

Approved:
Date Mar. 25, 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 19, 2003 in Room 231-N of the Capitol.

All members were present except: Representative Krehbiel, Excused

Committee staff present: Mary Galligan, Legislative Research
Theresa Kiernan, Revisor's Office
Mona Gambone, Committee Secretary

Conferees appearing before the committee: Reggie Robinson, President and CEO, Kansas Board of Regents
Dr. Duane Dunn, President, Manhattan Area Technical College; and President, Kansas Association of Technical Schools & Colleges
Dr. Lee Alderman, President, Flint Hills Technical College
Lori Layfield, President, Colligate Paralegal Association of Northeast Kansas
Stephen Pummel, Superintendent, USD 409, Atchison
Diane Gjerstad, Wichita Public Schools
Mark Desetti, K-NEA

Others attending: See attached list

Chairman Sloan called the members attention to the minutes from the March 12 and March 17 meetings and asked them to call the Committee Secretary with any changes by 5:00 the next day or they would be considered approved as written.

Chairman Sloan distributed to the Committee information from the Kansas Polymer Research Center at Pittsburg State University (Attachment #1), and a publication from the National Center for Public Policy and Higher Education regarding budget shortfalls expected throughout the decade (Attachment #2).

Chairman Sloan then opened the hearing on **SB 7**.

Reggie Robinson, Kansas Board of Regents, appeared as a proponent of the bill (Attachment #3).

Dr. Duane Dunn, Manhattan, appeared as a proponent of the bill (Attachment #4).

Dr. Lee Alderman, Flint Hills Technical College, appeared as a proponent of the bill (Attachment #5).

Lori Layfield, paralegal student, Atchison, appeared as a proponent of the bill (Attachment #6).

Steve Pummel, Atchison Public Schools, appeared as an opponent of the bill (Attachment #7).

Diane Gjerstad, Wichita, appeared as an opponent of the bill (Attachments #8, 9).

Mark Desetti, K-NEA, appeared neutral on the bill (Attachment #10).

Wayne Michael, AFL-CIO, furnished written testimony (Attachment #11).

After all testimony was given, Chairman Sloan opened the meeting for questions of the conferees.

CONTINUATION SHEET

MINUTES OF THE COMMITTEE ON HIGHER EDUCATION at 3:30 p.m. on March 19, 2003 in Room 231-N of the Capitol.

Representative Winn asked Mr. Robinson what the NORAD study had said about governance; she remembered as it saying local boards should be dissolved; Mr. Robinson said he would get that information and get it to the Committee Secretary. Representative Pottorff asked Mr. Robinson if the Board of Regents could not agree with any of the amendments proposed by Ms. Gjerstad (in Attachment #9); Mr. Robinson said probably not. Representative Reitz said that this legislation just gets this program started, that small details could be resolved later on the local level. Representative Storm asked Mr. Robinson if the Board of Regents had any objection to the employee protection amendment; Mr. Robinson said not at all, that all Boards of Education will already be doing this. Chairman Sloan asked Committee staff and any other interested parties to meet before Friday to develop language concerning the employee protection provision. Representative Horst questioned the use of the word "expires", page 1, line 43; Revisor Kiernan said that expiration was not what she intended when she wrote it, that she actually meant "upon accreditation". Representative Horst suggested, on page 2, line 9, there might be a better term than the word "appointment", as that may be too open. Referencing page 2, lines 34-38, she also asked what were the degree requirements for those teaching in the technical schools; Dr. Dunn said this is no change from SB 586 (1994). Representative Horst asked if the Regents determine the teacher qualification, Mr. Robinson said no, that is done by accreditation. Dr. Alderman said that 66.3% of the faculty must have a degree one step up from the degree they are offering.

There were no other questions.

Chairman Sloan announced that the Committee would meet Friday, March 21, upon adjournment, to work **SB 7**.

There being no further business, the meeting was adjourned.

**KANSAS POLYMER RESEARCH CENTER (KPRC)
And MAMTC REGIONAL OFFICE**

1.0 Introduction –

The KTEC Center of Excellence at Pittsburg State University is a joint effort of KTEC, MAMTC and Pittsburg State University. The Center's objective is the economic advancement of Southeast Kansas and the State of Kansas through:

- Applied R & D and commercialization activities and
- Manufacturing process improvement technical assistance.

2.0 Kansas Polymer Research Center (KPRC) –

2.1 Customers and Gross Revenues for Prior Year - FY2001 – The chart below shows KPRC's actual revenues for the past fiscal year 2001. This was an 86% increase over the previous year's revenues.

Company Name	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr	Totals
Cessna Aircraft Company				\$4,500	\$4,500
Kansas Soybean Comm.		\$32,500	\$16,250	\$16,250	\$65,000
Innovative Soy Systems	\$265				\$265
Miscellaneous Contracts			\$1,000	\$15,000	\$16,000
NASA Space Center	\$403		\$15,250		\$15,653
Nat'l Sci Foundation	\$10,000				\$10,000
Neon Power Pro		\$1,200			\$1,200
TDA Research		\$1,688		\$3,611	\$5,299
Texas Encore			\$14,000	\$23,000	\$37,000
United Soybean Board	\$15,689	\$15,689			\$31,378
U.S. Dept of Agric.	\$27,570	\$11,001	\$17,000	\$1,554	\$57,125
U.S. Dept. of Energy			\$111,125	\$114,481	\$225,606
Vertex, LLC				\$4,000	\$4,000
World Class Molding	\$6,000	\$6,000			\$12,000
Total Revenue	\$59,927	\$68,078	\$174,625	\$182,396	\$485,026
Industry – Inkind Services			\$91,387	\$124,110	\$215,497
Total Revenue & Inkind	\$59,927	\$68,078	\$266,012	\$306,506	\$700,523

2.2 FY 2002 Current Gross Revenues from Projects – The chart below shows KPRC's actual revenues for fiscal year FY02.

Company Name	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr	Totals
AirCrafft Design Mfg Res			\$14,355	\$13,378	\$27,733
Kansas Soybean Comm.	\$32,014		\$16,007	\$16,007	\$64,028
Miscellaneous Contracts			\$450		\$450
Micro-Lite LLC		\$18,000			\$18,000
NASA Space Center			\$15,250		\$15,250
Nat'l Sci Foundation	\$1,000				\$1,000
Texas Encore Materials	\$21,000	\$21,000	\$8,800		\$50,800
United Soybean Board				\$19,648	\$19,648
U.S. Dept of Agric.	\$12,092	\$8,676	\$18,128	\$16,689	\$55,585
U.S. Dept. of Energy	\$88,824	\$73,267	\$133,724	\$123,166	\$418,981
Vertex, LLC	\$4,000				\$4,000
Total Revenue	\$158,930	\$120,943	\$206,714	\$188,888	\$675,475
Industry – Inkind	\$117,925	\$132,247	\$255,947	\$49,593	\$555,712
Total Revenue & Inkind	\$276,855	\$253,190	\$462,661	\$238,481	\$1,231,187



THE NATIONAL CENTER FOR
PUBLIC POLICY AND
HIGHER EDUCATION

Policy Alert

February 2003

IN BRIEF...

Primary Finding

States, and higher education in particular, are likely to face very tight budget conditions for the next decade.

Other Key Findings

- ★ All but a handful of states will find it impossible to maintain current levels of public services within their existing tax structures.
- ★ Just to maintain current services, state spending for higher education would have to increase faster than state spending in other areas.

About These Projections

These projections were developed for the National Center for Higher Education Management Systems by the Rockefeller Institute of Government. The full report, as well as more detailed state-by-state data, can be obtained at www.higheredinfo.org. These projections also build upon an earlier study by Harold Hovey called *State Spending for Higher Education in the Next Decade: The Battle to Sustain Current Support*, available at www.highereducation.org.

STATE SHORTFALLS PROJECTED THROUGHOUT THE DECADE

Higher Ed Budgets Likely to Feel Continued Squeeze

by Dennis Jones

After almost a decade of good economic conditions and strong revenue growth, most states entered fiscal year 2003 facing sharply reduced revenues, and are now struggling to constrain expenditures. Unfortunately, this situation is unlikely to change any time soon, according to projections developed for the National Center for Higher Education Management Systems by Donald Boyd of the Rockefeller Institute of Government. Even if states experience normal economic growth over the next eight years, all but a handful of states will find it impossible, given their existing tax policies, to continue funding their current level of public services.

Maintaining funding for the wide range of existing state services will place enormous pressure on state legislatures to continue the recent practice of sharply reining in, if not reducing, their appropriations to higher education. This trend is in stark contrast to state actions during much of the 1990s, when most states substantially increased their support for higher education. This boom-and-bust cycle has become a traditional state pattern of treating colleges and universities disproportionately well during prosperous

times—and disproportionately poorly in tight budgetary circumstances.

State actions during the good economic times of the nineties are likely to exacerbate the fiscal challenges that lie ahead—particularly for higher education. This is because, during the strong fiscal conditions:

1. States funded popular new programs that will now compete with higher education for funding in both good times and bad; and
2. Many states reduced tax rates, and many did so in ways that will require explicit action to increase them again—which lawmakers are very reluctant to do.

Further, due to demographic and economic factors in most states, the claims on the public purse will be greater for other programs than for higher education—continuing the trend that results in colleges and universities getting a consistently smaller slice of the state appropriations pie.

If economic growth is slower than normal, if states continue to cut taxes, or if states increase spending in areas outside of higher education, then the outlook for support of public higher education will be even worse.

House Higher Education Committee

Meeting Date: 3/19/03 #2

FISCAL OUTLOOK FOR STATES

The analysis by the Rockefeller Institute suggests that even if state and local governments close their current budget gaps with recurring actions rather than gimmicks that provide only temporary relief, most states will continue to face difficulty financing current services through existing revenue structures; they will not have resources for real increases in spending. This would mean either:

- State residents would have to scale back their appetite for public services. This would be a reversal of a long-term trend; each of the past five decades has witnessed significant increases in real per-capita expenditures by state and local governments.

— or —

“On the expenditure side, many states will need to rapidly increase their outlays for Medicaid, the health insurance program for the poor and medically needy.”

- State residents would have to accept tax increases to finance new growth. Support for this option likewise appears problematic.

These findings are based on projections, over the next eight years, of the revenues and expenditures that would be required in each state (1) to maintain current public service levels, (2) given the current tax structures and (3) given conservative estimates of expenditures, (4) if state economic conditions were to improve to their average, that is, “normal,” conditions.

Based on these projections, five states face a *structural surplus* by year eight (see table 1). Forty-four states face a *structural shortfall*. Twelve states face shortfalls of five percent or more. These projected shortfalls are smaller than the crisis-induced budget gaps that many states face today. They suggest, however, that state and local governments will continue to face fiscal stress even after their economies strengthen.

The primary reasons for these continuing fiscal difficulties are twofold, one concerning revenues and the other dealing with spending requirements. First, state and local tax revenues are unlikely to grow as fast as state economies because:

- Economic growth is projected to be more balanced than in the late 1990s, which generated extraordinary surges in capital gains income.
- Increases in sales tax revenues are projected to slow significantly due to (a) continued shifts in consumption from goods to lightly taxed services and (b) the inability to collect sales taxes on Internet-related transactions.

Table 1

Eight years from now, given a return to normal (that is, better) economic conditions:

- Which states have a structural fiscal surplus?
- Which states have a structural fiscal shortfall?
- How big is the surplus or shortfall, as a percentage of revenues?

<i>States with Surplus</i>	<i>Surplus as a % of Revenues</i>
Vermont	3.1
North Dakota	2.2
Maine	1.3
New Jersey	0.6
Delaware	0.2

<i>No Surplus or Shortfall</i>	<i>Surplus/Shortfall as a % of Revenues</i>
Wisconsin	0.0

<i>States with Shortfall</i>	<i>Shortfall as a % of Revenues</i>
Kansas	-0.3
Montana	-0.4
Maryland	-0.5
New Hampshire	-0.6
Arizona	-0.7
Massachusetts	-0.8
Utah	-0.8
Oklahoma	-1.3
Oregon	-1.3
Nebraska	-1.4
Ohio	-1.4
Michigan	-1.7
South Dakota	-1.7
Minnesota	-1.9
Rhode Island	-1.9
Colorado	-2.3
Alaska	-2.4
California	-2.5
Connecticut	-2.9
Pennsylvania	-2.9
West Virginia	-2.9
Virginia	-3.0
Georgia	-3.2
U.S. Average	-3.4
Kentucky	-3.4
Arkansas	-3.5
Hawaii	-3.6
New Mexico	-3.6
Iowa	-3.7
New York	-3.8
Illinois	-4.2
Missouri	-4.7
Washington	-4.9
Idaho	-5.0
Indiana	-5.2
North Carolina	-5.6
Florida	-5.7
Texas	-5.7
South Carolina	-6.3
Wyoming	-7.8
Mississippi	-8.6
Louisiana	-8.8
Alabama	-9.2
Nevada	-9.2
Tennessee	-9.7

Source: Donald Boyd, *State Spending for Higher Education in the Coming Decade* (Boulder, CO: NCHEMS, 2002).

Table 2

Over the next eight years, just to maintain current levels of all public services (given current spending patterns):

- Which states will face greater funding requirements from other services than from higher education?
- Which states will face greater funding requirements from higher education than from other services?
- How much additional % growth in spending is required to fund either the other services or higher education?

States that will face greater funding requirements from higher education than from other services*	Extra annual % growth in spending required for higher education compared to all services
Nevada	1.9
New Jersey	1.3
Virginia	0.6
Connecticut	0.4
Arizona	0.3
Illinois	0.3
Massachusetts	0.3
Pennsylvania	0.1

*(given current spending patterns)

States that will face greater funding requirements from other services than from higher education*	Extra annual % growth in spending required for all services compared to higher education
Delaware	0.1
Colorado	0.2
Maryland	0.2
Rhode Island	0.2
California	0.3
Michigan	0.3
North Carolina	0.3
Florida	0.6
New York	0.6
U.S. Average	0.7
Alaska	0.7
Missouri	0.7
New Hampshire	0.7
Ohio	0.7
Tennessee	0.9
Georgia	1.0
Indiana	1.0
Kentucky	1.1
Wisconsin	1.1
Texas	1.2
South Carolina	1.4
Iowa	1.5
Minnesota	1.5
Washington	1.5
Arkansas	1.7
Kansas	1.7
Oklahoma	1.7
Hawaii	1.9
Oregon	1.9
Alabama	2.0
West Virginia	2.0
Nebraska	2.1
Utah	2.1
Idaho	2.2
Maine	2.2
Mississippi	2.2
Montana	2.2
Louisiana	2.7
Vermont	2.9
New Mexico	3.0
South Dakota	3.2
North Dakota	3.3
Wyoming	4.5

*(given current spending patterns)

Source: Donald Boyd, *State Spending for Higher Education in the Coming Decade* (Boulder, CO: NCHEMS, 2002).

- State revenue dependence on excise taxes is growing, and growth in these revenues lags behind overall economic growth.

On the expenditure side, many states will need to rapidly increase their outlays for Medicaid, the health insurance program for the poor and medically needy. According to the experts, Medicaid spending is expected to grow by about 10% a year, which will drive up overall spending considerably.

IMPACT ON HIGHER EDUCATION

THE TREND

During the nineties, the share of state budgets devoted to higher education decreased, as Harold Hovey noted in *State Spending for Higher Education in the Next Decade: The Battle to Sustain Current Support* (1999): "Over the past decade the percentage increases in state support for higher education have been smaller than the percentage increases in total state budgets. . . . In other words, higher education isn't competing successfully with the attentions of other forms of state funding."

Stated another way, higher education's share of the overall pie continues to get smaller, both nationally and in most states. The size of the pie increased significantly in the nineties. This provided additional revenues for higher education, but it masked the reality that in most states the share continued to shrink.

THE PROSPECTS

These projections suggest that the fiscal prospects for higher education are not rosy. The pie is no longer expanding; in some states it is shrinking. As higher education receives a smaller share of a smaller pie—a likely short-term scenario—colleges and universities and the students who enroll in them will face particularly difficult financial positions.

continued on the back page

Projections for the data in table 2 are based on assumptions that:

1. State revenue structures in place in fiscal year 2000 will continue. The projections incorporate assumptions about how taxes respond to economic growth and about the impact of Internet-related transactions on sales tax revenue.
2. State and local governments will increase spending based on inflation, population changes, etc., but will not increase expenditures per unit (per student, per Medicaid recipient, etc.) more than inflation.

Even if state economies were to rebound to normal levels, however, higher education would continue to face strong competition for resources from other state-supported programs. In only eight states are higher education's requirements expected to grow more rapidly than the needs of other state and local programs (see table 2). The rapidly escalating costs of Medicaid, more than anything else, explain why total state and local spending is projected to grow faster than spending for higher education in most states.

For example:

- If state and local governments were to increase real per-pupil spending for K–12 education by 1.5% annually (rather than 0%, as assumed in the current projections), then the average projected structural fiscal shortfall would increase from 3.4% (see table 1) to 6.2%; 49 of 50 states would face a shortfall; and Tennessee would face the worst shortfall, at 12.4% of revenue.
- If states were to increase real per-pupil spending for *both* K–12 education and higher education by 1%, then the results would be similar to the above case, but the distribution would differ across states. There would be an average shortfall of 6%, and 49 states would face a shortfall.
- On the other hand, if states were able to immediately stem sales tax losses related to Internet taxation, the average shortfall would decrease from 3.4% (see table 1) to 2.4%, and 39 (rather than 44) states would face shortfalls.
- Finally, if Medicaid growth were slower by one percentage point across the board than assumed, then the average state shortfall would be reduced from 3.4% (see table 1) to 2.1%; 37 (rather than 44) states would face a shortfall; and the worst shortfall would be in Nevada (8.0%).

Dennis Jones is president of the National Center for Higher Education Management Systems.

“If economic growth is slower than normal, if states continue to cut taxes, or if states increase spending in areas outside of higher education, then the outlook for support of public higher education will be even worse.”

WHAT WOULD HAPPEN IF . . . ?

The data in table 2 reflect an assumption that services would continue at current levels (called “current services financing”). That is, tables 1 and 2 present the funding picture *if no real growth in expenditures occurs for any program*. However, history suggests that this kind of restraint would be most unusual. It is reasonable to assume, for example, that considerable public support exists for increasing real spending on K–12 education (for instance, to reduce class sizes, raise standards, raise requirements for teacher qualifications, and reduce social promotion).

Changing some of the key assumptions about current services funding would paint a different—and, in most cases, a gloomier—picture of the state fiscal environment.

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The statements and views expressed in this report do not necessarily reflect those of its funding organizations and are solely the responsibility of the National Center for Public Policy and Higher Education.



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Testimony Regarding Technical College Governance Legislation (SB 7) House Higher Education Committee

March 19, 2003

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

Good Afternoon, Chairman Sloan and members of the Committee, I am pleased to have this opportunity to appear before you today. My name is Reggie Robinson. I am President and CEO of the Kansas Board of Regents, and I am here today to speak in support of SB 7 – An Act Concerning the Governance of Technical Colleges.

Background

Currently, there are three types of governance models in place for the state's technical schools or colleges. Under one model, the technical institution is a component of a community college, and therefore governed by the applicable community college board of trustees. Six technical schools operate under this governance mode. Under a second construct, the technical institution is a component of a K-12 unified school district, and governed by the applicable USD board of education. Eight technical institutions operate under this model. Of those eight, four are technical colleges. Finally, there are two technical colleges that operate under a third model. These institutions have relationships with more than one USD school board, and they are governed by "boards of control," with representatives from each of the participating school districts.

In 2001, the Board of Regents, with the support of the Kansas Health Foundation, commissioned the Northwest Education Research Center (NORED) to undertake a study of governance issues confronting the state's system of postsecondary education. This study encompassed all sectors in the state's system, including the technical education sector. Among the recommendations to come from the NORED study was a suggestion that independent governing boards govern the state's technical colleges. Since that study was completed, the Board of Regents has continued to consider how best to treat the NORED technical college governance recommendation. As it has considered that issue, Board members and staff have held numerous meetings with technical institutional leaders and affected unified school district leaders to discuss these issues.

House Higher Education Committee

Meeting Date: 3/19/03

Attachment No.:

3

In December 2002, the Board of Regents made two decisions that lead us to this point where we have the opportunity to discuss the legislation before you. First, as is clear, the Board decided to seek the introduction of legislation that would require that governance for each of the state's technical colleges be vested in an entity that is independent of a local unified school district board. Second, the Board established policy which requires that by 2009, each of the state's postsecondary degree-granting institutions achieve and retain accreditation from the North Central Association's Higher Learning Commission (NCA-HLC). (Candidacy status must be obtained by 2006.) This policy decision is a crucial one for the Board and also explains why the specific legislation we consider today is so vitally important. So, let me touch on the accreditation policy briefly before moving more directly to the governance legislation.

NCA-HLC Accreditation

When the legislature enacted the Higher Education Coordination Act, the concept of "seamlessness" was, it seems to me, a fundamental aim of that landmark legislation. But what does "seamlessness" mean, and from what perspective are we to assess whether that aim has been achieved? Now, Mr. Chairman, I've not been in my present role very long, but it seems to me that one way that we could assess whether we have achieved the construction of a seamless system is by thinking about that system from the perspective of students whose dreams and aspirations require that they negotiate that system. Further, it seems to me that from that perspective, one of the key issues is transfer of credit.

Imagine with me if you will, a young person who enrolls in one of our technical colleges, takes advantage of the outstanding education available for her there, does well, and then finds a place for herself in the workforce. Imagine further that she succeeds quite well in her work, but reaches a point in her career where additional education becomes necessary for continued advancement. As she moves to pursue that education at one of the state's community colleges or state universities, she learns, however, that the college credit she earned during her technical college studies will not transfer. This is not "seamlessness." This is a problem, a problem that is a key aspect of what the Board's new accreditation policy seeks to address.

You may wonder how will NCA-HLC accreditation affect the situation for our imaginary student. Most significantly, such accreditation opens the door for the state's technical colleges to engage in meaningful dialogue with community colleges and the state's universities about effective transfer of credit agreements on a broad scale. The state's community colleges and universities are already subject to NCA-HLC accreditation. If technical colleges also achieve that status, the prospects for such transfer of credit agreements should be significantly enhanced. Now let me be clear, technical college NCA-HLC accreditation will not guarantee this result. It is a necessary, but not sufficient step.

In addition to enhancing the prospects for transfer of credit agreements between the technical colleges and other institutions, the Board's newly adopted policy gives rise to other benefits as well. Most significantly, this policy places all of the state's degree granting public institutions under the same accrediting body, which enhances the development of a seamless system for the benefit of students like the imaginary one I described above. Finally, such accreditation provides assurances that all Regents institutions are meeting the same high standards of institutional

quality. We believe that this policy is important, and that it can be effectively implemented in a manner that does not move the state's technical colleges away from their very important technical education missions.

Independent Governing Boards

If one accepts, as we do, that NCA-HLC accreditation would represent an important and positive step for the state's technical institutions, the system as a whole, and, most importantly, the people of Kansas for whom these institutions exist, then one will be lead, inescapably, I believe, to the conclusion that technical colleges must be governed by independent boards. This is the case because the effectiveness of an individual institution's governance structure is a key component for any accrediting body. For NCA-HLC, the independence of that governance structure is particularly critical. Fundamentally, that is why the Board of Regents has proposed this legislation for your consideration.

SB 7

Under the legislation that has been proposed, each of the state's technical colleges (postsecondary degree-granting institutions) will be required to develop and present to the Board of Regents for approval, a plan to replace their current governing bodies with a new governing board that must be separate and independent of any board of education of any school district. The proposed statute goes on to describe a number of items that much be addressed in the plan submitted for Board approval pursuant to this legislation.

One very important point I would stress. This is not an effort by the Board of Regents to impose a one-size-fits-all governing board structure on each of the state's technical colleges. Instead, the Board has made an important policy determination aimed at enhancing the functioning of the state's higher education system, and then crafted a proposal that empowers local leaders to determine what, within that policy structure, makes the most sense for their local conditions.

The Board of Regents is convinced about the need for this legislation. We realize, however, that notwithstanding the strong vote of support from the Kansas Senate, others may not necessarily share that perspective. In particular, the Wichita School Board, which governs the Wichita Area Technical College, has expressed reservations about this proposal. I had the opportunity to meet with members of the Wichita School Board on February 25 to discuss issues related to this important legislation.

During my Wichita visit, it was useful for me to listen to a presentation regarding a report produced by a Community Transition Task Force the Board of Education had appointed to examine a range of issues related to accreditation and the establishment of an independent governing board for the Wichita Area Technical College.

The transition document that the Wichita School Board has produced is impressive, and identifies many of the difficult transition issues in a useful way. I applaud the Board's effort to get on top of those tough issues. While I was in Wichita, I committed on behalf of the Board of Regents, that we would work with the Wichita Board – as well as all of the other Boards affected

by this legislation – in a reasonable, respectful, sensible, and flexible manner to work through those difficult issues as we seek to implement this legislation. I make that same commitment to this Committee here today.

Let me say a brief word regarding the issue of taxing authority. The Regents are interested in the possibility of some capital outlay authority for the governing boards that would be created if this legislation becomes law. Such an amendment would give technical college leadership the opportunity to seek such support from their local constituents, which we believe would be a positive addition to this bill. However, fundamentally, the Regents are committed to the governing change that is at the core of this proposal. That is our first priority here and we would be willing to come back to you at another time regarding the taxing authority question.

At this juncture, I think it is important to keep in mind three fundamental points about this legislative proposal.

First – SB 7 would not result in immediate separation of the affected technical colleges from their governing local boards of education. The passage of this bill will **trigger the start of a more than 2-year period for the development of plans** to achieve that separation. In fact, the *only* deadline in the bill is a requirement that the colleges have submitted their transition plans for Board of Regents consideration by July 1, 2005.

Second – the planning process triggered by passage of SB 7 will be a **locally driven process**. The Board will not be seeking to impose upon the colleges and local boards any Board-developed plan for transition. Rather, the Board's role will be to ratify locally crafted proposals. The aim here is the **production of "two-party" agreements** that are mutually satisfactory to local boards and the Board of Regents.

Third – to the extent that the planning process triggered by SB 7 identifies issues and obstacles to transition that are most effectively addressed by additional legislation, **the Board commits to provide all of the support and advocacy** that it can to move such legislation forward.

Conclusion

I really want to thank the Committee for its time, and, in summary, would like to touch on a few final points.

First, a word about the role that local USD school boards have played. It is clear that the Board of Regents believes that college boards that have the work of those colleges as their primary focus should govern colleges. However, this Committee should not read the Board of Regents' decision to propose this legislation as intended in any way to be critical or disparaging of the role that the state's school districts have played in this arena. Local school boards have supported and nurtured the development of the state's technical institutions. We recognize that school district leadership has been crucial for these vitally important institutions. The state ought to be grateful for the role that local school boards have played. We simply believe that given the course charted by the Higher Education Coordination Act, the legislation we propose constitutes

the best next step as those institutions continue to develop as a part of the state's postsecondary education system.

Second, as I've already indicated, the Board of Regents recognizes that the practical work of "disentanglement" that will be necessary as a result of this legislation could be difficult. I pledge to this Committee that the Board and its staff will approach the implementation of this legislation in a reasonable and flexible fashion that is sensitive to the complexities involved. These issues are difficult, but they are surmountable.

Finally, change is never easy, particularly if the changes are meaningful and intended to chart a new course. The Board of Regents believes that this legislation is vitally important if the state of Kansas is to fully achieve the powerful vision that was at the core of the Higher Education Coordination Act.

Thank you very much for your serious and thoughtful consideration of this proposal. I would be happy to respond to questions at this point, Mr. Chairman.

Summary of testimony presented to the House Higher Education Committee
Representative Tom Sloan, Chair
Wednesday, March 19, 2003

Duane M. Dunn, Ed.D. President, Manhattan Area Technical College
President, Kansas Association of Technical Schools and Colleges

As president of Manhattan Area Technical College, I am asking your support for Senate Bill 7. This bill provides a timeline and plan for the establishment of an independent board of governance specifically responsible for the operation, policy oversight, and management of individual technical colleges. Currently our colleges are governed by either a single USD Board of Education or a consortium of Boards of Education. SB 7 would provide for the establishment of a governing board independent of USD Boards of Education.

- The choice each institution made to become a technical college was a permissive decision. Each institution, as a component of becoming a college, was charged with the responsibility of becoming accredited with a regional accrediting agency approved by the US Department of Education.
- Manhattan Area Technical College sought to become accredited with the Higher Learning Commission of the North Central Association of Schools and Colleges – the same agency that accredits the community colleges and universities in Kansas. We have achieved candidacy status with HLC-NCA and will have another site visit in 2004. HLC-NCA has identified one area of concern with our accreditation in our form of governance. They have questioned the appropriateness of a USD Board of Education (primarily elected to serve K-12 interests) as a governing board for a college. Concerns with that appropriateness range from Board policies to the ability to fully advocate to two different state agencies.
- The ability to obtain HLC-NCA accreditation is critical to our continuance as a degree granting institution. The Board of Regents has adopted a policy stipulating that all degree granting institutions must have HLC-NCA affiliation, it is our intent to meet that policy requirement.
- The USD 383 Board of Education has voted twice to support legislation establishing an independent board of governance for Manhattan Area Technical College. The Board views this move as a component of our institution being recognized as a college within the full spectrum of higher education. The opportunity for a seamless system of courses and awards is important to our students and our service area.
- Senate Bill 7 provides a time line and the components of a plan for transitioning to an independent board of governance. We feel the plan meets our institutional objectives and our current Board of Education and the community can meet the timeline as stipulated. Your support will enable us to meet our goal of becoming an accredited college within the higher education community.

House Higher Education Committee

Meeting Date: 3/19/03

Attachment No.:

4

Testimony presented to the House Higher Education Committee
Representative Tom Sloan, Chair
Wednesday, March 19, 2003

Duane M. Dunn, Ed.D. President, Manhattan Area Technical College
President, Kansas Association of Technical Schools and Colleges

Chairman Sloan;

Thank you for the opportunity to come to you once again regarding legislative initiatives that have an impact on our technical institutions. I came before you earlier in this legislative session and presented to you information on the different structures under which we work. I also spoke to you in reference to our funding mechanism and the primary mission of our institutions – providing career education and supporting workforce development.

Today I am here to ask your support for Senate Bill 7, a bill specific to the technical colleges. The bill does not apply to the four technical schools in our organization as they are not designated as colleges and do not offer the associate degree. This bill provides the technical colleges with a governance structure essential for our operation as degree granting institutions within the higher education system of Kansas. The governing structure provided for in SB 7 would require the college to have a board of governance that is separate from a Unified School District Board of Education. The board would be independent and responsible solely for the college's operation.

Each of the 6 technical colleges and their Boards of governance made a decision to become a degree granting institution. That decision was a permissive decision, not a mandate. Neither was it a requirement when our coordination moved from the State Board of Education to the State Board of Regents as a result of SB345. When we became colleges, we embarked on a journey to deliver the associate of applied science degree to students in career and technical fields. As a part of that journey we, as individual institutions, were required to evaluate the criteria established by regional accrediting agencies recognized by the United States Department of Education.

The Higher Learning Commission of the North Central Association of Schools and Colleges (HLC-NCA) is the agency that accredits the community colleges and universities in Kansas. It is that accrediting agency with which Manhattan Area Technical College sought to receive affiliation in 1998 as a part of our move toward college status. Through the application process and resulting comments from the HLC-NCA staff it became apparent that the governing structure of our institution did not meet the standard for a college. Our USD Board of Education authorized me, in 1999, to pursue the possibility of establishing an autonomous board of governance that would meet the accrediting standard, but more importantly a board that would be an advocate for our college and have focused responsibility for the governance, policies, and direction of the college. Since that time we have worked diligently toward achieving that goal.

Last year our college achieved candidacy status with HLC-NCA, a significant accomplishment and one in which we intend to continue in pursuit of obtaining full affiliation status. One concern specifically addressed by HLC-NCA, was that our governing board is elected to serve a constituency of primarily K-12 students, with policies essentially focusing on K-12 student needs, and elected on platforms related to K-12 issues. Additionally, our Board is challenged to meet the guidelines of two state agencies – the Kansas State Board of Education for PreK-12 issues and the Kansas Board of Regents for our college’s issues. This responsibility has the potential for a sort of “conflict of interest” when it relates to funding issues, establishing tuition rates, and policies designed for children and applicable to adults. These are just basic examples of why HLC-NCA has concern with the appropriateness of a Board of Education to have control over a college and a K-12 system.

The Board of Regents has adopted a policy that requires all degree granting institutions to have accreditation status with HLC-NCA. In order for us to meet that policy it is critical that SB 7 pass and that our college moves forward with our goal of achieving HLC-NCA. Our Board of Education supports this initiative and views it as an important and critical step in order for us to serve the needs of our students. HLC-NCA accreditation will provide opportunities for seamless articulation of courses to other institutions, will encourage broader partnerships with other institutions, and should serve the state’s interest in a well-coordinated system of Higher Education.

Our mission has not changed – we focus on career education and workforce development through technical program instruction and skill specific customized training. The ability to grant the A.A.S. degree has broadened opportunities for our students and our service area. It is important for us to be in the same higher education arena as the other degree granting institutions in Kansas. HLC-NCA accreditation will facilitate that involvement.

Our Board of Education has long been a supportive governing body. The move to a separate board is not a negative reflection on the board or any individual member. The move is a step along the journey of being a college. A necessary step in the journey we began in 1998. SB 7 provides a timeline for us to develop a transitional plan related to our college’s operations. The plan provides impetus for us to become an accredited college – truly in the sense of the other colleges in Kansas. Your support of SB 7 will lead the state forward in the plan toward increased opportunities for seamless education and greater workforce development initiatives among our institutions.

Thank you for this opportunity and I am available to respond to any questions.

Testimony Wednesday March 19, 3:30—Lee V. Alderman, Ph.D., President
Flint Hills Technical College Emporia, KS 66801 620-341-2300

Thank you for the opportunity to present information to you regarding SB7. My comments today are brief.

As you know, SB-7 allows technical colleges to become autonomous from unified school districts and school boards. In addition, SB-7 furthers legislation passed several years ago in the form of SB-345 1999. By implementing SB-7 a more seamless system of higher education, that is even more efficient than the current system, could be implemented and would provide widespread benefits to many Kansans. We also firmly believe that, as a technical college, we are a vital contributor to economic and workforce development in the state. We support passage of SB-7.

It is a complex future as we move forward to implement SB-345 of 1999 with the new SB-7. There are many issues to resolve and processes to develop and refine as we implement SB-7. It is never easy to make a change, though it is time to move forward with unifying our fragmented higher education system in the state. SB-7 will allow us seek regional accreditation from the Higher Learning Commission (HLC) of the North Central Association (NCA; NCA-HLC). That accreditation will allow students to transfer among all institutions of higher education. Whereas, currently some students can transfer and some students cannot because legislation has not permitted the necessary components to be in place to allow equal transferability.

Accreditation from a regional accrediting body such as NCA-HLC is crucial for our students if they plan to transfer from technical colleges to four-year institutions. Numerous states have excellent models of articulation agreements with technical colleges that are accredited by a regional accrediting body. The Council on Occupational Education (COE) is a national accrediting body that allows a technical college to offer financial aid. National accrediting bodies such as COE do not provide a mechanism like the regional accrediting bodies do that allows for full articulation from a technical college to a four-year institution. It is important for the technical colleges to be regionally accredited by NCA-HLC to create the seamless higher education system in the state of Kansas.

Technical colleges have spent years building relationships with USD's in their area so that 11th and 12th grade students can get a quality education from the technical college. After autonomy from the USD's is accomplished technical colleges plan to continue to offer that same educational opportunity to 11th and 12th grade students. Nothing is planned to change our relationship with local USD's and their ability to send students to our programs.

Funding is a major concern as we plan to become autonomous from local USD control. As a public institution our mission is to offer affordable, applicable education. The increasing cost of providing technical education in the face of declining resources has resulted in a sense of helplessness as we attempt to meet the student and industry demands of our state. Reductions experienced in fiscal year '03 were absorbed in light of the poor economy. These cuts have resulted in increased amounts of deferred maintenance and decreased quality of programs as a whole. Fulfilling our mission as a public institution has been jeopardized.

In light of these budgetary constraints and with the passage of SB-7, we encourage consideration of giving local levy authority to technical colleges once they become autonomous. We support local control because of the synergy that results. Our institutions must be able to provide programs that are high-tech and that produce highly skilled employees that meet the ever-increasing demands of business and industry.

So the future appears complex as we plan implement SB-7. SB-7 gives the technical colleges 2 (two) years to develop and submit a proposal, that outlines a plan to gain autonomy from their local USD board of education, to the Kansas Board of Regents. The Regents have developed an internal policy about NCA-HLC accreditation that gives the technical colleges another 4 (four) years after they submit their autonomy plan to have the plan fully implemented. In essence, this gives the technical colleges 6 (six) years to bring their autonomy to full execution. The result is that ample time appears to be built into SB-7 and the Regent's plan to allow technical colleges and local school boards to provide solutions to autonomy issues.

Given all of this, the bottom line remains that we support passage of SB-7 and all the potential it encompasses. Thank you for the opportunity to present to you today.

House Higher Education Committee

Meeting Date: 3/19/03

Attachment No.:

5

Summary of Testimony on Senate Bill 7
Presented by Lori Layfield
March 19, 2003

1. Introduction
2. Necessity for a transferable degree in the Paralegal field
3. Need for growth of education
4. Benefits to all in allowing Technical Colleges to become self-governed and accredited by NCA-HLC

House Higher Education Committee

Meeting Date: 3/19/03

Attachment No.:

6

Testimony Regarding Technical College Governance
Senate Bill 7

Higher Education Committee

March 19, 2003

Lori Layfield, Paralegal Student
Northeast Kansas Technical College
Atchison, Kansas

Ladies and Gentlemen:

My name is Lori Layfield, I am 37 and a second year Paralegal student at Northeast Kansas Technical College in Atchison, Kansas. I am also President of the Colligate Paralegal Association of Northeast Kansas. I am here today to ask for your YES vote in support of Senate Bill 7.

The passing of this Bill is extremely important to my future and to the future of all students; who like myself, desire a quality, straightforward and affordable education that we can be proud of; an education that will provide us with a TRANSFERABLE DEGREE and MARKETABLE skills.

Without this opportunity to graduate with a degree that can move and grow with us, everything we work toward is diminished. Our efforts and hard work are cheapened and reduced to a mere certificate of completion or a dead-end degree.

For example, paralegals are one of the fastest growing fields of professionals and are not considered for hire without at least an associate's degree. We WILL achieve this degree by attending a Technical College. However, in this field of expertise the standards are changing. Soon an even higher degree may be required or at least preferred. If we are allowed to graduate with a degree that we can transfer, our credits and work will be allowed to transfer to a four-year college and our education can be allowed to continue as needed.

To graduate from a technical college is to graduate with pride, and dignity in having obtained a degree that will benefit us today and tomorrow. Our transferable degree will help us secure the future and benefits everyone. Technical colleges must be allowed to become self-governed, fully accredited institutions so education and learning are allowed to move forward.

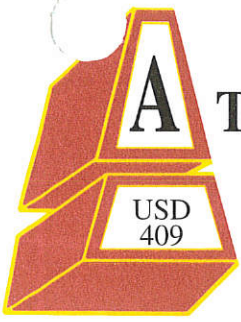
Education should never be allowed to become stagnant or worse yet, move BACKWARDS. It has taken, over 35 years for technical institutions to achieve the credibility they deserve. Technical colleges have worked hard to evolve to meet the needs of today's society. Students should be allowed to graduate and transfer to institutions of higher learning. Technical Colleges offer a unique and much needed opportunity for many and they deserve credibility and respect.

The student, the school, and the community will benefit, but the positive impact of allowing Technical COLLEGES to be self-governed and offer a transferable degree do not stop there. Here are just a few of the benefits to passing Senate Bill 7:

- ❖ Accredited Technical Colleges with transferable degrees have higher enrollment
- ❖ Accredited Technical Colleges with transferable degrees deliver higher percentages of completion.
- ❖ Accredited Technical Colleges with transferable degrees draw students in from out lying areas, increasing the overall economy of the communities surrounding them.
- ❖ Accredited Technical Colleges with transferable degrees offer a quality education and marketable job skills to adults who may otherwise not be able to afford such an opportunity.
- ❖ Accredited Technical Colleges with transferable degrees encourage students to continue their education.
- ❖ Accredited Technical Colleges with transferable degrees provide and promote dignity, pride, achievement, honor, growth, and accomplishment.

Please allow us as students to continue the opportunity of learning and growing. Allow us to reap the benefits of a quality and credible education. Allow our Technical Colleges the self-respect of becoming self-governed, so they can become accredited by the Higher Learning Commission of the North Central Association - vote YES to Senate Bill 7.

Thank you.



ATCHISON PUBLIC SCHOOLS

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Phone (913) 367-4384 Fax (913) 367-2246
www.atchison.k12.ks.us

Stephen E. Pummel, Superintendent
Kathleen A. Lowman, Assistant Superintendent
Corbin T. Witt, Assistant Superintendent

March 19, 2003

Representative Tom Sloan
State Capitol
300 S.W. 10th Avenue, Room 446-N
Topeka, KS 66612-1504

Re: SB 7 - Comments From Atchison Public Schools

Atchison Public Schools currently governs the Northeast Kansas Technical College in Atchison, Kansas. This has been a positive relationship for the school district and community. Listed below are some highlights to support this statement.

- Atchison Public Schools has governed the Technical College since its opening in 1967. The School Board was instrumental in obtaining this school for the community. The Technical College is located directly across the street from Atchison High School, thus allowing students walking access to the College.
- The enrollment at the Technical College continues to flourish. We have experienced exceptional growth over the last few years. See attached enrollment summary. We anticipate this enrollment growth to continue.
- New programs continue to be developed at the Technical College. These programs directly reflect community needs. New programs initiated in the last few years are Computer Repair Technology (in Atchison and Leavenworth), Masonry, and Machine Tool Technology.
- Atchison Public Schools recently purchased a 17,400 square foot facility to create a new "Construction Trades" center. We currently have industrial electricity and masonry housed at this facility. We are proposing to add Building Trades for the 2003-04 school year and Heating/Ventilating and Air Conditioning Program for the 2004-05 school year.

Note: We have received \$120,000 in local grants to begin these two new programs. We also receive an Innovation in Education Grant through the Kansas State Department of Education for \$25,000 for the industrial electricity program.

- Our local Board of Education sees the Technical College as an extension of K-12 education. We have a Board goal examining ways to increase secondary student attendance, thus providing a seamless curriculum. This allows our students that would not normally attend any post-secondary school the opportunity to gain a skill and enter the local workforce. The community benefits from a better-trained work force.
- The Northeast Kansas Technical College is fully accredited by the Council on Occupational Education. This accreditation is well recognized across the nation.
- The Kansas Board of Regents approved a "Transfer Agreement and Articulation Guide" for Kansas' Community Colleges, Area Vocational Technical Schools, and Technical Colleges for the Associate of Applied Science degree and Associate in General Studies degree. This agreement

House Higher Education Committee

Meeting Date: 3/19/03

Attachment No. 7

provides for the transferability of substantially equivalent courses of study and programs that are offered at technical colleges. We have experienced limited concerns with transferring our credits to Regents schools.

Senate Bill 7 proposes to change the current governance structure. We believe that this legislation is moving too quickly and questions must be answered prior to making sweeping governance decisions. We ask that the Legislature answer the following questions.

1. How would this change of governance improve the instruction and function of the four technical colleges in Kansas?
2. Have all four technical colleges that SB 7 affect been involved in the discussion about the impact to the students, school and community?
3. The Technical College has been governed efficiently by the Atchison School Board. How would removing this school from Atchison's School Board governance and appointing a separate and independent board improve the function of this school?
4. Northeast Kansas Technical College operates efficiently noting enrollment growth and new program growth as evidences of success. How would the increased bureaucracy of this move improve the function of this school?
5. Future funding associated with the change of governance has not been examined. We question if adequate funding, noting the tight finance in the State, would be available to adequately maintain the increased costs that are currently provided by the School District. How will the additional funding and providing the necessary support services be provided to the technical colleges?

These are just a few of the obvious questions that have not been addressed by the Board of Regents, Technical College Presidents, and Legislators. We ask that you delay any decision regarding technical college governance either permanently or at least until adequate study has taken place.

On behalf of the Board of Education, we believe that SB 7 needs further study, examination, and individual school analysis to determine the best governance structure. The Northeast Kansas Technical College continues to show marked student enrollment increases, new program development, and new facility purchases. We request additional time and study to determine the impact that this legislation may have on the Northeast Kansas Technical College.

In closing, we ask that the legislature not fix something that is not broken. We ask that you not make random decisions without study of the impact of each of the four technical colleges individually. We also request that you not remove the governance from the USD 409 Board of Education.

Sincerely yours,



Stephen Pummel
Superintendent of Schools

SP:bs
Attachment

ENROLLMENT SUMMARY

Fall 2001 to Fall 2002 (1 year)	
☞	Fall 2002 FTE increased by 8% from fall of 2001
☞	Fall 2002 Headcount increased by 3% from fall of 2001
Fall 1998 to Fall 2002 (5years)	
☞	Fall 2002 FTE increased by 33% from fall of 1998
☞	Fall 2002 Headcount increased by 32% from the fall of 1998
Spring 2002 to Spring 2003 (1 year)	
☞	Spring 2003 FTE decreased by 2% from spring of 2002
☞	Spring 2003 Headcount decreased by .5% from Spring 2002
FY03 Retention Figures	
☞	FTE retention rate from Fall 2002 to Spring 2003 is 87%
☞	Headcount retention rate from Fall 2002 to Spring 2003 is 91%
☞	Fall Enrollments for FY03 have reached an all time high for three consecutive years.

PROGRAMS WITH INCREASED ENROLLMENTS From Fall 2001 to Fall 2002

Program	Percent of Change (FTE)	Percent of Change (Headcount)
Automotive Collision	60% increase	55% increase
Automotive Technology	47% increase	66% increase
Diesel Technology	27% increase	9% increase
Food & Beverage Management	0% increase	9% increase
Electrical Technology	40% increase	35% increase
Masonry	118% increase	100% increase
Paralegal	50% increase	55% increase
Practical Nursing	12% increase	12% increase

PROGRAMS WITH INCREASED ENROLLMENTS From Fall 2002 to Spring 2003

Program	Percent of Change (FTE)	Percent of Change (Headcount)
Administrative Assistant	26% increase	25% increase
Computer Aided Drafting	7% increase	7% increase
Electrical Technology	12% increase	11% increase
Medical Office Assistant	7% increase	13% increase
Paralegal	27% increase	27% increase

*Note:

Diesel Technology and Paralegal enrollments remained stable between the Fall and Spring semesters.



**House Higher Education Committee
S.B. 7 – Governance of technical colleges
Representative Sloan, chair**

*Diane Gjerstad
Wichita Public Schools*

March 19 2003

Chairman Sloan, members of the committee:

The Wichita Area Technical College (WATC) is governed by the USD 259 Board of Education. The Wichita Area Technical College serves the largest secondary and postsecondary populations in the state. The Wichita business community views the technical college as an important educational tool in workforce training and retraining. The Wichita Board of Education fully understands the importance of having a highly skilled, adaptable workforce. The Board takes this responsibility seriously and has made changes to our meeting schedule and policies to better accommodate the unique needs of WATC. Wichita's urban demographics make it imperative that our technical education system meets the needs of both students and employers. We believe in the philosophy of a seamless K-16 system, especially given the large number of students who are less likely to attend a four-year institution.

A seamless system is even more critical in communities with the changing demographics. Wichita and several other regions of the state have experienced significant changes in populations. These changes in demographics are often referred to as "urban" characteristics:

- Poverty: over 60% Wichita students qualify for free or reduced lunch.
- Language barriers: non-English speaking population increases about 10% annually, reaching over 8800 in 02/03; 54 languages represented.
- This school year the majority of Wichita students are of minority races.

I bring these facts into our discussion today because our students are "at risk" of not reaching proficiency on state assessments, of not completing high school, and of not being prepared for the world of work.

The Wichita board and administration believe in a seamless system which begins prior to graduation of high school. We believe the "seamlessness" must be a part of high school, *especially* for the growing populations of poverty and language.

Why is a high school nexus so important for these populations? The data clearly shows students with "at risk" characteristics are least likely to complete a traditional college education. One clear indicator is income. A national study looked at graduation rates 5 years after starting college for students of different income groups (Bracey 1999): (1) among students from families with income of \$68,000 or more, 41 percent had graduated; (2) among students from families with income of between \$22,000 and \$68,000, 19 percent had graduated; and (3) among students from families with income of \$22,000 or less, only 6 percent had graduated.

The Bracey study also exposes the differences across ethnic groups. After the same 5 years, graduation rates were 27 percent for whites, 18 percent for Hispanics, and 17 percent for blacks.

The hill is steeper for some students. A barrier which might seem minor to your child or grandchild can be the obstacle which is a deal breaker for many.

House Higher Education Committee

Meeting Date: 3/19/03

Attachment No. _____

This stark data brings us back to the policy discussion before you today. Should all technical colleges be separated from school districts? From a policy standpoint – are you convinced the Regents have made a compelling argument for this “one size fits all” policy? Especially when two of the four impacted colleges do not believe SB 7 is the best policy for their community.

Last October the Wichita Board appointed a taskforce of community and district personnel to examine the issues involved with a change of governance. The executive summary is attached. The findings of the full 56-page report expose the complexities of separation. The issues employee issues are especially complex.

- WATC has 188 postsecondary staff. The taskforce is greatly concerned about the consequences of separation on a tenured workforce; will tenured staff have a similar salary schedule; a comparable health and dental plan; coverage of pre-existing conditions; early retirement plan; vacation, sick and personal leave; and severance from the district?
- SB 7 ignores the problems with the current state funding formula for technical colleges. Today Wichita Public Schools subsidizes the technical college’s budget by \$3.5M. The NORED report did not address funding, but noted funding should be addresses in future studies.

Mr. Chairman and members of the committee, I would encourage this committee to recommend SB 7 for interim study. We believe the incremental approach is flawed. Governance and funding are inseparable. If our collective goal is to build agile technical colleges able to respond quickly to the needs of business and produce highly skilled, adaptable workers in a rapidly changing environment, the flawed funding formula must also be addressed.

If the committee decides to move SB 7 forward, I would request the following amendments:

- The bill currently requires the governing board to submit a plan for the Regents’ approval. However the final plan is not subject to approval by the technical college governing board. The local boards are elected locally and best understand their community’s needs. The process and **final plan should be agreed upon by both** the local community and KBOR.
 - *The board of regents shall review any plan submitted pursuant to subsection (a). Following such review the board of regents either may approve the plan or return the plan to the technical college board for further consideration, together with a statement specifying the reasons for the board's failure to approve the plan. The final plan shall be approved by the technical college board and the board of regents.*
- There will be additional legislation required to handle the issues of separation. In order to keep to the bill’s timeline, amend SB 7 to require the Board of Regents **introduce all needed statutory changes at the beginning of the ’04** legislative session.
- **Bonded indebtedness should be transferred** to the new entity. School boards that no longer control the tech college’s business and operations should not be required to retire debt.
- **Eliminate bond and interest state aid** for capital construction. The school finance formula should not continue to bear the cost of bond and interest state aid for technical college facilities if those colleges are no longer governed by the local board of education.
- **Employee protection amendment** to assure employees are able to transfer benefits accrued to date to the new entity. The Wichita Public Schools Board of Education wants to ensure employees are held harmless in the transition to a new governing entity.

Thank you, Mr. Chairman, for considering our concerns. Again we believe the best policy would be achieved through a comprehensive interim on the state’s technical education delivery system. But at a minimum I would greatly appreciate your committee’s support for our proposed amendments.



WORKING DOCUMENT
**BOE Formed Community
Transition Task Force
Summary of Key Findings**



The following summary of key findings and unanswered questions represents the follow up and research completed by staff and the Transition Steering Committee in response to questions generated by the Transition Task Force.

Section 1: Accreditation

On December 17, 2002 the Kansas Board of Regents passed a motion to adopt policy that requires any public postsecondary institution desiring to confer a degree to have achieve Higher Learning Commission – North Central Accreditation (HLC-NCA) candidacy status by July 1, 2006 and accredited status by July 1, 2009. This new requirement for HLC-NCA accreditation is now a reality that WATC and the Board of Education must respond to in a timely manner independent from governance questions and information. For the purpose of this report, accreditation is now lifted out and addressed as a separate issue.

Key Findings

- To achieve HLC-NCA accreditation, WATC must have the following:
 - A governing board that possesses and exercises necessary legal power to establish and review basic policies that govern the institution.
 - A President who reports directly to the governing board.
 - Faculty who have the degree appropriate to the level of instruction offered by the institution.
 - An undergraduate degree program that includes a general education requirement consistent with the institution's mission and is "owned" by WATC.
 - An accessible library with appropriate learning resources.
- The Regent's timeline to achieve accreditation in 6-8 years is optimistic.
- Additional deficiencies could be identified through the process to achieve candidacy status.
- Accreditation would take additional resources and capacity. The costs associated with achieving HLC-NCA accreditation are estimated to be \$100,000-150,000 for sites visit and documentation preparation alone and does not include costs of staff time.
- Current board could serve as governing board with modifications to meet HLC-NCA guidelines.

Since the Regents have passed policy requiring HLC-NCA accreditation of all degree granting postsecondary institutions, the USD 259 Board of Education should engage in discussion and take appropriate action regarding the following question:

"Does the Board desire WATC to continue to confer postsecondary degrees?"

If yes, the Board should direct WATC administration to come back with a plan to achieve HLC-NCA accreditation.

If no, the Board should direct WATC administration to come back with a plan to return to a technical school status.

WORKING DOCUMENT

Section 2: Vision

Key Findings

- The Wichita area needs a postsecondary technical institution where students gain marketable technical skills that earn accredited college credit.
- WATC is a key partner in economic development for the region.
- Business and industry desires targeted classes that can be delivered quickly.
- Returning to a technical school status would be viewed negatively by students and the business community.
- WATC is different from many other technical colleges in Kansas in that it administers secondary programs in the USD 259 high schools, and serves urban employers and major corporations.

Section 3: Governance

On December 17, 2002, the Kansas Board of Regents approved a motion to forward legislation that would mandate all technical colleges to have new governing boards, separate and independent of any board of education of any school district. (See Addendum A: Senate Bill 7 , page 52.) The plan shall provide:

- The composition of the independent governing board;
- The territory of the technical college;
- The method of election or appointment and terms of service of the governing board;
- The date upon which the board shall assume management and control;
- The manner, terms upon which and extent to which the facilities, faculty, employees, and students of the technical college will be transferred to the independent governing board.

Key Findings

- For NCA accreditation, the president must report directly to a board, not through the superintendent. (See accreditation section.)
- WATC requires a governance board with a focus, expertise, advocacy and passion for postsecondary technical education. Under the current system this creates a unique set of challenges and time commitments for those individuals serving as board members.
- Unclear as to what the Regents are promoting (i.e. a uniform model or leaving the configuration to each community).
- Other states have designed and implemented statewide systems of technical college education that address the needs of postsecondary students and make provisions for secondary schools and high school age students.
- The structure should allow for targeted classes than can be delivered quickly to meet business and industry needs.
- Separate governance offers sole focus on the technical college and its vision and mission.
- Some aspects of the larger K-12 organization create barriers for WATC operation, such as:
 - Instructor contracts developed from K-12 schedules;
 - Current pay structure does not give credit for occupational experience;
 - Approval processes that add layers and possible delays;
 - Lack of direct access to board members that can create miscommunication and diminish responsiveness.

Unanswered Questions

- Can KBOR focus sufficient attention and resources on the technical colleges? (Regents)

Section 4: Funding

Key Findings

- USD 259 currently subsidizes shortfalls in postsecondary funding. WATC Postsecondary programs cost \$12.8M and postsecondary aid, tuition, fees and cash balances total only \$9M.
- The under funding of postsecondary programs by the state is not a governance issue. A transition plan is currently in place that will ultimately separate secondary and postsecondary revenues and expenditures.
- Without additional funding sources programs must be cut which would result in a loss of training opportunities to students.
- Higher education state funding to WATC has been cut twice this year, \$325,546 or 5.85%.
- Capital outlay budget cut by \$ 27,000.
- Postsecondary funding is based upon last year's contact hours.

WORKING DOCUMENT

- Technical colleges and schools have no current taxing authority.
- Community colleges can levy property taxes, no limits.
- Increasing WATC enrollment.
- Postsecondary aid has not been fully funded for five years.
- Postsecondary programs do not generate or receive LOB.
- One time costs of separation include resolving funding shortfalls, possible severance pay to current WATC employees, and if desired, the purchase of accounting, budgeting, inventorying and payroll systems.
- Ongoing costs of separation would include facility and maintenance expenses, possible contracting for accounting, budgeting, inventorying and payroll services, human resources and risk management functions. Many of these services are currently funded through indirects paid to the district and dollar designated in the current budget.

Unanswered Questions

- Would the community support taxes for technical education?

Section 5: Faculty and Staff Key Findings

- 188 postsecondary WATC employees impacted.
- The tenure process used by most postsecondary institutions has a longer timeframe and ties to different performance outcomes and expectations than the tenure process used by K-12 systems.
- Employees would remain KPERS eligible.
- 81 postsecondary WATC employees are eligible for early retirement ("the bridge").
- The new entity may select a bargaining agent to represent, if allowed by the new legislation.
- It is likely that benefits would cost more and the employee would get less under the plan with the entity versus USD 259.
- If the new entity stays with USD 259 health benefits, the district would need to pay an additional \$750,000 in state tax to be a multiple employer plan.
- There are numerous issues that must be negotiated in the transition by the BOE, Regents, Legislature and new entity. These include:
 - Would the salary schedule carry over?
 - Would credit for work experience and/or education in placement on the salary schedule?
 - Would current tenure be maintained in the new entity?
 - How would retirement, early or not, be impacted by separation?
 - How would benefits be impacted by separation?
 - Would longevity continue in the new entity?
 - Would employees be required to terminate from USD 259 and hire with the new entity, and how would severance pay be impacted?
 - What protections for continued employment will exist?
- Board must make decisions that would protect staff.

Unanswered Questions

- Many additional questions generated and identified in full report (pages 31-40).

Section 6: Students Key Findings

- General education component would be more relevant to technical education.
- No negative impact on secondary students.
- No negative impact on postsecondary students unless college status is lost or funding is significantly reduced.
- The Regent's policy requiring HLC-NCA accreditation would positively impact students by facilitating students' ability to transfer credit between postsecondary institutions.
- Some businesses prefer education programs that result in two or four-year degrees.
- If separation occurs, USD 259 would need to create a secondary technical education division or subcontract with WATC for those services.

WORKING DOCUMENT

Section 7: Facilities Key Findings

- USD 259 owns all WATC buildings.
- Equipment purchased for use in secondary programs would remain in the high schools.
- Equipment purchased for use in postsecondary programs would remain with WATC.
- A security and title search discovered no restrictions or reversionary rights on any of the WATC properties except Airport Campus where a lease with the Airport Authority would need to be renegotiated.
- Existing facilities do not meet future needs.
- BOE can sell or lease current properties to the new entity.

Unanswered Questions

- Are there WATC properties, which are in the District's best interest to keep?
- If WATC facilities are leased, how would upgrades be handled?

Section 8: Shared Services Key Findings

- The District provides a variety of services to WATC. These include:
 - Human Resources
 - Financial Services - budgeting, payroll,
 - Operations – purchasing, ordering and receiving, supplies, interschool mail
 - Facilities and Maintenance
 - Safety Services
 - Environmental Services
- WATC currently pays \$379,936 to USD 259 as "indirects" for some of the services identified above.
- WATC provides services to the District. These include:
 - Instruction to high school students on two WATC campuses (Grove and Airport).
 - Supports vocational instructors, students and programs delivered at the high school campuses.
 - Data collection and analysis required for state vocational reporting.
 - Administers two grants that directly benefit secondary students – Carl Perkins and Schools-to-Careers.
- Under separate governance and structure, the district would pay tuition for USD 259 high school students receiving instruction on WATC campuses, just as other districts currently do.

Unanswered Questions

- What would the additional ongoing administrative costs be?
- Can contracts for services be negotiated?

WORKING DOCUMENT

Summary of Issues Requiring Legislative Action

Authorizing legislation to separate

- The Regents have introduced S.B. 7 requiring all technical colleges to develop and present a plan to replace their governing body with a new governing board. The bill articulates elements the plan must include. The separation plans must be presented to the Regents on or before July 1, 2005.

Current or future bond projects

- A two-fold issue with WATC. Technical colleges do not have bonding authority. The Board of Education is prohibited from spending bond construction funds on an entity it will not have authority and control over in the future. Flint Hills would also be impacted.

Policy options:

- Introduce legislation permitting the new entity to inherit any standing bond obligations resulting in a capital improvement at the college's facilities. Legislation would include the new entity's ability to levy property taxes to pay the cost of the outstanding bonds. Similar to current law covering improvement districts annexed by cities.
- Further permit technical colleges to levy bonds for construction and remodeling of facilities.

Health benefits

- The district would be subject to a premium tax of approximately \$750,000, if an employer were invited to share the district's health plan. Multiple employers triggers a state premium tax.

Policy option:

- Introduce a narrowly constructed bill exempting cooperating educational institutions from the premium tax.

Funding

- Current formula penalizes WATC for secondary hours delivered at the high schools resulting in a sizable subsidy by WPS to the college exceeding \$2M.

Policy question:

- Will KBOR adjust their formula to make up the current WPS subsidy during these extremely tight fiscal times?

Taxing authority

- Technical colleges do not have any taxing authority – either for general operations or bonding for construction. However, community colleges have both.

Policy option:

- Introduce legislation permitting technical colleges to levy property tax for general operations and bonding for construction.

Questions: What is the territory of the technical college?
 How would multi-county agreements be addressed?
 Would the Regents still approve the territory as S.B. 7 as written?

WORKING DOCUMENT

Summary of Separation Costs

The following summarizes costs to which an estimated dollar amount could be assigned.

One-Time Costs	Estimated Cost
Payment of accrued severance benefits to current employees.	\$293,287
Safety Services - one time alarm installation	\$5,600
Accreditation	\$150,000
Total	\$448,887

Potential On-Going Costs	Estimated Cost
State Premium Taxes for Multi-Employer Plan	\$750,000
Total	\$750,000

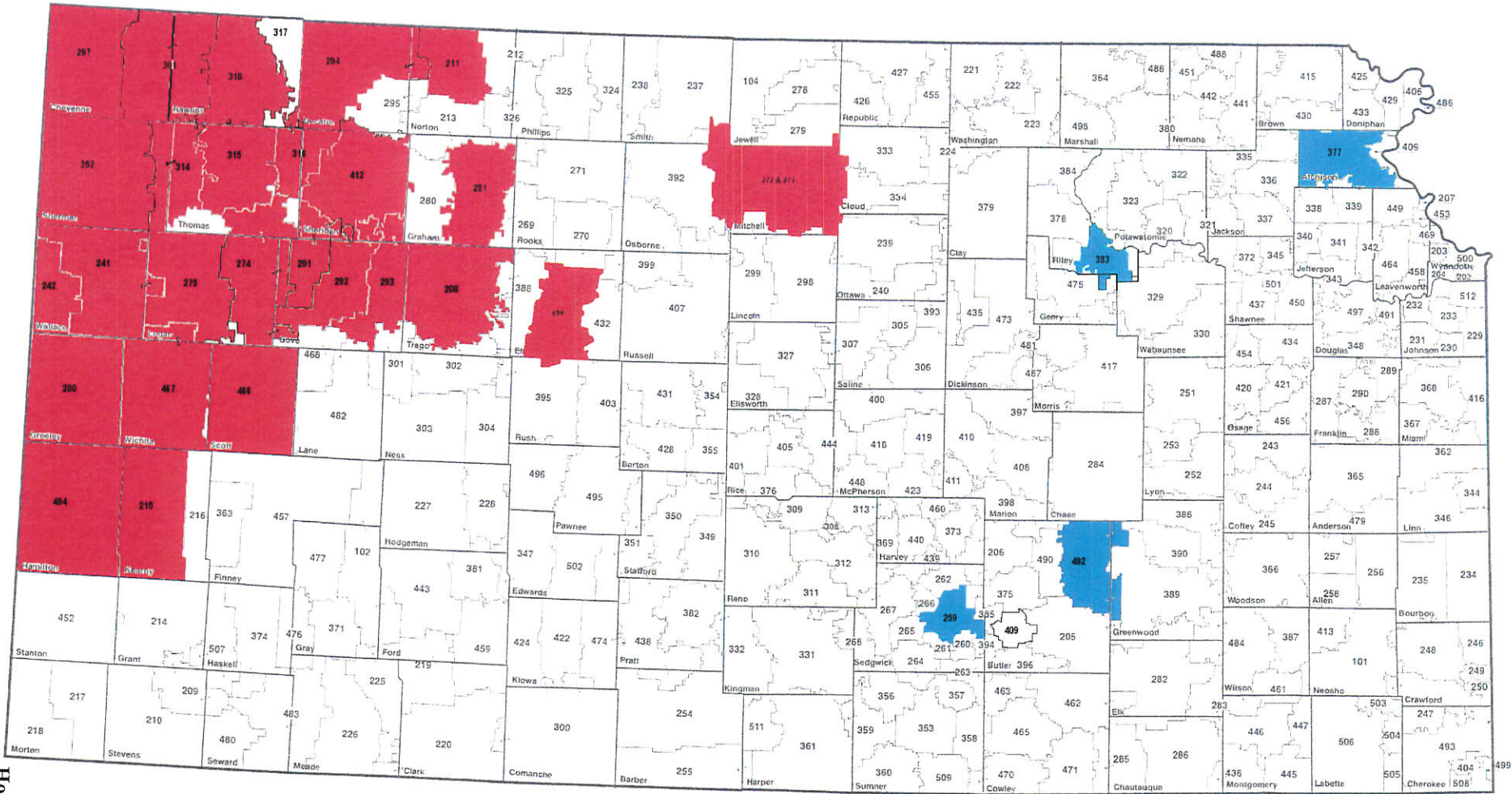
On-Going Costs Funded Through WATC Budget	Estimated Cost
Administrative indirects paid by WATC to USD 259	\$379,936
Budgeted benefits for current WATC employees. *	\$2,112,377
Total	\$2,492,313

On-Going Costs Fund Through USD 259 Budget	Estimated Cost
Facilities Maintenance Services	\$221,762
Elevator Inspections and Maintenance	\$1,521
Fire Extinguisher Inspections and Servicing	\$1,290
Vent and Chemical Hood Cleaning Services (annual contract)	\$2,700
Minor Improvement Allocation	\$7,100
Dust Mop Service	\$1,403
Environmental Services	\$28,830
Purchasing Services	\$50,900
Receiving Services	\$3,485
Receiving Return Services	\$562
Supply Delivery Services	\$936
Supply Mail Delivery	\$2,210
Supply Data Collection Services	\$318
Transportation Services (currently funded by WATC budget)	\$13,000
Design and Construction Services	\$364,229
Safety Services - 3rd shift, weekend/holiday coverage	\$102,000
Safety Services - alarm system monitoring	\$3,168
Total	\$805,414

* These costs are based on USD 259 figures and may be higher for a new entity.

Senate Bill 7

House Higher Education
 3/19/03
 Attach # 9



Northwest Kansas Technical College
 Flint Hills Technical College
 North Central Kansas Technical College
 Wichita Area Technical College

Manhattan Area Technical College
 Atchison Technical College

House Higher Education Commission Meeting Date: 3/19/03 # 9



Mister Chairman, members of the Committee, thank you for the opportunity to speak to you today on **Senate Bill 7**. While we at KNEA appear before you with a neutral position on this bill, we would like to raise some issues for your consideration.

We realize that this bill separates the technical colleges from the boards of unified school districts and we understand that the impetus behind this is that degree granting institutions are under the umbrella of the Board of Regents and should hold NCA accreditation. Our concerns are not concerns of governance or accreditation of the technical colleges. Rather, we are concerned about the status of the faculty members of these colleges.

While these faculty members right now are under collective bargaining agreements with the local school districts, their transition to another governing body raises some concern about the extension of their salaries, benefits, and negotiations status under the new boards. Will the transition plans include the extension of their contracts? Once the new board is formed and the transition is complete, will they retain their seniority and due process protections? How will the new, smaller groups be impacted in terms of their health benefits?

An additional concern for us is the possible fiscal impact on the K-12 school district. In cases where employees have accumulated leave, unless such leaves could be carried over, there might be a demand on the school district to remunerate employees. We believe this is appropriate but it should not be done to the harm of the district. We would hope the state would assist in the transition regarding employee rights and earned benefits.

Our hope is that, should **SB 7** pass, these long-time employees will not experience financial harm and that their rights will be protected.

Attachment No. _____

Kansas AFL-CIO

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Topeka, KS 66611

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Betty Vines
Dan Woodard*

March 18, 2003

Rep. Tom Sloan, Chairman
Higher Education Committee
Statehouse
Topeka, KS 66612

Dear Chairman:

SB 7 mandates that technical colleges in Kansas be governed by boards that are separate and independent from K-12 boards of education. There are only four technical colleges in Kansas currently under the governance of local school boards, and the Wichita Area Technical College is by far the largest of these. WATC has put together a "Transition Committee" to gauge the impact of transfer of governance, and that committee has put together quite a document outlining concerns. Section Five of the study is about faculty and staff, and that is our big concern. SB 7 says absolutely nothing about how current board employees are to be treated if separation occurs. Neither does SB 7 speak to funding these colleges. There was talk at one time of adding an amendment to the bill giving these colleges taxing authority, but that would only increase our taxes and add another taxing authority to the local area.

As far as the employees are concerned, there are many questions that have not been addressed, and we are afraid that when they are addressed, the employees will be hurt. Our questions are listed below.

Would the new board be required to accept the negotiated agreement and salary schedule?

Would employees' seniority transfer over?

Would instructors retain due process rights?

Which state labor laws would the new governing board have to follow?

Would KPERS still be the retirement system or would employees lose their retirement in this shift?

Will years of service to USD 259 count toward any new retirement plan?



House Higher Education Committee

Meeting Date: 3/19/03

Attachment No.:

11

Will WATC employees still qualify for USD 259's early retirement bridge or will they lose that important benefit?

Will accumulated sick leave and annual leave be transferred or lost?

Will USD 259's severance package be honored by the new entity for those long time employees of the district?

How would health, life and long-term disability benefits be affected?

Could WATC employees remain in the current USD 259 health plan if a transfer occurs?

Will current employees who qualify for the USD 259 longevity payment continue to receive such a benefit?

Where will the money come from to pay severance to WATC employees who have time built up in USD 259? Will USD 259 pay or will the state or will the new governing board?

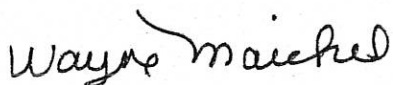
These are just some of our concerns. Another huge concern is the property. WATC currently occupies seven different campuses—all owned by USD 259. How will the property transfer over? Will the new governing board pay the district for the property or will the district simply lose these seven valuable properties? Will the state pay?

The details of the type of transfer called for in SB 7 have simply not been thought through. We are proposing that the legislature establish a interim study committee to look at all these issues and come up with solutions before it passes any legislation. This train needs to slow down!

Sincerely,



Jim DeHoff
Executive Secretary



Wayne Maichel
Executive Vice President

opeiu #320, afl-cio