



Kentucky Council on Postsecondary Education

Steven L. Beshear
Governor

1024 Capital Center Drive, Suite 320
Frankfort, Kentucky 40601
Phone: 502-573-1555
Fax: 502-573-1535
<http://www.cpe.ky.gov>

Bradford L. Cowgill
Interim President

January 11, 2008

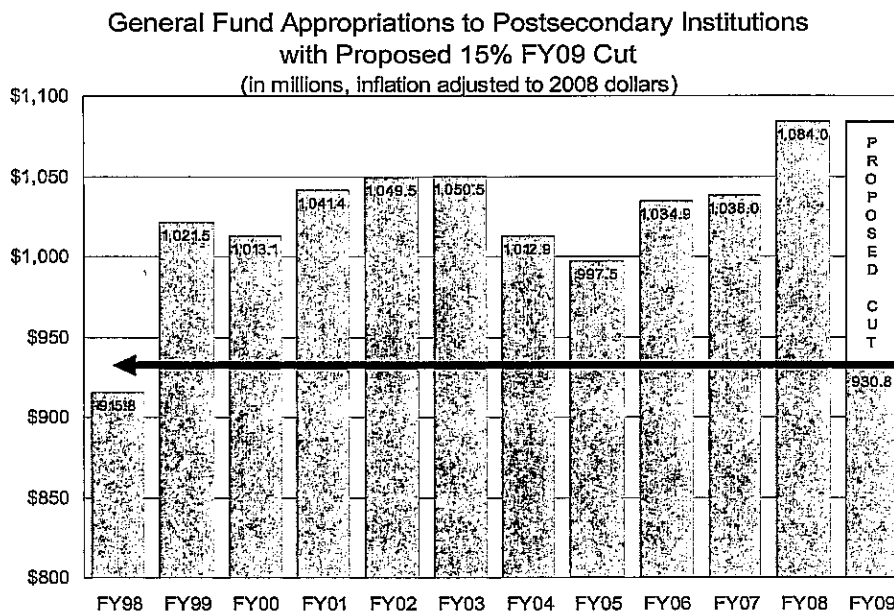
The Honorable Steven L. Beshear
Governor
Commonwealth of Kentucky
100 State Capitol Building
Frankfort, Kentucky 40601

Dear Governor Beshear:

Thank you for your commitment to understanding the impact of a 15% cut in General Fund support of postsecondary and adult education and for your candid and productive meeting with us last week.

We are writing at your request to provide an outline of outcomes and consequences of what you have described as the worst case scenario. When combined with the 3% cut in the current year, the proposed additional 12% would comprise a reduction of \$168.5 million from the original FY08 postsecondary and adult education appropriations, including \$159.5 million for our higher education institutions.

As a measure of magnitude, this chart shows that the proposed cut (when measured in 2008 dollars to account for national inflation) would take Kentucky's public institutions back to the level of support provided in FY98, thereby reversing nearly all of the investments made under the reform initiatives of House Bill 1.



The adjustment of budgets to the current fiscal conditions—in higher and adult education as in the rest of state government—will require careful planning. Since public institutions adhere to a ‘shared governance’ model, any plan to accommodate a cut of this magnitude, prepared in less than a week, would not be reliable, valid or credible and no such plan can therefore be provided. We will accelerate our planning efforts in contemplation of cutback contingencies as you have requested.

What we do know is that such a cut would be recognized and remembered as arresting Kentucky’s progress toward the reform goals of House Bill 1. We know that the ‘opportunity cost’ of delaying Kentucky’s ascension to the higher standard of living enjoyed by our fellow Americans would vastly exceed whatever savings will be achieved by the proposed cut. We know that such a cut would forever recharacterize a moment in the state’s history when the business, education and economic development communities had hoped for and expected a significant acceleration.

All available data persuasively demonstrate that the path to a stronger Kentucky is through higher levels of educational attainment—specifically a higher percentage of our population with college degrees. Thus, the impact of the cut would not be limited to the current students who will pay higher tuition or the current faculty and staff who will lose their jobs. The damage will be longer and broader:

- The momentum in the current system—evident from increased enrollments, degree production and competitive research grants shown on the attached charts—will stall. Years will be spent attempting to regain this momentum.
- Enrollment reductions and elevated tuition will mean that fewer Kentuckians go to college and fewer will enter the workforce with bachelor’s and associate degrees.
- Diminished scholarships will result in more of Kentucky’s top high school students leaving the state.
- Weakened financial aid will cause the harshest burden of cuts to fall on actual and potential students of limited financial means, limiting their access to better careers.
- Higher student-faculty ratios will increase our drop out rates.
- Kentucky’s reputation for erratic public support will damage the recruitment of high-quality faculty, including Bucks for Brains chairs and professors.
- Deferred maintenance of buildings and facilities will make problems more expensive to fix later.

The damage will be felt across the state:

- Regional efforts to attract and grow area businesses will be diminished or abandoned to the benefit of competing states.
- Business innovation and job creation from university investments in research for new products and services will be reduced.
- Confidence in Kentucky's commitment to a skilled workforce will be shaken, dampening business recruitment.
- Medical outreach initiatives in hospitals and clinics across the state will be limited.
- Partnerships with community organizations providing education, arts, and health and wellness programs will be restricted.
- University involvement in improving elementary and secondary education will be reduced.

In short, for lack of sufficient fuel, our state's best economic engine will slip back down the hill just as it was approaching the steeper slopes near the peak, sliding off the track and causing immeasurable damage through program cutbacks, enrollment caps, tuition rollups, staff and faculty layoffs, deferred maintenance and financial aid shortfalls.

We can predict these outcomes with some assurance because insufficient public funding forces institutions to choose between two strategies: reducing expenditures by constraining the 'supply' of educational services or diluting the 'demand' for educational services through higher tuition. The first strategy shuts doors; the other throws up financial barriers. The outcome of each is the same: fewer Kentuckians will receive college degrees.

In the new economy of the twenty-first century, public investments in higher and adult education should not be viewed as a 'want-to'; they are a 'have-to'. They are critical investments which poorer states like Kentucky must make to become part of the mainstream of American life. Other states will profit from our retreat. If cuts are required to achieve balance in FY09, higher and adult education must not be regarded as the budget-balancing remedy of first resort or subjected to disproportionate cuts.

We realize that difficult choices lie ahead, but tough times draw into the spotlight the state's true priorities, the wisdom of its leaders and the depth of their vision. We must not retreat from the promise of postsecondary reform. We have come too far, we have achieved too much, and we have too much left to do.

The Honorable Steven L. Beshear

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We are grateful for the opportunity to work with you in moving our state along the clearest, most direct path toward a better life for all the people of Kentucky.

Very truly yours,



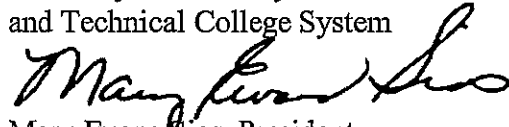
Bradford L. Cowgill, Interim President
Council on Postsecondary Education



Charles D. Whitlock, President
Eastern Kentucky University



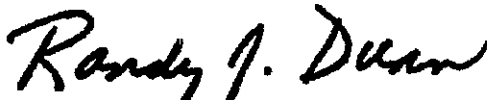
Michael B. McCall, President
Kentucky Community
and Technical College System



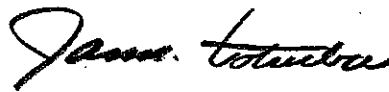
Mary Evans Sias, President
Kentucky State University



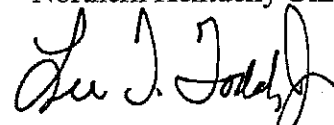
Wayne D. Andrews, President
Morehead State University



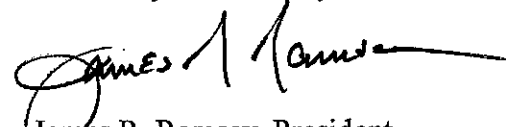
Randy J. Dunn, President
Murray State University



James C. Votruba, President
Northern Kentucky University



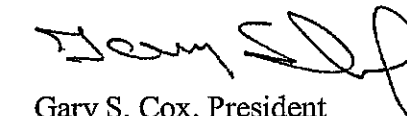
Lee T. Todd, Jr., President
University of Kentucky



James R. Ramsey, President
University of Louisville



Gary A. Ransdell, President
Western Kentucky University

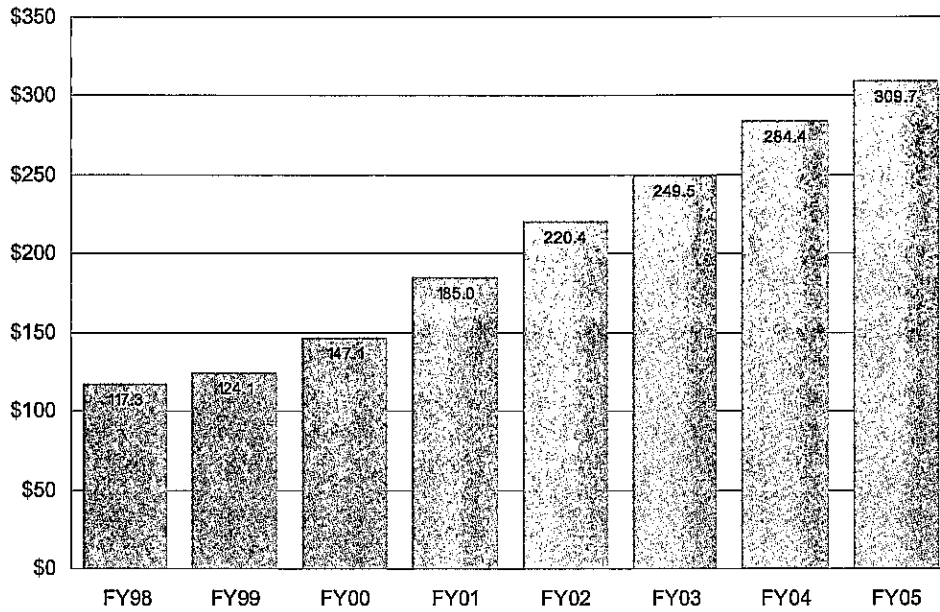


Gary S. Cox, President
Association of Independent Kentucky
Colleges and Universities

Enclosure

cc: Larry Hayes, Secretary of the Cabinet
Mary E. Lassiter, State Budget Director
David L. Williams, President, Kentucky State Senate
Jody Richards, Speaker, House of Representatives
Helen W. Mountjoy, Secretary, Education Cabinet
Jon E. Draud, Commissioner, Department of Education
Members, Kentucky General Assembly
Members, Council on Postsecondary Education
Members, Institution Boards of Trustees and Regents

Extramural Research and Development Expenditures
(University of Kentucky and University of Louisville, in millions)



Undergraduate Fall Enrollment
Kentucky Public Postsecondary Institutions
(in thousands)

