

**Council on Postsecondary Education
January 16, 2009**

Governor's Higher Education Work Group Update

Governor Beshear established the Higher Education Work Group (HEWG) in October 2008 with a charge to develop recommendations that would:

- Move the state closer to the goal of ensuring access to postsecondary education to all Kentucky students, of all income levels.
- Develop a clear roadmap for reaching the level of state funding needed between now and 2020 for the institutions to achieve the goals of reform.

The work group is co-chaired by Mira Ball of Lexington and Pete Mahurin of Bowling Green and is comprised of prominent business, education, and policy leaders, including Interim CPE President Richard Crofts and Governor Paul Patton. It is to produce two reports in 2009, one on January 15 and one on September 1. A draft of the January 15 report is attached; the final report will be available at the January 16 meeting.

Pursuant to the Governor's Executive Order, this first report identifies a number of actions that could be implemented immediately to reduce college costs and improve efficiency in the system within current budget constraints. The report also recommends review of several key issues to inform the work of the HEWG over the next several months.

The report calls on the Council to participate in the implementation of several of the recommendations, including:

- Leading the development of a Kentucky Transfer Action Plan to be submitted to the Governor, legislative leadership, and others by October 2009 (Recommendation 3).
- Participating in a statewide effort to integrate and improve college access Web sites and other outreach marketing materials (Recommendation 4B).
- Working with the universities and other relevant organizations to increase collaboration and participation in consortia or other joint agreements to contain costs to increase purchasing power (Recommendation 5A).
- Developing guidelines to promote greater transparency and predictability for students and families around textbook costs (Recommendation 5C).
- Leading a comprehensive review of time- and credit-to-degree issues and developing a set of policy recommendations to improve performance in this area (Recommendation 6).

The challenges and recommendations in the January 15 report represent HEWG's initial effort to suggest immediate, specific steps that could be taken to increase college access in the short term. Broader policy issues related to state financial aid, tuition, higher education financing, and other substantive concerns are to be explored over the next nine months.

****DRAFT****

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

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 2A: Urge Congress and the federal government to greatly simplify the 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.

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

Recommendation 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 Free Application for Student Financial Aid (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 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 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.

Recommendation 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.

Recommendation 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, room and board, textbooks, transportation, and other incidentals by Fall 2009.

Recommendation 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.

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

Recommendation 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 7A: Encourage businesses to provide educational benefits and assistance (i.e. 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.

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

Recommendation 7D: 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.

INTRODUCTION

Despite significant progress over the last decade, Kentucky's level of educational attainment remains below the national average. Only 22 percent of Kentucky's working-age adults (25-64) have at least a bachelor's degree, compared to 29 percent nationally.¹ The state's ability to increase the quality of life for its citizens and compete in a knowledge-based, global economy depends on our ability to close this educational attainment gap.

Under the leadership of former Governor Paul Patton, the Kentucky General Assembly passed the *Postsecondary Education Improvement Act of 1997* (House Bill 1), which put in motion a long-term strategic plan to accelerate the state's efforts to improve the quality of our postsecondary system and dramatically increase the number of Kentuckians going to college and earning degrees and credentials. A critical part of this equation was to help ensure that college was affordable for all Kentucky citizens. Innovations such as establishment of the Kentucky Educational Excellence Scholarship (KEES), and the dedication of nearly all of the lottery profits to either need- or merit-based financial aid, were important steps toward that essential objective.

Nevertheless, reform in the area of college affordability has gone off track. According to a 2005 college cost study commissioned by the Council on Postsecondary Education (CPE) and follow up analysis completed over the past year, college is becoming less affordable in Kentucky, particularly for low-to-moderate income families, part-time learners, and working adults. The driving forces behind this trend are declining state appropriations, rising tuition, increasing student debt levels, and stagnant state financial aid and wage growth. As a result:

- **Kentucky is no longer a low-tuition state.** Tuition at Kentucky's public four-year colleges and universities has increased an average of ten percent per year over the last ten years, compared to seven percent in surrounding states. At community and technical colleges, the state's designated low-cost postsecondary provider, tuition has increased about 12 percent annually over the same time period. According to the College Board, in 2007, the average tuition and fees at Kentucky's public universities was \$6,287, compared to the national average of \$6,185. At KCTCS, average tuition and fees was \$3,450, compared to the national average of \$2,361.

¹ American Community Survey, Measuring Up 2008.

- **Kentucky students and families are paying a larger share of higher education costs than ever before.** In 1998, two-thirds of public funding to education to postsecondary institutions came from the state, and about a third came from tuition revenue. Today, that ratio is about 50:50. Adjusting for inflation, state appropriations per full-time enrolled student have declined by over \$1,000 since 1998, while tuition per full-time enrolled student has increased by about \$2,900.
- **Student loan debt in the U.S. has more than doubled over the last decade.** According to the Project on Student Debt, about two-thirds of all bachelor's degree students in Kentucky graduate with debt—an average of \$17,000 total upon graduation, compared to about \$19,000 nationally. Private loans, which tend to have higher interest rates than federal student loans, now account for about 20 percent of loan dollars, up from five percent a decade ago. The debt students accumulate in college is a particular problem in Kentucky given the state's relatively low income levels.
- **Rising tuition has outpaced more modest increases in Federal and state financial aid.** In ten years, the maximum Federal Pell grant award for low-income students has increased by only \$1,500—from \$3,000 to \$4,500 per year. While state financial aid has grown significantly over the past decade, Kentucky Lottery proceeds, which fund these programs, are not projected to increase fast enough to offset future demand for aid.
- **Kentucky's per capita income as a percent of US per capita income has declined slightly, from about 82 percent in 1998 to about 80 percent in 2007.** Factoring in inflationary increases, the purchasing power of most Kentucky families and individuals has actually decreased over the last decade.

Paying for college in Kentucky is increasingly a challenge for thousands of capable, motivated students and families. Achievement of the 2020 reform goals, and more importantly, Kentucky's future economic prosperity, will be in jeopardy unless bold, decisive steps are taken to improve college affordability.

THE GOVERNOR'S HIGHER EDUCATION WORKGROUP

To ensure any Kentuckian with the ability and desire to succeed is not denied access to a college education because of cost, Governor Steven L. Beshear signed an Executive Order (2008-1109) on October 21, 2008 establishing the Higher Education Workgroup (HEWG). This bipartisan work group—co-chaired by Mira Ball of Lexington and Pete Mahurin of Bowling Green and comprised of prominent business, education, and policy leaders—was charged with producing two reports in 2009, one on

January 15 and one on September 1. Pursuant to the Governor's Executive Order, this first report identifies a number of actions the Governor could implement immediately to reduce college costs and improve efficiency in the system within current budget constraints. Additionally, this report recommends review of several key issues to inform the work of the HEWG moving forward.

This report reflects the work of the HEWG's Affordability Subcommittee, chaired by Secretary of Finance and Administration Jonathan Miller. The subcommittee met four times between November and January to hear testimony from national and state experts and identify and prioritize recommendations for short-term action. A Student Advisory Committee and a Presidents' Advisory Committee were formed to provide general guidance and policy direction, and they will continue to meet throughout the process. Kentucky's Coalition of Senate and Faculty Leadership (COSFL) also provided initial suggestions. The recommendations of these groups pertaining to the first report are included in the appendices.

The second report, due September 1, will be a more thorough, comprehensive undertaking by the Affordability Subcommittee and the Strategic Planning Subcommittee, which met for the first time on December 18, 2008, and is chaired by Larry Hayes, the Executive Secretary of the Governor's Cabinet. The September report will focus on two objectives:

- 1) Moving the state closer towards the goal of ensuring access to postsecondary education to all Kentucky students, of all income levels; and
- 2) Developing a clear roadmap for reaching the level of state funding needed between now and 2020 for the institutions to achieve the goals of reform. This roadmap should ensure transparency and fairness in determining state support, and provide that, in exchange for stable and increased funding, the CPE and the institutions would continue to increase productivity and back off from the high rate of tuition increases adopted in the last decade.

Achieving these objectives will likely require the postsecondary system to step outside traditional models and practices and consider new ways to operate that increase college access and success, maintain quality, and control costs. The current fiscal environment, though challenging, provides a powerful incentive for innovation and change. Now is the time to ask if we are using the state's limited financial aid resources in the most effective way; if there are new instructional and operating models that have been used successfully in other states; and if new approaches to financing postsecondary and adult education can be explored that better align funding with performance.

THE CHALLENGES TO COLLEGE AFFORDABILITY IN KENTUCKY

In the information and testimony provided to the HEWG, a number of challenges to college affordability emerged. While some are direct (e.g., price increases in tuition, fees, and textbooks), others are more indirect (e.g., increases in the time it takes a typical student to graduate or inefficiencies in the transfer system). 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 following challenges and recommendations represent the group's initial effort to suggest immediate, specific steps that could be taken to increase college access in the short term. Broader policy issues like tuition setting, higher education financing, and other substantive concerns will be explored over the next nine months, culminating in the September report.

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.

With the passage of Senate Bill 21, 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%, from \$27.6 million in 1998 to \$93.3 million in 2007. As Sandy Baum, Senior Policy Analyst at the College Board and Professor of Economics at Skidmore College, noted in her presentation to the Affordability Subcommittee on December 2, Kentucky is now one of the leading states in need-based aid funding per recipient.

Despite this very strong effort, about 45,000 students (nearly 47% of all applicants) qualified for CAP or KTG in 2008 but did not receive grants due to lack of state funding, according to the KHEAA presentation to the Subcommittee on November 19. Lottery funding is now fully phased in, so additional resources or adjustments in current programs will be needed not only to provide funding to eligible students left out, but to allow increases in awards and keep up with rising college costs.

Given the short time frame between the initial meeting of the HEWG and the due date for this first report, there has been limited opportunity to evaluate the complex issues surrounding state financial aid and provide detailed recommendations. However, there is broad consensus among the members that it is time for a review of programs and policies to determine whether they are adequately meeting the needs of Kentucky students and achieving their intended goals.

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) to assure the system adequately meets the financial needs of students, encourages both access and success, promotes retention and completion, appropriately rewards merit, is transparent and well understood, helps maintain access to a range of postsecondary education providers, and provides students and families early in a student's K-12 career with a clear assurance that funding will be made available. A final report should include input from students, financial aid professionals, campus representatives, business representatives, and other interested parties, and would be due to the Higher Education Work Group by July 15, 2009. The study might include, but not be limited to:

- a detailed analysis of the KEES program to determine if it is achieving its original objectives, and whether program changes may be needed to create a more effective state financial aid system;
- a review of Kentucky's tuition tax credit program to determine its effectiveness in meeting the state's goals of improved college access and affordability;
- an assessment of student aid policy proposals from the Kentucky Chamber of Commerce, legislators, the financial aid community, and other relevant parties;
- an evaluation of best practices in other states to determine whether new programs and services are required to assure Kentucky is addressing the financial needs of those students most affected by rising college costs;
- a review of efficiencies that could be achieved among college affordability and outreach programs at various state agencies, with recommendations for streamlining functions, programs, and services.
- a review of the extent to which "scholarship stacking" occurs (when students are awarded financial aid packages—including waivers, merit-based and need-based aid—in excess of the total cost of attendance) to determine if policies are needed to eliminate this practice. This would allow limited financial aid resources to be directed to more students, as well as to students with the greatest financial need.

- An assessment of the feasibility of offering financial assistance for textbooks, which could be in the form of a sales tax reduction, state tax credits, or emergency vouchers.

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. The Free Application for Federal Student Aid (FAFSA) is lengthy, complicated, and difficult to complete. Minority, low-income, first-generation or adult college students need more intensive help to connect them with the information and resources they need.

There is widespread agreement that the current Free Application for Federal Student Aid (FAFSA) is a barrier to college access.² According to the testimony of Dr. Baum to the Subcommittee, the FAFSA is longer than the federal tax form, complex, intimidating in tone, and requires a great deal of personal and family financial information that can be difficult to track down.

A recent study estimates about 1.5 million college students in the U.S. who were likely eligible for a federal Pell grant did not apply for aid in 2004.³ According to KHEAA analysis, 42 percent of undergraduate students enrolled in Kentucky public and independent two- and four-year institutions in 2007 did not fill out a FAFSA, while about a quarter of full-time students and two-thirds of part-time students did not file. In her December 2 presentation to the Subcommittee, Dr. Baum advocated for a simplified aid system that would be less bureaucratic and more transparent for students who may be missing out on crucial resources that could place a college education within their reach.

There have been a number of federal proposals to streamline the FAFSA in recent years. One such bill would shorten the form from five pages to two; increase access to the online application, which notifies applicants of potential problems or errors before the form is submitted; and encourage better coordination between the IRS and the U.S. Department of Education. With something as simple as a check box, FAFSA filers could give their permission to access the necessary income information directly from the IRS, resulting in a shorter, easier, and more accurate process.⁴ But until the problem is

² (include citations in works reviewed list and include citations to the testimony of both our witnesses as well as members of the Student Advisory Committee).

³ King, Jacqueline. 2006. Missed Opportunities: New Information on Students Who Do Not Apply for Financial Aid. Washington, DC: American Council on Education

⁴ Cite source

addressed at the Federal level, more must be done to ensure needy students are accessing all aid that is currently available to them. Dr. Nicole Hurd testified to the Subcommittee on December 18 about the National College Advising Corps, a program that places recent college graduates in low-income high schools as college advisers. Alongside guidance counselors, these advisers provide students with one-on-one encouragement and help to complete college and financial aid applications. This is just one example of an approach Kentucky could take to ensure more students are taking advantage of federal, state, and institutional aid programs.

Recommendation 2A: Urge Congress and the federal government to greatly simplify the 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.

Recommendation 2B: To lessen the burden of this requirement, provide more direct assistance to help students and families complete the form and access all sources of aid. Possible actions include:

- Creating a partnership with the state’s tax preparation community and other interested and qualified parties to provide assistance to students and families in filling out the FAFSA and accessing state and Federal grants and tax credits, utilizing a wide variety of communications efforts such as online social networking.
- Piloting a program similar to the National College Advising Corps that would place college students and recent college graduates in high schools as “near peer” mentors, particularly in those schools with high poverty and low college going rates.

Recommendation 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 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.

Challenge 3: Increasing the number of transfer students from KCTCS who go on to earn a baccalaureate degree is a key strategy in achieving state goals and could lower the cost of college for thousands of students. While transfers have been increasing, Kentucky must step up progress in this area to expand opportunity for students and increase degree production.

While the subcommittee did not have an opportunity to review transfer in much detail during its first months of work, a number of questions and concerns were raised by members of the Subcommittee and by KCTCS President Mike McCall during his presentation at the December 18 meeting. Increasing transfer from two- to four-year institutions is a key strategy in the state's plan to increase educational attainment to the national average by 2020.

Legislation passed in 1996 and amended in 1997 mandated that the Council develop a university track program within KCTCS consisting of 60 hours of instruction that could be transferred to an in-state public university and applied toward a bachelor's degree. Ongoing work at the state level and on campuses has strengthened collaboration between two- and four-year institutions, improved advising, and created new tools to assist students in the transfer process. However, barriers remain.

For many students, beginning postsecondary education at KCTCS and completing at a Kentucky college or university is not only a sound academic decision, but an economical one. It is in the state's best interest to ensure the pathways from two- to four-year institutions and between four-year institutions are clearly marked and easy to navigate. In his comments to the subcommittee during the December 18 meeting, Senator Tim Shaughnessy noted inconsistencies and a lack of standardization in how KCTCS courses and degree programs currently interact with the state's four-year programs. These concerns must be addressed.

Recommendation 3: Direct Kentucky's public postsecondary education providers, under the leadership of the CPE, to develop a *Kentucky Transfer Action Plan* to be submitted to the Governor, legislative leadership, campuses, and other interested parties by October 1, 2009. The comprehensive set of recommendations would, within current fiscal resources:

- identify barriers to successful transfer from two- to four-year institutions and between four-year colleges;

- clearly define “transfer student” for the purposes of assessing progress; and
- review best practices and policy solutions from other states.

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. Students and families unfamiliar with the application and financial aid process find it difficult to navigate and often become discouraged. Many students overestimate the actual cost of college and are not aware of the state, federal and institutional assistance that can make college more affordable.

According to a November 2008 study by the Institute for Higher Education Policy, many academically qualified students do not go to college due to insufficient financial aid, mixed messages about academic preparation, poor understanding of admission and financial aid application processes, and overestimation of college costs.⁵ The report mirrors the findings of many other studies highlighting the need for increased awareness of college costs and of the types of financial aid available. This information should be easy to locate and understand, and presented in sequential, concrete steps. Otherwise, first-generation college students and others unfamiliar with the college application and financial aid process may become discouraged and opt out of college.

On November 19 and December 2, the Subcommittee received extensive testimony on college outreach and communications efforts Kentucky has targeted to a variety of student populations. These include the Go Higher Kentucky campaign and Web site (www.gohigherky.org); numerous outreach activities and publications sponsored by the Kentucky Higher Education Assistance Authority and the Kentucky Higher Education Student Loan Corporation (*Getting In, The College Circuit, Affording Higher Education*); Gear Up Kentucky, an early college awareness program for middle and high school students; the Kentucky College Access Network (www.kentuckycan.org); and Kentucky’s newest campaign, Know How to Go (www.knowhow2go.org), a partnership with the American Council on Education and the Lumina Foundation targeting lower income and first- generation middle and high school students, adult learners, and other hard-to-reach students. These state-level messages and campaigns each make positive contributions, but a lack of coordination has led to an overlap in messages, potential inefficiencies in administration, and possible confusion among brands.

⁵ Cite source

Recommendation 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. The Governor should designate a College Access Month in Kentucky tied to a series of events, PSAs, online networking opportunities, and other promotions to raise the visibility of financial aid programs and application deadlines and encourage more Kentuckians to go to college.

Recommendation 4B: As part of the Governor's efforts, designate the Secretary of Finance to convene representatives of KHEAA/KHESLC, CPE, colleges and universities, KDE, AIKCU, the Commonwealth Office of Technology, the Governor's new Open Door Kentucky e-transparency Web site, and other interested parties to integrate the state's existing Web sites and resources into one comprehensive, consumer-friendly site for prospective college students by December 31, 2009. Special sections of the site should prominently address the needs of military families, adults returning to school, online learners, and transfer students.

Recommendation 4C: Provide more transparency to incoming students on what college will actually cost, including tuition, room and board, textbooks, transportation, and other incidentals. By July 15, 2009, call on the Advisory Conference of Presidents to Communications to:

- Develop a standardized methodology for public universities to use when calculating "total cost of attendance."
- Publicize and explain the difference between the published cost of attendance ("sticker price") and the actual, discounted cost most students and families pay for their education.
- Provide appropriate college cost and expenditure data to the comprehensive statewide college access Web site, the new Open Door Kentucky e-transparency Web site, and other Web sites and publications aimed at prospective college students.

Challenge 5: While much attention is paid to keeping tuition affordable, tuition and fees actually account for less than half (20-40 percent) of a student's full cost of attendance. There are other, significant cost drivers that influence what students are paying for college that do not receive the same level of scrutiny but need to be addressed.

In 2007-08, the total cost of attendance for in-state, full-time students at public institutions was about \$13,900 at KCTCS, \$14,600 at the public comprehensive universities, and over \$18,400 at the public research universities (compared to tuition and fees from about \$3,500 at KCTCS to about \$7,000 at public research universities). Room and board alone accounts for 40-50 percent of these totals. In addition, the price of college textbooks—with the proliferation of new editions, CD-ROMs, and other supplemental materials—now account for more than 5 percent of the cost of attendance at public four-year institutions.

In response, several states are looking at innovative ways to realize greater cost savings. In Maryland, colleges and universities streamlined some administrative procedures to provide more money for academic priorities. The system leveraged its buying power by purchasing electricity as a group, not campus-by-campus, with savings estimated at ten to 15 percent or \$5 million over the three-year life of the contract. Another \$5 million will be saved over five years through a new agreement with Microsoft.

The Student Advisory Committee focused its efforts on actions that could be taken to increase the affordability of college textbooks. In their research, the students found that 28 states introduced legislation in 2008 related to this issue, proposing measures like providing more cost information to faculty making textbook selections or requiring schools to include textbook requirements with course descriptions at registration.

Recommendation 5A: Call on the CPE to work with public universities, KCTCS, independent colleges and universities, the Finance Cabinet, and other 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.

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

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

Challenge 6: Less than half of *full-time* students at Kentucky’s public universities graduate within six years, and only 17 percent of KCTCS students complete an associate degree in three 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.

The amount of time and number of academic credits it takes to earn a degree are key indicators of student and institutional success and was an issue of considerable interest to the Subcommittee. Not completing a two- or four-year degree in a timely manner, or at all, can have profound financial implications for students and their families, as well as for Kentucky taxpayers. While the graduation rate for Kentucky’s public universities is improving (in 1998, 39 percent of full-time students graduated within six years compared with 47 percent in 2006), the system’s performance continues to trail regional and national averages. In 2007-08, Kentucky’s baccalaureate degree recipients on average had earned 142 credit hours at graduation, 18 percent more than a typical 120-hour requirement; associate degree recipients on average had earned 93 credit hours, 50 percent more than a typical 60-hour requirement.

There are a variety of factors that contribute to the amount of time it takes to earn a degree. Many students balance significant work and/or family responsibilities with school (especially adult learners); change majors or educational goals; withdraw from courses excessively; receive limited academic advising; or stop in and out several times due to personal or financial concerns. Remedial needs, which contribute to the time and number of credits it takes to earn a degree, may grow as enrollment grows and as transfers increase. The average number of credit hours required for most bachelor’s degree programs has also crept up. While a typical credit-hour requirement for bachelor’s degree programs is around 120, five Kentucky universities now require at least 128 hours. One thing is certain: Kentucky will not reach its educational attainment goals until the percent of our students earning degrees and graduating in a timely manner significantly improves.

Dual credit and enrollment programs, which offer qualified students the opportunity to earn college credit while still in high school, could be a way to shorten time-to-degree. On December 18, KCTCS

president Dr. Mike McCall presented the Subcommittee with a pilot project that would allow 500 high school students interested in business administration or information technology to earn credit leading to an associate degree through online programs offered by KCTCS. This is just one example of a strategy that could be employed.

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. The report should include, but not be limited to:

- An evaluation of best practices to accelerate degree completion, including expanded use of technology in face-to-face course delivery, online courses and programs, dual credit/enrollment options for high school and community and technical college students, and credit for prior learning.
- An evaluation of best practices in other states to improve retention and degree completion, with particular attention on the needs and challenges for first-generation students, adult learners, and minority students.
- A review of course completion data, with suggested strategies for institutions to minimize the negative effects of “course shopping” and excessive withdrawals.
- A review of credit hours earned at both two- and four-year institutions with suggested strategies to curb increasing program credit requirements and unnecessary credit accumulation.
- A review of the impact of developmental education on time and credit-to-degree.

Challenge 7: Financial aid opportunities for working adults are limited and awareness of these benefits is low. The work and family demands faced by adults require more flexibility in how and when educational programs are offered. The new Post-9/11 GI Bill, which goes into effect August 1, 2009, expands educational benefits for service men and women, presenting Kentucky with a tremendous opportunity to enroll more military veterans in college.

According to the December 18 testimony of Representative Carl Rollins, Chair of the Adult Learning Initiative's Work Group on Financial Aid for Adult Learners, Kentucky has about 500,000 working-age adults who have been to college but have not received a bachelor's degree; there are many more adults without a high school diploma or GED that could, with some assistance, earn that credential and transition to college. Adults who are thinking about going back to college confront barriers that can easily overwhelm or discourage them. They often attend college part-time or less than part-time, which limits their financial aid options. They may make the decision to return to college in August, only to find that many financial aid programs have been tapped out. And middle-income adults who do not qualify for need-based aid may be unable to manage the extra expense of college tuition, fees, books, and other incidentals.

There are a number of strategies that can ease the financial burden on working adults and make college more affordable. Credit for prior learning, including credit by exam options (such as the College Level Examination Program, or CLEP), can make postsecondary education more accessible and create an incentive for adults to further their education. Passing a CLEP examination can earn students from 3 to 12 hours of college credit for a cost of about \$70. Businesses also can be a substantial financial aid resource for working adults; tuition assistance programs can increase employee retention and lead to a more knowledgeable, productive workforce. Several states like Illinois and Maine have promoted lifelong learning accounts, where employee contributions, matched by employers or state government, are used to pay for a variety of educational expenses.

On December 2, the Subcommittee heard presentations from Col. Charles Jones and CPT Bryan Combs of the Kentucky National Guard, and Sgt. Pam Cypert of the Kentucky Department of Veterans Affairs. They testified that Kentucky soldiers returning from Afghanistan and Iraq represent a large pool of potential college students in Kentucky. The Post-9/11 Veterans Educational Assistance Act of 2008 (the "new GI Bill") will enhance financial assistance for service men and women to continue their education, but information about these new benefits must be easy to find, understand, and use. National focus

group findings confirm that veterans are often unaware of the specifics of their educational benefits and even less aware of the national, state, and campus programs designed to meet their specific needs.

Kentucky should pursue a number of programs and practices to make college more affordable and accessible to adults. These include:

Recommendation 7A: Encourage businesses to provide educational benefits and assistance (i.e. 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.

Recommendation 7B: Encourage the Council on Postsecondary Education and the postsecondary institutions to evaluate policies related to awarding credit for college-level experiential learning and use of credit by exam options. CLEP, for example, is used extensively by military personnel and other adult learners, is a low-cost alternative to rising college tuition and can accelerate time to degree.

Recommendation 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.

APPENDIX MATERIALS

Appendix A: Executive Order

Appendix B: Higher Education Work Group: Governor Beshear's Vision

Appendix C: Recommendations from the Presidents' Advisory Committee

Appendix D: Recommendations from the Students' Advisory Committee

Appendix E: Feedback from the Coalition of Student and Faculty Leadership (COSFL)

Appendix F: Affordability Subcommittee Possible Deliverables