A descriptive review of the development and implementation of a funding model for the Kentucky community and technical college system: the first 10 years, 1998-2008

Timothy F Zimmerman

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A DESCRIPTIVE REVIEW OF THE DEVELOPMENT AND IMPLEMENTATION OF A FUNDING MODEL FOR THE KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM:

By
Timothy F. Zimmerman

A Dissertation
Submitted to the Faculty of
Mississippi State University
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in Community College Leadership
in the Department of Leadership and Foundations

Mississippi State, Mississippi
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A DESCRIPTIVE REVIEW OF THE DEVELOPMENT AND IMPLEMENTATION
OF A FUNDING MODEL FOR THE KENTUCKY COMMUNITY
AND TECHNICAL COLLEGE SYSTEM:

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Prior to the passage of the 1997 Kentucky Postsecondary Education Reform Act, postsecondary education in Kentucky was governed by the Council on Higher Education. The council was responsible for overseeing the educational activities of the University of Kentucky, the University of Louisville, Morehead State University, Northern Kentucky University, Eastern Kentucky University, Western Kentucky University, Murray State University, and Kentucky State University. At that time, 2-year postsecondary education was segmented among 14 public community colleges under the control of the University of Kentucky’s Community College System and 15 state vocational–technical schools known as Kentucky Tech, under the administration of the Workforce Development Cabinet. With the passage of HB 1, the Council on Higher Education was replaced by the Council on Postsecondary Education, and the Kentucky Community and Technical
College System was created, combining the 14 community colleges and 15 vocational–technical schools.

This research examines the development and implementation of a funding model for the Kentucky Community and Technical College System (KCTCS), from its inception in 1998 through its 10th anniversary in 2008. This examination reviews and analyzes the funding of KCTCS from its formation in 1997, until a new funding model was implemented at the beginning of the 2003–2004 fiscal year. The study then compares the funding of the 16 colleges of KCTCS prior to and after the implementation of the new equity funding model, to determine if the model was successful in providing a more equitable method of public funds allocation.

This study utilizes two methodological approaches, the first being a comparative analysis of KCTCS and its 16 colleges’ funding for a period of 10 years and the second being a qualitative analysis of historical data interviews obtained from 8 key individuals who were directly affected by the passage of the 1997 Kentucky Postsecondary Education Improvement Act. The findings of this study detail the development of a new KCTCS equity funding model and show that when new appropriations were distributed utilizing the new model, the gap in funding inequities between the highest funded and the lowest funded colleges showed significant compression.

Key words: finance, allocation model, funding formula, public funds, community college
DEDICATION

This dissertation is dedicated to those whose influences in my life have made this educational journey possible.

This is dedicated in part in memory of my parents, Samuel and Doris Zimmerman, for all the sacrifices they made to give me the opportunities they never had for a higher education. While they did not live to see me obtain this doctoral degree, I know without their Godly guidance and steadfast love, this educational endeavor would have never been accomplished.

This is also dedicated to my wife, Lavaun, and our daughter, Laura Leigh, for lovingly providing the support and encouragement I needed throughout this long process. From the beginning of my efforts to obtain my doctoral degree by attending classes out of state on the weekends, to the end, spending countless hours researching and preparing this final dissertation, they have prayed for me and insisted I “stay the course.”

Finally, this is dedicated to my father- and mother-in-law, Oscar and Dotty Davidson, in the absence of my parents, for giving me constant encouragement and then expressing “parents’ pride” in my accomplishments just as if I were their son.
ACKNOWLEDGMENTS

I would like to express my sincere appreciation to all those individuals who assisted me by giving their guidance and direction in order to make this study possible. First, I would like to express my gratitude to Dr. Jo Marshall, who initially challenged me to obtain that elusive degree beyond my master’s. In addition, I would like to thank Dr. Barbara Jones for her guidance, assistance, and then persistence throughout the entire doctoral process, to “just keep writing.” Additionally, I would like to thank Dr. Ed Davis, Dr. Marty Wiseman, and Dr. Wayne Stonecypher for keeping me motivated and moving toward the completion of this study in community college leadership.

I would also like to express my deepest appreciation to those individuals who were instrumental in assisting me in the research portion of this study. I would like to thank Dr. Bruce Ayers, Mr. Jim Byford, Mr. Wendell Followell, Dr. Michael McCall, Dr. Tony Newberry, Governor Paul Patton, Mr. Doug Roberts, and Mr. Ken Walker for granting me time from their busy schedules to conduct a very significant and informative oral history relevant to my study. I want to further thank Mr. Doug Roberts and Mr. Ken Walker for pointing me in the right direction for accumulating the historical budget data necessary for this study.
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CHAPTER I

INTRODUCTION

Statement of the Problem

Prior to 1998, postsecondary education in Kentucky was governed by the Council on Higher Education. The council was responsible for overseeing the educational activities at the University of Kentucky and the University of Louisville, both research universities; five public regional universities, including Morehead State University, Northern Kentucky University, Eastern Kentucky University, Western Kentucky University, and Murray State University; as well as Kentucky State University, a historically black and land-grant institution. There were 14 public community colleges under the control of the University of Kentucky. Postsecondary vocational education consisted of 15 locations identified as Kentucky Tech organized under the Workforce Development Cabinet. The community colleges were accredited by the Commission on Colleges of the Southern Association of Colleges and Schools, while the Kentucky Tech institutions were accredited by the Council on Occupational Education (Rabuzzi, 2001).

The main focus of the Council on Higher Education was on the 4-year institutions of higher education, and the 2-year institutions were often overlooked (Patton, 1997). The University of Kentucky primarily based funding for the 15 community colleges on a portion of the university operating budget, while the vocational–technical schools had budgets based as a portion of the overall operating budget of the Commonwealth of
Kentucky. The separate administration of these two educational entities often resulted in duplication of services, inconsistencies in educational standards, accreditation issues, and lack of transferability for students enrolled in the technical schools. J. Ramsey, Governor Patton’s Senior Policy Advisor and State Budget Director, recognized the inefficiencies of the system in 1997 and stated the following (Lane, 2008a):

> If the bureaucracy of the UK system held back responsiveness, the only thing that could be worse was to have the postsecondary technical schools part of state government—which is where they were. For instance, their hiring procedure for teachers was the same as the highway department’s system for hiring road workers. (p. 17)

The Kentucky Community and Technical College System (KCTCS) was created in 1997 as a result of the passage of the Kentucky Postsecondary Education Improvement Act of 1997 (HB 1) by the Commonwealth of Kentucky General Assembly (Lane, 2008b). This major restructuring of higher education in Kentucky was an initiative of Governor Patton, who called a special session of the General Assembly to address postsecondary education. House Bill 1 (HB1) included three major components:

1. It established the Council on Postsecondary Education, which replaced the Council on Higher Education, and had direct linkage to the governor’s office.
2. It established the KCTCS as the governing entity for the University of Kentucky’s former community colleges and the state’s technical schools.
3. It called for the creation of a strategic budget process for all of Kentucky’s postsecondary educational institutes.
With the passage of HB1, postsecondary education reform in Kentucky began in earnest. The Council on Postsecondary Education replaced the Council on Higher Education. Governor Patton appointed a KCTCS Board of Regents as the new governing board. Twelve regents were from the University of Kentucky’s Board of Trustees, and 12 members were nominated by the Governor’s Postsecondary Education Nominating Board (Lane, 2008b).

KCTCS was first established to provide oversight to two distinct entities: a transfer education branch consisting of 14 community colleges and a technical education branch consisting of 13 technical schools. Each branch was headed by a chancellor who reported to the KCTCS President (Lane, 2008b). At its inception in 1998, KCTCS had approximately 4,000 full-time employees; 51,643 students; and a $200 million biennial budget (Lane, 2008a).

In December 1998, Dr. M. McCall was appointed as the KCTCS President. Upon beginning his tenure, Dr. McCall began unifying the two branches of KCTCS by establishing 16 geographic college districts. By 2002, consolidation of the community and technical colleges was under way, and by 2005, KCTCS had become a statewide system comprised of 16 college districts with 67 locations (Lane, 2008b). By 2009, student enrollment had grown to 89,942 with 4,450 full-time employees (Lane, 2008a). The total KCTCS budget for FY2008–2009 was $670,258,900 (KCTCS, 2008–2009a).

Two-Year Postsecondary Education Funding in Kentucky

In the years prior to 1980, Kentucky funded its postsecondary institutions based on the types of programs offered by the various institutions. Funding of Kentucky’s 2-
year postsecondary institutions, the community colleges, and the technical schools was very different based on the governance of each entity and resulted in very different levels of funding (Patton, 1997).

The community colleges began their official existence under the University of Kentucky after the passage of the Community College Act of 1962. After the passage of this legislation, the university submitted a plan in 1965 to convert its extension centers at Ashland, Covington, Henderson, Elizabethtown, and Cumberland to community colleges. Shortly after that plan was introduced and approved, community colleges were added strategically around the Commonwealth in the communities of Prestonsburg, Elizabethtown, Somerset, Hopkinsville, Lexington, Louisville, Maysville, Hazard, Madisonville, and Paducah (Newberry, 1996). For the most part, operational funding for these early community colleges was the responsibility of the university, with the exception of Paducah and Ashland, which were also supported in part by local taxes. This reliance on funding as an enterprise of the university continued until 1982, when the Council on Higher Education adopted a funding formula model to address funding equity concerns of the Commonwealth’s 4-year institutions, and also gave some consideration to the support of the community colleges that were under the control of the university.

While this new formula took into account the needs of institutions based on “calculations and predictions of enrollments and other metrics” (Garn, 2005, p. 51), it was heavily dependent on two sources of income: state appropriations and tuition. Even though the Council on Higher Education utilized a funding formula to allocate funds to all of the public entities under its purview, community colleges as a sub-entity of the University of Kentucky appeared to be consistently underfunded. This inconsistency in
funding was because appropriations from the General Assembly intended for community colleges were included in the total University of Kentucky budget. There was little accountability on the part of the university to demonstrate that community colleges received an equitable share of these funds. The perception was that once the university received the annual appropriation, community colleges often were at the mercy of the university administration in regard to funding. In 1997, Guilfoyle stated that “from a budgetary standpoint, it is noteworthy that UK miraculously leads a stealth existence. It is not required nor does it choose to reveal how much money it allocates to each of the community colleges” (p. A11). This lack of funding equity resulted in Kentucky community colleges receiving an FTE appropriation of $2,284 in 1995. This funding level ranked 15th out of the 15 community college systems that reported to the Southern Regional Education Board that year (Newberry, 1996).

While the community colleges were developed and funded under the University of Kentucky, the postsecondary educational institutions known as the technical–vocational schools evolved from a federal act known as the Smith–Hughes Act of 1917. This act provided the formal beginning of vocational education in Kentucky and made available state grants that supported agriculture, home economics, and industrial educational offerings in local high schools. The first vocational schools in Kentucky were authorized by the General Assembly in 1938 and were located in Paintsville and Paducah. Vocational schools were later expanded to the communities of Ashland, Harlan, Hazard, Jeffersontown, Madisonville, Somerset, Bowling Green, Elizabethtown, Morehead, Owensboro, and Lexington. From their formation until 1990, these schools were operated
by the State Board of Education and funded through state appropriations to the Kentucky Department of Education. (Newberry, 1996)

In 1990, the General Assembly created the Cabinet for Workforce Development and transferred the operation of the state schools to the Department for Adult and Technical Education within that cabinet. Although the governance of the state vocational schools changed over time, the funding of the schools was allocated through recurring state appropriations to the cabinet and department that had oversight responsibilities for the schools (Patton, 1997).

With the passage of HB 1, the community colleges were removed from the University of Kentucky and the state vocational schools were removed from the Cabinet for Workforce Development and placed in the newly formed KCTCS (Patton, 1997). At the time of the transfer, the University of Kentucky and the Cabinet for Workforce Development transferred their state appropriations to KCTCS to begin the operation of the new system, and on July 1, 1998, KCTCS started with an operating budget of $292,892,700 (KCTCS, 1998–1999).

The KCTCS Budget Process and Funding Formula

The statewide change in higher education brought about by the passage of HB1 brought together two entities that had in the past been funded from two separate sources: the community colleges from funding allocated by the University of Kentucky and the technical–vocational schools from state appropriations allocated by the Cabinet for Workforce Development (KCTCS, 1999–2000). For the initial budget, KCTCS operated with a modified continuation budget utilizing a historical basis of funding of the
community colleges and technical colleges, plus an addition of funding for new services that were necessary for the initial startup of the new system. In the 1998–1999 budget, KCTCS determined that its funding priorities would focus on the following six objectives:

1. Improving the recruitment and retention of faculty and staff
2. Increasing the quality of learning
3. Enhancing learning effectiveness and resource efficiency
4. Increasing the effective use of technology
5. Implementing transitional elements
6. Funding of fixed cost and improving physical resources (p. A-1)

After the initial budget was approved by the Board of Regents, KCTCS began the process of developing a goal-orientated funding model that would allow KCTCS to meet the long-term expectations of the Governor and General Assembly that had created the KCTCS as part of HB1. In 2004, a new goal-oriented funding model was implemented based on input from the Council on Postsecondary Education, the Board of Regents, KCTCS administration, and the presidents of the colleges that comprise the KCTCS. With KCTCS being in existence for 10 years (1998–2008), this time period provides historical data to perform a descriptive review of the development and implementation of the funding model for this new system and ascertain the extent to which the community and technical colleges have truly realized a benefit from the revamping and consolidation of the 2-year educational systems in Kentucky.
Purpose of the Study

The purpose of the study is to describe the development of the KCTCS funding model under HB1 and examine funding levels for Kentucky’s public community colleges under KCTCS. This study examines the differences in funding prior to and following the passage of HB1 and the creation of KCTCS. The passage of HB1 altered the structure of higher education in Kentucky by changing the governance, mission, and budget process for all public 2-year postsecondary institutions. At the inception of KCTCS, there were 27 two-year community and technical educational institutions, with 67 locations, brought under the administrative umbrella of the new system. In order to align and eliminate duplication of services, KCTCS developed a plan to merge these 27 individual institutions into 16 comprehensive community and technical college districts.

The merger of the various institutions into 16 comprehensive community and technical college districts magnified the inequities of funding among the colleges. The realization of this inequity of funding served as the impetus for KCTCS to begin the development of a funding formula that would allow for an equitable distribution of new state appropriations. The development, implementation, and effectiveness of the new equity funding formula for the consolidated community and technical colleges within KCTCS are the focus of this study.

Research Questions

This study examines the following research questions:

1. To what extent has the distribution of state appropriations been more equitable to the community colleges of KCTCS, as compared to the other postsecondary institutions of Kentucky, since the passage of HB1?
2. What were KCTCS’s objectives for the new funding model, and to what extent have objectives been met 10 years later?

3. To what extent has the KCTCS funding model resulted in an equitable funding distribution for state appropriations for individual community colleges?

4. What are the differences the KCTCS funding model has had on the allocation per full-time equivalent (FTE)?

5. Which of the KCTCS colleges have realized the greatest benefit from the KCTCS funding model? Which have realized the least benefit? What accounts for the difference?

Theoretical Framework

Bolman and Deal (2003), in *Reframing Organizations: Artistry, Choice, and Leadership*, identified four interpretive frames that could be utilized when analyzing organizations. These frames were identified as the structural frame, the human resources frame, the political frame, and the symbolic frame. Each frame was comprised of a set of lenses (parameters) that could be utilized to help categorize the organization. Table 1.1 was developed by Bolman and Deal (2003) to illustrate an overview of the four-frame model.
Table 1.1 Reframing Organizations: Artistry, Choice, and Leadership

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Structural</th>
<th>Human Resource</th>
<th>Political</th>
<th>Symbolic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metaphor for organization</td>
<td>Factory or machine</td>
<td>Family</td>
<td>Jungle</td>
<td>Carnival, temple, theater</td>
</tr>
<tr>
<td>Central concepts</td>
<td>Rules, roles, goals, policies, technology, environment</td>
<td>Needs, skills, relationships</td>
<td>Power, conflict, competition, organizational politics</td>
<td>Culture, meaning, metaphor, stories, heroes</td>
</tr>
<tr>
<td>Image of leadership</td>
<td>Social architecture</td>
<td>Empowerment</td>
<td>Advocacy</td>
<td>Inspiration</td>
</tr>
<tr>
<td>Basic leadership challenge</td>
<td>Attune structure to task</td>
<td>Align and human needs</td>
<td>Develop organizational power base</td>
<td>Create agenda and faith, beauty, meaning</td>
</tr>
</tbody>
</table>

Bolman and Deal’s four interpretive frames serve as the framework for the examination of the development and implementation of funding of the KCTCS from its inception in 1998 through its 10th anniversary in 2008. Additionally, this study will review the climate that led to the integration of two of Kentucky’s distinct postsecondary entities into one unified entity. As described earlier, HB1 formed KCTCS from 14 technical colleges and 13 community colleges, as shown in Figure 1.1.
Governor Patton’s and the Kentucky General Assembly’s intent of this new legislation was to create a new delivery system for 2-year postsecondary education, which would be an equal partner to the other seven postsecondary institutions in the Commonwealth of Kentucky. Prior to the creation of KCTCS, there had been questions in regard to the adequacy of funding for Kentucky’s state-supported 2-year postsecondary institutions. Specifically, in 1990, Newberry examined the history, status, and future challenges of the community colleges under the direction of the University of Kentucky. In that examination, Newberry (1996) stated that it was noted that Kentucky’s community colleges ranked last in funding among the state’s higher education institutions. Additionally, Newberry noted that in 1995 the Commonwealth’s technical colleges were funded at an FTE level ($4,838.00) that was double the amount at which community colleges were funded ($2,284). Then in 1997, Governor Patton was quoted in a Postsecondary Education Task Force report as saying, “the current funding mechanisms for postsecondary education serve as disincentives for program efficiency and institutional cooperation” (Patton, 1997, p. 6). This statement was the basis for the
conceptual framework designed to examine the development and implementation of funding of KCTCS and evaluate the efficiency of the model. The conceptual framework of this study is illustrated in Figure 1.2.

![Conceptual Framework of the Research](image)

Figure 1.2  Conceptual Framework of the Research

As illustrated, the conceptual framework is designed to provide answers to the following questions: (a) What if any significant change was observed after the implementation of the funding model? (b) Which of the colleges were the most affected? (c) What was the overall impact of the implementation of the funding model? (d) What are the differences funding model has had on allocation per FTE? (e) Which of the colleges benefited the most and which benefited the least from the funding model? The determination of any change in funding to the colleges of KCTCS as a result of levels of
funding, and the overall impact of these changes, are fundamental data that define the foundation for the conclusions drawn from this research project.

Since the passage of HB1, research has continued to evaluate the impact of this postsecondary education reform. In a 2005 dissertation, Garn posed the following questions regarding the passage of HB1 and its implications for Kentucky:

What effect will the “leveling” of relative political power among Kentucky’s higher education institutions have? With UK’s reduced strength, will alliances among the institutions change? Will higher education be more or less able to combat challenges to the higher education budget in the General Assembly with a weakened UK? How will the new KCTCS system emerge in the new higher education and political landscape? (p. 168)

As questions continue to arise in regard to the effectiveness and impact of the passage of HB1, this study was conducted to add to the body of knowledge regarding the passage of HB1. This research project is comprised of a combination of comparative and qualitative analyses, as it utilizes analysis of both quantitative budgetary data and qualitative oral histories. Also, the actions of the legislature taken in the creation of HB1 could easily be classified into any one of Bolman and Deal’s (2003) organizational frames:

1. The Structural Frame
2. The Human Resources Frame
3. The Political Frame
4. The Symbolic Frame
This study relies heavily on Bolman and Deal’s four interpretive frames, as a basis for evaluating: (a) the climate that led to the integration of two of Kentucky’s distinct postsecondary entities into unified entity, (b) a review of the funding of the new system during its first 10 years, and 3) the impact of the funding on the first 10 years of the KCTCS.

Limitations

This study is a historical review and analysis of the funding model utilized during the first 10 years (1998–2008) by the 2-year postsecondary educational institutions of the KCTCS after the passage of HB1. Limitations of this study are as follows:

1. The results of the study are dependent upon the historical postsecondary education funding data at the time of review, and some of these data may be incomplete, inaccurate, selective, and vary in quality.

2. The budgetary data for the years of 1998–2008 were obtained from historical budget records of the KCTCS. However, for the year 1998, state funding had not been turned over to KCTCS for the technical colleges, and the information regarding their funding was a part of the overall budget of the Cabinet for Workforce Development, thereby preventing an accurate extraction of budgetary data for the technical college portion of KCTCS.

3. The historical data prior to the budget year of 1998 were obtained from secondary sources, and these sources are identified within this dissertation.

4. Oral histories were utilized, and they comprise a significant portion of the research data contained in this dissertation. Participants of the oral histories...
were asked nine standard questions regarding the funding of the 2-year postsecondary institutions of Kentucky. Oral histories provided by the participants may have been somewhat subjective or contained some embellishments, as they relied on memories or interpretations. However, given the strategic role that each participant had in the formation of KCTCS and its funding model, each participant provided insight to events and developments that have been reported accurately in this study.

Definition of Terms

Accreditation is the process of reviewing programs and resources to determine whether minimum standards are met. All colleges under the KCTCS have sought accreditation from the Southern Association of Colleges and Schools (SACS). Prior to the Passage of HB1, the technical colleges were accredited under the Council on Occupational Education (COE).

Community College is a public institution of higher education. The community college is characterized by a 2-year curriculum that leads to either the associate’s degree or transfer credit to a 4-year university.

Council on Postsecondary Education (CPE) is the coordinating entity charged with improving Kentucky’s postsecondary education system as directed by the Kentucky Postsecondary Education Improvement Act of 1997.

Equity is a method to provide general funds appropriations to each of the colleges according to its needs.
Full-Time Equivalent (FTE) is a standard of measure for identifying student enrollment.

An FTE is typically a formula based on the total number of credit hours being taken by a student body, divided by what is considered to be a full-time credit-hour load.

Funding Formula is a method of calculation that allows the allocation of resources.

House Bill 1 (HB1) refers to the Kentucky Postsecondary Education Improvement Act of 1997, passed by the Kentucky legislature on May 20, 1997. HB1 created the KCTCS.

Integrated Postsecondary Education Data System (IPEDS) is a postsecondary education data collection program for the United States Department of Education, National Center for Educational Statistics. The data contained in this system are collected from postsecondary education institutions and are mandatory for Title IV institutions. (A Title IV institution is a postsecondary educational institution that is eligible to participate in the federal student financial assistance program under the Title IV section of the Higher Education Act of 1965.)

Kentucky Community and Technical College System (KCTCS) was established in HB1 as the eighth institution of higher education under the direction of the Council on Postsecondary Education with the purpose of overseeing a system of community and technical colleges in Kentucky.

Kentucky Department of Education (KDE) is the state government agency responsible for enforcing and implementing state education laws including assessment and accountability and is also responsible for providing technical assistance and other support services to schools and school districts.
Kentucky Tech was the system name of a grouping of 13 technical colleges strategically located throughout the Commonwealth of Kentucky under the administration of the Workforce Development Cabinet.

Kentucky Workforce Development Cabinet was formed in 1990 as a part of the Kentucky Education Reform Act (KERA). KERA’s primary emphasis was on secondary education and focused on critical-thinking skills, system accountability for student performance, and periodic assessments. However, this legislative act included a subsection, known as KRS 151.020, which allowed for the establishment of a streamlined workforce training delivery system. From this legislative authority, the Workforce Development Cabinet was created, utilizing a nationally recognized organizational model, which was responsible for the administration of an array of agencies such as the Department of Adult Education, Department of the Blind, Department of Vocational Rehabilitation, Department of Employment Services, and the Department of Technical Education, which administered the technical colleges known as Kentucky Tech.

Operating Budget is a projection of revenues and expenditures that is identified to financially support the operations of a community or technical college.

Postsecondary Education is schooling beyond the high school level and is obtained at vocational–technical schools, community colleges, proprietary colleges, private colleges, or universities.

Public Funds within the KCTCS is a classification of funds that results from the consolidation of student tuition and state appropriation.
State Appropriations are funds received by a governmental entity, university, or college through the budgetary process of the state legislature (excluding pass-through grants and contracts or capital appropriations).

Support Education Excellence in Kentucky (SEEK) is a school funding formula established by the 1990 General Assembly to provide more equitable school funding for all students in Kentucky.

Technical Institution is an educational institution that offers certificates, diplomas, and degrees in technical or occupational-related programs.

Tuition is the fee (charge) to a student for attending a postsecondary educational institution. Typically, the charge for tuition is calculated at a rate based on the credit hours in which a student is enrolled during a specific term (semester).

University of Kentucky is a public, research-extensive, land-grant university, which was founded in 1865. The university is comprised of 16 colleges and a graduate school.

Vocational Education is training directly related to the development of occupational job skills. Program areas include such areas as business and office, marketing education, health and personal services, family and consumer sciences, industrial education, and public service.
CHAPTER II
REVIEW OF THE RELATED LITERATURE

Clowes and Levin (1989), in the following statement, noted that change can be seen differently in every community college in the United States: “Change has been a constant in the landscape of American higher education, and no segment of higher education has changed as much or as rapidly as the junior college—then community/junior college, now community, technical, and junior college” (p. 349). Change has varied from community college to community college and from state to state and has affected areas such as curriculum, student support, organization, administration, finance, workforce development, and community enrichment. Accordingly, Michael McCall, KCTCS President (personal communication, December 14, 2009) stated that; “Just as every other community college has been challenged by change during the past decade, the community colleges within the Commonwealth of Kentucky have faced the challenges of change”.

In order to provide a foundation of information for subsequent analysis, this study focuses on one element of change—the equitable funding of the community colleges that became part of the KCTCS as a result of the passage of the Kentucky Education Improvement Act of 1997 (HB1). This chapter begins with an overview of the literature on the origins of community colleges nationally and within the Commonwealth of
Kentucky, explores past and current trends of community college funding on a national basis, and finally reviews the funding of KCTCS during its first 10 years.

**History of Community Colleges**

In 1901, the Joliet Junior College was established, and it is recognized as the nation’s first junior college (Vaughn, 2000). As a result, the landscape of American higher education was altered by the existence of a 2-year postsecondary institution of higher education. Shortly after the establishment of the Joliet Junior College, 2-year junior colleges were initiated in California, Illinois, Texas, and Missouri as a pathway to obtaining a baccalaureate degree, and by the end of 1919, there were 170 junior colleges across the United States (Cohen & Brawer, 2003).

The paths that states took to establish their junior colleges varied. Arizona authorized local school districts to organize junior colleges, Mississippi formed junior colleges from county agricultural high schools, and Kansas allowed local elections for the establishment of junior colleges along with special tax districts to support their operations (Cohen & Brawer, 2003). Junior colleges continued to grow, at varying rates, from state to state, and during the 1930s, junior colleges began to offer occupational training programs in order to address the unemployment created by the depression (Phillippe, 2000). However, it was the passage of the Serviceman’s Readjustment Act of 1944 (GI Bill) that expanded junior colleges throughout the nation. It was the GI Bill that helped “break financial and social barriers for millions of Americans who had served in World War II” (Vaughn, 2000, p. 24). Three years after the passage of the GI Bill, President Truman commissioned a taskforce, the President’s Commission on Higher Education,
which developed and presented the Higher Education for American Democracy report (Truman Commission Report). This report created a paradigm shift in the development of junior colleges, and it was from this report that junior colleges began to be identified as community colleges. Community colleges were identified as being low-tuition-cost institutions that would serve as cultural centers while offering comprehensive educational programs and having an emphasis on civic responsibilities (Vaughn, 2000).

From the founding of the original junior college in 1901, and through the formative years up to the 1940s, community colleges had grown to 650 public institutions. However, the next 50 years brought continued and expansive growth of the institution now known as the community college from 652 in 1956 to 1,244 in 1999 (Cohen & Brawer, 2003), as illustrated in Figure 2.1.

![Graph showing growth of community colleges](image)

**Figure 2.1** Number of Community Colleges
Kentucky’s 2-Year Colleges

During this period of community college development across the United States, Kentucky was also developing its 2-year postsecondary educational institutions. When the KCTCS was formed, its basis was derived from two unique groupings of institutions. The first grouping originated from the University of Kentucky’s Community College System. The University of Kentucky had established branch campuses throughout the state and delivered courses designed for transfer into baccalaureate degree programs. This concept dates back to 1934, when the General Assembly passed legislation permitting small cities to establish “municipal college support districts” (Kentucky Revised Statutes [KRS] 165.160; Newberry, 1996, p. 520). This law allowed the University of Kentucky to form the Department of University Extension, and it was through this department that the university started offering extension classes at off-campus sites throughout Kentucky. As the popularity of these off-campus extension classes grew throughout the state, the most popular sites were identified as permanent university centers—Paducah Junior College in 1936 and Ashland Junior College in 1938 (Newberry, 1996). By the end of 1960, the University of Kentucky had established five permanent locations strategically located throughout Kentucky within the communities of Ashland, Covington, Henderson, Cumberland, and Elizabethtown.

As Kentucky was developing its university extension centers, states such as Ohio, Illinois, Missouri, Virginia, and North Carolina were developing statewide systems that utilized centralized organizational models for the administration of their community colleges (Newberry, 1996). Building on this concept, in 1962 the
Kentucky General Assembly passed the Kentucky’s Community College Act (KRS 164.600), and the act was signed into law March 6, 1962, under Governor Combs. This new law gave the University of Kentucky the authority to form its own community college system.

As the University of Kentucky initiated its new community college system, five of UK’s extension centers were identified to be converted into community colleges. These centers were in the communities of Ashland, Covington, Henderson, Elizabethtown, and Cumberland. After the formation of these five community colleges, the Kentucky General Assembly authorized the university to add community colleges in the communities of Prestonsburg, Elizabethtown, Somerset, Hopkinsville, Lexington, Louisville, Maysville, Hazard, and Madisonville. Finally, in 1968 the original extension center in Paducah was brought in as the 15th college within UK’s community college system. The University of Kentucky continued to operate this system of community colleges until the passage of HB1, when 14 of the 15 community colleges (Lexington Community College was excluded) were transferred to the newly established KCTCS.

**Vocational and Technical Postsecondary Education**

The development of the vocational and technical institutions in the Commonwealth of Kentucky was the second grouping of institutions that was identified for consolidation into KCTCS. The technical institutions were initially the result of the federal Smith–Hughes Act of 1917, which made state grants available to support agriculture, home economics, and industrial educational offerings in local high schools (Warren, 2008).
The first vocational schools in Kentucky were authorized by the Kentucky General Assembly in 1938 and were located in Paintsville and Paducah. Vocational schools were later expanded to Ashland, Harlan, Hazard, Jeffersontown, Madisonville, Somerset, Bowling Green, Elizabethtown, Morehead, Owensboro, and Lexington. From the formation of each of these state vocational schools until 1990, these schools were operated by the State Board of Education and funded through state appropriations to the Kentucky Department of Education (Warren, 2008).

In 1990, the Kentucky General Assembly created the Cabinet for Workforce Development and transferred the operation of the state vocational schools to the Department for Adult and Technical Education within that cabinet. During the period that the vocational schools were controlled by the Cabinet for Workforce Development, vocational education was in constant transformation. The schools were renamed: first, State Postsecondary Vocational Educational Schools; then, Technical Education Centers; and finally, Technical Colleges under the control of the Department of Technical Education, which referred to the system of technical colleges as “Kentucky Tech.” During this period of time, the technical schools were not only changing their names but were also expanding certificate and diploma programs, expanding workforce development programs, and partnering with community colleges to offer an Associate in Applied Science Degree Program in Technical Studies (Newberry, 1996).

After the initial decision for a jointly offered Associate in Applied Science Degree Program in Technical Studies, which had been endorsed by the Council on Higher Education, a strong movement began to consolidate the 2-year postsecondary education institutions in Kentucky. With the election of Patton as Governor of Kentucky in
November 1995, that movement was fast tracked in a special legislative session called by Governor Patton in the spring of 1997. This special session resulted in the passage of the Kentucky Postsecondary Education Act of 1997 on May 30, 1997 (Lane, 2008b).

**Kentucky Postsecondary Education Improvement Act of 1997 (HB1)**

The passage of the Kentucky Education Improvement Act of 1997, commonly referred to as House Bill 1, was considered landmark legislation. According to Garn (2005), this legislation “changed the structural, political, and symbolic balance of governance authority among Kentucky’s higher educational institutions and between those institutions and state agencies” (p. 1). Additionally, Garn stated that the legislation “most contentiously…removed those community colleges from the management of the University of Kentucky making the new KCTCS an independent system” (p. 2).

The policy decisions that led to the passage of HB1 reflected years of study by various entities within the Commonwealth of Kentucky, with the final momentum for the passage of HB1 coming from a report given by the Task Force on Postsecondary Education authorized by the 1996 General Assembly (Garn, 2005). The report of the Task Force, entitled “Postsecondary Education in Kentucky—An Assessment,” made the following statement: “The gap between Kentucky and its competitor states is not projected to change without a change in public policy direction” (Patton, 1997, p. 9). This report went on to identify the challenges to be faced by higher education and listed five barriers to progress and “enhanced economic opportunities” (Patton, 1997, p. 9) for Kentucky citizens. The barriers were identified as the following:
1. Kentucky lacks a structure to link all of its postsecondary education resources with a long-range strategy to enhance the economic competitiveness and quality of life of its citizens.

2. The current funding mechanisms for postsecondary education serve as disincentives for program efficiency and institutional cooperation.

3. Postsecondary education offers virtually no incentives for the attainment of quality and the pursuit of excellence.

4. Kentucky seriously lags the nation and competitor states in research and development activity.

5. The current system of postsecondary education has no comprehensive strategy to maximize the use of existing and emerging technologies.

To confront and overcome these barriers, the Governor and the Kentucky Legislature agreed to pass HB1, which in turn established the KCTCS. Also contained in HB1 was a set of goals to be accomplished by every postsecondary institution in Kentucky that was affected by this act. For KCTCS, the goals were specified by law to be a comprehensive community and technical college system with a mission that assures, in conjunction with other postsecondary institutions, the following:

1. Access throughout the Commonwealth to a 2-year course of general studies designed for transfer to a baccalaureate program;

2. The training necessary to develop a workforce with the skills to meet the needs of new and existing industries; and
3. Remedial and continuing education to improve the employability of citizens. (Legislative Research Commission [LRC], 1997, p. 2)

With the passage of the Kentucky Postsecondary Education Improvement Act of 1997, KCTCS had the formidable task of consolidating two distinctly different postsecondary education entities, plus developing an equitable funding formula for the new system of colleges that would allow it to meet the goals of HB1 by the year 2020.

**An Overview of Funding Formulas**

Beginning in Illinois in 1901 with the formation of Joliet Junior College, and then as postsecondary education developed across the United States, the funding of public postsecondary education has been as diverse as its origins or academic programs. Typically, these public institutions received funding from a combination of one to five sources: local taxes, state taxes, federal taxes, gifts and grants, and/or student tuition (Wattenbarger & Starnes, 1996). These funding sources were sufficient for the early educational institutions that did not have a large student body or did not promote a complex offering of academics; however, as the colleges grew, the complexity of their operating budgets also grew. This theory of growth and the challenge of funding the community colleges were summarized by Honeyman, Williamson, and Wattenbarger in 1991:

> Community colleges were often started during periods of rapid growth in the college age population as less expensive, alternative methods to educate freshman and sophomore students. In some instances community colleges were
treated with special concern during these initial stages. But, however special the original mandates were, the procedures eventually supported the K–12 and university sectors at the expense of the community colleges. (p. 1)

After the passage of the GI Bill in 1947, and the resulting influx of students into community colleges, leaders across the nation started to explore the possibility of utilizing a standard form of allocation to support the cost of operating higher education institutions (Mullin & Honeyman, 2007). It was from this standard form of allocation that the basis for today’s funding model was formed.

California’s utilization of a faculty/staff calculation in the early 1950s served as the first documented funding formula in higher education (Moss & Gaither, 1976). From that first reference, the exploration of funding formulas and their utilization have been widespread. Pursuit of various avenues to develop a standard funding formula for postsecondary education prompted Lassiter to make the following statement in his 1983 paper at the 53rd annual conference of the Southern Economic Association:

The search for an ideal funding formula might be likened to the pursuit of the Fountain of Youth; it has never been found nor does it exist. While recognizing that there is not a formula which is ideal to all applications, models can be developed which are more useful and equitable than the ones currently in use. (p. 10)

Although a standard funding formula has not been developed for use across the United States, the utilization of funding models has increased since California’s initial calculation. After California’s adoption of a faculty/staff calculation, Oklahoma and Indiana started utilizing resource allocation models during the 1950s. That number grew

In 1964, Miller defined a funding formula as the following:

An objective procedure for estimating the future budgetary requirements of a college or university through the manipulation of objective data about future programs, and relationships between programs and costs, in such a way as to derive an estimate of future costs. (p. 6)

Since Miller’s definition was composed, the literature and research of funding formulas have been enormous, leading Layzell and Caruthers in 1995 to state that “funding formulas had evolved over time into complicated methods with multiple purposes and outcomes” (p. 4). Although funding models have become varied in their complexity and purposes, there are 12 basic principles that every funding model should address (Marks & Caruthers, 1999, pp. 3–4):

- Be based on the state goals for postsecondary education
- Be sensitive to colleges’ different missions
- Provide adequate funding
- Provide incentives for or reward performance
- Appropriately recognize size-to-cost relationships
- Be responsive to changing demands
- Provide reasonably stable funding
- Be simple to understand
- Fund colleges equitably
- Make provisions for funding special-purpose units
- Use valid, reliable data
- Allow administrative flexibility in spending funds

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As literature and research have grown during the past 50 years, the classifications of funding models have evolved based on their typology. In 2007, Mullin and Honeyman completed an analysis of the funding formulas for 48 states. The results from that study found that funding formulas “are generally tools that are utilized to substantiate the acquisition of funds and delineate the cost of education” (Mullin & Honeyman, 2007, p. 1) and could be classified into a typology of two funding categories, which contained five subcategories.

The first categorization funding formula is responsive funding defined as the unitization of funding in which costs are justified to maintain operating cost, and then the base costs are supplemented with formula components that address funding disparities, changes in workload measures, or both. Within this category are three subcategories:

- **Cost of education funding.** This funding formula utilizes components that impact the cost of education, such as student enrollment and a cost of education, either in the form of a factor or a base amount, where the base amount is often formulated from historical data.

- **Equalized funding.** This funding formula utilizes the addition of equalization aid to a cost of education factor. Equalization is achieved through various mechanisms. Generally, these equalizing allocations are based on a specified threshold or benchmark.

- **Option funding.** This funding formula utilizes multiple funding formulas that allow either state leaders and/or economic conditions to determine which formula will be utilized.
The second categorization funding formula is functional component funding defined as the unitization of funding in which costs of the components of operation are categorized and given various weights in the funding process. Within this category are two subcategories:

- **Generalized funding.** This funding formula identified costs in terms of functional components, with benchmark calculations that are applicable to the entire institution (i.e., full-time equivalent students were multiplied by a per-credit cost figure).

- **Tiered funding.** This funding formula refines the functional components of the generalized funding model and incorporates distinct differences for other components (e.g., credit-hour expenditures, square footage of facilities, acreage of campuses, etc.) as a means of explaining and/or justifying additional allocations.

Of the 41 states identified in 2007 to be utilizing a funding model, 16 states were utilizing the responsive funding formula while 25 states were utilizing the functional component funding model. A further breakdown showed that within the responsive funding eight states (Alaska, Delaware, Hawaii, Idaho, Maine, New Hampshire, Rhode Island, Vermont) were utilizing the cost of education model and eight states (Alabama, Maryland, Mississippi, Montana, New Jersey, Oregon, Pennsylvania, Wyoming) were utilizing the equalized model. Within the functional component topography, four states (Iowa, New York, Texas, Virginia) were utilizing the option model, 12 states (California, Colorado, Connecticut, Florida, Georgia, Illinois, Nevada, New Mexico, Tennessee,
Utah, Washington, Wisconsin) were utilizing the generalized model, and nine states (Arkansas, Kentucky, Massachusetts, Michigan, Minnesota, North Carolina, Ohio, Oklahoma, South Carolina) were utilizing the tiered model (Mullin & Honeyman, 2007). The two major divisions of funding models, along with their subcategories, are illustrated in Figure 2.2.

![Funding By Formula Type](image)

**Figure 2.2** Funding by Formula Type for 41 States with Funding Models

**Funding Formula Governance**

The governance of community college administration varies from state to state, as does the governance of the funding formulas that supports the community colleges. Budget requests are generally made to the state by the governing entity with control over the funding formula. After the funding or a portion of the funding is received, the allocation is conversely transferred to the state, then to the community college governing
entity (Mullin & Honeyman, 2008). In Mullin and Honeyman’s article, 40 states were identified as having adopted a formal funding formula for distribution of funds to community colleges; and the governance for the administration of the funding was under the direction of one of three distinct entities:

1. An entity for higher education (21 states)
2. An entity for community colleges (5 states)
3. An entity for comprehensive (K–20) education (14 states)

Regardless of governance, funding formulas or models have become increasingly complex and encompass a multitude of components or calculations. Many of the funding formulas in use today are designed to achieve new levels of usefulness and equity. This refinement, based on the complexities of the formulas’ components and calculations, may lead educational institutions to meet the complexity of their respective missions (McKeown, 1996).

**Kentucky’s Postsecondary Funding**

As Mullin and Honeyman (2007) discussed in their article “The Funding of Community Colleges: A Typology of State Funding,” during the past 50 years community colleges around the nation have evaluated the funding of their institutions. Kentucky is one state that has spent considerable time and effort evaluating its community college funding structure. The report “Postsecondary Education in Kentucky—An Assessment” stated that “the current funding mechanisms for postsecondary education serve as disincentives for program efficiency and institutional
cooperation” (Patton, 1997, p. 6). Previous research publications indicated the following (Garn, 2005):

A primary means by which a state maintains and manages its higher education system is through funding. Providing equitable distribution of funding among Kentucky’s public higher education institutions has never been an easy task, or one that has been completely successful. (p. 50)

The basis for this statement is clarified by Garn’s observation of the University of Kentucky’s Community College System pre-HB 1 funding formula (Garn, 2005):

Another principal contention was the inherent under funding of the community colleges. While efforts had been made to appropriate funds directly to community colleges, the fact that the funds had to go through UK first left doubts as to how, or if, the funds ever made it to the community colleges. (p. 74)

In regard to the funding of the technical colleges that were transferred to KCTCS, very little documentation exists in regard to the technical schools’ specific funding through the Department of Education. From the inception of the first two legislatively authorized vocational schools in 1938 (Paintsville and Paducah) through the addition of locations in Ashland, Harlan, Hazard, Jeffersontown, Madisonville, Somerset, Bowling Green, Elizabethtown, Morehead, Owensboro, and Lexington, these schools operated independently and little was documented regarding their funding. However, in 1968 the Kentucky Legislature approved the Area Vocational School Act, which combined these individual schools into a network of 15 Vocational Education Regions (Stephens, 1979), which were under the control and direction of the Kentucky Department of Education. Although the Department of Education managed this system of vocational schools, no
notable references to their funding existed until Kentucky’s 1974–1976 biennial budget “officially acknowledged the regions by approving approximately $1,500,000 for expansion and operation” of the network of regional vocational schools (Stephens, 1979, p. 7). From this first reference of funding in 1974 until the passage of House Bill 814 in 1990, which moved these schools from the Department of Education to the Cabinet for Workforce Development, funding had been a combination of state appropriation and federal funds. These funding sources subsidized the operations of vocational education into two separate and distinct categories (LRC, 2003):

1. State funding was utilized to provide classroom units (personnel, operating cost, and facilities) for vocational education programs.

2. Federal funds were used to augment and enhance vocational training opportunities for such things as teachers’ professional development, student support services, instructional supplies, and teaching materials and equipment.

(p. iv)

With the transfer of the technical schools (then known as Kentucky Tech) to the Cabinet for Workforce Development, funding for the technical schools was derived from three distinct sources: state appropriations, federal appropriations, and agency funds (tuition and fees); (Mello, Blankenship, & Hamm, 1996). During this time, Kentucky’s utilization of a funding formula for its vocational education system was based on funding by instructional unit; this method calculated funding by dividing the number of students participating in vocational education (calculated as a FTE) by a standard FTE class size. The class size was then assigned a specific funding dollar value (Klein, 2001).
During the time that the Cabinet for Workforce Development was in control of the Kentucky system of technical schools, little can be obtained regarding the funding of the individual colleges. Published budgets were designed to show funding levels for the various departments within the cabinet’s operation and did not contain information in regard to specific college operations (Postsecondary Education Task Force Advisory Group, 1997a).

The lack of information regarding the budgeting of the Kentucky Tech System led the advisory group that was in the process of developing the 1997 report “Postsecondary Education in Kentucky—An Assessment” to state that there is no budgeting or reporting of all the state funds devoted to postsecondary vocational–technical education, and as a result, suggested a change be made to do the following:

Treat the Kentucky Tech postsecondary budget in a similar manner to the rest of public postsecondary education. State funding should be based on the value of postsecondary vocational education within the broader context of the state General Fund’s situation. Less attention should be given to the number of employees (none is given in determining funding for higher education or elementary and secondary education) and more given to the outcomes and outputs generated by Kentucky Tech. (Postsecondary Education Task Force Advisory Group, 1997a, p. 3)

Just as the taskforce had problems with the funding of the technical colleges, there were also concerns with the community colleges under the control of the University of Kentucky, and in that same report, the taskforce (Postsecondary Education Task Force Advisory Group, 1997b) summarized its concerns as follows:
The dilemma for the Community College System is determining how to provide access to higher education to more Kentuckians and how to empower more people through education and training. The system finds itself plagued by:

- policy restrictions which hamper student access and obstruct the on-time/on-target delivery of workforce education
- turf struggles which tend to undercut our best collaborative efforts
- chronic underfunding
- a funding formula which fails to recognize key elements of the community college enterprise, especially in the areas of workforce education and community development. (p. 17)

In order to address the last two findings listed above, the taskforce recommended that the community colleges be funded at the Southern Regional Education Board’s state median level of funding per full-time equivalent student (Postsecondary Education Task Force Advisory Group, 1997b).

With the passage of HB1, Governor Patton was able to utilize the taskforce’s findings as a basis for his statement that “the current funding mechanisms for postsecondary education serve as disincentives for program efficiency and institutional cooperation” (Postsecondary Education Task Force Advisory Group, 1997b, p. 9) and in turn charged the new KCTCS with developing a new and efficient method of funding model.
KCTCS’s Funding Model

As KCTCS began its existence in 1997 with its two uniquely funded educational divisions, the system started operations utilizing historical funding data. However, in October 1997, it was faced with the decision of how to distribute $11 million ($8 million for the Community College System and $3 million for the Kentucky Tech System) of new state appropriations that were part of HB1. At that time, it was stated by R. Carson, Deputy State Budget Director, that the monies could be distributed through one of five options. These options were described as follows (KCTCS Board of Regents, 1997):

1. Pure Equity Method – This method was described as an approach based on the funding formula utilized by the Council on Higher Education. This funding formula model had previously been applied to the Commonwealth’s 4-year institutions but never to a community college. Under this option, there would be substantial variations among the individual colleges.

2. Chancellor’s Framework Model – This method utilized a breakdown of the institution’s funding in terms of the base budget already enacted and then applied those numbers to the individual colleges.

3. Modified “Equity” Model - Option 1 – This method sought to create a hybrid model by taking the best features from the first two models: the Pure Equity Method and the Chancellor’s Framework Model. This model would utilize the base budget amounts from the Chancellor’s Framework Model and then distribute the new funds on an equity basis.

4. Modified “Equity” Model - Option 2 – This model was an expansion of the variations developed under the Option 3 model and took the Chancellor’s
Framework Model, provided for staff and faculty salary increments on a recurring basis, and then distributed any remaining funds by a proportional equity formula.

5. “Share the Pie” Model – This method would take historical data for each college and develop a percentage for the allocation of any new funding. (If an institution received 15% of the historical base budget, it would receive a 15% share of any new allocations.) (p. 7)

In November 1997, the Statewide Transition Team recommended to the KCTCS Board of Regents that the fourth option be adopted as the basis for allocating new monies available to KCTCS (KCTCS Board of Regents, 1997).

With the first budget in place, KCTCS began to establish the foundation for a consolidated system of community and technical colleges. Elements of this foundation included the hiring of the first system president, the establishment of a mission statement, and the establishment of a set of goals that would allow KCTCS to measure its progress toward meeting the objectives of HB1. Through the efforts of the Presidential Search Committee, Dr. M. B. McCall was hired as the founding president of KCTCS on December 3, 1998 (KCTCS Board of Regents, 1998).

As McCall began his presidency, he identified and began to address several key issues associated with the initiation of a new statewide system. These items involved such fundamental tasks as seeking national accreditation for the colleges that now comprised KCTCS, hiring key personnel to assist in the management of the system, and bringing the 27 institutions into an organization of 16 districts. After working to accomplish these tasks during the first years of his administration, McCall began the 2003 year by
introducing a strategic plan entitled Strategic Achievements to Invest in Learning (SAIL; Lane, 2008b).

The purpose of this strategic plan was to draw focus on four major and specific resource areas: learning, financial, human, and information (KCTCS Board of Regents, 2003). Within the financial area of the strategic plan, it was stated that the individual colleges would be responsible for the effective use of fiscal and physical resources; while the system office would be responsible for continuing to seek funding to enhance and support the college’s initiatives and programs. In order to succeed in the implementation of this aspect of the strategic plan, three goals were identified:

- Cultivate resource development
- Initiate a strategic needs analysis (SNA)
- Develop an equitable funding allocation model.

The success of these goals would be realized through the accomplishment of three specific measures (KCTCS Board of Regents, 2003):

- Increase external funding of private, federal, and state grant awards.
- Develop funding priorities based on a needs analysis.
- Provide equitable allocation of funding for the colleges.

The third measure of the SAIL plan set the stage for KCTCS to begin developing a funding model that included a method to equitably allocate funding to the colleges within the KCTCS system. To support the funding model portion of the SAIL initiative, in February 2003, McCall appointed a development team that was charged with designing a new funding model. The development team was comprised of the following individuals (Walker, January 1, 2010):
With the initiation of this team, the work began to develop a new funding model that would provide equity to the 16 college districts and the KCTCS Systems Office. In August 2003, the team unveiled a new model, which was presented to the Finance Committee of the KCTCS Board of Regents (KCTCS Board of Regents, 2003).

The new funding formula for KCTCS was based on a set of principles designed to ensure an equity of college funding while at the same time allowing KCTCS to move toward the goals established in HB1. To accomplish these two objectives, the new funding model included two distinctive components: a Public Funds Allocation Model and a Model Application Procedure (MAP; KCTCS Board of Regents, 2003).

The Public Funds Allocation portion of the funding model addressed recurring budget allocations and served as the starting point for the recurring budget request development. This part of the formula included components that addressed the mandates of HB1. The formula would calculate allocations for the 16 colleges of KCTCS based on data derived from a combination of the records from the official KCTCS student, human resources, and financial systems and average expenditures of the KCTCS benchmark states. The systems office would then, in turn, be budgeted as a percentage of college allocations. When new public fund allocations are processed utilizing this model for each college...
of the 16 colleges and the systems office, the resulting funding levels are in line with the funding goals that were established by the Council on Postsecondary Education (KCTCS Board of Regents, 2003).

The MAP portion of the funding model was designed to distribute any new state appropriations allocated to KCTCS in an equitable manner among the 17 KCTCS funding entities (the 16 colleges and systems office). This portion of the formula was based on a number of fiscal variables, of which four variables were fundamental:

- The biennial state general fund appropriation to KCTCS
- The total annual enrollment at each KCTCS college
- The analysis of costs and funding support for colleges and systems office support programs in benchmark states compared to KCTCS
- The cost of implementing the classification and compensation plan

The KCTCS funding model contained two components, with each component having a specific purpose in the allocation of public funds to the community colleges of KCTCS. Examination of these two components form a foundation for understanding the effectiveness of the funding model, and determining if the distributions to the individual colleges were impacted by the implementation of the model.

**Components of the Funding Model**

The KCTCS Public Funds Allocation Model is comprised of two distinctive components: a statement of guidelines for operation of the model and a procedure for the allocation of those funds, referred to as the MAP portion of the model. The purpose of the funding model was to provide a method of distribution of new public funds that would
ensure equity and adequacy of funding to the 16 colleges that comprise KCTCS. The foundation for the development of the funding model was a set of guiding principles, which stated that the KCTCS Public Funds Allocation model would do the following:

- Serve as the starting point for the recurring budget development.
- Include components to address HB1 mandates.
- Be designed to calculate the public funds base allocation but not intended to be used as an internal college budget development tool.
- Address only recurring budget allocations (nonrecurring allocations such as debt service and mandated tuition scholarship funds are not part of this model).
- Only distribute any new state appropriations to the base level of public funding of a college.
- Utilize both internal and external measures to assure equity and adequacy.
- Utilize data obtained from official KCTCS records.
- Utilize annual research data to determine the operating costs by instructional group.
- Fund system operations, based on percentage of college allocations and KCTCS benchmark states, and only from increases in state appropriations (KCTCS Board of Regents, 2003).

To build a model based on these key basic principles, the model would utilize two forms of data in the equity calculation—primary data and secondary data. The primary data would be obtained from the KCTCS administrative software system (PeopleSoft), while other comparative (secondary) data would be obtained from benchmark states, benchmark funding goals, and standard higher education reports (i.e., IPEDS and SREB). Through the utilization of these data, in conjunction with the guiding principles listed
above, the objective of the funding model was to provide a basis of public funding equity and adequacy to the 16 colleges of KCTCS while also allowing KCTCS to meet the legislatively established goals of HB1 and the Strategic Priorities of KCTCS (KCTCS Board of Regents, 2003).

The MAP of the funding formula is designed to distribute any new available public funds among the KCTCS colleges based on the model’s calculations, which are driven by a grouping of fiscal components. These fiscal components include the following:

- The state general fund appropriation to KCTCS by the General Assembly
- The total annual enrollment at each KCTCS college
- The analysis of costs and funding support for colleges’ programs in benchmark states compared to KCTCS
- The cost of implementing the KCTCS Job Classification and Compensation Plan
- The addition of funds to open and maintain new facilities from capital construction projects (Walker, 2003).

Building on these fiscal components, certain other “rules” were established for the funding model to use in the distribution of new state appropriations. These rules were:

- The recurring public funds base of one college will not be reduced to increase the recurring public funds base of another college.
- In the calculation formula, the first portion of the formula will provide a “proportional increase” level, or a “percentage of” funding in a dollar amount (or a percentage) of any new public funds, which will be calculated based on
the most recent amount of identified recurring public funds allocated to a college’s recurring budget (typically the prior fiscal year).

- The second portion of the formula will calculate an “equity increase” from the residual of the new state appropriations after the calculation of the first portion of the formula (Walker, 2003).

Taking the principles and rules into consideration, the following is the funding formula that is now in place to distribute any new public funds to the individual colleges of the KCTCS:

1. The “proportional increase” for each college is based on the formula
   \[ P_i = P_s \times \frac{R_i}{R_s} \]
   where
   - \( P_i \) is the “proportional increase” for funding entity “\( i \)”;
   - \( P_s \) is the total amount of the “proportional increase” for the entire system;
   - \( R_i \) is the current recurring public funds base for funding entity “\( i \)”;
   - \( R_s \) is the current recurring public funds base for the entire system;
   - “\( i \)” is each funding entity;
   - “\( s \)” is the system-wide total; and
   - \( R_i / R_s \) is the measure of the size of funding entity “\( i \)” relative to the entire system.

2. The “equity increase” for each college is based on the formula
   \[ E_i = E_s \times \frac{[M_i - (R_i + P_i)]}{[M_s - (R_s + P_s)]} \]
   where
   - \( E_i \) is the “equity increase” for funding entity “\( i \)”;
   - \( E_s \) is the total amount of the “equity increase” for the entire system;
   - \( M_i \) is the model calculation for funding entity “\( i \)”;
   - \( R_i \) is the current recurring public funds base for funding entity “\( i \)”;
   - \( P_i \) is the “proportional increase” for funding entity “\( i \)”;
   - \( M_s \) is the total model calculation for the entire system;
Rs is the current recurring public funds base for the entire system; 
Ps is the total amount of the “proportional increase” for the entire system; 
“i” is each funding entity; 
“s” is the system-wide total; and 
\[ \frac{M_i - (R_i + P_i)}{M_s - (R_s + P_s)} \] is the measure of the distance that funding entity “i” is from full funding, relative to the distance the entire system is from full funding (Walker, 2003).

The KCTCS funding model was implemented for the FY 2003–2004 budget process. The Public Funds Allocation Model and the MAP were to be reviewed periodically by the administration of KCTCS (KCTCS Board of Regents, 2003), and in approximately 5 years, the model was to be evaluated to determine if it had made measurable progress toward the equity funding of the KCTCS.
CHAPTER III

METHODOLOGY

The purpose of the study is to describe the development of the KCTCS funding model under HB1 and examine funding levels for Kentucky’s public community colleges prior to and after the implementation of a KCTCS equity funding model. This study examines the funding of KCTCS since its creation to determine if any difference in funding has been realized since the passage of HB1. This study also examines the funding levels of the 16 comprehensive community colleges that comprise KCTCS and determine if any funding differences have been realized by the colleges as a result of the implementation of an equity funding model by KCTCS in the 2003–2004 fiscal year. This chapter describes the methods and procedures that are employed in this study.

This study utilizes two methodological approaches. The first approach is a comparative method of analysis of funding, which analyzes the funding of KCTCS and its 16 community colleges for the period of 10 years, 1998–2008, after the passage of the Postsecondary Education Reform Act of 1997 (HB1). This analysis is to determine what the impact to the funding of KCTCS and its associated community colleges has been since the passage of the education reform package. The second methodological approach is a qualitative method of analysis. This analysis utilizes interviews of key participants in the passage of the Kentucky Postsecondary Education Improvement Act and investigates
the process used for passage of the legislation, identifies the components that were most important in the passage of the bill, and understands the sources of conflict and compromise between and among the key participants.

Validity of the Research Methods

Qualitative research based on oral history interviews seeks to document the personal experience or knowledge of a select group of individuals. Accordingly, Gall, Borg, and Gall (1996) stated that “historical research helps educators understand the present condition of education by shedding light on the past” (p. 643). However, to form a framework of validity for a qualitative research study, four criteria are typically evaluated (Trochim, 2006):

1. Credibility – Is the data from the research deemed to be credible or believable from the perspective of the participant in the research?

2. Transferability – Can the data of qualitative research be generalized or transferred to other contexts or settings?

3. Dependability – Can the data be replicated, and would the same results be obtained?

4. Conformability – Can the results could be confirmed or corroborated by others? (p. 1)

In order to address the questions of validity for the qualitative portion of this study, the scope of the number of individuals to be interviewed was determined not by size but by selecting subjects who could provide primary information regarding the formation of KCTCS. To strengthen the transferability, dependability, and conformability
of this study, the interviews were transcribed verbatim and used as the basis to support
the analysis of this study. The interviews focused gathering historical data in regard to the
development and implementation of the KCTCS funding model and then asked for
subjective opinions regarding the effectiveness of the new funding model in regard to the
equitable distribution of new funding allocations to the 16 community colleges of
KCTCS.

Comparative validity is defined as the appropriateness, meaningfulness, and
usefulness of comparative inferences (Bechger, Wittenboer, Hox, & Glopper, 1999). In
order to ensure the comparative validity of this study, all funding data were obtained
from the historical records of KCTCS and the Council on Postsecondary Education and
public records of the Commonwealth of Kentucky. The comparative method utilized
analytical analysis to generate meaningful patterns, themes, and categories from the data,
resulting in all findings being organized into chronological and thematic categories.

Research Questions

This research study explores the impact of the Kentucky Postsecondary Education
Improvement Act (HB1) on the equitable funding of the KCTCS and the 16
comprehensive community colleges that comprise KCTCS. In order to properly analyze
the effectiveness of Kentucky’s community college system’s funding, the study utilized
the following research questions:

1. To what extent has the distribution of state appropriations been more equitable
to the community colleges of KCTCS, as compared to the other postsecondary
institutions of Kentucky, since the passage of HB1?
2. What were KCTCS’s objectives for the new funding model, and to what extent have objectives been met 10 years later?

3. To what extent has the KCTCS funding model resulted in an equitable funding distribution for state appropriations for individual community colleges?

4. What are the differences the KCTCS funding model has had on the allocations per full-time equivalent (FTE)?

5. Which of the KCTCS colleges have realized the greatest benefit from KCTCS funding model? Which have realized the least benefit? What accounts for the difference?

**Prior Expectations**

Any research study must disclose possible research bias, and from the onset of this study, many persons involved with the implementation of HB1 believed that its passage would improve the funding of community colleges in Kentucky. The basis of this belief was that as the community colleges were to be under the control of the KCTCS, and KCTCS would be comprised of nine equal institutions of higher education (Eastern Kentucky University, Kentucky State University, Morehead State University, Murray State University, Northern Kentucky University, University of Kentucky, KCTCS, University of Louisville, Western Kentucky University) under the auspices of the Council of Postsecondary Education (CPE). The community college system would appropriately share in the general fund allocations administered by the CPE. This study strives to remove this prior expectation and to objectively analyze the data collected to arrive at an
unbiased conclusion in support or in opposition of the hypothesis of the research questions.

**Research Design**

This research study attempts to determine whether a measurable change in funding occurred as the result of the passage of the Kentucky Postsecondary Educational Reform Act. This research study contains both comparative and qualitative methods of data analysis.

Comparative research is a research methodology used to make comparisons across different sets of data, and in this study, the comparative method is utilized to compare the levels of funding for KCTCS and its associated community colleges for the 10-year period, 1998–2008, immediately following the passage of HB1. The comparative approach to data analysis can be either descriptive or experimental, where descriptive research investigates associations between various identifiable variables and the experimental research examines the cause and effect of a situation after a stimulus is inserted into the data set being studied (Hopkins, 2008).

Qualitative research is a methodology that was utilized to gather an in-depth understanding of perceived impact of the passage of HB1. The data from the qualitative method were analyzed utilizing a method referred to as triangulation, which has been explained as “checking information that has been collected from different sources or methods for consistency of evidence across source of data” (Mertens, 2005, p. 255).

The intent of this study is to demonstrate the impact HB1 had on the equitable funding of KCTCS and its community colleges in Kentucky. Each question of the
research project utilizes either comparative analysis or qualitative analysis, or a combination of both research methods. The chart in Figure 3.1 identifies the research methodology associated with the previously listed research questions.

<table>
<thead>
<tr>
<th>Question</th>
<th>Methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. To what extent has the distribution of state appropriations been more equitable to the community colleges of KCTCS, as compared to the other postsecondary institutions of Kentucky, since the passage of HB1?</td>
<td>Comparative</td>
</tr>
<tr>
<td>2. What were KCTCS’s objectives for the new funding model, and to what extent have objectives been met 10 years later?</td>
<td>Qualitative</td>
</tr>
<tr>
<td>3. To what extent has the KCTCS funding model resulted in an equitable funding distribution for state appropriations for individual community colleges?</td>
<td>Comparative</td>
</tr>
<tr>
<td>4. What are the differences the KCTCS funding model has had on the allocation per full-time equivalent (FTE)?</td>
<td>Comparative</td>
</tr>
<tr>
<td>5. Which of the KCTCS colleges have realized the greatest benefit from the KCTCS funding model? Which have had the least benefit? What accounts for the difference?</td>
<td>Qualitative and Comparative</td>
</tr>
</tbody>
</table>

Figure 3.1 Research Questions

Data Collection

Prior to the beginning of the data collection process that comprised this study, approval was received for the concept of the study from the Mississippi State University dissertation committee. After receiving approval from the dissertation committee to proceed with the proposed research, a submission was made and approval was received from the Institutional Review Board (IRB) for the Protection of Human Subjects in Research of Mississippi State University to conduct the study (see Appendix A).
With the approval of the dissertation committee and IRB, data were obtained from two distinct sources. The historical data utilized by the comparative analysis method supporting the funding component of Kentucky’s community colleges, from the period of 1998 through 2008, were extracted from public records available from the Council on Postsecondary Education, the KCTCS, and the Commonwealth of Kentucky. The comparative analysis of the historical data has the advantage of allowing a variety of statistical techniques, which allowed the researcher to objectively reach conclusions with a certain level of confidence.

The qualitative data collected were comprised of oral history interviews with various individuals involved in the passage of the 1997 Postsecondary Education Reform Act. A listing of the individuals interviewed for this project is displayed in Figure 3.2.
## Figure 3.2 Interview Participants

The individuals selected to be interviewed were given a brief overview of the study and were then scheduled for an in-depth interview at the convenience of the participant and at a mutually agreeable location. At the interview, each participant was given an informed consent form, which explained the nature of the study, granted the researcher use of the information obtained from the interview, and also granted permission to be videotaped. Each interview was guided by an interview protocol developed from the conceptual framework for the study. The interviews consisted of

<table>
<thead>
<tr>
<th>Participant</th>
<th>Role of Significance</th>
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</thead>
<tbody>
<tr>
<td>Governor Paul Patton</td>
<td>Former Governor of the Commonwealth of Kentucky</td>
</tr>
<tr>
<td></td>
<td>Current Chairman of the CPE</td>
</tr>
<tr>
<td></td>
<td>Current President, Pikeville College</td>
</tr>
<tr>
<td>Dr. Michael McCall</td>
<td>Founding and Current President of the Kentucky Community and Technical College System</td>
</tr>
<tr>
<td>Mr. Ken Walker</td>
<td>Current Vice President of Finance and Facilities</td>
</tr>
<tr>
<td></td>
<td>Kentucky Community and Technical College System</td>
</tr>
<tr>
<td>Mr. Doug Roberts</td>
<td>Current System Director of Budget and Financial Planning</td>
</tr>
<tr>
<td></td>
<td>Kentucky Community and Technical College System</td>
</tr>
<tr>
<td>Mr. Wendell Followell</td>
<td>Current System Director of Business Services</td>
</tr>
<tr>
<td></td>
<td>Kentucky Community and Technical College System</td>
</tr>
<tr>
<td></td>
<td>Former Vice Chancellor for Business Affairs</td>
</tr>
<tr>
<td>Dr. W. Bruce Ayers</td>
<td>Current President, Southeast Community and Technical College</td>
</tr>
<tr>
<td></td>
<td>Kentucky Community and Technical College System</td>
</tr>
<tr>
<td>Dr. Anthony L. Newberry</td>
<td>Current President, Jefferson Community and Technical College</td>
</tr>
<tr>
<td></td>
<td>Kentucky Community and Technical College System</td>
</tr>
<tr>
<td>Mr. Jim Byford</td>
<td>Former Director Budget and Financial Planning, KCTCS</td>
</tr>
<tr>
<td></td>
<td>Former Director, Financial and Administrative Services Cabinet for Workforce Development</td>
</tr>
</tbody>
</table>
open-ended questions specifically designed to encourage detailed information regarding the passage of HB1 and its impact on the funding of Kentucky’s postsecondary educational institutions. The interviews were videotaped in order to allow for review of accuracy of data and also to view the body language of the participants. After the interviews, the video interviews were transcribed, and participants received a copy of the interview transcript at a later date to verify the accuracy of the information offered in the interview.

**Data Analysis**

The data collected for this study are both comparative and qualitative, and as a result, each set of data was analyzed in an appropriate manner. The majority of the comparative data were analyzed utilizing basic comparative tests to determine any statistical difference. However, to examine any possible correlation between FTE and the public funds allocated to the colleges of KCTCS; the statistical software, SPSS, was utilized to determine if any significant relationships could be identified among FTE and the colleges.

The qualitative data used in this study were analyzed through descriptive coding of field notes and contact summary sheets for each interview, comparing coding categories between the different interviews, identifying patterns contained with the explanations of the difference interviews, and finally, generating conclusions based on the data collected through the qualitative research method.
Summary

The comparative and qualitative methods design of the study proved to be a reliable and valid design to measure the effectiveness of HB1. Historical data related to FTE and credit-hour funding were analyzed within a comparative model utilizing basic comparative tests to determine any statistical differences. The qualitative data utilized in the study added to the body of knowledge presented herein and were associated with the benefits, issues, and impact of the passage of HB1.
CHAPTER IV
FINDINGS

This chapter presents the findings of the research regarding the development of the KCTCS funding model and the equity of funding for the community colleges within KCTCS. The first part of the chapter utilizes comparative analysis to examine the funding of KCTCS from the Council on Postsecondary Education during the first 10 years of KCTCS, in order to determine if a suitable basis of state appropriation increases existed to allow a fair assessment of the KCTCS Public Funds Allocation Model. Next, a descriptive review of the components that comprise the Public Funds Allocation Model gives a foundation for the comparative analysis utilized to determine the effectiveness of the model in meeting the objective of equitable and adequate funding to KCTCS’s 16 individual colleges. In addition, through the use of oral histories, the qualitative method is utilized to analyze the opinions of key individuals in regard to significant changes they observed, which colleges were most affected, and the overall impact of the new funding model. Finally, the chapter concludes with a summary.

Comparative Analyses

The comparative portion of this study provides analytical data and information regarding the development and implementation of the KCTCS equity funding model. These data helped to identify any existing trends or correlations contained within the
historical financial data obtained for this study. The comparative results of the research follow.

*KCTCS Funding from CPE (1999–2009)*

The Council on Postsecondary Education (CPE) is responsible for working in conjunction with the nine public postsecondary institutions to develop and submit funding recommendations that are to be aligned with the goals of the Postsecondary Education Reform Act of 1997. The authority for the CPE to coordinate the funding allocations for the public postsecondary institutions comes from the powers and duties section of Kentucky Revised Statute (KRS) 164.020, which reads as follows:

Devise, establish, and periodically review and revise policies for making funding recommendations. The CPE has “sole discretion” over the development of policies for the allocation of funds with advice from the Strategic Committee on Postsecondary Education (SCOPE) and the presidents. The CPE coordinates the biennial budget process. KRS 164.020. (Council on Postsecondary Education [CPE], 2009, p. 7)

When completed by CPE, these recommendations are submitted to the Governor and the General Assembly for inclusion in the biennial budget for the Commonwealth of Kentucky. After a budget is approved by the General Assembly and signed by the Governor, CPE is then responsible for tracking the flow of state allocations to the nine postsecondary institutions.

After the passage of HB1, the Council on Postsecondary Education initiated the oversight of the annual funding of the nine postsecondary education institutions based on
the Commonwealth’s biennial budgeting process. In 1997, the council started with an appropriation allocation of $868,694,000 for the nine postsecondary institutions. The appropriated amount for these institutions grew to $962,903,000 in 2003, a 9.8% increase during the first 5 years. During the next 5 years, the state appropriations for the CPE postsecondary institutions continued to grow, and in 2009, the institutions were funded with state appropriations totaling $1,079,619,000, an 11.1% increase during the second 5 years, which equated to a cumulative increase of 19.5% since the passage of the 1997 Postsecondary Education Reform Act. The chart in Figure 4.1 illustrates the annual percentage of total appropriation funding received by the nine postsecondary education institutions under the control of the CPE for the first 10 years after the passage of HB1.

![Chart: CPE State Appropriation Allocations](image)

**Figure 4.1** CPE State Appropriation Allocations

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Within the allocation of postsecondary education funding, KCTCS received an average proportional amount of 19.3% of the total appropriation. In the initial year after the passage of HB1, the Council on Postsecondary Education distributed to KCTCS a state allocation of $158,684,000, with an average annual growth rate of 3.6% over the first 10 years resulting in a 2007–2008 state appropriation of $221,844,000. The chart in Figure 4.2 illustrates the growth of the appropriation received by KCTCS during the first 10 years subsequent to the passage of HB1.

Figure 4.2  KCTCS Appropriation from CPE Subsequent to Passage of HB1
During the first 5 years after the passage of HB1, KCTCS distributed its state appropriation based on historical data, then proportionally adding a percentage of any new funding. During this period, the state allocation grew from $158,684,000 in FY 1997–1998 to $185,313,000 in FY 2002–2003: a 5-year increase of 14.4% or $26,629,000.

In FY 2003–2004, KCTCS implemented its new Public Funds Allocation Model. The model had been designed to distribute any new increases in the state appropriation in an equitable manner based on formula calculations. Under the implementation plan, the base budgets would remain constant, and over time the new equity model would allow incremental equalization of funding based on the parameters contained in the allocation model. With the implementation of this model, FY 2003–2004 provided the base year for evaluating the effectiveness of the new model with the funding level for KCTCS at $184,493,000; however, in the fiscal years of 2004–2005, 2005–2006, and 2006–2007, the Commonwealth of Kentucky implemented a various level of recurring state appropriation cuts to postsecondary education. While taking these recurring general fund allocation reductions into consideration from the FY 2003–2004 budgets to the FY 2007–2008 budgets, the KCTCS state appropriation grew to a total allocation of $221,844,000, an increase of 16.8%. The chart in Figure 4.3 illustrates the increase to KCTCS in comparison to the other postsecondary institutions within the Commonwealth between the fiscal years of 1998–1999 and 2007–2008.
Figure 4.3 illustrates the growth of funding for KCTCS in comparison to the eight other institutions under the direction of the Council for Postsecondary Education. Given a state appropriation growth of $26,629,000 (14.4%) during the first 5 years prior to the implementation and a state appropriation growth of $37,351,000 (16.8%) after the implementation of the new funding model; analysis of the data indicated that the $63,980,000 increase in state appropriations was sufficient to evaluate the effectiveness of the new fund model implemented by the Kentucky Community and Technical College System. Analyses of the distribution of these new funds to the individual colleges by KCTCS were utilized to determine the following:

1. If any significant changes were realized in college funding
2. Which of the colleges had been least and most affected
3. What was the overall impact

Funding from the KCTCS to the 16 Colleges

In the Commonwealth of Kentucky’s budget, which was passed immediately after the passage of the HB1, the council postsecondary institutions under the guidance of the CPE received a total of $868,694,000 in state appropriations. Ten years later, those nine postsecondary institutions had budgetary appropriations that totaled $1,079,619,000 in 2008. One of those institutions receiving funding from the legislature was the KCTCS, which received $221,844,000 in 2008 versus an appropriation of $158,684,000 in 1997 for an average annual increase of 3.6% and a compounded overall increase during the period 10 years of 28.5%. These overall and average increases to KCTCS’s funding were realized and reflected, despite state budget appropriation reductions in the fiscal years of 2000, 2002, 2004, 2005, and 2006 (CPE, 2010).

During the first years of KCTCS, the individual colleges within the system were funded utilizing a historical base, then a proportional division of any new state appropriations. This method of new appropriation allocation was utilized until the new KCTCS funding formula was adopted in 2003–2004 (KCTCS Board of Regents, 2003).
With the adoption of this formula, three rules also were adopted: (a) the recurring public funds base would not be taken from one college and allocated to another, (b) the first portion of the formula would provide a proportional increase for each college, and (c) a second calculation would be utilized to distribute the remainder of the new allocation based on a pure equity method (Walker, 2003). The logic to this method was that the inequities of the funding of the various colleges could not be corrected with an immediate redistribution of funding but could only be corrected over an extended period of time. This extended period of time would allow the individual colleges to adjust the cost of their operations based upon the trend of funding that the new model was affording. As one of the key principles of the public funds allocation model, the equity model would only be utilized when new state appropriations were available. After the model was implemented in 2003, recurring budget cuts were made to the recurring base in the years of 2004 (KCTCS, 2003-2004) and 2008 (KCTCS, 2007-2008), and as a result, new funds were only available for distribution in the years of 2003 (KCTCS, 2002-2003), 2005 (KCTCS, 2004-2005), 2006 (KCTCS, 2005-2006), and 2007 (KCTCS, 2006-2007). Figure 4.4 identifies the location of each of the 16 colleges of funded by KCTCS.
Comparisons of allocations to these 16 colleges, prior to and after the implementation of the KCTCS funding model, allowed any extending trends in funding equity to be identified, as a result of the funding model implementation. The findings of these analyses for the 16 colleges can now be examined.

Ashland Community and Technical College

Ashland Community and Technical College (ACTC) is located in the foothills of Kentucky and is a KCTCS college that was founded from the merger of Ashland Community College and Ashland Vocational School. In 1999 the public funds budget of these two entities was $11,781,200, of which $2,658,200 (22.6%) was comprised of tuition and $9,123,000 (77.4%) was state appropriation. Between the fiscal years of 1999–2000 and 2002–2003, ACTC had an average funding growth of 4.9%, resulting in a FY 2003 public funds availability of $13,737,900, comprised of $4,523,700 (32.9%) in tuition receipts and $9,214,200 (67.1%) in state appropriations.

With the adoption of the KCTCS Public Funds Allocation Model in February 2003 and the plan to utilize the model to allocate any new appropriations to the individual colleges beginning in the 2004 fiscal year, Ashland’s public funds availability grew from a total public funds appropriation in 2004 of $14,462,400 to a total of $16,996,800 in FY 2009. During the time frame after the implementation of the funding model, the college experienced an average public funds growth of 3.4%. Figure 4.5 provides an illustration of the funding trend for public funds allocations to Ashland Community and Technical College from FY 2000 to FY 2009. This figure also illustrates the convergence of tuition
and state appropriations during this 10 year funding period, resulting in an institution that is equally dependent on the two funding sources at the end of the 10 year analysis.

![Graph of Ashland Community and Technical College fund allocations]

**Figure 4.5 Public Fund Allocations for ACTC**

During these 10 years, as the public funds availability increased from $11,781,200 to $16,996,800, an average annual increase of 3.9%, there was a significant shift in the composition of those funds. In 1999 the state appropriations and tuition were at levels of 77.4% and 22.6% respectfully; however, in 2008 the tuition component grew to 50.8% of public funds availability, while state appropriations comprised the balance of 49.2%.

**Big Sandy Community and Technical College**

Big Sandy Community and Technical College (BSCTC) is located in eastern Kentucky, primarily serving the counties of Floyd, Johnson, Magoffin, Martin, and Pike, and is a KCTCS college that was founded from the merger of Prestonsburg Community College and Mayo State Vocational School. In 1999 the public funds budget of these two
entities was $13,318,000, of which $3,279,200 (24.6%) was comprised of tuition and $10,038,800 (75.4%) was state appropriation. Between the fiscal years of 1999–2000 and 2002–2003, BSCTC had an average growth of 2.7%, resulting in a FY 2003 public funds availability of $14,495,300, comprised of $4,651,100 (32.1%) in tuition receipts and $9,844,200 (67.9%) in state appropriations.

With the adoption of the KCTCS Public Funds Allocation Model in February 2003 and the plan to utilize the model to allocate any new appropriations to the individual colleges beginning in the 2004 fiscal year, Big Sandy’s public funds availability grew from a total public funds appropriation in 2004 of $15,482,100 to a total of $18,778,000 in FY 2009. During the time frame after the implementation of the funding model, the college experienced an average public funds growth of 4.2%. Figure 4.6 provides an illustration of the funding trend for public funds allocations, and the convergence of tuition and state appropriations, to Big Sandy from FY 2000 to FY 2009.

![Big Sandy Community and Technical College](image)

**Figure 4.6** Public Fund Allocations for BSCTC

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During these 10 years, as the public funds availability increased from $13,318,000 to $18,778,000, an average annual increase of 3.7%, there was a significant shift in the composition of those funds. In 1999 the state appropriations and tuition were at levels of 75.4% and 24.6% respectfully; however, in 2008 the tuition component grew to 52.9% of public funds availability, while state appropriations comprised the balance of 47.1%.

Bluegrass Community and Technical College

Bluegrass Community and Technical College (BCTC) is located in Lexington, KY, and is a KCTCS college that was founded from the merger of Lexington Community College (LCC) and Central Kentucky State Vocational School (CKSVS) during the 2004–2005 fiscal year. In 1999 the public funds budget allocated to the CKSVS portion of the college was $8,169,700, of which $2,952,700 (36.1%) was comprised of tuition and $5,217,000 (63.9%) was state appropriation. Between the fiscal years of 1999–2000 and 2002–2003, CKSVS had an average growth of 5.6%, resulting in a FY 2003 public funds availability of $9,809,600, comprised of $4,096,200 (41.8%) in tuition receipts and $5,713,400 (58.2%) in state appropriations.

With the adoption of the KCTCS Public Funds Allocation Model in February 2003 and the plan to utilize the model to allocate any new appropriations to the individual colleges beginning in the 2004 fiscal year, Central Kentucky’s public funds availability grew from a total public funds appropriation in 2004 of $11,554,700. In 2004–2005 LCC was consolidated with CKSVS to form BCTC. Beginning in that year, the new consolidated college had a public funds allocation of $36,950,500 ($24,639,600 in tuition and $12,310,900 in public funds), and in FY 2009 the college had public funds
availability in the amount of $40,866,415. During the time frame after the consolidation, 1 year after the funding model was implemented; Bluegrass experienced an average public funds growth of 15.6%. Figure 4.7 provides an illustration of the funding trend for state appropriations, tuition, and public funds allocations to Bluegrass Community and Technical College from FY 2000 to FY 2009.

![Figure 4.7 Public Fund Allocations for BCTC](image)

As previously discussed, when Bluegrass Community and Technical College was originally formed from HB1, its allocation of public funds was obtained from the former Central Kentucky State Vocational School. From FY 1999 to FY 2003, BCTC’s funding increased from $8,169,700 to total of $40,866,415 for an average annual increase of 12.2%. When LCC was added to KCTCS and consolidated into BCTC in 2004–2005, BCTC received a public funds transfer on behalf of LCC, which was estimated at $18,533,500. That one time transfer of funds was allocated with 73% ($18,533,500)
derived from tuition and 27% ($6,862,300) derived from state appropriations. This addition to KCTCS, and in turn to BCTC, skewed BCTC to a college highly dependent on tuition receipts, as illustrated in Figure 4.7. In 1999 the state appropriations and tuition were at levels of 63.9% and 36.1% respectfully; however, after the consolidation of LCC in 2004–2005, the levels had shifted to 33.3% (state appropriations) and 66.7% (tuition). From the consolidation in 2004–2005 until 2008, BCTC grew at an average rate of 2.3%, and the public funds were composed of 33.8% state appropriations and 66.2% tuition.

Bowling Green Technical College

Bowling Green Technical College (BGTC) is located in south central Kentucky, within the city of Bowling Green. BGTC was one of two state vocational–technical schools that was not consolidated with a former community college from the University of Kentucky.

In 1999 the public funds budget of these two entities was $5,752,000, of which $950,200 (16.5%) was comprised of tuition and $4,801,800 (83.5%) was state appropriation. Between the fiscal years of 1999–2000 and 2002–2003, BSCTC had an average growth of 6.7%, resulting in a FY 2003 public funds availability of $7,094,400, comprised of $1,940,600 (27.4%) in tuition receipts and $5,153,800 (72.6%) in state appropriations.

With the adoption of the KCTCS Public Funds Allocation Model in February 2003 and the plan to utilize the model to allocate any new appropriations to the individual colleges beginning in the 2004 fiscal year, Bowling Green’s public funds availability grew from a total public funds appropriation in 2004 of $7,389,500 to a total of
$11,360,102 in FY 2009. During the time frame after the implementation of the funding model, the college experienced an average public funds growth of 7.5%. Figure 4.8 provides an illustration of the funding trend for public funds allocations to Bowling Green Technical College from FY 2000 to FY 2009. This figure also illustrates that the funding gap between tuition and state appropriations during this ten year funding period, unlike many of the other community colleges within KCTCS, has not shown a significant movement toward convergence of the two funding sources.

![Figure 4.8](image)

**Figure 4.8  Public Fund Allocations for BGTC**

During these 10 years, as the public funds availability increased from $5,752,000 to $11,360,102, an average annual increase of 7.2%, there was a moderate shift in the composition of those funds. In 1999 the state appropriations and tuition were at levels of 83.5% and 16.5% respectfully; however, in 2008 the tuition component grew to 39.6% of public funds availability, while state appropriations comprised the balance of 60.4%.
Elizabethtown Community and Technical College

Elizabethtown Community and Technical College (ECTC) is located in the north central area of Kentucky, near the Fort Knox military base, and is a KCTCS college that was founded from the merger of Elizabethtown Community College and Elizabethtown State Vocational School. In 1999 the public funds budget of these two entities was $12,958,300, of which $4,069,600 (31.4%) was comprised of tuition and $8,888,700 (68.6%) was state appropriation. Between the fiscal years of 1999–2000 and 2002–2003, ECTC had an average growth of 6.8%, resulting in a FY 2003 public funds availability of $16,032,500, comprised of $7,474,600 (44.3%) in tuition receipts and $9,958,700 (55.7%) in state appropriations.

With the adoption of the KCTCS Public Funds Allocation Model in February 2003 and the plan to utilize the model to allocate any new appropriations to the individual colleges beginning in the 2004 fiscal year, Elizabethtown’s public funds availability grew from a total public funds appropriation in 2004 of $16,891,700 to a total of $19,907,507 in FY 2009. During the time frame after the implementation of the funding model, the college experienced an average public funds growth of 3.5%. Figure 4.9 provides an illustration of the funding trend for public funds allocations to Elizabethtown Community and Technical College from FY 2000 to FY 2009. This figure also illustrates the convergence of tuition and state appropriations during this ten year funding period, resulting in an institution that is more equally dependent on the two funding sources.
During these 10 years, as the public funds availability increased from $12,958,300 to $19,907,507, an average annual increase of 4.6%, there was a significant shift in the composition of those funds. In 1999 the state appropriations and tuition were at levels of 68.6% and 31.4% respectfully; however, in 2008 the tuition component grew to 55.6% of public funds availability, while state appropriations comprised the balance of 44.4%.

Gateway Community and Technical College

Gateway Community and Technical College (GCTC) is located in northern Kentucky, near Cincinnati, OH. GCTC was one of two state vocational technical schools that were not consolidated with a former community college from the University of Kentucky. In 1999 the public funds budget of this entity was $5,814,800, of which $1,111,600 (19.1%) was comprised of tuition and $4,703,200 (80.9%) was state appropriation. Between the fiscal years of 1999–2000 and 2002–2003, GCTC had an
average growth of 6.2%, resulting in a FY 2003 public funds availability of $7,054,100, comprised of $2,012,300 (28.5%) in tuition receipts and $5,041,800 (71.5%) in state appropriations.

With the adoption of the KCTCS Public Funds Allocation Model in February 2003 and the plan to utilize the model to allocate any new appropriations to the individual colleges beginning in the 2004 fiscal year, Gateway’s public funds availability grew from a total public funds appropriation in 2004 of $7,952,300 to a total of $12,722,804 in FY 2009. During the time frame after the implementation of the funding model, the college experienced an average public funds growth of 9.3%. Figure 4.10 provides an illustration of the funding trend for public funds allocations to Gateway Community and Technical College from FY 2000 to FY 2009.

![Gateway Community and Technical College](image)

Figure 4.10 Public Fund Allocations for GCTC

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During these 10 years, as the public funds availability increased from $5,814,800 to $12,722,804, an average annual increase of 8.3%, there was a moderate shift in the composition of those funds. In 1999 the state appropriations and tuition were at levels of 80.9% and 19.1% respectfully; however, in 2008 the tuition component grew to 45.7% of public funds availability, while state appropriations comprised the balance of 54.3%.

Hazard Community and Technical College

Hazard Community and Technical College (HCTC) is located in eastern Kentucky and is a KCTCS college that was founded from the merger of Hazard Community College and Hazard State Vocational School. In 1999 the public funds budget of these two entities was $12,778,600, of which $3,037,000 (21.2%) was comprised of tuition and $10,069,700 (78.8%) was state appropriation. Between the fiscal years of 1999–2000 and 2002–2003, HCTC had an average growth of 5.7%, resulting in a FY 2003 public funds availability of $15,259,900, comprised of $4,846,300 (31.8%) in tuition receipts and $10,413,600 (68.2%) in state appropriations.

With the adoption of the KCTCS Public Funds Allocation Model in February 2003 and the plan to utilize the model to allocate any new appropriations to the individual colleges beginning in the 2004 fiscal year, Hazard’s public funds availability grew from a total public funds appropriation in 2004 of $16,657,000 to a total of $18,161,400 in FY 2009. During the time frame after the implementation of the funding model, the college experienced an average public funds growth of 2.8%. Figure 4.11 provides an illustration of the funding trend for public funds allocations to Hazard Community and Technical College from FY 2000 to FY 2009.
During these 10 years, as the public funds availability increased from $12,778,600 to $18,161,400, an average annual increase of 3.8%, there was a gradual shift in the composition of those funds. In 1999 the state appropriations and tuition were at levels of 78.8% and 21.2% respectfully; however, in 2008 the tuition component grew to 65.2% of public funds availability, while state appropriations comprised the balance of 34.8%.

Henderson Community College

Henderson Community College (HeCC) is located on the banks of the Ohio River in western Kentucky and is a KCTCS college that was not consolidated with any other community college or state vocational school. In 1999 the public funds budget of this entity was $6,744,300, of which $1,091,100 (16.2%) was comprised of tuition and $5,653,200 (83.8%) was state appropriation. Between the fiscal years of 1999–2000 and
2002–2003, HeCC had an average growth of 2.5%, resulting in a FY 2003 public funds availability of $7,314,600, comprised of $1,797,500 (24.6%) in tuition receipts and $5,517,100 (75.4%) in state appropriations.

With the adoption of the KCTCS Public Funds Allocation Model in February 2003 and the plan to utilize the model to allocate any new appropriations to the individual colleges beginning in the 2004 fiscal year, Henderson’s public funds availability grew from a total public funds appropriation in 2004 of $7,721,000 to a total of $9,570,743 in FY 2009. During the time frame after the implementation of the funding model, the college experienced an average public funds growth of 4.2%. Figure 4.12 illustrates the funding trend for public funds allocations to Henderson Community College.

![Henderson Community College](image)

**Figure 4.12 Public Fund Allocations for HeCC**

During these 10 years, as the public funds availability increased from $6,744,300 to $9,570,743, an average annual increase of 3.6%, there was a significant shift in the
composition of those funds. In 1999 the state appropriations and tuition were at levels of 83.8% and 16.2% respectfully; however, in 2008 the tuition component grew to 47.7% of public funds availability, while state appropriations comprised the balance of 52.3%.

Hopkinsville Community College

Hopkinsville Community College (HoCC) is located in the southwestern portion of Kentucky, near the Fort Campbell military base, and was not consolidated with any other community college or state vocational school. In 1999 the public funds budget of the college was $7,676,800, of which $1,091,100 (16.2%) was comprised of tuition and $5,052,700 (66.3%) was state appropriation. Between the fiscal years of 1999–2000 and 2002–2003, HoCC had an average growth of 8.6%, resulting in a FY 2003 public funds availability of $10,106,900, comprised of $3,778,500 (37.4%) in tuition receipts and $6,328,400 (62.6%) in state appropriations.

With the adoption of the KCTCS Public Funds Allocation Model in February 2003 and the plan to utilize the model to allocate any new appropriations to the individual colleges beginning in the 2004 fiscal year, Hopkinsville’s public funds availability grew from a total public funds appropriation in 2004 of $10,631,000 to a total of $12,394,500 in FY 2009. During the time frame after the implementation of the funding model, the college experienced an average public funds growth of 3.3%. Figure 4.13 provides an illustration of the funding trend for public funds allocations to Hopkinsville Community College from FY 2000 to FY 2009. This figure also illustrates the convergence of tuition and state appropriations during the first six years of funding, and identifies the institution as becoming more tuition dependent during the last four years of the study.
Figure 4.13  Public Fund Allocations for HoCC

During these 10 years, as the public funds availability increased from $7,676,800 to $12,394,500, an average annual increase of 5.1%, there was a significant shift in the composition of those funds. In 1999 the state appropriations and tuition were at levels of 66.3% and 33.7% respectfully; however, in 2008 the tuition component grew to 58.7% of public funds availability, while state appropriations comprised the balance of 41.3%.

Jefferson Community and Technical College

Jefferson Community and Technical College (JCTC) is located in the metropolitan area of Louisville, KY, and is a KCTCS college that was founded from the merger of Jefferson Community College and Jefferson State Vocational School. In 1999 the public funds budget of these two entities was $28,304,200, of which $9,110,000 (32.2%) was comprised of tuition and $19,194,200 (67.8%) was state appropriation.
Between the fiscal years of 1999–2000 and 2002–2003, HCTC had an average growth of 4.7%, resulting in a FY 2003 public funds availability of $32,845,600, comprised of $13,131,300 (40.0%) in tuition receipts and $19,714,300 (60.0%) in state appropriations.

With the adoption of the KCTCS Public Funds Allocation Model in February 2003 and the plan to utilize the model to allocate any new appropriations to the individual colleges beginning in the 2004 fiscal year, Jefferson’s public funds availability grew from a total public funds appropriation in 2004 of $34,083,400 to a total of $49,278,606 in FY 2009. After the implementation of the funding model, the college experienced an average public funds growth of 6.5%. Figure 4.14 provides an illustration of the funding trend for public funds allocations to Jefferson Community College from FY 2000 to FY 2009.

![Figure 4.14 Public Fund Allocations for JCTC](image-url)
During these 10 years, as the public funds availability increased from $28,304,200 to $49,278,606, an average annual increase of 5.9%, there was a significant shift in the composition of those funds. In 1999 the state appropriations and tuition were at levels of 67.8% and 32.2% respectfully; however, in 2008 the tuition component grew to 57.9% of public funds availability, while state appropriations comprised the balance of 42.1%.

Madisonville Community College

Madisonville Community College (MCC) is located in the central portion of western Kentucky and is a KCTCS college that was founded from the merger of Madisonville Community College and Madisonville State Vocational School. In 1999 the public funds budget of these two entities was $12,709,600, of which $3,075,800 (24.2%) was comprised of tuition and $9,633,800 (75.8%) was state appropriation. Between the fiscal years of 1999–2000 and 2002–2003, MCC experienced a decrease in growth of a negative 1.7%, resulting in a FY 2003 public funds availability of $12,314,300, comprised of $4,010,300 (32.6%) in tuition receipts and $8,304,000 (67.4%) in state appropriations. This overall reduction in public funds was attributed to a negative 15.6% reduction in public funds, primarily related to a reduction in the enrollment of students from the Fort Campbell military base.

With the adoption of the KCTCS Public Funds Allocation Model in February 2003 and the plan to utilize the model to allocate any new appropriations to the individual colleges beginning in the 2004 fiscal year, Madisonville’s public funds availability grew from a total public funds appropriation in 2004 of $12,850,100 to a total of $15,619,348 in FY 2009. During the time frame after the implementation of the funding model, the
college experienced an average public funds growth of 3.8%. Figure 4.15 provides an illustration of the funding trend for public funds allocations to Madisonville Community College from FY 2000 to FY 2009.

![Madisonville Community College](image)

**Figure 4.15   Public Fund Allocations for MCC**

During these 10 years, as the public funds availability increased from $12,709,600 to $15,619,348, an average annual increase of 2.0%, there was a moderate shift in the composition of those funds. In 1999 the state appropriations and tuition were at levels of 75.8% and 24.2% respectfully; however, in 2008 the tuition component grew to 49.5% of public funds availability, while state appropriations comprised the balance of 50.5%.

**Maysville Community and Technical College**

Maysville Community and Technical College (MCTC) is located in the northern Kentucky area on the Ohio River and is a KCTCS college that was founded from the
merger of Maysville Community College and Rowan State Vocational School. In 1999 the public funds budget of these two entities was $8,320,800, of which $1,942,100 (23.3%) was comprised of tuition and $6,378,700 (76.7%) was state appropriation.

Between the fiscal years of 1999–2000 and 2002–2003, MCTC had an average growth of 4.6%, resulting in a FY 2003 public funds availability of $9,587,900, comprised of $2,776,800 (29.0%) in tuition receipts and $6,811,100 (71.0%) in state appropriations.

With the adoption of the KCTCS Public Funds Allocation Model in February 2003 and the plan to utilize the model to allocate any new appropriations to the individual colleges beginning in the 2004 fiscal year, Maysville’s public funds availability grew from a total public funds appropriation in 2004 of $11,493,200 to a total of $16,405,661 in FY 2009. During the time frame after the implementation of the funding model, the college experienced an average public funds growth of 8.4%, as illustrated in Figure 4.16.

![Figure 4.16  Public Fund Allocations for MCTC](image)

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During these 10 years, as the public funds availability increased from $8,320,800 to $16,405,661, an average annual increase of 7.1%, there was a significant shift in the composition of those funds. In 1999 the state appropriations and tuition were at levels of 76.7% and 23.3% respectfully; however, in 2008 the tuition component grew to 49.3% of public funds availability, while state appropriations comprised the balance of 50.7%.

Owensboro Community and Technical College

Owensboro Community and Technical College (OCTC) is located on the banks of the Ohio River at the eastern edge of Kentucky’s western coal field region and is a KCTCS college that was founded from the merger of Owensboro Community College and Owensboro State Vocational School. In 1999 the public funds budget of these two entities was $11,211,200, of which $2,885,500 (25.7%) was comprised of tuition and $8,325,700 (74.3%) was state appropriation. Between the fiscal years of 1999–2000 and 2002–2003, OCTC had an average growth of 4.6%, resulting in a FY 2003 public funds availability of $12,940,500, comprised of $4,678,700 (36.2%) in tuition receipts and $8,261,800 (69.8%) in state appropriations.

With the adoption of the KCTCS Public Funds Allocation Model in February 2003 and the plan to utilize the model to allocate any new appropriations to the individual colleges beginning in the 2004 fiscal year, Owensboro’s public funds availability grew from a total public funds appropriation in 2004 of $14,258,300, to a total of $16,413,543 in FY 2009. During the time frame after the implementation of the funding model, the college experienced an average public funds growth of 3.7%. Figure 4.17 provides an
illustration of the funding trend for public funds allocations to Owensboro Community and Technical College from FY 2000 to FY 2009.

![Graph showing public fund allocations for OCTC](image)

**Figure 4.17** Public Fund Allocations for OCTC

During these 10 years, as the public funds availability increased from $11,211,200 to $16,413,543, an average annual increase of 4.0%, there was a significant shift in the composition of those funds. In 1999 the state appropriations and tuition were at levels of 74.3% and 25.7% respectfully; however, in 2008 the tuition component grew to 43.1% of public funds availability, while state appropriations comprised the balance of 56.9%.

Somerset Community College

Somerset Community College (SCC) is located in the south central region of Kentucky, near Lake Cumberland, and is a KCTCS college that was founded from the merger of Somerset Community College, Somerset State Vocational School, and Laurel
State Vocational School. In 1999 the public funds budget of these three entities was $14,268,000, of which $3,879,100 (27.2%) was comprised of tuition and $10,388,900 (72.8%) was state appropriation. Between the fiscal years of 1999–2000 and 2002–2003, SCC had an average growth of 3.9%, resulting in a FY 2003 public funds availability of $16,063,700, comprised of $5,829,300 (36.3%) in tuition receipts and $10,234,400 (63.9%) in state appropriations.

With the adoption of the KCTCS Public Funds Allocation Model in February 2003 and the plan to utilize the model to allocate any new appropriations to the individual colleges beginning in the 2004 fiscal year, Somerset’s public funds availability grew from a total public funds appropriation in 2004 of $18,933,900 to a total of $24,766,798 in FY 2009. During the time frame after the implementation of the funding model, the college experienced an average public funds growth of 6.8%, as illustrated in Figure 4.18.

![Figure 4.18](image)

Figure 4.18 Public Fund Allocations for SCC
During these 10 years, as the public funds availability increased from $14,268,000 to $24,766,798, an average annual increase of 5.9%, there was a significant shift in the composition of those funds. In 1999 the state appropriations and tuition were at levels of 72.8% and 27.2% respectfully; however, in 2008 the tuition component grew to 54.7% of public funds availability, while state appropriations comprised the balance of 45.3%.

Southeast Kentucky Community and Technical College

Southeast Kentucky Community and Technical College (SKCTC) is located in the Cumberland Valley portion of southeastern Kentucky and is a KCTCS college that was founded from the merger of Southeast Community College and Cumberland Valley State Vocational School. In 1999 the public funds budget of these two entities was $13,187,500, of which $3,369,200 (25.5%) was comprised of tuition and $9,818,300 (74.5%) was state appropriation. Between the fiscal years of 1999–2000 and 2002–2003, SKCTC had an average growth of 4.3%, resulting in a FY 2003 public funds availability of $15,080,000, comprised of $10,465,000 (30.6%) in tuition receipts and $8,261,800 (69.4%) in state appropriations.

With the adoption of the KCTCS Public Funds Allocation Model in February 2003 and the plan to utilize the model to allocate any new appropriations to the individual colleges beginning in the 2004 fiscal year, Southeast Kentucky’s public funds availability grew from a total public funds appropriation in 2004 of $16,106,700 to a total of $17,561,715 in FY 2009. During the time frame after the implementation of the funding model, the college experienced an average public funds growth of 2.3%. Figure 4.19

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provides an illustration of the funding trend for public funds allocations to Southeast Kentucky Community and Technical College from FY 2000 to FY 2009.

Figure 4.19  Public Fund Allocations for SKCTC

During these 10 years, as the public funds availability increased from $13,187,500 to $17,561,715, an average annual increase of 3.0%, there was a moderate shift in the composition of those funds. In 1999 the state appropriations and tuition were at levels of 74.5% and 25.5% respectfully; however, in 2008 the tuition component grew to 43.8% of public funds availability, while state appropriations comprised the balance of 56.2%.

West Kentucky Community and Technical College

West Kentucky Community and Technical College (WKCTC) is located in the Jackson Purchase portion of western Kentucky and is a KCTCS college that was founded from the merger of Paducah Community College and West Kentucky State Vocational
School. In 1999 the public funds budget of these two entities was $13,602,000, of which $3,555,400 (26.1%) was comprised of tuition and $10,046,400 (73.9%) was state appropriation. Between the fiscal years of 1999–2000 and 2002–2003, SKCTC had an average growth of 7.9%, resulting in a FY 2003 public funds availability of $17,413,100, comprised of $6,623,900 (38.0%) in tuition receipts and $10,789,200 (62.0%) in state appropriations.

With the adoption of the KCTCS Public Funds Allocation Model in 2003 and the plan to utilize the model to allocate any new appropriations to the individual colleges beginning in the 2004 fiscal year, West Kentucky’s public funds availability grew from a total public funds appropriation in 2004 of $18,430,000, to a total of $21,494,858 in FY 2009. During the time frame after the implementation of the funding model, the college experienced an average public funds growth of 3.4%, as illustrated in Figure 4.20.

![Graph](image)

**Figure 4.20**  Public Fund Allocations for WKCTC
During these 10 years, as the public funds availability increased from $13,602,000 to $21,494,858, an average annual increase of 4.9%, there was a significant shift in the composition of those funds. In 1999 the state appropriations and tuition were at levels of 73.9% and 26.1% respectfully; however, in 2008 the tuition component grew to 53.2% of public funds availability, while state appropriations comprised the balance of 46.8%.

Composite Public Funds of the 16 KCTCS Colleges

The 16 colleges of the KCTCS had 16 distinct college districts in 1999 that had public funds budgets of $186,537,000, of which $49,202,700 (26.4%) was comprised of tuition and $137,334,300 (73.6%) was state appropriation. Between the fiscal years of 1999–2000 and 2002–2003, KCTCS had an average growth of 4.9%, resulting in a FY 2003 public funds availability of $217,150,300, comprised of $75,385,300 (34.7%) in tuition receipts and $141,765,000 (65.3%) in state appropriations.

With the adoption of the KCTCS Public Funds Allocation Model in February 2003 and the plan to utilize the model to allocate any new appropriations to the individual colleges beginning in the 2004 fiscal year, the 16 distinct college districts’ public funds availability grew from a total public funds appropriation in 2004 of $234,897,300 to a total of $322,298,801 in FY 2009. During the time frame after the implementation of the funding model, the colleges of KCTCS experienced an average public funds growth of 6.3%. Figure 4.21 provides an illustration of the composite funding trend for public funds allocations to the community colleges of KCTCS from FY 2000 to FY 2009. This figure also illustrates the convergence of tuition and state appropriations, to the colleges during
this ten year funding period, resulting in an overall funding to the colleges being equally balanced between the two funding sources.

Figure 4.21  Public Fund – 16-College Composite

During these 10 years, as the public funds availability increased from $186,537,000 to $322,298,801, an average annual increase of 5.9%, there was a significant shift in the composition of those funds. In 1999 the state appropriations and tuition were at levels of 73.6% and 26.4% respectfully; however, in 2008 the tuition component grew to 47.1% of public funds availability, while state appropriations comprised the balance of 52.9%.

Public Funds and FTE Production

The 16 colleges of the KCTCS had 16 distinct college districts in 1999 that had public funds budgets of $186,537,000, of which $49,202,700 (26.4%) was comprised of
tuition and $137,334,300 (73.6%) was state appropriation. Between the fiscal years of 1999–2000 and 2002–2003, KCTCS had an average growth of 4.9%, resulting in a FY 2003 public funds availability of $217,150,300, comprised of $75,385,300 (34.7%) in tuition receipts and $141,765,000 (65.3%) in state appropriations. In order to determine any possible correlation among full-time equivalency and the public funds allocated to the colleges of KCTCS; data were obtained through IPEDS for each college, and then comparative statistical analysis was completed to identify any data correlation or trends.

In regard to identifying a funding relationship between full-time equivalency and public fund appropriation, the data for each college are outlined in Table 4.1.

Table 4.1 Public Funds per FTE in Years of New Appropriations

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<td>$9,494</td>
<td>$9,846</td>
<td>$9,789</td>
</tr>
<tr>
<td>OECTC</td>
<td>$8,884</td>
<td>$6,359</td>
<td>$6,211</td>
<td>$5,547</td>
<td>$5,803</td>
<td>$5,773</td>
<td>$6,323</td>
<td>$6,693</td>
<td>$6,462</td>
<td>$6,222</td>
</tr>
<tr>
<td>SCC</td>
<td>$8,770</td>
<td>$6,313</td>
<td>$5,191</td>
<td>$5,139</td>
<td>$5,750</td>
<td>$6,365</td>
<td>$6,751</td>
<td>$6,706</td>
<td>$6,742</td>
<td>$6,930</td>
</tr>
<tr>
<td>SKCTC</td>
<td>$8,454</td>
<td>$7,208</td>
<td>$7,416</td>
<td>$6,940</td>
<td>$7,338</td>
<td>$6,644</td>
<td>$7,488</td>
<td>$9,555</td>
<td>$9,339</td>
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</tr>
<tr>
<td>WKCTC</td>
<td>$8,329</td>
<td>$6,196</td>
<td>$5,843</td>
<td>$5,935</td>
<td>$6,021</td>
<td>$6,008</td>
<td>$6,227</td>
<td>$7,067</td>
<td>$7,701</td>
<td>$7,542</td>
</tr>
</tbody>
</table>
Using the Statistical Package for Social Sciences (SPSS), Pearson product-moment correlations were calculated to examine the strength of relationship between college FTE and the public funds allocations to an individual college. Please see Table 4.2 for details.

Table 4.2  Pearson Correlations for FTE and Funding

<table>
<thead>
<tr>
<th>College</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>Sum of Squares and Cross-products</th>
<th>Covariance</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999-2000</td>
<td>.303</td>
<td>.315</td>
<td>32284.768</td>
<td>2690.397</td>
<td>16</td>
</tr>
<tr>
<td>2001-2002</td>
<td>-.192</td>
<td>.477</td>
<td>-18051.635</td>
<td>-1203.442</td>
<td>16</td>
</tr>
<tr>
<td>2002-2003</td>
<td>-.068</td>
<td>.803</td>
<td>-5453.210</td>
<td>-363.547</td>
<td>16</td>
</tr>
<tr>
<td>2003-2004</td>
<td>.023</td>
<td>.933</td>
<td>1765.480</td>
<td>117.699</td>
<td>16</td>
</tr>
<tr>
<td>2005-2006</td>
<td>-.032</td>
<td>.907</td>
<td>-2727.560</td>
<td>-181.837</td>
<td>16</td>
</tr>
<tr>
<td>2006-2007</td>
<td>-.003</td>
<td>.990</td>
<td>-326.735</td>
<td>-21.782</td>
<td>16</td>
</tr>
<tr>
<td>2007-2008</td>
<td>.027</td>
<td>.922</td>
<td>2583.310</td>
<td>172.221</td>
<td>16</td>
</tr>
</tbody>
</table>

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

In summary, for any year examined, there were only weak (all \( r < .40 \)) relationships between college FTE and public fund allocations. There were, therefore, no correlations of significant magnitude (p. <.05) between a college’s FTE and funding level per given year. There was no correlation between a college’s FTE and public allocations in any year examined.

Public Funds Allocation and KCTCS Colleges’ Compression

In the prior sections of this study, the KCTCS public funds allocation model was examined from two distinct perspectives:
1. An analysis of the funding levels for each of the 16 colleges of KCTCS has been examined, prior to and after the 2003 implementation of the new KCTCS public funds allocation model, in order to identify any trends or shifts in equity funding.

2. An examination of the KCTCS public funds allocation model in comparison to the FTE of student enrollment has been conducted in order to determine any possible relationships between college FTE and funding levels.

The final portion of the comparative analysis examines any possible compression in the difference of funding between the highest-funded college and the lowest-funded college during years that the funding model was utilized.

After being implemented in FY 2004, the funding model was utilized for distribution of new state appropriations in FY 2006, FY 2007, and FY 2008. In order to determine if a noticeable compression between the highest-funded KCTCS college and the lowest-funded KCTCS college, the fiscal years of 2005, 2006, 2007, 2008, and 2009 were utilized; and the comparison of these data is illustrated in Table 4.3.

Table 4.3  State Appropriation Allocations to Funding Model

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>New Funding Available for Utilization in Public Funds Allocation Model $0.00</td>
<td>$5,799,700</td>
<td>$3,700,000</td>
<td>$6,500,000</td>
<td>$0.00</td>
<td></td>
</tr>
<tr>
<td>Highest-Funded</td>
<td>89.7%</td>
<td>85.4%</td>
<td>90.1%</td>
<td>89.3%</td>
<td>89.7%</td>
</tr>
<tr>
<td>Lowest-Funded</td>
<td>40.5%</td>
<td>41.0%</td>
<td>47.7%</td>
<td>64.2%</td>
<td>65.4%</td>
</tr>
</tbody>
</table>
With new state appropriations in 2005–2006 of $5,799,700, the highest-funded community college was at 85.4% of the benchmark figure as calculated by the KCTCS Public Funds Allocation Model, while the lowest-funded institution had moved from 40.5% in 2004–2005 to 41.0% in 2005–2006. After additional $3,700,000 in new state appropriations was received in the 2006–2007 fiscal year, the highest-funded KCTCS community colleges was at 90.1%, while the lowest-funded institution had moved from 41% of the benchmark figure in 2005–2006 to 47.7% in 2006–2007. Finally, in the third consecutive year of new state appropriations, $6,500,000 was distributed, and the highest-funded KCTCS community colleges were benchmarked at 89.3% of the target, while the lowest-funded institution had moved from 47.7% in 2006–2007 to 64.2% in 2007–2008. Graphically, the compression of the funding gap between the highest-funded KCTCS college and the lowest-funded KCTCS college is illustrated in Figure 4.22.

![Figure 4.22](image-url)

**Figure 4.22**  Funding Level Compression Between Colleges

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The funding model was implemented in the fiscal year of 2004, with new state appropriations processed in the fiscal years of 2006, 2007, and 2008, resulting in a compression between the highest and lowest funded KCTCS colleges. In the fiscal year of 2006, the highest-funded community college was at 85.4% of the benchmark figure, while the lowest-funded institution was funded at 41% of the benchmark figure. In 2008, at the end of the third year of consecutive state appropriation allocations into the funding model, the highest-funded community college was at 89.3% of the benchmark target, while the lowest-funded institution had moved up to being funded at 64.2% of the benchmark figure. This compression of the percentages between the highest-funded KCTCS college and the lowest-funded KCTCS college, indicated that the funding model allowed for a more equitable distribution of new funding.

**Qualitative Analyses**

The comparative portion of this study attempted to provide analytical data and information regarding the development and implementation of the KCTCS equity funding model. In order to allow a deeper interpretation of the comparative data, this study utilizes an analysis of the qualitative interview data. These data help to identify several common themes that came from the questions asked of the various key players that had impact on or have been impacted by the passage of HB1. The qualitative results of the interview questions are as follows.

*Equitable Distribution of State Appropriations*

The first analysis of the qualitative data focused on determining to what extent the distribution of state appropriations had been more equitable to the community colleges of
KCTCS, as compared to the other postsecondary institutions of Kentucky, since the passage of HB1. The comparative data indicated that KCTCS received state appropriations of $158,684,000 in 1997 and $221,844,000 in 2008, reflecting an average annual increase of 3.6%. The total state appropriations to the nine postsecondary institutions that comprise CPE were $868,694,000 in 1997 and $1,079,619,000 in 2008. This indicated that KCTCS received 18.3% of the total appropriations made available to CPE institutions in 1997 and 20.5% of the total appropriations made available to CPE institutions in 2008.

The qualitative data indicated that the key players interviewed shared the general sentiment that KCTCS had received equitable funding and that KCTCS was working to utilize this equity in funding to meet the objectives of HB1. This sentiment was substantiated by the responses of four individuals who indicated that the key objectives of the funding model had been obtained with a confidence level of 50–74% and four other participants who felt that the key objectives had been met with a confidence level of 75–100%, indicating a consensus that the funding model had met the objective of equitably distributing new state appropriations to the system office and 16 colleges of KCTCS. A specific comment in regard to the evaluation of HB1 and the funding of the colleges came from D. Roberts, KCTCS System Director of Budget and Financial Planning, who stated, “We took a look at every mandate of HB1 that was passed for KCTCS. And we made sure that in the funding model that each one of those items were addressed. The transfer credit, remedial education, on down the line….”. Other pertinent statements in support of this opinion are as follows:
Dr. McCall stated,

I think the objectives themselves have been met as far as what the purpose of
the model was, and why we put it in place…. I feel very comfortable that it
has been completely met.

Dr. Ayers commented,

Well, if you consider again that this is an effort to be as fair and equitable as
we possibly can be, I think the objective has been met. There are still some
differences in funding among the institutions, but I think we probably
understand why some of those differences exist. And I think all of the
presidents are pretty content with the funding model and recognize that they
are being treated fairly.

Mr. Roberts noted,

I think we definitely met the objectives of planning for all of the mandates in
HB1. Now obviously we’ve not achieved all of the mandates in HB1, but you
know we’ve increased transfer credit, we’ve increased our graduation rates,
we’ve increased the college-going rate in Kentucky. So we feel real good
about those kinds of things over the past 10 years, but there’s still a lot of
work to be done.

In response to the equity of funding of KCTCS in relation to the funding of the
other postsecondary institutions in Kentucky, there appears to be consensus that
improvement has also been made in that area. W. Followell, KCTCS System Director of
Business Services, stated the following about HB1’s passage:
[It] established KCTCS as the equal player to the other institutions, the other postsecondary education institutions in Kentucky, the Murray’s, the Morehead’s, Eastern’s, Western’s, UK’s, U of L’s, etc, etc….. I think the funding model helped do that. I think HB1 itself helped do that. HB 1 established us as an equal partner and player in higher education today and I think that’s been evident. If you look back to 10, 12 years now, this wouldn’t be true.

Based on this implied equity of funding and the establishment of KCTCS as an equal partner in postsecondary education in Kentucky, Governor Patton stated the following:

The system has been able to grow; expanded at practically every community. We wanted to have high quality education available to every Kentuckian within about 30 or 40 miles of their home, wherever they may live. I think the community colleges have fulfilled that commitment or that desire. They’ve developed a stronger working relationship with the regional universities. There’s not that feeling that it’s the University of Kentucky trying to move in on Morehead’s territory. I think there’s been a lot more cooperation. I think they’re viewed as less threatening than they were previously, so those are some of the things I think HB1 achieved.

In summarizing the recognition of KCTCS as an equal partner of the Kentucky postsecondary education delivery system, Dr. M. McCall stated the following:

We’ve come from a completely unknown to an organization which people want to be affiliated with. They know who we are and know what we can deliver. They
know the quality of what we do and that we are a top-notch 2 year community
type college system that people want to be associated with.

Objectives of the Equity Funding Model

The second qualitative analysis of the interview data focused on determining what
KCTCS’s objectives were for the new funding model and to what extent the objectives
have been met 10 years later. Many of the interviewees prefaced their comments with
what they perceived to be inequities in the funding of the UK Community College
System and the state vocational schools prior to the passage of HB1.

W. Followell, a former Vice Chancellor for Business Affairs with the University
of Kentucky and the current KCTCS System Director of Business Services, best
summarized the method of funding for the UK Community College System prior to the
passage of HB1, with the following statement:

As part of the University of Kentucky, I can tell you in doing University of
Kentucky biannual budget requests on the community college system, that our
request number would start somewhere around…in the single or in the triple
digits, in the hundreds. Literally, the university would have its priorities, it would
then have the med center priorities, and we would be at the very bottom. So we’d
start somewhere around about 250 in the priority list. So regardless of what we
may have had in need, we didn’t have an equal footing at the table, or even, many
times a seat of recognition at the table. And I’m not faulting the university, that’s
just the process and procedure in the organization as it was.
K. Walker, KCTCS Vice President of Finance, summarized the method of funding the state vocational schools prior to the passage of HB1 with the following statement:

The way the Kentucky Tech colleges were, Kentucky Tech colleges in essence were a state agency, and...the tuition rates that were in place at that time were miniscule and those colleges, programs at those colleges were essentially funded by state appropriation, and they were limited to the operational procedures of state government, of state agencies.

These two pre-KCTCS funding formula statements coincided with Governor Patton’s introductory comment regarding the evaluation of the operation of the 2-year postsecondary education model by a consulting firm. In the interview, Governor Patton stated the following:

When we talked to our consultants, they said, “well the second worst way to run a community-based educational system is through the bureaucracy of a large research university” and “the first worst way to run a community-based educational system is through the bureaucracy state government.” And we had both of them.

Based upon this agreement that the funding prior to the passage of HB1 was neither uniform nor equitable, KCTCS developed its funding model. As stated by K. Walker, “McCall, his cabinet, and the individual community college presidents agreed that success of a funding formula would be measured in terms of two things: one, adequacy of funding and then, equity of funding”.

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Given that adequacy of funding and equity of funding were identified as key objectives of the funding model, the following interview responses supported the effectiveness of the model.

Dr. Newberry stated,

I really admire Dr. McCall and Ken Walker for acknowledging that there are these inequities. And I admire the whole group of presidents, which included a number of institutions that the top three presidents, for example best funded institutions, those presidents, and should I mention?…..Yeah, ok? Well Henderson, for example, has historically been at the top in terms of FTE funding. And some other institutions, like my former institution, Ashland, have been somewhere near the top. Those presidents bought into the funding model, and even though they knew that in terms of sheer dollars it was going to work against them, but they recognized that it was the right thing to do.

Dr. Ayers stated,

I really think the old budget method was sort of laissez-faire. The new budget that we have in place, the funding model, causes us to be not only accepting of the authority that’s given us but to feel a sense of responsibility too. And all of those things taken together have made stronger and better institutions in my opinion.

Dr. McCall commented,

Well, I think all colleges have received some benefit. The institutions that were at the highest funding and on the upper end were, for example,
Henderson and Ashland, two particularly. But those institutions, because of their leadership, have agreed that this was good in the long term for us, so they’ve known that they, for new money, weren’t going to get a lot of money coming into it. But they saw the benefit of having our system and that we, all boats rise with the rising tide.

*Funding Model Impact on the Local College*

The third focus of the qualitative data analysis was to determine to what extent the KCTCS funding model resulted in an equitable funding distribution for state appropriations for individual community colleges. As with the prior questions, several of those interviewed prefaced their comments to provide a perspective from which they would address the question. The general consensus of the group interviewed was that they perceived the success criteria for the funding model to be an issue of equity in funding. These statements were most succinctly conveyed by J. Byford in his statement that “the major overall objective was to have more equity in the funding” and by K. Walker’s statement that the success of a funding formula would be measured in terms of “two things: one, adequacy of funding and then, equity of funding”.

With a general consensus of the success baseline established, the opinions varied in regard to the extent that the funding model had resulted in an equitable distribution of state appropriations to the colleges. The varied opinions were, in part, a result of the acknowledgment that since the funding model was implemented in 2003, an economic downturn had reduced the availability of new state funding allocations in 4 of 6 years. McCall summarized the sentiment in his statement:
We haven’t had much new money. That’s been the biggest frustration, I guess that we’ve had, or concern rather than frustration, that we just haven’t had the money to put to the funding model. If we had money to put to the funding model, I would see that we’ve really closed that gap and right now, we’ve still got a gap between the lowest funded and the highest funded institution, and our goal has always been to close that gap.

Understanding that new monies were not available every year after the implementation of the funding model, other responses received regarding the equity of the funding model were as follows:

Dr. Newberry stated,

I think the greatest benefit is that we’ve got an objective way now of measuring the adequacy of funding. You know, I think the 16 or 17 variables that have worked out there; they represent kind of the state of the art of analysis. I mean, what’s adequate funding for libraries, for example, and then you go to national benchmarks on that, and the same for facilities in general. So you’ve got an objective way of determining (a) what adequate funding would be for an institution and then (b) for determining where a particular institution stands in relationship to that.

Mr. Walker commented,

The whole system has benefited the way the model is designed. It’s designed to support at standard rates, outcomes that have been deemed to be important
to the system, to the colleges and to the system. For example: headcount enrollment, credit hour enrollment.

Dr. Ayers stated,
I think it’s caused us…to look internally at the way we budget at our institutions. It’s caused us to carefully examine, I think, everything we’re doing…. And it’s…we have financial autonomy…. And I think now that we understand, that we make the decisions at our institutions based on our budget and that we really control our budget.

Funding Model Impact Associated with FTE

The fourth qualitative analysis of the research data investigated individual perceptions regarding the differences that the KCTCS funding model had on allocation per FTE. The findings of this research question are addressed more specifically through the utilization of the comparative data; however, comments given in the interview process also provide qualitative data that can be utilized in the study. In regard to allocation per FTE, D. Roberts stated the following:

Colleges vary in the KCTCS funding model. And one of the things we’re really proud about the KCTCS funding model is that over 80% of the funding is driven by, or the model is driven by, student data—either headcount or semester credit hour production data. So as those things change throughout the years, as a college grows in headcount or grows in semester credit hour production, that changes how the model calculates the amount of funding that they needed.
Roberts’ statement reinforces the fact that FTE have an impact on the funding model; however, as FTE is only one component of the funding model, an increase in FTE cannot have a proportional dollar increase to funding. Roberts noted the following in his interview: “So a college that grows in a particular year, in either semester credit hour production or headcount (FTE), would actually show up as being funded less than what they’re supposed to be in the next year”.

**KCTCS Colleges that Benefited the Greatest and the Least**

The fifth focus of the qualitative data analysis was to determine which of the KCTCS colleges have realized the greatest benefit from the KCTCS funding model, which have been affected the least, and what accounted for the differences in the colleges that were affected. In regard to the colleges that have realized the greatest benefit from the KCTCS funding model, Dr. Newberry felt that colleges such as Somerset Community College and Jefferson Community and Technical College, who had historically been the lowest funded, would receive the greatest benefit from the funding model. Dr. Ayers also indicated that he would “have a tendency to think that some of the smaller colleges might benefit more than some of the larger ones, but I don’t know that to be true”. That opinion was in contrast to that of J. Byford, who stated, “I would probably rather group those and say some of the larger colleges probably have benefited the most because enrollment is an important factor in the model”.

In regard to which colleges have been least affected by the funding model, Dr. Newberry indicated that he felt there were two colleges in particular, Ashland Community and Technical College and Henderson Community College. Newberry went
on to say that the KCTCS college presidents “bought into the funding model and even though they knew that in terms of sheer dollars it was going to work against them, but they recognized that it was the right thing to do”. Newberry’s comments were echoed in some respect by Byford, although he did not identify any specific college. Byford stated, “I would think that the smaller colleges, or those with less enrollment, probably have not benefited as much.” Roberts made the observation that the colleges that would benefit the least were colleges that encounter sporadic growth. Roberts stated, “A college that grows quickly in any particular year…in either semester credit hour production or headcount would actually show up as being funded less than what they’re supposed to be in the next year”. Walker reinforced this concept in his response when he described potential colleges that experience a period of slow growth. Walker commented,  

[Colleges] that have grown the least over the past 4 or 5 years…didn’t experience the potential growth in the funding model calculation and then possible additional funding growth that would’ve come from that. But on the other hand, in the current economic environment, they’re the ones who are maybe not suffering as much as those that have grown as fast as some of the others.

In regard to explaining the differences between the levels of funding presently in place within the 16 colleges of KCTCS, the following interview responses address these differences.

Dr. Newberry stated,  

The difference is simply that the funding model has been utilized so seldom since the model has been in place…that we’ve not had the additional funding to put into it.
Dr. Ayers stated,

Tuition might account for a larger percentage of the public funds base at one institution than another, but the way the funding model works, that really shouldn’t make a difference. You have individual colleges, for example, that will complain about having lost part of their state appropriation over the years…well, if they’ve lost part of their state appropriation, their tuition and other revenues have picked up and made up for that. And so state revenues, per se, are not a good indication of how well off you are financially.

Mr. Walker commented,

I think it comes down to two things. I think it comes down to how aggressively colleges have sought to grow enrollment, add additional space…and add the services that go around enrollment growth and the other factor being the economy.

Mr. Byford asserted,

The important factor is the enrollment. If you have a small enrollment, that college still has to provide all those services to those students, even if they have a smaller number, to spread those services over. The larger colleges get more money, and if they don’t have multiple campuses, then they’re able to gain some in terms of efficiency by higher class ratios.

Dr. McCall stated,

It’s history than more than anything else…. They’ve gotten where they are because under the old system, under the University of Kentucky model,
colleges were not, necessarily to my knowledge, appropriated money based on any set facts. But based on their ability to do some things and as a result they were rewarded for good behavior. There was no systematic way to apply funds to the institutions.

Conclusions

The purpose of the study was to describe the development of the KCTCS funding model after the passage of HB1 and examine any impact that the funding model may have had on the 16 community colleges that comprise the KCTCS. Utilizing historical budgetary data obtained from public records maintained by the CPE, the KCTCS, and IPEDS, and oral interview data from eight key participants in the passage and/or implementation of the 1997 Postsecondary Education Reform Act, the following conclusions were made in regard to the five research questions of this study.

Research Question One

The first research question asked to what extent the distribution of state appropriations had been more equitable to the community colleges of KCTCS, as compared to the other postsecondary institutions of Kentucky, since the passage of HB1. The comparative research data illustrated that KCTCS received state appropriation allocations in 1997, after the passage of HB1, of $158,684,000. This amount represented 18.3% of the total state funds appropriated to the postsecondary educational institutions under the guidance of the CPE. From the initial allocation of state appropriation in 1997, the state appropriations allocation for KCTCS had grown to $221,844,000 in 2008 or
20.5% of the total allocations for that year. This growth of state appropriations to KCTCS over the first 10 years represented an average annual growth rate of 3.6%. Despite state appropriation reductions in the 2002, 2003, 2004, and 2008 fiscal years, KCTCS’s growth in state appropriations ranked fourth among the other postsecondary education institutions under the guidance of CPE. Institutions receiving a higher percent were Northern Kentucky University, Western Kentucky University, and Kentucky State University respectively.

The qualitative data indicated that the individuals interviewed shared a general sentiment that KCTCS and its respective colleges had received equitable funding from CPE, and the system was working to distribute the new allocations in support of HB1. A specific comment from D. Roberts, KCTCS System Director of Budget and Financial Planning, addressed the approach that was utilized to assure the funding was allocated in support of HB1 when he stated, “…we made sure that in the funding model that each one of those items were addressed. The transfer credit, remedial education, on down the line….“ This sentiment was also evident from the other interviews conducted with Dr. Michael McCall and Dr. Bruce Ayers.

The comparative and qualitative data presented in the study, regarding state appropriations allocated to the nine institutions of CPE, indicated that KCTCS had received increases in state allocations in line or in excess of the increases received by the other institutions of the CPE. This conclusion is foundational to the purpose of this study, in that without an equitable increase to the funding of KCTCS, the determination of the effectiveness of a new funding formula could not be evaluated without the addition of the new appropriations to KCTCS.
Research Question Two

The second research question asked what KCTCS’s objectives were for the new funding model and to what extent the objectives have been met 10 years later. The research data indicated that the funding formula was developed with a primary goal of bringing equity to the funding of the college of KCTCS, and in turn the individual colleges would have the funding need to work collaboratively in meeting the goals established for KCTCS in the Kentucky Postsecondary Education Improvement Act of 1997. In order to meet this goal, the funding model was developed with two distinct calculations: (a) a proportional increase and (b) an equity increase.

In conjunction with these two components of the funding model were three rules regarding how the model would be used:

1. Recurring funds would not be taken from one college and given to another.
2. From every new allocation, a portion would be distributed on a pro-rata basis.
3. After the pro-rata distribution, an equity distribution would be made.

The model was developed by a team appointed by Dr. McCall with the charge of developing an equity funding model that would allow the colleges of KCTCS to work collectively to meet the goals of HB1. This workgroup completed the formulation of a funding model in the spring of 2003, and the model was implemented in FY 2004. Since that implementation, KCTCS has utilized the model to distribute new state allocations in 3 out of 5 years. The comparative analysis of the data from these allocations, verified that each of the 16 colleges received a pro-rata allocation of funds, and then those below the benchmark calculation received an equity allocation. This has resulted in the highest-
funded KCTCS college maintaining a constant funding of approximately 90% of the benchmark target, while the lowest-funded institution has moved from a 2004 benchmark funding level of 47.7% to a benchmark funding percentage of 64.2% in the 2008 fiscal year. In conjunction with the comparative findings, the qualitative findings indicated that all respondents believed that the equity funding model had favorably impacted the colleges of KCTCS and had begun to bring equity of funding to the individual colleges. The reconciliation of comparative data, indicating a closing of the gap between the highest-funded and lowest-funded colleges of KCTCS; along with the qualitative data, indicating a corresponding opinion that the funding formula was having a positive impact, support the conclusion that the objective of bringing a more equitable form of funding to the colleges of KCTCS has been achieved.

Research Question Three

The third research question asked to what extent the KCTCS funding model has resulted in an equitable funding distribution for state appropriations for individual community colleges. This question was analyzed utilizing descriptive statistics to identify trends in the funding of the 16 colleges that comprise KCTCS. The data were examined from four distinct perspectives:

1. The funding of the individual colleges was examined to identify trends during a 10-year timeframe.

2. A composite model of the funding of the 16 colleges were formed, and that composite was formed to identify any possible trends.
3. The funding of each of the individual colleges was evaluated from the perspective of full-time equivalency.

4. An analysis was completed of the difference in the funding levels of the highest- and lowest-funded colleges, during the years of new state appropriations, to identify any possible compression that might result from the influx of new funds.

The analyses of the 16 colleges indicated that a steady growth of funding to the individual colleges had occurred since the passage of HB1, which had been comprised both of tuition and state appropriations. During the timeframe analyzed, the funding of the colleges moved from funding levels that were heavily dependent on state appropriations to a system of colleges that had operational budgets comprised of a mixture of public funds with a predominant component being tuition, averaging just above 50%, and with state appropriations averaging just below 50%.

The funding model was implemented in the fiscal year of 2004, and along with that first year of implementation, additional state appropriations were processed through the funding model in the fiscal years of 2006, 2007, and 2008. The comparative data substantiated the finding that during the period when the system received additional state appropriations, the funding gap between the colleges showed significant compression. In the fiscal year of 2006, the highest-funded community college was at 85.4% of the benchmark figure, while the lowest-funded institution was funded at 41% of the benchmark figure. In 2008, at the end of the third year of consecutive state appropriation allocations into the funding model, the highest-funded community college was at 89.3% of the benchmark target, while the lowest-funded institution had moved up to being
funded at 64.2% of the benchmark figure. This closing of the gap, or compression of the percentages between the highest-funded KCTCS college and the lowest-funded KCTCS college, indicates that in years of new state appropriations, the funding model has allowed for an equitable distribution of new funding.

*Research Question Four*

The fourth research question asked what differences the KCTCS funding model had on the public funds allocation per FTE. The findings related to this question were obtained from comparative analysis of appropriations per student FTE. The student FTE data utilized for calculating the comparative appropriations were obtained from IPEDS and Cognos Impromptu Web Reports. The analysis of these data was inconclusive in identifying any relationship or linkage between the funding levels of the KCTCS colleges and student FTE data for any year examined. Additionally, there was no correlation of significant magnitude (p. <.05) between a college’s FTE and funding level per given year.

Building upon the comparative data analysis, the qualitative analysis findings supported the conclusion that appropriations made through the funding model had no direct relationship on the allocation per FTE. D. Roberts stated the following in regard to the impact student FTE, “A college that grows in a particular year, in either semester credit hour production or headcount, would actually show up as being funded less than what they’re supposed to be in the next year”.

Roberts’ statement reinforces the fact that the allocation per FTE cannot be correlated in a systematic manner to the funding model, as the FTE is only one of the
weighted components that comprise the funding model. As a result, the conclusion can be formed that an increase in FTE cannot be directly associated to a specific dollar increase.

*Research Question Five*

The fifth research question asked which of the KCTCS colleges realized the greatest benefit from the KCTCS funding model, which had been affected the least, and what accounted for the differences in the colleges that were affected. The qualitative data contained observations from the individuals interviewed found a general consensus that the larger colleges such as Jefferson Community and Technical College, Bluegrass Community and Technical College, and Somerset Community College would realize the greatest benefit from the funding formula. This conclusion was reinforced based on the qualitative data from the interviewees’ opinions that the funding formula was comprised of several calculating variables, and given the larger institutions would have larger numbers for input into the formula, the larger institutions should in turn receive a larger weighted allocation.

Just as the consensus of the interview data was that the large institution would receive the most benefit from the funding model, the interview data trended to the smaller institutions receiving the least benefit from the funding model. In particular, two smaller colleges were identified as potentially receiving the least benefit—Henderson Community College and Ashland Community and Technical College. Dr. Newberry acknowledged in his interview that even though the presidents of these smaller colleges felt they would realize the least benefit from the model, they supported its implementation. In the words of Newberry, “they bought into the funded model and even
though they knew that in terms of sheer dollars it was going to work against them, but
they recognized that it was the right thing to do”.

The comparative data indicated that in the years that the funding model was
utilized to distribute new funding allocations, the colleges that benefited the most were
Bluegrass Community and Technical College, Gateway Community and Technical
College, and Somerset Community College; while the colleges that benefited the least
were Henderson Community College and Hazard Community and Technical College.

Summary

This chapter presented the findings from the comparative and qualitative analyses
of the study. While the comparative data revealed variations in the historical budget data,
and the KCTCS Public Funds Application Model; the qualitative data provided insight
into trends and perceptions regarding the implementation and equity of the KCTCS
Public Funds Allocation Model. Through the compilation and analyses of the data sets
contained in the research project, the following significant conclusions were developed.

1. KCTCS received funding that was proportionally in line or exceeding the
funding of other postsecondary institutions of Kentucky, and the increase of
funding was sufficient to allow an evaluation of the funding model

2. KCTCS had developed and adopted a funding formula to meet the goals of
HB1, and this funding model would adhere to three specific rules: (a)
recurring funds would not be taken from one college and reallocated to
another, (b) a portion of any new allocation would be distributed on a pro-rata
basis to all colleges, and (c) the remaining balance of a new allocation, after the pro-rata distribution, would be made on an equity distribution basis.

3. The KCTCS Equity Funding Model was effective in bringing uniformity to the colleges in years that new state appropriations were available. The funding model was utilized in 3 consecutive years of state appropriation increases, 2006, 2007, and 2008, and in those years, the funding gap between the colleges showed significant compression. While the high-funded community college maintained a benchmark funding level of approximately 90%, the lowest-funded colleges moved from being funded at 40.5% of the benchmark figure to 64.2% of the benchmark figure.

4. The KCTCS funding model calculates equity allocations based on a combination of weighted variables in which the allocation per FTE is one component. Comparison of the data found no visible relationships between the funding model equity allocations and allocation per FTE.

5. In the years that new appropriations were distributed through the equity funding model, Bluegrass Community and Technical College, Gateway Community and Technical College, and Somerset Community College benefited the most from the model, while Henderson Community College and Hazard Community and Technical College benefited the least. The differences in the allocations were a direct result of the various funding model components, and the various component calculations aided in compressing the funding gap between the highest- and lowest-funded colleges of KCTCS.
CHAPTER V
SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

Summary

The purpose of this study was to describe the development of the KCTCS funding model and examine the impact that the funding model had on the community colleges that comprise the KCTCS. The study utilized historical financial data obtained from public records maintained by the CPE, the KCTCS, and IPEDS. In addition to the historical financial data, oral interviews of eight key participants in the passage and/or implementation of the 1997 Postsecondary Education Reform Act were also utilized as a component of this research. This compilation of the financial and oral history data was then methodically analyzed to identify any significant findings that could be utilized to draw conclusions in response to the five research questions of this dissertation.

Literature regarding the history of community colleges, both nationally and in respect to Kentucky was readily available. While this review of literature revealed that a considerable amount of focus had been given to funding models utilized by community colleges across the nation; literature that was specific to the Kentucky Community and Technical College and its funding history was somewhat limited. This limited literature revealed that prior to 1998, Kentucky utilized two separate entities for postsecondary education. The first entity offered technical education and was administered by the Kentucky Cabinet for Workforce Development. The mission of this program was to offer
technical skills training in the form of certificates and diplomas to allow students to gain employability skills within their respective communities. The second entity offered two-year transfer education degrees and was administered by the University of Kentucky. After the implementation of the 1997 Postsecondary Education Reform Act, both entities were consolidated to establish the Kentucky Community and Technical College System, which is defined as one comprehensive two-year postsecondary education institution in Kentucky encompassing both technical education and transfer education.

The consolidation of these two entities of higher education in Kentucky identified a need to review funding practices for the 16 consolidated colleges within the KCTCS. Sources of funding included state appropriations, tuition and fees, and sales and services. The distribution of state appropriations needed to be reviewed for fairness and equity among the 16 consolidated colleges. From the comparative data analyzed in this study, it became evident that funding of the newly created consolidated colleges within the KCTCS was based on historical funding with no defined process for distribution of new state allocations. From the qualitative data utilized in this study, it was apparent that key personnel within the administration offices of the KCTCS had recognized the need to identify a means by which fair and equitable funding could be ensured for all 16 colleges. In 2004, a new KCTCS funding model was developed and implemented to address this need. The new funding model would adhere to three specific rules: (a) recurring funds would not be taken from one college and reallocated to another, (b) a portion of any new allocation would be distributed on a pro-rata basis to all colleges, and (c) the remaining balance of a new allocation, after the pro-rata distribution, would be made on an equity distribution basis. Given that the new KCTCS funding formula had not been extensively
reviewed in prior studies, this dissertation was designed to increase the pool of available research, in regard to the development and effectiveness of the funding model utilized by KCTCS during its formative first ten years.

This study utilized two methodological approaches to the analyses of research data. The first approach utilized a comparative analysis of the funding of KCTCS, and its sixteen community colleges, for the first ten years after the passage of the Postsecondary Education Reform Act of 1997 (HB 1). The second approach utilized was a qualitative analysis of interviews data of eight of the key participants in the passage and implementation of the Kentucky Postsecondary Education Improvement Act. Both research approaches were used to carefully analyze the data to ensure that the data generated would provide validity in identifying meaningful patterns, themes, and categories to five questions in regard to the effectiveness of Kentucky’s community college system’s funding. The following research questions were addressed in this study.

1. To what extent has the distribution of state appropriations been more equitable to the community colleges of KCTCS, as compared to the other postsecondary institutions of Kentucky, since the passage of HB 1?

2. What were KCTCS’s objectives for the new funding model and to what extent have objectives been met ten years later?

3. To what extent has the KCTCS funding model resulted in an equitable funding distribution for state appropriations for individual community colleges?

4. What are the differences the KCTCS funding model has had on the allocation per FTE?
5. Which of the KCTCS colleges has realized greatest benefit from KCTCS funding model? Which have had least? What accounts for the difference?

The study strived to remove any prior expectations, and had the objective to analyze the data collected using methods which would allow conclusions to be formulated without biases in support or in opposition of the hypothesis of the research questions. In addition to realizing the need to remove or minimize any prior expectations, the study identified four limitations of the study;

1. The results of the study were dependent upon the historical funding data that could be incomplete, inaccurate, selective, and vary in quality,
2. the financial data for the years of 1998 – 2008 were obtained from historical financial records; however, some weaknesses were identified in the 1998 information regarding the state’s funding of the technical colleges,
3. the historical data prior to the fiscal year of 1998 were obtained from secondary sources, and
4. the oral history data provided by the participants may have been somewhat subjective or contained some embellishments, as they relied on memories or interpretations.

After defining the research method, which included recognizing any prior expectations and possible limitations, the research data, was then collected in a manner to be compliant with the policies and procedures of the Institutional Research Board of Mississippi State University. Finally, the data collected were utilized to formulate the findings of the study.
The findings from the comparative and qualitative analyses of the study provided insight into trends and perceptions regarding the implementation and equity of the KCTCS Public Funds Allocation Model. The findings were considered to be significant and are summarized as follows:

1. For the period analyzed, the state appropriation available to the Council on Postsecondary Education to fund the postsecondary institutions grew by a total of $210,925,000 (19.5%); and during the same period, KCTCS’s appropriation grew by a total of $63,980,000 (28.5%). This growth in state appropriations was a sufficient appropriation increase to allow KCTCS to measure the effectiveness of its implementation of a new equity funding model.

2. Given the new appropriations from CPE, KCTCS was able to implement a new equity funding model. Each of the 16 colleges received an allocation of funds based on the new funding model, and these new allocations allowed a “closing of the gap” between the highest funded and lowest funded colleges. The utilization of a funding formula to distribute new appropriations to funds, maintained the highest funded KCTCS College at a level of approximately 90% of the benchmark target, while the lowest funded institution has moved from 47.7% (2004) to a benchmark funding level of 64.2% (2008).

3. KCTCS’ implementation of the new equity funding model, allowed a new distribution method for appropriation allocations to the sixteen colleges, which resulted in a “closing of the gap” between the highest funded and lowest funded colleges. Under this new distribution of funds, the highest
funded KCTCS College maintained a funding of approximately 90% of the benchmark target, while the lowest funded institution has moved from 47.7% of benchmark funding level in 2004 to 64.2% of benchmark funding in the 2008.

4. Based on data obtained from IPEDS and Cognos Impromptu Web Report, and analyzed to identify and levels of significance between the KCTCS funding model and the allocation per FTE; statistical analyzes were inconclusive in identifying any correlation or linkage between the FTE variable and the resulting allocations. This finding verified that the model was calculating new appropriations in a manner in which the new allocations were not unduly skewed by the FTE variable.

5. Finally, the research data showed that in the years that the funding model was utilized, the colleges that benefited the most were Bluegrass Community and Technical College, Gateway Community and Technical College and Somerset Community College; while the colleges that benefited the least were Henderson Community College and Hazard Community and Technical College.

Conclusions

The following conclusions were drawn in response to the five research questions utilized in this study. The first research question asked to what extent the distribution of state appropriations had been more equitable to the community colleges of KCTCS, as compared to the other postsecondary institutions of Kentucky, since the passage of HB1.
The comparative data analyzed the public records available from the Council on Postsecondary Education and supported the finding that the KCTCS, as compared with all Kentucky postsecondary education institutions, received a fair and equitable distribution of state appropriations awarded through the CPE during the focus period of this study. The results show that the KCTCS received an average annual growth of 3.6% in state appropriations during the 10 year focus period of this study. In addition, the qualitative data supported the finding in that the key players interviewed agreed that the KCTCS received a fair and equitable distribution of state allocations from the CPE. The final conclusion is that the CPE had provided equity in funding to all postsecondary education institutions through its allocations, and the KCTCS had received sufficient funds to allow for an effective evaluation of the implementation of its new funding model.

The second research question asked what KCTCS’s objectives were for the new funding model and to what extent the objectives have been met 10 years later. The qualitative data used in this study evidenced the need to develop a fair and equitable distribution of new state allocations among the 16 consolidated colleges within the KCTCS. Statements made during interviews conducted with key personnel acknowledged the need to develop a funding model to distribute new funds made available to the KCTCS through the CPE. Primary objectives for the funding model as identified through the interviews were (a) utilize funding to meet the mandates of HB 1, (b) the need to develop a fair and equitable funding model for new funds, and (c) maintaining recurring funding at each college. Analysis of the comparative data indicated that prior to implementation of the equity funding model, distinct differences were
observed in the funding levels of the colleges. After the funding model was implemented, significant reductions in funding differences were observed. The qualitative data indicated that the key players interviewed believed that the reduction was due to the implementation of the funding model which had remained true to the three objectives initially identified for the funding model. Therefore, it can be concluded that at the end of the ten year period, the funding model successfully met the three objectives as set forth in the model.

The third research question asked to what extent the KCTCS funding model resulted in an equitable funding distribution for state appropriations for individual community colleges. An analysis of the public records available through the KCTCS shows evidence that through the use of the KCTCS Equity Funding Model, the 16 individual colleges received sufficient funds to better align with benchmark figures. The comparative data substantiated the finding that during the period when the KCTCS received additional state appropriations, the funding gap between the colleges showed significant compression. From the results of these analyses, it is concluded that the funding model provided an equitable distribution of new funds to the 16 colleges which moved the colleges closer to their respective benchmark targets.

The fourth research question asked what differences the KCTCS funding model had on the allocation per FTE. Analyses of the comparative and qualitative data did not provide any associated relationship between college FTE and funding levels. As a result, the conclusion can be formed that an increase in FTE cannot be directly correlated to a specific dollar increase.
The fifth research question asked which of the KCTCS colleges have realized greatest benefit from the KCTCS funding model, which had been affected the least, and what accounted for the differences in the colleges that were affected. Through the collection of qualitative data, the general opinion was that the larger colleges would reap the greatest benefit from the KCTCS funding model, and the smaller colleges would benefit the least. This opinion was based on the variables built into the funding model, and larger institutions would have larger input number, thus would require a larger funding base to support overall operations. The comparative data validated the findings obtained from the qualitative data, and identified Bluegrass Community and Technical College, Gateway Community and Technical College, and Somerset Community College as the colleges that benefited the most, while Henderson Community College and Hazard Community and Technical College benefited the least. The conclusion was made that the larger colleges received the greater allocation of new appropriations, with smaller colleges receiving smaller allocations, which was based on variables established in the new funding model.

**Recommendations**

This research examined the development and implementation of a funding model for the KCTCS, from its inception in 1998 through 2008. This examination reviewed and analyzed the funding of KCTCS from its formation in 1997, until a new funding model was implemented at the beginning of the 2004 fiscal year. The study then compared the college’s funding in the years after the funding model’s implementation to determine if
the model had been successful in providing a more equitable method of public funds allocation.

Many viewed the passage of the 1997 Postsecondary Education Reform Act as a fundamental piece of legislation that would shape postsecondary education for years to come within the Commonwealth of Kentucky. In his interview, Governor Patton stated, “It’s obviously the most significant thing that happened during 8 years that I served as governor”. Governor Patton went on to say the following:

Few things in life turn out better than you expect, and the community colleges, I think, have done better than we had anticipated. I would say in excess of 100%…I can’t think of a single objective that the community colleges have not achieved. And they’ve done it faster and more successfully than we could have hoped. (P. Patton, personal communication, December 15, 2009)

This general perception of KCTCS’s success in regard to the objectives of HB1 was prevalent throughout the interviews conducted for this research project. Additionally, there was a perception that the KCTCS Equity Funding Model had aided in helping KCTCS move toward meeting those goals, even though it had only been utilized in 4 of the 10 years analyzed in this study.

Mr. Walker’s comment provided a fitting conclusion to this study:

We’re ending basically the first decade of KCTCS fully operational using almost 10 years, having this model in place…. Perhaps in 10 years, if they’d take a 20-year look, and the economic situation we’re in now is a blip instead of a new long-term reality, then hopefully, what they’ll see is that the objectives intended in the model to encourage and reward growth, that those colleges that did take
full advantage of that will be the ones that most benefited from that. (K. Walker, October 23, 2009)

It is on the basis of Walker’s statement that additional study could be completed after another 10 years to see if the funding model continues to be successful in bringing equity to the colleges of KCTCS.
REFERENCES


Marks, J. L., & Caruthers, J. K. (1999). *A primer on funding of public higher education*. Atlanta, GA: Southern Regional Education Board. (Available from Southern Regional Education Board, 592 10th St. N.W., Atlanta, GA 30318)


APPENDIX A

INSTITUTIONAL REVIEW BOARD APPROVAL LETTER
Octobe 7, 2009

Tim Zimmerman
114 Quail Run
Somerset, KY 42503-4850


Dear Mr. Zimmerman,

The above referenced project was reviewed and approved via administrative review on 10/7/2009 in accordance with 45 CFR 46.101(b)(2) and (b)(4). Continuing review is not necessary for this project. However, any modification to the project must be reviewed and approved by the IRB prior to implementation. Any failure to adhere to the approved protocol could result in suspension or termination of your project. The IRB reserves the right, at anytime during the project period, to observe you and the additional researchers on this project.

Please note that the MSU IRB is in the process of seeking accreditation for our human subjects protection program. As a result of these efforts, you will likely notice many changes in the IRB's policies and procedures in the coming months. These changes will be posted online at http://www.orc.msstate.edu/human/aahrpp.php. The first of these changes is the implementation of an approval at the time of consent forms. The approval stamp will assist in ensuring the IRB approved version of the consent form is used in the actual conduct of research. You must use copies of the stamped consent form for obtaining consent from participants.

Please refer to your IRB number (#K9-226) when contacting our office regarding this application.

Thank you for your cooperation and good luck to you in conducting this research project. If you have questions or concerns, please contact me at cwilliams@research.msstate.edu or call 662-325-2220.

Sincerely,

[For use with electronic submissions]

Christine Williams
IRB Administrator

cc: Janes Ed Davis

Office of Regulatory Compliance • Post Office Box 6223 • Mississippi State, MS 39762
APPENDIX B

INTERVIEW QUESTIONS
INTERVIEW QUESTIONS

Question 1: In your opinion, what were the key objectives for the KCTCS funding model as a result of the passage of HB1 and the creation of KCTCS?

Question 2: To what extent have these key objectives been met?
   a. Objective has been met (75-100%)
   b. Objective has generally been met (50-74%)
   c. Objective has somewhat been met (25-49%)
   d. Objective not met (<25%)

Question 3: What do you believe has been the greatest benefit realized by the community and technical colleges as the result of HB 1 and the development of the KCTCS funding model?

Question 4: Which individual college do you believe has realized the greatest benefit from the KCTCS funding model?

Question 5: Which individual college do you believe has realized the least benefit from the KCTCS funding model?

Question 6: What accounts for the difference between the benefits realized by these two colleges you named?

Question 7: What do you believe has been the greatest benefit from HB 1 and the new funding formula from the perspective of the former colleges that were controlled by UK prior to HB 1?

Question 8: What do you believe has been the greatest benefit from HB 1 and the new KCTCS funding formula from the perspective of the former Kentucky Tech colleges?

Question 9: What has been the overall impact of the passage of HB 1 and the establishment of KCTCS on the Commonwealth of Kentucky as a whole?