

AGENDA
Council on Postsecondary Education
8:30 a.m., July 22, 2002
Weisiger Theatre, Norton Center for the Arts, Centre College
Danville, Kentucky

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Next Meeting – September 22-23, Radisson Hotel, Lexington (trusteeship conference)
Adjournment

MINUTES
Council on Postsecondary Education
May 20, 2002

The Council on Postsecondary Education met May 20, 2002, at 8:30 a.m. in the University Center at Northern Kentucky University, Highland Heights, Kentucky. Chair Whitehead presided.

Mr. Whitehead thanked President James Votruba and the Northern Kentucky University staff for hosting the meeting.

ROLL CALL

The following members were present: Norma Adams, Walter Baker, Peggy Bertelsman, Bart Darrell, Ron Greenberg, Susan Guess, John Hall, Charlie Owen, Chris Pace, Lois Combs Weinberg, and Charles Whitehead. Steve Barger, Richard Freed, Joan Taylor, and Gene Wilhoit did not attend.

NKU PRESENTATION

President Votruba welcomed the council to the NKU campus. He said that the previous afternoon a session was held for the council members to inform them about the northern Kentucky region – its economy, P-16 education, and what employers need from the university. Speakers were Barbara Stonewater, Executive Director, Northern Kentucky Council of Partners in Education; Ed Hughes, President/CEO, Northern Kentucky Community and Technical College District; Gary Toebben, President, Northern Kentucky Chamber of Commerce; Paul Smith Jr., Site General Manager, Fidelity Investments-Midwest Region.

President Votruba gave a presentation about Northern Kentucky University, giving highlights of the university and how it fits into postsecondary education reform. He said the university is a servant to the region, exists to support it, and measures itself in those terms.

The minutes of the March and April meetings were approved as distributed.

**APPROVAL OF
MINUTES**

Mr. Whitehead said that Sue Hodges Moore has taken over the day-to-day operations of the council and will become interim president June 16.

INTERIM PRESIDENT

Dr. Moore said that she and the council staff are committed to working with the council during this transition period.

A summary of legislation affecting postsecondary education passed by the 2002 Kentucky General Assembly was distributed.

2002 LEGISLATION

Both the 2002 Regular Session of the Kentucky General Assembly and the 2002 First Extraordinary Session ended with no agreement on a budget for 2002-04. The staff will update the council as information is available.

2002-04 OPERATING
AND CAPITAL BUDGET
REPORT

2002-04 CAPITAL
PROJECTS PRIORITIES
AND GUIDELINES

AMENDMENT TO 2002-
04 LIST OF PROJECTS
ELIGIBLE FOR AGENCY
BOND AUTHORITY

MEASURING UP
2002

It is anticipated that the 2002-04 budget bill will include an agency bond pool for the colleges and universities, although it will be much smaller than that originally proposed by the Governor in January. The bill will ask the council to recommend individual projects to be funded with the agency bond pool. The staff prepared a suggested list of five priorities for discussion. If a budget for 2002-04 is enacted, the council staff will present priorities and a list of recommended projects to be funded for council approval in July.

RECOMMENDATION: The staff recommends that the council amend the 2002-04 list of eligible projects for agency bond authority to include the Eastern Kentucky University \$10.5 million high voltage electrical distribution system project. The staff also recommends that the council request that the Governor and the General Assembly provide at least \$41.8 million agency bond pool authorization for 2002-04.

MOTION: Mr. Greenberg moved that the recommendation be approved. Ms. Bertelsman seconded the motion.

Eastern Kentucky University has requested authority to complete an emergency project that provides a long-term solution for its primary high voltage electrical distribution system. This project was not anticipated by the university and, therefore, was not included in the list of eligible projects to be funded by the agency bond pool. Approval of this recommendation would place the project in the Priority 3 list of projects.

VOTE: The motion passed.

Ms. Bertelsman requested that the council work with the presidents in their budget-setting process to ensure that each university includes in its budget a certain percentage for on-going maintenance projects.

Kentucky was recently asked to be a model state for the student learning component of *Measuring Up 2002*, the next edition of the state-by-state report card on higher education published by the National Center for Public Policy and Higher Education. Because of the key indicator system, Kentucky is farther along than most other states in collecting the right kinds of information. The 2002 report card will include a chapter that features the work being done in Kentucky. In addition, from 2002 to 2004, Kentucky will be one of six or seven pilot states to administer common surveys and exams and bring together test scores and pass rates identified by the states and the National Center.

RECOMMENDATION: The staff recommends that the council approve the adult education budget for 2002-03, authorizing allocation of \$11,648,637 of the \$12 million available in the Adult Education and Literacy Trust Fund for 2002-03 to support continued implementation of the adult education agenda.

MOTION: Ms. Bertelsman moved that the recommendation be approved. Ms. Weinberg seconded the motion.

In November 2000, the council approved a strategic agenda and a nine-point plan for adult education in Kentucky. Dr. Cheryl King, Associate Vice President for Adult Education, said that the state is making great strides, and it is highly possible that the enrollment goal of 75,000 for 2002-03 will be met. The goal for 2003 is 90,000.

2002-03 ADULT
EDUCATION BUDGET

VOTE: The motion passed.

In another attempt to extend access and increase the efficiency of teaching adults, the Kentucky Virtual University is working with the Kentucky Department of Adult Education and Literacy to provide Web-based services through KYVAE.org. The mission of the site is to provide the adult learner and the adult educator access to literacy information, curriculum, resources, and services.

Peg Ramsey, director of adult education in Kenton County, spoke about the value of the adult education on-line products. These tools serve as a means to increase the numbers and the success of adult education students.

Dr. King encouraged council members to visit the mobile adult education unit parked outside the meeting site. This

vehicle is an effort to go where the people are who need adult education services.

KYVAE.ORG

Dr. King introduced James Parker, Southern States Coordinator for the Office for Vocational Adult Education, United States Department of Education. Mr. Parker and others members of a review team are in Kentucky to visit and talk with adult education providers. At the conclusion of the review, a report will be issued which will be shared with the council members. The federal government has initiated a new review system and Kentucky was chosen to be the first review state in the southern states because of the partnership with postsecondary education.

Mr. Whitehead read a resolution honoring and commending President John Shumaker for his service to the University of Louisville and the Commonwealth of Kentucky. President Shumaker is leaving UofL to become the president of the University of Tennessee.

The Fund for the Improvement of Postsecondary Education, an agency of the U.S. Department of Education, has accepted the KYVU pre-proposal asking for \$450,000 over three years to help expand significantly the scope of the KYVU call center.

Kentucky recently hosted the 53rd annual Intel International Science and Engineering Fair. Council staff member Jennifer Marsh said that the fair

was a huge success. The council, along with the Kentucky Department of Education and the Governor's Office, contributed funds to help the fair showcase Kentucky. All the institutions provided judges for the competitions. All the public institutions and most of the independent institutions provided scholarships worth over \$1.7 million. Ms. Marsh thanked Ms. Weinberg for moderating a women's panel to talk with girls about succeeding in life and particularly in science.

SHUMAKER
RESOLUTION

Performance indicator data was reported on graduation rates of bachelor's degree students, numbers of community and technical college transfers, and average number of credit hours transferred. The systemwide graduation rate for baccalaureate students has improved significantly since 1997. The number of students transferring out of the KCTCS and Lexington Community College to public and independent four-year institutions is down, but the number of students transferring to public institutions is up. Details

FIPSE GRANT
PROPOSAL

by institution were included in the agenda book. The cumulative data is available on the council's Web site.

INTEL INTERNATIONAL
SCIENCE AND
ENGINEERING FAIR

RECOMMENDATION: The staff recommends that the council endorse the applied associate transfer agreement patterned after the council's general education transfer agreement and the baccalaureate program transfer frameworks.

Dr. Jim Applegate, Vice President for Academic Affairs, said there are increasing numbers of students seeking to transfer to baccalaureate study after receiving applied associate of science degrees from community colleges. The council staff and the institutions thought it made sense to expand the transfer agreement to accommodate these patterns of behavior.

KEY INDICATORS

MOTION: Mr. Baker moved that the recommendation be approved. Ms. Weinberg seconded the motion.

Ms. Bertelsman said that this will give real meaning of "system" to students who choose to transfer courses from one institution to another or who wish to continue their education at a four-year institution.

VOTE: The motion passed.

APPLIED ASSOCIATE
TRANSFER
AGREEMENTS

RECOMMENDATION: The staff recommends that the council propose amendments to the administrative regulation, entitled *13 KAR: 2:090 Kentucky Educational Excellence Scholarship*, so that the administrative regulation can undergo the Legislative Research Commission amendment process and be reviewed following the requirements of KRS Chapter 13A.

The changes result from the actions taken by the 2002 Kentucky General Assembly. These include expanding KEES award payments to the children of Kentucky's active military personnel when the children attend high school out-of-state, and allowing students to receive full eight

semesters of KEES awards when their major includes graduate-level study before they complete a four-year undergraduate program. The council staff had planned to propose a change having to do with calculating cumulative grade point averages but this revision needs more study so will be brought to a future council meeting.

MOTION: Ms. Weinberg moved that the recommendation be approved. Ms. Bertelsman seconded the motion.

VOTE: The motion passed.

A report was included in the agenda book on the April 15 meeting of the Committee on Equal Opportunities. Major topics of discussion were the performance of students on the PRAXIS II exam for teacher certification and items related to teacher preparation. The CEO recommended that the council send a letter to KSU expressing grave concern about the continued decline in performance on the PRAXIS exam by students in the KSU teacher education program.

KEES ADMINISTRATIVE REGULATION

Mr. Baker said that he has always been supportive of efforts to improve Kentucky State University. But he said that the pass rate for KSU students on the PRAXIS exam is disgraceful. He said students across the entire Commonwealth are doing well except those at KSU. It is unfair to the Kentucky students attending that institution to be educated in such a way that they are not performing like their peers elsewhere in the state.

President Reid said his institution's number one priority is to improve the test scores of those students and a plan is in place to achieve this. He said it is unfair to compare KSU students with other students in the Commonwealth. KSU has an open access policy, and data shows that KSU students need considerably more support, counsel, and programs in order to be successful. He also said that the performance on the PRAXIS is not a criteria to determine the performance of teacher education programs. He said the proper use of the PRAXIS is to develop the programs at the institutions. He said that KSU should be given time to implement its plan to improve the test scores and should not be compared to other institutions in the state.

MOTION: Mr. Baker moved that the council send a letter to the Kentucky State University board of regents expressing concern with the performance of students on the PRAXIS test and expressing the need for improvement. Mr. Hall seconded the motion.

CEO REPORT

VOTE: The motion passed.

RECOMMENDATION: The Committee on Equal Opportunities recommends that the council extend the effective date of the 1997-2000 Kentucky Plan for Equal Opportunities to July 2004.

The Kentucky Plan expires July 30, 2002. The partnership agreement with

the U.S. Department of Education's Office for Civil Rights to bring Kentucky into compliance with Title VI of the Civil Rights Act of 1964 expires December 31, 2002. Kentucky will not know whether it will be released from the partnership until March 2003. Therefore, the current plan should be extended to allow the completion of the partnership agreement and to allow sufficient time to develop a new equal opportunities plan.

MOTION: Ms. Guess moved that the recommendation be approved. Ms. Weinberg seconded the motion.

VOTE: The motion passed.

RECOMMENDATION: The staff recommends that the council approve the undergraduate and graduate tuition reciprocity agreements between Kentucky and Ohio.

The agreements between Kentucky and Ohio expire June 30, 2002. They expand educational opportunities in the northern Kentucky/Cincinnati area.

MOTION: Mr. Baker moved that the recommendation be approved. Ms. Weinberg seconded the motion.

VOTE: The motion passed.

Information was included in the agenda book pertaining to the status of Kentucky Innovation Act activities; endowment match program 2000-01 annual report; report on teacher education summit; workforce development labor market survey; report on the March collaborative discussion; and a report on the KYVU memorandum of agreement with West Virginia. There was no discussion of these items.

EXTENSION OF 1997 KY
PLAN FOR EQUAL
OPPORTUNITIES

Mr. Whitehead announced that he has appointed Bart Darrell to the P-16 Council and Richard Freed to the Kentucky Educational Television Board.

MOTION: On behalf of the nominating committee, Ms. Weinberg moved that Norma Adams serve as council chair for the coming year, effective July 1, 2002. Ms. Bertelsman seconded the motion.

VOTE: The motion passed.

MOTION: On behalf of the nominating committee, Ms. Weinberg moved that Mr. Barger serve as council vice chair for the coming year, effective July 1, 2002. Ms. Bertelsman seconded the motion.

VOTE: The motion passed.

Mr. Whitehead said that the council itself will operate as a committee of

KY/OHIO
TUITION RECIPROCITY
AGREEMENTS

the whole to conduct the search for the next council president. A screening committee has been appointed: Mr. Baker (chair), Mr. Hall (vice chair), Mr. Freed, Mr. Greenberg, Ms. Bertelsman, Ms. Guess, Mr. Pace, and President Votruba. The screening committee should move as quickly as possible and present candidates back to the council.

KIA, ENDOWMENT
MATCH PROGRAM
ANNUAL REPORT,
TEACHER ED SUMMIT,
LABOR MARKET
SURVEY,
COLLABORATION,
KYVU/WVA MOA

As outgoing chair, Mr. Whitehead said that it has been a pleasure to serve for the last three years. He said that reform is alive and well, and our indicators show that the state has made tremendous progress. The council should be proud of what has been accomplished. But this is a process and a lot of work remains to be done. Education is the future of Kentucky and the council is not going to let the citizens of this state down. The citizens of Kentucky will have the same standard of living as the rest of this country and the rest of the world.

P-16 COUNCIL
KET BOARD

Mr. Whitehead said that he was disappointed in a recent newspaper article where President King Alexander spoke about the lack of trust in the council. He asked President Alexander to explain his comments.

COUNCIL
CHAIR

President Alexander said that he is not concerned with the individual council members but said there is a communication gap between the council as a whole and the presidents. He said that postsecondary reform is vital to the growth of the state. The next council president should have the confidence of every university and college in the state and decisions should be made cooperatively and collaboratively, not unilaterally. The new president must be an advocate for public and private but primarily public postsecondary education and funding methodologies must be fair and equitable all across the state.

COUNCIL
VICE CHAIR

Mr. Whitehead said that the council has made it its mission to say that the whole is greater than the sum of its parts and has been trying to build a system. He said that he recently met with the chairs and vice chairs of the institutions' boards of regents and trustees and there was agreement to operate as a system rather than individually to improve the lives of the citizens of the Commonwealth. Funding is limited and priorities must be set to use the money that is available in the best way possible for the good the state.

PRESIDENTIAL SEARCH

Ms. Bertelsman said that the council is going through a period of transition and needs the support of everyone, particularly the presidents. She asked the presidents for their support and to give the council the opportunity to answer questions and concerns.

President Votruba said that the council received a letter from him on behalf of all of the presidents expressing support of postsecondary reform and support of the council during this transition. He said that there will probably always be some level of tension between the council that sets overall priorities for the state and the institutions that must represent the communities they serve. It is important to find a leader who understands those realities and doesn't let "perfect be the enemy of good." Higher

education is at the center of this state's priorities more than any time in recent history. There has been a cultural change in Kentucky. This year higher education was the last to receive budget cuts – not the first, which was the practice prior to 1997. Part of the responsibility of the council is to keep higher education at the center of economic and quality-of-life issues in this state.

DISCUSSION WITH
PRESIDENT
ALEXANDER

State Representative Jim Callahan was in the audience and addressed the council. He said he sponsored House Bill 1 passed by the 1997 Extraordinary Session of the Kentucky General Assembly after talking with Governor Patton about the Governor's vision of where he wanted to see Kentucky go in postsecondary education. Representative Callahan said that the selection of the next council president is a very important decision. The new president must be very diversified. The president and the council must be strong and the institutions must be willing to cooperate to continue postsecondary education reform. We must look to the future and do better than we did in the past, although we have made great improvements. Representative Callahan said he is deeply committed to ensure we do not change what has been started for Kentucky. He appealed to the presidents to work with the council and to not return to the old system. He also said that it is important that the next Governor of Kentucky has the same feeling about education as Governor Patton. Mr. Whitehead said that it has been a pleasure working with the council staff and complimented the staff on its work.

The next meeting is July 21 and 22 at Centre College in Danville.

The meeting adjourned at 11:45 a.m.

Sue Hodges Moore
Interim President

Phyllis L. Bailey
Secretary

NEXT MEETING

ADJOURNMENT

**Council on Postsecondary Education
July 22, 2002**

Executive Summary

Cross-Cutting Issues

Because the Kentucky General Assembly failed to adopt a budget in both the 2002 Regular Session and the First Extraordinary Session, the Governor has issued an executive order with an attached spending plan for fiscal year 2002-03. The plan closely mirrors the various appropriations and related provisions included in House Bill 1 as introduced by the Governor in the April special legislative session. The only major difference for postsecondary education between House Bill 1 and the executive spending plan relates to debt-funded projects because the administration has concluded it does not have the authority to issue debt absent a legislatively-enacted budget. So depending on when the General Assembly actually enacts a budget, there may or may not be a delay in selling bonds for the Endowment Match Program (“Bucks for Brains”). If a budget had been approved, bonds could not have been issued any earlier than January 1, 2003. Additional information begins on page 17.

The staff recommends that the council approve the 2002-03 Agency Spending Plan in the amount of \$120,022,242. (For details, see page 21.)

The 2002-03 Agency Spending Plan follows the requirements of the Governor’s 2002-03 spending plan. Details about the agency spending plan are provided in a booklet bound separate from this agenda book.

The staff recommends that the council approve the guidelines for distribution of any bond authority provided by the 2002-04 Postsecondary Education Agency Bond Pool and the guidelines for allowing institutions to access any unmatched funds in the 2000-02 Postsecondary Education Capital Renewal and Maintenance Pool. (For details, see page 23.)

Capital project pools are important tools to develop and maintain the basic infrastructure of the Commonwealth's investment in physical plant at our universities and colleges. The Governor's fiscal year 2002-03 spending plan does not include an agency bond pool for the colleges and universities or any other debt-financed pools or projects. However, the council is being asked to adopt guidelines for allocation of agency bond authority should a special session be called so institutions will know the program guidelines in advance of a 2002-04 budget bill being passed by the General Assembly. Draft guidelines were provided for council discussion at the May meeting.

Originally, some institutions have not been able to fully match state monies to complete capital renewal and maintenance pool projects. They have asked for an extension and also the opportunity to complete the highest priority projects immediately. The council is asked to adopt guidelines allowing the colleges and universities access to the capital renewal and maintenance funds.

The staff recommends that the council approve amendments to two existing administrative regulations, entitled *13 KAR 2:100. Campus security, public institutions* and *13 KAR 1:030. Campus security, private institutions* and direct that the staff file the administrative regulations with the Legislative Research Commission and make such changes in the administrative regulations as shall be necessary as a result of the statutory review process. (For details, see page 27.)

Changes made to the Michael Minger Act by the 2002 Kentucky General Assembly require changes in the administrative regulations on campus security. The changes address concerns that institutions were not reporting fires and threats of fires to the state fire marshal in a timely manner. The word “immediately” is defined in the legislation and new criminal penalties are set out. A special fund is created to promote fire-safety training – fines assessed against institutions will go to the fund. There are two virtually identical administrative regulations – one for the public institutions and another for the private institutions.

Citing his desire for governing board members to effectively execute their duties and align their institutions with the goals of postsecondary reform, Governor Patton announced the creation of the Institute for Effective Governance at the September 2001 trusteeship conference. Jointly managed by the council and the Prichard Committee, the institute will provide education programs for the governing boards of Kentucky universities, the Kentucky Community and Technical College System, the council, and independent institutions choosing to participate. The institute will sponsor four types of activities: 1) new member orientation, 2) topical seminars, 3) the Governor’s annual trusteeship conference, and 4) general support for board development.

An oversight committee advises the executive director of the Prichard Committee and the council president as co-directors. The following people have agreed to serve on the oversight

committee: Joanne Glasser, Jay McGowan, William McCann, Leonard Hardin, and Charles Whitehead. The council staff provides administrative support.

Earlier this year, a consultant working with the institute conducted telephone interviews with a sample of current board and council members. They were asked what they needed to know to discharge their responsibilities more effectively. The most frequently mentioned topics were: budget and finance, history and role of institutions and the state system, board protocol and structure, relationship to the president, handling the volume of information, and relating to constituencies.

Plans are underway to introduce the institute at the 2002 Governor's trusteeship conference to be held September 22-23 in Lexington. Drawing from the survey results and given the current fiscal environment, the conference will focus on board members' understanding of institutional finance and budgeting issues.

Council on Postsecondary Education
July 22, 2002

2002-03 Spending Plan Report

The fiscal year 2002-03 spending plan closely mirrors the various appropriations and related provisions included in House Bill 1 as introduced by the Governor in the 2002 First Extraordinary Session. Like the rest of state government, there are no base increases built into the spending plan for postsecondary education.

The Governor has maintained his strong commitment to need-based aid and the merit scholarship program (KEES). The spending plan includes increases for both these programs based on the council's recommendation.

The House and Senate included in their respective versions of the appropriations bill a third round of Bucks for Brains to be funded through the issuance of bonds. The executive spending plan does not include any issuance of debt. But the delay in enacting a budget will not affect this program at the moment. Debt service was only provided in the fiscal year 2002-04 budget and, as a result, bonds could not have been sold any earlier than January 2003.

Attachment A shows a comparison of the state operating budget as recommended by the council and the Governor's spending plan. Attachment B is the detail of the Governor's spending plan for the institutions.

Staff preparation by Linda Jacobs

COMMONWEALTH OF KENTUCKY POSTSECONDARY EDUCATION
COMPARISON OF COUNCIL FUNDING RECOMMENDATION AND GOVERNOR'S 2002-03 SPENDING PLAN

■ = Council priority projects.

	2001-02 <u>Base</u>	2002-03	
		<u>Council Recommendation</u>	<u>Governor's Spending Plan</u>
Postsecondary Education Institutions			
Enacted 2001-02 General Fund Appropriations	\$ 985,673,400	\$ 985,673,400	\$ 985,673,400
Base Adjustments and Transfers	4,243,400 (1)	23,588,500	4,243,400
Benchmark Funding	-	34,620,800	-
M&O New Facilities	-	2,682,100	-
Other Changes to Base	-	(1,887,300) (2)	(1,797,800) (3)
Special Funding Requests	-	1,313,500	-
Total Postsecondary Education Institutions	\$ 989,916,800	\$ 1,045,991,000	\$ 988,119,000
Council/KYVU/KYVL			
Agency	\$ 8,775,100	\$ 9,931,000	\$ 8,725,600
Pass Through Programs	13,017,500	10,212,800	10,258,100
Governor's Minority Student College Preparation Program	231,700	332,500	332,500 (3)
SREB Doctoral Scholars Program	68,000	255,000	255,000 (3)
Total Council	\$ 22,092,300	\$ 20,731,300	\$ 19,571,200
KHEAA			
Need-Based Financial Aid	\$ 49,259,500	\$ 49,600,000	\$ 50,213,600
Osteopathic Medicine Scholarships	1,379,500	1,379,500	1,582,100 (3)
Total KHEAA	\$ 50,639,000	\$ 50,979,500	\$ 51,795,700
Strategic Investment and Incentive Funding Program			
Research Challenge Trust Fund			
Endowment Match Program (debt service)	\$ -	\$ 1,250,000	\$ -
Enrollment Growth and Retention	1,617,000	-	-
Lung Cancer Research	6,080,000	6,280,000	6,280,000
Total Research Challenge Trust Fund	\$ 7,697,000	\$ 7,530,000	\$ 6,280,000
Regional University Excellence Trust Fund			
Endowment Match Program (debt service)	\$ -	\$ 250,000	\$ -
Enrollment Growth and Retention	2,793,000	-	-
Action Agenda	9,800,000	-	-
Total Regional University Excellence Trust Fund	\$ 12,593,000	\$ 250,000	\$ -
Postsecondary Education Workforce Development Trust Fund			
Workforce Training	\$ 5,880,000	\$ -	\$ -
Enrollment Growth and Retention	3,430,000	-	-
Administrative Information Systems	-	2,000,000	-
Total Postsecondary Ed. Workforce Development Trust Fund	\$ 9,310,000	\$ 2,000,000	\$ -
Technology Initiative Trust Fund			
Equipment Replacement	\$ -	\$ -	\$ -
Network Infrastructure	1,176,000	1,200,000	1,200,000
Faculty Development	980,000	100,000	100,000
Total Technology Initiative Trust Fund	\$ 2,156,000	\$ 1,300,000	\$ 1,300,000

COMMONWEALTH OF KENTUCKY POSTSECONDARY EDUCATION
COMPARISON OF COUNCIL FUNDING RECOMMENDATION AND GOVERNOR'S 2002-03 SPENDING PLAN

■ = Council priority projects.

	2001-02 Base	2002-03	
		Council Recommendation	Governor's Spending Plan
Physical Facilities Trust Fund			
Capital Renewal & Maintenance (debt service)	\$ -	\$ -	\$ -
Renovation, Replacement & Infrastructure (debt service)	-	-	-
New Construction (debt service)	-	-	-
Total Physical Facilities Trust Fund	\$ -	\$ -	\$ -
Student Financial Aid and Advancement Trust Fund			
KEES	\$ 40,000,000	\$ 57,326,100	\$ 63,181,300
Public Communications Campaign	1,500,000	1,500,000	-
Total Student Financial Aid and Advancement Trust Fund	\$ 41,500,000	\$ 58,826,100	\$ 63,181,300
Adult Education and Literacy Funding Program	\$ 11,532,600	\$ 11,768,000	\$ 11,768,000
Science and Technology Funding Program			
Research Development	\$ 2,940,000	\$ 3,000,000	\$ 3,000,000
Commercialization	735,000	750,000	750,000
Regional Technology Corporations	490,000	500,000	500,000
Rural Innovation Fund	-	1,000,000	1,000,000 (3)
Knowledge Based Economy Academic Programs (Engineering)	-	3,000,000	1,000,000 (3)
Kentucky EPSCoR	-	2,626,200	4,521,600 (4)
Science and Engineering Foundation	-	2,000,000	-
Total Science and Technology Funding Program	\$ 4,165,000	\$ 12,876,200	\$ 10,771,600
Enrollment Growth and Retention Trust Fund			
Enrollment Growth Program	\$ -	\$ 1,311,500	\$ -
Retention Program	-	-	-
P-16 Challenge Grant Program	-	-	-
Total Enrollment Growth and Retention Trust Fund	\$ -	\$ 1,311,500	\$ -
Teacher Quality Trust Fund	\$ -	\$ -	\$ -
Total Strategic Investment and Incentive Funding Program	\$ 88,953,600	\$ 95,861,800	\$ 93,300,900
Total Postsecondary Education	\$ 1,151,601,700	\$ 1,213,563,600	\$ 1,152,786,800

(1) Includes budget reductions and transfers of trust funds.

(2) Includes changes in state-supported debt service requirements and UofL hospital contract.

(3) Includes investment income from trust funds - a non-recurring source of funds.

(4) Includes funds for the KY Science and Engineering Foundation; includes investment income from trust funds (non-recurring funding).

2002-03 BUDGET ANALYSIS
Governor's Spending Plan
General Funds and Investment Income from Trust Funds

	2001-02 Base Appropriation						
	Less Budget Reductions:			Adjustments (Additions)			
	Enacted 2001-02 Appropriation	Maintenance & Operations (Nonrecurring)	2 Percent Reduction (Recurring)	Revised 2001-02 Appropriation	Trust Funds*	Other	2002-03 Base**
EKU	\$ 72,435,200	\$ (1,254,500)	\$ (1,247,500)	\$ 69,933,200	\$ 2,888,900		\$ 74,076,600
KCTCS	184,748,000	(2,657,500)	(3,302,200)	178,788,300	7,876,800	\$ 387,000 (1)	189,709,600
KSU	22,717,900	(47,600)	(408,500)	22,261,800	850,200		23,159,600
Morehead	41,030,700	(101,800)	(768,600)	40,160,300	1,825,800		42,087,900
Murray	50,737,100	(155,300)	(945,000)	49,636,800	1,882,900		51,675,000
NKU	44,613,400	(386,600)	(537,500)	43,689,300	1,936,500		46,012,400
UK	313,616,900	(2,507,700)	(6,008,400)	305,100,800	173,100	201,000 (2)	307,982,600
LCC	8,593,700	-	(51,300)	8,542,400	315,200		8,857,600
UofL	179,478,800	(1,321,000)	(2,982,600)	175,175,200	135,500		176,631,700
WKU	67,701,700	(374,900)	(1,061,000)	66,265,800	3,083,100		69,723,800
Total	\$ 985,673,400	\$ (8,806,900)	\$ (17,312,600)	\$ 959,553,900	\$ 20,968,000	\$ 588,000	\$ 989,916,800

	2002-03			
	Base**	Debt Service Adjustment	Other***	Spending Target
EKU	\$ 74,076,600	\$ (624,800)		\$ 73,451,800
KCTCS	189,709,600	13,100		189,722,700
KSU	23,159,600	3,100	487,800 (3)	23,650,500
Morehead	42,087,900	659,500		42,747,400
Murray	51,675,000	(5,600)		51,669,400
NKU	46,012,400	(23,400)		45,989,000
UK	307,982,600	(4,129,200)	661,800 (4)	304,515,200
LCC	8,857,600	293,100		9,150,700
UofL	176,631,700	(1,500)	165,000 (5)	176,795,200
WKU	69,723,800	703,300		70,427,100
Total	\$ 989,916,800	\$ (3,112,400)	\$ 1,314,600	\$ 988,119,000

* Transfer of trust funds to institutions: earned enrollment growth and retention, action agenda, faculty development, and workforce development.

** 2001-02 maintenance and operation budget reductions are restored.

*** Includes trust funds investment income.

(1) M&O funds transferred from UK to KCTCS.

(2) Includes \$387,000 M&O transferred to KCTCS and transfer of \$588,000 for the Literacy Center.

(3) Federal Land Grant match.

(4) Includes General Fund appropriations of \$115,000 for breast cancer research, \$12,000 to restore 2% budget reduction for the Literacy Center, and \$300,000 for medical residency positions at Morehead and Corbin. Includes \$234,800 restricted agency funds (investment income) for Enrollment Growth and Retention.

(5) Includes General Fund appropriations of \$115,000 for breast cancer research and \$50,000 restricted agency funds (investment income) for the UofL hospital contract.

Council on Postsecondary Education
July 22, 2002

2002-03 Agency Spending Plan

Action: The staff recommends that the council approve the 2002-03 Agency Spending Plan in the amount of \$119,018,907.

The 2002 Kentucky General Assembly failed to reach agreement on a 2002-04 executive budget during both the Regular Session and the First Extraordinary Session. Governor Patton directed state agencies to follow the provisions contained in House Bill 1 (2002 First Extraordinary Session) and proceed with allotments based on those figures. During the week of June 23, the Governor issued Executive Order 2002-727 implementing a 2003 spending plan. The plan closely follows House Bill 1.

The proposed 2002-03 agency spending plan also is based on House Bill 1.

The 2002-03 agency spending plan is displayed in six program areas:

- Agency Operations
- Kentucky Virtual University and Kentucky Virtual Library
- Strategic Investment and Incentive Trust Funds
- Pass-Through Programs
- Incentive Funding
- Federal Programs

The 2002-03 agency spending plan is marked by limitations on funding, the transformation of some of the strategic investment and initiative trust funds to a new category called “incentive funding,” and by the reallocation of accumulated and projected interest earnings in the existing strategic investment and initiative trust funds.

Details are contained in the document entitled the 2002-03 Agency Spending Plan.

Staff preparation by
Dennis Taulbee and Ed Sergent

**COUNCIL ON
POSTSECONDARY
EDUCATION**

**2002-03
Agency Spending Plan**

July 22, 2002



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Council on Postsecondary Education 2002-03 Agency Spending Plan

Agency Summary

The spending plan tables show a comparison between the 2001-02 revised budget as of March 31, 2002, and the proposed 2002-03 agency spending plan, despite the fact that comparisons between the first year of a new biennium and the second year of a previous biennium are difficult. For example, the 2001-02 column on the CPE summary table shows \$58.4 million in carry-forward of principal representing the trust fund balances that were unexpended at the end of 2000-01 and were brought forward into 2001-02. In the 2002-03 agency spending plan column no amount is shown since we do not know, at this time, the amount of the carry-forward from 2001-02 into 2002-03. The carry-forward balances from the trust funds into 2002-03 will be presented in the first quarter financial report that will be available October 2002.

Another difficulty in comparisons across biennia occurs with the general fund appropriation. While the total general fund allocation for 2002-03 decreased by 19 percent when compared to 2001-02, many of the 2000-02 appropriations were moved to the program bases of the institutions and therefore do not show up as a trust fund allocation for 2002-03. The program summary and program tables reveal better detail about how program funding compares from one year to another.

The state's financial situation has not improved in recent months. There is a prospect of additional cuts in 2002-03. Therefore, we propose that the agency operations and KYVU/KYVL programs carry a three percent spending plan reduction reserve in anticipation of a 2002-03 cut. The details supporting those reductions are displayed in the program tables.

The executive branch 2002-03 spending plan includes \$5,060,400 in reallocated interest earnings from the strategic investment and incentive trust funds. The allocation of those reserves is displayed in the pass-through program table and the science and technology incentive funding program table.

Council on Postsecondary Education
CPE Summary
2002-03 Agency Spending Plan

Category	2001-02 Revised Budget 3/31/02	2002-03 Agency Spending Plan	Percent Change
REVENUES			
General Fund			
Carry-Forward			
Principal	58,362,991	0	-100.00%
Interest Earnings			
1998-2000	6,574,339	0	-100.00%
2000-02	4,743,955	287,990	-93.93%
Current Appropriation	133,220,800	107,834,300	-19.06%
Current Year Interest Earnings	2,802,693	205,000	-92.69%
Surplus Expenditure Plan	0	0	
Sub Total General Fund	205,704,778	108,327,290	-47.34%
Agency Receipts			
Carry-Forward	126,400	0	-100.00%
Current Receipts	7,472,800	7,505,400	0.44%
Sub Total Agency Receipts	7,599,200	7,505,400	-1.23%
Federal Funds			
Carry-Forward	0	447,200	0.00%
Current Receipts	5,031,700	2,739,017	-45.56%
Sub Total Federal Funds	5,031,700	3,186,217	-36.68%
TOTAL REVENUES	218,335,678	119,018,907	-45.49%
Expenditures by Major Object			
Personal Services	5,758,400	5,816,400	1.01%
Operating Expenses	5,081,400	3,505,300	-31.02%
Grants, Loans, Benefits	207,347,878	109,309,407	-47.28%
Capital Expenses	148,000	126,000	-14.86%
Budget Reduction Reserve	0	261,800	
Total Expenditures by Major Object	218,335,678	119,018,907	-45.49%
Expenditures by Program			
Agency Operations	4,313,200	4,141,800	-3.97%
KYVU/KYVL	6,901,000	5,382,000	-22.01%
Pass Through Funds	15,317,200	11,618,200	-24.15%
Strategic Trust Funds	186,772,578	71,889,290	-61.51%
Incentive Funding Programs	0	22,539,600	
Federal Programs	5,031,700	3,186,217	-36.68%
Budget Reduction Reserve	0	261,800	
Total Expenditures by Program	218,335,678	119,018,907	-45.49%

Council on Postsecondary Education 2002-03 Agency Spending Plan

Agency Operations

The general fund allocation for 2002-03 decreased by 1.2 percent when compared to 2001-02 due to the methodology employed by the state in calculating continuation costs for 2002-04. Funding for vacant positions was removed from the spending plan and a 2.7 percent salary increase was calculated on the reduced general fund base. The agency personnel complement was not reduced—the council has 43 full-time and three part-time positions.

The council anticipates receiving \$200,000 in 2002-03 in indirect cost recovery as a result of the GEAR UP Kentucky federal grant program. A portion of salary costs, rent, network, and other overhead costs are assigned to the indirect cost recovery in support of GEAR UP Kentucky.

The Agency Operations spending plan contains a 3.0 percent spending plan reduction reserve (\$121,900) in anticipation of a future 2002-03 cut. The detail is provided as a separate table. The spending plan reduction reserve includes freezing a Secretary III vacant position. The position will be held open until we know whether an expenditure reduction will be imposed. As can be seen in the attached table, reductions in postage, printing, cellular telephone charges, information systems (technology-related charges), office supplies, travel, and food products are identified for reduction. Travel would be reduced by 50 percent—this is in addition to the 43 percent reduction in travel imposed in 2001-02. Some travel expenses would temporarily be shifted to indirect cost recovery funds to allow essential travel to continue. In future biennia we will ask for restoration of the travel funds; if that does not occur, permanent reductions will be implemented.

**Council on Postsecondary Education
Agency Operations
2002-03 Agency Spending Plan**

Category	2001-02 Revised Budget 3/31/02	2002-03 Agency Spending Plan	Percent Change
REVENUES			
General Fund			
Carry-Forward			
Principal	0	0	
Interest Earnings			
1998-2000	0	0	
2000-02	0	0	
Current Appropriation	4,113,200	4,063,700	-1.20%
Current Year Interest Earnings	0	0	
Surplus Expenditure Plan	0	0	
Sub Total General Fund	4,113,200	4,063,700	-1.20%
Agency Receipts			
Carry-Forward	100,800	0	
Current Receipts	99,200	200,000	
Sub Total Agency Receipts	200,000	200,000	0.00%
Federal Funds			
Carry-Forward	0	0	
Current Receipts	0	0	
Sub Total Federal Funds	0	0	0.00%
TOTAL REVENUES	4,313,200	4,263,700	-1.15%
Expenditures by Major Object			
Personal Services	3,420,300	3,370,500	-1.46%
Operating Expenses	805,900	706,300	-12.36%
Grants, Loans, Benefits	0	0	0.00%
Capital Expenses	87,000	65,000	-25.29%
Budget Reduction Reserve	0	121,900	0.00%
Total Expenditures by Major Object	4,313,200	4,263,700	-1.15%
Expenditures by Program			
Agency Operations	4,313,200	4,141,800	-3.97%
Budget Reduction Reserve	0	121,900	0.00%
Total Expenditures by Program	4,313,200	4,263,700	-1.15%

**Council on Postsecondary Education
Agency Operations
2002-03 Agency Spending Plan -- Detail**

	Minor Object Codes	2001-02 Revised Budget 03/31/02	2002-03 Agency Spending Plan	Percent Change
	Personnel			
111	Regular Salaries and Wages	2,675,616	2,646,650	
114	Per Diem	18,000	24,575	
115	Overtime	5,000	2,000	
181	OMI-Lump Sum Payments	0	0	
119	Comp Time (block 50 payments)	<u>9,000</u>	<u>2,000</u>	
110	SALARIES TOTAL	2,707,616	2,675,225	-1.20%
121	Employer's FICA	190,516	186,442	
122	Employer's Retirement	229,831	223,968	
123	Employer's Health Insurance	123,734	118,508	
124	Employer Life Insurance	1,500	1,200	
127	TIAA-CREF Disability Coverage	<u>5,000</u>	<u>6,000</u>	
120	FRINGE BENEFITS TOTAL	550,581	536,118	-2.63%
131	Workers' Compensation	4,000	6,907	
132	Unemployment Compensation	0	0	
133	Employee Training	7,000	12,000	
138	Automobile Liability Insurance	<u>700</u>	<u>700</u>	
130	OTHER PERSONNEL COSTS TOTAL	11,700	19,607	67.58%
141	Legal Services	1,000	0	
146	Consulting Services	128,403	117,600	
191	Temporary Manpower Services	0	0	
150	Miscellaneous Serv - 1099 Report	0	<u>0</u>	
140	PROF. CONTACTS TOTAL	129,403	117,600	-9.12%
152	Court Reporters	0	0	
162	Security Guard Services	4,000	4,000	
163	Janitorial Services	12,000	13,950	
164	Honoraria	<u>5,000</u>	<u>4,000</u>	
160	OTHER TOTAL	21,000	21,950	4.52%
100	PERSONNEL SERVICES TOTAL	3,420,300	3,370,500	-1.46%
	Operating			
212	Electricity	<u>19,000</u>	<u>19,000</u>	
210	UTILITIES TOTAL	19,000	19,000	0.00%
221	Rental - non-state owned buildings	192,900	202,900	
223	Rental of Equipment	11,000	9,000	
224	Copy Machine Rental	32,300	30,000	
226	Carpool Rental	7,500	4,200	

	Minor Object Codes	2001-02 Revised Budget 03/31/02	2002-03 Agency Spending Plan	Percent Change
361	In-state Travel	22,200	15,000	
362	Out-of-state Travel	22,000	14,000	
363	Travel for Non-state Employees	12,400	7,500	
560	Commercial Airfare	0	0	
562	General Travel	0	0	
563	General Lodging	0	0	
565	Per Diem Expense	0	0	
566	Personally Owned Vehicles	0	0	
571	Transportation Expense	0	0	
360	TRAVEL TOTAL	56,600	36,500	-35.51%
381	Dues/Subscriptions	27,000	29,000	
381	ECS Annual Dues	61,200	65,000	
399	Other (Food Products)	<u>15,000</u>	<u>5,000</u>	
370	MISCELLANEOUS EXPENSES TOTAL	103,200	99,000	-4.07%
300	TOTAL OPERATING EXPENSES	805,900	706,300	-12.36%
	Grants			
400	TOTAL GRANTS	0	0	
	Capital Outlay			
601	Furniture, Equipment over \$5000	0	0	
611	Lease Purchase	0	0	
622	Office Automation Equipment	87,000	65,000	
631	Capital Purchases	0	0	
600	TOTAL CAPITAL OUTLAY	87,000	65,000	-25.29%
	TOTAL	4,313,200	4,141,800	-3.97%
	Budget Reduction Reserve	0	121,900	
	GRAND TOTAL	4,313,200	4,263,700	-1.15%

**Council on Postsecondary Education
Agency Operations -- General Fund Only
2002-03 Spending Plan Reduction Reserve -- 3.0%**

	Minor Object Codes	2002-03 General Fund Spending Plan	3.0% Reduction \$121,900	Revised Spending Plan
	Personnel			
111	Regular Salaries and Wages	2,655,731	26,900	2,628,831
114	Per Diem	24,575	0	24,575
115	Overtime	2,000	0	2,000
181	OMI-Lump Sum Payments	0	0	0
119	Comp Time (block 50 payments)	<u>2,000</u>	<u>0</u>	<u>2,000</u>
110	SALARIES TOTAL	2,684,306	26,900	2,657,406
121	Employer's FICA	187,139	2,060	185,079
122	Employer's Retirement	224,508	1,590	222,918
123	Employer's Health Insurance	120,490	3,050	117,440
124	Employer Life Insurance	1,200	0	1,200
127	TIAA-CREF Disability Coverage	<u>6,000</u>	<u>0</u>	<u>6,000</u>
120	FRINGE BENEFITS TOTAL	539,337	6,700	532,637
131	Workers' Compensation	6,907	0	6,907
132	Unemployment Compensation	0	0	0
133	Employee Training	12,000	0	12,000
138	Automobile Liability Insurance	<u>700</u>	<u>0</u>	<u>700</u>
130	OTHER PERSONNEL COSTS TOTAL	19,607	0	19,607
141	Legal Services	0	0	0
146	Consulting Services	44,000	0	44,000
191	Temporary Manpower Services	0	0	0
150	Miscellaneous Serv - 1099 Report	<u>0</u>	<u>0</u>	<u>0</u>
140	PROF. CONTACTS TOTAL	44,000	0	44,000
152	Court Reporters	0	0	0
162	Security Guard Services	4,000	0	4,000
163	Janitorial Services	13,950	0	13,950
164	Honoraria	<u>4,000</u>	<u>0</u>	<u>4,000</u>
160	OTHER TOTAL	21,950	0	21,950
100	PERSONNEL SERVICES TOTAL	3,309,200	33,600	3,275,600
	Operating			
212	Electricity	<u>19,000</u>	<u>0</u>	<u>19,000</u>
210	UTILITIES TOTAL	19,000	0	19,000
221	Rental - non-state owned buildings	183,800	13,500	170,300
223	Rental of Equipment	9,000	0	9,000
224	Copy Machine Rental	30,000	0	30,000
226	Carpool Rental	4,800	600	4,200
227	State-Owned Aircraft	0	<u>0</u>	<u>0</u>
220	RENTAL TOTALS	227,600	14,100	213,500

	Minor Object Codes	2002-03 General Fund Spending Plan	3.0% Reduction \$121,900	Revised Spending Plan
231	Maintenance of Buildings	2,000	0	2,000
232	Maintenance of Equipment	2,000	0	2,000
233	Copy Machine Maintenance	0	0	0
234	Computer Maintenance	4,500	0	4,500
235	Maintenance of Vehicles	<u>500</u>	<u>0</u>	<u>500</u>
230	MAINTENANCE & REPAIRS TOTAL	9,000	0	9,000
241	Postage and Postage Meters	19,000	2,000	17,000
242	Freight	0	0	0
243	Other Parcel Delivery	<u>5,000</u>	<u>0</u>	<u>5,000</u>
240	POSTAGE & RELATED SERV. TOTAL	24,000	2,000	22,000
251&252	Printing	28,000	10,000	18,000
254	Insurance Premium	1,500	0	1,500
255	Advertising	2,000	0	2,000
256	Garbage Collection	1,000	0	1,000
257	Services not otherwise classified	7,000	0	7,000
259	Expenses related to shows & fairs	<u>3,000</u>	<u>0</u>	<u>3,000</u>
250	MISCELLANEOUS SERVICES TOTAL	42,500	10,000	32,500
262	Telephone Charges Paid to Vendor	900	0	900
263	Other Telecommunications	500	0	500
264	Cellular Telephone Charges	8,000	2,000	6,000
265	Pager Service	<u>100</u>	<u>0</u>	<u>100</u>
260	TELECOMMUNICATIONS TOTAL	9,500	2,000	7,500
271	Information Systems - Tech. Serv.	110,000	7,400	102,600
294	Computer Equipment	2,000	0	2,000
300	MARS Charges	<u>14,000</u>	<u>0</u>	<u>14,000</u>
270	COMPUTER SERVICES TOTAL	126,000	7,400	118,600
321&315	Office Supplies	43,000	8,000	35,000
323	Janitorial Supplies	5,000	0	5,000
330	Photographic Supplies	500	0	500
331	Data Processing Supplies	11,000	0	11,000
333	Motor Vehicle Supplies & Parts	500	0	500
338	Copy Machine Supplies	<u>800</u>	<u>0</u>	<u>800</u>
320	SUPPLIES TOTAL	60,800	8,000	52,800
343	Motor Fuels	1,300	0	1,300
346	Furniture, equipment under \$5000	0	0	0
351	Books	2,000	0	2,000
353	Telephone/Telecom Equip under \$5000	500	0	500
354	Computer Software	<u>2,000</u>	<u>0</u>	<u>2,000</u>
340	COMMODITIES TOTAL	5,800	0	5,800
361	In-state Travel	30,000	15,000	15,000
362	Out-of-state Travel	28,000	14,000	14,000
363	Travel for Non-state Employees	5,000	2,500	2,500
560	Commercial Airfare	0	0	0
562	General Travel	0	0	0

	Minor Object Codes	2002-03 General Fund Spending Plan	3.0% Reduction \$121,900	Revised Spending Plan
563	General Lodging	0	0	0
565	Per Diem Expense	0	0	0
566	Personally Owned Vehicles	0	0	0
571	Transportation Expense	0	0	0
360	TRAVEL TOTAL	63,000	31,500	31,500
381	Dues/Subscriptions	29,000	0	29,000
381	ECS Annual Dues	65,000	0	65,000
399	Other (Food Products)	8,300	3,300	5,000
370	MISCELLANEOUS EXPENSES TOTAL	102,300	3,300	99,000
300	TOTAL OPERATING EXPENSES	689,500	78,300	611,200
	Grants			
400	TOTAL GRANTS	0	0	0
	Capital Outlay			
601	Furniture, Equipment over \$5000	0	0	0
611	Lease Purchase	0	0	0
622	Office Automation Equipment	65,000	10,000	55,000
631	Capital Purchases	0	0	0
600	TOTAL CAPITAL OUTLAY	65,000	10,000	55,000
	GRAND TOTAL	4,063,700	121,900	3,941,800

**Council on Postsecondary Education
KYVU/KYVL
2002-03 Agency Spending Plan**

Category	2001-02 Revised Budget 3/31/02	2002-03 Agency Spending Plan	Percent Change
REVENUES			
General Fund			
Carry-Forward			
Principal	0	0	
Interest Earnings			
1998-2000	0	0	
2000-02	0	0	
Current Appropriation	4,661,900	4,661,900	0.00%
Current Year Interest Earnings	0	0	
Surplus Expenditure Plan	0	0	
Sub Total General Fund	4,661,900	4,661,900	0.00%
Agency Receipts			
Carry-Forward	25,600		
Current Receipts	2,213,500	860,000	-61.15%
Sub Total Agency Receipts	2,239,100	860,000	-61.59%
Federal Funds			
Carry-Forward	0	0	
Current Receipts	0	0	
Sub Total Federal Funds	0	0	0.00%
TOTAL REVENUES	6,901,000	5,521,900	-19.98%
Expenditures by Major Object			
Personal Services	2,060,500	2,168,900	5.26%
Operating Expenses	4,142,300	2,666,900	-35.62%
Grants, Loans, Benefits	637,200	485,200	-23.85%
Capital Expenses	61,000	61,000	0.00%
Budget Reduction Reserve	0	139,900	
Total Expenditures by Major Object	6,901,000	5,521,900	-19.98%
Expenditures by Program			
KYVU/KYVL	6,901,000	5,382,000	-22.01%
Budget Reduction Reserve	0	139,900	
Total Expenditures by Program	6,901,000	5,521,900	-19.98%

**Council on Postsecondary Education
2002-03 Agency Spending Plan**

KYVU/KYVL

The KYVU/KYVL general fund allocation for 2002-03 is the same as for 2001-02. The KYVU/KYVL receive grants from the adult education and literacy incentive funding program, the Education Professional Standards Board, and the Workforce Development Cabinet to assist with distance-learning and Web-based applications. These grants are reflected in the agency receipts category.

KYVU/KYVL has 27 full-time positions.

The KYVU/KYVL spending plan contains a 3.0 percent spending plan reduction reserve (\$139,900) in anticipation of a future 2002-03 cut. The detail is provided as a separate table. The spending plan reduction reserve includes computer maintenance, advertising, library training, course management system, and travel. One vacant position is being held in reserve until we know whether an expenditure reduction will be imposed.

**Council on Postsecondary Education
KYVU/KYVL
2002-03 Agency Spending Plan -- Detail**

	Minor Object Codes	2001-02 Revised Budget 03/31/02	2002-03 Agency Spending Plan	Percent Change
	Personnel			
111	Regular Salaries and Wages	1,464,700	1,471,999	
114	Per Diem	0	0	
115	Overtime	0	0	
181	OMI-Lump Sum Payments	0	0	
119	Comp Time (block 50 payments)	<u>0</u>	<u>0</u>	
110	SALARIES TOTAL	1,464,700	1,471,999	0.50%
121	Employer's FICA	111,600	111,853	
122	Employer's Retirement	108,900	104,590	
123	Employer's Health Insurance	81,000	82,658	
124	Employer Life Insurance	0	1,200	
127	TIAA-CREF Disability Coverage	<u>0</u>	<u>4,200</u>	
120	FRINGE BENEFITS TOTAL	301,500	304,501	1.00%
131	Workers' Compensation	1,800	1,800	
132	Unemployment Compensation	0	0	
133	Employee Training	20,000	20,000	
138	Automobile Liability Insurance	<u>0</u>	<u>0</u>	
130	OTHER PERSONNEL COSTS TOTAL	21,800	21,800	0.00%
141	Legal Services	5,000	3,000	
146	Consulting Services	244,900	350,000	
191	Temporary Manpower Services	5,000	0	
150	Miscellaneous Serv - 1099 Report	<u>0</u>	<u>0</u>	
140	PROF. CONTACTS TOTAL	254,900	353,000	38.49%
152	Court Reporters	0	0	
162	Security Guard Services	4,000	4,000	
163	Janitorial Services	8,600	8,600	
164	Honoraria	<u>5,000</u>	<u>5,000</u>	
160	OTHER TOTAL	17,600	17,600	0.00%
100	PERSONNEL SERVICES TOTAL	2,060,500	2,168,900	5.26%
	Operating			
212	Electricity	<u>7,200</u>	<u>7,200</u>	
210	UTILITIES TOTAL	7,200	7,200	0.00%
221	Rental - non-state owned buildings	52,300	55,000	
223	Rental of Equipment	2,000	2,000	
224	Copy Machine Rental	10,000	10,000	
226	Carpool Rental	1,000	1,000	

	Minor Object Codes	2001-02 Revised Budget 03/31/02	2002-03 Agency Spending Plan	Percent Change
227	State-Owned Aircraft	0	0	
220	RENTAL TOTALS	65,300	68,000	4.13%
231	Maintenance of Buildings	500	500	
232	Maintenance of Equipment	1,000	1,000	
233	Copy Machine Maintenance	0	0	
234	Computer Maintenance	20,000	12,600	
235	Maintenance of Vehicles	0	0	
230	MAINTENANCE & REPAIRS TOTAL	21,500	14,100	-34.42%
241	Postage and Postage Meters	5,000	5,000	
242	Freight	0	0	
243	Other Parcel Delivery	286,000	285,000	
240	POSTAGE & RELATED SERV. TOTAL	291,000	290,000	-0.34%
251&252	Printing	21,000	20,000	
254	Insurance Premium	0	0	
255	Advertising	113,300	70,000	
256	Garbage Collection	0	0	
257	Services not otherwise classified	100	100	
259	Expenses related to shows & fairs	5,600	5,600	
250	MISCELLANEOUS SERVICES TOTAL	140,000	95,700	-31.64%
261	Telephone Charges Paid to State Agency	18,500	0	
262	Telephone Charges Paid to Vendor	300	5,000	
263	Other Telecommunications	3,500	200	
264	Cellular Telephone Charges	5,300	3,500	
265	Pager Service	0	5,300	
260	TELECOMMUNICATIONS TOTAL	27,600	14,000	-49.28%
271	Information Systems - Tech. Serv.	3,520,300	2,096,700	
294	Computer Equipment	2,200	3,000	
300	MARS Charges	0	2,000	
270	COMPUTER SERVICES TOTAL	3,522,500	2,101,700	-40.33%
321&315	Office Supplies	15,000	10,000	
323	Janitorial Supplies	500	500	
330	Photographic Supplies	1,000	1,000	
331	Data Processing Supplies	1,500	1,500	
333	Motor Vehicle Supplies & Parts	0	0	
338	Copy Machine Supplies	1,200	1,200	
320	SUPPLIES TOTAL	19,200	14,200	-26.04%
343	Motor Fuels	0	0	
346	Furniture, equipment under \$5000	5,000	3,000	
351	Books	5,000	2,000	
355	Films & Video Cassettes	0	0	
353	Telephone/Telecom Equip under \$5000	0	2,000	

	Minor Object Codes	2001-02	2002-03	Percent Change
		Revised Budget 03/31/02	Agency Spending Plan	
354	Computer Software	7,000	18,000	
340	COMMODITIES TOTAL	17,000	25,000	47.06%
361	In-state Travel	10,000	10,000	
362	Out-of-state Travel	10,000	5,000	
363	Travel for Non-state Employees	8,000	0	
560	Commercial Airfare	0	0	
562	General Travel	0	0	
563	General Lodging	0	0	
565	Per Diem Expense	0	0	
566	Personally Owned Vehicles	0	0	
571	Transportation Expense	0	0	
360	TRAVEL TOTAL	28,000	15,000	-46.43%
381	Dues/Subscriptions	2,000	20,000	
381	ECS Annual Dues	0	0	
399	Other (Food Products)	1,000	2,000	
370	MISCELLANEOUS EXPENSES TOTAL	3,000	22,000	633.33%
300	TOTAL OPERATING EXPENSES	4,142,300	2,666,900	-35.62%
	Grants			
400	TOTAL GRANTS	637,200	485,200	-23.85%
	Capital Outlay			
601	Furniture, Equipment over \$5000	3,000	3,000	
611	Lease Purchase	0	0	
622	Office Automation Equipment	58,000	58,000	
631	Capital Purchases	0	0	
600	TOTAL CAPITAL OUTLAY	61,000	61,000	0.00%
	TOTAL	6,901,000	5,382,000	
	Budget Reduction Reserve	0	139,900	
	GRAND TOTAL	6,901,000	5,521,900	-19.98%

**Council on Postsecondary Education
KYVU/KYVL -- General Fund Only
2002-03 Spending Plan Reduction Reserve -- 3.0%**

	Minor Object Codes	2002-03 General Fund Spending Plan	3.0% Reduction \$139,900	Revised Spending Plan
	Personnel			
111	Regular Salaries and Wages	1,471,999		1,471,999
114	Per Diem	0		0
115	Overtime	0		0
181	OMI-Lump Sum Payments	0		0
119	Comp Time (block 50 payments)	<u>0</u>		<u>0</u>
110	SALARIES TOTAL	1,471,999	0	1,471,999
121	Employer's FICA	111,853		111,853
122	Employer's Retirement	104,590		104,590
123	Employer's Health Insurance	82,658		82,658
124	Employer Life Insurance	1,200		1,200
127	TIAA-CREF Disability Coverage	<u>4,200</u>		<u>4,200</u>
120	FRINGE BENEFITS TOTAL	304,501	0	304,501
131	Workers' Compensation	1,800		1,800
132	Unemployment Compensation	0		0
133	Employee Training	20,000		20,000
138	Automobile Liability Insurance	<u>0</u>		<u>0</u>
130	OTHER PERSONNEL COSTS TOTAL	21,800	0	21,800
141	Legal Services	5,000	2,000	3,000
146	Consulting Services	0		0
191	Temporary Manpower Services	0		0
150	Miscellaneous Serv - 1099 Report	<u>0</u>		<u>0</u>
140	PROF. CONTACTS TOTAL	5,000	2,000	3,000
152	Court Reporters	0		0
162	Security Guard Services	4,000		4,000
163	Janitorial Services	8,600		8,600
164	Honoraria	<u>5,000</u>		<u>5,000</u>
160	OTHER TOTAL	17,600	0	17,600
100	PERSONNEL SERVICES TOTAL	1,820,900	2,000	1,818,900
	Operating			
212	Electricity	<u>7,200</u>		<u>7,200</u>
210	UTILITIES TOTAL	7,200	0	7,200
221	Rental - non-state owned buildings	55,000		55,000
223	Rental of Equipment	2,000		2,000
224	Copy Machine Rental	10,000		10,000
226	Carpool Rental	1,000		1,000

	Minor Object Codes	2002-03 General Fund Spending Plan	3.0% Reduction \$139,900	Revised Spending Plan
227	State-Owned Aircraft	<u>0</u>		<u>0</u>
220	RENTAL TOTALS	68,000	0	68,000
231	Maintenance of Buildings	500		500
232	Maintenance of Equipment	1,000		1,000
233	Copy Machine Maintenance	0		0
234	Computer Maintenance	22,000	9,400	12,600
235	Maintenance of Vehicles	<u>0</u>		<u>0</u>
230	MAINTENANCE & REPAIRS TOTAL	23,500	9,400	14,100
241	Postage and Postage Meters	5,000		5,000
242	Freight	0		0
243	Other Parcel Delivery	<u>285,000</u>		<u>285,000</u>
240	POSTAGE & RELATED SERV. TOTAL	290,000	0	290,000
251&252	Printing	20,000		20,000
254	Insurance Premium	0		0
255	Advertising	100,000	30,000	70,000
256	Garbage Collection	0		0
257	Services not otherwise classified	100		100
259	Expenses related to shows & fairs	<u>5,600</u>		<u>5,600</u>
250	MISCELLANEOUS SERVICES TOTAL	125,700	30,000	95,700
262	Telephone Charges Paid to Vendor	5,000		5,000
263	Other Telecommunications	200		200
264	Cellular Telephone Charges	3,500		3,500
265	Pager Service	<u>5,300</u>		<u>5,300</u>
260	TELECOMMUNICATIONS TOTAL	14,000	0	14,000
271	Information Systems - Tech. Serv.	1,660,200	73,500	1,586,700
294	Computer Equipment	3,000		3,000
300	MARS Charges	<u>2,000</u>		<u>2,000</u>
270	COMPUTER SERVICES TOTAL	1,665,200	73,500	1,591,700
321&315	Office Supplies	10,000		10,000
323	Janitorial Supplies	500		500
330	Photographic Supplies	1,000		1,000
331	Data Processing Supplies	1,500		1,500
333	Motor Vehicle Supplies & Parts	0		0
338	Copy Machine Supplies	<u>1,200</u>		<u>1,200</u>
320	SUPPLIES TOTAL	14,200	0	14,200
343	Motor Fuels	0		0
346	Furniture, equipment under \$5000	5,000	2,000	3,000
351	Books	5,000	3,000	2,000
353	Telephone/Telecom Equip under \$5000	2,000		2,000
354	Computer Software	<u>18,000</u>		<u>18,000</u>
340	COMMODITIES TOTAL	<u>30,000</u>	5,000	<u>25,000</u>

	Minor Object Codes	2002-03 General Fund Spending Plan	3.0% Reduction \$139,900	Revised Spending Plan
361	In-state Travel	15,000	5,000	10,000
362	Out-of-state Travel	10,000	5,000	5,000
363	Travel for Non-state Employees	5,000	5,000	0
560	Commercial Airfare	0		0
562	General Travel	0		0
563	General Lodging	0		0
565	Per Diem Expense	0		0
566	Personally Owned Vehicles	0		0
571	Transportation Expense	0		0
360	TRAVEL TOTAL	30,000	15,000	15,000
381	Dues/Subscriptions	20,000		20,000
381	ECS Annual Dues	0		0
399	Other (Food Products)	5,000	3,000	2,000
370	MISCELLANEOUS EXPENSES TOTAL	25,000	3,000	22,000
300	TOTAL OPERATING EXPENSES	2,292,800	135,900	2,156,900
	Grants			
400	TOTAL GRANTS	485,200	0	485,200
	Capital Outlay			
601	Furniture, Equipment over \$5000	5,000	2,000	3,000
611	Lease Purchase	0		0
622	Office Automation Equipment	58,000		58,000
631	Capital Purchases	0		0
600	TOTAL CAPITAL OUTLAY	63,000	2,000	61,000
	GRAND TOTAL	4,661,900	139,900	4,522,000

**Council on Postsecondary Education
2002-03 Agency Spending Plan**

Pass-Through Programs

The general fund allocation for 2002-03 decreased by 2.2 percent when compared to 2001-02 as a result of permanent shifts into and out of the pass-through program. EPSCoR funding of \$2,521,600 is transferred from the pass-through program to the newly created science and technology incentive funding program. In 2003-04, the executive branch budget proposal replaces the interest earnings with general fund dollars.

The contract spaces program now is funded with general fund dollars after a biennium of funding from the student financial aid and advancement trust fund.

Interest earnings from the strategic trust funds are reallocated to pass-through programs as follows:

Minority Student College Preparation Program (Expansion)	\$ 100,800
SREB Doctoral Scholars Program (Expansion)	187,000
UK—Enrollment Growth and Retention (New)	234,800
KSU I and Grant Match (New)	487,800
UofL Hospital Contract (New)	<u>50,000</u>
Total	\$1,060,400

The early math testing program is funded through an increase in the general fund allocation. All other pass-through programs received no increase in funding for 2002-03.

**Council on Postsecondary Education
Pass Through Funds
2002-03 Agency Spending Plan**

Category	2001-02 Revised Budget 3/31/02	2002-03 Agency Spending Plan	Percent Change
REVENUES			
General Fund			
Carry-Forward			
Principal	2,000,000	0	-100.00%
Interest Earnings			
1998-2000	0	0	
2000-02	0	0	
Current Appropriation	10,792,100	10,557,800	-2.17%
Current Year Interest Earnings	0	0	
Surplus Expenditure Plan	0	0	
Sub Total General Fund	12,792,100	10,557,800	-17.47%
Agency Receipts			
Carry-Forward	0	0	
Current Receipts	2,525,100	1,060,400	-58.01%
Sub Total Agency Receipts	2,525,100	1,060,400	-58.01%
Federal Funds			
Carry-Forward	0	0	
Current Receipts	0	0	
Sub Total Federal Funds	0	0	0.00%
TOTAL REVENUES	15,317,200	11,618,200	-24.15%
Expenditures by Major Object			
Personal Services	0	0	
Operating Expenses	0	0	
Grants, Loans, Benefits	15,317,200	11,618,200	-24.15%
Capital Expenses	0	0	
Total Expenditures by Major Object	15,317,200	11,618,200	-24.15%
Expenditures by Program			
Contract Spaces	2,525,100	2,675,300	5.95%
Metroversity Consortium	60,600	60,600	0.00%
Professional Education Prep. Program	438,600	438,600	0.00%
Telecommunication Consortium (ETV)	188,300	188,300	0.00%
Minority Student College Prep. Program			
Base	231,700	231,700	0.00%
Supplemental Funding	0	100,800	
EPSCoR	4,521,600	0	-100.00%
State Autism Training Center	229,300	229,300	0.00%
Kentucky Rural Development Center	735,000	735,000	0.00%
Early Reading Incentive Grant	4,116,000	4,116,000	0.00%
SREB Doctoral Scholars Program			
Base	68,000	68,000	0.00%
Supplemental Funding	0	187,000	
Collaborative Center for Literacy - Exp.	588,000	0	-100.00%
KY Postsecondary Ed. Network	1,615,000	1,615,000	0.00%
Early Math Testing	0	200,000	
UK -- Enrollment Growth & Retention	0	234,800	
KSU Land Grant Match	0	487,800	
UofL Hospital Contract	0	50,000	
Total Expenditures by Program	15,317,200	11,618,200	-24.15%

Council on Postsecondary Education 2002-03 Agency Spending Plan

Strategic Investment and Incentive Trust Funds

There are six statutory strategic trust funds remaining as well as the lung cancer research trust fund:

- Research Challenge Trust Fund
- Regional University Excellence Trust Fund
- Technology Initiative Trust Fund
- Physical Facilities Trust Fund
- Postsecondary Education Workforce Development Trust Fund
- Student Financial Aid and Advancement Trust Fund

The endowment match program resides within the research challenge trust fund and the regional university excellence trust fund. Because of its size, this program is displayed as a separate trust fund. The endowment match program will not receive new funding until 2003-04.

Effective with the 2002-04 biennium, the adult education and literacy trust fund and the science and technology trust fund are being phased out and will be replaced by two incentive funding programs with the same names. The primary differences between the trust funds and the incentive funding programs are that the latter do not earn interest, and the balances of incentive funding programs do not automatically carry-forward like trust fund balances. The adult education and literacy trust fund and the science and technology trust fund will continue to be displayed both as both strategic trust funds and incentive funding programs until 2000-02 funds in the strategic trust funds are completely dispersed.

As can be seen in the attached tables, general fund allocations are made to the lung cancer research trust fund (\$6,280,000), the technology initiative trust fund (\$1,300,000) for network support and faculty development, and the student financial aid and advancement trust fund (\$63,181,300) for the KEES program. The student financial aid and advancement trust fund total includes \$750,000 in interest earned by that trust fund.

The physical facilities trust fund will not receive an allocation for 2002-03. Funds for the capital projects bond pool are scheduled for 2003-04.

**Council on Postsecondary Education
Strategic Trust Funds--Summary
2002-03 Agency Spending Plan**

Category	2001-02 Revised Budget 3/31/02	2002-03 Agency Spending Plan	Percent Change
REVENUES			
General Fund			
Carry-Forward			
Principal	56,362,991	0	-100.00%
Interest Earnings			
1998-2000	6,574,339	0	-100.00%
2000-02	4,743,955	287,990	-93.93%
Current Appropriation	113,653,600	70,011,300	-38.40%
Current Year Interest Earnings	2,802,693	205,000	-92.60%
Surplus Expenditure Plan	0	0	
Sub Total General Fund	184,137,578	70,504,290	-61.71%
Agency Receipts			
Carry-Forward	0	0	
Current Receipts	2,635,000	1,385,000	-47.44%
Sub Total Agency Receipts	2,635,000	1,385,000	-47.44%
Federal Funds			
Carry-Forward	0	0	0.00%
Current Receipts	0	0	0.00%
Sub Total Federal Funds	0	0	0.00%
TOTAL REVENUES	186,772,578	71,889,290	-61.51%
Expenditures by Major Object			
Personal Services	0	0	0.00%
Operating Expenses	0	0	0.00%
Grants, Loans, Benefits	186,772,578	71,889,290	-61.51%
Capital Expenses	0	0	0.00%
Total Expenditures by Major Object	186,772,578	71,889,290	-61.51%
Expenditures by Program			
Endowment Match Program	48,362,612	0	-100.00%
Research Challenge Trust Fund	1,982,153	0	-100.00%
Lung Cancer Research	11,254,158	6,280,000	-44.20%
Regional Univ. Excellence Trust Fund	14,129,386	0	-100.00%
Technology Initiative Trust Fund	13,504,979	2,427,990	-82.02%
Physical Facilities Trust Fund	20,900,000	0	100.00%
Postsecondary Workforce Dev. TF	9,914,190	0	-100.00%
Student Financial Aid & Advancement TF	43,070,349	63,181,300	46.69%
Adult Education & Literacy Trust Fund	18,078,145	0	-100.00%
Science and Technology Trust Fund	5,576,606	0	-100.00%
Total Expenditures by Program	186,772,578	71,889,290	-61.51%

**Council on Postsecondary Education
Endowment Match Program
2002-03 Agency Spending Plan**

Category	2001-02 Revised Budget 3/31/02	2002-03 Agency Spending Plan	Percent Change
REVENUES			
General Fund			
Carry-Forward			
Principal	38,366,851	0	
Interest Earnings			
1998-2000	4,228,839	0	
2000-02	3,721,309	0	
Current Appropriation	0	0	0.00%
Current Year Interest Earnings	2,045,612	0	-100.00%
Surplus Expenditure Plan	0	0	
Sub Total General Fund	48,362,612	0	-100.00%
Agency Receipts			
Carry-Forward	0	0	
Current Receipts	0	0	
Sub Total Agency Receipts	0	0	0.00%
Federal Funds			
Carry-Forward	0	0	
Current Receipts	0	0	
Sub Total Federal Funds	0	0	0.00%
TOTAL REVENUES	48,362,612	0	-100.00%
Expenditures by Major Object			
Personal Services	0	0	
Operating Expenses	0	0	
Grants, Loans, Benefits	48,362,612	0	-100.00%
Capital Expenses	0	0	
Total Expenditures by Major Object	48,362,612	0	-100.00%
Expenditures by Program			
Eastern Kentucky University	2,964,215	0	-100.00%
Kentucky State University	2,426,662	0	-100.00%
Morehead State University	2,157,844	0	-100.00%
Murray State University	1,699,500	0	-100.00%
Northern Kentucky University	895,644	0	-100.00%
Western Kentucky University	59,775	0	-100.00%
Subtotal	10,203,640	0	-100.00%
University of Kentucky	18,441,765	0	-100.00%
University of Louisville	19,717,207	0	-100.00%
Subtotal	38,158,972	0	-100.00%
Total Expenditures by Program	48,362,612	0	-100.00%

**Council on Postsecondary Education
Research Challenge Trust Fund
2002-03 Agency Spending Plan**

Category	2001-02 Revised Budget 3/31/02	2002-03 Agency Spending Plan	Percent Change
REVENUES			
General Fund			
Carry-Forward			
Principal	0	0	
Interest Earnings			
1998-2000	339,511	0	
2000-02	12,786	0	
Current Appropriation	1,617,000	0	-100.00%
Current Year Interest Earnings	12,856	0	
Surplus Expenditure Plan		0	
Sub Total General Fund	1,982,153	0	-100.00%
Agency Receipts			
Carry-Forward	0	0	
Current Receipts	0	0	
Sub Total Agency Receipts	0	0	0.00%
Federal Funds			
Carry-Forward	0	0	
Current Receipts	0	0	
Sub Total Federal Funds	0	0	0.00%
TOTAL REVENUES	1,982,153	0	-100.00%
Expenditures by Major Object			
Personal Services	0	0	0.00%
Operating Expenses	0	0	0.00%
Grants, Loans, Benefits	1,982,153	0	-100.00%
Capital Expenses	0	0	0.00%
Total Expenditures by Major Object	1,982,153	0	-100.00%
Expenditures by Program			
Enrollment Growth & Retention			
University of Kentucky	809,480	0	-100.00%
Lexington Community College	308,896	0	-100.00%
University of Louisville	498,624	0	-100.00%
Subtotal	1,617,000	0	-100.00%
Research Challenge			
University of Kentucky	242,038	0	-100.00%
University of Louisville	123,115	0	-100.00%
Subtotal	365,153	0	-100.00%
Total Expenditures by Program	1,982,153	0	-100.00%

**Council on Postsecondary Education
Lung Cancer Research
2002-03 Agency Spending Plan**

Category	2001-02 Revised Budget 3/31/02	2002-03 Agency Spending Plan	Percent Change
REVENUES			
General Fund			
Carry-Forward			
Principal	5,055,000	0	
Interest Earnings			
1998-2000	0	0	
2000-02	16,069	0	
Current Appropriation	6,080,000	6,280,000	3.29%
Current Year Interest Earnings	103,089	0	
Surplus Expenditure Plan	0	0	
Sub Total General Fund	11,254,158	6,280,000	-44.20%
Agency Receipts			
Carry-Forward	0	0	
Current Receipts	0	0	
Sub Total Agency Receipts	0	0	0.00%
Federal Funds			
Carry-Forward	0	0	
Current Receipts	0	0	
Sub Total Federal Funds	0	0	0.00%
TOTAL REVENUES	11,254,158	6,280,000	-44.20%
Expenditures by Major Object			
Personal Services	0	0	
Operating Expenses	0	0	
Grants, Loans, Benefits	11,254,158	6,280,000	-44.20%
Capital Expenses	0	0	
Total Expenditures by Major Object	11,254,158	6,280,000	-44.20%
Expenditures by Program			
Lung Cancer Research	11,254,158	6,280,000	-44.20%
Total Expenditures by Program	11,254,158	6,280,000	-44.20%

**Council on Postsecondary Education
Regional University Excellence Trust Fund
2002-03 Agency Spending Plan**

Category	2001-02 Revised Budget 3/31/02	2002-03 Agency Spending Plan	Percent Change
REVENUES			
General Fund			
Carry-Forward			
Principal	807,300	0	
Interest Earnings			
1998-2000	582,469	0	
2000-02	85,409	0	
Current Appropriation	12,593,000	0	
Current Year Interest Earnings	61,208	0	
Surplus Expenditure Plan	0	0	
Sub Total General Fund	14,129,386	0	-100.00%
Agency Receipts			
Carry-Forward	0	0	
Current Receipts	0	0	
Sub Total Agency Receipts	0	0	0.00%
Federal Funds			
Carry-Forward	0	0	
Current Receipts	0	0	
Sub Total Federal Funds	0	0	0.00%
TOTAL REVENUES	14,129,386	0	-100.00%
Expenditures by Major Object			
Personal Services	0	0	
Operating Expenses	0	0	
Grants, Loans, Benefits	14,129,386	0	-100.00%
Capital Expenses	0	0	
Total Expenditures by Major Object	14,129,386	0	-100.00%
Expenditures by Program			
Enrollment Growth & Retention			
Eastern Kentucky University	740,390	0	-100.00%
Kentucky State University	318,402	0	-100.00%
Morehead State University	314,090	0	-100.00%
Murray State University	342,020	0	-100.00%
Northern Kentucky University	427,868	0	-100.00%
Western Kentucky University	<u>663,500</u>	<u>0</u>	-100.00%
Subtotal	2,806,270	0	-100.00%
Programs of Distinction			
Eastern Kentucky University	257,000		
Kentucky State University	177,300		
Morehead State University	0		
Murray State University	0		
Northern Kentucky University	0		

**Council on Postsecondary Education
Regional University Excellence Trust Fund
2002-03 Agency Spending Plan**

Category	2001-02 Revised Budget 3/31/02	2002-03 Agency Spending Plan	Percent Change
Western Kentucky University	<u>373,000</u>		
Subtotal	807,300	0	
Interest Earnings			
Eastern Kentucky University	131,780		
Kentucky State University	102,703		
Morehead State University	93,964		
Murray State University	65,161		
Northern Kentucky University	85,804		
Western Kentucky University	<u>249,674</u>		
Subtotal	729,086	0	
Action Agenda			
Eastern Kentucky University	2,384,340	0	-100.00%
Kentucky State University	717,360	0	-100.00%
Morehead State University	1,406,300	0	-100.00%
Murray State University	1,625,820	0	-100.00%
Northern Kentucky University	1,385,720	0	-100.00%
Western Kentucky University	<u>2,267,190</u>	<u>0</u>	-100.00%
Subtotal	9,786,730	0	-100.00%
Total Expenditures by Program	14,129,386	0	-100.00%

**Council on Postsecondary Education
Technology Initiative Trust Fund
2002-03 Agency Spending Plan**

Category	2001-02 Revised Budget 3/31/02	2002-03 Agency Spending Plan	Percent Change
REVENUES			
General Fund			
Carry-Forward			
Principal	4,378,167	0	-100.00%
Interest Earnings			
1998-2000	462,586	0	-100.00%
2000-02	375,134	287,990	-23.23%
Current Appropriation	5,956,000	1,300,000	-78.17%
Current Year Interest Earnings	198,093	205,000	3.49%
Surplus Expenditure Plan	0	0	
Sub Total General Fund	11,369,979	1,792,990	-84.23%
Agency Receipts			
Carry-Forward	0	0	100.00%
Current Receipts	2,135,000	635,000	-70.26%
Sub Total Agency Receipts	2,135,000	635,000	-70.26%
Federal Funds			
Carry-Forward	0	0	
Current Receipts	0	0	
Sub Total Federal Funds	0	0	0.00%
TOTAL REVENUES	13,504,979	2,427,990	-82.02%
Expenditures by Major Object			
Personal Services	0	0	
Operating Expenses	0	0	
Grants, Loans, Benefits	13,504,979	2,427,990	-82.02%
Capital Expenses	0	0	
Total Expenditures by Major Object	13,504,979	2,427,990	-82.02%
Expenditures by Program			
Previous 2000-02 Allocations	4,625,294	0	-100.00%
Equipment Replacement -- DS	3,800,000	0	-100.00%
KY Information Highway	1,168,545	1,200,000	2.69%
Public Communications Campaign	1,500,000	0	-100.00%
Faculty Development	1,000,000	100,000	-90.00%
Public Health Initiative	25,000	0	-100.00%
BIO Conference	10,000	10,000	0.00%
Institute for Effective Governance	23,200	32,000	37.93%
Consulting Services	61,615	0	-100.00%
KSU Self Study	0	100,000	
Public Communications Campaign - Reserve	0	800,000	100.00%
Unallocated Funds	0	185,990	100.00%
Total Expenditures by Program	12,213,654	2,427,990	-80.12%
Carry-forward	1,291,325	0	
Total Budgeted Funds	13,504,979	2,427,990	-82.02%

**Council on Postsecondary Education
Physical Facilities Trust Fund
2002-03 Agency Spending Plan**

Category	2001-02 Revised Budget 3/31/02	2002-03 Agency Spending Plan	Percent Change
REVENUES			
General Fund			
Carry-Forward	0	0	
Principal	0	0	
Interest Earnings			
1998-2000	0	0	
2000-02	0	0	
Current Appropriation	20,900,000	0	-100.00%
Current Year Interest Earnings	0	0	
Surplus Expenditure Plan	0	0	
Sub Total General Fund	20,900,000	0	-100.00%
Agency Receipts			
Carry-Forward	0	0	
Current Receipts	0	0	
Sub Total Agency Receipts	0	0	
Federal Funds			
Carry Forward	0	0	
Current Receipts	0	0	
Sub Total Federal Funds	0	0	
TOTAL REVENUES	20,900,000	0	-100.00%
Expenditures by Major Object			
Personal Services	0	0	
Operating Expenses	0	0	
Grants, Loans, Benefits	20,900,000	0	-100.00%
Capital Expenses	0	0	
Total Expenditures by Major Object	20,900,000	0	-100.00%
Expenditures by Program			
Capital Renewal/Maintenance -- DS	3,018,000	0	-100.00%
Renovation, Replace. & Infrastructure	10,436,000	0	-100.00%
New Construction -- DS	7,446,000	0	-100.00%
Total Expenditures by Program	20,900,000	0	-100.00%

**Council on Postsecondary Education
Postsecondary Workforce Development Trust Fund
2002-03 Agency Spending Plan**

Category	2001-02 Revised Budget 3/31/02	2002-03 Agency Spending Plan	Percent Change
REVENUES			
General Fund			
Carry-Forward			
Principal	0		
Interest Earnings			
1998-2000	460,529		
2000-02	101,665		
Current Appropriation	9,310,000	0	-100.00%
Current Year Interest Earnings	41,996	0	
Surplus Expenditure Plan	0	0	
Sub Total General Fund	9,914,190	0	-100.00%
Agency Receipts			
Carry-Forward	0	0	
Current Receipts	0	0	
Sub Total Agency Receipts	0	0	0.00%
Federal Funds			
Carry-Forward	0	0	
Current Receipts	0	0	
Sub Total Federal Funds	0	0	0.00%
TOTAL REVENUES	9,914,190	0	-100.00%
Expenditures by Major Object			
Personal Services	0	0	
Operating Expenses	0	0	
Grants, Loans, Benefits	9,914,190	0	-100.00%
Capital Expenses			
Total Expenditures by Major Object	9,914,190	0	-100.00%
Expenditures by Program			
KCTCS			
Enrollment Growth & Retention	3,430,000	0	-100.00%
Workforce Training	5,880,000	0	-100.00%
Interest Earnings	604,190	0	-100.00%
Total Expenditures by Program	9,914,190	0	-100.00%

**Council on Postsecondary Education
Student Financial Aid & Advancement Trust Fund
2002-03 Agency Spending Plan**

Category	2001-02 Revised Budget 3/31/02	2002-03 Agency Spending Plan	Percent Change
REVENUES			
General Fund			
Carry-Forward			
Principal	809,600		
Interest Earnings			
1998 2000	500,405		
2000-02	184,604		
Current Appropriation	41,500,000	62,431,300	50.44%
Current Year Interest Earnings	75,740	0	
Surplus Expenditure Plan	0	0	
Sub Total General Fund	43,070,349	62,431,300	44.95%
Agency Receipts			
Carry-Forward	0	0	
Current Receipts	0	750,000	
Sub Total Agency Receipts	0	750,000	0.00%
Federal Funds			
Carry-Forward	0	0	
Current Receipts	0	0	
Sub Total Federal Funds	0	0	0.00%
TOTAL REVENUES	43,070,349	63,181,300	46.69%
Expenditures by Major Object			
Personal Services	0	0	
Operating Expenses	0	0	
Grants, Loans, Benefits	43,070,349	63,181,300	46.69%
Capital Expenses	0	0	
Total Expenditures by Major Object	43,070,349	63,181,300	46.69%
Expenditures by Program			
KEES Program	28,556,900	63,181,300	121.25%
KEES Reserve	8,515,449	0	-100.00%
Contract Spaces	2,525,100	0	-100.00%
National Guard	1,972,900	0	-100.00%
Public Communications Campaign	1,500,000	0	100.00%
Total Expenditures by Program	43,070,349	63,181,300	46.69%

**Council on Postsecondary Education
Adult Education and Literacy Trust Fund
2002-03 Agency Spending Plan**

Category	2001-02 Revised Budget 3/31/02	2002-03 Agency Spending Plan	Percent Change
REVENUES			
General Fund			
Carry-Forward			
Principal	6,084,573		
Interest Earnings			
1998-2000	0		
2000-02	233,051		
Current Appropriation	11,532,600	0	-100.00%
Current Year Interest Earnings	227,921	0	-100.00%
Surplus Expenditure Plan	0	0	
Sub Total General Fund	18,078,145	0	-100.00%
Agency Receipts			
Carry-Forward	0	0	
Current Receipts	0	0	
Sub Total Agency Receipts	0	0	0.00%
Federal Funds			
Carry-Forward	0	0	
Current Receipts	0	0	
Sub Total Federal Funds	0	0	0.00%
TOTAL REVENUES	18,078,145	0	-100.00%
Expenditures by Major Object			
Personal Services	0	0	
Operating Expenses	0	0	
Grants, Loans, Benefits	18,078,145	0	-100.00%
Capital Expenses	0	0	
Total Expenditures by Major Object	18,078,145	0	-100.00%
Expenditures by Program			
Adult Education & Literacy Trust Fund	18,078,145	0	-100.00%
Total Expenditures by Program	18,078,145	0	-100.00%

**Council on Postsecondary Education
Science and Technology Trust Fund
2002-03 Agency Spending Plan**

Category	2001-02 Revised Budget 3/31/02	2002-03 Agency Spending Plan	Percent Change
REVENUES			
General Fund			
Carry-Forward			
Principal	861,500		
Interest Earnings			
1998-2000	0		
2000-02	13,928		
Current Appropriation	4,165,000	0	-100.00%
Current Year Interest Earnings	36,178	0	
Surplus Expenditure Plan	0	0	
Sub Total General Fund	5,076,606	0	-100.00%
Agency Receipts			
Carry-Forward	0	0	
Current Receipts	500,000	0	
Sub Total Agency Receipts	500,000	0	0.00%
Federal Funds			
Carry-Forward	0	0	
Current Receipts	0	0	
Sub Total Federal Funds	0	0	0.00%
TOTAL REVENUES	5,576,606	0	-100.00%
Expenditures by Major Object			
Personal Services	0	0	
Operating Expenses	0	0	
Grants, Loans, Benefits	5,576,606	0	-100.00%
Capital Expenses	0	0	
Total Expenditures by Major Object	5,576,606	0	-100.00%
Expenditures by Program			
Rural Innovation Fund	861,500	0	
Research & Development	2,964,900	0	100.00%
Commercialization	741,250	0	100.00%
Regional Technology Service	494,150	0	100.00%
Intel Internat'l Science & Engineering Fair	500,000	0	-100.00%
2001-02 Interest Earnings	14,806	0	-100.00%
Total Expenditures by Program	5,576,606	0	-100.00%

Council on Postsecondary Education 2002-03 Agency Spending Plan

Incentive Funding Programs (New)

Two incentive funding programs are created in the 2002-03 state spending plan: adult education and literacy and science and technology. These replace the two strategic trust funds by the same name.

The adult education and literacy incentive funding program will receive \$11,768,000, the same as the 2001-02 appropriation in the strategic trust fund.

The science and technology incentive funding program will receive \$6,771,600 for 2002-03. Of this amount, \$2,521,600 is a transfer of the EPSCoR activity from the pass-through program to the incentive funding program.

The science and technology incentive funding program will receive \$4,000,000 in interest earnings reallocated from the strategic trust funds. This amount will go to:

EPSCoR	\$2,000,000
Rural Innovation	1,000,000
Knowledge-Based Economy	<u>1,000,000</u>
Total	\$4,000,000

**Council on Postsecondary Education
Incentive Funding Programs--Summary
2002-03 Agency Spending Plan**

Category	2001-02 Revised Budget 3/31/02	2002-03 Agency Spending Plan	Percent Change
REVENUES			
General Fund			
Carry-Forward			
Principal	0	0	
Interest Earnings			
1998-2000	0	0	
2000-02	0	0	
Current Appropriation	0	18,539,600	
Current Year Interest Earnings	0	0	
Surplus Expenditure Plan	0	0	
Sub Total General Fund	0	18,539,600	
Agency Receipts			
Carry-Forward	0	0	
Current Receipts	0	4,000,000	
Sub Total Agency Receipts	0	4,000,000	
Federal Funds			
Carry-Forward	0	0	
Current Receipts	0	0	
Sub Total Federal Funds	0	0	
TOTAL REVENUES	0	22,539,600	
Expenditures by Major Object			
Personal Services	0	0	
Operating Expenses	0	0	
Grants, Loans, Benefits	0	22,539,600	
Capital Expenses	0	0	
Total Expenditures by Major Object	0	22,539,600	
Expenditures by Program			
Adult Education & Literacy	0	11,768,000	
Science & Technology	0	10,771,600	
Total Expenditures by Program	0	22,539,600	

**Council on Postsecondary Education
Adult Education & Literacy Incentive Funding Program
2002-03 Agency Spending Plan**

Category	2001-02 Revised Budget 3/31/02	2002-03 Agency Spending Plan	Percent Change
REVENUES			
General Fund			
Carry-Forward			
Principal	0	0	
Interest Earnings			
1998-2000	0	0	
2000-02	0	0	
Current Appropriation	0	11,768,000	
Current Year Interest Earnings	0	0	
Surplus Expenditure Plan	0	0	
Sub Total General Fund	0	11,768,000	
Agency Receipts			
Carry-Forward	0	0	
Current Receipts	0	0	
Sub Total Agency Receipts	0	0	
Federal Funds			
Carry-Forward	0	0	
Current Receipts	0	0	
Sub Total Federal Funds	0	0	
TOTAL REVENUES	0	11,768,000	
Expenditures by Major Object			
Personal Services	0	0	
Operating Expenses	0	0	
Grants, Loans, Benefits	0	11,768,000	
Capital Expenses	0	0	
Total Expenditures by Major Object	0	11,768,000	
Expenditures by Program			
Public Communication Plan	0	500,000	
Economic Development & Workforce Training	0	1,000,000	
Local Needs Assessment & Community Development	0	200,000	
Professional Development	0	1,106,037	
Statewide Information Technology & Distance Learning	0	838,600	
Tuition Discounts and Employer Tax Credits	0	150,000	
Base Funding, Rewards, Audits, Research, & Family Literacy	0	7,840,000	
Unallocated	0	133,363	
Total Expenditures by Program	0	11,768,000	

**Council on Postsecondary Education
Science and Technology Incentive Funding Program
2002-03 Agency Spending Plan**

Category	2001-02 Revised Budget 3/31/02	2002-03 Agency Spending Plan	Percent Change
REVENUES			
General Fund			
Carry-Forward			
Principal	0	0	
Interest Earnings			
1998-2000	0	0	
2000-02	0	0	
Current Appropriation	0	6,771,600	
Current Year Interest Earnings	0	0	
Surplus Expenditure Plan	0	0	
Sub Total General Fund	0	6,771,600	
Agency Receipts			
Carry-Forward	0	0	
Current Receipts	0	4,000,000	
Sub Total Agency Receipts	0	4,000,000	
Federal Funds			
Carry-Forward	0	0	
Current Receipts	0	0	
Sub Total Federal Funds	0	0	
TOTAL REVENUES	0	10,771,600	
Expenditures by Major Object			
Personal Services	0	0	
Operating Expenses	0	0	
Grants, Loans, Benefits	0	10,771,600	
Capital Expenses	0	0	
Total Expenditures by Major Object	0	10,771,600	
Expenditures by Program			
Rural Innovation	0	1,000,000	
Research & Development Vouchers	0	3,000,000	
Commercialization	0	750,000	
Regional Technology Corp/ICC Satellites	0	500,000	
EPSCoR/Science & Engineering Found.			
Base	0	2,521,600	
Supplemental Funding	0	2,000,000	
Knowledge-Based Economy Academic Programs	0	1,000,000	
Total Expenditures by Program	0	10,771,600	

Council on Postsecondary Education 2002-03 Agency Spending Plan

Federal Programs

There are two federal programs, the Eisenhower Professional Development State Grant and GEAR UP Kentucky.

Kentucky is to receive \$2.1 million for GEAR UP for each of five years. October 2002 will begin the third year of the grant. The spending plan figure listed is based on the grant year allocation plus previous year carry-forward.

**Council on Postsecondary Education
Federal Programs--Summary
2002-03 Agency Spending Plan**

Category	2001-02 Revised Budget 03/31/02	2002-03 Agency Spending Plan	Percent Change
REVENUES			
General Fund			
Carry-Forward			
Principal	0	0	
Interest Earnings			
1998-2000	0	0	
2000-02	0	0	
Current Appropriation	0	0	
Current Year Interest Earnings	0	0	
Surplus Expenditure Plan	0	0	
Sub Total General Fund	0	0	0.00%
Agency Receipts			
Carry-Forward	0	0	
Current Receipts	0	0	
Sub Total Agency Receipts	0	0	0.00%
Federal Funds			
Carry-Forward	0	447,200	0.00%
Current Receipts	5,031,700	2,739,017	-45.56%
Sub Total Federal Funds	5,031,700	3,186,217	-36.68%
TOTAL REVENUES	5,031,700	3,186,217	-36.68%
Expenditures by Major Object			
Personal Services	277,600	277,000	-0.22%
Operating Expenses	133,200	132,100	-0.83%
Grants, Loans, Benefits	4,620,900	2,777,117	-39.90%
Capital Expenses	0	0	0.00%
Total Expenditures by Major Object	5,031,700	3,186,217	-36.68%
Expenditures by Program			
Eisenhower Professional Development	1,100,000	1,042,500	-5.23%
GEAR UP Kentucky	3,931,700	2,143,717	-45.48%
Total Expenditures by Program	5,031,700	3,186,217	-36.68%

**Council on Postsecondary Education
Eisenhower Professional Development Grant
2002-03 Agency Spending Plan**

Category	2001-02 Revised Budget 03/31/02	2002-03 Agency Spending Plan	Percent Change
REVENUES			
General Fund			
Carry-Forward			
Principal	0	0	
Interest Earnings			
1998-2000	0	0	
2000-02	0	0	
Current Appropriation	0	0	
Current Year Interest Earnings	0		
Surplus Expenditure Plan	0	0	
Sub Total General Fund	0	0	0.00%
Agency Receipts			
Carry-Forward	0	0	
Current Receipts	0	0	
Sub Total Agency Receipts	0	0	0.00%
Federal Funds			
Carry-Forward	0	364,700	
Current Receipts	1,100,000	677,800	-38.38%
Sub Total Federal Funds	1,100,000	1,042,500	-5.23%
TOTAL REVENUES	1,100,000	1,042,500	-5.23%
Expenditures by Major Object			
Personal Services	34,000	29,100	
Operating Expenses	13,500	12,400	
Grants, Loans, Benefits	1,052,500	1,001,000	-4.89%
Capital Expenses	0	0	100.00%
Total Expenditures by Major Object	1,100,000	1,042,500	-5.23%
Expenditures by Program			
Administration	47,500	41,500	-12.63%
Professional Development Grants	1,052,500	1,001,000	
Total Expenditures by Program	1,100,000	1,042,500	-5.23%

**Council on Postsecondary Education
Kentucky GEAR UP Program
2002-03 Agency Spending Plan**

Category	2001-02 Revised Budget 03/31/02	2002-03 Agency Spending Plan	Percent Change
REVENUES			
General Fund			
Carry-Forward			
Principal	0	0	
Interest Earnings			
1998-2000	0	0	
2000-02	0	0	
Current Appropriation	0	0	
Current Year Interest Earnings	0	0	
Surplus Expenditure Plan	0	0	
Sub Total General Fund	0	0	0.00%
Agency Receipts	0	0	
Carry-Forward	0	0	
Current Receipts	0	0	
Sub Total Agency Receipts	0	0	0.00%
Federal Funds			
Carry-Forward	0	82,500	
Current Receipts	3,931,700	2,061,217	-47.57%
Sub Total Federal Funds	3,931,700	2,143,717	-45.48%
TOTAL REVENUES	3,931,700	2,143,717	-45.48%
Expenditures by Major Object			
Personal Services	243,600	247,900	1.77%
Operating Expenses	119,700	119,700	0.00%
Grants, Loans, Benefits	3,568,400	1,776,117	-50.23%
Capital Expenses	0	0	0.00%
Total Expenditures by Major Object	3,931,700	2,143,717	-45.48%
Expenditures by Program			
GEAR UP Kentucky	3,931,700		
Administration & Support		225,817	
Consulting Services		360,000	
Grants to Coordinating Institutions			
Area 1		273,147	
Area 2		263,816	
Area 3		308,327	
Area 4		325,789	
Prichard Committee		270,000	
Indirect Cost		116,821	
Total Expenditures by Program	3,931,700	2,143,717	-45.48%



POSTSECONDARY
EDUCATION

MAY 20 8 38 AM '02

Western Kentucky University
1 Big Red Way
Bowling Green, KY 42101-3576

Office of the President
270-745-4346
FAX: 270-745-4492

May 15, 2002

MEMORANDUM

TO: Ms. Sue Moore, Interim President
Council on Postsecondary Education

FROM: Gary A. Ransdell *Gary*

SUBJECT: Priorities for Agency Bond Pool

Sue, thank you for the discussion we had with you, Angie, and the Presidents on May 1 regarding the Agency Bond Pool. The information you shared was helpful. I understand CPE's 1-5 priorities for the distribution of agency bond authority, and I also understand the limited capacity for agency bonds for the coming biennium.

Western has two projects listed in priority category number four—Major Renovations, Replacements, and Infrastructure Upgrade Projects. These are the only two items we have submitted for agency bonds in the coming biennium, but they are two very important projects to WKU. Our two projects consist of \$11,320,000 for the renovation of the Downing University Center and \$1,500,000 for the renovation of our Materials Characterization Center. We have completed the necessary internal analysis and respectfully request that the \$1.5 million for the Materials Characterization Center be approved and that \$6.5 million be approved for the renovation of the Downing University Center. We are prepared to phase this renovation project over the next two biennial sessions and, if we can get agency bond authorization, we will proceed with approximately 60 percent of the renovation project. We have sufficient auxiliary revenue to cover our own agency debt for this project. Therefore, of the available agency bond pool made available through the 02-03/03-04 biennial budget, we request a total of \$8 million for these two projects.

As I stated at our meeting on May 1, I would hope that Western's successful renovation of our residence halls including all fire and life safety construction does not cause us to fail to get agency bond authority for our stated priorities. We successfully found a way to address our fire and life safety improvements in our residence halls without using any agency bond authority, without affecting the state's debt capacity, and without using any state appropriated money whatsoever. I would hope that such a successful program would be recognized with the approval of agency bond authority to address other university priorities even though they may not be in CPE's top priority categories. We appreciate CPE Board consideration for this request. Thank you.

GAR:clk

cc: Dr. Gene Tice, Vice President for Student Affairs and Campus Services
Mr. John Osborne, Associate Vice President for Campus Services and Facilities
Ms. Ann Mead, Chief Financial Officer and Assistant to the President for Economic Development



2002-04 Capital Projects Priorities and Guidelines

Action: The staff recommends that the council approve the guidelines for distribution of any bond authority provided by the 2002-04 Postsecondary Education Agency Bond Pool and the guidelines for allowing institutions to access any unmatched funds in the 2000-02 Postsecondary Education Capital Renewal and Maintenance Pool.

House Bill 1 of the 2002 First Extraordinary Session of the Kentucky General Assembly was introduced April 22 and passed by the House April 25. It did not become law because the House and Senate could not agree on its provisions. The Governor, by executive order, has established a spending plan for fiscal year 2002-03. Consistent with the Governor's spending plan, the staff recommends that the council establish the guidelines and priorities for the distribution of the funds from the Postsecondary Education Agency Bond Pool. In addition, House Bill 1 directs the council to develop guidelines for institutions to access any unmatched funds in the 2000-02 Capital Renewal and Maintenance Pool.

In light of the commitment made by the council to the U. S. Department of Education's Office for Civil Rights (1999 and 2000) to request sufficient funding authority to complete the Young Hall renovation, and the commitment to the Governor and the General Assembly to address student housing fire safety (1999) as high priority uses for agency bond pool authority, staff recommends that the guidelines be adopted as presented.

1. Postsecondary Education Agency Bond Pool

The Governor's fiscal year 2002-03 spending plan does not include a Postsecondary Education Agency Bond Pool. However, House Bill 1, which is the basis for the Governor's fiscal year 2002-03 spending plan, includes authorization for a \$31.3 million agency bond pool for postsecondary education institutions. The debt service for these bonds will be supported with institutional funds. The staff suggests that the council's recommendation on projects to be funded with the 2002-04 agency bond pool be based on the following guidelines and priorities:

1. Completion of the requirements of the Partnership Agreement between the Commonwealth and the U. S. Department of Education's Office for Civil Rights – renovation of KSU's Young Hall Dormitory.
2. Completion of student housing fire safety projects.
3. Mandated compliance with safety and health codes and timetables set by federal and state agencies.

4. Major and minor maintenance projects that maintain a facility's condition, including infrastructure and utility needs.
5. Construction of new facilities or infrastructure.

A draft of these guidelines was shared with the chief budget officer of each institution for comment. The council staff received one response that suggests that consideration should be given to a proportional allocation of any agency bond pool authority among all institutions, the objective being that institutions should not be penalized for having found ways to address fire and life safety issues and, therefore, should have the opportunity to complete other high priority projects using agency bond pool authority. (See the attached letter.) No other institution expressed an opinion that did not support the guidelines as proposed in the May 20 agenda.

Based on the council's action, and if a budget for 2002-04 is enacted, the council staff will present a list of recommended projects to be funded for council approval at a future meeting.

2. Postsecondary Education Capital Renewal and Maintenance Pool

The 2000 Kentucky General Assembly appropriated \$30 million in state bonds for the Capital Renewal and Maintenance Pool for educational and general facilities at postsecondary education institutions. The institutions are required to match the funds dollar for dollar for specific projects. The bond funds became available to the institutions in February 2001. Approximately 75 percent of the state bond pool has been matched and distributed or encumbered.

The Governor's fiscal year 2002-03 spending plan, which mirrors House Bill 1, includes the following language: "Each postsecondary education institution may access any unmatched funds allocated from the Capital Renewal and Maintenance Pool to that institution after entering into an agreement with the Council on Postsecondary Education agreeing to fulfill the matching requirement by June 30, 2004. The Council on Postsecondary Education shall develop guidelines for the agreements."

The council staff recommends the following guidelines:

- The bond funds shall be used to complete projects from the list of eligible projects approved by the council August 31, 2000.
- To access the bond funds, the institution must commit to spending an equal amount (1:1 match) on specific projects from the eligible list by June 30, 2004.
- The matching projects must be completed with institutional funds. The match excludes projects completed through energy performance contracts or capital cost avoidance.

Staff preparation by Sherron Jackson

**Michael Minger Act,
Campus Security Public & Private Institutions
Administrative Regulation Amendment**

Action: The staff recommends that the council approve amendments to two existing administrative regulations, entitled *13 KAR 2:100. Campus security, public institutions* (copy attached) and *13 KAR 1:030 Campus security, private institutions* (copy attached), and direct that the staff file the administrative regulations with the Legislative Research Commission and make such changes in the administrative regulations as shall be necessary as a result of the statutory review process.

There are two administrative regulations that are almost identical, one for the public institutions and another for the private institutions. The proposed changes will be identical for each administrative regulation.

The campus security administrative regulations should be revised to:

- Comply with approved changes by the 2002 Kentucky General Assembly defining the word "immediate."
- Clarify what is meant by "clearing a fire scene."
- Assess new penalties for violation of the Minger Act.
- Create a special education and training fund.
- Conform the current administrative regulation to the requirements of House Bill 829 (2002 Kentucky General Assembly).

These changes will assist public and private institutions in complying with the requirements of the Michael Minger Act and House Bill 829 (2002 Kentucky General Assembly) and assure that timely information is provided to consumers who are interested in safety and security issues on college and university campuses.

The attachment presents the proposed changes to the Michael Minger Act, campus security administrative regulations.

The administrative regulation review process takes place over a four-to-six month period and requires two public hearings. The administrative regulations will be filed prior to August 15. The projected completion date for the process is October 15.

The council staff proposes incorporating additional changes that may result from the hearings into the council's administrative regulation. The final regulation, with any additional amendments, will be presented to the council at the conclusion of the review process.

Staff preparation by
Dennis Taulbee and Ed Sergent

1 COUNCIL ON POSTSECONDARY EDUCATION

2 (Amendment)

3 **13 KAR 1:030. Campus security, private institutions.**

4 RELATES TO: KRS 164.948 to 164.9489, 164.993, 227.200, 227.230, 34 CFR 668.46,
5 20 USC 1092(f), House Bill 829 (2002 REGULAR SESS.).

6 STATUTORY AUTHORITY: KRS 164.020(28), (34)

7 NECESSITY, FUNCTION, AND CONFORMITY: The Michael Minger Act, KRS
8 164.948 to 164.9489, requires public postsecondary education institutions and those private post-
9 secondary education institutions licensed by the Council on Postsecondary Education to report
10 campus crimes to employees, students and the public and to report annually to the Council on
11 Postsecondary Education. KRS 164.9481(1)(a) requires the council to approve a form for the
12 daily security log maintained by each institution. KRS 164.9487(2) requires the council to speci-
13 fy uniform reporting formats for each institution's annual report to the council, in compliance
14 with KRS 164.9485. KRS 164.9483(1) and (2), and 227.220(3)(b), authorize the State Fire Mar-
15 shal to enter in or upon the property of a postsecondary education institution licensed by the
16 council. This administrative regulation addresses the responsibilities of private, independent
17 postsecondary education institutions licensed by the Council on Postsecondary Education.

18 Section 1. Definitions. (1) "Annual report" means the report submitted by an institution to
19 the council that satisfies the requirements of KRS 164.9485.

20 (2) "Campus" is defined in KRS 164.948(1).

1 (3) "Campus crime log" means the daily log maintained by an institution and developed
2 by the council consistent with the provisions of KRS 164.9481(1).

3 (4) "Campus security authority" is defined in KRS 164.948(2).

4 (5) "Clery Act" means the Jeanne Clery Disclosure of Campus Security Policy and Cam-
5 pus Crime Statistics Act, 20 USC 1092(f) and as implemented in 34 CFR 668.46.

6 (6) "Council" means the Council on Postsecondary Education as established by KRS
7 164.011.

8 (7) "Crime" is defined in KRS 164.948(3).

9 (8) "Immediately" is defined in KRS 164.948(4).

10 (9) "Institution" means a private, independent postsecondary education institution as
11 defined in KRS 164.948(4).

12 (10) ~~{(9)}~~ "State Fire Marshal" means the officer described in KRS 227.220.

13 Section 2. Property Subject to Reporting. (1) An institution shall establish a list of all
14 property the institution:

15 (a) Owns; or

16 (b) Manages or controls.

17 (2) The list of property shall include the areas described in KRS 164.948(1) and in 34
18 CFR 668.46(a), "Campus:" (1) and (2) and "Noncampus Building or Property:" (1) and (2).

19 (3) The list shall be updated as necessary but not less than annually.

20 (4) An institution shall provide the property list to the council upon the council's request.

21 Section 3. Campus Crime Log. (1) An institution shall maintain a campus crime log as
22 required by KRS 164.9481(1).

23 (2) The campus crime log shall include each data element required by KRS 164.9481(1).

1 (3) An institution shall develop and maintain a written policy that:

2 (a) Ensures crime log information is available to the public as soon as possible, but no
3 later than the time frame specified in KRS 164.9481(1)(b); and

4 (b) Is subject to the limitations established in KRS 164.9481(1).

5 (4) The policy shall state that the institution shall not withhold information except as pro-
6 vided in KRS 164.9481(1).

7 (5)(a) An institution may archive campus crime log entries after sixty (60) days have
8 elapsed from the date when an incident report was reported.

9 (b) An institution that elects to archive campus crime log entries shall respond, within
10 two (2) business days, to a request for material that has been archived.

11 Section 4. Special Reports. An institution shall report, in writing, to the council on how it
12 shall comply with the provisions of KRS 164.9481(2).

13 Section 5. Crime. The meaning of a crime listed in KRS 164.948(3) shall be consistent, to
14 the extent possible, with the definitions and standards established in the Uniform Crime Report-
15 ing System of the federal government, and with the Kentucky Revised Statutes, where appropri-
16 ate.

17 Section 6. State Fire Marshal and Threat of Fire. (1) A threat of fire includes:

18 (a) A fire alarm, except as provided in subsection (2) of this section; and

19 (b) An expression of an intention by a person to engage in destructive burning or explo-
20 sion.

21 (2) A threat of fire does not include an alarm triggered for the purpose of:

22 (a) Maintenance testing; or

23 (b) Fire drill.

1 (3) A threat of fire or fire ~~[actual alarm]~~ shall be reported immediately by the campus au-
2 thority designated pursuant to KRS 164.9483(4):

3 (a) The State Fire Marshal; and

4 (b) The local fire department.

5 (4) An institution shall maintain a fire scene until cleared by the state fire marshal's
6 office in accordance with KRS 164.9483(4).

7 Section 7. Annual Report. Each institution shall file an annual report, as required by KRS
8 164.9485, using ~~[the format described in this section.~~

9 ~~(1) A heading that shall appear, at the top of each page, as follows:~~

10 ~~(Name of Institution)~~

11 ~~The Michael Minger Act Report for (Calendar Year Report Submitted)~~

12 ~~Activity Reported for Calendar Year (Calendar Year in Which Crime Reported)~~

13 ~~(2) Each institution shall submit to the council, in accordance with KRS 164.9485, an an-~~
14 ~~nual report using] form MMA1, incorporated by reference.~~

15 Section 8. Enforcement. (1) KRS 164.993 provides civil and criminal penalties for a vio-
16 lation of KRS 164.9481 and 164.9483.

17 (2)(a) A person, including campus personnel, who has reason to believe that any person
18 has violated, or knowingly induced another person, directly or indirectly, to violate KRS
19 164.9481 and KRS 164.9483 may register a complaint with the State Fire Marshal's Office.

20 (b) A person who has reason to believe that any person has violated KRS 164.9481 or
21 164.9483 may register a complaint with the county attorney in the county where the institution is
22 located.

1 (3) The state fire marshal has the authority to assess and collect civil fines pursuant to
2 KRS 164.993 which are to be paid into the state treasury and retained in an account titled “The
3 Michael Minger/Priddy Fire Prevention Fund pursuant to House Bill 829 (2002 REGULAR
4 SESS.).

5 Section 9. Incorporation by Reference. (1) "MMA1, 1/2001" is incorporated by reference.

6 (2) This material may be inspected, copied, or obtained, subject to applicable copyright
7 law, at the Council on Postsecondary Education, 1024 Capital Center Drive, Suite 320, Frank-
8 fort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m.

Sue Hodges Moore
Interim President
Council on Postsecondary Education

Date

APPROVED AS TO FORM:

Dennis L. Taulbee
General Counsel
Council on Postsecondary Education

Date

1 COUNCIL ON POSTSECONDARY EDUCATION

2 (Amendment)

3 **13 KAR 2:100. Campus security, public institutions.**

4 RELATES TO: KRS 164.948 to 164.9489, 164.993, 227.200, 227.230, 34 CFR 668.46,
5 20 USC 1092(f), House Bill 829 (2002 REGULAR SESS.).

6 STATUTORY AUTHORITY: KRS 164.020(28), (34)

7 NECESSITY, FUNCTION, AND CONFORMITY: The Michael Minger Act, KRS
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9 secondary education institutions licensed by the Council on Postsecondary Education to report
10 campus crimes to employees, students and the public and to report annually to the Council on
11 Postsecondary Education. KRS 164.9481(1)(a) requires the council to approve a form for the
12 daily security log maintained by each institution. KRS 164.9487(2) requires the council to speci-
13 fy uniform reporting formats for each institution's annual report to the council, in compliance
14 with KRS 164.9485. KRS 164.9483(1) and (2), and 227.220(3)(b), authorize the State Fire Mar-
15 shal to enter in or upon the property of a postsecondary education institution licensed by the
16 council. This administrative regulation addresses the responsibilities of public postsecondary ed-
17 ucation institutions licensed by the Council on Postsecondary Education.

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19 the council that satisfies the requirements of KRS 164.9485.

20 (2) "Campus" is defined in KRS 164.948(1).

1 (3) "Campus crime log" means the daily log maintained by an institution and developed
2 by the council consistent with the provisions of KRS 164.9481(1).

3 (4) "Campus security authority" is defined in KRS 164.948(2).

4 (5) "Clery Act" means the Jeanne Clery Disclosure of Campus Security Policy and Cam-
5 pus Crime Statistics Act, 20 USC 1092(f) and as implemented in 34 CFR 668.46.

6 (6) "Council" means the Council on Postsecondary Education as established by KRS
7 164.011.

8 (7) "Crime" is defined in KRS 164.948(3).

9 (8) "Fire scene" means the immediate area necessary for a local fire department or
10 the state fire marshal's office to investigate an actual fire.

11 (9)"Immediately" is defined in KRS 164.948(4).

12 (10) "Institution" means a public postsecondary education institution as defined in
13 KRS 164.948(4).

14 (10) ~~{(9)}~~ "State Fire Marshal" means the officer described in KRS 227.220.

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2 required by KRS 164.9481(1).

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11 elapsed from the date when an incident report was reported.

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13 two (2) business days, to a request for material that has been archived.

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16 Section 5. Crime. The meaning of a crime listed in KRS 164.948(3) shall be consistent, to
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18 ing System of the federal government, and with the Kentucky Revised Statutes, where appropri-
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21 (a) A fire alarm, except as provided in subsection (2) of this section; and

22 (b) An expression of an intention by a person to engage in destructive burning or explo-
23 sion.

1 (2) A threat of fire does not include an alarm triggered for the purpose of:

2 (a) Maintenance testing; or

3 (b) Fire drill.

4 (3) A threat of fire or fire ~~[actual alarm]~~ shall be reported immediately by the campus au-
5 thority designated pursuant to KRS 164.9483(4):

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8 (4) An institution shall maintain a fire scene until cleared by the state fire marshal's
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12 ~~(1) A heading that shall appear, at the top of each page, as follows:~~

13 ~~(Name of Institution)~~

14 ~~The Michael Minger Act Report for (Calendar Year Report Submitted)~~

15 ~~Activity Reported for Calendar Year (Calendar Year in Which Crime Reported)~~

16 ~~(2) Each institution shall submit to the council, in accordance with KRS 164.9485, an an-~~
17 ~~nual report using] form MMA1, incorporated by reference.~~

18 Section 8. Enforcement. (1) KRS 164.993 provides civil and criminal penalties for a vio-
19 lation of KRS 164.9481 and 164.9483.

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22 164.9481 and KRS 164.9483 may register a complaint with the State Fire Marshal's Office.

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2 164.9483 may register a complaint with the county attorney in the county where the institution is
3 located.

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5 KRS 164.993 which are to be paid into the state treasury and retained in an account titled "The
6 Michael Minger/Priddy Fire Prevention Fund pursuant to House Bill 829 (2002 REGULAR
7 SESS.).

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10 law, at the Council on Postsecondary Education, 1024 Capital Center Drive, Suite 320, Frank-
11 fort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m.

Sue Hodges Moore
Interim President
Council on Postsecondary Education

Date

APPROVED AS TO FORM:

Dennis L. Taulbee
General Counsel
Council on Postsecondary Education

Date

Council on Postsecondary Education

July 22, 2002

DRAFT

Report on the Institute for Effective Governance

Governor Paul Patton announced the establishment of the Institute for Effective Governance at the September 2001 trusteeship conference. The purpose of the institute is to provide education for members of the governing boards of Kentucky universities, the Kentucky Community and Technical College System, the council, and independent institutions that choose to participate. The council and the Prichard Committee manage the institute jointly.

An oversight committee advises the executive director of the Prichard Committee and the council president as co-directors. The committee consists of one public institution president, one independent institution president, one current council member, one current Prichard committee member, one past council member, one past board member from a public institution, and one past board member from an independent institution. The council provides staff and administrative support.

The institute has spent the past year clarifying its approach, organizing its resources, and assessing board members' needs. In December 2001, a group of advisers convened in northern Kentucky to consider the institute. This group included public and independent university presidents, former presidents, and individuals involved in governing board education efforts nationally. This meeting resulted in a concept paper that was reviewed by the public institution presidents in January 2002.

The concept paper outlines three types of programs for the institute to sponsor: 1) new member orientation, 2) topical seminars, and 3) the governor's annual trusteeship conference. Other activities include providing guidelines for boards to develop principles for effective board behavior; using the Kentucky Virtual University and Library to offer information and resources; and securing advisors for boards seeking special assistance.

Members of the boards of regents and trustees received the concept paper and an announcement of telephone interviews in February 2002. The purpose of the interviews was to learn what they think is needed to discharge their responsibilities effectively. Presidents and some council and former board members also were interviewed.

In April 2002, the council staff asked presidents to contribute \$100 per board member per year to support the institute. This provides the institute with a modest annual budget of \$12,000. Institutions also were asked to cover the costs for board members' travel, lodging, and incidental expenses as they participate in the institute's programs.

In May 2002, all board and council members received the survey results. Among the issues listed as desired program topics were budget and finance, history and role of institutions and the entire system, and board protocol and structure. Institutional issues

include relating to the president, handling the volume of information, and relating to constituencies.

Currently, the institute is planning the 2002 trusteeship conference. The conference will occur September 22 – 23 in Lexington. Drawing from the survey results and present state budget concerns, the conference will focus on board members' understanding of institutional finance and budgeting issues.

Staff preparation by Ben Boggs

Executive Summary

1. Are more Kentuckians ready for postsecondary education?

The staff recommends that the council extend the deadline for the GED fee waiver program to June 30, 2003. (For details, see page 47.)

Adult education continues to play its part in preparing more Kentuckians for postsecondary education. The numbers of adult learners taking and passing the GED tests are setting Kentucky records. To maintain this trend, the council has been committed to removing barriers for adult learners. Earlier this year, the council allocated \$350,000 to cover the cost of the GED so that students could take the tests for free. This fee waiver expired June 30, 2002. More than \$200,000 is still available. The staff recommends that the council approve a time extension for the GED fee waiver program to June 30, 2003.

The staff recommends that the council approve a new administrative regulation entitled *13 KAR 2:025 College Preparatory Education and Advanced Placement Credit* to comply with the passage of Senate Bill 74 (2002 Kentucky General Assembly) and directs the staff to file the administrative regulation with the Legislative Research Commission and make such changes in the administrative regulation as shall be necessary as a result of the statutory review process. (For details, see page 49.)

One way for high school students to get a head start on college is Advanced Placement. The 2002 Kentucky General Assembly passed legislation directing the council to standardize the college credit given for scores on Advanced Placement exams. It requires public postsecondary institutions to grant credit toward graduation to a student who scores at least a "3" on the College Board Advanced Placement examination. The council also is directed to publish, in print and electronic form, the AP scores required for credit in specific academic programs at Kentucky public and independent institutions. The council staff will work with the independent institutions to make their AP requirements available on the council Web site and will encourage them to make the information readily available to all students.

The Kentucky Early Mathematics Testing Program, administered by Northern Kentucky University and the University of Kentucky, completed its second year. High school sophomores and juniors are encouraged to take this test, which assesses their preparation for college-level mathematics. Of approximately 90,000 Kentucky high school sophomores and juniors, 8,173 from 72 high schools and 42 counties were tested this academic year. This compares with 3,010 students from 29 high schools and 18 counties last year. The KEMTP Web site's link to the Kentucky Virtual University provides on-line tutoring in mathematics for Kentucky high school students. Advising pages offer direct access to mathematics placement policies at Kentucky colleges and universities.

At its June meeting, the P-16 Council endorsed the recommendation of the council and Kentucky Board of Education chairs to facilitate Kentucky's implementation of the American Diploma Project. ADP brings P-12 and postsecondary educators and business, labor, and political leaders together to align high school graduation requirements with college admission standards and employer requirements. Colleges and employers are committed to then using the high school diploma in more meaningful ways in making admission, placement, and employment decisions. The policy changes that will be required for Kentucky's implementation of the ADP will involve member agencies of the P-16 Council. These changes will help Kentucky develop a coherent, statewide education policy linked to economic development.

Over the past year, the council funded six local P-16 councils. Proposals were reviewed by council staff in collaboration with the Kentucky Department of Education and the Education Professional Standards Board.

The P-16 Council elected Peggy Bertelsman as chair for the coming year.

The Governor's second annual literacy summit took place June 21 in Louisville. This event was sponsored by the Kentucky Institute for Family Literacy, under the auspices of The Literacy Partnership. The conference highlighted successful programs in local communities throughout the Commonwealth that raise literacy levels.

The \$21 million GEAR UP Kentucky program continues to expand programs that prepare Kentucky's economically disadvantaged students for college. In May 2002, the statewide GEAR

UP Kentucky steering committee convened its first meeting. Dr. Carol Gabbard, outgoing chair of the P-16 Council, was appointed chair. The committee includes leaders from the education, business, non-profit, and government sectors who are committed to increasing visibility and support for GEAR UP Kentucky and to providing guidance in developing the program. At its first meeting, the committee approved a strategic plan and a new organizational structure for the program. They will meet again in October to create partnerships between GEAR UP and public and private organizations throughout the state and to develop long-term strategies to sustain GEAR UP programs beyond the life of the grant. Dr. Joseph McCormick, executive director of the Kentucky Higher Education Assistance Authority, is a member of the steering committee. Already, KHEAA has contributed \$100,000 in support of GEAR UP programs.

In June 2002, with the National Foundation for the Teaching of Entrepreneurship, GEAR UP Kentucky cosponsored a business plan competition for future entrepreneurs. Held in Bowling Green, Kentucky, the competition is part of a special program involving the development of business plans that help students learn to apply math, economics, technology, and writing skills to real-world business activities. Each GEAR UP school participating in the entrepreneurship program selected two students for the statewide competition. Stephanie Lane from Bowling Green Junior High School won this year's competition and a \$1,000 savings bond for college. Phoebe Gras from Estill County Middle School and Andrea Richardson from Bowling Green Junior High School were finalists and received a \$500 savings bond. Participants in the state competition are eligible to compete at the national level.

The Kentucky Virtual Library is set to launch a special site for children (www.kyvl.org/html/kids). Created by librarians, teachers, and children from around the state, the site is designed to teach young Kentuckians how to research and evaluate data on the Web.

Since it went live in October 2002, 1,340 adult education students and instructors have used the curricular software on www.kyvae.org , the site created and maintained by the KYVU for the Department of Adult Education and Literacy.

The KYVU and the KCTCS signed an agreement in June with the Higher Education Policy Commission in West Virginia to create a virtual learning alliance. Up to 400 West Virginia community college students will be able to enroll in on-line KCTCS courses, and the two states will work to create joint programs.

GED Fee Waiver Extension

Action: The staff recommends that the council extend the deadline for the GED fee waiver program to June 30, 2003.

At its November 2001 meeting, the council allocated \$350,000 to waive the \$30 GED test fee. The fee waiver expired June 30, 2002. More than \$200,000 is still available due to a two-month delay in the receiving and processing of the new tests from the General Educational Development Testing Service of the American Council on Education.

Adult education providers support the fee waiver and ask for its continuance. The purpose is to encourage more Kentuckians to take the new GED tests, which became effective January 1, 2002. The benefits of the waiver include:

- Marketing of the new GED tests.
- Recruitment tool for county learning centers for pre-GED testing.
- Removal of testing fee barrier.
- The potential for more Kentuckians to earn their GED and pursue postsecondary education.

No additional funds are requested. The “Go Higher” campaign will publicize the fee waiver extension.

Council on Postsecondary Education
July 22, 2002

College Preparatory Education New Administrative Regulation

Action: The staff recommends that the council approve a new administrative regulation entitled *13 KAR 2:025 College Preparatory Education and Advanced Placement Credit* (copy attached) to comply with the passage of Senate Bill 74 (2002 Kentucky General Assembly) and directs the staff to file the administrative regulation with the Legislative Research Commission and make such changes in the administrative regulation as shall be necessary as a result of the statutory review process.

The College Preparatory Education Administrative Regulation is required to comply with Senate Bill 74 (2002 Kentucky General Assembly), which mandates the Council on Postsecondary Education to develop by December 31, 2002, an administrative regulation requiring public postsecondary education institutions to grant academic college credit toward graduation to a student who scores three or above on a College Board Advanced Placement examination. The regulation is to be effective with the 2003-04 school year.

The attachment is the proposed administrative regulation.

The administrative regulation review process takes place over a four-to-six month period and requires two public hearings. A Notice of Intent was filed June 10, 2002. An initial public hearing is scheduled July 25, 2002. A second public hearing is scheduled September 25, 2002.

The council staff proposes incorporating additional changes that may result from the hearing to the council's administrative regulation. The final regulation, with any additional amendments, will be presented to the council at the conclusion of the review process.

Staff preparation by Dennis Taulbee and Dianne Bazell

1 Council on Postsecondary Education
2 (New Administrative Regulation)
3 13 KAR 2:025. College Preparatory Education.

4 RELATES TO: KRS 164.020

5 STATUTORY AUTHORITY: Senate Bill 74 (2002 REGULAR SESS.), KRS
6 164.020(28)

7 NECESSITY, FUNCTION, AND CONFORMITY: Senate Bill 74 (2002
8 REGULAR SESS.) mandates that the Council on Postsecondary Education, beginning with
9 the 2003-04 academic year, develop an administrative regulation requiring public
10 postsecondary education institutions to grant academic college credit toward graduation for
11 students taking high school advanced placement courses and scoring at a certain level.

12 Section 1. Definitions.

13 (1) “Advanced Placement” is defined in Senate Bill 74, (2002 REGULAR
14 SESS.), Section 1(1).

15 (2) “AP exam” means the College Board Advanced Placement Examination
16 described in Senate Bill 74, (2002 REGULAR SESS.), Section 1(3).

17 (3) “Council” means the Council on Postsecondary Education as defined in KRS
18 164.011.

19 (4) “Institution” means a public postsecondary educational institution listed in
20 KRS 164.001(15).

21 Section 2. College and University Academic Credit for AP Examination.

(1) Effective with the 2003-04 academic year, an institution shall grant academic credit toward college graduation for a high school student who scores three (3) or higher on the AP exam.

(2) An institution shall develop, by January 1, 2003, a written policy to implement the requirement of sub-section (1) of this section.

(a) The written policy shall specify whether the institution shall grant academic credit toward the requirements of a major, program, or degree and shall state:

1. what AP exams will be accepted toward academic credit toward a major, program, or degree;

2. the minimum acceptable score on the AP exam for granting such academic credit toward a major, program, or degree.

(b) The written policy in sub-section (2) of this section shall fully comply with sub-section (1) of this section.

(3) An institution shall submit to the council, by January 1, 2003, the policy developed pursuant to this administrative regulation.

(4) An institution shall publish and disseminate the policy developed in sub-section (2) of this section in electronic and print form.

Sue Hodges Moore
Interim President
Council on Postsecondary Education

Date

APPROVED AS TO FORM:

Dennis L. Taulbee
General Counsel
Council on Postsecondary Education

Date

Executive Summary

2. Are more students enrolling?
3. Are more students advancing through the system?

Updated enrollment and census information now make it possible to assess progress on three key indicators under question 2. These indicators (college participation, college-going rates, and college participation rates in the council's target counties) are measures of one of the council's central reform initiatives – the effort to dramatically increase the number of students enrolled in Kentucky's colleges and universities. The results, which show great progress, can be found on page 55.

The staff recommends that the council approve an amendment to an existing administrative regulation entitled *13 KAR 2:045 Determination of residency status for admission and tuition purposes* and direct that the staff file the administrative regulation with the Legislative Research Commission and make such changes in the administrative regulation as shall be necessary as a result of the statutory review process. (For details, see page 57.)

The council provides guidance to students and to institutions in the form of an administrative regulation to help determine who is a Kentucky resident. The residency administrative regulation has not been amended since 1999 when responsibility for final determinations was

shifted from the council to the institutions. The proposed changes respond to campus findings and issues over the past three years and address recent changes in determinations of residency for international students.

The Commonwealth of Kentucky and the U. S. Department of Education's Office for Civil Rights entered into a partnership to ensure equal opportunity of access to postsecondary education and to enhance Kentucky State University. In a letter dated June 20, 2002, the OCR concluded that Kentucky is making progress implementing the agreement to bring more students into postsecondary education.

Increasing the number of ethnic minority teachers in primary and secondary education is a priority of the partnership. To assist institutions in addressing this priority, the Education Professional Standards Board and the council's Committee on Equal Opportunities jointly sponsored a one-day conference June 28 to discuss the alignment of teacher education programs with the PRAXIS exam and best practices. Other activities of the CEO are provided on page 75.

Progress Report on Key Indicators College Participation, College-Going, and Educational Attainment

Significant progress was made in 2001 toward enrolling a greater proportion of Kentucky's adult citizens in postsecondary education. Data from the 2000 census confirms that educational attainment rates in Kentucky are improving.

Two indicators under question 2 – “Are more students enrolling?” -- assess the college participation rate of Kentuckians. Previous reports indicated that enrollment in Kentucky's postsecondary institutions is increasing. The new measurements presented here express enrollment as a percentage of the state's population. During fall 2001, 6.6 percent of Kentuckians aged 18 and over were enrolled in postsecondary education (indicator 2.5). This compares to a statewide college participation rate of 6.35 percent for 2000, and meets the goal established for 2002.

A companion measurement to the statewide college participation rate is the participation rate in the council's target counties (indicator 2.6). The council aims to narrow the gap in college participation between the target counties – those with low educational attainment, college-going rates, and per capita income and high unemployment – and the rest of the state (see attached map). The percentage of the adult population from target counties enrolled in postsecondary education rose from 4.7 percent in 2000 to 4.9 percent in 2001, showing a greater percentage increase than that of the state as a whole. At this rate of increase, we will meet the 2002 goal as planned.

Additional indicators under question 2 gauge college-going rates in Kentucky. As previously reported, the statewide college-going rates of high school graduates and of recent GED completers rose during 2001. Updated county-level data indicates that the college-going rate of recent high school graduates from target counties (indicator 2.8) also improved. In 2001, 51.2 percent of these students enrolled in postsecondary education the fall following high school graduation. In 2000, less than 50 percent of high school graduates from target counties enrolled directly in college.

Earlier this spring, the Bureau of the Census released official educational attainment rates for Kentucky based on the 2000 census. According to the census, educational attainment in Kentucky rose at both the high school and baccalaureate levels during the 1990s, but at a slower pace than previously projected. Between 1990 and 2000, the percentage of Kentucky's population without a high school diploma or equivalent dropped from 35.4 percent to 25.9 percent. During the same period, the percentage of Kentuckians with a bachelor's degree or higher rose from 13.6 percent to 17.1 percent. These figures replace earlier, higher Census Bureau estimates of educational attainment in the state. The council staff will use the revised

2000 figures as a baseline to reestablish goals and gauge progress on indicators 1.2 (percentage of the population with less than a high school diploma or GED) and 3.6 (percentage of the population with a baccalaureate degree).

Using the key indicators traffic light evaluation system, the results presented here add two green lights (indicating good progress) and one yellow light (some progress) under question 2. To date, 2001 results are available for 20 of the 42 indicators. Systemwide, there are 12 green lights, seven yellow lights and one red light (no progress). A summary of overall progress is shown on the attached chart.

For up-to-date information on these and other key indicators, see <http://www.cpe.state.ky.us/KeyInd/index.asp>.

Staff preparation by Christina Whitfield

Key Indicators of Progress

toward Postsecondary Reform in Kentucky



July 2002 - Progress Report

1. Are more Kentuckians ready for postsecondary education?Some progress

Preparation of Adults

- 1. Percentage of adults at literacy levels one and twoNext measurement 2002
- 2. Percentage of adults with less than high school diploma or GEDNext measurement 2002

Preparation of Recent High School Graduates

- 3. Average ACT scores of high school graduatesNo progress
- 4. Percentage of high school graduates taking the ACTSome progress
- 5. Number of college-level courses per 1,000 HS juniors and seniorsExceeded 2002 goal
- 6. Percentage of high school students completing ACT core courseworkSome progress
- 7. High school test scoresUnder development

Affordability (Family Ability to Pay)

- 8. Percentage of income needed to pay for college expensesNext measurement 2002

2. Are more students enrolling?Good progress

Postsecondary Enrollment

- 1. Number of undergraduates (system total)Exceeded 2002 goal
- 2. Number of graduates/professionals (public universities)Exceeded 2002 goal
- 3. Number of students enrolled in KYVU credit coursesExceeded 2002 goal
- 4. Number of "new students" enrolled in KYVU credit coursesUnder development

College Participation

- 5. Percentage of the adult population enrolled in KY collegesMet 2002 goal
- 6. Percentage enrolled from target countiesSome progress

College-Going

- 7. Percentage of students attending college directly out of high schoolExceeded 2002 goal
- 8. Percentage from target countiesGood progress
- 9. College-going rates of GED completers within two yearsExceeded 2002 goal

3. Are more students advancing through the system?Good progress

Persistence and Completion

- 1. One-year retention rates of first-time freshmen, three-year averageSome progress
- 2. One-year retention rates of underprepared studentsNext measurement 2002
- 3. One-year systemwide retention rate of first-time freshmenGood progress
- 4. Number of community and technical college transfersSome progress
- 5. Average number of credit hours transferredExceeded 2002 goal

Graduation

- 6. Percentage of adults with a bachelor's degree or higherNext measurement 2002
- 7. Six-year graduation rates of bachelor's degree studentsGood progress
- 8. Five-year graduation rates of transfer students - three-year averageGood progress

● 4. Are we preparing Kentuckians for life and work?Under development

Undergraduate Student Experience

- 1. National Survey of Student Engagement.....Next measurement 2003

Alumni Satisfaction

- 2. Undergraduate alumni survey resultsNo goal
- 3. Graduate alumni survey resultsUnder development

Civic Engagement

- 4. Undergraduate alumni surveyNo goal
- 5. National Survey of Student Engagement.....Next measurement 2003

Knowledge and Skills

- 6. Teacher Preparation ProgramsUnder development
- 7. Foundational skills.....Under development

● 5. Are Kentucky's communities and economy benefiting?Good progress

Employment of Graduates

- 1. Percentage of college graduates working in KentuckyUnder development
- 2. Percentage of out-of-state college graduates working in KentuckyUnder development

Employer and Community Satisfaction

- 3. Employer and community satisfaction with KY graduates and completersUnder development
- 4. Employer and community satisfaction with institutions' supportUnder development

Research and Development

- 5. Total research and development expenditures per full-time faculty.....Next measurement 2002
- 6. Total extramural research and development expendituresGood progress
- 7. Federal research and development expendituresSome progress
- 8. Endowments in knowledge-based economy (KBE) areasNext measurement 2002
- 9. Expenditures from endowments and gifts in KBE areasNext measurement 2002
- 10. Productivity of research spaceUnder development

LEGEND

- Good Progress
- Some Progress
- No Progress
- Pending

Residency Administrative Regulation Amendment

Action: The staff recommends that the council approve an amendment to an existing administrative regulation entitled *13 KAR 2:045 Determination of residency status for admission and tuition purposes* (copy attached) and direct that the staff file the administrative regulation with the Legislative Research Commission and make such changes in the administrative regulation as shall be necessary as a result of the statutory review process.

The residency administrative regulation needs to be revised to clarify issues related to:

- Distinguishing between residents and nonresidents in areas that have arisen since the administrative regulation was last amended.
- The effect of the marriage of a nonresident to a Kentucky resident.
- Changes in the immigration law and its effect on the status of students.

These changes will result in an easier determination of residency status for prospective and current students and in the correct classification of students for the purpose of tuition and fee assessment and program admissions.

The attachment presents the proposed changes to the residency administrative regulation.

The administrative regulation review process takes place over a four-to-six month period and requires two public hearings. The administrative regulation will be filed with the Legislative Research Commission prior to August 15. The projected completion date for the process is October 15.

The council staff proposes incorporating additional changes that may result from the public hearings into the council's administrative regulation. The final regulation, with any additional amendments, will be presented to the council at the conclusion of the review process.

1 COUNCIL ON POSTSECONDARY EDUCATION

2 (Amendment)

3 13 KAR 2:045. Determination of residency status for admission and tuition assessment purposes.

4 RELATES TO: KRS Chapter 13B, 164.020, 164.030, 164A.330(9)

5 STATUTORY AUTHORITY: KRS 164.020(8)

6 NECESSITY, FUNCTION, AND CONFORMITY: KRS 164.020(8) requires the Council
7 on Postsecondary Education to determine tuition and approve the minimum qualifications for ad-
8 mission to a state-supported postsecondary education institution and authorizes the Council to set
9 different tuition amounts for residents of Kentucky and for nonresidents. This administrative regu-
10 lation establishes the procedure and guidelines for determining the residency status of a student who
11 is seeking admission to, or who is enrolled at, a state-supported postsecondary education institution.

12 Section 1. Definitions. (1) "Academic term" means a division of the school year during
13 which a course of studies is offered, and includes a semester, quarter, or single consolidated sum-
14 mer term as defined by the institution.

15 (2) "Continuous enrollment" means enrollment in a state-supported postsecondary educa-
16 tion institution at the same degree level for consecutive terms, excluding summer term, since the
17 beginning of the period for which continuous enrollment is claimed unless a sequence of continu-
18 ous enrollment is broken due to extenuating circumstances beyond the student's control, including
19 serious personal illness or injury, or illness or death of a parent.

20 (3) "Degree level" means enrollment in a course or program which could result in the award

1 of a:

2 (a) Certificate, diploma or other program award at an institution;

3 (b) Baccalaureate degree or lower including enrollment in a course by a nondegree-seeking
4 postbaccalaureate student;

5 (c) Graduate degree or graduate certification other than a first-professional degree in law,
6 medicine, dentistry or "Pharm. D"; or(d) Professional degree in law, medicine, dentistry, or "Pharm.
7 D".

8 (4) "Demonstration of Kentucky domicile and residency" means the presentation of docu-
9 mented information and evidence sufficient to prove by a preponderance of the evidence that a per-
10 son is domiciled in Kentucky and is a resident of Kentucky.

11 (5) "Dependent person" means a person who cannot demonstrate financial independence
12 from parents or persons other than a spouse and who does not meet the criteria established in Sec-
13 tion 5 of this administrative regulation.

14 (6) "Determination of residency status" means the decision of a postsecondary education
15 institution that may include a formal hearing that results in the classification of a person as a Ken-
16 tucky resident or as a nonresident for admission and tuition assessment purposes.

17 (7) "Domicile" means a person's true, fixed, and permanent home and is the place where the
18 person intends to remain, and to which the person expects to return if absent without intending to
19 establish a new domicile elsewhere.

20 (8) "Full-time employment" means continuous employment for at least forty-eight (48)
21 weeks at an average of at least thirty (30) hours per week.

22 (9) "Independent person" means a person who demonstrates financial independence from
23 parents or persons other than a spouse and who can meet the criteria established in Section 5 of this

1 administrative regulation.

2 (10) "Institution means an entity defined in KRS 164.001(10) if the type of institution is not
3 expressly stated and includes the Kentucky ~~[Commonwealth]~~ Virtual University, the Council on
4 Postsecondary Education, and the Kentucky Higher Education Assistance Authority.

5 (11) ~~["Kentucky residency"]~~ or "Kentucky resident" means ~~[the result of]~~ a determination by
6 an institution that a person is domiciled in and is a resident of Kentucky as determined by this ad-
7 ministrative regulation.

8 (12) "Nonresident" means a person who is domiciled outside of Kentucky or who currently
9 maintains legal residence outside Kentucky or who is not a Kentucky resident within the meaning
10 of ~~has not met the criteria for Kentucky residency established in]~~ this administrative regulation.

11 (13) "Preponderance of the evidence" means the greater weight of evidence, or evidence
12 which is more credible and convincing to the mind.

13 (14) "Parent" means one (1) of the following:

14 (a) A person's father or mother; or

15 (b) A court-appointed legal guardian if:

16 1. The guardianship is recognized by an appropriate court within the United States;

17 2. There was a relinquishment of the rights of the parents; and

18 3. The guardianship was not established primarily to confer Kentucky residency on the per-
19 son.

20 (15) "Residence" ~~[or "residency"]~~ means the place of abode of a person and the place where
21 the person is physically present most of the time for a noneducational purpose in accordance with
22 Section 3 of this administrative regulation.

23 (16) "Student financial aid" means all forms of payments to a student if one (1) condition of

1 receiving the payment is the enrollment of the student at the institution.

2 (17) "Sustenance" means living expenses including room, board, maintenance, transporta-
3 tion, and also may include educational expenses including tuition, fees, books, and supplies.

4 Section 2. Scope. (1) State-supported postsecondary education institutions were established
5 and are maintained by the Commonwealth of Kentucky primarily for the benefit of qualified resi-
6 dents of Kentucky. The substantial commitment of public resources to postsecondary education is
7 predicated on the proposition that the state benefits significantly from the existence of an educated
8 citizenry. As a matter of policy, access to postsecondary education shall be provided so far as feasi-
9 ble at reasonable cost to an individual who is domiciled in Kentucky and who is a resident of Ken-
10 tucky.

11 (2) The Council on Postsecondary Education may require ~~requires~~ a student who is neither
12 domiciled in nor a resident of Kentucky to meet higher admission standards and to pay a higher
13 level of tuition than resident students.

14 (3) This administrative regulation applies to all student residency determinations regardless
15 of circumstances, including residency determinations made by the state-supported institutions for
16 prospective and currently enrolled students; the Southern Regional Education Board contract spac-
17 es; reciprocity agreements, where appropriate; the Kentucky ~~Commonwealth~~ Virtual University;
18 ~~and~~ academic common market programs; the Kentucky Educational Excellence Scholarship pro-
19 gram; and, other state student financial aid programs, as appropriate.

20 Section 3. Determination of Residency Status; General Rules. (1) A determination of resi-
21 dency shall include:

22 (a) An initial determination of residency status by an institution during the admission pro-
23 cess or upon enrollment in an institution for a specific academic term, or for admission into a spe-

1 cific academic program;

2 (b) A reconsideration of a determination of residency status by an institution based upon a
3 changed circumstance; and

4 (c) A formal hearing conducted by an institution upon request of a student after other ad-
5 ministrative procedures have been completed.

6 (2) An initial determination of residency status shall be based upon:

7 (a) The facts in existence when the credentials established by an institution for admission
8 for a specific academic term have been received and during the period of review by the institution;

9 (b) Information derived from admissions materials;

10 (c) Other materials required by an institution and which are consistent with this administra-
11 tive regulation; or

12 (d) Other information available to the institution from any source.

13 (3) An individual seeking a determination of Kentucky residency status shall demonstrate
14 that status by a preponderance of the evidence.

15 (4) A determination of residency status shall be based upon verifiable circumstances or ac-
16 tions.

17 (5) Evidence and information cited as the basis for Kentucky domicile and residency shall
18 accompany the application for a determination of residency status.

19 (6) A student classified as a nonresident shall retain that status until the student is officially
20 reclassified by an institution.

21 (7) A student may apply for a review of a determination of residency status once for each
22 academic term.

23 (8) If an institution has information that a student's residency status may be incorrect, the

1 institution shall review and determine the student's correct residency status.

2 (9) If the Council on Postsecondary Education has information that an institution's determi-
3 nation of residency status for a student may be incorrect, it may require the institution to review the
4 circumstances and report the results of that review.

5 (10) An institution shall impose a penalty or sanction against a student who gives incorrect
6 or misleading information to an institutional official, including payment of nonresident tuition for
7 each academic term for which resident tuition was assessed based on an improper determination of
8 residency status. The penalty may also include:

9 (a) Student discipline by the institution through a policy written and disseminated to stu-
10 dents; or

11 (b) Criminal prosecution.

12 Section 4. Presumptions Regarding Residency Status. (1) In making a determination of resi-
13 dency status, it shall be presumed that a person is a nonresident if:

14 (a) A person is, or seeks to be, an undergraduate student and admissions records show the
15 student to be a graduate of an out-of-state high school within five (5) years prior to a request for a
16 determination of residency status;

17 (b) A person's admissions records indicate the student's residence to be outside of Kentucky
18 at the time of application for admission;

19 (c) A person moves to Kentucky primarily for the purpose of enrollment in an institution;

20 (d) A person moves to Kentucky and within twelve (12) months enrolls at an institution
21 more than half time; or

22 (e) A person has a continuous absence of one (1) year from Kentucky.

23 (2) A presumption arising from subsection (1) of this section shall be overcome by presenta-

1 tion of evidence that is sufficient to demonstrate that a person is domiciled in and is a resident of
2 Kentucky [~~a demonstration of Kentucky domicile and residency~~].

3 Section 5. Determination of Whether a Student is Dependent or Independent. (1) In a de-
4 termination of residency status, an institution shall first determine whether a student is dependent or
5 independent. This provision is predicated on the assumption that a dependent person lacks the fi-
6 nancial ability to live independently of the person upon whom the student is dependent and there-
7 fore lacks the ability to form the requisite intent to establish domicile.

8 (2) In determining the dependent or independent status of a person, the following infor-
9 mation shall be considered as well as other relevant information available at the time the determina-
10 tion is made:

11 (a) 1. Whether [~~That~~] the person has [~~not~~] been claimed as a dependent on the federal or
12 state tax returns of a parent or other person for the year preceding the date of application for a de-
13 termination of residency status; or

14 2. Whether [~~That~~] the person is no longer claimed by a parent or other person as a depend-
15 ent or as an exemption for federal and state tax purposes; and

16 (b) Whether [~~That~~] the person has financial earnings and resources independent of a person
17 other than an independent spouse necessary to provide for the person's own sustenance.

18 (3) An individual who enrolls at an institution immediately following graduation from high
19 school and remains enrolled shall be presumed to be a dependent person unless the contrary is evi-
20 dent from the information submitted.

21 (4) Domicile may be inferred from the student's permanent address, parent's mailing ad-
22 dress, or location of high school of graduation.

23 (5) Marriage to an independent person domiciled in and who is a resident of Kentucky shall

1 be a factor considered by an institution in determining whether a student is dependent or independ-
2 ent.

3 (6) Financial assistance from or a loan made by a parent or family member other than an
4 independent spouse, if used for sustenance of the student:

5 (a) Shall not be considered in establishing a student as independent; and

6 (b) Shall be a factor in establishing that a student is dependent.

7 Section 6. Effect of a Determination of Dependent ~~for Independent~~ Status on a Determina-
8 tion of Residency Status. (1) The effect of a determination that a person is dependent shall be ~~as~~
9 ~~follows~~:

10 (a) The domicile and residency of a dependent person shall be the same as either parent. The
11 domicile and residency of the parent shall be determined in the same manner as the domicile and
12 residency of an independent person.

13 (b) The domicile and residency of a dependent person whose parents are divorced, separat-
14 ed, or otherwise living apart shall be Kentucky if either parent is domiciled in and is a resident of
15 Kentucky regardless of which parent has legal custody or is entitled to claim that person as a de-
16 pendent pursuant to federal or Kentucky income tax provisions.

17 (2)(a) ~~{(e)1.}~~ If the parent or parents of a dependent person are Kentucky residents and are
18 domiciled in Kentucky but subsequently move from the state, the dependent person shall be consid-
19 ered a resident of Kentucky while in continuous enrollment at the degree level in which currently
20 enrolled.

21 (b) ~~{2.}~~ If continuous enrollment is broken or the current degree level is completed, the de-
22 pendent person's residency status shall be reassessed when the circumstances detailed in subpara-
23 graph 1 of this paragraph are present.

1 ~~[(2) If the sole parent or both parents of a dependent person moves out of state, Kentucky~~
2 ~~domicile and residency, having been previously established, shall be retained until steps are taken to~~
3 ~~establish domicile and residency elsewhere.]~~

4 Section 7. Member of Armed Forces of the United States, Spouse and Dependents; Effect
5 on a Determination of Residency Status. (1) A member, spouse, or dependent of a member whose
6 domicile and residency was Kentucky at the time of induction into the Armed Forces of the United
7 States, and who maintains Kentucky as home of record and permanent address, shall be entitled to
8 Kentucky residency status:

9 (a) During the time of active service; or

10 (b) If the member, spouse, or dependent returns to this state within six (6) months of the
11 date of the member's discharge from active duty.

12 (2)(a) A member, spouse or dependent of a member of the Armed Forces of the United
13 States stationed in Kentucky on active military orders shall be considered a Kentucky resident
14 while the member is on active duty in this state pursuant to those orders if the member is not:

15 1. Stationed in Kentucky for the purpose of enrollment at an institution; or

16 2. On temporary assignment of less than one (1) year.

17 (b) A member, spouse or dependent of a member, shall not lose Kentucky residency status if
18 the member is thereafter transferred on military orders while the member, spouse or dependent re-
19 questing the status is in continuous enrollment at the degree level in which currently enrolled.

20 (3) Membership in the National Guard or civilian employment at a military base alone shall
21 not qualify a person for Kentucky residency status under the provisions of subsections (1) and (2) of
22 this section.

23 (4) A person's residency status established pursuant to this section shall be reassessed if the

1 qualifying condition is terminated.

2 Section 8. Status of Nonresident Aliens; Visas and Immigration. (1)(a) A person holding a
3 permanent residency visa or classified as a political refugee shall establish domicile and residency
4 in the same manner as another person.

5 (b) Time spent in Kentucky and progress made in fulfilling the conditions of domicile and
6 residency prior to obtaining permanent residency status shall be considered in establishing Ken-
7 tucky domicile and residency.

8 (2) A person holding a nonimmigrant visa with designation A, E, G, H-1, H-4 if accompa-
9 nying a person with an H-1 visa, [H,] I, K, L, N, [O, P,] R, [S, TD or TN] shall establish domicile
10 and residency the same as another person.

11 (3)(a) An independent person holding a nonimmigrant visa with designation B, C, D, F, H-
12 2, H-3, H-4 if accompanying a person with an H-2 or H-3 visa, J, K, M, O, P, Q, S, or TD or TN
13 ~~[or]~~ shall not be classified as a Kentucky resident, because that person does not have the capacity to
14 remain in Kentucky indefinitely and therefore cannot form the requisite intent necessary to establish
15 domicile within the meaning of this administrative regulation.

16 (b) A dependent person holding a visa as described in paragraph (a) of this subsection, but
17 who is a dependent of a parent holding a visa as described in subsection (2) of this section, shall be
18 considered as holding the visa of the parent.

19 (c) A dependent person holding a visa described in subsection (2) of this section or para-
20 graph (a) of this subsection, if a parent is a citizen of the United States and is a resident of and dom-
21 iled in Kentucky, shall be a resident of Kentucky for the purposes of this administrative regula-
22 tion.

23 (4) Provided however, that a dependent or independent person who graduates from a Ken-

1 tucky high school and who is an undocumented alien; who holds a visa listed in subsections (2) or
2 (3) of this section; or, who is a dependent of a person who holds a visa listed in subsections (2) or
3 (3) of this section shall be a Kentucky resident for the purpose of this administrative regulation.

4 (5)(a) A person who has petitioned the federal government to reclassify visa status shall
5 continue to be ineligible until the petition has been decided by the federal government.

6 (b) Provided however, a person who has petitioned the federal government to reclassify visa
7 status based on a marriage to a Kentucky resident and who can demonstrate that the petition has
8 been filed and acknowledged by the federal government, may establish Kentucky domicile and res-
9 idency at that time.

10 Section 9. Beneficiaries of a Kentucky Educational Savings Plan Trust. A beneficiary of a
11 Kentucky Educational Savings Plan Trust shall be granted residency status if the beneficiary meets
12 the requirements of KRS 164A.330(9).

13 Section 10. Criteria Used in a Determination of Residency Status. (1) A determination of
14 Kentucky domicile and residency shall be based upon verifiable circumstances or actions. A single
15 fact shall not be paramount, and each situation shall be evaluated to identify those facts essential to
16 the determination of domicile and residency.

17 (2) The following facts, although not conclusive, shall have probative value in their entirety
18 and shall be individually weighted, appropriate to the facts and circumstances in each determination
19 of residency:

20 (a) Acceptance of an offer of full-time employment or transfer to an employer in Kentucky
21 or contiguous area while maintaining residence and domicile in Kentucky;

22 (b) Continuous physical presence in Kentucky while in a nonstudent status for the twelve
23 (12) months immediately preceding the start of the academic term for which a classification of Ken-

1 tucky residency is sought;

2 (c)1. Filing of Kentucky resident income tax return for the calendar year preceding the date
3 of application for a change in residency status; or

4 2. Payment of Kentucky withholding taxes while employed during the calendar year for
5 which a change in classification is sought;

6 (d) Full-time employment of at least one (1) year while living in Kentucky;

7 (e) Attendance as a full-time, nonresident student at an out-of-state institution based on a
8 determination by that school that the person is a resident of Kentucky;

9 (f) Abandonment of a former domicile or residence and establishing domicile and residency
10 in Kentucky with application to or attendance at an institution following and incidental to the
11 change in domicile and residency;

12 (g) Obtaining licensing or certification for a professional and occupational purpose in Ken-
13 tucky;

14 (h) Payment of real property taxes in Kentucky;

15 (i) Ownership of real property in Kentucky, if the property was used by the student as a res-
16 idence preceding the date of application for a determination of residency status;

17 (j) Long-term lease of at least twelve (12) consecutive months of noncollegiate housing;

18 (k) Marriage of an independent student to a person who was domiciled in and a resident of
19 Kentucky prior to the marriage ~~[resident]~~;

20 (l) Continued presence in Kentucky during academic breaks; and

21 (m) The extent to which a student is dependent on student financial aid in order to provide
22 basic sustenance.

23 (3) Except as provided in subsection (4) of this section, the following facts, because of the

1 ease and convenience in completing them, shall have limited probative value in a determination that
2 a person is domiciled in and is a resident of Kentucky:

3 (a) Kentucky automobile registration;

4 (b) Kentucky driver's license; and

5 (c) Registration as a Kentucky voter.

6 (4) The absence of a fact contained in subsection (3) of this section shall have significant
7 probative value in determining that a student is not domiciled in or is not a resident of Kentucky.

8 (5) A person shall not be determined to be a Kentucky resident ~~{Kentucky residency status~~
9 ~~shall not be conferred}~~ by the performance of an act which is incidental to fulfilling an educational
10 purpose or by an act ~~{which is}~~ performed as a matter of convenience. Mere physical presence in
11 Kentucky, including living with a relative or friend, shall not be sufficient evidence of domicile and
12 residency. A person shall respond to all information requested in subsections (2) and (3) of this sec-
13 tion.

14 Section 11. Effect of a Change in Circumstances on Residency Status. (1) If a person be-
15 comes independent or if the residency status of a parent or parents of a dependent person changes,
16 an institution shall reassess residency either upon a request by the student or a review initiated by an
17 institution.

18 (2) Upon transfer to a Kentucky institution, a student's residency status shall be assessed
19 ~~{reassessed}~~ by the receiving institution.

20 (3) A reconsideration of a determination of residency status for a dependent person shall be
21 subject to the provisions for continuous enrollment, if applicable.

22 Section 12. Student Responsibilities. (1) A student shall report ~~{register}~~ under the proper
23 residency classification which includes the following actions:

- 1 (a) Raising a question in a timely manner concerning residency classification;
- 2 (b) Making application for change of residency classification in a timely manner with the
- 3 designated office or person at the institution; and
- 4 (c) Notifying the designated office or person at the institution immediately upon a change in
- 5 residency.

6 (2) If a student fails to notify an institutional official of a change in residency, an institution-

7 al official may investigate and evaluate the student's ~~current~~ residency status.

8 (3)(a) If a student fails to provide, by the date specified by the institution, information re-

9 quired by an institution in a determination of residency status, the student shall be notified by the

10 institution that the review has been canceled and that a determination has been made.

11 (b) Notification shall be made by registered mail, return receipt requested.

12 (c) Notification shall be made within ten (10) calendar days after the deadline for receipt of

13 materials has passed.

14 (4) A student shall not be entitled to appeal a determination of residency status if the deter-

15 mination made by an institution is because a student has failed to meet published deadlines for the

16 submission of information as set forth in subsection (3) of this section. A student may request a re-

17 view of a determination of residency status in a subsequent academic term.

18 Section 13. Institutional Responsibilities. Each institution shall:

19 (1) Provide for an administrative appeals process that includes a residency appeals officer

20 to consider student appeals of an initial residency determination and which shall include a

21 provision of fourteen (14) days for the student to appeal the residency appeals officer's

22 determination.

23 (2) Establish a residency review committee to consider appeals of residency

1 determinations by the residency appeals officer. The residency review committee shall make a
2 determination of student residency status and notify the student in writing within forty-five (45)
3 days after receipt of the student appeal.

4 (3) Establish a formal hearing process as described in Section 14 of this administrative
5 regulation.

6 (4) Establish written policies and procedures for administering the responsibilities
7 established in subsections (1), (2), and (3) of this section and that are:

8 (a) Approved by the institution's governing board;

9 (b) Made available to all students; and

10 (c) Filed with the council.

11 Section 14. Formal Institutional Hearing. (1) A student who appeals a determination of
12 residency by a residency review committee shall be granted a formal hearing by an institution if
13 the request is made by a student in writing within fourteen (14) calendar days after notification of
14 a determination by a residency review committee.

15 (2) If a request for a formal hearing is received, an institution shall appoint a hearing
16 officer to conduct a formal hearing. The hearing officer:

17 (a) Shall be a person not involved in determinations of residency at an institution except
18 for formal hearings; and

19 (b) Shall not be an employee in the same organizational unit as the residency appeals
20 officer.

21 (3) An institution shall have written procedures for the conduct of a formal hearing that
22 have been adopted by the board of trustees or regents, as appropriate, and that provide for:

23 (a) A hearing officer to make a recommendation on a residency appeal;

1 (b) Guarantees of due process to a student that include:

2 1. The right of a student to be represented by legal counsel; and

3 2. The right of a student to present information and to present testimony and information
4 in support of a claim of Kentucky residency.

5 (c) A recommendation to be issued by the hearing officer.

6 (4) An institution's formal hearing procedures shall be filed with the Council on
7 Postsecondary Education and shall be available to a student requesting a formal hearing.

8 Section 15. Cost of Formal Hearings. (1) An institution shall pay the cost for all residency
9 determinations including the cost of a formal hearing.

10 (2) A student shall pay for the cost of all legal representation in support of the student's
11 claim of residency. ~~[(17 Ky.R. 2557; eff. 4-5-91; Am. 22 Ky.R. 1656; 1988; eff. 5-16-96; 23~~
12 ~~Ky.R. 3380; 3797; 4099; eff. 6-16-97; 24 Ky.R. 2136; 2705; 25 Ky.R. 51; eff. 7-13-98; 25 Ky.R.~~
13 ~~2177; 2577; 2827; eff. 6-7-99.)]~~

Sue Hodges Moore
Interim President
Council on Postsecondary Education

Date

APPROVED AS TO FORM:

Dennis L. Taulbee
General Counsel
Council on Postsecondary Education

Date

Committee on Equal Opportunities Report 1997-2002 KY Plan and OCR Partnership

The Committee on Equal Opportunities met June 26, 2002. The council staff reported that Kentucky's public postsecondary institutions continue to make progress toward achieving the commitments outlined in the Partnership Agreement with the U. S. Department of Education's Office for Civil Rights and *The 1997-2002 Kentucky Plan for Equal Opportunities*. The agreement, with the exception of the requirement of Kentucky State University to implement strategies to increase student performance on the PRAXIS II teacher certification test, is on track to be completed by December 31, 2002. A summary of the committee's activities follows.

Committee Actions and Reports

The Kentucky Plan and Partnership Agreement: The U. S. Department of Education's Office for Civil Rights has provided comments on the third status report stating "OCR is encouraged with the progress the Commonwealth and its postsecondary institutions continue to make in implementing the Partnership Agreement. The efforts show a true commitment to achieving and exceeding the goals of the Partnership Agreement." The OCR reminds the Commonwealth of three aspects of the agreement to postpone the renovation of KSU's Young Hall dormitory: 1) the Commonwealth would make the renovation a high priority in the 2002-04 budget recommendation; 2) the CPE would conduct periodic inspections of the facility; and 3) KSU and the CPE would conduct a comprehensive assessment of KSU's programs and resource allocations. KSU and the CPE are encouraged to move forward to complete the assessment.

The OCR is not satisfied with the UofL report on the Pathways to Success Program. They want a more thorough analysis of the program's impact on access for African American students. The partnership expires December 31, 2002.

Granting of Waivers by the CEO: The committee adopted revised waiver submission guidelines at its June 26 meeting. A template for submitting the information was adopted and will be distributed to the institutions for their use when appearing before the committee to request a qualitative waiver. The committee believes that the revisions will substantially improve the waiver process.

The Education Professional Standards Board and Council on Postsecondary Education Conference on Best Practices - Teacher Education Programs: The EPSB and the council jointly sponsored a one-day conference on Title II issues, best practices, and PRAXIS fairness issues Friday, June 28, 2002, at the Georgetown College Conference Center. Deans of the colleges of education and the colleges of arts and sciences, Title II coordinators, and provost/vice presidents of academic affairs were invited to participate in the conference. The council and the EPSB shared equally in the cost of the conference.

KSU Teacher Education Program – Student Performance: Kentucky State University attended the June 26 meeting to provide an update on the status of the teacher education program. The status report included information regarding recent workshops for students and faculty and the performance of students on the fall 2001 and spring 2002 PRAXIS exam. The partnership directs KSU to: 1) implement initiatives that strengthen and enhance the KSU teacher education program; 2) identify "best practices" that have been employed to strengthen the teacher education program; and 3) implement specific systematic strategies that are advantageous to increasing student performance rates on the PRAXIS II. KSU reported those students taking the PRAXIS in fall 2001 and spring 2002 scored much higher than the 36 percent that was reported in April this year. The committee was encouraged by the report but noted that more needed to be done to assist the students in the program to be successful.

UofL Teacher Education Program: The University of Louisville attended the April 15 meeting to provide an update on the status of the teacher education program. The committee requested that the university return to its June meeting to provide more detail about the teacher education program. Dr. John Welsh, acting dean, presented data on the enrollment, retention, graduation, certification to teach, and pass rates of students in the teacher education program for the years 1996-97 – 2000-01. The data showed that enrollment of African American students in the teacher education program at UofL began to decline at about the time the university revised its baccalaureate program to be a five-year program. The university has adopted an action plan to increase the enrollment, graduation, and certification rates of African American students in the teacher education program. The CEO was very complimentary of the university for its efforts.

2002-2004 Operating and Capital Budget Recommendations: The council staff updated the committee on the status of the council's 2002-04 budget request, KSU enhancement, the federal land-grant match, and building renovations.

Reports to CEO by Institutional Representatives: The institutions requested and the CEO agreed to allow time at each meeting for institutional representatives to report on campus diversity initiatives. The committee asked UofL to provide more information regarding the success of the Pathways Program. There is concern that the program may have a negative impact in the enrollment of African Americans at UofL. The KCTCS is asked to attend the October CEO meeting to share more information regarding its affirmative action plan for the administrative offices in Lexington, Kentucky. And the committee asked to receive more information on the progress of institutions to implement plans to increase the presence of African Americans in the Bucks for Brains programs.

Activities

Empowering the Black Community: The Office of the Attorney General hosted the 2002 Empowering the Black Community Conference May 22, 2002, at the Farnham Dudgeon Civic Center in downtown Frankfort. The conference addressed critical issues that often plague African Americans. Topics included: economic development, education, health, juvenile and adult justice, technology, and community advocacy. Approximately 325 individuals from across the Commonwealth participated. The educational session, "Educating Black Youth: Critical

Issues from the Cradle to the Workforce," focused on the importance of early preparation for postsecondary education. A common theme throughout the presentation was the importance of parental involvement, which included but was not limited to interaction with site-based councils and PTA groups, regular visits to the child's school, knowing the child's strengths and weaknesses, addressing academic deficiencies in order to empower students to successfully transition through the educational system, and promoting a healthy respect for and understanding of the need for a challenging curriculum.

The Second Annual Governor's Minority Student College Preparation Program Conference: Murray State University hosted the 2ND Annual Statewide Conference for participants of the Governor's Minority Student College Preparation Program June 12-13, 2002. Approximately 150 students, parents, and program directors from across the Commonwealth attended. The day-and-a-half conference offered students in grades 6-8 an opportunity to experience campus life first hand. Students attended the following concurrent sessions: Advanced Placement Courses and the Pre-College Curriculum, African American History and Culture, Support Systems that Work: GEAR UP, the Proficient Jr. and Sr. Conference, Upward Bound, the YMCA Black Achievers, and Technology in the New Millennium.

A parent session also was held to discuss the importance of parental involvement in preparing youth for postsecondary education. Topics included financing postsecondary education through KEES, the pre-college curriculum and advanced placement courses, and academic support systems such as the GEAR UP Kentucky program and the YMCA Black Achievers. Next year's conference will be hosted by Eastern Kentucky University.

The 15TH Annual Academically Proficient African American High School Junior and Senior Conference: Northern Kentucky University hosted the 15TH Annual Academically Proficient African American High School Junior and Senior Conference June 14-15, 2002. Approximately 150 students, parents, and college representatives from across Kentucky participated. Workshop topics included: financing your education, choosing a college and career, developing coping skills, and strengthening communication skills. A parent workshop was also included. The conference included a college fair to allow college representatives to talk with Kentucky resident African American high school juniors and seniors and their parents. The goal of the conference was to offer information and support to students transitioning from high school to postsecondary education.

The next meeting of the council's Committee on Equal Opportunities is Monday, August 19, 2002, in Meeting Room A at the council offices in Frankfort.

Staff preparation by Rana Johnson and Sherron Jackson

**Council on Postsecondary Education
July 22, 2002**

Executive Summary

4. Are we preparing Kentuckians for life and work?
5. Are Kentucky's communities and economy benefiting?

During spring 2002, the council staff visited each university and the KCTCS to review their internal academic program approval practices. The purpose of the review was to determine whether the program development criteria approved by the council in November 1999 are integrated into institutional processes. A summary of findings is provided on page 83.

The staff recommends that the council accept the second program productivity review report, commend the universities for their continued perseverance in reviewing their academic programs, and authorize the council staff to work with the institutions as they pursue additional changes to some programs and report back to the council in early 2003. (For details, see page 87.)

The council conducted its second review of university degree program productivity during the 2001-02 academic year. The purpose of the review is to identify programs that do not appear to be sufficiently or efficiently contributing to the needs of the state. The institutions have outlined plans to either close or alter programs and, for some with sufficient justification, continue them in their current form. The council is asked to accept the report and authorize the staff to continue working with the institutions in their review of programs that require additional time to address.

The productivity review was developed as a part of the council's streamlined academic program policies. These policies were designed to better connect new and current academic programs to state needs, especially workforce shortages. The Cabinet for Workforce Development also is in the process of assessing current and future workforce needs. Nancy Laprade from the cabinet will join the council staff at the July meeting to discuss the relationship of that work to the council's process for the development and review of academic programs.

The staff recommends that the council approve the Bachelor of Science in Sport and Fitness Administration/Management (CIP 31.0504) proposed by Northern Kentucky University. (For details, see page 91.)

Northern Kentucky University is proposing a B.S. in Sport Business to prepare students for work in a growing workforce area. While responding to needs in its service region, NKU also has established formal collaborative agreements with the two other universities offering similar programs and with the Kentucky Community and Technical College System and the Kentucky Virtual University to improve access, preparation, and placement of students statewide.

Student success is tied to professors who are well prepared to teach a diverse body of students through a variety of techniques. The council sponsors many professional development activities for postsecondary faculty, including a statewide faculty development conference. The fourth annual conference was held in May in Louisville. The conference is sponsored by the council and coordinated by the chief academic officers and the statewide faculty development workgroup. A summary of the conference begins on page 95.

The staff recommends that the council ratify the approval of a six-month extension to the Endowment Match Program's existing June 30, 2002, request submission deadline. (For details, see page 97.)

The Endowment Match Program is one of the council's major programs related to the Commonwealth's "new economy" initiative. Its purpose is to build endowments at the public universities and to help advance the state's economy. Because of the impact on fundraising of September 11 and presidential transitions, some of the comprehensive university presidents have requested a six-month extension to the existing June 30, 2002, deadline for submitting requests for 2000-02 Endowment Match Program funds. The agenda item on page 97 responds to this request.

Kentucky's postsecondary institutions are instrumental to the Commonwealth's communities and knowledge-based economy through their participation in the Research and Development Voucher Program, Rural Innovation Program, and Commercialization Program. These programs, established in House Bill 572 of the 2000 Kentucky General Assembly, link the institutions, private citizens, and private industry together in research activities and in the commercialization of research results. The council contracted with the Kentucky Science and Technology Corporation in 2000-02 to administer the programs. The council staff has drafted revised contracts for 2002-04. These contracts await review by the Office of the New Economy and will be presented to the council upon the completion of that review.

The council's statewide strategy for engineering was created to increase the number of engineers in Kentucky's workforce. Implementation of four joint undergraduate engineering programs continues to move along despite the tight fiscal environment. A progress report begins on page 101.

In continued support of knowledge-based economy initiatives, the council was represented at the 2002 Biotechnology Industry Organization convention and exhibition in Toronto, Canada, in June. Also in attendance were the Governor and members of his staff, campus leadership, and other state and local economic development leaders. The Governor hosted a dinner for Kentucky biotechnology companies, as well as biotechnology industries and venture capital firms that Kentucky postsecondary education institutions and the Kentucky Economic Development Cabinet hope to recruit. Members of the delegation also toured the University of Toronto and the University of Guelph, met with their researchers, and explored potential research partnerships.

2001 – 2002 Campus Consultation Visits

During spring 2002, the council staff visited each university and the KCTCS to review academic program approval practices. The purpose of the review was to determine the extent to which campus policies and procedures were consistent with the streamlined academic program policies put in place by the council in 1999. This report highlights the staff's findings and recommendations.

Why did we do it?

In November 1999, the council delegated to the institutions and their governing boards greater authority for establishing new academic programs. The council outlined a set of principles it expected institutions to follow when developing programs, and it also put standards in place to ensure that existing programs were productive and were contributing to state needs. As a *quid pro quo* for this deregulated approach, the council directed the staff to periodically review each institution's program approval practices to see if they reflected the council's guiding principles for new program development. The council's interest was on the following matters of statewide importance:

- A rigorous process to determine the need for the program.
- Consultations with employer and other relevant groups in program design.
- Collaborative efforts including articulation agreements with similar programs at other postsecondary institutions.
- Sound methods for evaluating student learning and program success.

What did we do?

As a first step, the council staff reviewed program approval policies from Kentucky institutions and other states. Next, the staff selected one or two academic programs per institution that had been established after 1999. The process for developing these particular programs became the focus of the review. In April and May, the staff visited each campus and met with faculty, department chairs, academic deans, faculty senate representatives, university program approval committees, and chief academic officers. Individual campus assessments are being sent to each chief academic officer. Institutions will be asked to report on changes in program approval processes by December 2002. A summary will be provided to the council.

What did we find?

The review revealed that program approval practices across the campuses varied in the amount of attention given to the council's criteria. Some institutions' processes conformed closely to the criteria. Others incorporated some, but not all, of the council's concerns. What follows are the staff's general findings and recommendations.

1. Needs assessment. The recently approved programs that were the focus of the review demonstrated a commitment to connecting new programs to state needs. These programs, like almost all recently approved programs, were applied or professional programs. Consequently, their attention to needs assessment and employer demands was driven, in part, by well defined employer and accreditation requirements. However, written institutional policies in some cases did not include a rigorous needs assessment of student and workforce demand. Institutions should standardize assessments to ensure programs link to economic and community needs. The council staff is developing a standard format for institutional use.
2. External consultation. Some institutional policies do not require consultation with student supplier or consumer groups as a regular part of proposal development. In addition to assessing the need for the program, the process for developing new programs should require consultation about curriculum with groups expected to supply students (high schools and KCTCS) and those offering additional education and employment to graduates.
3. Collaboration. Institutions do require those proposing new programs to assess opportunities for interdisciplinary collaboration on the campus. All institutions also require consultation with other institutions as a part of the new program approval process. However, often this requirement only ensures that other institutions do not object to the program. Legally required articulation agreements with similar programs often are overlooked or developed late in the process. Institutions should strengthen requirements for new programs to collaborate with similar programs at other institutions to improve access, efficiency, and quality for both new and existing programs. New program proposals also should be required to develop articulation agreements in the original design of the program.

Recent conversations between the council and the chief academic officers have begun to refocus collaboration conversations. The issues raised at the March 2002 meeting of the chief academic officers with council members will be considered as institutions revise their program approval processes.

4. Student success measures. Institutions are rapidly developing goals and measures of student learning and success in response to regional accreditation requirements. Changes are needed to ensure new programs have these standards in place prior to beginning the program.
5. Program success. Program proposals sometimes do not include criteria defining program success. Institutions should include criteria for assessing program success within a specified time. Council degree productivity standards, level of research production, student placement, or development of partnerships serving the community and economy could be used to create criteria for evaluating programs.

Where do we go from here?

The council staff is working with the institutions to change both campus and council procedures based on the results of this review. A written summary of changes will be provided by December 2002. Institutions were extremely cooperative partners throughout the review process and indicated a willingness to modify their processes to address the issues outlined above. The council staff is revising its Web-based process to clarify council expectations for new program proposals.

Staff preparation by Ben Boggs

Program Productivity Review II

Action: The staff recommends that the council accept the second program productivity review report, commend the universities for their continued perseverance in reviewing their academic programs, and authorize the council staff to work with the institutions as they pursue additional changes to some programs and report back to the council in early 2003.

In 2000, the council undertook its first program productivity review, which resulted in decisions by the universities to eliminate, consolidate, or alter over 300 programs. A similar review of KCTCS programs took place last year. This agenda item presents the results of the second round of productivity reviews at the universities conducted in spring 2002.

Academic Program Productivity Review

When the council devolved to the institutions the authority for approving most new academic programs two years ago, it set out two expectations for the institutions and their governing boards: that the processes used to develop new programs follow council criteria (see Campus Consultation Final Report agenda item), and that the institutions be held accountable for the productivity of their existing degree programs. At the heart of both of these expectations was the desire to more closely link new and current programs to community and state needs, especially in workforce shortage areas.

In 2000, the only criteria for identifying programs for review was whether they met council-approved thresholds for degree productivity: a five-year average of 12 associate, 12 baccalaureate, seven master's, and five doctoral degrees per program.

In addition to degree productivity, the second review in 2002 gave attention to other criteria. First, programs were reviewed based on their importance in meeting important workforce needs. These included programs falling under categories identified as important to economic development by the Office of the New Economy and those addressing shortages in health professions and education. The Cabinet for Workforce Development is in the process of assessing current and future workforce needs. Nancy Laprade from the cabinet will join council staff at the meeting to discuss the relationship of that work to the council's process for development and review of academic programs.

Second, the number of students taught in the program was considered. Some productive programs produce few degrees but teach large numbers of students in service to other academic programs.

Third, the status of the program in the first productivity review was considered.

The council's review of academic programs is designed to complement—not replace—review processes already in place at the universities.

2002 Results

There were 1,144 academic programs at the universities at the beginning of this review. Of those, 240 programs (21 percent) were identified for review. In December 2001, each university received a list of the academic programs identified by the council's review. The institutions were asked to review the program and inform the council whether the program should be maintained in its current form, altered, or closed. Council staff then met with university representatives to discuss the responses.

Of the 240 identified programs, the universities will close 26 (11 percent) of these programs. The universities will make changes to 67 others (28 percent) to increase productivity. Eighty-three programs will be maintained in their current form.

There are 64 programs designated for continued review. These programs were identified for continued discussion because the institution's plan for changing the program was inadequate or the rationale for keeping the program in its current form was not satisfactory. The council staff will work with the universities to address concerns. The status of programs undergoing continued review will be reported to the council March 2003.

A chart summarizing the results of the second productivity review is attached.

In the first and second round of reviews, a total of 169 academic programs have been designated for closure, and 228 are being significantly altered to increase productivity. This represented approximately 15 percent and 20 percent of the total degree programs across the campuses, respectively. Since the council devolved program approval authority to the campuses, the universities have implemented 52 new programs.

The full academic program review process for the universities and the KCTCS is described in four earlier agenda items (November 8, 1999; July 17, 2000; February 5, 2001; and July 30, 2001).

Follow-up to the 2000 Review

In 2000, three program areas with low degree productivity were identified for continuing efforts to increase degree production: teacher education, foreign languages, and fine arts.

In teacher education, the public and independent institutions' chief academic officers with the Kentucky Department of Education, the Education Professional Standards Board, and the council sponsored two statewide teacher education summits, submitting reports to the P-16 Council in December 2001 and to the CPE in May 2002. Teams of faculty for each of the institutions are implementing changes in education programs to better recruit, train, and place teachers in high need areas.

In the current review, the universities have proposed changes to one-half of the low productivity foreign language and one-fourth of the low productivity fine arts departments. Four foreign language and six fine arts programs are identified for continued review. The council staff will meet with institutional chief academic officers and deans to explore ways of increasing the productivity of these programs.

Staff preparation by Barbara Cook

**Program Productivity Review II
Summary of University Responses and Staff Analysis**

Institution	Low Productivity Programs	To be Closed	To be Changed	To be Retained Unchanged	Continued Review
Eastern Kentucky University	46	7	16	10	13
Kentucky State University	9	1	2	0	6
Morehead State University	17	1	5	8	3
Murray State University	40	4	18	7	11
Northern Kentucky University	13	0	1	9	3
University of Kentucky	80	3	15	39	23
University of Louisville	2	0	0	2	0
Western Kentucky University	33	10	10	8	5
Totals:	240	26	67	83	64

Council on Postsecondary Education
July 22, 2002

New Program Approval Bachelor of Science in Sport Business Northern Kentucky University

Action: The staff recommends that the council approve the Bachelor of Science in Sport and Fitness Administration/ Management (CIP 31.0504) proposed by Northern Kentucky University.

Northern Kentucky University proposes a Bachelor of Science in Sport Business. The council staff recommends approval of this program based on evidence of its potential contribution to educational and economic development in NKU's region.

The program will prepare students for the growing number of positions in sport event management and marketing, sports media, athlete services, sports manufacturing and distributing, and sports finance and legal affairs. NKU's proposal addresses the five questions, indicating ways this program will attract regional high school students who are preparing for college study and place students in sports business jobs.

Representatives from more than a dozen businesses, including the Cincinnati Reds, Kentucky Speedway, Turfway Park, and independent sport agents, serve on an advisory board to assist in the development of the program.

Collaboration is an essential element of the program. NKU has signed agreements with two universities offering similar programs—the University of Louisville and Morehead State University. These agreements will increase opportunities for students by creating a sports business case competition with rotating hosts and providing joint faculty and student research activities. The three institutions will work together to co-sponsor a sports business symposium, jointly place student interns, and promote a related master's degree offered by MoSU. NKU will offer a course required for all three programs through the Kentucky Virtual University beginning in summer 2003. A baccalaureate program transfer framework will serve students transferring to any of the three universities from the KCTCS or any other university.

Using the Kentucky Postsecondary Program Proposal System, NKU posted the proposed program to the council's Web site. It was reviewed without objection by the other Kentucky public and independent institutions, resulting in the collaborative agreements with UofL and MoSU.

NKU is eligible for automatic approval to submit new program proposals, according to the Committee on Equal Opportunities' criteria.

The NKU Board of Regents approved the program at its May 8, 2002, meeting.

An executive summary prepared by NKU follows.

Staff preparation by Barbara Cook

Northern Kentucky University
Program Proposal: Sports Business

Program Title: Sports Business

CIP Code: 31.0504

Degree: Bachelor of Science in Sports Business

Proposing Department: Management and Marketing in the College of Business

Prepare Kentuckians for Life and Work

Northern Kentucky University's proposed Sports Business program is a multidisciplinary study of business principles and processes applied to the sports industry. The undergraduate major in Sport Business is a College of Business major supported by courses in the Communications and Physical Education Departments. The program is designed to prepare students for a variety of career and leadership opportunities in sport business. Fields include event suppliers, event management and marketing, sports media and law, athlete services, manufacturing and distribution, facilities and facility supply, college athletics, and sports finance.

The program prepares students for the operation of sport programs at various levels. Most importantly, it provides a strong foundation in business applications for students and graduates who wish to pursue positions in other industries. The curriculum includes a required internship that provides students with experience prior to degree completion. The internship is a benefit for students seeking entry-level positions or advancement opportunities upon graduation.

The Sports Business program's specific academic goals will build the following knowledge and skill areas.

- Research/analysis
- Technology
- Marketing and promotion planning
- Communications skills (oral, written, team building, selling)
- Global issues in the sports industry
- Legal issues in the sports industry

While the required curriculum prepares students for career opportunities in the sports industry, the Sports Business program also helps NKU and the College of Business fulfill their mission.

It serves undergraduate students. No similar sports business program exists in the Greater Cincinnati region. The program encourages research opportunities within the College of Business and with other NKU faculty in various disciplines. Currently, two faculty members in the Department of Management and Marketing are engaged in sports business research, with funding for a new faculty member already approved. The program provides a natural laboratory for field studies and opportunities to tackle the applied problems of sports business practitioners in the metropolitan region. In addition to the College of Business faculty, there are other NKU

faculty in communications and physical education who conduct sports industry research. This program would encourage more collaboration among faculty of various disciplines.

The proposed program also will feature activities done in collaboration with similar programs in the state and the business community: a required internship and an annual symposium featuring research by faculty and students. An advisory board (members listed below) has been established for the program. This advisory board will serve as a link to the sports business network.

- Brad Blettner, Cincinnati Reds, Director of Corporate Marketing
- Brian Goldberg, Sports Agent
- Bruce Flory, Masters Tennis Series, Executive Director
- Don Schumacher, DSA, President
- Jon Hayes, Firststar Bank, Vice President, Professional Sports Division
- Kevin Molony, Five Seasons Country Clubs, Managing Director
- Mark Simendinger, Kentucky Speedway, President
- Robert Elliston, Turfway Park, President
- Stu Eversole, Lakota Schools, District Athletic Director
- Tom Allen, Skyline Chili, Corporate Vice President for Marketing
- Tom Gamble, DSA, Executive Vice President and 1360 Radio Personality
- Tom Garrity, Mighty Ducks, President
- Tom Jones, TPC at River's Bend, Director of Marketing
- Pat Moynahan, NKU, Interim Dean, College of Professional Studies
- Jane Meier, NKU, Athletic Director

Report on Statewide Faculty Development Conference

The fourth annual conference for faculty development took place May 20-21, 2002, at the Holiday Inn Hurstbourne in Louisville. The conference, sponsored by the council, is coordinated by the chief academic officers and their representatives to the statewide faculty development workgroup. The workgroup also includes a representative of Kentucky's independent institutions.

Nearly 300 faculty representing six independent and the nine public institutions attended the conference. The conference included 70 sessions focused on:

- Using technology to improve teaching and learning.
- Connecting classroom activities to community needs (service learning).
- Developing learning outcome measures.

Edward Zlotkowski of the American Association for Higher Education provided the opening keynote address. His talk, "Reconsidering Faculty Roles in the Wake of September 11," challenged participants to restructure teaching to address community needs leading to improved student learning and increased civic engagement. In the evening keynote, Gordon Davies described the importance of faculty in advancing Kentucky's postsecondary reform.

The closing luncheon featured the presentation of the first annual KYVU Online Excellence Awards. Six recipients were recognized for their high quality distance learning initiatives. A committee representing 12 Kentucky institutions selected these award winners from 21 nominations. Daniel Rabuzzi, KYVU chief executive officer, closed the conference by describing strategies to meet the technological changes faculty will face in the next 20 years.

Revision of 2000-02 Endowment Match Program Guidelines

Action: The staff recommends that the council ratify the approval of a six-month extension to the Endowment Match Program's existing June 30, 2002, request submission deadline.

The 2000-02 Endowment Match Program Guidelines stipulate that a \$10 million secondary pool of match program funds be assigned proportionately to the comprehensive universities until June 30, 2002. If not matched by that date, other comprehensive institutions that have fully matched their allocations may submit requests for the remaining pool of unmatched funds. As of June 30, 2002, two of the six comprehensive universities had not fully matched their 2000-02 allocations (see Attachment A).

On November 14, 2001, former President Reid requested that the council waive its plan for the distribution of unmatched program funds. In the months that followed, other presidents inquired informally about the possibility of a six-month extension to the existing June 30 deadline. The events of September 11, 2001, and recent presidential transitions at Eastern Kentucky University and Kentucky State University have made it difficult for these institutions to raise sufficient matching funds by the deadline. Administrations on both campuses have pledged to intensify their development efforts.

At the request of council staff, President Votruba, acting in his capacity as Convener of the Council of Presidents, polled the comprehensive university presidents to gauge their level of support for an extension. The presidents raised no objections to the plan, and on June 13, 2002, President Votruba forwarded a memorandum to the council indicating their collective support of an extension in the matching-funds deadline to December 31, 2002 (see Attachment B).

In mid-June, individual members of the council's executive committee were consulted about this issue. On the basis of President Votruba's statement of support, committee members directed the council staff to implement the following changes in Section 2D, page 10, paragraph 3, of the 2000-02 Endowment Match Program Guidelines:

The secondary pool is assigned to each institution until June 30, 2002. If not matched by the assigned institution ~~by that date~~, all comprehensive universities that have fully matched their allocations from both pools by June 30, 2002, may submit requests for additional matching funds. Provided, however, that

institutions who have not fully matched their allocations from both pools will have until December 31, 2002, to submit requests for matching funds. Institutions who have fully matched their allocations from both pools by June 30, 2002, may submit requests beginning January 1, 2003, for additional matching funds with awards to be made after January 31, 2003. Funds requested from July 1, 2002 until July 31, 2002, between January 1, 2003, and January 31, 2003, will be matched on a pro-rata basis based on the dollar amount of requests received. After July 31, 2002, January 31, 2003, funds requested requests will be considered on a first-in basis until all funds are allocated. If multiple requests arrive simultaneously, then the pro-rata method described above will apply.

The effect of these changes was to extend the deadline for submitting matching funds requests to December 31, 2002. Today, these changes are presented to the full council for ratification.

Staff preparation by Ron Carson and Bill Payne

Endowment Match Program Status Report
 Allocations, Disbursements, and Pending Requests for the 2000-2002 Biennium
 as of June 30, 2002

<u>Trust Fund/Institution</u>	<u>Amount Allocated</u>	<u>Amount Disbursed</u>	<u>Requests Pending</u>	<u>Remaining Balance</u>
Research Challenge Trust Fund				
University of Kentucky	\$ 66,667,000	\$ 62,925,209	\$ 768,576	\$ 2,973,215
University of Louisville	33,333,000	23,752,129	9,580,871	-
Sub-Total	<u>\$ 100,000,000</u>	<u>\$ 85,312,338</u>	<u>\$ 11,714,447</u>	<u>\$ 2,973,215</u>
Regional University Excellence Trust Fund				
Eastern Kentucky University	\$ 4,900,000	\$ 2,456,919	\$ 720,748	\$ 1,722,333
Kentucky State University	1,503,000	155,002	695,936	652,062
Morehead State University	2,925,000	1,979,775	945,225	-
Murray State University	3,383,000	3,383,000	-	-
Northern Kentucky University	2,664,000	2,591,000	73,000	-
Western Kentucky University	4,625,000	4,625,000	-	-
Sub-Total	<u>\$ 20,000,000</u>	<u>\$ 14,955,787</u>	<u>\$ 2,669,818</u>	<u>\$ 2,374,395</u>
Grand Total	<u><u>\$ 120,000,000</u></u>	<u><u>\$ 100,268,125</u></u>	<u><u>\$ 14,384,265</u></u>	<u><u>\$ 5,347,610</u></u>



**NORTHERN
KENTUCKY
UNIVERSITY**

Office of the President
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POSTSECONDARY
EDUCATION

JUN 17 9 04 AM '02

MEMORANDUM

June 13, 2002

TO: Sue Hodges Moore

FR: James C. Votruba
Convener, Council of Presidents

A handwritten signature in cursive script, appearing to read "Jim".

RE: Extension of Matching Funds Deadline

Sue:

I am writing on behalf of the presidents to indicate our support to extend the matching fund deadline to December 31, 2002. At that point, any unmatched funds would become available to other universities based on a distribution process formulated by the CPE.

ag

Statewide Engineering Strategy Update

In response to the need for more engineers in Kentucky, the council approved the “Strategy for Statewide Engineering Education in Kentucky” in July 2000. The strategy called for creation of joint engineering programs providing the education and training needed for Kentuckians to excel in the knowledge-based economy. Nationwide, engineering bachelor’s degrees peaked in 1985 and have been falling steadily since, despite the rising number of students attending college. The shrinking pool of engineers is causing shortages of qualified candidates for jobs in computer-aided design, integrated circuit design, research and development in digital wireless technology, materials engineering, medical device design, and biochemical engineering. Practicing engineers are aging, and few young people are being trained to take their place.

Kentucky’s statewide engineering strategy eventually will integrate secondary, baccalaureate, and post-baccalaureate programs. It will involve secondary schools, the Kentucky Community and Technical College System, the comprehensive universities, the research universities, the independent colleges and universities, and the Kentucky Virtual University. However, since the strategy was adopted, the principal focus has been to develop four joint engineering programs. The University of Kentucky and Western Kentucky University now offer degrees in mechanical and civil engineering, the University of Louisville and WKU offer a degree in chemical engineering, and UofL and Murray State University offer a degree in electrical and telecommunications engineering. Implementing a fifth program in environmental engineering between UK and MuSU has been delayed until additional funding is secured.

The provosts from UK, UofL, MuSU, and WKU; the deans from the UK and UofL schools of engineering and WKU’s Ogden College of Science, Technology, and Health; and the council staff formed a workgroup and meet regularly to discuss and resolve issues that could impede statewide engineering success. The institutions have developed procedures for counting enrollments and graduates, disbursing funds, and establishing tuition rates. They have agreed on appointment, tenure, and promotion policies for program faculty; equipment and facility allocation; provision of student services; assessment criteria; criteria for distance-learning courses; and general management of the joint programs. The institutions and council staff have worked with the Accreditation Board for Engineering and Technology to ensure the joint programs are accredited.

The council staff also has convened meetings with engineering faculty, representatives from secondary schools, and the Kentucky Department of Education to develop a strategy to prepare and recruit students into engineering. This plan includes initiatives to recruit, mentor, and place women and minorities in engineering programs.

The central, continued threat to fully implementing the engineering strategy is lack of recurring funding. The council and the institutions funded the first year of the joint programs from internal

reallocation and non-recurring sources, and the council agreed in July 2000 and again in October 2001 to secure recurring state General Funds. The council's 2002-04 budget recommendations included \$3 million in recurring funds. The Governor's executive spending plan includes \$1 million in non-recurring funds.

The institutions and the council will continue to seek recurring funds and will continue implementation of the engineering strategy for the next two years with non-recurring funds. However, institutions have said they cannot continue to offer joint programs if they must depend on non-recurring funds. They are wary of committing additional resources to program development until recurring funding is assured. If the joint degrees cannot be supported with recurring funds by 2004, the institutions have indicated the joint programs cannot be continued in their current form.

Staff preparation by Jennifer Marsh

**Council on Postsecondary Education
July 22, 2002**

Executive Summary

The Council Business

Chair Adams has made the following committee appointments: Mr. Barger to replace Ms. Weinberg on the Strategic Committee on Postsecondary Education; Ms. Taylor to replace Ms. Adams on the Committee on Equal Opportunities; and Ms. Guess to replace Ms. Adams on the Distance Learning Advisory Committee.

The Presidential Search Screening Committee met June 27 to review proposals from executive search firms interested in assisting the council in the search for a new president. The screening committee invited four firms to make presentations July 15. Screening Committee Chair Walter Baker will make a report to the council at the July meeting.

A resolution will be presented recognizing the contributions of Mr. Whitehead during his tenure as council chair (see page 105).