

Community College & Technical College Presidents:

Good evening. As you may know, during last week's Board retreat, Regent Sherrer proposed a 4-point plan to address the critical areas of inflationary-based systemwide funding, deferred maintenance, need-based financial aid, and economic/workforce development. The Board plans to formally consider these items during the September Board meeting, so more details will be forthcoming. In the meantime, I've been asked to follow-up with you regarding the economic/workforce development piece of the proposal.

In the proposal, the 25 community and technical colleges would have access to a \$5 million SGF pool targeted for specific economic/workforce development initiatives. Funding would be allocated based on enrollment, distribution within the allocation would be determined by a successful grant application, and funding would be a 2-to-1 state-to-college match. What the Regents are looking for at this point is a conceptual proposal from you regarding how your college could utilize these funds to spur economic/workforce development. For example, the Regents have determined that KSU, KU, and WSU's piece of this proposal would be allocated to address the state's shortage of engineers. Again, what we need at this point is just a conceptual proposal from you outlining your potential project – just a title and a paragraph or two of supporting language explaining how your project would help to address the critical economic/workforce needs of Kansas. The Board would like to use these conceptual ideas to help sell the package, so compelling examples of how state dollars would be invested and the potential outcomes would be helpful.

I anticipate the Board will consider the comprehensive proposal during the September Board meeting. I would request that you please forward your proposal to me by **Friday, September 3**. In the meantime, please don't hesitate to let me know if you have any questions or need any additional information. Thanks for your assistance and talk to you soon.

Kip Peterson
Director of Government Relations & Communications
Kansas Board of Regents
1000 SW Jackson, Suite 520
Topeka, KS 66612-1368
785-296-1486 (office)
785-221-1479 (cell)
785-296-0983 (fax)
www.kansasregents.org



**Explanation of the Cost Model
August 2010**

The Kansas Legislature directed the Postsecondary Technical Education Authority to “develop and recommend to the Board of Regents a credit hour funding distribution formula for postsecondary technical education training programs that is: 1) tiered to recognize and support cost differentials in providing high-demand, high-tech training; 2) takes into consideration target industries critical to the Kansas economy; 3) is responsive to program growth; and 4) includes other factors and considerations as deemed necessary or advisable.” [KSA Supp. 72-4482]

The new approach for technical education funding is based on a cost model – what should it cost to deliver a technical education course? There are three main components in computing the overall cost of any technical education course: instructor costs, extraordinary costs, and support costs (instructional support costs and institutional support costs). The cost model uses a per-credit hour calculation for each component. The components are added together (instructor costs + extraordinary costs + instructional support costs + institutional support costs) to calculate a total cost per technical education course. The total cost can then be used in calculations to determine the state share of the total calculated cost and the allocation of state funding among the 26 two-year institutions delivering courses based on credit hour production and a consistent calculation of costs.

Components	Elements	Description
<u>Instructor Costs</u>	<ul style="list-style-type: none"> • Direct instructor costs • Tiered rates from CIP codes and cost study 	<p>Program tier rates were based on an analysis of direct instructor costs as reported in the Kansas Study, a national instructor cost study conducted annually by Johnson County Community College. This study uses the classification of instructional programs (CIP) code to identify direct instructor costs (faculty salaries) for each program. These average costs are then grouped using a typical standard deviation model, creating six tiers. The rate for each tier is based on the average cost per credit hour of the programs in that tier, ranging from \$105 (tier 1) to \$223 (tier 6).</p>
<u>Extraordinary Costs</u>	<ul style="list-style-type: none"> • Costs for specialized equipment & materials • Level rates from cost study 	<p>Technical education typically provides intensive, hands-on learning opportunities, often requiring additional supplies, materials and specialized equipment. The “extraordinary” amount is an additional per-credit value assigned to each program, based on the needs of the courses within the program. Institutions identified courses with intensive “extraordinary” costs and submitted 5 years of actual expenditure data reflecting these types of expenses. Costs based on these data were grouped. Credit hour rates fall in four levels ranging from \$0 (no extraordinary costs) to \$102 (Level C high extraordinary costs).</p>
<u>Support Costs</u>	<ul style="list-style-type: none"> • Student and academic support services • Flat Rate • Operation maintenance of physical plant, Administration • Flat Rate 	<p>This category captures costs associated with academic support and student services. The model uses data submitted by Kansas 2-year colleges and 2-year colleges in surrounding states to the Integrated Postsecondary Education Data System (IPEDS) to establish a cost for instructional support. This value is then used to establish a flat instructional support cost (21.1% x instructor costs at Tier 3) for each technical credit hour delivered.</p> <p align="center">*****</p> <p>This category includes costs associated with administration, and operation and maintenance of the physical plant. The model uses data submitted by Kansas 2-year colleges and 2-year colleges in surrounding states to the Integrated Postsecondary Education Data System (IPEDS) to establish a cost for institutional support. This value is then used to establish a flat institutional support cost (28.2% x instructor costs at Tier 3) for each technical credit hour delivered.</p>

New Approach to Statewide Tech Ed Funding: Estimated Tiered Course Cost

August 26, 2010

**Policy Assumptions
High School - Y and Non-resident - Y**

A			B		C		D		E		F		G		H		I	
Instructor					Extraordinary					Support								
Tier	Tier Rate	Total Tier Credit Hours	Total Instructor Cost	Level	Level Rate	Total Tier Credit Hours	Total Extraordinary Cost	Total Tier Credit Hours	Total Instructor Cost	Total Extraordinary Cost	Total Tier Credit Hours	Total Instructor Cost	Total Extraordinary Cost	Total Tier Credit Hours	Total Instructor Cost	Total Extraordinary Cost	Grand Total	
1	105	183,292	\$19,242,500	A	26	19,716	\$512,621											
2	131	32,305	\$4,231,916	B	51	181,956	\$9,279,741											
3	144	51,917	\$7,476,046	C	102	184,368	\$18,805,516											
4	162	74,823	\$12,121,277															
5	170	23,505	\$3,995,850															
6	223	141,914	\$31,646,889															
		507,726	\$78,714,480			386,040	\$28,597,878	507,726	\$36,044,456								\$143,356,813	

High School - Y and Non-resident - N

1	105	168,304	\$17,671,868	A	26	18,417	\$478,832										
2	131	28,454	\$3,727,422	B	51	164,552	\$8,392,127										
3	144	48,870	\$7,037,280	C	102	171,336	\$17,475,262										
4	162	62,553	\$10,133,521														
5	170	21,426	\$3,642,420														
6	223	130,028	\$28,998,333														
		459,634	\$71,208,844			354,304	\$26,347,220	459,634	\$32,830,344								\$130,188,407

High School - N and Non-resident - Y

1	105	177,221	\$18,608,205	A	26	18,922	\$491,962										
2	131	25,979	\$3,403,197	B	51	165,226	\$8,426,526										
3	144	44,782	\$6,448,538	C	102	176,795	\$18,033,070										
4	162	67,430	\$10,923,595														
5	170	21,310	\$3,622,700														
6	223	139,619	\$31,135,104														
		476,340	\$74,141,337			360,942	\$26,951,557	476,340	\$33,816,326								\$134,909,223

High School - N and Non-resident - N

1	105	162,514	\$17,063,918	A	26	17,718	\$460,658										
2	131	24,547	\$3,215,670	B	51	150,335	\$7,667,085										
3	144	41,861	\$6,027,912	C	102	164,683	\$16,785,687										
4	162	57,378	\$9,295,171														
5	170	19,387	\$3,295,790														
6	223	128,548	\$28,668,182														
		434,234	\$67,564,643			332,716	\$24,923,409	434,234	\$30,827,112								\$123,315,164

based on FY09 KHEDS data

Assumptions:

Secondary Students receiving Postsecondary credit at both Community Colleges and Technical Colleges are included in eligible enrollments for state funding
 Non-resident and Resident Students at both Community Colleges and Technical Colleges are included in eligible enrollments for state funding
 Based on Analysis from the Kansas Study, the per credit hour cost for non-tiered courses is \$77
 Use the 2 primary 5GF line item appropriations (CC Oper \$97 M and PSA \$31 M)

Policy Questions: What percentage of the course cost should be assumed by the state? Note: For Technical Colleges and non-taxing district credit hours for Community Colleges.	State Share	Local Effort	Tuition and Other Sources	Total
	80	0	20	100
For in-district credit hours delivered by Colleges with taxing authority, what is a reasonable recognition of local effort? Note: If taxing authority is granted to technical colleges they would be treated in the same manner as community colleges.	50	30	20	100

Institution	Total of Calculated Model Cost			FY2010 PSA & CC Oper Grant	Proposed Line Items for State Share				GAP FY 2010 - Total Proposed	
	Tiered -- Model Total	Non-Tiered -- Model Total	Total		CC Operating Grant	TC Operating Grant	WU/WIT Oper Grant	Tiered Technical Fund		Total
Allen County	\$ 3,638,000	\$ 5,598,000	\$ 9,236,000	\$ 4,834,838	\$ 4,284,000	\$ -	\$ -	\$ 2,776,000	\$ 7,060,000	-2,225,000
Barton	\$ 7,654,000	\$ 6,544,000	\$ 14,198,000	\$ 7,853,165	\$ 4,704,000	\$ -	\$ -	\$ 5,582,000	\$ 10,286,000	-2,433,000
Butler	\$ 10,124,000	\$ 14,665,000	\$ 24,789,000	\$ 12,711,556	\$ 10,680,000	\$ -	\$ -	\$ 7,433,000	\$ 18,113,000	-5,401,000
Cloud	\$ 2,988,000	\$ 3,717,000	\$ 6,705,000	\$ 3,969,451	\$ 2,810,000	\$ -	\$ -	\$ 2,253,000	\$ 5,063,000	-1,094,000
Coffeyville	\$ 3,738,000	\$ 3,615,000	\$ 7,353,000	\$ 2,990,075	\$ 2,555,000	\$ -	\$ -	\$ 2,484,000	\$ 5,039,000	-2,049,000
Colby	\$ 3,434,000	\$ 2,616,000	\$ 6,050,000	\$ 2,547,918	\$ 1,490,000	\$ -	\$ -	\$ 1,953,000	\$ 3,443,000	-895,000
Cowley	\$ 6,019,000	\$ 6,372,000	\$ 12,391,000	\$ 5,427,678	\$ 4,659,000	\$ -	\$ -	\$ 4,334,000	\$ 8,993,000	-3,565,000
Dodge City	\$ 2,623,000	\$ 2,576,000	\$ 5,199,000	\$ 2,281,353	\$ 1,607,000	\$ -	\$ -	\$ 1,618,000	\$ 3,225,000	-994,000
Fort Scott	\$ 4,723,000	\$ 3,300,000	\$ 8,023,000	\$ 3,120,806	\$ 2,363,000	\$ -	\$ -	\$ 3,533,000	\$ 5,896,000	-2,775,000
Garden City	\$ 2,759,000	\$ 2,804,000	\$ 5,563,000	\$ 2,628,356	\$ 1,702,000	\$ -	\$ -	\$ 1,687,000	\$ 3,389,000	-761,000
Highland	\$ 4,069,000	\$ 5,295,000	\$ 9,364,000	\$ 6,168,288	\$ 4,075,000	\$ -	\$ -	\$ 2,664,000	\$ 6,739,000	-581,000
Hutchinson	\$ 11,113,000	\$ 7,465,000	\$ 18,578,000	\$ 8,409,038	\$ 5,111,000	\$ -	\$ -	\$ 7,659,000	\$ 12,770,000	-4,361,000
Independence	\$ 1,539,000	\$ 2,217,000	\$ 3,756,000	\$ 1,833,899	\$ 1,497,000	\$ -	\$ -	\$ 976,000	\$ 2,473,000	-639,000
Johnson County	\$ 23,129,000	\$ 29,600,000	\$ 52,729,000	\$ 21,204,354	\$ 16,856,000	\$ -	\$ -	\$ 13,988,000	\$ 30,844,000	-9,640,000
Kansas City KS	\$ 13,093,000	\$ 9,215,000	\$ 22,308,000	\$ 9,881,002	\$ 4,791,000	\$ -	\$ -	\$ 6,791,000	\$ 11,582,000	-1,701,000
Labeite	\$ 3,508,000	\$ 2,639,000	\$ 6,147,000	\$ 2,930,127	\$ 1,784,000	\$ -	\$ -	\$ 2,382,000	\$ 4,166,000	-1,236,000
Neosho	\$ 4,537,000	\$ 2,182,000	\$ 6,719,000	\$ 2,447,279	\$ 1,533,000	\$ -	\$ -	\$ 3,305,000	\$ 4,838,000	-2,391,000
Pratt	\$ 5,180,000	\$ 2,695,000	\$ 7,875,000	\$ 2,723,510	\$ 1,949,000	\$ -	\$ -	\$ 3,872,000	\$ 5,821,000	-3,097,000
Seward	\$ 3,012,000	\$ 2,795,000	\$ 5,807,000	\$ 3,120,742	\$ 1,891,000	\$ -	\$ -	\$ 2,076,000	\$ 3,967,000	-846,000
Flint Hills	\$ 2,314,000	\$ 254,000	\$ 2,568,000	\$ 2,289,424	\$ -	\$ 203,000	\$ -	\$ 1,851,000	\$ 2,054,000	-235,000
Manhattan	\$ 3,536,000	\$ 268,000	\$ 3,804,000	\$ 2,364,693	\$ -	\$ 215,000	\$ -	\$ 2,829,000	\$ 3,044,000	-679,000
North Central	\$ 2,945,000	\$ 395,000	\$ 3,340,000	\$ 3,568,777	\$ -	\$ 316,000	\$ -	\$ 2,356,000	\$ 2,672,000	-897,000
Northwest	\$ 2,078,000	\$ 286,000	\$ 2,364,000	\$ 2,758,480	\$ -	\$ 229,000	\$ -	\$ 1,662,000	\$ 1,891,000	-887,000
Salina	\$ 3,065,000	\$ 156,000	\$ 3,221,000	\$ 2,033,533	\$ -	\$ 125,000	\$ -	\$ 2,452,000	\$ 2,577,000	-543,000
Wichita	\$ 7,446,000	\$ 1,690,000	\$ 9,136,000	\$ 5,877,812	\$ -	\$ 1,352,000	\$ -	\$ 5,957,000	\$ 7,309,000	-1,431,000
Washburn Institute of Technology	\$ 5,094,000	\$ 162,000	\$ 5,256,000	\$ 2,397,202	\$ -	\$ -	\$ 130,000	\$ 4,076,000	\$ 4,206,000	-1,809,000
Total	\$ 143,358,000	\$ 119,121,000	\$ 262,479,000	\$ 128,313,354	\$ 76,341,000	\$ 2,440,000	\$ 130,000	\$ 98,549,000	\$ 177,460,000	-\$49,147,000