

Approved: _____
Date Mar. 13, 2003

MINUTES OF THE COMMITTEE ON HIGHER EDUCATION.

The meeting was called to order by Chairperson Tom Sloan at 3:30 p.m. on March 10, 2003 in Room 231-N of the Capitol.

All members were present except: Representative Don Hill, excused
Representative Everett Johnson, excused
Representative Cindy Neighbor, excused

Committee staff present: Mary Galligan, Legislative Research
Mona Gambone, Committee Secretary

Conferees appearing before the committee: Reginald Robinson, President and CEO, Kansas Board of Regents

Others attending: See attached list

Chairman Sloan introduced Reginald Robinson of the Board of Regents who gave the Committee an update on the status and implementation of SB 647 (2002) and student financial aid programs (Attachment 1). Mr. Robinson then responded to questions from Committee members, with assistance from Dr. Kathryn Mueller, Director of Academic Initiatives, Board of Regents and Diane Lindeman, Director of Student Financial Aid, Board of Regents.

Chairman Sloan then thanked Mr. Robinson and the Board of Regents staff for appearing before the Committee.

There being no further business, the meeting was adjourned at 4:20 p.m..

The next meeting is scheduled for March 12, 2003 in Room 231-N.



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Testimony Regarding Board of Regents Institutional Performance Agreements & New FY 2003
Student Financial Aid Programs

House Higher Education Committee

March 10, 2003

Reginald L. Robinson
President & CEO, Kansas Board of Regents

Performance Agreements Update

Senate Bill 647 establishes a performance funding initiative for Kansas public postsecondary educational institutions. I'm happy to take this opportunity to provide an update on progress toward this initiative.

Background

According to SB647, funding awarded to Kansas public postsecondary educational institutions will be linked to institutional performance beginning in 2005. Each institution will develop a "performance agreement" that clearly outlines how institutional performance will be measured. The agreements are subject to modification and approval by the Board of Regents. Receipt of any "new" funds will be dependent upon the degree of the institution's compliance with its performance agreement.

The Initiative

The Kansas Board of Regents support the establishment of clear expectations and procedures for implementing the performance agreement initiative described in Senate Bill 647. With this in mind, representatives of several constituent groups have been included in a broad-based Task Force. The thinking is that system-wide representation and open discussion will foster a sense of "ownership" in the initiative; this spirit of ownership will enhance the quality and effectiveness of the performance agreements.

Task Force Structure. Task Force members include:

Regent Bill Docking, Task Force Chair
Regent Janice DeBauge

House Higher Education Committee

Meeting Date: 3/10/03

Attachment No.: 1

Chuck Engle (Washburn University Board member)
Jon Wefald (President, Kansas State University)
Jacki Vietti (President, Butler County Community College)
Larry Gould (Provost, Fort Hays State University)
Roxanne Kelly (Dean of Instruction, Flint Hills Technical College)
Ron Keith (Faculty member, Emporia State University)
Rick Moehring (Faculty member, Johnson County Community College)
Daron Jamison (President, Student Advisory Committee)
Amanda Golbeck (ex officio; Vice President for Academic Affairs, Board staff)
Soon Merz (ex officio; Director of Institutional Research, Board staff)

Task Force Charge. The primary charge of the Task Force is to “formulate recommended goals and parameters for the performance agreements initiative.” The Specific Charge of the Task Force is:

1. Develop goals for the performance agreements initiative.
2. Develop common reporting procedures, including categories, types, characteristics, scope, numbers, etc. of indicators.
3. Develop procedures to establish an institution’s performance agreement.
4. Determine criteria for awarding funding.

Process. The Task Force meets monthly (the first meeting was held December 18, 2002). The meetings are public and are well attended by various parties, reflecting the widespread interest in this initiative. A report of Task Force progress is presented at each monthly Board meeting. The timeline calls for the Task Force recommendations to be reviewed by the Board’s Advisory Councils and brought to the Board for action. Highlights of the timeline are as follows:

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| 2/19/03 | Task Force finalizes proposal for specific charge number 1. |
| 3/26/03 | Task Force finalizes proposal for specific charge number 2. |
| 4/16/03 | Task Force finalizes proposal for specific charge numbers 3 and 4. |
| 6/25/03 | Task Force considers final input from councils. |
| 9/17/03 | Board conducts first reading on proposed performance agreement policies and procedures. |
| 4/14/04 | Campuses submit pilot performance agreements for review and approval by Board. |
| 10/04 | Board completes approval of all performance agreements. |

To prepare for the meetings, Task Force members have considered documents such as:

- The NORED report (Kansas a New Horizon. Kansas Postsecondary Education Governance & Missions, 2001)
- Linking State Resources to Campus Results: From Fad to Trend. The Fifth Annual Survey (2001), The Nelson A. Rockefeller Institute of Government
- Measuring Up 2002: The State-by-State Report Card for Higher Education, National Center for Public Policy and Higher Education

- A New State Economic Strategy: Making the Knowledge Economy Work for All Kansans. Kansas Comprehensive Strategic Plan Update, May 2001
- Of Precept, Policy, and Practice. The Knight Higher Education Collaborative, *Policy Perspectives*, December 2002
- Final Reports. Advisory Committees for Selected Tasks. Plan for Coordination of Kansas Public Postsecondary Education, September 2001

Meetings. As indicated by the timeline, initial meetings have focused on the general direction of the performance agreement initiative. Strengths and weaknesses of performance funding initiatives of other states have been considered. For example, in some states, the performance funding initiative included so many specific and prescribed measurements that the end result was widely viewed as nothing more than a “numbers game” without producing any meaningful improvement. The tenor of the Task Force meetings has reflected a strong desire for the Kansas performance funding initiative to be one of the few successful performance funding initiatives in higher education. Although the Board has not yet approved the goals of our performance agreement initiative, discussion has thus far emphasized the following themes:

- Establishment of “system goals” – goals that will advance the system of Kansas postsecondary education in areas where, first, improvement is most needed and, second, the impact upon the state of Kansas will be significant.
- Respect for institutional differences.
- Desire for *meaningful* measurement – that is, for measurement that is clear, precise, and at the same time relevant to important issues in higher education. (An Institutional Research Advisory Group has been asked to advise the Task Force on measurement. The Advisory Group has already begun meeting.)

In the February Task Force meeting, issues of “process” were addressed for the first time. Such discussions will continue until a clear set of procedures has been established for formulating, submitting, and evaluating performance agreements.

New FY 2003 Financial Aid Programs Update

At the end of the 2002 legislative session, three programs were added to the Kansas Board of Regents Student Financial Assistance section. These programs were: *the Kansas National Guard Educational Assistance Program* (HB 2872), *the Foster Care Tuition Waiver Program* (HB 2872), and *the Workforce Development Loan Program* (HB 2642). Through this memorandum I would like to provide you with an update on the current status of each of these programs.

The Kansas National Guard Educational Assistance Program –

Program Description

- Participating institutions are defined as: area vocational schools, area vocational-technical schools, community colleges, the municipal university, state educational institutions, technical colleges and accredited independent institutions.
- The amount of tuition and fees covered for a student is dependent upon appropriations and the number of applicants for the program.
- As a result of HB 2642, students no longer pay upfront costs for tuition and fees and wait for reimbursement. The institutions invoice the Kansas Board of Regents for the student's tuition and fees and KBOR reimburses the institutions.
- As a result of HB 2642, students are no longer required to complete a basic training program to be considered for the tuition assistance program; they become eligible at the time that they enlisted with the Kansas National Guard.

Funding Source

- The funding source for the program is from state appropriations and EDIF. For FY 2003, \$218,139 is available from state appropriations and \$243,342 from EDIF for a total of \$461,481.

Participation

- During the fall 2002 semester, 357 students participated in the program for a total cost of \$269,614. It is anticipated that approximately the same number of students will continue to participate in the spring semester and that all funding will be spent in the program for AY 2002-03.

Issues

- The academic year began with approximately \$25,000 less funding than in AY 2001-02. There was a budget cut in the program in September and again in November. With the waiver of the basic training requirement, there was an increase of over 90 applicants to the program. An increase in applicants of this magnitude was not anticipated. With less funding and more eligible students, we were only able to fund 49% of the costs of student's tuition and fees for AY 2002-03. As a result several students found themselves in a situation of having to pay up to 51% of the costs of their tuition and fees at the end of the fall term. (In past years, the tuition assistance program had been able to fund approximately 90-94% of student's tuition and fee charges.)

- It has been difficult for our office to determine a point of contact at each school. The contact is different at many of the institutions (i.e. business office, financial aid office, registrar's office, etc.) This has resulted in some difficulty in communication. In addition to this, we have found that there hasn't been consistency with the information that the National Guard program administrators and the schools are providing the students. I think that much of this is the result of the shift of the program to our office and our assimilation into assuming the Adjutant General's Office former role. We have met with the program administrators from the National Guard and talked with them about this issue. Our office is working with them, as well as the schools, to establish the appropriate contact for each institution.
- In a few cases, the National Guard has verified students' eligibility and later it has been determined that the students were ineligible because they were not Kansas residents. Some of the schools have not verified the student's residency as they have assumed the Guard's verification to be valid. To address this, we are going to ask that the schools verify the student's residency as they receive the student's application materials in their office.

The Foster Care Tuition Waiver Program –

Program Description

- Participating Kansas educational institutions were defined as: area vocational schools, area vocational-technical schools, community colleges, state educational institutions and technical colleges. ("Municipal university" was not included in the wording of the bill; therefore Washburn University is not a participant in the program.)
- No Kansas educational institution shall be required to provide for the enrollment of more than three new applicants in any academic year.
- An applicant who was in custody of social and rehabilitation services on the date that they reached 18 years of age and who is accepted to a Kansas educational institutions within two years following the date such applicant graduated from a high school or fulfilled the requirements for a general educational development (GED) certificate shall be eligible for the waiver.
- Students must maintain good academic progress (i.e. at least a 2.00 cumulative gpa), be enrolled full-time (i.e. minimum of 12 hours), and maintain part-time employment (defined as a minimum of 10 hours a week) in order to continue eligibility for the waiver program.

- The tuition waiver will cover tuition and fees, including registration, matriculation and laboratory fees for any eligible applicant.

Funding Source

- The source of the funding for this program is from monies received under the federal Chafee foster care independence grant and credited to the foster care assistance federal fund of the Kansas Department of Social and Rehabilitation Services. Social and Rehabilitation Services has not provided us with an exact dollar amount that would be available, however there has been an implication that approximately \$350,000 would be set aside. The amount available will vary annually depending upon the federal dollars available.

Participation

- For the fall 2002 semester 14 students received the foster care tuition waiver for a total cost of \$14,296.57. It is anticipated that at least the same number of students, if not more, will also be participating in the program during the spring semester. Therefore, it is estimated that approximately \$30,000 will be spent on this program during AY 2002-03.

Issues

- One of the issues that we were not initially aware of was that the Chafee funds had a restriction that students over 21 are not eligible for assistance through the program fund. This restriction is not identified in HB 2872. The statute is also very specific that students have to be age 18 upon the time that they are released from foster care to be eligible for funding. Therefore, this program is only available to students who are 18-21 years of age. I am not certain that this would have been the legislature's intent for this program.
- An issue came up this fall that was not anticipated that was of concern to me. This issue was one in which a student was adopted by their foster parents after they received the tuition waiver. The statute does not address this. I am sure that no one anticipated that any of these students would be adopted after the fact. My concern is that any other adopted child would have to report their parent's income information to be eligible for financial assistance, as this would be a possible resource to assist the student in financing their education. Because adoption is not addressed in the bill, adopted foster children would be exempt from this.
- This fund was not included in the omnibus appropriation bill and therefore expenditures were not allowed from the Foster Care Tuition Waiver fund. We expect that it will be added to the supplemental bill and as soon as that bill passes we will be able to pay the

vouchers from the waiver fund. In the meantime, we have paid out the funding via the KBOR SGF so that the institutions will receive their reimbursements. Once the new fund is established we will be able to do a journal voucher to transfer the expense to the new fund. This has been an unexpected inconvenience.

- As noted earlier, Washburn University was not included as one of the participating educational institutions in this program. They are the only four-year public school that was excluded. I believe that this was an oversight on the part of the legislature.

The Workforce Development Loan Program –

Program Description

- Participating institutions are defined as: area vocational technical schools, technical colleges, community colleges, vocational schools coordinated under the state board of regents or associate degree programs at postsecondary educational institutions.
- Loans shall be awarded on a priority basis to qualified applicants who have the greatest financial need who were in foster care on or before their 18th birthday or were released from foster care prior to their 18th birthday after having graduated from high school or completing the requirements for a general educational development (GED) certificate while in foster care. Special preference shall also be established for residents drawing unemployment compensation or such residents who were laid off from employment within the prior six months.
- Loans awarded under this program shall be awarded on an annual basis and shall be awarded for the payment of tuition, fees, books, room and board and any other necessary school related expenses.
- Loan recipients will enter into an agreement that they will complete the required course of instruction and receive the designated degree, certificate or diploma for that course of instruction. In addition, they will continue to live and work in Kansas, after the recipient's course of instruction is completed, in a field of work for which the recipient was trained using the skills attained under the course of instruction for which a loan was received, until the loan is totally forgiven. The recipient will agree that for each year of living and working in Kansas, ¼ of the total loan amount's principal and interest that accrued during the prior year shall be forgiven for the first three years and upon completion of the fourth year, the remaining balance of principal and interest of the loan shall be forgiven.

Funding Source

- The funding source is through resources within the Kansas Department of Human Resources and the Kansas Department of Social and Rehabilitation Services. Much difficulty has been experienced in getting the program running, primarily due to

restrictions on the funding source. The funding source for both KDHR and SRS is a federal source and therefore has intrinsic restrictions. The amount of funding was assumed to be \$1 million dollars - \$500,000 from Human Resources and \$500,000 from Social & Rehabilitation Services.

- The statute states that the Department of Human Resources would use funding from the Workforce Investment Act (WIA), which are returned to the state as unspent local WIA funding. These unspent funds would be converted and identified as state-level set-aside funds for use in the program. The annual amount of these funds would not exceed \$500,000. The unspent amount of funding for 2002-03 is approximately \$92,500 – far less than the original \$500,000 thought to be available through this program.
- The federal source of funding from the Department of Social & Rehabilitation Services is the Temporary Assistance for Needy Families (TANF) fund. This funding is currently used to support welfare clients. SRS has suggested that the fund be used to assist former welfare clients. Therefore, recipients would be former welfare clients who have left the welfare system within the last 3 years and be supporting at least one child.

Participation

- Because this program is still in the process of being implemented, it is difficult to access how many students will be funded or how much funding will be spent.

Issues

- In order for the Department of Human Resources to be able to use their WIA funds for another purpose, other than its original intent, they must receive permission from the U.S. Department of Labor. Human Resources initially contacted the Department of Labor in July to inquire about making a change in the use of the fund. It wasn't until October that the Department of Labor responded that KDHR must put together a five-year plan for the program. Human Resources is currently working on this plan and hope to have it submitted to the U.S. Department of Labor by mid-to-late March. (This plan must also be approved by a statewide WIA committee prior to being submitted to the U.S. Department of Labor.) The Department of Labor would have up to 90 days to respond to this plan. It is estimated that it could be the end of June before we receive confirmation; therefore we are not going to plan on this funding source for AY 2002-03.
- The restrictions of the federal TANF funds (via SRS) would required that recipients be former welfare clients who have left the welfare system within the last 3 years and be supporting at least one child. My colleagues in SRS have informed me that typically a former TANF client will be characterized as having one or more of the following issues: a low IQ, possibly developmentally disabled, suffer from alcoholism and drug problems, and/or a multitude of emotional, familial, and financial problems. Unfortunately, SRS is not anticipating that there will be many individuals who will be seeking postsecondary education. Typically, the client will be a single mother possibly working two low paying

jobs to try to make ends meet in the family. Going to school would not even be a consideration with all of the other issues that they would be dealing with. In addition, if there would be an applicant who qualified for the loan they might have some difficulty in securing employment. If they were unable to find work, they would be required to repay the loan plus interest. Many of these clients would not be good loan risks. We wouldn't want to set any of these people up for potential failure.

- Because it seemed as if the SRS funding had so many restrictions attached to it, we chose to first work with the funding from Human Resources, as it seemed to have more of a chance of actually being a viable means of supporting the program. Unfortunately, having to wait on the U.S. Department of Labor to allow permission for KDHR to use WIA funding has delaying going this route. We have determined that we will most likely not have the KDHR (WIA) funding available to work with for AY 2002-03; therefore we are proceeding with the Social & Rehabilitation Services (TANF) funding regardless of its limitations. We have an application that representatives from KDHR, SRS, State Treasurer and KBOR have designed that has gone through several revisions and is not yet in its' final format, though it is close. At this point in time, it appears that it may be difficult to get the program off the ground before May or June.
- The restrictions of the federal WIA source (via KDHE) would require that applicants be current WIA recipients. Interestingly, KDHR already has a program set-up to assist individuals who want to pursue postsecondary education, through the WIA funds, and it is not a loan program. The Department of Human Resources is hoping that this new loan program would be able to supplement their current program. For example, the loan program is able to include tuition, fees, room and board, books and other related expenses. The current program has some limitations on the amount of educational expenses that it will cover.