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ABSTRACT

Since the establishment of a two-year college system in Kansas in 1917, funding has been a source of consternation, with governance issues often exacerbating financial problems. The colleges received no state financial support until 1961, when an expenditure of $3 per credit hour was authorized, increased as of 1996 to $28.40 per credit hour. The colleges also gain revenue from "out-district tuition" charges, in which the home counties of non-local students are responsible for half of the students' tuition costs, with the state contributing the other half. A 63% increase in enrollment over the past 10 years, however, has resulted in both a shortage of funds and a serious inequity in the state funding method. Community colleges currently enroll 32% of the state's postsecondary students but receive only 11% of the state aid. To help address the issue of inequity, the out-district system of charges should be abolished and replaced by an increase in the current statewide mill levy for education. To address the issue of funding shortages, the state should consider either a modest income tax increase, a small sales tax hike, or an even greater increase in the statewide mill levy. Finally, to improve efficiency in the governance of the system, campuses that are concentrated in one area, such as six campuses in southeast Kansas, should be consolidated or transformed into university satellite campuses. Contains nine references. (BCY)

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By

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Introduction

The 19 public community colleges in Kansas play a significant role in providing post-secondary education in the state. However, their funding has been a source of much consternation for many years. Governance further exacerbates their financial problems. This paper will review past and present funding of the community colleges and make recommendations for future funding and governance.

Historical Perspective

The first public "junior college" in the nation was Joliet (Illinois) Junior College established in 1902. Fifteen years later in 1917 the Kansas Legislature passed an enabling act for junior colleges. Michigan passed a similar law that same year. Thus, Kansas became one of three states to pioneer this new educational concept. The 1917 act allowed local school boards to levy a maximum two mills on assessed valuation to provide "high school extension" courses. In 1933 and 1957 first and second class cities were empowered to levy one and one-half to five mills to set up junior colleges. Local school districts also could choose not to make the special levies, but fund the courses from their regular general fund. The act of 1917 placed extension programs under the supervision of the State Department of Public Instruction (later renamed the State Board of Education). The act also required the state board to ensure that the course of study was equivalent to the first two years of an accredited college. There was absolutely no provision for state financial support. However, as early as 1925 a failed attempt was made to garner state aid per pupil. [1]

In 1957 the legislature broadened the existing law to include county-wide tax levies. The first state financial support for junior colleges came in 1961. A law passed that year authorized three dollars per credit hour of enrollment capped at 60 credit hours per student. In 1965 a new "community junior college matching fund" created additional state aid in the form of distributions of $1.00 for every $1.00 of student tuition collected by the community college. However, in 1968 credit hour aid was increased from

\$3.00 to \$8.00 and the matching fund was abolished. In 1973 a major change occurred in community college funding. That year a new state aid package established "out-district tuition". The rationale for the new state law was that this out-district tuition should be made by taxpayers of "sending" counties to help finance the "home" county's community college operation. Within certain guidelines, the rate of out-district tuition charged by any county by a community college was computed by multiplying a county's total number of full-time equivalent (FTE) students by the college's average maintenance and operation costs per FTE students less student tuition, credit hour aid, and anticipated federal aid. The purpose of this new law was to split the out-district tuition liability of the counties with the state. The law provided that 50 percent of the out-district tuition liability would be paid by the state and 50 percent would be paid by the counties. Aid was now capped at 64 credit hours per student and 72 hours for special programs such as terminal-type nursing programs. [2]

In 1978 out-district state aid and out-district tuition was changed from a rate based on the operating costs of each institution to a uniform rate of \$21.00 per credit hour. Credit hour state aid was also set a \$21.00 up from \$16.50. In 1986 a new general state aid program was enacted. Funds appropriated for this program were to be distributed by the State Board of Education to each community college based on its full-time equivalent enrollment and the ratio of the community college district's adjusted (later changed to assessed) valuation per student to the median adjusted valuation per student of all community colleges. Out-district tuition paid by counties and out-district state aid was raised to \$24.00 per credit hour and credit hour state aid grew to \$28.00 in 1989. In 1995 the \$28.00 credit hour figure was removed from statute and the rate became total state appro riations for Community Colleges divided by credit hours. For 1996 tha calculates to aid in the amount of \$28.40 per credit hour. That is where it stands today. [3]

Funding and Governance Proposals

Beginning at least in 1972 there have been many recent past studies and recommendations to reorganize post-secondary education in Kansas, most of which have not been enacted. Following is a summary of some of the more notable unsuccessful ones. In 1974 the State Board of Education recommended creating 10 post-secondary education regions with state funding for 50 percent statewide distributed to each region through an equalization formula based on regional wealth. This plan stated student tuition should represent 15 percent with local and federal sources contributing the balance of 35 percent. In 1986 a community college funding task force formed by the State Board recommended a 15-25-60 percent mix phased in over a five year period with the percentages representing 15 percent student tuition, 25 percent local levies, and 60 percent state aid. This plan retained local boards of trustees and their powers, but created a separate and independent board of control for community colleges appointed by the Governor. This would have required a constitutional amendment.

In 1987 another task force proposed to transfer authority for the community colleges to the Board of Regents. In 1992 yet another task force proposed increasing state funding to 40 percent of community college operating budgets by raising credit hour aid and eliminating out-district tuition. Student tuition would comprise 20 percent and local taxes would fund the remaining 40 percent. In 1993 President Don Wilson of Pittsburg State University drafted an ambitious governance plan for the Board of Regents. The plan, not surprisingly, created a statewide system of public higher education under the Regents. The institutions included the six Regents universities, Washburn University, the 19 community colleges, and the 14 vocational schools. It created nine merged institutions with all but two of the community colleges and most of the vocational schools becoming local campuses of existing Regents universities. The plan was comprehensive and was a coherent and rational approach to the existing "scatter-gun" situation. It would have abolished local boards and levies but did not specifically address a new funding arrangement.

A 1993 legislative task force advocated eliminating county out-district tuition and proposed that all 105 counties levy a 1.5 mill property tax for community colleges to replace it. It also recommended increasing state aid to $30 per credit hour and requiring student tuition to contribute 20 percent of operating budgets. Another study by Emporia State University in 1994 proposed placing community colleges under the Regents. That same year an Ad Hoc Post-secondary Group placed Washburn and the community colleges under Regents control, proposed a 1.5 statewide levy, and a two tier credit hour approach, $50 for four-year universities and $40 for community colleges. Local boards could still levy property taxes and issue bonds. [4]

Present Situation

There are six four-year post graduate universities in Kansas governed by the Board of Regents. The 19 public community colleges and all other post secondary education (such as area vocational schools) remain governed by the State Board of Education. Washburn University, a quasi-state school in Topeka, is also part of the public higher education picture. There are also numerous private two and four-year colleges in Kansas that are a part of the educational mix, but receive no state funding. Following is a table of Kansas Community Colleges and their revenues followed by another table breaking down percentage total aid from all sources for those same colleges:

TABLE I

Kansas Community Colleges: Actual Revenue 1993-1994

College	Revenue
Allen Co. (Iola)	$4,045,888
Barton Co. (Great Bend)	$14,536,357
Butler Co. (El Dorado)	$21,640,755
Cloud Co. (Concordia)	$5,838,288
Coffeyville	$6,220,844
Colby	$5,938,352
Cowley County (Arkansas City)	$8,156,306
Dodge City	$8,044,970
Fort Scott	$5,480,216
Garden City	$9,239,232
Highland	$4,990,846
Hutchinson	$13,276,001
Independence	$4,971,547
Johnson Co. (Overland Park)	$21,640,755
Kansas City	$18,180,259
Labette Co. (Parsons)	$6,106,949
Neosho Co. (Chanute)	$4,039,565
Pratt	$5,324,716
Seward Co. (Liberal)	$5,913,818
TOTAL	$203,919,102*

*$55,092,873 of this total represents all state aid

SOURCE: Compiled by Kansas Association of Community Colleges from statistical & financial information provided by the Kansas State Board of Education

TABLE II

Percentage Of Revenue Sources For All Kansas Community Colleges

Revenue Sources	84-85	89-90	91-92	92-93	93-94
local taxes	52	45	42	44	45
all state aid	25	28	29	28	27
tuition	12	14	18	18	19
co. out-district	4	5	5	4	4
federal	1	1	1	1	1
other*	6	7	6	4	5

*other includes interest, contributions, transfers, etc. All state aid includes state out-district tuition.

SOURCE: Compiled by Kansas Association of Community Colleges from statistical & financial information provided by the Kansas State Board of Education

The first table identifies the 19 schools and shows that the colleges vary considerably in size. The second table shows that funding sources have varied little over the past ten years. Local taxing has been reduced by about seven percent and that has been made up by slight increases in state aid and student tuition. Kansas provides a lower percentage of state aid than most other states with community colleges. The national average is about 40 percent.

Enrollment in Kansas community colleges has increased significantly over the past ten years. Since 1985 enrollment has increased 63 percent. In 1994 community college FTE enrollment in the state was 33,193. In comparison enrollment at state universities during that period was up only seven percent with Washburn virtually unchanged. Regents institutions, plus Washburn, receive 89.45 percent of all state aid for post-secondary education and have 68 percent of the FTE enrollment. Community Colleges receive 11 percent of the aid and have 32 percent of the enrollment. This compares to the national average of state aid to total state enrollment of 20 for community colleges/60 for four-year public colleges. Another way to view enrollment would be to compare undergraduate FTE only. In that case community colleges have 37 percent of total state undergraduate public college enrollment. However, a bill passed by the 1996 Kansas Legislature restricting admission at Regents universities will undoubtedly result in increased community college enrollment and probably further skew this aid to enrollment ratio. [5]

Table IV compares funding sources for community colleges in Kansas to Regents institutions.

TABLE III

Sources Of Operating Revenues for Community Colleges And Regents Universities in percentages.

	State Aid	Local Tax	Students	Out District	Other
CCs	27	45	19	4	5
Regents	38	0	14	0	48*

"Other" for Regents includes federal aid, contracts, financial aid, and enterprise funds including 11 percent from hospital revenue

SOURCE: Compiled by Kansas Association of Community Colleges from statistical & financial information provided by the Kansas State Board of Education & Kansas Board of Regents, The Governance and Coordination of Kansas Higher Education: Historical Perspectives and Future Direction (Topeka: 1994)

Granted, Regents institutions are research institutions and provide more programs than just undergraduate teaching education. Still, there appears to be an inequity in the allocation of state dollars. Furthermore, Kansas provides less state aid to community colleges than most states relying instead on local taxing districts to make up the difference along with out-district aid by counties. Kansas is the only state this researcher could find that had the out-district aid concept. The problem for community colleges in recent years has been that the current method of funding does not produce the revenue they need. Taking scarce state funds from Regents universities would be extremely difficult.

Some educators fear that the reliance on property taxes for even part of a college's support leads to the same kinds of inequities that have plagued public school systems. Counties or community college districts rich in taxable property, such as Johnson County, will flourish with a lower tax rate, while poorer counties will have to levy much higher taxes simply to survive. Community colleges continue to struggle with a funding formula established on a local property tax when the college was established as an extension of the local high school which was similarly funded. Of the 105 counties in Kansas only 18 now support community colleges with a local property tax

(Montgomery County has two colleges). At present 87 counties are obtaining community college services at a ridiculously low price through out-district tuition. But while community colleges want more state aid, they do not want to lose local control.

The problems in Kansas post-secondary education can be summed up as follows:

1. There is inequity in the present funding of post secondary education.
2. There is inefficiency the administration or governance of the institutions.

The Shockley Proposal

Local jurisdictions of government created community colleges. State government did not create them like it created Emporia State or the University of Kansas. The state simply enabled locals to establish these colleges as creatures of local government, if locals chose to do so. This is an important distinction. Another distinction surrounds the role of the community college as a provider of many non-credit community courses and services not traditionally thought of as a function of state universities. Therefore, some sort of local financing contribution to these colleges in both proper and desirable. However, the state also has a general responsibility for public post-secondary education. The Regents institutions clearly could not absorb the FTE enrollments from these two-year colleges, if the local schools did not exist. So in a sense the community colleges (or local taxing districts) are subsidizing the state. The state has acknowledged this by providing some level of aid since 1961.

Financing for community colleges will need to be overhauled because the present funding method is inefficient and inequitable. While out-district tuition by counties only provides 4 percent of total community college funding, the state matches it with another 4 percent which is included in the total state aid to community colleges in 1994 of 27 percent. State aid has dwindled significantly from the 38 percent provided as late as 1979. Out-district tuition is inefficient. For example, an 18 year-old student from Grant County, Kansas can establish a residence in Douglas County, when he attends the University of Kansas. He then can take courses 20 miles away at Johnson County Community College to supplement his degree requirements at KU and Douglas County has to pay out-district tuition for that student. Similar problems exist elsewhere. County out-district aid should be abolished and replaced with an increase in the statewide mill levy for education. A current 1.5 mill levy supports a state building fund for educational and hospital facilities. An additional 1.5 will replace the county portion. The net dollar result, however remains revenue neutral. Out-district county aid is merely replaced by state aid based on an all-county tax.

The key question revolves around increasing state aid in relation to local tax levies for the 19 community colleges. The state will simply have to make a hard decision to increase revenues for higher education, either through a modest income tax increase, a very small sales tax hike, or an increased statewide mill levy. None of these choices would be greeted with enthusiasm in the legislature, but it would relieve property taxes in 18 counties that also have political clout in Topeka. The sales tax option would bring a new dimension to the funding mix. There is no dedicated sales tax revenue for higher education in Kansas at this time. It would be a stable source of revenue. It would be easy to administer as would the mill levy increase to replace out-district tuition, because the bureaucracy is already in place to collect it. Ideally, this author feels the revenue mix for community colleges should be about 40 percent from state aid, 25 percent students, and 35 percent property taxes. This would require a modest increase in tuition (user fees), but would still keep it well below Regents levels.

One other consideration concerns the efficiency of the location of community colleges. No local community wants to lose its college, but there are concentrations of these schools than makes no logical administrative sense. For example, six are located in extreme southeast Kansas within easy driving distance to one another and to Pittsburg State University. One thing the state could do in this regard would be to encourage consolidations among community colleges and Regents campuses and maybe even often monetary incentives. Community colleges themselves are beginning to realize this as a viable option. Barton County Community College is seeking a special relationship with Ft. Hays State University and may soon become its satellite campus.

Governance creates an incoherent approach to all public post-secondary education in Kansas. Therefore, the Kansas Legislature should immediately transfer by legislative act the supervisory authority for community college education from the State Board of Education to the Board of Regents or a reorganized or renamed agency with authority over all post-secondary education in the state (local boards of trustees would remain). This includes the six Regents universities, the 19 public community colleges and the 14 area vocational schools (Washburn need not be included at this time because it would further politically complicate the change). This will accomplish a clear delineation between K-12 education and all other education. Community colleges are no longer high school extensions and have not been for many years. They are clearly colleges with course work that is accredited and transferable to Regents universities as well colleges and universities in other states. This simple reorganization will in itself allow the public, legislators, and college administrators to focus on this one area of education and view it in one context. A concomitant benefit will accrue to the State Board of Education, which can now focus on its narrowed but vital mission.

Conclusion

Shrinking assistance from sources other than the property tax currently poses a serious problem for community colleges. These colleges play a significant role as an open door for citizens to further their education and improve their station in life. The demand for education will grow as our society becomes increasingly technological. Their funding has not kept pace with inflation. This is a serious economic as well as educational issue for Kansas. The issues discussed above are intended to promote a coherent and statewide perspective on the financial and governance needs of community colleges in Kansas.

End Notes

1. Jack M. Flint, F. Floyd Herr, and Carl L. Heinrich, The Kansas Junior College (Topeka: Kansas State Department of Public Instruction, 1968)

2. Kansas Legislative Research Department, Memorandum, May 20, 1994.

3. Ibid.

4. Kansas Legislative Research Department, Memorandum, edited by Julian Efird, January 19, 1995.

5. Interview with Merle Hill, Executive Director of the Kansas Association of Community Colleges, February 23, 1996.

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