

MINUTES OF THE HOUSE COMMITTEE ON HIGHER EDUCATION.

The meeting was called to order by Chairperson Lisa Benlon at 3:30 p.m. on February 20, 2002 in Room 231-N of the Capitol.

All members were present.

Committee staff present: Paul West, Legislative Research  
Carolyn Rampey, Legislative Research  
Jim Wilson, Revisor of Statutes  
Renaë Jefferies, Revisor of Statutes  
Dee Ann Woodson, Committee Secretary

Conferees appearing before the committee:

Representative Dennis McKinney  
Steve Kearney, Kansas Association of Technical Schools and Colleges  
Sheila Frahm, Executive Director, Kansas Association of Community Colleges  
Jim Edwards, Kansas Chamber of Commerce and Industry  
Bernie Koch, Wichita Area Chamber of Commerce  
Bud Burke, Cessna Aircraft Company  
Steve Jack, Department of Human Resources  
Representative Ralph Tanner  
Mary Pruewitt, State Board of Regents  
Jack Wempe, Member of the State Board of Regents  
Duane Dunn, President, Manhattan Area Technical College (Written only)

Others attending: See attached list.

**HB 2872 - Workforce development loan program and fund**

Chairperson Benlon opened the hearings on **HB 2872**, and called the first proponent, Representative Dennis McKinney. He testified that this bill was aimed at three policy goals: (1) it seeks to encourage more students to enter the vocational fields and fill the skills in such great demand in the Kansas economy; (2) it keeps students in Kansas to benefit Kansas businesses and the Kansas economy after the program enhances their skills; and (3) provides one means of helping technical schools expand their student capacity. He explained that the bill provides loans to students who attend technical schools, vocational schools, and community colleges. He said that after completing a program, the student may have the loan forgiven over an eight year period by living and working in Kansas. (Attachment 1)

Representative McKinney outlined by section what the bill proposes, and talked about the problems of funding. He stated that he would also suggest adding a provision to allow the Board of Regents to assist those in making the transition from welfare to work. He handed out a spreadsheet that showed what Kansas was spending on workforce development, how much federal money the state had, and where it was going. It indicated there were several programs within the Department of Human Resources, SRS, and other agencies which totaled \$113 M. He explained how that money could be reallocated to include this program too. He concluded that the biggest obstacle to growth and opportunity within the state according to many analysts was the shortage of a well-educated, highly skilled workforce. He urged the Committee to support **HB 2872** as an important step in creating opportunity and growing the Kansas economy. (Attachment 2)

Inquiry was made if there was a Fiscal Note on this bill, and the Chair acknowledged that a Fiscal Note was delivered just prior to starting this meeting. She read the last paragraph of the note which said that according to the Kansas Board of Regents, enactment would require an additional 1.0 FTE position to administer the Workforce Development Loan Program. Also, the Board would need a clerical position at a cost of \$26,500 annually for salaries and benefits, \$2,500 annually for other operating expenditures, and

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\$3,000 one-time expense for office space, equipment, and furniture. (Attachment 3) Representative McKinney had not seen the Fiscal Note since it had just been delivered to the Higher Education Committee.

General questions and discussion followed regarding what happened to the money that was repaid, the problems of funding such a program by transferring federal money from the Departments of Human Resources and Social and Rehabilitation Services (SRS), and everyone wanted this type of program, but where to get the funds to support it continued to be a big problem. Concern was also expressed and clarification requested regarding whether this was attempting to set up some sort of endowment, and Representative McKinney assured the Committee that was not the case. A question was also asked referenced on page 6 of the proposed bill regarding each local board having the authority to fix tuition, fees and charges for rates per hour of tuition for post-secondary students who are not residents of the state.

Representative McKinney concluded his remarks by stating that with a lot of these programs right now, i.e. automotive technology, airplane maintenance, airplane design, etc.; it is no longer just courses to give basic mechanical skills but programs are very high tech. He said that students are brought along not just on skills dealing with the mechanical and technological aspects, but they also have to develop their ability to communicate and think analytically and the demand for these students is very high.

The second proponent to appear in favor of **HB 2872** was Steve Kearney, representing the Kansas Association of Technical Schools and Colleges, who submitted Dr. Duane Dunn's written testimony also in support the workforce development loan program and fund. (Attachment 4)

Sheila Frahm, Executive Director of the Kansas Association of Community College Trustees, testified before the Committee in support of the proposed legislation and also submitted the written remarks of Pratt Community College/AVTS President, Dr. William Wojciechowski. She stated that the issue of a skilled workforce was a critical one for Kansas, and that Kansas Community Colleges provide and seek to provide even more opportunities to insure a skilled workforce.

In Dr. Wojciechowski's written remarks he disclosed that Kansas was experiencing an aging population and the workforce was turning over at an alarming rate, and they were seeing a decline in the numbers of traditional students desiring to enter into technical education programs in general, even though a few selected career specialities do have waiting lists. He explained that this was do in part to students not having the personal finances necessary to cover the cost of that education especially if those students had to reside at school. His written comments reflected the estimated costs that students face, and he stated that many students have a hesitancy to enter into loans, even subsidized loans, because they are wary of beginning their careers in considerable debt.

Dr. Wojciechowski stated that the incentive and value of **HB 2872** was that it offered a low interest-bearing loan which provides for the necessary training to enter into a reasonably high paying job, and it also provides a further incentive to keep individuals working in Kansas by allowing for loan forgiveness. He further added that the value of **HB 2872** was keeping those skilled people working in Kansas and creating a highly skilled workforce that would help attract additional business and industry into the state.

Ms. Frahm also attached to her written testimony an article from the Wall Street Journal, dated February 19, 2002, entitled "Community Colleges Can Help Small Firms with Job Training". She pointed out in the middle of the article that the nation's 1,151 community colleges enroll some 10 million people during any given year of which 19 of them are Kansas colleges, many of them with the average age of 29, trying to get some job skills after having worked at less-satisfying tasks in early adulthood. (Attachment 5)

Committee questions and concerns were raised about how to raise money or where to divert money from to pay for this worthwhile endeavor, the need for creative thinking on how to come up with \$1 million to finance this program, and having the right number of jobs available upon completion to match up with the number of students graduating and needing jobs.

The fourth proponent was Jim Edwards, Kansas Chamber of Commerce and Industry, who testified in support of **HB 2872**, and said their interest in this legislation was due to their members need for skilled workers. He stated that the use of an educational loan program would help in encouraging Kansas residents who have not selected an occupation to strongly consider a technical program, and it would also

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provide an avenue for those individuals laid off in recent downsizings to gain the skills needed to re-enter the workforce. He reminded the Committee members that approximately 60% of the jobs today required significant technical skills while only about 20% did in the later 1990's. He pointed out some items that are needed to succeed in such a program. (Attachment 6)

Representative Kuether referred to page one of the bill, line 27 (c), which stated that, "The Board of Regents may accept any private contributions to the program", and inquired regarding the importance of private companies being involved in supporting these types of programs. Mr. Edwards responded that there were many businesses that were presently doing that, but didn't know whether a tax credit was needed to do it. He stated that business should be an active member in this endeavor.

Bernie Koch, Wichita Area Chamber of Commerce, appeared as the fifth proponent to speak in favor of this proposed legislation. He stated that what he like about this bill was that it attacked the problem on two ends, i.e. providing a funding source for students but also offering the vocational institution some flexibility on what it can charge. He added that it could allow the schools to admit more students and avoid some of the waiting lists they have experienced at the Wichita Technical College. (Attachment 7)

The sixth proponent was Bud Burke who represented Cessna Aircraft Company in Wichita. He spoke briefly in support of this bill, and encouraged the Legislature to find the funds to implement this program.

Chairperson Benlon called upon Regent Jack Wempe, representing the Kansas Board of Regents, who testified as a neutral conferee. He commended the Committee and Representative McKinney for their interest in workforce development and the recognition of the part it plays in Kansas' economic development. He told the Committee that Kansas ranks 34<sup>th</sup> in need-based state aid per undergraduate FTE, and much of that aid was in the form of grants for students enrolled in private institutions. He said that Kansas currently has fourteen categorical programs, each with relatively small amounts of appropriated funds, of which six of those programs require a service obligation of some type and require tracking of the recipients.

Mr. Wempe expressed a concern for an examination of this proposal's ramifications regarding funding sources. He also stated that the simplicity of administration of this bill must also be considered, and that tracking students with all of the nuances contained therein was a formidable task. He said that the Regents' organization was stretched badly, and that the funding deferred in 1999 had not been forthcoming. He suggested that a state income tax credit as the qualifier might reduce tracking responsibility, and a copy of the tax form could serve as evidence of service in Kansas in lieu of loan payment. He spoke briefly about the capacity issue and waiting lists for the popular much needed programs. Mr. Wempe also talked about the last portion of the bill which looked to release the tuition level from the formula. He stated that higher tuition levels can bring non-tax dollars to technical education and might permit a heavier emphasis upon scholarships by employers. He added that in fact if one could extend the tax credits in this direction, it could simplify the whole student aid issue. (Attachment 8)

Following general discussion and comments, the Chair called upon the first opponent to testify. Steve Jack, Director of Employment and Training, Kansas Department of Human Resources, spoke in opposition to **HB 2872**. He said his testimony would concentrate in the area of section 10 regarding the funding for this proposal which would transfer \$500,000 of Federal U.S. Department of Labor funds now administered by the Kansas Department of Human Resources (KDHR) to the State Treasurer whereby the funds would be used to provide for student loans. He stated that passage of this bill would negatively impact the KDHR's ability to administer these Federal funds, which all have specific intent and restrictions for the use of these dollars.

Mr. Jack explained that the funds in question are currently utilized to pay for training for eligible individuals at community colleges, technical schools, and other certified training providers. He said the law does not allow for the funds to be used for student loans. He testified that as long as the Federal government sends moneys to states for specific purposes, the states must follow those guidelines, performance measures, and restrictions. He stated that the redirection of these funds would jeopardize the state's ability to access the \$13 million of funds currently made available to the state for WIA programs and services, the \$6.5 million available to administer Job Service, and funds available for other KDHR administered programs. He concluded his remarks by explaining that because such a transfer



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would violate Federal statutes, it was likely the Department of Labor would suspend the State's authority to draw funds down under these programs, thereby restricting the ability of the state to complete such a transfer and to further operate existing programs. (Attachment 9)

General questions and discussion followed regarding the possibility of other funds within KDHR that could be used to fund the workforce development program and whether state facility grant money could be diverted. Mr. Jack responded that his agency's legal and technical staff have been researching the various Federal funds that it administers, and so far they have not found a source that could be legally utilized for a student loan program. He did say they had asked for an opinion from the Regional Department of Labor office in Kansas City back in January, but as yet had not received a response. He also explained the various types of grants they receive for state facility use. Representative Keuther requested the language covering the facility grants and their restrictions, and Mr. Jack agreed to furnish her with that information.

The Chair asked Committee members if there were further questions, and Representative Lane asked Jim Edwards with the Kansas Chamber of Commerce if he would continue to support this bill if the money came out of the state's General Fund as opposed to the Departments of Human Resources and SRS. Mr. Edwards replied that they supported the concept, but as far as funding there were probably places that they would begin to oppose that bill if it came from certain sources not including the two they had mentioned in today's discussion. Representative Lane asked for clarification if they would support taking \$1 million out of the state's General Fund to support the workforce development program. Mr. Edwards answered in the affirmative. Representative Lane then inquired if he would support taking the interest from the Employment Security Trust Fund and using it to pay for this program, and Mr. Edwards replied that they would not. He explained that it would be targeting one specific area of the state to fund a state program.

Representative Tanner asked Mr. Edwards if the Chamber would support the allocation of \$1 million from the lottery fund or EDIF fund for this program. Mr. Edwards said that he didn't know where they would find a \$1 million as all those funds had been appropriated within that fund. He added that if they raised the cap on that fund from \$50 million to \$51 million they could go along with it.

Further questions were asked by Representative Sloan and regarded Section 2, line 29, which talked about establishing a repayment schedule. He asked Representative McKinney about a differential rate for those individuals that leave the state because when a person resides in the state they pay other taxes. Representative McKinney stated that Section 4 contained provisions for failure of any person to satisfy an obligation incurred under the loan agreement. His second question concerned page 1, line 24, and the word "administered", in which he questioned whether the Board of Regents actually administered the vocational schools. Mr. Wempe said that word needed to come out because the Board does not govern them.

There being no other opponents to appear before the Committee, Chairperson Benlon closed the hearings on **HB 2872**. She announced that the Committee would be working this bill at the next meeting which would be Monday, February 25.

### **HB 2910 - Student residency determination criteria and guidelines, community colleges, and state educational institutions**

Chairperson Benlon opened the hearings on **HB 2910**, and called the first proponent, Representative Ralph Tanner. Representative Tanner explained the differences in the domiciliary rules which qualify a person for "in-state" as opposed to "out-of-state" tuition charges rose from the fact that some institutions operated under rules promulgated by State Board of Education and others were from the Board of Regents. He stated that there continued to be a difference in residency rules among higher education institutions even with the passage of **SB 345** (1999).

Representative Tanner gave an example of a student from eastern Colorado who chose to attend a community college in western Kansas, established residency there, and graduated. He told the Committee members that she chose to attend Kansas State University and registered there, but was later told she did not qualify for "in-state" tuition. Representative Tanner explained that her parents contacted him as to



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why the rules would be different from one school in Kansas to another. He stated that this bill would cause the distinctions among post-secondary institutions in the state in the area of residence rules would be eliminated. He told the Committee that he had attached a copy to his written testimony of the state of Washington's criteria for some of the proofs of domiciliary status. ([Attachment 10](#))

General questions and discussion followed regarding the residency requirements for vocational and technical schools, college students and individuals in the military can register to vote in the areas where they reside plus obtain driver's licenses, but are not considered as in-state students when it comes to the residency rules, and that foreign students possibly would have the incentive to stay in Kansas and work if allowed easier access to an education.

Mary Prewitt, General Counsel, Kansas Board of Regents, appeared before the Committee as an opponent to the proposed legislation. She stated that the bill had the laudable purpose of making the criteria and guidelines for establishing residency for tuition purposes uniform for both the community colleges and the state universities. She explained that as with everything else about these two sectors, the procedures by which residency was determined in the two sectors had developed independently, and there were differences. She added that the evidence that must be provided by prospective students to establish their intent to permanently remain in Kansas sometimes differs in both weight and substance between the sectors.

Ms. Prewitt testified that the Board of Regents had to oppose this particular bill for the following reasons: (1) The residency statutes that apply to each sector differ in and of themselves, and it is not clear whether the Board could comply with its language without additional statutory changes; (2) the bill omits both the technical schools and colleges plus Washburn University; and (3) the bill has potential significant fiscal and operational implications for the institutions that it does cover. She told the Committee that implementation of this bill would cause a huge fiscal impact on both Kansas State University and the University of Kansas.

Ms. Prewitt concluded her testimony by telling the Committee that the Board has begun discussions with the institutions to find ways to implement a more uniform process for determining residency. She stated that they saw this as a process that must proceed with the input of all the affected institutions and with an awareness of the potential consequences to all of the affected institutions. ([Attachment 11](#))

In Committee discussion, Representative Tanner stated that he disagreed with the Regents' reasons for opposing this bill, and stated that "if the state of Washington could do it, then Kansas could also do it". Representative Reardon requested a clarification regarding the uniformity of the residency rule in the three Regents' schools. Ms. Prewitt stated that there was uniformity in the rules between the three Regents' schools, they make a concerted effort to make sure those rules are applied uniformly, and meet on a regular basis to discuss cases. Representative Hurst pointed out in the article on Washington State Residency that in order to establish residency the student needs to be financially independent and explains what that requires plus live in the state for 12 consecutive months. Ms. Prewitt explained the Kansas rule in which the statute requires them to look at the intent of the student in order to apply the rule of residency.

Chairperson Benlon read the Fiscal Note on **HB 2910**. The Division of the Budget's note said: "The Board of Regents indicates that the implementation of the bill would have a fiscal effect relative to the assessment and collection of tuition by state educational institutions, the amount of state funding for those institutions, and the awarding of state-funded student financial aid. The Board, however, is unable to estimate the fiscal effect until the criteria and guidelines for residency are determined." ([Attachment 12](#))

Having no other opponents appearing before the Committee, Chairperson Benlon closed the hearing on **HB 2910**.

The Chair adjourned the meeting at 5:15 p.m. The next meeting of the House Higher Education Committee will be Monday, February 25, Room 231-N, at the Capitol.





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February 20, 2002

## Workforce Development Loan Program

### House Bill 2872

Thank you for the opportunity to have hearings on House Bill 2872.

The Workforce Development Loan Program is an effort aimed at three policy goals. First, it seeks to encourage more students to enter the vocational fields and fill the skills in such great demand in the Kansas economy. Second, after the program enhances the skills of students, it keeps them in Kansas to benefit Kansas businesses and the Kansas economy. Finally, it provides one means of helping technical schools expand their student capacity.

The heart of House Bill 2872 provides loans to students who attend technical schools, vocational schools, and community colleges. After completing a program the student may have the loan forgiven over an eight year program by living and working in Kansas. If we help the student the student should have a responsibility to contribute to the Kansas economy.

Section 1 (d) allows the Board of Regents to develop a list of high priority programs in which to focus the program.

Section 1(e) focuses the loans on those in greatest financial need. It also allows the program to address areas which are suffering major layoffs. I would suggest adding a provision to allow the board to assist those in making the transition from welfare to work.

Section 10 provides funding by redirecting federal monies to this program. Estimates indicate that Kansas spends over \$100 million annually on workforce development. For example, SRS spends over \$9 million annually of federal HHS money on the KanWork program. Because this program goes to the heart of workforce development I am hopeful that some of this federal money can be utilized to support this program. I am certainly open to other ideas on how and where to get the funding. But given the amount of federal money available and the fact that this program helps those most in need to get the job skills most in demand in the Kansas economy, I think we should be determined to find or redirect available dollars.

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Finally, Section 11 allows technical schools and technical colleges to set their own tuition levels and vary tuition according to the program. This will allow technical schools to increase tuition for high demand programs and high cost programs. Such a move will provide additional money for the technical schools. However, at some point we will have to find a greater way to augment the technical schools to enable them to increase their capacity. The Kansas economy is sending clear signals for such a policy.

For several years now I have heard a common message when attending seminars on the new economy, especially seminars sponsored by the Council of State Governments. No longer is unemployment considered the biggest draw back to the well being of our economy. In contrast, many analysts are now telling us that the biggest obstacle to growth and opportunity is the shortage of a well educated, highly skilled work force.

Therefore I hope you will consider the Workforce Development Loan Program as an important step in creating opportunity and growing the Kansas economy.

Workforce Network of Kansas  
Funding Streams for Employment and Training in State Agencies  
(revised 1/15/02)

A	B	C	D	E	F
Program Name	WNK Board Research 2002				Funding source
	2000	2001	2002		
<b>Department of Human Resources</b>					
Alien Labor Certification-KDHR	206,498	158,000	158,714		US DOL
Registered Apprenticeship Program-KDHR	90,137	84,326	84,326		SGF
Disabled Veterans Outreach-KDHR	620,457	620,000	620,000		US DOL
Job Service-KDHR	6,000,000	6,500,000	6,671,747		US DOL
Job-Training Partnership Act-KDHR- Job Service Reemployment	15,200,000	discontinued	384,490		US DOL
Workforce Investment Act-KDHR	121,736	12,647,817	12,647,817		US DOL
Kansas Occupational Info Coord. Comm.-KDHR	142,923	0	0		US DOL
Local Veterans Employment-KDHR	994,049	1,000,000	1,000,000		US DOL
Neighbor. Improve.and Youth Employ.-KDHR	102,181	100,000	100,000		SGF
NAFTA Transitional Adjustment-KDHR	141,718	150,000	450,000		US DOL
Older Kansas Employment Program-KDHR	243,437	230,358	230,358		SGF
Senior Community Services Employment-KDHR	984,133	1,039,000	1,039,000		US DOL
Trade Adjustment Assistance-KDHR	582,492	900,000	1,500,000		US DOL
Migrant & Seasonal Farmworker Programs				grants to non-state	US DOL
Wheat Harvest Program-KDHR	60,000	60,000	60,000		Penalty Fund
Work Opportunity Tax Credit-KDHR	102,043	145,000	145,000		US DOL
Welfare to Work-KDHR	4,500,000	4,500,000	0		US DOL
<b>Department Total</b>	<b>30,091,804</b>	<b>28,134,501</b>	<b>25,091,452</b>		
<b>Department of Corrections</b>					
Offender Programs-KDOC	3,218,820	4,518,820	3,088,089		SGF & USDOE
<b>Department Total</b>	<b>3,218,820</b>	<b>4,518,820</b>	<b>3,088,089</b>		
<b>Department of Commerce and Housing</b>					
IMPACT-KDOCH	7,100,000	11,000,000	11,000,085		KDFA
Kansas Industrial Training-KDOCH	1,800,000	1,800,000	1,800,000		EDIF
Kansas Industrial Retraining-KDOCH	1,800,000	1,800,000	1,800,000		EDIF
Training Equipment Grants-KDOCH	277,500	277,500	277,500		EDIF
Community Service Block Grant	300,000		243,404	grants to non-state	US HHS
<b>Department Total</b>	<b>11,277,500</b>	<b>14,877,500</b>	<b>15,120,989</b>		
<b>Department of Social and Rehabilitation Services</b>					
KansasWorks-SRS	6,933,696	7,618,275	9,022,645		US HHS
Vocational Rehabilitation-SRS	18,651,549	16,456,852	17,206,810		US DOE/DRS
Food Stamps Employment & Training-SRS	22,040	10,676	18,300		USDA & SGF
<b>Department Total</b>	<b>25,607,285</b>	<b>24,085,803</b>	<b>26,247,755</b>		

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**Workforce Network of Kansas  
Funding Streams for Employment and Training in State Agencies  
(revised 1/15/02)**

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	A	B	C	D	E	F
42	Program Name	WNK Board Research 2002				Funding source
43		2000	2001	2002		
44	<b>Department of Education</b>					
45	Kansas Transition Systems Change Project	0	0			
46	Learn & Serve and Americorps-KSDE	1,288,254	1,300,000	1,300,000		Corp Nat Serv
47	Carl Perkins Leadership Funds-KSDE	1,150,000	1,200,000	750,000		US DOE
48	Secondary Vocational Education-KSDE	5,100,000	5,700,000	5,150,000		US DOE
49	Secondary Vocational Education-KSDE	22,500,000	25,000,000	25,500,000		SGF
50	<b>Department Total</b>	<b>30,038,254</b>	<b>33,200,000</b>	<b>32,700,000</b>		
51						
52	<b>Kansas Board of Regents</b>					
53	Tech Prep-KBOR	1,399,839	1,198,635	1,120,100		US DOE
54	Postsecondary Vocational Education-KBOR	5,100,000	5,700,000	4,832,277		US DOE
55	Adult Basic Education-KBOR	2,767,903	3,240,333	3,723,871		US DOE
56	Adult Basic Education-KBOR	1,100,000	1,100,000	1,100,000		SGF
57	Technical Schools-KBOR	unable to extrapolate				
58	Community Colleges-KBOR	unable to extrapolate				
59	Universities-KBOR	unable to extrapolate				
60	<b>Department Total</b>	<b>10,367,742</b>	<b>11,238,968</b>	<b>10,776,248</b>		
61						
62	<b>Total Workforce Investment Funds (all funds)</b>	<b>110,601,405</b>	<b>116,055,592</b>	<b>113,024,533</b>		
63						
64	<b>Short Term Funds Flowing Through State Agencies</b>					
65	School to Careers-KDOCH		16,800,000		4 yr-ends 2002	
66	One Stop Implementation Grants-KDHR	2,300,000	4,800,000		ended 6-30-01	US DOL
67	Mentoring-KDHR	184,324			one year only	US DOL
68	Call Center-KDHR	140,000			one year only	US DOL
69	National Toll Free Implementation-KDHR		125,000		ended 9-30-01	US DOL
70	<b>Funds Flowing to Non-State Entities</b>					
71	Welfare to Work Competitive Grant	4,300,000			3 yr grant to non-state	
72	Indian and Native American Programs				grants to non-state	US DOL
73	Job Corps	4,800,000	6,400,000		grants to non-state	US DOL
74	Farmers and Ranchers Training	747,433			2 yr grant to non-state	US DOL
75	Employment and Training within HUD				grant to non-state	US HUD
76	Boeing Project-Discretionary Grant	1,650,000			3 yr grant to non-state	US DOL
77	TriCon-Discretionary Grant	462,288			3 yr grant to non-state	US DOL
78	Youth Opportunity				comp.- no current KS	US DOL
79						
	*contains Non-Trad Occup; Comp Based Curriculum Ctr 1/14/02					





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Bill Graves  
Governor

Duane A. Goossen  
Director

February 20, 2002

The Honorable Lisa Benlon, Chairperson  
House Committee on Higher Education  
Statehouse, Room 115-S  
Topeka, Kansas 66612

Dear Representative Benlon:

SUBJECT: Fiscal Note for **HB 2872** by Representative McKinney, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2872 is respectfully submitted to your committee.

HB 2872 establishes the Workforce Development Loan Program Act. The State Board of Regents would award loans to Kansas residents who are enrolled in or admitted to an area vocational technical school, technical college, community college, or vocational school. The Board would adopt rules and regulations for administration of the Workforce Development Loan Program. After consulting with the Secretaries of the Departments of Human Resources, Social and Rehabilitation Service, and Commerce and Housing, the Board would establish a list of education programs in which an applicant would have to enroll to be eligible for a loan. The yearly loans would be awarded based on financial need.

The recipient of a loan would be expected to complete the required courses and receive a degree in selected subject areas. The individual would have to live and work in Kansas for eight years to have the loan forgiven. Proof of residence and employment in the state would be required on an annual basis. The repayment schedule for failure to complete the requirements of the loan agreement would be established with penalty and interest amounts included. Repayment of all loan amounts would begin six months after the date of the failure of the person to satisfy the obligations of the loan agreement. If an installment payment becomes 91 days overdue, then the entire amount of the loan plus interest becomes due. The total amount could be repaid, prior to graduation, with a lump-sum payment.

The Workforce Development Loan Fund would be established in the state treasury. The State Board of Regents would remit all monies received under this act to the State Treasurer and any monies received from persons would be credited to the fund. The State Treasurer would be responsible for keeping a record of payments received from each person.

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On July 1 of each year, or as soon as the funding would be available, \$500,000 credited to the Department of Human Resources from the United States Department of Labor, and \$500,000 received by the Department of Social and Rehabilitation Services from the United States Department of Health and Human Services would be transferred by the State Treasurer and credited to the newly-created Workforce Development Loan Fund.

In addition, the bill changes current law to give each local board of a post-secondary institution the authority to set tuition. Each board would fix rates for different programs administered by the board. Each local board would have the authority to fix tuition, fees, and charges for rates per hour of tuition for postsecondary students who are not residents of the state.

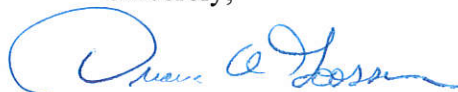
According to the Office of the State Treasurer, enactment of HB 2872 would require current programming to develop a loan tracking system. Based on current staffing and depending on the number of loans originated, the Treasurer's Office would require 1.0 FTE position at \$40,625. The duties that would be performed by this staff member would include loan servicing, customer contact, and collections.

According to the Department of Social and Rehabilitation Services, enactment of HB 2872 would result in the use of Temporary Assistance for Needy Families (TANF) Block Grant Funds. However, the TANF law restricts such expenditures, a constraint not recognized in the bill. The unintentional misuse of federal TANF funds would subject the state to a dollar-for-dollar sanction by the U.S. Department of Health and Human Services. Thus, the consequence of the bill would be a potential penalty of \$500,000 in the first year. In addition, since all TANF funds have been dedicated, one or more programs presently financed with TANF dollars would need to be reduced by a combined total of \$500,000. Therefore, the bill would result in the loss for the department of \$1,000,000 in FY 2003.

According to the Department of Human Resources, enactment of HB 2872 would violate federal Workforce Investment Act statutes. The U.S. Department of Labor would likely suspend the state's authority to draw funds down under the Workforce Investment Act, thereby restricting the ability of the state to complete such a transfer and to operate programs further under the act.

According to the Kansas Board of Regents, enactment of HB 2872 would require an additional 1.0 FTE position to administer the Workforce Development Loan Program. The Board would need a clerical position at a cost of \$26,500 annually for salaries and benefits, \$2,500 annually for other operating expenditures, and \$3,000 one-time expense for office space, equipment, and furniture. The fiscal effect on the state and these agencies is not accounted for in *The FY 2003 Governor's Budget Report*.

Sincerely,



Duane A. Goossen  
Director of the Budget

cc: Gerald Schneider, Human Resources  
Marvin Burris, Board of Regents  
Peggy Hanna, State Treasurer's Office  
Lisa Becker, SRS

House Higher Education committee  
February 20, 2002

Representative Lisa Benlon, Chair

Please accept these written comments in support of HB2872 – the workforce development loan program and fund. The loan program would be of benefit to the state's economic development initiatives as it encourages individuals to obtain technical education, provides avenues for those who may not be able to easily afford education, and ultimately encourages the individuals to stay in Kansas.

The concept is similar to the private sector "employee scholarship" programs. Those entail a student to return to work at the business/industry that sponsored the individual through their education. Often these are large business and industry sponsors, and the individuals tend to seek professional employment in fields such as medicine, engineering, law, etc. These programs are quality initiatives and benefit both the sponsor and the student. However, the opportunities are limited for individuals who do not desire to enter the professional careers. It is true that federal student financial aid programs are available, and frankly most students participate in these programs at varying degrees. The federal funds are essential for many individuals to obtain their educational credentials. The dilemma is that there is no fiscal incentive for the individual to remain in Kansas.

HB 2872 provides an avenue for individuals to obtain technical education, a credential that enables him/her to improve their earning potential, and encourages the individual to seek employment in Kansas. The increased earning potential combined with the requirement to remain a resident of Kansas would result in an increase in available employees by statewide industry, and ultimately increased tax revenues to Kansas through income tax and sales tax revenues.

I urge your support of this bill and ask you to vote in favor of the concept and forward it to the entire House for consideration. It is likely that you may be aware of some finite details that would need to be addressed, but the concept is worthy of your support and consideration.

Duane M. Dunn, Ed.D.  
President, Manhattan Area Technical College  
3136 Dickens Avenue  
Manhattan, KS 66502  
785.587.2800

**House Higher Education Committee**  
**Meeting Date:** 2-20-02  
**Attachment No.:** 4





**M E M O**

**TO: House Higher Education Committee**

**From: Sheila Frahm, Executive Director KACCT** *SF*

**Date: February 20, 2002**

**RE: HB2872**

**Chairman Benlon and members of the Committee.** The nineteen Kansas Community Colleges appreciate the committee hearing on HB 2872.

Thanks for Representatives McKinney, Barnes, Burroughs, Crow, Findley, Garner, Gatewood, Gilbert, Kirk, Kuether, Larkin, Levinson, Loganbill, Minor, E. Peterson, Sharp, Showalter, Thimesch, Toelkes and J. Williams. The issue of a skilled workforce is a critical one for Kansas. We appreciate your again bring this issue to the attention of the Kansas Legislature and we look forward to continuing to work with you and your colleagues. Kansas Community Colleges provide and seek to provide even more opportunities to insure a skilled workforce. This will benefit not only Kansas business and industry but also the newly trained individual workers and their families as they move ahead in their current jobs and secure new positions.

**Attachments for reference to the House Higher Education Committee include:**

1. Remarks prepared by Pratt Community College/AVTS President, William Wojciechowski
2. February 19, 2002, Wall Street Journal article, "Community Colleges Can Help Small Firms with Job Training"

Testimony to the House Higher Education Committee  
February 20, 2002: HB 2872 - Workforce  
Development Loan Program Act

William A. Wojciechowski, Ed.D.  
President  
Pratt Community College

Nonavailability of personal finances to defray the costs of tuition, fees, tools and other training essentials is one of the most significant barriers to developing a skilled workforce in Kansas. Community and technical colleges and area vocational schools, next to business and industry, provide the majority of training in the development of a skilled workforce to sustain and develop the Kansas economy. In its Future Initiatives brochure, the Kansas Association of Community College Trustees (KACCT) indicated that in FY2000, member colleges had approximately 186,000 enrollments in for-credit courses and some 68,000 enrollments in continuing education courses. About 30 percent of those for-credit enrollments and almost all of the 68,000 continuing education enrollments directly related to some form of workforce development. However, we are experiencing an aging population and the workforce is turning over at an alarming rate. In addition, we are seeing a decline in the numbers of traditional students desiring to enter into technical education programs in general, even though a few selected career specialties do have waiting lists. Our admissions recruiters tell us that many potential technical education students fail to enroll because they don't have the personal finances necessary to

defray the costs of that education. For many who qualify for Federal financial aid, that aid is not enough - especially if those students will have to reside at school. Even at our community colleges where tuition and fees are a bargain, an on-campus student enrolled in a technical education program can expect to pay about \$1,600 for tuition and fees, \$2,600 for room and board, \$150-\$300 for tools and supplies, and about \$1,200 for living essentials. That student's cost of education to receive an Associate of Applied Science degree in a technical career specialty could be as much as \$12,000. Deduct from that the maximum Federal financial aid of \$5,400 for that same time period and the student still must find over \$6,000 to cover those costs. An adult student with a family, even working full-time, faces similar barriers. There is a hesitancy among many students to enter into loans, even subsidized loans, because they are wary of beginning their careers steeped in debt. This is where I see the incentive and the value of HB2872. The incentive is a low interest-bearing loan that provides for the necessary training to enter into a reasonably high paying job. A further incentive is provided to keep that person working in Kansas by allowing for loan forgiveness. The value of HB 2872 is keeping those skilled people working in Kansas and creating a highly skilled workforce that will help attract additional business and industry into our state. On a smaller scale, our colleges have some unique programs that attract a small number of out of state students;



approximately six percent of our students. Many of those students form lasting friendships with their Kansas peers and become Kansas residents. Depending on the administrative regulations that would guide this bill, if it were to be passed, access to these low cost loans with the "forgiveness" provision would certainly influence these students to remain in Kansas, and our state could benefit from their skills and talents. In these tough economic times, the proposed HB2872 provides to potential students access to additional financial resources heretofore not available. At Pratt Community College, for example, 80 percent of our students are receiving some form of financial aid, and the majority of them are also working full or part-time to support themselves and their families in the case of the nontraditional student. This scenario is repeated in all of our community colleges. We pride ourselves on our accessibility and our affordability. However, for many of our students and hundreds of potential students, i.e., future skilled workers, even that affordability is out of reach. HB2872 is one means of dealing with that dilemma. It is for these reasons we urge your support.

> Community Colleges Can Help Small Firms With Job Training

2/19/02

> By JEFF BAILEY

> Staff Reporter of THE WALL STREET JOURNAL

- >> Widespread layoffs and a slack economy have employers breathing easier
- >> about the labor shortage that prevailed in recent years. But that isn't
- >> likely to last for long.
- >> As the economy picks up, the nation's relatively low jobless rate and its
- >> historical scarcity in some particular skills are expected to produce
- >> significant worker shortages again.
- >> Smaller companies often suffer the most in a tight labor market. Hiring in
- >> smaller numbers, a small business has a hard time getting noticed by job
- >> seekers. And smaller firms often feel they lack the resources needed to
- >> assemble in-house training programs that can boost skills and alleviate
- >> the need to hire. So, before the shortage hits again, it is a good time
- >> for many entrepreneurs to get acquainted with a huge but often overlooked
- >> source of motivated workers and training resources: community colleges.
- >> The nation's 1,151 community colleges enroll some 10 million people during
- >> any given year, many of them-average age 29 -- trying to assemble some
- >> job skills after having worked at less-satisfying tasks in early
- >> adulthood. In many areas, the schools are also dedicated to working
- >> directly with individual employers, even small ones, to train existing
- >> workers and help find and train new ones. The colleges grant more than
- >> 450,000 associate degrees and nearly 200,000 two-year certificates
- >> annually. (To find a community college, visit [www.aacc.nche.edu](http://www.aacc.nche.edu)
- >> <<http://www.aacc.nche.edu>>1.)
- >> In Phoenix, it's not a surprise that a big company like PepsiCo Inc. has
- >> set up its own training program with community-college help. Its
- >> 300-worker Gatorade factory in suburban Tolleson, Ariz., and a neighboring
- >> container manufacturer, host an electricity-theory class taught by an
- >> instructor from Maricopa Community Colleges. They held math classes last
- >> fall.
- >> The PepsiCo plant badly needs skilled maintenance people to keep up its
- >> sophisticated machinery, says Cheryl Less, employee- and
- >> community-relations manager. The jobs require high levels of training and
- >> pay \$14 to \$23 an hour, yet they are hard to fill. "Many people still
- >> believe a maintenance worker is a janitor," Ms. Lees says. She would
- >> prefer the classes be at the community college, but the Maricopa campus
- >> nearest-the system has 10 colleges and two so-called skill centers-
- >> doesn't have the equipment the PepsiCo work force needs. So, the
- >> instructor travels to the students.
- >> More surprising is the sophisticated work-force development program at Jet
- >> Products Co., an 87-worker aerospace machining concern with just \$10
- >> million in annual sales. Jet sends its existing workers to Maricopa
- >> campuses for software training. And the company dips into local high
- >> schools-one is across the street-for part-time workers who, in large
- >> numbers, stay on to become full-time employees.
- >> Right now, Jet has nine high-schoolers each working 20 hours a week -- 3
- >> p.m. to 8 p.m., Monday through Thursday, to preserve their weekend

social

life, says Jim Perlow, vice president and general manager. The juniors

- >> seniors earn \$7.75 an hour as well as high-school credit.
- >> The high-school students spend the first three weeks, paid, watching and learning. Then, they are put to work with supervision, and are "50% productive" immediately and "100% productive by the end of the first semester," Mr. Perlow says.
- >> Mr. Perlow expects all nine will join Jet full time after high school, attend Maricopa classes to improve their skills, and stick around for three to four years. He says one in four of his high-school workers eventually becomes a long-term worker. "More than half of our employees have never worked anywhere else," he says. "We seldom, if ever, run an ad for help."
- >> Skilled machinists are constantly in short supply, Mr. Perlow says.
- >> Apprentices start at \$8 an hour, and certified skilled machinists earn between \$14 and \$20 an hour.
- >> In Cedar Rapids, Iowa, Kirkwood Community College is part of a development consortium known as the Workplace Learning Connection that helps 700 local companies recruit and train young workers.
- >> Increasingly popular with employers are internships. The consortium screens and prepares high-school students for a semester-long program that exposes students to a workplace and gives a company a chance to look the kids over, too.
- >> Brian Whitlatch, now 20 years old, "needed a filler credit" in his final semester at high school in Tipton, Iowa, and took an internship at the Iowa 80 Truck Stop working on big rigs. He watched mechanics work and fetched parts, without pay, and three weeks before graduating was offered a job. He started by changing oil and tires and made \$15,000 his first year. "Now I do everything except alignments and air conditioning," Mr. Whitlatch says, and he earned \$30,000 last year.
- >> For Iowa 80 Truck Stop, it was less costly than importing a seasoned mechanic to the area, which has a chronic worker shortage.
- >> St. Luke's Hospital, a 500-bed facility in Cedar Rapids, also uses high-school students with hopes of hiring them after graduation and sending them to Kirkwood or one of three local four-year schools for nursing training. Tai Benson, 21, interned at St. Luke's in high school, switched to full-time work after graduation, and got her two-year nursing degree at Kirkwood while working. With a nurse shortage, she works about 50 hours a week and makes \$16 an hour.
- >> "I'm taking a breather," Ms. Benson says. But in the fall of 2003, she plans to begin a one-year program at the nearby University of Iowa that will bring her a four-year nursing degree.

# LEGISLATIVE TESTIMONY



*The Unified Voice of Business*

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HB 2872

February 20, 2002

## KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the  
House Higher Education Committee

by

Jim Edwards  
Senior Vice President

Madam Chairperson and members of the Committee:

Thank you for the opportunity to appear today and express KCCI's support for HB 2872, a bill which would provide for scholarships to postsecondary vocational and technical schools and colleges as well as community colleges. KCCI's support for measures such as this stem from our members need for skilled workers.

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 2,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 48% of KCCI's members having less than 25 employees, and 78% having less than 100 employees. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

The current labor deficit is not unique to Kansas. Unlike the labor distribution problems that have plagued Kansas in prior decades, the shortfall is universal throughout North America, making it more difficult to recruit workers from one state or region to another. As a result, employers have increasingly looked to non-traditional sources of labor. Many former welfare recipients, encouraged by federal and state welfare reform initiatives, have entered the workforce since 1997. Immigration, though hampered by quotas and political

**House Higher Education Committee**

Meeting Date: 2-20-02

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considerations, has been an important source of new workers. Labor force participation among young persons, ethnic minorities, and females has continued to rise. Yet, the labor deficit continues, threatening to forestall future economic expansion in the state.

Even with the recent layoffs experienced by business and industry nationwide, unemployment rates have still only risen to what could be termed as "full employment" levels. The Hudson Institute projects that the unemployment rates nationwide from 2000 to 2020 will average 4.7%, with traditionally lower unemployment areas staying around 3.5%.

HB 2872, through the use of an educational loan program, would help in this arena by encouraging Kansas residents who have not selected an occupation to strongly consider a technical program. In addition, this bill would also provide an avenue for those laid off in recent downsizings to gain the skills needed to re-enter the workforce. We must remember that approximately 60% of the jobs today require significant technical skills while only about 20% did in the late 1990s. HB 2872 is an "outside-of-the-box" solution for a growing need.

For an outstanding concept like HB 2872 to succeed though, I must remind all of you that other items are needed. They include:

- Training must be market-driven and based on actual needs of employers in their respective service areas. Employers must clearly communicate their expectations of the educational product. Training institutions should approach workforce training as a business opportunity. Employers are customers of the educational product, that is, prospective workers.
- Increased funding will be needed for capital equipment and construction needs. Vocational training facilities must change as rapidly as those industries that expect to hire the graduates.
- Vocational counseling is needed to address the cultural bias toward a four-year degree that discourages many young people from exploring other vocations needed in the marketplace.
- Kansas must continue to fund an economic development program that will ensure that this labor shortage does not move towards what could be termed as a labor glut.

As the CEO of General Electric has stated, "When the rate of change outside exceeds that inside, the end is near." While we don't believe that the issue of workforce training is going to be easy to address, we do believe that the solutions are going to come only through the development of new and the enhancement of existing programs, concepts and partnerships. Business is the engine that powers this state. When it is running strong, so will the state.

Thank you for the opportunity to present our testimony in support of HB 2872 and I would be happy to stand for questions.

**Comments on House Bill 2872**  
**House Higher Education Committee**  
**February 20, 2002**

Bernie Koch  
Wichita Area Chamber of Commerce

Members of the committee, thank you for the opportunity to comment on House Bill 2872. The Wichita Area Chamber commends the sponsors of this bill for attempting to tackle this problem and the committee chair for holding a hearing on it.

This bill begins to put together the pieces to workforce development in Kansas, but the puzzle is much bigger and needs a concentrated and comprehensive effort to attack our needs.

I can't help but think that this program resembles a Wichita Area Chamber initiative that funded the college education of minority students interested in becoming teachers. Our program forgave 25 percent of the loan for each year taught in Sedgwick County schools when the students graduated from college.

What I like about this bill is it attacks the problem on two ends, providing a funding source for students, but also offering the vocational institution some flexibility on what it can charge. We believe this could allow the schools to admit more students and avoid some of the waiting lists we've experienced at the Wichita Technical College.

We are reluctant to endorse or comment on the source of the funds to be used for this program, simply because we don't feel qualified to understand what they may be used for now and any implications of using this money.

Thank you for the opportunity to present comments on this measure.



# KANSAS BOARD OF REGENTS

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## HOUSE HIGHER EDUCATION COMMITTEE

### TESTIMONY ON HOUSE BILL 2872

Presented by Regent Jack Wempe  
Kansas Board of Regents

February 20, 2002

Madam Chairman and Members of the Committee:

I appreciate the opportunity to testify before your committee in regard to the Workforce Development Loan Program. I also want to commend this committee and Representative McKinney for their interest in workforce development and the recognition of the part it plays in Kansas's economic development. At its heart, workforce development is an education issue. Skill and knowledge are central to the welfare, not only of our people, but also of our state.

Student aid must become a priority in Kansas. Kansas ranks 34<sup>th</sup> in need-based state aid per undergraduate FTE. And much of our aid is in the form of grants for students enrolled in private institutions. Only a bit over \$5 million in need-based aid is available to students in our public higher education system. We currently have fourteen categorical programs, each with relatively small amounts of appropriated funds. Six of those programs require a service obligation of some type and require tracking of the recipients. The entire area of student aid begs for your attention.

Consideration of this proposal, as with all proposals, must include an examination of its ramifications. The effect of the funding source must be considered. Priorities are important, of course. I have no ability to speak to the effect of the reallocation of dollars upon existing programs. Others must speak to that issue.

The simplicity of administration must be considered. Tracking students with all of the nuances contained herein is a formidable task. I was once a bit insensitive to the tasks imposed upon our bureaucracy. I have become more aware. The Regents' organization is stretched badly. The funding of the office, deferred in 1999, has not been forthcoming. We are trying to focus on policy and reduce the purely administrative workload. So I become sensitive to those issues. As a suggestion, I would hope utilizing a state income tax credit as the qualifier might reduce tracking responsibility. A copy of the tax form might serve as evidence of service in Kansas in lieu of loan payment.

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I must also speak to capacity. Popular, much needed programs feature a waiting list. Added capacity is needed in most health fields, in the training of workers for the aircraft industry, in some telecommunications areas, in computer networking and in several other areas. Some capacity can be created at a relatively low cost. An added evening section, for example, often requires only the hiring of another instructor and a minimal amount of teaching supplies. But current funding does not support even that. The vaunted 85/15 formula has not been funded for several years. Essentially the schools are functioning with an inelastic block grant.

I must comment on the last portion of the bill, that which seeks to release the tuition level from the formula. Last week you heard another version dealing with this issue. And this release is needed badly. Higher tuition levels can bring non-tax dollars to technical education and might permit a heavier emphasis upon scholarships by employers. In fact, one might extend the tax credits in this direction and simplify the whole student aid issue. However, one must be aware of the formula issue. If the clock-hour formula were ever fully funded it would be impacted by higher tuition and its effect on cost of instruction. That would be a built-in accelerator, which would impact your fiscal planning. Much like the internal accelerant driving SB 345 costs.

Finally, I would like to consider student aid in a general sense. An artificially low tuition level is not need-based. Every student is subsidized in an equal manner. I would model general student aid on the tuition-grant program utilized for the private colleges. The student would become the recipient based upon need and would make the choice as to institution and curriculum. Technical education students currently utilize student aid programs more extensively than do other students in our system. Perhaps one could discern a tilt toward community colleges and technical schools in such a plan. But if the award is based upon need, how could one object? Our foundation initiative, which was to be funded by tax credits rather than appropriations, was such a model. Its advantage lay in the leverage of state dollars with federal funds.

Your committee's consideration of technical education issues is reflective of the change which has occurred under SB 345. Our technical school people are working shoulder to shoulder with our university people. A mutual respect has evolved which did not exist three years ago. The foresight of you and your colleagues is becoming more evident each month. And even though we have all encountered a financial bump in the road, the future of higher education in Kansas is bathed in a very bright light. We share a passion for education. And workforce training comprises an integral part of that enterprise. Your attention to this issue is gratifying.

Thank you for the opportunity to share my thoughts regarding these issues.



**Testimony on HB2872**  
**Presented by**  
**Steve Jack**  
**Director of Employment & Training**  
**Kansas Department of Human Resources**

I appreciate the opportunity to testify on HB2872 which establishes the workforce development loan program. Under the Bill, Federal funds are transferred to a loan account that allows loans to be made to Kansas residents who are enrolled in or admitted to an area vocational technical school, technical college, or vocational school under the jurisdiction of the State Board of Regents. Loans are forgiven if the student successfully completes the training and continues to live and work in Kansas. The Bill requests that \$500,000 of Federal U.S. Department of Labor funds now administered by the Kansas Department of Human Resources (KDHR) be transferred from the Department to the State Treasurer with those funds to be used to provide for the student loans.

While our agency applauds the initiative, innovation, and intent of this Bill, passage would negatively impact the Department's ability to administer these Federal funds, which all have specific intent and restrictions, because it appears to our agency's legal and technical staff that it would violate Federal statutes on the specific use of these dollars. All these Federal programs must be administered according to Federal guidelines and for the explicit purposes outlined in legislation. For example, Workforce Investment Act (WIA) funds are primarily used to serve economically disadvantaged adults and youth as well as dislocated workers through five Local Workforce Investment Boards. These funds are currently utilized to pay for training for eligible individuals at community colleges, technical schools, and other certified training providers. The law does not allow for the funds to be used for student loans. Wagner-Peyser funding may only be used to administer the State's labor exchange function – Job Service. Other Department of Labor funds administered by KDHR contain similar restrictions.

As we have stated before, as long as the Federal government sends moneys to states in silos for specific purposes, states must follow those guidelines, performance measures, and restrictions. The redirection of these funds would jeopardize the State's ability to access the \$13 million of funds currently made available to the State for WIA programs and services, the \$6.5 million available to administer Job Service, and funds available for other KDHR administered programs. Because such a transfer would violate Federal statutes, it is likely the Department of Labor would suspend the State's authority to draw funds down under these programs, thereby restricting the ability of the State to complete such a transfer and to further operate existing programs.

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# STATE OF KANSAS

## House of Representatives



THE CAPITOL

**CHAIRMAN**  
COMMITTEE ON EDUCATION

**VICE CHAIRMAN**  
ASSEMBLY ON FEDERAL ISSUES—  
NATIONAL CONFERENCE OF STATE LEGISLATURES

**OTHER COMMITTEES**  
BUDGET COMMITTEE ON EDUCATION/LEGISLATURE  
HIGHER EDUCATION  
LEGISLATIVE EDUCATION PLANNING COMMITTEE  
FISCAL OVERSIGHT  
KANSAS READING AND LITERACY PARTNERSHIP  
COUNCIL

**ADVISORY BOARDS**  
TEACHER QUALITY ENHANCEMENT  
NATURAL AND SCIENTIFIC AREAS

**Ralph Tanner**  
Representative, Tenth District

February 20, 2002

## TESTIMONY

### HB 2910

Committee on Higher Education

Madam Chairman, Members of the Committee:

I thank you for the opportunity of presenting this bill to you and will make fairly short work of this testimony, followed by the opportunity for you to raise questions.

Perhaps we could call it “the luck of the draw,” or “happenstance.” I refer to the distinctions in the requirements for being accorded the status of a “resident” of the state among institutions of higher education in our state. The differences in the domiciliary rules which qualify a person for “in-state” as opposed to “out-of-state” tuition charges rose from the fact that some institutions operated under rules promulgated by State Board of Education and others were creatures of the Board of Regents.

While those distinctions may have been eliminated by the passage of SB 345 in 1999, we continue to have residency rules among higher education institutions which are different, and, as such, confusing and even punitive in some respects.

Go with me, if you will, to the case of a young woman who lived with her parents in a domicile in eastern Colorado, and who chose to attend a community college in western Kansas. During the course of her enrollment there, she established residency status qualifying her with a

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HB 2910 – College Residency Requirements – Ralph Tanner, p. 2.

Kansas domicile. Upon completion of her program there, she wished to transfer to Kansas State University, traveled to Manhattan and to all appearances she was registered for classes beginning in the next semester. When she appeared as a matriculating student she was advised that the indicia of her residence did not qualify her for “in-state” tuition. Her parents telephoned me asking for help with this ruling, and I was unable to offer any assistance. K-State had different rules.

I ask you why the rules need to be different? What does the application to another school under the same domain as the previous one do to change domiciliary status? The difference should be extinguished. The difference is without a basis in logic or citizenship status. The law has long recognized that children are domiciled with their parents in the years of their minority, but as they transition to adulthood, things change, and this tangle of rules on residency must also change. What we may have here is a marvelous example of “the death of common sense.”

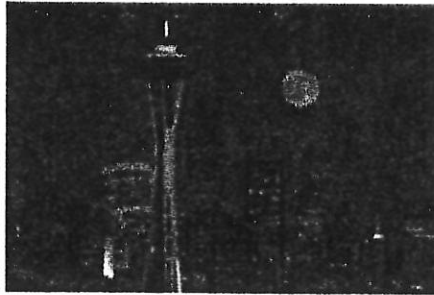
I have no need to write the rules. The Regents are capable of that. I do insist, however, that the distinctions among post-secondary institutions in the state in the area of residence rules be eliminated.

Please see the criteria listed on the attachment from the state of Washington for some of the proofs of domiciliary status.

Madam Chairman, I will be pleased to stand for questions.



# Washington State Residency



## Frequently Asked Questions

### Establishing Residency

#### 1. *What do I need to do to establish residency in the state of Washington?*

- ✚ Live in the state for 12 consecutive months.
- ✚ Be financially independent for the prior and current *calendar* years (Jan. - Dec.).
- ✚ Establish Ties:
  - If you have a current out-of-state driver's license, you must obtain a Washington driver's license. If you do not have *any* driver's license and do not plan to drive, you must obtain a Washington Identification card.
  - Register to vote in Washington.
  - Establish a bank account in Washington.
  - If you own or drive a vehicle in Washington, you must register it in Washington.

#### 2. *Is it possible to establish residency while attending school?*

- ✚ It is possible, if you meet the above requirements *and* establish the above ties within four to six weeks of arriving in Washington.

#### 3. *I have lived in Washington for two years, but I didn't establish my ties for to six weeks of arriving in the state. Can I still qualify for residency?*

- ✚ Yes, as long as you establish ties at least twelve months before the beginning of the quarter for which you are applying.

#### 4. *What is required in order to be considered financially independent?*

- ✚ First of all, you cannot be claimed as a dependent on your parent's tax return for the prior and current calendar years.
- ✚ In addition, you must also be able to document enough income in the prior and current calendar years to show that you have been paying over half your expenses in that period. For example, if you were applying for a change in residence classification effective Autumn Quarter, you would have to show that you had been paying over half your expenses for all of the previous year and for the first nine months of the current year.

- Income can include the following: employment, financial aid, scholarships, and irrevocable trust funds (with documentation that you have been withdrawing funds from the trust). If you are a nonresident student, the amount of income required to be considered financially independent is based upon your ability to pay at least 51% of the estimated expenses listed in the current UW catalog under Procedures and Fees.

### Immigration Issues

5. *I have Permanent Resident immigration status. Can I qualify for Washington state residency?*

- Yes, if your application for adjustment to Permanent Resident status was filed at least 12 months prior to the beginning of the quarter for which you are requesting to be classified a Washington resident, *and* you meet the requirements listed under question #1 (with the exception of registering to vote).

6. *What types of visas are accepted for establishing residency in Washington?*

- You can establish Washington state residency for tuition and fee purposes if you are on an A, E, G, I or K visa and fulfill the requirements listed under question #1 (with the exception of registering to vote).

### The Application Process

7. *If I think I qualify as a Washington resident, how do I apply?*

- Pick up a Residency Classification form in the Admissions Office or call 425-352-5000 to have one mailed to you.

8. *When should I submit my application and documentation?*

- No earlier than the quarter prior to the one for which you are applying, and no later than the 30th calendar day of the quarter for which you are applying. If you want a decision before tuition is due, you should submit your application at least 6 weeks before tuition is due, because it can take 4 - 6 weeks to process an application.

9. *What happens if a decision is not made by the time tuition is due?*

- You are responsible for paying nonresident tuition. If a change in your residency classification is approved, the difference between nonresident and resident tuition will be credited to your account. If you want the money refunded, you will need to contact the Student Accounts Office in 129 Schmitz Hall.

*Residency policies are set by the State of Washington and applied uniformly throughout Washington's public colleges and universities. At the UW, the Residence Classification Office processes applications for a change in residency status.*

This site explains the residency policy for students who are *financially independent* from

their parents. Under Washington State residency laws, students under the age of 25 are presumed to be financially dependent upon their parents unless they prove otherwise. For financially dependent students to be classified as state residents, one or both parents or legal guardians must claim the student as a dependent, and one or both parents or guardians must be a resident of the state.

For more information about residency policies for dependent students, contact the Residence Classification Office, 264 Schmitz Hall.

**HOME**



# KANSAS BOARD OF REGENTS

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**Testimony to  
House Higher Education Committee  
By Mary Prewitt, General Counsel  
Kansas Board of Regents  
February 20, 2002**

**House Bill No. 2910**

Madam Chair and Members of the Committee:

My name is Mary Prewitt. I am the General Counsel to the Kansas Board of Regents, and I appreciate this opportunity to address House Bill No. 2910 on behalf of the Board.

The bill has the laudable purpose of making the criteria and guidelines for establishing residency for tuition purposes uniform for both the community colleges and the state universities. As with everything else about these two sectors, the procedures by which residency is determined in the two sectors have developed independently, and there are differences. The evidence that must be provided by prospective students to establish their intent to permanently remain in Kansas sometimes differs in both weight and substance between the sectors.

The Board recognizes that the differing requirements are confusing to students and can seem arbitrary in application. Nonetheless, the Board must oppose this particular bill for a number of reasons. Among them are:

- The residency statutes that apply to each sector differ in and of themselves, and it is not clear from my review of the bill that the Board could comply with its language without additional statutory changes.
- While the bill covers community colleges and state universities, it omits both the technical schools and colleges and Washburn University. If uniformity is the goal, all institutions of higher education should be included.
- Most importantly to the Board, the bill has potential significant fiscal and operational implications for the institutions that it does cover. Depending on how it was implemented, either the community colleges' ability to provide wide access to students could be significantly limited, or state universities' budgets could be significantly decreased.

**House Higher Education Committee**  
**Meeting Date:** 2-20-02  
**Attachment No.:** 11



The Board has begun discussions with the institutions to find ways to implement a more uniform process for determining residency. The admissions officers at all the institutions currently make significant efforts to apply the rules and regulations as uniformly as possible and they will continue to do so while the Board works to sort out and address the differences that now exist. We see this as a process that must proceed with the input of all the affected institutions and with an awareness of the potential consequences to all of the affected institutions. In all likelihood, it may require incremental or gradual implementation.

Thank you for your consideration. I would be happy to address any questions you might have.

Mary D. Prewitt  
General Counsel  
Kansas Board of Regents  
Curtis Building, Suite 520  
(785) 296-3689

STATE OF KANSAS



DIVISION OF THE BUDGET  
State Capitol Building, Room 152-E  
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Bill Graves  
Governor

Duane A. Goossen  
Director

February 20, 2002

The Honorable Lisa Benlon, Chairperson  
House Committee on Higher Education  
Statehouse, Room 115-S  
Topeka, Kansas 66612

Dear Representative Benlon:

SUBJECT: Fiscal Note for **HB 2910** by Representative Tanner

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2910 is respectfully submitted to your committee.

HB 2910 would specify that determinations regarding student residency requirements for public postsecondary institutions be based on uniform criteria and be prescribed by the State Board of Regents through rules and regulations.

The Board of Regents indicates that the implementation of the bill would have a fiscal effect relative to the assessment and collection of tuition by state educational institutions, the amount of state funding for those institutions, and the awarding of state-funded student financial aid. The Board, however, is unable to estimate the fiscal effect until the criteria and guidelines for residency are determined.

Sincerely,

A handwritten signature in cursive script that reads "Duane A. Goossen".

Duane A. Goossen  
Director of the Budget

cc: Marvin Burris, Board of Regents

House Higher Education Committee  
Meeting Date: 2-20-02  
Attachment No.: 12



DIVISION OF THE BUDGET  
 State Capitol Building, Room 152-E  
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 February 20, 2002

Bill Graves  
 Governor

Duane A. Goossen  
 Director

The Honorable Lisa Benlon, Chairperson  
 House Committee on Higher Education  
 Statehouse, Room 115-S  
 Topeka, Kansas 66612

Dear Representative Benlon:

SUBJECT: Fiscal Note for **HB 2926** by Representative Tanner

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2926 is respectfully submitted to your committee.

HB 2926 relates to the promotion and solicitation of any credit card or affinity card on the campus of educational institutions. The bill would require that the Board of Regents adopt policies prescribing guidelines and limitations for promotion and solicitation of these cards. The bill would restrict each educational institution to adopting and promoting only one affinity card. The bill would prohibit individuals from offering incentives as a promotion for or inducement to apply for a credit card or affinity card. The bill would also prohibit solicitation of credit cards or affinity cards on the campus of educational institutions, except if the solicitation were made to the members of a fraternity or sorority living residence located on the campus of an educational institution. The bill provides that its provisions and any policies or rules and regulations adopted by the Board of Regents or by the Board of Trustees of a community college in accordance with its provisions would expire on July 1, 2007.

The Kansas Board of Regents states that passage of HB 2926 would have no fiscal effect on state funding for community colleges or state educational institutions. The agency indicates that this bill might affect monetary inducements that are provided to organizations affiliated with educational institutions, such as alumni associations and endowment associations. However, the amount of the effect cannot be determined.

Sincerely,

Duane A. Goossen  
 Director of the Budget

cc: Marvin Burris, Board of Regents

Dale Dennis, Education

House Higher Education Committee  
 Meeting Date: 2-20-02  
 Attachment No.: 12-2