

MINUTES
Council on Postsecondary Education
Executive Committee
March 8, 2006

The Executive Committee of the Council on Postsecondary Education met Wednesday, March 8, 2006, at 9 a.m. (ET) at the Council offices in Frankfort. Chair Greenberg presided.

ROLL CALL

All of the Executive Committee members were present: Peggy Bertelsman, Ron Greenberg, Joan Taylor, John Turner, and Mark Wattier. Other Council members who attended: Walter Baker, Dan Flanagan, Ryan Quarles, and Jim Skaggs. Alois Moore participated by telephone.

**APPROVAL OF
MINUTES**

The minutes of the January 12, 2006, Executive Committee meeting were approved as distributed.

**2006-08 HOUSE
BUDGET
RECOMMENDATION**

CPE President Tom Layzell summarized the 2006-08 House budget recommendation as compared to the Governor's budget.

Reductions to the Governor's budget include \$1 million to the Council's agency operations, \$639,900 for contract spaces, \$150,000 for the college level learning assessment, \$267,000 for the college access initiative, \$250,000 for academic innovation and collaboration, \$150,000 for collaborative public health initiatives, \$125,000 for the P-16 pipeline, and \$1 million for the principal leadership institute.

Increases to the Governor's Budget:

- Information technology bond issue authorization and debt service for \$10 million bond issue (supports the joint budget proposal with KDE and EPSB).
- Legislative scholarship program (\$4 million beginning in FY 2007).
- Rural retention and affordability trust fund (\$10 million in FY 2008) (funding flows through CPE to EKU, MoSU, and six KCTCS colleges).
- \$10 million in benchmark funding (FY 2008).
- \$23 million for institutional business plans (KSU, MuSU, NKU, UK, UofL, and WKU).
- Increase in recurring funds in FY 2008 for regional stewardship of \$1.2 million.

- Various earmarked appropriations to selected institutions.

For the capital budget, the House budget provides \$503.6 million in state bonds compared to \$507.1 million recommended by the Council and provides one-half year of debt service in the amount of \$23.9 million for 36 projects compared to \$55.6 million recommended by the Council for full-year debt service for 22 projects. Six of the 22 projects recommended by the Council are not included in the House budget, and 14 of the 36 projects recommended by the House were not recommended by the Council.

Dr. Layzell said that the budget was passed March 7 by the House and now moves to the Senate. The budget will be discussed in conference at the end of the session.

2006-08 TUITION POLICY

At the January 30 meeting, the Council approved the tuition policy to include the tuition and required fee rates for each institution. The policy aligns tuition setting with state appropriations and sets parameters for maximum tuition based upon the amount of state appropriations institutions receive. Pursuant to Council recommendations at the January meeting, the staff worked with the institutions to make minor revisions to the maximum parameters in order to address several concerns. Changes included a four-tiered approach rather than the original two-tiered approach, a slight increase in KCTCS' maximum parameters, and the addition of the definition of mandatory fee.

To accommodate the meeting schedules of the institutional governing boards, the Council will hold two meetings to consider the institutions' tuition and fee proposals. The March 24 meeting will consider tuition rates for the University of Kentucky, KCTCS, and Morehead State University. The April 5 meeting will consider proposals from the remaining institutions.

Dr. Layzell said that the Council will act March 24 and April 5 on 2006-07 tuition only. The tuition for 2007-08 will be acted on later in the year. The Council will consider exceptions on a case-by-case basis. He suggested that all exceptions be considered at the April 5 meeting.

Ryan Quarles recognized the student body presidents attending the meeting and asked them to comment on the tuition policy.

Jason Marion, chair of the Kentucky Board of Student Body Presidents and student body president at Morehead State University, said students at his campus understand that increasing tuition is necessary to maintain quality. Citing rising energy costs and the need to retain quality faculty and staff, he noted that students do not

want their tuition to go up but at the same time they also understand that for them to have a valuable degree they will need to pay more. Mr. Marion added that Morehead students are concerned about the declining quality of residence halls and the quality of life for on-campus students. On-campus residency is declining along with full-time enrollment. Since the tuition policy is based on full-time enrollment, this is a critical issue.

Bill Brammel, UofL student body president, said that he appreciates the tuition guidelines and thinks that the policy will add stability to the system. Students are confident that UofL's administration will do whatever is in its power to keep tuition as low as possible without sacrificing the quality of higher education and the quality of the campus. Students understand that the cost of education goes up but are saddened by the fact that the increased cost needs to be picked up by the students since the General Assembly is not giving more funding to higher education. He said he is concerned about future postsecondary education students and hopes that Kentucky education can remain affordable.

Katie Dawson, student body president at Western Kentucky University, expressed concern with educational quality issues in regards to a proposed student fee and the projects it will support at WKU. She said that the students involved in student government must explain to the students how this small fee could help prevent future students from having to pay a larger fee or a bigger increase in tuition. The students must realize that if they want a quality education not only are they going to have to pay more tuition, but they also might be asked to pay a student fee.

Leonard Clemons, vice chair of the Board of Student Body Presidents and student body president at Kentucky State University, said that he is glad to have the Council tuition policy but is hoping for more state appropriations. Students know that tuition must be increased but have concerns about how much, in what manner of time, and whether financial aid will be adjusted appropriately with the tuition increases. He also is concerned about the ability of adult education students to pay rising tuition costs.

Mr. Marion said that the Board of Student Body Presidents is hosting a rally at 12:30 p.m. Students are celebrating postsecondary education and want to send a message to the members of the General Assembly that students support their initiatives to improve higher education, are appreciative of the \$45 million postsecondary education received last year, endorse any budget that is favorable for higher education, want the institutions to have bonding authority to improve auxiliary services from hospitals to residence halls, and understand that it takes baccalaureate degrees to attract businesses

to the state. He said that the rally theme is “unbridled potential – keep education affordable.” He said that postsecondary education needs to be affordable but also of high quality.

Mr. Quarles said that there exists a delicate balance between the quality of education, affordability, and the revenue required by institutions to reach 2020 goals. Those students who do have understanding of the complexities of funding of universities and KCTCS know that increases are sometimes necessary for growth, but the students are glad to see that CPE has implemented a tuition policy that helps guide the process for tuition changes.

FUNDING POLICY DEVELOPMENT

The staff shared a draft listing of policy issues for guiding the development of the funding policy. The Council staff will work with the institutions and representatives from the Kentucky Department of Education and the Cabinet for Economic Development to develop programmatic and financial plans for accomplishing the 2020 projections.

Mr. Greenberg said that the draft grew out of the Council’s five key policy initiatives. He asked the Council members and the presidents to review the list to determine if these are the correct key policy issues. He said that the list of elements should be finalized by the end of March so that the issues can be addressed over the next few months. This process should be concluded by the end of October so that the answers to these policy questions can be used to develop the funding mechanism in November and December.

Ms. Bertelsman asked if data is available on regions or counties of the state that are in need of baccalaureate graduates and whether sufficient jobs are available for baccalaureate graduates.

Dr. Layzell said that according to 2000 census data only five of the 120 Kentucky counties exceed the national average in baccalaureate degree holders. The staff is working to identify by county the number of people who have some postsecondary education.

Mr. Greenberg suggested that the staff of the Cabinet for Economic Development be asked to identify areas of the state that need trained professionals.

PERFORMANCE FUNDING COMPONENT

Based upon feedback from the Council and institutional representatives since the January 30 Council meeting, the Council staff made two modifications to the performance funding methodology. A two-year average is now used for performance calculations and the year used to calculate FTE for the productivity ratio is now lagged by four years for four-year institutions and two years for KCTCS.

STATEWIDE
FACILITIES
CONDITION
ASSESSMENT

The Council staff is negotiating a contract with the vendor identified to conduct the statewide facilities condition assessment. The study will assist postsecondary institutions to better communicate the need for the investment in infrastructure that is required to reach the goals of HB 1 and the Public Agenda. It is expected that the review will take place between March and October 2006.

STATEWIDE
DIVERSITY STUDY

The Committee on Equal Opportunities, in conjunction with the public universities, will conduct an environmental scan (diversity study) to determine state interest to engage in diversity planning. The staff will soon issue a RFP for the selection of the vendor. The vendor should be selected by July. The study is expected to be completed and a final report available by June 2007.

ADJOURNMENT

The meeting adjourned at 10:30 a.m.

Thomas D. Layzell
President

Phyllis L. Bailey
Senior Associate, Executive Relations