

MINUTES OF THE SENATE EDUCATION COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 1:40 p.m. on January 29, 2004 in Room 123-S of the Capitol.

All members were present except:

Senator Anthony Hensley (excused)
Senator David Corbin (excused)
Senator John Vratil (excused)

Committee staff present:

Kathie Sparks, Legislative Research
Debra Hollon, Legislative Research
Judy Steinlicht, Committee Secretary

Conferees appearing before the committee:

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

Others attending:

See Attached List

Briefing on Kansas Board of Regents Funding

Reginald L. Robinson, President & CEO, KS Board of Regents provided a general status report that outlines some of the initiatives the Board of Regents is undertaking to fully implement **SB345** and **SB647** and to describe the components of the Board's Legislative package for this session.

Mr. Robinson explained that by enactment of **SB7** last session, they were integrating technical colleges more fully into the postsecondary family, they are moving away from a series of agreements to a comprehensive transfer and articulation policy and working toward making degree completion programs available in the western part of Kansas.

Mr. Robinson explained that the board is trying to make sense of higher education funding. They are trying to find a series of models that make sense for the way the state provides resources for postsecondary education. In 2005 session, they hope to have a proposal for the Legislature to look at in the terms of some models that would bring more rationality to the way the state funds and supports education in Kansas. The board has also reviewed the service area policies and largely reaffirmed the value of the current service area structure. Exceptions that were modified related to work force development and training focused particularly in attracting industry into the state or expanding industry and keeping state based industry from leaving the state.

The board is also taking steps to implement **SB647** to bring "performance-based funding" to higher education in Kansas in the form of performance agreements. In FY 2005, each institution will negotiate a performance agreement with the Board. The degree of compliance with this agreement will determine the proportion of new funding available to the institution beginning in FY 2006. Six statewide goals are; increase system efficiency/effectiveness/seamlessness/collaboration; improve learner outcomes; improve workforce development; increase targeted participation/access; increase external resources; and improve community/civic engagement.

Regarding financial accountability, the Board's Fiscal Affairs and Audit Committee took a look at the federal Sarbanes/Oxley law to identify some provisions that might make sense for them. The Board approved a series of recommendations for the universities during its last meeting and also reached out to the coordinated institutions to begin considering what steps might be most appropriate for those institutions.

Mr. Robinson answered questions for the committee and then outlined the legislative initiatives for the 2004 legislative session. The first is follow up on **SB7** (Technical College Governance) with **HB2491** regarding funding for adult basic education programs and **HB2492** regarding taxing authority for technical

CONTINUATION SHEET

MINUTES OF THE SENATE EDUCATION COMMITTEE at 1:40 p.m. on January 29, 2004 in Room 123-S of the Capitol.

colleges. The second is full tuition ownership by removal of restrictive appropriations proviso on general fees fund (SB301) and credit interest earnings to the fund that generated the earnings (All funds except state general funds). They are working with the Office of the Revisor to develop a draft; hopefully to introduce next week; the third, revision of statutes governing regulation of private & proprietary schools (HB2493, HB2494 & H.Sub.2493) and four, legislation of special interest to KBOR, undocumented immigrants/in-state tuition at state universities and Kansas Economic Growth Act. (Attachment 1)

Chairman Umbarger reminded committee members to be on time for committee meetings so that the meetings could begin promptly at 1:30 p.m.

A motion was made by Senator Schodorf to approve the minutes of January 22 and January 26. Seconded by Senator Teichman. Motion carried.

Meeting was adjourned at 2:30 p.m. The next meeting is scheduled for February 2, 2004.



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Testimony Before Senate Education Committee

January 29, 2004

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

Good afternoon, Mr. Chairman and members of the Committee. My name is Reggie Robinson and I am President and CEO of the Kansas Board of Regents. I am pleased to be here today to provide testimony to this Committee.

Let me say at the outset, that I truly appreciate the support that this Committee has provided as we have worked together to build an even stronger system of postsecondary education for the people of Kansas.

In this increasingly global and increasingly competitive economy, we all know that postsecondary education is more vital than ever as our fellow Kansans seek to improve the quality of life for themselves and for their families. Which is all to say, Mr. Chairman, that the work we do is important for the future of our state. I'm privileged to have the opportunity to play the role that I play, and I'm grateful for the tremendous support that you provide as I, the Board, our 36 institutional CEOs, and other higher education leaders seek to move our system forward.

With my time today, Mr. Chairman, I would like to provide a general status report that outlines some of the initiatives the Board of Regents is undertaking to fully implement SB 345 and SB 647. In addition, I would like to briefly describe the components of the Board's legislative package for this session.

Higher Education Coordination Act (SB 345) Implementation

Building a Seamless System of Postsecondary Education

- Enactment of Senate Bill 7 – Integrating technical colleges more fully into the postsecondary family.

Senate Education
1-29-04
Attachment 1

- Facilitating Transfer and Articulation – Moving away from a series of agreements to a comprehensive transfer and articulation policy.
- Western Kansas *Access US* Initiative – Delivering baccalaureate degree completion programs to place-bound students in the western part of our state.

Coordinating the Delivery of Postsecondary Education

- Making Sense of Higher Education Funding in Kansas – pursuing support to complete the higher education financing piece of the Northwest Research Education Center (NORED) study. The state’s 36 postsecondary institutions have committed to fund half of what is required to fund this study. We expect to acquire private/foundation support to support the other half.
- Review of service area policies has recently been completed. In light of its post Higher Education Coordinating Act responsibilities, the Board determined that an examination of these policies, which have been in place many years and may continue to be justified, was in order. With the exception of some modifications that dovetail with the Lt. Governor’s workforce development reform effort, the Board re-affirmed the value of the current service area policy structure.
- The Board has broadened its advisory council structure to ensure that representatives from all sectors have on-going and regularized opportunities to provide advice and input as the Board develops policy for the state’s postsecondary education system.
- Adopted New Program Alert System – Keeping us all on the same page as institutions advance proposals for new programs to respond to shifting demands. This alert system fosters system-wide collaboration, information sharing, and cross-sector communications.

Embracing the Challenge of Accountability

- Moving to implement SB 647 – Bringing “performance-based funding” to higher education in Kansas in the form of Performance Agreements.
 - Beginning FY 2005, each institution will negotiate a performance agreement with the Board. The degree of compliance with this agreement will determine the proportion of new funding available to the institution (beginning FY 2006).
 - Six statewide goals
 - A. Increase System Efficiency/Effectiveness/Seamlessness/Collaboration
 - B. Improve Learner Outcomes
 - C. Improve Workforce Development
 - D. Increase Targeted Participation/Access
 - E. Increase External Resources

F. Improve Community/Civic Engagement

- Each performance agreement will contain from three to six institutional goals – which must work to support at least three system goals. At least one institutional goal must support system goal “A” (system efficiency/effectiveness/seamlessness/collaboration).
- Institutional goals should be “stretch goals” that are consistent with the institution’s mission.
- Financial Accountability – The Board’s Fiscal Affairs and Audit Committee has lead an effort to explore current fiscal accountability practices across all sectors with an eye toward whether the federal Sarbanes/Oxley law outlines some “best practices” that should be adopted. The Board approved a series of recommendations for the Universities during its last meeting and has also reached out to the coordinated institutions to begin consideration regarding what steps might be most appropriate for those institutions. The Board reported its action in correspondence that each of you should have received.
- Administrative Relief and Management Flexibility for the State Universities
 - Tuition Ownership/Financial Management
 - Working with the Department of Administration to achieve relief in the areas of printing, purchasing, and other administrative areas.

KBOR Legislative Initiatives – 2004 Legislative Session

The following proposals are submitted as the Kansas Board of Regents legislative initiative package:

I. Senate Bill 7 (Technical College Governance) Follow-up

Funding for Adult Basic Education Programs (HB 2491)

Currently, pursuant to KSA 72-4523, local school districts have the authority to receive this funding, which is then passed along to the technical colleges that administer ABE programs. That approach makes sense in an environment in which the local school boards govern the technical colleges. However, once Senate Bill 7 is fully implemented and the technical colleges are independently governed, the logic of passing this funding through the local school district governing boards loses its force. This legislative proposal would permit those technical colleges who administer such programs to receive the ABE funding directly, rather than through school district boards.

Taxing Authority for Technical Colleges (HB 2492)

Once Senate Bill 7 is fully implemented and the six Technical Colleges are autonomous entities,

funding sources are restricted to student tuition, Postsecondary aid, and Capital outlay aid. All other sectors of education (PK-12 and postsecondary/higher education) have access to mil levy either through school districts, taxing authority in their area of jurisdiction, or state level taxing authority through their governing body. During its consideration of Senate Bill 7 last session, this Committee considered legislative language that would have provided this authority.

II. Full Tuition Ownership

- Removal of Restrictive Appropriations Proviso on General Fees Fund (**SB 301**)

The appropriations bill for each University contains the following restrictive proviso on the General Fees fund: *That expenditures from the general fees fund may be made only for salaries and wages and for other operating expenditures, but shall not be made for capital improvements.*

With the Board of Regents now operating under a tuition ownership model, the proviso should be removed to give the campuses more flexibility in spending the tuition revenues. The latest on this Mr. Chairman is that we have learned that this issue could be addressed by action in the Budget Office, which the Office has indicated it is prepared to take. Thus, so we no longer believe that legislation is necessary to achieve the Board's objective here.

- Credit Interest Earnings to the Fund that Generated the Earnings (All Funds Except State General Funds) (**Working with the Office of the Revisor to develop draft; hope to introduce next week**)

The Universities governed by the Board of Regents have operated under a new budget model for two years. That model provides a State General Fund operating grant to each university, along with tuition ownership. Over the last two fiscal years, the Regents Universities have absorbed \$45 million in budget reductions and increased costs. The Universities have had to look to the students to pay a greater cost of their education in the form of increased tuition and other fees in order to meet the continued demand for a quality education in Kansas.

The Regents propose that the tuition ownership budget model be further expanded such that the interest earnings on the tuition and fees accrue to the fund that generated the earnings. For all six state Universities, these funds would have earned \$2.7 million in FY 2003, with a corresponding reduction in revenue to the state's General Fund.

III. Revision of Statutes Governing Regulation of Private & Proprietary Schools (HB 2493, HB 2494 & H. Sub. 2493)

The Board's effort here began as an effort to provide a couple of "fixes" related to the statute that essentially governs its authority to approve private institutional requests to acquire degree-granting authority. The first "fix" sought authority to charge a fee to those institutions seeking the right to grant degrees in Kansas. Many states impose such a fee, and such fees are

appropriate given the administrative costs associated with performing this regulatory function. Revenue generated from the fee would support staff that perform tasks related to awarding degree-granting authority

A second "fix" in this area involved a request to eliminate the statutory requirement that the Board register courses offered by "foreign" (out of state) institutions. There does not seem to be any real purpose for keeping these courses listed in a database, or for expending the staff time to maintain it. The Board does not register courses for public degree granting schools and other states do not register out-of-state courses.

As work continued in this area, it occurred to us that in addition to ensuring that the changes noted above were put in place, a broader "fix" was also in order. That "fix" is to combine the two separate statutes that govern licensing of proprietary schools and the authority to grant degrees into a single statutory scheme. The Board approved staff request to move in that direction and working with leaders in the House Higher Education Committee and legislative staff, such a proposal has been crafted. We look forward to more fully describing this effort to you later in the session.

IV. Legislation Of Special Interest to KBOR

- Undocumented Immigrants/In-State Tuition at State Universities

In April 2003, the Board unanimously endorsed the aims of HB 2145, which would, under conditions related to attendance of a Kansas high school and the receipt of either a Kansas issued high school diploma or Kansas issued GED, permit certain students to attend Kansas state Universities at an in-state tuition rate. This legislation passed the House in the 2003 Session, and is presently pending in the Senate. This item does not constitute a KBOR "legislative initiative" *per se*, but is included in light of the support the Board expressed for its aims in April.

- Kansas Economic Growth Act

As you all know, Senator Jordan and Representative Wilk have introduced this legislation that aims to drive improvements in the Kansas economy primarily in two ways: a focus on entrepreneurship and spurring investments in biosciences research and the development of the intellectual property that emerges from that research. We have been engaged with Senator Jordan and Representative Wilk as they have developed this legislation and we look forward to working with them and others as they seek to move it through the Capitol.