



The Pursuit of Excellence: Principles to Guide Kentucky's Future Postsecondary Success

Adequate, equitable and strategically focused resources to support postsecondary education are critical to ensuring the vitality of Kentucky's institutions and the economic and civic growth they fuel. A strategic approach becomes even more important in times of fiscal uncertainty to ensure that Kentucky's goals for postsecondary attainment are not diminished or constrained. The Prichard Committee on Higher Education in Kentucky's Future noted in its 1981 report *In Pursuit of Excellence*, that "despite a tendency of people to become pessimistic about the value of institutions, [they] still look to education as the road to a better life and as the source of information and talent needed to solve problems."¹ Such sentiment echoes today as Kentucky continues to face issues of access, affordability, accountability, and the relative value of achieving success through postsecondary education pathways. To address these issues, all stakeholders in Kentucky's postsecondary education community - parents, students, business and community leaders, institutions, and policy makers - must participate in the discussion about the future of postsecondary education to ensure that the Commonwealth builds and maintains an educated citizenry and a talented, dynamic workforce.

The Prichard Committee for Academic Excellence is committed to providing citizens, advocates, and policymakers with the information and tools necessary to participate in a meaningful discussion about the future of postsecondary education in Kentucky. Moreover, the Committee seeks to effectively support the discussion through a focus on the principles of ensuring **access** to, **affordability** of, and **quality** in postsecondary education in the Commonwealth.

Ensuring Access to Affordable, High-Quality Postsecondary Education

Guiding Principle #1 - ACCESS

High-quality postsecondary educational opportunities in Kentucky should be inclusive of all students, and Kentucky should ensure that all students are prepared for, have knowledge of, and are encouraged to pursue opportunities through postsecondary education pathways.

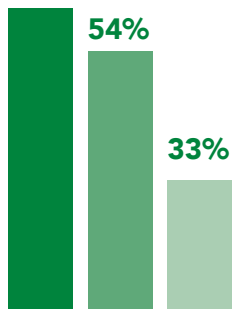
Access to high-quality postsecondary educational opportunities is a must for Kentucky to meet its educational, economic, workforce, and civic potential and research clearly documents the positive individual and collective benefits of greater educational attainment.

Nationally, expected lifetime earnings of bachelor's degree holders are 65% greater than those just graduating high school.² In Kentucky, the average annual earnings of bachelor's degree holders, averaged from 2009-2013, was \$42,787 in contrast to \$28,317 for those with a only a high school diploma. This \$14,000 differential represents a 51% earnings premium for those holding a bachelor degree.³ The Center for Business and Economic Research (CBER) at the University of Kentucky has estimated other benefits of greater educational attainment: lower unemployment, less chronic disease, less dependence on public assistance, and greater rates of volunteerism.⁴

Underscoring these positive impacts is recent research that indicates raising Kentucky's educational attainment level to the national average would generate \$903 million annually in new tax revenue and cost savings. Specifically, the state would realize approximately \$500 million in additional income tax receipts, \$200 million in Medicaid

Kentucky Jobs & Education Requirements

62%



- % of Jobs Requiring Postsecondary Education & Training (2020)
- % of Working-Age Adults with Some Postsecondary Education & Training (2010)
- % of Working-Age Adults with Associate's Degree or Higher (2013)

KENTUCKY

Source: Carnevale, Anthony P. et al. "Recovery: Job Growth and Education Requirements Through 2020," Center on Education and the Workforce, Georgetown University, 2013, <https://cew.georgetown.edu/report/recovery-job-growth-and-education-requirements-through-2020/>.

cost savings, \$200 million in other healthcare cost savings, and \$3 million in crime-related cost savings.⁵ Moreover, economic projections suggest that the supply of workers with some postsecondary education continues to fall short of the demand for an educated workforce. By 2020, an estimated 65% of jobs nationally will require some level of postsecondary education. The estimate for Kentucky is 62%.⁶ With only 33% of Kentuckians having earned an associate's degree or higher - compared with a national average of 40%⁷ - the state workforce is far short of meeting the near-future needs of the economy.

The General Assembly's 2009 passage of Senate Bill 1 significantly advanced Kentucky's efforts to increase college and career readiness and degree completion by linking the K-12 and postsecondary education communities in the effort to ensure students were adequately prepared for postsecondary success.

Since then, using current college readiness indicators, Kentucky has seen gains in college readiness with rates increasing from 34% in 2010 to 58.5% in 2015. Troubling achievement gaps persist, with only 37.9% of African-American students, 49.4% of Hispanic students, and 45.1% of low-income students college-ready in 2015.⁸ Despite the general increase in college readiness, overall college-going rates have declined slightly, from 61.4% in 2010 to 60.4% in 2014.⁹ How college readiness translates into success at the next level remains an important question.

In addition to academic preparedness, students need support navigating the pathway to postsecondary education. Advising efforts within schools can play a significant role in helping students understand and take advantage of available opportunities. In Kentucky, the average counselor-to-student ratio is 1:450 impacting

efforts to improve college and career advising.¹⁰ In contrast, the American School Counselor Association recommends a counselor to student ratio of 1:250.¹¹

Even if Kentucky improves the high school to postsecondary pipeline, it will not fully meet workforce demands or provide greater opportunities for working-age adults. Roughly 370,000 Kentuckians have no high school credential, another 750,000 have graduated only high school or achieved equivalency, and more than 500,000 have some postsecondary education, but no degree or credential.^{12 13 14} For Kentucky to meet its projected workforce needs, increased access to postsecondary education must also address the needs of working-age adults.

Maintaining rigorous academic standards that clearly establish what students should know and be able to do to achieve postsecondary readiness, evaluating whether the readiness benchmarks are valid predictors of postsecondary success, encouraging greater college-going and persistence, and providing opportunities for working-age adults to continue on the path of postsecondary education are key elements for the state to consider in its overall strategy.

Guiding Principle #2 – AFFORDABILITY

High-quality postsecondary education in Kentucky should be affordable.

While public policies to expand access to postsecondary education are critical, such opportunities must be **affordable** to all students who want to benefit from and pursue such opportunities. Defining affordability, what it means to students and their families, and what impact particular public policies can have is difficult. The amount of public investment in institutions and financial aid, and whether postsecondary education should be viewed as investment and debt-financed, or be priced so students can pay as they go or save in advance is a matter of debate.^{15 16}

From 2008 to 2016, state support for public postsecondary institutions was cut \$173.5 million - dropping from \$1.084 billion to \$910 million. During the same period, tuition for resident undergraduates increased an average of 48% at public 4-year institutions and 35% at the 2-year Kentucky Community and Technical College System.¹⁷ The result: tuition increased as a share of total public funds for postsecondary institutions, from 50% in 2008 to 65% in 2016.¹⁸ The pattern of state disinvestment and rising tuition is continuing. In the 2016-2018 budget, institutions are receiving additional reductions totaling \$59.1 million less over the two year period, while tuition increases are approximately 5% for the 2017 academic year.

Additionally, Kentucky's need-based financial aid programs - the College Access Program and the Kentucky Tuition Grant – have not kept pace with tuition increases. From 2008 through 2015, the average aid award increased by only 3%, while the number of award recipients actually dropped. State budget appropriations for these programs during this period decreased slightly and have fallen far short of the amount required by statute and the demand for aid.¹⁹ The unmet need in these two programs during this span was \$901 million. And while the enacted 2016-2018 biennial budget provides additional funds for these programs, it still falls short of the amount required by statute and is limited in effectiveness by institutional budget cuts and tuition increases.

Less public investment in institutional support and state financial aid coupled with rising tuition correlates with an increase in the amount and number of student loans. From 2004 to 2014, the average debt for Kentucky students with loans increased 82%, from \$14,250 to \$25,939. Over the same period, the percentage of students with loan debt increased 12%, from 52% to 64%.²⁰

Kentucky needs to more effectively link decisions and policies on state appropriations, financial aid and tuition-setting to better define the student share of college costs. Lack of transparency in how postsecondary education is financed and how the varying financial components interact, leads to less effective and efficient use of public resources and make it more challenging for Kentuckians to reach their educational, economic, workforce, and civic potential.

Guiding Principle #3 – QUALITY

To ensure the highest quality postsecondary education system and student outcomes, Kentucky should focus resources on and measure institutional performance in improving the lives of students and the public at large.

The central element of Kentucky's postsecondary education system should be **quality**, of both process and student outcomes. Defining quality – and the measures by which to assess it – can present significant challenges, but it is necessary to meet growing demands for accountability from policy makers, parents, students, and business leaders.

Understanding the purpose of the postsecondary education system is key to the development of public policies to improve quality. Traditionally, this purpose involved diverse elements such as vocational training, civic education, development of critical thinking and learning, research and the creation of knowledge, economic development, and the opportunity for individuals to advance themselves.^{21 22 23} Kentucky embraced these elements in the 1997 Postsecondary Education

Improvement Act (House Bill 1) as the foundation for the state's institutional missions and invested significant resources over the following decade to achieve the goals defined in the legislation:

- A seamless, integrated system of postsecondary education strategically planned and adequately funded to enhance economic development and quality of life;
- A nationally ranked, top-20 public research institution at the University of Kentucky;
- A nationally-recognized metropolitan research university at the University of Louisville;
- Regional universities, with nationally-recognized programs of distinction or applied research programs, working cooperatively to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average;
- A comprehensive community and technical college system with a mission that assures statewide access to two-year programs designed for transfer to a baccalaureate program, the training necessary to develop a workforce aligned with the needs of new and existing industries, and remedial and continuing education to improve the employability of citizens; and
- An efficient, responsive, and coordinated system of providers that delivers educational services to all adult citizens in quantities and of a quality that is comparable to the national average or above and significantly elevates the level of education of the adults of the Commonwealth.

Due in large part to the reforms of House Bill 1 and increased financial support in the years that followed, Kentucky saw progress towards its postsecondary education goals. The state recorded some of the largest gains in the percentage change in attainment and graduation rates from 2000-2009 relative to other states, but this growth has slowed since 2009.²⁴

% Change Relative to Other States	2000-2009	2009-2013
6-Year Graduation Rate at 4-year Institutions	1st	41st
3-Year Graduation Rate at 2-year Institutions	3rd	44th
Aged 25-44 with at least an Associate's Degree	2nd	24th

Source: Kelly, Patrick. "A Status Report on Kentucky's Postsecondary Education System," National Center for Higher Education Management Systems, February 3, 2015.

Challenges remain for Kentucky to reach its overall educational attainment goals. In addition to slowing growth, attainment gaps that begin in primary and secondary education persist in postsecondary. According to data from the Kentucky Council on Postsecondary Education, the 6-year graduation rate for bachelor degrees was 48.9% overall in 2013, but only 36.6% for low-income students, 27.8% for under-prepared students, and 33.3% for under-represented minorities. Similarly, the 3-year graduation rate for associate degrees at KCTCS was 12.8% overall in 2013, but only 10.4% for low-income students, 8.6% for under-prepared students, and 6.8% for under-represented minorities.^{25 26}

Beyond educational attainment, postsecondary education has other direct and indirect impacts on regional and state economies. Direct expenditures, spill-over effects related to research and development activities, the proliferation of technology, and the creation of a supply of and demand for educated workers all influence economic development and quality of life.^{27 28} Furthermore, postsecondary institutions contribute broadly to the well-being of the Commonwealth through research and public service by “providing knowledge and technical expertise directly to citizens, business and industry, and government.”²⁹ These activities add to and advance human knowledge, as well as address economic, civic, aesthetic and intellectual needs through: basic and applied research, cooperative extension, creative and performing arts, small business development, coordination with primary and secondary schools, and services to business, government and community organizations.

Excellence in postsecondary education requires investment and accountability. Kentucky’s current fiscal climate and significant demands from other areas of government have resulted in less state appropriations to postsecondary institutions since 2008. Despite these challenges, Kentucky must recognize that additional public investment in the future will require accountability for progress toward well-defined system, institutional, and student outcomes and performance goals.

In a move toward providing such accountability, Kentucky lawmakers directed in the 2016-2018 biennial budget that a portion of funding for postsecondary institutions be based on performance goals and metrics. This measure, which ties 5% of institutional funding to performance beginning in 2018, mirrors a national trend to link public investment in postsecondary institutions to outcomes and performance, departing from models that base appropriations on enrollment or prior year spending. Currently, 35 states are in the process of either implementing or developing some form of outcomes or performance based funding, with significant variation among the approaches.³⁰

Linking institutional financial support to measures of quality, performance and outcomes can be a significant tool in incentivizing programs and policies that achieve public goals.³¹ The challenge will be to define quality, identify what to assess, and what metrics to prioritize. Simply relying on labor market measures, degrees produced, and graduation rates, will not ensure the highest quality programs or capture the complete mission of postsecondary institutions.^{32 33} A robust system of accountability should attend to core values, reflect public goals, respect institutional missions, and capture student learning, research, innovation, and public service. More effectively balancing the diverse interests among postsecondary education stakeholders - parents, students, business and community leaders, institutions, and policy makers - will better ensure the success of new funding models, and ultimately the quality of postsecondary education and student outcomes.

Conclusion

In the current fiscal and political climate, investments in postsecondary education – both funding and strategies to achieve public goals - must remain a public policy priority. Abundant research and the reality of the lives of countless Kentuckians make clear that greater educational attainments does, indeed, represent the path to a larger life for individuals and the state as a whole. Reaching the Commonwealth’s educational, economic, workforce, and civic potential requires public policies to sustain and grow **access** to **affordable**, high-**quality** postsecondary educational opportunities for all citizens.

¹ In Pursuit of Excellence: The Report of the Prichard Committee on Higher Education in Kentucky's Future. Kentucky Council on Higher Education, October 1981, p. 10.

² Baum, Sandy et. al. "Education Pays 2013: The Benefits of Higher Education for Individuals and Society," College Board, 2013, <http://trends.collegeboard.org/sites/default/files/education-pays-2013-full-report-022714.pdf>.

³ Bollinger, Christopher. "Education Pays Everywhere!," Center for Business and Economic Research, University of Kentucky, September 2015, http://cber.uky.edu/Downloads/CPE_Income.pdf.

⁴ Center for Business and Economic Research. "The Impact of Education Cascading Through the Economy," University of Kentucky, 2015, http://cber.uky.edu/Downloads/CBER_Education_and_Income_Poster.pdf.

⁵ Bollinger, Christopher. "The Effects of Education Across the Kentucky Economy," Center for Business and Economic Research, University of Kentucky, 2015, <http://www.cpe.ky.gov/NR/rdonlyres/AC2AF34E-7E3B-4947-9763-F9397EEE9FA0/0/FrontPage.pdf>.

⁶ Carnevale, Anthony P. et al. "Recovery: Job Growth and Education Requirements Through 2020," Center on Education and the Workforce, Georgetown university, 2013, <https://cew.georgetown.edu/report/recovery-job-growth-and-education-requirements-through-2020/>.

⁷ "A Stronger Nation Through Higher Education," Lumina Foundation, 2015, http://www.luminafoundation.org/stronger_nation.

⁸ Kentucky Department of Education. "2015 Kentucky School Report Card," <https://applications.education.ky.gov/src/AccountabilityByState.aspx>.

⁹ "Kentucky High School Feedback Report on College Going," Kentucky Center for Education and Workforce Statistics, 2014, https://kcews.ky.gov/Reports/HSFeedback/HSFRCG2014_FullReport_AllDistricts.pdf.

¹⁰ <http://education.ky.gov/educational/CCadv/op/Pages/default.aspx>.

¹¹ American School Counselors Association. "ASCA National Model: A Framework for School Counseling Programs." <http://www.schoolcounselor.org/asca/media/asca/ASCA%20National%20Model%20Templates/ANMExecSumm.pdf>.

¹² Kentucky Council on Postsecondary Education. "Kentucky Completion Report: Describing a Decade of Degree & Credential Production," 2015, <http://cpe.ky.gov/NR/rdonlyres/F5CCC773-C7B6-4288-A2DD-55E1DE5081A6/0/degreereport.pdf>.

¹³ "A Stronger Nation Through Higher Education," Lumina Foundation, 2015, http://www.luminafoundation.org/stronger_nation.

¹⁴ Kentucky Council on Postsecondary Education. "Kentucky Adult Education Profile," 2014, <http://kyae.ky.gov/NR/rdonlyres/743D9794-89AC-4EB1-9D96-12076665385B/0/KYAEProfile.pdf>.

¹⁵ "A Benchmark for Making College Affordable: The Rule of 10," Lumina Foundation, 2015, <https://www.luminafoundation.org/files/resources/affordability-benchmark-1.pdf>.

¹⁶ Baum, Sandy and Schwartz, Saul. "Is College Affordable? In Search of a Meaningful Definition," Institute for Higher Education Policy, July 2012, http://www.ihep.org/sites/default/files/uploads/docs/pubs/issue_brief_is_college_affordable_july_2012.pdf.

¹⁷ "Annual Tuition and Mandatory Fees for Full-Time Resident undergraduate Students," <http://cpe.ky.gov/NR/rdonlyres/B28AFD1F-B17D-44B5-BEBF-46F8A3278A59/0/AnnualTuitionandFeesbyInstitution200215.pdf>.

¹⁸ Prichard Committee Staff Analysis of Budgets of the Commonwealth, <http://osbd.ky.gov/Publications/Pages/Budget-Documents.aspx>.

¹⁹ Prichard Committee Staff Analysis of Budgets of the Commonwealth, <http://osbd.ky.gov/Publications/Pages/Budget-Documents.aspx> and data provided by the Kentucky Higher Education Assistance Authority (KHEAA).

²⁰ "Student Debt and the Class of 2014," The Project on Student Debt, The Institute for College Access and Success, October 2015, http://ticas.org/sites/default/files/pub_files/classof2014.pdf.

²¹ Goldin, Claudia and Katz, Lawrence F. The Race Between Education and Technology. The Belknap Press of Harvard University Press, 2008, pp.262-266.

²² Vedder, Richard. "The Growing Crisis in American Higher Education," The Center for College Affordability and Productivity, April 27, 2015, <http://centerforcollegeaffordability.org/2015/04/27/the-growing-crisis-in-american-higher-education/>.

²³ Kerr, Clark. Higher Education Cannot Escape History: Issues for the Twenty-First Century. State University of New York Press, 1994, pp.184-185.

²⁴ Kelly, Patrick. "A Status Report on Kentucky's Postsecondary Education System," National Center for Higher Education Management Systems, February 3, 2015.

²⁵ "Six Year Bachelor's Degree Graduation Rate," Kentucky Council on Postsecondary Education, <http://cpe.ky.gov/NR/rdonlyres/BA233076-265E-4D01-BB0A-011227A78607/0/BachelorsSixYearGraduationRates.pdf>.

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²⁸ Perna, Laura W. and Finney, Joni E. The Attainment Agenda: State Policy and Leadership in Higher Education. Johns Hopkins University Press, 2014, p. 34.

²⁹ In Pursuit of Excellence: The Report of the Prichard Committee on Higher Education in Kentucky's Future. Kentucky Council on Higher Education, October 1981, p. 87.

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