

## 2011-15 Strategic Agenda Focus on Student Success

*Goal: Kentucky will be stronger by ensuring more of its people complete college with the skills and abilities to be productive, engaged citizens.*

### **Policy Objective 5:** Decrease financial barriers to college access and completion.

**Strategy 5.1:** Increase funding for the state's need-based student financial aid programs and ensure they address the needs of part-time, transfer, and adult students, as well as traditional students.

- The Council staff continues to work closely with the Kentucky Higher Education Assistance Authority (KHEAA) on student aid policies and advocacy strategies around postsecondary access. This work has helped to prevent cuts to the primary state financial aid programs which total approximately \$190 million in General Fund support.
- Support for adequate need-based student aid will continue to be a high priority in the Council's biennial funding request to the legislature. The number of students who qualified for a state grant for low-income students but did not receive a grant because of state budget constraints increased to over 90,000 students, a dramatic 32 percent increase from 2010 to 2011. This increase is driven in part by larger numbers of students qualifying for these grants under federal Pell grant eligibility rules. However, state grant programs continue to be substantially underfunded, especially given increases in college-going costs.
- Kentucky's colleges and universities continue to increase institutional funding for student aid to help offset increases in the cost of college. The average net cost (tuition, mandatory fees, and books minus all grants and scholarships) for low income students remained relatively stable in FY 2011 at about -\$1,600.



**Strategy 5.2: Advocate for sufficient state operating support, financial aid, and campus efficiencies to reduce pressure on tuition.**

- The best way to keep college affordable is to adequately fund postsecondary education and student aid programs. In November 2011, CPE submitted its 2012-14 budget request seeking additional state operating support for institutions. The request included \$37.2 million in unfunded maintenance and operating (M&O) funds for new facilities for 2008-12, as well as \$3 million in new M&O for 2012-14. The request included \$57.2 million or a 5.7 percent increase in strategic investments aligned with CPE's new Strategic Agenda including funds for college readiness, performance funds to promote student success, and significant new investments in research support for UK and UofL, including an additional round of "Bucks for Brains."
- CPE also presented a new, multiyear capital concept (\$3 billion in capital investments over six years or approximately 38 percent of projected need) using data from a recent comprehensive facilities study to improve the balance between capital renewal/major renovation and new projects and promote stronger annual investments in current postsecondary education infrastructure.
- Although state appropriations for public higher education have been reduced by about 15 percent since FY08, strong advocacy efforts on the part of institutional presidents and the Council kept these cuts to about half the reduction (25-30%) of many state agencies.
- With estimated fixed cost increases of over \$65 million in FY13, in addition to \$38 million in unfunded M&O expenses, institutional representatives continue to work on aggressive cost containment and re-allocation strategies in order to maintain the quality of their core academic services.
- During the past six years (FY2007 to FY2012) as more Kentuckians pursued higher education, there has been a 51 percent increase in the number of students applying for state grants. KHEAA documents the growing demand for state student assistance each year for policymakers.

**Strategy 5.3: Support Pell Grants, the simplification of FAFSA, college savings programs, college work study, tax credits, and other federal aid initiatives intended to maximize student access and success.**

- Kentucky was one of five pilot states in a national project that analyzed the effects of simplifying the FAFSA (Free Application for Federal Student Aid) and other forms of financial aid that students receive. The Council, in partnership with KHEAA, worked with the College Board for over a year on the project. The findings from the study, entitled "Simplifying Student Aid: What it Would Mean for States," were released in April 2012 and suggest that additional simplification of the FAFSA would have minimal impact on the state aid programs and could help increase the number of students and families eligible for federal financial aid.
- Kentucky was awarded a third round of GEAR UP funding in 2011 totaling \$26.9 million over six years to help increase the number of low-income Kentucky students who graduate from high school and enroll in postsecondary education.

- According to data from the U.S. Department of the Treasury, in tax year 2011, it is estimated that 107,000 Kentucky families will receive approximately \$212 million in tax credits alone from the American Opportunity Tax Credit, an average of almost \$2,000 per return. Over 30,000 Kentucky families also take advantage of state tax credits for higher education that exceed \$17 million per year.
- The Council staff assisted state policy leaders in developing a proposal for the Appalachian Coal County Scholarship to provide grants for upper-division bachelor's-seeking students from Kentucky coal counties. In May 2012, Governor Beshear authorized \$4.3 million in coal severance funds over two years to support a pilot project for upper division scholarships for college students from a nine-county area.
- The Council staff participated in a Brookings Institute report that focused on strengthening state financial aid grant programs. The report, "Beyond Need and Merit: Strengthening State Grant Programs," encourages states to: (1) focus resources on students whose chances of enrolling and succeeding in college will be most improved by financial support; (2) consolidate and simplify programs to make them easily understood by prospective college students and their families; and (3) design programs so that they not only help students gain access to college but also encourage success after they arrive.
- KHEAA administers and promotes the Kentucky Education Savings Plant Trust (KESPT) that encourages families to save for college. The plans earnings are exempt from both federal and state income taxes.

**Strategy 5.4: Increase students' and families' understanding of the net costs of going to college and the availability of financial resources to assist them.**

- Beginning in October 2011, all colleges were required by the U.S. Department of Education to provide a Net Price Calculator that enables students to compare the net or out-of-pocket costs between colleges. KHEAA added a section to its website on college costs that links to every Kentucky college's and university's Net Price Calculator. Campus representatives continue to work on better ways to communicate the true costs of attending college and the significant grant and scholarship aid that is available at the institutional, state, and federal level.
- Paralleling the federal initiative to help families understand the true cost of higher education, KHEAA's College Cost and Planning Report provides students and families with personalized examples of their estimated financial aid packages for up to six schools of their choice and helps families make better informed decisions about their students' higher education options.
- Kentucky received another round of federal funding through the College Access Challenge Grant program to increase the number of low-income students who are prepared to enter and succeed in postsecondary education. It is a matching program administered by KHEAA.
- The Kentucky College Coaches Program entered its second year in 2011, which is a program that assigns near-peer mentors in low-income high schools across the Commonwealth. This program, a recommendation of the Governor's Higher Education Workgroup, is administered by the Kentucky Campus Compact and supported through KHEAA and partnerships with educational providers and organizations across the state.

- The Council staff continues to facilitate state-level discussions regarding college textbooks to determine state and institutional strategies to lower costs for students. In November 2011, representatives from the public colleges and universities, the Kentucky Learning Depot, and nine publishers participated in a workshop focused on strategies to lower the cost of instructional content while raising quality and ease of use for content selected by faculty members.