

AGENDA
Council on Postsecondary Education
November 4, 2002
8:30 a.m.
Frankfort, Kentucky

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Next Meeting – February 2-3, 2003
Adjournment

MINUTES
Council on Postsecondary Education
September 22, 2002

The Council on Postsecondary Education met September 22, 2002, at 12 noon at the Radisson Plaza Hotel in Lexington, Kentucky. The meeting was held in conjunction with the 2002 Governor's Conference on Postsecondary Education Trusteeship. Chair Adams presided.

ROLL CALL

The following members were present: Norma Adams, Walter Baker, Peggy Bertelsman, Bart Darrell, Richard Freed, Ron Greenberg, Susan Guess, John Hall, Esther Jansing, Charlie Owen, Chris Pace, Charles Whitehead, and Gene Wilhoit. Steve Barger, Joan Taylor, and Lois Combs Weinberg did not attend.

Ms. Adams announced that Governor Patton recently reappointed Mr. Pace as the student member for another year.

**COUNCIL
APPOINTMENT**

The minutes of the July council meeting were approved as distributed.

**APPROVAL OF
MINUTES**

Dennis Jones, President of the National Center for Higher Education Management Systems, led a discussion on ways in which state governments, postsecondary systems, and institutions can continue to move a statewide public agenda forward in tight fiscal times. His presentation focused on the need to link strategic planning and budgeting. Key subject areas included strategic management, the creation and maintenance of institutional capacity, identification of budget trade-offs, sources of institutional revenue, and budget evaluation strategies.

**BUDGET
DISCUSSION**

At the July meeting, council members raised concerns about how the universities are preparing to absorb a budget cut if one is announced. President Lee Todd, as convener of presidents, presented a system response. He discussed some of the things institutions may consider when addressing a budget cut while maintaining access and without placing an undue burden on students. He also discussed ways in which institutions can continue to move the statewide public agenda forward. If there is a state budget cut this year, the institutions will primarily focus on two areas – tuition revenues that are generated by the new students enrolled in excess of budget projections and reserves. He said that higher education in Kentucky is on the move. The budget situation is a bump in the road, but the institutions must look at this as a short-term problem and cannot change major policies and back off of the goals of House Bill 1.

ENROLLMENT

The council staff has received the estimated enrollment report from each of the public institutions. Based on these projections, the staff presented comparisons of preliminary fall 2002 enrollments to fall 2001 and to fall 1998. Since 1998, total enrollment in Kentucky's public colleges and universities is almost 190,000 students, an increase of over 31,500 students (or 19.9 percent). Community and technical college enrollment increases have contributed substantially to this growth. Since 1998, enrollment in the Kentucky Community and Technical College System alone has increased by 20,800 students, a 45.8 percent increase.

The Kentucky Virtual University has grown from 230 students and nine programs in fall 1999 to 9,732 students and 32 programs in fall 2002. Enrollment in adult education programs in Kentucky has increased from 51,700 in fiscal year 2000 to 86,413 in fiscal year 2002, a 67.1 percent increase. The number of Kentuckians earning a GED in 2001 was 57 percent higher than in 2000, the sixth largest increase in the United States.

Ms. Bertelsman said that enrollment for the previous four years, 1994-97, would be useful to understand the impact of the increased enrollment. The council staff will provide this information to the council members.

When final enrollment information is received, the council staff will compare the numbers with the institutions' goals set in the key indicators process to determine progress made by the institutions.

RECOMMENDATION: The staff recommends that the council approve a new definition of a "Kentucky Virtual University student" and a "KYVU course."

MOTION: Mr. Freed moved that the recommendation be approved. Ms. Bertelsman seconded the motion.

Daniel Rabuzzi, chief operating officer of the Kentucky Virtual University, said that since start-up there has been a fair amount of conversation internally and with the institutions as to how the KYVU should count students. If this recommendation is approved, the KYVU will not be able to include some students that are currently being counted since they are not served by KYVU resources. These changes will take effect July 2003.

KYVU STUDENT AND COURSE DEFINITIONS

Mr. Freed said that the initial purpose of the virtual university was to reach people who do not have access to a traditional education on a campus. He asked if these people are being reached.

Mr. Rabuzzi said that these people are primarily being served by programs offered through the KYVU with other state agencies, such as the Department for Adult Education and Literacy and the Education Professional Standards Board, as opposed to campus-based programs.

Ms. Adams said that the P-16 Council should encourage senior adults to continue their education through the KYVU.

VOTE: The motion passed.

An update on the partnership agreement with the U. S. Department of Education Office for Civil Rights was included in the agenda book.

RECOMMENDATION: The staff recommends that the council approve the University of Kentucky's request to construct a Professional Development Center with \$8,000,000 of private funds.

MOTION: Ms. Bertelsman moved that the recommendation be approved. Mr. Baker seconded the motion.

EEO UPDATE

Sherron Jackson of the council staff said that the University of Kentucky has not raised all of the funds but expects to have the money available within the next 12 months. The university states that project construction will not begin until all funds have been raised. This approval does not include state general funds for the annual cost of operations and maintenance for the facility. These funds would be part of the council's development of the 2002-04 biennial budget recommendations. The university has indicated that it may request funds for operations and maintenance in future biennia. The council staff will forward the council's decision to the secretary of the Finance and Administration Cabinet and to the Capital Projects and Bond Oversight Committee.

CAPITAL
CONSTRUCTION

President Todd said that the building will be built on donated land on High Street near downtown Lexington. This facility will help fulfill the university's mission to provide services to people in and around downtown Lexington.

VOTE: The motion passed.

Dr. Moore said that Western Kentucky University has received notification that the Council on Education in Public Health has accredited its Master of Public Health program. This action will strengthen the collaborative public health initiative currently underway in the state among Eastern Kentucky University, the University of Kentucky, the University of Louisville, and Western Kentucky University.

Mr. Baker gave an update on the search for a new council president. Committee members have received resumes of nominees and will meet September 24 to discuss the applicants. The applicants will be reduced to a smaller number to be interviewed by the screening committee. From that group a smaller number will be brought to the council for consideration.

Board chair William Wilson updated the council on the presidential search at Kentucky State University. The regents have three goals – to stabilize the institution financially, establish strong leadership, and move the university forward.

In a period of approximately 18 months, KSU has had three major audits. It has gone from an embarrassing disclaimer to a clean opinion. In the process, the institution made several major staff changes. The institution has a new chief finance officer, a new budget director, a new controller, a new internal auditor, and a new director of human resources.

PUBLIC HEALTH

Mr. Wilson said that Kentucky State has been embarrassed by the PRAXIS exam scores and by the attacks on the university. The institution asked the council to help KSU with resources and dealing with the academic issues on the KSU campus. A joint study of the academic programs should be completed in four to six months and will provide information on what the institution needs to do. The board is very much involved in doing what needs to be done to assure that the credibility and the name of Kentucky State University is upheld.

COUNCIL

PRESIDENTIAL
SEARCH

KSU

In terms of moving the university forward, Mr. Wilson said that leadership becomes the key. Dr. Paul Bibbins has been appointed as interim president and the board has great confidence in him. The board is looking for a long-term interim to be in place by January 2003, and the board will help define this person's role. The board will serve as the search committee for a permanent president and is using the services of a national search firm. The board hopes to have a president in a year to 18 months. Mr. Wilson thanked the council for its support of KSU.

Ms. Adams thanked Mr. Wilson for his comments and for his leadership and time commitment to KSU. She said that the council is very concerned about KSU and its future. The institution is the state's only historically black college and one of the two landgrant universities. There are needs that Kentucky has that only Kentucky State can serve. There are students who will find their comfort and success only on that campus. The council very much wants to be proud of the role it plays in our system.

The council has a responsibility to ensure that Kentucky State University is a contributing partner in helping advance our strategic agenda on behalf of the people of the Commonwealth. We must be concerned when it appears that taxpayer dollars may not have been spent efficiently and effectively. We must be concerned when our future teachers are not meeting minimum standards. And we must be concerned when faculty and staff work hard to sustain and improve the institution but their work falls victim to poor administrative leadership.

The university's recent problems, as documented in the state's media, reflect poorly on our entire system and make it impossible to celebrate the successes that occur on Kentucky State's campus every day – in aquaculture and community outreach and training for state workers and other areas of service to Kentucky. The successes of postsecondary education reform are getting lost as a result of these distractions.

Ms. Adams said that the university's community deserves better. Kentucky deserves better. And the council demands better.

Kentucky's postsecondary education reform will only succeed in the long run if all of our institutions are well managed and financially sound. Kentucky State's board has a lot of work to do. The council knows that the board has dedicated itself to improving the condition of the university and identifying strong leadership to move the institution forward.

Ms. Adams reported that on September 7 the council and the Kentucky State University board jointly issued a request seeking proposals for an outside consultant to assist in conducting a comprehensive assessment of the university's academic programs and the institution's use and adequacy of resources. Ms. Adams appointed four council members – Mr. Barger, Mr. Whitehead, Ms. Jansing, and Mr. Baker – to work with the council staff and representatives of the KSU board to oversee the assessment.

Ms. Adams said that the council is confident that the KSU board will take aggressive action to bring about necessary changes to ensure that every student seeking to further her education at Kentucky State University has the opportunity to learn at the highest possible level. She said that the council stands ready to help.

Mr. Hall said that KSU should be benchmarked against the models of the best universities in the country that are similar. These institutions should be examined as to why they are successful and KSU is not. He said that resources should not be an issue in the search for the new president and the institution should have the flexibility to attract the best possible person to this position. He said he is concerned about the role of the long-term interim president.

Mr. Freed suggested that Mr. Wilson appoint the KSU faculty regent to the assessment committee.

Mr. Baker suggested that the term of the interim president be shortened and that the board move aggressively to appoint a new president. He said that the people of Kentucky are justifiably upset about the situation at KSU. He said that the council may need to think about what to do with KSU over the long term.

Mr. Wilson said that the board has a lot of work to do and asked for the council's patience and support.

Ms. Adams again thanked Mr. Wilson for his efforts and wished the university well.

The 2003 meeting schedule was included in the agenda book.

The meeting adjourned at 1:50 p.m.

Sue Hodges Moore
Interim President

Phyllis L. Bailey
Associate, Executive Relations

2003 MEETINGS

ADJOURNMENT

Council on Postsecondary Education
November 4, 2002

MuSU/KCTCS/KYVU Collaboration

Three of reform priorities are to facilitate transfer from two- to four-year institutions, meet the workforce needs of a knowledge-based economy, and provide anytime, anyplace education. A recent initiative involving Murray State University's program of distinction supports all three priorities.

A transfer agreement has been established between the associate in applied science degree in information technology offered by the Kentucky Community and Technical College System and the bachelor of science degree in telecommunications systems management, a program of distinction, offered by MuSU. Students with an applied science degree in information technology from the KCTCS can transfer as third-year students and obtain a bachelor's degree from MuSU within two years by carrying normal course loads.

The Kentucky Virtual University is a partner in the agreement, promoting easy transfer through online course offerings. The KCTCS program is already available online. In an initiative funded by BellSouth and the Office for the New Economy, Murray will develop more online course offerings in its program. Several upper division courses will be available through the Kentucky Virtual University in spring 2003, and all of the 20 courses in Murray's program will be available by August 2004. The initiative will expand seamless access to telecommunications training and baccalaureate degrees.

Representatives from Murray, the KCTCS, BellSouth, and the Office for the New Economy will make a brief presentation at the council meeting.

Staff preparation by Sue Patrick and Jim Applegate

**Council on Postsecondary Education
November 4, 2002**

Executive Summary

Cross-Cutting Issues

The 2002 version of *Measuring Up*, the state-by-state report card on higher education, was released in October. The report highlights Kentucky's performance in five graded categories and features the council's efforts, in cooperation with the National Center for Public Policy and Higher Education, to assess student learning. Kentucky is one of only two states that has made progress in all five categories of the report card. More information begins on page 13 of this agenda book.

The staff recommends that the council approve new goals for three indicators under Question 1 (two in ACT performance and one in affordability) and one under Question 2 (college-going).
(For details, see page 25.)

The staff brings several updates to the council's key indicators of progress toward postsecondary education reform. These include new results for several indicators under Question 1 and refined definitions and performance goals for 2003 and beyond for four systemwide indicators under Questions 1 and 2.

The Oversight Committee of the Institute for Effective Governance met October 10, 2002, to debrief on the recent trusteeship conference and discuss next steps.

During the trusteeship conference, board members were asked to complete a survey card about potential seminar topics. Topics of greatest interest are enrollment management, presidential evaluation/compensation, strategic planning/accountability, and Bucks for Brains and programs of distinction. The board chairs and vice chairs will be contacted for feedback on topics that might be discussed on a statewide level and those that are specific to an institution. This also will be discussed with the presidents at their November meeting.

Orientation for new board members is vital to educate them on common issues and the system's strategic agenda. Since board members are appointed in December and June, it was suggested that the new member orientation session be handled separately from the fall trusteeship conference. One suggestion was to hold two orientations each year, in conjunction with the January/February and July meetings of the Council on Postsecondary Education. A seminar on a topic of statewide interest could be planned for each spring. This also will be discussed with the board chairs and vice chairs and with the presidents.

The committee suggested that a quarterly CPE newsletter be developed to distribute to board members and other interested parties. This would be brief (1-2 pages) with bullets pointing out accomplishments, public policy issues, appointment of new board members, calendar of upcoming events, and other items of interest. Eventually, an IEG Web site will be developed.

The council and the Kentucky State University board of regents established the Comprehensive Assessment Oversight Committee to oversee the comprehensive assessment of KSU. The

committee met October 21 to evaluate proposals submitted by prospective consultants. Four firms have been invited to make presentations November 4, beginning at 1 p.m. in meeting room A at the council offices in Frankfort. The committee will choose a consultant on the basis of the original proposal, the presentation, and other information collected regarding the firm.

The council and institutional staffs have begun discussions about the 2004-06 budget development process. As a starting point, we are reviewing the 2002-04 *Points of Consensus* document. In September, the institutional presidents were asked to suggest revisions. Their suggestions will be discussed at the November 12 meeting of the Chief Budget Officers. Also at that meeting, the CBOs will discuss a draft calendar to guide our work over the coming year. In addition, the staff will provide a status report on the budget development process at the November 18 meeting of the Strategic Committee on Postsecondary Education. A development timeline and revised *Points of Consensus* document will be presented to the council at its February 2003 meeting.

Measuring Up 2002

In October, the National Center for Public Policy and Higher Education released *Measuring Up 2002*, the state-by-state report card on higher education. Kentucky was one of only two states to show improvement since 2000 in all five categories measured by the report card. The other was Utah.

The goal of the report card is to assist national and state leaders in assessing and addressing the challenges that face higher education in the 21st century. The report card measures state performance across five broad categories — preparation, participation, affordability, completion, and benefits — based on a wide range of nationally recognized indicators. The first report card was issued in 2000.

“Grades” for each category are assigned based on performance relative to top performing states in 2002. Kentucky’s grades went up in three of the five categories: participation, completion, and benefits (see insert). This indicates that while Kentucky’s performance improved between 2000 and 2002 in all five categories, Kentucky lost ground compared to the top states in affordability and preparation.

In preparation, Kentucky was one of only seven states to improve in five categories highlighted in the report:

- young adults earning a high school diploma or GED by age 24
- 8th graders’ proficiency in math
- low-income 8th graders’ proficiency in math
- high school students taking and scoring well on college entrance exams
- high school students taking and scoring well on Advanced Placement tests

Despite this improvement, Kentucky’s grade for preparation went down slightly, from a C in 2000 to a C- in 2002. Kentucky’s performance shows that while educational reform at the elementary and secondary levels is working, more progress is necessary to place Kentucky among the top states in preparing students for college-level work.

In participation, Kentucky is one of only seven states that improved its performance on all measures of enrolling young and working-age adults in college-level education and training. Kentucky’s largest gain was in the percentage of 25- to 49-year-olds enrolled part-time in postsecondary education. Kentucky’s improved rating in this category (Kentucky received a C- in 2002, compared with a D in 2000) is one measure of the success of the council’s efforts to increase enrollment by 80,000 students by 2015.

Many states, including Kentucky, received a lower grade for affordability in *Measuring Up 2002* than in *Measuring Up 2000*. Kentucky's grade changed from a B in 2000 to a C in 2002. Because grades measure how well a state performs compared to the top states, outstanding performance by a single state can result in lower grades for the others. California was the only state to receive an A in affordability in 2002.

While Kentucky's tuition rates remain affordable for a large segment of the population, *Measuring Up* reveals two areas of concern. First, there is a dramatic gap between Kentucky's performance and that of other states in the amount of need-based financial aid available. The amount of state need-based aid to low-income students in the top performing states exceeds the amount of aid they receive from the federal government. In Kentucky, the average state need-based grant is 38 percent of federal aid. Second, the 2002 version of the report card uses tuition data from 2000 to calculate affordability. Recent increases in tuition and declining family incomes may yield markedly lower affordability grades in 2004. Given the uncertain economic context, it is especially important that college remains affordable and that sufficient financial aid is available. It is unlikely that the council will be able to achieve its long-term enrollment and college-going goals if low-income families cannot afford postsecondary education.

Kentucky's completion grade rose from a C- in 2000 to a C in 2002. Retention rates at four-year institutions and graduation rates for students entering baccalaureate programs directly from high school both showed improvement since 2000. Improved performance in this category helps confirm that Kentucky's increased enrollment levels have not come at the cost of student persistence.

Kentucky showed improvement in several indicators in the benefits category, which seeks to measure enhancements of the quality of life in a state resulting from postsecondary education. The percentage of Kentuckians with a bachelor's degree rose between 2000 and 2002, as did the benefits accrued to the state's economy by higher educational attainment. Kentucky's grade in this category improved as well, rising from D in 2000 to C- in 2002.

In *Measuring Up 2002*, as in the 2000 version, all 50 states received a grade of "incomplete" in the sixth category, student learning. Since issuing the first report card, the National Center has worked to develop a set of measurements that will assess the "education capital" of knowledge and skills each state's population possesses. Kentucky was chosen as the prototype for this phase of the project. Over the past several months, members of the council staff have worked with institutions and staff from the National Center to evaluate the data available for Kentucky and to begin to construct a set of indicators for the student-learning grade. In his foreword, James Hunt, chair of the National Center, praises Kentucky for its willingness to provide "national leadership in a key area of higher education reform."

An essay in the 2002 report card describes this effort and outlines initial student learning results for Kentucky. The National Center used data from Kentucky to construct sample scores for indicators measuring the abilities of college educated residents, institutional contributions to educational capital, the quality of educational outcomes in the state, and the prevalence of good practices in undergraduate education. The conclusions the report draws from the available data are mixed. College-educated Kentuckians have high verbal literacy levels, but lag in quantitative

literacy. Kentucky's quality of practice in undergraduate education (measured by results from the National Survey of Student Engagement) approaches the national average. Compared with the national average, few students in Kentucky take competitive entrance exams required for graduate study. As is acknowledged in the report, the National Center was constrained by the data available; these results should be considered preliminary. From 2002 to 2004, Kentucky will be one of six or seven pilot states gathering a more extensive set of student learning data for the 2004 report card. Kentucky will host a meeting of the pilot states early in 2003.

The insert provides a more detailed explanation of *Measuring Up 2002*. For the full report on all 50 states, go to www.higher-education.org.

Staff preparation by Christina Whitfield

KENTUCKY

REPORT CARD

	2000	2002
Preparation	C	C-
Participation	D	C-
Affordability	B	C
Completion	C-	C
Benefits	D	C-
Learning	I	I

Preparation: Improvement since *Measuring Up 2000* – Lower Grade. The proportion of Kentucky’s young adults earning a high school diploma or a General Education Development (GED) diploma by age 24 has improved since *Measuring Up 2000*. A very high proportion of high school students enroll in upper-level math. However, the percentage of 8th graders taking algebra and the percentage of high school students taking upper-level science have dropped since the earlier report. The math proficiency of 8th graders remains poor but has improved notably. Because of other states’ greater improvements in this category, Kentucky’s grade has dropped.

Participation: Improvement since *Measuring Up 2000* – Higher Grade. Kentucky improved in this category since *Measuring Up 2000*, but its performance is fair when compared with other states. A slightly higher proportion of students enroll in college immediately after high school. A higher proportion of young adults (ages 18 to 24) are enrolled in college-level education. And a higher percentage of working-age adults (ages 25 to 49) are enrolled part-time in education or training beyond high school.

Affordability: Improvement since *Measuring Up 2000* – Lower Grade. Since *Measuring Up 2000*, Kentucky families are spending less of their income, after financial aid, to attend the state’s public and private four-year colleges and universities. The state remains in very good standing in the share of family income required to attend community college, and has improved in need-based financial aid provided to low-income families. Because of other states’ greater improvements, however, Kentucky’s grade has dropped.

Completion: Improvement since *Measuring Up 2000* – Higher Grade. Kentucky’s performance in completion has improved since *Measuring Up 2000*, but remains fair. A larger proportion of freshmen at four-year colleges and universities are returning for their sophomore year, but a smaller proportion of first-year students at two-year colleges are returning for their second year. Kentucky has improved in the proportion of first-time, full-time college students earning their bachelor’s degree within five years of completing high school. Also a larger proportion of undergraduate students are completing certificates and degrees relative to the number enrolled.

Benefits: Improvement since *Measuring Up 2000* – Higher Grade. Since the 2000 report, the proportion of Kentucky residents with a bachelor’s degree has increased, and the state’s economy has benefited. Kentucky residents contribute substantially to the civic good, as measured by charitable contributions and the percentage of residents who vote. Overall, Kentucky’s performance is fair in this category.

Learning. Based on available information on student learning, it is not possible to make systematic state-by-state comparisons.

KENTUCKY

PREPARATION	C-			
HIGH SCHOOL COMPLETION (20%) 18- to 24-year-olds with a high school credential		Kentucky 2000	Kentucky 2002	Top States 2002
		85%	86%	94%
K-12 COURSE TAKING (40%)				
9th to 12th graders taking at least one upper-level math course		50%	53%	57%
9th to 12th graders taking at least one upper-level science course		34%	29%	39%
8th grade students taking Algebra		17%	12%	30%
12th graders taking at least one upper-level math course		–	n/a	56%
K-12 STUDENT ACHIEVEMENT (40%)				
8th graders scoring at or above “proficient” on the national assessment exam:				
in math		16%	21%	34%
in reading		29%	29%	38%
in science		–	29%	42%
in writing		21%	21%	31%
Low-income 8th graders scoring at or above “proficient” on the national assessment exam in math		4%	8%	21%
Number of scores in the top 20% nationally on SAT/ACT college entrance exam per 1,000 high school graduates		130	137	201
Number of scores that are 3 or higher on an Advanced Placement subject test per 1,000 high school juniors and seniors		50	69	197

Change over Time: In Kentucky from 1990 to 2000, the proportion of high school students taking upper-level math courses increased from 35% to 53%. *Gaps in Data:* The data marked n/a are not available.

PARTICIPATION	C-			
YOUNG ADULTS (60%)		Kentucky 2000	Kentucky 2002	Top States 2002
High school freshmen enrolling in college within 4 years in any state		36%	37%	54%
18- to 24-year-olds enrolling in college		31%	33%	41%
WORKING-AGE ADULTS (40%)				
25- to 49-year-olds enrolled part-time in some type of postsecondary education [†]		2.4%	2.8%	5.4%
[†] Data for Measuring Up 2000 are for 25- to 44-year olds.				

Change over Time: In Kentucky from 1989 to 1999, the proportion of 18- to 24-year-olds enrolled in college increased from 24% to 33%.

AFFORDABILITY	C			
FAMILY ABILITY TO PAY (50%)		Kentucky 2000	Kentucky 2002	Top States 2002
Percent of income (average of all income groups) needed to pay for college expenses minus financial aid:				
at community colleges		17%	17%	16%
at public 4-year colleges/universities		21%	19%	18%
at private 4-year colleges/universities		44%	40%	32%
STRATEGIES FOR AFFORDABILITY (40%)				
State grant aid targeted to low-income families as a percent of federal Pell Grant aid to low-income families		33%	37%	108%
Share of income that poorest families need to pay for tuition at lowest priced colleges		14%	13%	8%
RELIANCE ON LOANS (10%)				
Average loan amount that undergraduate students borrow each year [‡]		\$3,327	\$2,987	\$2,928
[‡] Data for Measuring Up 2000 include all students, not just undergraduates.				

Note: In the Affordability category, the lower the figures the better the performance for all indicators except for “State grant aid . . . as a percent of federal Pell Grant aid.”

INCOME GROUPS USED TO CALCULATE 2002 FAMILY ABILITY TO PAY

Percent of family income needed to pay for college expenses minus financial aid:	at community colleges	at public 4-year colleges/universities	at private 4-year colleges/universities
for 20% of the population with the lowest income	40%	43%	102%
for 20% of the population with lower-middle income	20%	21%	44%
for 20% of the population with middle income	13%	15%	27%
for 20% of the population with upper-middle income	8%	10%	17%
for 20% of the population with the highest income	5%	6%	11%

Note: Data are from 2000-01.

COMPLETION C

	<i>Kentucky 2000</i>	<i>Kentucky 2002</i>	<i>Top States 2002</i>
PERSISTENCE (20%)			
1st year community college students returning their 2nd year	57%	51%	63%
Freshmen at 4-year colleges/universities returning their sophomore year	70%	71%	83%
COMPLETION (80%)			
First-time, full-time students completing a bachelor's degree within 5 years of high school completion	37%	43%	66%
<i>First-time, full-time students completing a bachelor's degree within 6 years of college entrance</i>	–	38%	61%
Certificates, degrees and diplomas awarded at all colleges and universities per 100 undergraduate students	15	15	21

BENEFITS C-

	<i>Kentucky 2000</i>	<i>Kentucky 2002</i>	<i>Top States 2002</i>
EDUCATIONAL ACHIEVEMENT (30%)			
Population aged 25 to 65 with bachelor's degree or higher	20%	22%	35%
ECONOMIC BENEFITS (25%)			
Increase in total personal income as a result of the percentage of the population holding a bachelor's degree	6%	7%	12%
<i>Increase in total personal income as a result of the percentage of the population with some college (including an associate's degree), but not a bachelor's degree</i>	–	3%	4%
CIVIC BENEFITS (25%)			
Residents voting in 1998 and 2000 national elections	49%	50%	60%
Of those who itemize on federal income taxes, the percentage declaring charitable gifts	87%	85%	92%
ADULT SKILL LEVELS (20%)			
Adults demonstrating high-level literacy skills:			
quantitative	n/a	n/a	28%
prose	n/a	n/a	28%
document	n/a	n/a	26%

Gaps in Data: The data marked n/a are not available because Kentucky declined to participate in the survey.

LEARNING I

Indicators in italics are new for 2002.

*Data from *Measuring Up 2000* were used because updated state information was not available.

Need more information? For an explanation of grading see page 189. For source information about each indicator, see page 186.

For more state information (State Context, Leading Indicators, Facts and Figures, etc.) or technical information, visit the Web site for *Measuring Up* at www.highereducation.org.

ON-LINE

Measuring Up 2002: The State-by-State Report Card for Higher Education On-line

This Web site allows you to make your own comparisons of state performance in higher education. Users can select from over 30 indicators of higher education performance and state characteristics (state's population, the size of its economy, its system of higher education, and more) that are helpful in providing a context for understanding performance.

Visit the National Center's home page at www.highereducation.org to:

- Compare any state with best performing states in each performance category.
- Compare states on their grades and indicator results in each performance category.
- Compare states on their improvement since *Measuring Up 2000*.
- Compare states on contextual information (state demographic and economic characteristics, and more).
- Compare the gaps in performance among ethnic groups.
- Download all or parts of *Measuring Up 2002*.
- Link directly to the sources of data.
- Obtain technical information for indicators, weights, and calculations.
- Find out more about the National Center for Public Policy and Higher Education.

QUESTIONS AND ANSWERS ABOUT MEASURING UP 2002

Who is being graded in this report card, and why?

Measuring Up 2002 grades states—not individual colleges and universities—on their performance in higher education. The states are responsible for preparing students for higher education through sound K–12 systems, and they provide most of the public financial support—\$64 billion in 2001—for colleges and universities. Through their oversight of public colleges and universities, state leaders affect the number and kinds of education programs in the state. They determine the limits of financial support and often influence tuition and fees for public colleges and universities. They determine how much state financial aid to make available to students and their families, which affects students attending public and private colleges and universities. And state economic development policies influence the income advantage that residents receive from having some college experience or a college degree.

Why is a state-by-state report card needed for higher education?

Measuring Up provides state leaders with objective information they need to assess and improve higher education. After the publication of *Measuring Up 2000* two years ago, state leaders for the first time could objectively assess comparative information on state performance in higher education—information that helps identify the strengths and weaknesses of higher education in their state. Many state leaders have used this information as a starting point to gather additional performance information about higher education in their state, and to build support for improvements in higher education.

This newest report card on higher education (1) provides state leaders with a picture of the strengths and weaknesses of higher education in their state in relation to other states, and (2) identifies areas of improvement or decline since the last report card.

Who is this report card for?

Measuring Up was developed for governors, legislators, and other state officials charged with responsibility for higher education. It is also made available to higher education leaders, business leaders, the media, and members of the general public who care about the performance of higher education.

What is graded in the report card?

The report card grades states in six performance categories: academic preparation, participation, affordability, completion, benefits, and student learning.

Preparation measures how well a state's K–12 schools prepare students for college-level education and training. The opportunities that residents have to enroll in and benefit from higher education depend heavily on the performance of their state's high schools.

Participation addresses the opportunities for state residents to enroll in higher education. A strong grade in participation generally indicates that the state residents have high individual expectations for education and that the state provides enough spaces and types of educational programs for its residents.

Affordability measures whether students and families can afford to pay for higher education, given economic circumstances, financial aid, and the types of colleges and universities in the state.

Completion addresses whether students continue through their educational programs and earn certificates or degrees in a timely manner. Certificates and degrees from one- and two-year programs as well as the bachelor's degree are included.

Benefits includes the economic and societal benefits that the state receives as the result of having well-educated residents.

Learning is intended to address the level of educational capital that states possess as a result of their policies for education and training beyond high school. High performance in this category would indicate that states are developing talent to its fullest.

Why do all the states receive an Incomplete for their performance in student learning?

Measuring Up 2000 gave all states an Incomplete in student learning because there are no common benchmarks for student learning that would allow meaningful state-by-state comparisons. This year, *Measuring Up 2002* likewise gives all states an Incomplete in this area, for the same reason.

However, recent efforts to develop better measures of college-level learning are promising (for more information, please see "A Message from Governor Paul Patton," page 18, "*Measuring Up* and Student Learning," page 69, and "Grading Student

WHAT'S NEW IN MEASURING UP 2002

There are two elements of state progress provided in *Measuring Up 2002*: grades and "Improvement since *Measuring Up 2000*" (for results, see the National Picture section, pages 24–34).

Grades measure a state's performance in relation to other states. An improvement in a state's grade shows that the state performed better compared to other states.

"Improvement since *Measuring Up 2000*" measures a state's progress in relation to its own previous results. This measure compares each state's results on the indicators in *Measuring Up 2000* to its results in *Measuring Up 2002*. If a state is described as making "improvement" in a performance category, then it made progress on the majority of indicators in that category.

NEW INDICATORS*

Preparation

K–12 Course Taking

12th graders taking at least one upper-level math course

K–12 Student Achievement

8th graders scoring at or above "proficient" on the national assessment exam in science

Completion

Completion

First-time, full-time students completing a bachelor's degree within 6 years of college entrance

Benefits

Economic Benefits

Increase in total personal income as a result of the percentage of the population with some college (including an associate's degree), but not a bachelor's degree

REVISED INDICATORS†

Participation

Working-Age Adults

25- to 49-year-olds enrolled part-time in some type of postsecondary education (previous definition included 25- to 44-year-olds)

Affordability

Reliance On Loans

Average loan amount that undergraduate students borrow each year (previous definition included all students rather than undergraduate students only)

* The weights of indicators within performance categories have been adjusted slightly to accommodate these new indicators.

† For detailed information on changes to these indicators, changes in calculating indicators, and other definitional issues, see Technical Guide: Documenting Methodology, Indicators, and Data Sources for *Measuring Up 2002* at www.highereducation.org.

Learning," page 73). The degree to which students' skills and abilities are improved as a result of states' policies for education and training beyond high school is perhaps the most important criterion for measuring state performance in higher education. The Incomplete in learning highlights a gap in our ability to make systematic state-by-state comparisons in this area.

How are states graded?

States receive grades in each performance category. Each performance category is made up of several indicators or quantitative measures—a total of 34 in the five categories. Grades are calculated based on each state's performance on these indicators, relative to other states (see page 23).

What information is provided but not graded?

The State Profiles provide important information that is not

graded—either because the data are not available for all the states or because the information, though useful, is not based on performance outcomes. For instance, the State Profiles highlight gaps in state performance in providing opportunities for various income and ethnic groups, and they identify substantial changes in state performance over the last ten years.

In addition, the "Improvement since *Measuring Up 2000*" information summarized in the National Picture section (pages 30–34), shows which states have improved their results in each performance category in the data years 1998 to 2000, and which states have not improved their results. This progress, while useful in tracking change within each state, is not included in grading.

Additional information—for instance, the state's population, the size of its economy and its system of higher education—that is helpful in providing a context for understanding performance is provided on the National Center's Web site at www.highereducation.org.

What sources of information are used to determine the grades?

All the information in *Measuring Up 2002* was collected from national, reliable sources, including the U.S. Census and the U.S. Department of Education. All data are the most current available for state-by-state comparisons (in most cases from 2000), are in the public domain, and were collected in ways that allow effective comparisons among the states. The technical guide (available at www.highereducation.org) has information about sources for each indicator.

What do you mean by "higher education"?

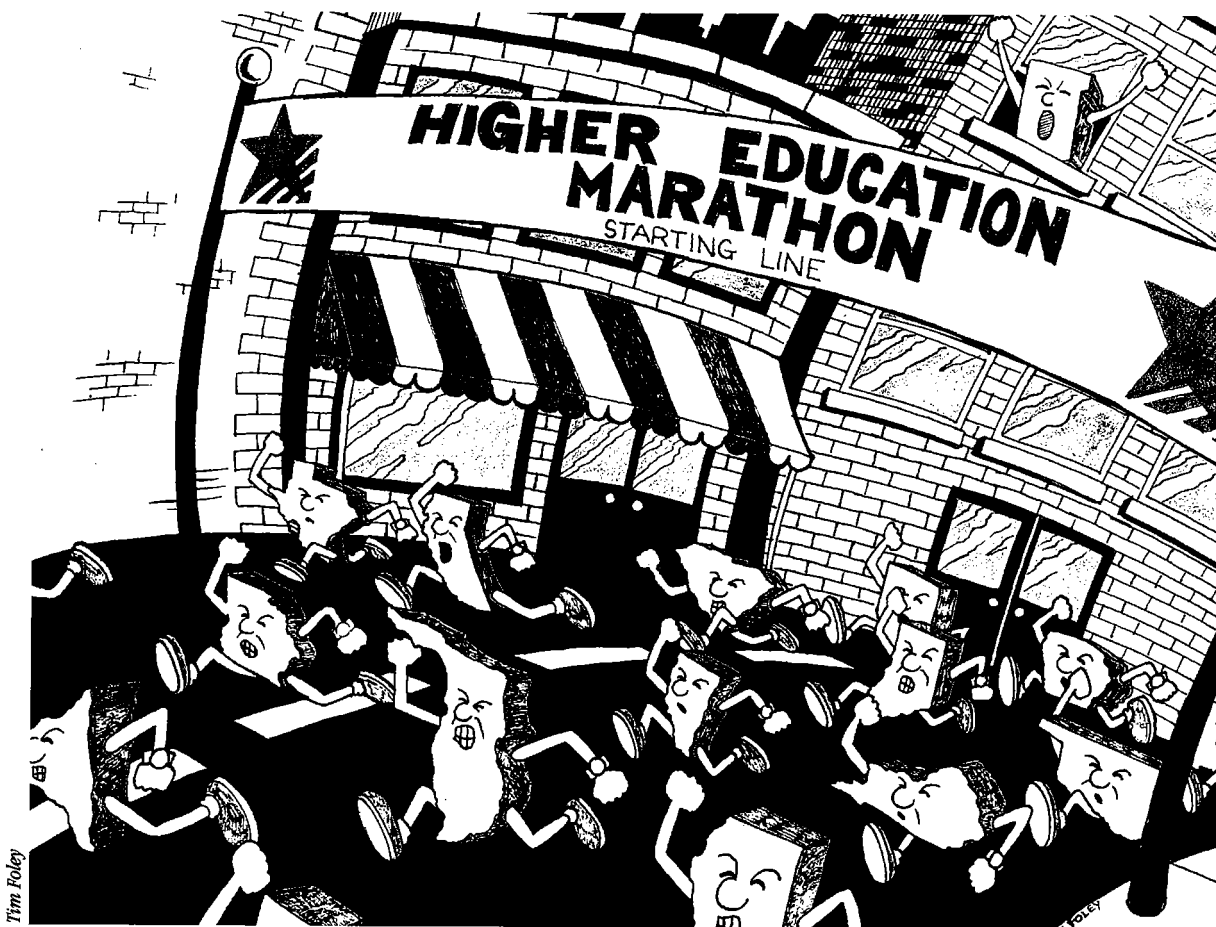
Higher education refers to all education and training beyond high school, including all public and private, two- and four-year, nonprofit and for-profit institutions.

Why are private institutions included in the report card?

Measuring Up provides states with an overall picture of their performance in higher education. Since private colleges and universities play a crucial role in providing opportunity and helping students achieve their educational goals, state higher education policy should be responsive to the opportunities offered by private institutions. Most states provide financial aid for students who enroll in either public or private colleges and universities; some states provide direct support to their private colleges. *Measuring Up* documents the effects these state policies have on opportunity for and achievement in higher education in the state.

Do states receive "credit" for effort or for facing difficult economic or educational circumstances?

No. The grades are based solely on performance. Since we base performance on outcome measures, states do not receive credit for effort or for facing difficult economic or educational



circumstances, only for results. On the National Center's Web site, however, "leading indicators" are provided in State Profiles, including economic projections and societal measures, to identify some of the long-term policy challenges facing the state.

Does *Measuring Up* take into account new state policies that have recently been introduced?

Measuring Up reports on performance and changes in performance. New state policies often do not change performance immediately. As these policies influence state results, changes will be reflected in the indicators and grades.

Is it possible for a state to receive a higher grade but to make "No Improvement since *Measuring Up 2000*"?

Yes. Since grades measure how states perform relative to other states, a state's grade can improve or drop depending upon the performance of other states—even if its own results on the indicators, or performance measures, remain constant or decline.

Does the report card grade on a curve?

No. Grades are calculated by comparing each state to the best-performing states for each indicator.

What grading scale is used?

As shown in "How We Grade States," the grades are based on the familiar 100-point scale: An "A" represents a score of 90 or above, and an "F" represents a score below 60 (see page 23).

Why do we include both five-year and six-year bachelor's degree completion?

The five-year degree completion indicator refers to first-time, full-time students completing a bachelor's degree within five years of finishing high school, whereas the six-year indicator refers to first-time, full-time students completing a bachelor's degree within six years of enrolling in college. The six-year measure refers to all students, not just recent high school students entering college.

Does the report card use data unique to a particular state?

Measuring Up 2002 uses data that are comparable for all the states. As a result, some states may find that their own internal data present a fuller picture of the state's strengths and weaknesses in higher education. The National Center encourages states to add their own data to the report card's categories to create a more detailed picture of state performance.

What happens if data are missing for a state?

When information is not available on a particular indicator, we assume, for the purposes of grading, that a state is doing no better or worse on that particular indicator than it is on the other indicators in that performance category.

However, the report card uses the most recent data available. In the event that a state has reported data in *Measuring Up 2000*, but not in *Measuring Up 2002*, the data from *Measuring Up 2000* are used since they are the most recent data available for state-by-state comparisons.

Are there some sources that have not updated their data since the last report card?

Yes. For instance, in relation to the preparation category, the National Assessment of Educational Progress (NAEP) conducts surveys regularly but has not conducted surveys in reading and writing proficiency since *Measuring Up 2000*. Therefore, these indicator results remain unchanged. Also, in relation to the benefits category, the National Adult Literacy Survey (NALS) is now being administered as the National Assessment of Adult Literacy (NAAL), but its results are not yet available. For these indicators, results from the previous edition of the report card are reported in this edition as well.

To what extent do the grades reflect the wealth or the race and ethnicity of the state's population?

An independent analysis of *Measuring Up 2000* data showed that factors like wealth and economic vitality had about a 25% influence on grades, and that race and ethnicity had about a 10% influence. (See A Review of Tests Performed on the Data in *Measuring Up 2000*, by Peter Ewell, available at www.highereducation.org.)

How does the report card account for the migration of people across state lines?

Migration affects two of the performance categories: participation and benefits. One of the indicators in the participation category accounts for the migration of young people, but the other indicator, due to limitations in the collection of the data, does not. To provide a context for the grades in participation, please see net migration for each state reported in the State Profiles section of *Measuring Up 2002* on the National Center's Web site (www.highereducation.org). In the benefits category, states receive credit for having an

educated population since states reap the economic and societal rewards whether or not residents received their education in that state. With the exception of the benefits category, all other graded performance categories recognize states for developing rather than importing talent.

Does the report card evaluate graduate education and research?

No. Colleges and universities perform many valuable functions besides those measured in *Measuring Up 2002*, including research, graduate and professional education, public service, and economic development. *Measuring Up* focuses on education and training through the bachelor's degree because this is an area where all states have major policy responsibilities whether or not they have substantial commitment to other higher education functions. Systematic measures for the evaluation of research and graduate education are already available on a national basis.

How frequently are the report cards published?

Every two years. The next report cards will be released in 2004 and 2006.

How can I find out more about the report card or about my state's performance?

Visit the National Center's Web site at www.highereducation.org to:

- Compare any state with the best-performing states in each performance category.
- Compare states on their grades and indicator results in each performance category.
- Compare states on their improvement since *Measuring Up 2000*.
- Compare states on contextual information (such as demographic indicators and higher education appropriations).
- Identify gaps in state performance for ethnic and income groups.
- Download all or parts of *Measuring Up 2002*.
- Link directly to the sources that gathered the data.
- Obtain technical information for indicators, weights, and calculations.
- Find out more about the National Center for Public Policy and Higher Education.

Key Indicators of Progress Toward Postsecondary Reform

Action: The staff recommends that the council approve new goals for three indicators under Question 1 (two in ACT performance and one in affordability) and one under Question 2 (college-going).

Updated results are available for four indicators under question 1: Are more Kentuckians ready for postsecondary education? Results for these indicators are mixed. Kentucky has made progress in increasing the affordability of postsecondary education but must work harder to ensure its high school graduates are well prepared for college.

The staff proposes revision of several indicators under questions 1 and 2. The overarching key indicator goals remain unchanged. The proposed revisions reflect recent national efforts in assessing postsecondary education.

The staff further proposes establishing goals for 2003 through 2006 for the updated and revised indicators.

ACT

ACT results for the high school graduating class of 2002 are now available. These results allow us to measure progress in three indicators:

- Kentucky's average ACT score for high school graduates (indicator 1.3) fell from 20.1 in 2001 to 20.0 in 2002. The average national score saw a similar decline, dropping from 21.0 in 2001 to 20.8 in 2002. Kentucky failed to achieve its 2002 goal (an average score of 20.2) for this indicator. Using the "traffic light" evaluation scheme, the light assigned to indicator 1.3 remains red, indicating "no progress."
- The percentage of high school graduates taking the ACT (indicator 1.4) remained unchanged at 72 percent. A red light is assigned to this indicator.
- The percentage of high school students completing the ACT core coursework (indicator 1.6) rose dramatically between 2001 and 2002, from 48 percent to 58 percent. Kentucky's 2002 completion rate equaled the national average. Despite this improvement, Kentucky failed to reach its 2002 goal. A yellow light, indicating "some progress," is assigned to this indicator.

The table on page 29 includes detailed information about Kentucky's ACT performance since 1998 on three indicators and proposed goals for 2003 to 2006 for indicators 1.3 and 1.4. Kentucky's long-term goals are to reach the national average score and to increase the number of graduates taking the ACT to 95 percent by 2014. Pending approval by the council and the Kentucky Board of Education, the goals outlined in the attachment anticipate steadily approaching these long-term goals over the next several years. The council staff will continue to work with the Kentucky Department of Education and the P-16 Council to achieve these goals. Goals for indicator 1.6 will be proposed at a later date, pending the outcomes of the American Diploma Project.

Affordability

Three "family ability to pay" measures from *Measuring Up* are used to gauge progress for indicator 1.8, affordability. The goal for 2002 was to maintain our relative standing. Kentucky achieved this goal by narrowing the gap between our performance and the performance of the top states in two measures, family ability to pay at public and at private four-year colleges. In the third measure, the proportion of average family income required to attend public two-year colleges in the state, Kentucky's performance remained steady between 2000 and 2002 at 17 percent, while the top performing states dropped from 17 to 16 percent. Because Kentucky improved its standing relative to leading states in two of the three measures of affordability, a green light is assigned for indicator 1.8.

The light for question 1, which incorporates the updated results for preparation of high school students and affordability, remains yellow, indicating some progress.

The staff proposes expanding the definition of indicator 1.8 to include the entire affordability category from *Measuring Up*:

- percent of income needed to pay for college expenses minus financial aid at community colleges
- percent of income needed to pay for college expenses minus financial aid at public four-year colleges and universities
- percent of income needed to pay for college expenses minus financial aid at private four-year colleges and universities
- state grant aid targeted to low-income families as a percent of federal Pell Grant aid
- share of income that poorest families need to pay for tuition at lowest price colleges
- average loan amount that undergraduate students borrow each year

The staff further proposes establishing a goal for indicator 1.8 that Kentucky will show improvement in all six affordability indicators in the 2004 and 2006 versions of *Measuring Up*. This revised definition offers a more complete picture of the costs of postsecondary education in Kentucky as well as the resources available to help defray those costs.

Detailed information about Kentucky's current performance on these indicators is shown in the *Measuring Up* agenda item beginning on page 13.

College-Going

Two current key indicators measure the college-going rate of recent high school graduates:

- 2.7: percentage of students attending college directly out of high school
- 2.8: percentage of students attending college directly out of high school from target counties

Varying definitions of college-going and availability of data have made it difficult to compare Kentucky's results for indicator 2.7 with national results. The staff proposes replacing the existing indicator 2.7 with an indicator that measures college-going using the methodology established in *Measuring Up*: the percentage of high school freshmen enrolling in college within four years in any state. Using this methodology, Kentucky had a college-going rate of 36 percent in 2000 and 37 percent in 2002. The top-performing states had a college-going rate of 54 percent in 2002. The goal for the revised indicator 2.7 is to increase the percentage and also to narrow the gap with top performing states in the 2004 and 2006 versions of *Measuring Up*.

Indicator 2.8 measures the college-going rate in the council's 67 target counties. The target counties were identified as those with high unemployment and low educational attainment and college-going. Many of the calculations used to identify these counties incorporated data that is now out-of-date. The staff proposes postponing further action for this indicator until further study is possible. A revised indicator 2.8 might use data from the 2000 census to identify a revised set of target counties, or use the areas served by local P-16 councils as organizing principles for local measurements of progress toward reform.

Including the updated results for question 1 presented here, the council staff has assigned lights for 21 systemwide indicators. To date, there are 13 green lights, six yellow lights, and two red lights (see attached progress report). These results show that postsecondary reform is working and identify areas where further effort is needed.

Staff preparation by Christina Whitfield

Key Indicators of Progress

toward

Postsecondary Reform in Kentucky



November 2002 - Progress Report

1. Are more Kentuckians ready for postsecondary education?Some progress

Preparation of Adults

- 1. Percentage of adults at literacy levels one and twoNext measurement 2002
- 2. Percentage of adults with less than high school diploma or GEDNext measurement 2002

Preparation of Recent High School Graduates

- 3. Average ACT scores of high school graduatesNo progress*
- 4. Percentage of high school graduates taking the ACTNo progress*
- 5. Number of college-level courses per 1,000 HS juniors and seniorsExceeded 2002 goal
- 6. Percentage of high school students completing ACT core courseworkSome progress*
- 7. High school test scoresUnder development

Affordability (Family Ability to Pay)

- 8. Percentage of income needed to pay for college expensesMet 2002 goal*

2. Are more students enrolling?Good progress

Postsecondary Enrollment

- 1. Number of undergraduates (system total)Exceeded 2002 goal
- 2. Number of graduates/professionals (public universities)Exceeded 2002 goal
- 3. Number of students enrolled in KYVU credit coursesExceeded 2002 goal
- 4. Number of "new students" enrolled in KYVU credit coursesUnder development

College Participation

- 5. Percentage of the adult population enrolled in KY collegesMet 2002 goal
- 6. Percentage enrolled from target countiesSome progress

College-Going

- 7. Percentage of students attending college directly out of high schoolExceeded 2002 goal
- 8. Percentage from target countiesGood progress
- 9. College-going rates of GED completers within two yearsExceeded 2002 goal

3. Are more students advancing through the system?Good progress

Persistence and Completion

- 1. One-year retention rates of first-time freshmen, three-year averageSome progress
- 2. One-year retention rates of underprepared studentsNext measurement 2002
- 3. One-year systemwide retention rate of first-time freshmenGood progress
- 4. Number of community and technical college transfersSome progress
- 5. Average number of credit hours transferredExceeded 2002 goal

Graduation

- 6. Percentage of adults with a bachelor's degree or higherNext measurement 2002
- 7. Six-year graduation rates of bachelor's degree studentsGood progress
- 8. Five-year graduation rates of transfer students - three-year averageGood progress

● 4. Are we preparing Kentuckians for life and work?Under development

Undergraduate Student Experience

- 1. National Survey of Student Engagement.....Next measurement 2003

Alumni Satisfaction

- 2. Undergraduate alumni survey resultsNo goal
- 3. Graduate alumni survey resultsUnder development

Civic Engagement

- 4. Undergraduate alumni surveyNo goal
- 5. National Survey of Student Engagement.....Next measurement 2003

Knowledge and Skills

- 6. Teacher Preparation ProgramsUnder development
- 7. Foundational skills.....Under development

● 5. Are Kentucky's communities and economy benefiting?Good progress

Employment of Graduates

- 1. Percentage of college graduates working in KentuckyUnder development
- 2. Percentage of out-of-state college graduates working in Kentucky.....Under development

Employer and Community Satisfaction

- 3. Employer and community satisfaction with KY graduates and completersUnder development
- 4. Employer and community satisfaction with institutions' supportUnder development

Research and Development

- 5. Total research and development expenditures per full-time faculty.....Next measurement 2002
- 6. Total extramural research and development expendituresGood progress
- 7. Federal research and development expendituresSome progress
- 8. Endowments in knowledge-based economy (KBE) areasNext measurement 2002
- 9. Expenditures from endowments and gifts in KBE areasNext measurement 2002
- 10. Productivity of research spaceUnder development

* Results updated November 2002

LEGEND

- Good Progress ● Some Progress ● No Progress ● Pending

Key Indicators of Progress toward Postsecondary Reform
 Question 1: Are more Kentuckians prepared for postsecondary education?

1.3 Average ACT scores of high school graduates

	Actual					Proposed Goals				
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2014
Kentucky	20.2	20.1	20.1	20.1	20.0	20.2	20.3	20.4	20.5	National
US	21.0	21.0	21.0	21.0	20.8					Average

1.4 Percentage of high school graduates taking the ACT

	Actual					Proposed Goals				
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2014
Kentucky	67%	68%	71%	72%	72%	74%	76%	78%	80%	95%

1.6 Percentage of high school students completing the ACT core coursework

	Actual					Proposed Goals*				
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2014
Kentucky	43%	44%	47%	48%	58%					
US	61%	60%	61%	60%	58%					

*Updated in 2003

Source: ACT

**Council on Postsecondary Education
November 4, 2002**

Executive Summary

1. Are more Kentuckians ready for postsecondary education?

Commissioner of Education Gene Wilhoit will give a report on the activities of the Kentucky Board of Education.

The P-16 Council met in September. Dr. William Brundage, Commissioner for the New Economy, presented Kentucky's strategic plan for the new economy and emphasized the critical role that the state's P-16 efforts will play in Kentucky's economic development agenda. The P-16 Council is developing a vision statement, action agenda, and set of performance indicators to focus its work in creating a seamless system of education from pre-school through college in Kentucky. The Council on Postsecondary Education funded 11 local councils last year, bringing the total number of local councils to 12. (The Appalachian Regional P-16 Council was formed before this funding process began.) Seven of these local councils include Go Higher communities as part of the council's public communication campaign (see the agenda item on the Go Higher communities beginning on page 35.) An additional \$100,000 has been appropriated each year of the biennium to start and support local P-16 councils. Additional information about the P-16 councils begins on page 33.

The Go Higher community initiative, part of the council's public communication campaign, is expanding to five new communities. The resources and support provided by this initiative have enabled Go Higher communities to mobilize local education, government, and business leaders to develop strategies for increasing enrollment and student success in adult and postsecondary education. A description of the new Go Higher communities and the work of current communities begins on page 35.

A soon-to-be finalized agreement with the United States Department of Labor Job Corps and the council will provide access to adult education resources through KYVAE.org and ACT WorkKeys assessments to the seven Job Corps Centers in Kentucky. Approximately 4,000 Job Corps students will be counted in the statewide enrollment through the Department for Adult Education and Literacy. Job Corps is a free residential education and training program that helps students in Kentucky between the ages of 16 and 24 learn trade and technical skills and complete a high school diploma or equivalency.

P-16 Council Update

At the September P-16 Council meeting, Dr. William Brundage, Commissioner for the New Economy, presented an overview of the new economy agenda and the role of the P-16 Council in forwarding this agenda. Dr. Brundage made clear that a successful P-16 strategy is an essential part of Kentucky's new economy agenda and that a strong foundation in mathematics and science is critical to this agenda.

Dr. Keith Bird, Chancellor of the Kentucky Community and Technical College System, was joined by Emil Jezik, Executive Director of Workforce Training in the Office of Workforce and Economic Development, and Kentucky Department of Education staff to outline how the KCTCS, the KDE, technical schools, local school districts, and four-year institutions are working together to coordinate career and technical education in Kentucky through articulation agreements and dual credit arrangements.

Sheila Byrd, Director of the American Diploma Project, reported on the work Kentucky and other participating states are doing to make high school assessments usable by employers and postsecondary institutions in their hiring, admissions, and placement decisions. The P-16 Council also discussed the decline this year of Kentucky's ACT scores and a recent study sponsored by The Education Trust on teacher certification and out-of-field placement of teachers. The council focused on the implications for P-16 work in Kentucky.

After reviewing the initiatives that the P-16 Council has sponsored during its first three years, the council charged the staff to draft a vision statement, an action agenda, and a set of performance indicators for presentation at its December meeting. Following a similar process undertaken by the Council on Postsecondary Education, the P-16 Council will focus its work by identifying specific goals that reflect its commitment to creating a seamless system of education in Kentucky. The objectives contained in the action agenda will be organized in part around the broad themes that the P-16 Council has pursued since its inception: teacher quality; alignment of P-12, adult education, and postsecondary curricula; and increasing the college-going rate and success of Kentucky's students. Key indicators will measure success in connecting education sectors and increase accountability for achieving Kentucky's seamless P-16 vision. Each partner agency and local P-16 council will participate in the development process and will be asked to outline its expected contribution to the overall agenda.

Since the P-16 Council's June meeting, the Council on Postsecondary Education has funded five more proposals for local P-16 councils. The council funded a total of 11 local P-16 councils last year, seven of which include Go Higher communities as part of the council's public communication campaign. The Appalachian Regional P-16 Council was formed before this funding process began. (See Go Higher Communities, page 35.) An additional \$100,000 for

each year of the biennium has been allocated for starting and supporting local P-16 councils.
(See attached map.)

Staff preparation by Dianne M. Bazell

Go Higher Communities

The Go Higher community initiative, a component of the council's Go Higher public communication campaign, brings local educators and business, labor, government, libraries, and civic groups together to raise education levels in communities. Last year, 10 communities were selected to participate, and this year five new communities have been added. The new Go Higher communities are (1) Daviess County, (2) Henderson County, (3) Cumberland, Monroe, and Clinton Counties, (4) Pike County, and (5) Whitley County (see attached map).

Go Higher communities receive resources and support to develop and sustain innovative strategies for addressing their most pressing education needs. Guthrie/Mayes, the campaign's public relations firm, assists community leaders in leveraging partnerships from the private sector and generating media coverage of Go Higher initiatives. The most successful strategies that emerge from this effort will be shared as models for other communities across the state.

As a first step, each participating community is encouraged to form a local P-16 council. To date, P-16 councils have been funded in seven Go Higher communities, and local council development is underway in three. Additionally, the council, through its Adult Education Initiative Trust Fund, is providing \$20,000 to each community that conducts a local education needs assessment. Through the needs assessment, community leaders are identifying gaps in educational achievement and developing strategies to address those gaps including:

- reducing barriers to adult learners' successful transition to college and the workplace
- removing achievement gaps for minority and economically disadvantaged students
- reducing high school dropout rates and increasing college-going rates
- aligning high school and adult education standards with college standards and local workforce area needs
- building workforce education programs responsive to the needs of current and prospective employers and employees
- coordinating existing educational programs and services for adults to maximize their effectiveness

**Council on Postsecondary Education
November 4, 2002**

Executive Summary

2. Are more students enrolling?
3. Are more students advancing through the system?

Action: The staff recommends that the council approve the tuition reciprocity agreement between Kentucky and Ohio. (For details, see page 41.)

The tuition reciprocity agreement expands access to education in northeastern Kentucky and southeastern Ohio, supports the goal of enrolling 80,000 more students by the year 2015, and imports intellectual capital into Kentucky. The agreement will be effective until June 30, 2003.

At the September 2001 council meeting the council staff presented tuition rates for 2002-04 as set by the institutions. Since then four institutions have revised their 2002-03 rates – Kentucky State University, Murray State University, Northern Kentucky University, and the University of Louisville. A report showing revised 2002-03 rates begins on page 49.

The council delegated tuition-setting responsibility to the institutions beginning with the 2000-02 biennium. At the same time, the council put into place a system to monitor tuition rates to be sure that postsecondary education remains affordable for Kentuckians. Over the past three years tuition rates for in-state, full-time undergraduate students has increased on average 9.4 percent.

In relationship to income, Kentucky postsecondary education still remains relatively affordable.

When compared to their benchmark institutions, all Kentucky institutions – with the exception of UK and Lexington Community College – are at or below the midpoint in tuition as a percent of per capita personal income.

While the institutions' boards have not taken final action on the 2003-04 rates, changes can be expected. Any revisions will be reported at the November 2003 council meeting.

The Committee on Equal Opportunities met in October. Members discussed the partnership agreement with the U. S. Department of Education's Office for Civil Rights, which ends December 31, 2002. Following Kentucky's submission of the final status report, the OCR will notify the Commonwealth by March 2003 whether Kentucky has fulfilled the commitments outlined in the agreement. The committee also heard reports about teacher education, equal opportunity programs on campuses, KCTCS affirmative actions and diversity plans, and the preparation of African Americans to fill principal positions. A brief report of CEO activities begins on page 69.

Kentucky-Ohio Tuition Reciprocity Agreement

Action: The staff recommends that the council approve the tuition reciprocity agreement between Kentucky and Ohio.

The tuition reciprocity agreement between Kentucky and Ohio will expand educational opportunities in northeastern Kentucky and southeastern Ohio. Participating institutions include Ashland Community College, Ashland Technical College, Morehead State University-Ashland Campus, Ohio University-Southern, Rio Grande Community College, and Shawnee State University.

Representatives of the participating institutions developed the attached agreement over the past several months. Provisions of this agreement will be effective until June 30, 2003. Staff from the Ohio Board of Regents and the council will monitor enrollment at the participating institutions.

Between now and June 30, 2003, representatives from the council, the Ohio Board of Regents, institutions participating in this agreement, and the institutions participating in the Northern Kentucky/Greater Cincinnati agreement will meet to develop a comprehensive Kentucky/Ohio tuition reciprocity agreement for 2003 - 2005. The comprehensive agreement will be presented at the May 2003 council meeting.

TUITION RECIPROCITY AGREEMENT

**Ashland Community College
Ashland Technical College
Morehead State University-Ashland Campus
And
Ohio University-Southern
Rio Grande Community College
Shawnee State University**

This Tuition Reciprocity Agreement is entered into between the Kentucky Council on Postsecondary Education, the Kentucky Community and Technical College System, the Ohio Board of Regents, and the Boards of Trustees of Ashland Community College, Ashland Technical College, Morehead State University-Ashland Campus, Ohio University-Southern, Rio Grande Community College, and Shawnee State University pursuant to provisions of Section 3333.17 of the Ohio Revised Code and in compliance with rules and procedures of the aforementioned parties.

I. Purpose

The general purpose of this Tuition Reciprocity Agreement is to expand postsecondary educational opportunities in the region while limiting the cost of such expansion to the taxpayers of Ohio and Kentucky through collaboration among public institutions of higher education. The intended outcomes of this collaboration are to increase the availability of programs to residents of the region without needless duplication of educational effort and to promote efficient use of existing educational facilities and resources.

II. Terms

1. Duration and Termination

The agreement shall be effective beginning January 1, 2003, through June 30, 2003, and may be renewed prior to June 30, 2003, by mutual consent of all of

the parties for a period of two years. As the agreements must coincide with the biennial budgets of the State of Ohio, the next agreement shall be for the term of July 1, 2003, to June 30, 2005.

The agreement may be amended by either party, providing the amendment is in writing and signed by all parties to the agreement prior to the effective date of the amendment.

A review of this agreement will occur on a biennial basis or at the request of any party hereto, provided all parties to this agreement are served with written notice of such request at least ninety (90) days prior to said review.

This agreement may be terminated by any of the participating institutions, the Ohio Board of Regents, the Kentucky Community and Technical College System, or the Kentucky Council on Postsecondary Education on June 30 of any year, with at least ninety (90) days prior written notice to each of the parties to this agreement.

2. Kentucky Residents Eligibility/Ohio Programs

Ohio University-Southern, Rio Grande Community College, and Shawnee State University agree to accept at Ohio resident tuition rates any resident of Boyd, Carter, Elliott, Greenup, Lawrence, Lewis, and Mason Counties of Kentucky who enrolls and who satisfies all regular admissions requirements (including those requirements of the specific program in which admission is being sought).

3. Ohio Residents Eligibility/Kentucky Programs

Ashland Community College, Ashland Technical College, and Morehead State University-Ashland Campus agree to accept at Kentucky resident tuition rates any resident of Adams, Gallia, Jackson, Lawrence, Pike, and Scioto Counties of Ohio who enrolls and who satisfies all regular admissions requirements

(including those requirements of the specific program in which admission is being sought).

4. Resident Status

- a. During the period of this agreement, the Ohio Board of Regents will consider residents of Boyd, Carter, Elliott, Greenup, Lawrence, Lewis, and Mason Counties, who attend Ohio University-Southern, Rio Grande Community College, and Shawnee State University under this agreement as qualifying for resident Ohio tuition, and as Ohio residents for the purpose of allocating funds to Ohio University-Southern, Rio Grande Community College, and Shawnee State University.
- b. During the period of this agreement, the Kentucky Community and Technical College System and the Kentucky Council on Postsecondary Education will consider residents of Adams, Gallia, Jackson, Lawrence, Pike, and Scioto Counties, who attend Ashland Community College, Ashland Technical College, and Morehead State University-Ashland Campus under this agreement as qualifying for resident Kentucky tuition.

5. Continued Eligibility

Once enrolled as a reciprocity student, each student demonstrating satisfactory academic performance under already existing academic standards and criteria of his/her institution, will continue to receive reciprocity benefits under this agreement through graduation for the degree in which enrolled, as long as a reciprocity agreement exists. Student participation is subject to the terms and conditions of the reciprocity agreement in effect at the time of initial enrollment, and, in the event of termination, each student will be informed by the enrolling institution of his/her future status. If the agreement is terminated, participating institutions may agree at that time to continue tuition reciprocity for students appropriately enrolled in eligible programs at the time of termination until the completion of their programs of study, subject to the

biennial limitations as described in paragraph II.1.

6. Notice, Application, and Waiver

The availability of resident tuition rates under this agreement shall be advertised to applicants and to students of Ashland Community College, Ashland Technical College, Morehead State University-Ashland Campus, Ohio University-Southern, Rio Grande Community College, and Shawnee State University by any means deemed appropriate by those institutions.

All eligible students who want to receive resident tuition rates under this agreement must apply for such rates at the institution where they plan to enroll. Failure to apply in the manner required by each institution and in advance of enrollment will constitute a waiver of all rights under the terms of this agreement for that quarter or semester of enrollment and any preceding quarter or semester of enrollment for which no application was made. Each institution will develop a process for applicants to use in order to apply for resident tuition rates under this agreement.

7. Annual Report

By June 30 of each year, the Kentucky Community and Technical College System, Ashland Community College, Ashland Technical College, Morehead State University-Ashland Campus, Ohio University-Southern, Rio Grande Community College, and Shawnee State University agree to provide annual reports to the Kentucky Council on Postsecondary Education and the Ohio Board of Regents on the enrollment and fiscal implications of the agreement on forms prescribed for the purpose of those state agencies.

III. Ohio Board of Regents Approval

This agreement is not effective unless and until approved by the Ohio Board of Regents pursuant to Section 3333.17 of the Ohio Revised Code and the Kentucky Council on Postsecondary Education.

TUITION RECIPROCITY AGREEMENT
SIGNATURE PAGES

STATE AGENCIES

Sue Hodges Moore, Interim President
Kentucky Council on Postsecondary Education
Signed: _____
Date: _____

Roderick G. W. Chu, Chancellor
Ohio Board of Regents
Signed: _____
Date: _____

INSTITUTIONS

Michael B. McCall, President
Kentucky Community and Technical College System
Signed: _____
Date: _____

Greg Adkins, Chief Executive Officer
Ashland Community and Technical College District
Signed: _____
Date: _____

Ronald G. Eaglin, President
Morehead State University

Signed: _____
Date: _____

Robert Glidden, President
Ohio University
Signed: _____
Date: _____

Barry M. Dorsey, President
Rio Grande Community College
Signed: _____
Date: _____

Michael Field, Interim President
Shawnee State University
Signed: _____
Date: _____

2002-04 Revised Tuition Rates

Tuition rates for 2002-04, as revised by the institutions, are shown in Attachment A. At the September 2001 council meeting, 2002-04 tuition rates were presented as background information for the 2002-04 budget recommendation process. Since then, four institutions – Kentucky State University, Murray State University, Northern Kentucky University, and the University of Louisville – have revised their 2002-03 rates. Murray and Northern had originally reported ranges for tuition rates. The final rates approved by the respective boards (see page 51) take into account the 2002-03 state funding levels.

Beginning with the 2000-02 biennial budget process, the council delegated tuition-setting responsibility to the institutions. The institutions set tuition within the parameters of the tuition-setting guidelines approved by the council. At the same time, the council put in place a system of monitoring tuition rates to be sure that postsecondary education remains affordable to Kentuckians.

Over the past three years, tuition rates for in-state, full-time undergraduate students have increased an average of 9.4 percent. While tuition increases have out-paced inflation, it is important to also look at rates relative to personal income as compared to institutions in other states. Attachment B shows tuition as a percent of per capita personal income (PCPI) for each Kentucky institution and their benchmarks for 1999-2000 and 2001-02 – the most recent tuition and PCPI data available for the benchmarks. All Kentucky institutions show an increase in the percentage tuition represents of PCPI – that is, it takes a larger percentage of personal income to pay for college. However, this percentage at all institutions except UK and Lexington Community College is at or below the midpoint of their respective benchmark institutions. This would suggest that Kentucky remains a relatively low tuition state.

Given these tuition increases, are tuition rates at Kentucky's postsecondary institutions still affordable to Kentuckians? *Measuring Up*, published by the National Center for Public Policy and Higher Education, assigns states a letter grade in five categories including "affordability." In 2000, Kentucky received a "B" in affordability. In the 2002 version of *Measuring Up* Kentucky's score is a "C." This lower grade is due first to the increase in the gap between Kentucky's performance and that of the best performing states. The amount of state need-based aid targeted to low-income students in the top performing states exceeds the amount of aid they receive from the federal government. In Kentucky the average state need-based grant is 38 percent of federal aid. Second, the 2002 version of *Measuring Up* uses tuition data from 2000 to calculate affordability. Recent increases in tuition and declining family income may result in lower affordability grades in 2004. For more detail on *Measuring Up*, see the agenda item beginning on page 13. As part of the background work for the 2002-04 budget process, the council staff is currently working with KHEAA staff on a study of financial aid.

While none of the institutions' boards have taken action on tuition rates for academic year 2003-04, it can be expected that some will be revised. Updates on any revisions in 2003-04 rates will be provided at the November 2003 meeting.

Staff preparation by Linda Jacobs

**2002-04 REVISED TUITION RATES
(Per Semester)**

**Attachment A
Revised 10/30/02**

<u>Institution/Level/Residency Status</u>	<u>2001-02</u>	<u>2002-03</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>	<u>2003-04</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Eastern Kentucky University							
<i>Undergraduate</i>							
Resident							
Full-time	1,168	1,279	111	9.5%	1,399	120	9.4%
Per Credit Hour	114	122	8	7.0%	132	10	8.2%
Nonresident							
Full-time - Non-discount students	3,502	3,835	333	9.5%	4,195	360	9.4%
Per Credit Hour - Non-discount Students	309	335	26	8.4%	365	30	9.0%
Full-time - Incentive Grant Counties	1,927	2,107	180	9.3%	2,311	204	9.7%
Per Credit Hour - Incentive Grant Counties	170	191	21	12.4%	208	17	8.9%
<i>Graduate</i>							
Resident							
Full-time	1,283	1,399	116	9.0%	1,525	126	9.0%
Per Credit Hour	165	176	11	6.7%	190	14	8.0%
Nonresident							
Full-time	3,849	4,198	349	9.1%	4,576	378	9.0%
Per Credit Hour	450	487	37	8.2%	529	42	8.6%
Full-time - Incentive Grant Counties	3,849	2,308	(1,541)	-40.0%	2,515	207	9.0%
Per Credit Hour - Incentive Grant Counties	450	277	(173)	-38.4%	300	23	8.3%
Kentucky State University							
<i>Undergraduate</i>							
Resident							
Full-time	1,139	1,315	176	15.5%	1,414	99	7.5%
Per Credit Hour	96	110	14	14.6%	118	8	7.3%
Nonresident							
Full-time	3,419	3,940	521	15.2%	4,236	296	7.5%
Per Credit Hour	285	330	45	15.8%	355	25	7.6%
<i>Graduate</i>							
Resident							
Full-time	1,248	1,440	192	15.4%	1,548	108	7.5%

2002-04 REVISED TUITION RATES
(Per Semester)

<u>Institution/Level/Residency Status</u>	<u>2001-02</u>	<u>2002-03</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>	<u>2003-04</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Per Credit Hour	139	160	21	15.1%	172	12	7.5%
Kentucky State University (continued)							
<i>Graduate</i>							
Nonresident	3,757	4,340	583	15.5%			
Full-time	417	480	63	15.1%	4,666	326	7.5%
Per Credit Hour					516	36	7.5%
Morehead State University							
<i>Undergraduate</i>							
Resident							
Full-time	1,123	1,213	90	8.0%	1,310	97	8.0%
Per Credit Hour	94	102	8	8.5%	110	8	7.8%
Nonresident - Contiguous Tier Counties							
Full-time	1,123	1,313	190	16.9%	1,410	97	7.4%
Per Credit Hour	94	110	16	17.0%	118	8	7.3%
Nonresident							
Full-time	3,370	3,640	270	8.0%	3,931	291	8.0%
Per Credit Hour	281	304	23	8.2%	328	24	7.9%
<i>Graduate</i>							
Resident							
Full-time	1,235	1,334	99	8.0%	1,441	107	8.0%
Per Credit Hour	138	149	11	8.0%	161	12	8.1%
Nonresident							
Full-time	3,700	3,997	297	8.0%	4,323	326	8.2%
Per Credit Hour	412	445	33	8.0%	481	36	8.1%
MBA							
Resident (and non-residents admitted to program prior to July 1, 2002)							
Full-time	NA	1,667	NA	NA	1,800	133	8.0%
Per Credit Hour	NA	186	NA	NA	201	15	8.1%
Nonresident							
Full-time	NA	2,567	NA	NA	2,772	205	8.0%
Per Credit Hour	NA	286	NA	NA	309	23	8.0%

2002-04 REVISED TUITION RATES
(Per Semester)

<u>Institution/Level/Residency Status</u>	<u>2001-02</u>	<u>2002-03</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>	<u>2003-04</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Murray State University							
<i>Undergraduate</i>							
Resident							
Full-time	1,167	1,270	103	8.8%	1,365	95	7.5%
Per Credit Hour	102	111	9	8.8%	119	8	7.5%
Nonresident							
Full-time	3,501	3,810	309	8.8%	4,095	285	7.5%
Per Credit Hour	297	323	26	8.8%	347	24	7.5%
<i>Graduate</i>							
Resident							
Full-time	1,282	1,395	113	8.8%	1,500	105	7.5%
Per Credit Hour	151	164	13	8.6%	176	12	7.1%
Nonresident							
Full-time	3,846	4,185	339	8.8%	4,500	315	7.5%
Per Credit Hour	432	470	38	8.8%	505	35	7.5%
Northern Kentucky University *							
<i>Undergraduate</i>							
Resident							
Full-time	1,140	1,608	468	41.1%	1,704	96	6.0%
Per Credit Hour	95	134	39	41.1%	142	8	6.0%
Nonresident							
Full-time	3,264	3,732	468	14.3%	3,828	96	2.6%
Per Credit Hour	272	311	39	14.3%	319	8	2.6%
<i>Graduate**</i>							
Resident							
Full-time	1,251	NA			NA		
Per Credit Hour	139	182	43	30.9%	193	11	6.0%
Nonresident							
Full-time	3,708	NA			NA		

2002-04 REVISED TUITION RATES
(Per Semester)

<u>Institution/Level/Residency Status</u>	<u>2001-02</u>	<u>2002-03</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>	<u>2003-04</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Per Credit Hour	412	455	43	10.4%	466	11	2.4%
Northern Kentucky University* (continued)							
<i>Graduate**</i>							
Metro - Nonresident***							
Full-time	NA	NA			NA		
Per Credit Hour	NA	295			312	17	5.8%
<i>Business</i>							
Resident							
Full-time	1,485	NA			NA		
Per Credit Hour	165	211	46	27.9%	223	12	5.7%
Nonresident							
Full-time	4,401	NA			NA		
Per Credit Hour	489	535	46	9.4%	547	12	2.2%
Metro - Nonresident***							
Full-time	NA	NA	NA	NA	NA		
Per Credit Hour	NA	295	NA	NA	312	17	5.8%
<i>Law</i>							
Resident							
Full-time	3,108	3,912	804	25.9%	4,128	216	5.5%
Per Credit Hour	259	326	67	25.9%	344	18	5.5%
Nonresident							
Full-time	6,912	8,904	1,992	28.8%	9,396	492	5.5%
Per Credit Hour	576	742	166	28.8%	783	41	5.5%
Metro - Nonresident***							
Full-time	NA	7,512	NA	NA	7,932	420	5.6%
Per Credit Hour	NA	626	NA	NA	661	35	5.6%

* 2002-03 rates include mandatory student fees. The NKU board voted to "bundle" tuition and fees at all levels beginning in Fall 2002.

** Graduate and Business graduate students will be charged for each credit hour with no cap.

*** Metro rates are charged to degree seeking students within specific Ohio counties.

**2002-04 REVISED TUITION RATES
(Per Semester)**

**Attachment A
Revised 10/30/02**

<u>Institution/Level/Residency Status</u>	<u>2001-02</u>	<u>2002-03</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>	<u>2003-04</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
University of Kentucky							
<i>Undergraduate</i>							
Resident							
Full-time	1,635	1,740	105	6.4%	1,836	96	5.5%
Per Credit Hour	136	145	9	6.6%	153	8	5.5%
Nonresident							
Full-time	4,905	5,016	111	2.3%	5,112	96	1.9%
Per Credit Hour	409	418	9	2.2%	426	8	1.9%
<i>Graduate</i>							
Resident							
Full-time	1,805	1,926	121	6.7%	2,034	108	5.6%
Per Credit Hour	201	214	13	6.5%	226	12	5.6%
Nonresident							
Full-time	5,415	5,535	120	2.2%	5,643	108	2.0%
Per Credit Hour	602	615	13	2.2%	627	12	2.0%
<i>MBA</i>							
Resident					2,394	315	15.2%
Full-time	1,805	2,079	274	15.2%	266	35	15.2%
Per Credit Hour	201	231	30	14.9%			
Nonresident							
Full-time	5,415	5,697	282	5.2%	6,012	315	5.5%
Per Credit Hour	602	633	31	5.1%	668	35	5.5%
<i>Law</i>							
Resident							
Full-time	3,125	3,290	165	5.3%	3,460	170	5.2%
Per Credit Hour	313	329	16	5.1%	346	17	5.2%
Nonresident							
Full-time	8,032	8,040	8	0.1%	8,040	-	0.0%
Per Credit Hour	803	804	1	0.1%	804	-	0.0%
<i>Medicine</i>							
Resident	5,283	5,441	158	3.0%	5,604	163	3.0%

2002-04 REVISED TUITION RATES
(Per Semester)

<u>Institution/Level/Residency Status</u>	<u>2001-02</u>	<u>2002-03</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>	<u>2003-04</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Nonresident	12,640	12,798	158	1.3%	12,961	163	1.3%
University of Kentucky (continued)							
<i>Dentistry</i>							
Resident	4,489	4,758	269	6.0%	5,043	285	6.0%
Nonresident	11,136	11,405	269	2.4%	11,690	285	2.5%
<i>Pharmacy</i>							
Resident	2,670	2,857	187	7.0%	3,057	200	7.0%
Nonresident	7,887	8,074	187	2.4%	8,274	200	2.5%
<i>Professional Doctorate</i>							
Resident							
Full-time	2,500	2,655	155	6.2%	2,808	153	5.8%
Per Credit Hour	278	295	17	6.1%	312	17	5.8%
Nonresident							
Full-time	7,500	7,659	159	2.1%	7,812	153	2.0%
Per Credit Hour	834	851	17	2.0%	868	17	2.0%
Lexington Community College							
<i>Undergraduate</i>							
Resident							
Full-time	810	876	66	8.1%	948	72	8.2%
Per Credit Hour	68	73	5	7.4%	79	6	8.2%
Nonresident							
Full-time	2,685	2,904	219	8.2%	3,144	240	8.3%
Per Credit Hour	224	242	18	8.0%	262	20	8.3%
University of Louisville							
<i>Undergraduate</i>							
Resident							
Full-time	1,897	2,041	144	7.6%	2,172	131	6.4%
Per Credit Hour	162	170	8	4.9%	181	11	6.5%
Nonresident							
Full-time	5,236	5,581	345	6.6%	5,928	347	6.2%

2002-04 REVISED TUITION RATES
(Per Semester)

<u>Institution/Level/Residency Status</u>	<u>2001-02</u>	<u>2002-03</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>	<u>2003-04</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Per Credit Hour	442	465	23	5.2%	494	29	6.2%
University of Louisville (continued)							
<i>Graduate</i>							
Resident							
Full-time	2,067	2,221	154	7.5%	2,367	146	6.6%
Per Credit Hour	235	247	12	5.1%	263	16	6.5%
Nonresident							
Full-time	5,743	6,118	375	6.5%	6,498	380	6.2%
Per Credit Hour	642	680	38	5.9%	722	42	6.2%
<i>Law</i>							
Resident							
Full-time	3,441	3,675	234	6.8%	3,910	235	6.4%
Per Credit Hour	350	368	18	5.1%	391	23	6.3%
Nonresident							
Full-time	8,855	9,155	300	3.4%	9,440	285	3.1%
Per Credit Hour	890	916	26	2.9%	944	28	3.1%
<i>Medicine</i>							
Resident	6,212	6,671	459	7.4%	7,145	474	7.1%
Nonresident	15,523	16,634	1,111	7.2%	17,805	1,171	7.0%
<i>Dentistry</i>							
Resident	5,346	5,745	399	7.5%	6,155	410	7.1%
Nonresident	13,174	14,121	947	7.2%	15,115	994	7.0%
Western Kentucky University *							
<i>Undergraduate</i>							
Resident							
Full-Time - Main Campus	1,422	1,464	42	3.0%	1,616	152	10.4%
Full-time - Main Campus - Tuition Incentive Program (TIPS)	NA	NA					
Full-Time - Community College	1,287	1,308	21	1.6%	NA		
Full-Time - Community College - Tuition Incentive Program (TIPS)	NA	NA					
Part-Time - Main Campus (per credit hour)	117	122	5	4.3%	135	13	10.7%
Part-Time - Main Campus - Tuition Incentive Program (TIPS)	NA	NA					
Part-Time - Community College (per credit hour)	106	117	11	10.4%	NA		
Part-Time - Community College - Tuition Incentive Program (TIPS)	NA	NA					

2002-04 REVISED TUITION RATES
(Per Semester)

<u>Institution/Level/Residency Status</u>	<u>2001-02</u>	<u>2002-03</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>	<u>2003-04</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Part-Time - Distance Learning (On-Line Courses)	NA	156					
Western Kentucky University * (continued)							
<i>Undergraduate</i>							
Nonresident							
Full-Time - Main Campus	3,712	3,900	188	5.1%	4,040	140	3.6%
Full-time - Main Campus - Tuition Incentive Program (TIPS)	1,722	1,860	138	8.0%	2,024	164	8.8%
Full-Time - Community College	3,307	3,504	197	6.0%	NA		
Full-Time - Community College - Tuition Incentive Program (TIPS)	1,652	1,656	4	0.2%	NA		
Part-Time - Main Campus (per credit hour)	308	325	17	5.5%	337	12	3.7%
Part-Time - Main Campus - Tuition Incentive Program (TIPS)	142	155	13	9.2%	169	14	9.0%
Part-Time - Community College (per credit hour)	274	292	18	6.6%	NA		
Part-Time - Community College - Tuition Incentive Program (TIPS)	136	138	2	1.5%	NA		
Part-Time - Distance Learning (On-Line Courses)	NA	156			173	17	10.9%
<i>Graduate</i>							
Resident							
Full-Time	1,522	1,623	101	6.6%	1,790	167	10.3%
Part-Time (per credit hour)	167	180	13	7.8%	199	19	10.6%
Part-Time - Distance Learning (On-Line Courses)	NA	229					
Nonresident							
Full-Time	3,607	4,058	451	12.5%	4,472	414	10.2%
Part-Time (per credit hour)	399	199	(200)	-50.1%	220	21	10.6%
Part-Time - Distance Learning (On-Line Courses)	NA	229			253	21	10.6%
* Beginning in 2002-03 the WKU Board of Regents approved including mandatory student fees and tuition in one rate.							
Kentucky Community and Technical College System							
Resident							
Full-time	725	768	43	5.9%	816	48	6.3%
Per Credit Hour	61	64	3	4.9%	68	4	6.3%
Nonresident							
Full-time	2,175	2,304	129	5.9%	2,448	144	6.3%
Per Credit Hour	183	192	9	4.9%	204	12	6.3%

**ANNUAL UNDERGRADUATE RESIDENT TUITION AND FEES
AS A PERCENT OF PER CAPITA PERSONAL INCOME
EASTERN KENTUCKY UNIVERSITY BENCHMARK INSTITUTIONS**

<u>Institution</u>	<u>State</u>	1999-00 Tuition as a Percent of 1999 PCPI	2001-02 Tuition as a Percent of 2001 PCPI
Eastern Kentucky University	KY	10.3%	10.8%
University of Arkansas - Little Rock	AR	12.3%	11.6%
California State University - Sacramento	CA	6.2%	#
California State University - Fresno	CA	5.6%	5.4%
University of Northern Iowa	IA	#	12.6%
Illinois State University	IL	13.5%	13.7%
Western Illinois University	IL	12.3%	12.8%
Eastern Illinois University	IL	12.1%	13.1%
Southern Illinois University-Edwardsville	IL	8.8%	#
Ball State University - Indiana	IN	14.1%	14.7%
Indiana State University	IN	13.1%	13.3%
Northeast Louisiana University	LA	9.1%	#
Grand Valley University - Michigan	MI	14.5%	#
Eastern Michigan University	MI	#	15.6%
Northern Michigan University	MI	#	14.8%
Central Missouri State University	MO	11.3%	12.5%
Southeast Missouri State University	MO	#	12.6%
East Carolina University	NC	7.6%	#
University of North Carolina - Greensboro	NC	#	9.5%
Appalachian State University	NC	#	8.4%
Western Carolina University	NC	#	8.2%
Youngstown State University - Ohio	OH	13.9%	14.2%
Bowling Green State University-Main Campus	OH	#	19.6%
West Chester University of Pennsylvania	PA	15.4%	16.1%
East Tennessee State University	TN	9.9%	#
Lamar University - Beaumont, TX	TX	9.0%	#
University of Wisconsin - Oshkosh	WI	10.9%	#
Marshall University - West Virginia	WV	11.7%	#
Rank*		13 of 20	15 of 19

* EKU's rank among the benchmark institutions.

Source: National Center for Education Statistics and U.S. Department of Commerce, Bureau of Economic Analysis

Institution was added/deleted for the 2002-04 funding model process.

**ANNUAL UNDERGRADUATE RESIDENT TUITION AND FEES
AS A PERCENT OF PER CAPITA PERSONAL INCOME
KCTCS BENCHMARK STATES**

<u>State</u>	1999-00 Tuition as a Percent of 1999 PCPI	2001-02 Tuition as a Percent of 2001 PCPI
KCTCS - Community Colleges	4.6%	5.8%
KCTCS - Technical Colleges	2.8%	5.8%
Arkansas	4.3%	6.0%
Connecticut	4.6%	4.5%
Iowa	7.9%	8.7%
Minnesota	7.3%	8.4%
North Carolina	2.2%	3.6%
Ohio	8.5%	8.6%
South Carolina	5.6%	8.4%
Tennessee	4.9%	6.1%
Virginia	5.0%	3.6%
Rank*		
KCTCS - Community Colleges	8 of 10	7 of 10
KCTCS - Technical Colleges	9 of 10	7 of 10

* KCTCS's rank among the benchmark states.

Source: National Center for Education Statistics and U.S. Department of Commerce, Bureau of Economic Analysis

**ANNUAL UNDERGRADUATE RESIDENT TUITION AND FEES
AS A PERCENT OF PER CAPITA PERSONAL INCOME
KENTUCKY STATE UNIVERSITY BENCHMARK INSTITUTIONS**

<u>Institution</u>	<u>State</u>	1999-00 Tuition as a Percent of 1999 PCPI	2001-02 Tuition as a Percent of 2001 PCPI
Kentucky State University	KY	9.9%	10.6%
University of Arkansas at Pine Bluff	AR	11.8%	14.0%
Southern Arkansas University - Main Campus	AR	9.6%	#
California State University - Bakersfield	CA	6.0%	5.5%
California State University - San Marcos	CA	#	5.5%
Fort Lewis College	CO	#	7.6%
Delaware State University	DE	10.1%	#
Savannah State University	GA	8.7%	#
Albany State University	GA	8.3%	8.7%
North Adams State College	MA	#	NA
Morgan State University	MD	11.5%	12.9%
Northern Michigan University	MI	11.3%	14.8%
Lincoln University	MO	8.4%	10.6%
Truman State University	MO	#	13.6%
Jackson State University	MS	13.1%	14.8%
North Carolina Central University	NC	8.3%	8.6%
North Carolina A&T State University	NC	7.2%	8.2%
Fayetteville State University	NC	6.8%	#
University of North Carolina - Pembroke	NC	6.5%	7.5%
University of North Carolina - Asheville	NC	#	8.8%
Minot State University	ND	9.9%	#
Ramapo College of New Jersey	NJ	#	16.2%
Langston University	OK	9.6%	#
Southeastern Oklahoma State University	OK	8.9%	8.6%
South Carolina State University	SC	13.6%	16.7%
Virginia State University	VA	10.5%	10.3%
Rank*		8 of 20	9 of 19

* KSU's rank among the benchmark institutions.

Source: National Center for Education Statistics and U.S. Department of Commerce, Bureau of Economic Analysis

Institution was added/deleted for the 2002-04 funding model process.

**ANNUAL UNDERGRADUATE RESIDENT TUITION AND FEES
AS A PERCENT OF PER CAPITA PERSONAL INCOME
MOREHEAD STATE UNIVERSITY BENCHMARK INSTITUTIONS**

<u>Institution</u>	<u>State</u>	1999-00 Tuition as a Percent of 1999 PCPI	2001-02 Tuition as a Percent of 2001 PCPI
Morehead State University	KY	10.5%	10.8%
Jacksonville State University	AL	16.0%	12.0%
Central Connecticut State University	CT	#	10.4%
Valdosta State University	GA	8.4%	#
Eastern Illinois University	IL	#	13.1%
Pittsburg State University	KS	8.0%	8.2%
Northern Michigan University	MI	11.3%	14.8%
Southeast Missouri State University	MO	11.5%	12.6%
Central Missouri State University	MO	11.3%	12.5%
Western Carolina University	NC	7.9%	8.2%
University of Nebraska at Kearney	NE	9.9%	11.2%
Rowan University	NJ	13.6%	15.1%
State University of New York at Brockport	NY	11.8%	11.4%
State University of New York at Oswego	NY	11.7%	11.8%
State University of New York at Plattsburgh	NY	11.7%	11.6%
Northeastern State University	OK	8.4%	#
California University of Pennsylvania	PA	16.5%	17.0%
Clarion University of Pennsylvania	PA	16.4%	17.0%
Millersville University of Pennsylvania	PA	16.0%	16.5%
Slippery Rock University of Pennsylvania	PA	15.6%	#
Bloomsburg University of Pennsylvania	PA	15.5%	#
West Chester University of Pennsylvania	PA	15.4%	16.1%
Texas A&M University - Corpus Christi	TX	#	8.1%
Eastern Washington University	WA	#	10.0%
Rank*		15 of 20	15 of 20

* MoSU's rank among the benchmark institutions.

Source: National Center for Education Statistics and U.S. Department of Commerce, Bureau of Economic Analysis

Institution was added/deleted for the 2002-04 funding model process.

**ANNUAL UNDERGRADUATE RESIDENT TUITION AND FEES
AS A PERCENT OF PER CAPITA PERSONAL INCOME
MURRAY STATE UNIVERSITY BENCHMARK INSTITUTIONS**

<u>Institution</u>	<u>State</u>	1999-00 Tuition as a Percent of 1999 PCPI	2001-02 Tuition as a Percent of 2001 PCPI
Murray State University	KY	10.4%	11.0%
Central Connecticut State University	CT	#	10.4%
Florida A&M University	FL	8.3%	9.4%
University of West Florida	FL	8.2%	7.3%
Western Illinois University	IL	12.3%	12.8%
Southern Illinois University - Edwardsville	IL	8.8%	10.0%
Indiana State University	IN	13.1%	13.3%
Ball State University	IN	#	14.7%
Southeast Missouri State University	MO	11.5%	12.6%
Central Missouri State University	MO	11.3%	12.5%
University of North Carolina - Greensboro	NC	8.1%	9.5%
Western Carolina University	NC	7.9%	8.2%
State University of New York at Plattsburgh	NY	11.7%	#
Wright State University	OH	15.2%	16.1%
California University of Pennsylvania	PA	16.5%	17.0%
Shippensburg University of Pennsylvania	PA	15.9%	16.3%
Slippery Rock University of Pennsylvania	PA	15.6%	16.1%
Indiana Univeristy of Pennsylvania	PA	15.6%	15.9%
West Chester University of Pennsylvania	PA	15.4%	#
University of Tennessee - Chattanooga	TN	10.4%	12.1%
East Tennessee State University	TN	9.9%	#
Tennessee Technological University	TN	9.3%	11.5%
Eastern Washington University	WA	#	10.0%
Rank*		13 of 20	13 of 20

* MuSU's rank among the benchmark institutions.

Source: National Center for Education Statistics and U.S. Department of Commerce, Bureau of Economic Analysis

Institution was added/deleted for the 2002-04 funding model process.

**ANNUAL UNDERGRADUATE RESIDENT TUITION AND FEES
AS A PERCENT OF PER CAPITA PERSONAL INCOME
NORTHERN KENTUCKY UNIVERSITY BENCHMARK INSTITUTIONS**

<u>Institution</u>	<u>State</u>	1999-00 Tuition as a Percent of 1999 PCPI	2001-02 Tuition as a Percent of 2001 PCPI
Northern Kentucky University	KY	10.4%	11.3%
University of Arkansas - Little Rock	AR	12.3%	11.6%
California State University - San Bernadino	CA	5.9%	5.7%
California State University - Hayward	CA	5.6%	5.4%
Central Connecticut State University	CT	9.6%	10.4%
Boise State University	ID	15.5%	#
Indiana State University	IN	#	13.3%
Wichita State University	KS	9.7%	10.0%
University of Massachusetts - Boston	MA	11.8%	10.9%
Salem State University	MA	8.1%	#
Bridgewater State College	MA	#	7.1%
Oakland University	MI	14.8%	15.0%
University of Missouri - St. Louis	MO	#	17.2%
University of North Carolina - Charlotte	NC	7.3%	9.0%
Rowan University	NJ	13.6%	15.1%
Kean University	NJ	12.1%	13.4%
University of Nevada - Las Vegas	NV	7.2%	8.3%
State University of New York at Brockport	NY	11.8%	#
Youngstown State University	OH	13.9%	14.2%
University of Akron - Main Campus	OH	#	17.2%
University of Central Oklahoma	OK	8.5%	#
Portland State University	OR	12.8%	13.3%
West Chester University of Pennsylvania	PA	15.4%	16.1%
George Mason University	VA	#	11.7%
University of Wisconsin - Oshkosh	WI	10.9%	#
Rank*		12 of 20	12 of 20

* NKU's rank among the benchmark institutions.

Source: National Center for Education Statistics and U.S. Department of Commerce, Bureau of Economic Analysis

Institution was added/deleted for the 2002-04 funding model process.

**ANNUAL UNDERGRADUATE RESIDENT TUITION AND FEES
AS A PERCENT OF PER CAPITA PERSONAL INCOME
LEXINGTON COMMUNITY COLLEGE BENCHMARK INSTITUTIONS**

<u>Institution</u>	<u>State</u>	1999-00 Tuition as a Percent of 1999 PCPI	2001-02 Tuition as a Percent of 2001 PCPI
Lexington Community College	KY	8.4%	8.3%
Jefferson State Community College	AL	5.8%	7.5%
Evergreen Valley College	CA	1.1%	1.1%
Polk Community College	FL	5.1%	5.5%
Manatee Community College	FL	4.8%	5.5%
Kapiolani Community College	HI	#	3.8%
Prairie State College	IL	13.1%	14.7%
Bunker Hill Community College	MA	4.6%	4.2%
Frederick Community College	MD	7.4%	5.8%
Baltimore City Community College	MD	5.3%	4.5%
Normandale Community College	MN	8.0%	8.9%
St. Charles County Community College	MO	5.5%	#
Hudson County Community College	NJ	7.8%	7.3%
Dutchess Community College	NY	7.1%	6.7%
Midlands Technical College	SC	#	8.8%
Chattanooga State Technical Community College	TN	5.2%	#
Volunteer State Community College	TN	5.2%	#
Pellissippi State Technical Community College	TN	#	6.2%
Shelby State Community College	TN	#	NA
El Centro College	TX	4.6%	2.5%
J. Sargeant Reynolds Community College	VA	4.2%	3.9%
John Tyler Community College	VA	3.3%	#
Tacoma Community College	WA	5.6%	5.8%
South Puget Sound Community College	WA	5.6%	5.9%
Rank*		2 of 20	4 of 19

* LCC's rank among the benchmark institutions.

Source: National Center for Education Statistics and U.S. Department of Commerce, Bureau of Economic Analysis

Institution was added/deleted for the 2002-04 funding model process.

**ANNUAL UNDERGRADUATE RESIDENT TUITION AND FEES
AS A PERCENT OF PER CAPITA PERSONAL INCOME
UNIVERSITY OF KENTUCKY BENCHMARK INSTITUTIONS**

<u>Institution</u>	<u>State</u>	1999-00 Tuition as a Percent of 1999 PCPI	2001-02 Tuition as a Percent of 2001 PCPI
University of Kentucky	KY	14.2%	14.9%
University of Arizona	AZ	8.9%	9.8%
University of California - Los Angeles	CA	12.4%	13.0%
University of Florida	FL	7.6%	8.7%
University of Georgia	GA	11.2%	12.0%
University of Iowa	IA	11.7%	11.4%
University of Illinois - Urbana-Champaign	IL	15.3%	17.6%
Purdue University - Main Campus	IN	14.3%	15.1%
University of Maryland - College Park	MD	15.4%	15.3%
University of Michigan - Ann Arbor	MI	22.7%	23.5%
University of Minnesota - Twin Cities	MN	15.2%	16.9%
North Carolina State University	NC	9.2%	12.0%
University of North Carolina - Chapel Hill	NC	8.8%	12.0%
Ohio State University - Main Campus	OH	15.3%	16.7%
Pennsylvania State University - Main Campus	PA	22.4%	24.2%
University of Texas - Austin	TX	11.8%	13.2%
Texas A&M	TX	10.0%	13.1%
University of Virginia	VA	14.0%	13.7%
University of Washington - Seattle	WA	12.0%	12.6%
University of Wisconsin - Madison	WI	13.6%	14.1%
Rank*		8 of 20	8 of 20

* UK's rank among the benchmark institutions.

Source: National Center for Education Statistics and U.S. Department of Commerce, Bureau of Economic Analysis

**ANNUAL UNDERGRADUATE RESIDENT TUITION AND FEES
AS A PERCENT OF PER CAPITA PERSONAL INCOME
UNIVERSITY OF LOUISVILLE BENCHMARK INSTITUTIONS**

<u>Institution</u>	<u>State</u>	1999-00 Tuition as a Percent of 1999 PCPI	2001-02 Tuition as a Percent of 2001 PCPI
University of Louisville	KY	14.7%	15.1%
University of Alabama - Birmingham	AL	14.1%	14.9%
University of South Florida	FL	8.1%	8.2%
University of Illinois - Chicago	IL	14.9%	17.2%
Indiana University - Indianapolis	IN	14.2%	15.1%
Wayne State University	MI	13.7%	14.7%
University of Missouri - Columbia	MO	16.4%	16.4%
University of Missouri - Kansas City	MO	16.2%	16.5%
University of Nevada - Reno	NV	7.1%	8.6%
State University of New York - Stony Brook	NY	12.2%	11.9%
State University of New York - Buffalo	NY	11.5%	13.4%
University of Cincinnati - Main Campus	OH	18.5%	20.3%
University of Pittsburgh - Main Campus	PA	23.4%	24.4%
Temple University	PA	23.1%	22.7%
University of South Carolina - Columbia	SC	15.9%	16.1%
Virginia Commonwealth University	VA	12.2%	11.6%
Rank*		8 of 16	9 of 16

* UofL's rank among the benchmark institutions.

Source: National Center for Education Statistics and U.S. Department of Commerce, Bureau of Economic Analysis

**ANNUAL UNDERGRADUATE RESIDENT TUITION AND FEES
AS A PERCENT OF PER CAPITA PERSONAL INCOME
WESTERN KENTUCKY UNIVERSITY BENCHMARK INSTITUTIONS**

<u>Institution</u>	<u>State</u>	1999-00 Tuition as a Percent of 1999 PCPI	2001-02 Tuition as a Percent of 2001 PCPI
Western Kentucky University	KY	10.3%	11.4%
University of South Alabama	AL	12.7%	#
University of Arkansas at Little Rock	AR	#	11.6%
California State University - Fresno	CA	#	5.4%
University of Northern Iowa	IA	11.6%	12.6%
Illinois State University	IL	13.5%	13.7%
Western Illinois University	IL	12.3%	12.8%
Eastern Illinois University	IL	12.1%	13.1%
Southern Illinois University - Edwardsville	IL	8.8%	#
Ball State University	IN	14.1%	14.7%
Indiana State University	IN	13.1%	13.3%
Eastern Michigan University	MI	13.5%	15.6%
Northern Michigan University	MI	#	14.8%
Mankato State University	MN	9.8%	#
Southeast Missouri State University	MO	11.5%	12.6%
Central Missouri State University	MO	11.3%	12.5%
University of North Carolina at Greensboro	NC	8.1%	9.5%
East Carolina University	NC	7.6%	#
Appalachian State University	NC	7.0%	8.4%
Western Carolina University	NC	#	8.2%
Bowling Green State University - Main Campus	OH	#	19.6%
Youngstown State University	OH	#	14.2%
Indiana University of Pennsylvania	PA	15.6%	#
West Chester University of Pennsylvania	PA	15.4%	16.1%
East Tennessee State University	TN	9.9%	#
Marshall University	WV	11.7%	#
Rank*		14 of 20	15 of 19

* WKU's rank among the benchmark institutions.

Source: National Center for Education Statistics and U.S. Department of Commerce, Bureau of Economic Analysis

Institution was added/deleted for the 2002-04 funding model process.

Committee on Equal Opportunities Report

The Committee on Equal Opportunities met October 21, 2002. The council staff reported that Kentucky's public postsecondary institutions continue to make progress toward achieving the commitments outlined in the Partnership Agreement with the U. S. Department of Education's Office for Civil Rights and *The 1997-2002 Kentucky Plan for Equal Opportunities*. A summary of the committee's activities follows.

Committee Actions and Reports

The Kentucky Plan and Partnership Agreement: The partnership with the OCR ends December 31, 2002. A final status report is due to the OCR by December 31, 2002. The OCR will identify the primary concerns to be addressed by the status report. Six of the eight institutions have forwarded status reports to the council office.

CEO Meeting Dates for 2003: The committee adopted meeting dates for calendar year 2003. The dates allow recommendations approved by the committee to be considered by the council at its next meetings. The meeting dates of the CEO are February 17, April 21, June 16, August 18 (if needed), and October 20, 2003. The meetings begin at 9 a.m. (ET) and are held in Frankfort.

Kentucky Community and Technical College System -- Affirmative Action Plan: The committee heard a presentation from the KCTCS outlining the affirmative action plan for the system's administrative offices and the community and technical colleges. The KCTCS presented an updated affirmative action plan and 2002-03 goals and objectives of the Office of Diversity Programs.

KSU Teacher Education Program -- Student Performance: Representatives from Kentucky State University attended the October 21 meeting and reported on the status of the teacher education program. The report included information regarding recent workshops for students and faculty and the performance of students on the PRAXIS exam. The committee was encouraged by the report but noted that more needed to be done to assist the students in the program to be successful. Also, the committee directed council staff to request that the EPSB be asked to provide information regarding the basis for establishing the cut score for the Title II report on student performance on the PRAXIS exam.

FY 2003 Governor's Executive Spending Plan: The council staff updated the committee on the status of the Governors FY 03 Executive Spending Plan, KSU enhancement, the federal land-grant match, and building renovations.

Status: Governor's Minority Student College Preparation Program: All participating institutions provided program evaluations describing how the institutions are addressing

statewide goals and objectives. The evaluations reveal that nearly 1,000 students participated in the programs in FY 2001-02. The programs offered comparable academic enrichment activities, including computer technology, math, science, reading, research skills, African American history and culture, leadership skills, and an introduction to the collegiate experience. Several programs offered participants a one-week residential experience. Each program also included a parent/guardian workshop to increase parental involvement in the preparation of students for postsecondary education. The CEO asked staff to work with the Kentucky Department of Education to obtain information regarding the value of the programs in helping students to prepare for college.

Reports to CEO by Institutional Representatives: The institutions reported on the equal opportunity, access, and campus environment activities on their campus. The committee was very complimentary of the reports and commended the institutions on the activities being implemented. UofL reported an increase in the number of African Americans in the research challenge trust fund program. In January 2003, Larry Palmer, a nationally renowned expert on health policy and law, will assume the endowed chair in urban health policy at the University of Louisville. The University of Kentucky and the University of Louisville each have an African American holding an endowed professorship or chair funded by the Bucks for Brains program.

Activities

The Louisville Defender Minority Expo: The 65th Minority Consumer Expo will be held November 22-24, 2002, at the Kentucky International Convention Center in downtown Louisville. This year's theme is "Opportunities + Resources = Success." State government and the Louisville Defender sponsor the annual event. The expo allows institutions to showcase their programs and to answer questions from prospective students and parents. College and university participation is coordinated through the council. At this time, all public institutions are expected to participate.

The Governor's Diversity Day: The Governor's Diversity Day will be held November 6, 2002, at the Farnham Dudgeon Civic Center in downtown Frankfort. The conference promotes diversity and multiculturalism in health, education, and industry. The state's Personnel Cabinet coordinates the conference. Institutions have been asked to participate.

Statewide GEAR UP Grant: GEAR UP Kentucky (Gaining Early Awareness and Readiness for Undergraduate Programs) will host expos November 4, 2002, at the University of Louisville and November 14, 2002, at the University of Kentucky. Expos are planned for spring 2003 at Western Kentucky University and Eastern Kentucky University. Seventh graders from across the Commonwealth are expected to participate. In 2001, more than 4,000 students participated in a statewide expo.

GEAR UP also will sponsor poster and essay contests at each expo. The expos are designed to send the message that college is fun, hard work, and an essential step to a better job and a better life. For more information contact Yvonne Lovell at yvonne.lovell@mail.state.ky.us or (502) 573-1555.

Staff preparation by Rana Johnson and Sherron Jackson

Council on Postsecondary Education
November 4, 2002

Executive Summary

4. Are we preparing Kentuckians for life and work?
5. Are Kentucky's communities and economy benefiting?

Under the *No Child Left Behind Act of 2001*, the council received federal funding from the U.S. Department of Education to provide training for teachers and principals. Following a competitive grant process, the council staff will bring recommendations to the council at its March meeting for awarding grants up to \$300,000 to extensive partnerships among postsecondary institutions and school districts to deliver professional development in the areas of mathematics and science, reading, school leadership, and foreign language. More information is provided on page 77.

The staff recommends that the council approve the Murray State University proposed financing strategy with the city of Murray to provide financing to construct a Student Recreation and Wellness Center on the Murray campus with \$10,000,000 of local bonds. (For details, see page 79.)

Murray State University, in collaboration with the city of Murray, seeks approval of an alternative funding strategy to sell local bonds to finance construction of a student recreation/wellness center. The new facility will support student recruitment and retention and address health care and wellness of students. A capital project authorization is included in the

Governor's FY 2003 Executive Spending Plan. This project represents a university and local government collaboration.

The staff recommends that the council approve Northern Kentucky University's request to improve the lake area of the campus with \$1,500,000 of private funds. (For details, see page 81.)

Northern Kentucky University requests that the council approve a project to improve the lake area of the campus by developing a park-like environment with landscaping.

The staff recommends that the council approve Northern Kentucky University's request to enter into an agreement with the NKU Foundation to exchange land ownership. (For details, see page 83.)

NKU requests that the council approve its agreement with the NKU Foundation to complete a land exchange to accommodate a public/private collaboration to develop a hotel/conference center, corporate partners facility, and an emerging technology office center.

The staff recommends that the council approve the University of Kentucky's lease of property to the American Cancer Society to allow them to construct an American Cancer Society "Hope Lodge" facility with private funds. (For details, see page 85.)

The University of Kentucky requests that the council approve the lease of approximately 1.76 acres of property to the American Cancer Society, a public/private collaborative effort, to construct a facility to house cancer patients undergoing outpatient treatment.

The staff recommends that the council approve the University of Kentucky's request to renovate the Animal Research Services, Forage Animal Production Research Unit with \$1,767,000 of federal funds. (For details, see page 87.)

UK has requested that the council approve the renovation of five laboratories and a group of offices to house an Animal Research Services, Forage Animal Production Research Unit for the U.S. Department of Agriculture.

The staff recommends that the council approve the Western Kentucky University lease agreement to allow Aramark Educational Services to renovate the food service areas of Downing University Center with \$3,500,000 of private funds. (For details, see page 89.)

Western Kentucky University has requested that the council approve an agreement to allow Aramark Educational Services to renovate certain areas of the food service areas of the Downing University Center. This project serves key aspects of postsecondary reform and represents a public/private collaborative venture.

The staff recommends that the council approve the Kentucky Community and Technical College System's request to contract with the city of Versailles, Kentucky, to provide office space to house its administrative staff at an annual lease cost of \$653,000 in agency funds. (For details, see page 91.)

The Kentucky Community and Technical College System proposes to contract with the city of Versailles to lease, through a lease-purchase agreement, office space to house its administrative

staff. The facility previously housed the offices and operations of Texas Instruments, which moved to a location outside Kentucky. A capital lease authorization is included in the Governor's FY 2003 Executive Spending Plan for a KCTCS system office lease.

The council's fiscal year 2002 New Economy Report, required under House Bill 525 of the 2002 legislative session, speaks to the council's role in statewide economic development activities in the new economy realm. The report details research, development, and commercialization activity involving postsecondary institutions and companies across the Commonwealth in the first year of Kentucky's new economy initiative. A summary of the report begins on page 93.

Council on Postsecondary Education
November 4, 2002

Kentucky Improving Educator Quality State Grant Program

Acton: The staff recommends that the council approve the Kentucky Improving Educator Quality State Grant Program.

On January 8, 2002, President Bush signed into law the *No Child Left Behind Act of 2001*, arguably the most sweeping reform of the Elementary and Secondary Education Act since it was enacted in 1965. It redefines the federal role in K-12 education, linking federal funding to incremental improvements in student achievement (as measured by statewide standardized assessments), and places more pressure on states to close achievement gaps among students of different racial, ethnic, and economic backgrounds.

The new Teacher and Principal Training and Recruiting Fund combines previously authorized Eisenhower Professional Development and Class Size Reduction allocations into one program, the Improving Teacher Quality State Grant Program (Title II, Part A), which Kentucky will call the Improving Educator Quality Program. Kentucky now has the flexibility to fund high quality teacher and principal training, grounded in scientifically based research, in content areas other than mathematics and science. In return, the state and the grant recipient will be held to stricter accountability measures to ensure improvement in the quality of educators and the performance of students.

The council received \$1,137,929 in federal funding from the U.S. Department of Education for fiscal year 2003, of which 95 percent will be allocated through a competitive grant process for projects operating between April 1, 2003, and July 31, 2004. Under the former Eisenhower program, the council funded proposals submitted by individual faculty members primarily focused on mathematics and science, and the average Eisenhower award was \$60,000. By awarding larger grants (up to \$300,000) to fewer but more extensive partnerships among postsecondary institutions and school districts, the council can stimulate major, systemic, sustainable changes in the delivery of professional development and extend the scope and reach of professional development activities beyond the boundaries of traditional service areas. More substantial grant awards should enable partnerships to satisfy these ambitious goals. Priority will be given to proposals that address the critical need areas of mathematics and science, reading, school leadership, and foreign language.

Proposals will be due to the council staff February 7, 2003, and recommendations for awarding these new Improving Educator Quality grants will be brought to the council at its March meeting.

Staff preparation by Dianne M. Bazell

Council on Postsecondary Education
November 4, 2002

**Murray State University
City of Murray Financing Agreement
Construction of MuSU Recreation/Wellness Facility**

Action: The staff recommends that the council approve the Murray State University proposed financing strategy with the city of Murray to provide financing to construct a Student Recreation and Wellness Center on the Murray campus with \$10,000,000 of local bonds.

Murray State University will enter into an agreement with the city of Murray, Kentucky, to obtain local financing to construct a Student Recreation and Wellness Center. The source of debt service is a special student fee already approved by the students and implemented by the university in fall 2001. The Student Recreation and Wellness Center is authorized (restricted funds) in the Governor's Executive Spending Plan FY 2002-03. Because of the nontraditional financing strategy, the council, the secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee must approve it.

The secretary of the Finance and Administration Cabinet has reviewed the proposed financing strategy and indicates that the project can proceed. The Capital Projects and Bond Oversight Committee approved the proposed financing strategy at its October 15, 2002, meeting. The financing strategy calls for the city of Murray to issue long-term debt to pay for the construction, by Murray State University, of a Student Recreation and Wellness facility. The secretary of the Finance and Administration Cabinet, to ensure that the project does not impact the Commonwealth's bonding capability, must review any agreements between Murray State University and the city of Murray.

The new facility will be located on the main campus adjacent to the Murray Regional Special Events Center. Murray State University certifies that local financing will pay all the costs of constructing the new facility. The projected completion date is September 2004. The new space may create an additional need for state money to support the operation and maintenance of the 62,000 square foot facility. As part of its 2004-06 biennial Operating Budget request, the university may ask for state money to support operation and maintenance of the new building. Following council action, the council staff will notify the secretary of the Finance and Administration Cabinet and the Capital Projects and Bond Oversight Committee.

Staff preparation by Sherron Jackson

Northern Kentucky University Lake Area Project

Action: The staff recommends that the council approve Northern Kentucky University's request to improve the lake area of the campus with \$1,500,000 of private funds.

Northern Kentucky University proposes to develop and landscape the lake area of the campus using private funds. The council has the statutory responsibility to review and approve postsecondary education capital projects costing \$400,000 or more regardless of fund source. Because the estimated cost of this project exceeds the \$400,000 threshold, the council, the secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee must approve it before it can be initiated.

The project will develop a park-like environment with tree-lined walks, landscaping, and improvements to the lake itself. The lake area consists of approximately 6.5 acres, is located near the center of campus, and is bordered by the Steely Library, the Fine Arts Center, the University Center, the Business Education and Psychology Center, and the Applied Technology Center.

Northern Kentucky University certifies that \$1.5 million from private donors will pay the cost of completing the project. The university further certifies that project construction will not begin until the private funds are committed. Completion of the improvements will not create a need for additional state funds for maintenance and upkeep of the area. Following council action, the staff will notify the secretary of the Finance and Administration Cabinet and the Capital Projects and Bond Oversight Committee.

Council on Postsecondary Education
November 4, 2002

Northern Kentucky University Land Exchange

Action: The staff recommends that the council approve Northern Kentucky University's request to enter into an agreement with the NKU Foundation to exchange land ownership.

Northern Kentucky University proposes to enter into an agreement with the Northern Kentucky University Foundation to exchange land ownership. This project has been reviewed by the Finance and Administration Cabinet and was determined to be a capital project.

The council has the statutory responsibility to review and approve postsecondary education capital projects costing \$400,000 or more regardless of fund source. Because the estimated cost of this project exceeds the \$400,000 threshold, the council and the Capital Projects and Bond Oversight Committee must approve it before it can be initiated. The secretary of the Finance and Administration Cabinet must certify the appraised value of the property.

The NKU Foundation will transfer a 5.62 acre Small Business Incubator property and a facility to NKU. The NKU Foundation will purchase a 3.467 acre parcel located at the intersection of Nunn Drive and US Highway 27 from NKU. Also, as a part of the agreement, the NKU Foundation will purchase a second parcel of 4.8486 acres at a later date. The NKU Foundation will use the land to attract a developer to create a hotel/conference center, corporate partners facility, and emerging technology office center.

Following council action, the staff will notify the secretary of the Finance and Administration Cabinet and the Capital Projects and Bond Oversight Committee.

Staff preparation by Sherron Jackson

Council on Postsecondary Education
November 4, 2002

University of Kentucky American Cancer Society Building

Action: The staff recommends that the council approve the University of Kentucky's lease of property to the American Cancer Society to allow them to construct an American Cancer Society "Hope Lodge" facility with private funds.

The University of Kentucky proposes to lease approximately 1.76 acres of property to the American Cancer Society for \$1.00 per year to allow the society to construct a facility (Hope Lodge) to house cancer patients undergoing outpatient treatment.

The council has the statutory responsibility to review and approve postsecondary education capital projects costing \$400,000 or more regardless of fund source. Because the estimated cost of this project exceeds the \$400,000 threshold, the council, the secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee must approve it before it can be initiated.

The Capital Projects and Bond Oversight Committee approved the project at its September 17, 2002, meeting contingent on action by the council.

The American Cancer Society Building will be located on the university's south campus adjacent to the K House across from Commonwealth Stadium. The lease period is for 30 years with two 15-year lease option extensions. The facility will become the property of the university at the end of the lease.

The University of Kentucky has certified that the American Cancer Society will pay the cost of constructing the facility. The American Cancer Society will provide all maintenance and operations costs during the term of the lease. Following council action, the staff will notify the secretary of the Finance and Administration Cabinet and the Capital Projects and Bond Oversight Committee.

Staff preparation by Sherron Jackson

Council on Postsecondary Education
November 4, 2002

**University of Kentucky
Animal Research Services,
Forage Animal Production Research Unit**

Action: The staff recommends that the council approve the University of Kentucky's request to renovate the Animal Research Services, Forage Animal Production Research Unit with \$1,767,000 of federal funds.

The University of Kentucky proposes to renovate the United States Department of Agriculture, Animal Research Services, Forage Animal Production Research Unit using federal funds.

The council has the statutory responsibility to review and approve postsecondary education capital projects costing \$400,000 or more regardless of fund source. Because the estimated cost of this project exceeds the \$400,000 threshold, the council, the secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee must approve the project before it is initiated.

The project will renovate five laboratories and a small group of adjacent offices in the Agriculture Science Center North building. The renovated space will serve the specific needs of the USDA. The space has been leased by the USDA and can be renewed with the concurrence of the USDA and UK for a period of five years.

The Agriculture Science Center North building is located near the intersection of Nicholasville Road and Cooper Drive on Ag Science Drive. The University of Kentucky has certified that funding (\$1,767,000) for the project will be available from federal sources. The university further agrees that construction will not begin until the funding is available. Renovation of the space will not increase the contribution for operations and maintenance costs from the state general fund.

Following council action, the staff will forward the council's recommendation to the secretary of the Finance and Administration Cabinet and to the Capital Projects and Bond Oversight Committee.

Staff preparation by Sherron Jackson

Council on Postsecondary Education
November 4, 2002

**Western Kentucky University
Aramark Educational Services
Food Service Contract Renovations**

Action: The staff recommends that the council approve the Western Kentucky University lease agreement to allow Aramark Educational Services to renovate the food service areas of Downing University Center with \$3,500,000 of private funds.

Western Kentucky University has entered into a lease agreement with Aramark Educational Services that includes a requirement that the vendor renovate the food services areas of Downing University Center. The council has the statutory responsibility to review and approve postsecondary education capital projects costing \$400,000 or more regardless of fund source. Because the estimated cost of this project exceeds the \$400,000 threshold, the council, the secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee must approve it before it can be initiated.

The Capital Projects and Bond Oversight Committee approved the project at its September 17, 2002, meeting. The project includes the purchase and installation of dining service equipment, signage, and other construction-related costs.

Downing University Center is located in the northwest section of the campus on Big Red Way directly across from Diddle Arena. Western Kentucky University certifies that Aramark Educational Services will pay all the costs of completing the original project for the Downing University Center food services area as described in their contract. Following council action, the staff will notify the secretary of the Finance and Administration Cabinet and the Capital Projects and Bond Oversight Committee.

Staff preparation by Sherron Jackson

Kentucky Community and Technical College System Administrative Offices Lease

Action: The staff recommends that the council approve the Kentucky Community and Technical College System's request to contract with the city of Versailles, Kentucky, to provide office space to house its administrative staff at an annual lease cost of \$653,000 in agency funds.

The Kentucky Community and Technical College System proposes to enter into a lease-purchase agreement with the city of Versailles, Kentucky, for office space to house its administrative staff. The council has the statutory responsibility to review and approve postsecondary education capital lease projects costing \$200,000 or more regardless of fund source. Because the estimated cost of this project exceeds the \$200,000 threshold, the council, the secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee must approve the lease before it is initiated.

The proposed lease space is located at 130 North Main Street, Versailles, Kentucky. The facility previously housed the offices and operations of Texas Instruments, which moved to a location outside Kentucky. The lease-purchase period is 20 years. The facility will become the property of the KCTCS at the end of the lease. The KCTCS has certified that the city of Versailles will pay the cost of renovating the facility. The KCTCS lease will cost approximately \$653,000 per year and includes a portion of the operations and maintenance costs. Utilities and janitorial costs, estimated to be \$311,000 annually, will be paid by KCTCS using current agency funds and will be paid outside of the lease contract.

A capital lease authorization is included in the Governor's FY 2003 Executive Spending Plan for a KCTCS System Office lease. The authorized project scope is \$850,000. Following council action, the staff will notify the secretary of the Finance and Administration Cabinet and the Capital Projects and Bond Oversight Committee.

Report on Knowledge-Based Economy Activities

House Bill 525, enacted in the 2002 regular session of the General Assembly, amended the Kentucky Innovation Act of 2000 (House Bill 572). The 2000 legislation appointed the council to administer the Research and Development Voucher Program, Rural Innovation Program, and Commercialization Fund Program, all related to the knowledge-based economy.

The enactment of House Bill 525 resulted in several substantive changes to the original enabling legislation. First, it mandates the council to contract with a science and technology organization to administer the knowledge-based economy programs. Second, it requires approval from the Commissioner for the New Economy for the programs' structure and funding levels.

Third, House Bill 525 requires the council, beginning with fiscal year 2002, to submit an annual report on programs related to the knowledge-based economy. The annual report indicates investments made through the programs; describes progress made in achieving each program's objectives; provides qualitative and quantitative information about applications received, projects approved and undertaken, companies served, and funding amounts invested in each project or program; and contains findings and recommendations to increase program effectiveness.

An executive summary of the report is attached. The complete report will be available through the council's Web site at www.cpe.state.ky.us.

Council on Postsecondary Education
Annual Report
House Bill 572 Knowledge-Based Economy Programs

Executive Summary

House Bill 525, 2002 Regular Session, calls for the Council on Postsecondary Education to submit an annual report to the Kentucky Innovation Commission, the Governor, and the Kentucky General Assembly. The report is to detail the council's work related to the science and technology programs created in KRS 164.6021 (R&D Voucher Program), 164.5029 (Commercialization Program), and 164.6037 (Rural Innovation Program). The report is to include progress made in achieving each program's purposes, qualitative and quantitative information concerning the applications received, projects approved and undertaken, companies served, funding amounts invested in each project or program, and findings and recommendations to increase each program's effectiveness in achieving its purposes. For this initial report, findings and recommendations are focused on the generic initiative, not individual programs. Future reports will address issues associated with individual programs.

The Kentucky Innovation Act, House Bill 572, 2000 Regular Session, created a knowledge-based economy blueprint for Kentucky, with programs housed in the Cabinet for Economic Development, the Council on Postsecondary Education, the Kentucky Science and Technology Corporation, and the Kentucky Community and Technical College System. The legislation created research and development support programs and manufacturing modernization services, and provided the necessary fiscal stimulus to create, attract, incubate, and grow high-tech and biotech firms.

The following are descriptions of knowledge-based economy programs and initiatives currently underway.

- The R&D Voucher program is a \$3 million investment fund that enables small and medium-sized Kentucky-based firms to undertake research and development working partnerships with Kentucky university researchers. Investments are made in technology refinement, prototype development, and commercial product development.
- The Rural Innovation Program is a \$1 million investment fund and assists small, rural, Kentucky-based firms to undertake research and development. Funds must be used in partnership with a university or an appropriate third party. Investments are made in proof of concept development and early stage prototyping.
- The Commercialization Fund Program is a \$750,000 investment fund to assist faculty who want to translate their research into marketable products.
- The Kentucky Science and Engineering Foundation builds R&D excellence in the Commonwealth, particularly in Kentucky's priority research focus areas: human health and development, biosciences, information technology and communications,

environmental and energy technology, and materials science and advanced manufacturing.

- EPSCoR was created in 1978 in response to congressional concern over the inability of some states to compete for federal research and development grants and contracts. Kentucky began participating in the program in 1986 and since that time scientists and engineers at the Commonwealth's universities have received awards from all major federal agencies with EPSCoR programs: Department of Energy, Department of Defense, Environmental Protection Agency, NASA, National Institutes of Health, National Science Foundation, and the U.S. Department of Agriculture.
- The Entrepreneurial Audit, conducted by the Kentucky Science and Technology Corporation, provided a policy framework for developing an entrepreneurial economy. The project provided policymakers in Kentucky with the information and research base necessary to transform its state economic policy framework into a competitive knowledge-based economy approach.
- The Endowment Match Program, or "Bucks for Brains," operationalized through the Research Challenge Trust Fund and the Regional University Excellence Trust Fund, combined public monies and private donations to support research at UK and UofL, and to strengthen key programs at the comprehensive universities.

Bucks for Brains has created 86 endowed chairs and 145 endowed professorships statewide. This program also has helped the universities in their efforts to compete for federal research funds. In addition, Bucks for Brains faculty have a measurable and significant positive economic impact on their communities.

- Federal and other extramural annual research expenditure goals have been adopted by the University of Kentucky and the University of Louisville, increasing from \$173 million in 2000 to \$500 million by 2010 and to \$1 billion by 2020. These targets have become statewide policy goals included in the council's key indicators and the Office for the New Economy's strategic plan.
- The Commissioner for the New Economy developed a statewide strategic plan for the knowledge-based economy. The plan recognizes Kentucky's current position in the knowledge-based economy and identifies niches where Kentucky might gain a competitive edge within a decade.
- An Innovation and Commercialization Center (ICC) Program was implemented in 2001. The ICCs are public/private partnerships that assist the Commonwealth's entrepreneurs and scientists to commercialize technologies that demonstrate significant market potential.

Six ICCs will bring together individuals from the business sector, universities, the KCTCS, local communities, and state government to create and expand knowledge-based

companies. Attached to these six ICCs are 14 satellite centers that will serve the needs of rural areas. KCTCS will provide administrative support for the satellite centers.

- The Role Model Program is a partnership among UK, UofL, Eastern Kentucky University, Kentucky State University, Morehead State University, Murray State University, Northern Kentucky University, Western Kentucky University, the Governor's Office, and the Office for the New Economy. It uses university coaches and players to introduce scientists, engineers, and entrepreneurs to the public. Students learn what the scientists, engineers, and entrepreneurs do, and exposure to these professionals is expected to prompt students to broaden their perspectives and direct their aspirations to scientific and business endeavors.

Findings

- While knowledge-based economic issues were not part of the council's role defined in HB 1, they have become critical to the council's role in postsecondary education and research.
- The entrepreneurial audit's findings have resulted in a diverse constituency coming together to plan and implement a successful economic strategy for Kentucky.
- All knowledge-based economy programs are new and have only one year of data on which to measure success. Approximately half of the initial programs' appropriations remain to be disbursed because of the time necessary to set up sound program administration infrastructure, to request and thoroughly assess applications, and to disburse and manage the grants. Rigorous application and external review processes have been implemented to fund projects that meet rigorous scientific and commercial standards and to develop successful research and economic initiatives for Kentuckians.
- R&D and commercialization are long-term endeavors which will require new investment funds, a deep pool of knowledgeable workers, and an entrepreneurial climate.
- New issues will emerge as these programs are implemented and future amendments to the Kentucky Innovation Act of 2000 will be necessary.

Recommendations

- Secure third-round funding for the Endowment Match Program and maintain the existing funding for the Commercialization Investment Fund programs, Innovation and Commercialization Centers, and Office for the New Economy programs.
- Formally establish the Knowledge-Based Economy Advisory Workgroup and charge it to continue to guide the implementation of the Kentucky Innovation Act of 2000. Members should include representatives from the council, the Office for the New Economy, the Cabinet for Economic Development, the Governor's Office for Policy and Management, the Legislative Research Commission, the Governor's Office on Agriculture Policy, the

Finance and Administration Cabinet, EPSCoR, and the Kentucky Science and Technology Corporation.

- Adopt a long-term plan to “graduate” Kentucky from the federal EPSCoR program.
- Determine whether EPSCoR and the Kentucky Science and Engineering Foundation would be better served and more efficient at capturing increased federal funding if their administrations were merged.

**Council on Postsecondary Education
November 4, 2002**

Executive Summary

The Council Business

Chair Adams has reappointed Hilma Prather of Somerset as one of the council's two members to the Kentucky Educational Television Board. Ms. Prather will serve another four-year term, expiring November 9, 2006. Mr. Freed is the other council KET appointment.

Screening Committee Chair Walter Baker will provide an update on the status of the search for a new council president.

Council on Postsecondary Education
November 4, 2002

2001-02 Agency Audit

Action: The executive committee recommends that the council receive the 2001-02 agency audit as submitted by the firm of Potter & Company, Inc., and asks the council staff to prepare a schedule for completing the tasks contained in the findings, comments, and suggestions, and in the management responses to those items.

The council contracted with the firm of Potter & Company, Inc., to perform a financial and management audit of the council for 2001-02.

The executive committee met prior to the commencement of the audit engagement and asked the auditor to look at travel for selected employees as a special report.

The financial statements prepared by the auditor conform to the new requirements of the Governmental Accounting Standards Board, particularly GASB 34.

Staff preparation by Dennis Taulbee



NCHEMS

An Assessment of
Postsecondary Education Reform in
Kentucky

Aims C. McGuinness, Jr.

Submitted to
The Prichard Committee for Academic Excellence

October 15, 2002 (Edited)

**National Center for Higher Education Management Systems
P.O. Box 9752 • Boulder, Colorado 80301-9752 • (303) 497-0301**

Introduction

Kentucky's postsecondary reform initiative is widely recognized as one of the most far-reaching, significant state-level higher education reforms of the past quarter century in the United States. It is recognized as such because it reflects:

- A Strategic Agenda with long-term goals (2020) focused on the future of the state's quality of life and economy.
- More than a decade of continuity of education reform beginning with the Kentucky Education Reform Act (KERA).
- Alignment of finance policy with the Strategic Agenda – not only a commitment of the Governor and General Assembly to substantial increases in funding but also the use of financing policy (e.g., investment funds and incentives) to stimulate change and improvement.
- Balance among the components of reform (adult education, community and technical colleges, comprehensive universities, virtual university, and research universities).
- Quality and commitment of leadership at every level of the system.
- Creativity and intellectual rigor of reform resulting in models that are being replicated elsewhere in the country.
- A clear focus on accountability with concrete goals and measurable results.

The question in Kentucky, as in many other states, is whether the reforms can be sustained in bad as well as good economic times and over changes in leadership. Because NCHEMS conducted much of the analysis leading to House Bill (HB) 1 in 1997 and to Senate Bill (SB) 1 on adult education enacted in 2000, the Prichard Committee requested that we assess the progress that Kentucky has made on the basic problems identified in 1997 and suggest the work remaining to be accomplished in order to sustain the momentum of reform.

Recalling the basic findings in 1996/1997

In 1996, the Governor's Task Force on Higher Education engaged NCHEMS to make an assessment of higher education in Kentucky and to assist the task force in shaping recommendations. In order to appreciate how far Kentucky has come over the past five years, it is important to recall the sobering facts about the status of the Commonwealth and its higher education system in the mid-1990s. Some of the major findings of that assessment were as follows:

System performance

- Education attainment
 - Low education attainment and high levels of adult illiteracy
 - High dropout rates from high school that were feeding the long-term adult illiteracy problem
- High levels of “leakage” at every transition point – low rates of retention, transfer and degree completion
 - Comparatively low college-going rates despite improvements in the previous decade
 - Serious barriers to student transfer, especially from the technical institutes and community colleges to universities
 - Low degree production at all levels compared to national averages
 - Low degree production in specialties critical to the new economy (e.g., computer science, engineering and science)
- A highly fragmented, uncoordinated and under-funded network of community colleges, technical institutes, and two-year programs at universities:
 - Regional economic development undermined because business leaders faced squabbling among institutions (community colleges, Kentucky Tech, and regional universities) rather than a coherent workforce development strategy.
 - A community college system subordinated to the priorities and academic values of a research university, seriously under-funded from a comparative perspective, and largely disconnected from regional educational and economic priorities.
 - A Kentucky Tech system encased in the rigidities of state personnel, purchasing and regulatory policies more appropriate to the Transportation Cabinet than an education system. The system was severely under-funded and ill-equipped for the changing economy, suffering from isolation and low status in the eyes of students, employers, and the education community.
 - Severe barriers to collaboration between community colleges and Kentucky Tech campuses serving the same region (e.g., separate and conflicting admissions, student records, attendance and student aid eligibility requirements).
 - No clearly defined mission at either the community colleges or Kentucky Tech to serve Kentucky’s under-educated adult population.

- Lack of coordination and collaboration among universities
 - Limited response to initiatives designed to eliminate low-performing programs identified through studies by the Council on Higher Education (CHE)
 - Proliferation of off-campus sites and unproductive competition among universities
 - Limited collaboration among universities on academic program development or delivery, and limited use of technology to extend opportunity throughout the Commonwealth
- Comparatively poor research competitiveness, especially in areas critical to the New Economy
 - Kentucky did not have a nationally-ranked doctoral granting institution. Neither the University of Kentucky nor the University of Louisville had programs which consistently ranked at or near the top of national rankings
 - The University of Kentucky’s research emphasis was diluted by attention to a wide range of activities largely inappropriate for a major research university (e.g., remedial education and workforce development)
 - Lack of research quality and competitiveness reflected in low levels of funding for competitive, peer-reviewed research

Major barriers to improvement

The 1997 assessment cited six major barriers:

- A system driven by the interests of institutions and their political networks and not by the needs of the state’s people and economy. The system was plagued by political and turf battles among institutions, especially between the major state university and the comprehensive universities.
- Lack of leadership: Lack of an effective structure for statewide policy leadership to achieve common goals and coordinate efforts of its diverse institutions.
- No linkage with statewide mission.
- Lack of strategic financial planning: Financing policy and the allocation formula had lost their credibility and were not linked to a Strategic Agenda.
- Lack of strategic planning for technology.
- Financial barriers for students. Future planning for student aid was not linked to planning by CHE.

Above all, the 1997 assessment found pervasive lack of confidence that Kentucky could overcome long-standing cultural and political barriers that historically had thwarted efforts to

improve the quality and responsiveness of the state's higher education system. A common response to the question, "Why not?" was "This is Kentucky – we don't do that here."

Progress of reform

Kentucky's progress since the 1997 Assessment has been nothing short of remarkable. To a striking degree, the reforms have addressed most of the issues identified just five years earlier and established the foundation for step-by-step progress over the next decade and beyond. Perhaps the most profound change over the past five years has been a change in expectations and frame of mind – among students, parents, business and civic leaders, postsecondary education leaders, and the Commonwealth's policy leaders. There is a new sense of hope, pride and confidence. In response to the question, "Why not?" the answer today is, "This *is* Kentucky and the Commonwealth is leading the nation in demonstrating how sustained attention to education reform can bring about fundamental, long-term improvement in a state's quality of life and economy."

Significant progress has been achieved in overcoming the six policy barriers identified in the 1997 Assessment. The most profound change has been in the shift from an agenda driven by institutional interests to one driven by a public agenda.

The Postsecondary Education Improvement Act (HB 1) of 1997 established the basic framework for reform, including:

- Goals to be achieved by 2020
- A policy leadership structure through the Council on Postsecondary Education (CPE) to provide strategic direction and overall coordination of the system, and the Strategic Committee on Postsecondary Education (SCOPE) to engage the Governor, the leaders of the General Assembly, and the CPE in a shared commitment to sustaining reform
- Strategic investment and incentive funding linked to a Strategic Agenda designed to move the system toward the goals for 2020
- The Kentucky Virtual University
- The Kentucky Community and Technical College System

Following the enactment of HB 1 in 1997, the General Assembly acted on several other critical elements of reform, including:

- The "Bucks-for-Brains" endowment match (1998)
- Providing incentive funding linked to the Action Agenda and enrollment and retention
- SB 1, Adult Education, enacted in 2000
- The Kentucky Innovation Act, enacted in 2000, creating the Kentucky Innovation Commission and the Office of the New Economy

Beyond the new statutes, the key to the momentum of reform has been the leadership exhibited by both political leaders and educators in the implementation phases of the reform:

- The Governor has consistently placed postsecondary reform at the top of his agenda in terms of budget priorities, the quality of appointments to the CPE and governing boards, and in advocacy for reform.
- The Governor and the Executive Branch team (in collaboration with the President of the CPE, SCOPE, and the university presidents) have played pivotal roles in designing and negotiating the details of a new financing policy.
- The CPE has emerged as one of the most respected policy leadership and coordinating boards in the nation because of the vision, creativity, and quality of its work, and its leadership in key areas, including, as major examples:
 - Shaping a Strategic Agenda and public accountability process.
 - Launching the Kentucky Virtual University and Kentucky Virtual Library.
 - Initiating the P-16 Council, in collaboration with the State Board of Education, the Education Professional Standards Board, and The Governor’s Office on Early Childhood Education, and the Workforce Development Cabinet.
- The Kentucky Community and Technical College System (KCTCS), created in one of the most hotly contested legislative battles in recent Kentucky history, has developed into a dynamic, responsive, coordinated network providing access and links to the economy and quality of life of every region in Kentucky. Above all, KCTCS has provided the leadership and venue for the practical, step-by-step process of melding a disparate, uncoordinated, disconnected set of institutions, into a cohesive network.
- Beyond the state-level leadership, much of the success of reform can be credited to the leadership of the institutional boards, presidents, faculty members and staff throughout the Commonwealth who have responded to the challenge of reform. With few exceptions, the institutional leaders have embraced the goals of HB 1. With the stimulus of “Bucks-for-Brains,” increased funding, and state incentives, the presidents are leading their institutions through fundamental changes and improvements designed to increase enrollments, improve retention and completion, improve links with their regions, and strengthen academic quality and research competitiveness.

Impact of reform: measurable results

The CPE’s use of five questions to frame the indicators of progress toward reform has become a model for states across the U.S. The questions are:

1. Are more Kentuckians ready for postsecondary education?
2. Are more students enrolling?
3. Are more students advancing through the system?

4. Are we preparing Kentuckians for life and work?
5. Are Kentucky's communities and economy benefiting?

The latest report uses a system of traffic lights (green for "good progress," yellow for "some progress," and red for "no progress") to signal the status of reform. The report assigns green lights to questions 2, 3 and 5, reflecting proceeding goals set for 2002, and yellow lights to question 1 reflecting mixed performance on some indicators of preparation for postsecondary education. Indicators for the 4th question are still under development.

Remarkable progress is being made on several of the major problems identified in the 1997 Assessment:

- From 1990 to 2000, Kentucky's per capita income increased from 77.3% to 83.8% of the U.S. average – the fifth highest rate of increase (62.2%) in the U.S. The state's rank moved up from 43 to 41 among the fifty states.
- From 1990 to 2000, Kentucky had one of the highest rates of reduction in the percentage of the adult population age 25 and over with less than a high school credential (diploma or GED). But Kentucky remains 2nd in the nation in the percentage with less than a high school education.
- From 1994 to 2000, Kentucky made dramatic gains in the percentage of recent high school graduates going directly to college either in Kentucky or another state. In 1994, the college-going rate (52.4 %) lagged behind the national average (54.6%) and Kentucky ranked 32nd among the fifty states. By 2000, the college-going rate had increased to 56.4% exceeded the national average (54.2%) and Kentucky's rank among the fifty states had increased to 17th.
- Enrollment in Kentucky's public colleges and universities is up by over 31,515 since 1998 – a 19.9% increase. At the time of the 1997 Assessment, Kentucky had been experiencing a slow enrollment decline after a peak in 1991.
- For the first time, over 200,000 students are enrolled in public and independent postsecondary education in Kentucky.
- Adult education enrollments have increased from 51,700 in 1999-2000 to 86,400 in 2001-02. Of 120 counties, 71 qualified for performance bonuses based upon enrollments and student achievement in the last fiscal year.
- The number of Kentuckians earning a GED in 2001 was 57% higher than in 2000. This is the sixth largest increase in the U.S.
- The number of GED test-takers increased by 14.7% from June 2000 to June 2001. This increase was third largest among the states and set a record for test-taking in Kentucky.
- While more improvement is needed, Kentucky increased total R&D spending per capita from \$45 per capita in 1996 to \$68 per capita in 2000. The increase of 51% exceeded the national increase of 23%. Kentucky moved from 45th to 42nd in the U.S. but is still well below the national average of \$107 per capita.

Despite these improvements, progress has not been as rapid in other areas.

- In 2000, Kentucky continued to rank near the bottom (49th) among the fifty states in the percentage of the adult population with at least a bachelor's degree. The rate of improvement from 1990 to 2000 was comparatively slow – 37th among the fifty states.
- Kentucky faces a daunting task in meeting the needs of the large number of young adults age 18 to 24 who do not have a high school diploma. The measure of the number of GEDs awarded to 18- to 24-year-olds per 1,000 persons in that age group with less than a high school diploma is an indicator of how well states are addressing this problem. In 2000, Kentucky awarded GEDs to 65 of every 1,000 18- to 24-year-olds with less than a high school diploma – ranking 5th in the US on this measure. However, of the top five states, Kentucky also has by far the largest problem – 100,000 18- to 24-year-olds with less than a high school diploma compared to 20,000 in Maine – the state with the next biggest problem. This means that Kentucky is performing comparatively well but has a more significant problem than most states.
- Recent data show that Kentucky is making some progress on improving retention and completion rates, but the gap between the state's performance and the nation remains significant. In 1999, Kentucky was 42nd in the nation in six-year graduation rates for full-time students seeking a bachelor's degree (38.2% for Kentucky compared to 52% for the U.S.). Kentucky was 44th in the nation in graduation rates for two-year institutions (18% for Kentucky and 31.3% for the U.S.).
- Considerable “leakage” continues at key points of the education pipeline. For every 100 ninth graders in Kentucky, 66 students graduate from high school, 36 enter college, 24 are still enrolled in their sophomore year, and only 12 students graduate within 150% of the expected time to graduation. The most severe drop is after the sophomore year.
- Reforms have yet to yield significant improvements in degrees granted – one of the principal concerns of the 1997 review.
- Despite statewide improvements in key indicators such as per capita income and education attainment, severe disparities among counties in Kentucky continue. Unfortunately, some of the improvements for the state as a whole have come from areas that are already better off rather than from narrowing the disparities among regions of the Commonwealth. The focus of the CPE on “target counties” and the dramatic improvements in adult education should begin to narrow these disparities.

The message from these results is clear: While Kentucky is making progress, it will take a sustained commitment over a 10- to 20-year period to raise the standard of living of *all* Kentucky to levels at or above the national average. The danger is that temporary setbacks or a failure to demonstrate short-term results will lead to discouragement and cynicism about reform. It took almost a decade for KERA to yield results on national measures such as the National Assessment of Education Progress. One can reasonably expect that it will take at least that long to see the results of some of the most important reforms just now being implemented within the framework of Kentucky postsecondary education reform.

Challenges

Despite the progress of the last five years, Kentucky faces a number of challenges to sustain reform and counter tendencies to drift back to the policies and practices of the past. The following is a summary of themes that emerged from NCHEMS' review.

Sustaining the focus on the future of Kentucky's population and economy – on the five questions

As emphasized earlier, Kentucky's reform stands out in the nation in its focus on the impact of postsecondary education on the future of the state's population and economy. Nevertheless, the tendency – already evident in the debates in Kentucky over the past year – will be for the focus to drift back to competition among the institutional interests. Throughout the interviews for this review, NCHEMS heard concerns that with the changes in state-level leadership Kentucky would slip back to “politics as usual.” Their concerns are that the questions will be not about how postsecondary education contributes to better lives in the state or a region but about how the reforms affect a specific university or college. The challenge will be to counter this drift and to keep the emphasis on step-by-step measurable progress toward the long-term goal of raising the standard of living to a level at or above the national average by the year 2020. Such a focus is critical to the ability to sustain state funding for reform. To put it bluntly, it is unlikely that political leaders will support increasing funding for postsecondary reform if it is for an inwardly driven institutional agenda disconnected from the needs of the state. Strengthening the links with K-12 reform and sustaining the commitment to adult education as integral to postsecondary reform will be important strategies to keep the focus on the people of Kentucky, not on institutions.

Broadening and deepening engagement in and support for reform

Postsecondary reform is succeeding in Kentucky in no small measure because of Governor Patton's strong leadership and the leadership of the Governor's executive team. One can only hope that the next Governor will see postsecondary education reform as a top priority, but it is rare that a new Governor champions his or her predecessor's main issue. Many of those interviewed in the course of this review expressed concern about the lack of broad engagement in and ownership of reform among members of the General Assembly and the state's business and civic communities.

The Strategic Committee for Postsecondary Education (SCOPE), for example, was intended as a way to develop the knowledge, understanding and commitment of a core legislative leadership group to the basic goals of reform and to the budget and other legislative actions necessary to sustain reform. The impression gained from interviews, however, is that SCOPE has not been as effective as hoped in developing legislative ownership for the agenda as developed and presented by the Council on Postsecondary Education. Political divisions and personality conflicts may have hindered SCOPE's effectiveness, but most of those interviewed emphasized that SCOPE can work, provided that a more deliberate effort is made to listen to and engage the legislative leaders in the agenda. Without a core legislative group that is deeply committed to the goals of HB 1, the reform – including efforts to sustain funding – will fall victim to regional and institutional political interests and the demands of other major priorities (e.g., K-12 reform)

facing the General Assembly will take precedence. Gaining this legislative ownership – through SCOPE or other means – will be a central challenge for the CPE and the new CPE president.

Beyond the General Assembly, the coalition of business and civic leaders that played such an important role in the enactment of HB 1 seems to have faded in significance over the past five years. That the Prichard Committee commissioned this review and convened the meeting on October 15, 2002, is a positive sign of renewed interest and concern outside the postsecondary education community about the future of postsecondary education reform. The lesson from other states is that reform is difficult – if not impossible – to sustain through changes in political leadership unless there is a strong, independent voice of support from a state’s business and civic community. Again, the most effective way to gain business and civic support is *not* for postsecondary education, *per se*, but for the impact of postsecondary education on virtually all dimensions of Kentucky’s economy and quality of life, *including K-12 reform*, as emphasized by the “five questions.”

Engaging institutional leaders – both presidents and governing boards – in collective responsibility to sustain reform

Postsecondary education reform cannot be led and sustained only from Frankfort. Kentucky is an exceptionally diverse state – in fact, it is several “states” all wrapped up in one. Each of the Commonwealth’s higher education institutions, especially the comprehensive universities, the community and technical colleges, and the University of Louisville, is a visible symbol of opportunity and pride for the region where the institution is located. Ultimately, broad legislative support for reform will come only when legislators throughout the Commonwealth experience the impact on the opportunities, quality of life, and economies of their own regions. For this reason, the institutional governing boards and presidents can have a profound impact – either positive or negative – on the political support for reform.

In the history of state higher education coordination across the country, few state boards have succeeded without the complementary support of a core group of institutional leaders who recognized that ultimately the interests of individual institutions are best served by supporting a statewide agenda and effective statewide coordination. This does not mean that the interests of individual institutions have to be totally subordinated to or merged within a statewide one-size-fits-all strategy. On the contrary, the challenge of statewide coordination is to develop a statewide Strategic Agenda that provides the framework for highly differentiated institutional missions and responsiveness to the needs of the state’s different regions.

It is important for the presidents to be strong advocates for their institutions with their institutional constituencies, in their regions, with their colleagues (the other presidents), and with the state coordinating board. In the process leading to a major decision by the CPE (for example, on a budget recommendation), it is important that different perspectives about priorities be debated. However, once a final decision is made, it is critical to the reform process that the CPE and the presidents stand together in a coherent, coordinated strategy throughout the legislative process. There clearly is a difference of opinion among presidents in Kentucky about whether an institution that disagrees with the CPE’s decisions and recommendations should take its case directly to the state’s political leaders. Some institutional leaders continue to believe that, in the end, their obligations to their institutions transcend their commitment to the statewide agenda. They, therefore, believe that they have a right – if not an obligation – to “end run” the system. In

other states, the impact of “end-runs” is clear – they lead to short-term gains but significant long-term losses for the institution and the system as a whole.

“End-runs” are rarely controlled by exercise of a state board’s formal authority. In other states with coordinating boards similar to the Council on Postsecondary Education, these situations are usually handled in either of two ways. First, the institutional leaders assume responsibility themselves, functioning within a statewide council, to establish basic principles or norms of “good behavior” and to make clear to presidents who persist in “end-runs” that such behavior is totally unacceptable. Second, it is clearly understood that any additional state funding obtained by an institution by an “end-run” will be deducted from the coordinating board’s subsequent year’s state budget recommendations for that institution. In other words, there are consequences for behavior that undermines the interests of the system as a whole and impedes progress towards the Strategic Agenda.

What works, in contrast to the exercise of formal authority, is an informal collective responsibility among institutional leaders and between these leaders and the state board, for a common, coordinated agenda. Obviously, these conditions can only be met with open-two-way communication and a high level of trust. Building these conditions will be a major challenge for the CPE, the next CPE president, and the institutional leaders (individually and collectively).

Sustaining the link between financing policy and the Strategic Agenda

The most powerful lever available to the policy leaders of Kentucky to sustain the momentum of reform is state funding. It is critical to the future of reform – and to the future of the Commonwealth – that Kentucky continue funding step-by-step progress toward the goals for 2020.

NCHEMS believes that the basic structure of the budget as shaped by HB 1 and the subsequent agreements as reflected in the “points of Consensus among University Presidents, KCTCS President, and the Council President,” (January 8, 2001) is fundamentally sound. In broad terms, that structure includes these components:

1. A base budget, adjusted by:
 - Inflationary increases
 - Benchmark funding to ensure greater alignment of funding for Kentucky institutions compared to peer institutions in other states
2. Trust funds providing performance and incentive funding to be allocated by the Council on Postsecondary Education according to established criteria linked to the goals of postsecondary education reform and the Strategic Agenda
3. Special funding for special and meritorious institutional initiatives awarded competitively according to established criteria
4. An endowment match program – “Bucks-for-Brains”
5. A capital component

The Commonwealth of Kentucky, like most other states, faces a severe and most likely protracted period of budget constraints. *The most important message NCHEMS can convey from*

*this review is that even in the direst fiscal circumstances, Kentucky must sustain state funding for BOTH components (1) and (2) listed above – that is, for both the base and performance and incentive funding (trust funds). A failure to invest consistently a small percentage of the total operating budget appropriation in trust/incentive funds to support change will doom the reform process. Without incentives and performance funding, the Council on Postsecondary Education will have virtually no effective policy levers to advance the Strategic Agenda except for the relatively weak tools of an appeal to public opinion and the use of limited regulatory authority. The division of state appropriations between these two components should be made as a policy decision every year to reflect the circumstances of both the state and the institutions. In the direst of circumstances (for example, if actual cuts are required), NCHEMS recommends that these cuts be made *proportionately* so that the relative balance between base and trust (incentive and performance) funding remains intact.*

A final point about financing policy relates to student financial aid. Kentucky remains a state with a comparatively affordable higher education system because of both comparatively low public tuition levels and its commitment to funding student aid – primarily the need-based College Access Program and the Kentucky Educational Excellence Scholarship (KEES) program. NCHEMS supports the decision to delegate authority to set tuition to the institutional governing boards. However, given the fiscal constraints facing the state, the pressures to raise tuition will inevitably increase. Too often states and institutions make decisions about funding institutions, establishing tuition rates, and funding student aid separately with little conscious attention to the impact of one decision on another and the ultimate impact of these decisions on access and affordability. The Council on Postsecondary Education’s budget recommendations reflect best practice in the nation by recognizing the interaction of these three decision areas. Sustaining, if not increasing, the commitment to student aid (especially the College Access Program) in a period of severe fiscal constraints is fundamental to maintaining affordability in Kentucky.

Strengthening strategic leadership and governance

NCHEMS believes that the current structure in Kentucky is fundamentally sound and consistent with best practice as well as with Kentucky’s governmental structure and culture.

- The strength of the Kentucky system is its decentralized responsibility for governance balanced by strategic leadership and coordination.
- More centralized governance would likely shift the state-level agenda from a focus on a public agenda for the future of Kentucky to issues of institutional governance and management. It is also likely to draw away from the benefits of a highly differentiated, responsive system of comprehensive universities, community and technical colleges, and other institutions.

Nevertheless, to make this kind of system work, certain conditions are essential:

- Explicit, consistent authority and capacity for the policy/coordinating board (as emphasized above related to financing policy) to allocate a small percentage of the total state appropriation to reward performance and provide incentives to institutions to achieve the Strategic Agenda.

- Effective local governance focused both on effective governance of each institution *and* commitment to the statewide Strategic Agenda.
- Collective responsibility of governing boards and presidents to support reform.
- Clear understanding and support of the goals of reform by both the Executive Branch and the General Assembly.
- A coalition of the state’s business and civic leaders that understands and supports the strategic goals, monitors progress toward these goals, and is willing to take stands to defend the reforms if short-term political moves threaten to undermine them.
- Executive leadership of the policy/coordinating board focused on the long-term goals of the Strategic Agenda and with the skills to “build a parade behind reform” among the General Assembly, the state’s business and civic leaders, institutional leaders and the general public.

Because of the system’s reliance on decentralized governance, the system’s success depends fundamentally on the quality of institutional boards. Those interviewed in the course of this review complemented Kentucky’s governing boards for the overall quality of their leadership. The full engagement of the boards in the sessions of the recent Institute for Effective Governance is one indicator of that leadership. Nevertheless, serious concerns were expressed about the exceptions to the overall pattern. Several people stressed the need to maintain the quality of board appointments and to strengthen the means for the Council on Postsecondary Education to hold boards accountable for both effective governance and support of the statewide Strategic Agenda. One alternative to consider is to assign responsibility to the CPE for nominating institutional governing board members and to provide for Senate confirmation of gubernatorial appointments. Such a change would give the CPE a direct role in ensuring that highly qualified individuals are nominated for board appointments, that nominees understand their role in supporting reform, and that, once appointed, board members understand the link between effective institutional governance and the success of the overall reform.

Clarifying role and mission of the comprehensive universities in postsecondary reform

In retrospect, one of the least developed elements of HB 1 related to the role and mission of the comprehensive (regional) universities. As emphasized above, each of these universities plays a central role in improving lives and strengthening the economy of its region. Each reflects the unique needs, culture and economy of its region. The diversity in mission among the institutions is a sharp contrast to the “one-size-fits-all” message conveyed by being lumped in a single category in HB 1. The name “regional” conveys a sense of “local and parochial,” whereas the intent of HB 1 was that these institutions should be nationally competitive, contributing throughout the Commonwealth in areas of strength, but having a special mission to link with their regions. The comprehensive universities have, for the most part, responded aggressively to the vision and goals of HB 1. With the stimulus of the “Bucks-for-Brains” funding, and the incentive and performance funding (Action Agenda and Enrollment and Retention), most have made significant progress on relevant performance expectations set forth in the “five questions.” They have dramatically increased private sources of support and increased their links with regional economic development.

How to reshape the role of the comprehensive universities in reform is beyond the scope of this review, but any change should underscore the differences among the institutions and the distinctive ways in which each contributes to its region and the Commonwealth as a whole.

Any fundamental change in mission, such as the addition of doctoral programs, would require formal approval of the CPE and amendments to state statutes (for example in the provisions of HB 1 related to “regional” universities). NCHEMS’ perspective is that the decision to authorize doctoral programs at the comprehensive universities should be made case-by-case based on a determination of a continuing demand and a thorough examination of alternatives to meet that demand. NCHEMS does not believe that it makes good policy sense for states to attempt to restrict institutional missions through broad-based prohibitions of doctoral programs in a particular sector in the manner attempted in the 1960s and 1970s. There may be a justification for one or more of Kentucky’s comprehensive universities to develop (either individually or preferably jointly) “applied” doctoral programs that serve the needs of their regions and the Commonwealth as a whole and that are not provided through either the University of Kentucky or the University of Louisville.

Such a change would require several levels of review and decision-making. First, the governing boards of the institutions should have a thorough understanding of the implications for the institution’s mission, program structure, faculty capabilities, asset structure, and long-term fiscal viability before pursuing such a change. The expansion of an institution’s mission to include doctoral programs can have profound, subtle and often unintended impact on the institution’s culture, faculty appointment, promotion and tenure policies, faculty teaching loads, institutional costs and other institutional characteristics. The most troubling negative impact can be on the institution’s commitment to undergraduate teaching – the core mission of these universities.

Second, the CPE, in collaboration with the universities, must consider the implications of a new doctoral program for state policy. The decision should be made primarily on a determination of the needs of the Commonwealth, not the aspirations of a specific institution. And third, the state must consider what commitment, if any, it should make to the financing of such a new initiative.

Financing policy is a far more effective tool than regulation to influence institutional mission. Other states have made a deliberate decision to allow institutions to develop new programs provided the institution can demonstrate that the program will be financed *without additional state subsidy and without diminished attention to critical state priorities*. These states hold the institutions accountable (through the use of incentive and performance funding) for performance on their core missions and the state’s priorities. For example, if the consequence of developing new doctoral programs is diminished attention to undergraduate enrollment, retention and completion, or the state’s priority to maintain affordable postsecondary education, the institution would feel the impact in the state funding process.

Increasing incentives for partnerships among institutions and with K-12

Despite the emphasis of HB 1 on a “seamless, integrated system of postsecondary education,” NCHEMS’ impression is that Kentucky’s system remains highly competitive with few incentives for collaboration among institutions. One point of evidence of lack of collaboration is the comparatively low rate of transfer from KCTCS to universities. Clearly, transfer agreements are not working as effectively as intended. Given the likely fiscal constraints facing the Commonwealth, regional and statewide solutions will be essential to accommodate student

demand and reach the goal of 80,000 more students in the system. Local P-16 councils can play an important role in promoting collaboration with K-12. The key to making these changes work will be to include incentives for collaboration within financing policy – especially in the incentive and performance elements of the trust funds. The CPE’s budget proposals for 2002-04 included funding for such incentives but this was eliminated in the appropriations process.

Recognizing the role of independent institutions in postsecondary reform

HB 1 focuses primarily on the public institutions and makes only limited reference to involvement and utilization of the independent sector. Reform implementation appears to have proceeded with only limited consideration of the impact on the independent institutions. The Commonwealth’s nineteen independent institutions, educating over 23,000 students annually, represent a valuable resource to assist in meeting goals of reform. In the next phase, it will be important to engage *all* the state’s postsecondary resources, not solely those of the public sector, in reform. This can be done by including the independent sector in the discussion/development of CPE and SCOPE postsecondary education policy, encouraging the state to fully fund student financial aid programs (especially the Kentucky Tuition Grant program which is a program reserved for independent college students), encouraging the state to utilize independent colleges more effectively in achieving reform objectives, and evaluating implications of policies on independent colleges before they are implemented. Increasing the engagement of independent institutions in reform will not only make more effective use of their resources but broaden the coalition necessary to sustain reform over the next decade and beyond.

Conclusion

Kentucky has embarked on one of the foremost examples of postsecondary education reform in the country. There is concern in Kentucky – as well as from many of those around the country who have been inspired by Kentucky’s example and leadership – that the events of the last legislative session, the departure of the CPE president, the ending of Governor Patton’s eight years of strong leadership, and the pessimistic fiscal outlook will signal an end to the momentum that had been established.

However, the outlook is much brighter than we expected to find. Real progress has been made. Support for the goals of reform remains strong – even among some who were considered to be skeptics or opponents. But reform is fragile. It is at a critical transition point – not only a transition in leadership but a transition from a period of dramatic change and the euphoria of early successes to a period of steady, hard work to solve seemingly intractable problems that have challenged generations of Kentucky leaders. The extraordinary impact of the last five years has convinced many who were skeptics in the past that they can make a difference in improving the lives of Kentuckians and that Kentucky *is* a leading state in the nation on education reform.

Considerable work remains to ensure that progress continues. Top priorities include sustaining the focus on the Strategic Agenda and strengthening and deepening the commitment to reform (especially in the General Assembly, with business and civic leaders, the public university leaders and the independent sector), and hiring a new CPE president who is committed to the vision and capable of working with the political leaders and the presidents to embed elements of the vision within every dimension of postsecondary education in the Commonwealth.

There are virtually no other reforms that will have as profound an impact on lives in Kentucky as this reform. It affects every dimension of the state's quality of life and economy – early childhood education, K-12 reform, health, civic participation, and the state's competitiveness in the New Economy. It is too important to future generations to abandon because of short-term setbacks or changes in leadership. Our assessment is that Kentucky's leaders recognize this challenge and will not allow the reform to fail.

Resolution of the Prichard Committee
October 15, 2002

WHEREAS, on October 15, 2002, the Prichard Committee for Academic Excellence convened a meeting for the purpose of examining progress under the Postsecondary Reform Act of 1997; and

WHEREAS, Governor Paul Patton initiated an examination of postsecondary education in Kentucky, leading to a marshalling of the forces of the Governor, the General Assembly, and the Council on Postsecondary Education to act in a focused and intensive effort to improve higher education in the Commonwealth; and

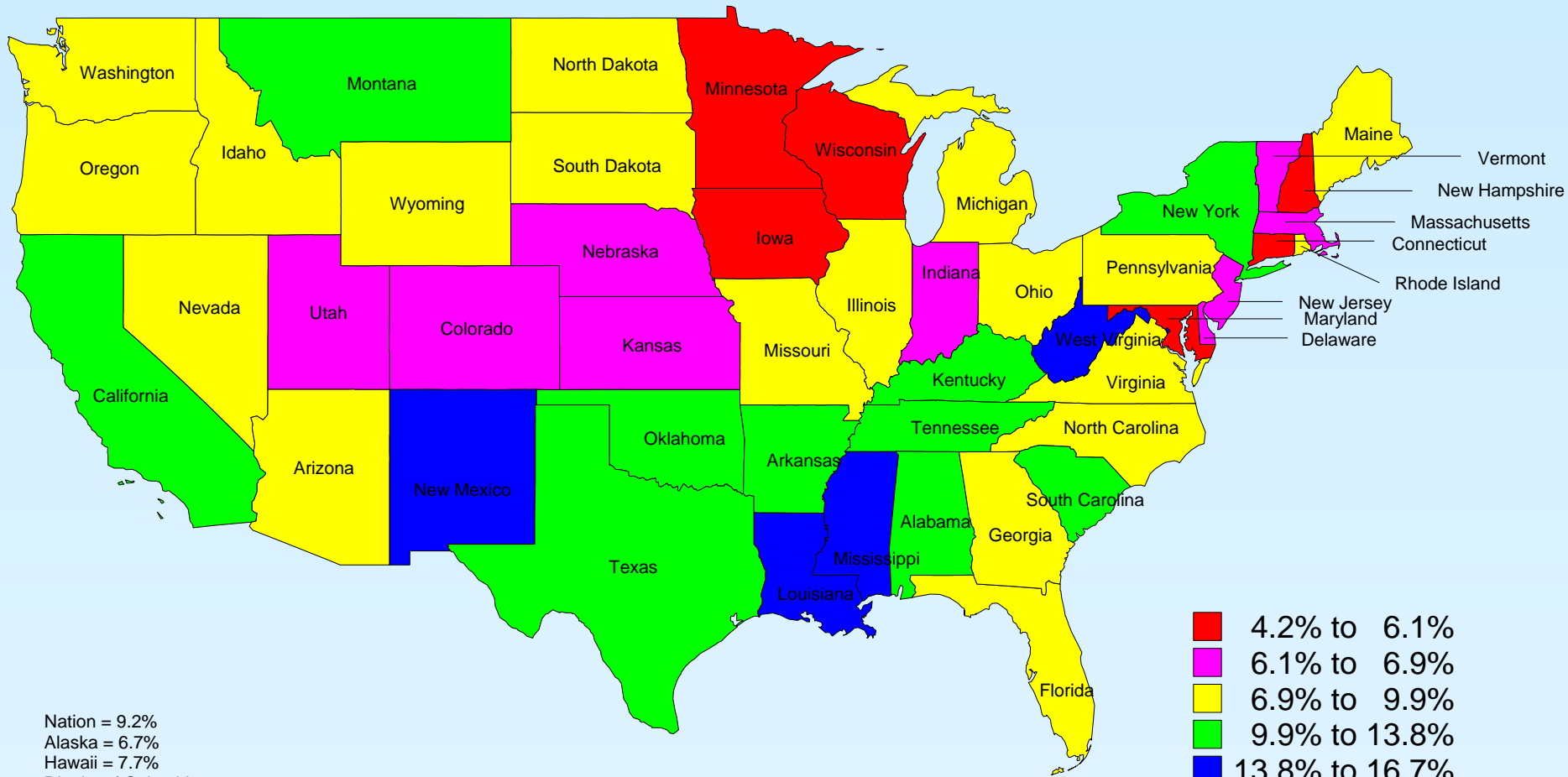
WHEREAS, it is the opinion of the Prichard Committee members present that Governor Patton and the General Assembly have provided leadership and commitment that will lead to a better-trained and better-educated population, both now and in the future, creating values and advantages that will benefit Kentucky;

WHEREAS, we recognize that while progress has been made, much remains to be done for the educational and economic well-being of all Kentuckians.

NOW, THEREFORE, the members of the Prichard Committee express their appreciation to Governor Patton and the General Assembly for their continuing commitment on behalf of postsecondary education; pledge our continuing efforts to support that commitment; urge the continuation of the financial support including "Bucks for Brains" even if the financial resources of the Commonwealth experience difficulties; and encourage collaboration and cooperation among institutions of higher education so that a genuine "system" of postsecondary education is created and the commitment that was initiated five years ago is maintained and strengthened.

Poverty

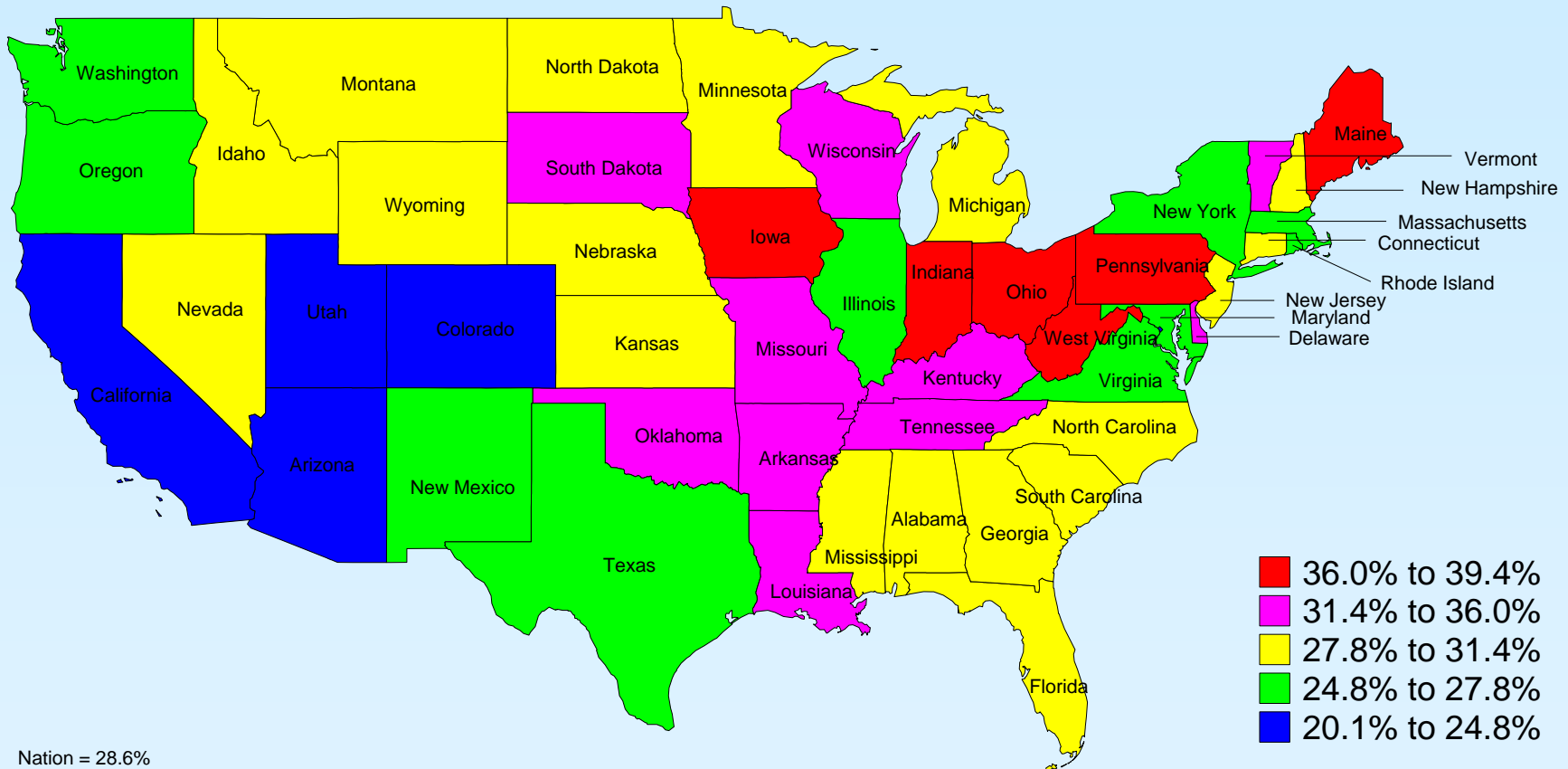
Percent of Families Living in Poverty 1999



Nation = 9.2%
 Alaska = 6.7%
 Hawaii = 7.7%
 District of Columbia = 16.7%
 Data Source: 2000 Census
 9-04-02

Education Attainment

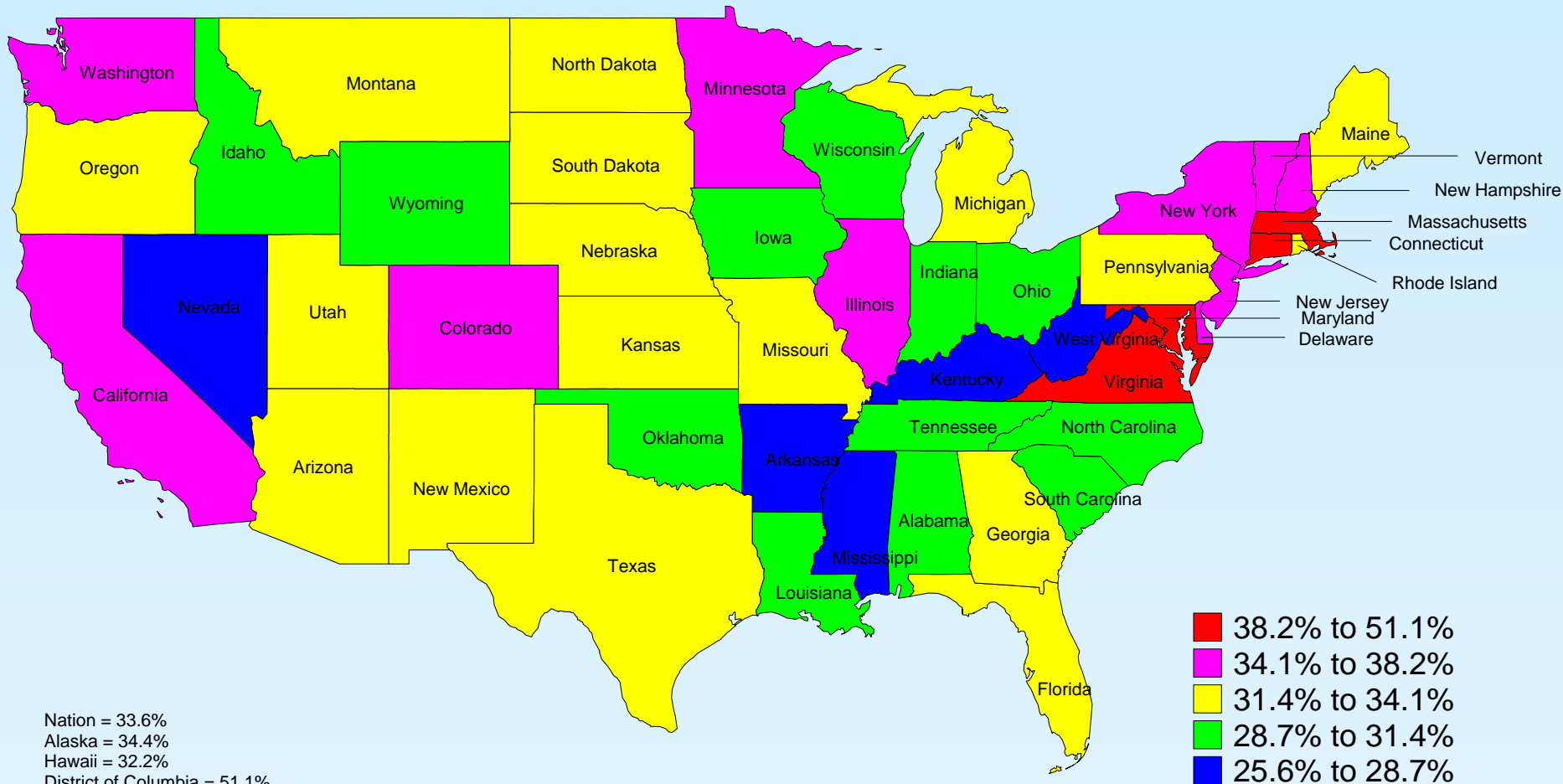
Percent of Adult Population With a High School Diploma but No College Education, 2000



Nation = 28.6%
 Alaska = 27.9%
 Hawaii = 28.5%
 District of Columbia = 20.6%
 Data Source: 2000 Census
 9-30-02

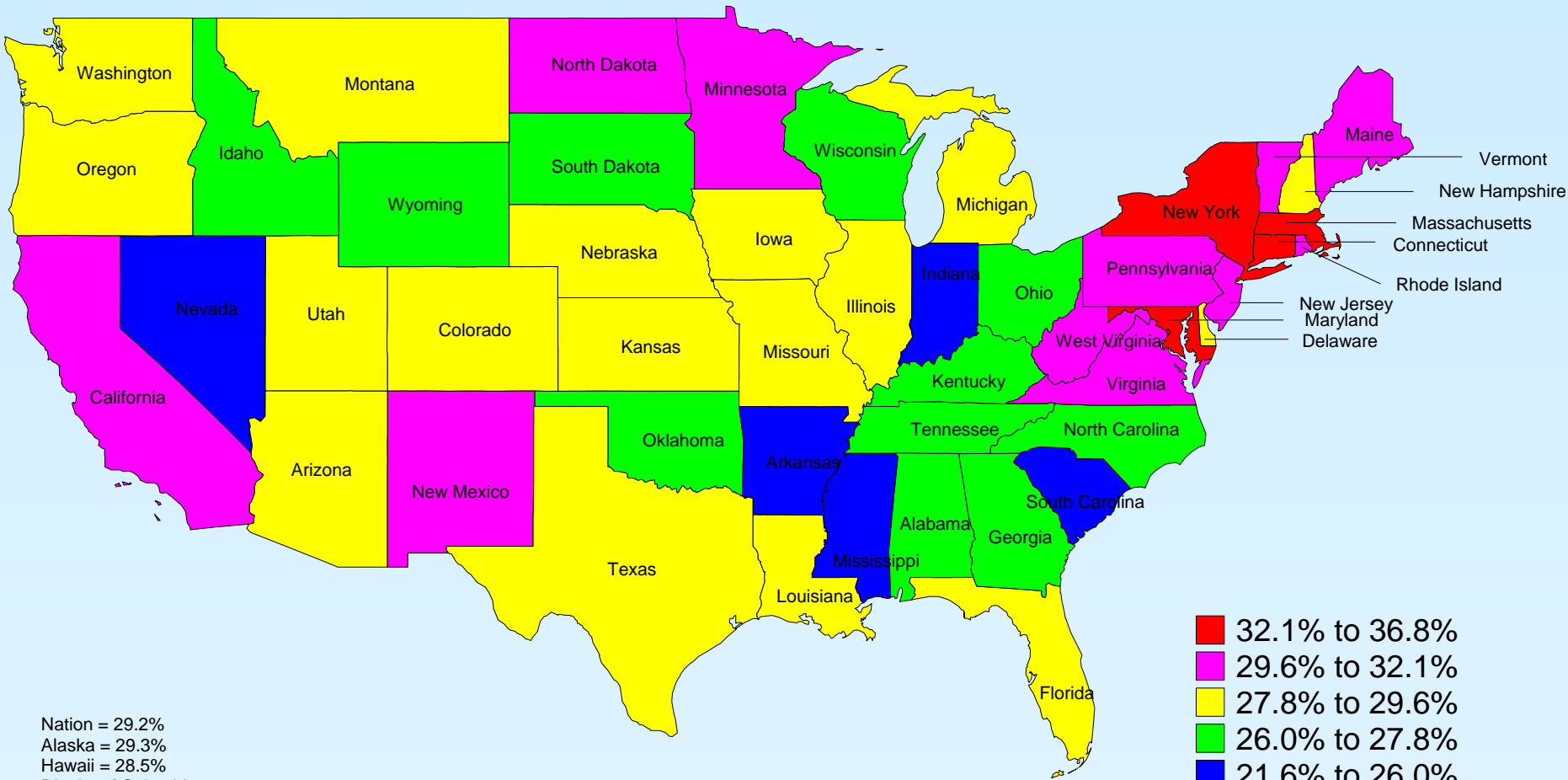
Economy

Percent of Employed Persons Working in Management and Professional Related Occupations, 2000



Nation = 33.6%
 Alaska = 34.4%
 Hawaii = 32.2%
 District of Columbia = 51.1%
 Data Source: 2000 Census
 8-12-02

Percent of Employed Persons Working in Business, Education, and Health Industry, 2000

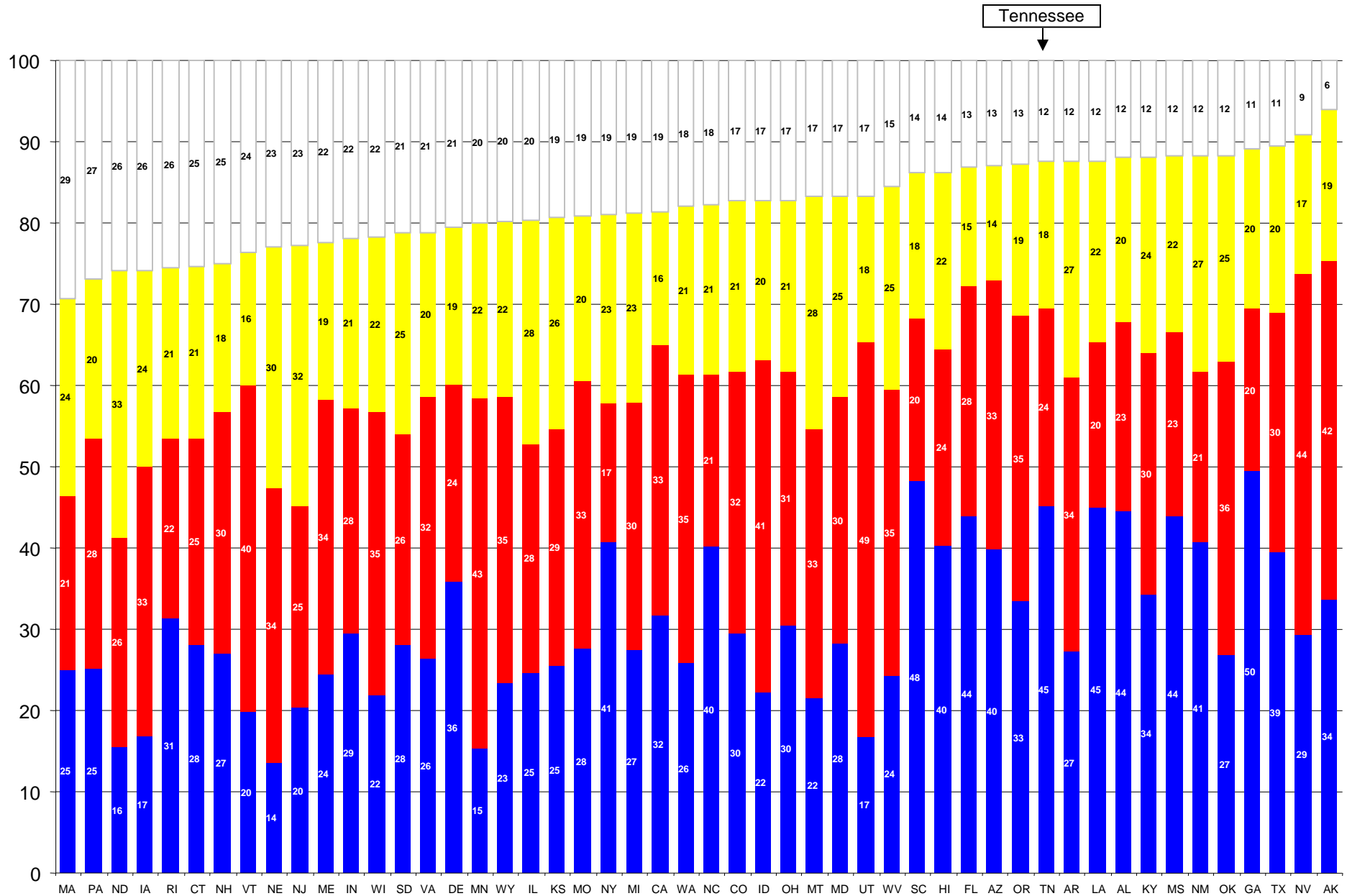


Nation = 29.2%
 Alaska = 29.3%
 Hawaii = 28.5%
 District of Columbia = 36.8%
 Data Source: 2000 Census
 8-12-02

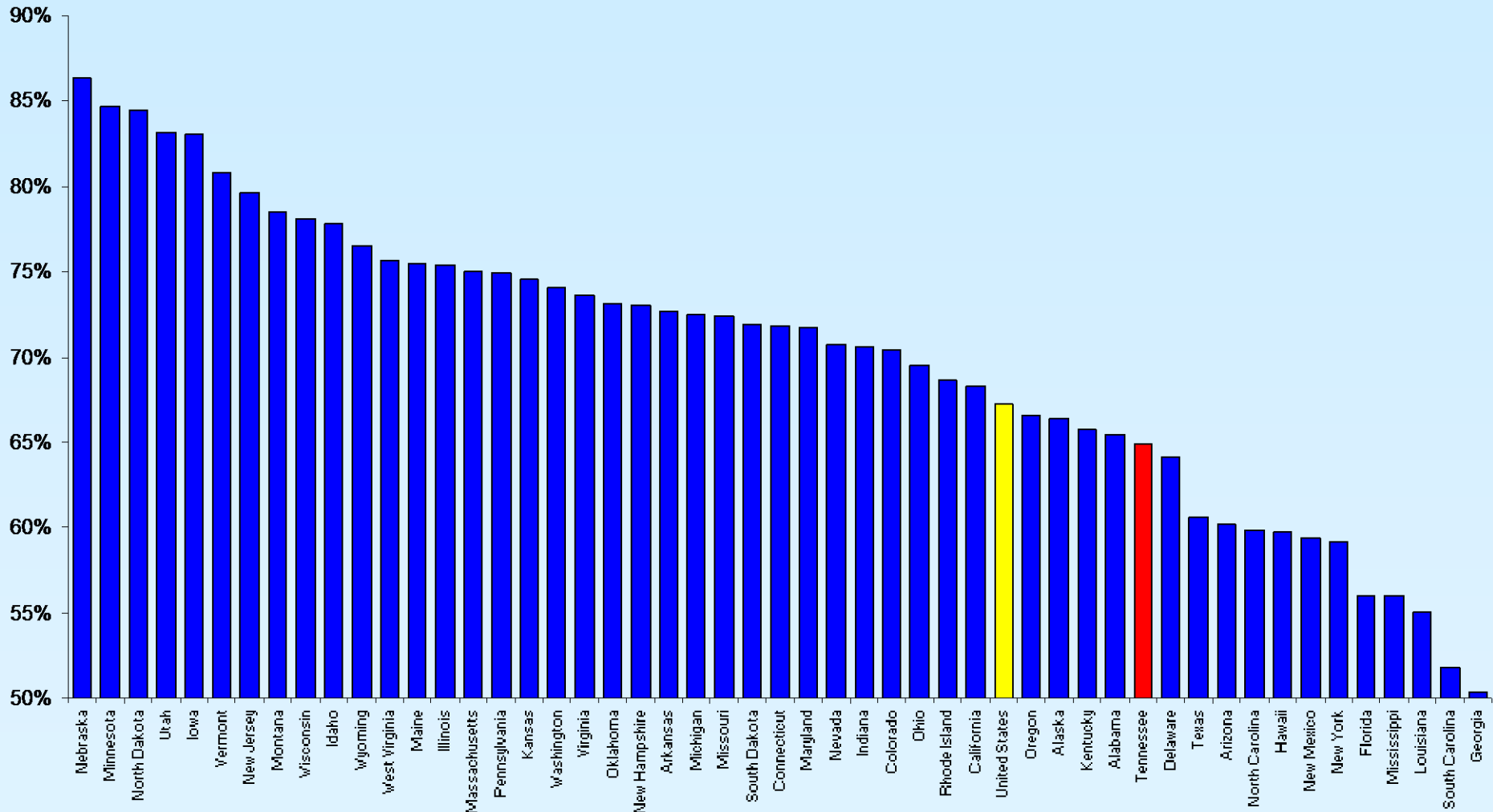
Preparation and Educational Pipeline

Percent Loss at Each Stage of Transition

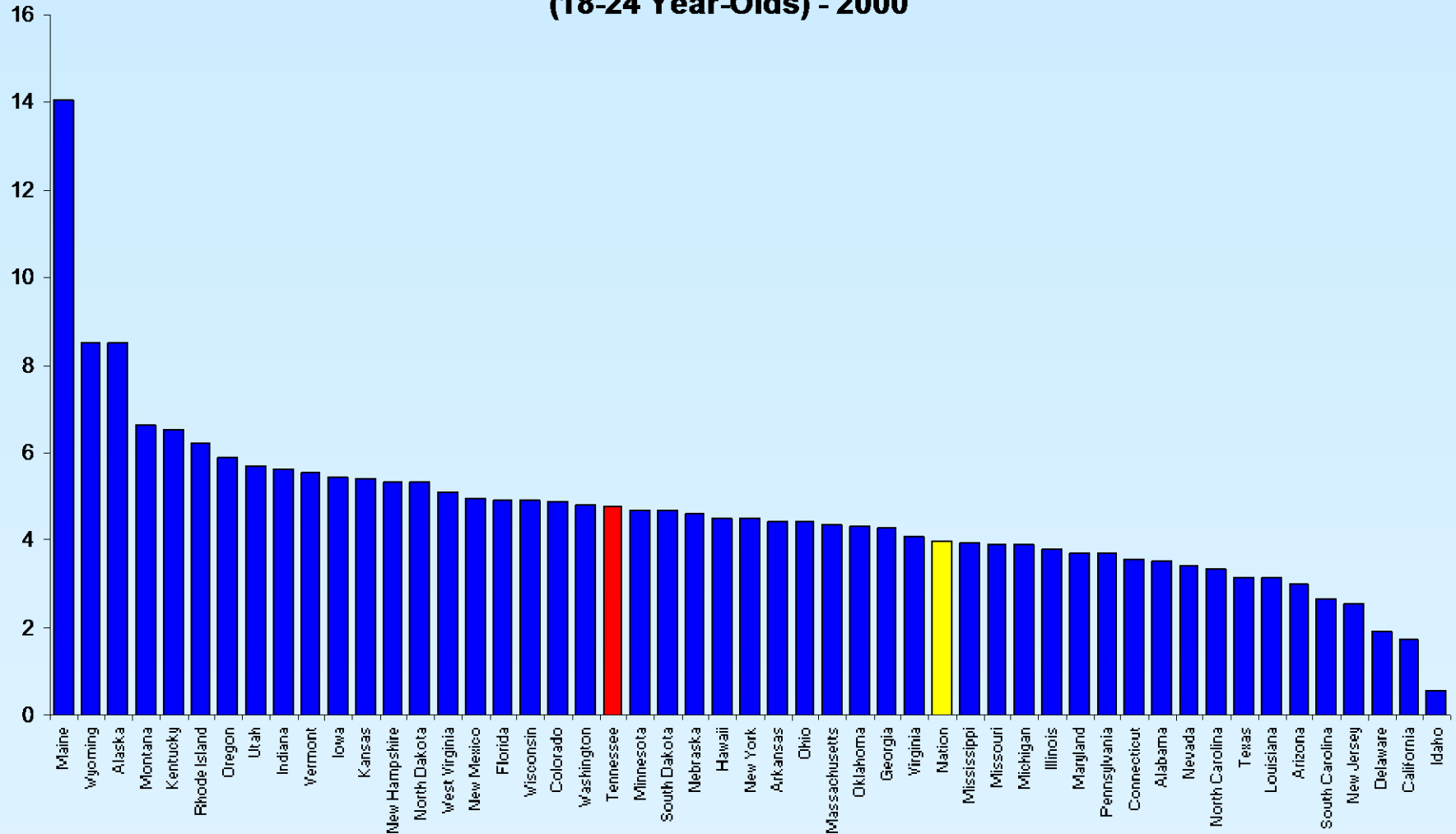
■ 9th to 12th Grade
 ■ HS Graduate to College
 ■ College Entrance to Graduation
 ■ College Graduates



High School Graduation Rate - % 9th Graders Graduating 4 Years Later (1999-Mortenson)



Ratio of GEDs Awarded to Population with Less than a High School Diploma (18-24 Year-Olds) - 2000



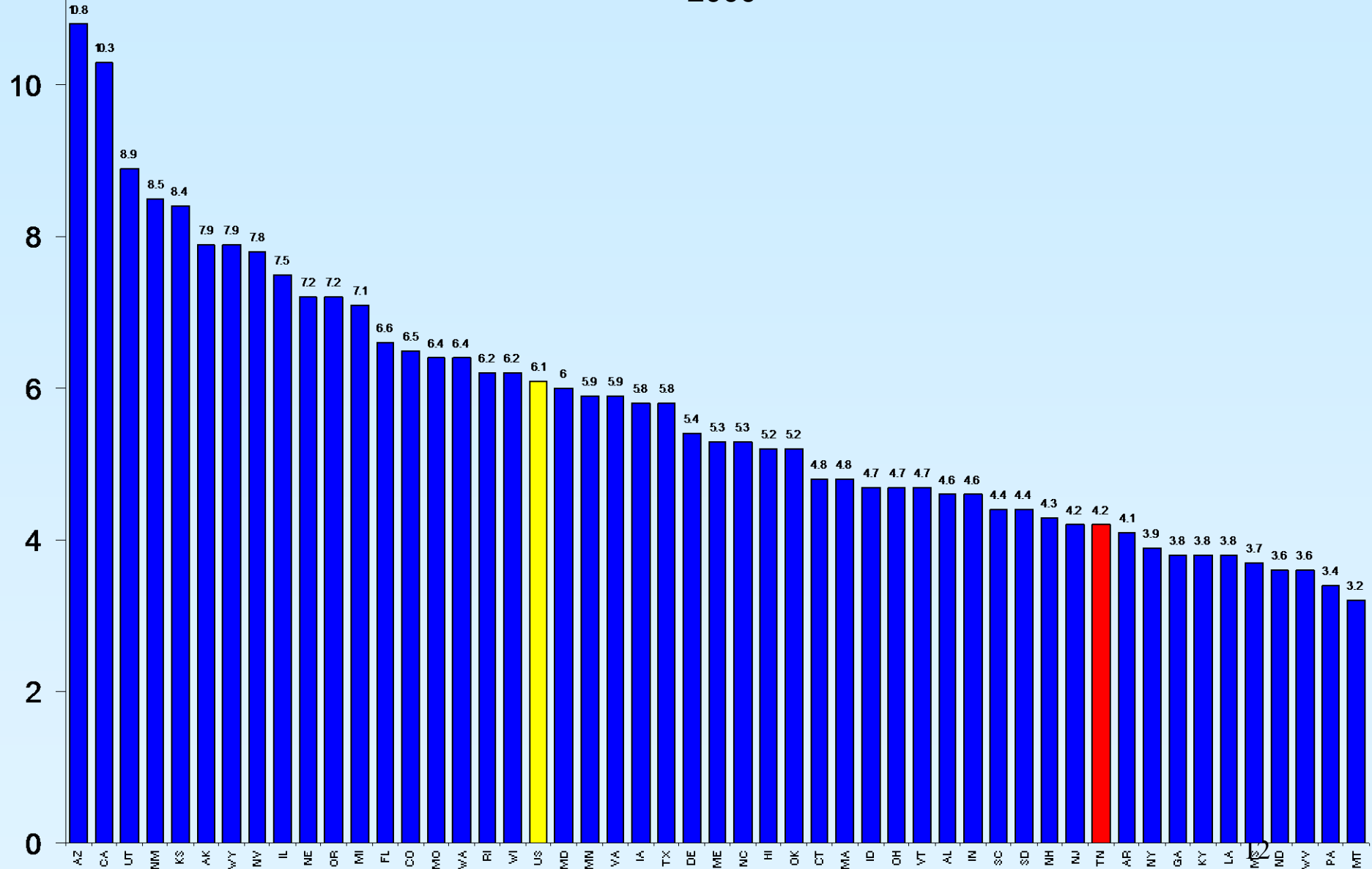
Note: Tennessee number of 18-24 year-olds with less than a high school diploma is 136,079 (24.8% of age group).

Number of GEDs awarded was 6,486 (4.8%).

Source: US Census Bureau, GED Testing Service.

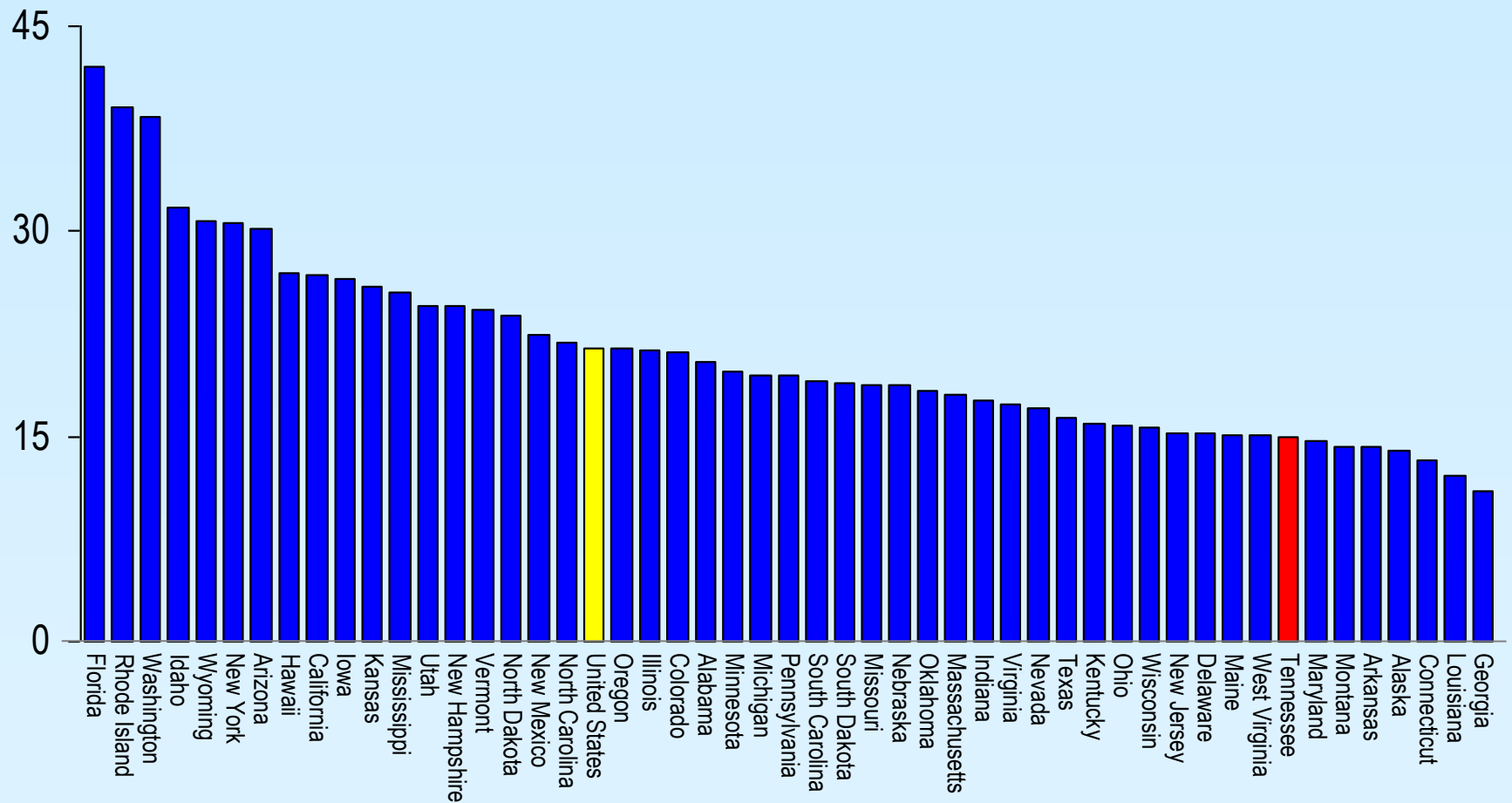
Part-Time Undergraduate Enrollment as a Percent of 25 to 44 Year Olds (%)

2000



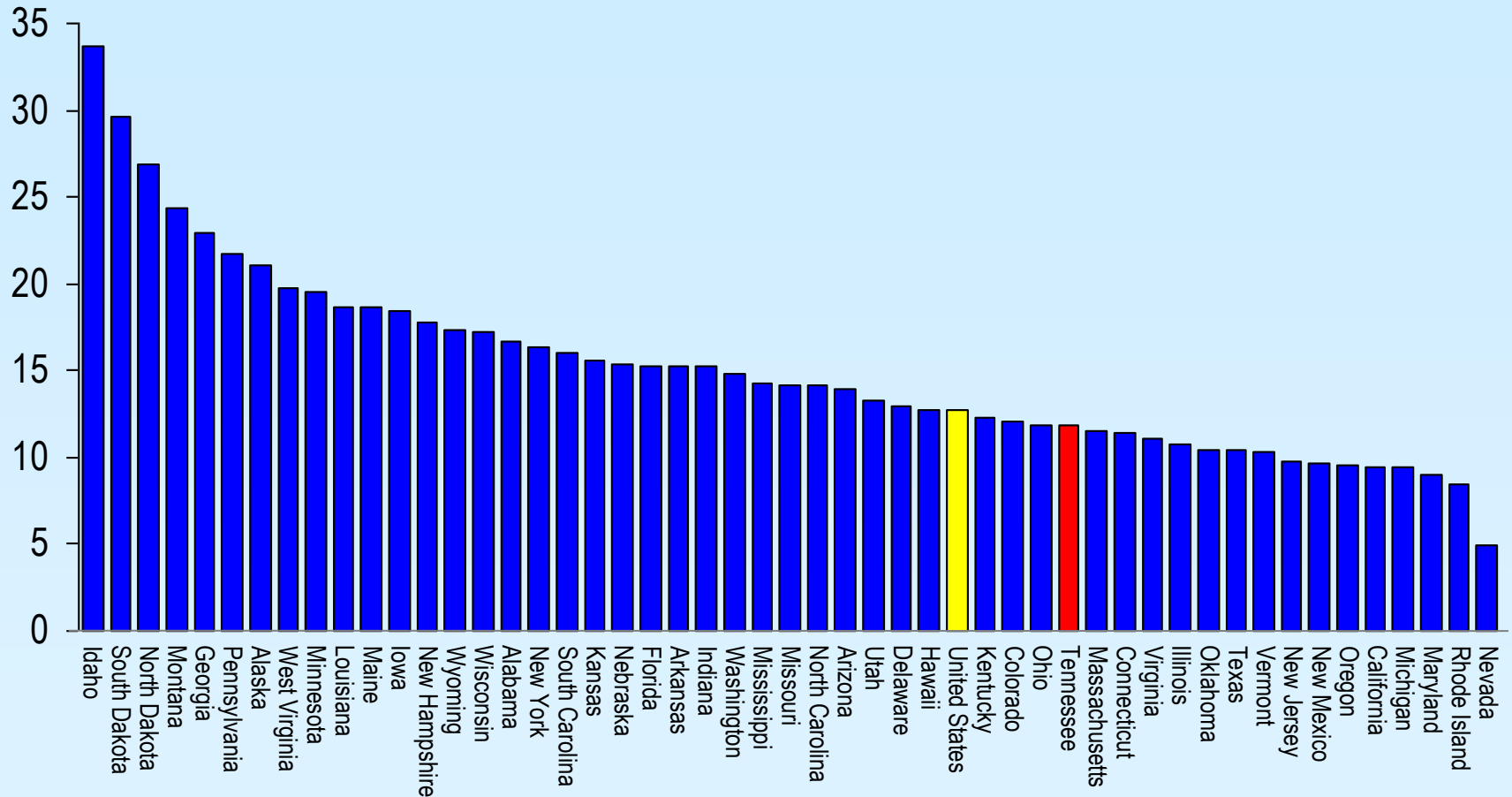
Completion and Degree Production

Associate Degrees Awarded as a Percent of High School Graduates Three Years Earlier (%)—2000



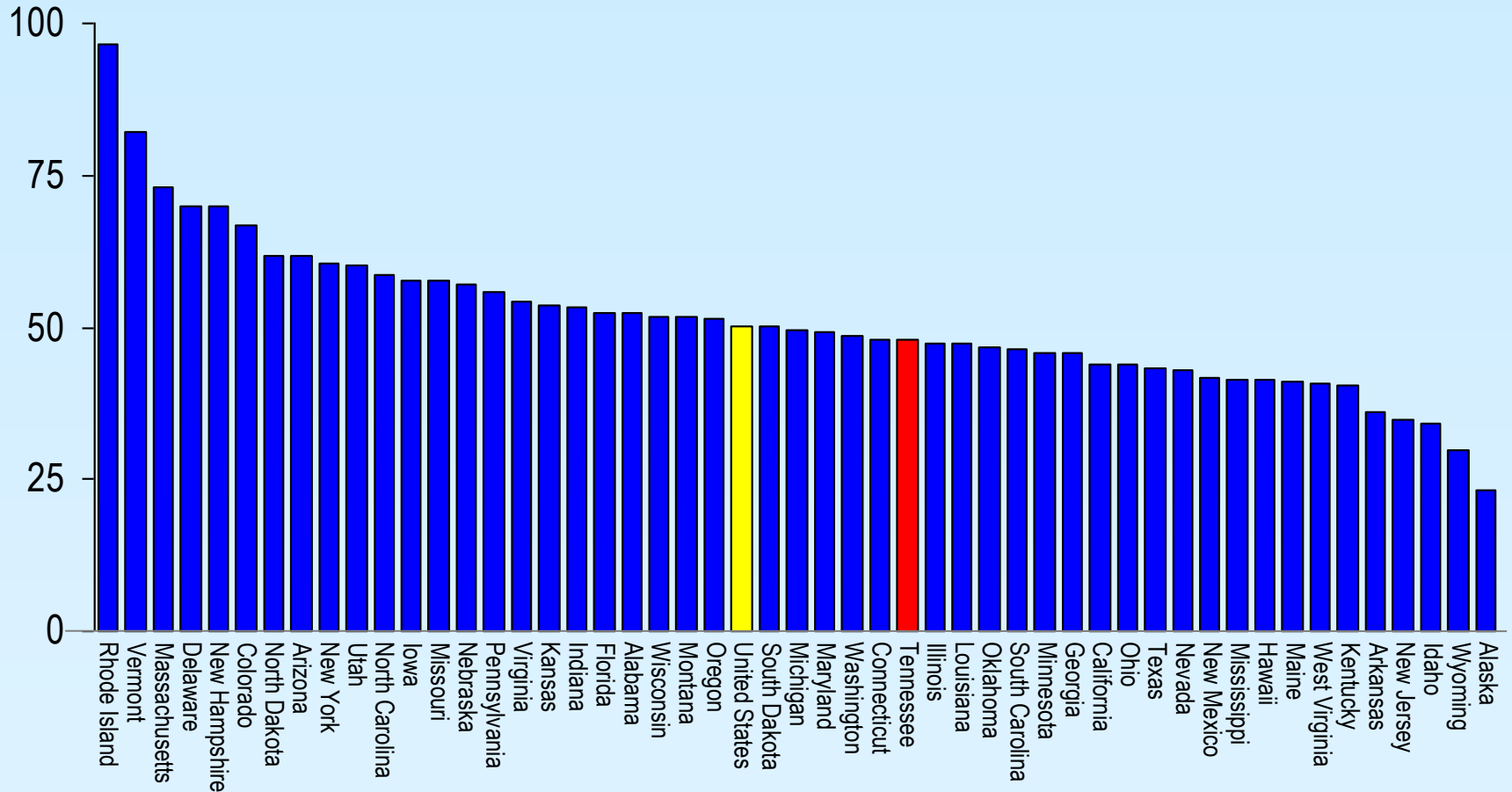
Source: IPEDS Completion and Enrollment Surveys

All Credentials Awarded at Two-Year Colleges per 100 Enrolled—2000



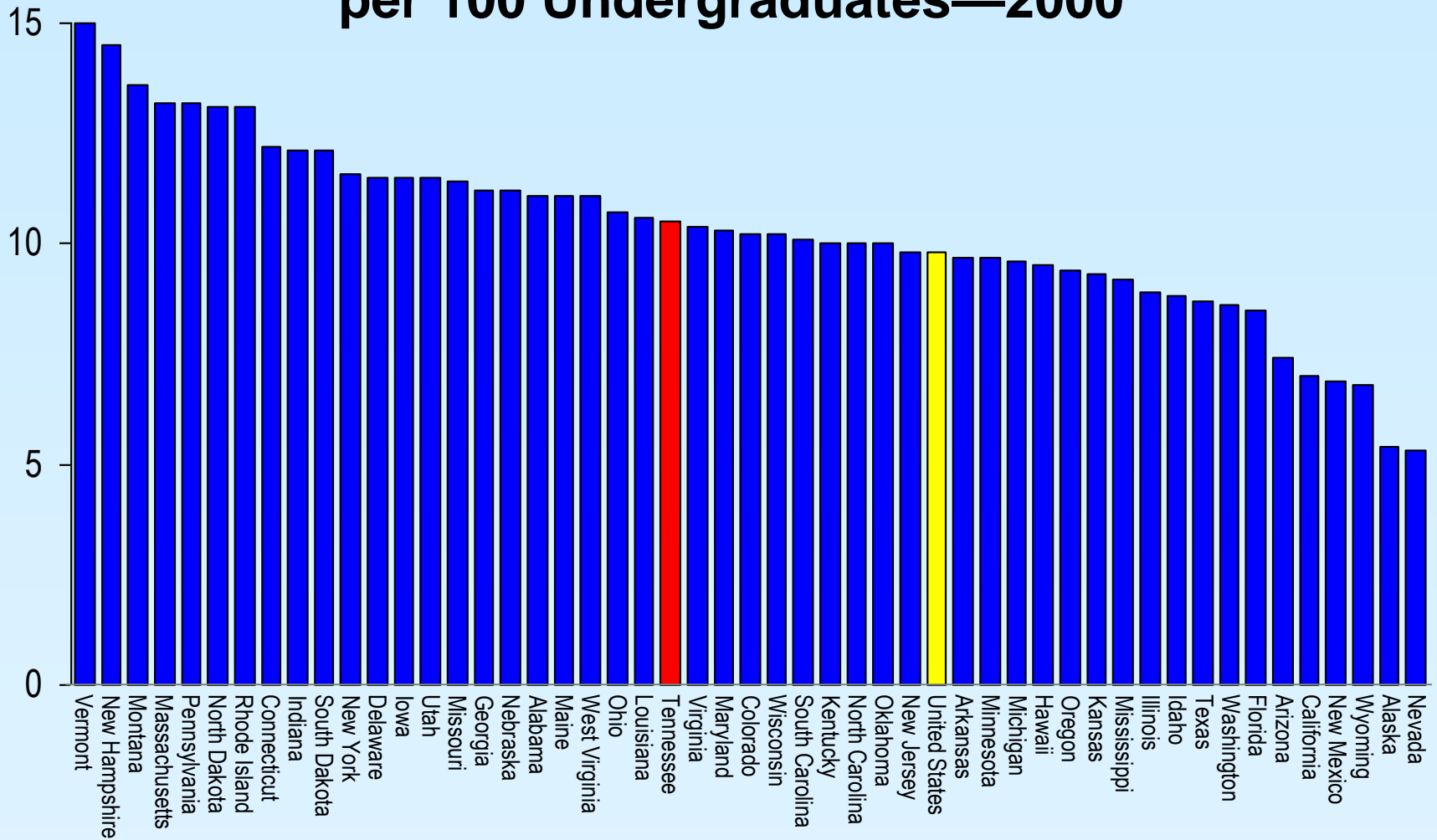
Source: IPEDS Completion and Enrollment Surveys

Bachelor's Degrees Awarded as a Percent of High School Graduates Six Years Earlier (%)—2000



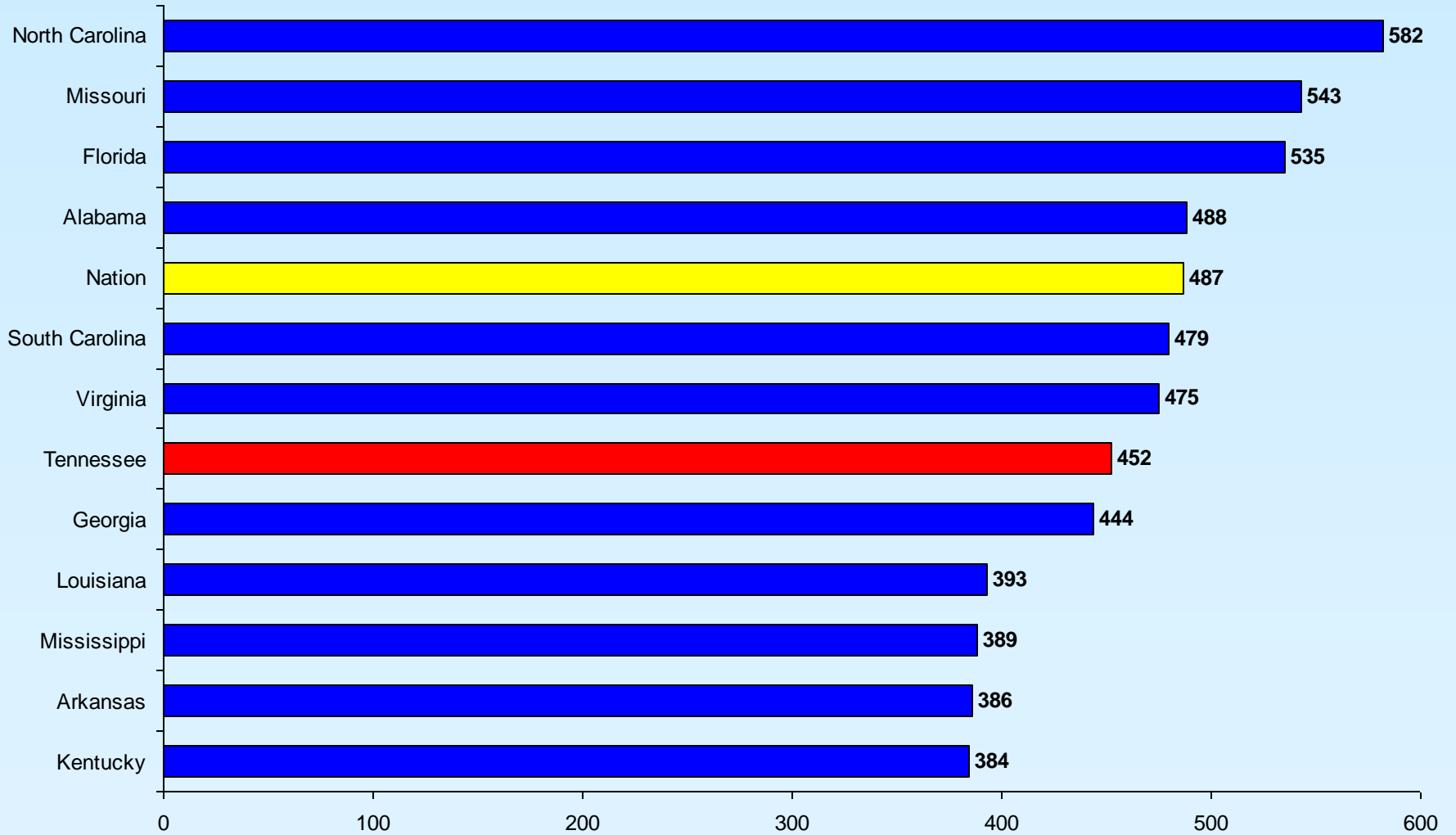
Source: IPEDS Completion and Enrollment Surveys

Bachelor's Degrees Awarded per 100 Undergraduates—2000



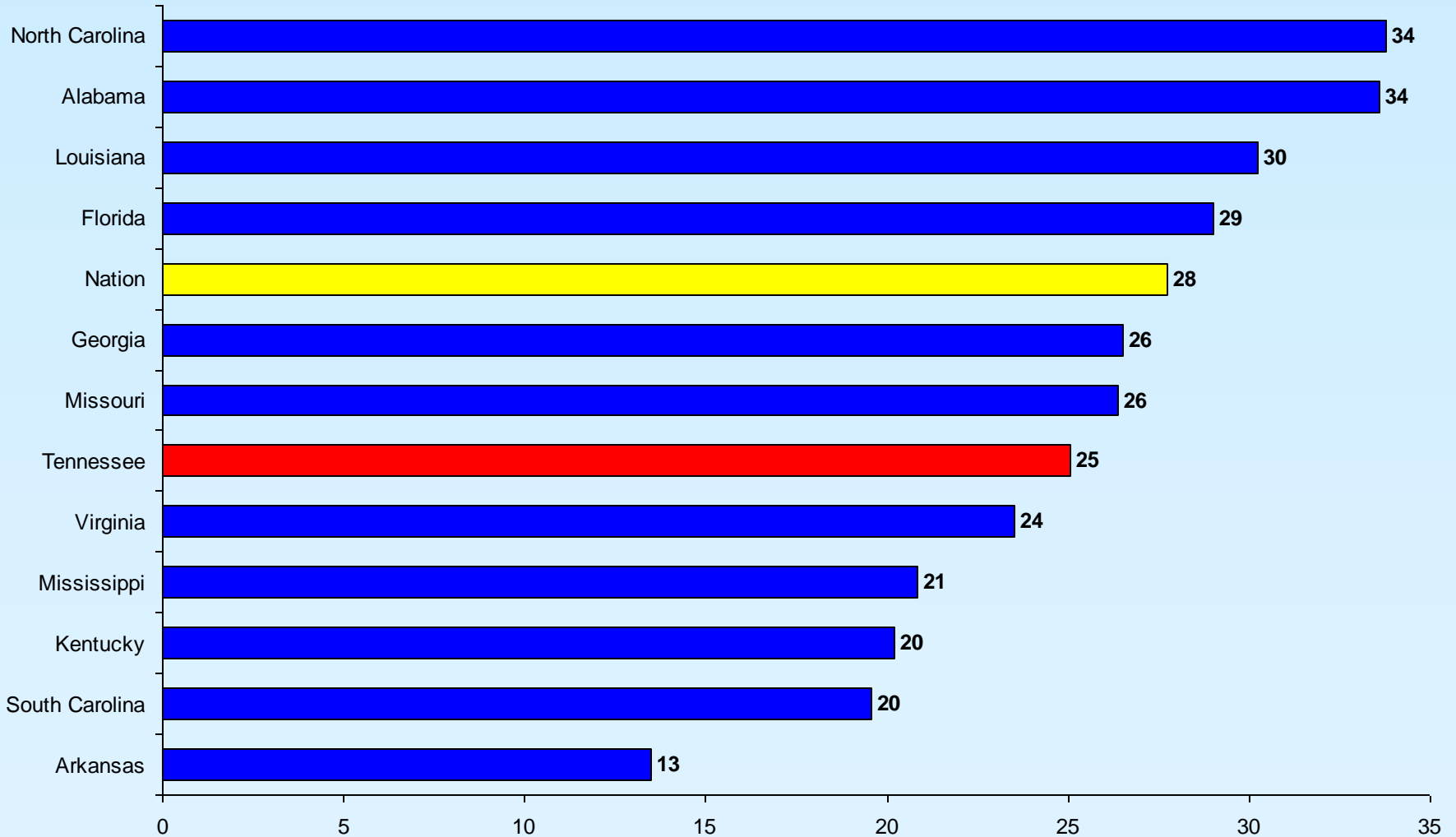
Source: IPEDS Completion and Enrollment Surveys

2000-2001 Baccalaureate Degrees per 1000 High School Graduates Six Years Earlier



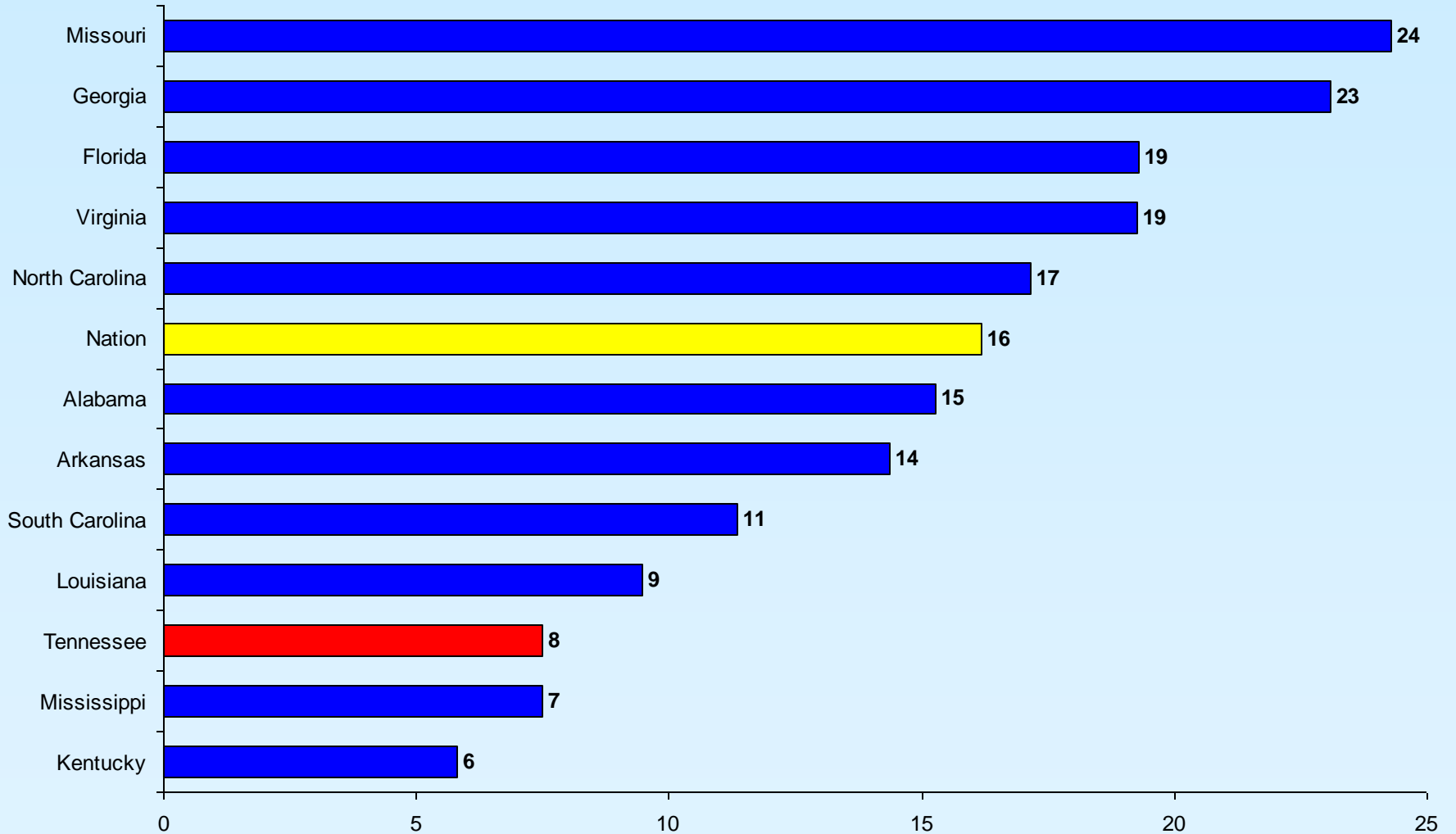
Data Source: 2000-2001 IPEDS Completions. WICHE High School Graduates 1994-1995

2000-2001 Engineering/Engineering Tech Baccalaureate Degrees per 1000 High School Graduates Six Years Earlier



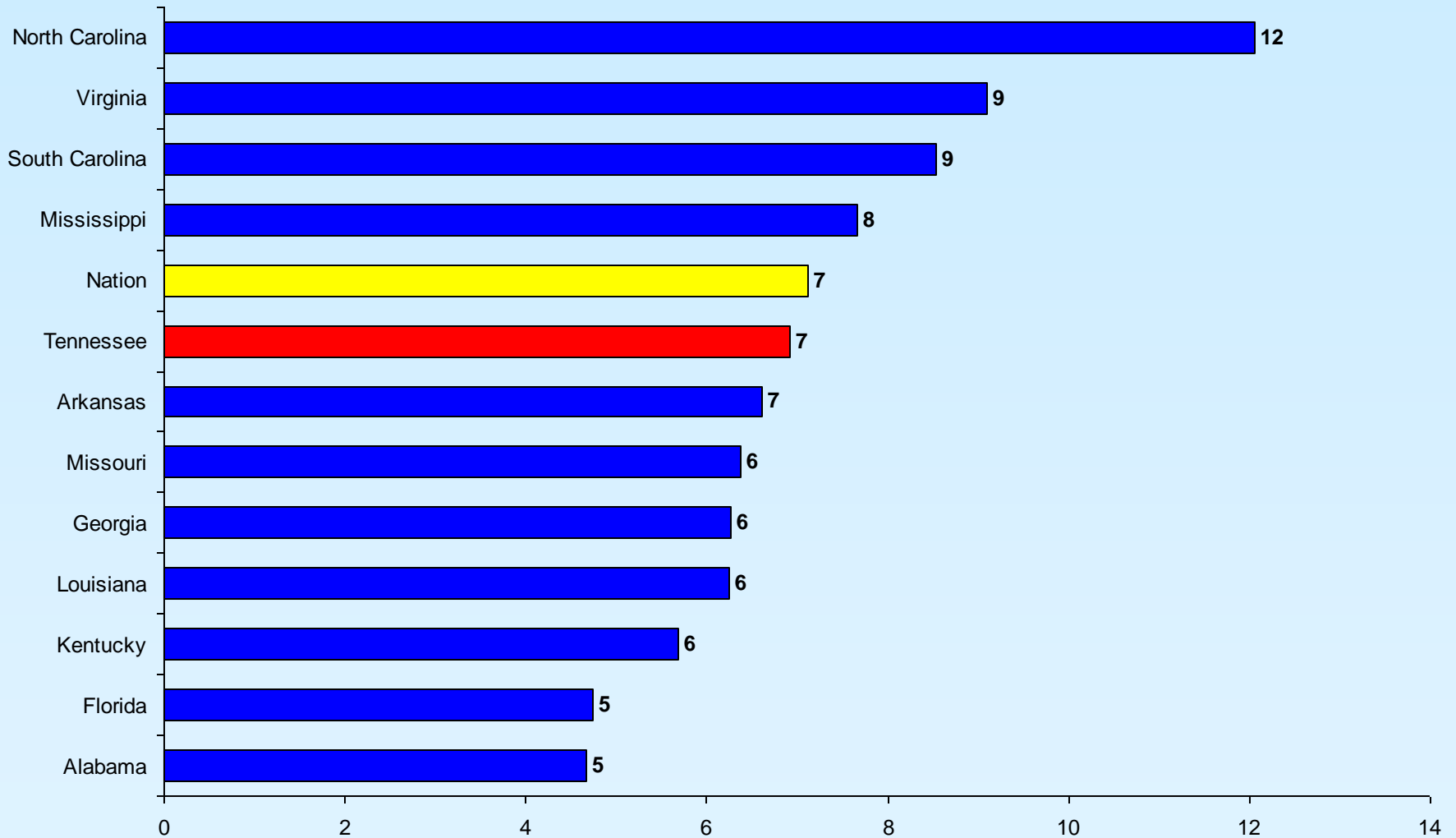
Data Source: 2000-2001 IPEDS Completions. WICHE High School Graduates 1994-1995

2000-2001 Computer/Information Science Baccalaureate Degrees per 1000 High School Graduates Six Years Earlier



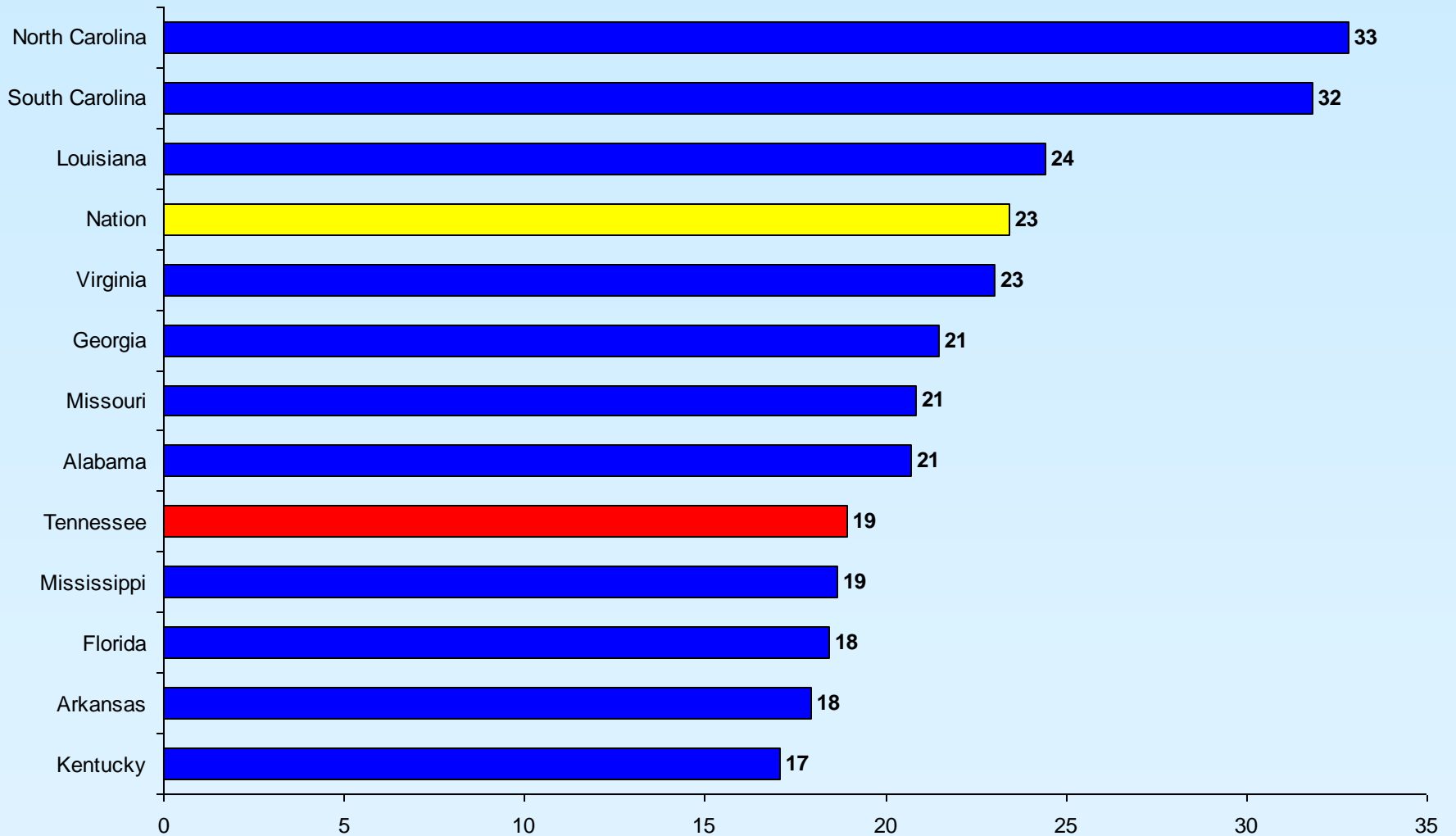
Data Source: 2000-2001 IPEDS Completions. WICHE High School Graduates 1994-1995

2000-2001 Physical Science Baccalaureate Degrees per 1000 High School Graduates Six Years Earlier



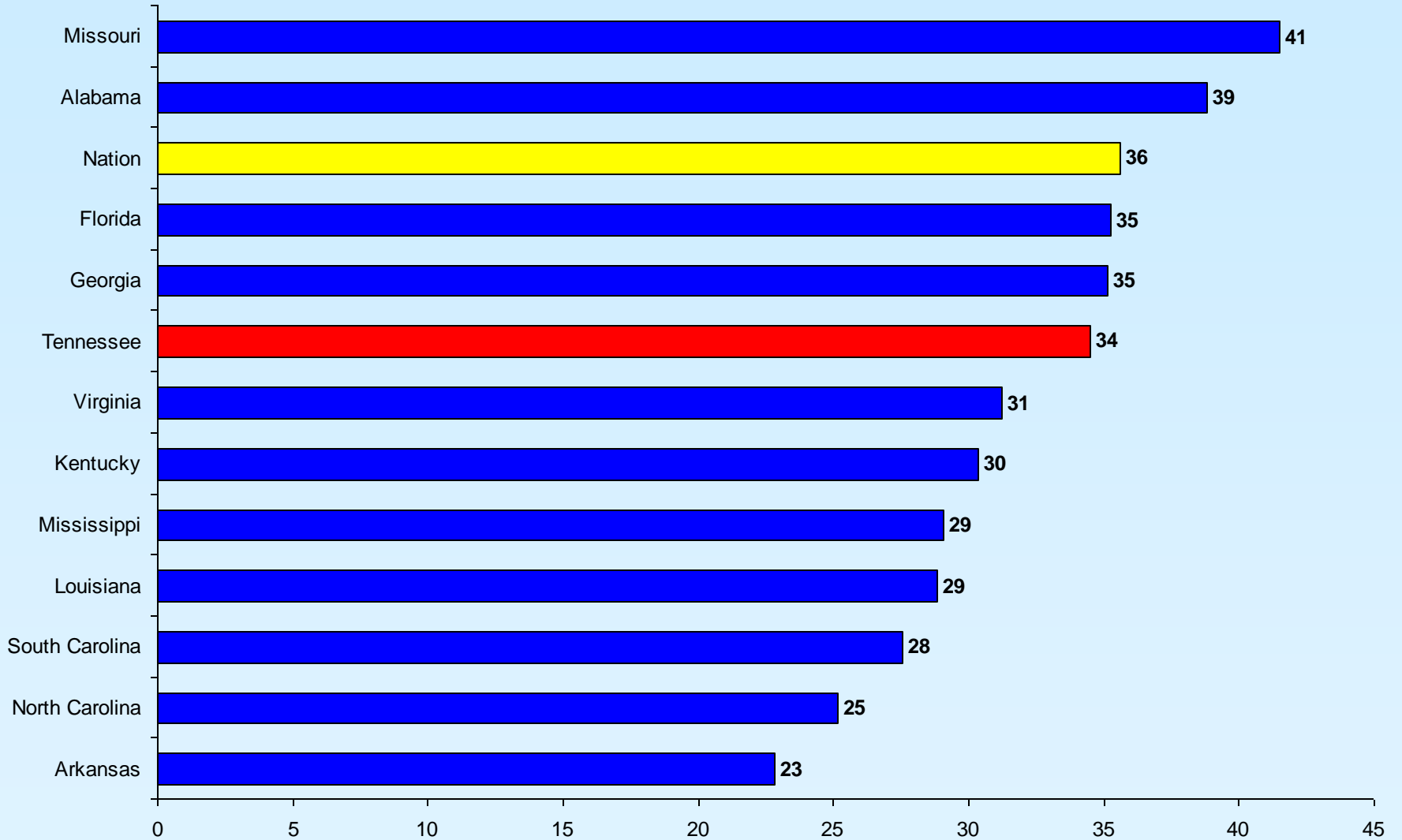
Data Source: 2000-2001 IPEDS Completions. WICHE High School Graduates 1994-1995

2000-2001 Life Science Baccalaureate Degrees per 1000 High School Graduates Six Years Earlier



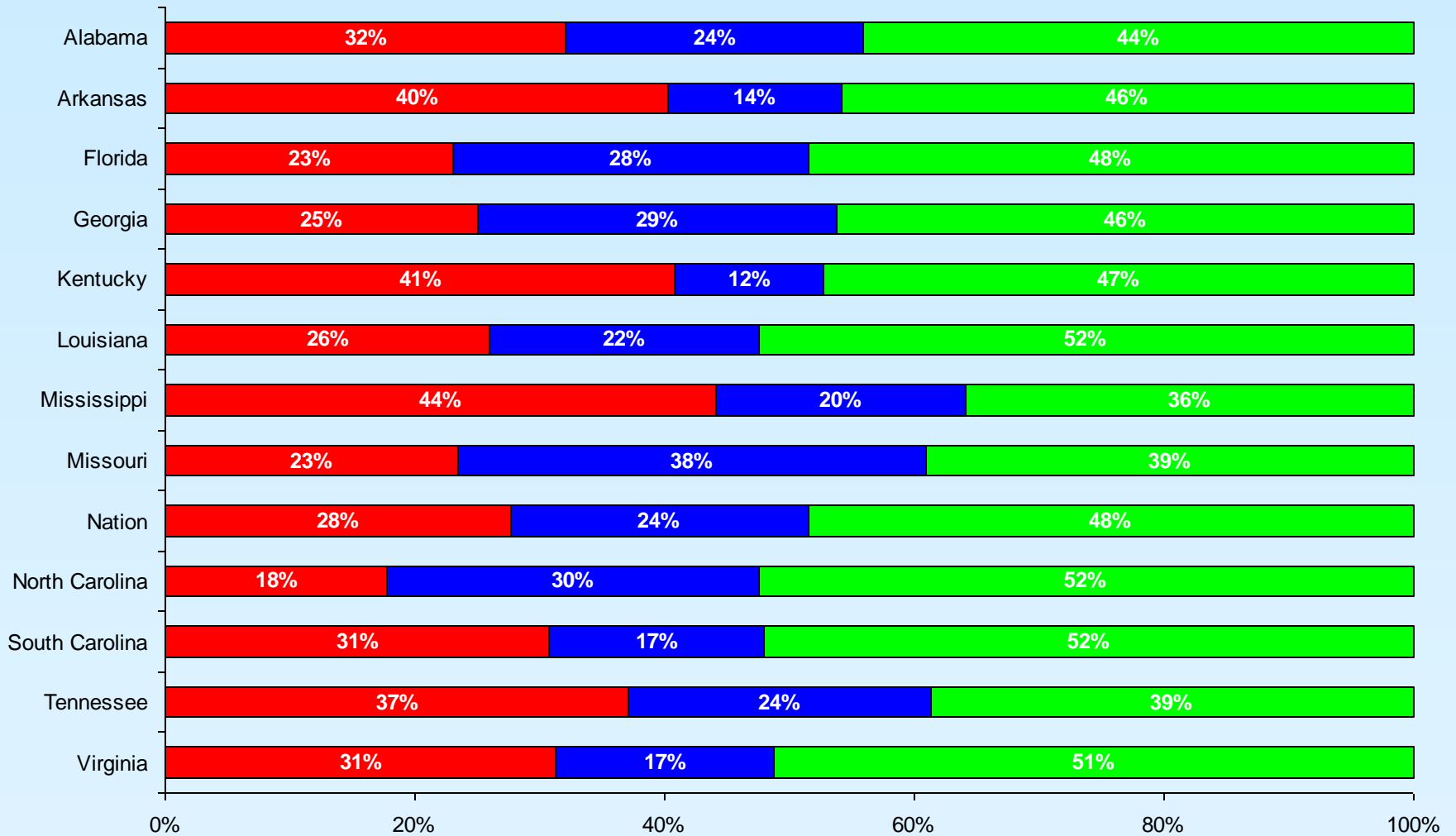
Data Source: 2000-2001 IPEDS Completions. WICHE High School Graduates 1994-1995

Masters Degrees per 100 Baccalaureate Degrees, 2000-2001



Data Source: 2000-2001 IPEDS Completions.

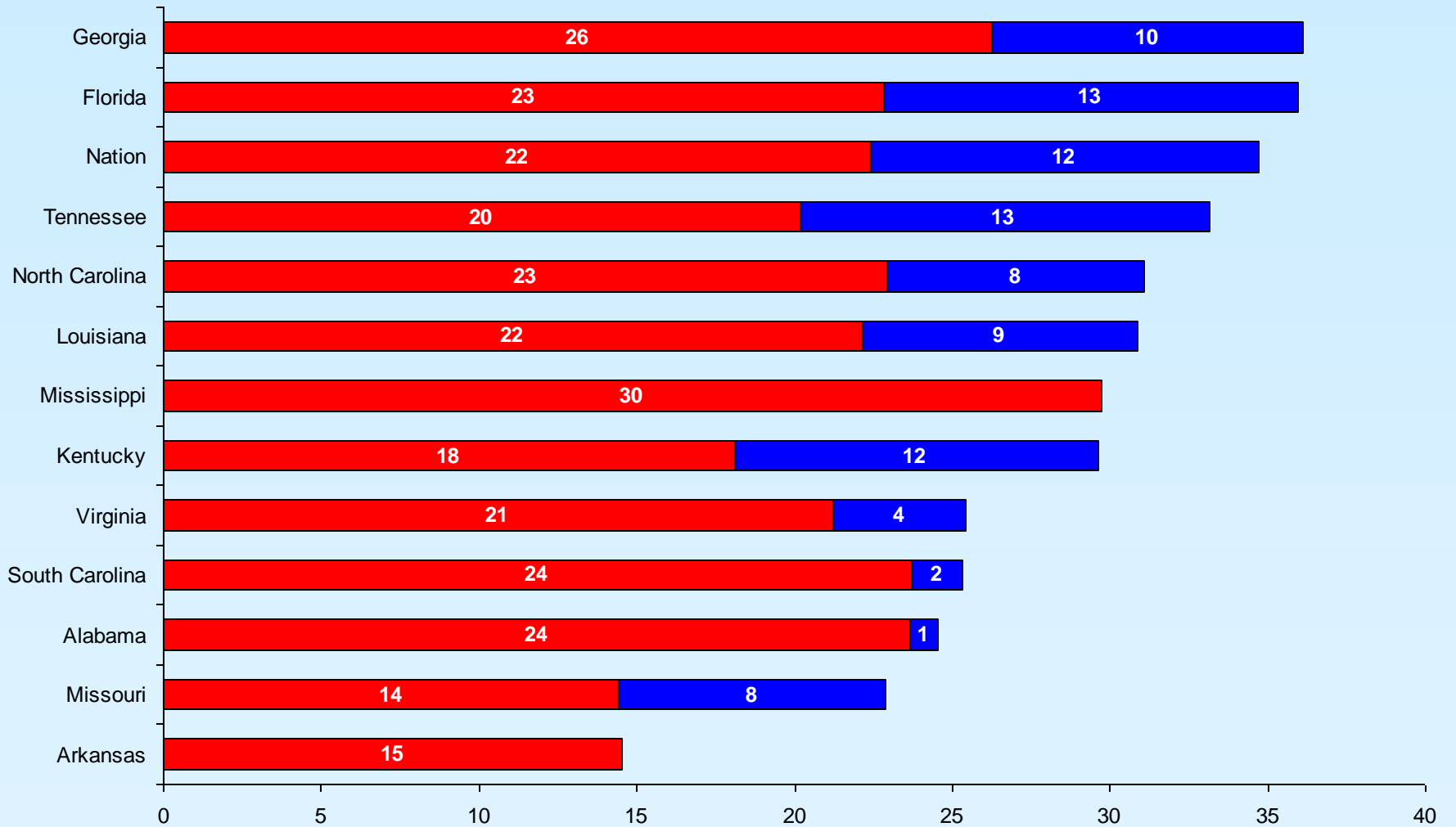
Masters Degrees, 2000-2001



Data Source: 2000-2001 IPEDS Completions.

■ % Education ■ % Business ■ % All Other

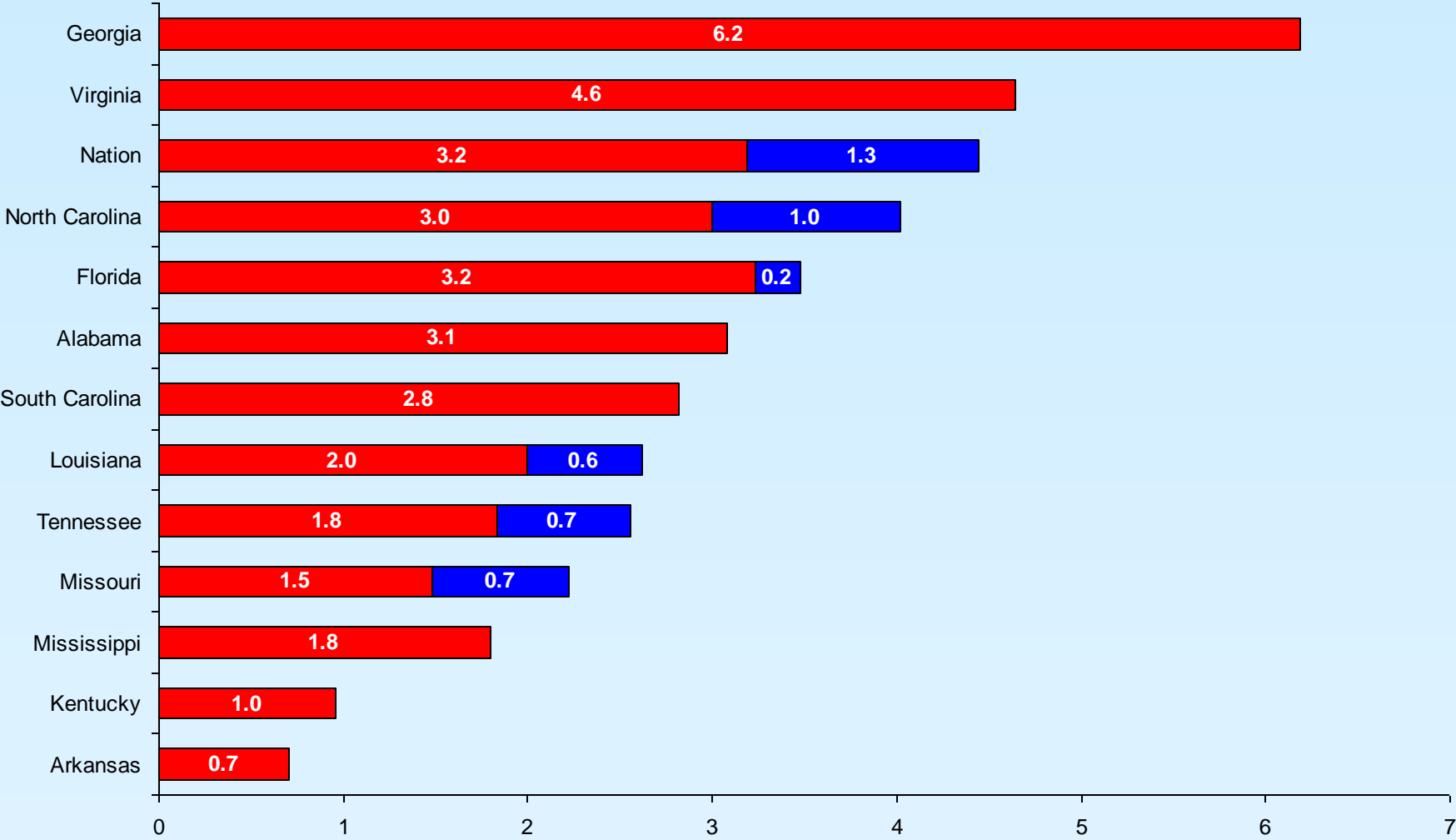
2000-2001 Doctorate Degrees per 1000 Baccalaureate Degrees



Data Source: 2000-2001 IPEDS Completions.

Public Private

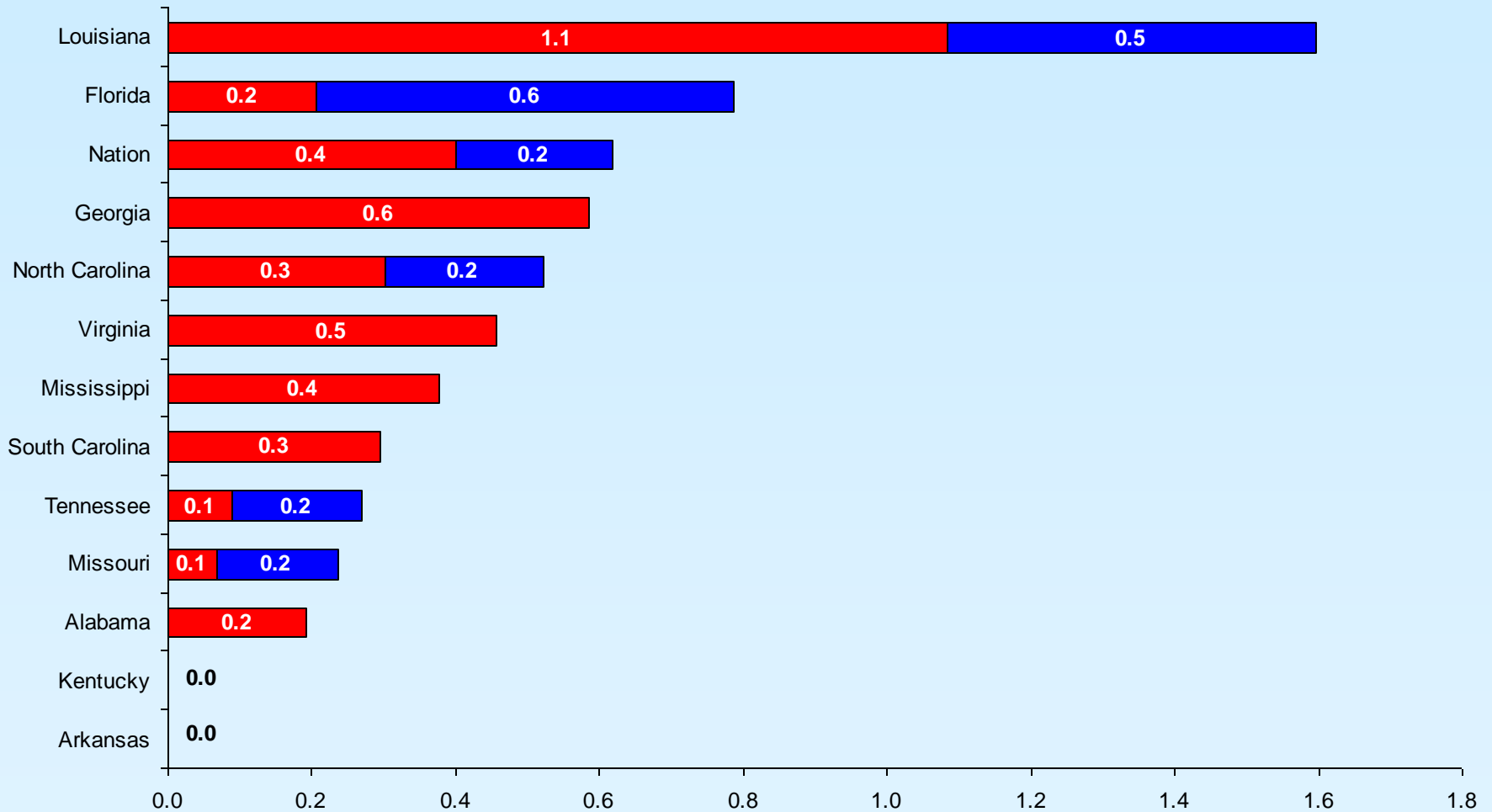
Engineering Doctorate Degrees per 1000 Baccalaureate Degrees, 2000-2001



Data Source: 2000-2001 IPEDS Completions.

Public Private

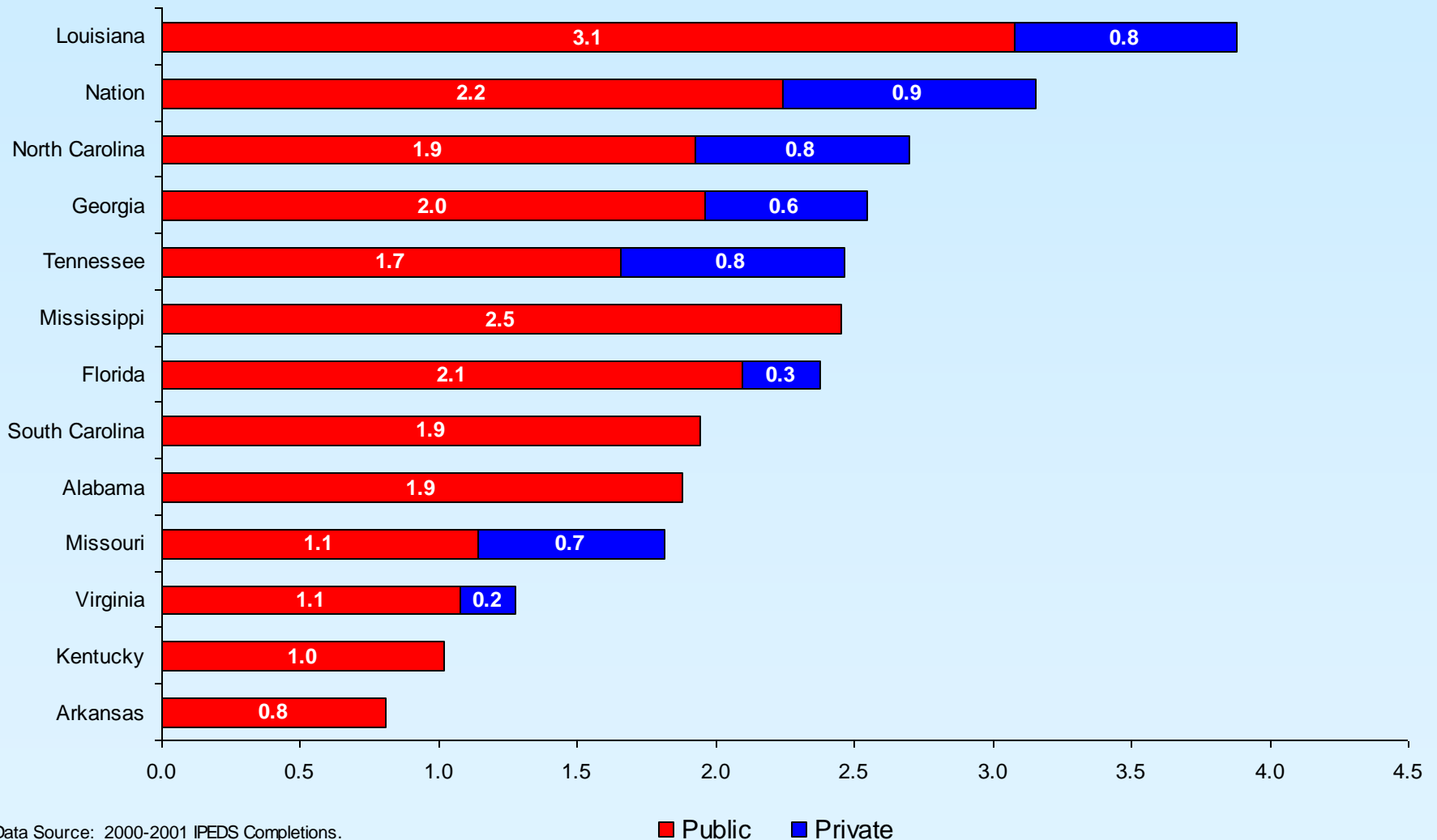
Computer/Information Science Doctorate Degrees per 1000 Baccalaureate Degrees, 2000-2001



Data Source: 2000-2001 IPEDS Completions.

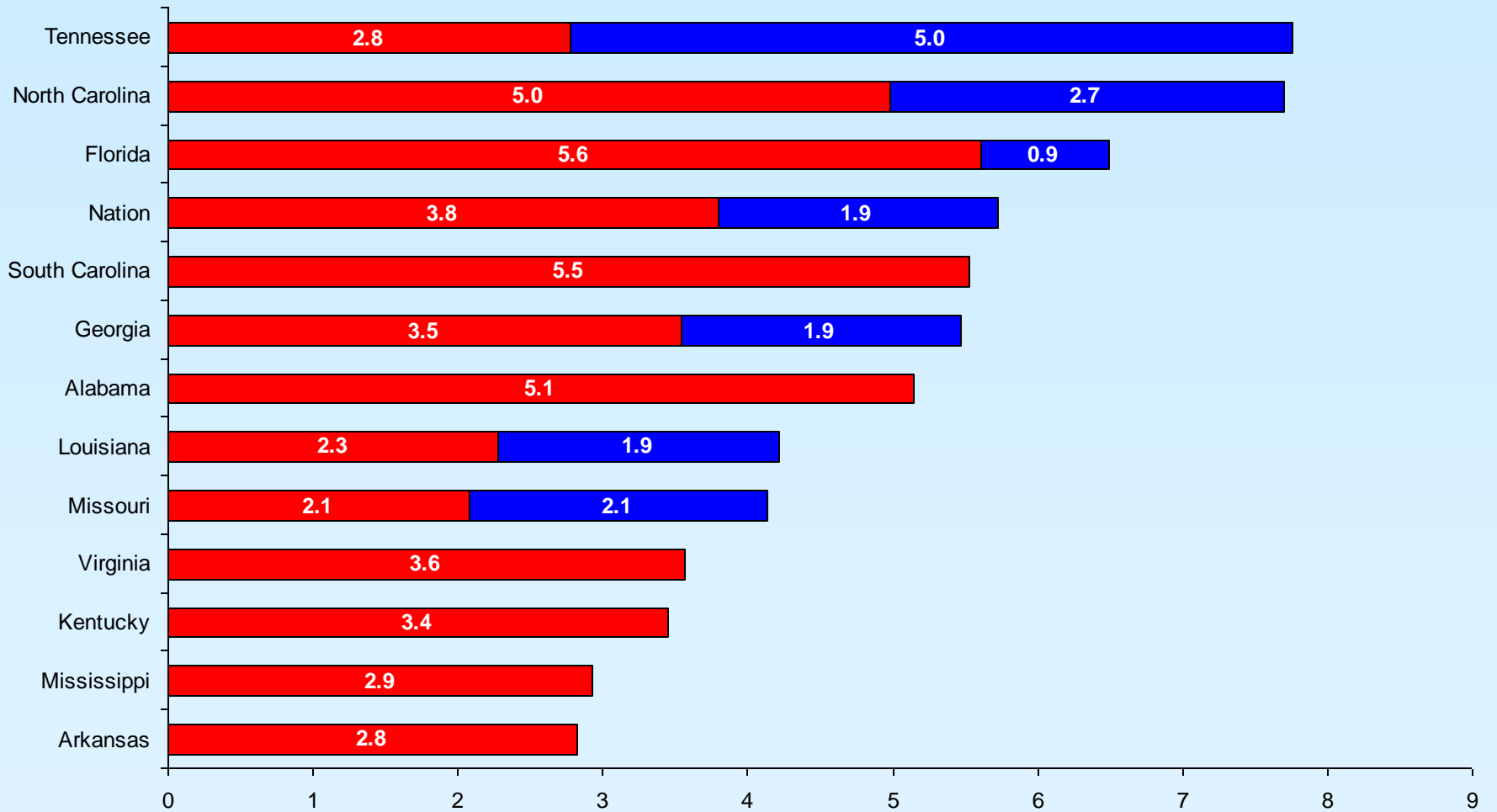
Public Private

Physical Science Doctorate Degrees per 1000 Baccalaureate Degrees 2000-2001



Data Source: 2000-2001 IPEDS Completions.

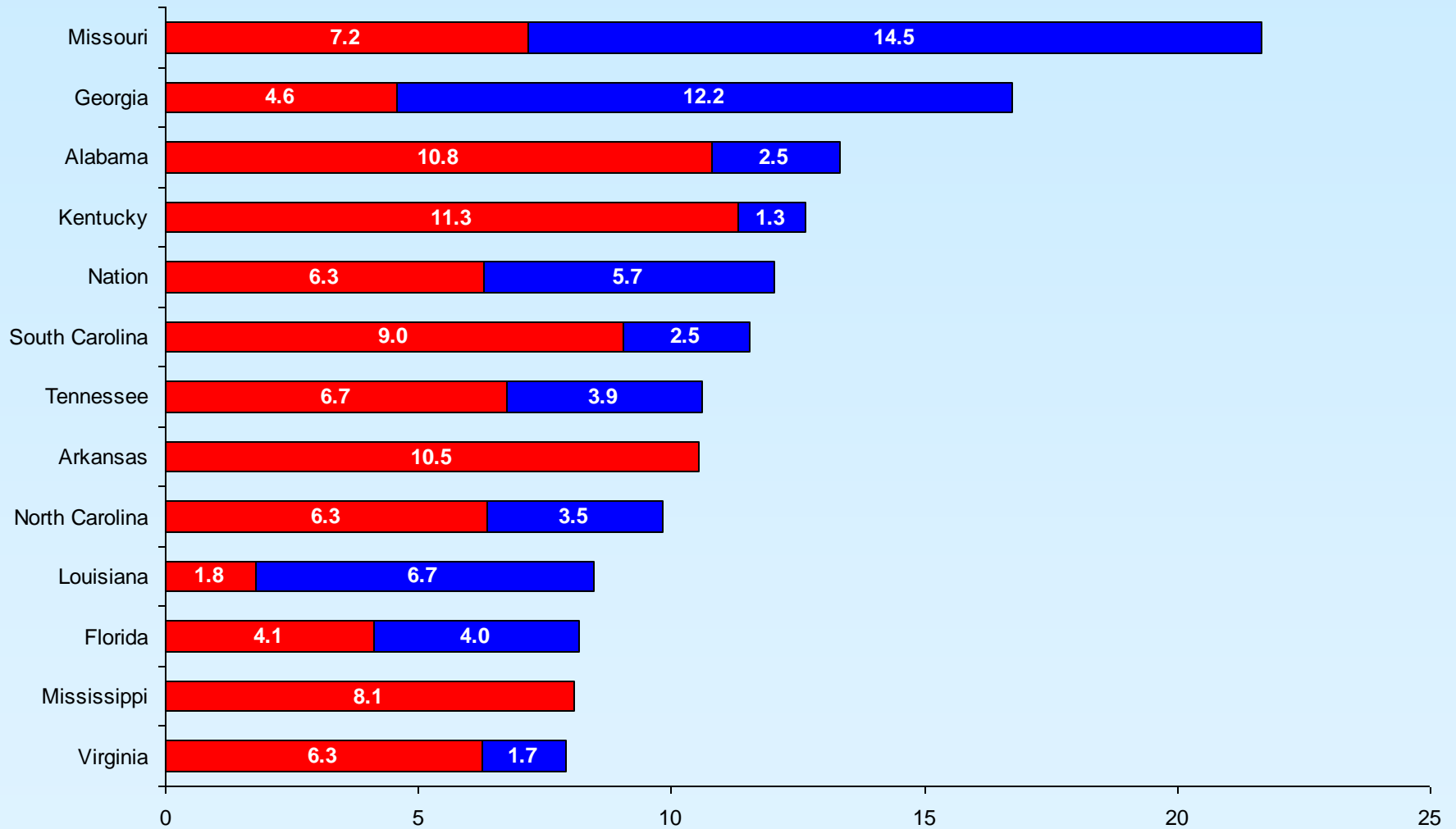
Life/Medical Science Doctorate Degrees per 1000 Baccalaureate Degrees, 2000-2001



Data Source: 2000-2001 IPEDS Completions.

Public Private

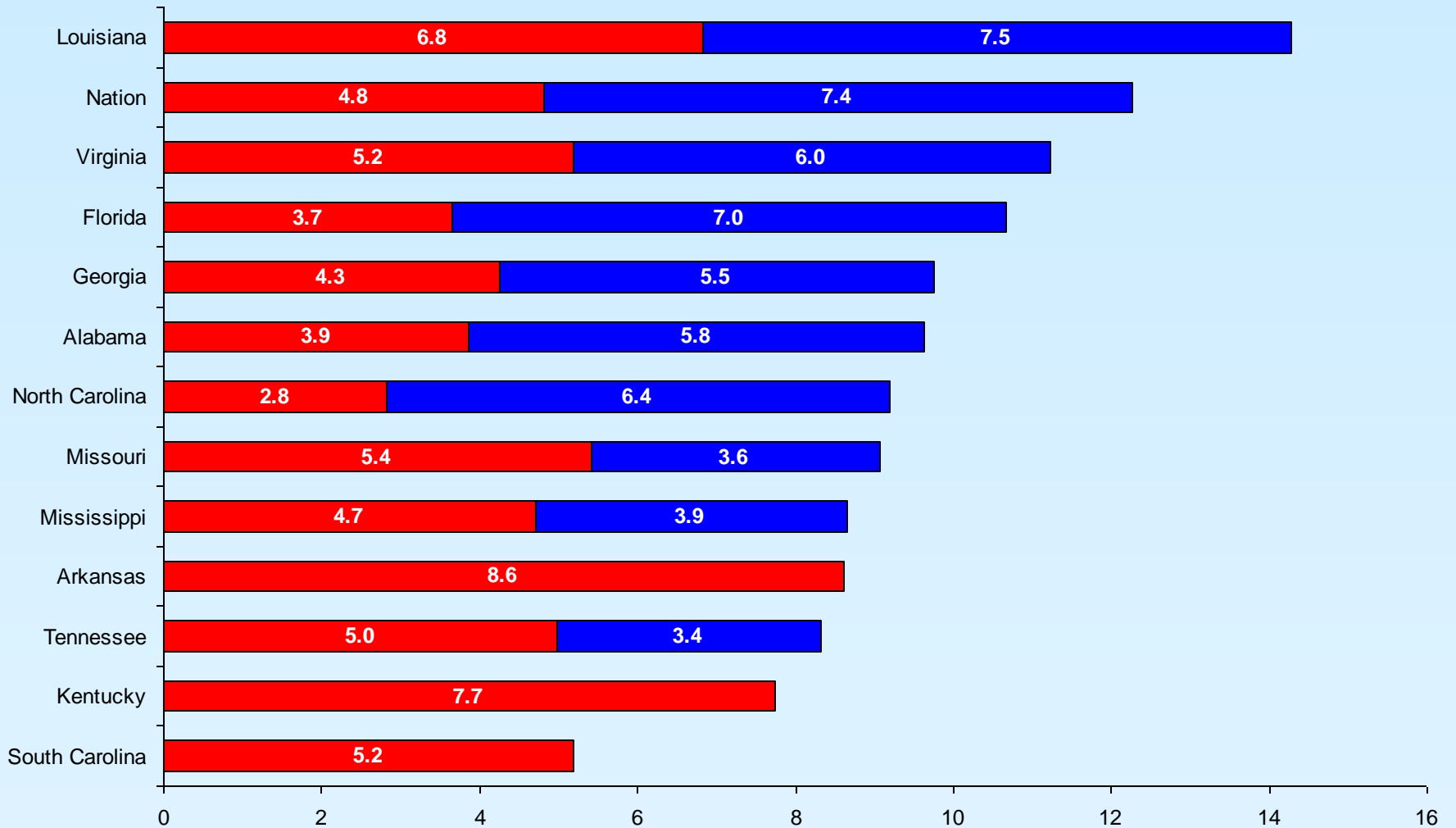
First Professional Medical Degrees per 100,000 Residents, 2000-2001



Data Source: 2000 Census. IPEDS 2000-2001 Completions.

Public Private

First Professional Law Degrees per 100,000 Residents, 2000-2001



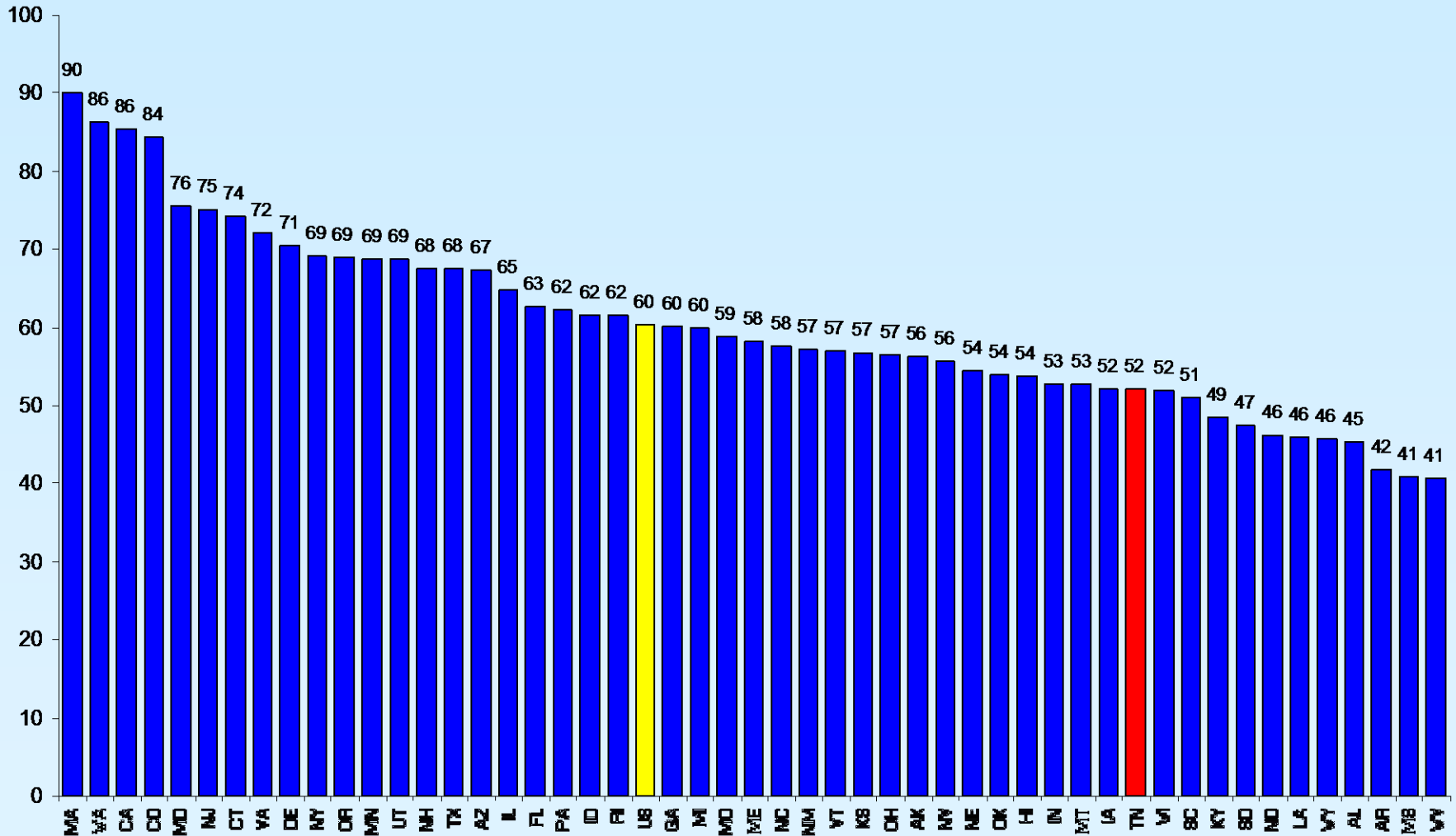
Data Source: 2000 Census. IPEDS 2000-2001 Completions.

Public Private

Economic Development

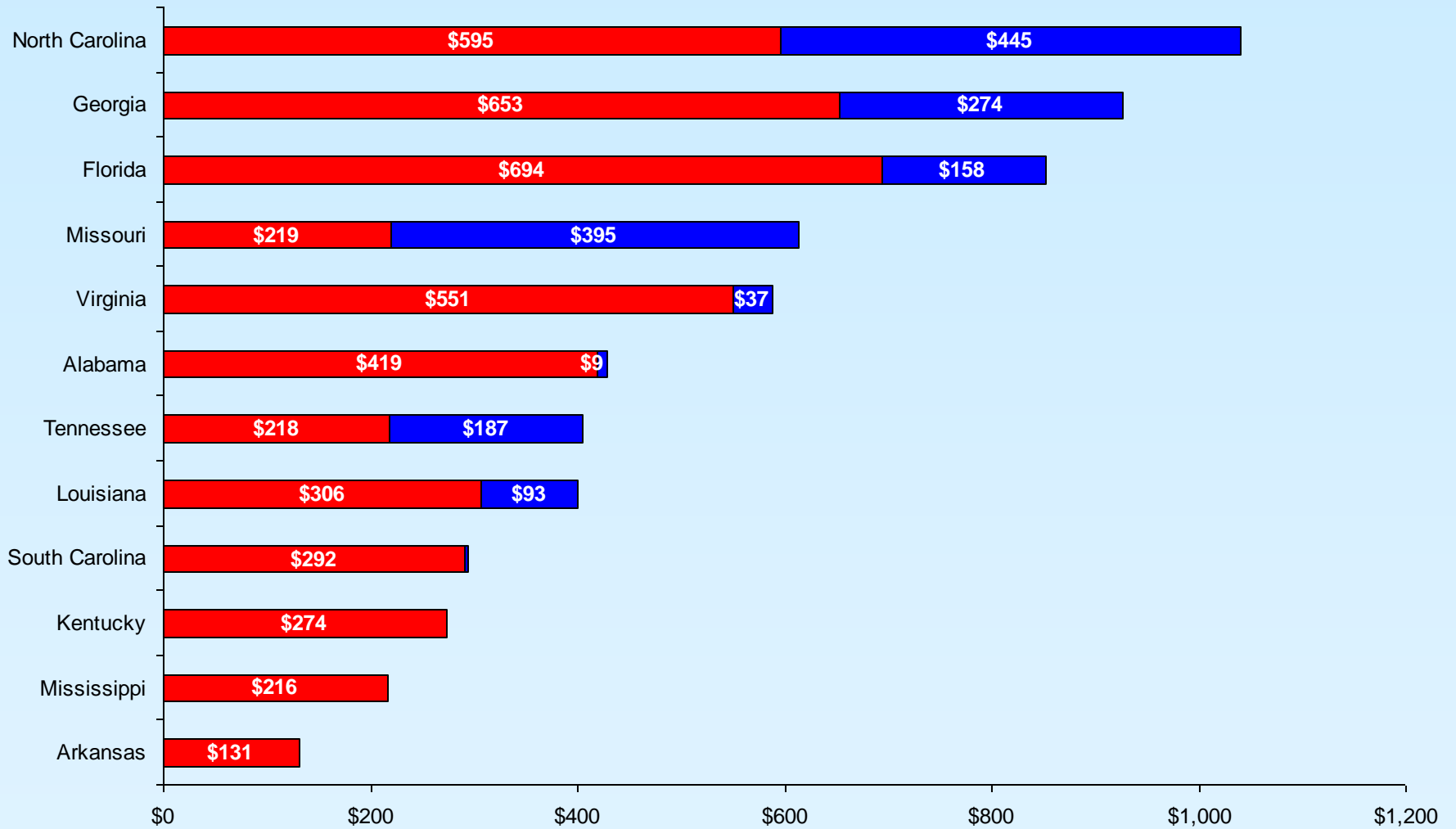
Comparative Indices

"New Economy Index" - Index Scores Progressive Policy Institute, 2000



Research

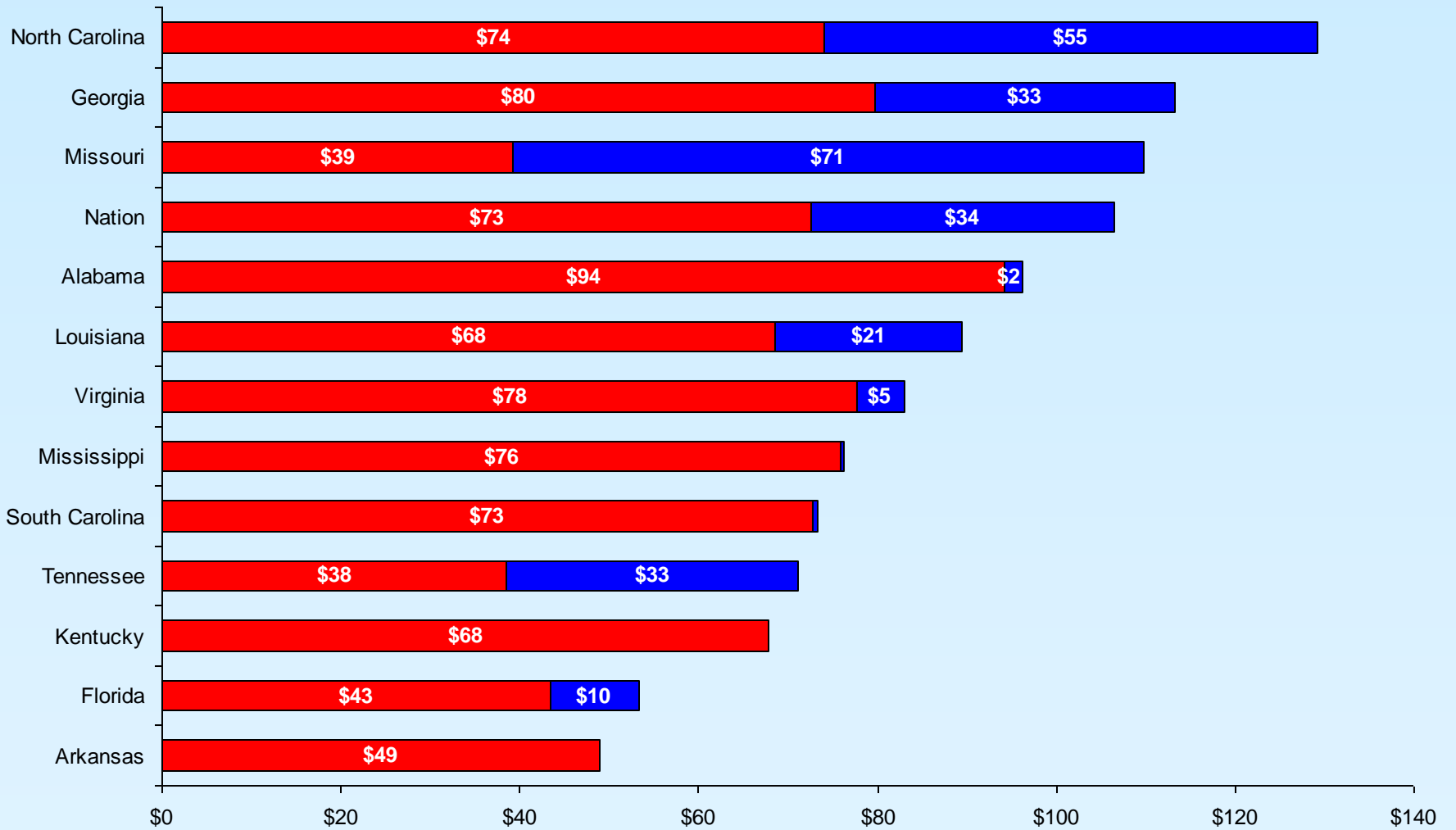
Total R&D (Millions of Dollars), 2000



Source: The National Science Foundation.

Public Private

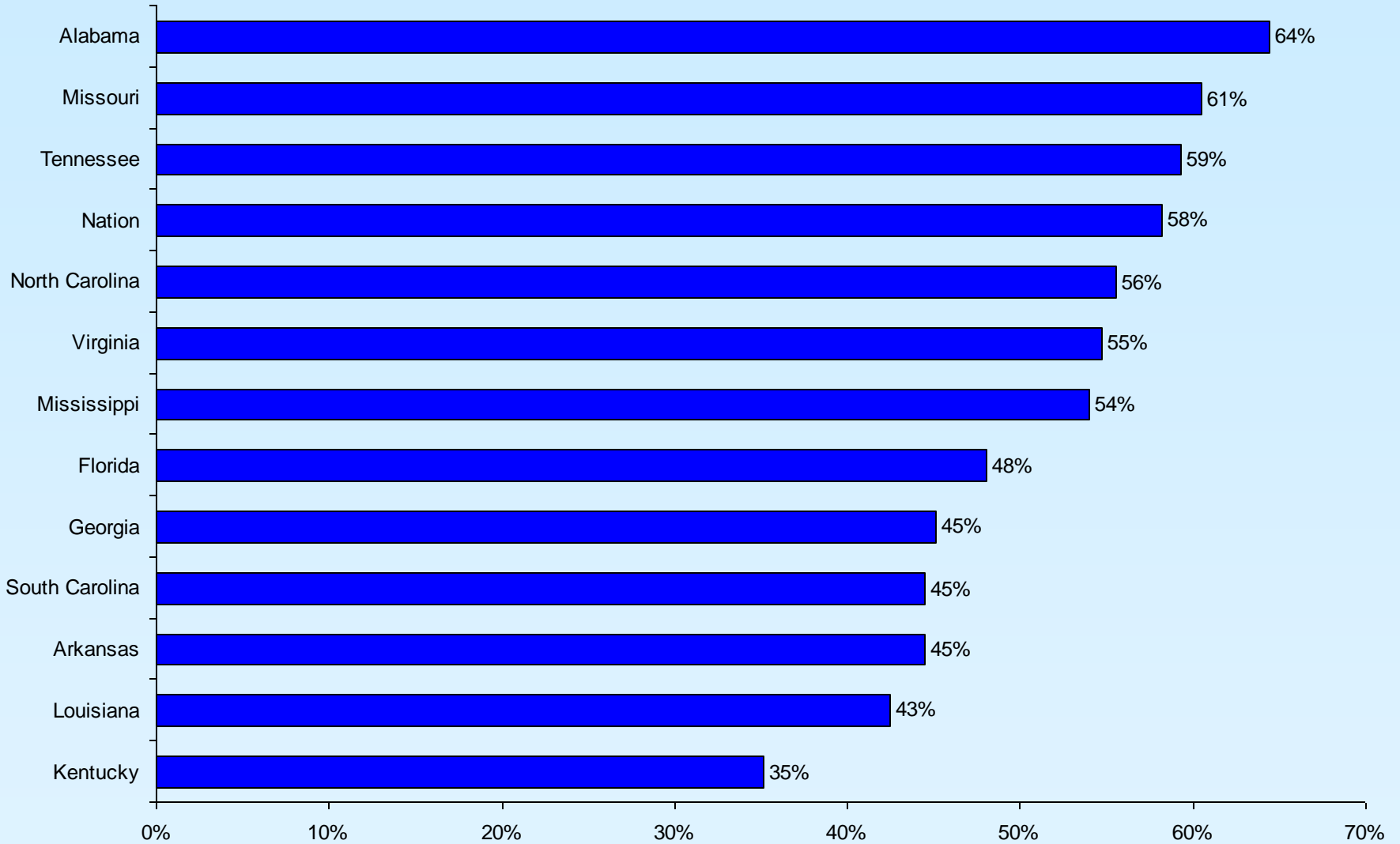
Total R&D Per Capita, 2000



Source: The National Science Foundation.

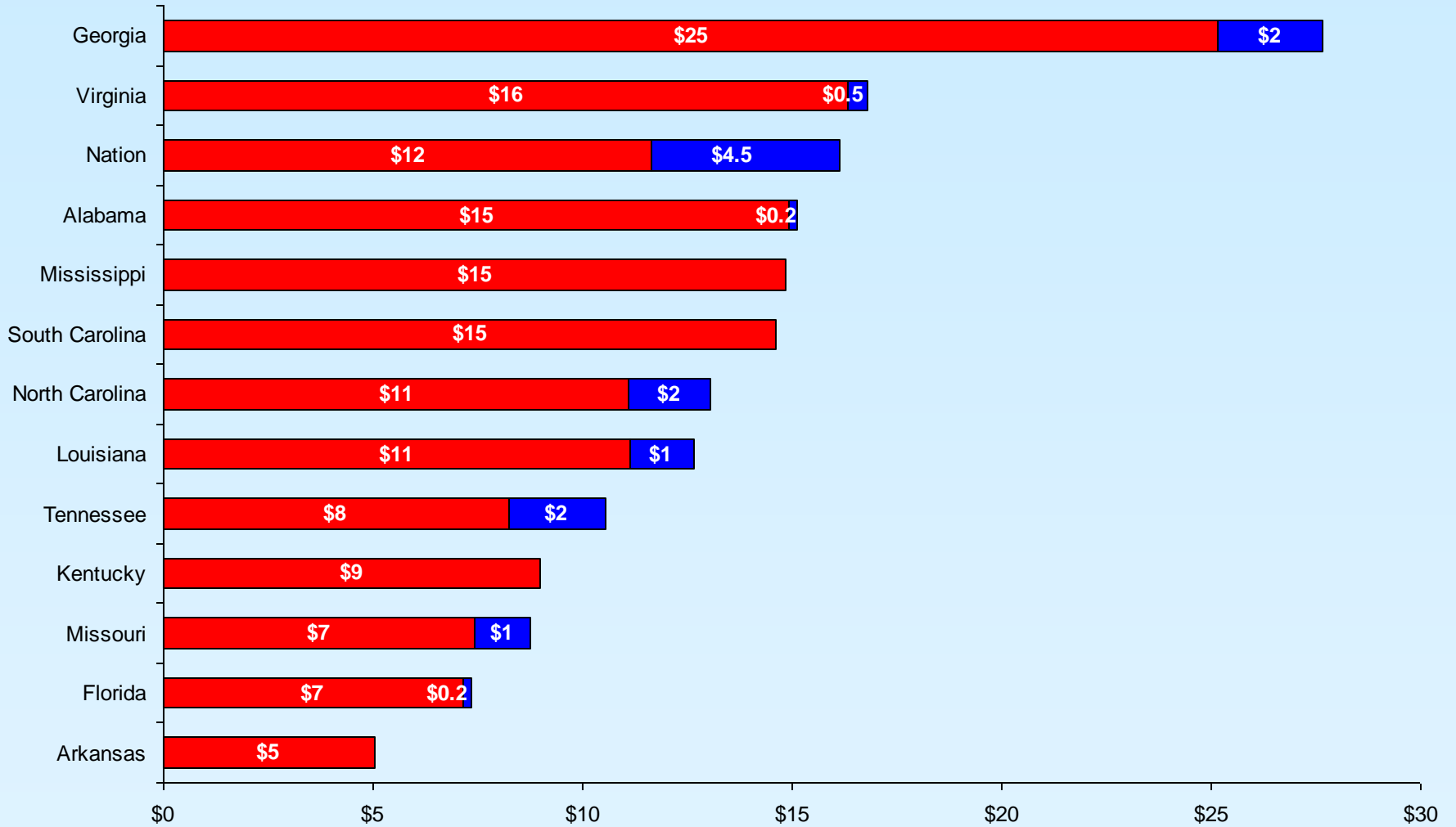
Public Private

Federal R&D as a Percent of Total R&D, 2000



Source: The National Science Foundation.

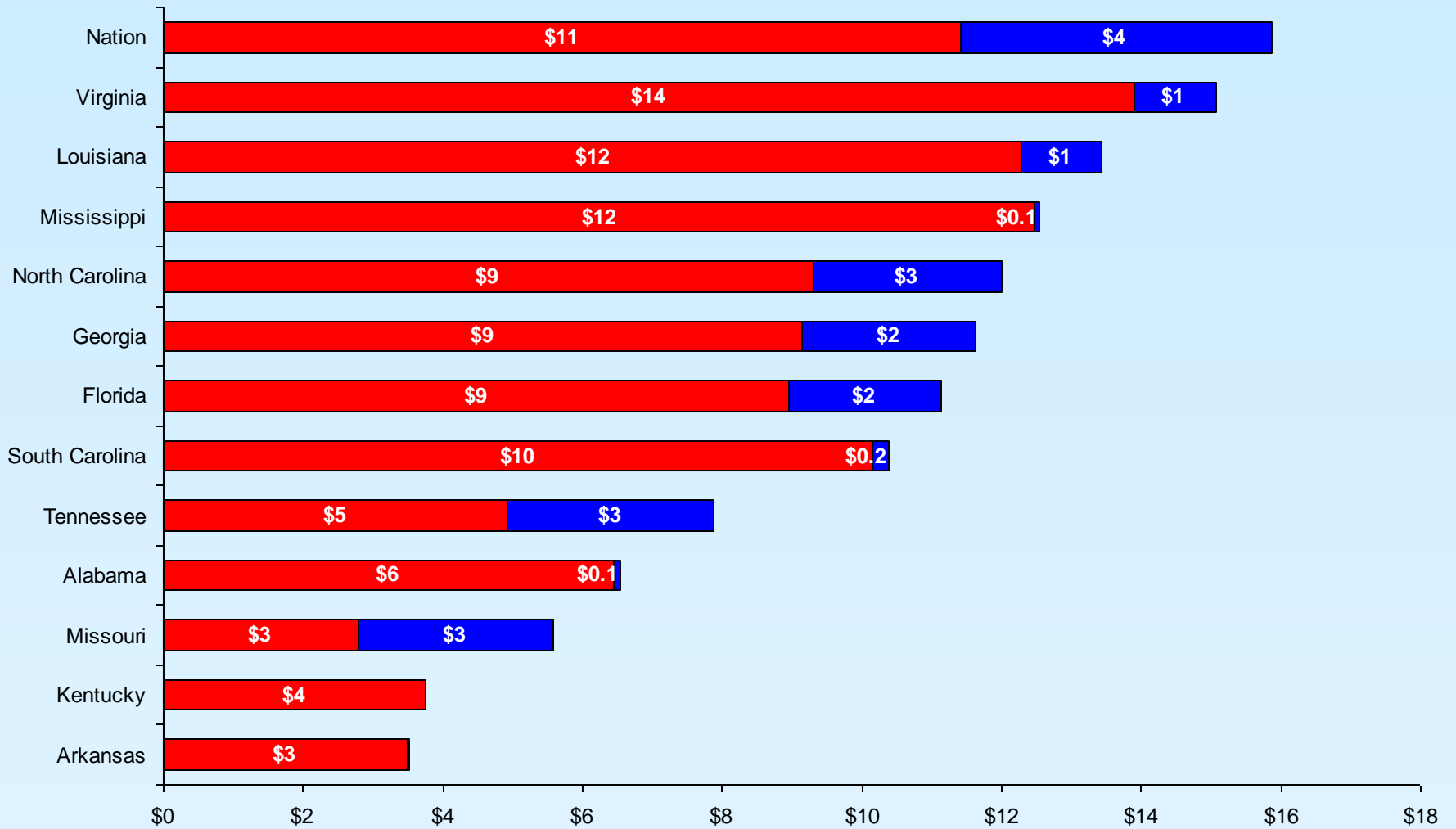
Engineering R&D Per Capita, 2000



Source: The National Science Foundation. US Census Bureau.

Public Private

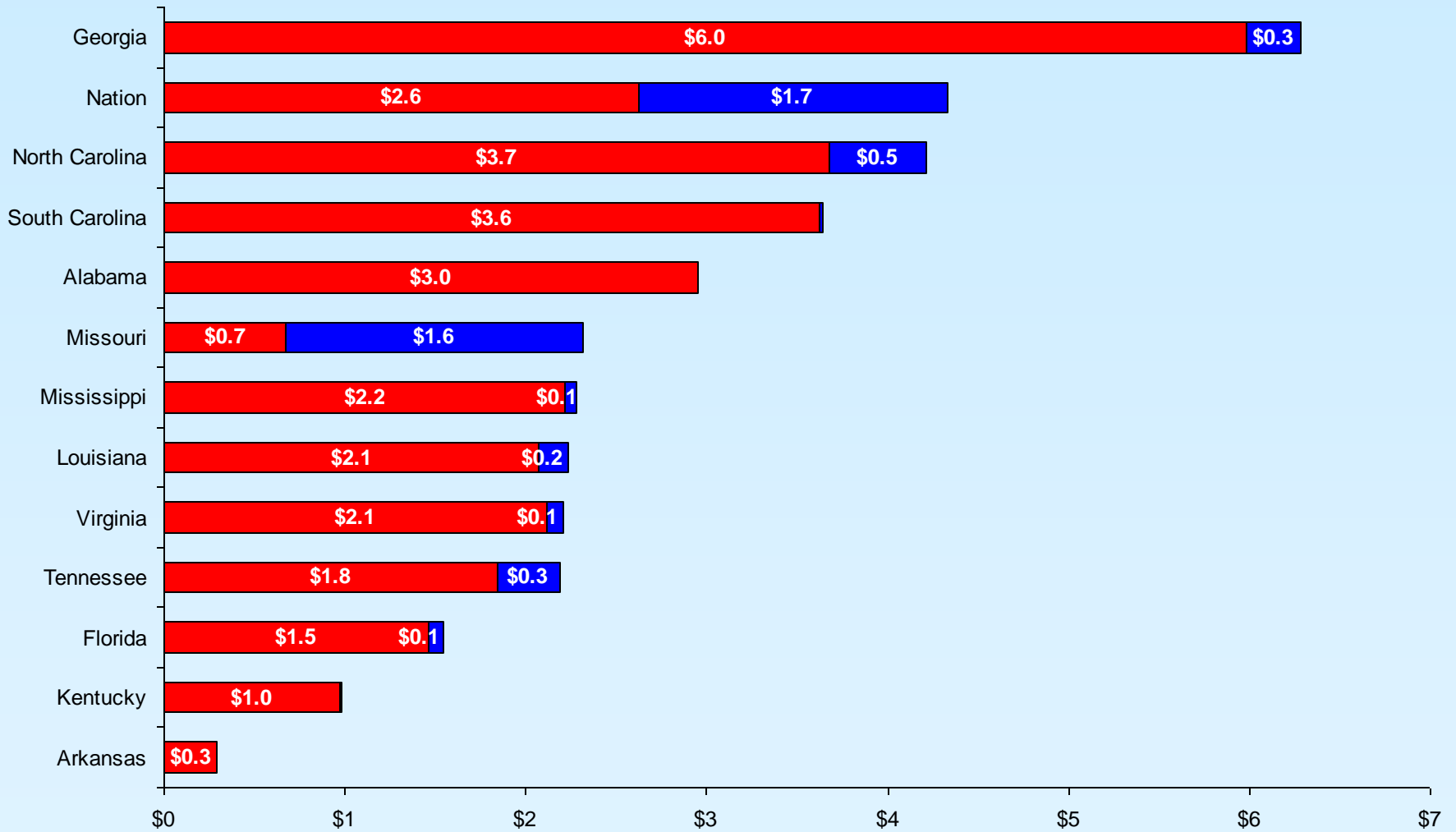
Physical Science R&D Per Capita, 2000



Source: The National Science Foundation. US Census Bureau.

Public Private

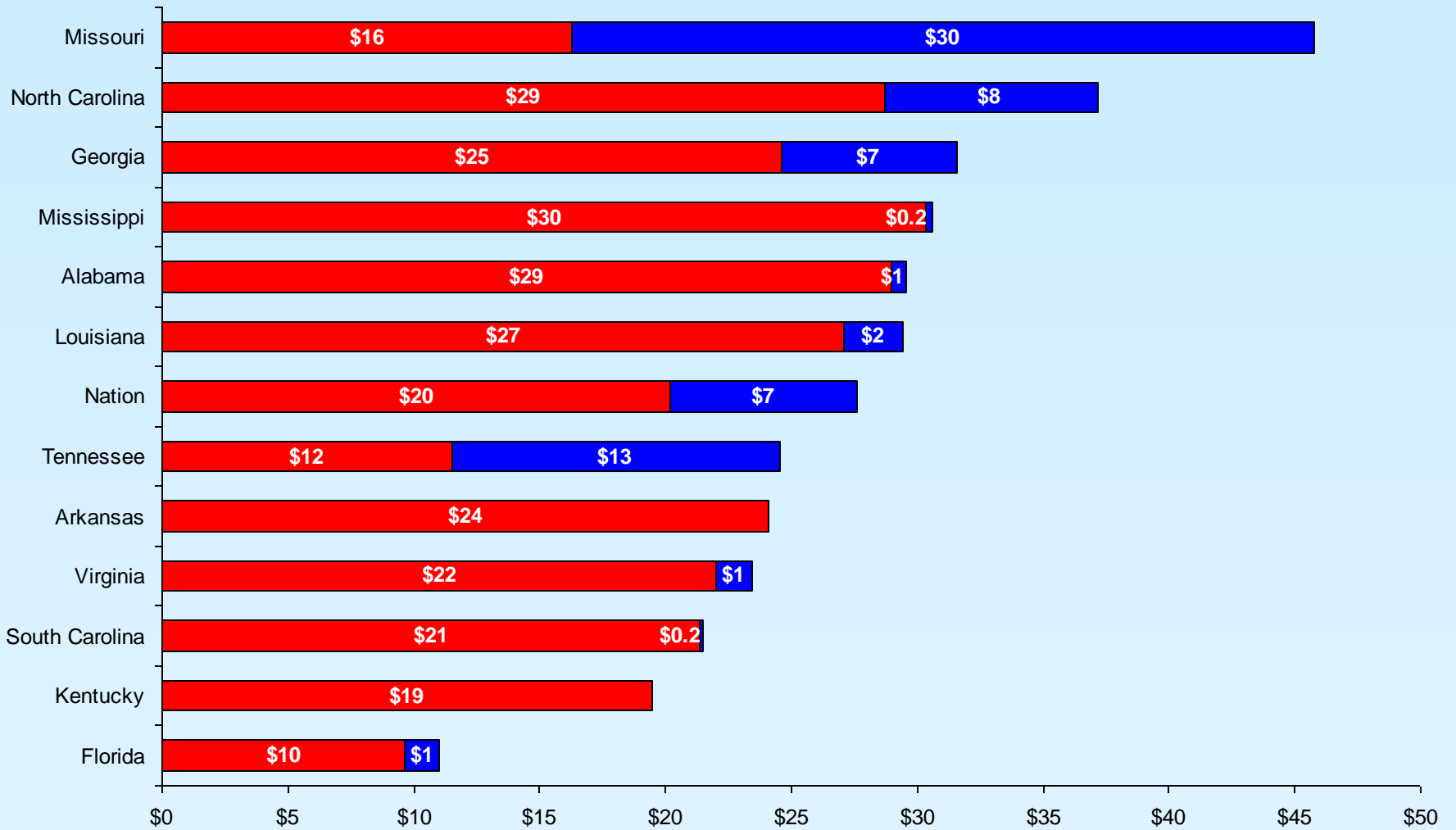
Computer Science R&D Per Capita, 2000



Source: The National Science Foundation. US Census Bureau.

Public Private

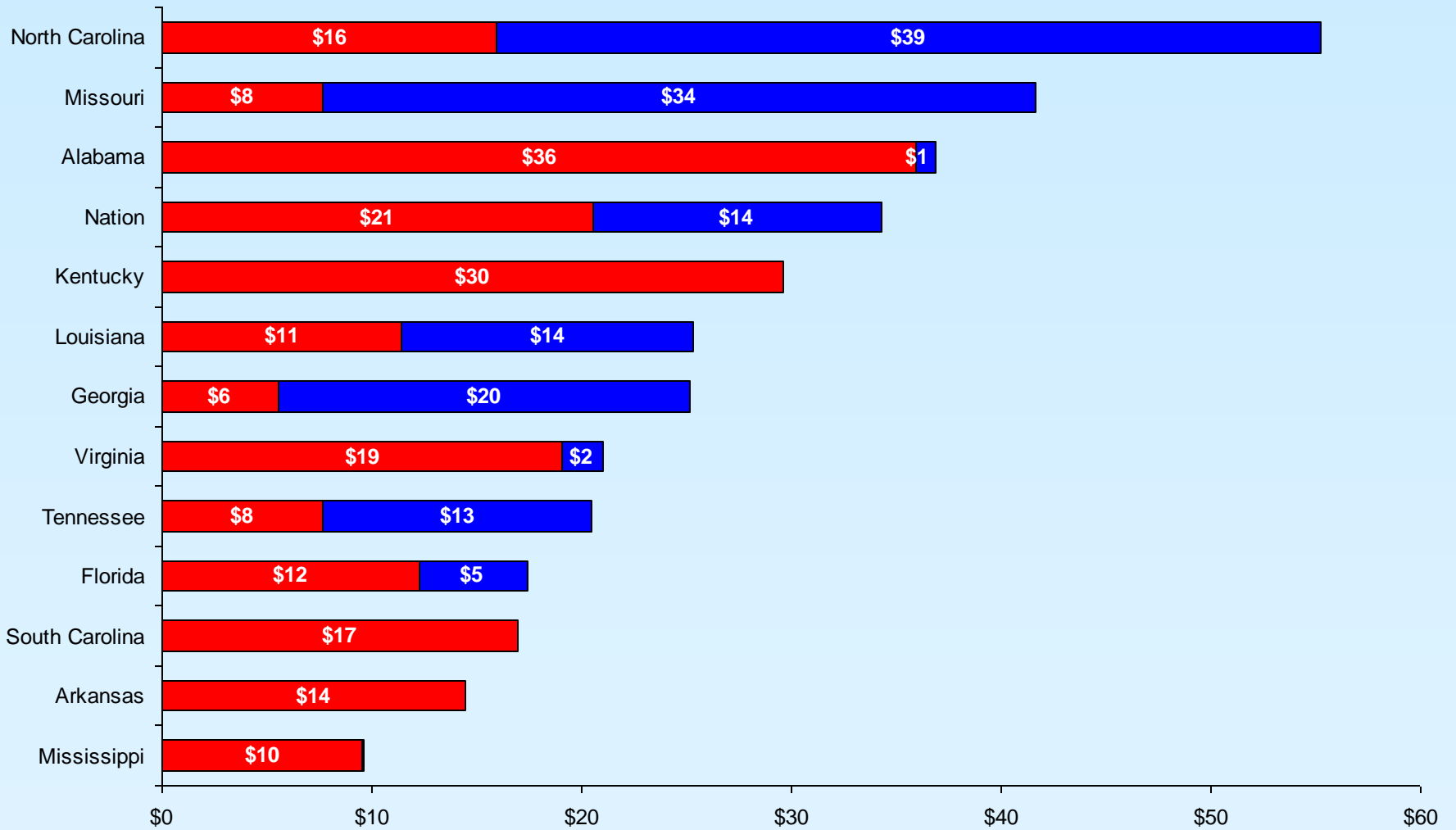
Life Science R&D Per Capita, 2000



Source: The National Science Foundation. US Census Bureau.

Public Private

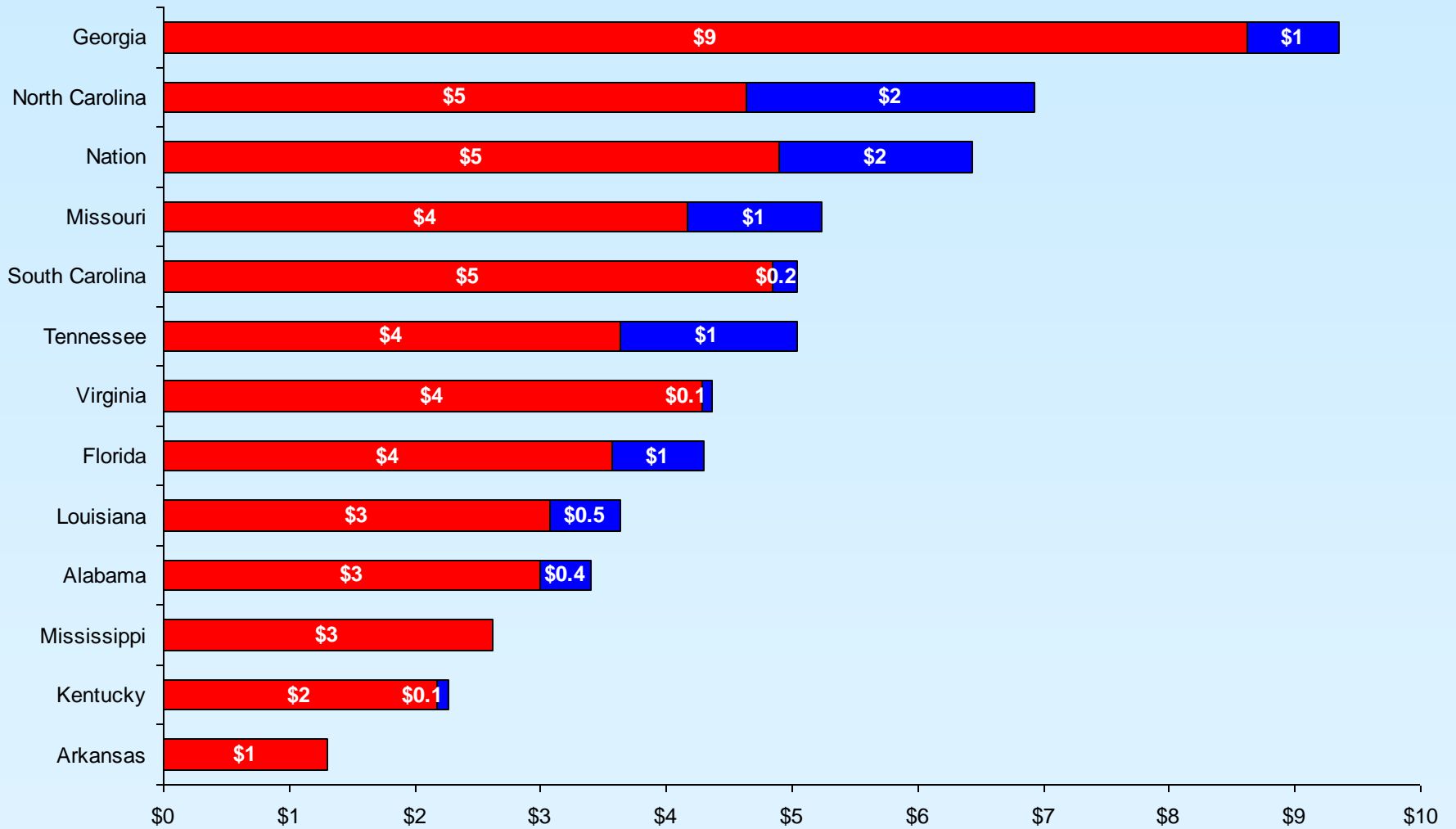
Medical Science R&D Per Capita, 2000



Source: The National Science Foundation. US Census Bureau.

Public Private

Psychology/Social Science R&D Per Capita, 2000



Source: The National Science Foundation. US Census Bureau.

Public Private