

POSTSECONDARY EDUCATION FUNDING OVERVIEW

Robert L. King, President
Council on Postsecondary Education
July 12, 2010

Overview

- ❖ Postsecondary Education Funding
 - Postsecondary Institutions
 - Financial Aid
 - CPE, KYAE, and Statewide Pass-Through Funds
 - Capital Spending
- ❖ Future Challenges



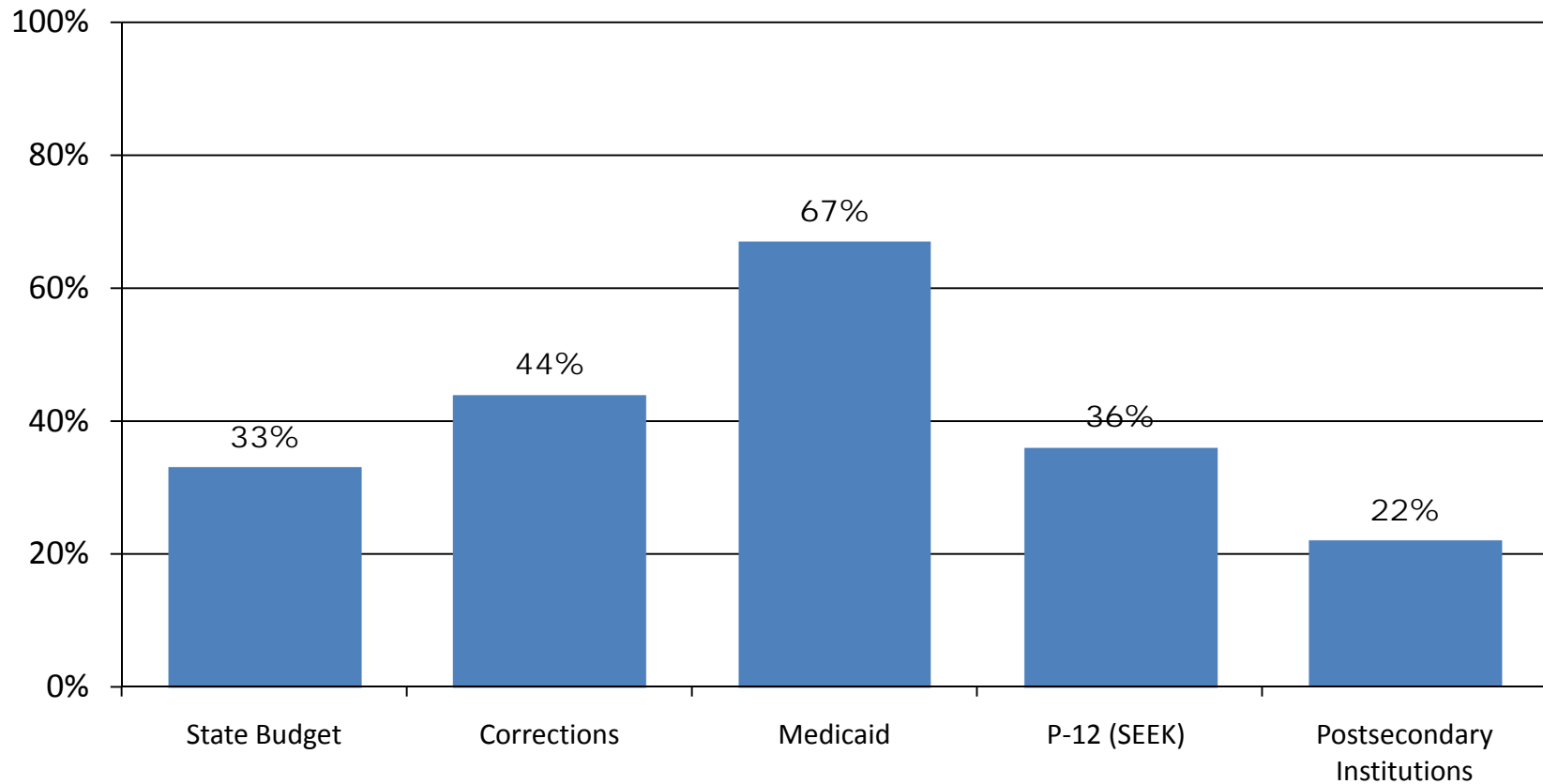
Kentucky's Postsecondary and Adult Education System

- ❖ 8 four-year public postsecondary institutions
- ❖ 16 community and technical colleges
- ❖ 20 independent colleges and universities
- ❖ 120 adult education providers
- ❖ 255,000 college and university students
- ❖ 30,000+ faculty and staff



Changing State Funding Priorities

Spending Growth from 2000-10



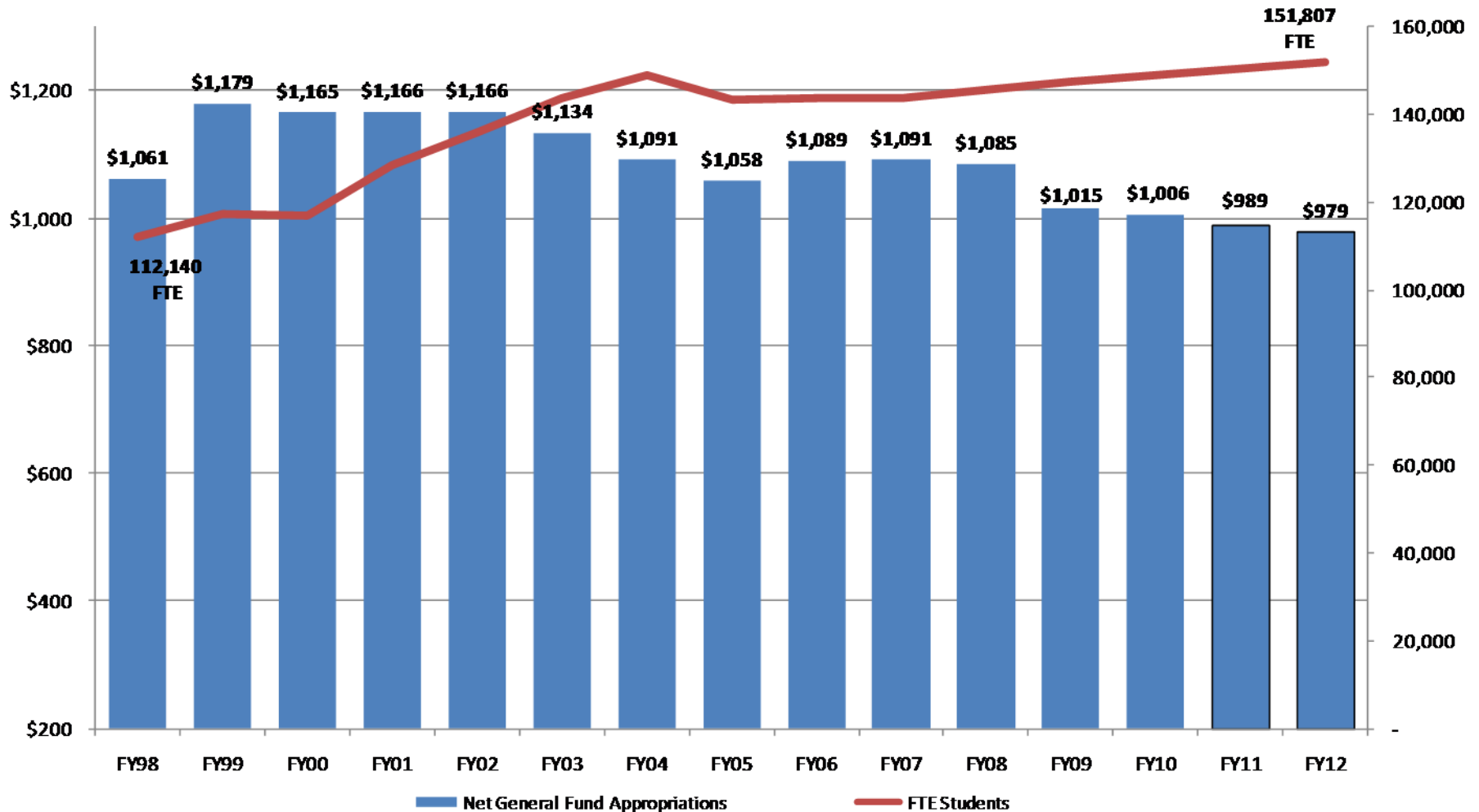
Source: Kentucky's "Leaky Bucket," Kentucky Chamber of Commerce, 2009

Kentucky Public Postsecondary Institutions

Change in Net State Appropriations and FTE Students

Fiscal Years 1998 to 2012

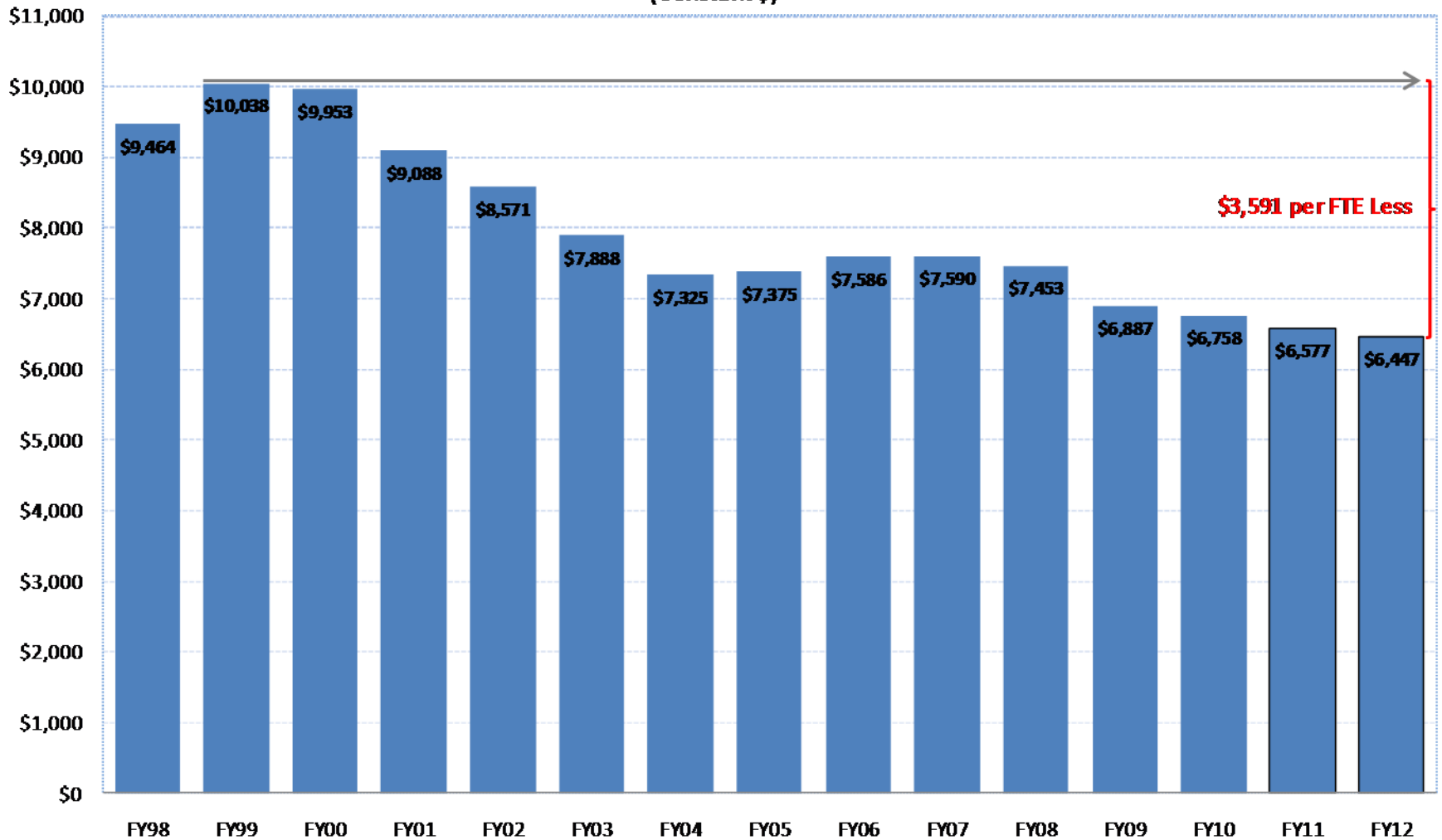
(Constant \$ millions)



Note: FY10 includes \$70.0 million in American Reinvestment and Recovery Act (ARRA) federal stimulus funds and FY11 includes \$57.3 million in federal stimulus funds.

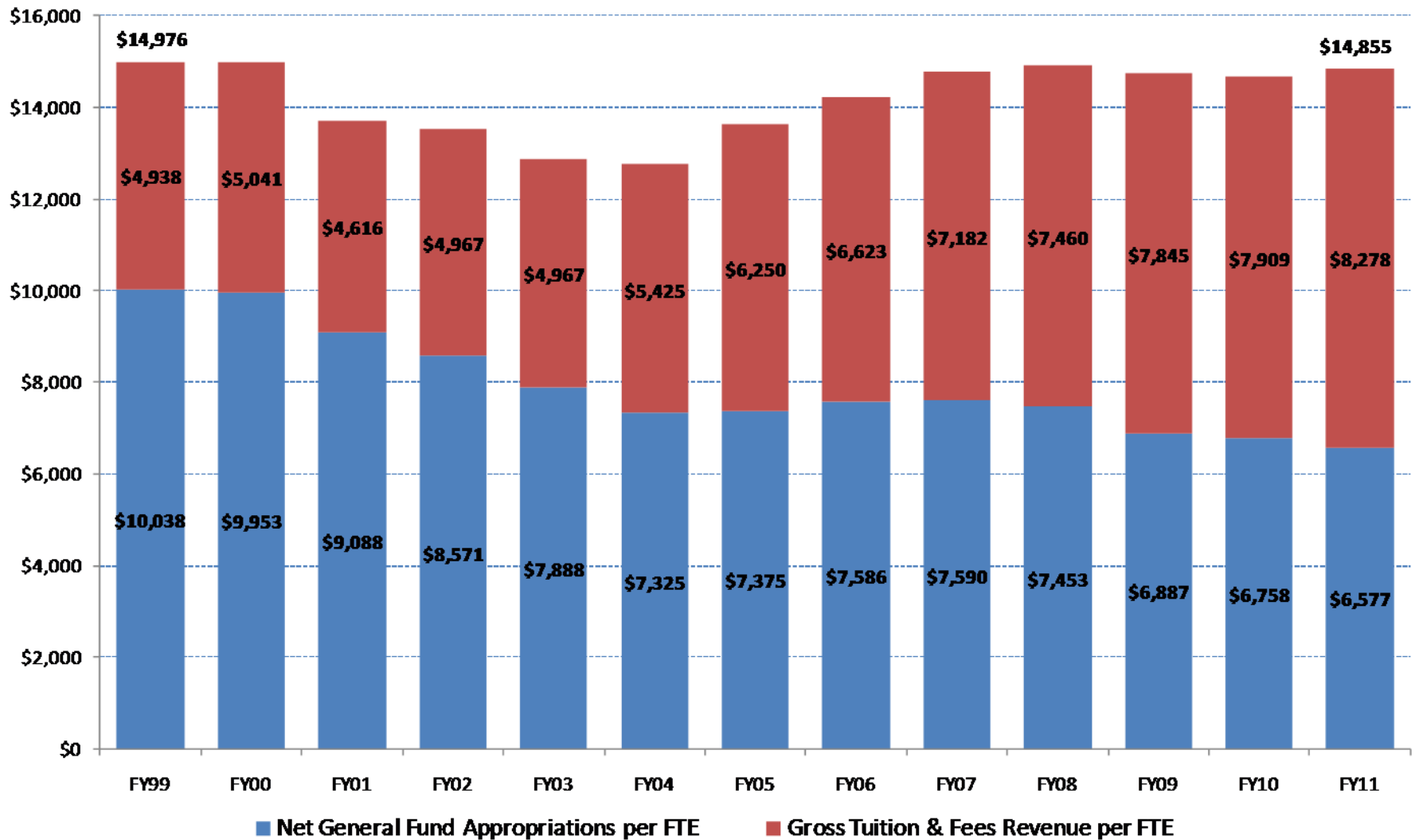
Kentucky Public Postsecondary Institutions Trend in Net State Appropriations per FTE Student Fiscal Years 1998 to 2012

(Constant \$)



Note: FY10 includes \$70.0 million in American Reinvestment and Recovery Act (ARRA) federal stimulus funds and FY11 includes \$57.3 million in federal stimulus funds.

Trends in Kentucky Public Higher Education Fund Sources
Net General Fund Appropriations per FTE and Tuition and Fee Revenue per FTE
Fiscal Years 1999 - 2011
 (Constant \$)



Kentucky Public Postsecondary Institutions

Budgetary Impact of HB 1 Reductions and Fixed Cost Increases

(in millions)

FY10 Revised Net General Fund	\$1,005.7
Projected Reductions in FY11 Funds:	
HB 1 Reduction in Net General Fund	(\$14.1) ^(a)
Increase in M&O for New Facilities	(27.3) ^(b)
Retirement & Health Insurance Contributions	(15.5) ^(c)
Increase in Selected Fixed Costs	(39.1) ^(d)
	(\$96.0)
Projected Increase in FY11 Net Tuition Revenue	43.1
Projected FY11 Operating Funds Deficit	(\$52.9)

(a) Adjusted to account for transfers.

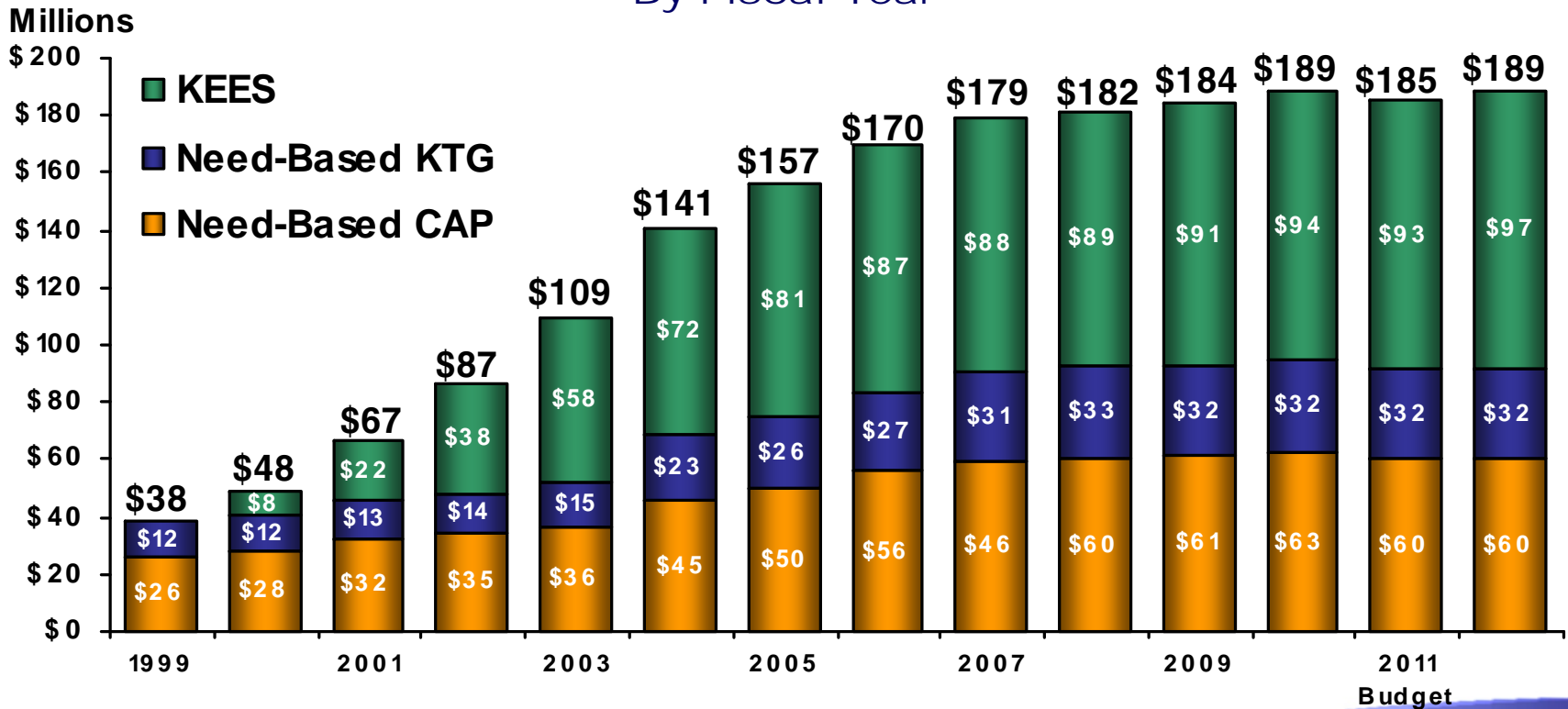
(b) Costs of operating and maintaining new facilities opening in FY09, FY10, & FY11.

(c) Includes employer paid KERS and KTRS rate increases.

(d) Includes utilities, contracts, workmen's compensation, and unemployment insurance.

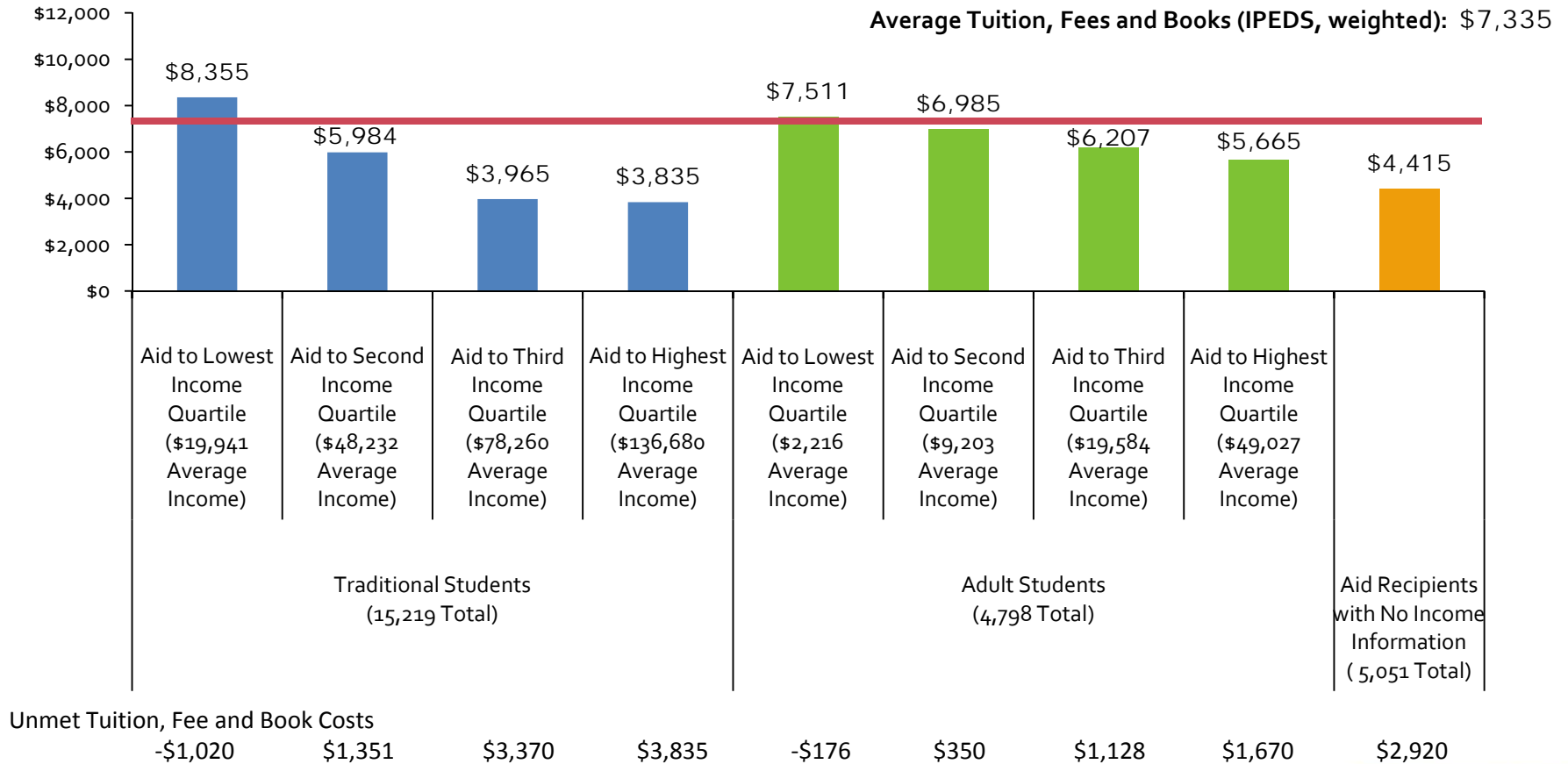
Kentucky State-Funded Student Financial Aid

KEES, CAP, and KTG Disbursement History
By Fiscal Year



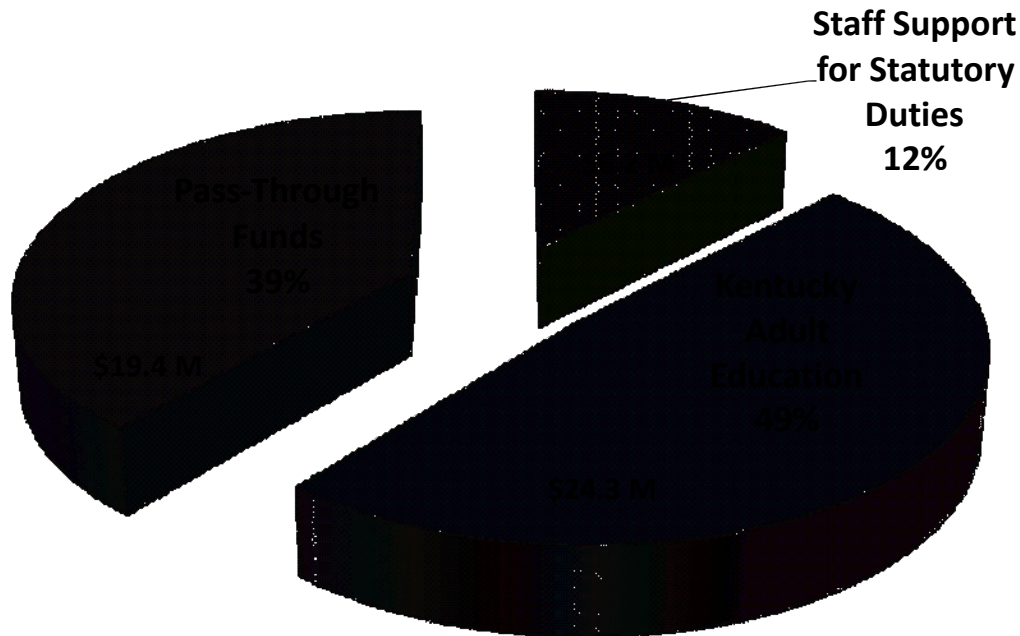
Source: Kentucky Higher Education Assistance Authority, July 8, 2010

Need and Merit Aid at Comprehensives



CPE Funding

CPE General Fund Appropriation of \$49.9 M
2009-10



Pass-Through Funds - Includes programs such as: the Contract Spaces Program, funding for the KY Virtual Campus and Virtual Library, Washington Intern Program, SREB Minority Doctoral Scholars Program, and new economy investments coordinated by the Kentucky Science and Technology Corporation.

- ❖ CPE's effective budget cut is 5.3% in FY11 and 6.3% in FY12.
- ❖ CPE's GF is about 20% lower than FY08.
- ❖ CPE staff reduced by 19 positions (19% cut since FY08).
- ❖ Assessing impact of another 1.5% cut in FY11 and more "efficiency" measures.
- ❖ CPE received \$4.6 M in FY11 and \$1.8 M in FY12 for SB 1 implementation.

HB 1 (1997) and A Decade of Reform

Performance Indicator	1998	2009	Increase
Undergraduate Enrollment *	147,045	224,099	52%
Graduate Enrollment *	22,534	30,461	35%
Bachelor's Degrees	14,579	19,305	32%
Six-Year Graduation Rates **	37%	45%	8 % pts
Associate Degrees	5,123	7,019	37%
Graduate Degrees	5,708	8,716	53%
Minority Degrees	1,839	4,102	123%
R&D Expenditures***	\$155M	\$362M	134%

* Estimated Enrollment

**2008 figure representing 2002 cohort of students

***R&D expenditures are for the year 2000 and 2008

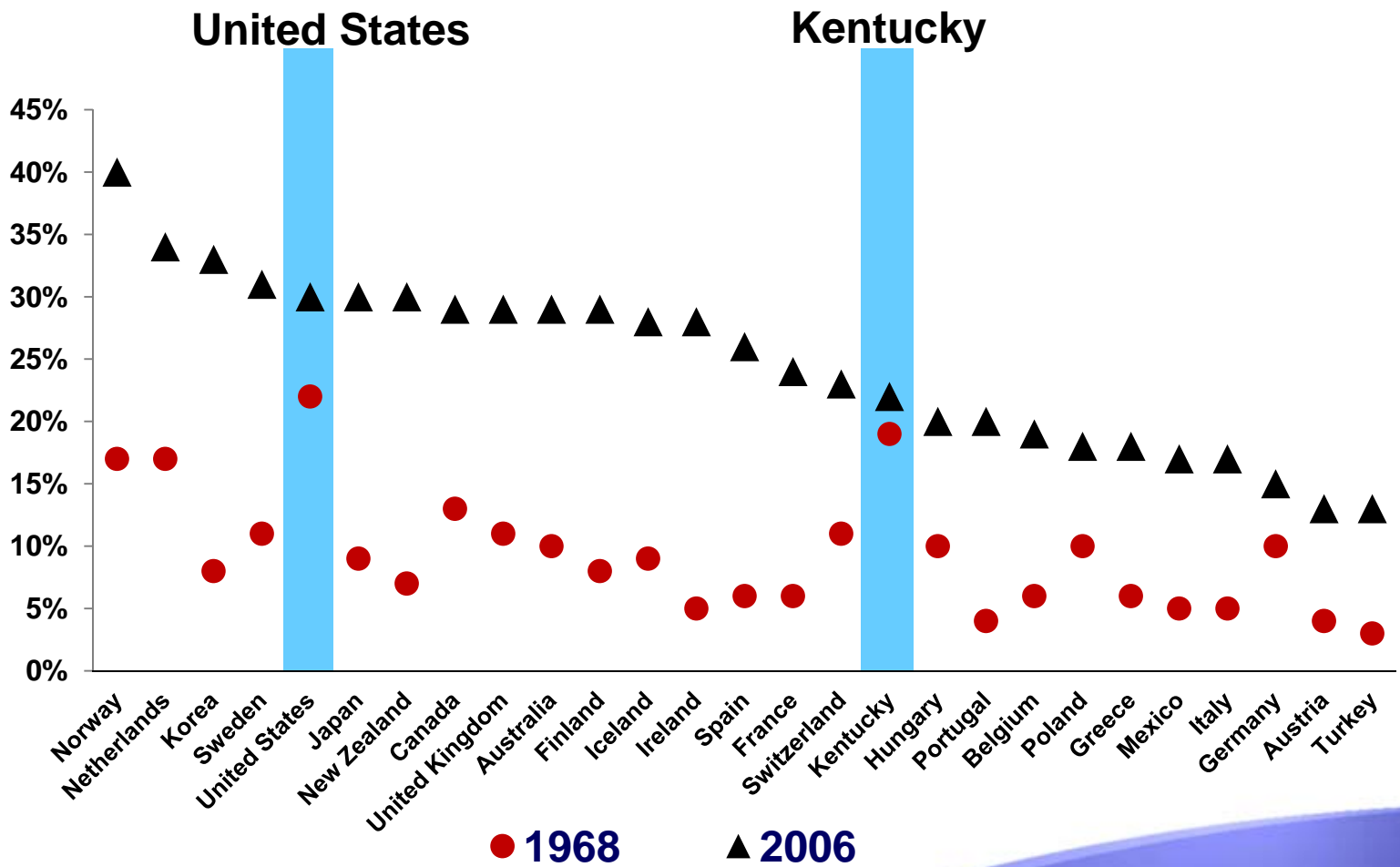
Source: CPE Comprehensive Database

Funding Challenges

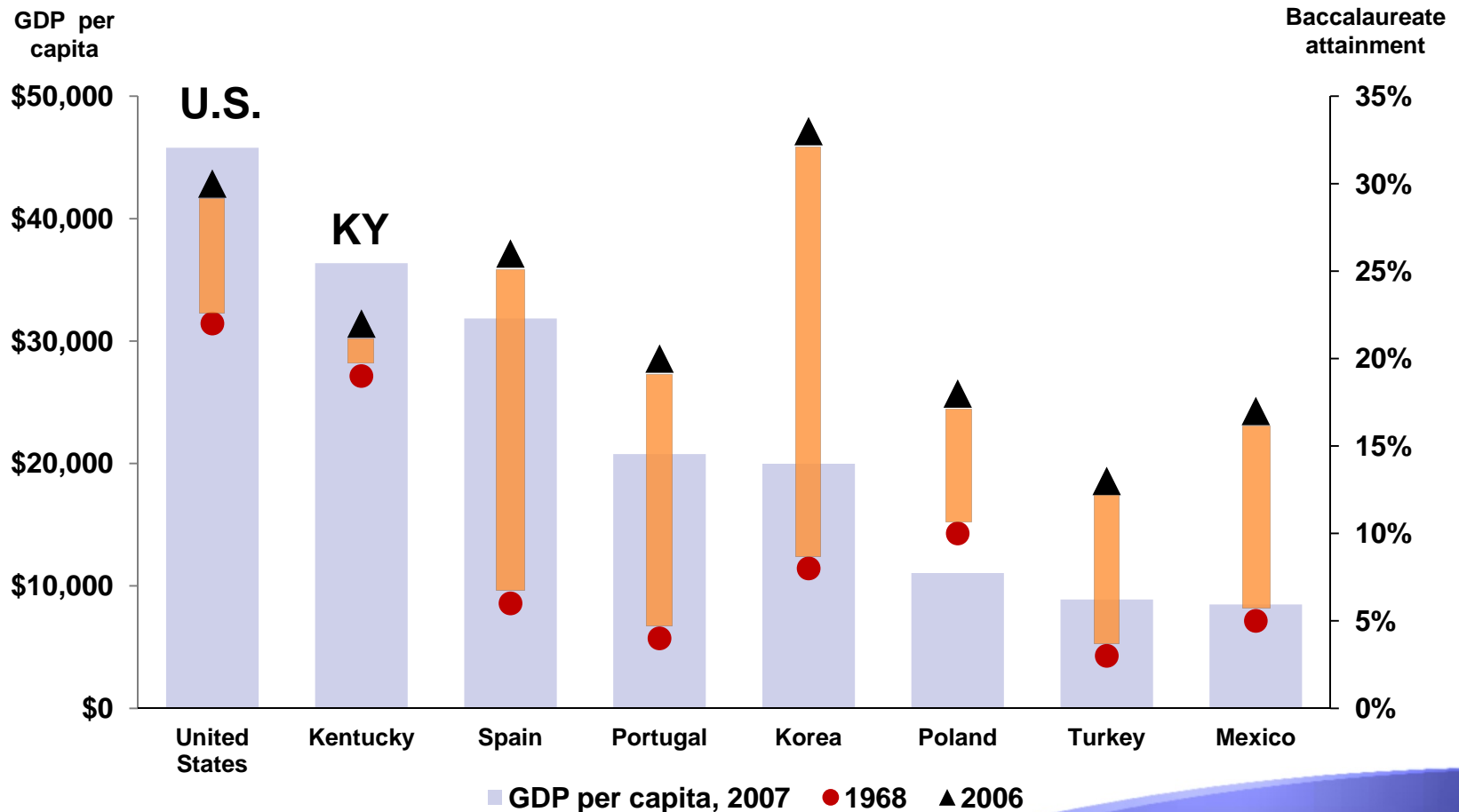
- ❖ Enrollment growth with no state support
- ❖ Innovative thinking to secure additional sources of revenue other than tuition increases to maintain reform momentum
- ❖ Deferred maintenance and capital renewal versus new capital projects
- ❖ Goal to produce better educated workforce, stimulate economic development through research, while containing costs



Baccalaureate Attainment, 25-34 Age Cohort, 1968 and 2006



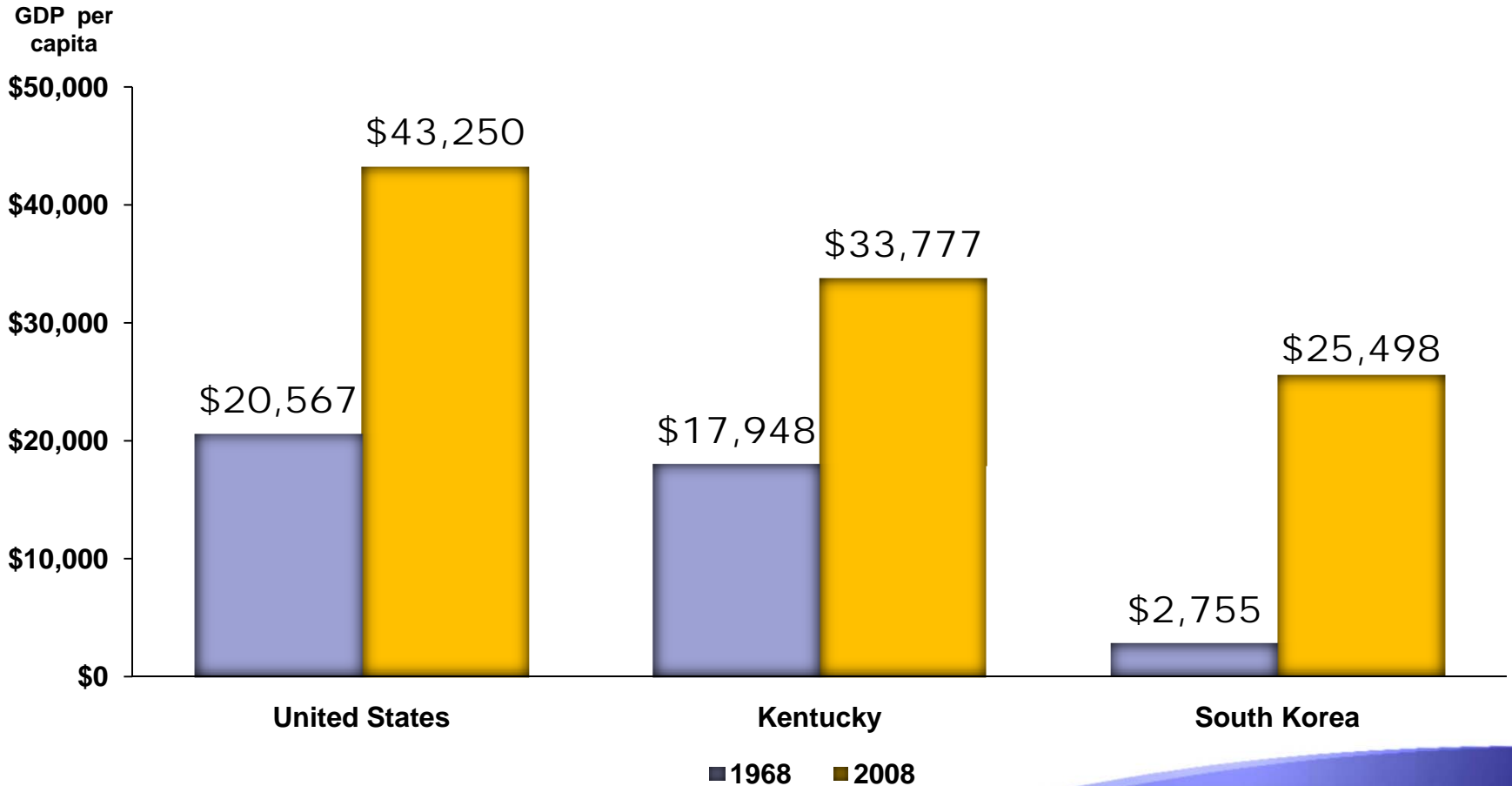
Baccalaureate Attainment, Age 25-34, 1968 and 2006, by GDP Per Capita, 2007



Sources: OECD, *Education at a Glance 2008*, 1998 CPS and 2006 ACS, World Bank, US Bureau of Economic Indicators

Gross Domestic Product (GDP) per Capita, 1968 & 2008

Inflation-adjusted 2005 Dollars



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