

**MINUTES**  
**Council on Postsecondary Education**  
**Executive Committee**  
**January 12, 2006**

The Executive Committee of the Council on Postsecondary Education met January 12, 2006, at 2 p.m. at the Council offices in Frankfort. Chair Greenberg presided.

**ROLL CALL**

The following committee members attended: Peggy Bertelsman, Ron Greenberg, John Turner, and Mark Wattier. Joan Taylor did not attend. Other Council members who attended: Walter Baker, Dan Flanagan, Alois Moore, and Ryan Quarles. Esther Jansing participated by telephone.

**APPROVAL OF  
MINUTES**

The minutes of the December 7, 2005, Executive Committee meeting were approved as distributed.

Mr. Greenberg welcomed Kern Alexander who is serving as the interim president of Murray State University.

**DRAFT  
TUITION  
POLICY**

Sandy Woodley, the Council's vice president for finance, said that the staff has worked with the staffs of the institutions for several months to develop the draft tuition policy. The tuition policy has two objectives: (1) to ensure that college in Kentucky remains affordable, which is needed in order for the state to reach the 2020 educational attainment goals; and (2) to make sure that the institutions have sufficient revenue to offer quality programs and pay for salaries and other expenses needed in order to handle these new enrollments.

The Council staff has worked with the institutions to establish parameters for tuition and fees for 2006-08 based on an analysis of the current relationship of tuition and fees as a percent of the median family income in each of the three sectors of public postsecondary education (research, comprehensive, and two-year). The staff also tried to make an explicit connection between the dollars that are available from the General Fund and the amount of tuition revenue being allowed through the maximum parameters.

Dr. Woodley said that the Council supports enrolling and retaining nonresident students in Kentucky. These enrollments are necessary in order to reach the 2020 educational attainment goals. The Council also expects nonresident students to pay a higher price to cover a greater percentage of the cost of education. The policy currently states that tuition and mandatory fees for nonresident undergraduate students shall be at least 2.5 times higher than the resident tuition rates unless the institution awards a scholarship or waiver.

The Council staff has asked the institutions to submit proposals for tuition rates for graduate and first-professional students. The proposal should be based on market analysis and be competitive enough to keep residents in Kentucky to attend

graduate school as well as attract nonresidents to Kentucky. Rates should be established with the goal of ensuring that qualified resident students, who have low incomes, in combination with financial aid, have the opportunity to consider the program. The Council also must approve these rates.

The timeline leading up to Council action on the tuition rates was included in the agenda materials. The Council will act on the parameters and tuition policy at the January 30 meeting. Then the institutional boards will meet and develop recommendations on tuition and fees consistent with Council policy. Tuition hearings will be held before the Council Executive Committee in late February or early March, and the Council will take action on all rates in March or April.

Dr. Woodley said that about 16 percent (23,944) of the students enrolled at Kentucky institutions are nonresident students. She said that about 3,800 of those students enroll through reciprocity agreements. The students attending through these agreements will continue to pay in-state rates and the agreements will not be affected by changes to the tuition policy regarding nonresident students.

Mr. Greenberg said that staff is working with the institutions to gather information to answer questions concerning nonresident students (is it advantageous to have out-of-state students, does intellectual capital need to be recruited, and do nonresident students remain in Kentucky at the undergraduate, graduate, and professional levels). This information should be sent to the Council members in advance for a discussion at the March meeting.

Dr. Wattier asked the staff to add a category for tuition caps if no new public money is available.

Dr. Woodley said that the chief budget officers are concerned about the nonresident rate of 2.5 times the in-state rate. Many of the institutions argue that this will cause them to lose competitiveness and will hamper the Council's ability to reach 2020 enrollment goals because Kentucky will not be competitive enough to attract those students. Many of the institutions are recommending that the nonresident rate be no greater than 1.75 times the in-state rate. The Council's policy prior to 2000 was three times the in-state rate. In addition, some of the institutions argue that the parameters are too simple and that a sliding scale or more than two maximum parameters should be allowed.

Mr. Quarles said that he has discussed the draft tuition policy with the Board of Student Body Presidents and they support the draft policy and would like to review the final proposal.

## UK TOP 20 BUSINESS PLAN

UK President Lee Todd distributed the university's Top 20 Business Plan. The plan establishes the fiscal and capital framework for UK to become a top 20 public research institution by 2020, as mandated by House Bill 1. He said that he is not trying to bypass the Council budget process but it is important for the Council to understand what the university needs to accomplish this goal. Both the UK board of trustees and the faculty senate have given support for the business plan. The plan shows the relationship between the increase in state dollars and the impact on student tuition increases. President Todd said that committing a consistent funding increase of 5.8 percent over base funding between now and 2020 would provide the necessary resources to pay for such things as additional faculty and competitive

salaries. He said that the university is contributing 40 percent of the cost associated with becoming a top 20 institution. Since he became president, the institution has already cut over \$35 million worth of expenses and found additional revenue and will be cutting \$2 million out of its base each year for the next 15 years. He asked the Council to send a letter to Governor Fletcher recommending full funding for the Council budget request and also requesting the incremental funding for UK. He said that additional funding for UK will determine if the challenges of House Bill 1 are still in front of the state and are still meaningful.

Mr. Turner commended UK for preparing the plan. He said that this is a powerful articulation of UK's mission and shows the value that the institution brings, as do all of the universities, to the Commonwealth. He said that the plan is a reminder that the focus should not be cost but the investment and the return on the investment.

Mr. Greenberg said that first the Council must ask for full funding for the postsecondary system. He said that he would discuss the request for additional funding for UK at the Strategic Committee on Postsecondary Education meeting later that day. He said that the institutions need to think about where to recruit, place, house, and educate those additional students that are needed by 2020 since these students will be an additional burden on the institutions without additional funding. He said that these issues need to be resolved this year and then funding requested to distribute to all institutions.

Dr. Wattier complimented President Todd and UK for the leadership in developing the business plan and suggested that all the institutions create such a plan.

#### 2005-06 COUNCIL PRIORITY INITIATIVES

Mr. Greenberg suggested that the discussion of the Council priority initiatives be postponed to the January Council meeting. He asked the policy groups to finalize their reports so that needed legislative changes can be addressed while the General Assembly is in session.

#### PERFORMANCE FUNDING COMPONENT

The Council adopted a budget recommendation in November that included \$3.5 million in 2007-08 in performance funding for the institutions to be distributed based on performance related to the goals of House Bill 1. The performance funding component will be implemented beginning the second year of the biennium. The current draft includes five indicators for the component – production (degrees per FTE), efficiency (production/total public funds/FTE), degree production (progress toward key indicator goal), minority degree production (progress toward key indicator goal), and an indicator selected by each institution from a list of institutional specific CPE approved key indicators. Half of the funds will be distributed based on performance relative to benchmark peer institutions and the remaining half based on performance relative to goals toward House Bill 1 key indicator progress. Dr. Woodley said that the Council staff will continue to work with the institutional staffs to work through concerns about the component and to simplify the process.

Ms. Bertelsman commended Lee Nimocks and other Council staff on the legislative advocacy toolkit recently distributed.

#### ADJOURNMENT

The meeting adjourned at 3:45 p.m.

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Thomas D. Layzell  
President

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Phyllis L. Bailey  
Senior Associate, Executive Relations