

THREE STRATEGIES THAT MOVED THE NEEDLE IN KENTUCKY

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What's Working? Quick Takes on Evidence for Increasing Attainment

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THREE STRATEGIES THAT MOVED THE NEEDLE IN KENTUCKY

Kentucky is one of few states with both a long record with higher education reform and measurable improvements in attainment to show for its effort. In 2011, Patrick Kelly described the state's progress in a white paper, "*Realizing Kentucky's Educational Attainment Goal*."

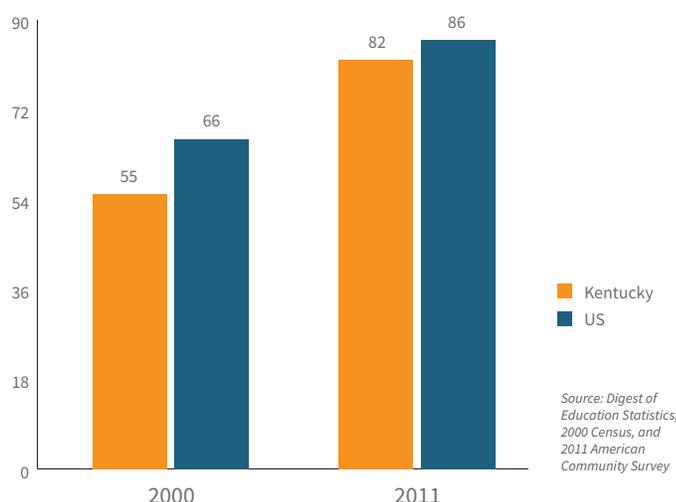
For states or institutions looking to Kentucky as a model, this brief outlines key reasons the state's effort was successful, grouped into three categories of recommendations.

- **Strong leadership.** Elect (and re-elect) governors and appoint other leaders for whom increasing attainment is the top priority and who will expend valuable political capital when necessary.
- **Consistent goals.** Set clear goals, define institutional roles within the state, and report progress regularly.
- **Smart financial aid.** Invest strategically in state financial aid programs and use those programs to educate and engage potential students and their families.

Many states may appear to have already done similar things. If they have done so with the consistency and focus that Kentucky did, they may achieve similar results. The fact that the national completion agenda has been shaped in part by Kentucky's early leadership is also a good sign for continued progress in U.S. attainment rates.

But policy reforms can sometimes be more cosmetic than structural, and leadership can be fragmented and unfocused. The following pages describe reform in a state that has successfully transformed its postsecondary landscape.

Figure 1. Associate and Bachelor's Degrees per 1000 Population Age 18-24



BACKGROUND

Every fall, one of the “evergreen” stories in local newspapers around the nation centers on enrollments at local colleges and universities—are they up, down, or about the same? It is one of the subtle ways in which headcount enrollment has become the Dow Jones average of higher education—a flawed index, but one that is hard to ignore.

In Kentucky, by contrast, there is an evergreen article each May or June, following a press release by the state’s Council on Postsecondary Education, that notes the number of students who have graduated that year from public and private colleges in the state, and whether it is up or down from prior years. “Kentucky university grads up 9.3%, but UK, Morehead, Murray down” is a typical headline from the Lexington Herald-Leader in 2010. “Ky. schools are conferring more degrees” reads another article in the Louisville newspaper from 2009. It is impressive both that Kentucky knows these numbers, several months before other states do and more than a year before national data are released, and that the state’s media care enough to write about it. This revealing detail shows how Kentucky has successfully reoriented the conversation about higher education in the state around outcomes, especially those that relate directly to the attainment level of its citizens.

Kentucky’s story traces back to the Postsecondary Education Improvement Act of 1997, which laid out measurable goals for the state, chief among them increasing the college completion rate of its labor force. In 2011, Patrick Kelly, a former analyst for Kentucky’s Council for Postsecondary Education who had moved to the National Center for Higher Education Management Systems, noted the significant improvement Kentucky had made in its educational attainment rate among adults from 2000-2009, with the proportion of adults holding postsecondary credentials rising more than any other state over the same period (Kelly 2011). These gains have persisted in the last two years, and other measures of attainment show trends consistent with Kelly’s findings [table A-1].

Given the timing of the growth in degrees in the state, it seems plausible to attribute the increase, as Kelly does, in large part to the legacy of the 1997 reform act. So what were the salient features of the 1997 reform? What conditions made it possible to succeed? What can other states learn from Kentucky’s experience? This brief seeks to help answer those questions. Conclusions are based on a review of numerous state and national data sources, comparing Kentucky’s trends with those of other states, as well as interviews with state- and institution-level officials.

WHAT RESULTS HAS KENTUCKY SEEN?

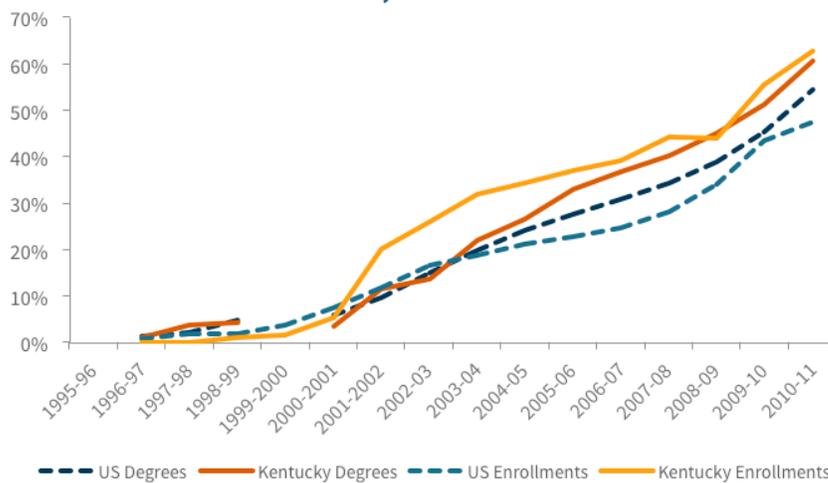
To start, it is worth reviewing some of the trends for which Kentucky has seen above-average gains, which have been broad-based and have exceeded the trends in the national average on virtually every key measure of state-level postsecondary performance. Not surprisingly, the largest gains have occurred in measures that can be affected in the shortest period of time. It takes much longer to change measures such as the proportion of adults age 25-64 with degrees (though the direction there is positive as well). Note that a few measures have been added or updated in addition to those cited by Kelly:

- Increased associate and bachelor's degrees awarded relative to state population and compared to national average [Figure 1, Digest of Education Statistics, 2000 Census, and 2011 American Community Survey]
- Increased proportion of adults with higher education, in absolute terms and compared to the national average [2000 Census and 2011 American Community Survey]
- Improved average bachelor's degree graduation rates, in absolute terms and compared to national average [Kelly 2011]
- Improved average community college graduation rates, in absolute terms and compared to the national average [Kelly 2011]
- Increased enrollment rates of the college-aged population [Kelly 2011]
- Raised number of associate degrees awarded per capita from well below to slightly above the national average
- Raised the number of bachelor's degrees awarded per capita from well below to just under the national average

WHAT IS DIFFERENT ABOUT KENTUCKY?

The timing and extent of higher education improvements in Kentucky suggest a strong connection between reforms in the late 1990s and subsequent growth in enrollments, followed by growth in degrees [Figure 2]. While the Reform Act was important, it is not necessarily something that can be translated or transplanted by itself into other states. The context and implementation of the Reform Act also have clear policy relevance for other states looking to learn from Kentucky. The Act was both the cause of certain changes and the result of a drive to reform that had a life of its own. The success associated with its implementation comes down to three critical factors: strong leadership, consistent goals, and smart financial aid. But what do those ideas mean in practice?

Figure 2. Growth in Enrollments and Degrees, KY and US, 1996-7 to 2010-11



Source: Digest of Education Statistics

#1 – Strong leadership

Positive change in policy happens when the right ideas and political will line up together. If either is missing, the results will show it. In some ways, the Reform Act of 1997 was most important as the formal expression of Governor Paul Patton’s leadership, leadership that itself was critical to the sustained improvements seen in the state. In fact, there are many aspects of Kentucky’s story that relate to leadership.

A two-term governor decided early in his first term that development, passage, and implementation of higher education reform would be the single most important policy issue.

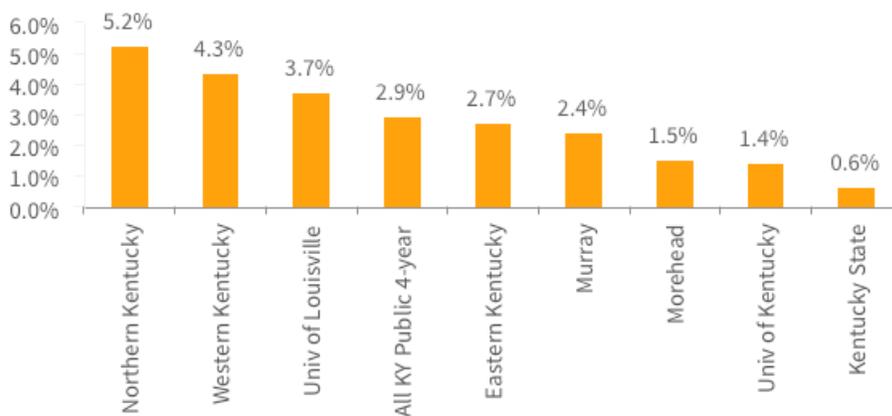
Patton was elected in 1995 and spent his first year in office developing and laying ground work

for the 1997 reform act, and ensuring in many of the remaining years that it was implemented faithfully. Higher education is always near the top of governors' agendas, but it is rarely the single most important one, given the competing demands of the office and the complex nature of state government. Even less frequently does a governor settle on higher education early in his or her term and continue the focus for eight years.

A governor was willing to use political capital to pass controversial but important provisions.

Flagship institutions and other powerful constituencies are often able to successfully stymie changes they do not want. In Kentucky's case, a key sticking point was the creation of a single community college system out of disconnected fragments, including some controlled by the politically powerful University of Kentucky. Patton and other proponents of reform did not back down in the face of opposition from a powerful constituency—his alma mater, in fact. The resulting new Community and Technical College System was a major engine of growth in degrees across the state.

Figure 3. Average Undergraduate Degree Growth Rate at Kentucky Public Four-Year Institutions, 2000-01 to 2010-11



New organizational structures gave clear, focused authority and responsibility.

The reform act created a structure that made it clear who was responsible for each component of higher education, but did not encourage micromanagement. In particular the new Kentucky Community and Technical College System gave weight and focus to the mission of the two-year sector. The flagship universities would focus on research and graduate education. Regional

universities would focus on undergraduates, with just one graduate program of distinction in applied research at each. The Council on Postsecondary Education was charged with goal-setting (responsibility) and budget development (authority), creating an organizational link between budget and resources, although not a formulaic one. Together, these organizational changes ensured that there would be state-level agencies and leaders with responsibility and authority to ensure collective momentum toward significant goals.

Institutional leadership grew out of the same soil as the statewide reform.

There were also long-serving leaders in place at the four-year institutions that experienced the fastest growth in degrees. The presidents of the University of Northern Kentucky and University of Western Kentucky were both hired shortly after Governor Patton's first election and remained throughout the 2000s. James Ramsey, who was budget director under Patton, was hired as the University of Louisville's president in 2002 and remains in that office. The average tenure of college presidents nationally, by contrast, is just seven years (American Council on Education 2012). Most of the state's growth in four-year degrees occurred at these three institutions, which expanded intentionally and aggressively throughout the 2000s. This meant there was continuity of leadership at critical institutions throughout and beyond Patton's term and the passage of the reform act. Table A-2 in the appendix provides a timeline of leadership for selected state- and institution-level positions across Kentucky.

#2. Consistent goals

To make a difference, goals need to be accompanied by accountability and clear assignments of responsibility. In Kentucky's case, accountability centered around a set of core questions, and assigning responsibility required a reorganization of the state's sub-baccalaureate institutions.

Kentucky relentlessly asked good questions.

The Postsecondary Reform Act made attainment of the national average in quantities and quality of higher education an official state goal. In different iterations of its strategic agenda since then, the Council on Postsecondary Education has developed indicators around five key questions that recurred throughout the 2000s and were posed relentlessly at every opportunity. They were even printed on the backs of the business cards of CPE staff:

QUESTION 1- ARE MORE KENTUCKIANS READY FOR POSTSECONDARY EDUCATION?

QUESTION 2- IS KENTUCKY POSTSECONDARY EDUCATION AFFORDABLE TO ITS CITIZENS?

QUESTION 3- DO MORE KENTUCKIANS HAVE CERTIFICATES AND DEGREES?

QUESTION 4- ARE COLLEGE GRADUATES PREPARED FOR LIFE AND WORK IN KENTUCKY?

QUESTION 5- ARE KENTUCKY'S PEOPLE, COMMUNITIES, AND ECONOMY BENEFITING?

The questions are clear, non-technical, and empirical, as are related goals and measures established in successive state strategic agendas. Defining, measuring and reporting indicators related to these questions became a core function of the Council. The annual press releases and stories about trends in degree awards are a visible and public index of the success the Council has had in maintaining a focus on outcomes.

Since 1997, many other states have established similar outcomes-focused goals for higher education, with provisions for increased accountability or even performance funding, including, notably, Tennessee. To the extent that these efforts are successful, Kentucky should get some of the credit, even as the state may find it more difficult to continue to outpace other states that have adopted similar policies.

The creation of the Kentucky Community and Technical College System ensured a statewide center of responsibility for sub-baccalaureate education.

Much of the growth in degrees in Kentucky occurred at the associate level, in large part because of the newly created two-year college system. When Question 3 was asked, there was now an entity that was clearly responsible for making sure the answer was “yes,” at least as far as certificates and two-year degrees went. Many technical colleges expanded their offerings to include associate degrees, and the focus in the system changed from merely enrolling students to ensuring that more of them left with credentials.

#3. Smart financial aid

Compared with policies in many other states, Kentucky’s new approach to student aid was much better engineered to improve completion and attainment rates.

Aid programs were designed to support the goals outlined in the Act.

The 1997 Reform Act was focused on creating institutional and state-level structures that would encourage and accommodate growth. At the same time as institutions were creating capacity, new student aid investments were shoring up student demand. A second key piece of legislation enacted during Patton’s tenure was Senate Bill 21 in 1998, which created one of the more thoughtful and comprehensive state financial aid programs in the nation. It allocated 55% of state lottery proceeds to need-based financial aid programs and 45% to a merit-based program (the Kentucky Educational Excellence Scholarship or “KEES”) that was carefully designed to have an impact on college preparation and enrollment rates.

Following the bill’s passage, Kentucky’s investment in student financial aid rose by nearly 550% from 1997-98 to 2006-2007, while the national average only doubled (Figure 4). Overall, the state went from spending less on student aid than other states on a per capita basis to spending considerably more (Figure A-1). Furthermore, unlike other southern states that were focused only on merit programs, Kentucky included a significant boost in need-based funding as well, with low-income aid rising by 235%, compared to a 100% increase nationally (Figure A-2), and its overall investment in aid grew to become a much more significant part of the higher education budget (Figure A-3). While the “KEES” program gets the most attention, it was part of a larger policy shift in favor of direct student assistance.

Over the years that this investment scaled up, enrollments in Kentucky postsecondary institutions also climbed (Figure 1). By 2005-06, the program was fully scaled up, and students who had been eighth graders at the time of the act’s passage were starting to graduate from the state’s postsecondary institutions. By the time of the 2011 American Community survey, which showed a substantial improvement in age 25-34 attainment rates, three cohorts of post-1998 ninth grade students had reached age 25, having benefited from the act during both high school and college, and nine cohorts—most of the 25-34 population—would have reached 25, having benefited from the act at least during their postsecondary education.

Good communication, transparency, and attention to low-income students were hallmarks of Kentucky’s new aid policies.

It is difficult to separate the effects of different program features from one another, or to say how much of the state’s success was the result of student aid reforms independent from the increased levels of accountability and leadership that were also in place. Yet many features of Kentucky’s program distinguish it from those in other states that have not had equally strong growth in postsecondary participation and attainment.

Salient features of Kentucky’s program include:

- Intentional focus on low-income students, with 55% of lottery funds reserved by statute for need-based aid. Most rigorous financial aid research finds stronger effects of aid for low-income students.
- Low thresholds for eligibility—a 2.5 GPA or higher in any year of high school—for the merit program. This means that many higher-risk, lower-income students qualify, and a much higher portion of KEES spending goes to low-income students than in other states with merit programs. These

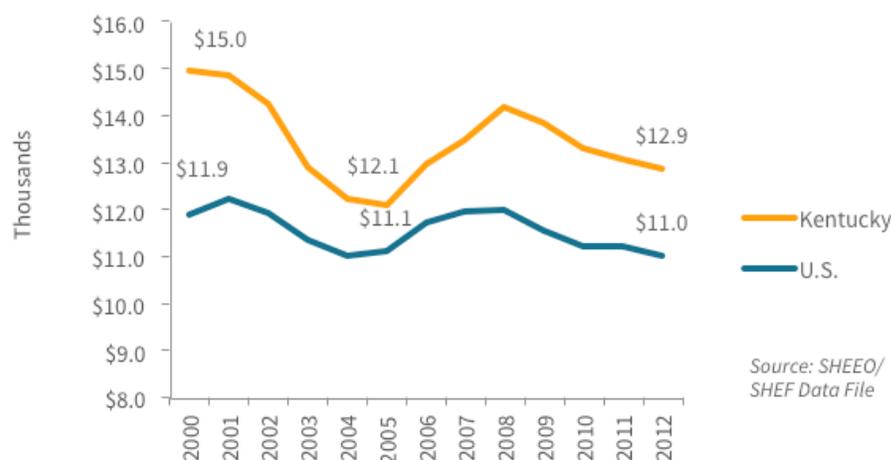
funds come on top of the 55% of lottery funds earmarked for need-based aid. Nearly 90% of graduating high school students qualify for at least some KEES aid (Seiler, et al. 2011). The program is thus much more likely to reach students whose outcomes are uncertain rather than rewarding those who are already likely to be successful. It also helps maintain political support for the concept of student aid.

- Guaranteed awards starting in ninth grade, regardless of subsequent performance. Students “earn” KEES aid each year in high school and do not lose it if they do poorly in another year, so the incentive and channel of communication remains open for almost all students.
- Repeated, mailed communications from the state. At the beginning of ninth grade and each year thereafter, students receive a postal letter from the Governor telling them about KEES, including their personal accumulated “bank” of scholarship funds. While many state aid programs rely on email, websites, or indirect communication from schools, students and families often prefer old-fashioned paper, and these letters clearly get the message across that Kentucky sees postsecondary education as a priority for every citizen and is willing to back up its rhetoric with financial support.
- Students know early the minimum amount of state aid available. Eighty percent of ninth graders are aware of KEES (Seiler, et al. 2011). State officials hypothesize that KEES opens a communications channel for college planning and learning about financial aid; students know they have some aid coming, even if it is fairly minimal and then learn about other opportunities—Pell grants, state need-based aid-- as college approaches, and they are able to apply.

REFORM AND HIGHER EDUCATION SPENDING IN KENTUCKY

The steps outlined above did not break the bank for Kentucky. Between 2000 and 2010, according to data from the State Higher Education Finance survey (SHEF), the state's investment in higher education increased significantly on an absolute level, as more students poured into the state's postsecondary institutions, but declined on a per-student basis. Appropriations remained relatively flat, adjusted for inflation, while enrollments and tuition revenues went up dramatically. Overall, the gap between its costs per student and the national average narrowed, though the state's cost remained higher (Figure 5). As the numbers of degrees also increased, the state began to achieve better results even while reducing the gap between its overall expenditures per student and the national average.

Figure 5. Combined Tuition and Appropriation Revenues per FTE Student, Adjusted for Inflation and Enrollment Mix



It is also worth noting that tuition increased significantly between the creation of the act and today, although much of the increase occurred after the start of the Great Recession in 2008. In 1998, tuition at both two- and four-year colleges in Kentucky was below the national average. Median tuition at four-year colleges rose above the national average in 2006-07, and at two-year institutions, it started to exceed the national average in 2003-04. Such increases may appear as stumbling blocks to student access, and, in fact, it remains to be seen whether Kentucky will sustain the gains it achieved in the 2000s. But a case could be made that, especially in the two-year sector, the revenue generated by tuition allowed institutions to expand to meet demand, even in times when state appropriations were limited, while generous financial aid moderated the impact of increased sticker prices for low-income students. In any case, the tuition increases in the state in the 2000s did not prevent the state from seeing significant gains in degree completions and attainment.

CONCLUSION

Kentucky continues to innovate in higher education, both at a state level and at its dynamic, growing institutions. New efforts at online and competency-based education and streamlined transfer policies may further accelerate progress. On the other hand, higher tuition and more restrictive policies on state financial aid may create headwinds for further growth.

The results outlined here, however, largely stem from reforms that would have taken place prior to the Great Recession. Kentucky is a lesson in the complexity of higher education reform and the importance of sustained commitment to well-thought-out goals.

WHERE TO LEARN MORE

Works and data sources cited in this brief include:

American Council on Education. “Leading Demographic Portrait of Presidents Shows Ongoing Challenges.” ACE Press Website. March 12, 2012.

Clements, Stephen, and Edward Kifer. *Talking Back: Kentucky High School Students and Their Future Education Plans*. Lexington: Kentucky Long-Term Policy Research Center, 2001.

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State of Kentucky. “Kentucky Education Reform Act.” *Kentucky Legislature*. 1997.

Truman, Cheryl. “Kentucky university grads up 9.3%, but UK, Morehead, Murray down.” *Lexington Herald Leader*, May 22, 2010.

APPENDIX: ADDITIONAL TABLES AND CHARTS

Table A-1. Selected Postsecondary Outcomes Data, Kentucky and the US

	2000	2011
Kentucky		
18-24 Population	401,858	418,168
Associate Degrees	6,492	13,029
Bachelor's Degrees	15,643	21,078
Associate Degrees per 1000 Age 18-24 Population	16	31
Bachelor's Degrees Per 1000 Age 18-24 Population	39	50
Associate and Bachelor's Degrees per 1000 Age 18-24 Population	55	82
United States		
18-24 Population	27,143,454	31,067,478
Associate Degrees	564,933	942,327
Bachelor's Degrees	1,237,875	1,715,913
Associate Degrees per 1000 Age 18-24 Population	21	30
Bachelor's Degrees Per 1000 Age 18-24 Population	46	55
Associate and Bachelor's Degrees per 1000 Age 18-24 Population	66	86

Sources: Compiled by Postsecondary Analytics from Digest of Education Statistics, 2000 Census, 2011 American Community Survey

Table A-2. State and Selected Institutional Leadership Timeline for Kentucky, 1991-2013.

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governor	Jones (D)					Patton (D)								Fletcher (R)			Beshear (D)						
Senate	Democrat										Republican												
House	Democrat																						
CPE								Davies (98-02)					Layzell (03-07)					King (09-Present)					
UK	Wethington (89-01)										Todd (01-11)												Capilouto
Louisville	Swain (81-95)				Shumaker (95-02)								Ramsey (02-Present)										
Eastern	Funderburk (84-98)							Kustra (98-01)			Glasser (01-07)						Whitlock (07-13)						
Kentucky State	Smith							Reid					Sias (04-Present)										
Morehead	Grote (87-92)		Eaglin (92-04)										Andrew (05-Present)										
Murray	Kurth (90-94)			Alexander, S. (94-01)						Alexander, F. (01-05)						Dunn (06-13)							
Northern	Boothe (83-96)					Votruba (97-12)																	Mearns
Western	Meredith (88-97)						Randsdell (97-Present)																

Source: Postsecondary Analytics, from various agency and institutional websites

Figure A-1. Student Financial Aid per Capita, 1997-2012

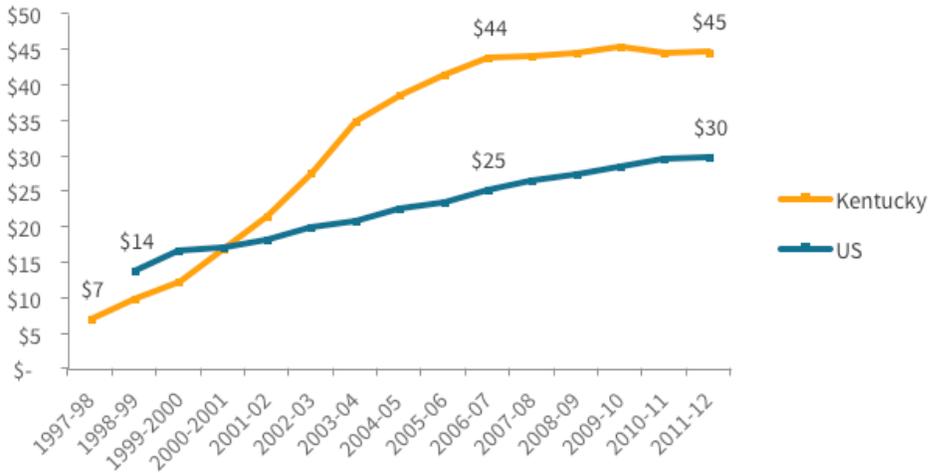


Figure A-2. Kentucky Expenditures on State Need-Based Financial Aid, 1997-2012

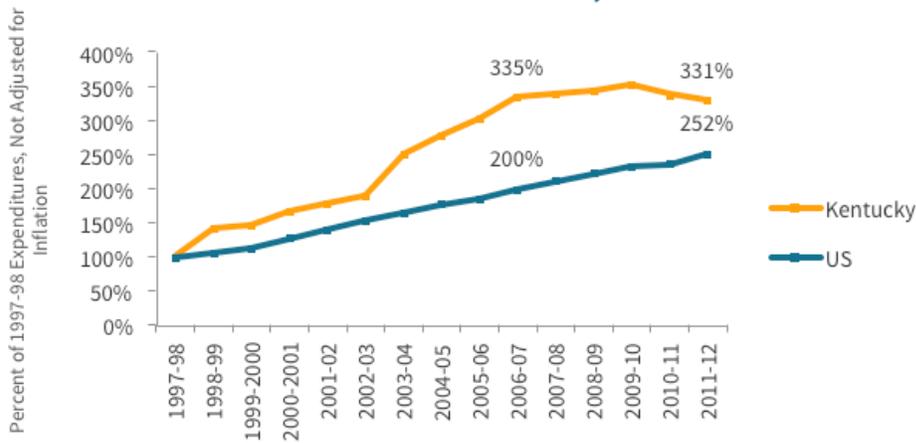


Figure A-3. Student Aid as % of Total State Higher Education Spending, 1997-2012

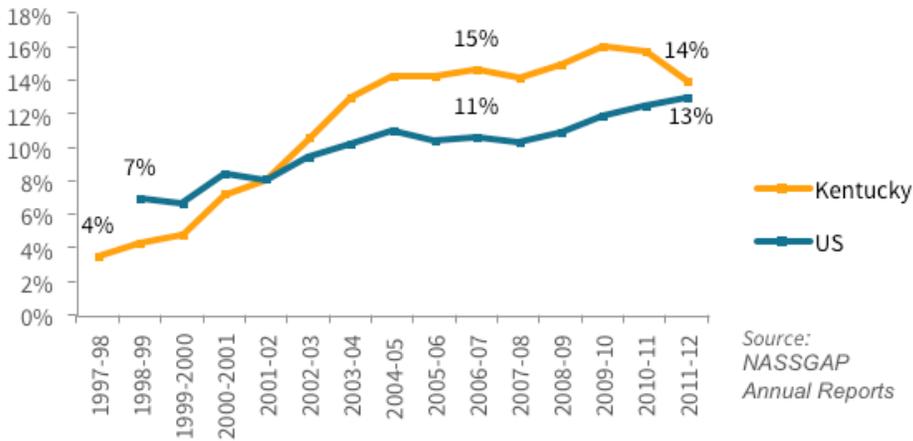
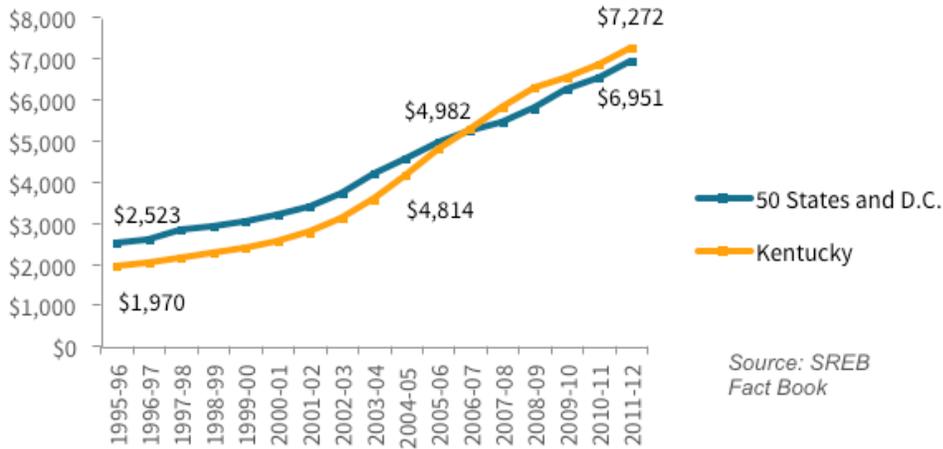


Figure A-4. Public Four-Year University Tuition and Fees (Not Inflation-Adjusted)



**Figure A-5. Two-Year College Tuition and Fees
(Not Inflation-Adjusted)**

