

Report of the Legislative Task Force on Community and Technical College State Funding to the 2023 Kansas Legislature

CHAIRPERSON: Representative Susan Humphries

VICE-CHAIRPERSON: Senator Molly Baumgardner

OTHER LEGISLATIVE MEMBERS: Senators Rick Billinger and Tom Hawk; and Representatives Troy Waymaster, Valdenia Winn (substitute member), Kathy Wolfe Moore, and Brandon Woodard

NON-LEGISLATIVE MEMBERS: Heather Morgan, Carter File, Alysia Johnston, Greg Nichols, Ben Schears, and Blake Flanders

CHARGE

Provisions in the 2022 Appropriations Bill (Section 109(g) of House Sub. for Sub. for SB 267) direct the Task Force to:

- Study the provision of state funding to the community and technical colleges in Kansas.

Legislative Task Force on Community and Technical College State Funding

REPORT

Conclusions and Recommendations

The Legislative Task Force on Community and Technical College State Funding makes the following recommendations:

- The Task Force recommends the Kansas Board of Regents (KBOR) use a three-year average (current academic year and two previous years) of data to calculate funding distributions for tiered and non-tiered education state aid rather than using a single previous year of data;
- The Task Force recommends the Legislature review the statutory definition of “new state money” as it relates to performance agreements and consider creating a new definition;
- The Task Force urges KBOR to review the current performance agreement process and consider creating a process that incentivizes larger goals rather than punishing colleges for not meeting metrics. The Task Force also recommends the Legislature consider funding the 2.0 percent performance incentive that was previously unfunded;
- The Task Force recommends the Legislature review and consider removing the proviso requiring funding for the Excel in Career Technical Education Initiative (SB 155) program to be distributed by KBOR within 60 days of the class start date;
- The Task Force recommends the Legislature grant KBOR auditing authority or utilize the Legislative Division of Post Audit process if audits are needed of the data inputted by colleges for the cost model calculation;
- The Task Force recommends the Legislature review statutes related to residency requirements and review where residency requirements for technical colleges originated and consider putting such requirements in statute;
- The Task Force recommends the Legislature add reappropriation authority to the tiered and non-tiered funding line items in the appropriations bill;
- The Task Force recommends the Legislature review the proviso prohibiting KBOR from transferring moneys between the tiered and non-tiered accounts; and
- The Task Force recommends the Legislature ensure the recentering of tiered and non-tiered education state aid funding occur as required in 2022 House. Sub. for Sub. for SB 267.

Proposed Legislation: None.

BACKGROUND

The Legislative Task Force on Community and Technical College State Funding (Task Force) was established by provisions in 2022 House Sub. for Sub. for SB 267, the 2022 appropriations bill, Section 109(g). The Task Force is composed of 13 members:

- Chairperson of the Senate Committee on Education;
- Chairperson of the Senate Committee on Ways and Means;
- Ranking Minority Member of the Senate Committee on Ways and Means;
- Chairperson of the House Committee on Appropriations;
- Ranking Minority Member of the House Committee on Appropriations;
- Chairperson of the House Committee on Higher Education Budget;
- Ranking Minority of the House Committee on Higher Education Budget;
- Three members representing the community colleges, appointed by the Kansas Association of Community College Trustees;
- Two members representing the technical colleges, appointed by the Kansas Association of Technical Colleges; and
- A member of the Kansas Board of Regents (KBOR).

The 2022 appropriations bill required the Task Force to review the provisions for state funding for community and technical colleges concerning the postsecondary tiered technical education state aid and non-tiered course credit hour grants described in Section 109(f) of the bill and other formula-related topics. The provisions state that legislative

intent for FY 2024 is to implement the funding formula for community and technical colleges concerning the postsecondary tiered technical education state aid and non-tiered course credit hour grants so that community and technical colleges that were overfunded according to the formula in FY 2023 will receive 50.0 percent of the amount of the overfunding in FY 2024.

For FY 2025, legislative intent is to fully implement the funding formula for the community and technical colleges concerning the postsecondary tiered technical education state aid and non-tiered course credit hour grants.

The Task Force is required to report its recommendations to the Senate Committee on Ways and Means and the House Committee on Higher Education Budget on or before January 9, 2023.

COMMITTEE ACTIVITIES

The Legislative Coordinating Council approved two meeting days for the Task Force in 2022. The Task Force met on August 30. The Task Force received presentations on the statutory procedure of the cost model for community and technical college state aid funding, calculation of the cost model, institutional performance agreements, and residency requirements. The majority of the meeting comprised Task Force member discussion of formula-related issues.

Overview of the Two-year College State Aid Funding Model

Statutory Overview

An Assistant Revisor of Statutes reviewed the statutory procedure of the funding system, a cost model, for community colleges and technical colleges. Funding both for the provision of general education and technical courses is determined using the cost model required by state law; funding for technical education takes into account additional costs to deliver those courses.

The postsecondary tiered technical education state aid is determined by the tiered technical course credit hours for students who are deemed Kansas residents using the statutory framework for

community colleges or rules and regulations for technical colleges. The cost calculation model is based on numerous factors and is set by KBOR. The non-tiered course credit hour grant amount is also set by KBOR.

The Assistant Revisor of Statutes noted the appropriations from FY 2023 to the tiered (\$66.0 million) and non-tiered (\$95.0 million) courses. Additionally, the Legislature directed KBOR to distribute funding in FY 2023 so that each institution would receive no less than what they received in FY 2022, with the directive that by FY 2025, the funding formula will be fully implemented.

Between FY 2023 and FY 2025, funds will be recentered among institutions to ensure each school is funded according to the cost model. In FY 2024, appropriations of institutions that are overfunded will be reduced by 50.0 percent of the overfunded amount. In FY 2025, all institutions will be funded according to the cost model.

Calculation of the Cost Model

A KBOR representative provided an overview of the history and calculation of the instructional cost model for Kansas resident students. For every tiered course, four factors determine course rate: instructor costs, instructional support costs, institutional costs (overhead), and extraordinary costs (equipment and infrastructure).

Non-tiered courses have three factors for course rates: instructor costs, instructional support costs, and institutional support costs. The course rate is then multiplied by the number of eligible student credit hours (SCH) to calculate total course costs.

Committee Discussion

Task Force members discussed the following issues related to funding:

- The under and overfunding of community and technical colleges and the proviso to balance funding so that underfunded colleges will receive full funding and overfunded colleges will receive funding according to the funding formula;

- The proviso requiring that each institution receive no less state aid funding than what they had the previous year, which had been in place for about ten years, and the disproportionality of funding that was created over time as schools grew and changed;
- Increased FY 2023 tiered and non-tiered appropriations by the Legislature and the provisos creating the recentering of funding process so that all colleges are funded according to the formula in FY 2025;
- Major differences in colleges across the state in terms of the number of out-of-district students and the differences in the calculating of funding related to in-district SCH and out-of-district SCH;
- Whether colleges have the opportunity to review their proposed funding allocation from KBOR and whether changes could be made if colleges noted any issues;
- The Excel in Career Technical Education Initiative (SB 155) program and a proviso requiring KBOR to distribute SB 155 funding to the colleges within 60 days of the class start date; and
- The three main funding sources of community colleges: local property taxes, tuition, and state aid. The technical colleges operate with two main funding sources: tuition and state aid.

Institutional Performance Agreements

An Assistant Revisor of Statutes provided information on institutional performance agreements. KBOR is charged with supervising performance measures, and the colleges were asked to develop institutional improvement plans showing how the performance indicators would be implemented and measured by each school. As of 2005, state law provides that each college's receipt of new state funds is contingent on compliance with the performance agreement.

Committee Discussion

Task Force members discussed the performance agreements in terms of the six measures. Three of the measures are chosen by each college from a list provided by KBOR. The other three measures are created by each college. The school must meet four out of six measures. Task Force members noted KBOR is currently reviewing the entire performance agreements process.

Residency Requirements

Community Colleges

An Assistant Revisor of Statutes provided information on statute and KBOR regulations for community college residency requirements related to state aid to Kansas students.

The basic requirement for Kansas student residency is to live in the state for six months prior to enrollment. In addition, active military service members, certain military service members who have established domiciliary residence, employees of a community college, persons having special domestic relations circumstances (such as a student whose parents are going through a divorce), persons who lost their resident status within 6 months of enrollment, students who were living in Kansas at graduation of high school or 12 months prior, and persons recruited for employment may be considered residents for state aid purposes.

Community and Technical Colleges

The Assistant Revisor of Statutes reviewed the rules and regulations that govern community and technical colleges residency determinations for state aid purposes, including the factors a college can consider when determining residency for state aid purposes, including payment of Kansas income taxes, ownership of a home in Kansas, and a registration to vote in Kansas.

Committee Discussion

Task Force members discussed the differences between the community college and the technical college residency requirements. Technical colleges do not count students who drive from another state as residents for purposes of state aid, but if those

students choose to move to and reside in Kansas, either in a dorm or apartment, then they are considered residents.

The technical college tuition for in-state and out-of-state students is the same, according to two presidents of technical colleges on the Task Force. Community college residency requirements were set in statute in 1972 and amended in 1999.

CONCLUSIONS AND RECOMMENDATIONS

Following discussion, the Task Force made the following recommendations:

- The Task Force recommends KBOR use a three-year average (current academic year and two previous years) of data to calculate funding distributions for tiered and non-tiered education state aid rather than using a single previous year of data;
- The Task Force recommends the Legislature review the statutory definition of “new state money” as it relates to performance agreements and consider creating a new definition;
- The Task Force urges KBOR to review the current performance agreement process and consider creating a process that incentivizes larger goals rather than punishing colleges for not meeting metrics. The Task Force also recommends the Legislature consider funding the 2.0 percent performance incentive that was previously unfunded;
- The Task Force recommends the Legislature review and consider removing the proviso requiring that funding for the Excel in Career Technical Education Initiative (SB 155) program be distributed by KBOR within 60 days of the class start date.
- The Task Force recommends the Legislature grant KBOR auditing authority or utilize the Legislative Division of Post Audit process if audits

are needed of the data inputted by colleges for cost model calculation;

- The Task Force recommends the Legislature review statutes related to residency requirements and review where residency requirements for technical colleges originated and consider putting such requirements in statute;
- The Task Force recommends the Legislature add reappropriation authority to the tiered and non-tiered funding line items in the appropriations bill;

- The Task Force recommends the Legislature review the proviso prohibiting KBOR from transferring moneys between the tiered and non-tiered accounts; and
- The Task Force recommends the Legislature ensure the recentering of tiered and non-tiered education state aid funding occur as required in 2022 House. Sub. for Sub. for SB 267.