



# 2009 Progress Report on Postsecondary Education

*August 2009*



**Kentucky Chamber**  
*Uniting Business. Advancing Kentucky.*

# 2009 Progress Report on Postsecondary Education Kentucky Chamber of Commerce

The Kentucky Chamber's Postsecondary Education Task Force Report, issued in December 2007, provided a detailed overview of the state's progress toward the education attainment goals defined by the reforms enacted by the Kentucky General Assembly a decade earlier. The Task Force, made up of business leaders from across Kentucky, also identified barriers to that progress and issued a number of recommendations on ways to remove those barriers.

The Task Force called on the Kentucky Chamber to monitor progress and developments in postsecondary education. This update measures progress as reflected in a set of statistical indicators recommended by the National Center for Higher Education Management Systems, which assisted the Task Force in the development of its report. It also includes information about the status of the report's recommendations.



## Key Points

Updates since the Task Force report was issued in December 2007:

- Kentucky's per capita income has declined as a percent of the national average.
- The percent of working-age Kentuckians with a bachelor's degree or higher has declined, but more older Kentuckians are attaining associate degrees.
- High school seniors made slow improvement in college readiness from 2004-2008, based on their ACT performance. Test results for 2009 are expected to show a decline in performance. All Kentucky high school juniors are now required to take the ACT.
- Kentucky has made notable improvement but continues to face challenges with an education pipeline that leaks at every seam.
- The number of degrees and certificates awarded by Kentucky's postsecondary institutions continues to increase.
- Transfers from two- to four-year institutions continue to be a key weakness within the postsecondary system.
- Only one public institution, the University of Kentucky, exceeds the national average of the six-year graduation rate.
- Tuition rate increases were limited for the 2009-10 academic year after increasing an average of 10% a year for the past decade. Kentucky received an F for affordability in the national *Measuring Up 2008* report.
- Several key developments have occurred relative to the Task Force recommendations on ways to move Kentucky closer to its goals for postsecondary education.

## Indicators

### Per Capita Income

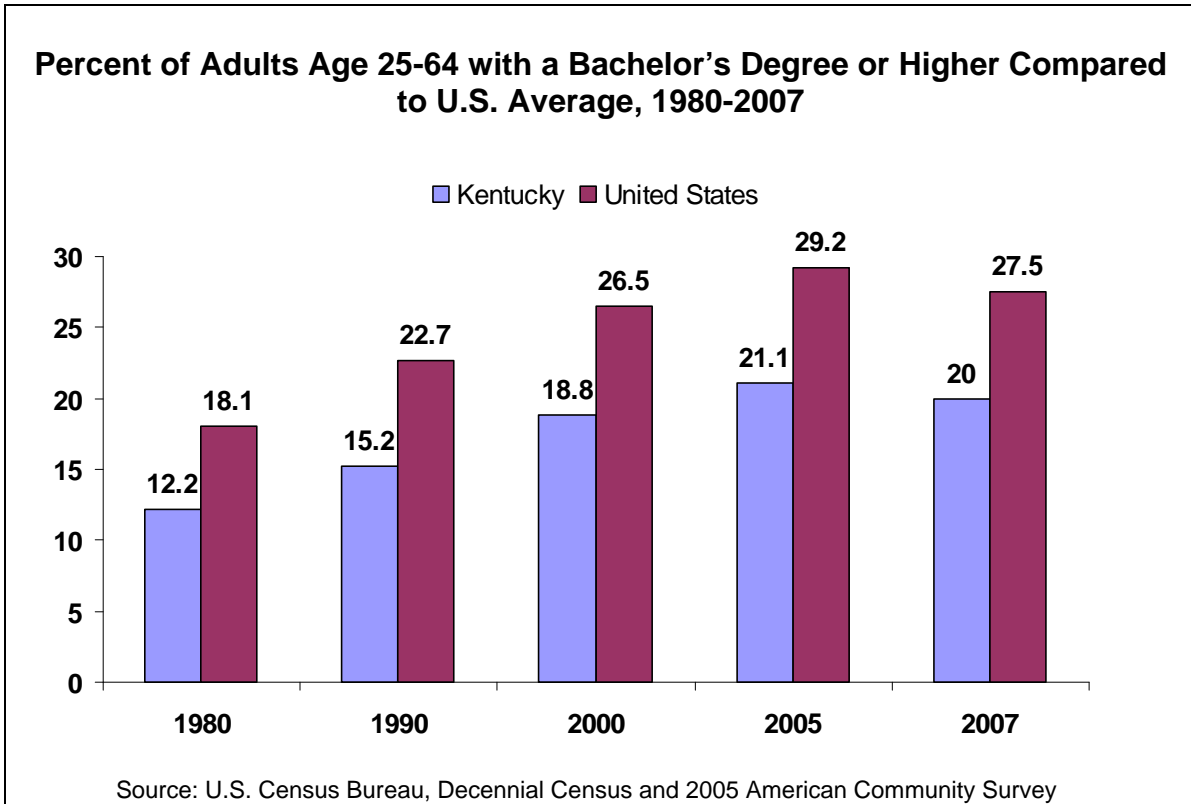
A fundamental motivation for the 1997 reforms of the Kentucky postsecondary education system was the desire to strengthen the state's economic prospects and increase per capita income. The reform's goals were strategically interrelated:

- To expand the capacity of postsecondary institutions, integrate the state's education agenda at all levels and make connections between education and the development of a strong economy; and
- To increase Kentucky's education attainment and per capita income to a level that meets or exceeds the national average.

Achieving the state's goal for economic growth remains a significant challenge. In recent years, Kentucky's per capita personal income has declined as a percent of the national average: from 82.1% in 2005 to 80% in 2008, according to the Bureau of Economic Analysis in the U.S. Department of Commerce.

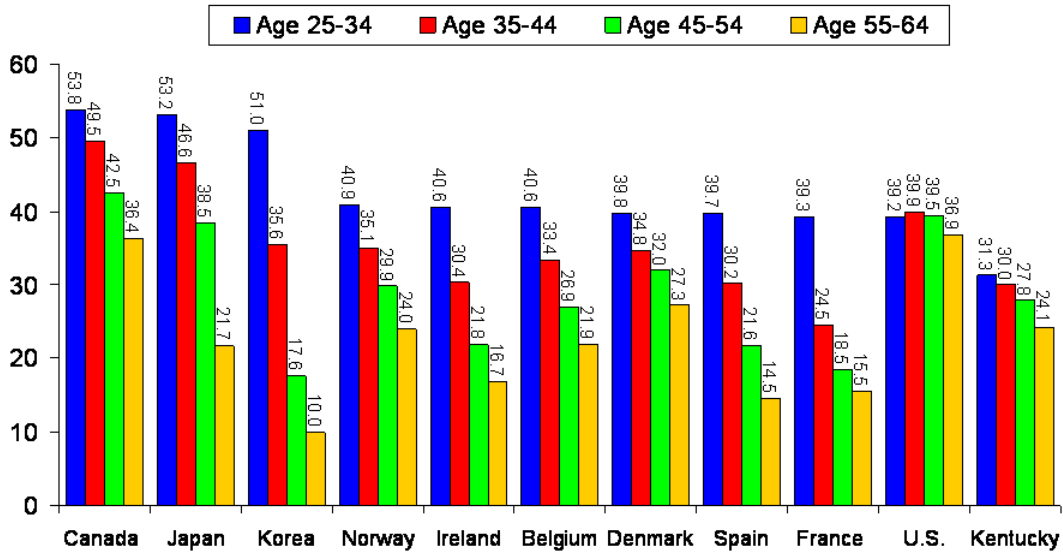
## Education Attainment

Higher education attainment is the foundation of accelerating economic growth. However, Kentucky's performance on this indicator remains stagnant, as shown in the following chart, with a slightly declining percentage of working-age adults holding a bachelor's degree or higher.



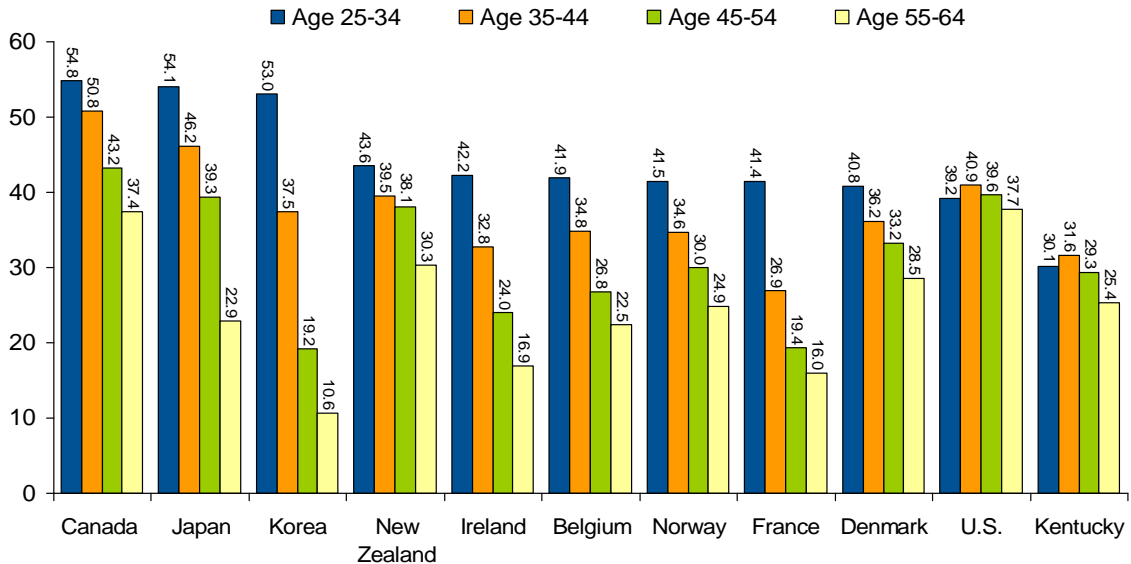
More Kentuckians age 35 to 64 are attaining associate degrees or higher, however, as shown by the two charts on the following page (prepared by the National Center for Higher Education Management Systems). The charts compare Kentucky to the nation's performance; an international context is provided by comparisons with several countries which are leading members of the Organisation of Economic Cooperation and Development (OECD).

### Percent of Adults with an Associate Degree or Higher by Age Group – Kentucky, U.S. & Leading OECD Countries, 2005



Source: *Education at a Glance 2007*, Organisation of Economic Co-operation and Development (OECD),  
 2005 American Community Survey (ACS)

### Percent of Adults with an Associate Degree or Higher by Age Group – Kentucky, U.S. & Leading OECD Countries, 2006



Source: OECD, *Education at a Glance 2008*

## College Preparation

Kentucky's high school seniors showed slow improvement in college readiness from 2004-2008, based on their performance on the ACT.

<b>Percent of Students, 2008 Graduating Class, Meeting ACT College Readiness Benchmarks</b>											
Grad Year	KY Students Tested	English		Math		Reading		Science		Meeting All Four	
		KY	US	KY	US	KY	US	KY	US	KY	US
2004	29,581	64	68	32	40	48	52	22	26	16	21
2005	29,943	65	68	32	41	48	51	22	26	16	21
2006	29,786	67	69	34	42	50	53	23	27	18	21
2007	30,929	67	69	35	43	50	53	24	28	18	23
2008	31,728	68	68	35	43	53	53	25	28	19	22

Source: ACT High School Profile: Kentucky State Report

Students who reach the ACT benchmarks are considered to have a 50% chance of obtaining a B or higher and a 75% chance of obtaining a C or higher in a credit-bearing college course. The top ACT score is 36. The ACT benchmark scores are:

- 18 in English
- 22 in mathematics
- 21 in reading
- 24 in science

It should be noted that some of ACT's college readiness benchmarks differ from those adopted by the Kentucky Council on Postsecondary Education as part of the state's admissions regulations. The state regulations require all public postsecondary institutions to place students in a credit-bearing course if they make the following scores on the ACT (there is no state benchmark for science scores):

- 18 in English
- 19 in mathematics
- 20 in reading

Students scoring below those levels have to take either a non-credit, developmental course or a credit-bearing course that includes additional support such as extra class sessions, tutoring or monitoring.

As of 2008, all Kentucky high school juniors are required to take the ACT as part of an ongoing series of assessments that begin in the 8<sup>th</sup> grade. The scores from the first two years:

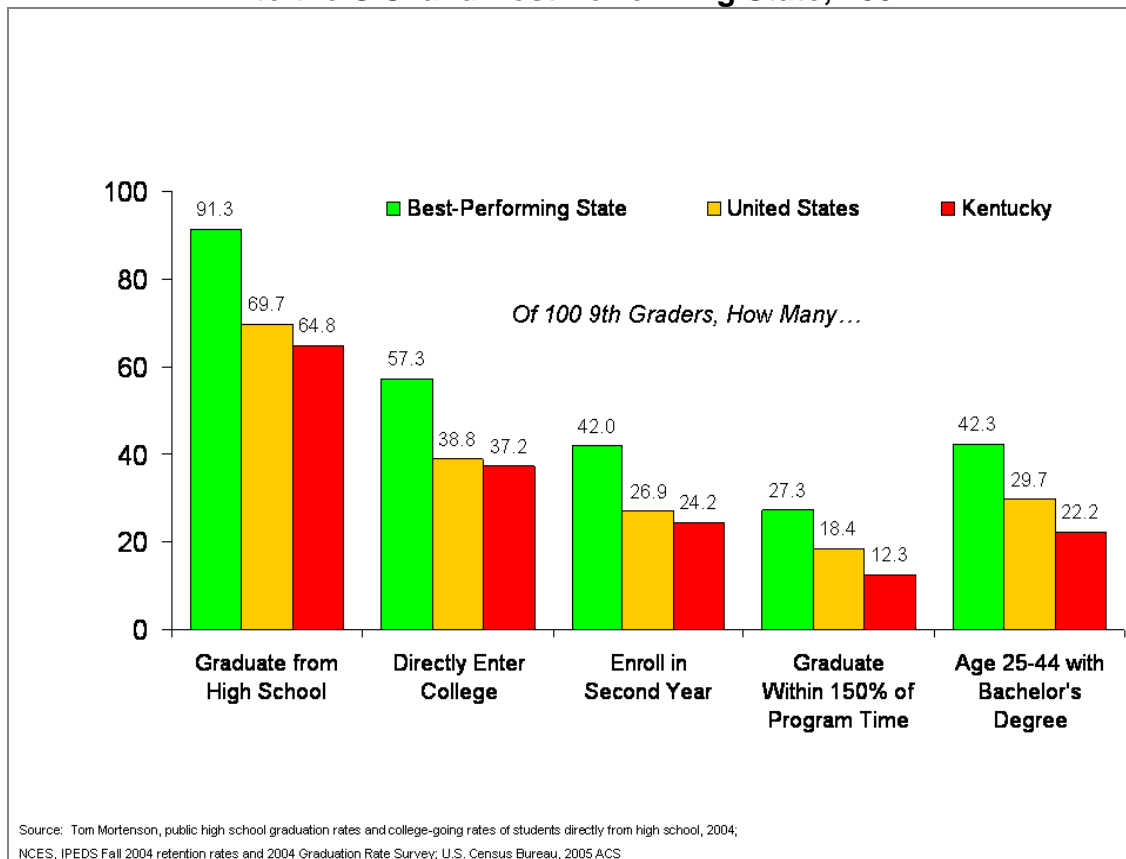
<b>2008 and 2009 ACT Scores, Kentucky Public School Juniors</b>									
English		Mathematics		Reading		Science		Composite	
2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
17.3	17.3	18.1	18.2	18.5	18.4	18.7	18.5	18.3	18.2

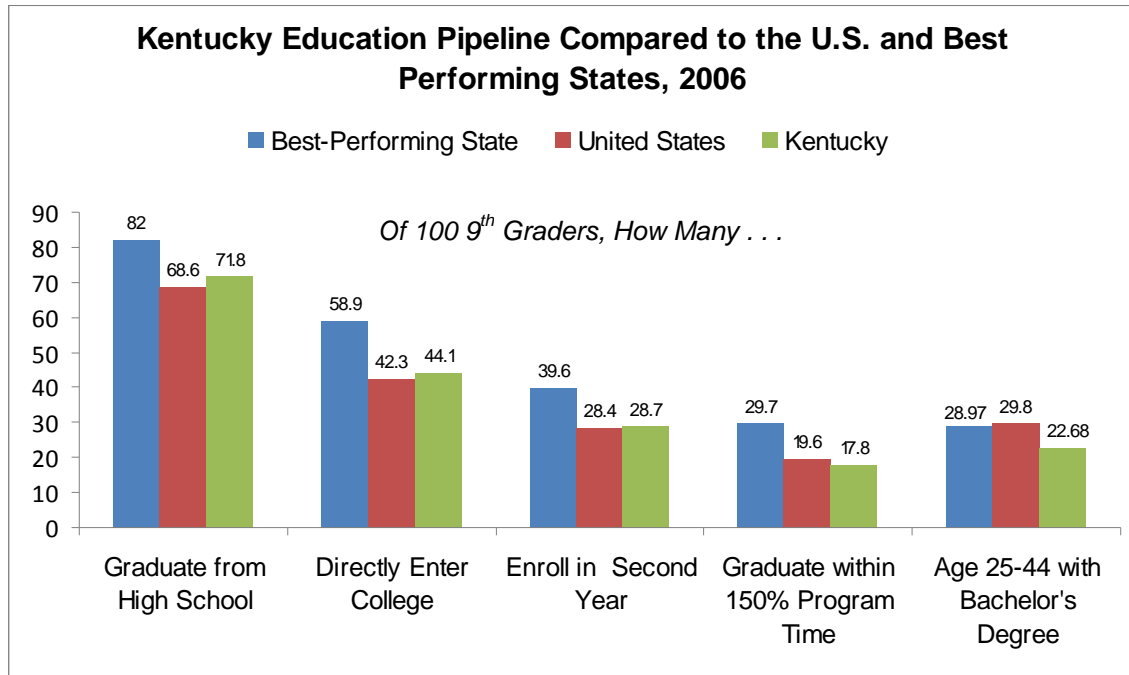
## The Education Pipeline

One measurement of progress is the performance of Kentucky’s education pipeline – the progression of students through the levels of education from early childhood through postsecondary. Although making notable improvement, Kentucky continues to face challenges with an education pipeline that leaks at every seam. As noted in the Task Force report, “the success of postsecondary reform depends fundamentally on getting more students through the education pipeline” that begins at birth with early care and education, continues through preschool and the transitions from elementary to middle school and from middle to high school as students and their families make decisions about staying in school and rigorous course-taking.

The transition from high school to postsecondary and transfer from a two-year to a four-year institution are critical points. The following analysis from the Task Force report, and the update that follows to reflect 2006 figures, emphasize the transitions from 9<sup>th</sup> grade through a degree from a postsecondary institution. In both cases the best performing state had the highest percentage of 9<sup>th</sup> graders who graduate from high school on time, go directly to college, return for their second year and graduate within 150% of program time.

**Kentucky’s Education Pipeline Compared to the U.S. and Best Performing State, 2004**





Source: NCES: Common Core Data; IPEDS Residency and Migration, Fall Enrollment, and Graduation Rate Surveys; National Center for Higher Education Management Systems

As shown in the following table, Kentucky continues to register a weak performance in the number of students transferring from two-year institutions within the Kentucky Community and Technical College System to most public four-year institutions. Although increasing by just over 12% during the past seven academic years (AY), the rate has most recently registered a decline.

### Transfers from KCTCS to Four-Year Institutions

	AY00	AY01	AY02	AY03	AY04	AY05	AY06	AY07	AY08	1-Yr. Change	7-Yr. Change
EKU	635	607	567	571	661	701	686	661	718	8.6%	13.1%
KSU	15	12	31	25	29	39	39	47	30	-36.2%	100%
MoSU	354	355	362	389	312	396	377	424	369	-13%	4.2%
MuSU	400	431	426	444	419	512	504	485	467	-3.7%	16.8%
NKU	69	75	76	76	61	77	93	126	132	4.8%	91.3%
UK	954	893	928	957	896	815	835	755	447	-40.8%	-53.1%
UofL	610	424	480	511	549	592	531	520	533	2.5%	-12.6%
WKU	415	254	378	431	423	474	447	530	489	-7.7%	17.8%
AIKCU	358	351	365	402	514	583	926	938	1,093	16.5%	205.3%
<b>TOTAL</b>	<b>3,810</b>	<b>3,402</b>	<b>3,613</b>	<b>3,806</b>	<b>3,864</b>	<b>4,189</b>	<b>4,438</b>	<b>4,486</b>	<b>4,278</b>	<b>-4.6%</b>	<b>12.3%</b>

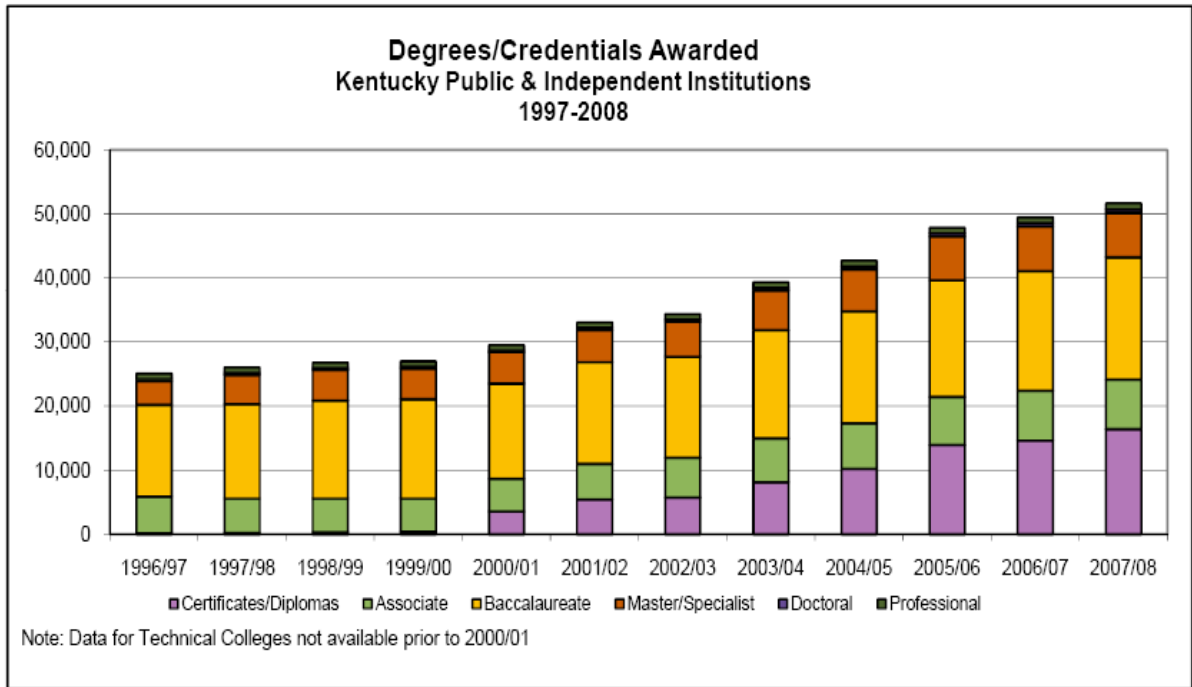
Source: CPE Comprehensive Database





## Performance and Productivity Measures

A basic measure of the performance of a postsecondary system is the number of degrees and certificates awarded by its institutions. That number continues to increase in Kentucky, growing by 75% from 1996-97 to 2007-08, reflecting progress toward the capacity-building goal of the 1997 reforms.



Source: CPE Comprehensive Database, December 2008

### Degrees/Credentials Awarded, 1997-2008, Public & Independent Institutions

Year	Certificates/ Diplomas	Associate	Baccalaureate	Master/ Specialist	Doctoral	Professional	Total
1996/97	152	5,722	14,342	3,720	328	812	25,076
1997/98	198	5,426	14,716	4,570	323	819	26,052
1998/99	309	5,289	15,296	4,775	312	817	26,798
1999/00	366	5,233	15,510	4,773	355	791	27,028
2000/01	3,586	5,078	14,822	4,888	284	824	29,542
2001/02	5,451	5,567	15,839	5,035	336	820	33,048
2002/03	5,760	6,205	15,771	5,473	347	840	34,396
2003/04	8,141	6,841	16,902	6,202	387	863	39,336
2004/05	10,222	7,139	17,457	6,570	423	917	42,728
2005/06	13,961	7,508	18,224	6,828	476	896	47,893
2006/07	14,618	7,834	18,623	7,005	513	913	49,506
2007/08	16,405	7,752	19,090	6,928	535	969	51,679
Growth 01-08	12,819	2,674	4,208	2,040	251	145	22,137
% Change 01-08	357%	53%	28%	42%	88%	18%	75%

Source: Council on Postsecondary Education

Graduation rates are also common performance measures. According to the National Center for Education Statistics' 2009 report, approximately 58% of the country's first-time students who enrolled full-time in bachelor's degree programs at a four-year institution in 2000 completed the degree at that institution within six years. Only one public institution in the state, the University of Kentucky, exceeds the national average.

The following table shows the six-year graduation rate at Kentucky's four-year postsecondary institutions.

### Six-year Graduation Rate

	AY00	AY01	AY02	AY03	AY04	AY05	AY06	AY07
EKU	31.0%	37.2%	33.1%	37.1%	33.5%	36.9%	35.4%	40.1%
KSU	31.1%	33.3%	27.2%	39.0%	29.5%	28.5%	31.8%	23.5%
MoSU	39.4%	45.4%	43.8%	44.2%	37.9%	41.6%	42.7%	40.7%
MuSU	40.9%	46.3%	55.0%	55.4%	56.3%	57.3%	57.1%*	56.2%*
NKU	35.4%	40.7%	37.8%	33.3%	40.5%	40.9%	31.4%*	31.8%*
UK	55.5%	57.2%	57.8%	61.1%	59.6%	59.8%	59.1%	61.2%
UofL	30.7%	33.3%	32.8%	34.9%	33.1%	36.7%	40.6%	43.7%
WKU	41.7%	40.7%	41.0%	43.4%	44.5%	45.5%	49.1%	49.2%
AIKCU	41.4%	44.6%	45.0%	45.4%	48.4%	48.0%	47.9%	47.8%

\*NKU and MuSU changed the policy for entering class of 2001 to include students in the bachelor's degree cohort who previously been considered associate degree students, resulting an apparent decline in 2006 and 2007 graduation rates. However, the rate did not drop; the types of students in the cohort merely changed. Rates before AY06 are no longer comparable. Future goals will be adjusted accordingly.

Source: CPE Comprehensive Database

A similar measurement for two-year institutions is known as a three-year persistence rate, reflecting how many students continue to pursue their education. The following table shows the rate for KCTCS.

	AY00	AY01	AY02	AY03	AY04	AY05	AY06	AY07
New Credential-Seeking Enrollment 3 Years Earlier	9,235	9,392	9,173	12,309	13,545	12,974	11,147	10,169
Transferred Out	18.4%	13.5%	12.8%	9.5%	8.8%	11.6%	12.5%	11.7%
Completions	7.9%	8.7%	9.5%	14.1%	18.4%	18.8%	16.7%	16.8%
Still Enrolled	21.5%	19.2%	19.9%	16.9%	16.0%	19.4%	20.5%	21.1%
Persistence Rate	47.8%	41.4%	42.2%	40.5%	43.3%	49.6%	49.4%	49.5%

Source: CPE Comprehensive Database

Some researchers consider a third measure – credentials awarded relative to the number of students enrolled – to provide a more accurate picture of performance. The measure is strengthened when enrollments are adjusted to account for part-time students. The resulting measure is for full-time equivalent, or FTE, students.

A recent white paper from the Delta Cost Project, an initiative of the Lumina Foundation for Education, expanded that measurement to gauge the level of resources that public postsecondary institutions receive from state funds and student tuition and fees and the institutions' production of degrees and certificates. Those credentials are weighted to reflect their value in each state's employment market. A bachelor's degree, for instance, is

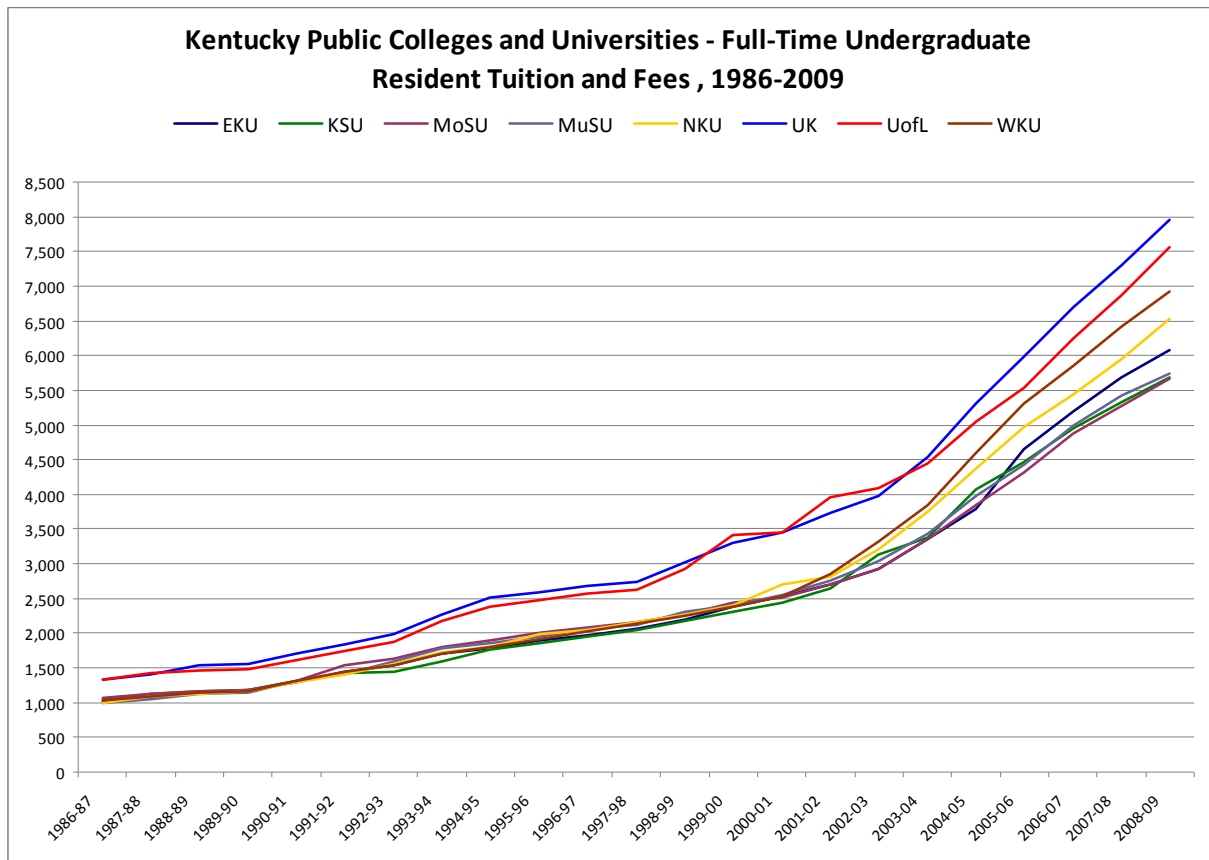
given a greater weight than a certificate or associate degree. According to the report, *The dreaded 'P' word: An examination of productivity in public postsecondary education:*

- Kentucky's total funding per FTE student by state and student share for 2006-2007 was \$12,299 – 16<sup>th</sup> highest in the nation.
- The national average was \$10,618 per FTE student.
- With 28 per 100 FTE students, Kentucky ranked fourth in the nation in the weighted degrees and certificates awarded that year.
- The national average was 23 degrees/certificates awarded.



## Tuition Costs

After rising an average of 10% a year for the past decade, tuition increases were capped by the Council on Postsecondary Education for the 2009-10 school year. A 5% limit applied to the University of Kentucky and the University of Louisville. The state's six regional universities and KCTCS schools were limited to increases of 4% and 3%, respectively. The alarming rate of increases that prompted the action is illustrated in the following graph.



Sources: Data, Kentucky Council on Postsecondary Education  
Graph, Erica Meade, Kentucky Chamber of Commerce

Kentucky also received a grade of “F” for affordability in *Measuring Up 2008: The State Report Card on Higher Education*. The problem is a national one; 48 other states also failed in that category. The report, from the National Center for Public Policy and Higher Education, cited two factors as being responsible for Kentucky’s failing grade:

- Poor and working-class families must devote 39% of their income, even after aid, to pay for costs at public four-year colleges.
- Financial aid to low-income students is low. For every dollar in Pell Grant aid to students, the state spends only 48 cents.



## Task Force Recommendations

The Task Force made a series of recommendations addressing strategies and actions to move Kentucky closer to its goals for postsecondary education. The following overview provides a brief look at developments related to those recommendations.

### Recommendations to the Governor and General Assembly

**1. Reaffirm Kentucky's commitment to achieve the House Bill 1 goals by 2020.**

The 1997 goals focused on building the institutional capacity for the postsecondary education system and raising the standard of living for Kentuckians to a level that meets or exceeds the national average.

Developments:

- Governor Steve Beshear created the Higher Education Work Group in 2008 to elevate the profile of postsecondary education as a public policy priority in Kentucky and to address long-term funding and affordability issues. The work group's charge was subsequently focused primarily on affordability issues (remediation, transfer and institutional efficiency issues also remain on the agenda). The existence of the work group reflects a commitment by the Commonwealth's leaders to improving Kentucky's postsecondary outcomes.
- The lack of a continuity of leadership at the Council on Postsecondary Education has hampered Kentucky's ability to achieve its goals. Two permanent presidents and three interim presidents led the agency between July 1, 1998 and January 16, 2009. It is anticipated that the arrival in January of Robert King, the third permanent president, will help bring stability to the CPE and improve its ability to provide support and leadership on critical issues related to Kentucky's postsecondary goals.
- As reflected in Kentucky's per capita income as a percent of the national average, the state's standard of living has not changed.

**2. Redefine the overall goal for Kentucky to shape a comprehensive, integrated strategy to develop a seamless education system, preschool through 20, beginning with early childhood through elementary and secondary education, postsecondary education, adult and lifelong learning.**

Developments:

- The passage of Senate Bill 1 by the 2009 General Assembly represents significant progress in this area. The legislation requires that P-12 and postsecondary levels work together to develop and align standards for student performance.
- CPE leadership went beyond the mandate of the legislation to create a SB1 Steering Committee, working in concert with the Kentucky Department of Education, to oversee the implementation of Senate Bill 1 and ensure

compliance with its provisions. Members of the steering committee include the CPE president, the Education Commissioner, the Education Secretary, the President of the Senate, the Chair of the House Education Committee, the Executive Director of the Education Professional Standards Board, a university president, and a local school superintendent. The work of this group offers promise for the development of a more seamless education system.

**3. Make the partnership between postsecondary education and community and economic development a central priority at the state and regional levels.**

Developments:

- Although there are sporadic indications of progress, this area continues to present significant challenges for Kentucky.
- The Department for Innovation and Commercialization within the Economic Development Cabinet is working with the CPE on economic development efforts, but there is no broader, formalized relationship between the two entities as envisioned by the Kentucky Innovation Act of 2000.
- Regional universities continue efforts under the Regional Stewardship Initiative first funded in the 2006-08 biennium to finance outreach efforts for universities to assist regional economic development efforts, school districts and local governments.

**4. Recommit to complying with the budgetary framework for postsecondary education originally established by HB1 to provide discipline and accountability in the budget decisions necessary to meet the 2020 goals.**

Developments:

- An underlying premise of House Bill 1 was the availability of a predictable funding stream for postsecondary education. The uncertainties of the state's revenue situation, especially in recent years, have negated that possibility.
- The governor initially directed his Higher Education Work Group to develop a road map for "reaching the level of state funding needed between now and 2020 for the institutions to achieve the goals of reform." However, the work group's assignment was subsequently changed.
- State revenue shortfalls and the uncertainty of how much postsecondary education would be affected by resulting budget cuts have made it difficult for universities to budget strategically.
- There has been limited movement toward a budget strategy that provides incentives to institutions for degree production. Although the CPE's budget request called for significant appropriations to incentivize degree production, only \$1 million has been appropriated in the last four fiscal years for that purpose.

**5. Guarantee affordable access to postsecondary education for all qualified Kentuckians on a “last dollar” basis, and simplify and consolidate state student aid programs.**

Developments:

- The Kentucky Chamber presented information on a shared responsibility model to the General Assembly’s Interim Joint Committee on Education Information for consideration in the 2010 legislative session.
- The Governor’s Higher Education Work Group is reviewing the shared responsibility model as part of its deliberations on the state’s student financial aid system.
- The work group issued several short-term recommendations in January 2009 to improve postsecondary affordability and increase college access. Among them:
  - Conduct a comprehensive review of state financial aid programs.
  - Require postsecondary institutions and the CPE to provide a comprehensive report on student transfers and ways to improve the process.
  - Encourage institutions to provide more transparency to students on what college actually costs and to taxpayers and policy leaders on what it costs to educate a student.
  - Conduct a review of time- and credit-to-degree issues and develop recommendations to improve performance.

**6. Re-establish a mechanism to ensure full participation of the governor and General Assembly in shaping the strategic agenda for achieving the goals of HB1 and the related Double the Numbers goals, and for developing a strategic budget necessary to achieve these goals.**

Developments:

- The Strategic Committee for Postsecondary Education (SCOPE) created in the 1997 reforms has not met in recent years and no entity to replace it has been created.
- Strategic budgeting has been hampered by revenue shortfalls and budget cuts.
- There has been limited movement toward strategic budgeting that incentivizes degree production.

**7. Re-establish the CPE as an independent, non-partisan policy leadership entity outside the Education Cabinet with direct access to the governor and to the leadership across state government as intended by HB 1.**

Developments:

- CPE has been removed from the Education Cabinet by Executive Order and restored as an independent entity with direct-line reporting to the governor.

## **Recommendations to the Kentucky Chamber of Commerce**

### **1. Establish an entity charged with monitoring progress of reform and gaining support of the governor and General Assembly for sustaining reform.**

Status:

- Although an “entity” has not been created, the Chamber continues to monitor developments and the progress of reform, as evidenced by this report and its involvement with the Governor’s Higher Education Work Group efforts.

### **2. Support, in collaboration with the governor, a renewed public campaign focusing on the value of education.**

Developments:

- The Chamber is engaging the services of a statewide market research firm to conduct polling and focus groups to determine Kentuckians’ attitudes about education and the most effective communications strategies to affect those attitudes.
- The Chamber supports the Governor’s public service campaign (tentatively scheduled to begin in January 2010) to bring renewed public attention to the importance of education, specifically higher education.
- The Chamber is supporting Graduate Kentucky, the First Lady’s initiative to expand community efforts to reduce Kentucky’s dropout rate.

### **3. Encourage local groups willing to assume the leadership role in their regions to create strategic plans regarding economic and human capital development.**

Developments:

- Although there have been informal conversations with regional chambers of commerce, no systematic attempt has been made to encourage strategic planning between economic development groups and education providers.

### **4. Communicate to employers the key ways that they must send far stronger signals to employees, and therefore to parents and students, that staying in school, taking the right courses, and pursuing postsecondary education are critical steps to ensuring a living wage in the global economy.**

Developments:

- The Chamber’s 2009 Economic Summit included a presentation on *Two Million Minutes*, a documentary whose message focuses on the need for students to work toward achieving higher education standards.
- The Chamber’s opinion research project will include detailed interviews with employers to inform the development of communications strategies.



## **5. Sponsor an annual summit engaging the state's policy leaders in stock-taking on the status of reform and progress toward the 2020 goals.**

### Developments:

- The Chamber's 2009 Economic Summit included an overall update on education as part of the organization's 2009 progress report on the New Agenda for Kentucky.
- An annual report on progress in postsecondary education will begin with the Chamber's 2010 Economic Summit.

## **Conclusion**

Although there are some signs of progress, with growing degree production and the recently imposed cap on tuition increases, daunting challenges persist as Kentucky strives to achieve the goal of the 1997 postsecondary education reforms to elevate the state to the national average of education attainment by 2020. As noted in the Kentucky Chamber's Postsecondary Education Task Force report:

*The central theme of the 1997 legislation was to use the Commonwealth's system of higher education to drive improvements to Kentucky's economy and the quality of life of its citizens. ... But the overarching goal of the initiative has been – and continues to be – widely interpreted to mean that Kentucky should achieve a level of per capita income that meets or exceeds the national average by 2020.*

Kentucky must significantly accelerate its efforts if meaningful advancements are to be made. The state's political, policy and institutional leaders are to be commended for their strong commitment to education improvement at all levels. Their work will guide the state's path toward the future. But the responsibility for greater progress is not theirs alone. The Kentucky Chamber of Commerce recognizes the important role that must be played by the state's private sector and acknowledges the need to expand its own independent activity to help the Commonwealth achieve its goals for education attainment and economic growth.



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