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Approved: February 19, 1998
Date

MINUTES OF THE HOUSE SELECT COMMITTEE ON HIGHER EDUCATION.

The meeting was called to order by Chairperson David Adkins at 4:30 p.m. on January 26, 1998 in Room 220-S of the Capitol.

All members were present.

Committee staff present: Alan Conroy, Legislative Research Department
Leah Robinson, Legislative Research Department
Carolyn Rampey, Legislative Research Department
Julian Efird, Legislative Research Department
Avis Swartzman, Revisor of Statutes
Jim Wilson, Revisor of Statutes
Leona Fultz, Committee Secretary

Conferees appearing before the committee: Dr. Jerry B. Farley, President of Washburn University

Others attending: See attached list

Representative Adkins introduced Dr. Farley. He presented the committee with his testimony to discuss the issues of governance, coordination and finance affecting Kansas higher education. (Attachment 1). Representative Adkins then handed out a Follow-Up To Requests Made During January 21, 1998 Testimony by Andy Tompkins. (Attachment 2) The committee minutes from the January 15, 20, 21 and 22 meetings were distributed to the committee. Representative Adkins stated they would stand to be approved unless any member noted any changes to be made and this should be done by notifying him by the close of this committee's meeting dates.

Representative Adkins then opened up the meeting for discussion from the committee on Consensus Building and Higher Education in Kansas. He wants the committee to evaluate and state what they perceive to be the strengths, weaknesses and opportunities of the Higher Education in Kansas. Time was spent in discussing the strengths of Higher Education in Kansas. Representative Adkins then asked that each member of the committee express their opinions and concerns as to what they see as the responsibilities of this committee.

The Committee meeting adjourned and the next meeting was scheduled for Tuesday, January 27, 1998 at 9:00 a.m.

**SELECT COMMITTEE ON HIGHER EDUCATION
COMMITTEE GUEST LIST**

DATE: January 26, 1998

NAME	REPRESENTING
Sheila Graham	KACCT
Floris Jean Hampton	KACCT
Jae Rossillon	E.SU
Marlin Kern	KU
Jon Josseland	KU
Roger Myers	Top Cap-journ
Marvyn Burris	KBOR
Stephen Jordan	KBOR
SUSAN PETERSON	KSTATE
Jim Langford	Dir of Budget
Lee Jusenbein	KNEA
ERIC SEXTON	WSU



WASHBURN UNIVERSITY

Office of the President

**Testimony to
House Select Committee on Higher Education
January 26, 1998
by
Dr. Jerry B. Farley, President**

Mr. Chairman, Members of the Committee:

Thank you for the opportunity to appear before you this evening to discuss issues of governance, coordination and finance affecting Kansas higher education. My perspectives are those of a newcomer to Kansas but hopefully they will be of value in your deliberations. Certainly the chance to share my observations with you is appreciated.

Since coming to Washburn in July, it has been my pleasure to appear before the Special Committee on Education, the Legislative Educational Planning Committee and the Special Committee on Community College Governance. Appearing before those committees has demonstrated to me how seriously the Kansas Legislature takes post-secondary education. From the perspective of an outsider, the state of Kansas has a solid system of higher education and you have exhibited an enviable record of financial support. Washburn, the other four-year institutions and the community colleges all enjoy excellent academic reputations not only among the other states in the region but across the nation. The continuing attention you give to higher education indicates that you recognize that you have fine institutions doing a good job and that your goal is to assist them in doing even better.

The past 22 post-secondary education finance and governance studies have been brought to my attention. It is clear there is an ongoing and perplexing set of problems about which the Legislature wishes to achieve some type of closure. While the state's institutions are fundamentally sound, there are questions and problems before us which need resolution. In devising solutions regarding structure, coordination, governance or finance, we must make changes in a way that improves the educational offerings for our students. Some aspects of the current structure clearly create difficulties for students as they matriculate through the bifurcated state system while other problems may tend to dissipate the resources which we are provided to educate citizens of Kansas. There appear to be problems related to: complexity for students transferring between types of institutions; divergence of quality within and among institutions and programs; disparities in funding among institutions and sectors; financial incentives which may result in less than desirable institutional behaviors; construction of facilities without state-wide considerations; tuition charges based upon local or sector conditions without consideration of a state-wide policy or rationale; and, concerns regarding geographic and financial access. Of course, none of these problems are unique to Kansas. They are problems which have precipitated previous discussions of governance and coordination which should be addressed to improve the educational environment for our students.

These important state interests and the bifurcated higher education system must be addressed as issues of governance and coordination. Personally, it does not appear that the issues facing the state of Kansas are ones of governance. The four-year institutions, other than Washburn, are well served through the governance of the Kansas Board of Regents. Washburn and the community colleges are well governed by their local boards. Governance and coordination, in my opinion, should be separated into structures which can deal with the different issues regarding coordination and governance.

Commissioner Tompkins and Executive Director Jordan have both appeared before you and distinguished between governance and coordination. My purpose is not to repeat what they have previously said to you except to concur in their observations. In general, governance is concerned with effective operations of an institution, while coordination focuses on broader state-wide public policy issues. I will briefly discuss the principal issues which, from my perspective, are appropriate and even essential for coordination to address.

The state requires a philosophy, a policy and a plan regarding geographic accessibility, state-wide program approval and financing.

A coordinating entity on behalf of the state Legislature can be tasked to assess, develop and implement state-wide public policy. It is essential that we meet the educational needs of all of our citizens regardless of their geographic location. Many communities might want physical access to higher education programs; however, is it economically feasible to locate higher education in every community? Others might argue that rather than provide physical access, perhaps Kansas needs only one 150,000 student institution and ask students from across the state to come to one location. Of course, there might be a heated debate about whether that institution should be the University of Kansas or Kansas State University. The issue is one of degrees of access to higher education and how that access can be provided in the most cost effective manner. A state-wide coordinating entity should have responsibility to develop a consistent, reasonable geographic access policy. If a community has educational needs, the coordinating entity must assess those needs to determine what resources are appropriate for meeting those needs and to determine which among our institutions can best and most effectively satisfy those needs. No such mechanism currently exists.

A second state-wide public policy issue is program approval. State-wide coordination can provide numerous benefits in minimizing the unnecessary duplication of resources in terms of programs and activities. As with geographic access, the principle concern here is to avoid unnecessary duplication. All institutions will teach English, chemistry, biology, and history. Other selected programs such as masters of business or masters of education might be offered because of intense demand from place-bound students. Certain other programs like engineering and architecture are duplicated because of historical development and tradition. Even though there is duplication, it serves little purpose to attempt to close or relocate the architecture programs just in the name of administrative tidiness. Both programs have good facilities, faculties and enrollment. On the other hand, there is little purpose served by starting new programs such as duplicate Ph.D.s in high energy physics.

Furthermore, the diversity which exists in American higher education in terms of numbers and types of institutions is clearly the envy of the world. It is one of the strengths of American higher education. We cannot nor should not attempt to completely eliminate the duplication that emerges from this diversity. A coordinating entity should devise a plan which focuses on the future to ensure that unnecessary duplication is minimized or eliminated.

A third coordinating issue is finance. One of the enduring classic questions in post-secondary education finance is "who should pay and how much should they pay?" Stated differently, how should cost be allocated between the taxpayer and the student? The question can be extended more broadly to include the state taxpayer, the local taxpayer, the individual student and the student's family. These questions are not new and require a careful balance of state resources in such a way to ensure financial accessibility for our citizens. Financial issues in Kansas also include the various incentives which formulas or appropriation processes provide to individual institutions or sectors. One of the clear benefits of greater coordination would be a consolidated, coordinated state budget for higher education. For example, funding for research universities must be significantly different than funding for predominantly teaching institutions. Community colleges require different funding than four-year universities. Even community colleges may require differential funding. There are differences in the underlying costs among rural, suburban and urban community colleges. It may be more difficult to find competitively priced services or attract faculty to rural areas. Often rural institutions do not have the same economies of scales as would urban institutions. The mix of programs also create cost differentials and thus funding differences. On the other hand, institutions with essentially similar programs and locales should be funded similarly. Fair and equitable funding mechanisms can be devised to develop a comprehensive, unified budget request to the Legislature. These sophisticated funding mechanisms cannot be dealt with unless we have a coordinated, consolidated, uniform and agreed upon budgetary process for all higher education. This is one of the fundamental issues coordination would resolve. Another aspect of financing is tuition. The Legislature must balance appropriate levels of state and local funding with the appropriate proportion of cost that students should bear. Even though total institutional costs will differ from institution to institution, a public policy issue can be addressed to set a goal. As an example, an appropriate pricing policy might have students paying approximately one-third of the total cost of their education.

A final issue which coordination can address is quality. However defined, we must have a system which regularly reviews programs to ensure quality. A coordinated policy of quality review is required which enhances the articulation of students from one institution or one level of instruction to another. We need a mechanism which ensures that the programs offered our citizens are of sufficient quality wherever they are offered, either on campus or through some form of distance education or at off-campus locations. Once again, this requires coordination within and among all institutions of higher education.

Some might argue that all of these issues can be resolved through a governance structure. Of course, that's possible. One state institution with one board could ensure that these issues are addressed. Yet, there already exist a number of public institutions, each with a different relationship to the state; some spanning governance, some coordination. However, governance should deal with operations. In the case of industry, it is becoming more and more common to empower those closest to the decision to make the decision. Coordination should deal with state-wide public policy issues. These public policy issues must be addressed at the broadest possible level.

All of the issues of coordination which I have discussed, are issues of policy and all could be addressed in a variety of ways depending upon the circumstances. As did Dr. Jordan, I paraphrase Peter Drucker, the coordinating board's responsibility should be to do the right things -- set policy; and the governing board's responsibility should be to do things right -- manage the college or university.

My comments have drawn a specific distinction between governance and coordination in the broadest terms. Clearly, if the state of Kansas had one 150,000 student institution with one governing board, the mix of governance and coordination would not be an issue. However, many have raised the question and have expressed reservations regarding the capability of one board to govern one set of institutions and to coordinate another set. A very close, and indeed privileged, relationship often develops between the governing board and the institutions governed. It is often difficult to provide equitable treatment to those institutions which have only a coordinating relationship with the board.

Therefore, if a relative newcomer may be so bold as to suggest a model for coordination, my proposal would be for you to create a coordinating entity for the state of Kansas which would have responsibility for all of Kansas post-secondary education and which would be responsible to develop policies to address issues of state-wide public policy concerns. Such an entity should reflect state-wide interest and not be viewed as representative of sectors or institutions. I believe there are many advantages in local governance whether at the community colleges, Washburn or the Kansas Board of Regents' institutions. A coordinating board, however, must look beyond issues of specific institutions or sets of institutions to the broader issues affecting state public policy.

It is appropriate to give such a board specific tasks, responsibilities and authority to accomplish the state-wide goals. The coordinating board would be responsible to ensure a consistent coordinated approach to geographic access to higher education for citizens of the state. The coordinating board should have responsibility for program approval so that the state's investment in higher education can be maximized and unnecessary duplication minimized. The coordinating board should receive from all institutions and sectors, budget requests and then present a consolidated budget request to the Governor and the Legislature. The coordinating board will speak with one voice on behalf of all of higher education, not just a specific sector. And, importantly, the coordinating board should ensure that a level playing field exists among all of the institutional interests in the state.

It is my understanding that with the intricacies and specificity of the state constitution and the overlapping constitutional responsibilities which currently exist with the State Board of Education and the Kansas Board of Regents, that no simple solution exists. Nonetheless, we shouldn't shy away from our responsibilities to improve the environment for all higher education for our students. Again, if I may be so presumptuous as to suggest an alternative, we might build on the suggestion made by Dr. Jordan on behalf of the Kansas Board of Regents. It would be possible, under the current constitutional provisions, to recognize the Kansas Board of Regents as the overall coordinating authority for the entire state. However, then, in order to separate coordination and governance, a recreated institutional governing board should be created for the current Kansas Board of Regents' universities. This board would have responsibilities for governance similar to those boards at Washburn and the community colleges. In this way, each institution or institutional sector would have its own board for purposes of governance and yet each will also be under the control or the purview of a strong coordinating board charged with addressing these issues and ensuring that the best interests of the state are fulfilled in its higher education system. Quite obviously, this is a proposal that attempts to work within the existing structure. Other alternatives include constitutional amendments, of which there have been many proposals but, as I understand, none have passed since the late 1960s. Obviously, these are just alternatives. There is no "magic bullet" or correct structure. My belief is that the primary issues before you are issues of coordination, inter-institutional relations, and a clear articulation of state interest and public policy in some very specific areas.

Up to this point I have not addressed Washburn University or its particular needs. My belief is that the issues articulated today are state-wide and extend beyond the immediate issues facing Washburn or any other individual institution. Nonetheless, I would be remiss if I did not make a brief observation regarding Washburn and its needs.

Again, my belief is that Kansas requires a fully and carefully coordinated system of higher education and Washburn should be a part of that. To me, governance of Washburn is not the primary issue. The issue is that Washburn should receive equity of treatment with respect to state financial support. Washburn must be funded on parity with other, like institutions. Parity of funding can be achieved in a number of different ways. Equity of financing can occur in this overall consolidated, coordinated system. Equitable state financial treatment can occur if Washburn is governed by the Kansas Board of Regents. If equitable financial treatment is achieved, either alternative is workable. How Washburn is governed is secondary to how it is provided the resources to continue the quality educational services it has provided for the last 133 years.



Kansas State Department of Education

120 S.E. 10th Avenue
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January 26, 1998

TO: House Select Committee on Higher Education
FROM: Andy Tompkins
SUBJECT: Follow-Up To Requests Made During January 21, 1998 Testimony

I first want to express my thanks for allowing me to appear before you. At the meeting, I was asked to provide some written follow-up on a couple of issues that were raised. In the discussion on the financial health of the community colleges, I was asked how many community colleges had a financial situation that made it difficult for them to obtain additional local revenue. We reviewed the enrollment patterns of each community college, the history in assessed valuation, and the total mill levy. Taking all of these into account, we would estimate that 9 or 10 of the 19 community colleges are in such a position. These institutions would be characterized by relatively low and unchanging or declining assessed valuation and a stable to declining service area and student population.

I was also asked to put into writing some of the comments that I made in response to questions regarding what changes are needed in the system. As I indicated at the meeting, I believe that a clarification of the specific expectations that we have for the system will lead to a better understanding of the degree of change needed in the structure of the system. For example, if one of the priorities was to have a single higher education policy on program review, this could probably be done within the current system through legislation and cooperation between the two boards. However, if one of the priorities was to have one board coordinate all postsecondary activities, then structural change would be needed. I continue to believe that a decision must first be made on the issue of coordination or governance. It is my belief that asking a governing board to also serve as a coordinating board is difficult. The main issues that I have heard discussed regarding the need for improved coordination are in the areas of quality, duplication, access, cost, and funding. If I can be of further assistance to the committee, please let me know.