



The Final Report of the Higher Education Work Group

Established by Governor Steven L. Beshear

November 2009



Kentucky
UNBRIDLED SPIRIT™

Submitted to Governor Steven L. Beshear
by the Higher Education Work Group

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EXECUTIVE SUMMARY

Kentucky's economic competitiveness and quality of life are inextricably linked to its capacity to educate Kentuckians to high levels. To raise Kentucky's standard of living to at least the national average by the year 2020, as required by the *Kentucky Postsecondary Education Improvement Act of 1997* (HB 1), the state has made substantial investments in postsecondary access and infrastructure, enabling thousands of additional Kentuckians to pursue a college degree, regardless of distance or cost. However, the current economic recession is limiting the continued growth and expansion of the state's higher education system, putting pressure on affordability, and jeopardizing achievement of the long-term goals.

In October 2008, Governor Steven Beshear formed the Higher Education Work Group (HEWG), a bipartisan body of prominent business, education, and policy leaders. As a first step, the Governor called on the group to propose measures that could be implemented immediately to improve college access and affordability in the Commonwealth. The HEWG issued its first report on January 15, 2009, which included 17 specific recommendations for consideration by the Governor and the General Assembly.

On June 22, 2009, the Governor reconvened the HEWG with a revised membership and charge. Initially, the second report was to focus on a long-term funding strategy for higher education; however, the severity and unpredictability of the state's budget crisis made it difficult to address this challenge effectively in the given time frame. To maximize the HEWG's considerable but limited resources, the Governor called for the second report to focus on student financial aid, two-year to four-year transfer, operating efficiencies and cost containment, and college readiness.

THE REVISED CHARGE

- 1. To review Kentucky's state financial aid programs (both need and merit) to ensure the system adequately meets the financial needs of students (adults and traditional age), and recommend changes to promote greater efficiency, transparency, and access in the system.**
- 2. To recommend strategies to increase the number of successful transfer students from two-year to four-year institutions for bachelor's degree completion, as well as promoting consistency in content and rigor among community colleges.**
- 3. To recommend additional cooperative agreements and arrangements that will result in greater operating efficiencies and cost savings for our colleges and universities.**
- 4. To review proposals as they develop under the auspices of Senate Bill 1 (2009) to significantly decrease remediation levels.**

THE RECOMMENDATIONS

The Higher Education Work Group recommends that the Governor consider the following actions to improve state financial aid, college transfer, and the efficiency of Kentucky's colleges and universities. All but three of the recommendations require no new revenue; the recommendations requiring additional funding (1B, 3D, and 3G) are included only for future consideration or action when economic conditions improve.

The 14 recommendations in the Executive Summary represent the highest priorities of the HEWG. Seven additional recommendations appear in the body of the report (two on student financial aid, two on transfer, and three on cost containment). This final report reflects the consensus view of the HEWG and marks the completion of its gubernatorial charge.

Kentucky's Student Aid Programs

The HEWG appreciates the efforts of the Governor and General Assembly to protect funding for student financial aid and strongly encourages the continued support of these programs during difficult financial times. Additionally, the HEWG recommends the following priority actions for implementation by the Governor and General Assembly:

- 1A.** Align KEES award criteria with new college readiness standards developed through implementation of Senate Bill 1 (2009). If changes in eligibility requirements result in unallocated funds, direct these dollars to need-based aid.
- 1B.** Increase the appropriation for need-based aid to ensure no qualified applicant is denied assistance due to funding shortfalls. In FY 2009, need-based demand exceeded available funds by \$64 million.
- 1C.** Structure the state's financial aid programs so that they better address the needs of part-time, nontraditional students, many of whom are ineligible for state grant programs because they are enrolled in less than six credit hours a semester. Consider making changes in program eligibility; expanding the existing Go Higher grant, a financial aid program to encourage working adults (24 and older) to attend college; or creating a new stand-alone program specifically for adults.
- 1D.** After the allocation of \$3 million of net lottery revenues to literacy development, as specified by KRS 154A.130(3), ensure that all remaining net lottery revenues are directed to student financial aid programs. Currently, student aid appropriations are determined by lottery estimates rather than actual lottery receipts; when receipts exceed estimates, the surplus revenue is redirected to the General Fund. In future years, any difference between actual and estimated lottery revenues should be applied to the following year's student aid appropriation.

Student Transfer

The HEWG recommends the following priority actions for implementation by the CPE, KCTCS, and Kentucky's public universities:

- 2A.** Encourage the development of statewide joint admissions/enrollment programs between KCTCS and four-year institutions, as well as institutional scholarships for students who transfer from KCTCS to a Kentucky four-year institution. Expand upper division program offerings tied to joint admission and enrollment programs and offered through distance learning and resident instruction in alternative formats (e.g., accelerated and modular formats) and times (e.g., evenings and weekends).
- 2B.** Align common learning outcomes for general education courses and majors to ensure comparable quality, rigor, and consistency with recognized national, regional, and/or professional standards. Lower division course credits applicable to either an Associate of Arts or Associate of Science degree will be fully transferable to related bachelor's degree attainment at all public institutions.
- 2C.** Establish guidelines at each campus to assure that a transfer student's transcript is evaluated and credit decisions are made within a specified number of days of the student's selection of a major. The guidelines should outline the institutional processes for students' right to appeal transfer credit decisions and receive an expedient decision resolving any disputes about transfer of credit.
- 2D.** Implement, promote, and sustain an electronic system to help KCTCS and four-year institutions connect their existing infrastructure to offer a unified course articulation and transfer information system to meet the needs of students, transfer advisers, registrars, faculty, and other stakeholders. This system will articulate the sequence of courses students should take to maximize transfer of credit for the most common degree programs, as well as indicate whether a course will count toward general education or major requirements.

Operating Efficiencies and Cost Containment

The HEWG recommends the following priority actions for implementation by the CPE, campuses, and other state agencies and stakeholder groups:

- 3A.** Encourage and enhance work opportunities for students to perform college and university services to help reduce operating costs while increasing retention and job skills of graduates.
- 3B.** Organize a statewide summit to bring together higher education and other professionals to discuss cost containment strategies that data have proven to be effective and commit to implementing high-value strategies within a year of the summit. Possible topics include:
 - Information technology (e.g., e-billing, e-purchasing, joint contracts)
 - Employee benefits (e.g., review health and retirement plans)
 - Energy (e.g., harness costs through enhanced energy management)
 - Purchasing (e.g., exploit the full potential of purchasing consortium participation including the Kentucky Educational Purchasing Cooperative)
 - Business services (e.g., increased outsourcing, consolidation of services across campuses)
 - Academic programming (e.g., increased use of online learning, evaluating class sizes, exploring program discontinuation or consolidation, increasing faculty and staff productivity, reviewing hiring practices)

- 3C.** Publish a new state-level higher education financial report that is shared with the executive and legislative branches to more clearly communicate how institutions are funded and where funds are spent. Incorporate new cost metrics promoted by the Delta Project on Postsecondary Education Costs, Productivity, and Accountability, which use existing cost data to assess how Kentucky institutions compare to similar institutions on educational spending per student.*
- 3D.** Secure funding (e.g., \$1 million) for Kentucky public postsecondary institutions to pilot the course redesign methodology promoted in the National Center for Academic Transformation's Program in Course Redesign to evaluate its impact on student learning outcomes and costs.*
- 3E.** Encourage universities to be more intentional about ensuring full-time bachelor's degree-seeking students graduate within four years.
- 3F.** Recognize and utilize Kentucky's independent institutions, accredited by the Southern Association of Colleges and Schools (SACS) and licensed by the Council on Postsecondary Education, to achieve greater degree production and efficiency in the system.

College Readiness Update

On March 26, 2009, Governor Beshear signed into law Senate Bill 1, an Act of the General Assembly to revise the assessment and accountability system for P-12 education in Kentucky. The law requires the development of new standards, based on national and international benchmarks, to strengthen the rigor and focus of the P-12 curriculum and increase the number of students ready to succeed in college and the workforce. The Kentucky Department of Education and the Council on Postsecondary Education have been working diligently with many statewide partners over the past six months to plan and implement this landmark piece of legislation.

Due to the Higher Education Work Group's previous interest in decreasing remediation rates among incoming freshmen, the Governor asked the Work Group to review proposals as they developed under the auspices of Senate Bill 1. Accordingly, the HEWG was informed of recent progress on SB 1 implementation efforts. Ongoing cooperation between KDE and CPE will ensure that the revised standards for P-12 language arts and mathematics are ultimately aligned with postsecondary education course and assessment standards.

**Refer to Endnotes 8 and 9 on page 28 of this report for more detail.*

“To strengthen the state’s ability to implement HB 1, the Governor and General Assembly reshaped Kentucky’s higher education system, making significant, strategic investments to enhance its availability, affordability, and visibility.”

INTRODUCTION

Background on Postsecondary Reform

In 1997, the General Assembly enacted the *Kentucky Postsecondary Education Improvement Act* (HB 1), a bold vision for expanding college access and success in the Commonwealth. The Act challenges Kentucky to raise its standard of living and quality of life to at least the national average by the year 2020, and identifies educational attainment as the primary strategy for the achievement of this goal. To strengthen the state’s ability to implement HB 1 objectives, the Governor and General Assembly reshaped Kentucky’s higher education system, making significant, strategic investments to enhance its availability, affordability, and visibility.

Among the most substantial of these changes was the consolidation of 14 community colleges (governed by the University of Kentucky) and 25 vocational and technical schools (administered by the Kentucky Workforce Development Cabinet) into one comprehensive system (KCTCS), creating new educational opportunities for thousands of Kentuckians in far reaches of the state. Additionally, the creation of the Strategic Investment and Incentive Trust Fund programs infused millions of new dollars into the postsecondary system to expand university research, attract world-class faculty, upgrade physical facilities and technology, and produce other needed improvements.

The following year, the Commonwealth directed millions of dollars into student financial aid by dedicating 45 percent of lottery proceeds to merit scholarships and 55 percent to need-based grants. These early investments in postsecondary access and infrastructure produced substantial returns in enrollment and degree production. In 2008, a record 241,590 undergraduate and graduate students (full- and part-time) were enrolled in public and independent colleges and universities, up from 184,846 in 1998. During that same period, degrees and credentials awarded increased 103 percent, from 25,577 to 52,031.¹

Despite these successes, Kentucky has made only incremental progress on national measures of educational attainment in the years since reform. In 2008, only 22 percent of the state’s working-age adults (25-64) had a bachelor’s degree or higher, compared to the national average of 29 percent. In part, this can be attributed to the 20 percent of adults (25 and older) without a high school diploma or GED.² But even among traditional college freshmen—those first-time, full-time students seeking a bachelor’s degree at a Kentucky public university—just under half (45.4 percent) typically graduate in six years, and only 17.2 percent graduate in four.³

The Urgency for Reform

Low rates of college going and completion pose a serious threat to Kentucky's future economic competitiveness and quality of life. Thirty years ago, only 28 percent of American jobs required education beyond high school; an individual with a diploma and a good work ethic could reasonably expect to achieve a middle-class standard of life. But high school graduates today are unlikely to achieve the same standard of living as their parents without some postsecondary education or training. Over the next decade, nearly half of the projected job openings in the U.S. will require some education at the associate level, and a third will require at least a bachelor's degree.⁴ If Kentucky's education level does not improve, the state will lack the competitive edge it needs to recruit high-wage, high-skill employment.

The rapid globalization of the world economy and the acceleration of degree production among industrial nations lend greater urgency to the Commonwealth's educational goals. According to a 2008 report by the Organisation for Economic Co-operation and Development, the United States has fallen to 10th place in the percentage of adults with a bachelor's degree or higher after leading the world for most of the 20th century. While countries like Japan, Korea, China, and India are now investing heavily in college access and success, America's workforce has remained at about the same education level for the last 40 years.⁵

The State of the Current Economy

The year 2010 will mark the mid-point of Kentucky's postsecondary reform efforts. At this time, Kentucky finds itself in severe economic recession, with scarce resources to fund the continued growth and expansion of higher education institutions. Declining state appropriations are pushing up the cost of tuition, which has been increasing more rapidly than family income and student financial aid. While the economy shows signs of recovery, the future prosperity and well-being of the Commonwealth demands greater degree production with fewer resources, at least in the short-term. At the same time, the relative affordability of public colleges and universities must be preserved.

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“The first report, Expanding College Access and Affordability in the Commonwealth, proposed 17 recommendations for immediate action or further study. Several of these recommendations have already produced positive changes in Kentucky’s higher education landscape.”

THE GOVERNOR’S HIGHER EDUCATION WORK GROUP

The First Charge

With heightened interest around issues of college access and affordability, Governor Steven Beshear formed the Higher Education Work Group on October 21, 2008. Prominent business, education, and policy leaders were assembled to ensure that even during difficult economic times, any Kentuckian with the ability and drive to succeed would not be denied access to college because of cost. The HEWG, co-chaired by Mira Ball of Lexington and Pete Mahurin of Bowling Green, was given a two-part structure and charge: (1) by January 15, 2009, an Affordability Subcommittee was to recommend actions that could immediately reduce college costs and improve efficiency given current budget constraints; and (2) by September 1, 2009, a Strategic Planning Subcommittee was to establish a roadmap charting the level of state funding needed to achieve the reform goals outlined in the *Postsecondary Education Improvement Act of 1997* (HB 1).

The first report, *Expanding College Access and Affordability in the Commonwealth*, proposed 17 recommendations for immediate action or further study in seven major areas of concern. In brief, the recommendations dealt with the availability, distribution, and accessibility of state financial aid, particularly for nontraditional adult students, as well as the need to contain costs for institutions and students. (The Executive Summary of the January report is included as Appendix C, and the full report can be downloaded at <http://cpe.ky.gov/committees/hewg>.)

Several of these recommendations have already produced positive changes in Kentucky’s higher education landscape, which are highlighted below:

- In February, members of the Governor’s Executive Cabinet met with White House and U.S. Department of Education staff to advocate for improvements in the accessibility of federal student aid. In July, the Governor sent a letter to U.S. Education Secretary Arne Duncan to support the federal government’s proposal to simplify the FAFSA and share the Work Group’s recommendations on this issue.
- Kentucky is exploring partnerships with postsecondary institutions and nonprofit organizations to pilot a “near peer” college mentoring program. This program, modeled after the National College Advising Corps, would pair middle and high school students with recent college graduates.
- Secretary of Finance Jonathan Miller and his technology staff convened representatives from the Kentucky Higher Education Assistance Authority and the Council on Postsecondary Education to integrate various college access Web sites into

one user-friendly, comprehensive site. A new “splash” page was designed to drive visitors to valuable content on Kentucky’s Go Higher and Know How to Go Web sites.

- Legislation was introduced in the 2009 General Assembly to promote greater transparency and predictability for students and families around the high price of college textbooks. Although the measure failed to pass, new federal legislation promises some relief for spiraling textbook costs through early identification and notification of course materials.⁶
- A proposal was developed for a Governor-led public service campaign to encourage Kentuckians at every age and stage of their education to earn a college degree. This campaign is tentatively scheduled to launch in the spring of 2010.

Some of the more complex issues on the agenda could not be adequately addressed by the January 15th deadline but were important enough to warrant continued study. In particular, the HEWG recommended that issues concerning state financial aid, transfer, time and credit-to-degree, and the alignment of K-12 and postsecondary education be dealt with more fully in the second report.

The Revised Charge

The addition of these substantive policy issues increased the complexity of the work group’s already difficult second charge. Given the prevailing economic climate, Governor Beshear made some necessary adjustments—merging the two subcommittees into one committee of the whole; as well as adding a student, faculty, and public and independent university president representative. In a letter dated June 22, 2009 (Appendix A), the Governor states:

“The severity and potential length of the current economic crisis make it increasingly difficult at this time for us to develop a coherent long-term funding roadmap over the next few months. While that is a priority for the future, creating this roadmap in such a rapidly shifting economic environment would not be the most productive use of this group’s considerable, but limited, resources.”

The Governor called on the HEWG to redirect its efforts to the following timely and urgent priorities:

- To review Kentucky’s state financial aid programs (both need and merit) to ensure the system adequately meets the financial needs of students (adults and traditional age), and recommend changes to promote greater efficiency, transparency, and access in the system.

“The final recommendations in this report represent the ideas with the greatest potential for producing positive, sustainable changes in postsecondary access and affordability within current budget constraints.”

- To recommend strategies to increase the number of successful transfer students from two-year to four-year institutions for bachelor’s degree completion, as well as promoting consistency in content and rigor among community colleges.
- To recommend additional cooperative agreements and arrangements that will result in greater operating efficiencies and cost savings for our colleges and universities.
- To review proposals as they develop under the auspices of Senate Bill 1 (2009) to significantly decrease remediation levels.

Since July, the HEWG has held four meetings in Frankfort and two additional study sessions in Lexington and Louisville. Over the last four months, the group has heard testimony from national policy advisors from the Western Interstate Commission for Higher Education (WICHE) and the National Center for Higher Education Management Systems (NCHEMS); chief academic and budget officers from Kentucky’s colleges and universities; financial aid directors of public and independent colleges; and staff from KHEAA and the CPE, who presented analysis of the state’s student aid programs. The group considered over 33 specific proposals to improve postsecondary affordability, quality, and transferability, which it then narrowed to 21 recommendations in a facilitated prioritization exercise. Of these, 14 emerged as the HEWG’s highest priorities.

The final recommendations presented in this report, organized by policy area, represent the ideas with the greatest potential for producing positive, sustainable changes in postsecondary access and affordability within current budget constraints. The recommendations reflect the consensus view of the HEWG and mark the completion of its gubernatorial charge. Most of the recommendations included in this report are for short-term action and require no additional revenue. However, three of the recommendations (1B, 3D, and 3G) would depend on additional revenue for their implementation. These are included for future consideration or action when economic conditions improve.

KENTUCKY'S STUDENT AID PROGRAMS

Kentucky's commitment to student financial aid, the structure of its state programs, and their effectiveness in expanding postsecondary access and affordability have been areas of focus for the HEWG since it was established. The January 2009 report of the HEWG recognized the significant increase in public investment the state has made over the past decade in the three major financial aid programs – the Kentucky Educational Excellence Scholarship Program (KEES), the College Access Program (CAP), and the Kentucky Tuition Grant Program (KTG):

“Kentucky leaders took the bold step of dedicating nearly 100 percent of lottery proceeds to student financial aid to encourage more Kentuckians to go to college. The legislation created the Kentucky Educational Excellence Scholarship program (KEES), modeled on Georgia's popular HOPE merit scholarship program, and at the same time dramatically increased funding for Kentucky's two need-based programs, the College Access Program (CAP) and the Kentucky Tuition Grant Program (KTG). With phased-in funding from lottery proceeds, Kentucky's General Fund investment in student aid has increased 240 percent, from \$27.6 million in 1998 to \$93.3 million in 2007.”

However, the report also noted that tens of thousands of lower-income Kentuckians who qualify for state grants do not receive aid because of lack of funds. The HEWG returned to this topic when it met on July 21, 2009. At that meeting, KHEAA testified that more than half of the students qualifying for College Access Grants and nearly a third of students qualifying for the Kentucky Tuition Grant are denied awards due to insufficient funding. These grants are awarded on a first-come, first-served basis, and funds are depleted typically by May of each year. In short, as substantial as the growth of need-based student aid has been over the past decade, it has not kept pace with student demand.

Current Challenges

Kentucky's financial aid programs were established primarily to serve traditional college students (i.e., recently graduated high school students enrolled full-time). Recent analyses of the state's aid programs have shown that there are segments of the population that are prepared for college but may be deferring the pursuit of a postsecondary degree or credential, including:

- Currently enrolled students who qualify for need-based aid but are denied due to insufficient program funding.
- Lower income adults who enroll less than half time, and therefore do not qualify for the full range of federal and state financial aid programs.

THE CHARGE:

To review Kentucky's state financial aid programs (both need and merit) to ensure the system adequately meets the financial needs of students (adults and traditional age), and recommend changes to promote greater efficiency, transparency, and access in the system.

- Lower income, working adults who have never enrolled, stopped out, or dropped out of college due to financial barriers.
- Students on track to transfer from a two-year to four-year program who fail to make the transition due to real or perceived financial barriers.
- Lower income, first-generation, college-ready students who may have limited awareness of college, the student financial aid structure, and the admissions process.

A number of other challenges emerged during the HEWG's research and discussions on state financial aid, which are highlighted below:

- There is a lack of unified, longitudinal data on financial aid and student performance, which limits Kentucky's ability to fully understand relationships between family income, college choice, affordability, and retention. As a result, it is unclear the extent to which Kentucky's financial aid programs are successful in improving access for all students, or whether they unintentionally contribute to gaps in enrollment and achievement.
- The award eligibility criteria for KEES scholarships may not be indicative of college readiness given that nearly 40 percent of students receiving KEES scholarships lose their awards after their first year in college. Also, KEES ACT bonus award criteria are not fully aligned with current ACT college readiness standards.
- There is a need for more consistent and comprehensive information about college costs and student financial aid, specifically for at-risk populations. Need-based programs must be highly visible and fully understood. It is particularly important that guidance counselors, teachers, and others in the school systems share timely information about college costs and student aid early and often.
- While there has been an increase in the percent of Free Application for Federal Student Aid filers in recent years, many students do not complete the FAFSA or apply late in the process; as a result, these students do not have an opportunity to access federal and state financial aid.
- The growing proportion of students using debt to pay for college, the amount of debt used, and how loans are incorporated into financial aid packages put further pressure on student access and success. According to the Project on Student Debt, 64 percent of Kentucky's four-year graduates in 2007 left school with an average cumulative debt of \$16,972. Just a year earlier, 59 percent of students took out loans and left school with an average cumulative debt of \$15,505.⁷
- There is a need for more campus-based work opportunities. State and national studies have shown that on-campus employment can increase student engagement and retention while producing cost savings for institutions.

Guiding Principles

As the HEWG and other parties examined state student aid to identify program gaps and improve effectiveness, the following principles helped guide decision making:

- No qualified Kentucky student should be denied access to postsecondary education because of financial circumstances, nor should financial circumstances create a barrier to completion of a postsecondary program.
- Encouraging and rewarding strong academic performance, retaining talent in the state, and encouraging specific areas of workforce development are valid and potentially effective uses of state student aid dollars, but when resources are limited, need-based aid should take precedence over merit and other types of financial aid programs.
- There should be a funding relationship between public sector tuition, state appropriations, and state, federal, and institutional student financial aid policies to ensure sufficient support for institutions and students.
- Access to adequate information and guidance about financial aid opportunities and the college application process are important, particularly for lower-income and nontraditional populations, and must be addressed as a part of larger financial access issues.
- Student aid programs must be understandable, visible, and meaningful to students and their families as early as possible in the P-12 experience to be an effective incentive for college going and to raise the educational aspirations of Kentucky students.
- While Kentucky's current economic situation may prevent the implementation of high-cost solutions, Kentucky should not base long-term policy recommendations in the area of state financial aid solely on short-term financial conditions.

“When resources are limited, need-based aid should take precedence over merit and other types of financial aid programs.”

Priority Recommendations

1A. Align KEES award criteria with new college readiness standards developed through implementation of Senate Bill 1 (2009). If changes in eligibility requirements result in unallocated funds, direct these dollars to need-based aid.

1B. Increase the appropriation for need-based aid to ensure no qualified applicant is denied assistance due to funding shortfalls. In FY 2009, need-based demand exceeded available funds by \$64 million.

1C. Structure the state's financial aid programs so that they better address the needs of part-time, nontraditional students, many of whom are ineligible for state grant programs because they are enrolled in less than six credit hours a semester. Consider making changes in program eligibility; expanding the existing Go Higher grant, a financial aid program to encourage working adults (24 and older) to attend college; or creating a new stand-alone program specifically for adults.

1D. After the allocation of \$3 million of net lottery revenues to literacy development, as specified by KRS 154A.130(3), ensure that all remaining net lottery revenues are directed to student financial aid programs. Currently, student aid appropriations are determined by lottery estimates rather than actual lottery receipts; when receipts exceed estimates, the surplus revenue is redirected to the General Fund. In future years, any difference between actual and estimated lottery revenues should be applied to the following year's student aid appropriation.

Other Recommendations

1E. Due to anticipated increases in federal tax benefits for postsecondary education, redirect funding that currently supports Kentucky's tuition tax credit program to need-based financial aid, particularly to programs that assist lower income, part-time adults.

1F. Pilot a Lifelong Learning Account (LiLA) program, perhaps in specific, high-need workforce areas. LiLAs are employer-matched, portable, employee-owned accounts used to finance postsecondary education and training. LiLAs have been found to increase productivity, improve recruitment and retention, and meet the changing needs of the economy. Kentucky might encourage these programs through a state match or tax credits/deductions for businesses or individuals, and could incorporate LiLAs into the existing 529 savings plan program.

STUDENT TRANSFER

The ability of students to successfully transfer from two-year to four-year institutions is essential to the realization of Kentucky's educational attainment goals. The range and complexity of the issues surrounding transfer in Kentucky are similar to those experienced by other states. Because of this, transfer has emerged as a primary concern in the national policy agenda for higher education.

Current Challenges

While Kentucky has implemented a number of initiatives to enhance two-year to four-year transfer across the state, more can and must be done. Students attempting to transfer in Kentucky face a number of persistent obstacles. In 2004, CPE and KCTCS conducted a statewide survey of nearly 5,000 community college students and key transfer staff to determine their perceptions of the barriers to transfer. Among the challenges identified at that time were:

- **Student Motivation.** According to the survey, many students' desire for a bachelor's degree was overshadowed by their desire for immediate employment. Seventy percent of KCTCS students surveyed indicated that they did not plan to complete a bachelor's degree or higher. Of the 30 percent who planned to transfer in the near future, survey results indicated that the greatest areas of interest were in education, social and government services, STEM fields, business, and service industries.
- **Advising.** Students lacked adequate advising from both two-year and four-year institutions about planning and preparing for transfer. In particular, misinformation about which courses could transfer and be applied to a degree program, as well as the lack of well-defined procedures to resolve transfer questions and concerns, made the process difficult to maneuver.
- **Financial Resources.** Most state and institutional financial aid programs are geared toward traditional students. Fifty-six percent of KCTCS students surveyed indicated that financial difficulties were a moderate or major problem in college attendance. Forty-two percent of KCTCS students who were undecided about transfer indicated that scholarships would make transfer more likely.
- **Academic Services.** Transfer students cited geographical distance and program availability as barriers to baccalaureate access. Thirty-eight percent of KCTCS students surveyed indicated that the times courses were scheduled made going to college more difficult. Thirty-three percent of KCTCS students who were undecided about transferring indicated that traditional course and program delivery were barriers to transfer.

THE CHARGE:

To recommend strategies to increase the number of successful transfer students from two-year to four-year institutions for bachelor's degree completion, as well as promoting consistency in content and rigor among community colleges.

“A range of activities and innovations are occurring to facilitate student transfer, although more needs to be done.”

- **Curricular Alignment.** The most dramatic growth at KCTCS has been in applied technical programs designed to meet local business and industry workforce needs. While associate in applied science (AAS) degree programs prepare students for immediate employment, many of the technical courses in these programs do not count toward baccalaureate degree requirements because university course equivalencies do not exist in all fields.

Furthermore, the unintentional lack of communication among transfer partners undermines the effectiveness of statewide initiatives. With constant changes in curricula and degree requirements, institutions are playing catch-up to keep abreast of multiple programs at multiple institutions.

Recent Progress

While the results of the 2004 survey are telling, the tremendous amount of work that has been done over the past five years to address transfer barriers should be emphasized. HEWG members heard testimony from campus representatives and CPE staff at the August 19 meeting that detailed a number of innovative programs and activities that have strengthened the transfer pipeline since the late 1990s. At the state level, these include:

- The creation of the applied associate degree transfer policy to guarantee the transferability of general education credit included in that degree to in-state, public four-year institutions.
- The development of programs in specific subject areas (completer degrees) that provide a pathway for any KCTCS student completing an associate or applied associate degree to transfer to a public, four-year institution and complete a baccalaureate degree in a timely fashion.
- Creation of statewide education and business field of study frameworks that ensure transfer of 60 hours of credit in appropriate associate degrees to teacher preparation and business majors.
- Expanded outreach to students to help them navigate the transfer process, including detailed information about student transfer in KnowHow2GoKY.org, a state-level college going Web site; broad distribution of the Kentucky Transfer Student Handbook; and transfer fairs across the state to create additional opportunities for personal interaction and advising.

A range of activities and innovations also are occurring on campuses to facilitate student transfer, although more needs to be done:

- Expanding upper division programs to allow more seamless transfer from two-year to four-year campuses. There are now 62 bachelor's degree programs offered in their entirety online through the Kentucky Virtual Campus. Between 1999 and 2006, Kentucky's public universities awarded 2,881 completer degrees. Many public and independent four-year institutions now offer upper division programs on or in close proximity to community colleges to allow KCTCS students easy access to upper division programs.
- Restructuring financial aid to help students overcome financial barriers to transfer. Around \$200,000 in funding has been awarded to KCTCS's Workforce Development/Transfer Program to provide scholarships to encourage associate degree completers to transfer to Kentucky public and independent colleges and universities. Kentucky four-year institutions also have increased the number of transfer scholarships they award, providing 520 transfer scholarships and 32 minority scholarships in the fall of 2008.
- Expanding advising programs to improve student success and retention and facilitate seamless transfer between institutions. All KCTCS institutions and several of the public four-year campuses have created transfer centers to advise students on transfer planning. Most of the universities have stationed academic advisors on KCTCS campuses; some have created joint admission/enrollment programs that allow KCTCS students to take classes on both the two-year and four-year campuses. Also, public and independent institutions partnered to create the Kentucky Academic Advising Association (KACADA), which provides professional development and networking opportunities for academic advisors.
- Facilitating statewide policy groups such as the Statewide Transfer Committee and Adult Learner Policy Group to create and review statewide programs and policies. These groups propose recommendations in areas like joint admission and joint enrollment, as well as conducting workshops for faculty to improve the process of awarding credit for prior experiential learning.

Guiding Principles

As the HEWG and other parties reviewed strategies to improve transfer and student mobility throughout the postsecondary system, these principles helped guide decision making:

- It is in the Commonwealth's best interest to encourage more community college students to transfer to universities and earn a bachelor's degree.
- Transfer requirements must be transparent and easy to understand for students, families, counselors, and advisors.

“It is in the Commonwealth’s best interest to encourage more community college students to transfer to universities and earn a bachelor’s degree.”

- Transfer technology systems must be robust in accommodating the requirements of multiple degree programs.
- Degree programs in majors that meet high-priority state needs must be strategically targeted for systemwide articulation to facilitate seamless transfer.
- Institutional and faculty prerogatives in establishing criteria for completion of degrees in disciplines and majors must be honored, and criteria must be reasonable and consistent with recognized national, regional, and/or professional standards applicable to each major.
- Learning outcomes for general education courses at all postsecondary education institutions must be aligned and of comparable quality and rigor. Course credits earned by students in these subjects must be fully transferable to any other public institution.
- The number of unnecessary credits students earn on the path to a degree must be minimized.

Priority Recommendations

2A. Encourage the development of statewide joint admissions/enrollment programs between KCTCS and four-year institutions, as well as institutional scholarships for students transferring from KCTCS to a Kentucky four-year institution. Expand upper division program offerings tied to joint admission and enrollment programs and offered through distance learning and resident instruction in alternative formats (e.g., accelerated and modular formats) and times (e.g., evenings and weekends).

2B. Align common learning outcomes for general education courses and majors to ensure comparable quality, rigor, and consistency with recognized national, regional, and/or professional standards. Lower division course credits applicable to either an Associate of Arts or Associate of Science degree will be fully transferable to related bachelor's degree attainment at all public institutions.

2C. Establish guidelines at each campus to assure that a transfer student's transcript is evaluated and credit decisions are made within a specified number of days of the student's selection of a major. The guidelines should outline the institutional processes for students' right to appeal transfer credit decisions and receive an expedient decision resolving any disputes about transfer of credit.

2D. Implement, promote, and sustain an electronic system to help KCTCS and four-year institutions connect their existing infrastructure to offer a unified course articulation and transfer information system to meet the needs of students, transfer advisers, registrars, faculty, and other stakeholders. This system will articulate the sequence of courses students should take to maximize transfer of credit for the most common degree programs, as well as indicate whether a course will count toward general education or major requirements.

Other Recommendations

2E. Encourage acceptance and transferability of credit for experiential learning, as demonstrated through CLEP tests and other methods. Experiential learning is college-level learning that is recognized by regional accrediting bodies and/or other appropriate organizations and agencies. If institutional policies adhere to nationally recognized standards and procedures, this will alleviate barriers to the transfer of credit for learning acquired outside the college classroom.

2F. Provide professional development opportunities to high school counselors to inform them of the opportunity for high school students to begin their higher education experience at KCTCS and transfer to a four-year institution, as well as going directly to a four-year institution.

THE CHARGE:

To recommend additional cooperative agreements and arrangements that will result in greater operating efficiencies and cost savings for our colleges and universities.

OPERATING EFFICIENCIES AND COST CONTAINMENT

In the current fiscal environment, there is mounting pressure to demonstrate that institutions are spending money wisely and managing costs without sacrificing quality. If state revenues continue to shrink and public support for higher education declines, institutions may find themselves relying on tuition increases that are unsustainable in the years ahead.

Higher education must find ways to contain costs and maintain quality, which demands greater creativity and flexibility than ever before. Are expenditures in core educational programs achieving the long-term strategic goals? Are institutions engaged in some type of efficiency or effectiveness initiative? Could technology or distance education help lower costs? Are new buildings being pursued when renovations would prove more cost effective? These are just a few of the difficult questions being examined by Kentucky's colleges and universities.

At its September 22nd meeting, the HEWG devoted considerable time to a discussion of statewide and institutional cost containment strategies and the need to balance cost efficiency and increased productivity with quality. Patrick Kelly, Senior Associate at the National Center for Higher Education Management Systems, provided a comprehensive overview of higher education productivity from both a state and national perspective.

Institutional representatives also shared strategies they have employed to minimize the impact of previous state budget cuts on educational quality and access. Cost containment measures have been implemented across the institutions' academic and operational units—academic affairs, research and community development, business services, and facilities management (e.g., utilities, custodial services). All of the institutions have reduced personnel costs through hiring freezes, delaying recruitment of new hires, increasing use of adjunct/visiting faculty members, or spreading the workload over fewer staff. Institutions are currently pursuing purchasing consortia and other cooperative agreements that could further lower costs.

Current Challenges

The current economic recession presents a number of challenges that have been echoed in national reports, state analyses, and discussions among chief business officers and other campus representatives. In Kentucky, the following are most critical:

- The economic downturn is increasing demand on Kentucky campuses at the same time state funding to support this demand has been cut by \$78 million since fiscal year 2007-08.

- Many of the easiest cost containment and operating efficiency strategies to implement (the “low hanging fruit”) have already been adopted by campuses to maintain their current level of operations.
- There is increased public pressure to grow the number of college and university graduates within available resources while preserving institutional quality. There is also increased public scrutiny of higher education costs and accountability.
- While Kentucky institutions continue to attract more first-generation and nontraditional students, these students typically require extra support services to achieve successful outcomes.
- Kentucky’s structural budget deficit—driven in part by growing health care costs, the aging population, increases in Medicaid, and the rising cost of corrections—is limiting the state’s ability to invest in education.
- Kentucky’s public postsecondary education institutions operate an aging infrastructure, with many demands for capital renewal and ongoing maintenance. This diverts operating funds away from mission-specific activities related to instruction, research, and service.

That being said, it is important to remember that the recession presents a powerful incentive to change. The current economic crisis demands that the higher education system maintains an unwavering focus on its core mission, works smarter, and equips itself with the tools needed to survive and thrive in the future.

Guiding Principles

As the HEWG and other parties reviewed strategies to increase operating efficiencies and contain costs, the following list of principles helped guide decision making:

- Efforts must not hamper the institutions’ ability to achieve the mandates outlined in HB 1.
- Student success should be a top priority when considering operating efficiencies and cost containment strategies.
- Public colleges and universities cannot be all things to all people; institutional leadership must have the courage to eliminate non-core activities and consolidate efforts where it makes sense in order to contain costs while preserving the institutions’ quality and mission.
- All areas of the college or university—including academic and student affairs, administration, and business services—need to be equally scrutinized for operating efficiencies and cost savings.
- The postsecondary education system must seek out and assess any and all revenue resources that will help contain costs for students and the state.

“The current economic crisis demands that the higher education system maintains an unwavering focus on its core mission, works smarter, and equips itself with the tools needed to survive and thrive in the future.”

- A systematic approach to gathering data and information on cost containment and sharing effective strategies is essential for increased transparency and accountability.
- A strategic communication effort is needed to demonstrate prudent financial management of the postsecondary education system to policy leaders and key stakeholders.
- Technology will play a critical role in containing costs in all areas of college and university operations.
- Statewide interests should be balanced with institutional interests when making decisions on initiatives that could result in greater operating efficiencies and cost savings for Kentucky's public postsecondary education system.

Priority Recommendations

3A. Encourage and enhance work opportunities for students to perform college and university services to help reduce operating costs while increasing retention and job skills of graduates.

3B. Organize a statewide summit to bring together higher education and other professionals to discuss cost containment strategies that data have proven to be effective and commit to implementing high-value strategies within a year of the summit. Possible topics include:

- Information technology (e.g., e-billing, e-purchasing, joint contracts)**
- Employee benefits (e.g., review health and retirement plans)**
- Energy (e.g., harness costs through enhanced energy management)**
- Purchasing (e.g., exploit the full potential of purchasing consortium participation including the Kentucky Educational Purchasing Cooperative)**
- Business services (e.g., increased outsourcing, consolidation of services across campuses)**
- Academic programming (e.g., increased use of online learning, evaluating class sizes, exploring program discontinuation or consolidation, increasing faculty and staff productivity, reviewing hiring practices)**

3C. Publish a new state-level higher education financial report that is shared with the executive and legislative branches to more clearly communicate how institutions are funded and where funds are spent. Incorporate new cost metrics promoted by the Delta Project on Postsecondary

Education Costs, Productivity, and Accountability, which use existing cost data to assess how Kentucky institutions compare to similar institutions on educational spending per student.⁸

3D. Secure funding (e.g., \$1 million) for Kentucky public postsecondary institutions to pilot the course redesign methodology promoted in the National Center for Academic Transformation's Program in Course Redesign to evaluate its impact on student learning outcomes and costs.⁹

3E. Encourage universities to be more intentional about ensuring full-time bachelor's degree-seeking students graduate within four years.

3F. Recognize and utilize Kentucky's independent institutions, accredited by the SACS and licensed by the Council on Postsecondary Education, to achieve greater degree production and efficiency in the system.

Other Recommendations

3G. Incorporate financial incentives into the higher education funding distribution model to reward institutions for increased degree completion, persistence, graduation rates, and other performance factors.

3H. Increase statutory thresholds for capital expenditures requiring legislative approval beyond \$600,000 (e.g., \$1 million) for capital construction projects and beyond \$200,000 (e.g., \$500,000) for equipment projects.

3i. Develop a professional development program as part of the Council's annual trusteeship conference to enable institutional and Council board members to expect and support increased productivity and degree attainment by aligning mission, revenues, expenditures, and strategic plans.

COLLEGE READINESS UPDATE

THE CHARGE:
To review proposals as they develop under the auspices of Senate Bill 1 (2009) to significantly decrease remediation levels.

Of all the seniors who graduated from Kentucky high schools in 2006 and went to public, in-state colleges or universities, almost half (45 percent) needed developmental education in one or more subjects.¹⁰ The lack of alignment between the requirements for high school graduation and college entry were raised as a concern in the HEWG's first report, specifically as part of the recommendation to decrease time- and credit-to-degree (Recommendation 6). At that time, the HEWG called for a more thorough review of the impact of developmental education on college completion, with proposed strategies for reducing remediation.

However, an important development occurred after the publication of the first report. On March 26, 2009, Governor Beshear signed into law Senate Bill 1, an Act of the General Assembly to revise the assessment and accountability system for P-12 education in Kentucky. The law requires the development of new standards, based on national and international benchmarks, to strengthen the rigor and focus of the P-12 curriculum and increase the number of students ready to succeed in college and the workforce.

The Kentucky Department of Education and the Council on Postsecondary Education—in collaboration with the Education Professional Standards Board, the Collaborative Center for Literacy Development, the Kentucky Center for Mathematics, college of education faculty, elementary and secondary teachers, and workforce representatives—have been working diligently over the past six months to plan and implement this landmark piece of legislation.

To acknowledge the HEWG's interest in and concern over college remediation rates, the Governor's revised charge to the work group calls for a review of developmental education proposals as they emerge from the SB 1 steering committee and various content work groups. To date, the following activities are in process:

- The development of a unified strategy around four key areas: (1) accelerated learning opportunities (e.g., Advanced Placement, dual credit, international baccalaureate, Project Lead the Way/STEM); (2) secondary intervention programs (e.g., credit recovery, transitional courses, bridge programs); (3) postsecondary intervention programs and services (e.g., placement testing, summer bridge programs, developmental education programs with accelerated and online learning components, early alert intervention programs, advising and mentoring programs, tutoring and student support services, adult education services); and (4) college and career readiness advising (e.g., monitoring students' progress using the Individual Learning Plan, Kentucky Scholars Initiative, Gear UP, and KnowHow2GO programs and services).

- The review of the current public postsecondary placement policy in English and mathematics and the National Governors' Association and Council of Chief State School Officers core content standards for college and workplace readiness. Recommendations about the use of the core content standards are being developed by content work groups.
- The development of a catalog of evidence-based college readiness strategies for use by all stakeholders. KDE, CPE, and many other state and national partners are a part of the process to align course content and assessments between P-12 and postsecondary institutions.
- The review of national and statewide professional development models. Kentucky will use a professional development model that provides each student access to rigorous and high-quality instruction. Strategies for providing the professional development offerings related to the common core standards, assessments, and an accountability system are currently being developed.
- The development of a communication plan, with strategies for clearly explaining the revised standards of readiness to students, families, teachers, school administrators, postsecondary faculty and administrators, and the public.

Finding ways to reduce remediation rates and increase the graduation rates of underprepared students has been a top priority of the SB 1 content work groups. Ongoing cooperation between KDE and CPE will ensure that the revised standards for P-12 language arts and mathematics are ultimately aligned with postsecondary education course and assessment standards.

ENDNOTES

1. As reported in the Council on Postsecondary Education's Comprehensive Database, 2009.
2. Educational attainment statistics for Kentucky adults from the American Community Survey, U.S. Census Bureau, as reported in *Measuring Up 2008: The State Report Card on Higher Education*, National Center for Public Policy and Higher Education, 2008.
3. As reported in the Council on Postsecondary Education's Comprehensive Database, 2009.
4. From a speech by Jamie P. Merisotis, President of the Lumina Foundation for Education, at the Howard R. Bowen Lecture, Claremont Graduate University, Claremont, CA, October 14, 2009.
5. Baccalaureate attainment rankings for the United States compared to other nations from Organisation for Economic Co-operation and Development, *Education at a Glance 2008*.
6. Section 133 of the Higher Education Opportunity Act (P.L. 110-315) includes new language "to ensure students have access to affordable course materials by decreasing costs to students and enhancing transparency and disclosure with respect to the selection, purchase, sale, and use of course materials." The law was enacted on August 14, 2008.
7. The Project on Student Debt is an initiative of the Institute for College Access and Success, a nonprofit independent research and policy organization dedicated to making college more available to people of all backgrounds. More information can be found at <http://projectonstudentdebt.org>.
8. The Delta Project on Postsecondary Education Costs, Productivity, and Accountability is an independent nonprofit organization committed to the creation of analytical tools to understand where and why college costs are increasing. More information can be found at <http://www.deltacostproject.org>.
9. The National Center for Academic Transformation has developed a program for states and higher education systems that want to produce large-scale quality improvements and cost savings. The course redesign methodology offers administrators and faculty a tested and structured approach to assessing their costs for delivering instruction, redesigning courses taking advantage of the capabilities of information technology, and measuring student learning. More information can be found at <http://www.thencat.org>.
10. As reported in the Council on Postsecondary Education's Comprehensive Database.

APPENDIX A: GOVERNOR'S REVISED CHARGE



COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR

STEVEN L. BESHEAR
GOVERNOR

700 CAPITOL AVENUE
SUITE 100
FRANKFORT, KY 40601
(502) 564-2611
FAX: (502) 564-2517

June 22, 2009

Mrs. Mira S. Ball
Ball Homes
3399 Tates Creek Road, #1
Lexington, KY 40502

Dear Mrs. Ball:

With the adjournment of the 2009 General Assembly, it is an opportune time to re-convene the Higher Education Work Group established on October 21, 2008, to address issues of college access and affordability in the Commonwealth.

Our work together has never been more important or more challenging. Our world and national economy is in deep recession – a recession that has challenged our ability in the Commonwealth to provide basic services while continuing to strategically invest in key priorities such as education at all levels.

The troubled economic reality we are facing must force us to re-focus our efforts with the commission and concentrate our attention and resources on the highest priority issues that will allow us to quickly address the questions of affordability and access.

To that end, I have carefully considered the recommendations advanced in the January report, *Expanding College Access and Affordability in the Commonwealth*.

I want to thank you for your hard work and dedication to this task, which has produced practical, well-researched, and innovative ideas to expand college access and contain costs. The report provides an excellent blueprint for our colleges, universities, and postsecondary partners, who will, with the support and encouragement of the Council on Postsecondary Education, work cooperatively to ensure these recommendations are implemented.

Now, as we renew our efforts, I am proposing some changes to the Work Group's structure and mission that will allow us to move forward in the most effective and expeditious manner possible.

As you know, when I originally conceived of this group, I envisioned a two-part structure and charge. The Affordability Subcommittee would deal with issues such as cost containment and state financial aid. At the same time, a Strategic Planning Subcommittee would develop a roadmap for reaching the level of state funding needed between now and 2020 to achieve the ambitious goals of postsecondary reform.

MRS. MIRA S. BALL
June 22, 2009
Page 2

However, the severity and potential length of the current economic crisis make it increasingly difficult at this time for us to develop a coherent long-term funding roadmap over the next few months. While that is a priority for the future, creating this roadmap in such a rapidly shifting economic environment would not be the most productive use of this group's considerable, but limited, resources.

Therefore, I am requesting that the Work Group disband the two current subcommittees and focus its attention on higher education affordability, and extend the timeline for completing the remaining work to November 1, 2009. Against that backdrop, the following issues represent our most timely and urgent priorities:

(1) Reviewing Kentucky's state financial aid program (both need and merit) to ensure the system adequately meets the financial needs of students (adults and traditional age), and recommend changes to promote greater efficiency, transparency, and access in the system.

(2) Recommending strategies to increase the number of successful transfer students from two-year to four-year institutions for bachelor-degree completion as well as promoting consistency in content and rigor among community colleges in terms of curricula.

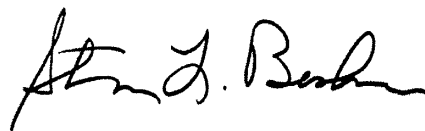
(3) Reviewing proposals as they develop under the auspices of Senate Bill 1 to significantly decrease remediation levels.

(4) Recommending additional cooperative agreements and arrangements that will result in greater operating efficiencies and cost savings for our colleges and universities.

Co-chairs Mira Ball and Pete Mahurin will be contacting you shortly to schedule an upcoming meeting of the Higher Education Work Group to discuss next steps. Increasing Kentucky's educational attainment and improving the quality of our system continues to be one of my administration's highest priorities. Education is the building block for our state's future. But these issues of cost, access and attainment must be addressed if our children and our system of public higher education are to reach their vast potential.

Thank you for your dedication and service, and I look forward to working with you in the months ahead.

Sincerely,



Steven L. Beshear

**APPENDIX B:
LETTER FROM THE COALITION OF FACULTY
SENATE LEADERSHIP (COSFL) WORK GROUP**

To: Members of the Higher Education Work Group
From: COSFL (Coalition of Faculty Senate Leadership) Work Group
Date: 28 October 2009
Re: Statewide Faculty Contribution to the Report of the Higher Education Work Group

COSFL proposes the following guiding principles related to higher education in Kentucky:

1. Although faculty understand that the state is in a dire financial situation and that the current economic situation may prevent the implementation of high cost solutions, Kentucky should not base long-term policy recommendations in the areas of state financial aid and a dedicated revenue stream to higher education solely on a short-term financial condition.
2. Since the uniqueness of each of the institutions holds much of the strength of the Kentucky higher educational system, the CPE and institutions must find ways to work with faculty to foster this uniqueness so that it best meets the needs of the state and the regions.
3. Student success should be a top priority when considering operating efficiencies and cost containment strategies. For students to succeed academically, Kentucky's postsecondary institutions must be able to recruit and retain excellent faculty. This will require a long-term commitment to faculty salary improvement.
4. In terms of financial aid for students, when resources are limited, need-based aid should take precedence over merit and other types of financial aid.
5. There is a need for unified longitudinal data on financial aid and student performance so that Kentucky can understand whether current state financial programs are successful in improving access for all students or whether they may unintentionally contribute to gaps in enrollment and achievement.
6. The state's existing financial aid programs should be modified to better address the needs of nontraditional students, many of whom enroll for less than six hours and thus are ineligible for many grant programs.
7. Use of student aid should be expanded to encourage transfer from KCTCS to four year institutions, rewarding transfers only after completion of the general education core at KCTCS.
8. The development of statewide joint admissions/enrollment programs between KCTCS and the four year institutions should be encouraged, along with expansion of upper division program offerings tied to joint admission and enrollment programs and greater transparency in transfer requirements.
9. Common learning outcomes for general education courses should only be aligned in a way that does not limit campus and faculty autonomy.
10. Universities should be encouraged to be more intentional about ensuring full-time bachelor's degree seeking students graduate within four years.

APPENDIX C: Executive Summary of the HEWG's January Report

EXECUTIVE SUMMARY

Rising college costs are preventing many capable, motivated Kentuckians from pursuing advanced degrees and compromising Kentucky's ability to achieve the 2020 goals for postsecondary education. Kentucky's quality of life and future economic prosperity will be in jeopardy unless bold, decisive steps are taken to improve college affordability.

Governor Steven L. Beshear signed an Executive Order (2008-1109) on October 21, 2008 establishing the Higher Education Work Group. The 25-member bipartisan work group—comprised of prominent business, education, and policy leaders—is charged with producing two reports in 2009, one on January 15 and one on September 1. This first report identifies a number of actions the Governor could begin immediately to reduce college costs and improve efficiency in the system within current budget constraints. Additionally, the report recommends review of several key issues to inform the work of the HEWG moving forward.

THE CHALLENGES TO COLLEGE AFFORDABILITY IN KENTUCKY

Making higher education more affordable will require a range of policy responses, short-term and long-term, direct and indirect. Though by no means comprehensive, the recommendations offered in this report respond to concerns prominently voiced in testimony received by the Affordability Subcommittee during its November 19, December 2, and December 18 meetings, as well as by the Subcommittee members themselves. These challenges, in abbreviated form, are listed below:

Challenge 1: Despite a significant public investment in state student aid programs over the past decade, tens of thousands of lower income Kentuckians who qualify for state grants do not receive aid because of lack of funds.

Challenge 2: There are numerous sources of state and federal financial aid to help students pay for college, but they can be difficult to access.

Challenge 3: Kentucky must improve performance in the area of transfer (two-year to four-year) to expand opportunity for students and increase degree production.

Challenge 4: Potential college students in Kentucky are confronted with an overwhelming amount of information from a variety of different sources on how to plan, apply, and pay for college.

Challenge 5: There are significant cost drivers other than tuition that influence what students are paying for college. While they do not receive the same level of scrutiny, these need to be addressed.

Challenge 6: On average, over half of full-time students at Kentucky's public universities do not graduate within six years. Those students who do earn degrees often end up accumulating many more credits than necessary, adding an unnecessary financial burden on the student and the state.

Challenge 7: Financial aid opportunities for working adults are limited and awareness of these benefits is low.

THE RECOMMENDATIONS

The Higher Education Work Group recommends that the Governor consider the following, specific steps to preserve and improve the affordability of postsecondary education in Kentucky and increase college access in the short term. These recommendations, in abbreviated form, correspond to the seven challenges previously identified:

Recommendation 1:

Contract with a nationally recognized higher education policy organization or expert to undertake a comprehensive review of Kentucky's state financial aid programs (both need and merit).

Recommendation 2:

2A. Urge Congress and the federal government to greatly simplify the Free Application for Student Financial Aid (FAFSA) form and pledge that in return, Kentucky's postsecondary institutions and state financial aid agency will not adopt additional forms or requirements for need-based aid.

2B. Provide more direct assistance to help students and families complete the FAFSA form and access all sources of aid.

2C. Once the FAFSA form is simplified and state programs are in place to assist families in its completion, adopt a policy requiring all Kentucky resident degree-seeking students to submit a FAFSA as a condition of receipt of all institutional, state, and federal need and merit-based financial aid, including tuition waivers.

Recommendation 3:

Direct Kentucky's public postsecondary education providers, under the leadership of the Council on Postsecondary Education (CPE), to develop a Kentucky Transfer Action Plan to be submitted to the Governor, legislative leadership, campuses, and other interested parties by October 30, 2009.

Recommendation 4:

4A. Launch a Governor-led public service campaign to bring renewed public attention to the importance of a college education and of the state and federal resources that make college more affordable. Designate a College Access Month in Kentucky.

4B. Convene representatives of interested agencies and parties to integrate the state's existing college access Web sites and resources into one comprehensive, consumer-friendly site for prospective college students by December 31, 2009.

4C. Call on the Advisory Committee of Presidents to take the lead in providing more transparency to incoming students on what college will actually cost, including tuition and fees, room and board, textbooks, transportation, and other expenses by Fall 2009.

Recommendation 5:

5A. Call on the postsecondary education community, in partnership with relevant state agencies, to increase collaboration and participation in consortia and other joint agreements to contain costs and increase the system's purchasing power on various goods and services.

5B. Encourage public colleges and universities to expand campus employment opportunities for students, helping them contribute to the cost of their education.

5C. Direct the CPE—with the consultation of postsecondary institutions, student government, campus bookstores, and textbook publishers—to issue recommendations to lower college textbook costs and promote greater transparency and predictability for students and families around this issue.

Recommendation 6:

Call on the CPE, in cooperation with the leaders of the state’s postsecondary education institutions, and in partnership with other stakeholder groups, to undertake a thorough review of time- and credit-to-degree issues in Kentucky and develop a set of program and policy recommendations to improve performance. A comprehensive set of recommendations should be submitted to the HEWG by August 1, 2009.

Recommendation 7:

7A. Encourage businesses to provide educational benefits and assistance (e.g., tuition remission, contributions to college saving accounts, workplace college-level education offerings) to their employees to pursue postsecondary education. Publicly recognize or reward employers and employees who offer or use educational benefits to encourage other Kentuckians to follow their example.

7B. Encourage the CPE and postsecondary institutions to evaluate policies related to awarding credit for college-level experiential learning and use of credit by exam options.

7C. Create a highly visible link to educational benefits for veterans on the state’s comprehensive college access Web site, and heavily promote the “new GI Bill” to eligible veterans when it goes into effect in August 2009.

While these recommendations are an important first step, the second report, due September 1, will examine more substantive, complex issues surrounding college affordability, such as tuition setting, higher education financing, institutional effectiveness and productivity, and state student financial aid.

GLOSSARY

529 Savings Program - The Kentucky Education Savings Plan Trust (KESPT) is Kentucky's official 529 college savings plan. This state-sponsored education savings program was created specifically for the purpose of helping Kentucky families save after-tax dollars for future college expenses and is administered by the Kentucky Higher Education Assistance Authority (KHEAA).

AAS Degree - Applied Associate in Science degrees offered by KCTCS. These are generally more technical than the Associate in Arts (AA) or Associate in Science (AS) degrees.

Advisory Conference of Presidents - A body established by Kentucky statute to advance the concerns of higher education leadership. Membership includes all of the presidents of Kentucky's public universities, the president of KCTCS, and the president of AIKCU.

AIKCU - Association of Independent Kentucky Colleges and Universities, which serves as the collective voice of independent (private) colleges and universities in Kentucky. AIKCU represents its member institutions in public policy issues related to higher education at the state and federal levels, raises funds for student scholarships, and facilitates information sharing and collaboration among higher education institutions in Kentucky.

CAP - The College Access Program, administered by KHEAA and funded by Kentucky Lottery proceeds, awards grants that help financially needy undergraduate students attend eligible public and private colleges and universities, proprietary schools, and technical colleges. CAP grants are awarded to Kentucky residents enrolled for at least six semester hours (half-time) in academic programs that take at least two years to complete.

CLEP - College Level Examination Program, administered by the College Board, gives students the opportunity to receive college credit by earning qualifying scores on any of 34 examinations.

Completer Degree - A negotiated, statewide agreement in specific subjects that allows students with an applied associate (technical) degree or an associate degree from KCTCS to complete a bachelor's degree at a Kentucky public university within approximately the normal hours required.

Comprehensive universities - Also called regional universities, these include the following public institutions: Eastern Kentucky University, Kentucky State University, Morehead State University, Murray State University, Northern Kentucky University, and Western Kentucky University.

COSFL - Coalition of Senate and Faculty Leadership, a statewide forum representing the eight public institutions of higher education in Kentucky and KCTCS. It was formed July 13, 1979, as a collective advocacy body of public higher education faculties and meets monthly.

CPE - The Council on Postsecondary Education, the state coordinating board for postsecondary and adult education in Kentucky, is a 16-member board appointed by the Governor and assisted by agency staff.

FAFSA - Free Application for Federal Student Aid, the form prospective and enrolled college students submit every year to determine eligibility for federal student financial aid (including Pell grants, Stafford loans, PLUS loans, and work-study programs).

GED - The GED exam, administered by the General Educational Development Testing Service, offers students who drop out of high school an opportunity to earn a credential equivalent to the high school diploma.

KCTCS - Kentucky Community and Technical College System, created in 1997 by the Kentucky Postsecondary Education Improvement Act, which comprises 16 community and technical colleges on 67 campuses across the state. KCTCS is governed by a 14-member Board of Regents, assisted by system office staff.

KDE - Kentucky Department of Education, which provides resources and guidance to public schools and districts as they implement the state's K-12 education requirements. The department also serves as the state liaison for federal education requirements and funding opportunities.

KEES - Kentucky Educational Excellence Scholarship, administered by KHEAA and funded by Kentucky Lottery proceeds, which is awarded to high school students who have earned at least a 2.5 grade point average in high school and attend in-state colleges and universities. The actual amount of the award is based on a combination of the student's grade point average and score on the ACT. The scholarship is renewable for four years, provided the student maintains his or her eligibility.

Kentucky Postsecondary Education Improvement Act of 1997 - Also referred to as "House Bill 1," the Act reformed postsecondary education in Kentucky by creating the KCTCS and establishing six goals to be achieved by the year 2020. The goals include a charge to the University of Kentucky to become a top 20 public research university and to the University of Louisville to become a premier metropolitan research university.

KHEAA - Kentucky Higher Education Assistance Authority, a public corporation and governmental agency of the Commonwealth established in 1966 to improve students' access to higher education. To that end, KHEAA administers several financial aid programs and disseminates information about higher education opportunities.

KHESLC - Kentucky Higher Education Student Loan Corporation, also called The Student Loan People, created in 1978 as an independent, municipal corporation to make, finance, service, and collect educational loans. Its mission is to provide low-cost student loans, and it transfers millions of dollars to KHEAA each year to help fund student aid programs.

KTG - The Kentucky Tuition Grant program provides need-based grants to qualified Kentucky residents to attend the Commonwealth's independent (private) colleges. Eligible institutions must be accredited by a regional accrediting association as listed in Kentucky statute KRS 164.740(17) and not be comprised solely of religious instruction.

Pell grant - The federal Pell grant program provides need-based grants to low-income undergraduate and certain post-baccalaureate students to promote access to postsecondary education. Grant amounts depend on the student's expected family contribution (EFC); the cost of attendance (as determined by the institution); the student's enrollment status (full-time or part-time); and whether the student attends for a full academic year or less.

SACS - Southern Association of Colleges and Schools, the regional body that accredits Kentucky's colleges and universities.

Senate Bill 1 of 2009 - An Act signed by Governor Beshear on March 26 that requires Kentucky to revise the testing and accountability system for K-12 education.

Kentucky
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