

**MINUTES**  
**Council on Postsecondary Education**  
**April 5, 2006**

The Council on Postsecondary Education met April 5, 2006, at 9 a.m. at the Council offices in Frankfort, Kentucky. Chair Greenberg presided.

ROLL CALL

The following members attended: Peggy Bertelsman, Bonita Black, Dan Flanagan, Ron Greenberg, Phyllis Maclin, Alois Moore, Ryan Quarles, Jim Skaggs, Joan Taylor, John Turner, and Mark Wattier. Walter Baker, Kevin Canafax, John Hall, and Gene Wilhoit did not attend.

APPROVAL OF  
MINUTES

The minutes of the March 24 Council meeting were approved as distributed.

2006-08  
BUDGET UPDATE

Council president Tom Layzell said that the legislative conference committee has not completed its work on the 2006-08 budget. When available, the staff will provide an analysis of the funding recommended for postsecondary education.

TUITION AND FEE  
PROPOSALS –  
EKU, KSU, MuSU,  
NKU, UofL, WKU

Dr. Layzell presented the agenda items pertaining to the 2006-07 tuition and fee proposals for Eastern Kentucky University, Kentucky State University, Northern Kentucky University, University of Louisville, and Western Kentucky University.

Dr. Layzell said that Murray State University requested that action be taken on its 2006-07 proposal at the May Council meeting since its board had not yet acted on its proposal. Mr. Greenberg said that no exceptions should be requested from MuSU since all exceptions will be considered at this meeting. Tom Denton, MuSU Vice President for Finance and Administrative Services, confirmed that the MuSU proposal to be considered at the May meeting will include no exceptions to the Council's tuition policy. Later in the meeting, Dr. Denton requested that MuSU president Kern Alexander be allowed to make a presentation regarding tuition at a future Council meeting.

The tuition and fee proposals for the other institutions – Morehead State University, University of Kentucky, and the Kentucky Community and Technical College – were approved at the March 24 Council meeting.

RECOMMENDATION: The staff recommends that the Council approve 2006-07 tuition rates for Eastern Kentucky University.

The EKU annual rates for full-time, resident undergraduates will increase from \$4,660 to \$5,192, an increase of \$532 (11.4 percent). This increase is \$1 less than the maximum parameter of \$5,193. Nonresident rates will be \$14,538, 2.8 times the rate charged to residents. This rate meets the Council's parameter that requires nonresident rates be at least 1.75 times the resident rate. Revenue from tuition and fees is projected to increase from \$74.8 million to \$82.5 million or \$7.7 million from 2006 to 2007. EKU is requesting an exception for nonresident students in targeted counties contiguous to Kentucky.

President Joanne Glasser addressed the needs of Eastern Kentucky University, its students, the region, and the Commonwealth. She said that this tuition increase is necessary so that EKU may continue to provide the high-quality educational services the EKU students need and deserve to preserve the integrity of an Eastern degree and to help meet the diverse needs of its primary service region. Given the fact that the EKU service region includes some of the poorest counties in Kentucky and the nation, EKU is especially sensitive to the financial burden postsecondary education places on many Kentucky families today. To ensure that EKU remains true to its heritage as a school of opportunity, EKU has set aside each of the past two years in its base budget \$3 million for need-based financial aid. In addition to accessibility and affordability, EKU must be able to cover increases in fixed costs such as utilities, insurance, and employee benefits. It is critical that the institution be able to fund various academic initiatives to focus on the institution's academic quality as well as initiatives to improve retention and graduation rates.

President Glasser said that, as EKU developed its 2006-07 budget guidelines, based on this tuition increase and the anticipated increase in state appropriations, it gave careful consideration to the university's strategic plan as well as the objectives of HB 1 and the Public Agenda for postsecondary and adult education. The development of the budget involved the input and participation of all segments of the EKU campus, including faculty, staff, and students.

President Glasser pointed out that last year the EKU board approved a larger tuition increase of \$400 per semester for 2006-07 at the time it set the 2005-06 tuition. That decision was made in part because of EKU's historical reluctance to raise tuition at the same rate

of other institutions. She said that the board felt that the increase was imperative to maintain and enhance academic quality, recruit and retain faculty, and deal adequately with aging facilities and infrastructure. She said that the board has expressed its displeasure with the fact that it is unable to move forward with its original two-year tuition plan. As a result of the cap imposed by CPE, ECU's gross tuition revenues will be \$3.5 million less than they would have been under the original board-approved tuition plan for 2006-07.

She said that this limits the institution's ability to fund a number of initiatives that would have otherwise been possible. President Glasser said that the tuition increase approved for 2006-07, together with the anticipated increase in state appropriations, will allow ECU to take some steps forward in academic programs and services, recruitment and retention of quality faculty and staff, and outreach services to the region and the Commonwealth, but with scarce resources to fund other initiatives.

Debbie Newsome, ECU Vice President for Financial Affairs, shared additional information concerning the ECU 2006-07 tuition rates.

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

VOTE: The motion passed.

RECOMMENDATION: The staff recommends that the Council approve 2006-07 tuition rates for Kentucky State University.

The KSU annual rates for full-time, resident undergraduates will increase from \$4,468 to \$4,950, an increase of \$482 (10.8 percent). This increase is \$85 less than the maximum parameter. Nonresident rates will be \$11,500, 2.32 times the rate charged to residents, which meets the Council's parameter. Revenue from tuition and fees is projected to increase from \$13.4 million to \$15.1 million or \$1.7 million from 2006 to 2007. KSU indicated that the estimated increase in revenue is due to an increase in both tuition rates and enrollment. KSU is requesting no exceptions to the tuition policy.

President Mary Sias said that two student forums are scheduled in the near future. In addition, a number of campus forums will be held as the institution continues to prepare its final version of the budget to be presented to the KSU board at the end of April.

Dr. Layzell noted that the KSU SGA president spoke at the March 8

Council meeting and indicated that KSU students support the tuition proposal.

MOTION: Mr. Flanagan moved that the recommendation be approved. Mr. Quarles seconded the motion.

VOTE: The motion passed.

RECOMMENDATION: The staff recommends that the Council approve 2006-07 tuition rates for Northern Kentucky University.

Under the NKU proposal, annual rates for full-time resident undergraduates will increase from \$4,968 to \$5,448, an increase of \$480 (9.6 percent). This increase is \$54 less than the maximum parameter. Nonresident rates will be \$10,200, 1.87 times the rate charged to residents, which meets the Council's parameter. Revenue from tuition and fees is projected to increase from \$81.7 million to \$87.8 million or \$6.2 million from 2006 to 2007. NKU is requesting an exception for nonresident students in the PACE (Program for Adult Centered Education) program.

President Jim Votruba said that about 30 percent of NKU's students generate about 44 percent of the institution's income. Like other institutions, NKU depends on that subsidy to augment its budget. Need-based financial aid is being increased by \$250,000 and salaries are being increased by 3.5 percent. The campus involved various campus groups in the discussions about the tuition increase, including the Student Government Association and Faculty Senate.

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

VOTE: The motion passed.

RECOMMENDATION: The staff recommends that the Council approve 2006-07 tuition rates for the University of Louisville.

Annual rates for full-time, resident undergraduates at UofL will increase from \$5,532 to \$6,252, an increase of \$720 (13 percent). This increase is \$132 less than the maximum parameter. Nonresident rates will be \$16,072, 2.57 times the rate charged to residents, which meets the Council's parameter for nonresident rates. Revenue from tuition and fees is projected to increase from \$125.9 million to \$139.4 million or \$13.5 million from 2006 to 2007. UofL requested no exceptions to the tuition policy.

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

VOTE: The motion passed.

RECOMMENDATION: The staff recommends that the Council approve 2006-07 tuition rates for Western Kentucky University.

Annual rates for full-time, resident undergraduates at WKU will increase from \$5,316 to \$5,860, an increase of \$544 (10.2 percent). This increase is equal to the parameter established by the Council. Nonresident rates will be \$14,400, 2.46 times the rate charged to residents, which meets the Council's parameter for nonresident rates. Revenue from tuition and fees is projected to increase from \$99.3 million to \$111.9 million or \$12.6 million from 2006 to 2007. WKU requested an exception for nonresident students covered by its tuition incentive program.

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

VOTE: The motion passed.

RECOMMENDATION: The staff recommends that the Council approve tuition and fee exceptions for 2006-07 for Eastern Kentucky University, Morehead State University, KCTCS, Northern Kentucky University, and Western Kentucky University in order to extend current practice regarding selected nonresident populations pending further study.

Dr. Layzell said that nonresident tuition exceptions will be addressed again when tuition rates are considered for 2007-08 to determine if a uniform standard can be developed.

Eastern Kentucky University requested the nonresident rate be 1.59 times the resident rate for students in targeted counties in neighboring states. Based on 2005 enrollment, this exception will apply to 1,114 students. EKU said that the discounted rate is crucial to continue the recruitment and retention of students in these areas which contribute to campus diversity and bring high-performing students to Kentucky. If this exception is not approved, the tuition rate for EKU nonresident students from these counties will be the minimum rate allowable under the Council's parameters, 1.75 times the resident rate.

Morehead State University requested the nonresident rate be 1.25

times the resident rate for students in targeted counties in neighboring states and select urban areas. Based on 2005 enrollment, this exception will apply to 508 students. MoSU said that the discounted rate is crucial to recruitment and retention of high-performing out-of-state students and also to the recruitment of minority students. If this exception is not approved, the tuition rate for MoSU nonresident students from contiguous counties and select urban areas will be the minimum rate allowable under the Council's parameters, 1.75 times the resident rate.

KCTCS requested that nonresidents in contiguous counties be charged 1.2 times the resident rate instead of the parameter of 1.75 times the resident rate. Based on 2005 enrollment, the exception will apply to 410 students. KCTCS said that a continuation of its current nonresident tuition structure will yield more tuition revenue than a strict adherence to the Council's parameter. The current nonresident tuition structure is 1.2 times the resident rate for students in contiguous counties and 3.0 times the resident rate for all other nonresident students. Twenty-five percent of all KCTCS nonresident students are from contiguous counties. If this exception is not approved, the tuition rate for KCTCS nonresident students from contiguous counties will be the minimum rate allowable under the Council's parameters, 1.75 times the resident rate or \$191 per credit hour.

Northern Kentucky University requested that an exception be made for students in the PACE (Program for Adult Centered Education) program. The PACE program is designed to serve adults who both live and work in Kentucky, live in Kentucky and work in Ohio or Indiana, or live in Ohio or Indiana but work in Kentucky. Students that live in Ohio or Indiana but work in Kentucky would be eligible for the discounted nonresident tuition proposed by NKU. This tuition rate would be 1.09 times the resident rate. This tuition rate is the product of a market analysis of similar programs within the region that suggested that a higher rate would price the program out of the market. Based on 2005 enrollment, this exception would impact 11 students.

Western Kentucky University requested that an exception be made to the tuition parameter in order to continue the practice of charging students from select counties in Tennessee (18 counties) and Indiana (15 counties), international students, and students from select urban areas at a rate that is 1.25 times the resident rate. WKU argued that this exception is necessary to recruit the best and brightest to Kentucky and to promote diversity on campus. WKU also states that many of

these students stay and all contribute to the economic prosperity and intellectual capital of the community and state. Based on 2005 enrollment, 1,333 students would fall under this exception.

MOTION: Ms. Bertelsman moved that the exceptions for EKU, Morehead, KCTCS, NKU, and WKU for 2006-07 be approved. Ms. Maclin seconded the motion.

VOTE: The motion passed.

Ms. Bertelsman requested that all institutions provide an analysis of what happens to nonresident students educated in Kentucky when exceptions are again considered by the Council.

Dr. Layzell said that there are gaps in institutional information systems that make it difficult to separate resident and nonresident students and then to trace their continued presence or lack thereof in the state of Kentucky. This data is important now and in the future given the 2020 educational attainment projections and the obvious need to retain Kentucky graduates and to import people from out of state with necessary educational qualifications. Dr. Layzell said that the information systems will be improved and the staff will update the migration study that was last done about five years ago.

President Sias said that it is important to develop common measures in order to compare data for all institutions. She said that KSU will do further analysis on its nonresident enrollment and may come back with an exception when the 2007-08 tuition rates are considered.

President Votruba said that it is important to look at each institution because the factors that influence the setting of tuition vary greatly for each institution.

WKU president Gary Ransdell requested that the Council review the institutions' reciprocity agreements.

## FUNDING POLICY DEVELOPMENT

Mr. Greenberg said that the Council has put together a list of policy issues for future funding models. The institutions have been asked to provide input. The Council staff will schedule a series of meetings to discuss each of these policy issues. The members of the Strategic Committee on Postsecondary Education (SCOPE) will be invited to attend these meetings to participate in discussions on each of these policy issues. These issues will form the framework for a funding model. Mr. Greenberg said that the Council hopes to develop a better funding model for the future that will provide the right guidance

to the executive and legislative branches so that in the future the budget recommendations of the Council and the executive and legislative branches will be better aligned.

NEXT MEETING            The next Council meeting is May 22, 2006.

ADJOURNMENT           The meeting adjourned at 10:10 a.m.

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Thomas D. Layzell  
President

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Phyllis L. Bailey  
Senior Associate, Executive Relations