

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chair Sharon Schwartz at 9:00 A.M. on March 21, 2007, in Room 514-S of the Capitol.

All members were present except:
Representative Kevin Yoder - excused

Committee staff present:
J. G. Scott, Legislative Research Department
Reagan Cussimano, Legislative Research Department
Amy Deckard, Legislative Research Department
Audrey Dunkel, Legislative Research Department
Aaron Klaassen, Legislative Research Department
Amy VanHouse, Legislative Research Department
Jim Wilson, Revisor of Statutes
Nikki Feuerborn, Chief of Staff
Shirley Jepson, Committee Assistant

Conferees appearing before the committee:
Kyle Smith, Kansas Bureau of Investigation
Chad Ullom, Kansas Pharmacy Coalition
Chip Wheelen, Kansas Association of Osteopathic Medicine
Tim Madden, Department of Corrections
Robin Kempf, Interim General Counsel, Board of Regents
Sheila Frahm, Executive Director, Kansas Association of Community Colleges
George Fahnestock, Chairman, Kansas Technical College and Vocational School Commission
Joe Glassman, Commissioner, Hays Vo-Tech School
Dr. Ed Berger, President, Hutchinson Community College
Ken Clouse, President, Northwest Technical College
Representative Pat George
Sheila Frahm, Executive Director, Kansas Association of Community Colleges

Others attending:
See attached list.

- Attachment 1 Testimony in support of **SB 302** by Kyle Smith
- Attachment 2 Written testimony in support of **SB 302** by Jerry Slaughter, Kansas Medical Society
- Attachment 3 Testimony in support of **SB 165** by Roger Werholtz, Secretary, Department of Corrections
- Attachment 4 Testimony in support of **SB 21** by Robin Kempf
- Attachment 5 Presentation by George Fahnestock on New Funding Formula for Technical Education
- Attachment 6 Testimony by Dr. Berger on New Funding Formula
- Attachment 7 Testimony by Ken Clouse on New Funding Formula
- Attachment 8 Written testimony from Board of Directors, Manhattan Area Technical College on New Funding Formula
- Attachment 9 Testimony in support of **HB 2589** by Representative Pat George
- Attachment 10 Testimony in support of **HB 2589** by Sheila Frahm

Representative Bethell moved to introduce legislation concerning the Kansas Health Policy Authority plan. The motion was seconded by Representative Pottorff. Motion carried.

Hearing on SB 302 - Electronic purchase task force; controlled substances.

Amy VanHouse, Legislative Research Department, explained that **SB 302** would establish an 11-member Controlled Substances Monitoring Task Force to develop a plan for the creation and implementation of a controlled substances prescription monitoring program and an electronic purchase log. The electronic purchase log would be required to have the capability of, in real-time,

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 21, 2007, in Room 514-S of the Capitol.

checking compliance with all state, federal and local laws concerning the sale of ephedrine and pseudoephedrine. The bill states that it is not the intent of the prescription monitoring program to discourage or interfere with the prescribing of controlled substances by physicians and other practitioners for legitimate medical purposes. There would be no fiscal impact.

Chair Schwartz recognized Kyle Smith, Deputy Director, Kansas Bureau of Investigation (KBI), who presented testimony in support of **SB 302** (Attachment 1). Mr. Smith stated that pharmaceuticals are a growing area of drug abuse across the State. Kansas is working with surrounding states to develop a central database that will maintain a log of prescription drugs as they are dispersed. The database will allow pharmacies to verify when and how often prescriptions are filled. Mr. Smith noted that federal grant funds are available to assist with the program. It is assumed that the Board of Pharmacy will control the database.

Possible amendments suggested by the Committee included:

- Limit on number of times a prescription can be refilled.
- Request a progress report from the Task Force to the 2008 Legislature.

The Chair recognized Chad Ullom, Kansas Pharmacy Coalition, who spoke in support of **SB 302**.

Chair Schwartz recognized Chip Wheelen, Kansas Association of Osteopathic Medicine, who urged the Committee to pass **SB 302**. Mr. Wheelen stated that the creation of the task force will improve the balance necessary to assist physicians in providing medical care to their patients as well as assisting law enforcement in their efforts to prevent diversion of prescription medications.

Written testimony in support of **SB 302** from Jerry Slaughter, Kansas Medical Society, was distributed to the Committee (Attachment 2).

There were no opponents to appear before the Committee.

The hearing on SB 302 was closed.

Hearing on SB 165 - Increasing the limit of settlement authority of the secretary of corrections from \$500 to \$2,500.

Reagan Cussimano, Legislative Research Department, explained that **SB 165** would amend existing law relating to the \$500 limitation on claims to be paid by the Secretary of Corrections. The bill would increase the claim settlement authority of the Secretary of Corrections to \$2,500 for personal injury or personal property damage resulting from the negligence on the part of the state or any agency, officer, or employee thereof. The fiscal note indicates that passage of the bill would have little or no fiscal effect on the Department of Corrections.

Chairman Schwartz recognized Tim Madden, Department of Corrections (KDOC), who appeared on behalf of Roger Werholtz, Secretary of KDOC, and provided testimony in support of **SB 165** (Attachment 3). Mr. Madden noted that the legislation is consistent with the current amount authorized for the University of Kansas Medical Center and the Kansas Highway Patrol. The legislation would allow the Department of Corrections to make a firm offer and could save on legal costs. Mr. Madden stated that inmates are not covered by workers compensation because they are not employees of the State.

The Committee suggested that a clause be added to the legislation requesting that a report be submitted to the Legislature on the number of claims settled under \$2,500.

The hearing on SB 165 was closed.

Hearing on SB 21 - State educational institutions; enhancement of leave benefits of certain employees thereof.

Audrey Dunkel, Legislative Research Department, explained that the bill has three parts:

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 21, 2007, in Room 514-S of the Capitol.

- The bill would reconcile the statute with the provisions of 2006 **SB 375** which gave state universities the ability to increase annual leave for their classified staff to the level of their unclassified staff, with the approval by the Board of Regents. However, if a state university has converted its classified staff to university support staff, it would be limited to making changes to only compensation. The bill would amend the statutes to allow changes to annual leave levels for university support staff.
- The bill would amend current law to allow universities to convert a portion of their classified staff to university support staff, if a majority of those affected by the conversion approve.
- The bill would make technical corrections to the language of the bill regarding definitions for the board and for institutions covered by the legislation, including state educational institutions as defined by KSA 76-711 and the University of Kansas Medical Center.

The Chair recognized Robin Kempf, Interim General Counsel, Board of Regents, who presented testimony in support of **SB 21** (Attachment 4). Ms. Kempf noted that the legislation is primarily a clean-up measure of current statutes directed at the universities' classified staff. The legislation would allow the universities to provide non-monetary benefits to their support staff.

Concerns from the Committee included:

- Note problems with allowing employees to have access to the securities of a classified position; however, also having the additional benefits of an unclassified position.
- Disparity between benefits for classified and unclassified.

There were no opponents to appear before the Committee.

The hearing on SB 21 was closed.

Chair Schwartz recognized George Fahnestock, Chairman, Kansas Technical College and Vocational School Commission, who presented testimony on the New Funding Formula for Technical Education (Attachment 5). Mr. Fahnestock stated the Commission was created by the 2006 Legislature to study the mission, governance and funding of the Kansas technical colleges and vocational education schools. The Commission's goal was to determine "What's right?"; "What's wrong?" and "What's needed?". Mr. Fahnestock noted that the community colleges provide a significant portion of postsecondary technical education. In addition, it was noted that technical education is expensive to provide and that costs vary considerably from one program to another.

Mr. Fahnestock stated that it is important to focus technical education toward the needs of industry and business within the State, indicating that a new approach is necessary. The strengthening of technical education benefits students in giving accessibility, affordable education opportunities in respond to the needs of the State of Kansas by producing a skilled workforce. **HB 2556** is the by-product of the Commission work and sets up the Technical Education Authority to respond to the needs of technical education. The Commission is recommending a one-year investment of \$38.5 - \$41.5 million. This funding is expected to come from a combination of grants, block grants, federal grants, tuition, capital outlay, local taxing authority and state funds.

In answer to questions from the Committee, Mr. Fahnestock responded:

- The plan, as put forth by the Task Force, can be in place with 2007 if funding is forthcoming.
- Matching funds would be in addition to the request for \$42 million.
- Community colleges have current expenditures of \$72.6 with approximately 45 percent spent on technical education.
- \$790,000 funding needed for the creation of the Technical Education Authority.

The Kansas Technical College and Vocational School Commission Final Report to the 2007 Kansas Legislature" was distributed to the Committee. (Copy available through the Kansas Legislature Research Department.)

The Chair recognized Joe Glassman, Commissioner of Hays Vo-Tech School, who presented testimony in support of the New Funding Formula for Technical Education. Mr. Glassman stated that state funding is crucial to the improvement of technical education.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 21, 2007, in Room 514-S of the Capitol.

Chair Schwartz recognized Dr. Ed Berger, President, Hutchinson Community College, who presented testimony in support of funding for technical education (Attachment 6).

Chair Schwartz recognized Ken Clouse, who testified in support of the Technical Education Commission's recommendation for new funding for technical education (Attachment 7).

Written testimony from the Manhattan Area Technical College Board of Directors was distributed to the Committee (Attachment 8).

Hearing on HB 2589 - Postsecondary aid for vocational education.

Representative Pat George explained that **HB 2589** is an effort to correct the disparity and provide equal funding for technical schools, technical colleges, merged community colleges with technical schools and combined community colleges with area vo-technical schools within the State of Kansas (Attachment 9).

Chair Schwartz recognized Sheila Frahm, who provided supporting information for the passage of **HB 2589** to correct the disparities in funding for vocational education. Also included is a copy of testimony from the Board of Regents as presented to the Senate Task Force on Higher Education (Attachment 10).

The hearing on HB 2589 was closed.

The meeting was adjourned at 11:00 a.m. The next meeting will be held at 9:00 a.m. on March 22, 2007.


Sharon Schwartz, Chair

House Appropriations Committee

March 20, 2007 2157

9:00 A.M.

NAME	REPRESENTING
Sheila Frahn	KACCT
Vickilyn Idesell	Budget
Julie Hean	KPC
Ed Ull	Walgreens
Ed Berger	Hutchins Community College / KACCT
Ken Clause	NW Ks. Tech College
Kyle Smith	KBI



Kansas Bureau of Investigation

Larry Welch
Director

Paul Morrison
Attorney General

**Testimony
In Support of SB 302
House Appropriations
Kyle G. Smith, Deputy Director
Kansas Bureau of Investigation
March 21, 2007**

Representative Schwartz and Members of the Committee:

I appear here today on behalf of the Kansas Bureau of Investigation and Kansas Peace Officers' Association in support of SB 302. This legislation would create a task force to address the two greatest difficulties involving controlled substances now facing Kansas law enforcement and public health agencies.

According to national statistics, prescription drug abuse is the only form of drug abuse that is increasing. 34 states have enacted prescription-monitoring programs (PMP) to help identify patients with pain management problems as well as illegal diversion of prescription drugs. Part of the national drug control policy is for every state to adopt such a program and federal grants are available to assist in the implementation.

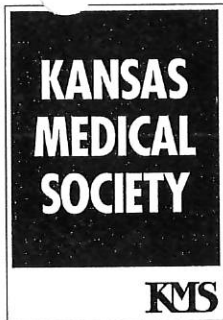
The Matt Samuels Act passed in 2005 by this legislature has had remarkable success in controlling the production of methamphetamine in Kansas. Our statistics show almost an 80% drop in the seizures of meth labs. However, we still had 168 meth labs seized last year and a vast majority of those labs obtained the precursor chemicals by multiple purchases from multiple pharmacies.

SB 302 creates a task force to study and propose solutions to these issues since the parties, hardware and software involved are nearly identical and it is likely that substantial cost savings can be realized by coordinating these two programs. We ask your support in addressing the need for enhanced patient safety through a prescription-monitoring program and the need to track sales of methamphetamine precursors. We strongly encourage favorable consideration.

Thank you for your attention and I would be happy to answer any questions.

HOUSE APPROPRIATIONS


DATE 3-21-2007
ATTACHMENT 1



623 SW 10th Avenue
Topeka, KS 66612-1627
785.235.2383
800.332.0156
fax 785.235.5114

www.KMSonline.org

To: House Appropriations Committee

From: Jerry Slaughter 
Executive Director

Subject: SB 302; concerning controlled substances monitoring

Date: March 21, 2007

The Kansas Medical Society appreciates the opportunity to appear today in support of SB 302, which would create a multi-disciplinary task force to develop a controlled substances monitoring program. Such a program, particularly if it allowed real-time access via a secure Web-based system, could be an extremely valuable tool to physicians and other clinicians as they assess the appropriateness of prescribing controlled substances, particularly for unfamiliar patients in emergency or urgent care settings. In addition to the clinical benefits of such a program, it also could be an important tool for law enforcement, to supplement efforts to discourage the illegal diversion of controlled substances. Several states have adopted similar programs, and we support taking the first steps to design and eventually deploy such a system in Kansas.

Thank you for the opportunity to offer these comments in support of SB 302.

HOUSE APPROPRIATIONS

DATE 3-21-2007
ATTACHMENT 2

Testimony on SB 165
to
The House Appropriations Committee

By Roger Werholtz
Secretary
Kansas Department of Corrections
March 21, 2007

The Department of Corrections supports SB 165. SB 165 amends K.S.A. 46-920 to increase from \$500 to \$2,500 the authority of the Secretary of Corrections to pay claims for personal injury and property damage. SB 165 passed the Senate by a vote of 40-0. Increasing the claim settlement authority of the Secretary to \$2,500 would be identical to the claim settlement authority currently provided to the University of Kansas Medical Center pursuant to K.S.A. 46-922 and the Kansas Highway Patrol as provided by L.2006 ch. 129 enacted last session. The \$500 settlement limitation for the Secretary was established in 1988.

The department has in place an administrative remedy procedure that must be exhausted prior to the initiation of litigation for claims for personal injury and property damage. Under current law, the authority of the Secretary to settle such claims is capped at \$500. In instances where the claim cannot be settled administratively, litigation is typically pursued entailing the expenditure of the state's resources in litigation defense costs and judicial resources. Additionally, in actions brought under the Federal Civil Rights Act, the state is exposed to payment of the claimant's attorney's fees. Increasing the settlement authority of Secretary to \$2,500 would save the cost of litigation expenses, negate the potential of a higher damage award through an adverse verdict if accepted, and prevent the award of attorneys fees in situations where a firm settlement offer is tendered but rejected and the verdict is for an amount less than offered.

While exhaustion of the department's administrative claim procedure is required before litigation can be commenced, claimants may also seek redress through the Joint Committee on Special Claims Against the State. However, submission of a claim to the Joint Committee is not a prerequisite to bringing litigation. The department, however, believes that the history of claims awarded by the Joint Committee provides an indication of the frequency and types of claims that would be settled by the Secretary if SB 165 was adopted.

An increase in the amount of the settlement authority could be efficiently used in claims brought by inmates injured while working on work crews. Injuries resulting in burns and finger amputations been approved by the Joint Committee in amounts over \$500 but for less than \$2,500. SB 165 would allow these claims to be settled by the department without the expenditure of resources in either processing the claim to the Joint Committee or in litigation.

SB 165 would also provide the State with a valuable tool when litigation is brought in either state or federal court pursuant to the federal Civil Rights Act. State defendants are at a distinct disadvantage in federal civil rights litigation in that plaintiffs that prevail in some aspect of the

litigation are entitled to have the defendants paying the plaintiffs' attorney fees. The ability to have the defendants pay the fees of the plaintiff's attorney of course is taken into consideration by the plaintiffs bar in evaluating the settlement potential of a lawsuit. The only way to stop attorney fees from accruing is for the defendants to make a firm settlement offer and if the subsequent verdict is for a lesser amount, the plaintiff may not recover his or her attorney fees that accrued after the settlement offer was made. Under current law, the Secretary may not make a firm settlement offer for over \$500. Additionally, while litigation has been settled by the State through the State Finance Council or through the legislative appropriations process, state attorneys in negotiating proposed settlements must make it clear to the plaintiff that final approval of any settlement is contingent upon approval of the Finance Council or enactment in an appropriations bill. Thus, attorney's fees would not be tolled while the settlement proposal is pending before the Finance Council or the full legislature.

The advantage of the Secretary having the authority to make a firm settlement offer up to \$2,500 may have been beneficial in a civil rights action that was eventually settled by the Finance Council for \$6,250. A firm settlement offer by the Secretary earlier in the litigation may have been accepted since the plaintiff's attorney would know that the defendant's liability for attorney fees after that point could be extinguished if a verdict was returned in an amount less than was offered.

The Department urges favorable consideration of SB 165.



KANSAS BOARD OF REGENTS

1000 SW JACKSON • SUITE 520 • TOPEKA, KS 66612-1368

TELEPHONE – 785-296-3421
FAX – 785-296-0983
www.kansasregents.org

**House Appropriations Committee
March 21, 2007**

Testimony in Support of Senate Bill 21

**Robin Kempf
Interim General Counsel**

Chairwoman Schwartz and Members of the Committee, thank you for the opportunity to appear before you this morning to testify in support of Senate Bill 21. This legislation, approved as one of the Board's legislative initiatives this past fall, was introduced by the Legislative Educational Planning Committee on January 8, and was approved by the Senate in a 39-0 vote on February 8. Senate Bill 21 is essentially a technical clean-up measure.

As you may know, this legislation would resolve a conflict created by two separate legislative acts intended to provide state universities flexibility, under the supervision of the Board of Regents, in managing their staff. Senate Bill 21 fixes an unintended catch-22 situation that arose from these two legislative enactments.

The first legislative act (K.S.A. 76-715a), which passed in 2005, authorizes state universities to seek approval from the Board to convert their classified staff to "university support staff." In essence, this legislation releases a university from some of the restrictions set by the State for classified employees but only as to issues of compensation. This provides the state universities flexibility to set such things as job groups, referred to as "bands," pay levels, merit reviews, and appeal processes for their staff. It successfully provides state universities a method to become competitive in the local job market. By law, conversion requires input and a certain level of approval from the classified staff and mandates that non-compensation issues, such as retirement or annual leave, continue to be dictated by statutory and regulatory requirements. Thus far, the University of Kansas' Lawrence campus has been the only institution to convert its classified staff to university support staff.

The second legislative act, which passed last year (2006 Sess. L. Ch.168 § 6), gives the state universities the ability to increase annual leave for their classified staff pursuant to Board policy. This legislation provides that a university may be released from offering what is currently mandated by the State to all state classified employees and increase that leave up to the level of leave offered to a university's unclassified staff. This legislation is intended to allow, with Board approval, a state university that has not converted its classified staff to university support staff to pursue some non-monetary benefits to help attract and retain classified employees. The following chart shows the current difference in leave for unclassified employees and classified employees:

HOUSE APPROPRIATIONS

DATE 3-21-2007
ATTACHMENT 4

	Unclassified Employees at State Universities	State Classified Employees	University Support Staff
Amount of Annual Leave	Employees with less than 12-month faculty appointments do not earn annual leave. Employees with 12-month faculty appointments or unclassified appointments earn 176 hours per year. The amount is set by the Board of Regents.	Amount varies depending on hours worked and years of service to the State. The amount ranges from 144 to 240 hours per year. Amounts are set by the Department of Administration in rules and regulations for all State classified employees.	This must be identical to leave offered to all State classified employees pursuant to K.S.A. 76-715a.

The catch-22 that arose is this. A university that has converted to university support staff is limited to implementing changes regarding compensation only. Thus, KU, if they so desired, could not take advantage of the statutory authorization to increase annual leave. At the same time, any state university that did increase annual leave for its classified staff would be required by law to reduce the leave for staff back to original levels if it were to convert to university support staff.

Senate Bill 21 would achieve the intent of the Legislature to provide state universities flexibility in determining both compensation and annual leave levels, under the supervision of the Board, and not require a university and its staff to choose between one or the other. Again, Senate Bill 21 is essentially a technical clean-up measure.

Madam Chair, thank you for the opportunity to comment. I would be happy to answer any questions that you or the Committee may have.

Commission's Report

Commission hopes this report reflects its vision to provide more extensive analysis of technical education in Kansas

KANSAS TECHNICAL COLLEGE AND VOCATIONAL SCHOOL COMMISSION

Commission Members

George Fahnestock, Chair
Dr. Robert Edleston
Dr. Jerry Farley
Joseph Glassman
James Grier III
Senator Janis Lee
Dick Veach
Reginald Robinson

CREATED BY THE 2006 KANSAS LEGISLATURE

Commission Charge:

To study the mission, governance and funding of the Kansas technical colleges and vocational education schools

EACH CONFEREES WAS ASKED...

- What's right
- What's wrong
- What's needed

COMMUNITY COLLEGE ROLE IN TECHNICAL EDUCATION

- Early in the committee's study, it became obvious that the Community Colleges in Kansas teach a significant portion of postsecondary technical education.
- Both the Technical Schools and Colleges and Community Colleges reported that technical education is expensive to provide and that costs vary considerably from one program to another.
- A one funding plan fits all approach doesn't work.
- Community Colleges face the same funding challenges as they try to meet business demand.

COMMISSION CHARGE EXPANDED

- Consequently, the Community College role in technical education was added to the work of the Commission.
- We needed to look toward postsecondary training in states that are leaders in business driven workforce training.
- Evidence was calling for systemic change.

HOUSE APPROPRIATIONS

DATE 3-21-2007
ATTACHMENT 5

THE COMMISSION CONCLUDED:

- TO IMPROVE TECHNICAL EDUCATION, KANSAS NEEDS:
 - A consistent statewide governance system,
 - An adequate and equitable funding mechanism, and
 - Standardized curriculum.

KANSAS TECHNICAL EDUCATION MISSION

- Opportunities for students to attain educational goals;
- Educated workforce to meet demands of Kansas Economy;
- Responsive to education & training needs of business & industry;

CONTINUED EDUCATION MISSION

- Quality technical training, customized industry training and continuing education; and
- Totally integrated educational opportunity for students at all levels.

NEW GOVERNANCE

- HB 2556-Technical Education Authority
 - Passed by the House March 20, 2007
 - Coordinate statewide planning
 - Review funding requests and make recommendations to the Board of Regents
 - Develop benchmarks and accountability indicators
 - Maximize resources for industry demand

LEARN FROM OTHER STATES

- Oklahoma
 - Career Tech Program in 398 secondary districts;
 - 29 technology centers with 54 campuses & 1,136 teachers
 - 22 skill centers in prisons
 - Virtual career network
 - Total student enrollment: 275,790
 - Total budget: \$431M

LEARN FROM OTHER STATES

- Georgia
 - 1985 consolidated of all workforce development, economic development and adult literacy;
 - 65 technical education campuses statewide
 - 97,000 students by 2003
 - \$400M annually
 - 98% placement rate

POSTSECONDARY TECHNICAL EDUCATION FUNDING

A new approach

GUIDING PRINCIPLES FOR NEW FUNDING APPROACH

The Technical Education system will be an efficient economic engine for workforce development in Kansas through the:

- Development and delivery of high-wage and/or critically needed programs
- Encouragement of system efficiencies
- Support of customized training for Kansas business

CURRENT FUNDING LANDSCAPE

- 29 postsecondary institutions receive state funding for Technical Education programs from various statutory funding streams.
- Community Colleges have state operating funds, tuition and local taxing authority.
- Technical Schools and colleges are funded by state dollars and tuition, but do not have direct local taxing authority.

WHAT'S RIGHT?

- 29 Technical Schools & Colleges and Community Colleges teach an amazing array of courses that meet some of business and student demands in their communities.
- Business supports these programs by serving on advisory committees.

WHAT'S WRONG?

- System evolution has created inconsistent, confusing and unequal approach to funding institutions delivering Technical Education.
- Incentives to deliver high cost/wage programs do not exist.
- Physical capacity and funding challenges make it difficult for the Schools and Colleges to respond quickly to customer demand.

WHAT'S NEEDED?

- How much state investment is needed?
 - Develop a rational model for determining the level of state funding required for two-year public postsecondary technical education to meet the needs of business and industry and grow the Kansas economy.
- How to allocate state funding?
 - Develop standards and a new approach for the allocation of additional state funds among institutions in support of technical education.

A NEW APPROACH

- FUNDING THAT IS BASED ON PROGRAM COSTS
- EFFICIENT DIRECTION AND COORDINATION OF STATE RESOURCES
- TARGETED TRAINING DESIGNED TO GROW KANSAS ECONOMY

A TRUE COST ANALYSIS

- Need a method to determine true cost
- Cost Analysis Studies such as:
 - Kansas Study of Instructional Cost & Productivity
 - Aligning Postsecondary Education & Training to Meet the Needs of the Business Community

HOW MUCH STATE INVESTMENT IS NEEDED?

- FY 06 state spending is estimated to be \$72.6 million (all funding appropriated to Post Secondary Aid, Capital Outlay Aid, and an estimated portion – 45%-of the Community College Operating grant).
- Study for complete system alignment in process, but compiling and evaluating data takes time and people.
- Immediate investment is needed to address workforce shortage in six critical areas.

INVESTMENT PRIORITIES

- Target 6 Critical Industries:
 - Advanced Manufacturing
 - Aviation
 - Biosciences
 - Communication
 - Conventional & Renewable Energy
 - Health Care

INVESTMENT PRIORITIES

- Align reimbursement rates with educational program delivery costs for programs in the six critical industries.
- Fund a list of specific programs that support targeted industries eligible for enhanced rates based on both demand for workers and cost.

INVESTMENT PRIORITIES

- Invest in growth for program enrollments aimed at targeted industries.
- Increase access to Technology and Equipment Funding.
- Develop "start-up" pool for new and innovative programs and to encourage system efficiencies.

INVESTMENT PRIORITIES

- Create Business and Industry training initiatives supported by matching funds from business.
- Increase state operational support within KBOR for the new Technical Training Authority.

TIERED STATE PROGRAM RATES

Enhanced Rates for Programs (associates and certificates)

- Recognizing the higher costs associated with these programs. Tiered rate structure based on cost calculation.
 - Mid – State Annual Program Rate \$ 9,655
 - High – State Annual Program Rate \$14,069
- Adopt consistent units of measurement across all institutions for funding purposes. Specifically, transition the technical colleges and schools from clock hours to credit hours and move to a rate structure that provides incentives for production in alignment with state priorities.

COST ESTIMATE FOR TARGETED GROWTH AREAS \$16.5M

Target Area	Current Production (2-yr average FTE)	State Cost Per FTE
Advanced Manufacturing	626.5	\$ 9,655
Aviation	184.4	\$14,069
Bioscience	9.2	\$ 9,655
Communication	313.6	\$ 9,655
Conventional & Renewable Energy	206.0	\$ 9,655
Health Care	1617.0	\$14,069

METHODOLOGY TO CALCULATE STATE PROGRAM RATE

$$\text{State Program Rate} = \frac{X \text{ times } 30}{Y}$$

X = Instructional costs by type of program per credit hour

Y = % of instructional costs as a percentage E & G expenditures

TECHNOLOGY & EQUIPMENT FUNDING - \$8.0 MILLION

- Application process
- Match required - \$2 state and \$1 institution
- Available to 29 public postsecondary institutions delivering technical education

START-UP POOL - \$5.0 MILLION

- Create a new mechanism for funding new statewide priorities and initiatives as they emerge.
- Institutions through application could apply for funding to be used to help with meeting emerging needs.

BUSINESS & INDUSTRY TRAINING POOL - \$3.0 million

- Short-term (non-credit) training
- Required matching funds from business
- \$1 dollar state for \$1 industry

STRENGTHEN STATE SUPPORT

- \$1M – state operational support to:
 - Forecast technical education demand
 - Maintain standardized curriculum and system articulation
 - Monitor program outcomes
 - Refine State Program Rate Structure Concept
 - Develop and implement a marketing plan

FUNDING REQUEST RECAP

■ Align Rates with educational program delivery costs	\$16.5M
■ Additional enrollments (growth)	\$5.0-\$8.0M
■ Technology & Equipment Funding	\$8.0M
■ B & I Short-Term Training Pool (non-credit)	\$3.0M
■ "Start-up" Pool	\$5.0M
■ Strengthen State Capacity	\$1.0M
■ TOTAL – Year One Investment	\$38.5-41.5M

PRELIMINARY RETURN ON INVESTMENT - STATISTICS

- Student Benefit – The year one gains equate to \$4,295 per student in added earnings based on an average work year of 2080 hours. Over the nine-year life-of-training in the targeted industries, the increase adds \$38,671 (in 2005 dollars) to the earnings stream of the average program completer that remains in Kansas.
 - State Benefit – A \$5.0 million investment in growth in the targeted industries results in estimated earnings gains (year 1-9) of \$12.9 million (direct) and \$14.2 million (indirect/induced) for a total of \$27.2 million; and total state tax revenues of \$2.1 million.
- Source: Completers of Vocational Technical Training Programs: Associated Wage Gains and the Impact on the Kansas Economy, February 9, 2007, Prepared by Wichita State University, Center for Economic Development and Business Research

YEAR 2 AND BEYOND

- State investments will be driven by study and data.
- Move additional qualifying programs into the new financial business model that allocates state funds based on a cost/benefit analysis.

BENEFITS OF AN IMPROVED TECHNICAL EDUCATION SYSTEM

- INDUSTRY
 - Centralized System
 - Decentralized Delivery
 - Rapid Response
 - Guaranteed Quality
 - Program Clearinghouse & Directory
 - Industry Satisfaction Assessment of Programs Offered

BENEFITS...

■ STUDENTS

- Accessibility
- Affordability
- Placement Services
- Articulation to Associate in Applied Science & Bachelor Degrees
- Portability of Standardized Curriculum
- Assessment of Skill Levels

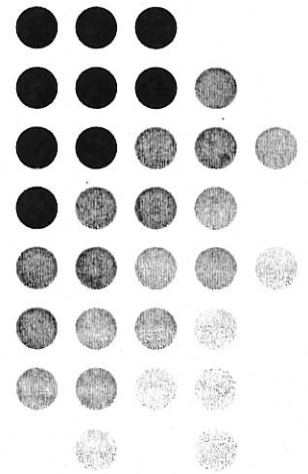
BENEFITS...

■ KANSAS

- Skilled Workforce
- Agile Delivery System
- Guaranteed Skills
- State Economic Development Engine
- Seamless System Maximizing Existing Resources

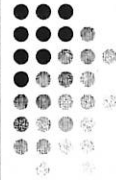
Kansas Association of Community College Trustees

Senate Ways and Means
Committee
House Appropriations Committee
March 21, 2007



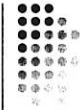
Kansas Community Colleges

Serving Nearly 170,000 Kansans with Educational Excellence

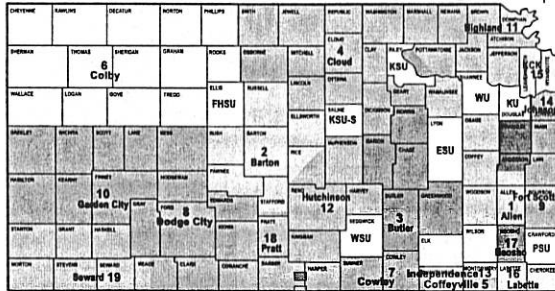


KACCT VISION

- Responsive, Affordable, Accessible and Quality Learning Opportunities.



Kansas Community Colleges and Service Areas for Kansas Community Colleges



- | | |
|---|---|
| 1. Allen County Community College, Topeka | 12. Hutchinson Community College, Hutchinson |
| 2. Barton County Community College, Great Bend | 13. Independence Community College, Independence |
| 3. Butler County Community College, El Dorado | 14. Johnson County Community College, Overland Park |
| 4. Cloud County Community College, Concordia | 15. Kansas City Kansas Community College, Kansas City |
| 5. Coffeyville Community College, Coffeyville | 16. Labeta Community College, Parsons |
| 6. Colby Community College, Colby | 17. Neosho County Community College, Chanute |
| 7. Cowley County Community College, Arkansas City | 18. Pratt Community College, Pratt |
| 8. Dodge City Community College, Dodge City | 19. Seward County Community College, Liberal |
| 9. Fort Scott Community College, Fort Scott | |
| 10. Garden City Community College, Garden City | State Universities/Washburn |
| 11. Highland Community College, Highland | Unassigned |

Kansas Community Colleges

Responsive



Responsive

- Business/Industry
- Unified School Districts
- Universities
- Developmental Education
- Community Based Organizations



Kansas Community Colleges

Affordable

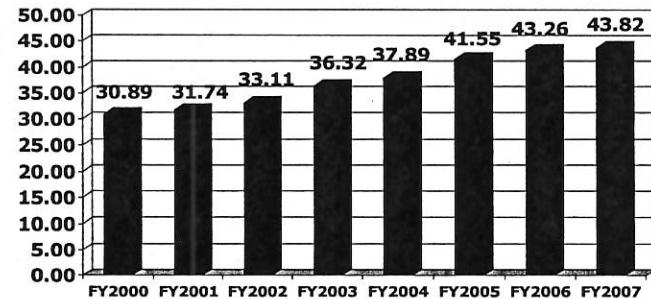


Tuition Increases

- Tuition alone has increased nearly 30 per cent since the inception of Senate Bill 345 (references only in district with some colleges charging a higher rate for out district)
- Fees have had a similar increase (the range and variety of fees make it difficult to include fees)



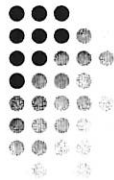
Kansas Community College Average Tuition In State – In District



6-4


Kansas Community Colleges

Accessible



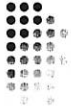
Enrollment

- Enrollment has generally increased over the past four years




Enrollment

- Vocational Technical-30 percent
- Academic 70 percent



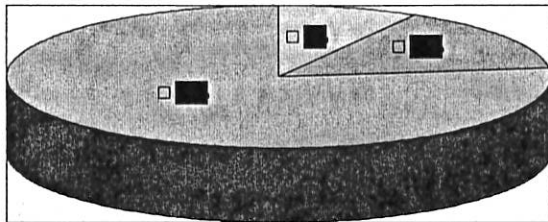
Access

- Interactive Video capabilities since 1990
- On line classes (didactic and lab)
- Classes on site for business and industry
- Mobile classroom available
- Tuition costs affordable



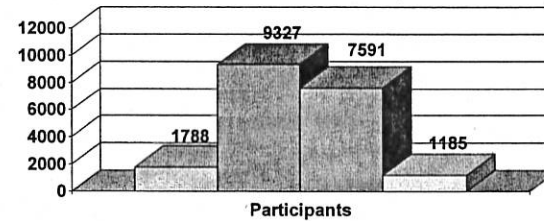
5-9

Percentage of Career and Technical Education by Institution Type in FY2005



Technical Schools Technical Colleges Community Colleges

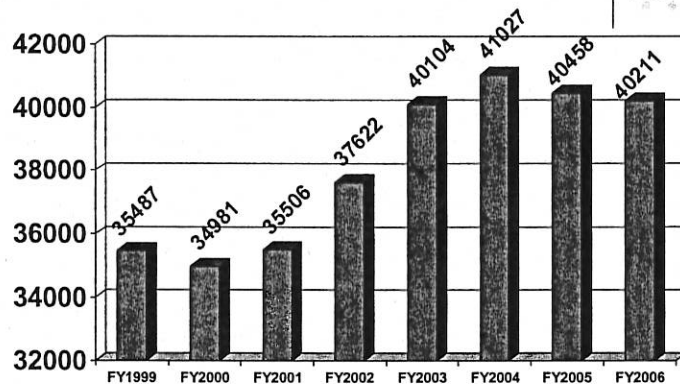
Business Participants at Kansas Two Year Institutions



All Technical Schools and Colleges
 Hutchinson Community College
 Johnson County Community College
 Other Merged Institutions

Source- Legislative Post Audit, 9/2006

Community College- In State Full Time Equivalency

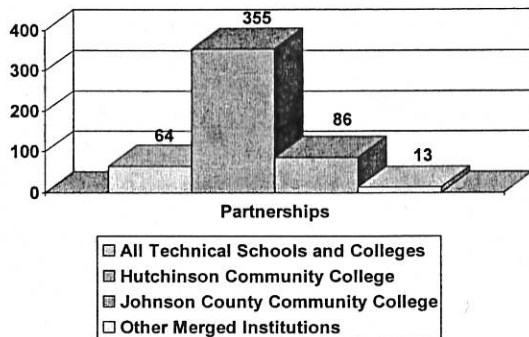


Collaboration

- Facilities
- Equipment
- Instruction

6-6

Business Partnerships at Kansas Two Year Institutions



Source- Legislative Post Audit, 9/2006

Kansas Community Colleges

Quality Learning Opportunities

Kansas Board of Regents

- Funding Performance Based 2005

KBOR SYSTEM GOALS

- Increase system efficiency/effectiveness/seamlessness
- Improve learner outcomes
- Improve workforce development
- Increase targeted participation/access
- Increase external resources
- Improve community/civil engagement

Senate Bill 345

- Community College coordination moved from State Board of Education to reconstituted Board of Regents
- County Out District Tuition phased out
- Funding to Community Colleges increased to 65 per cent of state support for the lower division enrollments
- Local tax relief a focus of increased state funding (eighty per cent of new money designated for tax relief)

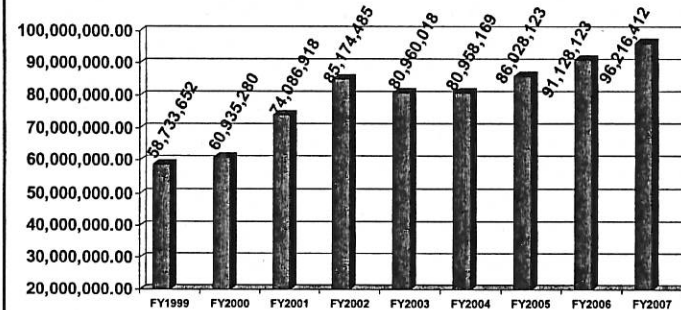
State Funding

- Goal was 65 per cent of state contribution to lower division funding at regional universities
- Peaked at 55 per cent in the second year of a four year plan (\$85,174, 486)
- Currently, including out-district offset (\$102,316,412)
- To fund at the 65 per cent level with current enrollment would cost over \$120,000,000
- 4.2 million dollars in Local Ad Valorem Tax Reduction State Revenue Lost

State Grant

- \$60,935,280 fy2000
- \$73,673,854 fy2001 First Year of SB345
- \$85,174,486 fy2002 Second Year
- \$80,960,018 fy2003 Third Year
- \$80,960,018 fy2004 Fourth Year
- \$86,028,123 fy2005 Fifth Year
- \$91,128,123 fy2006 Sixth Year
- \$96,216,412 fy2007 Seventh Year
- (FY 2001 and 2002 include 25 per cent buy down of county out district for each year)
- (FY 2006 provided an additional \$3,100,000 for third year of out district buy down)
- (FY 2007 provided an additional \$3,100,000 for fourth year of out district buy down)

State Grant- All Community Colleges



8-9

Kansas Community Colleges - Revenue by Source YE June 30, 2006 - Summary Worksheet

	Student Sources	Federal Sources	State Sources Oper Grant	State Sources Other	County Sources	Local Sources	Other Sources	Total
COLLEGES								
Allen	\$ 2,538,249	\$ 85,884	\$ 3,855,172	\$ 240,029	\$ 215,278	\$ 1,302,847	\$ 489,427	\$ 8,728,877
Barton County	\$ 5,668,897	\$ 49,161	\$ 6,759,712	\$ 174,296	\$ 153,687	\$ 6,242,538	\$ 844,774	\$ 19,893,165
Butler	\$ 13,337,134	\$ 74,679	\$ 12,323,830	\$ 724,067	\$ 756,609	\$ 8,821,563	\$ 2,637,773	\$ 38,675,555
Cloud County	\$ 2,387,637	\$ 10,222	\$ 4,328,001	\$ 204,225	\$ 200,454	\$ 2,128,311	\$ 316,610	\$ 9,575,460
Coffeyville	\$ 2,097,072	\$ 194,257	\$ 1,603,487	\$ 1,058,025	\$ 32,900	\$ 4,795,476	\$ 1,075,314	\$ 10,848,131
Colby	\$ 2,529,792	\$ 72,235	\$ 2,666,537	\$ 233,356	\$ 287,114	\$ 2,897,753	\$ 227,319	\$ 8,973,109
Cowley County	\$ 6,292,545	\$ -	\$ 7,548,989	\$ 1,237,193	\$ 252,345	\$ 4,105,124	\$ 1,186,871	\$ 20,622,067
Dodge City	\$ 1,647,147	\$ 279,655	\$ 2,501,677	\$ 226,318	\$ 80,975	\$ 7,885,959	\$ 316,634	\$ 12,918,363
Fort Scott	\$ 3,686,844	\$ 163,176	\$ 3,029,502	\$ 226,862	\$ 141,279	\$ 2,201,228	\$ 362,423	\$ 9,811,314
Garden City	\$ 2,860,036	\$ -	\$ 2,666,547	\$ 3,454	\$ 81,762	\$ 9,397,557	\$ 722,676	\$ 15,732,032
Highland	\$ 2,869,027	\$ -	\$ 3,905,942	\$ 196,552	\$ 196,594	\$ 1,060,820	\$ 492,114	\$ 8,680,949
Hutchinson	\$ 8,290,465	\$ 399,949	\$ 6,202,113	\$ 1,023,744	\$ 259,738	\$ 11,263,241	\$ 897,529	\$ 25,135,779
Independence	\$ 778,847	\$ 34,784	\$ 1,433,794	\$ -	\$ 596,821	\$ 3,723,533	\$ 75,700	\$ 6,643,479
Johnson	\$ 24,302,395	\$ 468,704	\$ 17,703,231	\$ 5,186,818	\$ 264,824	\$ 67,900,439	\$ 9,674,063	\$ 125,500,572
Kansas City	\$ 6,488,959	\$ -	\$ 5,782,091	\$ 149,740	\$ 267,348	\$ 23,244,415	\$ 503,464	\$ 36,436,017
Labette	\$ 1,569,192	\$ 265,940	\$ 2,462,242	\$ 54,310	\$ 141,623	\$ 4,411,327	\$ 147,948	\$ 9,052,583
Neosho	\$ 2,018,035	\$ 184,454	\$ 2,391,996	\$ 301,725	\$ 89,003	\$ 3,400,120	\$ 138,236	\$ 8,533,660
Prairie	\$ 1,241,290	\$ -	\$ 2,220,876	\$ 99,056	\$ 97,176	\$ 4,218,863	\$ 1,895,889	\$ 9,572,160
Seward County	\$ 1,667,388	\$ 1,670	\$ 1,668,682	\$ 154,273	\$ 54,330	\$ 7,596,455	\$ 327,259	\$ 11,470,057
Totals	\$ 89,359,952	\$ 2,284,770	\$ 91,055,310	\$ 11,493,141	\$ 4,148,560	\$ 176,558,569	\$ 21,902,124	\$ 396,802,426

Note: Federal Sources include only revenues recorded in the Current Unrestricted Fund. Most Federal grants are recorded in Restricted Funds.

Kansas Community Colleges - Revenue by Source YE June 30, 2006 - Summary Worksheet

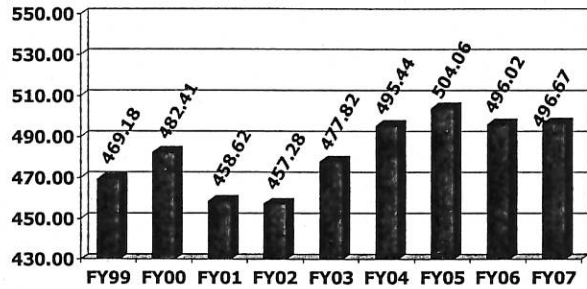
	Student Sources	Federal Sources	State Sources Oper Grant	State Sources Other	County Sources	Local Sources	Other Sources	Total
COLLEGES								
Allen	29.1%	1.0%	44.2%	2.7%	2.5%	14.9%	5.6%	100%
Barton County	28.5%	0.2%	34.0%	0.9%	0.8%	31.4%	4.2%	100%
Butler	34.5%	0.2%	31.9%	1.9%	2.0%	22.8%	6.8%	100%
Cloud County	24.9%	0.1%	45.2%	2.1%	2.1%	22.2%	3.3%	100%
Coffeyville	19.2%	1.8%	14.8%	9.8%	0.3%	44.2%	9.5%	100%
Colby	29.3%	0.8%	29.7%	2.6%	3.2%	31.8%	2.5%	100%
Cowley County	30.5%	0.0%	36.6%	8.0%	1.2%	19.9%	5.8%	100%
Dodge City	12.8%	2.2%	19.4%	1.8%	0.5%	61.0%	2.5%	100%
Fort Scott	37.6%	1.7%	30.9%	2.3%	1.4%	22.4%	3.7%	100%
Garden City	18.2%	0.0%	16.9%	0.0%	0.5%	59.7%	4.6%	100%
Highland	33.0%	0.0%	45.0%	2.3%	2.1%	12.2%	5.3%	100%
Hutchinson	20.5%	1.5%	24.0%	4.0%	1.0%	44.8%	2.8%	100%
Independence	11.7%	0.5%	21.6%	0.0%	0.0%	56.0%	1.1%	100%
Johnson	19.4%	0.4%	14.1%	4.1%	0.2%	54.1%	7.7%	100%
Kansas City	17.8%	0.0%	15.9%	0.4%	0.7%	63.8%	1.4%	100%
Labette	17.3%	2.9%	27.2%	0.6%	1.6%	48.7%	1.6%	100%
Neosho	23.6%	2.2%	28.0%	3.5%	1.2%	39.8%	1.6%	100%
Prairie	13.0%	0.0%	23.2%	1.0%	1.0%	44.1%	17.7%	100%
Seward County	14.5%	0.0%	14.5%	1.3%	0.5%	86.2%	2.9%	100%
Totals	22.5%	0.6%	22.9%	2.9%	1.0%	44.5%	5.5%	100%

Note: Federal Sources include only revenues recorded in the Current Unrestricted Fund. Most Federal grants are recorded in Restricted Funds.

- ### Out District Tuition
- \$2.7 million year one
 - \$5.4 million year two
 - \$5.4 million year three
 - \$5.4 million year four
 - \$5.4 million year five
 - \$8.5 million year six
 - \$11.6 million year seven
 - Aggregate savings to counties over 7 years in out district tuition totals over 44.4 million dollars.

- ### Mill Levy
- SB 345 originally designed to reduce local mill levies
 - Mill levy was reduced in years one and two but increased dramatically in years three and four with frozen funding
 - Local tax payers are now paying more to support colleges than before implementation of SB 345

Kansas Community College Mill Levies



KANSAS ASSOCIATION OF COMMUNITY COLLEGE TRUSTEES

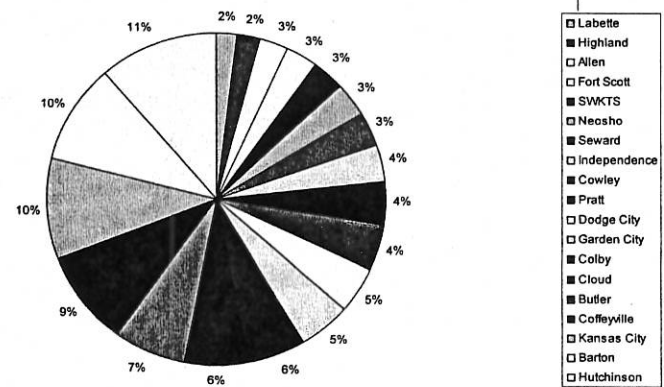
2006 Local Mill Levy

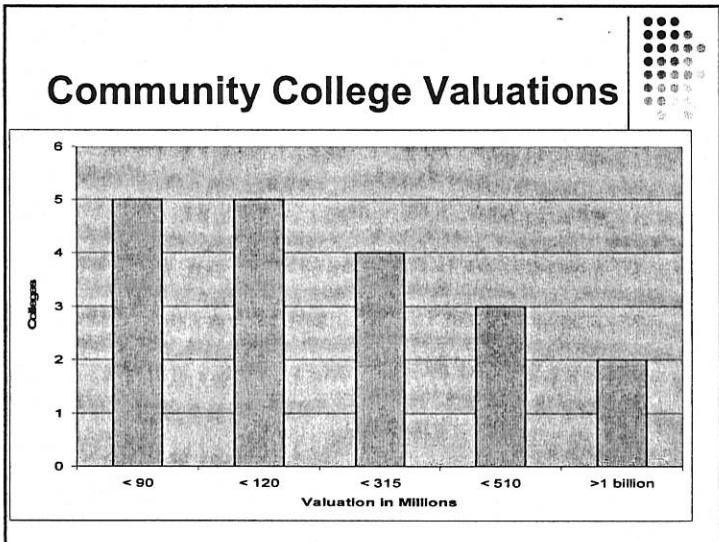
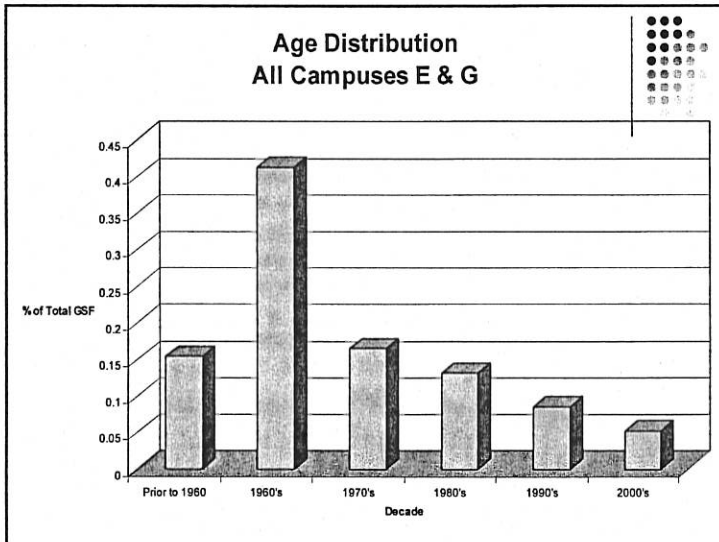
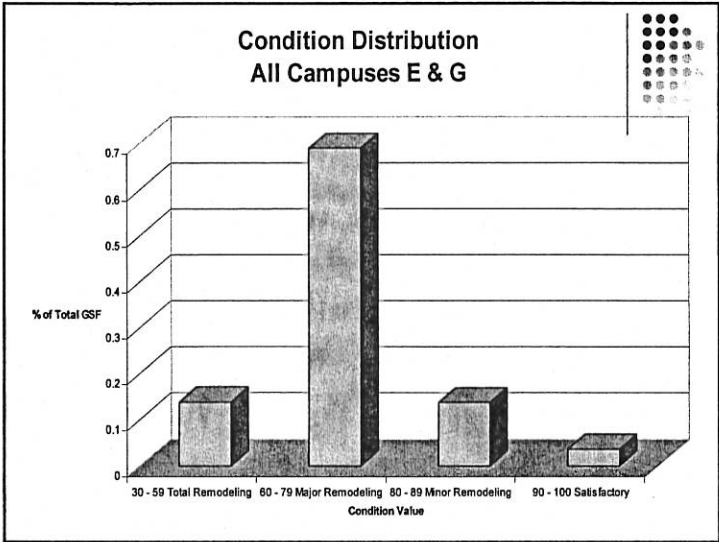
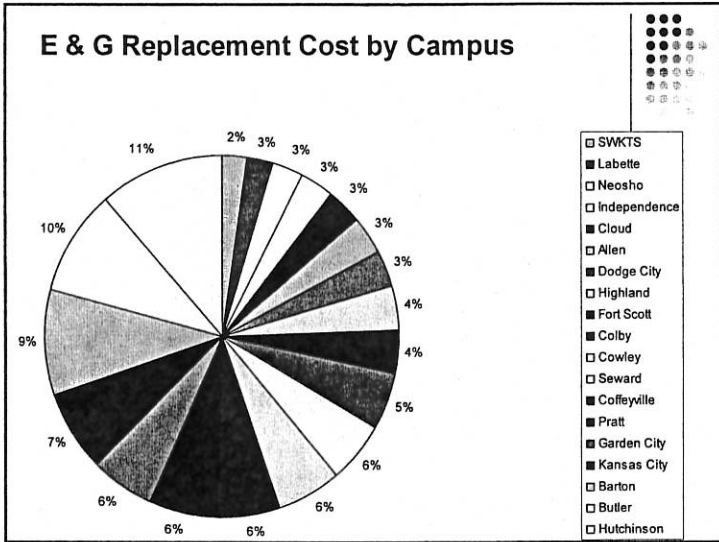
Kansas Community Colleges	Certified		Adult Education	Bond & Interest	Capital Outlay	No Funds Warrants	Special Assessment
	2006/2007 Assessed Valuation	2006/2007 General Mill Levy					
COLLEGES							
Allen County	84,832,991	13,362			3,334		18,696
Barton County	298,376,180	30,337					30,337
Butler County	471,877,168	17,363					17,363
Cloud County	70,610,966	22,721			3,008		25,719
Colbyville	106,606,431	27,760			1,962		29,722
Colby	80,743,172	33,400					33,400
Cowley County	110,534,668	18,568					18,568
Dodge City	225,347,302	26,072	0.249		3.00		30,321
Fort Scott	86,784,841	22,342			0.969		23,311
Garden City	807,337,233	18,223					18,223
Highland	86,816,640	14,620					14,620
Hutchinson	477,612,076	21,704			1,993		23,697
Independence	119,175,524	38,651					38,651
Johnson County	7,728,858,482	8,363			6.5	0.019	8,872
Kansas City Kansas	1,186,698,942	15,218			2,025		17,243
Labette	119,132,871	35,083	0.281				35,364
Neosho County	161,814,862	32,233	0.062				32,315
Pratt	110,900,064	36,001			1,961		37,962
Seward County	212,241,381	28,011					28,011
TOTALS	12,292,373,876.00	477.35	0.58	0.00	18.74	0.00	496.67

Fall 2006 Calculation of Building Renewal Kansas Association of Community College Trustees All Institutions E & G with Infrastructure

Campus	Total Facility Replacement Cost	Total Renewal Costs
Allen	\$26,632,656	\$3,500,492
Barton	\$73,344,146	\$14,741,892
Butler	\$75,414,314	\$10,497,530
Cloud	\$25,372,201	\$9,198,386
Colbyville	\$45,365,414	\$13,252,725
Colby	\$40,951,737	\$8,225,311
Cowley	\$44,781,952	\$6,150,704
Dodge City	\$27,365,846	\$7,022,293
Fort Scott	\$30,918,652	\$4,581,906
Garden City	\$47,420,804	\$7,290,303
Highland	\$28,651,571	\$3,250,389
Hutchinson	\$90,255,346	\$16,592,210
Independence	\$23,235,938	\$5,269,228
Kansas City	\$57,340,813	\$14,400,154
Labette	\$20,650,902	\$3,082,846
Neosho	\$23,249,936	\$4,827,322
Pratt	\$47,097,193	\$6,523,641
Seward	\$45,822,240	\$5,025,498
SWKTS	\$16,569,427	\$4,572,682
Total	\$792,925,128	\$149,555,927

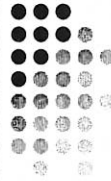
E & G Renewal Cost By Campus





Kansas Community Colleges

Serving Nearly 170,000 Kansans
with Educational Excellence



6-11

Testimony on HB 2556 – March 21, 2007

House Appropriations Committee

Chairperson Swartz and committee members, it is my pleasure to testify in support of the Technical Education Commission's recommendation for new funding for technical education.

My name is Ken Clouse and I am the President of Northwest Kansas Technical College in Goodland. I appreciate you providing time to address this important part of the Kansas higher education system.

Currently our state funds approximately \$32 million for technical colleges and schools and approximately \$40 million to community colleges for technical education. Several other states that are considered to be outstanding technical education providers spend about 33% more for their state's system of technical education in comparison to an equivalent population to Kansas. The Commission recommendation is for an additional \$38-\$41 million infusion into current funding to bring Kansas' funding equal to or slightly above these other states. These funds will be utilized to perform the following:

1. \$16.5 million to enhance current technical education
2. \$5-8 million to increase capacity for growth and expansion
3. \$8 million to upgrade equipment and technology
4. \$5 million to expand offerings into new initiatives
5. \$3 million to address business and industry incumbent worker training
6. \$1 million to address statewide leadership, marketing

HOUSE APPROPRIATIONS

DATE 3-21-2007

ATTACHMENT 7

The Authority as proposed in HB 2556 gives technical education;

- adequate priority and an elevated status
- statewide oversight, coordination, and consistency
- a relationship to KSDE for interagency work
- strong relationships with business and industry
- Statewide marketing.

All of this is provided allowing institutions to remain locally controlled delivering technical education in an improved and expanded fashion. I encourage you to support this commission's recommendations to strengthen and add muscle to the technical education delivery system for Kansas.

Thank you this opportunity to discuss this bill.



The TECHNICAL COLLEGE
MANHATTAN AREA TECHNICAL COLLEGE

Representative Shanon Schwartz
Capitol, 300 SW 10th Ave. Ste. 517S
Topeka, KS 66612-1590

March 15, 2007

Representative Schwartz:

It is our understanding that the commission on technical colleges and vocational schools has completed their work for this year. As the Board of Directors for Manhattan Area Technical College we are writing to ask for your support of House Bill 2014 which extends the Commission for two more years and HB 2556 which establishes the Technical Education Authority under the Kansas Board of Regents.

We also encourage you to support the recommendations made by the commission regarding funding the new governance structure and investing in the new funding recommendations made by the Legislative Educational Planning Committee and the Commission, which would be comparable to other successful state systems, such as Oklahoma and Georgia. It is interesting that technical education is one of the only state supported groups that provide a tangible return on investment. It is estimated that for every dollar invested in our technical programs Kansas can realize a return of between 8 and 15 times which directly provides economic growth as well as increasing taxes paid to the treasury.¹ We understand that, under this new Authority, you will be shown just how much return the state gets each year through their data collection system.

Probably the most impressive thing about investing in technical education is that over 90 percent of the graduates stay here. As we are sure you are aware, eighty percent of the jobs in Kansas require education beyond high school, but not a four-year degree.² In spite of this fact, the focus of postsecondary education in the state has been at the university level and the vast majority of those graduates leave the state due to the scarcity of jobs at the level for which they are qualified.

Manhattan Area Technical College has been a good steward of the funds provided to us in the past and will continue to do so with future funding. We sincerely hope that you watch these Bills carefully and work to ensure that technical education is able to address the soon-to-be-critical workforce shortages within the state.

Respectfully,

MATC Board of Directors

Stacy Kohlmeier, Chair
David Craft, Vice-Chair
Norris Wika, Director

Brad Fowles, Director
Art Loub, Director
Marla Brandon, Director

Willie Thornburg, Director
John Kice, Director

¹ Dr. Ken Breeden, former Commissioner, Georgia Department of Technical and Career Education and Dr. Phil Berkenbile, Director, Oklahoma Department of Career and Technical Education testifying before the 2006 Kansas Technical College and Vocational School Commission.

² Daniel E. Hecker, "Occupational Employment Projections to 2010," *Monthly Labor Review* 182.

HOUSE APPROPRIATIONS

DATE 3-21-2007

ATTACHMENT 8

PAT GEORGE

REPRESENTATIVE 119TH DISTRICT
HOME ADDRESS: 3007 WESTVIEW
DODGE CITY, KANSAS 67801
620-227-2012

OFFICE ADDRESS: STATE CAPITOL
TOPEKA, KANSAS 66612
785-296-7646



TOPEKA

HOUSE OF
REPRESENTATIVES

House Appropriations Committee

Chairman Representative Sharon Schwartz

Regarding HB 2589

March 21, 2007

Ms. Chairman and Members of the Committee,

HB 2589 is an attempt to right a wrong. For many years we have provided funding for technical education in a very confusing fashion. We have:

- post secondary aid
- capital outlay
- Community College operating grants
- business partnerships
- performance agreements

We have Technical Schools, Technical Colleges, Merged Community Colleges with Technical Schools, and combined Community Colleges with Area Vo-Tech Schools.

Upon receiving a letter from my local Community College Board stating that Dodge City Community College received \$2400 per Vo-Tech FTE, while several other Community Colleges received \$8500. I asked Legislative Research if this was true and their response was:

“There are currently six combinations of a community colleges and a technical institutions in Kansas: Johnson County Community College, Coffeyville Community College, Cowley County Community College, Hutchinson Community College, Dodge City Community College, and Pratt Community College. Of these, three (Cowley, Pratt, and Dodge City) mer

HOUSE APPROPRIATIONS

DATE 3-21-2007
ATTACHMENT 9

of the 1992 legislation and receive state funding only through the community college operating grant. The others (Johnson County, Hutchinson, and Coffeyville) merged after the legislation and receive state funding through both mechanism.

The 1992 legislation did not contain language to grandfather in the three institutions which had merged or incorporated technical education courses prior to that date. New legislation would be required to authorize inclusion of Cowley, Pratt, and Dodge City Community Colleges in the allocation of technical education aid.”

I began the process of equalizing funding for the three Community Colleges (I currently have a proviso to do so) during my research I discovered the out of date, unfair and unequal funding was applicable to the majority of schools engaged in vocational technical education. Thus HB 2589.

I close with a paragraph from the Joint Committee on Economic Development to the 1992 Legislature:

“The Joint Committee on Economic Development takes the position that;... it would be to the state’s advantage to authorize the consolidation of community colleges with vocational schools and to remove barriers thereto. To that end, the Committee recommends that legislation be introduced to realize those objectives.”

I believe after 15 years it’s time to “realize those objectives”!





KANSAS BOARD OF REGENTS

1000 SW JACKSON • SUITE 520 • TOPEKA, KS 66612-1368

TELEPHONE – 785-296-3421
 FAX – 785-296-0983
 www.kansasregents.org

Senate Task Force on Higher Education

January 31, 2007

Blake Flanders, Ph.D., Director of Career and Technical Education

Historical Background on Technical Schools and Technical Colleges:

1963 Congress enacted legislation (Vocational Education Act of 1963) allowing states to create a system of area vocational-technical schools. In 1964 Kansas passed legislation giving local entities the opportunity to establish area vocational-technical schools. At that time, Career and Technical Education (CTE) was under the supervision of the Kansas State Board of Education. The law provided for two types of administrative organization.

Type 1: Governed by local USD Board or CC Board

Type 2: Governed by Board of Control, comprised of representatives from surrounding USD Boards

1968 16 area vocational-technical schools were in operation. Listed below were the schools in existence in 1985.

School	Location	Type of Governance	Board of Control
Central Kansas AVTS	Newton	Type II	Representatives of Cooperating School Districts
Southeast Kansas AVTS	Coffeyville	Type II	Representatives of Cooperating School Districts
Northwest Kansas AVTS	Goodland	Type II	Representatives of Cooperating School Districts
North Central Kansas AVTS	Beloit	Type II	Representatives of Cooperating School Districts
Johnson County AVTS	Olathe	Type II	Representatives of Cooperating School Districts
Kansas City AVTS	Kansas City	Type I	Single School District
Flint Hills AVTS	Emporia	Type I	Single School District
Kaw AVTS	Topeka	Type I	Single School District
Liberal AVTS ^a	Liberal	Type I	Single School District
Manhattan AVTS	Manhattan	Type I	Single School District
Northeast Kansas AVTS	Atchison	Type I	Single School District
Salina AVTS	Salina	Type I	Single School District
Southwest AVTS	Dodge City	Type I	Single School District
Wichita AVTS	Wichita	Type I	Single School District
Cowley County CC/AVTS	Arkansas City	Type I	Community College Board of Trustees
Pratt CC/AVTS	Pratt	Type I	Community College Board of Trustees

^aLiberal AVTS is now Southwest Kansas Area Technical School.

HOUSE APPROPRIATIONS

DATE 3-21-2007

ATTACHMENT 10

Post 1985

Since 1985 four successful mergers between Community Colleges and Area Vocational-Technical Schools have occurred. Listed below are the Area Vocational-Technical Schools that have merged and are now governed by a Community College Board of Trustees.

School	Community College
Central Kansas AVTS	Hutchinson CC
Southeast Kansas AVTS	Coffeyville CC
Johnson County AVTS	Johnson County CC
Southwest AVTS	Dodge City CC

1994—Emergence of Technical Colleges

Legislation (K.S.A. 72-4468) was enacted permitting area vocational schools or area vocational-technical schools to be converted to and established as technical colleges.

1995 to 2001

Six technical schools transitioned to technical colleges with the ability to award associate of applied science degrees. The technical colleges are listed below:

School	Location	College
Northwest Kansas Area Vocational-Technical School	Goodland	Northwest Kansas Technical College
North Central Kansas Area Vocational-Technical School	Beloit/Hays	North Central Kansas Technical College
Flint Hills Area Vocational-Technical School	Emporia	Flint Hills Technical College
Manhattan Area Vocational-Technical School	Manhattan	Manhattan Area Technical College
Northeast Kansas Area Vocational-Technical School	Atchison	Northeast Kansas Technical College
Wichita Area Vocational-Technical School	Wichita	Wichita Area Technical College

It is important to note that not all technical institutions chose to convert to technical college status. These transitions divided sector into three separate types of institutions:

- technical schools
- technical colleges
- area technical schools governed by trustees of the community colleges

The technical colleges began pursuing higher education status, while the technical schools continued to operate and function as they had in the past.

1999—Kansas Board of Regents (KBOR) Supervision (Enactment of SB 345)

On July 1, 1999, supervision and coordination of technical colleges, area vocational schools and area vocational-technical schools was transferred from the State Board of Education to the Kansas Board of Regents (K.S.A. 74-32,141).

2002—KBOR Policy Requiring HLC/NCA Accreditation

The Kansas Board of Regents passed a policy requiring all Kansas public degree-granting institutions to be accredited through the Higher Learning Commission of the North Central Association of Colleges and Schools. This accreditation process required significant changes in governance and culture of the technical colleges.

2003—Legislature adopts SB 7

To enable the institutions to become accredited, the Board of Regents supported legislation requiring technical colleges to develop and present to the Board of Regents a plan to replace the existing governing board with a new governing board, separate and independent of any board of education of any school

district, to operate, control and manage the technical college. This legislation solved two barriers to accreditation by:

- allowing the technical college President to report directly to the institution's governing board and not to a school superintendent
- creating a board of governance with a sole focus on the postsecondary institution

All technical colleges submitted transition plans with the exception of Northeast Kansas Technical College.

Within the transition plans, technical colleges were required to designate territories. The methodology used to identify technical college's territory varied among the institutions as transition plans were developed. For example, one institution designated the territory outlined in the original charter of the school; other colleges used enrollment patterns to determine territories; still others designated territories based on potential future taxing authority. These practices have, in some instances, resulted in overlapping service territories for some technical colleges. In the end, the Board of Regents approved territories for the institutions; however, these decisions appear to have been made in the context of each institution's transition plan, rather than through a system-wide approach to territories (see attached map).

Current Status

- Five colleges have some form of independent governance. Two colleges accredited by HLC/NCA. Three colleges moving toward HLC/NCA accreditation.
- One college with no movement toward independent governance and no intention of pursuing HLC/NCA accreditation.
- Six technical institutions that are run as components of community colleges.
- Four technical schools still governed by local USD Boards.

School	Location	HLC/NCA Status	Board of Control
Northwest Kansas Technical College	Goodland	Pursuing	Technical College Board
North Central Kansas Technical College	Beloit	Accredited	Technical College Board
Flint Hills Technical College	Emporia	Pursuing	Technical College Board
Manhattan Area Technical College	Manhattan	Accredited	Technical College Board
Wichita Area Technical College	Wichita	Pursuing	Technical College Board*
Northeast Kansas Technical College	Atchison	Not seeking accreditation	Single School District
Kansas City Area Technical School	Kansas City	N/A	Single School District
Southwest Kansas Technical School	Liberal	N/A	Single School District
Kaw Area Technical School	Topeka	N/A	Single School District
Salina Area Technical School	Salina	N/A	Single School District
Johnson County CC/AVTS	Overland Park	Accredited	Community College Board of Trustees
Coffeyville CC/AVTS	Coffeyville	Accredited	Community College Board of Trustees
Dodge City CC/AVTS	Dodge City	Accredited	Community College Board of Trustees
Hutchinson CC/AVTS	Hutchinson	Accredited	Community College Board of Trustees
Cowley County CC/AVTS	Arkansas City	Accredited	Community College Board of Trustees
Pratt CC/AVTS	Pratt	Accredited	Community College Board of Trustees

*College Board has expanded role as Sedgwick County Technical Education and Training Authority

General Funding Sources

Technical education in Kansas is financed with public (federal, state, local taxes) and private funding (student tuition & fees; fees for contracted services). The myriad of funding streams have developed over time as technical education has evolved, including:

- State Postsecondary Aid
- State Capital Outlay
- State Community College Operating Grant and Out-district Tuition Offset

10-3

- Federal Carl Perkins Funds
- Local mil levies
- Student tuition and fees
- Grants and contracts with public and private entities

State Funding

All state funding is subject to appropriation by the Legislature. In FY 2007, the Legislature approved \$782.5 million from the State General Fund in FY 2007 for all postsecondary education. This state financial support is provided to six state universities; 19 community colleges; 10 technical schools and colleges; and Washburn University. The State's specific financial commitment to postsecondary technical education comes through three primary SGF line items: State Postsecondary Aid; State Capital Outlay; and Community College Operating Grant. Note: The focus of this paper is technical education provided by two-year institutions so expenditures for technical education within the university sector are not considered here.

All funding appropriated to Postsecondary Aid and Capital Outlay (\$34.9 million) and a portion of the Community College Operating Grant (est. \$30.7 million) is expended for technical education, for a total of \$65.6 million. Community college enrollment data from FY 2006 indicates that 30 percent of community college credit hours are vocational credit hours and 70 percent are academic credit hours. If one assumes that enrollments mirror spending, \$30.7 million of the \$102.5 million appropriated to community colleges through the Community College Operating Grant support vocational-technical credit hours. Adding these three expenditures together, total state spending for postsecondary technical education in FY 2007, is estimated to be \$65.6 million or eight percent of the total SGF spending for postsecondary education.

Student tuition and fees

In 2002, the Legislature eliminated the statutory cap on student tuition when it decoupled tuition from the Postsecondary Aid formula, known as the 85/15 formula. This formula required that tuition make up no more than 15% of the total funding requiring that 85% of funding come from the Postsecondary Aid line item. K.S.A. 72-4433 allows institutions to charge differential rates of tuition by program, fixed by each local board and subject to approval of the Kansas Board of Regents. Thus, in June of each year, the Board of Regents approves tuition and fees rates for the technical schools and colleges for the upcoming fiscal year.

There is a wide variation in the cost of attendance across the technical institutions. Of the 16 institutions that submitted tuition and fee schedules for the Board of Regents' approval, eight charged by clock hour and 7 charged by credit hour. In-state clock hour tuition ranged from \$1.45 per clock hour at Hutchinson Community College to \$3.30-\$6.60 at Wichita Area Technical College. In-state tuition charged on a credit hour basis ranged from \$35 per credit hour at Dodge City Community College to \$85 per hour at Flint Hills Technical College. Program fees, likewise, vary widely among the institutions. Attachment A is the Tuition and Fees Schedules for the Technical Schools and Colleges. Tuition and fees for the Community Colleges are set by their local boards.

Federal Funds

Carl D. Perkins Career and Technical Education Funds provide a federal source of funding to support initiatives and improve career and technical education. New federal legislation was approved this year reauthorizing the program. Kansas receives approximately \$12.6 million per year, of which the Board of Regents administers approximately \$6.8 million. The balance is administered by the State Department of Education. Eighty-five percent of \$6.8 million must be distributed to local education agencies, 10 percent must be used to fund state leadership activities; and five percent maybe used for administration. All federal funds expended on administration must be matched on a dollar-for-dollar basis by state funds.

10-4

State Funding and Allocation Methodologies

Technical education is delivered by 29 two-year institutions; however, the source of state funding for that education varies from institution to institution depending on an institution's structure as well as its history. The following table and accompanying explanation illustrate the complexity of state funding for technical education.

Today the 10 Technical Schools and Colleges noted in columns 1 and 2 receive funding through the Postsecondary Aid and Capital Outlay line items. They have no local taxing authority and are primarily dependent upon state appropriations and student tuition. Column 3 lists the two Community Colleges with combined technical schools. They receive funding for technical programs through the Community College Operating Grant. Three of the community colleges in column 4 that merged with technical schools (Johnson County Community College, Hutchinson County Community College, and Coffeyville Community College) receive Postsecondary Aid for technical programs, while Dodge City Community College operates its technical programs as credit hour programs, and accordingly receives funding through the Community College Operating Grant. Similar to Dodge City Community College, the colleges in column 5 receive funding for technical education through the Community College Operating Grant.

1	2	3	4	5
Technical Schools	Technical Colleges	Combined CC/AVTS	Technical Schools Merged with CC	Community Colleges
Kansas City ATS	NW Ks TC	Cowley County CC/AVTS	Central Kansas AVTS merged with Hutchinson CC	Allen County CC
Kaw ATS	NC Ks TC	Pratt CC/AVTS	Southeast Kansas AVTS merged with Coffeyville CC	Barton County CC
SW Ks ATS	Flint Hills TC		Johnson County AVTS merged with Johnson County CC	Butler County CC
Salina ATS	Manhattan Area TC		Southwest AVTS merged with Dodge City CC	Cloud County CC
	NE Ks TC			Colby CC
	Wichita Area TC			Fort Scott CC
				Garden City CC
				Highland CC
				Independence CC
				Kansas City Ks CC
				Labelle CC
				Neosho County CC
				Seward County CC

In summary, the technical institutions receive both Postsecondary Aid and Capital Outlay. Some community colleges also receive Capital Outlay. (All 16 institutions listed in columns 1-4 receive funding from the Capital Outlay line item.) Whether a community college receives funding for its technical programs through Postsecondary Aid or through the Community College Operating Grant is a function of history and decisions that were made at a point in time the institution started delivering technical education. The other 13 community colleges receive funding for technical programs through the Community College Operating Grant.

10-5

State Postsecondary Aid and Its Allocation

The table below summarizes five years of Postsecondary Aid expenditures from the State General Fund and the Economic Development Initiatives Fund (EDIF).

State Postsecondary Aid					
Fund	FY 2003 - After Allotments	FY 2004	FY 2005	FY 2006	FY 2007
SGF	\$19,486,488	\$15,299,515	\$19,673,603	\$20,673,603	\$25,408,603
EDIF	\$6,144,277	\$10,331,250	\$6,957,162	\$6,957,162	\$6,957,162
TOTAL	\$25,630,765	\$25,630,765	\$26,630,765	\$27,630,765	\$32,365,765

The Board of Regents is statutorily charged with computing the allocation of Postsecondary Aid to the appropriate postsecondary institutions. The distribution of Postsecondary Aid is made from appropriations with 50 percent of the estimated amount distributed August 1 and the remainder January 1.

The Postsecondary Aid statute directs that "every school shall be entitled to receive postsecondary aid each school year in an amount equal to... 85% of the product of local cost per enrollment hour and total postsecondary enrollment." K.S.A. 72-4431(b). Within this framework, the Board has used three approaches for allocation in recent years: the 85% entitlement formula; block grants; and a three-year rolling average of enrollment. Each method is described below, including an explanation of why the method was rejected for the subsequent approach.

The 85% Entitlement Formula. From FY 2000-FY 2004, the "85% of the product" was calculated by taking an institution's approved operating budget and dividing by the total number of instructional hours delivered to all students to ascertain the cost per enrollment hour. This figure was then multiplied by the number of hours of instruction for postsecondary students only, and institutions were entitled to receive 85% of the resulting amount.

In many years, the state appropriations were insufficient to fund the actual entitlement amounts for these institutions. For example, in FY 2002 the 13 school or colleges eligible to receive postsecondary aid generated 4.4 million postsecondary clock hours. Under the formula, they were entitled to receive \$28.6 million in state aid. However, the total appropriation was \$27.0 million, leaving the formula under funded by \$1.6 million. The Postsecondary Aid statute anticipated this situation by providing that if the amount appropriated were insufficient to pay the amount each school was entitled to receive as postsecondary aid as computed by the Board, then the entire amount remaining would be prorated among all institutions in proportion to the amount each institution is entitled to receive. K.S.A. 72-4432. As a result, appropriated funds were disbursed to the institutions based on their pro-rata share of the total entitlement.

Nevertheless, it became apparent that the 85% entitlement funding mechanism failed to recognize institutions' changes in enrollment. The following funding scenarios illustrate this problem.

10-6

Postsecondary Aid Entitlement Formula for Technical Institutions
K.S.A. 72-4430 & 72-4431

Formula:

KBOR Approved Operating Budget/Total # Hours Delivered = Cost per clock hour
(Cost per hour X Postsecondary hours only) X .85 = Postsecondary Aid Entitlement

Examples:

In FY00 the "sample" technical college generated 500,000 clock hours of enrollment. The Kansas Board of Regents Approved Operating Budget was \$3,000,000. Therefore, the calculated cost per hour is \$ 6.00. Final Postsecondary Aid Entitlement is \$ 2,499,000.

FY 00 $\frac{\$3,000,000 \text{ app'd budget}}{500,000 \text{ total hours}} = \$6.00 \text{ per clock hour}$

\$6.00 per hr X 490,000 PS hrs = \$2,940,000 X .85 = \$2,499,000 Postsecondary Aid Entitlement

In FY01 the "sample" technical college generated 1,000,000 clock hours (doubled enrollment). The Kansas Board of Regents Approved Operating Budget was \$3,000,000 as calculated from the previous year (FY00). The result shows no increase in the Postsecondary Aid Entitlement even though the number of clock hours delivered doubled.

FY 01 $\frac{\$3,000,000 \text{ app'd budget}}{1,000,000 \text{ total hours}} = \$3.00 \text{ per clock hour}$

\$3.00 per hr X 980,000 PS hrs = \$2,940,000 X .85 = \$2,499,000 Postsecondary Aid Entitlement

In FY 02 enrollment decreased and only 300,000 clock hours were generated. The cost per clock hour increased to \$10 per hour; however the Postsecondary Aid Entitlement remains virtually unchanged.

FY 02 $\frac{\$3,000,000 \text{ app'd budget}}{300,000 \text{ total hours}} = \$10.00 \text{ per clock hour}$

\$10.00 per hr X 300,000 PS hrs = \$3,000,000 X .85 = \$2,550,000 Postsecondary Aid Entitlement

The Block Grant Method. Beginning in FY 2005, a block grant approach was used to allocate Postsecondary Aid. The amount allocated in FY 2005 was incremented by the appropriated increase and pro-rated based on FY 2004's distribution of Postsecondary Aid. The same block grant approach was used to allocate funding in FY 2006.

The Three-Year Rolling Average of Enrollment. Discussions were ongoing about the allocation of Postsecondary Aid and the need to make the funding align with the hours taught. During Fall 2005, discussions came to a head and the Association of Technical Schools and Colleges came to the Board with a proposal to change the allocation

methodology to better align funding with hours taught and correct inequities that had evolved over time. The Board, in consultation with the Association, approved a short-term strategy to make the needed corrections over three years.

For FY 2007, the Board allocated funds based on a validated number of postsecondary clock hours of instruction generated from approved courses. This new formula uses a three-year rolling average of enrollment to calculate a base-line. The rolling average will allow one third of the correction needed to correct inequities in each of the next three years. The 2006 Legislature required that institutions be "held harmless" so any adjustments will be made with new funding.

It is important to note that beginning July 1, 2006, technical schools and colleges will be required to report enrollment in credit hours and over the course of the three years the funding mechanism will be converted from clock hours to credit hours to further improve equitable treatment among the institutions.

Community College Operating Grant and Its Allocation

The Higher Education Coordination Act of 1999 transferred supervision of the community colleges, technical schools and colleges, and other aspects of postsecondary education from the State Board of Education to the Kansas Board of Regents and established a new community college funding mechanism.

The new funding mechanism for community colleges, which was further modified by the 2000 Legislature, was implemented in FY 2001. Beginning that year, community college funding was on the basis of operating grants equal to 50 percent of the appropriation from the State General Fund for a FTE lower-division student at the regional state universities (Emporia, Fort Hays, and Pittsburg). The grant was calculated based on total enrollment for all community colleges and then allocated to each institution based on its percentage of the prior year's funding. The community college funding mechanisms existing at the time of SB 345 was enacted were abolished and a hold-harmless provision ensured that no community college got less in FY 2001 than in FY 2000. The operating grants were intended to increase by 5 percentage points each year until FY 2004, when the grants were to equal 65 percent of the SGF appropriation per lower division student at the regional state universities. Because of state revenue shortfalls, the four-years phase in took six years to implement. County out-district tuition was to be phased out in even increments over a four-year period beginning in FY 2001 and ending in FY 2004. That schedule also was delayed, with the final year of the phase out not occurring until FY 2006, after which state aid was to replace the revenue lost from out-district tuition and be included in each community college's operating grant.

Another component of the legislation was that, beginning in FY 2001, community colleges had to use at least 80 percent of increased state aid, excluding state aid replacement for out-district tuition and certain other adjustments, for property tax relief. (Source: KLRD Memo, August 18, 2006).

State Capital Outlay Aid and Its Allocation

Kansas statutes provide that the technical schools or colleges may receive capital outlay aid for facilities improvements and equipment. K.S.A. 72-4440 through 72-4443. These funds maybe used for making "bricks and mortar" improvements. The purpose of these funds is described as "construction, reconstruction, repair, remodeling, additions to, furnishings, and equipping...and architectural expenses." The total amounts of State Capital Aid for the past several fiscal years are listed in the following table.

10-8

State Capital Outlay Aid

Fund	FY 2003 - After Allotments	FY 2004	FY 2005	FY 2006	FY 2007
SGF					
EDIF	\$2,565,000	\$2,565,000	\$2,565,000	\$2,565,000	\$2,565,000
TOTAL	\$2,565,000	\$2,565,000	\$2,565,000	\$2,565,000	\$2,565,000

Under current practice, the funds are allocated to the institutions offering technical education on the basis of \$100,000 per institution, with the balance of the appropriation allocated based on clock hour production. Furthermore, by practice the institution must certify a 50% institutional match to receive the state capital outlay aid and funds are to be expended or encumbered within the state fiscal year.

Impact of Performance Agreements on New Funding

In 2002, K.S.A. 74-3202d was enacted establishing a performance agreement process to be administered by the Kansas Board of Regents for all Kansas public postsecondary education institutions. This enactment added an additional requirement to the distribution of state funding for technical education. The law provides that the Board determines the amount of *new* state funds to be distributed to each postsecondary educational institution, taking into account the postsecondary institution's level of compliance with its performance agreement and the new funds available for distribution.

For example, at the November 2006 Board meeting, performance agreements for each institution were approved. Any new funding appropriated for FY 2008 will be dependent upon the institutions compliance with its performance agreement. Because the distribution of new funds is subject to the institution's performance agreement pursuant to the statutory performance agreement process, the Board approves the allocation of Postsecondary Aid in May.

Three key points regarding funding and the performance agreements are:

- An institution's compliance with performance agreements impacts new state funding only
- Any portion not allocated to an institution is deemed to be part of the institution's base budget for the purpose of determining the follow fiscal year's allocation. An institution is precluded from permanently losing state funding due to non-compliance with its performance agreement. In other words, the intended effect of this provision is that such loss of funds is for **only one fiscal year**.
- Any portion not allocated to an institution in the fiscal year shall not be reallocated to any other institution.

The impact of these statutory provisions can be illustrated with the following example. For FY 2007, Salina Area Technical School did not submit a performance agreement; therefore, it will not receive the increased funding of \$381,319 in the current year; however, the increase will be restored to their base in FY 2008. Board staff is reviewing various options related to the unexpended one-time funding including: returning the funds to the state; using the funds for a technical education marketing campaign, suggested by the Kansas Association of Technical Schools and Colleges; or transferring funds to appropriate student scholarship programs.

10-9

Current Level of State Funding for Technical Education by Type of Institution

The table on the next page summarizes state funding by technical schools; technical colleges; merged community colleges and technical schools and community colleges.

For the four technical schools, FY2007 funding totals for Postsecondary Aid and Capital Outlay are \$10.1 million. In FY 2005, the combined enrollments for the four existing technical schools comprised approximately 8% of the career and technical education students served by two-year institutions in the system.

For the six technical colleges, FY2007 funding totals for Postsecondary Aid and Capital Outlay total \$20.4 million. In FY 2005, the combined enrollments of the six technical colleges comprised approximately 15% of the career and technical education students served by two-year institutions in the system.

For the technical schools combined and merged with community colleges, FY 07 funding totals for Postsecondary Aid and Capital Outlay total \$4.5 million

For the Community Colleges offering technical education funded through the Community College Operating Grant and Out-district Tuition Offset, FY 2007 funding totals an estimated \$30.7 million.

In FY 2005, 77 percent of the career and technical education students served by two-year institutions are served by the 19 community colleges.

10-10

Kansas Board of Regents
Technical Schools & Colleges and Community Colleges
FY 2007 Current State Funding for Technical Education

Institution	Postsecondary aid	Capital Outlay	CC Operating Grant*	Total
Technical Schools				
Kansas City ATS	3,116,325	172,918	0	3,289,243
Kaw ATS	2,646,291	175,772	0	2,822,063
Salina ATS	2,056,061	139,869	0	2,195,930
Southwest Ks. TS	1,615,784	129,778	0	1,745,562
				10,052,798
Technical Colleges				
Flint Hills TC	2,277,047	149,808	0	2,426,855
Manhattan TC	2,527,226	150,000	0	2,677,226
North Central Ks. TC	3,444,704	163,256	0	3,607,960
Northeast Ks. TC	1,461,500	138,597	0	1,600,097
Northwest Ks. TC	3,112,936	152,974	0	3,265,910
Wichita Area TC	6,633,092	204,317	0	6,837,409
				20,415,457
"Merged" CC & TS				
Coffeyville CC	1,055,494	131,915	0	1,187,409
Dodge City CC*		123,019	0	123,019
Hutchinson CC	1,189,334	185,451	0	1,374,785
Johnson Co. CC	1,229,971	275,420	0	1,505,391
				4,190,604
"Combined" CC & AVTS				
Cowley County CC*		150,178		150,178
Pratt CC*		121,728		121,728
Community Colleges**			30,737,065	30,737,065
TOTAL	32,365,765	2,565,000	30,737,065	65,667,830

* Receive funding for technical education from the Community College Operating grant.

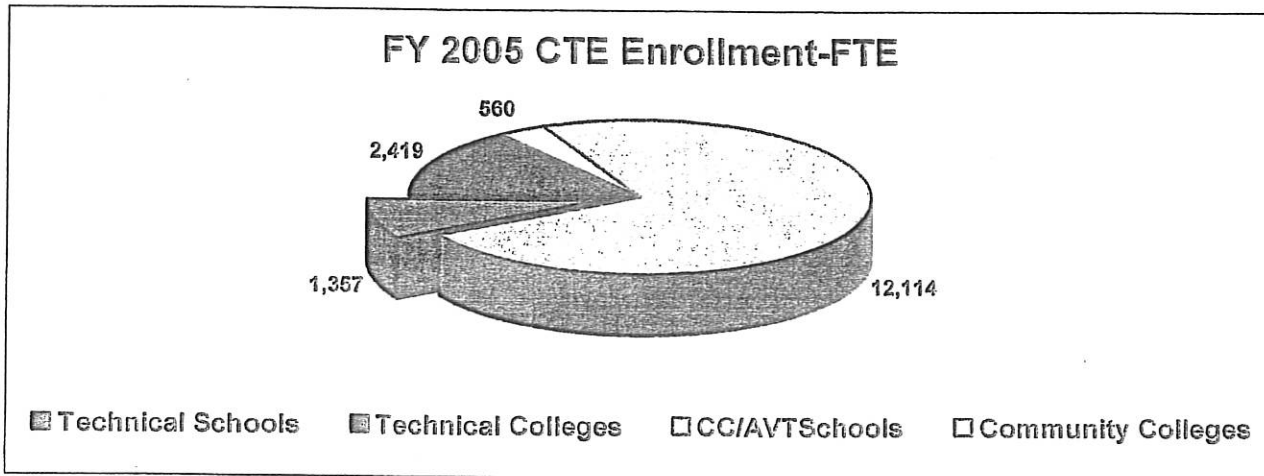
** Estimate of spending for technical education assuming enrollments approximate expenditures. (30% of community college credit hours are vocational credit hours)

10-11

Other Issues

In FY2005, four technical schools had combined enrollments of 1357 FTE* or 8% of career and technical education students served by two-year institutions in the system (Figure 1). These enrollments are slightly less than the enrollment of Garden City Community College (1420 FTE).

Figure 1



*900 clock hours = 1 Technical Institution FTE

Currently, six technical colleges serve 2,419 FTE or 14.7% of career and technical education students served by two-year institutions in the system (Figure 2). These combined enrollments are about 15% less than the enrollment at Hutchinson Community College (2867 FTE).

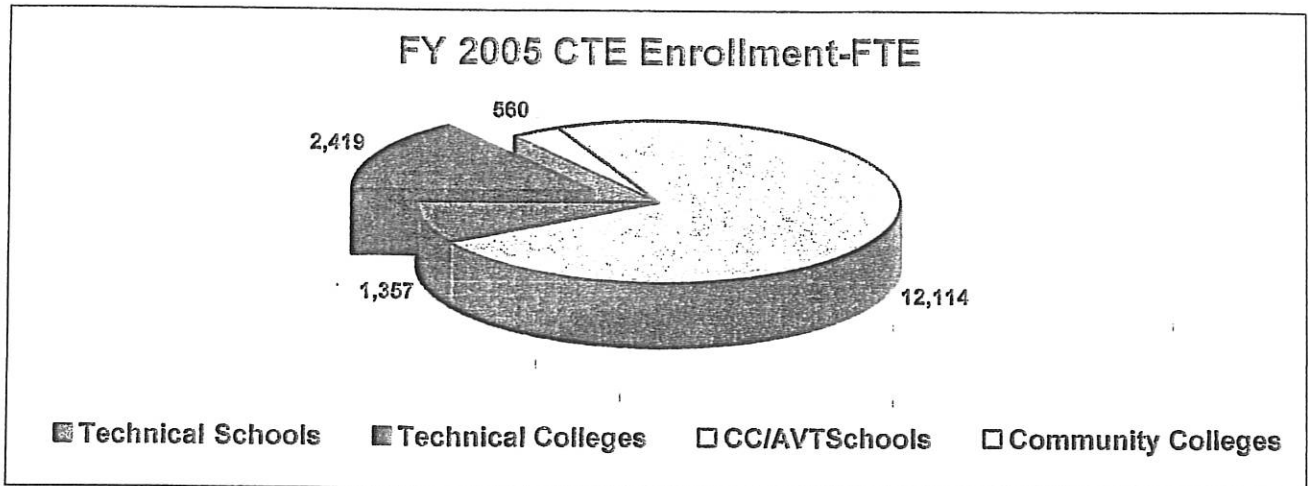


Figure 2

The amount of funding and the funding formula have not encouraged growth of the sector. However, other issues continue to hamper the efficiency, effectiveness, and/or capacity of the current system. These issues may include:

10-12

Program Variation

Program content and length also varies widely, despite industry efforts to establish common skill requirements/skill standards within specific occupational areas. For example, the National Automotive Technicians Education Foundation (NATEF) certifies automotive technology and automotive collision repair programs to improve the quality of training offered. While NATEF does not endorse specific curricular materials nor provide instruction, it does set standards for the content of instruction, which includes tasks, tools and equipment, contact hours, and instructor qualifications. Program standards are developed based on National Institute for Automotive Service Excellence (ASE) task lists and are designed to bring training programs to a level at which participants are properly trained for entry level into the industry. Among the technical institutions, one institution's automotive collision repair program is 2,800 clock hours leading to a technical certificate, while another institution offers the same technical certificate and has a program length of 1,080 clock hours. Unfortunately, students entering the workforce from the longer programs earn virtually the same entry salaries as students exiting the shorter program. It is increasingly difficult to justify the significant variance in program length and content when industry promotes standardization, culminating awards (technical certificate/A.A.S. degree) are identical, and beginning salaries for program completers are similar.

Funding Inequity

Currently technical colleges have limited sources for funding. Past funding models ignored the change in outputs among the institutions. In addition, three merged institutions do not have access to the postsecondary aid formula. These institutions include Cowley County CC/AVTS, Dodge City CC/AVTS, and Pratt CC/AVTS. This exclusion is based on past decisions of institutional Presidents/Boards and adds further confusion to the system.

Facilities

In addition to operational funding, technical colleges do not have adequate funding to address facilities. Across the state, many institutions have aging facilities and if capacity is to be increased, facilities will need to be expanded and improved.

Business Engagement

The governance and funding of technical colleges and schools may also have hampered the ability for institutions to establish business partnership. In a recent audit of workforce development presented by the Legislative Division of Post Audit (September, 2006), the total number of business partnerships and participants are as follows:

Technical Schools and Colleges			
School	Location	Business Partnerships	Participants
Northwest Kansas Technical College	Goodland	0	0
North Central Kansas Technical College	Beloit	1	20
Flint Hills Technical College	Emporia	8	82
Manhattan Area Technical College	Manhattan	4	227
Wichita Area Technical College	Wichita	12*	665
Northeast Kansas Technical College	Atchison	5	458
Kansas City Area Technical School	Kansas City	8	n/a
Southwest Kansas Technical School	Liberal	0	0
Kaw Area Technical School	Topeka	1	16
Salina Area Technical School	Salina	13	320
Total		64	1788

*one partnership listed as "various"

10-13

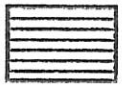
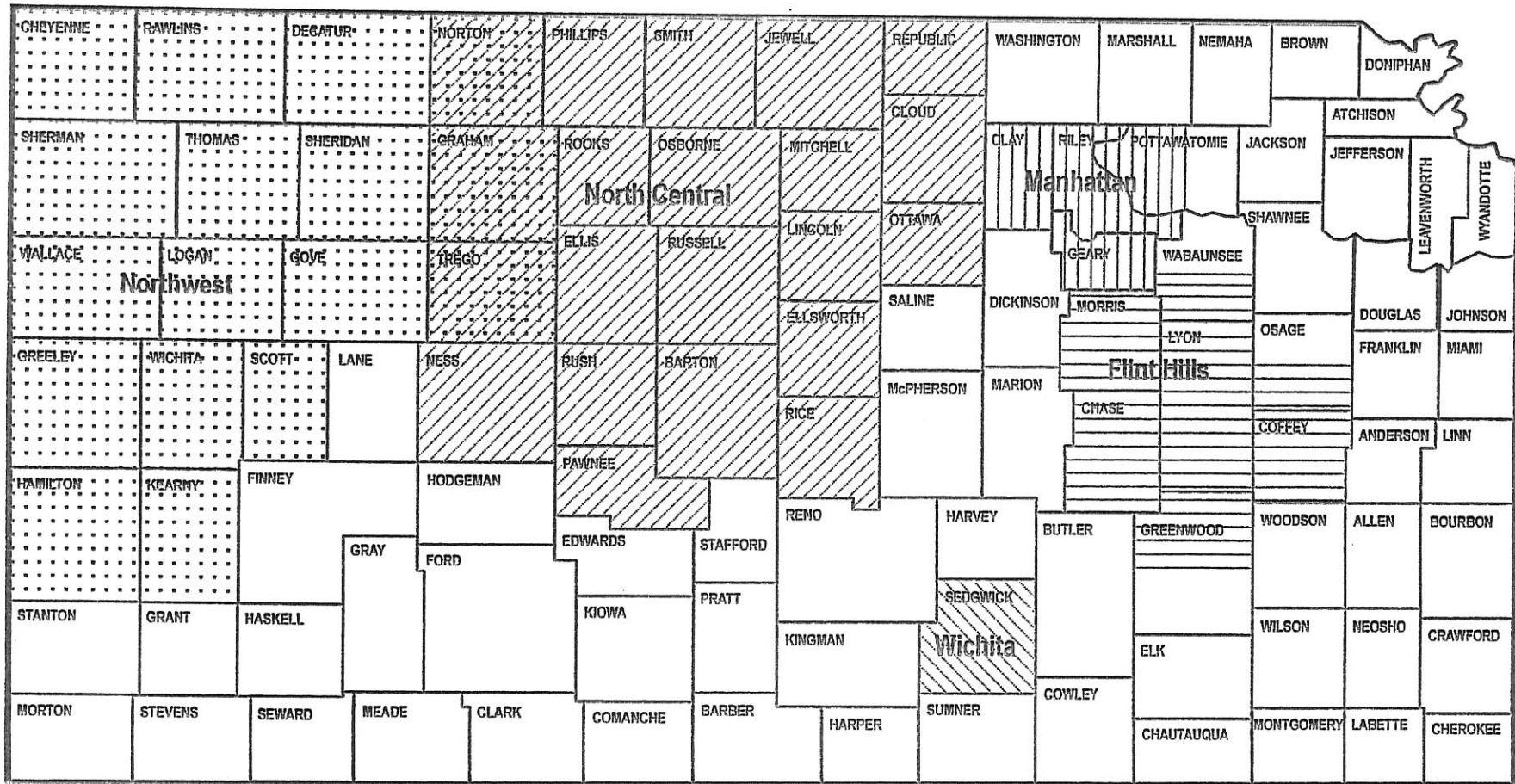
Merged Institutions			
School	Location	Business Partnerships	Participants
Johnson County CC/AVTS	Overland Park	86	7591
Coffeyville CC/AVTS	Coffeyville	4	467
Dodge City CC/AVTS	Dodge City	5	302
Hutchinson CC/AVTS	Hutchinson	355	9327
Cowley County CC/AVTS	Arkansas City	1	387
Pratt CC/AVTS	Pratt	3	29
Total		454	18103

Kansas Board of Regents Recommendation

The Board of Regents at its October, 2006, meeting voted unanimously to merge or affiliate technical schools and colleges with a community college or university over a three to five year transition period.

10-14

Technical Colleges Territories



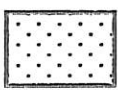
Flint Hills Technical College
Emporia



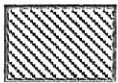
Manhattan Area Technical College
Manhattan



North Central Kansas Technical College
Beloit



Northwest Kansas Technical College
Goodland



Wichita Area Technical College
Wichita

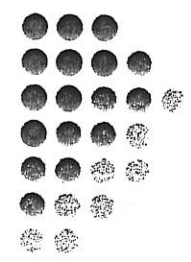
KANSAS ASSOCIATION OF COMMUNITY COLLEGE TRUSTEES

2006 Local Mill Levy

Final Valuation/Mill Levy's	Published		Certified							
Kansas Community Colleges										
	2006/2007	2006/2007	2006/2007	2006/2007	Adult Education	Bond & Interest	Capital Outlay	No Funds Warrants	Special Assessment	
COLLEGES	Assessed Valuation	General Mill Levy	Assessed Valuation	General Mill Levy						
Allen County	80,638,673	14.014	84,632,201	13.352			3.334			16.686
Barton County	207,062,854	30.440	206,376,190	30.537						30.537
Butler County	468,074,767	17.500	471,677,198	17.363						17.363
Cloud County	70,427,109	27.750	70,510,266	27.721			3.995			31.716
Coffeyville	107,500,000	37.510	109,588,433	36.798			1.942			38.740
Colby	80,810,297	33.370	80,743,172	33.400						33.400
Cowley County	212,265,903	18.425	210,324,808	18.595						18.595
Dodge City	222,407,249	28.190	223,347,352	28.072	0.249		2.00			30.321
Fort Scott	88,729,048	22.350	88,754,941	22.342						22.342
Garden City	505,327,076	18.290	507,337,233	18.217			0.999			19.216
Highland	66,816,640	14.620	66,816,640	14.620						14.620
Hutchinson	476,062,327	21.780	477,812,976	21.704			1.993			23.697
Independence	5,020,971	38.000	112,315,524	35.651						35.651
Johnson County	7,740,129,805	8.441	7,728,958,492	8.353			0.5		0.019	8.872
Kansas City Kansas	1,164,493,510	18.305	1,169,496,962	18.218			2.026			20.244
Labetie	118,989,060	35.140	119,132,871	35.093	0.261					35.354
Neosho County	101,437,832	32.289	101,614,552	32.233	0.082					32.315
Pratt	105,292,378	39.490	110,690,684	39.037			1.951			40.988
Seward County	310,194,133	26.180	312,241,381	26.011						26.011
TOTALS	12,131,679,632.00		12,252,371,876.00	477.32	0.59	0.00	18.74	0.00	0.02	496.67

10-16

Kansas Community Colleges - Revenue by Source YE June 30, 2006 - Summary Worksheet

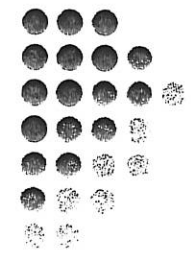


10-17

	Student Sources	Federal Sources	State Sources Oper Grant	State Sources Other	County Sources	Local Sources	Other Sources	Total
COLLEGES								
Allen	\$ 2,538,249	\$ 85,884	\$ 3,858,172	\$ 240,020	\$ 215,278	\$ 1,302,847	\$ 489,427	\$ 8,729,877
Barton County	\$ 5,668,897	\$ 49,161	\$ 6,759,712	\$ 174,396	\$ 153,687	\$ 6,242,538	\$ 844,774	\$ 19,893,165
Butler	\$ 13,337,134	\$ 74,679	\$ 12,323,830	\$ 724,067	\$ 756,609	\$ 8,821,563	\$ 2,637,773	\$ 38,675,655
Cloud County	\$ 2,387,637	\$ 10,222	\$ 4,328,001	\$ 204,225	\$ 200,454	\$ 2,128,311	\$ 316,610	\$ 9,575,460
Coffeyville	\$ 2,087,072	\$ 194,257	\$ 1,603,487	\$ 1,058,025	\$ 32,500	\$ 4,795,476	\$ 1,075,314	\$ 10,846,131
Colby	\$ 2,628,792	\$ 72,235	\$ 2,666,537	\$ 233,356	\$ 287,114	\$ 2,857,753	\$ 227,319	\$ 8,973,106
Cowley County	\$ 6,292,546	\$ -	\$ 7,546,988	\$ 1,237,193	\$ 252,345	\$ 4,106,124	\$ 1,186,871	\$ 20,622,067
Dodge City	\$ 1,647,147	\$ 279,655	\$ 2,501,677	\$ 226,316	\$ 60,975	\$ 7,885,959	\$ 316,634	\$ 12,918,363
Fort Scott	\$ 3,686,844	\$ 163,176	\$ 3,029,502	\$ 226,862	\$ 141,279	\$ 2,201,228	\$ 362,423	\$ 9,811,314
Garden City	\$ 2,860,036	\$ -	\$ 2,666,547	\$ 3,454	\$ 81,762	\$ 9,397,557	\$ 722,676	\$ 15,732,032
Highland	\$ 2,869,027	\$ -	\$ 3,905,842	\$ 196,552	\$ 186,594	\$ 1,060,820	\$ 462,114	\$ 8,680,949
Hutchinson	\$ 5,290,465	\$ 399,949	\$ 6,202,113	\$ 1,023,744	\$ 258,738	\$ 11,263,241	\$ 697,529	\$ 25,135,779
Independence	\$ 778,847	\$ 34,784	\$ 1,433,794	\$ -	\$ 596,821	\$ 3,723,533	\$ 75,700	\$ 6,643,479
Johnson	\$ 24,302,395	\$ 468,704	\$ 17,703,231	\$ 5,186,816	\$ 264,924	\$ 67,900,439	\$ 9,674,063	\$ 125,500,572
Kansas City	\$ 6,488,959	\$ -	\$ 5,782,091	\$ 149,740	\$ 267,348	\$ 23,244,415	\$ 503,464	\$ 36,436,017
Labette	\$ 1,569,192	\$ 265,940	\$ 2,462,242	\$ 54,310	\$ 141,623	\$ 4,411,327	\$ 147,949	\$ 9,052,583
Neosho	\$ 2,018,035	\$ 184,454	\$ 2,391,986	\$ 301,726	\$ 99,003	\$ 3,400,120	\$ 138,336	\$ 8,533,660
Pratt	\$ 1,241,290	\$ -	\$ 2,220,876	\$ 98,066	\$ 97,176	\$ 4,218,863	\$ 1,695,889	\$ 9,572,160
Seward County	\$ 1,667,388	\$ 1,670	\$ 1,668,682	\$ 154,273	\$ 54,330	\$ 7,596,455	\$ 327,259	\$ 11,470,057
Totals	\$ 89,359,952	\$ 2,284,770	\$ 91,055,310	\$ 11,493,141	\$ 4,148,560	\$ 176,558,569	\$ 21,902,124	\$ 396,802,426

Note: Federal Sources include only revenues recorded in the Current Unrestricted Fund. Most Federal grants are recorded in Restricted Funds.

81-01



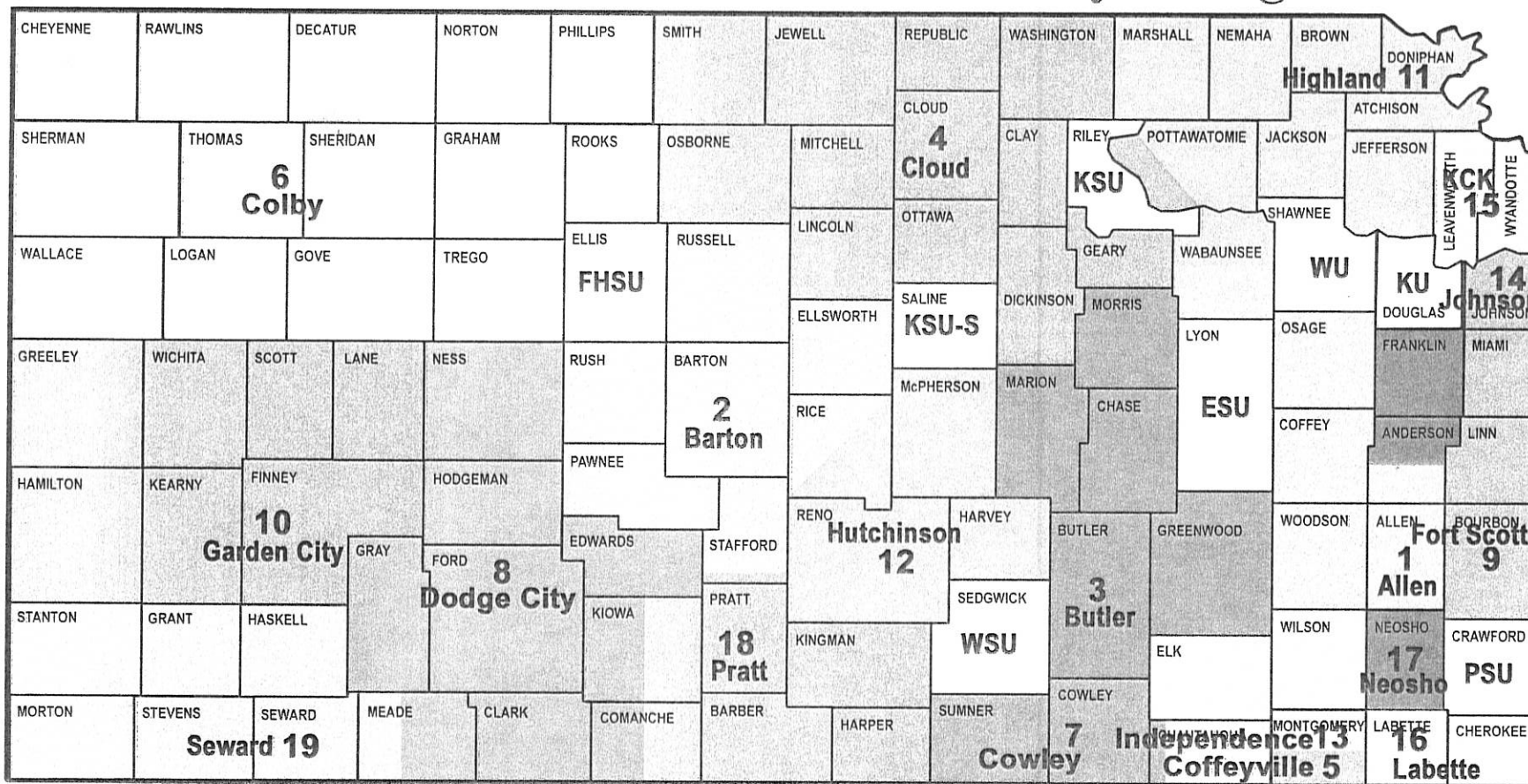
Kansas Community Colleges - Revenue by Source YE June 30, 2006 - Summary Worksheet

	Student Sources	Federal Sources	State Sources Oper Grant	State Sources Other	County Sources	Local Sources	Other Sources	Total
COLLEGES								
Allen	29.1%	1.0%	44.2%	2.7%	2.5%	14.9%	5.6%	100%
Barton County	28.5%	0.2%	34.0%	0.9%	0.8%	31.4%	4.2%	100%
Butler	34.5%	0.2%	31.9%	1.9%	2.0%	22.8%	6.8%	100%
Cloud County	24.9%	0.1%	45.2%	2.1%	2.1%	22.2%	3.3%	100%
Coffeyville	19.2%	1.8%	14.8%	9.8%	0.3%	44.2%	9.9%	100%
Colby	29.3%	0.8%	29.7%	2.6%	3.2%	31.8%	2.5%	100%
Cowley County	30.5%	0.0%	36.6%	6.0%	1.2%	19.9%	5.8%	100%
Dodge City	12.8%	2.2%	19.4%	1.8%	0.5%	61.0%	2.5%	100%
Fort Scott	37.6%	1.7%	30.9%	2.3%	1.4%	22.4%	3.7%	100%
Garden City	18.2%	0.0%	16.9%	0.0%	0.5%	59.7%	4.6%	100%
Highland	33.0%	0.0%	45.0%	2.3%	2.1%	12.2%	5.3%	100%
Hutchinson	20.5%	1.5%	24.0%	4.0%	1.0%	44.8%	2.8%	100%
Independence	11.7%	0.5%	21.6%	0.0%	9.0%	56.0%	1.1%	100%
Johnson	19.4%	0.4%	14.1%	4.1%	0.2%	54.1%	7.7%	100%
Kansas City	17.8%	0.0%	15.9%	0.4%	0.7%	63.8%	1.4%	100%
Labette	17.3%	2.9%	27.2%	0.6%	1.6%	48.7%	1.6%	100%
Neosho	23.6%	2.2%	28.0%	3.5%	1.2%	39.8%	1.6%	100%
Pratt	13.0%	0.0%	23.2%	1.0%	1.0%	44.1%	17.7%	100%
Seward County	14.5%	0.0%	14.5%	1.3%	0.5%	66.2%	2.9%	100%
Totals	22.5%	0.6%	22.9%	2.9%	1.0%	44.5%	5.5%	100%

Note: Federal Sources include only revenues recorded in the Current Unrestricted Fund. Most Federal grants are recorded in Restricted Funds.

Kansas Community Colleges and Service Areas for Kansas Community Colleges

6-1-01



- | | |
|---|--|
| <input type="checkbox"/> 1. Allen County Community College, Iola | <input checked="" type="checkbox"/> 12. Hutchinson Community College, Hutchinson |
| <input type="checkbox"/> 2. Barton County Community College, Great Bend | <input type="checkbox"/> 13. Independence Community College, Independence |
| <input checked="" type="checkbox"/> 3. Butler County Community College, El Dorado | <input type="checkbox"/> 14. Johnson County Community College Overland Park |
| <input type="checkbox"/> 4. Cloud County Community College, Concordia | <input type="checkbox"/> 15. Kansas City Kansas Community College, Kansas City |
| <input type="checkbox"/> 5. Coffeyville Community College, Coffeyville | <input type="checkbox"/> 16. Labette Community College, Parsons |
| <input type="checkbox"/> 6. Colby Community College, Colby | <input checked="" type="checkbox"/> 17. Neosho County Community College, Chanute |
| <input checked="" type="checkbox"/> 7. Cowley County Community College, Arkansas City | <input type="checkbox"/> 18. Pratt Community College, Pratt |
| <input type="checkbox"/> 8. Dodge City Community College, Dodge City | <input type="checkbox"/> 19. Seward County Community College, Liberal |
| <input checked="" type="checkbox"/> 9. Fort Scott Community College, Fort Scott | |
| <input type="checkbox"/> 10. Garden City Community College, Garden City | <input type="checkbox"/> State Universities/Washburn |
| <input checked="" type="checkbox"/> 11. Highland Community College, Highland | <input checked="" type="checkbox"/> Unassigned |

10-20

Kansas Board of Regents																				
Funding Scenario Requested by the KACCT																				
Technical Education Funding																				
FY 2006																				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
	POSTSECONDARY AID FUNDING			COMMUNITY COLLEGE FUNDING																
Institution	PS FTE (PS Aid)	PS Aid Funding	Funding per FTE (Col 2/Col 1)	Out-District Tuition Off-Set	Operating Grant	Total Out-District Tuition Off-Sett & Oper Grant (Col 4+Col 5)	Academic FTE	Vocational FTE	Total FTE (Col 7+Col 8)	% Voc FTE Col 8/Col (9)	weighted Vocational FTE 2:1 (Col 8*2)	2:1 total FTE (Col 7+Col 11)	% 2:1 Voc FTE (Col 11/Col 12)	% CC Funding for Voc (2:1) (Col 6*Col 13)	2:1 Voc Funding per Voc FTE (Col 14/Col 8)	Difference in CC funding & Avg PS Aid funding (Col 16-15)	Amt to bring CC funding to PS Aid level (Col 17-16)	Difference in PS Aid funding & Avg PS Aid (Col 18-3)	Amt to bring PS Aid funding up to Avg (Col 19-18)	Total Additional Funds (Col 17+Col 19)
Allen County				\$111,226	\$3,858,172	\$3,969,398	1,329.6	368.6	1,698.2	21.71%	737.3	2,066.9	35.67%	\$1,415,884	\$3,841	\$3,848	\$1,418,501			\$1,418,501
Barton County				\$129,951	\$6,759,712	\$6,889,663	1,660.4	1,004.3	2,664.6	37.69%	2,008.5	3,668.9	54.74%	\$3,771,402	\$3,755	\$3,934	\$3,950,720			\$3,950,720
Butler County				\$656,128	\$12,323,830	\$12,979,958	3,834.4	1,570.2	5,404.7	29.05%	3,140.5	6,974.9	45.03%	\$5,844,875	\$3,722	\$3,967	\$6,229,116			\$6,229,116
Cloud County				\$204,225	\$4,328,001	\$4,532,226	1,111.8	280.8	1,392.6	20.16%	561.6	1,673.4	33.56%	\$1,521,015	\$5,417	\$2,272	\$637,978			\$637,978
Coffeyville	100.0	\$836,941	\$8,369	\$31,933	\$1,571,554	\$1,603,487	580.2	186.4	766.6	24.32%	372.9	953.0	39.12%	\$627,284	\$3,365	\$4,324	\$806,138	(680)	(468,000)	\$738,137
Colby				\$127,124	\$2,773,491	\$2,900,615	643.2	287.1	930.2	30.86%	574.1	1,217.3	47.16%	\$1,367,930	\$4,765	\$2,924	\$839,334			\$839,334
Cowley County				\$400,755	\$7,546,988	\$7,947,743	2,303.0	972.4	3,275.5	29.69%	1,944.8	4,247.9	45.78%	\$3,638,477	\$3,742	\$3,947	\$3,838,129			\$3,838,129
Dodge City				\$53,154	\$2,501,677	\$2,554,831	631.1	372.2	1,003.2	37.10%	744.3	1,375.4	54.12%	\$1,382,675	\$3,715	\$3,974	\$1,478,924			\$1,478,924
Fort Scott				\$134,957	\$3,029,502	\$3,164,459	679.2	597.2	1,276.5	46.79%	1,194.4	1,873.7	63.75%	\$2,017,343	\$3,378	\$4,311	\$2,574,601			\$2,574,601
Garden City				\$74,898	\$2,666,547	\$2,741,445	924.6	378.3	1,303.0	29.04%	756.7	1,681.3	45.00%	\$1,233,650	\$3,261	\$4,428	\$1,675,260			\$1,675,260
Highland				\$196,552	\$3,905,842	\$4,102,394	1,363.4	213.0	1,576.4	13.51%	426.1	1,789.4	23.81%	\$976,780	\$4,585	\$3,104	\$661,255			\$661,255
Hutchinson	150.3	\$990,250	\$6,589	\$232,590	\$6,202,113	\$6,434,703	1,750.4	1,060.9	2,811.3	37.74%	2,121.7	3,872.1	54.79%	\$3,525,574	\$3,323	\$4,366	\$4,631,671	\$1,100	\$165,316	\$4,796,987
Independence				\$33,447	\$1,433,794	\$1,467,241	415.6	126.3	541.9	23.31%	252.6	668.2	37.80%	\$554,617	\$4,391	\$3,298	\$416,537			\$416,537
Johnson County	178.7	\$1,007,945	\$5,640	\$238,789	\$17,703,231	\$17,942,020	7,014.4	2,640.2	9,654.5	27.35%	5,280.3	12,294.7	42.95%	\$7,706,098	\$2,919	\$4,770	\$12,593,595	\$2,049	\$366,152	\$12,959,747
Kansas City				\$149,740	\$5,782,091	\$5,931,831	2,087.1	856.5	2,943.6	29.10%	1,713.0	3,800.1	45.08%	\$2,674,069	\$3,122	\$4,567	\$3,911,636			\$3,911,636
Labette				\$81,237	\$2,462,242	\$2,543,479	514.2	410.3	924.5	44.38%	820.6	1,334.8	61.48%	\$1,563,731	\$3,811	\$3,878	\$1,591,208			\$1,591,208
Neosho County				\$98,416	\$2,391,986	\$2,490,402	740.2	362.1	1,102.3	32.85%	724.2	1,464.4	49.45%	\$1,231,504	\$3,401	\$4,288	\$1,552,685			\$1,552,685
Pratt				\$98,066	\$2,220,876	\$2,318,942	508.7	366.9	875.5	41.90%	733.7	1,242.4	59.06%	\$1,369,567	\$3,733	\$3,956	\$1,451,259			\$1,451,259
Seward County				\$62,173	\$1,668,682	\$1,730,855	509.8	212.0	721.8	29.37%	423.9	933.7	45.40%	\$785,808	\$3,707	\$3,982	\$844,051			\$844,051
Flint Hills TC	276.9	\$1,710,924	\$6,178																	
Kansas City KS ATS	366.3	\$3,036,051	\$8,287																	
Kaw ATS	242.5	\$2,482,261	\$10,235																	
Manhattan ATC	260.5	\$2,117,270	\$8,128																	
North Central KS TC	437.2	\$2,690,256	\$6,154																	
Northeast KS TC	227.2	\$1,077,258	\$4,742																	
Northwest KS TC	319.2	\$1,935,367	\$6,064																	
Salina Area TS	236.4	\$1,672,742	\$7,075																	
Southwest KS TS	254.5	\$1,440,408	\$5,660																	
Wichita Area TC	543.9	\$6,633,092	\$12,195																	
TOTAL/AVG	3,593.6	\$27,630,765	\$7,689	\$3,115,361	\$91,130,331	\$94,245,692	28,601.2	12,265.6	40,866.8	30.01%	24,531.2	53,132.4	46.17%	\$43,208,283	\$3,523	\$4,166	\$51,102,597		\$463,467	\$51,566,064