

KANSAS BOARD OF REGENTS



# Technical Education Funding A New Approach

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★ LEADING HIGHER EDUCATION ★



# Technical Education Funding

- ★ Process
- ★ Current Legislated System
- ★ Legislative Charge
- ★ Tiered Cost Model
- ★ Transition
- ★ Options for Implementation



# Process

- ★ Technical Education Funding Workgroup
- ★ Process Management Committee
- ★ CEO Briefings



# Technical Education Funding Workgroup

- ★ Ginnie Cary (Finance), WATC
- ★ Rob Edleston (President TC), MATC
- ★ Duane Dunn (President CC), SCCC
- ★ Carter File (Finance), HCC
- ★ Pat Sumner, Jeff Seibert (IR), JCCC
- ★ Richard Samaniego, (KATC)
- ★ Sheila Frahm (TEA/KACCT)
- ★ KBOR Staff (Finance, IR, Workforce)



# Process Management Committee

- ★ Six Community College Presidents
- ★ Three Technical College Presidents
- ★ Dean Washburn Institute of Technology
- ★ Three Technical Education Authority Members
- ★ One Six-Sigma Facilitator (Cessna)
- ★ KBOR Staff



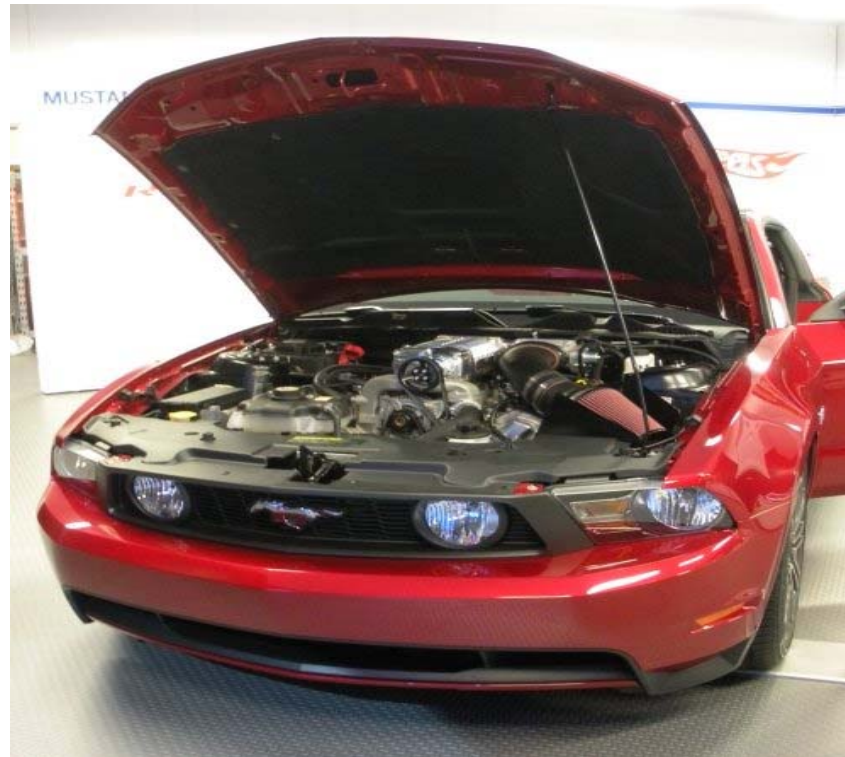
# Input Opportunities

- ★ 4 Technical Education Funding Workgroup Meetings
- ★ 2 Process Management Committee Meetings
- ★ 15 CEO Briefings
- ★ 1 Funding Summit (KBOR/TEA)
- ★ 10 Open Comment Opportunities at TEA Meetings
- ★ 2 Presidential Comment Periods (Since July 2010)



# Current Legislated System of Funding

Let's take a  
peek under  
the hood...





# Current Legislated System

- ★ Six technical colleges receive funding for technical education through the Technical College Aid for Technical Education





# Current Legislated System

- ★ Six community colleges that merged with technical schools (71-1701 *et seq.*) elected to receive funding for technical education through Other Institutions Aid for Technical Education for the original technical school programs, and the Community College Operating Grant for all other technical programs



# Current Legislated System

- ★ One community college that merged with a technical school (71-1701 *et seq.*), by election, receives funding for technical education only through the Community College Operating Grant, but not Other Institutions Aid for Technical Education



# Current Legislated System

- ★ The twelve community colleges that did not merge (71-1701 *et seq.*), receive funding for technical education through the Community College Operating Grant, but do not have access to Other Institutions Aid for Technical Education



# Current Legislated System

- ★ One technical school affiliated with a university receives funding for technical education through Other Institutions Aid for Technical Education



# Descriptors of Current Legislated System

- ★ “Patchworked”
- ★ “Dysfunctional”
- ★ “This is a #^&@\* mess”



# Timeline of Technical Education Improvement

- ★ 1999 (SB 345) KBOR coordination of community colleges, technical colleges, and area vocational-technical schools
- ★ 2002 KBOR policy requiring HLC/NCA accreditation
- ★ 2003 KBOR supports SB 7 to enable institutions to become accredited



# Timeline of Technical Education Improvement

- ★ 2005 KBOR directs staff to prepare working paper known as “CTE Brief” addressing technical education reform
- ★ 2006 (July) Kansas Technical College and Vocational School Commission created by legislature



# Timeline of Technical Education Improvement

- ★ 2006 (October) KBOR approves recommendations for mergers between all technical institutions and community colleges/universities
- ★ 2007 Kansas Technical College and Vocational School Commission recommends all technical schools merge or become independent colleges





# Timeline of Technical Education Improvement

- ★ 2007 Technical Education Authority
- ★ 2007 Proviso language included in Omnibus Bill directing development of new funding formula for postsecondary technical education



# Timeline of Technical Education Improvement

- ★ 2008 Legislature incorporates proviso language into statute
- ★ 2009(June) TEA recommends and KBOR approves technical education cost model framework
- ★ 2009(July) Funding Summit – all institutions, TEA, and KBOR



# Timeline of Technical Education Improvement

- ★ 2010(May) KBOR charges TEA to present proposals at September KBOR meeting on a new funding method for technical education



# Legislative Charge

## K.S.A.72-4482

- ★ “(11) (A) develop and recommend to the state board of regents a credit hour funding distribution formula for postsecondary technical training programs that
  - (i) is tiered to recognize and support cost differentials in providing high-demand, high-tech training,



# Legislative Charge

## K.S.A.72-4482

- (ii) takes into consideration target industries critical to the Kansas economy,
  - (iii) is responsive to program growth and
  - (iv) includes other factors and considerations as deemed necessary or advisable; and
- ★ (B) establish and recommend to the state board of regents the rates to be used in such funding distribution formula.”



# The Journey to a New Approach

- ★ Fund technical education courses “the same” regardless of which institution delivers the course
- ★ Base the model on data



# The Journey to a New Approach

- ★ Encourage high-wage, demand-driven education
- ★ Encourage program growth



# Step 1

## Build the Cost Model

- ★ Instructor Costs
- ★ Extraordinary Costs
- ★ Instructional Support Costs
- ★ Institutional Costs

Technical Education Funding Workgroup





# Build the Cost Model

- ★ Tiers based on instructor costs
- ★ Programs are divided into 6 tier rates



## Instructor Cost

- ★ Used national data to compare Kansas programs
- ★ Source: The Kansas National Study of Community College Instructional Costs and Productivity by Academic Discipline
- ★ 85% of Kansas 2-year schools (Community and Technical Colleges) participated in 2009



# Tier Rates for Programs

Tier Level	Tier Rate/Credit Hour	Example Program
1	\$105	Medical Assistant
2	\$131	Early Childhood Education
3	\$144	Power Plant Technology
4	\$162	Automotive Technology
5	\$170	Computer Aided Drafting Technology
6	\$223	Associate Degree Nursing

Rates using 2009 Kansas Study Data—Instructor Costs Only



# First Big Barrier

Programs have academic  
and technical courses





# Sample Nursing Program Courses

Course Title	Credit Hours
Foundations of Nursing	4
Foundations of Nursing Clinical	2
Medical-Surgical Nursing	4
Medical-Surgical Nursing Clinical	2
Psychology	3
College Algebra	3



# Solution

- ★ Assign tiered instructor cost to EACH COURSE in the program
- ★ Each program course designated “TIER” or “NONTIER”



## Tier a Course

- ★ The course must be a technical course and part of an approved technical program
- ★ The course will have the same tier rate across the system



# Sample Nursing Program Courses

Course Title	Credit Hours	Designation
Foundations of Nursing	4	Tier
Foundations of Nursing Clinical	2	Tier
Medical-Surgical Nursing	4	Tier
Medical-Surgical Nursing Clinical	2	Tier
Psychology	3	Nontier
College Algebra	3	Nontier





# Extraordinary Cost

- ★ Assigned to each course with extraordinary costs
- ★ Three levels

Level	Rate
A	\$26
B	\$51
C	\$102



# Instructional Support Costs

- ★ Assigned to each course
- ★ 21.1% of Instructor Costs (Tier 3, \$144)

- ★ IPEDS Formula:

Numerator	Denominator
Public Service Academic Service Student Service Inst. Support	Total op Expense MINUS (Auxiliary Scholarship & Fellowships)



# Institutional Support Costs

- ★ Assigned to each course
- ★ 28.2% of Instructor Costs (Tier 3, \$144)

★ IPEDS Formula:

Numerator	Denominator
Administration Operation & Maintenance of Physical Plant	Total op Expense MINUS (Auxiliary Scholarship & Fellowships)



# Sample Nursing Program Course

Course Title	Instructor Costs (Tier 6)	Extraordinary Costs	Instructional Support (21.1% * Tier 3 Rate (\$144))	Institutional Costs (28.2% * Tier 3 Rate (\$144))	Total Tiered Costs Per Credit Hour	Credit Hours	Total Course Cost
Foundations of Nursing Clinical	\$223	\$102	\$30	\$40	\$395	2	\$ 790



# Technical Education Cost Model

- ★ Establishes a “calculated cost” based on data for technical programs
- ★ Does not determine the state share of the technical program costs



## Step 2

# Establish the State Share

- ★ How much should the student contribute?
- ★ How much should local taxing authority, if available, contribute?
- ★ Which students are eligible for state support?



## Establish the State Share

- ★ Recognizing student contribution and other revenues, state share for technical education courses

**80%**



# Establish the State Share

- ★ To recognize local benefit/effort, state share of course enrollments from students residing in the college's taxing district

*Recommendation from PMC*

**50%**





# Establish the State Share

- ★ Secondary students completing postsecondary credit-bearing courses eligible for state support
- ★ Both resident and non-resident students enrolled in technical courses eligible for state support

*Consistent for all 2-year institutions*



## Step 3

# Transition from Old to New

- ★ Establish similar state appropriation line items for each sector
- ★ Recognize current state support for both technical (tiered) and academic (non-tiered) courses
- ★ Transition to new funding structure



# Current State Appropriation Line Items

Community  
College  
Operating  
Grant

Community  
Colleges

Technical  
College Aid for  
Technical  
Education

Technical  
Colleges

Other  
Institutions Aid  
for Technical  
Education

Community Colleges  
Washburn Tech



# Proposed State Appropriation Line Items

Community  
College  
Operating  
Grant

Supporting  
non-tiered  
courses

Technical  
College  
Operating  
Grant

Supporting  
non-tiered  
courses

Washburn  
Tech  
Operating  
Grant

Supporting  
non-tiered  
courses

Tiered  
Technical  
Education  
Fund

Supporting  
tiered technical  
education  
courses



# Transition from Old to New

- ★ Establish similar state appropriation line items for each sector
- ★ Recognize current state support for both technical (tiered) and academic (non-tiered) courses
- ★ Transition to new funding structure



# Recognize Current State Support



...where would we start?



# Recognize Current State Support

What if we used data from the  
Kansas National Study to  
determine current state support  
for non-tiered (academic)  
courses?



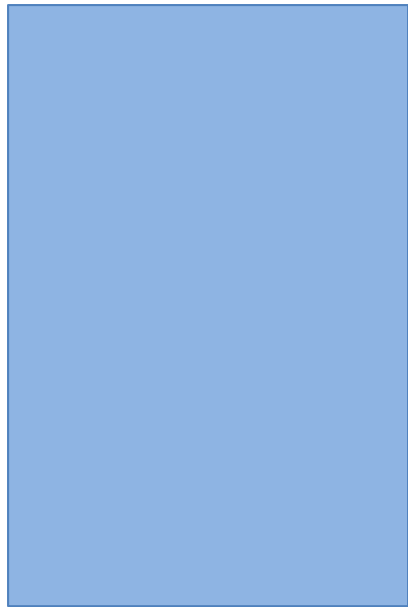
Recognize Current State Support

For FY09 Kansas National Study  
values non-tiered instructor costs  
at \$77/per credit hour

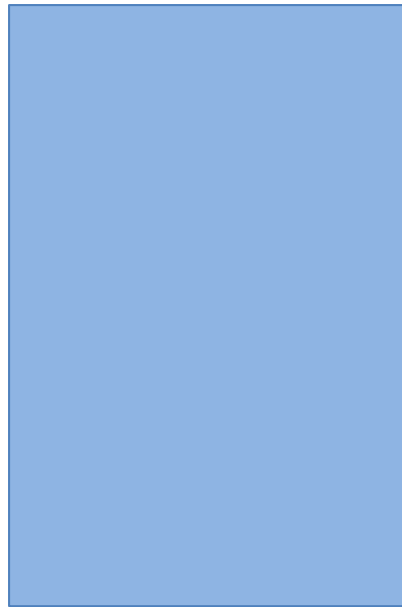




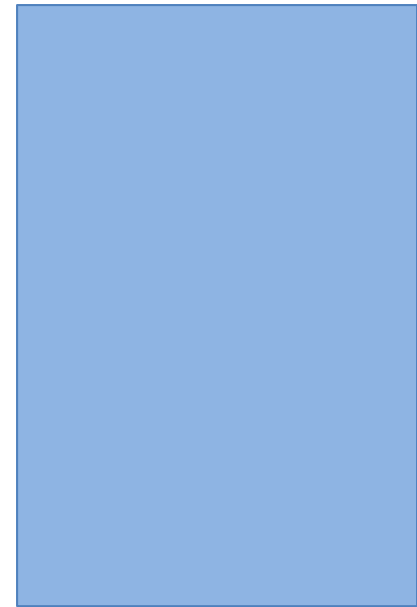
# Recognize Current State Support



Community College  
Operating Grant



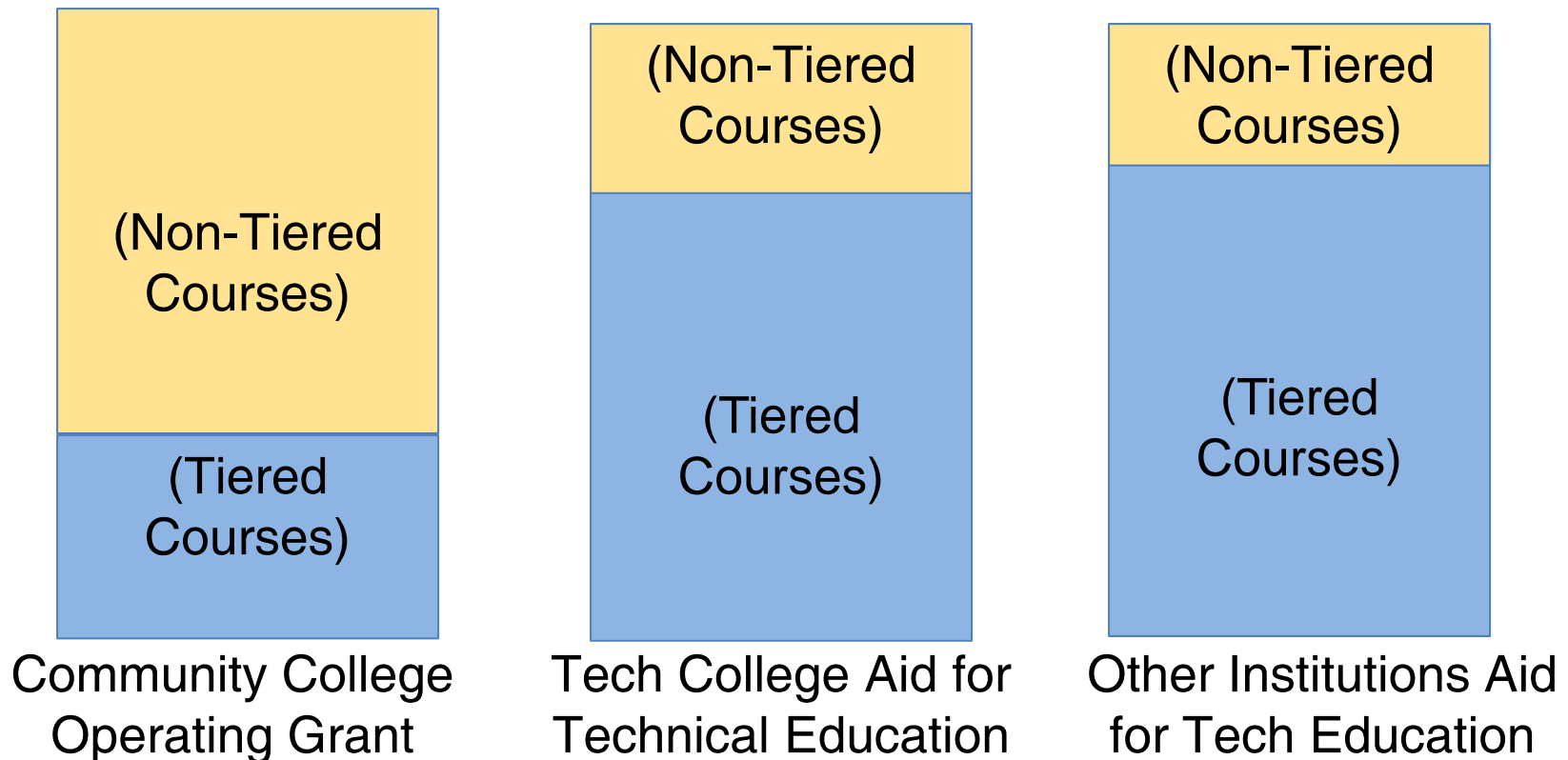
Tech College Aid for  
Tech Education



Other Institutions Aid  
for Tech Education



# Recognize Current State Support



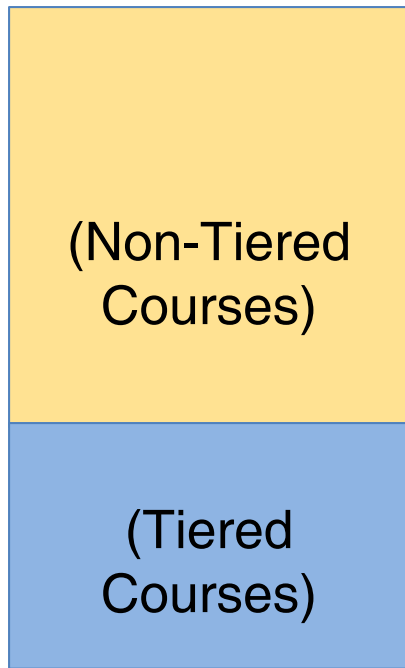


# Transition from Old to New

- ★ Establish similar state appropriation line items for each sector
- ★ Recognize current state support for both technical (tiered) and academic (non-tiered) courses
- ★ **Transition to new funding structure**



# Recognize Current State Support



Community College  
Operating Grant



Technical College Aid  
for Tech Education



Other Institutions Aid  
for Tech Education



Tiered Technical  
Education Aid



# Recognize Current State Support

(Non-Tiered  
Courses)

Community College  
Operating Grant

(Non-Tiered  
Courses)

Technical College  
Operating Grant

(Non-Tiered)

Washburn Tech  
Operating Grant

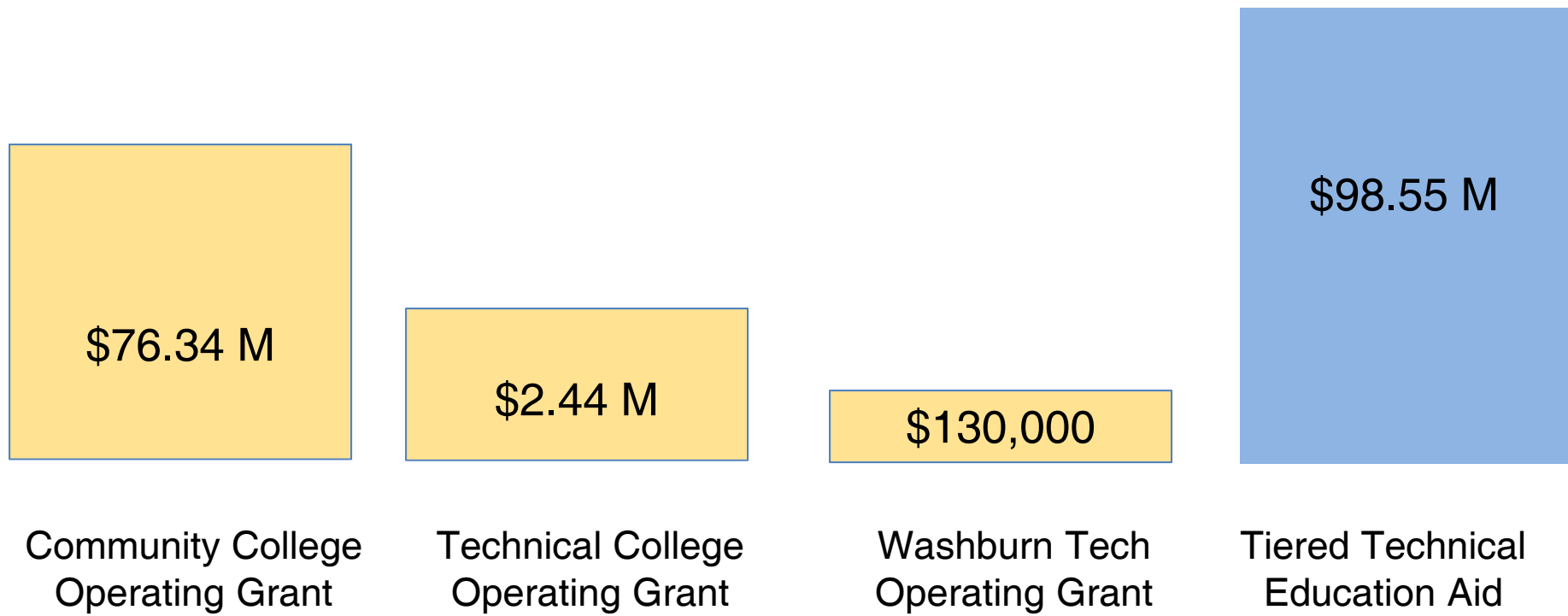
All  
Tiered  
Technical  
Courses  
Delivered by 2-  
year Institutions

Tiered Technical  
Education Aid



# Step 4

## Financing the New Approach





## Funding Gap

Calculated Funding	\$177.5 M*
Current Funding	<u>\$128.3 M*</u>
Funding Gap	\$ 49.2 M*

\*2009 Enrollments



# Benefits to New Approach

- ★ Long-term system incentives for increased production of a high-wage workforce
- ★ Uniform state funding for technical education regardless of sector
- ★ Data driven method of funding distribution





# Benefits to New Approach

- ★ Allows for strategic investments at the course level
- ★ Improves linkage between secondary and postsecondary levels



# Options for Implementation



# Questions ?

“The Kansas Board of Regents shall pursue measurable continuous improvement in the quality and effectiveness of the public postsecondary educational system in Kansas, while expanding participation for all qualified Kansans. To achieve that mission, the Board will demand accountability, focus resources, and advocate powerfully.”

[www.kansasregents.org](http://www.kansasregents.org)