

Kentucky Postsecondary Education Trusteeship Conference
Keynote Address, Dr. Aaron Thompson
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HIGHER EDUCATION
Matters

Good morning trustees, regents, presidents, legislators, and friends of postsecondary education. I'm honored to kick off day two of our signature event for higher education leadership, where we come together to share our successes and confront the emerging and enduring challenges our colleges and universities face.

Yesterday, Jamie Merisotis spoke about the need to pivot to a new educational attainment goal. The big goal Lumina was chasing was for 60% of Americans to have a college credential by 2025. Although we fell five percentage points short of the target, the increases we achieved represent millions of Americans whose lives and livelihoods were enriched by a postsecondary credential.

Here in Kentucky, we've also made strides toward our statewide goal. The percentage of working-age adults with college credentials increased from 45% in 2013 to 55% today—a 10 percentage-point gain in just 13 years. With a little more than three years to go, we are in striking distance of 60%.

Kentucky's attainment gains have been propelled by the strong growth we've seen in college enrollment, retention and completion. Let me be the first to announce that total degrees and credentials in 2025-26 were up 4.8% from the previous year and 21% over the last five years. That's phenomenal progress, and it's a testament to your hard work. Kentucky is now among the top states in the country in postsecondary improvement.

- First, undergraduate enrollment in Kentucky recovered from pandemic-era declines faster than the nation and SREB. Looking back a bit earlier to 2019, public universities increased enrollment by nearly 1 percent, behind SREB but ahead of the nation. KCTCS increased by 7.3%, significantly higher than SREB and the nation.
- Second, not only are we enrolling more students—we're doing a better job of keeping them enrolled. Since 2019, the first-year to second-year retention rate at public universities increased by 2 points, on par with regional and national peers. At KCTCS, it rose over 6 points, more than double SREB and the nation. In fact, KCTCS ranks 2nd in the nation in retention-rate improvement over this period.
- Finally, and perhaps most importantly, Kentucky's graduation rates are extremely competitive with regional and national peers. Since 2019, Kentucky's public universities have increased their six-year graduation rate by 6 points, and KCTCS increased its three-year graduation rate by 13 points. Kentucky public universities were first in the nation in graduation-rate gains over this period, and KCTCS ranked second.
- I'd like to remind you that in 1997, when the Council on Postsecondary Education was created, House Bill 1 challenged our public higher education system with an audacious, and

many thought, unattainable goal—to reach the national average in postsecondary attainment by the year 2020. Standing here in 2026, I am proud to say that together, we have fulfilled the original promise of that legislation. That deserves a round of applause.

The effects of these productivity gains have rippled through our state and local economies:

- Last year, the University of Kentucky's Center for Business and Economic Research found that every dollar invested in higher education appropriations returns \$4.50 to the state coffers through increased tax revenues and \$17 to local communities through consumer spending.
- A bachelor's degree graduate in Kentucky makes about \$1.2 million more than a high school graduate over the course of their career. For associate degree graduates, it's about half a million more.
- In short, higher education offers a tremendous return on investment. Every time a graduate earns a promotion, volunteers in their community, gives to charity, or makes scientific discoveries or artistic contributions that improve our quality of life, we see firsthand the value of higher education.

Unfortunately, as Jamie discussed, our faith in colleges and universities is no longer shared by a majority of the American public. Gallup's latest opinion poll shows only 38% of U.S. adults express "a great deal" or "quite a lot" of confidence in the nation's postsecondary institutions. While some of this distrust is driven by partisan politics, concerns about rising costs and student loan debt also are playing a role. In the same poll, just 12% of U.S. adults said four-year colleges and universities are doing an "excellent" or "good" job of providing an affordable education.

When I was hired as CPE's president almost a decade ago, I said that our first order of business was increasing the value proposition of higher education. In other words, we need to increase the individual and collective benefits college bestows and make them more visible to the public and funders. This is still an urgent priority, perhaps more than ever before.

In part, what we're facing is a public relations challenge. Take college affordability, for example—too many students don't understand that the advertised sticker price is almost never the actual price. While the national media reports on rising costs and unmanageable student debt, I'm proud to say that in Kentucky, 6 out of 10 public undergraduates finish their credential debt-free. We need to do a better job of getting this message out.

At the same time, we should take a hard look at the value of a postsecondary credential in today's marketplace, since most students cite gainful employment as their primary reason for going to college. Earlier this year, Gallup surveyed 2,000 employers about their satisfaction with college graduates and the institutions that produce them. While more enthusiastic than the public at large, there is still room for improvement.

- Only 54 percent of employers said U.S. colleges and universities are graduating students with the skills their businesses need;
- 56 percent of employers said it is difficult to find candidates with the right skills; and
- Nearly 70 percent said that recent college graduates hired in the past year need a moderate to a great deal of additional training or skill development to perform effectively in their roles.

The new attainment goal Lumina has adopted shifts attention to American workers and the durable skills they should possess. It states that by 2040, 75% of Americans in the labor force will hold credentials of value that lead to increased economic prosperity. As a reminder, here are Lumina's four priorities for achieving the goal, which are well aligned with our strategic priorities:

- Ensuring postsecondary credentials have value.
- Expanding access to postsecondary education.
- Helping more students complete in less time.
- Redesigning how we organize, fund and govern postsecondary institutions.

For the rest of my remarks, I'd like to reflect on how Kentucky is approaching these four objectives. I'll touch on what we're currently doing to increase our value proposition, as well as what we might consider to remain competitive in our rapidly changing higher education ecosystem.

Ensuring credentials have value is the driving force behind Kentucky's Graduate Profile, the state's higher education learning framework adopted in 2021. The Graduate Profile identifies 10 Essential Skills that every Kentucky graduate should know and be able to demonstrate.

We worked with faculty and employers to identify these skills. For the last several years, institutions have been infusing the Graduate Profile throughout general education, the majors, and curricular and co-curricular activities. The challenge before us now is three-fold: 1) ensuring our graduates have attained comparable skill levels across our institutions; 2) ensuring graduates can articulate these skills in a way that resonates with employers; and 3) getting employers to become bigger stakeholders in this enterprise.

As individual institutions determine how best to approach essential skills assessment, I encourage us to think about quality assurance from a broader perspective. Here are some questions that you should be asking:

- Are there ways to incorporate stackable credentials or badges that have real currency with employers?
- Are graduates being coached on how to respond to skills-based hiring, which is now used by a majority of employers?
- Can students perform well in interviews where they're asked to complete short, timed exercises that mimic job responsibilities?
- Do they have a portfolio of work that demonstrates their competencies and skills?

Increasing employer involvement is critically important, not only to cultivate hiring networks but to help shape and update the curriculum so it remains relevant.

I often say that in an ideal world, every undergraduate would be required to complete at least one high-quality work-based learning experience, be it an internship, co-op, clinical experience, capstone or research project or something else. At Boston's Northeastern University, around 96% of students participate in for-credit, paid internships lasting six months to a year. As sophomores, all students are required to take a career preparation course to build their resumes and practice interviewing. To accomplish this, Northeastern hired a cadre of dedicated professionals who collaborate with over 3,500 employers across 140 countries to create work-based learning opportunities for students. This human-resources investment was substantial, but it's paying off in increased demand and enrollment.

Let's look at Lumina's second priority—making postsecondary education accessible to students from all walks of life. Our most direct measure of access is enrollment, particularly among first-generation students and students with low incomes.

We've seen robust growth over the last five years across all demographic groups, but preliminary fall enrollment suggests growth may be slowing. This semester, undergraduate enrollment at public universities is essentially flat, while KCTCS enrollment increased by 1%. Part of this is a function of demographics—there are simply fewer high school seniors in the pipeline, especially in rural areas of the state. Currently, almost 48% of high school seniors enroll directly in an in-state institution after graduation. CPE projects that by 2040, we'll need to increase college-going to 53% just to maintain the number of first-time students we have today.

How can we appeal to the roughly 50% of high school graduates who opt out of college each year? One strategy that's working especially well is expanding dual credit pathways, especially in career and technical education. We're finding that many students who don't see themselves as college material change their mind after a dual credit course. CPE conducted research showing that dual credit students earn higher first-year GPAs and are more likely to persist to a second year of college. Moving forward, we need to ensure that these courses are sufficiently rigorous, so students enter our institutions prepared for postsecondary work.

What else are we doing to recruit traditional-age students? Beginning this year, Kentucky will join a handful of states implementing proactive admissions. Soon, every high school student who meets an institution's admission requirements and opts into the program will be notified by letter and informed of their next steps.

We're also enhancing Futuriti.org, a one-stop resource for college and career information in Kentucky. Currently, Futuriti helps students identify their strengths, explore careers and academic programs, and search job openings and average earnings. In the future, the site will provide actionable data on student interests and skills, including workforce-trend insights and a verified pool of potential enrollments and hires. Eventually, Futuriti could even serve as a digital wallet, storing transcripts, skills badges, and resumes.

But these strategies, however powerful, won't be enough to get our attainment rate to where it needs to be. To be truly accessible, we'll need programs for students of all ages, at every stage. A few weeks ago, KCTCS launched "Comeback to Complete," an initiative to re-enroll students who started a credential but didn't finish. There are over half a million Kentuckians in this position who might be lured back with incentives that increase flexibility and affordability. Academic programs should be adult-friendly, acknowledging and crediting the work and life experience older students bring into the classroom. An increasingly multigenerational student body will demand multigenerational programs and approaches.

Lumina's third priority is helping more students complete a credential in less time. The completion gains we've seen over the last five years speak to your innovation and dedication to this objective. Proactive advising, data analytics, and just-in-time interventions are moving the needle on student success.

A growing issue among our campuses is helping students who are having difficulty meeting their basic needs. A student who is hungry or wondering where they will sleep is a student at much greater risk of dropping out. CPE's Student Success Collaborative is helping institutions connect under-resourced students with services that assist with food and housing insecurity, transportation and childcare shortages, and financial or mental health emergencies. Strategies include better screening protocols, as well as tools and training to help faculty and staff reach students in crisis.

Last year's Healthy Minds Survey, administered to 84,000 students nationwide, found that 37% screened positive for moderate or severe depression, while 33% screened positive for moderate or severe anxiety. Additionally, about a quarter of students expressed feelings of loneliness and isolation. Since the pandemic, mental health challenges on campus have reached epic proportions. Implementing living-learning communities, peer-support networks, counseling support, and multigenerational mentoring can help students forge more meaningful connections and keep them enrolled.

I'd like to take a moment to mention one last access and completion strategy that is still underutilized by students—starting at a 2-year institution and transferring to a 4-year program. Students who are not quite academically or emotionally ready for a university can take their general education credits at KCTCS and complete upper division courses at four-year institutions. We've expanded the number of transfer pathways in specific fields, which even include applied associate to bachelor's degree pathways. I challenge our postsecondary system to make this a more attractive, seamless strategy for students.

I'll end my remarks by discussing Lumina's fourth strategy—redesigning postsecondary institutions for the future. Institutions that take steps to redesign now will be in a much better position to navigate enrollment and financial pressures in the months and years ahead. Here are some things to consider:

- Is there a need for accelerated bachelor's degrees that enable students to enter the workforce sooner? We have begun discussions with your Chief Academic Officers focused on three-year degrees—the challenge is balancing expediency with quality.

- How much of learning could take place on the job, instead of in a classroom? Some experts believe that work-embedded learning will scale globally during this century because traditional models can't keep up with our rapidly transforming workplaces. How could you offer more of these types of opportunities for students?
- What academic programs or features distinguish you from the competition? Are there opportunities to shift resources to those areas? It's often said that meaningful change has a body count—it's not just about adding new programs or initiatives but also subtracting. Defining and refining your mission will be increasingly important as fiscal pressures mount.
- Are you optimizing operational efficiencies? Are there opportunities to streamline administrative processes at your institution? Could you achieve cost savings through joint purchasing or licensing agreements, or outsourcing certain functions?
- Finally, how are you preparing students to learn and work with AI, effectively and ethically? This is too large an issue to adequately discuss here, but we need to produce students who are AI-capable, not AI-dependent. AI is evolving with breathtaking speed, but what's not changing is the need for students to be good communicators, problem solvers and collaborators—the 10 Essential Skills I mentioned earlier. Students who master the skills that make us uniquely human are the students poised for future success.

In closing, now is the time to make decisions that will increase higher education's value proposition for students and employers. A willingness to take some risks – to not do business as you've always done – will increase your ability to withstand economic uncertainty.

I am confident that Kentucky's postsecondary system can weather these uncertain times with concerted, careful planning and a willingness to disrupt the status quo. The good news is that Kentucky is a national leader in higher education innovation. When I travel across the country to events and conferences, people always remark on the trailblazing work coming out of Kentucky. They look to us as a best-practice state. And that comes down to you, and the good work you're doing.

Together, we can navigate the decade ahead and reaffirm the vital role that higher education plays in shaping our future. Thank you for making higher education matter to Kentucky—its employers, its communities, and its students.