

# **AGENDA**

Council on Postsecondary Education  
Executive Committee

May 16, 2005

11 a.m. (ET)

Meeting Room A

Council on Postsecondary Education  
Frankfort, KY

1. Roll Call
2. Approval of Minutes
3. Tuition and Fees
4. Benchmark Selections
5. Other Business
6. Next Meetings
  - CPE – May 22, 12:30 p.m., Marriott Griffin Gate Resort, Lexington
  - CPE – July 18, KCTCS offices, Versailles
  - Executive – August 3, 10 a.m., CPE offices, Frankfort (cancelled)
7. Adjournment

**MINUTES**  
**Council on Postsecondary Education**  
**Executive Committee**  
**April 12, 2005**

The Executive Committee of the Council on Postsecondary Education met April 12, 2005, at 10 a.m. at the Council offices in Frankfort. Chair Ron Greenberg presided.

**ROLL CALL**

The following committee members were present: Peggy Bertelsman, Richard Freed, Ron Greenberg, Joan Taylor, and John Turner. Dan Flanagan and Tony Stoepfel also attended.

**APPROVAL OF MINUTES**

The minutes of the March 2 Executive Committee were approved as distributed.

**TUITION**

President Tom Layzell said that the Council staff requested the following information from each institution to compile a preliminary report regarding tuition increases for FY 2005-06. The report was distributed at the meeting.

1. The process and analysis the institution used to consider the ability of students and families to pay the estimated tuition increase and how these analyses factored into the decided or estimated tuition increases.
2. How the institution moderated the original estimates of tuition increases needed for FY 2005-06 based on the institution's share of the \$72 million in new operating funds appropriated in House Bill 267 passed by the 2005 General Assembly.
3. The process used for setting tuition rates for FY 2005-06, including tuition hearings, planned uses of funds, board discussions, internal strategic planning, etc.
4. The date of board action or expected board action for the FY 2005-06 tuition increase.

The president or a representative discussed each institution's planned tuition and required fee increase. The planned increases for fall 2005 for undergraduate resident students are as follows:

EKU	22.89%
KCTCS	6.52%
KSU	9.75%
MoSU	12.50%
MuSU	10.84%

NKU	12.64%
UK (lower division)	12.55%
UK (upper division)	12.53%
UofL	9.75%
WKU	16.22%

The tuition increases had been approved by the governing boards of ECU, KCTCS, and UK. The other governing boards were expected to take action at their next planned meeting.

The original recommendation going to the ECU board was a 12.8 percent increase. Prior to the April 12 board meeting, the Finance and Planning Committee of the ECU board met to further discuss the tuition increase and concluded that, in order to move the university forward and to address in a more significant way the critical needs of the university as set forth in the budget-tuition guideline discussions, it was necessary to increase the tuition to a greater level. The committee recommended, and the full board approved, a 22.89 percent two-year tuition increase.

Kentucky State University plans to increase student charges for the spring semester (a mid-year increase) in FY 2005.

Western Kentucky University plans to increase student charges for the spring semester (a mid-year increase) in FY 2005 and FY 2006. At its April 30, 2004, meeting the board set tuition and fee increase rates for 2004-05, 2005-06, 2006-07, and 2007-08. The increase rates for 2006-07 and 2007-08 are set at 5 percent. In addition to a four-year tuition schedule, the board also approved a four-year tuition prepayment program, the only one in the Commonwealth, and multiple payment plans for each year.

Mr. Greenberg thanked the institutions for their presentations and applauded them for maintaining the tuition levels at the lowest quartiles among Kentucky's competitive institutions.

President Layzell said that the Council staff will prepare for the May Council meeting a more extensive analysis of the process used by the institutions in setting tuition rates. At that meeting, the staff will present recommendations for Council consideration on the tuition rates that have been acted upon by the governing boards or are planned to be acted upon at their next meeting. The staff also will present a recommendation regarding the tuition-setting process.

**ENDOWMENT  
MATCH PROGRAM  
APPLIED**

**RECOMMENDATION:** The staff recommends that the Council's Executive Committee approve Morehead State University's plan for conducting applied research in the creative arts.

**RESEARCH  
REQUEST**

President Layzell said that at its March meeting the Council took action to delegate approval authority to the Executive Committee for applied research programs pursuant to new Endowment Match Program guidelines to accommodate timely distribution of funds.

**MOTION:** Ms. Bertelsman moved that the recommendation be approved. Mr. Turner seconded the motion.

VOTE: The motion passed.

COUNCIL CAPITAL  
IMPROVEMENTS  
PLAN

RECOMMENDATION: The staff recommends that the Council's Executive Committee approve the Council's 2006-12 Capital Improvements Plan to be submitted April 15, 2005, pursuant to KRS 7A.120(3), to the Capital Planning Advisory Board.

President Layzell said that in odd-numbered years each state agency must submit information about its facilities and facilities-related needs to the Capital Planning Advisory Board. The individual agency plans are used to develop a comprehensive statewide capital improvements plan. He said that technology is the primary capital resource included in the Council's plan. Current technology is dated and upgrades are needed to support the current program demands and to meet the goals of House Bill 1 and the public agenda.

MOTION: Ms. Taylor moved that the recommendation be approved. Mr. Turner seconded the motion.

VOTE: The motion passed.

CEO REPORT

The Committee on Equal Opportunities met in March to review its approach to developing a new statewide equal opportunities plan. The CEO decided to extend the 1997-2002 statewide equal opportunities plan until the U. S. Office for Civil Rights informs Kentucky of its status regarding the partnership agreement.

STRATEGIC  
PLANNING UPDATE

An update on the 2004-05 strategic planning process was included in the meeting materials. The staff will bring back to the Council for final approval in July: (1) final edits to the public agenda; (2) campus action plans for each of the public institutions, the independent sector, and the Council; and (3) an accountability framework and key indicators for tracking systemwide and institutional progress toward the advancement of the new public agenda and House Bill 1 goals.

IEG SPRING BOARD  
DEVELOPMENT  
SEMINAR

Plans are underway for the second spring board development seminar sponsored by the Institute for Effective Governance. This year's theme is "Why It All Matters: Perspectives From Those We Serve." Panels are being organized to discuss university research and commercialization, stewardship of place, and good governance. The IEG seminar will be held in conjunction with the Council's annual Faculty Development Conference May 22-23 at the Lexington Marriott Griffin Gate Resort.

ADJOURNMENT

The meeting adjourned at 1:30 p.m.

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Thomas D. Layzell  
President

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Phyllis L. Bailey  
Associate, Executive Relations

## Tuition and Required Fees

*The Council staff seeks advice from the Executive Committee and plans to recommend that the Council approve recommendations regarding tuition and required fees at the May 22 meeting.*

### **Background**

The issue of affordability has become increasingly prominent nationally and within Kentucky. The public agenda endorsed by the Council at its March 21 meeting includes a specific question about affordability as one of the five questions of reform. This refinement of the five questions was based on comments at the nine regional forums held last September and October to discuss the public agenda. At its November 8, 2004, meeting, the Council approved participation in an affordability study to be funded by the Council and the Kentucky Higher Education Assistance Authority (KHEAA). The study is underway and is expected to produce additional information about the affordability of Kentucky's postsecondary educational system. The Council also has been selected to participate in a project sponsored by the Western Interstate Commission for Higher Education (WICHE) and other national organizations to study how to better align tuition, financial aid, and funding policies.

HB 1 provides that the Council is responsible for determining tuition rates for public universities and colleges. In 1999, the Council approved a policy to afford institutional boards the ability to recommend varying institutional tuition and fee rates. Under this revised process, the Council established tuition guidelines and reviewed institutional rates for consistency with the guidelines; however, the Council retained its authority to revise proposed tuition rates that were inconsistent with its guidelines.

At the April 12 meeting, the Council's Executive Committee heard presentations from KCTCS and the public universities concerning proposed rates of tuition and required fees for the 2005-06 academic year. The Council staff was requested to review the proposed rates and make recommendations for Council action at the May 22 Council meeting, and also to make recommendations concerning the process for setting tuition and required fees.

The Council staff has reviewed the proposed rates of tuition and required fees for the 2005-06 academic year and has reviewed the Council's process for setting tuition and required fees. The following recommendations are presented for Council consideration.

### **RECOMMENDATIONS**

1. The staff recommends approval of the 2005-06 tuition and required fees described in Attachment A. The rates for the University of Louisville and Murray State University

are estimates since final board action has not been taken in either case. Attachment A will be updated once final action is taken.

2. The staff recommends approval of the process for establishing tuition and required fees described in Attachment B. The process will be used to establish tuition and required fees for the 2006-07 academic year.

The four attachments listed below provide background information in support of the recommendation to approve the proposed 2005-06 rates of tuition and required fees. Attachment D indicates approximately \$24.6 million, or 16 percent, of the projected increase in 2005-06 public funds is to be used for student financial aid. Of this amount, \$5.0 million is to be used for need-based aid and \$19.6 million is to be used for merit-based aid. The Council staff, in conjunction with work on the affordability study, will collaborate with the institutions to review all sources of financial aid available to students with financial need for 2005-06.

### **Background Analysis**

- Attachment C - History of tuition and fee rates compared to median family income and benchmarks
- Attachment D - Executive summary of budgeted uses of new revenue and the relationship of planned expenditures to the public agenda
- Attachment E - Summary national and regional comparisons for FY 2004-05
- Attachment F - Summary of historical national affordability ranking

Staff preparation by Sandra Woodley and Jonathan Pruitt

**ATTACHMENT A  
REVISED 5/16/05**

**2005-06 TUITION & FEE RATES  
(Fall 2005 and Spring 2006)**

<u>Institution/Level/Residency Status</u>	<u>Fall 2005 Rates</u>	<u>Spring 2006 Rates</u>	<u>Annual 2005-06 Rates</u>
<b>Eastern Kentucky University</b>			
<i>Undergraduate</i>			
Resident			
Full-time	2,330	2,330	4,660
Per Credit Hour	194	194	
Nonresident			
Full-time - Non-discount students	6,535	6,535	13,070
Per Credit Hour - Non-discount Students	545	545	
Full-time - Incentive Grant Counties	3,706	3,706	7,412
Per Credit Hour - Incentive Grant Counties	309	309	
<i>Graduate</i>			
Resident			
Full-time	2,515	2,515	5,030
Per Credit Hour	279	279	
Nonresident			
Full-time	7,087	7,087	14,174
Per Credit Hour	787	787	
Full-time - Incentive Grant Counties	4,001	4,001	8,002
Per Credit Hour - Incentive Grant Counties	445	445	
<b>Kentucky State University</b>			
<i>Undergraduate</i>			
Resident			
Full-time	2,234	2,234	4,468
Per Credit Hour	186	186	
Nonresident			
Full-time	5,455	5,455	10,910
Per Credit Hour	455	455	
<i>Graduate</i>			
Resident			
Full-time	2,403	2,403	4,806
Per Credit Hour	267	267	
Nonresident			
Full-time	5,962	5,962	11,924
Per Credit Hour	662	662	
<b>Morehead State University</b>			
<i>Undergraduate</i>			
Resident			
Full-time	2,160	2,160	4,320
Per Credit Hour	180	180	
Nonresident - Contiguous Tier Counties			
Full-time	2,410	2,410	4,820
Per Credit Hour	205	205	
Nonresident			
Full-time	5,740	5,740	11,480
Per Credit Hour	480	480	



**2005-06 TUITION & FEE RATES**  
(Fall 2005 and Spring 2006)

<u>Institution/Level/Residency Status</u>	<u>Fall 2005 Rates</u>	<u>Spring 2006 Rates</u>	<u>Annual 2005-06 Rates</u>
<b><i>Graduate</i></b>			
Resident			
Full-time	2,340	2,340	4,680
Per Credit Hour	260	260	
Nonresident			
Full-time	6,265	6,265	12,530
Per Credit Hour	700	700	
<b><i>MBA</i></b>			
Resident (and non-residents admitted to program prior to July 1, 2002)			
Full-time	2,830	2,830	5,660
Per Credit Hour	315	315	
Nonresident			
Full-time	4,155	4,155	8,310
Per Credit Hour	465	465	
<b>Murray State University</b>			
<b><i>Undergraduate</i></b>			
Resident			
Full-time	2,214	2,214	4,428
Per Credit Hour	185	185	
Nonresident			
Full-time	6,018	6,018	12,036
Per Credit Hour	502	502	
<b><i>Graduate</i></b>			
Resident			
Full-time	2,322	2,322	4,644
Per Credit Hour	258	258	
Nonresident			
Full-time	6,494	6,494	12,987
Per Credit Hour	722	722	
<b>Northern Kentucky University</b>			
<b><i>Undergraduate</i></b>			
Resident			
Full-time	2,484	2,484	4,968
Per Credit Hour	207	207	
Nonresident			
Full-time	4,848	4,848	9,696
Per Credit Hour	404	404	
Indiana (Eligible Counties)			
Full-time	3,060	3,060	6,120
Per Credit Hour	255	255	
<b><i>Graduate</i></b>			
Resident			
Per Credit Hour	267	267	
Nonresident			
Per Credit Hour	547	547	
Metro - Nonresident			
Per Credit Hour	387	387	
<b><i>Business</i></b>			
Resident			
Per Credit Hour	286	286	
Nonresident			
Per Credit Hour	617	617	
Metro - Nonresident			
Per Credit Hour	387	387	

**2005-06 TUITION & FEE RATES  
(Fall 2005 and Spring 2006)**

<u>Institution/Level/Residency Status</u>	<u>Fall 2005 Rates</u>	<u>Spring 2006 Rates</u>	<u>Annual 2005-06 Rates</u>
<b>Law</b>			
Resident			
Full-time	5,064	5,064	10,128
Per Credit Hour	422	422	
Nonresident			
Full-time	11,052	11,052	22,104
Per Credit Hour	921	921	
Metro - Nonresident			
Full-time	8,664	8,664	17,328
Per Credit Hour	722	722	
<b>University of Kentucky</b>			
<b><i>Undergraduate (Lower Division)</i></b>			
Resident			
Full-time	2,906	2,906	5,812
Per Credit Hour	232	232	
Nonresident			
Full-time	6,399	6,399	12,798
Per Credit Hour	523	523	
<b><i>Undergraduate (Upper Division)</i></b>			
Resident			
Full-time	2,990	2,990	5,980
Per Credit Hour	239	239	
Nonresident			
Full-time	6,485	6,485	12,970
Per Credit Hour	530	530	
<b><i>Graduate</i></b>			
Resident			
Full-time	3,159	3,159	6,318
Per Credit Hour	331	331	
Nonresident			
Full-time	6,984	6,984	13,968
Per Credit Hour	756	756	
<b>MBA</b>			
<b><i>New, Full-time Students in 'Day' Program</i></b>			
Resident	3,314	3,314	6,628
Nonresident	8,340	8,340	16,680
All new full-time, resident MBA students will be charged a program fee of \$3,000 per semester.			
All new full-time, nonresident MBA students will be charged a program fee of \$3,500 per semester.			
<b><i>Returning Students (were full-time in fall 2004)</i></b>			
Resident	3,653	3,653	7,306
Nonresident	8,340	8,340	16,680
Returning full-time MBA students who were full-time in fall 2004 will be charged a program fee of \$300 per semester.			
<b><i>Masters of Arts in Diplomacy and International Commerce and Master of Science in Physician Assistant Studies</i></b>			
Resident	3,314	3,314	6,628
Nonresident	7,146	7,146	14,292
<b><i>Master of Science in Radiological Medical Physics and Master of Science in Health Physics (College of Health Sciences, Division of Radiation Sciences)</i></b>			
Resident	3,678	3,678	7,356
Nonresident	7,518	7,518	15,036

**2005-06 TUITION & FEE RATES  
(Fall 2005 and Spring 2006)**

<u>Institution/Level/Residency Status</u>	<u>Fall 2005 Rates</u>	<u>Spring 2006 Rates</u>	<u>Annual 2005-06 Rates</u>
<b><i>Law</i></b>			
<i>New Students</i>			
Resident	5,768	5,768	11,536
Nonresident	10,731	10,731	21,462
<i>Returning Students</i>			
Resident	5,617	5,617	11,234
Nonresident	10,513	10,513	21,026
<b><i>Medicine</i></b>			
<i>New Students</i>			
Resident	9,540	9,540	19,080
Nonresident	19,027	19,027	38,054
<i>Returning Students</i>			
Resident	9,286	9,286	18,572
Nonresident	18,660	18,660	37,320
<b><i>Dentistry</i></b>			
<i>New Students</i>			
Resident	8,749	8,749	17,498
Nonresident	19,400	19,400	38,800
<i>Returning Students</i>			
Resident	8,518	8,518	17,035
Nonresident	19,065	19,065	38,130
<b><i>Pharmacy</i></b>			
<i>New Students</i>			
Resident	7,325	7,325	14,650
Nonresident	14,325	14,325	28,650
<i>Returning Students</i>			
Resident	6,059	6,059	12,118
Nonresident	12,758	12,758	25,516
<b><i>Professional Doctoral</i></b>			
Resident	4,120	4,120	8,240
Nonresident	9,654	9,654	19,308
<b>University of Louisville</b>			
<b><i>Undergraduate</i></b>			
Resident			
Full-time	2,766	2,766	5,532
Per Credit Hour	230	230	
Nonresident			
Full-time	7,546	7,546	15,092
Per Credit Hour	629	629	
Distance Education			
Per Credit Hour	300	300	
<b><i>Graduate</i></b>			
Resident			
Full-time	3,003	3,003	6,006
Per Credit Hour	334	334	
Nonresident			
Full-time	8,277	8,277	16,554
Per Credit Hour	920	920	
Distance Education			
Per Credit Hour	434	434	

**2005-06 TUITION & FEE RATES  
(Fall 2005 and Spring 2006)**

<u>Institution/Level/Residency Status</u>	<u>Fall 2005 Rates</u>	<u>Spring 2006 Rates</u>	<u>Annual 2005-06 Rates</u>
<b><i>Law</i></b>			
Resident			
Full-time	5,049	5,049	10,098
Per Credit Hour	505/421	505/421	
Nonresident			
Full-time	11,110	11,110	22,220
Per Credit Hour	1,111/926	1,111/926	
<b><i>MBA</i></b>			
Resident			
Full-time	3,457	3,457	6,914
Per Credit Hour	384	384	
Nonresident			
Full-time	9,512	9,512	19,024
Per Credit Hour	1,057	1,057	
<b><i>Medicine</i></b>			
Resident	9,020	9,020	18,040
Nonresident	20,203	20,203	40,406
<b><i>Dentistry</i></b>			
Resident	7,767	7,767	15,534
Nonresident	19,090	19,090	38,180
<b>Western Kentucky University</b>			
<b><i>Undergraduate</i></b>			
Resident			
Full-time - Main Campus	2,580	2,736	5,316
Part-time - Main Campus (per credit hour)	215	228	
Part-time - Distance Learning (On-Line Courses)	258	274	
Nonresident			
Full-time - Main Campus	6,288	6,888	13,176
Full-time - Main Campus - Tuition Incentive Program (TIPS)	3,204	3,396	6,600
Part-time - Main Campus (per credit hour)	524	574	
Part-time - Main Campus - Tuition Incentive Program (TIPS)	267	283	
Part-time - Distance Learning (On-Line Courses)	258	274	
<b><i>Graduate</i></b>			
Resident			
Full-time	2,830	3,000	5,830
Part-time (per credit hour)	283	300	
Part-time - Distance Learning (On-Line Courses)	340	360	
Nonresident			
Full-time - Domestic	3,100	3,290	6,390
Full-time - International	6,910	7,340	14,250
Part-time (per credit hour) - Domestic	310	329	
Part-time (per credit hour) - International	351	372	
Part-time - Distance Learning (On-Line Courses)	340	360	
<b>Kentucky Community and Technical College System</b>			
Resident			
Per Credit Hour	98	98	
Nonresident			
Per Credit Hour	294	294	
Nonresident Contiguous Counties			
Per Credit Hour	118	118	
Nonresident Distance Learning (On-line)			
Per Credit Hour	118	118	

## **ATTACHMENT B**

### **General Process Establishment of Tuition and Required Fees 2006-07 Academic Year**

1. Policies and criteria for determining tuition and required fees for public universities and the Kentucky Community and Technical College System (KCTCS) shall be established by the Council on Postsecondary Education by October 2005. The policies and criteria shall ensure that adequate justification exists for proposed rates of tuition and required fees based on affordability, fiscal responsibility, institutional missions, and other appropriate measures.
2. KCTCS and the public universities shall submit proposed rates of tuition and required fees for the 2006-07 academic year to the Council for action on a schedule set by the Council. The schedule shall provide adequate time for student notification and planning.
3. The Council and the institutions shall provide an opportunity for public comment on proposed rates of tuition and required fees.
4. The Council shall establish procedures to review and approve rates of tuition and required fees for modifications based on changes in financial, operational, or programmatic circumstances.

**Historical Analysis Regarding Proposed FY 2005-06 Tuition and Required Fees  
Kentucky Resident Undergraduate Students in Public Institutions**

Institutions	2005 T&F Institutional Actual	2006 T&F Institutional Proposed	2005 to 2006 1 Year \$ Change	2005 to 2006 1 Year % Change	2001 to 2006 5 year Average Annual Change	2006 Rate % of Median Family Income	2005 to 2006 1 Year Change % Median Family Income	2001 to 2006 5 Year Change % Median Family Income
Eastern Kentucky University	3,792	4,660	868	22.9%	13.0%	8.5%	1.6%	3.5%
KCTCS	2,208	2,352	144	6.5%	14.0%	4.3%	0.3%	1.9%
Kentucky State University	4,081	4,468	387	9.5%	12.9%	8.1%	1.2%	3.3%
Morehead State University	3,840	4,320	480	12.5%	11.5%	7.8%	0.9%	2.9%
Murray State University	3,984	4,428	444	11.1%	11.6%	8.0%	0.8%	3.0%
Northern Kentucky University	4,368	4,968	600	13.7%	13.1%	8.9%	1.1%	3.7%
University of Kentucky (L)	5,164	5,812	648	12.5%	11.1%	10.5%	1.2%	3.8%
University of Kentucky (U)	5,314	5,980	666	12.5%	11.7%	10.9%	1.2%	4.1%
University of Louisville	5,040	5,531	491	9.7%	10.0%	10.0%	0.9%	3.3%
Western Kentucky University	4,596	5,316	720	15.7%	16.0%	9.6%	1.3%	4.7%

\* National FY 2006 rates were estimated based on average national increases in prior year.

Proposed new benchmarks were used for all institutions except for UK and UofL. The current benchmarks were used for UK and UofL.

(L) Lower Division

(U) Upper Division

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2005 to 2006 Change in Benchmark Rank (of 19)*
15 to 11
9 to 9
7 to 5
16 to 16
18 to 18
17 to 17
15 to 15
14 to 13
13 to 13
11 to 11

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**Summary of Institutional Responses Regarding the Proposed Expenditure of  
2006 Increases in Tuition and Fee Revenue and State General Fund Appropriation and Their  
Relationship to the Public Agenda**

**Faculty and Staff Salaries** - Approximately \$59.6 million or 39 percent of the combined increase in tuition and fee revenue and state General Fund appropriation is planned to be expended on increasing faculty and staff salaries, adding faculty and staff positions, and increasing funding for faculty professional development. Competitive salaries improve the recruitment and retention of a qualified faculty and staff, which are key to providing a quality education and student experience.

**Fixed Costs** - Approximately \$30.5 million or 20 percent of the combined increase in tuition and fee revenue and state appropriation will be expended on fixed costs. Each institution faces inflationary increases in employee benefits like health insurance, rising coal and natural gas prices leading to increased utilities costs, increases in property/liability/worker's compensation insurance, and increases in costs associated with the maintenance and operation of new facilities. These costs must be met in order to maintain the base operations of the institution. Institutions are taking steps to minimize the increases in fixed costs through the employment of best practices and the implementation of innovative ideas.

**Student Financial Aid** - Approximately \$24.6 million or 16 percent of the increase in total public funds is planned to be expended on merit-and need-based financial aid. Twenty percent (\$5.0 million) of this amount will be spent in need based grants and 80 percent (\$19.6 million) will be spent on merit and other student aid. Student financial aid addresses access and affordability of public higher education. This institutional financial aid supplements investments made by both the state and federal governments.

**Other Expenditures** - Approximately \$37.2 million or 25 percent of the total public funds increase is to be expended on a wide range of programmatic areas. The following are some examples: increasing the availability of courses in high-demand areas, investing in initiatives to improve retention/completion/transfer, increasing library holdings, offsetting cutbacks made in prior years, investing in enrollment growth initiatives, and investing in the maintenance of facilities. These are just a few areas where increased investment as a result of the increase in total public funds will enhance the quality of education offered by Kentucky public postsecondary institutions by addressing institutional strategic priorities and the public agenda.



**Planned Expenditure of Fiscal Year 2006 Total Public Funds Increase (excluding increases for targeted programs\*)**

	<b>EKU</b>	<b>KCTCS</b>	<b>KSU</b>	<b>MoSU</b>	<b>MuSU</b>	<b>NKU</b>	<b>UK</b>	<b>UofL</b>	<b>WKU</b>	<b>System</b>
<b>Revenues Increase</b>										
<b>General Funds</b>	5,886,900	15,039,300	1,042,800	3,281,700	4,450,100	6,508,000	16,886,400	10,632,600	9,139,800	72,867,600
<b>Tuition and Fees</b>	15,400,000	7,200,000	1,600,000	4,300,000	5,600,000	4,800,000	18,000,000	12,294,000	9,900,000	79,094,000
<b>Total Revenue Increase</b>	<b>21,286,900</b>	<b>22,239,300</b>	<b>2,642,800</b>	<b>7,581,700</b>	<b>10,050,100</b>	<b>11,308,000</b>	<b>34,886,400</b>	<b>22,926,600</b>	<b>19,039,800</b>	<b>151,961,600</b>
<b>Expenditure Increase</b>										
<b>Faculty &amp; Staff Salaries</b>	5,475,000	10,225,000		3,091,000	3,708,200	4,711,000	15,007,200	8,732,800	8,685,000	59,635,200
<b>Fixed Costs (1)</b>	4,075,000	6,556,900	860,830	1,129,400	1,866,400	1,704,000	7,744,000	4,352,000	2,205,800	30,494,330
<b>Financial Aid</b>										
Need-Based Grants	2,500,000	320,900	150,000	-	1,041,300	100,000	500,000	148,800	209,000	4,970,000
Merit-Based Aid	3,080,000	95,300	50,000	978,000	2,429,800	600,000	8,302,700	3,262,600	837,500	19,635,900
Other Aid										
<b>Subtotal Financial Aid</b>	<b>5,580,000</b>	<b>416,200</b>	<b>200,000</b>	<b>978,000</b>	<b>3,471,100</b>	<b>700,000</b>	<b>8,802,700</b>	<b>3,411,400</b>	<b>1,046,500</b>	<b>24,605,900</b>
<b>Other Expenditures</b>	6,156,900	5,041,200	1,581,970	2,383,300	1,004,400	4,193,000	3,332,500	6,430,400	7,102,500	37,226,170
<b>Total Expenditure Increase</b>	<b>21,286,900</b>	<b>22,239,300</b>	<b>2,642,800</b>	<b>7,581,700</b>	<b>10,050,100</b>	<b>11,308,000</b>	<b>34,886,400</b>	<b>22,926,600</b>	<b>19,039,800</b>	<b>151,961,600</b>

**Notes:**

(1) Includes energy costs, maintenance of E&G facilities, utilities, sewer, water, coal, property insurance, health insurance, etc.

\*The General Assembly provided additional funds for specific programs in HB 267 (Budget Bill). Information displayed above does not include these additional funding items.

## **Summary: National & Regional Tuition & Fees Comparisons Public 2-year and 4-year Institutions FY 2004-05**

### **4-year**

- US Average Tuition and Fees 2004-05 = \$5,132
- Kentucky Average Tuition and Fees 2004-05 = \$4,321
- U.S. average increase was \$487 or 10.5% from FY 2003-04 to FY 2004-05
- Kentucky's increase was \$556 or 15.1% from FY 2003-04 to FY 2004-05
- 6 of the 7 border states have higher average annual tuition and fees than Kentucky in FY 2004-05

### **2-year**

- US Average Tuition and Fees = \$2,076
- KCTCS Tuition and Fees 2004-05 = \$2,208
- U.S. average increase was \$167 or 8.7% from FY 2003-04 to FY 2004-05
- Kentucky's increase was \$312 or 16.5% from FY 2003-04 to FY 2004-05
- 2 of the 7 border states have higher average annual tuition and fees

Source: Trends in College Pricing 2004, The College Board and the Council on Postsecondary Education

## Kentucky's National Affordability Ranking 2000, 2002 & 2004

Category	2000	2002	2004
Family Ability to Pay at Community Colleges	3 <sup>rd</sup>	8 <sup>th</sup>	14 <sup>th</sup>
Family Ability to Pay at Public 4-Year Universities	8 <sup>th</sup>	7 <sup>th</sup>	5 <sup>th</sup>
Family Ability to Pay at Private 4-Year Colleges and Universities	8 <sup>th</sup>	7 <sup>th</sup>	16 <sup>th</sup>
Need Based Financial Aid	19 <sup>th</sup>	20 <sup>th</sup>	14 <sup>th</sup>
Low-Priced Colleges	25 <sup>th</sup>	25 <sup>th</sup>	36 <sup>th</sup>
Low Student Debt	10 <sup>th</sup>	5 <sup>th</sup>	5 <sup>th</sup>
Overall Affordability	10 <sup>th</sup>	8 <sup>th</sup>	14 <sup>th</sup>

Council on Postsecondary Education  
Executive Committee Meeting  
May 16, 2005

## Benchmark Selections

*The Council staff seeks advice from the Executive Committee and plans to recommend that the Council approve recommendations regarding the benchmark selections at the May 22 meeting.*

### **Background**

Benchmark funding was developed and implemented for the 2000-02 biennium in response to the six goals established in the 1997 reform. The approach compares funding for Kentucky's postsecondary education institutions to national benchmark institutions to assist in determining the financial resources needed to achieve HB 1 goals.

The funding model used prior to the benchmark model compared Kentucky institutions with each other on the basis of credit hours by discipline. By contrast, the benchmark model looks outward comparing Kentucky institutions to national benchmarks for the purpose of meeting the legislative mandate that Kentucky's system deliver educational services in quantities and of a quality that is comparable to the national average.

The model uses a statistical approach to identify the most similar institutions in the nation to each Kentucky institution based on multiple criteria (Attachment A). These criteria allow for the selection of institutions with similar cost factors, missions, student characteristics, faculty characteristics, and various differentiation factors. The model, based on similarity across all criteria, ranked all public institutions (or systems of two-year colleges in the case of KCTCS) in the nation in the same Carnegie classification or one classification higher. The institutions were allowed the limited flexibility to select 19 from the 30 most similarly ranked institutions. Generally, there is less than a 6 percent variance in the statistical measure of similarity between the 19th most similar institution and the 30th most similar institution on the lists. Therefore, the selection criteria provided a limited measure of flexibility, without compromising the statistical validity of the model, or the consistency in the selection of benchmarks among the institutions.

## **Comprehensive Universities and KCTCS**

Pursuant to the revised benchmark selection model and the predetermined selection criteria, the comprehensive institutions and the KCTCS have selected proposed benchmarks. These revised benchmarks will provide a context for developing the recommendation for operational funding levels and performance measurement for the FY 2006-08 and FY 2008-10 biennia. The benchmark lists will be revised every four years based on the model.

Attachment B details the recommended list for each of the comprehensive universities and the KCTCS based on the process and model described above.

## **Research Universities**

House Bill 1 mandated that the University of Kentucky become a major comprehensive research institution ranked nationally in the top 20 public universities and that the University of Louisville become a premier, nationally-recognized metropolitan research university. These 2020 goals require a different approach to selection of benchmarks for these two institutions than the statistical model described in Attachment A, although that model will be used to provide baseline data for the University of Kentucky and the University of Louisville. Attachment C describes the benchmark selection model approved for the University of Kentucky and the University of Louisville at the January 2005 Council meeting.

The proposed benchmarks for the University of Kentucky and the University of Louisville are under review. The results of the review will be presented at the May 22 Council meeting.

**Model for Benchmark Selection**  
**Four-Year Institutions**

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*Measures*

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Student Mix:

- (1) Total Headcount
- (2) Total full-time equivalent (FTE) students
- (3) Undergraduate FTE as % of total FTE
- (4) Undergraduate headcount as % of total headcount
- (5) Full-time undergraduate headcount age 25 or older as % of total undergraduate headcount
- (6) Total minority students as % of total headcount
- (7) ACT at 25<sup>th</sup> percentile
- (8) ACT at 75<sup>th</sup> percentile
- (9) Percent first-time full-time freshmen receiving federal grant aid
- (10) Institutional aid as % of total E&G expenditures
- (11) Student faculty ratio

Program Mix:

- (12) Category A undergraduate degrees as % of total undergraduate degrees conferred
- (13) Category B undergraduate degrees as % of total undergraduate degrees conferred
- (14) Category C undergraduate degrees as % of total undergraduate degrees conferred
- (15) Undergraduate degrees as % of total degrees conferred
- (16) Medicine degrees as % of total degrees conferred
- (17) Pharmacy degrees as % of total degrees conferred
- (18) Dentistry degrees as % of total degrees conferred
- (19) Law degrees as % of total degrees conferred

Research and Stewardship of Place:

- (20) Research expenditures as percent of total E&G expenditures
- (21) Public Service expenditures as % of total E&G expenditures
- (22) Locale (degree to which an institution is rural or urban location)

Category A (General Studies, Education, Business)  
Category B (Agriculture, Sciences, Computers)  
Category C (Fine Arts, Architecture, Engineering, Health)

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## Model for Benchmark Selection KCTCS

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### *Measures*

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#### Student Mix:

- (1) Total headcount
- (2) Part-time headcount as % of total headcount
- (3) Total full-time equivalent (FTE) students
- (4) Percent first-time full-time freshmen receiving federal grant aid
- (5) Institutional aid as % of E&G expenditures
- (6) Full-time headcount age 25 or older as % of total headcount
- (7) Total minority students as % of total headcount
- (8) Student/faculty ratio

#### Program Mix and Size of System:

- (9) Category A awards as percent of total awards conferred
  - (10) Category B awards as percent of total awards conferred
  - (11) Category C awards as percent of total awards conferred
  - (12) Number of institutions in the system
  - (13) Associate degrees as % of total degrees conferred
  - (14) Certificates as % of total degrees conferred
-

## **Proposed Benchmarks for Kentucky State University**

Alcorn State University  
Angelo State University  
Cameron University  
Castleton State College  
Delaware State University  
Delta State University  
Eastern New Mexico University-Main Campus  
Francis Marion University  
Grambling State University  
Lincoln University  
Midwestern State University  
Nicholls State University  
Savannah State University  
Southeastern Oklahoma State University  
Southern Arkansas University Main Campus  
Sul Ross State University  
The University of Texas-Pan American  
University of Maryland-Eastern Shore  
University of North Carolina at Pembroke



## University of Kentucky (Benchmark Selection)

### Mandate of House Bill 1:

*A major comprehensive research institution ranked nationally in the top twenty (20) public universities at the University of Kentucky by 2020.*

### Criteria for benchmark selection metrics:

1. Those independently collected at the national level.
2. Those local measures that address UK's "higher purpose" of improving the overall quality of life and economic prosperity of Kentuckians.

### Goals consistent with the House Bill 1 mandate:

1. A comprehensive array of undergraduate, graduate, and professional programs, many with national prominence.
2. Attracting and graduating outstanding students capable of making significant contributions to their professions and communities.
3. A distinguished faculty whose research, service, scholarship, and teaching are exemplary.
4. The discovery, dissemination, and application of new and significant knowledge.
5. Diversity of thought, culture, gender, and ethnicity that creates communities of learning and appreciation at the university and beyond.
6. Improvements to the health and educational, social, economic, and cultural well being of the citizens of the Commonwealth.

### Indicators for selection consistent with goals:

- Total & federal research dollars
- Endowment assets
- Annual giving
- Faculty academies membership
- Faculty awards
- Number of doctoral students produced
- Number of postdoctoral appointments
- Undergraduate SAT scores

### Data analyses:

*TheCenter* at the University of Florida will be the source of data elements. *TheCenter* annually tracks eight of the nationally comparable indicators and utilizes the indicators to rank U.S. public and independent research universities. *TheCenter* data and consequent rankings will be used to select benchmark institutions for UK based on the House Bill 1 mandate.

## University of Louisville (Benchmark Selection)

### Mandate of House Bill 1:

To establish the University of Louisville as a *premier, nationally recognized metropolitan research university* known for success in advancing the intellectual, social, and economic development of our community and the Commonwealth. By using legislative language of “premier, nationally recognized,” the Kentucky General Assembly directed UofL to become a leading, or foremost, institution among metropolitan research universities over an unspecified time frame.

### Criteria for benchmark selection metrics:

1. Independently collected data at the national level.
2. Local and national measures (such as those required for AAU and Phi Beta Kappa designation) that address UofL’s goal of becoming a premier, nationally recognized metropolitan research university.
3. Universities located in metropolitan areas, or major urban statistical areas, with an academic health sciences center with programs that drive the life sciences industry in their communities.
4. Universities with schools of medicine and engineering.
5. Universities that are not land grant universities.

### Goals consistent with the House Bill 1 mandate:

With the *Challenge for Excellence* as its road map for reaching its HB 1 goals, UofL will achieve the goal of national preeminence by focusing on a metropolitan mission and a 200-year tradition of serving the citizens and institutions in its nine county service area.

1. A focused array of undergraduate, graduate, and professional programs, many with national prominence.
2. Commitment to excellence in educational programs.
3. Building extramurally funded research activities and infrastructure.
4. Commitment to being an open, diverse, and accessible university.
5. A university fully engaged within our community and state through partnerships and collaborations.
6. An institution accountable to its constituents (state taxpayers, students, donors, etc.).

Indicators consistent with goals:

- Quality undergraduate programs.
- Undergraduate ACT scores.
- Student retention and graduation rates.
- Nationally ranked research and graduate/professional programs.
- National Cancer Institute Cancer Center Designation.
- Endowed chairs and professorships in key fields.
- Number of doctoral graduates.
- Total and federal research funding.
- Endowment assets.
- Number of business start-ups and incubations from university research activity.
- Number of patents and licenses based upon university research.
- National leader for linking research to the needs of its community and Commonwealth.

Data analyses:

*TheCenter* data at the University of Florida will be used for comparison with urban institutions included in the annual study. This analysis is commonly referred to as the “Lombardi study.” Additional data sources will include Integrated Postsecondary Education Data System (IPEDS) and the university’s internal accountability system, Balanced Scorecard, which also incorporates many of the same Lombardi and IPEDS data elements.