Council on Postsecondary Education
November 6, 2009

Tuition and Mandatory Fee Policy and 2010-11 Tuition Setting Process Update

Over the past month, Council staff has engaged in discussions with institutional chief budget officers concerning tuition policy and process documents that will be used to guide the 2010-11 tuition and fee setting process. The discussions have centered around potential changes to the Council's current Tuition and Mandatory Fee Policy, on identifying an appropriate process for setting tuition and fees for the upcoming academic year, and on developing a timeline for completion of activities required at various stages of the process, up to and including final approval of 2010-11 tuition and fee rates.

Attached for Council review and discussion are the draft Tuition and Mandatory Fee Policy (Attachment A) and the 2010-11 Tuition Setting Process (Attachment B). Other than a few minor edits, the proposed tuition and fee policy for 2010-11 is the same as the policy used in 2009-10. The fundamental objectives of the tuition policy include funding adequacy, shared benefits and responsibility, affordability and access, attracting and importing talent, and effective use of resources.

The process for determining tuition and fee parameters and bringing rate proposals for Council approval will be similar to the process used in 2009-10. A major goal of the process is to provide ample time for stakeholder discussion, and for exchange of policy relevant information among Council staff, institutional presidents, chief budget officers, and Council members. This exchange of data and information will lead to a better understanding of key tuition issues and provide increased opportunity for feedback and direction, before taking final action on tuition rates.

A preliminary timeline containing broad categories of activities and anticipated completion dates for the 2010-11 tuition setting process is attached (Attachment C). It is anticipated that the Council will review and discuss draft policy and process documents at the November 6 meeting, approve any revisions to these documents at the February 11, 2010, meeting, take action on recommended tuition parameters at the March 15 meeting, and approve each institution's proposed tuition and mandatory fee rates at the May 24 meeting.

Staff preparation by John Hayek and Bill Payne

ATTACHMENT A
November 6, 2009

Council on Postsecondary Education
Tuition and Mandatory Fee Policy

The Council on Postsecondary Education is vested with authority under KRS 164.020 to determine tuition at public postsecondary education institutions in the Commonwealth of Kentucky. Kentucky's goals of increasing educational attainment, promoting research, assuring academic quality, and engaging in regional stewardship must be balanced in the context of current needs, effective use of resources, and economic conditions. For the purpose of this policy, mandatory fees are included in the definition of tuition. During periods of relative austerity, the proper alignment of the state's limited financial resources requires increased attention to the goals of the *Kentucky Postsecondary Education Improvement Act of 1997* (HB 1) and the Public Agenda for Postsecondary and Adult Education.

Fundamental Objectives

- Funding Adequacy

HB 1 states that Kentucky shall have a seamless, integrated system of postsecondary education strategically planned and adequately funded to enhance economic development and quality of life. In discharging its responsibility to determine tuition, the Council, in collaboration with the institutions, seeks to balance the affordability of postsecondary education for Kentucky's citizens with the institutional funding necessary to accomplish the goals of HB 1 and the Public Agenda.

- Shared Benefits and Responsibility

Postsecondary educational attainment benefits the public at large in the form of a strong economy and an informed citizenry, and it benefits individuals through elevated quality of life, broadened career opportunities, and increased lifetime earnings. The Council and the institutions believe that funding postsecondary education is a shared responsibility of the state and federal government, students and families, and postsecondary education institutions.

- Affordability and Access

Since broad educational attainment is essential to a vibrant state economy and to intellectual, cultural, and political vitality, the Commonwealth of Kentucky seeks to ensure that postsecondary education is broadly accessible to its citizens. The Council and the institutions are committed to ensuring that college is affordable and accessible to all academically qualified Kentuckians with particular emphasis on adult learners, part-time students, minority students, and students from low and moderate income backgrounds. The Council believes that no citizen of the Commonwealth who has the drive and ability to succeed should be denied access to postsecondary education in Kentucky because of inability to pay. Access should be provided through a reasonable combination of savings, family contributions, work, and financial aid, including grants and loans.

In the development of a tuition and mandatory fees recommendation, the Council and the institutions shall work collaboratively and pay careful attention to balancing the cost of attendance, including tuition and mandatory fees, room and board, books, and other direct and indirect costs, with students' ability to pay by taking into account (1) students' family and individual income; (2) federal, state, and institutional scholarships and grants; (3) students' and parents' reliance on loans; (4) access to all postsecondary education alternatives; and (5) the need to enroll and graduate more students.

- Attracting and Importing Talent to Kentucky

The Double the Numbers Plan recognizes that Kentucky cannot reach its 2020 educational attainment goals by focusing on Kentucky residents alone. Tuition reciprocity agreements, which provide low-cost access to Kentucky students that live near the borders of other states, also serve to attract students from border states to Kentucky's colleges and universities. Likewise, the Double the Numbers Plan includes nonresident students in institutional degree production targets for 2020, as well as targets for importing individuals with degrees from other states to live and work in Kentucky.

The Council and the institutions are committed to making Kentucky's institutions financially attractive to nonresident students while recognizing that nonresident undergraduate students should pay a significantly larger proportion of the full educational cost in order to keep the cost for Kentuckians as moderate as possible. Any proposed policy on nonresident tuition and mandatory fees should also be evaluated based on its potential impact on attracting and retaining students which directly enhance diversity and Kentucky's ability to compete in a global economy.

- Effective Use of Resources

Kentucky's postsecondary education system is committed to using the financial resources invested in it as effectively and productively as possible to advance the goals of HB 1, including undergraduate and graduate education, engagement and outreach, research, and economic development initiatives. The colleges and universities seek to ensure that every dollar available to them is invested in areas that maximize results and outcomes most beneficial to the Commonwealth and its regions. The Council's key indicators of progress shall be used to monitor both statewide and institutional performance toward HB 1 goals.

The institutions also recognize their responsibility to demonstrate that they are good stewards of limited public resources by providing annual reports to their governing boards and the Council on their efforts to contain costs, improve efficiencies and productivity, and reallocate existing resources to high priority activities.

ATTACHMENT B
November 6, 2009

Council on Postsecondary Education
2010-11 Tuition Setting Process

Determining public postsecondary institution tuition and mandatory fees for academic year 2010-11 will be a collaborative and iterative process in which all stakeholders participate. The process will commence with review and discussion of the Council's current tuition policy and process documents, as well as discourse concerning a preliminary tuition-setting timeline for 2010-11, at meetings and during conference calls involving Council staff, institutional presidents, and chief budget officers in October and early November. It is anticipated that the Council will review draft policy and process documents at its November 6 meeting, approve any revisions to the documents at the February 11, 2010, meeting, take action on recommended tuition parameters at the March 15 meeting, and approve each institution's proposed tuition and mandatory fee rates at the May 24 meeting.

- Council staff and institutional representatives will collectively review and discuss tuition policy and process documents, and information relevant to the tuition-setting process during the months of November, December, and January.

- The Council president will report to the Council on the status of these discussions throughout the process.

- The Council may, by direct action or by consensus, convey general direction to the institutions throughout the process.

- Council staff and institutional representatives will work collaboratively during January and February 2010 toward the goal of developing consensus on recommended tuition and mandatory fee parameters.

- Council staff will provide the Council with tuition relevant information related to funding adequacy, affordability, access, financial aid, and productivity in February 2010.

- The Council expects that nonresident undergraduate tuition and mandatory fee charges shall be not less than two times higher than Council approved resident rates for the 2010-11 academic year. Any institution desiring to assess a nonresident rate that is less than two times the resident rate should request an exception to this policy.

- Council staff will recommend tuition and mandatory fee parameters to the Council for approval in March 2010.

- Council staff will recommend tuition and mandatory fee rates for each public postsecondary institution to the Council for approval in May 2010.

The Council and the institutions are committed to engaging in a process that is rational, transparent, fair, and evidence-based.

- A rational approach is one that is well aligned with state goals for public postsecondary education in Kentucky.

- A transparent approach is one that clearly articulates the rationale for its selection, is explicit about any underlying assumptions related to its function, and provides ample opportunity for stakeholder comment during its development.

- A fair approach is one that is impartial and recognizes that tuition rates and rate increases need not be the same for all institutions.

- An evidence-based approach is one that considers both relevant historical information, as well as prospective institutional strategies for addressing fundamental tuition objectives set forth in the Council's tuition and mandatory fee policy.

Relevant information to be reviewed and discussed throughout the tuition-setting process may include, but is not limited to, the following:

- Historical funding patterns.

- Effective use of institutional resources.

- College affordability, financial aid, student debt, and ability to pay.

- Student access, enrollment patterns, impact on academic quality, and other market factors.

- Fixed costs and priority strategic investments.

- Funding adequacy and tuition revenue estimates.

Council on Postsecondary Education
Preliminary 2010-11 Tuition Setting Timeline*

Oct. 1, 2009	CPE Meeting – The staff provides Council members an update regarding the 2010-11 tuition setting process. Staff shares the 2009-10 tuition policy and a preliminary 2010-11 tuition setting timeline.
Oct. 2009	Staff initiates discussions with institutions and generates draft tuition policy and tuition setting process documents for 2010-11.
Nov. 6, 2009	CPE Meeting – The Council staff provides Council members draft Tuition and Mandatory Fee Policy and 2010-11 Tuition Setting Process documents for review and discussion.
Nov.-Dec. 2009	Initial institutional notification to Council staff of plans to move to per credit hour rate.
Nov.-Jan 2010	The Council staff works with institutional staffs to collect data and generate information to assist development of tuition and mandatory fees parameters.
Feb. 11, 2010	CPE Meeting – The Council takes action on proposed Tuition and Mandatory Fee Policy and 2010-11 Tuition Setting Process documents. Staff and institutions provide the Council with tuition relevant information.
Feb. 2010	Council and institutional staffs meet to review tuition relevant information and discuss tuition parameters. The Council president updates the Council on these discussions. Institutions present to Council staff plans regarding move to per credit hour rate.
Mar. 15, 2010	CPE Meeting – The Council takes action on recommended tuition and mandatory fee parameters.
Apr. 2010	Institutional staffs share proposed 2010-11 tuition and mandatory fee rates with the Council president. The Council president updates Council members regarding the proposed rates.
May 24, 2010	CPE Meeting – The Council takes action on each institution's proposed 2010-11 tuition and mandatory fee rates.

*This timeline is subject to change depending on developments in the General Assembly during the budget session that runs from January to April, 2010.