



# Kentucky Community and Technical College System: Marketing, Lobbying, and Administration Expenses

Research Report No. 384

*Prepared by*

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# **Kentucky Community and Technical College System: Marketing, Lobbying, and Administration Expenses**

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## **Kentucky Community and Technical College System: Marketing, Lobbying, and Administration Expenses**

### **Abstract**

The Kentucky Community and Technical College System (KCTCS) has a statewide governing system and president, which is rare. There are only three comparable systems in other states. From fiscal year 2006 to fiscal year 2010, KCTCS spent more than \$12 million on marketing using state general funds, tuition revenue, and private donations. KCTCS used state general funds to pay \$636,000 to a professional lobbying firm over this period. KCTCS's cost of administration is high in relation to Kentucky's other public postsecondary education institutions and two of the three comparable systems in other states. The cost of administration over the 5 years was \$352.5 million, or 13.7 percent of operating expenses, paid from state general funds and tuition revenue. Marketing and lobbying costs are less than 1 percent of operating expenses. The report has two recommendations directed to the General Assembly.



## Foreword

Program Review staff would like to thank Kentucky Community and Technical College System officials for providing information used in this report. Staff would like to thank the staff of the Legislative Ethics Commission, the Executive Branch Ethics Commission, and the Council on Postsecondary Education for their assistance.

Within the Legislative Research Commission, Program Review staff would like to thank staff of the Interim Joint Committee on Education, the Budget Review Committee, and the LRC Library.

Robert Sherman  
Director

Legislative Research Commission  
Frankfort, Kentucky  
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## Summary

A postsecondary education institution such as the Kentucky Community and Technical College System (KCTCS) is rare. Program Review staff were able to identify only three other comparable systems with a statewide governing board and president: the Colorado Community College System, the Louisiana Community and Technical College System, and Ivy Tech Community College of Indiana. Direct comparisons of these institutions' marketing, lobbying, and administration expenses are impossible, as these expenses are reported in a single line item in financial reports.

KCTCS has the highest enrollment of undergraduates in Kentucky by far. Its more than 106,000 students are more than one-half the state total. Enrollment at KCTCS increased 23.3 percent from academic year 2006 to academic year 2010. This was more than twice the rate of the fastest-growing 4-year universities. In comparison to other states' systems, KCTCS has more students, but the other systems' enrollments have been increasing at higher rates. Over the 5 years, enrollment in the Indiana system increased 69.2 percent, enrollment in the Louisiana system increased 56.9 percent, and enrollment in the Colorado system increased 39.3 percent.

KCTCS's broad mandate suggests that it should market itself to increase awareness of the system and the value of its programs. Systemwide marketing cost on behalf of the colleges has more than doubled in the last 5 years; overall marketing by the KCTCS colleges has remained stable. KCTCS uses state general funds and tuition revenue to pay for marketing expenses. KCTCS's marketing expense from fiscal year (FY) 2006 to FY 2010 was \$12.2 million, which was about one-half of 1 percent of operating expenses. Of that amount, KCTCS spent more than \$2.2 million in marketing at University of Kentucky and University of Louisville sporting events.

KCTCS states that it evaluates the effectiveness of its marketing activities. The evaluation includes recording results from advertising campaigns for a given year, as well as conducting more long-term analysis through the use of market assessments. However, it is impossible to know whether students would enroll without the various marketing activities of KCTCS.

KCTCS contracts with a government services firm for lobbying. State general funds are used to pay for lobbying. KCTCS's lobbying expense from FY 2006 to FY 2010 was \$636,000, which was less than three-hundredths of 1 percent of operating expenses.

### **Recommendation 1**

**If it is the intent of the General Assembly that state funds not be used to pay for lobbying, the General Assembly may wish to prohibit the practice.**

For contracted lobbying over the 5-year period, KCTCS spent about the same amount as the University of Louisville and almost as much as the University of Kentucky. KCTCS reported that its lobbyist helped secure several federal funding awards. It is impossible to know whether the system would have received the federal funding without the lobbying firm's assistance.

KCTCS characterizes lobbying done by staff and other system stakeholders as public advocacy. This method of influencing legislative outcomes is not subject to state and federal reporting requirements because no paid, registered lobbyist is used. KCTCS's public advocacy activities from July 1, 2009, through February 26, 2010, cost more than \$1 million. The activities were funded predominantly by state funds with a small amount of private donations.

The KCTCS system office adds a statutorily mandated layer of administration to ensure the coordination and consistency of programs and activities among its colleges, as well as collaboration with the 4-year universities, secondary schools, and employers. KCTCS's administrative support costs are high in relation to Kentucky's other public postsecondary institutions and two of the three comparable systems in other states. The total amount spent on administration was \$352.5 million from FY 2006 to FY 2010, or 13.7 percent of operating expenses. The cost was paid with state general funds and tuition and fee revenue.

Colleges and universities report costs of administration in a financial statement category called "institutional support." KCTCS spent more on institutional support in the 5-year period than any other state-supported institution in Kentucky and more than two of the three other states' systems. However, KCTCS had the smallest percentage increase in institutional support expense of all Kentucky public institutions and other states' community college systems. The major reason is that administrative expenses at the system office decreased almost 45 percent in the 5 years.

The administrative burden of institutions (including marketing and lobbying costs) can be measured by calculating institutional support as a percentage of all operating expenses. KCTCS had the second-highest proportion of institutional support among Kentucky's public institutions at 14.3 percent.

A significant component of institutional support is executive, administrative, and managerial staff compensation. In terms of percentage change, the base salary of the president of KCTCS increased about a third as much as that of the president of Western Kentucky University. In terms of dollar amounts, the president of KCTCS made approximately the same base salary as the president of the University of Kentucky. The situation changes when other compensation is added to base salary.

A president's total compensation package can include a performance bonus, deferred compensation, housing, additional long-term disability and life insurance, and other benefits not available to rank-and-file employees. For example, in calendar year 2010, the KCTCS president had a base salary of \$304,890. When other compensation paid to or on behalf of the president is added, the president's total compensation was \$569,875 in that year.

To provide a context for considering the compensation of the KCTCS president, Program Review staff obtained information from the Council on Postsecondary Education on each public institution's presidential compensation for the 2006 to 2010 period. The information is self-reported by the institutions on forms provided by the council. In addition, the total compensation of a president cannot be determined consistently from the information the institutions report to the council. Different instructions from the council over the years, different ways the institutions

report information to the council, and reporting before fiscal year-end make it possible to calculate a president's potential compensation but not the amount the president actually receives in a fiscal year. The council does not report the actual amount paid to and on behalf of the presidents.

## **Recommendation 2**

**If more detailed cost information is needed from the public postsecondary education institutions, the General Assembly may wish to consider requiring the Council on Postsecondary Education to collect and report it.**

The potential compensation of the president of KCTCS more than doubled in 5 years and was the highest among Kentucky public institutions in FY 2010. The potential compensation of the presidents of Northern Kentucky University and Western Kentucky University increased by about half. The compensation of the University of Louisville's president declined.

Excluding the system president, total compensation for other executive, administrative, and managerial staff at the KCTCS system office was more than \$25.5 million in the period from FY 2006 to FY 2010, increasing 15.8 percent in that time. Employees in five positions at the system office work under contract and are provided benefits that exceed those of regular employees.

Other system-level costs are information systems and legal services. The cost of legal services increased more than 600 percent in the 5 years, from about \$126,000 in FY 2006 to more than \$940,000 in FY 2010. In this period, the cost of information systems doubled, from about \$1.5 million to about \$3 million.

Each college in the system has a president and administrative and managerial staff. The college presidents work under contract; the other positions are KCTCS staff. Overall, the compensation of KCTCS college presidents and other administrative and managerial staff increased over the 5 years.

KCTCS pays the employer and employee portions of the president's retirement. KCTCS employees are members of one of the state's retirement systems or a defined contribution plan sponsored by KCTCS. Other contracted positions and KCTCS employees pay the employee portion of retirement, regardless of the system they participate in. The KCTCS president, the college presidents, and other contracted positions also are provided an employer-paid supplemental retirement plan.

KCTCS employees who were part of the University of Kentucky Community College System and have chosen to remain in the university's personnel system are members of its health plan. All other KCTCS employees and all contracted positions participate in the Kentucky Employees' Health Plan.



## Kentucky Community and Technical College System: Marketing, Lobbying, and Administration Expenses

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A postsecondary education institution such as the Kentucky Community and Technical College System (KCTCS), with a statewide governing board and president, is rare. Program Review staff found only three comparable systems, in Colorado, Louisiana, and Indiana. Comparisons among institutions in the report are limited because of the small number of similar institutions and the nature of expense information reported in financial statements.

A postsecondary education institution such as the Kentucky Community and Technical College System (KCTCS) is rare. Program Review staff found only three comparable systems with a statewide governing board and president: the Colorado Community College System, the Louisiana Community and Technical College System, and Ivy Tech Community College of Indiana.

Much of the expense information in this report was constructed from details provided by KCTCS from its accounting system. Direct comparisons from financial statements of marketing, lobbying, and administration costs among postsecondary education institutions are impossible because the costs are not reported separately. Marketing, lobbying, and administrative costs are part of the line item “institutional support.”

Because of the small number of similar institutions and the nature of expense information reported in financial statements, comparisons in the report are limited.

### Conclusions

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The report has three major conclusions.

1) KCTCS’s broad mandate suggests that it should market itself to increase awareness of the system and the value of its programs. Systemwide marketing costs on behalf of the colleges have more than doubled in the past 5 fiscal years; overall marketing by the KCTCS colleges has remained stable. KCTCS uses state general funds, tuition revenue, and private donations to pay for marketing expenses. KCTCS’s marketing expense is less than one-half of 1 percent of operating expenses.

2) KCTCS attempts to influence decision makers by contracting with a lobbyist and conducting public advocacy using staff and other stakeholders. The results of lobbying and public advocacy are impossible to measure. State general funds are used to pay lobbying costs. KCTCS’s lobbying expense is approximately three-hundredths of 1 percent of operating expenses. State general funds and private donations are used to pay public advocacy costs. Public advocacy is a component of KCTCS’s marketing expense.

3) The KCTCS system office adds a statutorily mandated layer of administration to ensure the coordination and consistency of programs and activities among its colleges, as well as collaboration with the 4-year universities, secondary schools, and employers. KCTCS's administrative support costs are high in relation to Kentucky's other public postsecondary institutions and two of the three comparable systems in other states. Administration expense is 13.7 percent of KCTCS's operating expenses. The cost is paid with state general funds and tuition and fee revenue.

### Overview of KCTCS

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KCTCS was created in 1997 to combine the state's individual community and technical colleges into one statewide system.

KCTCS is a public postsecondary education institution created in House Bill 1 of the 1997 extraordinary session of the General Assembly and codified in KRS Chapter 164. The legislation combined the state's individual community and technical colleges into one statewide system with a board of regents and a system president.

KRS 164.580(2) requires KCTCS to "be responsive to the needs of students and employers in all regions of the Commonwealth with accessible education and training to support the lifelong learning needs of Kentucky citizens in order to"

- increase basic academic and literacy skills through adult basic education and remedial education;
- increase technical skills and professional expertise of Kentucky workers through associate and technical degrees and diploma and certificate programs;
- increase students' access to complete associate degrees and ease transfer to 4-year institutions;
- increase access of secondary students to postsecondary programs through early admission, advanced placement, or dual enrollment;
- facilitate credit transfers between certificate, diploma, technical, and associate degree programs;
- develop educated citizens to support the expansion of existing business and industry and the recruitment of new business and industry;
- enhance the flexibility and adaptability of Kentucky workers through continuing education and customized training for business and industry;
- promote Kentucky communities' cultural and economic well-being; and
- improve the quality of life for Kentucky's citizens.



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KCTCS is governed by a 14-member board of regents that appoints a system president. KCTCS has 16 colleges with 68 campuses. Each college has a president and board of directors.

KCTCS is governed by a 14-member board of regents. KRS 164.321 specifies that eight members are appointed by the governor, two are teaching faculty, two are nonteaching personnel, and two are students. The board appoints a system president. KCTCS has 16 colleges with 68 campuses. Each college has a president and board of directors as required by KRS 164.600.

Each college operates independently, although the system office provides leadership, service, and support for college operations. The system office handles most administrative duties, such as accounting and payroll. KCTCS states that centralization of services at the system office reduces costs by eliminating duplicate positions at the individual college level (Commonwealth. Kentucky. *Metamorphosis* 10). Program Review staff asked KCTCS to quantify the savings obtained by centralization. In response, KCTCS provided a list of positions at the system office and total salaries of \$5,018,600 for them. KCTCS states that funding the positions once at the system level eliminates the need to fund them at each college at a cost of about \$80 million (Burcham. "Response to LRC"; Burcham. "LRC Documents").

The system office provides space and administrative support for the Kentucky Fire Commission, the Kentucky Board of Emergency Medical Services, and the Kentucky Approving Agency for Veterans Education.

### **Indicators of Institutional Size and Growth**

Institutional size and growth over time provide a context in which to consider the expense information provided in this report. Student headcount is a way to consider the size of an institution. Program Review staff used undergraduate headcount for Kentucky's public 4-year universities to more closely resemble the student body at community and technical colleges.

Table 1 shows total undergraduate headcount enrollment and the percentage change for KCTCS, Kentucky 4-year public universities, and the Colorado, Louisiana, and Indiana community college systems for 5 academic years.

**Table 1**  
**Undergraduate Headcount Enrollment and Percentage Change for Kentucky Public Postsecondary Institutions and Three Comparable State Systems Academic Year 2006 to Academic Year 2010**

<b>Kentucky Institution</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>% Change 2006-2010</b>
KCTCS	86,475	92,828	89,942	100,348	106,664	23.3%
Eastern Kentucky University	13,623	13,659	13,839	13,991	14,396	5.7
Kentucky State University	2,341	2,510	2,497	2,638	2,606	11.3
Morehead State University	7,515	7,625	7,487	7,550	7,399	-1.5
Murray State University	8,607	8,361	8,179	8,249	8,429	-2.1
Northern Kentucky University	12,668	12,725	13,030	13,206	13,517	6.7
University of Kentucky	19,328	18,830	18,988	19,217	19,988	3.4
University of Louisville	15,103	15,125	15,495	15,619	15,818	4.7
Western Kentucky University	16,067	16,508	16,966	17,645	17,827	11.0
<b>Community College System</b>						
Colorado	67,561	68,809	71,825	85,544	94,085	39.3
Louisiana	46,775	52,405	59,430	70,142	73,403	56.9
Indiana	42,922	45,786	49,693	54,708	72,628	69.2

Sources: Commonwealth. Council. "Total"; State of Colorado. Dept.; State of Louisiana. Board; Dudich.

KCTCS has the highest enrollment of undergraduates in Kentucky. Its 106,000 students are more than half the state total. KCTCS also had the highest percentage increase in enrollment in the past 5 years, more than twice the rate of the fastest growing 4-year universities. However, enrollments have increased at higher rates in the three comparable state community college systems than at KCTCS.

KCTCS has the highest enrollment of undergraduates in Kentucky by far. Its more than 106,000 students are more than one-half the state total. KCTCS also had the highest percentage increase in enrollment over the past 5 years at 23.3 percent. This was more than twice the rate of the fastest growing 4-year universities. KCTCS has more students than the other states' systems, but the other systems' enrollments have been increasing at higher rates. Over the past 5 years, enrollment in the Ivy Tech Community College of Indiana increased 69.2 percent, enrollment in the Louisiana Community and Technical College System increased 56.9 percent, and enrollment in the Colorado Community College System increased 39.3 percent.

National information on headcount enrollment was available only through academic year 2008 (US. Department). Program Review staff calculated the percentage increase in undergraduate student headcount at 2-year and 4-year public institutions between 2006 and 2008. In that period, national enrollment increased 6.6 percent at 2-year institutions such as KCTCS and 5.8 percent at 4-year institutions. The increase at KCTCS was 4 percent.

Since 2006, increases in enrollment at KCTCS colleges ranged from 3.7 percent at Jefferson to 58.3 percent at Elizabethtown.

Within KCTCS's colleges, there was a great deal of variation in enrollment since 2006. Table 2 shows the headcount enrollment and percentage change for each KCTCS college from academic year 2006 to academic year 2010. The smallest increases were at Jefferson (3.7 percent), Henderson (5.4 percent), and West Kentucky (8.5 percent). Enrollment increased by more than 45 percent at each of four colleges: Elizabethtown, Gateway, Somerset, and Bowling Green.

**Table 2**  
**Undergraduate Headcount Enrollment and Percentage Change Per KCTCS College**  
**Academic Year 2006 to Academic Year 2010**

<b>College</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>% Change 2006-2010</b>
Ashland	4,140	4,758	4,078	4,493	4,762	15.0%
Big Sandy	4,637	4,866	4,711	5,048	5,360	15.6
Bluegrass	11,527	11,617	12,146	13,378	14,183	23.0
Bowling Green	3,568	5,025	3,971	4,899	5,186	45.3
Elizabethtown	4,983	5,515	5,762	6,915	7,890	58.3
Gateway	3,189	3,130	3,477	4,206	4,799	50.5
Hazard	3,970	4,458	4,071	4,714	4,796	20.8
Henderson	2,113	2,053	1,948	2,206	2,227	5.4
Hopkinsville	3,353	3,428	3,235	3,755	3,867	15.3
Jefferson	14,710	15,478	14,412	14,992	15,259	3.7
Madisonville	3,997	4,364	4,421	4,597	4,883	22.2
Maysville	3,358	3,635	3,479	4,128	4,518	34.5
Owensboro	5,188	5,439	5,585	6,328	7,061	36.1
Somerset	6,319	7,113	7,175	8,201	9,262	46.6
Southeast Kentucky	4,580	4,849	4,864	4,959	5,189	13.3
West Kentucky	6,843	7,100	6,607	7,529	7,422	8.5
<b>Total</b>	<b>86,475</b>	<b>92,828</b>	<b>89,942</b>	<b>100,348</b>	<b>106,664</b>	<b>23.3%</b>

Source: Commonwealth. Council. Office.

Another indicator of the size of an institution is its number of colleges and campuses. Table 3 shows the number of colleges and campuses at KCTCS and the Colorado, Louisiana, and Indiana systems. KCTCS and the Louisiana system have 16 colleges. Each college has a president and other administrative staff.

**Table 3**  
**Colleges and Campuses in Community and Technical College Systems as of May 3, 2011**

<b>State System</b>	<b>Colleges</b>	<b>Campuses</b>
KCTCS	16	68
Colorado Community College System	13	34
Louisiana Community and Technical College System	16	40
Ivy Tech Community College of Indiana	14	36

Sources: Compiled by staff from Commonwealth. Council. Office 4-5; State of Colorado. Colorado; and the websites of the Indiana and Louisiana community college systems.

KCTCS reported approximately \$365 million in institutional support expenses over a 5-year period for 68 campuses, an average of less than \$5.5 million per campus. The Louisiana system reported approximately \$322 million for 40 campuses, an average of \$8 million per campus.

### **Marketing**

KCTCS views marketing primarily as recruiting and focuses its marketing activities on its statutory requirements (Burcham et al. Personal. Feb. 14). Marketing costs are incurred by the system office and the individual colleges.

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KCTCS's marketing expenses from FY 2006 to FY 2010 were about \$12.2 million, or less than one-half of 1 percent of operating expenses.

Marketing expenses of the KCTCS system office and the colleges totaled \$12,185,988 from FY 2006 to FY 2010. This amount represents 0.48 percent (approximately one-half of 1 percent) of adjusted operating expenses. Adjusted operating expenses are described later in the section on administration.

### **Systemwide Marketing Costs**

The system office used state general funds for its marketing activities on behalf of the colleges in FY 2006 to FY 2010. The individual colleges used state general funds, tuition revenue, and private donations for marketing activities during this period (Burcham. "2010 responses" and "Remaining").

Systemwide marketing costs on behalf of the colleges have more than doubled in the past 5 fiscal years. Overall marketing costs of the individual colleges have remained stable, although there are wide variations among the colleges.

Systemwide marketing costs on behalf of the colleges have more than doubled in the past 5 fiscal years. KCTCS stated that its 2006 marketing assessment demonstrated that prospective students were not very aware of and did not fully comprehend the programs and services KCTCS offers. To KCTCS, the assessment signaled a need to increase marketing and communication activities (Burcham. “Follow-up”). The budgeted and actual systemwide marketing costs for FY 2006 to FY 2010 are presented in Table 4. The budgeted amounts are included in the table to show the KCTCS Board of Regents’ plans to incur marketing costs of almost \$6 million in the 5-year period.

**Table 4**  
**KCTCS Systemwide Marketing Expense Summary**  
**Fiscal Year 2006 to Fiscal Year 2010**

<b>Fiscal Year</b>	<b>Amount Budgeted</b>	<b>Amount Expended</b>
2006	\$643,690	\$594,526
2007	591,700	551,026
2008	1,575,000	1,544,281
2009	1,499,000	1,493,413
2010	1,589,000	1,579,154
<b>Total</b>	<b>\$5,898,390</b>	<b>\$5,762,400</b>

Source: Prepared by Program Review staff from information obtained from KCTCS.

KCTCS provided marketing expenses by category for the period FY 2007 to FY 2010. Over these 4 years, the traditional media advertising category accounted for approximately 64 percent of all marketing expenses. The highest cost in the category was the nearly \$2.25 million spent on advertising at University of Kentucky and University of Louisville sporting events.

KCTCS categorizes marketing activities as traditional media advertising, branding, market research, online and social media, recruitment materials and activities, public relations, and advocacy. KCTCS provided marketing expenses by category for a 4-year period, FY 2007 to FY 2010. Of the marketing expense categories KCTCS identified, traditional media advertising and recruitment materials and activities had the highest costs. The traditional media advertising category accounted for approximately 64 percent of all marketing expenses in the 4-year period, and the highest cost in the category was \$2,249,709 spent on advertising at University of Kentucky and University of Louisville sporting events. The second highest category was recruitment materials and activities, which amounted to 21 percent of all marketing costs in the 4 years (Burcham. “Follow-up”).

**Colleges’ Marketing Costs**

Individual colleges in the system also conduct local marketing activities. Table 5 shows the marketing costs of each college in FY 2006 to FY 2010. Total college marketing costs remained

stable in the 5-year period, but amounts varied significantly among colleges and from year to year. For example, Bluegrass spent more than \$243,000 in FY 2006 but \$111,000 in FY 2010. Hazard spent about \$41,000 in FY 2006 but more than \$214,000 in FY 2009. Total college marketing costs over the 5 years were more than \$6.4 million.

**Table 5**  
**KCTCS Colleges' Marketing Expenses**  
**Fiscal Year 2006 to Fiscal Year 2010**

College	2006	2007	2008	2009	2010	Total
Ashland	\$87,223	\$100,257	\$96,679	\$113,418	\$98,658	\$496,235
Big Sandy	35,371	91,415	84,464	109,463	71,900	392,613
Bluegrass	243,657	272,276	279,170	158,100	111,059	1,064,262
Bowling Green	50,967	48,460	45,492	31,999	29,266	206,184
Elizabethtown	46,572	35,368	29,746	30,130	25,406	167,222
Gateway	38,295	122,201	111,944	105,032	110,045	487,517
Hazard	41,579	47,902	56,101	214,547	80,982	441,111
Henderson	10,000	6,100	6,759	6,743	14,270	43,872
Hopkinsville	60,822	69,777	70,829	71,358	67,178	339,964
Jefferson	133,641	125,385	132,909	90,721	116,426	599,082
Madisonville	43,784	51,290	55,560	69,333	75,082	295,049
Maysville	44,000	29,390	63,662	53,380	67,748	258,180
Owensboro	118,085	58,248	113,456	110,354	85,359	485,502
Somerset	5,527	15,817	60,968	15,090	18,724	116,126
Southeast Kentucky	80,090	77,899	92,941	63,284	73,529	387,743
West Kentucky	133,744	158,503	114,174	117,519	118,986	642,926
<b>Total</b>	<b>\$1,173,357</b>	<b>\$1,310,288</b>	<b>\$1,414,854</b>	<b>\$1,360,471</b>	<b>\$1,164,618</b>	<b>\$6,423,588</b>

Note: Gateway's reported expenses include all college printing.

Source: Prepared by Program Review staff from information obtained from KCTCS.

KCTCS contracts with two advertising agencies: Creative Alliance and Demand Engine. From FY 2006 to FY 2010, the agencies performed a variety of tasks for KCTCS including media purchasing; brand development; market research; implementation and maintenance of an online marketing toolkit; television, radio, and print production; and preparation of recruitment materials. The agencies also aided in the development of marketing materials for specific KCTCS programs, such as the Kentucky Fire Commission, the North American Racing Academy, the Automotive Center of Excellence, and the Kentucky Board of Emergency Medical Services (Burcham. "Follow-up").

Over the 5 years, KCTCS spent about \$2.7 million on advertising agencies. The amounts KCTCS paid to the agencies in FY 2006 to FY 2010 are shown in Table 6.

From FY 2006 to FY 2010, KCTCS spent about \$2.7 million on advertising agencies.

**Table 6**  
**KCTCS Advertising Agency Expenses**  
**Fiscal Year 2006 to Fiscal Year 2010**

<b>Fiscal Year</b>	<b>Amount</b>
2006	\$369,891
2007	445,849
2008	571,776
2009	847,794
2010	461,696
<b>Total</b>	<b>\$2,697,006</b>

Source: Prepared by Program Review staff from information obtained from KCTCS.

The cost of advertising is included in the systemwide marketing expenses in Table 4.

### **Marketing Activities**

One primary way that KCTCS tries to inform citizens about the community and technical college system is by conveying its image or reputation through “branding” efforts. KCTCS states that a school or system’s brand is what distinguishes it from other educational institutions (Burcham. “Defining”). KCTCS emphasizes branding and marketing the system as a whole rather than the individual colleges, although the colleges market themselves locally. KCTCS stated that research indicates prospective students rate the system brand above the individual colleges. The research firm KCTCS contracts with, Horizon Research International, Inc., says this situation is common because people believe there is strength in a large institution that covers the state (Burcham. “Response to followup”).

KCTCS system office staff and all college public relations directors work together to develop marketing goals and objectives. The objectives are then presented to all college presidents for approval (Burcham. “Response to followup”). Among the KCTCS Board of Regents’ strategic goals is media focus, a component of its comprehensive marketing strategy that includes public relations, advertising and promotions, online marketing, recruitment, and public advocacy (Burcham. “Remaining”).

KCTCS stated that it is more efficient and effective to target traditional students while still in high school for three primary reasons: the college decision-making process is an integrated part of the high school curriculum, high school is the time that most

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KCTCS’s research indicates that recruiting students still in high school is more cost effective than recruiting older students, who generally are reached through television and radio ads and Web-based outreach.

students develop a basic understanding of higher education, and it is more cost effective. KCTCS market research indicates that potential nontraditional students generally are not interested in advancing their education or learning more about institutions of higher education, which makes marketing to this group more difficult and costly. KCTCS stated that for-profit institutions that accommodate nontraditional students usually spend five to seven times more on marketing than public institutions spend. Nontraditional students often are induced to attend college by television and radio advertisements and Web-based marketing tools, which are very expensive (Burcham. “Response to followup” and “LRC Documents”).

KCTCS provided PowerPoint slide presentations that listed marketing activities by year, which Program Review staff categorized based on information in the slides. It appeared that most activities were directed externally to inform and attract students and seek funding for the system. Program Review staff categorized these efforts as external marketing activities.

One activity, execute public relations activities, was carried out in each of the 5 years. Some activities were carried out in 4 of the 5 years: the online marketing tool kit for colleges to use in local marketing; local marketing efforts to target traditional students; and producing, enhancing, and updating recruitment materials. Advertising at University of Kentucky and University of Louisville sporting events started in FY 2008. The public advocacy activities at the state Capitol began in FY 2010. All KCTCS external marketing activities for FY 2006 to FY 2010 are shown in Table 7.



**Table 7**  
**KCTCS External Marketing Activities**  
**Fiscal Year 2006 to Fiscal Year 2010**

<b>Activity</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Execute public relations activities	■	■	■	■	■
Create and maintain online marketing tool kit for colleges		■	■	■	■
Sponsor local marketing efforts to target traditional students		■	■	■	■
Produce, enhance, and update recruitment materials	■	■	■		■
Conduct statewide media campaign on University of Kentucky and University of Louisville sports marketing networks			■	■	■
Create new television, radio, and print ads for system and colleges for advocacy and recruitment			■	■	■
Develop recruitment materials targeting traditional and nontraditional students			■	■	■
Execute marketing activities at targeted high schools by purchasing high school athletics and Channel One advertising			■	■	■
Conduct photo shoots at colleges for recruitment materials	■		■		■
Assist colleges with their local marketing planning efforts				■	■
Promote targeted programs				■	■
Develop “day in the life” student videos					■
Execute public advocacy designed to garner increased support among policymakers					■
Launch college Facebook and YouTube pages					■
Sponsor local marketing efforts to promote registration		■	■	■	
Create and implement KCTCS online				■	
Create new brand and marketing materials for workforce development and assist in implementation				■	
Initiate new college websites				■	
Sponsor statewide recruitment at Kentucky State Fair			■		
Create and implement new tagline “Higher Education Begins Here”	■	■			
Purchase print ads in all state college-guide publications	■	■			
Conduct direct mail campaign targeting traditional students and their parents		■			
Conduct college newspaper ad campaign promoting transfer	■				

■ indicates that KCTCS conducted a specific activity within the given fiscal year.

Source: Prepared by Program Review staff from information obtained from KCTCS.

Based on the information in the slides, it appears that KCTCS also conducts research and evaluation of marketing practices, on which system officials base marketing activities. Program Review staff categorized these efforts as internal activities related to marketing. Table 8 displays these activities for FY 2006 to FY 2010.

**Table 8**  
**KCTCS Internal Activities Related to Marketing**  
**Fiscal Year 2006 to Fiscal Year 2010**

<b>Activity</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Utilize formal mystery shopping program to assess prospective students' experiences	■		■	■	■
Develop and implement crisis communication plan and process to provide guidance for responding in emergencies			■	■	■
Purchase and develop media tracking service to measure effectiveness of public relations efforts				■	■
Establish integrated marketing teams and process		■		■	
Conduct monthly statewide online focus group with prospective students to assist in developing marketing tools			■		
Introduce new call center technology and customer service processes			■		
Launch customer service initiative			■		
Conduct statewide prospective student research study	■				

■ indicates that KCTCS conducted a specific activity within the given fiscal year.

Source: Prepared by Program Review staff from information obtained from KCTCS.

Some initiatives have been phased in and continue over time, such as the system's media tracking service, which monitors and tracks all media stories not paid for by KCTCS in newspapers, television, radio, magazines, and other sources (Burcham. "LRC Documents"). Other efforts, such as the statewide prospective student research study, are conducted and updated periodically.

KCTCS contracted for marketing assessments in 2006 and 2011 to analyze opinions of KCTCS among prospective students and others, such as parents.

In 2006, KCTCS had a marketing assessment completed by Horizon Research at a cost of \$145,600. The assessment sought to analyze opinions of KCTCS among various groups, such as traditional students and their parents and nontraditional students. The findings provided observations for KCTCS to consider when developing its marketing plans. The research objectives of the marketing assessment were determined by the KCTCS system director of institutional research, director of strategic planning, director of student services, system office marketing staff, and all college public relations staff. In June 2011, Horizon Research completed a second marketing assessment for KCTCS at a cost of \$161,686 (Burcham. "Response to followup" and Personal. June 23).

### **Evaluation of Marketing Activities**

KCTCS stated that the system office evaluates the effectiveness of all marketing activities, regardless of the audience the marketing is designed to target (Burcham. "Response to followup"). Some of the ways KCTCS evaluates its marketing activities are monitoring enrollment, requests for information, the number of applications, the number of positive news stories, the number of persons

attending events, and the number of times a marketing segment was seen or heard. KCTCS also uses research studies, focus groups, and a mystery shopping program to evaluate its marketing efforts (Burcham. "Follow-up").

KCTCS recently compiled results of its FY 2010 advertising, which included nearly 5,000 messages about the system broadcast during University of Kentucky and University of Louisville sporting events. KCTCS stated that advertising at the sporting events was seen almost 2.5 million times by individuals 12 to 17 years old. This advertising was seen nearly 9 million times by those who were 18 to 34 years old and nearly 22 million times by those who were 25 to 54 years old. KCTCS stated that, as part of its media delivery for the 2010 legislative session, its message was seen or heard nearly 10 million times among those 25 to 54 years old who were concentrated in Frankfort. Overall, KCTCS stated that its FY 2010 advertising campaign was a success and that it effectively targeted and reached every resident in the state (Burcham. "LRC Documents").

The 2011 marketing assessment conducted by Horizon Research showed that some of the marketing plans used by KCTCS since 2006 were successful in different areas. For example, since 2006, viewing of the KCTCS website by older prospects increased by 11 percent, but it decreased by 5 percent among high school students. Teachers and counselors recorded a higher percentage of "excellent/very good" ratings for various types of KCTCS communication media compared to 2006. In an evaluation of its branding efforts, teachers, older prospects, parents, and high school students all showed an increase in their level of awareness of KCTCS as a system compared to 2006. The assessment looked at what percentage of different groups perceived the branded system as "extremely/very good." This rating increased by 9 percent among teachers since 2006, remained stable among older prospects and parents, and decreased by 9 percent among high school students. One of the reasons noted for the decrease in perception among high school students was increased marketing and recruiting by 4-year and for-profit institutions. Overall, the assessment concluded that more than 200,000 more prospects know about KCTCS and its colleges than in 2006 (Burcham. "KCTCS").

KCTCS also provided results for its media tracking program, which showed information from July 1, 2010, to June 1, 2011 (Burcham. "Follow-up"). Since this is the first year of the initiative, there is no basis for comparison.

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It is impossible to know whether students would enroll in KCTCS without the marketing activities.

Although KCTCS does use and assess a number of marketing activities, it is impossible to know whether students would enroll without KCTCS's various marketing activities.

### **Lobbying**

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Lobbying for KCTCS is contracted to a government services firm. Lobbying costs for FY 2006 to FY 2010 were \$636,000, which is three-hundredths of 1 percent of operating expenses.

All lobbying for KCTCS is handled at the system office through a single contract with the government services firm Thorn Run Partners (Burcham. Personal. Feb 14).<sup>1</sup> KCTCS's lobbying costs over the 5-year period were less than 0.03 percent (three-hundredths of 1 percent) of adjusted operating expenses. Adjusted operating expenses are described in the section on administration.

In what it refers to as public advocacy, KCTCS uses system personnel and other stakeholders to influence decision makers. The cost of public advocacy is included in the marketing budget (Burcham. "2010").

### **Professional Lobbyists**

Employers of lobbyists and the persons or firms who lobby members of the General Assembly are required to register with the Legislative Ethics Commission. KCTCS first contracted for state-level lobbying services in 2010 (Burcham. "Follow-up").

At the federal level, persons or firms who have registered as lobbyists are required to file periodic reports with the clerk of the US House of Representatives and the secretary of the US Senate on income received for lobbying activities. The requirement applies to those who lobby members of Congress and certain executive branch officials.<sup>2</sup>

Table 9 displays lobbying expenses for KCTCS and the state's other public postsecondary institutions as well as the three comparison states' community and technical college systems: Colorado, Louisiana, and Ivy Tech of Indiana (US. Senate).

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<sup>1</sup>The firm was named Ogilvy Government Relations until February 2010. KCTCS's contact person remained the same.

<sup>2</sup>The requirement was established in the Lobbying Disclosure Act of 1995 and amended by the Honest Leadership and Open Government Act of 2007 (USC. §§ 1602-1604 (2011)).

**Table 9**  
**Lobbying Expenses of State-supported Institutions**  
**Calendar Year 2006 to Calendar Year 2010**

<b>Kentucky Institution</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Total</b>
KCTCS	\$160,000	\$160,000	\$160,000	\$160,000	\$160,000	\$800,000
Eastern Kentucky University	—	—	—	—	—	—
Kentucky State University	—	—	—	—	—	—
Morehead State University	88,000	74,006	60,000	—	—	222,006
Murray State University	20,000	80,000	80,000	80,000	80,000	340,000
Northern Kentucky University	80,000	80,000	80,000	80,000	—	320,000
University of Kentucky	—	—	243,000	325,000	312,000	880,000
University of Louisville	160,000	160,000	160,000	160,000	170,000	810,000
Western Kentucky University	80,000	80,000	160,000	20,000	—	340,000
<b>Community College System</b>						
Colorado	10,400	10,000	10,000	25,000	—	55,400
Louisiana	—	—	—	—	—	—
Indiana	60,000	142,000	70,000	70,000	40,000	382,000

— means that no amount was reported for the entity.

Source: Prepared by Program Review staff from information from the US Senate.

Over the 5-year period, KCTCS spent about the same amount on lobbying as the University of Louisville and almost as much as the University of Kentucky.

Overall, KCTCS spent about the same amount on lobbying as the University of Louisville and almost as much as the University of Kentucky. Eastern Kentucky University, Kentucky State University, and the Louisiana Community and Technical College System had no reported lobbying costs in the period.

It is possible for an institution to incur lobbying costs that are not reported in the database because its costs were lower than the reporting requirement or it benefited from the lobbying of another institution.<sup>3</sup>

The table does not list amounts reported by the institutions' foundations, which are legally separate entities and do not receive public funds. For example, in calendar years 2006 and 2007, the University of Kentucky Research Foundation was listed in the amount of \$160,000; the University of Kentucky itself was not reported in the Senate database in those years. In calendar year 2008, the University of Kentucky Research Foundation was listed in the amount of \$200,000.

<sup>3</sup>The instructions for the reporting form prior to the 2007 law change did not require lobbyists to report semiannual income of less than \$10,000 from a particular client; income of more than \$10,000 was to be rounded to the nearest \$20,000. After the law change, the instructions do not require lobbyists to report quarterly income of less than \$5,000 per client; income of more than \$5,000 is to be rounded to the nearest \$10,000.

KCTCS stated that in the 4-year period FY 2006 to FY 2009, its lobbying costs were \$155,000 per year. In FY 2010, the cost was \$171,000, for a total of \$636,000 (Burcham. “Remaining”). KCTCS stated that its lobbying firm indicated that the amounts differ from those in Table 9 because of the rounding provisions for reporting to the Senate database (Burcham. Personal. June 23). For federal reporting, the expenses may include state lobbying costs but are not required to do so.

KCTCS used state general funds to pay for lobbying.

### Recommendation 1

#### Recommendation 1

**If it is the intent of the General Assembly that state funds not be used to pay for lobbying, the General Assembly may wish to prohibit the practice.**

The federal entities that KCTCS’s government services firm lobbied in calendar years 2006 to 2010 are shown in Table 10.

**Table 10**  
**Federal Entities Lobbied by KCTCS**  
**Calendar Year 2006 to Calendar Year 2010**

Year	Congress		Executive Branch	
	House	Senate	Dept. of Labor	Dept. of Education
2006	■	■	■	
2007	■	■	■	
2008	■	■	■	
2009	■	■	■	■
2010	■	■		■

■ means that the entity was lobbied on behalf of KCTCS in the year.

Source: Prepared by Program Review staff from information from the US Senate.

Lobbied issues included the general categories of appropriations, workforce, labor, and education. Specific areas were the First Higher Education Extension Act, which authorized the major federal student aid programs; the Student Aid and Fiscal Responsibility Act, which increased the maximum annual student Pell Grant award; and the Workforce Investment Act Reauthorization, which continued workforce development programs for states and local governments.

KCTCS credited several funding awards and initiatives to the assistance of the lobbying firm. Funding amounts, source, and

KCTCS recipients are presented in Table 11 for FY 2006 to FY 2010. Nine colleges in the system were reported by KCTCS to have received federal funding as a result of contractual lobbying efforts (Burcham. “Partial”).

It is impossible to know whether KCTCS would have received federal funding without the lobbying firm's assistance.

It is impossible to know whether KCTCS would have received the federal funding without the lobbying firm's assistance. The issues listed on the lobbyist's reports are broad in nature: student financial aid and workforce development. The awards listed in Table 11 total \$2.8 million for FY 2009, the year with the most funding attributed to lobbying efforts. According to its FY 2009 Schedule of Expenditures of Federal Awards, KCTCS spent almost \$262 million in federal awards from all sources in that year.

**Table 11**  
**Federal Awards Attributed by KCTCS to Lobbying Firm Efforts**  
**Fiscal Year 2006 to Fiscal Year 2010**

Year	Amount	Source	Recipient
2006	\$2,480,000	Dept. of Labor, Employment and Training Administration	Center for Excellence in Automotive Manufacturing
2007	\$745,000	FY 2008 Dept. of Labor, Health and Human Services, and Education appropriations bill	<ul style="list-style-type: none"> <li>• Southeast Kentucky: \$100,000 for allied health facilities and equipment</li> <li>• Bluegrass: \$345,000 for equipment and technology</li> <li>• Gateway: \$300,000 for the Center for Advanced Manufacturing Competiveness</li> </ul>
2008	\$571,000	FY 2009 omnibus appropriations bill	<ul style="list-style-type: none"> <li>• KCTCS (Jefferson): \$95,000 for disabled veteran training</li> <li>• Elizabethtown: \$238,000 for equipment for education center</li> <li>• Ashland: \$143,000 for building renovation</li> <li>• Gateway: \$95,000 for manufacturing equipment</li> </ul>
2009	\$2,778,583	Dept. of Labor community-based job training grants	<ul style="list-style-type: none"> <li>• Gateway: \$846,670 for job training grants</li> <li>• West Kentucky: \$1,931,913 for job training grants</li> </ul>
2010	\$400,000	FY 2011 appropriations bill	<ul style="list-style-type: none"> <li>• Owensboro: \$300,000 for training</li> <li>• Hazard: \$100,000 for training</li> </ul>

Source: Prepared by Program Review staff from information obtained from KCTCS.

KCTCS reported other activities at the system and college levels that were accomplished with the help of the lobbying firm:

- leadership training for successful federal and state government relations;
- planning and assessment services to maximize government grants and appropriations;
- strategizing assistance for presentations to potential funding agencies and decision makers; and
- advising on governmental trends, legislation, and funding decisions that may impact KCTCS (Burcham. “Partial”).

### Public Advocacy

KCTCS engages in public advocacy using staff and other stakeholders to influence legislative outcomes. From July 2009 to February 2010, KCTCS spent more than \$1 million on public advocacy, including \$143,178 spent on activities at the Capitol during the 2010 Regular Session of the General Assembly.

KCTCS staff and other stakeholders such as students participate in public advocacy to influence legislative outcomes. The cost of these activities is not subject to the state and federal reporting requirements because a paid, registered lobbyist is not used. From July 1, 2009, through February 26, 2010, KCTCS spent more than \$1 million on public advocacy. The sources of funding were predominantly state funds with some private donations (Burcham. “2010”). The details are shown in Table 12.

**Table 12**  
**Public Advocacy Expenses**  
**July 1, 2009, to February 26, 2010**

<b>Description</b>	<b>Amount</b>
Media buy	\$700,000
General business communication materials – stationery, business cards, and note cards	143,000
TV and radio commercial production	75,000
University of Kentucky and University of Louisville in-game activities	16,000
Banners, building graphics, and yard signs	40,000
Buttons, fans, and bumper stickers	25,200
Advocacy consulting – training	25,000
Website software	30,000
Advocacy communication materials such as folders, legislative agenda, and brochures	14,400
T-shirts	13,700
<b>Total</b>	<b>\$1,082,300</b>

Source: Prepared by Program Review staff from information obtained from KCTCS.



Included in the total is \$143,178 spent on public advocacy at the Capitol during the 2010 Regular Session of the General Assembly. This spending was composed of

- \$82,616 for travel,
- \$18,708 for giveaways,
- \$16,379 for displays,
- \$13,700 for t-shirts,
- \$4,513 for receptions,
- \$4,162 for signs, and
- \$3,100 for fans.

All costs were paid from state funds except \$9,713 in travel expenses funded by private donations and college foundations (Burcham. "2010").

### **Administration**

Administrative costs, incurred for controlling and directing operations, include compensation of the KCTCS president; other systemwide executive, administrative, and managerial staff; college presidents and staff; and other support staff. They also include systemwide information technology services, payroll and personnel systems, the KCTCS Board of Regents and college governing boards, and the costs of finance and legal services. Administrative costs are paid from state general funds and tuition and fee revenue.

### **Institutional Support**

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Colleges and universities report their administrative costs in a category called institutional support in financial statements. KCTCS's administrative costs were \$352.2 million from FY 2006 to FY 2010, which is 13.7 percent of operating expenses.

Colleges and universities report their administrative costs in a category called institutional support in their financial statements. Institutional support also includes marketing and lobbying costs. KCTCS spent \$365.5 million on institutional support over the 5-year period. After subtracting marketing and lobbying costs, the amount spent on other administration was \$352.7 million, or 13.7 percent of adjusted operating expenses.

Institutional support includes funds spent for activities of day-to-day functioning and long-range viability of the institution, such as executive management, fiscal operations, general administration, administrative computing support, and public relations (National 21-23).

Program Review staff obtained from the entities' audited financial statements the institutional support expenses of all public institutions in Kentucky and those of the three other states' community and technical college systems used for comparison.

Table 13 shows support expense for each institution for FY 2006 and FY 2010, the percentage change, and the total amount for FY 2006 to FY 2010. The expense for each institution in each of the 5 years is shown in Table B.1 in Appendix B.

KCTCS spent more on institutional support in the 5-year period than any other state-supported institution and more than two of the three other states' systems used for comparison. However, KCTCS had the smallest percentage increase, 3.1 percent, among the institutions reviewed.

KCTCS spent more on institutional support in the 5-year period than any other state-supported institution—more than \$20 million more than the University of Kentucky. KCTCS also spent more than two of the three other states' systems that Program Review staff used for comparison.

However, KCTCS had the smallest percentage increase in institutional support expense over the 5 years at 3.1 percent. The other states' systems had significantly higher increases: Colorado at 68.8 percent, Louisiana at 27.5 percent, and Indiana at 52.5 percent.

**Table 13**  
**Institutional Support Expenses of Public Institutions (in thousands)**  
**Fiscal Year 2006 to Fiscal Year 2010**

<b>Kentucky Institution</b>	<b>2006</b>	<b>2010</b>	<b>% Change</b>	<b>Total 2006 to 2010</b>
KCTCS	\$72,053	\$74,317	3.1%	\$365,517
Eastern Kentucky University	25,449	27,049	6.3	130,705
Kentucky State University	8,366	10,360	23.8	43,718
Morehead State University	12,461	14,370	15.3	66,501
Murray State University	12,449	15,255	22.5	66,490
Northern Kentucky University	16,145	25,228	56.3	104,338
University of Kentucky	50,213	81,139	61.6	343,798
University of Louisville	36,534	46,573	27.5	209,970
Western Kentucky University	21,590	26,427	22.4	122,563
<b>Community College System</b>				
Colorado	40,057	67,601	68.8	287,925
Louisiana	52,972	67,522	27.5	322,322
Indiana	61,541	93,848	52.5	411,928

Source: Prepared by Program Review staff from the institutions' audited financial statements.

It is possible that the reported expenses contain similar but not identical costs for each institution. As noted in the 2003 Program Review report *Postsecondary Education in Kentucky*, institutions may report overhead costs such as utilities in different ways (Commonwealth. Legislative 37-38).

KCTCS has 16 colleges that incur administrative expenses in addition to the system office. Table 14 shows institutional support expense for each KCTCS college and the system office for FY 2006 and FY 2010, the percentage change, the total amount for FY 2006 to FY 2010, and the administrative cost per student in FY 2010. These expenses are summarized for KCTCS as a whole in Table 13.

KCTCS colleges' institutional support increased almost 30 percent over the 5-year period. The overall increase was only 3.1 percent because the increase at the college level was offset by a decrease of more than \$11 million at the system office.

Three colleges had percentage increases of less than 20 percent, but six colleges had increases of more than 40 percent. The overall increase was only 3.1 percent because most of the increase at the college level was offset by a decrease of more than \$11 million, 44.7 percent, at the system office. Cost per student varied among colleges. Owensboro had the lowest institutional support cost per student: \$342. Three colleges had per-student costs of more than \$800: Big Sandy, Hazard, and Henderson.

**Table 14**  
**Institutional Support Expenses Within KCTCS**  
**Fiscal Year 2006 to Fiscal Year 2010**

KCTCS College	2006	2010	% Change	Total 2006 to 2010	Cost Per Student 2010
Ashland	\$2,647,180	\$2,997,376	13.2%	\$14,272,103	\$667
Big Sandy	3,388,759	4,530,670	33.7	20,014,893	898
Bluegrass	7,457,309	7,523,084	0.9	38,622,736	562
Bowling Green	1,807,059	3,103,395	71.7	11,885,164	633
Elizabethtown	2,175,129	3,256,818	49.7	13,856,887	471
Gateway	2,350,019	2,879,725	22.5	14,632,626	685
Hazard	2,922,905	4,153,389	42.1	17,101,167	881
Henderson	1,153,211	1,800,812	56.2	7,471,537	816
Hopkinsville	1,687,015	2,344,794	39.0	9,816,525	624
Jefferson	6,620,408	8,415,433	27.1	37,670,629	561
Madisonville	2,108,303	2,856,727	35.5	12,402,161	621
Maysville	2,141,266	2,724,701	27.2	13,396,849	660
Owensboro	1,457,173	2,165,040	48.6	9,077,254	342
Somerset	3,300,055	4,536,450	37.5	19,068,697	553
Southeast Kentucky	2,407,283	2,857,132	18.7	13,031,551	576
West Kentucky	2,563,132	3,863,391	50.7	16,089,143	513
College Total	46,186,206	60,008,937	29.9	268,408,922	598
System Office	25,866,429	14,308,270	-44.7	97,107,240	143
Total	\$72,052,635	\$74,317,207	3.1%	\$365,517,162	\$741

Source: Prepared by Program Review staff from information obtained from KCTCS.

One way to measure administrative burden is to calculate institutional support as a percentage of operating expenses. Program Review staff compared institutional support expenses to adjusted operating expenses for 5 fiscal years. Staff adjusted total operating expenses by deducting depreciation expense because depreciation does not require an outlay of cash in the current period. The costs of auxiliary enterprises, intercollegiate athletics, and hospitals also were deducted from total operating expenses of 4-year institutions to focus on the kinds of cash disbursements typically made by KCTCS. Table 15 shows the proportion of institutional support expenses to adjusted operating expenses for all public institutions in Kentucky and those of the Colorado, Louisiana, and Indiana systems for the FY 2006 to FY 2010 period.

**Table 15**  
**Institutional Support Expenses**  
**Fiscal Year 2006 to Fiscal Year 2010**

<b>Kentucky Institution</b>	<b>Institutional Support Expense (in thousands)</b>	<b>Adjusted Operating Expense (in thousands)</b>	<b>Institutional Support Expense as % of Adjusted Operating Expense</b>
KCTCS	\$365,517	\$2,563,707	14.3%
Eastern Kentucky University	130,705	1,100,956	11.9
Kentucky State University	43,718	258,793	16.9
Morehead State University	66,501	555,084	12.0
Murray State University	66,490	620,308	10.7
Northern Kentucky University	104,388	758,829	13.8
University of Kentucky	343,798	4,830,432	7.1
University of Louisville	209,970	3,131,124	6.7
Western Kentucky University	122,563	1,092,198	11.2
<b>Community College System</b>			
Colorado	287,925	1,824,136	15.8
Louisiana	322,322	1,912,241	16.9
Indiana	411,928	2,008,101	20.5

Source: Prepared by Program Review staff from the institutions' audited financial statements.

A way to measure administrative burden is to calculate institutional support as a percentage of operating expenses. KCTCS had the second-highest proportion, 14.3 percent, among Kentucky's public institutions. Only Kentucky State University had a higher proportion, 16.9 percent.

KCTCS had the second-highest proportion of institutional support to operating expenses among Kentucky's public institutions at 14.3 percent. Kentucky State University had the highest proportion at 16.9 percent. Kentucky State University, which had 2,606 students in 2010, would be expected to have relatively higher administrative costs because it cannot achieve economies of scale available to a larger institution. KCTCS's percentage of institutional support was below that of all three of the other states' systems, which are similar in size to KCTCS.

## **Executive, Administrative, and Managerial Costs**

Colleges and universities use specific categories to report the number of executive, administrative, and managerial positions. The categories are established by the US Department of Education in its Integrated Postsecondary Education Data System. The department defines executive, administrative, and managerial personnel as persons whose assignments require management of the institution or a department or subdivision of the institution. For KCTCS, this category includes the system president, vice presidents, and other administrators and managers; college presidents and their top administrators and managers; and other high-level personnel whose principal activities are administration rather than instruction, research, or public service (US. Department).

**Public Institutions' Presidential Compensation.** The governing board of each Kentucky postsecondary education institution contracts for the services of a president. Presidential compensation from public funds is reported as institutional support and is included in Tables 13, 14 (in the KCTCS system office), and 15.

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Presidential base salaries were available for the three comparison state community college systems for a 3-year period, FY 2007 to FY 2009. In that time, the average annual base salary of the KCTCS president was \$295,813, which exceeded the salaries of the presidents of the Colorado, Louisiana, and Indiana community college systems.

To provide a context for considering KCTCS, Program Review staff obtained from the Council on Postsecondary Education the base salary and other compensation of each Kentucky public postsecondary institution's president for FY 2006 to FY 2010. Staff obtained the salary of other state systems' presidents from a survey conducted by *The Chronicle of Higher Education*. The other state systems' reports were available only for FY 2007 to FY 2009. The average annual base salary of the KCTCS president was \$295,813 in that 3-year period. The average annual salaries over this period for the comparable state systems were \$291,667 (Indiana), \$259,365 (Colorado), and \$227,667 (Louisiana). Annual base salaries for FY 2007 to FY 2009 for the three other states' systems and for FY 2006 to FY 2010 for Kentucky's institutions are shown in Table B.2 of Appendix B.

Table 16 shows the total base salary of each president of a Kentucky postsecondary institution for FY 2006 and FY 2010, the percentage change, total salary, and average salary over 5 fiscal years.

**Table 16**  
**Kentucky Public Postsecondary Institutions' Presidential Base Salaries**  
**Fiscal Year 2006 to Fiscal Year 2010**

Kentucky Institution	2006	2010	% Change	2006 to 2010	
				Total	Average
KCTCS	\$275,000	\$304,890	10.9%	\$1,466,790	\$293,358
Eastern Kentucky University	235,870	254,250	7.8	1,318,641	263,728
Kentucky State University	195,000	240,000	23.1	1,094,796	218,959
Morehead State University	218,400	251,160	15.0	1,189,920	237,984
Murray State University	232,100	246,000	6.0	1,210,100	242,020
Northern Kentucky University	292,438	338,441	15.7	1,607,887	321,577
University of Kentucky	286,000	304,010	6.3	1,492,040	298,408
University of Louisville	297,149	314,037	5.7	1,534,862	306,972
Western Kentucky University	262,512	352,020	34.1	1,588,464	317,693

Source: Prepared by Program Review staff from information obtained from the Kentucky Council on Postsecondary Education.

In the 5-year period from FY 2006 to FY 2010, the president of KCTCS made approximately the same amount as the president of the University of Kentucky.

In terms of percentage change, the base salary of the president of KCTCS increased about a third as much as the president of Western Kentucky University and about half as much as the president of Kentucky State University. In terms of dollar amounts, the president of KCTCS made approximately the same base salary as the president of the University of Kentucky over the 5 years. The average base salary of the KCTCS president was in the middle; it was more than four university presidents and less than four others. The situation changes when other compensation is added to base salary.

A president's total compensation can include a performance bonus, deferred compensation, housing, additional insurance, and other benefits not available to rank-and-file employees.

A president's total compensation package can include a performance bonus, deferred compensation, housing, additional long-term disability and life insurance, and other benefits not available to rank-and-file employees. Most presidential compensation is paid from public funds but can be supplemented by a foundation. For example, the current president of Western Kentucky University receives an annual bonus furnished by the Western Kentucky University Foundation. Presidential compensation from public funds is reported as institutional support.

From calendar year 2005 to calendar year 2010, the total compensation of the president of KCTCS varied from a high of \$655,231 in 2007 to a low of \$569,875 in 2010.

Program Review staff asked how much was originally budgeted and how much was actually paid for the KCTCS president’s total compensation in FY 2006 to FY 2010. KCTCS provided total compensation for calendar year 2005 to calendar year 2010 and indicated that the actual compensation equaled the budgeted amount. KCTCS provided information by calendar year because the Board of Regents contracts with the president on a calendar-year basis. The president’s total compensation for the 6-year period, calendar year 2005 to calendar year 2010, is presented in Table 17.

**Table 17**  
**KCTCS President’s Total Compensation**  
**Calendar Year 2005 to Calendar Year 2010**

<b>Compensation Type</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Base salary	\$275,000	\$286,000	\$296,010	\$304,890	\$304,890	\$304,890
Housing allowance	90,000	90,000	90,000	90,000	90,000	90,000
Bonus	55,000	57,200	59,202	0	0	0
Deferred compensation	123,829	130,572	134,460	138,889	91,647	91,647
Other benefits	65,965	71,117	75,559	77,942	82,380	83,338
<b>Total</b>	<b>\$609,794</b>	<b>\$634,889</b>	<b>\$655,231</b>	<b>\$611,721</b>	<b>\$568,917</b>	<b>\$569,875</b>

Source: Prepared by Program Review staff from information obtained from KCTCS.

Although all public institutions report information to the Council on Postsecondary Education, it does not provide a basis for consistent determination of the presidents’ total compensation. Different instructions from the council over the years, different ways the institutions report information to the council, and reporting before fiscal year-end make it possible to calculate potential compensation but not the amount a president actually receives. The council does not report the actual amount paid to and on behalf of the presidents.

The total compensation of a president cannot be determined consistently from the information the institutions report to the Council on Postsecondary Education. The format and instructions provided by the council were not the same over the years. For example, in some years, the form instructed that “salary” includes annual base salary plus the dollar amount of performance incentives and/or bonuses. In other years, the form contained no instructions; it simply had a place to record “salary.” In these years, some institutions reported only base salary, while others reported base salary, incentives, and bonuses.

Another problem is that institutions report information in different ways. Housing is an example. As a general rule, a university provides a residence for the president. In reporting to the council, some institutions reported the cost of housekeeping and maintenance; others simply noted that housing was provided. KCTCS has no presidential residence, and the president is given a \$90,000 annual housing allowance.

Finally, the information is reported to the council early in a fiscal year. Thus, it can cover all compensation that a president may be awarded but not necessarily the amount the president eventually

receives. The council does not report the actual amount paid to and on behalf of the presidents. Nonetheless, the information is useful in determining a governing board's plans for compensating the president.

## Recommendation 2

### Recommendation 2

**If more detailed cost information is needed from the public postsecondary education institutions, the General Assembly may wish to consider requiring the Council on Postsecondary Education to collect and report it.**

With the above caveats in mind, Program Review staff compiled the available information from the council. Table 18 shows the total potential compensation of each president of a Kentucky postsecondary institution for 2006 and 2010, the percentage change, total potential compensation, and average potential compensation over 5 fiscal years. The Colorado, Louisiana, and Indiana community college systems are not included in the table because of limitations in the data available from *The Chronicle of Higher Education*. The council's instructions state that the presidential salary and benefits should be reported by fiscal year. It appears that KCTCS reports the information for the previous calendar year's Board of Regents' contract with the president. A comparison of the information in Table 18 to that in Table 17 shows that the president of KCTCS received \$569,875 of the \$580,341 total potential compensation for FY 2010.

**Table 18**  
**Kentucky Public Institutions' Total Potential Presidential Compensation**  
**Fiscal Year 2006 to Fiscal Year 2010**

Kentucky Institution	2006	2010	% Change	2006 to 2010	
				Total	Average
KCTCS	\$275,000	\$580,341	111.0%	\$2,311,991	\$462,398
Eastern Kentucky University	235,870	254,250	7.8	1,440,776	288,155
Kentucky State University	195,000	255,000	30.8	1,124,796	224,959
Morehead State University	218,400	263,718	20.8	1,246,996	249,399
Murray State University	255,310	270,600	6.0	1,331,110	266,222
Northern Kentucky University	334,438	511,684	53.0	2,272,202	454,440
University of Kentucky	461,000	554,010	20.2	2,587,540	517,508
University of Louisville	371,436	314,037	-15.5	1,762,434	352,487
Western Kentucky University	336,015	500,586	49.0	2,235,092	447,018

Source: Prepared by Program Review staff from information obtained from the Kentucky Council on Postsecondary Education and KCTCS.



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Over a 5-year period, the potential compensation of the president of KCTCS more than doubled and was the highest among Kentucky public institutions in 2010. The KCTCS president received \$569,875 of the \$580,341 total potential compensation.

The potential compensation of the president of KCTCS more than doubled from 2006 to 2010 and was the highest among Kentucky public institutions in 2010. The potential compensation of the presidents of Northern Kentucky University and Western Kentucky University increased by about half. The compensation of the University of Louisville's president declined. Over the 5-year period, the average potential compensation of the president of KCTCS was more than all presidents of Kentucky postsecondary institutions except the president of the University of Kentucky.

At its December 19, 2010, meeting, the KCTCS Board of Regents voted to provide deferred compensation equal to 30 percent of the president's prior year's base salary plus bonus received. The board voted that the president's annual performance bonus would be up to 25 percent of the previous year's base salary if economic conditions allow (Commonwealth. Kentucky. Board).

**Other KCTCS System Office Executive, Administrative, and Managerial Staff Compensation.** In addition to the system president, the KCTCS system office has high-level executive and administrative staff and numerous managerial staff who are paid with state general funds. These positions are classified in accordance with the US Department of Education's guidelines for the Integrated Postsecondary Education Data System. The compensation is included in institutional support expense.

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Other KCTCS system office executive, administrative, and managerial staff compensation was more than \$25.5 million from FY 2006 to FY 2010, an increase of 15.8 percent in the 5-year period.

Excluding the system president, total other executive, administrative, and managerial staff compensation at KCTCS was more than \$25.5 million in the FY 2006 to FY 2010 period. This compensation increased 15.8 percent in the 5-year period.

The executive staff positions at the system office, except the president's executive assistant, work under contract and are provided benefits that exceed those of regular employees (Burcham. "Additional"). KCTCS refers to these positions as the president's cabinet. All members of the president's cabinet participate in the Kentucky Employees' Health Plan. The general counsel and executive assistant also participate in the Kentucky Employees Retirement System. Table 19 shows the position title, salary, and the additional benefits for FY 2010.

Managerial staff positions are employees of KCTCS and include titles such as vice chancellor, registrar, and directors of accounting, employee benefits, internal audit, library systems, payroll, purchasing, accounts payable, financial aid, and network operations (Burcham. "LRC Information").

**Table 19**  
**KCTCS Administrative Staff Positions and Compensation**  
**Fiscal Year 2010**

<b>Title</b>	<b>Salary</b>	<b>Car Allowance</b>	<b>Additional Benefits</b>
Chancellor	\$333,285	\$15,000	• 10 percent of salary in a KCTCS-sponsored defined contribution retirement plan;
Vice President of Finance and Facilities	219,522	15,000	• 4 percent of salary in a supplemental retirement plan;
Vice President of Advancement	201,235	15,000	• post-retirement health insurance if the individual retires in good standing with at least 5 years of service at KCTCS, retires with at least 15 years of service in postsecondary education, and retires with age plus years of service equal to at least 75
Vice President of Organizational Development and Human Resources	185,803	15,000	
General Counsel	139,000	12,000	• 4 percent of salary in a supplemental retirement plan; • post-retirement health insurance if the individual retires in good standing with at least 5 years of service at KCTCS, retires with at least 15 years of service in postsecondary education, and retires with age plus years of service equal to at least 75
Executive Assistant	115,533	9,600	• 4 percent of salary in a supplemental retirement plan

Note: The former position of Vice President of Technology Solutions was phased out, and those duties have been assumed by the chancellor. The amount paid to the former vice president in FY 2010, which is not included in Table 19, was \$8,398.

Source: Prepared by Program Review staff from information obtained from KCTCS.

KCTCS officials stated that the specific activities undertaken at the system office include

- setting direction for the system to promote effective and efficient programs and services within KCTCS to improve the quality of life and employability of the citizens of the Commonwealth;
- general counsel, legal advice, and representation;
- instructional programs and services, student services, workforce solutions, institutional research, and policy analysis;

- development, alumni affairs, marketing, communications, governmental affairs, conference and event planning, Web services, grants and contracts, and strategic planning;
- administrative information systems, distance learning technologies, network operations, and visualized learning and innovation;
- human resources management, organizational development, professional development, and diversity initiatives;
- budget and financial planning, business services (accounting, payroll, and purchasing), treasury management, and facilities management (new construction and maintenance); and
- Veterans Education Approving Program, Kentucky Fire Commission, and Kentucky Board of Emergency Management Services (Burcham. “Remaining”).

Other system-level costs specifically requested by Program Review staff are those of systemwide information systems, legal services, the Board of Regents, and finance costs, which consist of banking and outsourced vendor payment and tax services (Burcham. “Additional”). Table 20 shows the expenses for the categories for FY 2006 and FY 2010, the percentage increase, and total expenses for the FY 2006 to FY 2010 period. These costs are included in institutional support.

**Table 20**  
**Other KCTCS System Office Expenses**  
**Fiscal Year 2006 to Fiscal Year 2010**

<b>Type of Cost</b>	<b>2006</b>	<b>2010</b>	<b>% Change</b>	<b>Total 2006 to 2010</b>
Information systems	\$1,562,340	\$3,178,730	103.5%	\$14,270,276
Legal	125,913	351,487	179.2	1,102,585
Finance	199,170	101,869	-48.9	788,609
Board of Regents	56,183	43,735	-22.2	218,055
<b>Total</b>	<b>\$1,943,606</b>	<b>\$4,265,838</b>	<b>119.5%</b>	<b>\$16,379,524</b>

Source: Prepared by Program Review staff from information obtained from KCTCS.

The cost of legal services increased almost 180 percent in the 5 years. The cost of information systems more than doubled. Expenses related to finance and the Board of Regents decreased from FY 2006 to FY 2010.

**Compensation of College Presidents and Administrative and Managerial Staff.** Each college in the system has a president and administrative and managerial staff. The college presidents work under contract; the other positions are KCTCS staff. Table 21

shows college presidents' salaries for FY 2006 and FY 2010, the percentage change, and the total salaries over a 5-year period. The \$13.2 million in presidential compensation was paid from state general funds and tuition revenue.

**Table 21**  
**Salaries of KCTCS College Presidents**  
**Fiscal Year 2006 to Fiscal Year 2010**

KCTCS College	2006	2010	% Change	Total 2006 to 2010
Ashland	\$147,205	\$171,814	16.7%	\$819,356
Big Sandy	148,671	171,714	15.5	820,897
Bluegrass	169,180	204,000	20.6	908,996
Bowling Green	153,700	187,475	22.0	878,297
Elizabethtown	150,696	174,714	15.9	833,494
Gateway	175,555	187,164	6.6	909,875
Hazard	141,689	158,650	12.0	681,053
Henderson	153,548	167,968	9.4	817,227
Hopkinsville	170,723	159,064	-6.8	797,341
Jefferson	205,876	222,356	8.0	1,084,668
Madisonville	149,196	167,214	12.1	802,064
Maysville	143,043	154,000	7.7	680,762
Owensboro	151,709	165,303*	9.0	709,336
Somerset	152,684	180,149	18.0	855,160
Southeast Kentucky	158,799	169,368	6.7	832,008
West Kentucky	145,294	171,714	18.2	814,899
Average	\$157,348	\$175,792	11.7%	
Total				\$13,245,433

\*The amount shown is for FY 2009. The position was vacant for part of FY 2010.

Source: Prepared by Program Review staff from information obtained from KCTCS.

Overall, KCTCS college presidents' salaries increased by 11.7 percent from FY 2006 to FY 2010, although there were variations among the colleges. Total college presidents' salaries in the 5-year period were more than \$13.2 million. Total other administrative and managerial staff salaries were \$73.4 million, an increase of 23.8 percent over the period.

Overall, the salaries of KCTCS college presidents increased by 11.7 percent. From FY 2006 to FY 2010, the salary decreased at Hopkinsville. Over this period, salaries increased by less than 10 percent at Gateway, Henderson, Jefferson, Maysville, Owensboro, and Southeast Kentucky. The largest percentage increases were for the presidents of Bowling Green (22 percent) and Bluegrass (20.6 percent).

Excluding the college presidents, total other administrative and managerial staff salaries at KCTCS were \$73.4 million in FY 2006 to FY 2010. This compensation increased 23.8 percent in the 5-year period.

KCTCS officials stated that the administrative functions of the colleges are based on policies, procedures, and processes

established by the KCTCS Board of Regents or the KCTCS president. In addition to providing overall leadership at the colleges, the administrative functions are to direct academic programs, student services programs, workforce solutions programs, development activities, and budget implementation. Each college has a board of directors with primary responsibilities to evaluate the college president, approve the strategic plan, and approve annual and biennial budget requests (Burcham et al. Personal. Feb. 14.). Table 22 shows the boards' costs over 5 fiscal years.

As of FY 2010, the total cost of boards of directors was \$32,081, an 81 percent increase from FY 2006. In FY 2010, the cost of the board of directors for most colleges was in the hundreds of dollars. For four boards, the cost was in the thousands of dollars and together they accounted for 78 percent of total costs for boards. The highest cost (\$14,385) was for Bowling Green, which was 45 percent of the total for all KCTCS colleges in FY 2010. KCTCS stated that Bowling Green was expanding from a technical college to a comprehensive community and technical college, and the board was actively involved in preparing for the college's accreditation (Burcham et al. Personal. June 23).

**Table 22**  
**College Boards of Directors' Costs**  
**Fiscal Year 2006 to Fiscal Year 2010**

KCTCS College	2006	2007	2008	2009	2010
Ashland	\$847	\$807	\$713	\$1,008	\$1,031
Big Sandy	885	1,275	982	2,276	3,144
Bluegrass	5,503	1,650	291	988	366
Bowling Green	324	11,575	14,538	16,639	14,385
Elizabethtown	3,112	3,382	2,689	2,467	3,024
Gateway	1,611	1,411	1,146	524	444
Hazard	1,030	1,056	1,075	1,652	1,135
Henderson	250	419	322	250	250
Hopkinsville	50	291	424	101	111
Jefferson	1,200	1,202	1,506	2,247	4,534
Madisonville	842	1,320	1,346	850	724
Maysville	190	73	438	575	680
Owensboro	500	500	990	987	637
Somerset	670	808	731	704	922
Southeast Kentucky	400	326	264	319	385
West Kentucky	280	287	294	302	309
<b>Total</b>	<b>\$17,694</b>	<b>\$26,382</b>	<b>\$27,749</b>	<b>\$31,889</b>	<b>\$32,081</b>

Source: Prepared by Program Review staff from information obtained from KCTCS.

## Other Administrative Costs

After deducting marketing and lobbying costs from total institutional support, the amount KCTCS spent on administrative activities from FY 2006 to FY 2010 was \$352.7 million. After deducting \$124.3 million in executive, administrative, and managerial compensation and other costs described above, the remaining amount in institutional support cost is \$241.4 million.

In accordance with the recommended accounting practices of the National Association of College and University Business Officers, the \$241.4 million would include retirement and health care costs of the contractors and employees whose salaries are reported in the institutional support category. It also would include such costs as internal audit operations, external audits, the accounting office, the bursar's office, personnel administration, space management, purchasing and maintenance of supplies and materials, campuswide communications, general stores, printing shops, and utilities not recorded in other categories (National 22). Program Review staff asked specifically for information on retirement and health care plans of KCTCS contractors and employees.

All faculty and staff, regardless of title or position, are employees of KCTCS. The KCTCS president is under contract executed by the Board of Regents. The 16 college presidents and five members of the president's cabinet are under contracts executed by the KCTCS president.

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All faculty and staff are employees of KCTCS. KCTCS employees are members of either a state-sponsored retirement plan or a KCTCS-sponsored plan. Contracted positions are the KCTCS president, 16 college presidents, and five members of the president's cabinet. Generally, the contracted positions participate in the KCTCS-sponsored plan.

**Retirement Plans.** KCTCS employees are members of the Kentucky Employees Retirement System, the Kentucky Teachers Retirement System, or a KCTCS-sponsored defined contribution retirement plan under Internal Revenue Code section 403(b). The creation of KCTCS combined employees from the Workforce Development Cabinet (who were participating in one of the state-sponsored retirement plans) and employees from the University of Kentucky Community College system, who were participating in a 403(b) defined contribution plan sponsored by the university. KCTCS maintained these systems for current and future employees (Burcham. "LRC Documents" and "LRC Information").

Generally, the contracted positions participate in the KCTCS-sponsored defined contribution plan. One college president participates in the Kentucky Teachers Retirement System. The system's general counsel and the executive assistant to the president participate in the Kentucky Employees Retirement System and are provided an employer-paid Internal Revenue Code section 401(a) retirement plan.

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Some KCTCS employees participate in a health plan sponsored by the University of Kentucky. All other employees and all contracted positions participate in the Kentucky Employees' Health Plan.

**Health Care Plans.** KCTCS employees who were part of the University of Kentucky Community College System and have chosen to remain in its personnel system are members of the university's health plan. All other employees and all contracted positions participate in the Kentucky Employees' Health Plan (Burcham. "LRC Information").





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## **Appendix A**

### **How This Study Was Conducted**

Program Review staff obtained information from KCTCS through personal interviews and email correspondence. Staff obtained information from the websites of KCTCS and its individual colleges, Kentucky's other public postsecondary education institutions, other states' community and technical college systems, the federal government, and other entities.

Program Review Staff interviewed staff of the Kentucky Legislative Ethics Commission and the Kentucky Executive Branch Ethics Commission. Staff reviewed reports, meeting minutes, journal articles, and news articles.

Program Review staff reviewed relevant statutes and regulations pertaining to KCTCS, the Council on Postsecondary Education, and other Kentucky public postsecondary education institutions.

Staff obtained information from Legislative Research Commission staff of the Interim Joint Committee on Education, Budget Review, and the Library. Staff also obtained information from the staff of the Legislative Ethics Commission.



## Appendix B

### Additional Administrative Cost Information

#### Institutional Support Expenses of Public Institutions (in thousands) Fiscal Year 2006 to Fiscal Year 2010

<b>Kentucky Institution</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Total</b>
KCTCS	\$72,053	\$72,216	\$76,622	\$70,309	\$74,317	\$365,517
Eastern Kentucky University	25,449	27,056	26,062	25,089	27,049	130,705
Kentucky State University	8,366	8,763	7,409	8,820	10,360	43,718
Morehead State University	12,461	11,853	13,173	14,644	14,370	66,501
Murray State University	12,449	11,752	12,582	14,452	15,255	66,490
Northern Kentucky University	16,145	18,571	21,963	22,481	25,228	104,388
University of Kentucky	50,213	58,865	72,167	81,414	81,139	343,798
University of Louisville	36,534	38,534	42,129	46,200	46,573	209,970
Western Kentucky University	21,590	23,528	24,608	26,410	26,427	122,563
<b>Community College System</b>						
Colorado	40,057	51,250	61,984	67,033	67,601	287,925
Louisiana	52,972	57,099	73,214	71,515	67,522	322,322
Indiana	61,541	75,598	86,381	94,560	93,848	411,928

Source: Prepared by Program Review staff from the institutions' audited financial statements.

#### Public Postsecondary Institutions' Presidential Base Salaries Fiscal Year 2006 to Fiscal Year 2010 for Kentucky and Fiscal Year 2007 to Fiscal Year 2009 for Other States' Systems

<b>Kentucky Institution</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Total</b>
KCTCS	\$275,000	\$286,000	\$296,010	\$304,890	\$304,890	\$1,466,790
Eastern Kentucky University	235,870	268,539	305,732	254,250	254,250	1,318,641
Kentucky State University	195,000	202,800	216,996	240,000	240,000	1,094,796
Morehead State University	218,400	230,000	239,200	251,160	251,160	1,189,920
Murray State University	232,100	240,000	246,000	246,000	246,000	1,210,100
Northern Kentucky University	292,438	309,984	328,583	338,441	338,441	1,607,887
University of Kentucky	286,000	294,010	304,010	304,010	304,010	1,492,040
University of Louisville	297,149	297,002	313,337	313,337	314,037	1,534,862
Western Kentucky University	262,512	270,396	351,516	352,020	352,020	1,588,464
<b>Community College System</b>						
Colorado	NA	255,700	255,700	266,695	NA	—
Louisiana	NA	210,000	236,500	236,500	NA	—
Indiana	NA	275,000	300,000	300,000	NA	—

NA means the information was not available.

— means that a 5-year total could not be calculated.

Source: Prepared by Program Review staff from information obtained from the Kentucky Council on Postsecondary Education and *The Chronicle of Higher Education*.

