

MINUTES
Council on Postsecondary Education
Executive Committee
November 27, 2006

The Executive Committee of the Council on Postsecondary Education met Monday, November 27, 2006, at 12:30 p.m. (ET) at the Council offices in Frankfort, Kentucky. Chair Greenberg presided.

ROLL CALL

The following committee members were present: Peggy Bertelsman, Ron Greenberg, Joan Taylor, and Mark Wattier. John Turner did not attend. Other CPE members present: Walter Baker and Dan Flanagan.

**APPROVAL OF
MINUTES**

The minutes of the March 8 and September 28 Executive Committee meetings were approved.

**TUITION AND FEE
POLICIES AND
PARAMETERS FOR
2007-08**

RECOMMENDATION: The staff recommends that the Council's Executive Committee approve a revised tuition policy and establish maximum parameters related to undergraduate resident and nonresident tuition and mandatory fees for 2007-08.

CPE President Tom Layzell said that, in January 2006, the Council approved a tuition policy to balance the need for additional revenue for the institution with the desire to maintain affordability for current and potential students. The Council's Budget and Finance Policy Group has considered several policy changes related to nonresident students and reciprocity agreements. He said that maximum parameters must be established prior to institutional tuition presentations planned in January and March for 2007-08 tuition and mandatory fees. The Council, at its November 6 meeting, delegated to the Executive Committee the authority to approve the tuition and fee parameters for 2007-08.

Dr. Layzell said that the recommendation includes three recommended actions:

1. Revise the tuition policy to add a policy statement and objectives for nonresident students.
2. Revise the tuition policy to add a policy statement and objectives for reciprocity agreements, discontinue strike price and balance provisions in future reciprocity agreements, and extend future agreements to six years.
3. Establish 2007-08 maximum parameters for undergraduate tuition and mandatory fees and extend Council approved 2006-07 exceptions regarding nonresident tuition for targeted groups of students to 2007-08.

Dr. Layzell said that the parameters should be viewed as an interim set of parameters that may be modified based on the final funding policy. He said that the presidents of the public institutions have discussed the parameters and have agreed unanimously to support the recommended parameters. He said that the institutions will now begin their on-campus process and hold hearings to develop the actual tuition and fee rates which will be brought to the Council for approval at the January and March 2007 meetings. The parameters set the maximum amount of tuition and fees that can be charged. If institutions conclude that the rates must be higher than the parameters, an exception must be brought to the Council for approval.

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

Mr. Wattier asked about national benchmarks of affordability.

Dr. Layzell said that the closest thing to a standard is the Council's recent affordability study which concluded that Kentucky continues to remain relatively affordable except in two instances – (1) independent adult students who tend to fall between the cracks in most financial aid programs and (2) low-income dependent students at the margins of affordability. When the institutions bring their proposed 2007-08 tuition and fees, they will be requested to provide detailed information regarding institutional financial aid programs, especially financial aid designated for independent adult and low-income students. Dr. Layzell said Kentucky's affordability continues to look good against contiguous states, the region, and the country. He said that tuition continues to increase across the country; Kentucky tuition has not gone up as much or as fast as some states. With the exception of the University of Louisville, single-digit tuition increases are expected for 2007-08.

VOTE: The motion passed.

Regarding tuition, Mr. Greenberg said that over the past decade, as a result of weaker state economies, the percent of funding for postsecondary education from state revenues has decreased as a percentage of the total funding, putting pressures on tuition. He said this is not just a Kentucky issue but a national issue. The Council put together these parameters after months of debate and discussion. It has been an open forum with wide input. This discussion has led the Council to the point where, for the last year, it has been putting together the foundations of a new funding model that are based on policies. The final results of those policies will determine what the new funding model should be. If the executive branch and the legislature approve the policy recommendations that will be the foundation of this new funding model, they need to provide the appropriate funds. He said that the new funding model has to be one that is relevant to our times (not based on any history or what other states are doing), one that provides proper funding, and one that is tied to results and has direct accountability. Mr. Greenberg said that accountability must be a cornerstone for the future funding model. With that view, the Council is directing the institutions a year in advance that a year from now the Council will not approve future tuition increases above the cost of living until a funding model is in place

that measures results and shows accountability since that is the right, reasonable, responsible approach to take going forward. The schools must demonstrate that they are productively putting those monies to work with the best outcomes that the citizenry expects.

ADJOURNMENT

The meeting adjourned at 12:55 p.m.

Thomas D. Layzell
President

Phyllis L. Bailey
Senior Associate, Executive Relations