five regional offices, the Department of Commerce should act as a source of information for business and industry on available training programs. In this way the Department would provide information on training programs throughout the state and would market training through its existing industry program.

CHAPTER 1

THE SETTING

The Task Force on Business Training was created by the Legislative Commission on Economic Development pursuant to 1986 H.B. 3122 (L. 1986, Ch. 194). That legislation directed the Commission, for the purpose of conducting an in-depth analysis of major areas of economic development requiring legislative action in the 1987 Session, to appoint advisory committees and task forces as were deemed necessary. According to the law, one task force was to address the appropriateness of the state's business training and employment development programs to meet the rapidly changing needs of the Kansas economy and to carry out 1986 economic development initiatives. Early in July, the appointments to the Task Force on Business Training were announced. Task forces created pursuant to H.B. 3122 were to be composed of seven to 13 members representing the business community, financial institutions, institutions under the control of the State Board of Regents, and the Legislature. A majority of the members of each task force were to be representative of the business and financial communities. The Task Force on Business Training, one of four task forces appointed, was composed of 13 members. All task forces were to complete their work and make their reports, including policy and funding recommendations, to the Commission on or before December 1.

The charge to the Task Force on Business Training is set forth below.

1. Develop a coordinated, directed, and responsive human resources strategy with respect to the state's training and retraining programs that would:

- a. adapt the federally-funded and state-controlled JTPA program to primarily serve the state's economic development needs;
 - b. expand the Kansas Industrial Training program to serve as a flexible and responsive tool for economic development; and
 - c. integrate other programs that impact the state labor market.
2. Address the functioning of the vocational education system, embracing public vocational school and community college programs, with the objective of ensuring market driven responsiveness to changing industry needs for skilled employees, including:
- a. program funding and approval mechanisms;
 - b. governance and coordination;
 - c. scope for greater regional and statewide program orientation;
 - d. program effectiveness, particularly responsiveness to employment demands, job requirements, and changing work place technologies;
 - e. linkages to other training programs;
 - f. linkages to university-college technology transfer programs; and

- g. location of vocational education in the state education structure.
-
- 3. Propose new initiatives for a future Kansas economy that will rely on a quality work force, including, but not restricted to, the retraining needs of small firm work forces, an aging work force in a context of rapid technological change, and displaced farm workers.

The charge was designed to incorporate the objectives of two initiatives. It responded to recommendations 43 through 46 of the 1986 report entitled Kansas Economic Development Study: Findings, Strategy, and Recommendations, Institute for Public Policy and Business Research, University of Kansas, more commonly referred to as the Redwood/Krider report. In addition, the Task Force received a \$15,000 grant from the National Conference of State Legislatures and Office of Educational Research and Improvement (U.S. Department of Education) to review various aspects of the Kansas vocational education delivery system.

In the limited time available, the Task Force endeavored to satisfy both the broad review and narrowly-focused directives. Two-day meetings were held in each of the months of July through October and one day in November to complete the assignment. Hearings were conducted in August and September in order to augment background information that had been provided to the Task Force and to solicit ideas and suggestions from the parties directly involved with the organization, governance, and delivery of services. Consultant services were obtained to assist the Task Force by addressing several specific issues contained in the charge. The consultants were Dr. Roger J. Vaughan, Roger Vaughan Associates, and Dr. Charles Krider,

Director of Business Research, Institute for Public Policy and Business Research, University of Kansas. (Their reports are included as appendixes to this report.) Also contributing to the Task Force efforts was a report of the Legislative Division of Post Audit that focused on the coordination and administration of the Job Training Partnership Act (JTPA), Kansas Industrial Training Program (KIT), and Work Incentive Program (WIN).

CHAPTER 2

THE PRESENT SYSTEM: AN OVERVIEW

The present system of vocational education and job training under public sponsorship in Kansas consists principally of programs operated by area vocational and area vocational-technical schools, community colleges, school districts, Kansas Technical Institute, Pittsburg State University, and Washburn University of Topeka. JTPA and KIT are publicly sponsored programs that support job training, principally by purchasing education services from existing institutions or supporting on-the-job training. The main features of this system are addressed in this report.

The Kansas State Board of Education and the State Board of Regents discharge much of the state's interest in supervision and approval of publicly sponsored vocational offerings. The vast majority of job training programs are offered by institutions which have their own "local" governing boards. The delivery system features both secondary and postsecondary enrollments, an unplanned geographical distribution of institutions, and a complex array of financing mechanisms. This system has evolved; it is not the result of any statewide master plan. It is largely the product of local initiatives, rooted in the philosophy of local funding and local control. From both the standpoint of funding and provision of service, the state's interest in this system has increased substantially during the last two decades.

CHAPTER 3

GOVERNANCE

The Institutional Programs

The following is a description of how institutional vocational education programs are governed.

School Districts. There are 303 school districts which offer grades kindergarten through 12. These districts are governed by seven-member locally elected boards of education. They are subject to supervision by the State Board of Education. Many school districts offer vocational courses. Most do not involve state or federal categorical aid; they are offered as a matter of local choice. Such courses or programs are exempt from the State Board of Education approval process, unless they are to receive federal vocational education funds. Generally, school district vocational education programs are exploratory rather than preparatory in nature, unless they are associated with an area vocational or area vocational-technical school.

Area Vocational and Area Vocational-Technical Schools. There are 11 area vocational schools and five area vocational-technical schools. The area vocational schools are governed and operated by a school district board (nine schools) or a community college board (two schools). The five area vocational-technical schools are specifically identified in the law. The governing body of these schools is called the board of control. It is constituted by agreement of the boards that participate in the operation of the school. Most of the participating boards are school districts, but some are community colleges. The membership of the governing board of these schools may change from time to time. The Legislature has placed a moratorium on the

establishment of any new area vocational or area vocational-technical schools.

Area vocational and area vocational-technical schools are subject to supervision by the State Board of Education. The State Board has authority to establish standards for all vocational education courses and programs in any school subject to its supervision. The law directs the State Board to exercise general supervision over all vocational courses and programs.

Community Colleges. There are 19 public community colleges. These schools are organized under laws which contain provisions for creation of community colleges and for their approval by the State Board of Education. However, there is presently a statutory moratorium on the establishment of community colleges.

The mission of the community colleges is multifaceted. They maintain the traditional two-year transfer-type of academic programs, but they also perform other services, one of which includes vocational education programming. Two community colleges operate area vocational schools. All of the community colleges are to varying degrees involved in the delivery of vocational education programs. The community colleges are governed by locally elected six-member boards of trustees. They are subject to State Board of Education supervision. They are subjected to the loss of state aid for failure to comply with statutory requirements or with the State Board's rules and regulations.

Kansas Technical Institute (KTI). KTI is subject to the control and supervision of the State Board of Regents. There is no local governance mechanism for this institution. The statutes limit KTI to providing technical education, which is defined as vocational or technical education designed to prepare individuals as technicians in recognized fields. At the present time,

KTI has six departments of instruction. All programs of study at KTI are two-year associate of technology degree programs or certificate programs.

Pittsburg State University (PSU). PSU is one of the six state universities; it is subject to the control of the State Board of Regents. The School of Technology and Applied Science at PSU includes four departments. Within them, the school offers a variety of degree programs, including some resulting in the award of an associate, bachelors, masters, specialist, or doctors degree. In addition, a vocational technical institute provides training in 11 vocational and technical programs.

Washburn University. Washburn University of Topeka, a municipal university, is governed by a nine-member board of regents. Four members are appointed by the Topeka city governing body, three are appointed by the Governor, one member is a member of the State Board of Regents selected by that Board, and one member is the mayor of Topeka. Subject to certain limitations, the Washburn regents have authority to determine educational programs to be offered, including vocational education. Any program in vocational education offered for the purpose of granting an associate degree must be approved by the State Board of Education.

The Issue

The issue of governance in vocational education, like that of governance in postsecondary education generally, must necessarily be a focal point of an examination of how the delivery of the education service may be improved.

The Task Force has reviewed the principal recommendations of a number of study groups that have in one way or another addressed organization and governance in vocational education. According to the testimony, from 1970-1985, some 20 studies were undertaken, six of

which resulted in specific proposals for actions that should be taken to improve postsecondary education. None of these recommendations has been implemented. This track record is mentioned only for the purposes of illustrating the difficulty in government, absent some crises situation, of overhauling an entrenched system.

The most recent attention to the governance issue by a blue ribbon group was that of the Special Commission on a Public Agenda for Kansas. That Commission was created pursuant to 1985 H.C.R. 5023; its report was issued in June of this year. The Commission endeavored to identify some of the more important issues in Kansas and to articulate policy options that might be considered in addressing these issues; it did not adopt any policy positions. One of six general areas addressed was educational governance and finance. With respect to postsecondary education (exclusive of the state universities), the governance options identified and the supposed consequences of choosing the option were:

1. The present governance configuration could remain unchanged. This option would leave the postsecondary tier unintegrated. This maximizes area and local involvement in governance. Current ambiguities regarding technical education and vocational education would continue.
2. A State Board of Postsecondary Education could be created. This board would be appointed as determined by the Legislature. It would be headed by an appointed director or other chief executive officer and it would coordinate community colleges, vocational schools, and technical institutes. At the minimum, the new board would establish standards; coordinate curriculum, degrees and programs; and oversee state funding in accord with legislative guidelines. This option would allow for integration of postsecondary

education, clarify relationships with secondary schools in vocational education, and facilitate offerings of both vocational and technical education in a more coherent pattern. This option combines vocational school offerings with those of community colleges to assure coordinated programs and curricula at the postsecondary level.

With respect to higher education (university level), as well as all other post high school education, two governance options were identified:

1. The status quo could be maintained.
2. A Higher Education Coordinating Board could be created. It would address the pressing coordination problem. The Coordinating Board would have planning duties and program responsibilities, as well as performing a coordinating function. The first assignment of the board would be to develop a master plan for higher education and, if a State Board of Postsecondary Education were adopted, the Coordinating Board would develop a master plan for adoption by the State Board of Postsecondary Education.

One of the charges to the Task Force on Business Training was to consider the issue of governance in vocational education. Another task force appointed by the Legislative Commission on Economic Development, the Task Force on Higher Education, reviewed the issue of governance in all of postsecondary education. Due to the deadlines applicable to the two task forces, it was not possible for us to evaluate the product of the Task Force on Higher Education prior to the completion of our work.

There is no doubt that governance is a matter of high concern in this state. As this issue pertains to vocational education, it is a fact that there is no single agency in Kansas which governs delivery of public vocational education programs. Job training is not the exclusive domain of any one type of institution. The distribution of vocational training programs throughout the state is not based on any state plan.

The Task Force believes that a different state level governance plan would facilitate resolution of some of the major planning, coordination, and administrative problems of the present employment training system.

CHAPTER 4

STATE FUNDING MECHANISMS: LOCAL JOB TRAINING INSTITUTIONS

The State Funding Mechanisms

A review of the existing state funding mechanisms for financing vocational education programs of local job training institutions makes it abundantly clear that no single objective for job training programs has been articulated.

School Districts. Job training programs provided by school districts generally are funded the same as the general education program, based on the priorities school districts establish for this purpose. School district job specific training programs, not associated with a public vocational school, are few in number.

Area Vocational and Area Vocational-Technical Schools. Area vocational and area vocational-technical schools may be viewed as single purpose institutions. Their mission is to provide job specific training. These institutions rely on state and federal aid programs, payments by school districts on behalf of secondary students, student tuition for postsecondary students, and local resources for their support.

In FY 1985, nearly 60 percent (\$16.7 million) of the \$28.5 million expended for the public vocational schools' operating expenditures was from state aid. Two state aid programs provide funds for vocational school operating purposes. These programs are applicable to 14 vocational schools -- all except those in Pratt and Cowley counties which receive aid on a basis similar to community colleges (as described below). One aid program distributes funds in accord with a formula prescribed by the State Board of Education. For FY

1987, this formula, as it relates to secondary students, is "need based", i.e., driven by enrollment and measures of need: local ability to pay (assessed valuation per pupil), percentage of low income families, and unemployment rate. For postsecondary students, the formula is enrollment driven. For FY 1987, the State General Fund appropriation for this program is \$7.1 million. The second state aid program, postsecondary aid for vocational education, is prescribed by statute. This program distributes aid to schools on the basis of postsecondary student enrollments, computed at 85 percent of the local cost per instructional hour of vocational students. (Student tuition charged is equal to 15 percent of the local cost per instructional hour.) The FY 1987 State General Fund appropriation for this program is \$12.0 million. The local cost per enrollment hour is determined separately for each institution by subtracting area vocational-technical school program aid and capital outlay aid from the operating budget and dividing the result by the total number of enrollment hours.

The area vocational-technical school aid program was developed in response to requirements of the federal vocational education law which subsequently was replaced by the Carl Perkins Vocational Education Act of 1984. Consequently, the federal requirements that prompted the development of this type of formula are no longer applicable. The State Board of Education has broad discretion in determining the formula for the distribution of these funds. The postsecondary aid program grew out of the desire to remove from school districts the burden of paying to vocational schools the costs of adult residents of the district who were enrolled in a vocational school. Originally, the state paid 100 percent of the cost per enrollment hour for postsecondary students. Now, state aid pays 85 percent of the cost and the student is charged tuition equal to the remaining 15 percent. An effect of the application of these two programs is that aid for postsecondary enrollments increases or decreases inversely to changes in distributions of area vocational-technical school aid to

an institution. This negates, somewhat, the effects of the portion of the aid distribution program that is need-based. The greater the proportion of postsecondary enrollment, the more the school's postsecondary aid entitlement is affected by changes in the other aid program.

There is also a vocational education capital outlay aid program. Funds appropriated for it are distributed to schools on the basis of priorities determined by the State Board of Education. There is no appropriation for this program in FY 1987.

Community Colleges. These institutions rely mostly on property taxes, state aid, and student tuition for their support.

State aid to community colleges is linked to credit hours of enrollment. The current rate of credit hour state aid is \$26.25. In order to recognize the higher cost of providing vocational programs, the rate of credit hour state aid for approved vocational enrollments is 1.5 times that for academic enrollments (\$39.375). There are two exceptions to this pattern. The law provides that community colleges which operate area vocational schools will receive credit hour state aid at a multiple of 2.0 times that for academic courses. Cowley County and Pratt Community Colleges operate area vocational schools and receive credit hour state aid based on the 2.0 multiple -- \$52.50 in FY 1987. These multiples, when established, were the result of political considerations; they were not based on program cost analysis data. The conventional wisdom is that vocational courses are more expensive than academic courses. The credit hour aid differential translates this "consensus" into the aid distribution formula. It is somewhat remarkable that there has been no attempt in recent years to verify the accuracy of these weights based on an analysis of actual costs.

Outdistrict state aid is paid to a community college on behalf of Kansas resident students who enroll in a

community college but who live outside the community college district. The current rate of outdistrict state aid is \$23.00. Payment of this aid is subject to a limitation of 64 hours from a postsecondary institution (72 hours for students enrolled in terminal type nursing courses or freshman-sophomore level preengineering courses). Effective on January 1, 1988, the 64/72 hour cap is removed for approved vocational program enrollments. In addition to outdistrict state aid, the county of residence of the outdistrict student pays the community college outdistrict tuition at the \$23.00 rate. An exception is that there is no outdistrict tuition charged when the student resides in a community college district different from the one attended and the program in which the student is enrolled also is available in the home district. This exception also applies for residents of Topeka (who live in the Washburn University district).

The present outdistrict tuition and outdistrict state aid program was adopted in 1973. It replaced a program of outdistrict tuition paid by counties which was based upon each institution's average maintenance and operating costs, less certain deductions. Presently, the rates of outdistrict state aid and outdistrict tuition are determined by the Legislature. There are no identifiable cost or performance standards used in determining the level of this aid.

The 1986 Legislature enacted a new general state aid program for community colleges. Funds appropriated for this program are distributed by the State Board of Education to each community college based on its full-time equivalent enrollment and the ratio of the community college district's adjusted valuation per student to the median adjusted valuation per student of all community college districts. Any general state aid appropriated for this program is distributed inversely to the adjusted valuation per student of the community college district.

State aid appropriations for community colleges for FY 1987 totaled \$27.1 million -- \$20.8 million for credit hour state aid (of which \$9.3 million is for vocational enrollments), \$5.8 million for outdistrict state aid (\$1.9 million, vocational) and \$0.5 million for general state aid. In FY 1985, state aid accounted for about 51 percent of community college vocational education expenditures.

Washburn University. Washburn University of Topeka operates about 20 approved vocational programs. Washburn receives credit hour state aid at the rate of \$26.25 for Kansas resident undergraduate enrollments in its programs. (The rate is \$25.00 per hour for graduate enrollments and \$39.375 for law school enrollments.) There is no vocational education differential. In addition, Washburn receives outdistrict state aid (and outdistrict tuition paid by counties and townships in Shawnee County) on the same basis as the community colleges -- \$23.00 per credit hour, subject to a 64/72 hour maximum. Unlike the community colleges, Washburn is not scheduled for a removal of this aid in 1988 for approved vocational enrollments. Washburn has been receiving credit hour aid since 1962; it has been receiving outdistrict state aid (and outdistrict tuition), modeled on the community college program, each year beginning in FY 1983.

For FY 1987, \$4.3 million has been appropriated for state aid to Washburn -- \$3.6 million for credit hour state aid and \$0.7 million for outdistrict state aid. (Of this amount, approximately \$326,000 is for vocational enrollment.) For FY 1985, state aid was estimated to comprise approximately one-third of the costs of Washburn's vocational programs. These aid programs are neither cost nor performance related; rather, the level of aid has been linked to political decisions about the level of aid to be provided to community colleges.

The Issue

The central issue in the operation of public programs is whether funds are being used efficiently to meet program objectives. Inasmuch as there are no generally accepted and clearly articulated systemwide state goals for the job training programs, this question may not be fully addressed. The Redwood/Krider report tells us that our job training programs do not respond as effectively as they should to changing industry needs for skilled employees. In other words, the skills of the labor force must better match the demands of employers.

A comprehensive analysis of funding mechanisms in view of the basic objectives of the job training system could lead to a more rational means of relating funding to statewide program objectives. This type of analysis would require a considerable dedication of time and effort and should include participation of the education establishment, the legislative and executive branches, and the private sector. It is safe to speculate that the recommendations resulting from such an analysis would be controversial and, absent the infusion of large sums of state funds, difficult to implement. The Task Force would support such an undertaking; however, our primary concern is that the current weakened state of the Kansas economy requires proposals for change which can be quickly implemented and which will make the job training system more responsive to the immediate needs of employers. It is this latter concern to which the Task Force funding proposals are directed.

CHAPTER 5

NONINSTITUTIONAL JOB TRAINING PROGRAMS

The Programs

In addition to the publicly sponsored institutional training programs, there also are some publicly sponsored client oriented noninstitutional training programs. The three main programs are the Job Training Partnership Act (JTPA), the Kansas Industrial Training program (KIT), and the Work Incentive program (WIN). The Kansas Department of Human Resources, State Board of Education, Department of Commerce,* Department on Aging, and Department on Social and Rehabilitation Services are the principal state agencies involved with the three programs. Most of the funding for the programs is federal, but both KIT and WIN depend upon partial financing from the State General Fund. Because federal funding is used and there are certain restrictions on how the federal funds may be spent, clients must meet certain eligibility requirements for JTPA and WIN. Although KIT uses some federal vocational education funds, it is primarily a state program and has greater flexibility in terms of clients it can serve.

JTPA. JTPA is the largest of the three programs in terms of clients served. For the FY 1987 period, JTPA plans to serve 3,088 participants in adult programs and 2,449 participants in youth programs. The Department of Human Resources is the state agency responsible for management of JTPA. Funding for this program is to be

* Beginning in 1987, the Department of Economic Development is renamed the Department of Commerce. For the sake of consistency, this report refers throughout to the Department of Commerce.

directed toward preparing youth and unskilled adults for entry into the labor force. There also is some emphasis on training of displaced workers. However, the funding for this purpose has been declining rather significantly. JTPA funding for FY 1987 totals \$9.5 million. Clients are identified as those who are either economically disadvantaged or who face serious barriers to employment and need training in order to obtain productive employment.

State government is given both oversight and coordination responsibilities for JTPA, which operates primarily through locally based program delivery systems called service delivery areas (SDAs). In JTPA, the private sector shares responsibility with local government in shaping the local JTPA program. JTPA implementation in Kansas began when the Governor designated five SDAs to operate local JTPA activities. Two local organizations -- a Local Elected Official Board (LEO) and a Private Industry Council (PIC) -- oversee the operations of each SDA. At the state level, the Kansas Council on Employment and Training serves as the public/private advisory body which oversees the operation of JTPA. The Department of Human Resources coordinates all state-level JTPA activities and has an oversight role in the operations of the SDAs. The Department directly administers local JTPA services under agreements with all five SDAs.

KIT. KIT is administered by the Department of Commerce as a component of the state's incentive package to attract new industry and to encourage existing industries to expand in Kansas. For FY 1987, state funding for KIT is \$500,000. The program is designed to provide workers with skills needed by new or expanding industries. During FY 1986, approximately 825 jobs were addressed by KIT training. The State Department of Education assists in designing the training activities for industry and provides federal vocational education funding to augment State General Fund financing for most of the projects.

WIN. The WIN FY 1987 program objectives indicate 2,200 clients will be placed in jobs during the period. WIN assists recipients of Aid to Families with Dependent Children (AFDC) in training and finding suitable work in order for them to become self-sufficient. The WIN program is jointly administered by the Departments of Human Resources and Social and Rehabilitation Services. Because of reductions in federal funding, project locations have been consolidated into three areas -- Kansas City, Topeka, and Wichita. The Department of Human Resources provides employment and training activities, while the Department of Social and Rehabilitation Services provides child care, medical services, counseling, and family planning. Federal funds under WIN require a 10 percent state match. Funding for this program in FY 1987 totals \$1.9 million.

Coordination of Job Training Activities

Federal JTPA statutes require the state to develop a two-year plan for delivering services and coordinating activities related to job training. For the two-year period of July 1, 1986, through June 30, 1988, the Governor's Coordination and Special Services Plan provides guidelines for employment, training, education, economic development, and other resources in order to achieve state economic and employment goals. The Governor's Coordination Plan provides a list of objectives and a means of integrating the services provided by various state agencies which are concerned with job training activities. In addition, the Plan is supposed to guide the local SDAs in designing their job training activities.

The Issue

Redwood/Krider Report. To address the employment needs of firms, the Redwood/Krider report emphasizes the need for a coordinated human resources strategy

involving all of the public job training programs that focus on economic development. The report states that the major policy goal of JTPA should be to promote economic development. This could be accomplished by providing jobs in new and expanding industries where prospects for job retention and advancement are best. The overall goal is a coordinated job training program to provide customized training in the skills and occupations that employers designate. Another recommendation is that KIT be expanded and coordinated with other training programs. Several steps have been taken to implement the Redwood/Krider recommendations concerning these programs:

1. A job training liaison position has been established in the Department of Commerce to provide better coordination with JTPA, KIT, and vocational education.
2. An effort is being made to provide a heavier weighting for a job creation standard in the JTPA performance standards for incentive grants.
3. A task force (the Task Force on Business Training) has been created and has reviewed the vocational education system with the objective of making recommendations designed to insure responsiveness to the changing needs of firms for skilled employees.
4. Coordination of KIT with other programs has expanded the capacity of KIT to respond to industry needs.

Job Training Programs -- Performance Audit. Task Force concerns relating to the job training system and to recommendations contained in the Redwood/Krider report include whether the job training programs are being efficiently administered and coordinated, how well

job training programs are preparing trainees to enter the work force, and whether JTPA is being administered in accordance with federal requirements. A performance audit concerning these and other questions, conducted by the Legislative Division of Post Audit, was completed in September. The auditors determined that there is a considerable degree of coordination among KIT, WIN, and JTPA. Concerns were expressed about the absence of statutory guidelines for operation of the KIT program, the adverse effects on the WIN program of federal funding reductions, and the quality of some of the JTPA data reviewed. With respect to follow-up of trainees, it was noted that for KIT trainees no such data are collected, WIN has no training funds so its clients are referred to other programs, and JTPA follow-up is limited to a 13-week period. JTPA provides mostly on the job training programs for clerical, sales, and service occupations. Generally, the programs have met or exceeded their own performance measures. The auditors did not have time to review individual case files to determine whether JTPA trainees are securing jobs in the occupations for which they were trained. (The Legislative Educational Planning Committee has since requested a study of this issue.) It was determined that JTPA is being administered in accord with the federal law.

Job Training Program Directions. Those responsible for administering the job training programs are to be commended for their efforts to respond quickly and effectively to the recently articulated economic development initiatives. The Task Force is proposing additional initiatives that should build on these efforts and better contribute to meeting certain targeted needs, such as:

1. customized training;
2. training and employment of severely handicapped and disadvantaged persons; and
3. job creation in rural areas.

CHAPTER 6

ACCOUNTABILITY OF VOCATIONAL PROGRAMS

Accountability Devices

Over the years, the State Board of Education has worked at holding accountable for their performance vocational programs operated by vocational schools and community colleges. In order to qualify for state funding, a new vocational program must first be approved by the State Board of Education. Key considerations in this process are supply and demand information for the region and the availability of similar programs in the region.

For each program that is authorized, a technical advisory committee must be established. The purpose of these advisory committees is to ensure the need for the program and to keep training components relevant so that trainees will acquire the current skills that employers need.

The State Board of Education utilizes a 70 percent placement standard as the measure of determining whether programs will continue in good standing. Programs may be disapproved for state support based upon an inadequate placement record.

This system attempts to limit the growth of programs to those of demonstrable need, to keep them relevant to employer training requirements, and to discontinue those that prove unproductive. Many programs are flourishing under this system and are making valuable contributions in meeting Kansas employment and economic development needs.

Under JTPA, accountability for the main program (Title IIA) is based on service delivery areas (SDAs),

and performance is measured against seven federal performance standards and some additional state determined performance measures. The performance measures are linked to the adult employment rate, adult cost per entered employment, average adult wage at placement, welfare entered employment rate, youth entered employment rate, youth positive termination rate, and youth cost per positive termination. Additional state performance standards are earnings increase, earnings gain per dollar expended, percent female participants, percent minority participants, and job placement in new or expanding industry. Generally, the extent to which the SDAs meet the performance standards has a bearing on the amount of additional "incentive" funds that the SDA earns. If SDA performance deficiencies occur, a corrective action plan may be required. Continued performance deficiencies could result in reorganization of the SDA.

As noted in the previous chapter, under the KIT program there is no follow-up to determine how many people actually are trained and how successful they are in obtaining or keeping jobs on completion of their training. The WIN program has no funds for training and consequently refers clients to other job training programs.

The Issue

The main concern of the Task Force is whether existing program accountability devices adequately serve the public's expectations for oversight of the expenditure of its funds and whether accountability standards are consistent with business training and economic development goals.

Some questions and observations about the current system are in order.

1. There is neither a single master plan for the distribution of vocational training programs throughout the state based on

labor market analysis nor, in the alternative, is there freedom for competing institutions to serve needs throughout the state based upon market forces.

2. There is a question whether the State Board of Education controls with respect to disapproval of programs that do not meet accountability standards are, in fact, effective. The Task Force received little evidence to support a conclusion that the State Board is making effective use of this quality control mechanism.
3. There may be an obstacle in the program approval and accountability process which relates to practical considerations regarding funding. For example, are decisions concerning approval of a proposed program influenced inordinately by the impact such approval will have on the funding of other programs or institutions, or is the decision based solely on the apparent need at that time and place for the proposed program?
4. There is a perception that the vocational program advisory councils, while sound in theory, often are relatively inactive and ineffective. Up to date training is a critical need. A question raised is whether changes are needed to sharpen the responsiveness of programs to current employment needs.
5. There is concern about whether JTPA placement activities sufficiently emphasize employment in well-paying jobs with prospects for future advancement or whether there are an inordinate number of placements in low-paying dead end jobs.

6. Some persons believe that job training programs are not placing enough emphasis on identifying, training, and finding employment for the most severely disadvantaged persons in society.
7. It would appear that the job training system accountability devices do not adequately recognize entrepreneurship as a means of addressing the employment issue.

The state agencies having an interest in job training are not satisfied with the present accountability system. This is reflected in the work that has been undertaken by them to develop a more sophisticated, consumer oriented accountability system. The Task Force supports the accountability concepts which the agencies currently are exploring; in fact, a portion of our recommendations build upon these concepts.

CHAPTER 7

SECONDARY LEVEL VOCATIONAL EDUCATION

Vocational Education in Secondary Schools

There has been continuous debate about the most appropriate role for vocational education at the secondary school level. Critical analysis of this issue intensified as a result of the publication in 1983 of A Nation at Risk (National Commission on Excellence in Education) and as a result of the 1984 revision of the federal vocational education legislation, which moved abruptly away from continuous support for entrenched vocational programs. Until recently, the major effort has been to keep vocational education responsive to employment needs and to help reduce the dropout rate among high school students. This latter objective has contributed to a view of vocational education as safe harbor for poor achievers.

With its emphasis on ensuring that every student master basic academic skills, A Nation at Risk, in effect, endorsed requiring that students spend more time in their secondary school curriculum in academic subjects. Especially emphasized were mathematics, science, computer science, social studies, and foreign language. Fine arts and vocational education were treated as complementing what was described in that report as the "new basics." This report was the source of great concern among vocational educators for fear that this focus of emphasis would squeeze them out of the secondary school environment. Many youth would thus be denied the opportunity for training that would enhance their employability upon completion of their high school experience. This is thought by some to be particularly harmful to many noncollege-bound youth.

Applied Academic Programs

A concept which now is receiving much attention in secondary vocational education circles is that of applied learning. For example, a course in applied science recently has been developed which is designed to convey to students an understanding of concepts or theoretical knowledge through the use of specific "hands on" applications. This approach recognizes that there are many students who, though quite intelligent, simply do not learn well by the more traditional theory/application process. This current effort reorders the learning process by teaching principles during the course of practicing applications in which the principles are used.

This approach to learning might successfully convey to students the principles of science, mathematics, or English which are compatible with (or, perhaps, precisely the same as) those expected to be learned in the more traditional academic courses. The development of such courses is accompanied by some significant problems that must be addressed in the education community. Among these are: whether such courses, in effect, duplicate courses already being offered and, if so, whether they can then be justified; whether they can be substituted for other courses in meeting academic requirements for high school graduation; whether the instructor in such courses can hold vocational certification or whether traditional subject and field certification requirements will apply; what the dispersion of such courses across the state should be; and whether such courses satisfy any job specific training responsibilities that the secondary schools might be viewed as having. These are important issues that the education community has not yet resolved.

The Issue

The main questions being raised pertaining to secondary level vocational education are:

1. Should job specific vocational training be focused exclusively on postsecondary students and students who otherwise have met school district high school graduation requirements?
2. Should the newly developed applied academic programs be approved as alternative means of satisfying the state-imposed subject matter graduation requirements?

The state of New York has emerged as the leader in rethinking the role of vocational education as it relates to elementary and secondary education. The state has completed a lengthy and expensive process which involved identifying generic skills common to several of the traditional program areas and packaging them into more general courses. Through this process, it was discovered that only a small percentage of the skill requirements in the various program areas were unique to the area. As a consequence, a curriculum has been developed which has been introduced at the junior high level and which is built upon at the secondary level. This curriculum focuses on development of transferable generic skills. There is no job specific training option until grade 12. New York utilizes a mandated state curriculum throughout its school system which enables it to implement substantive changes in educational application more extensively than would otherwise occur.

Where does Kansas stand with respect to the new thinking in the field of vocational education? Testimony provided by the State Board of Education indicated that vocational education at the secondary level needs to be better defined and held more accountable. The emphasis now given to job specific vocational education

at the secondary level basically is determined by local school boards. The State Board of Education and its staff have been working with the applied skills concept, to the point of cooperating in a pilot testing program. The staff is aware of the New York initiative and is providing information about it to any interested party.

At this time, the State Board does not have a policy position which reflects a rethinking of the role and nature of vocational education in the secondary school system. The State Board has reported that it soon will be reviewing the role, scope, and mission of vocational education. This is expected to produce policy statements concerning secondary vocational education. We cannot emphasize too strongly the importance that should be assigned to this task. It appears that a revolution is at hand which has great potential for enhancing the educational opportunities this state provides for its children as it relates to skills education. Kansas should not be left at the starting gate in this area.

Unfortunately, the Task Force has not had the time to devote to these issues to enable it to develop specific recommendations. The Task Force is pleased to know that thoughtful and concerned members of the education community have begun the process of attempting to forge a sense of direction in this area. Their perseverance is essential.

CHAPTER 8

CONCLUSIONS AND RECOMMENDATIONS

Overview

The Kansas job training system represents a portion of our state's investment in human capital. As we ponder our economic development strategy, no part of it equals the importance of our investment in human capital.

We have come to recognize that our traditional areas of strength -- production agriculture, general aviation, and oil and gas -- can no longer be relied upon to lead the way to economic vitality. We must diversify, we must innovate, and we must be willing to take risks.

Redwood/Krider notes that one of Kansas' few comparative advantages is the quality of the work force. Relative to the work forces in other states, the Kansas work force is well educated, has a good work ethic, and is highly productive. An obstacle to making this advantage work as effectively as it might for the state's benefit is that we do not always have the skills immediately available that a firm wants or needs. This is one of the several issues the Task Force recommendations address.

Our vision must be clear. We must embrace the view that the best way to prepare for a healthy future is to invest wisely in human capital. In The Wealth of States (Vaughan, Pollard and Dyer, 1984), the authors state:

The major source of growth in all states is the rate of improvement in the education and skills of the work force. Development depends on the rate at which we accumulate human capital.

A further observation is that educational attainments determine not only the rate of development but the incidence of poverty as well.

The Kansas job training system has served remarkably well in view of the limitations under which it operates, but it does not meet the state's economic development needs as well as it should. The governance, funding, coordination, and accountability structures to which the system presently responds were designed to carry out a variety of purposes. It is small wonder that the system contains deficiencies when viewed principally from a job training economic development perspective.

Underlying Principles

The main goal of the Task Force has been to produce a set of practical recommendations which can be implemented and which will make a difference with respect to the shortcomings of our job training system. We have achieved that goal. We have followed a human capital perspective that has included a vision of the needs of both employers and individuals who compose the labor market. The philosophy upon which most of the Task Force's recommendations are based emphasizes improvements through:

- improved state level governance structure for job training programs;
- increased consumer driven competition among program providers;
- financial incentives directed toward specific targeted objectives;
- enhanced accountability of the core job training programs; and
- greater legislative oversight of the job training system.

The Task Force believes that the job training system, just as is the case with the larger economy, can be more effectively influenced by marketplace forces, i.e., competition based upon consumer preference and economic incentives, than by rigid dictates imposed through bureaucratic channels. This belief has guided the development of our recommendations.

Recommendations

Recommendation 1

The community colleges and all public vocational training institutions, including the Kansas Technical Institute, should be supervised by an appointed independent and separate policy board.

The Task Force believes that it will be necessary to amend the Kansas Constitution in order to make it possible for the Legislature to establish such a board, to prescribe how its members will be appointed, and to enumerate its powers and duties.

Most of the publicly sponsored job training programs are provided by the community colleges and the public vocational schools. Under the present governance system, the oversight of these institutions and the Kansas Technical Institute really can be viewed as adjunct duties to the main concerns that occupy the time of their respective governing boards. An effective and responsive job training system is essential to the success of the state's economic development program. Placing the main job training institutions under a single governing board which has as its principal duty the development of the

most effective job training system possible would give the system the prominent position in state government that it badly needs.

Recommendation 2

A strong commitment of the Task Force is for creation of a customized training program. The program should provide training to meet the needs of new employers in Kansas and of those who are increasing their work force in Kansas at no cost to them. It also should provide for retraining of employees of Kansas employers on a shared cost basis when such retraining is to prepare present employees for new technology applications or to otherwise prevent displacement of such employees. The source of funding for this program should be determined by the Legislature. In this respect, JTPA and federal vocational education funds should be used, to the extent possible, to supplement state funding for this program. (A somewhat similar program in California captures a portion of the unemployment insurance taxes paid by employers as the principal funding source and is one option that could be considered.)

The Task Force views this program as the centerpiece of its proposals for dealing with the customized training issue. It addresses perhaps the most critical and pressing of all of the state's human capital economic development needs. As such, it would appear highly appropriate

to utilize gaming revenues devoted to economic development purposes as a source of funding for this program.

As we envision this program, funds would be awarded to employers, groups of employers, or training agencies for job linked training. Training activities which would qualify for funding would be for employment in new jobs in Kansas and for upgrading and changing the skills of existing employees for new technology applications or to otherwise prevent displacement due to skills obsolescence. Our view is that the program would pay only for training of persons who actually are employed by the contracting firm. Training provided pursuant to this program should be free of cost to the employer in instances where new jobs are being created in Kansas and on a shared cost basis when skills of Kansas employees are being upgraded for purposes of career advancement or to prevent loss of employment due to technological or product changes in the firm.

This program would provide customized training to business and industry based on their specific needs. There would be great flexibility in the selection of training providers. Because the program would fully compensate the training costs, it would no longer be necessary for institutions such as community colleges or vocational schools to package services so as to produce credit hour state aid or state vocational program aid in order to fund the program. This feature removes a major barrier these institutions now face in attempting to develop customized business training programs.

This is a bold and exciting proposal. Without any doubt, it represents an extremely cost-effective means of investing in human capital -- perhaps the most cost-effective that can be devised. It is doubtful that our training dollars can be spent any more wisely than for this proposed program. In this area, we must be willing to spend whatever is required to accomplish our objective. To do less is like finding the most gifted athlete and then handicapping the athlete so that victory cannot be achieved. Such behavior makes no sense.

Likewise, it makes no sense to develop an effective custom training program and then to render it ineffective. It is impossible to project exactly what the funding requirement for the program will be. In FY 1986, for example, the state development agency in selected states reported these amounts of state funds available for manpower training: Ohio, \$11.0 million; Indiana, \$10.0 million; Tennessee, \$1.9 million; Utah, \$1.1 million; and Virginia, \$1.4 million. Recently, Missouri has assembled a \$6.0 million training package. In California, \$55.0 million is provided annually for this purpose.

Recommendation 3

A program should be enacted to provide financial awards to public educational institutions that provide vocational and technical training for exemplary performance in training and placing handicapped or disadvantaged persons in employment. The annual appropriation for this program should be \$150,000, with five awards, one each for up to \$50,000, \$40,000, \$30,000, \$20,000, and \$10,000, to be outside of the institution's budget and used for any purpose it determines. The competition among institutions in pursuit of these awards should be exempt from any service area limitations. The program should be administered by the State Council for Employment and Training.

An initiative which focuses on providing jobs also may be viewed as helping realize the goal of reducing dependence of persons on public maintenance. Programs already exist which are designed to seek out the unemployed and to help them overcome barriers in securing

employment. One concern that has been expressed about these programs is that "creaming" may occur as program administrators seek to achieve their program performance standards. In other words, the concern is that those most difficult to employ are passed over in favor of serving those with more employment skills. This program uses incentives to encourage job training institutions to seek out, train, and place in employment handicapped or disadvantaged persons (or both) who face the greatest barriers to employment. These are the persons who are most likely to slip through the cracks of existing programs and thus, the least likely to be presented with an opportunity to reach their potential. It is our expectation that these awards will be made on the basis of an evaluation of program quality, i.e., effectiveness in serving the most difficult to place and obtaining for them jobs with potential for career development, and not simply on quantity, i.e., the number of people served and placed. In the unlikely event that the programs which compete for these awards are not sufficiently meritorious, the number and amounts of awards could be reduced. Most of the institutions that will vie for these awards are flexible, innovative, and responsive. We believe such institutions are appropriate to carry out this initiative. Expressed in terms of human capital, we believe this program will produce a very high return relative to the investment made.

Recommendation 4

A program should be enacted to provide financial awards to public educational institutions that provide vocational and technical training for exemplary performance in job creation, entrepreneurship, and job upgrading in rural areas of Kansas. The annual appropriation for this program should be \$150,000, with five awards, one each of up to \$50,000, \$40,000, \$30,000, \$20,000, and \$10,000, to be outside of

the institution's budget and used for any purpose it determines. The competition among institutions in pursuit of these awards should be exempt from any service area limitations. The program should be administered by the Kansas Department of Commerce. Also, greater emphasis should be placed on the option of unemployed persons becoming entrepreneurs. Job service offices and JTPA administrators should devote greater attention to this objective.

The Task Force recommends creation of an incentive program, similar in structure and funding to that described in Recommendation 3 (above), for exemplary performance in contributing to job creation, entrepreneurship, and job upgrading in rural areas of Kansas. This program should be administered by the Department of Commerce. The Task Force well understands that the current economic malaise is exacting a very heavy toll on many rural communities, and, further, that there is no apparent relief of this condition in sight. However, it is exactly such circumstances that often give birth to creative ventures. There is no single answer to revitalizing rural communities, but small successes sprinkled throughout the state point in the right direction. The Task Force's proposed program is a modest but important contribution designed to stimulate creation of jobs in rural areas. As was noted with respect to Recommendation 3, the Task Force believes that such an incentive program will produce results the value of which will far exceed program expenditures. It should be tried.

More specifically, with respect to entrepreneurship, the Task Force recognizes that creating a stimulating climate for such activities is an important part of any state's economic development program. It helps diversify the economy and give it vitality; it also may lead to direct and spin-off employment growth. Kansas has a

network of small business development centers which provide services to entrepreneurs at no cost and without regard to the economic condition of the client. In accord with a state goal of reducing dependency, a great victory is achieved when a dependent person becomes self-sufficient -- even greater if the person who formerly was dependent begins providing employment for others. The potential for entrepreneurship among dependent persons should not be underestimated. Anecdotal information suggests that many times unemployed persons are willing to take risks pursuing ideas that they were too cautious to pursue when they were employed.

The Task Force recommends that the state's job service offices place greater emphasis on the entrepreneurship option for its clients. The Secretary of Human Resources should evaluate the options available under JTPA to reduce or eliminate barriers and to encourage entrepreneurship among disadvantaged persons, youth, and displaced workers.

Recommendation 5

The multiple for funding community college vocational programs (1.5 generally, and 2.0 for Cowley County and Pratt) should be fixed at 2.0 for all such institutions. This will provide greater incentive for community colleges to emphasize vocational education.

One of the thrusts of testimony submitted to the Task Force was that the job training system should be reshaped so that community colleges become the lead institutions for providing postsecondary job training. The Task Force has not adopted a specific stance on this issue, but it has endorsed a change in governance of community colleges and postsecondary vocational training institutions and has proposed various incentives and program

accountability initiatives that focus greater attention on the very important vocational education role of the community colleges. In that spirit, this recommendation may be viewed as an incentive to affect the nature of the community college as an educational institution. The proposed 2.0 multiple would provide additional state aid for 17 of the community colleges. (Cowley County and Pratt now receive such aid based on a 2.0 multiple.) The estimated FY 1988 cost of implementing this recommendation is \$3.1 million. This additional funding should induce those institutions to give greater attention to their job training role. The importance attached to this incentive in future years may be determined directly by the Legislature, depending on the multiples it determines appropriate to assign to this aid program. State gaming revenues earmarked for economic development should be considered for funding of this recommendation.

Recommendation 6

It is imperative that the Legislature fund capital outlay programs for the acquisition by purchase or lease of instructional equipment by vocational schools and community colleges. Therefore, the vocational school capital outlay aid program (K.S.A. 72-4440, et seq., as amended) should be expanded to include community colleges. The Task Force recommends that \$2.0 million be provided for this program in FY 1988 and thereafter. This program should be competitive. Also, the state pool of instructional equipment program (K.S.A. 72-4444, et seq.) should be funded. The Task Force recommends that a minimum of \$250,000 be provided for this program in FY 1988.

A pressing need of public vocational training programs is equipment that is relevant to applications compatible with systems found in business and industry. Too often, the schools have available to them too little equipment or equipment that is largely antiquated. Funds that can be allocated for equipment are scarce, forcing many programs to operate below the desired standard.

The Task Force urges a greater state commitment to an upgraded equipment program, including expansion of the present program to include community colleges and funding for the state pool of instructional equipment program. The 1985 Legislature appropriated \$1.5 million in FY 1986 aid for vocational school instructional equipment. Any amounts awarded to institutions had to be matched dollar for dollar from nonstate sources. The 1986 Legislature provided no FY 1987 funding for this program. That action has sent the wrong message to the schools and to the business community. The Task Force's proposal of \$2.0 million for this program would return it to the level of funding in each of FYs 1978-1980, the first three years of the existing program. We must recognize that the lack of an adequate investment in equipment can be a severe impediment to being more competitive in business training. The state commitment to providing adequate equipment for vocational training programs should be renewed and expanded.

The state pool of instructional equipment program was enacted in 1985, but has never yet been funded. It is time to implement this program.

The Task Force believes state gaming revenues earmarked for economic development should be considered as a source of funding these recommendations.

Recommendation 7

A Kansas Training Information Program (K-TIP) should be implemented. This program will contribute to a consumer oriented performance driven job training system providing to consumers information on placement and earnings rates of each job training program. This information would include the community college and other postsecondary vocational training programs, as well as the programs of proprietary schools that opt to participate. The information should be prepared and disseminated by the State Board of Education.

Kansas should establish a program to calculate and disseminate the placement rates and average earnings of the graduates of each vocational postsecondary training program and the training programs of proprietary schools that opt to participate. This information should be prepared annually, published, and disseminated to high school graduates and others having an interest in such training.

This is a relatively simple proposal, but its potential for impacting the job training system is profound. The purpose of creating such a system is to put valuable program performance data in the hands of the consumers. Now, consumers are better informed when they purchase an iron, an auto, or a coffee pot than when they select a training program which will help prepare them to earn a livelihood. Consumers will have the opportunity to cast their votes by means of program selection decisions for those programs that have the best track record. Under such a system, we believe that, over time, the nature of the job training programs will change as the schools try to meet consumer demands. In other words, the system

will become consumer oriented and performance driven. The consumers will determine the "shape" of institutions. There will be an enormous incentive to provide programs that meet students' demands and the key to program survival will be performance. In their efforts to provide these programs, we believe that the institutions will find it in their interest to be intensely attuned to the training needs of firms which will be providing employment to those who complete the program.

The Task Force proposes that implementing and administering this program be assigned to the State Board of Education. That agency presently has oversight and regulatory authority over most of the public and private institutions that would be affected by this program and should be in the best position to operate it in the most economical fashion. An advisory group will be needed to resolve difficulties that will be encountered in implementing this program. This program should be implemented in FY 1988. A preliminary cost estimate for it is \$14,500. Maintenance costs would be approximately \$10,000 annually.

Recommendation 8

The state policymaking board for community colleges and vocational schools should increase the accountability for job training programs under its jurisdiction. Initially, the board should consider enrollment, placement, and earnings criteria as means of evaluating programs for continued support. The board should work closely with the House and Senate education committees in a continuing dialogue on the development of meaningful performance criteria for these programs.

There should be greater accountability based on performance of the vocational programs presently under the jurisdiction of the State Board of Education. The Legislature should play an active oversight role in this area. Therefore, the Task Force recommends that the State Board of Education be directed to develop an annual accountability plan for job training programs under its jurisdiction. This plan should incorporate performance standards as the means for determining when programs are to be discontinued. Performance should be measured by enrollment, placement, and wage level criteria. The Task Force recognizes that there is a placement based standard now, but the fact that it is so rarely imposed suggests that it is more form than substance. The performance standards should recognize that some concessions will be needed for new programs and that a brief, probationary status for ongoing programs should be included. Each year the job training program performance criteria, statistical data on program performance at each institution, instances of program disapproval or assignment of probationary status, and outline of responses to legislative concerns previously expressed should be reviewed by the standing committees on education. Legislation should be enacted to implement this recommendation.

Recommendation 9

The House and Senate education committees and the Legislative Educational Planning Committee should engage in regular review of the operation and performance of the major job training programs. This practice should become "institutionalized."

In the past, legislative oversight of the job training system has been sporadic at best. The state's future economic vitality is on the line. A characteristic of the job training environment is constant change. State

policymakers need to do a better job than in the past of keeping abreast of developments and identifying and resolving problems affecting the job training system.

Recommendation 10

The approval procedures and standards for training programs of community colleges and vocational schools that result in the award of a certificate, credit hours, or a degree should be reviewed by community college and vocational school representatives to identify any barriers to rapid and effective responses in meeting the training needs of business and industry and to recommend changes to reduce or eliminate these barriers while still maintaining the integrity of the courses or programs. This activity should be conducted under the auspices of the State Board of Education. The report of this review, together with any recommendations requiring legislation for implementation, should be submitted to the House and Senate education committees on or before January 15, 1987.

A common theme expressed to the Task Force during its deliberations was that there are barriers that community colleges and vocational schools encounter when they are trying to design programs to meet the specific training needs of business and industry. Many times, to secure the needed funding, it is crucial that the programs be approvable for payment of credit hour and outdistrict state aid for community college enrollment or vocational

program/postsecondary aid for vocational schools. This can prove to be a difficult and time-consuming process with no assurance of success.

In order to address this issue, we are recommending that a task force be convened to identify the specific barriers and to submit recommendations for removing them. The task force should be composed of representatives of the community colleges and vocational schools. We were assured by representatives of these types of institutions that such a task can be undertaken and completed in short order. Thus, we are recommending that the report and recommendations be submitted early in the 1987 Session for review by the House and Senate education committees. (Our Recommendations 2 and 10 should result in vast improvements in the ability of the training institutions to respond in a timely and efficient manner to the specific training needs of business and industry.)

Recommendation 11

Through its five regional offices, the Department of Commerce should act as a source of information for business and industry on available training programs. In this way the Department would provide information on training programs throughout the state and would market training through its existing industry program.

This will assist the Department of Commerce in expanding its role by coordinating access to the state's business training system for all interested firms. More centralized information about training options available in Kansas will complement the Department's other economic development activities.

A Final Note

A ubiquitous and vexing problem for any job training system is that of keeping the training provided current with the changing needs of business and industry. A question that arises is the extent to which training programs should be linked to the development and application of new technology. For the job training system, the key would appear to be an effective communication system between the job training establishment and the business sector. In order to use its resources wisely, the job training system must train for jobs that already exist or that are certain to soon be available. The role of the job training system must, therefore, be reactive. It must respond as quickly and efficiently as possible to real needs that actually exist, and it must not gamble its resources in an attempt to anticipate needs in advance of job creation.

We believe that, within limitations, the Kansas job training institutions are working hard at being responsive to the needs of business. We believe further that several of our recommendations would promote competition and responsiveness of institutions to training needs. Included among these are the customized training program, the consumer driven accountability program, the greater emphasis from the state administration perspective on program accountability, and the removal of barriers in packaging training programs. This is perhaps the best means of keeping vocational training current with the skills requirements of businesses.

MINORITY REPORT

Kansas Technical Institute is the State Technical Institute under the control and supervision of the Kansas Board of Regents. The institution has prospered during the past ten years while under the Board of Regents, having previously been governed by the Board of Education.

The Institute, because of the professional orientation of its programs, enjoys the collegial relationship it shares with its sister institutions. All programs are designed using the criteria and guidelines of the Technology Accreditation Commission of the Accreditation Board for Engineering and Technology for which four of the programs, as deemed appropriate, are accredited. These criteria dictate curricula that include a general education component and faculty requirements that include a masters degree in the engineering discipline. The programs are also designed for upward mobility of the graduate including viable articulation for transferability to a baccalaureate program.

Being the state technical institute, Kansas Tech has the entire state of Kansas in its mission, thus, is not regionally oriented such as the community colleges and area vocational-technical colleges. Kansas Tech has initiated the offering of programs in Wichita, programs designed to meet the technical personnel needs of industry. These programs are offered in cooperation with Wichita State University, who will offer the general education courses and Kansas Tech the technical courses.

Considering the usual funding pattern for community colleges and area vocational-technical institutions being on the average 53 percent community based, placing the statewide mission of Kansas Tech on the local Salina community would be an unfair burden.

Within the past ten years, there have been a couple of situations concerning Kansas Tech that have created great concern among prospective students and their

families because of their unsettling nature. Ten years ago, legislation was drafted that would have eliminated Kansas Technical Institute. Fortunately, the local legislators and the Salina community worked through that issue together such that the proposed legislation was defeated. Within the past two years, Kansas Tech weathered a proposal wherein the Institute would be merged with the College of Engineering at Kansas State University. Again, the local legislators and Salina community worked together to show that such a proposal would not serve the interests of the Kansas citizenry. It is the belief of the Kansas Tech administration that such issues have a negative effect on enrollment.

Kansas Tech has a very unique mission in the state of Kansas for which there is a demonstrable need, a mission that fits very well under the control and supervision of the Kansas Board of Regents, and a mission that is not in concert with either the community college system nor the area vocational-technical institutions.

It is for these reasons that Kansas Tech should remain under the control and supervision of the Kansas Board of Regents and, therefore, should not be included in the recommendation of a third board of education for the community colleges and area vocational-technical institutions.

I do support the remaining recommendations in the report.

Respectfully submitted,

Sen. Ben Vidricksen

Kansas Legislative Research Department

December 8, 1986

BUSINESS TRAINING TASK FORCE

1. An appointed independent and separate policy board should be assigned supervisory responsibility for all public vocational training institutions, including Kansas Technical Institute.
2. A customized training program should be created. Training to meet the needs of new employers in Kansas and employers who are expanding their workforce in Kansas should be provided at no cost to the employer. Retraining of employees of Kansas employers to prepare such employees for new technology applications or to otherwise prevent displacement of such employees should be provided on a shared cost basis. (No specific funding level identified).
3. A program should be established to provide financial awards to public educational institutions that provide vocational and technical training for exemplary performance in training and placing handicapped or disadvantaged persons in employment. The fiscal note would be \$150,000 annually -- for awards of up to \$50,000, \$40,000, \$30,000, \$20,000, and \$10,000 each.
4. A program should be established to provide financial awards to public educational institutions that provide vocational and technical training for exemplary performance in job creation, entrepreneurship, and job upgrading in rural areas of Kansas. The fiscal note would be \$150,000 annually for awards of up to \$50,000, \$40,000, \$30,000, \$20,000, and \$10,000 each. Also, Job Training Partnership Act (JTPA) administration should place greater emphasis on the entrepreneurship option for unemployed persons.
5. The multiple for funding community college vocational programs should be increased from 1.5 to 2.0 times the regular credit hour reimbursement rate (\$3.1 million in FY 1988).
6. The area vocational school capital outlay aid program should be expanded to include community colleges. (Recommendation was \$2.0 million in FY 1988 and thereafter.) The state pool of instructional equipment program should be funded. (Proposed \$250,000 in FY 1988.)
7. A Kansas Training Information Program (K-TIP) should be implemented. K-TIP would provide placement and earning rates for job training programs of community colleges and other postsecondary vocational training programs. (The estimated FY 1988 implementation cost, \$14,500; the estimated annual maintenance cost, \$10,000.)
8. The state policymaking board for community colleges should increase accountability of job training programs under its jurisdiction. There should be a continuing dialogue between the House and Senate education committees in this regard.

Attach 10

- OVER -

9. The House and Senate education committees and the Legislative Educational Planning Committee should engage in a regular review of the major job training programs.
10. Under the auspices of the State Board of Education, approval procedures and standards for programs which result in the award of a certificate, credit hours, or a degree should be reviewed with the objective of proposing means of "packaging" this training so as to facilitate a more rapid and effective response to the training needs of business and industry.
11. Through its five regional offices, the Department of Commerce should act as a source of information for business and industry on available training programs.

FF86-297/TS

MEMORANDUM

December 8, 1986

TO: Legislative Commission on Economic Development
 FROM: Kansas Legislative Research Department
 RE: FY 1986 Expenditures for Vocational Training --
 Selected Institutions and Programs

The following information was prepared for the Commission pursuant to its request at the December 2 meeting.

		FY 1986 Operating Expenditures -- Vocational Education (In Millions)	
		General State Aid	Total Expenditures
I.	<u>Institutions</u>		
	Community Colleges(a)	\$ 11.49	\$ 22.47
	Area Vocational Schools(b)	19.90	33.40
	Washburn University	.29	.83
	Kansas Technical Institute	3.14	3.84
	Pittsburg State University -- Vocational Technical Institute(c)	.51	.67
		<u>\$ 35.33</u>	<u>\$ 61.21</u>

Note: School districts are not included in the above listing because there are no reliable data concerning their vocational program expenditures, other than those associated with an area school. Most such programs are a part of the total district curriculum, for which specific program expenditures are not reported.

- a) Includes state vocational capital outlay aid for equipment paid to Cowley County and Pratt.
- b) Includes state capital outlay aid for equipment, except for amounts to Cowley County and Pratt.
- c) Does not include the Pittsburg State University School of Technology and Applied Science. The FY 1986 operating expenditure for this purpose was \$1.57 million, of which \$1.21 million was from the State General Fund.

Attach 11

II. Kansas Industrial Training Program (KIT)

For FY 1986, the Department of Economic Development reported spending state funds of about \$235,000 for this program. These state funds were supplemented with about \$517,000 of federal vocational education funds. It is possible that some portion of these amounts would be included in the institutional expenditure data shown above.

III. Job Training Partnership Act (JTPA)

For FY 1986, the amounts of these federal funds expended for the main training programs (for administration, training, and related costs) were as follows: dislocated workers, \$1.79 million, II-A-Disadvantaged Training, \$9.90 million, and III-Dislocated Workers-Discretionary, \$0.86 million. In addition, \$6.87 million was expended for the II-B Summer Youth, which generally is not regarded as a bona fide job training activity.

The above figures include some amounts that were paid to institutions such as community colleges and vocational schools in the form of student tuition payments. (In FY 1985, these amounts were: area vocational schools, \$263,600; community colleges, \$135,000; and Pittsburg State University, \$10,400.)

GG86-296/BFB

M E M O R A N D U M

TO: Roger Christianson

FROM: Bill Thompson

DATE: October 16, 1986

RE: KIT

The following is an update of KIT funding for FY87:

<u>Company</u>	<u>Community</u>	<u># Jobs</u>	<u>KDED</u>	<u>Voc-Ed</u>	<u>Total</u>	<u>Status</u>
General Motors	Kansas City	3,911	\$264,464	\$ 51,840	\$316,304	Needs Jamie's signature
Ag-Dynamics	Goodland	15	\$ 11,997	\$ 5,076	\$ 17,073	Underway
Combustion Engineering	Enterprise	87	\$ 31,989	\$ 33,060	\$ 65,049	Underway
Met-First	Overland Park	75	\$ 42,500	\$ 18,792	\$ 61,292	Underway
Detroit Diesel	Emporia	40	\$ 9,000	\$ 7,776	\$ 16,776	Underway
Heartwood Cabinetry	Iola	15	\$ 21,100	\$ 26,136	\$ 47,236	Underway
Mineral-Right	Phillipsburg	15	\$ 5,337	-0-	\$ 5,337	Underway
Myron's Dental Lab.	Kansas City	10	\$ 11,800	\$ 10,972	\$ 22,772	Planning Stage
Combustion Engineering	Concordia	93	\$ 10,312	\$ 11,832	\$ 22,144	Planning Stage
Orthopedic Casting Lab.	Eudora	20	\$ 14,450	\$ 16,537	\$ 30,987	Planning Stage
Teledyne, Inc.	Independence	80	\$ 40,000	\$ 40,500	\$ 80,500	Planning Stage
J.I. Case*	Wichita	200	\$ 37,051	\$ 51,771	\$ 88,822	Planning Stage

Roger Christianson
October 16, 1986
Page Two

<u>Company</u>	<u>Community</u>	<u># Jobs</u>	<u>KDED</u>	<u>Voc-Ed</u>	<u>Total</u>	<u>Status</u>
Casework Concept	Chanute	**	-0-	\$ 12,100	\$ 12,100	Underway
Murphy Industries	Junction City	**	-0-	\$ 13,608	\$ 13,608	Underway
		\$4,561	\$500,000	\$300,000	\$800,000	

* This project will probably cost \$200,000, so we're a bit short at this time.

** FY86 projects - Voc-Ed used FY87 for their portion.

M E M O R A N D U M

TO: Jamie Schwartz
 FROM: Bill Thompson
 DATE: April 22, 1986
 SUBJECT: KIT Program

The following are training projects that are either completed, underway, being planned or are expected to occur during FY86:

<u>Company</u>	<u>Town</u>	<u>KDED</u>	<u>Voc-Ed</u>	<u>Total</u>	<u>Jobs</u>	<u>Status</u>
Labels Unlimited	Lawrence	\$ 10,640	\$ -0-	\$ 10,640	24	Completed
Dayco Corp.	Fort Scott	-0-**	56,669	56,669	**	Underway
Marley Homes	Osage City	-0-**	13,932	13,932	**	Underway
Southeast Mfg.	Neodesha	15,360	25,078	40,438	35	Underway
Sallie Mae*	Lawrence	28,000	23,760	51,760	60	Underway
Williams Foods	Lenexa	14,400	10,584	24,984	25	Underway
Walker Division	Manhattan	12,800	15,995	28,795	30	Underway
General Motors*	Kansas City	25,000	27,000	52,000	50	Underway
El Dorado Motor Corp.	Salina	12,480	14,830	27,310	100	Underway
Dayton Industries	Lenexa	22,000	25,056	47,056	85	Underway
Continental Healthcare	Overland Park	15,000	50,750	65,750	56	Underway
MFI	Chanute	38,800	12,100	50,900	100	Planning Stage
Maric Packaging	Pittsburg	18,367	3,900	22,267	30	Planning Stage
Murphy Industries	Junction City	<u>22,560</u>	<u>11,800</u>	<u>34,360</u>	<u>100</u>	Planning Stage
		\$235,407	\$291,454	\$526,861	695	

**Job figures for Dayco (14) and Marley (90) are listed under FY85 totals. KDED's portion of the Dayco and Marley projects were funded with FY85 special appropriation funds.

The projects that are highlighted with an "*" received (or will receive) additional funding via Voc-Ed's Carl Perkins Funds. The projects and amounts are as follows:

Sallie Mae	\$ 26,000
General Motors	<u>200,000</u>
	\$226,000

The \$200,000 General Motors grant involves the training of 100 people. This figure is not reflected in the number of trainees under the KIT Program.

me

overall education.

Table 12

Vocational-Technical Enrollments as a Percentage of Population
and
Percent of High School Trained Adults

	Vo-Tech Enrollment	U.S. Rank	High School Graduates %	Rank
Kansas	2.02	42	88.41	4
Missouri	2.42	37	79.36	29
Oklahoma	2.21	40	81.47	22
Colorado	3.56	21	86.74	6
Nebraska	3.34	25	85.34	10
Iowa	4.31	15	85.66	8
North Carolina	4.97	9	73.59	41
U.S. Average	3.62		79.98	

Source: The Seventh Annual Study of General Manufacturing Climates,
Grant Thornton, June 1986.

In Kansas mechanisms are insufficient for matching the highly educated labor force with specific needs of employers. Training institutions have a tendency to train students with available programs and equipment. At one time those programs were probably in demand; however, because of lack of adequate information, old programs are not dropped and new ones added with sufficient speed. Courses, also, are not always updated rapidly enough. Instructors, too, must know the latest technology in their field if they are to teach up-to-date technology to their students.

Under the current course approval structure, training programs can only be initiated if there is a large projected statewide demand. It is not feasible for the Department of Human Resources to successfully predict what skills will be required by employers in specific areas of the state. Statewide employment projections cannot be translated into vocational or technical programs. In the smaller communities of Kansas, local conditions

Table 13
 Percent of Vocational Enrollment in Community Colleges
 1985-1986

Kansas*	32%
Missouri	60%
Iowa	52%
North Carolina	93%
Nebraska	70%
Colorado	45%
Oklahoma	50%

Source: Telephone survey of state community college governing agencies and information divisions.

*Based on FTE enrollment data for Fall 1985 as provided by the Program Planning and Evaluation Section for the Kansas Department of Education.

The community colleges are particularly well situated to provide post-secondary vocational education and business training. The 19 community colleges are located throughout Kansas and can, therefore, have an important role in the economic development of all parts of the state. This is an important consideration since the state is committed to assisting business (new and existing) in rural as well as urban areas of the state. Equally important, the community colleges have the potential to develop high quality post-secondary vocational education programs that will provide significant investments in the state's human capital. Through a combination of two year degree programs and customized training programs, community colleges can provide employers with traditional skills as well as skills associated with new and advanced technologies.

Suggested "Clean-up" Amendments

Exemption from state purchasing and travel laws.

Sec. 3.

(d) The corporation and its Centers of Excellence shall not be subject to state purchasing laws or state laws and regulations pertaining to travel.

or

(d) The corporation and entities funded by the corporation shall not be subject to state purchasing laws or state laws and regulations pertaining to travel.

Recognition that Basic Research, Applied Research or Technology Transfer activities may overlap to some extent.

Sec. 6.

(b) Centers of excellence for basic research will **primarily** undertake ongoing basic research with a particular focus that will have long-run potential for commercial development....

(1) The Kansas technology enterprise basic research fund is hereby created to which shall be credited any state funds specifically so designated. The fund is not to be used for applied research, technology transfer, technical assistance or training **except as it is incidental to the basic research intended to be benefitted by this section.**

(2) The corporation may use the Kansas technology enterprise basic research fund to carry out the purposes of this act by awarding funds to establish new centers of excellence for basic research or to increase funding to such already established centers of excellence so long as those centers are determined to be (only) **primarily** carrying out basic research and to meet the standards of excellence required by this act....

REPEAT FOR SEC. 6 (c) AND (d) RE APPLIED RESEARCH AND TECHNOLOGY TRANSFER.