

Approved: May 1, 1999

Date

## MINUTES OF THE HOUSE COMMITTEE ON EDUCATION.

The meeting was called to order by Chairperson Ralph Tanner at 8:00 a.m. on March 30, 1999 in Room 313-S of the Capitol.

All members were present.

Committee staff present: Ben Barrett, Legislative Research Department  
Carolyn Rampey, Legislative Research Department  
Avis Swartzman, Revisor of Statutes  
Renae Jefferies, Revisor of Statutes  
Connie Burns, Committee Secretary

Conferees appearing before the committee:

Representative Richard Reinhardt  
Dr. Tom Burke, Kansas City Community College  
Dr. Tom Bryant, Interim Executive Director, Kansas Board of Regents

Others attending: See attached list

Discussion was opened on **SB 345**.

Dale Dennis, Deputy Commissioner of Education, appeared before the committee to explain the potential cost of implementing the community college portion of the higher education financing plan. Under this proposal, it is assumed the full plan would be implemented in Fiscal Year 2004. (Attachment 1)

Representative Reinhardt appeared before the committee with a revised time line that is compatible with the community college funding proposal introduced earlier this Session and incorporates changes proposed in **SB 345**, which would bring community colleges, area vocational schools, technical colleges, and Washburn University under the Kansas Board of Regents for the purpose of performance funding. The percentage would be 45 percent the first year and increase by five percentage points each year until FY 2004, then it would be 65 percent. County out-district tuition would be phased out over a four-year period beginning in FY 2001 and replaced with state aid. (Attachment 2)

Dr. Tom Burke, KC Community College, the future is to move off the credit hour funding and towards the performance base funding. He suggested a property tax relief tied to the mill levy. The higher the mill levy the greater percentage would go to property tax relief. For example there would be three categories the institutions that have mill levies of 30 and above would be at 80%, those institutions between 20 and 30 would be at 60%, those institutions between 10 and 20 would be 40%, and those institutions under 10, of which there is only one, would be at 20%, far property tax reduction and then that would increase the amount of institutional enhancements for that institution. That does not mean that the individual Board of Trustees would only use that percentage for property tax relief. The Board may use the whole dollar amount. (Attachment 3)

Dr. Tom Bryant, Interim Director Board of Regents, appeared before the committee as a proponent of the measure. He felt that we do have a good system in Kansas, it is not broken but it could be better, and that the new board be given as much flexibility as possible.

The committee in some of the discussion felt that the community colleges were entering into this proposal in blind faith, and that maybe certain community colleges should be held harmless the first year.

Representative Helgerson made a motion to amend that certain community colleges that will loose money should be held harmless for one year. Representative Morrison seconded the motion. The motion carried.

Representative Empson made a motion to amend a funding proposition into **SB 345** and removing the Senate version. Representative Helgerson seconded the motion. The motion carried.

Representative Ballou made a motion to pass **SB 345** unfavorably as amended. Representative O'Connor seconded the motion. The motion failed.

Representative Empson made a motion to report **SB 345** favorably for passage, as amended. Representative Bethell seconded the motion. The motion carried. Representative Ballou and Representative Lightner recorded as voting no.

The meeting was adjourned at 9:30 a.m.





Kansas State Department of Education

120 S.E. 10th Avenue
Topeka, Kansas 66612-1182

March 29, 1999

TO: Representative Richard Reinhardt
FROM: Dale M. Dennis, Deputy Commissioner of Education
SUBJECT: Community College Funding

Listed below is a table prepared at your request that provides the potential cost of implementing the community college portion of the higher education financing plan. Under this proposal, it is assumed the full plan would be implemented in Fiscal Year 2004.

Table with 7 columns: Fiscal Year 2000, Fiscal Year 2001, Fiscal Year 2002, Fiscal Year 2003, Fiscal Year 2004, and TOTALS. Rows include Percent of SBR, Amount Per Pupil, Est. Cost Per Year, Out-District Tuition, Phase-Down Per Hour, Out-District Phase-Down Cost, and Additional Revenue.

\*Includes a two percent growth for inflation
\*\*Amount above Governor's recommendation

ESTIMATED PROJECTED STATE COST (Excluding Core Indicators)

Table with 2 columns: Fiscal Year (FY 2000 to FY 2004) and Amount (\$ 1,458,569 to \$ 36,907,569).

March 30, 1999

**TIME LINE TO IMPLEMENT COMMUNITY COLLEGE  
OPERATING GRANTS AND PERFORMANCE FUNDING FOR  
ALL POSTSECONDARY INSTITUTIONS**

The proposed time line is compatible with the community college funding proposal introduced earlier this Session and incorporates changes proposed in S.B. 345, which would bring community colleges, area vocational schools, technical colleges, and Washburn University under the Kansas Board of Regents for the purpose of performance funding.

The funding change being proposed for community colleges would replace the present credit hour basis for community college funding with an operating grant. The grant would be based on a percentage of the per-pupil cost for a full-time equivalent (FTE) lower-division student at the regional Regents institutions multiplied by each community college's FTE enrollment the prior year. The percentage would be 45 percent the first year and increase by five percentage points each year until FY 2004, when it would be 65 percent. County out-district tuition would be phased out over a four-year period beginning in FY 2001 and replaced with state aid. Upon the conversion of community college funding to an operating grant, whatever the dollar amount of that percentage increase for the community colleges (excluding state aid replacement for county out-district tuition), the same amount of dollars would be made available to Regents institutions for faculty salary enhancements over and above normal operating budget increases.

**FY 2000**

- Community college funding would be on the basis of operating grants equal to 45 percent of the per-FTE pupil cost for lower-division students at the regional Regents institutions multiplied by the community college's FTE enrollment the prior year. The credit hour, out-district, and general state aid programs would be eliminated. County out-district tuition would continue in FY 2000, but would be phased out over a four-year period. No community college would get less in FY 2000 than it did in FY 1999. Also in FY 2000, Regents institutions would get an enhanced amount of funding for faculty salaries based on the increase in total funding for community colleges attributable to the percentage increase in the operating grant, excluding state aid replacement for out-district tuition.

**FY 2001**

- Community college grants would be increased to equal 50 percent of the per-FTE pupil cost for lower-division students at the regional Regents institutions. The per-pupil cost would be adjusted annually to reflect actual costs at the Regents institutions. (For purposes of preparing the fiscal note for this proposal, it has been assumed that per-pupil costs would increase by 2 percent each year, beginning in FY 2001.) County out-district tuition would begin to phase out. Lost revenues would be replaced by the state and would be included in the operating grant for purposes of calculating the revenue increase for succeeding fiscal years. Regents faculty salary



enhancements would continue in an amount equal to community college funding increases attributable to the percentage increase in the operating grant, excluding state aid replacement for out-district tuition.

- Performance indicators would be established by the Board of Regents for all postsecondary institutions under the Board for the purpose of performance funding, as provided for in S.B. 345 (Regents institutions, community colleges, area vocational schools, technical colleges, and Washburn University). One purpose of the indicators would be to serve as a basis for performance funding, scheduled to begin in FY 2003.

#### **FY 2002**

- Operating grants for community colleges would be increased to equal 55 percent of the per-FTE pupil cost for lower-division students at regional Regents institutions. The state would continue to replace revenues lost due to the phase-out of county out-district tuition. Regents faculty salary enhancements would continue.
- Performance indicators would be implemented for all postsecondary institutions. Institutions would be responsible for developing ways to measure their success in relation to the indicators, in preparation for performance funding to begin in FY 2003.

#### **FY 2003**

- Operating grants for community colleges would be increased to equal 60 percent of the per pupil cost for lower-division students at regional Regents institutions. Regents faculty salary enhancements would continue.
- Performance funding would begin, with allocations made by the Board of Regents to each postsecondary institution on the basis of each institution's attainment of success and excellence on its indicators. Each institution would be eligible to receive additional funding of up to 2 percent of its State General Fund appropriation for the prior year. (For area vocational schools and technical colleges, the award would be based on total funding for the postsecondary state aid program the prior year.)

#### **FY 2004**

- Operating grants for community colleges would be increased to equal 65 percent of the per-FTE pupil cost for lower-division students at regional Regents institutions. The phase-out of county out-district tuition would be complete, with lost revenues being replaced by the state. Regents faculty salary enhancements would continue.
- Performance funding would continue.

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### Community College Proposed State Aid Plan - Reinhardt

	1	2	3	4	5	6	7	8	9	10	11	12
	1997-98	1997-98	1997-98	1997-98	97-98 or	Proposed	State Aid	Property	Amnt for	1998-99	Mill Rate	Proposed
	Credit Hour	Out-Dist	General	Total St. Aid	98-99 FTE*	State Aid**	Difference	Tax Relief	Add Enhan	Mill Rate***	Reduction	Mill Rate
	State Aid	State Aid	State Aid	(Col.1+2+3)			(Col. 6-4)	(80%*Col. 7)	(20%*Col. 7)		(8/Assd Val)	(Col. 10-11)
Allen Co	1,041,983	537,660	114,225	1,693,868	1,082.43	1,901,821	207,953	166,363	41,591	20.251	2.601	17.650
Barton Co	2,794,851	1,178,948	260,583	4,234,382	2,509.23	4,408,723	174,341	139,473	34,868	31.594	0.957	30.637
Butler Co	4,140,665	1,869,274	432,588	6,442,527	3,879.30	6,815,930	373,403	298,722	74,681	20.350	1.028	19.322
Cloud Co	1,534,140	830,724	281,962	2,646,826	1,460.93	2,566,861	-79,965	-63,972	-15,993	28.301	-1.211	29.512
Coffeyville	1,053,605	218,520	83,668	1,355,793	1,002.48	1,761,363	405,570	324,456	81,114	35.820	3.643	32.177
Colby	1,265,899	559,752	133,459	1,959,110	1,146.65	2,014,664	55,554	44,443	11,111	24.864	0.689	24.175
Cowley Co	2,769,158	835,020	211,385	3,815,563	2,112.75	3,712,102	-103,461	-82,769	-20,692	17.535	-0.525	18.060
Dodge City	2,737,064	338,280	142,115	3,217,459	1,826.65	3,209,424	-8,035	-6,428	-1,607	23.307	-0.037	23.344
Fort Scott	1,207,528	510,288	131,822	1,849,638	1,067.07	1,874,836	25,198	20,159	5,040	20.390	0.325	20.065
Garden City	1,540,495	332,136	32,453	1,905,084	1,683.77	2,958,381	1,053,297	842,637	210,659	15.740	2.355	13.385
Highland	1,278,261	753,869	240,839	2,272,969	1,280.50	2,249,839	-23,131	-18,504	-4,626	17.260	-0.404	17.664
Hutchinson	2,917,199	706,526	91,952	3,715,677	2,218.55	3,897,992	182,315	145,852	36,463	20.608	0.401	20.207
Independence	756,758	188,782	41,394	986,934	749.62	1,317,085	330,151	264,120	66,030	33.483	3.093	30.390
Johnson Co	9,373,395	1,030,657	111,695	10,515,747	8,113.91	14,256,141	3,740,394	2,992,316	748,079	7.227	0.697	6.530
Kansas City	3,036,057	721,806	89,043	3,846,906	3,179.65	5,586,652	1,739,746	1,391,797	347,949	16.017	1.994	14.023
Labelle	1,307,949	276,120	116,738	1,700,807	1,191.41	2,093,301	392,494	313,995	78,499	23.152	3.496	19.656
Neosho Co	731,006	253,332	46,326	1,030,664	763.49	1,341,454	310,790	248,632	62,158	30.372	3.683	26.689
Pratt	983,349	316,332	53,542	1,353,223	825.18	1,449,850	96,627	77,301	19,325	36.346	1.015	35.331
Seward Co	1,021,222	211,458	25,999	1,258,679	1,081.75	1,900,629	641,950	513,560	128,390	22.321	2.551	19.770
Totals	41,490,584	11,669,484	2,641,788	55,801,856	36,145.77	63,508,123	7,706,267	6,165,013	1,541,253			

\*Based on 30 credit hours per student (based on Kansas residents only). The higher FTE for either 97-98 or 98-99 school year was applied.

\*\*Computed by multiplying FTE by \$1757 (\$3904 x 45%)

\*\*\*Includes General Fund, Vocational Education Fund, and Employee Benefit Levies