

AGENDA
Council on Postsecondary Education
12 noon, September 22, 2002
Abraham Lincoln Room
Radisson Plaza Hotel
Lexington, Kentucky

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Next Meeting – November 3-4, Frankfort
Adjournment

MINUTES
Council on Postsecondary Education
July 22, 2002

The Council on Postsecondary Education met July 22, 2002, at 8:30 a.m. at Centre College in Danville, Kentucky. Chair Adams presided.

ROLL CALL

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

REMARKS BY
GOVERNOR
PATTON

Governor Paul E. Patton opened the meeting by speaking to the council about the current status and future direction of postsecondary education reform. The Governor praised the council, the council staff, and the colleges and universities for their hard work since 1997 in implementing reform. For example, the Governor noted that 23,000 more students are enrolled in postsecondary education in Kentucky than there were in 1998; KCTCS enrollment is up about 40 percent since 1998; and the Kentucky Virtual University enrolled 7,700 students in spring 2002. Governor Patton stressed that his commitment to reform is stronger than ever.

REMARKS BY JOHN
ROUSH

President John Roush thanked Governor Patton and the council members for their continued support of education in the Commonwealth. He spoke about the “center of the mark” for Kentucky: to love opportunity and to love excellence, the foundation pieces of a system of higher education in Kentucky that will provide the Commonwealth the essential resource it needs to become a leader in the region and the nation. The state must have both to be successful; one without the other is false promise. 2020 is almost 15 years off, time enough for a generation to be born, come of age, and begin postsecondary education. He said this generation must be inspired and we must keep our goal high. Those that follow deserve nothing less than our best effort at securing the brightest future we can envision.

Ms. Adams said that the council members met last evening with the students of the Centre Governor’s Scholars Program. She thanked President John Roush and the Centre College staff for hosting the council.

Aris Cedeno, academic chair of the Kentucky Governor’s Scholars Program, thanked the council for its support over the years in providing office space and economic support and thanked the council for visiting the campus.

GOVERNOR’S

Boyle District Judge Bruce Petrie administered the oath of office to Esther Jansing. Ms. Jansing is the program manager for the Owensboro Chamber of Commerce and Industry Inc. and executive director of Leadership Owensboro. She is a graduate of Cornell University and

SCHOLARS PROGRAM

received a master's degree in nursing education from Columbia University Teachers College.

OATH OF OFFICE

The minutes of the May council meeting were approved as distributed.

APPROVAL OF MINUTES

Mr. Wilhoit gave a report on the activities of the Kentucky Department of Education. He mentioned changes due to the passage in 2001 of the "No Child Left Behind" federal legislation. There is a new emphasis on teacher quality and all teachers will be fully certified. Additional testing and assessments, including long-range assessments, will be put in place. Aides working in Title I programs must meet specified criteria. The state will receive funding to help develop high-quality literacy programs. There has been a slight reduction in the high school dropout rate but the decrease is sporadic depending on the school system and the area of the state. Recent legislation requires that every high school offer advanced placement courses and these may be offered through the Kentucky Virtual High School and the Kentucky Virtual University.

COMMISSIONER OF EDUCATION REPORT

In June Angie Martin left the council staff to become the associate vice president for planning, budget, and policy analysis at the University of Kentucky. Sherron Jackson has been named the council's interim vice president for finance.

COUNCIL STAFF

Ron Carson of the council staff provided an update on the state budget. 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 spending plan closely mirrors the various appropriations and related provisions included in House Bill 1 as introduced by the Governor in the First Extraordinary Session. There are no base increases built into the spending plan for postsecondary education. 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 bonds could not have been sold any earlier than January 2003.

2002-03 SPENDING PLAN REPORT

Mr. Carson said about 45 states are experiencing major budget problems. Also, the federal government has recently projected a nominal dollar decline in federal fiscal year 2002 revenues as compared to federal 2001. If the projection materializes, that would be the first time since 1955 that the federal government collected less in revenue in a fiscal year as compared to the preceding fiscal year. Mr. Carson said that in order to balance the previous biennium's budget, the state's rainy day account (the budget reserve trust fund) was exhausted. He said the revenue environment and the general fiscal situation that Kentucky is now confronting suggests the need for more careful fiscal planning than we have been accustomed to in the last several budgets. The council staff has recently surveyed the institutions on several issues and has found variation among the institutions regarding the matter of a budget cutback reserve.

MOTION: Mr. Baker moved that the council request that the House, Senate, and Governor renew their efforts to effect a resolution of the impasse so

Kentucky will have a budget for the next two years. Mr. Freed seconded the motion.

VOTE: The motion passed.

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

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

Dennis Taulbee of the council staff said that 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 spending plan. 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, and federal programs. Mr. Taulbee said that the spending plan is basically a continuation budget. A 3 percent reserve has been set aside on both the KYVU and on the agency operations but not on the trust funds and the pass-through programs since these programs involve outside entities. He said the fiscal situation in the Commonwealth is very difficult and he anticipates a budget cut of 3 to 5 percent. If the cut is necessary, this amount can be managed in agency operations and KYVU without a disruption in services.

2002-03 AGENCY
SPENDING PLAN

VOTE: The motion passed.

Dr. Moore recognized Paul Bibbins, interim president of Kentucky State University; Rick Feldhoff, UofL board member; and Maureen Henson, EKVU board member.

RECOMMENDATION: 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.

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

Sherron Jackson said that this item was discussed in detail at the May council meeting. 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. The guidelines contain the following provisions:

- The bond funds shall be used to complete projects from the list of eligible projects approved by the council August 31, 2000.

2002-04 CAPITAL
PROJECTS
PRIORITIES AND
GUIDELINES

- 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.

VOTE: The motion passed.

RECOMMENDATION: 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. 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.

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

VOTE: The motion passed.

CAMPUS SECURITY
ADMINISTRATIVE
REGULATIONS

Dr. Moore gave an update on the establishment of the Institute for Effective Governance, which will provide education and development to the governing boards of Kentucky's universities, KCTCS, the council, and independent institution boards should they choose to participate. Governor Patton announced the establishment of the institute at the September 2001 trusteeship conference. The council and the Prichard Committee will manage the institute. An oversight committee will advise the executive director of the Prichard Committee and the council president. The oversight 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. Plans are underway to introduce the institute at the 2002 Governor's trusteeship conference to be held September 22-23. Drawing from the telephone interviews with a sample of current board and council members and given the current fiscal environment, the conference will focus on board members' understanding of institutional finance and budgeting issues.

Mr. Whitehead, a member of the oversight committee, said that he is pleased with the work that has been done thus far on the institute. The conference planned for September will be quite different from the past, and he urged council members to attend the conference from start to finish.

RECOMMENDATION: The staff recommends that the council extend the

deadline for the GED fee waiver program to June 30, 2003.

INSTITUTE FOR
EFFECTIVE
GOVERNANCE

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. \$200,000 is still available.

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

VOTE: The motion passed.

RECOMMENDATION: 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 direct the staff to file the administrative regulation with the Legislative Research Commission to make such changes in the administrative regulation as shall be necessary as a result of the statutory review process.

This regulation is required to comply with Senate Bill 74 (2002 Kentucky General Assembly), which mandates the council to develop an administrative regulation requiring public postsecondary education institutions to grant academic credit toward graduation to a student who scores three or above on a College Board Advanced Placement examination.

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

VOTE: The motion passed.

GED FEE WAIVER
EXTENSION

Information was included in the agenda book on the Kentucky Early Mathematics Testing Program, the KYVU, and the GEAR UP Kentucky program.

Ms. Bertelsman, chair of the P-16 Council, said that at its June meeting the P-16 Council endorsed the recommendation of the council and the 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. Kentucky is one of five states participating in the project.

COLLEGE
PREPARATORY
EDUCATION
ADMINISTRATIVE
REGULATION

Ms. Adams raised the question of legislating the P-16 Council to give the group authority to effect change. She said a joint motion from the council and the Kentucky Board of Education may be in order at a future meeting.

Information was provided on the key indicators of college participation, college-going, and educational attainment. 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. The percentage of adult population from target counties enrolled in college (indicator 2.6 compares those counties with low educational attainment, college-going rates, and per capita income and high employment with the rest of the state) 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, the 2002 goal will be met. Updated county-level data indicates that the college-going rate of recent high school graduates from target counties (indicator 2.8) has improved from 50 percent in 2000 to 51.2 percent in 2001. Data from the 2000 census confirm that educational attainment rates in Kentucky are improving.

P-16 COUNCIL
GEAR UP
KYVU

RECOMMENDATION: 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 directs 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 regulation needs to be revised to clarify issues related to: distinguishing between residents and nonresidents in areas that have arisen since the regulation was last amended; the effect of the marriage of a nonresident to a Kentucky resident; and changes in the immigration law and its effect on the status of students.

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

VOTE: The motion passed.

KEY INDICATORS
OF PROGRESS

A report was given on the activities of the Committee on Equal Opportunities. Kentucky's public institutions continue to make progress toward achieving the commitments outlined in the partnership agreement with the U.S. Office for Civil Rights. 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.

Ms. Weinberg suggested that the needs of Hispanics and other nationalities be incorporated in the new Kentucky Plan for Equal Opportunities.

Jim Applegate, council vice president for academic affairs, gave a report on the 2001-02 campus consultation visits. 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. The review revealed that the practices across the campuses varied in the amount of attention given to the council's criteria. Some institutions conformed closely to the criteria; others incorporated some, but not all, of the council's concerns. The staff's general findings and recommendations

RESIDENCY
ADMINISTRATIVE
REGULATION

were included in the agenda book. The council staff is working with the institutions to change both campus and council procedures based on the results of the review. Dr. Applegate said that the institutions were extremely cooperative throughout the review process and indicated a willingness to modify their processes to address concerns.

Ms. Bertelsman asked that collaboration among institutions be added as a requirement for new program proposals.

RECOMMENDATION: 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.

This is the second review of university degree program productivity. The review identified 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 programs in their current form.

CEO REPORT

In addition to degree productivity, the second review gave attention to how the programs helped to meet 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 spoke about the relationship of that work to the council's process for development and review of academic programs.

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

VOTE: The motion passed.

2001-02 CAMPUS
CONSULTATION
VISITS

RECOMMENDATION: 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.

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

This program will contribute to the educational and economic development in NKU's region. Representatives from more than a dozen area businesses serve on an advisory board to assist in the development of the program. NKU has signed agreements with two universities offering similar programs – the University of Louisville and Morehead State University.

Ms. Bertelsman commended NKU for working with the other institutions in developing the program.

PROGRAM
PRODUCTIVITY
REVIEW

VOTE: The motion passed.

A report was included in the agenda book on the fourth annual conference for faculty development, which took place in May 2002.

RECOMMENDATION: 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.

Dr. Moore said that some of the comprehensive university presidents asked for an extension because of presidential transitions as well as the events of September 11. There were unused balances and they asked for an extension of six months. None of the presidents were opposed to the extension.

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

VOTE: The motion passed.

Ms. Adams complimented the presidents for reaching this agreement.

Reports on the Kentucky Science and Technology Corporation contracts and the BIO 2002 convention were included in the agenda book.

Dr. Applegate said that the threat to fully implementing the statewide 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, the 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.

NEW PROGRAM
PROPOSAL

MOTION: Mr. Baker moved that the council reaffirm its support of the joint degrees in the statewide engineering strategy as the best means to provide engineers for Kentucky's knowledge-based economy and that the council commit to make recurring funding for the joint degrees and the statewide strategy a priority in the next biennial budget recommendation. Mr. Freed seconded the motion.

VOTE: The motion passed.

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. Weinberg on the Committee on Equal Opportunities; and Ms. Guess to replace Ms. Adams on the Distance Learning Advisory Committee.

FACULTY
DEVELOPMENT
CONFERENCE

MOTION: On behalf of the Presidential Search Screening Committee, Mr. Baker moved that the council hire A. T. Kearney and specifically Jan Greenwood of that firm to help conduct the search for the next council president. Ms. Bertelsman seconded the motion.

2000-02
ENDOWMENT
MATCH PROGRAM
GUIDELINES

VOTE: The motion passed.

MOTION: Mr. Baker moved that the council authorize its chair to execute a contract with the search firm. Ms. Weinberg seconded the motion.

VOTE: The motion passed.

A resolution was read honoring and commending Mr. Whitehead for his service as council chair for the past three years.

MOTION: Mr. Baker moved adoption of the resolution. Ms. Weinberg seconded the motion.

VOTE: The motion passed.

Mr. Whitehead said at a very early age he became a Jaycee and adopted the organization's motto of "service to humanity is the best work of life." He thanked the council for its support.

KSTC
CONTRACTS
ENGINEERING

Ms. Bertelsman asked the presidents to report at the September council meeting their plans to address the budget crisis. Ms. Adams asked the staff to send a written request to the presidents.

The next meeting is September 22-23 in Lexington. The meeting will be held in conjunction with the Governor's Annual Conference on Trusteeship.

The meeting adjourned at 12:05 p.m.

Sue Hodges Moore
Interim President

Phyllis L. Bailey
Secretary

COMMITTEE
APPOINTMENTS

PRESIDENTIAL
SEARCH

WHITEHEAD
RESOLUTION

INSTITUTIONAL
BUDGETS

NEXT MEETING

ADJOURNMENT

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

Executive Summary

Discussion –

Budget Decisions in Times of Fiscal Constraint

Dennis Jones, President of the National Center for Higher Education Management Systems (NCHEMS), will lead a discussion on ways in which state governments, postsecondary systems, and institutions can continue to move a statewide public agenda forward in tight fiscal times.

Mr. Jones' presentation will focus on the need to link strategic planning and budgeting. Key subject areas of the presentation will include strategic management, the creation and maintenance of institutional capacity, identification of budget trade-offs, sources of institutional revenue, and budget evaluation strategies.

Following Mr. Jones' presentation, UK President Lee Todd will address concerns raised by the council members at its July meeting about how the universities are preparing to absorb a budget cut if one is announced. President Todd, as convener of presidents, will present a system response. His presentation will discuss, in general terms, some of the things institutions may consider when addressing a budget cut while maintaining access and without placing an undue burden on students. Also, he will discuss ways in which institutions can continue to move the statewide public agenda forward.

At the August 12 SCOPE meeting, Budget Director Jim Ramsey said that after the first quarter of this FY 2002-03, which ends September 30, the Governor may convene the Consensus Forecast Group to review the economic outlook for the current fiscal year.

Budget Decisions in Times of Fiscal Constraint

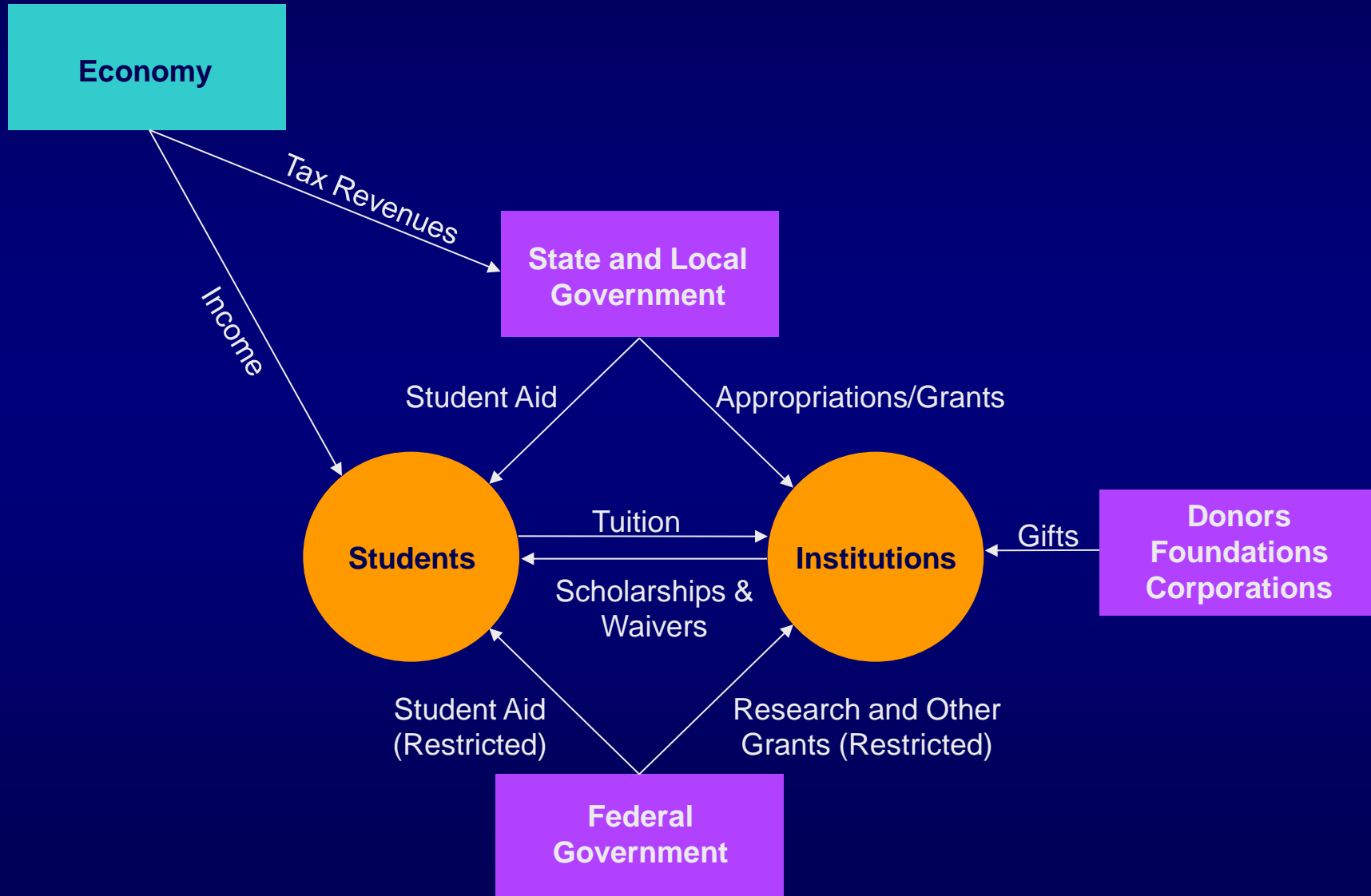
Kentucky Council on Postsecondary Education

September 22, 2002

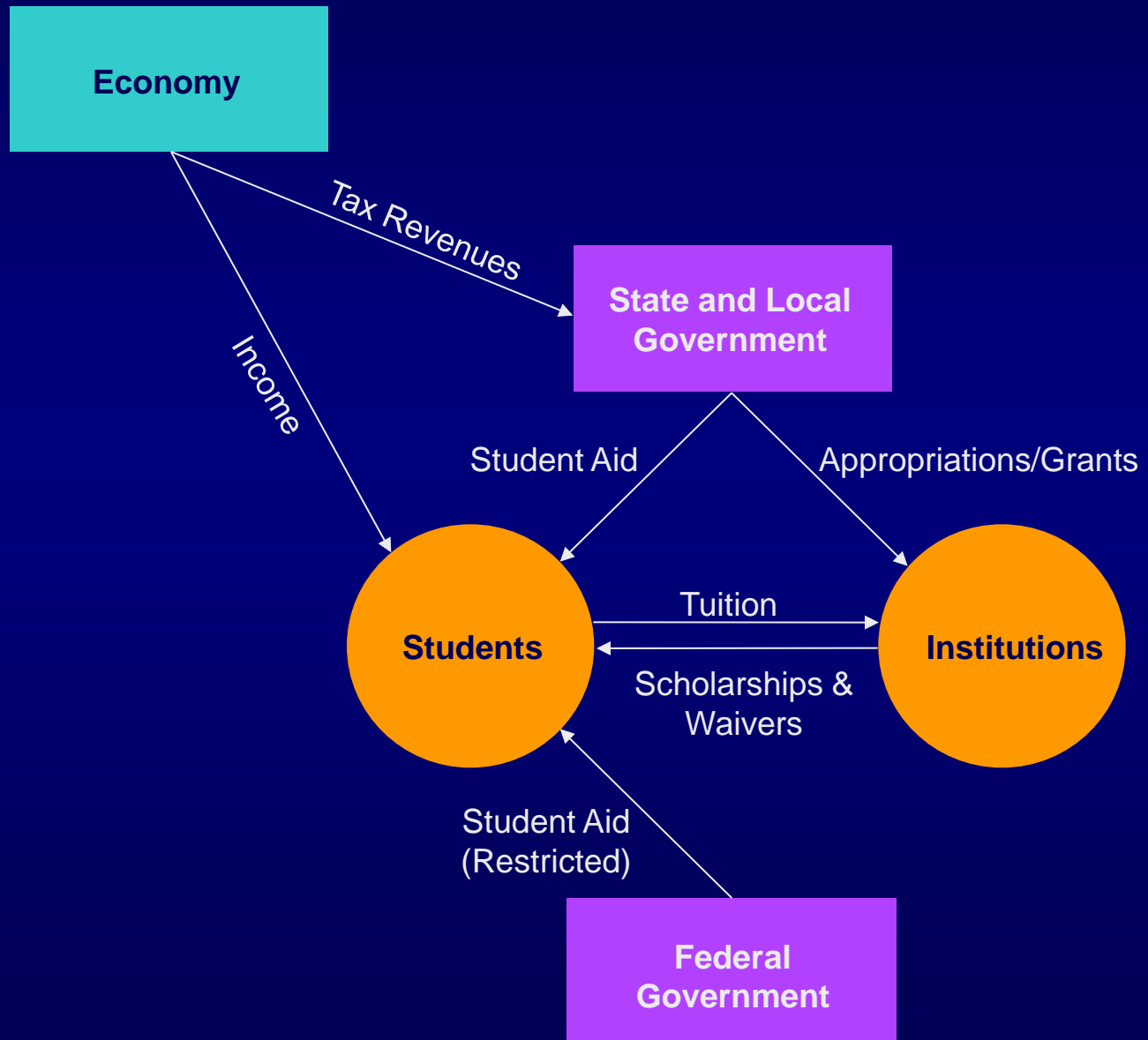
National Center for Higher Education Management Systems
P.O. Box 9752 Boulder, Colorado 80301-9752 (303) 497-0301



The Flow of Funds



The Flow of Funds

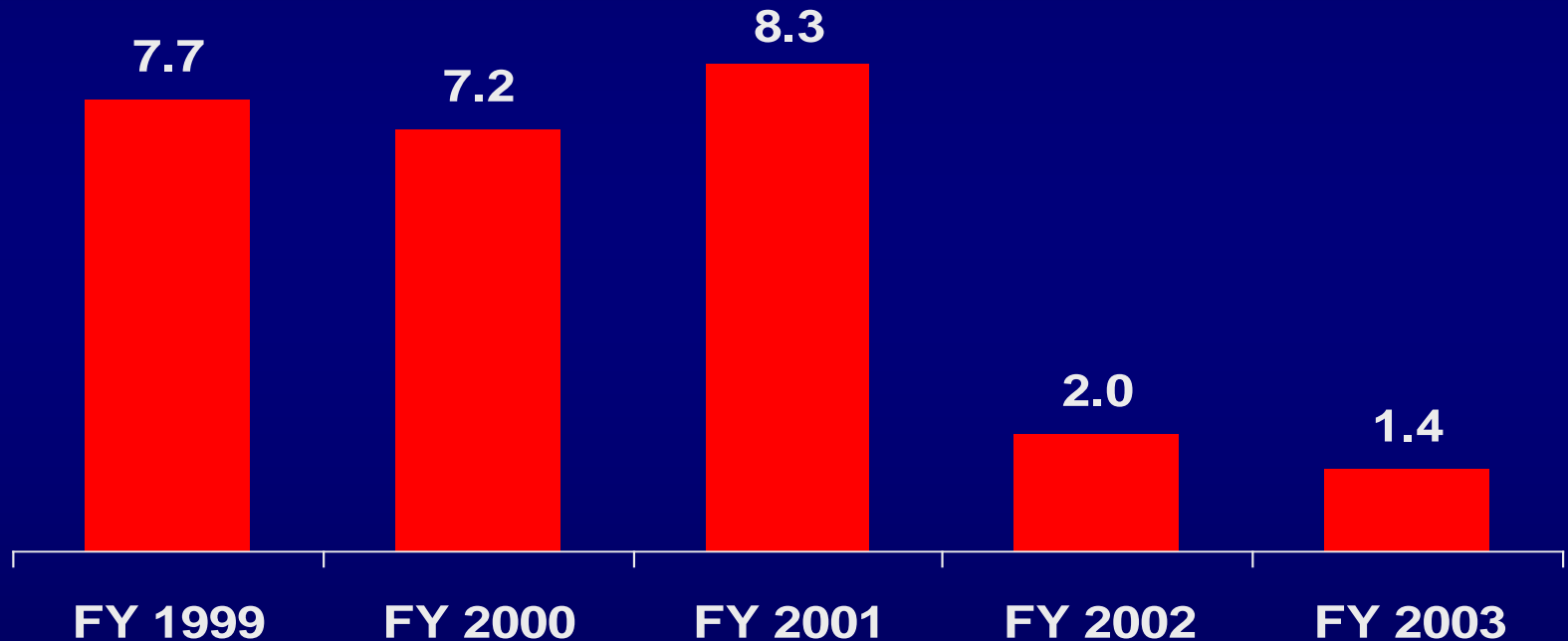


The Fiscal Environment for States

- Times Are Tough
- The Tough Times Are Not Over

Now...Significant Revenue Downturn

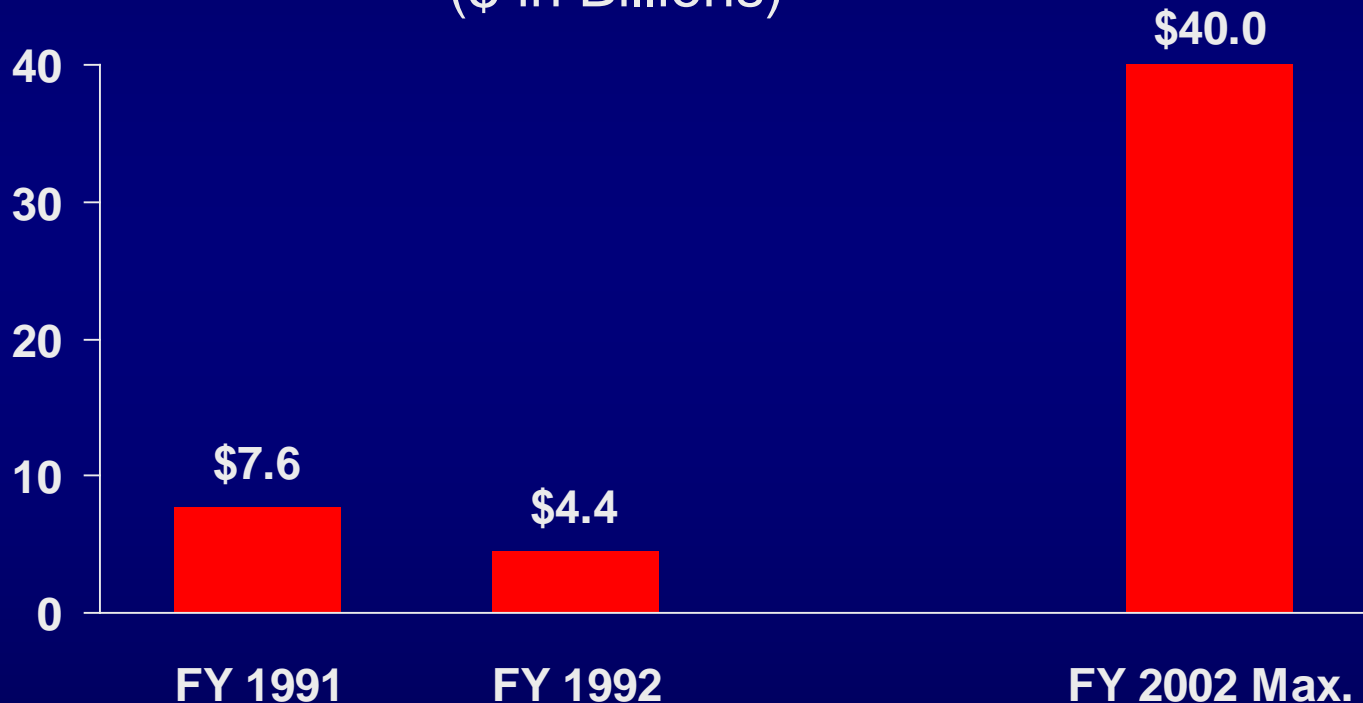
General Fund Expenditure Growth (%)



Source: NASBO

Budget Shortfalls Have Been Significant

Amount Revenues Below Projections
(\$ in Billions)



Source: NASBO

In Some Ways, Worse than Early '90s

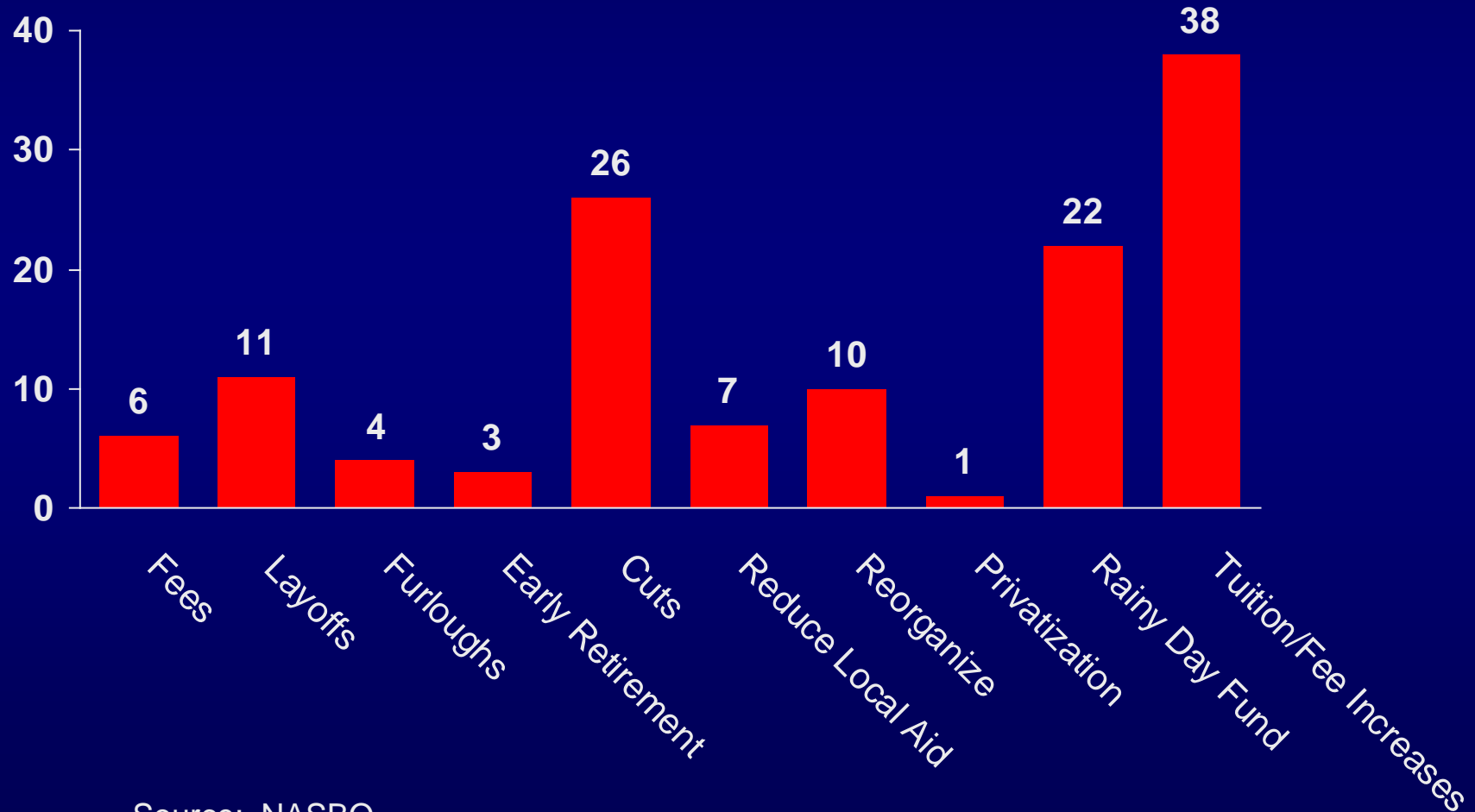
- At Their Peak, Shortfalls Equaled Nearly 8 Percent of Revenues This Year—Fiscal Year 2002
- In 1992, Only 6.5 Percent

Source: NASBO

Actions States Are Taking to Balance Budgets

- Rainy-Day Funds Tapped
- Higher Education Cuts, Tuition Increases
- Tobacco Settlements Used
- Aid to Localities Cut
- Some Employer Retirement Contributions Suspended
- Funds Transferred
- Construction Delayed
- Across-the-Board Budget Cuts
- Revenue Increases, Tax Cut Delays
- Layoffs, Furloughs, Hiring Freezes, Early Retirement

State Strategies Used to Reduce Budget Gaps, Fiscal Year 2002

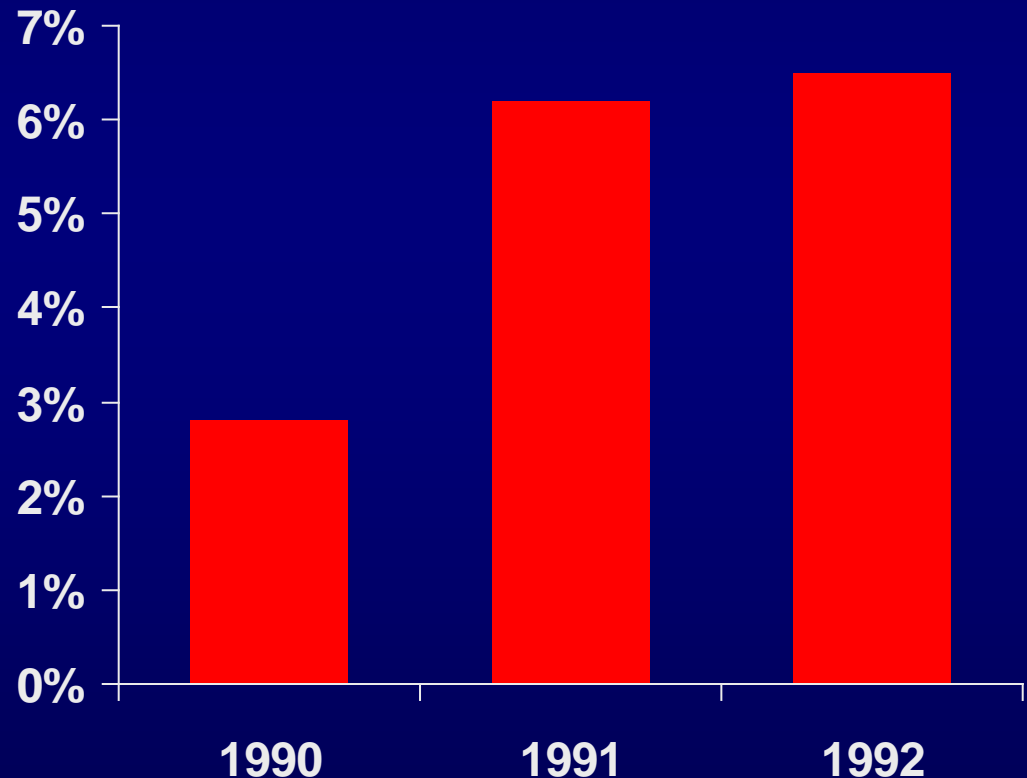


Source: NASBO

The “Lag” Issue: This Will Not End Soon

Budget Shortfalls as Percent of Revenues

While the early 1990s recession ended in 1991, one year later budget shortfalls had **grown** in relative terms.



Source: NASBO

State and Local Surplus or Shortfall as a Percent of Baseline Revenues in Year 8 of Fiscal Projections

Rank	State	Percent	Rank	State	Percent	Rank	State	Percent
1	Iowa	2.7	18	Kansas	-1.9	34	Montana	-5.7
2	Nebraska	1.5	19	Mississippi	-2.0	35	Georgia	-6.5
3	North Dakota	0.9	20	Oklahoma	-2.1	36	Washington	-6.7
4	Ohio	0.9	21	Arkansas	-2.3	37	Virginia	-6.8
5	Kentucky	0.5	22	Louisiana	-2.5	38	Colorado	-7.0
6	Connecticut	0.4	23	California	-2.8	39	Maryland	-7.1
7	Michigan	0.4	24	Rhode Island	-2.9	40	Texas	-7.8
8	New York	0.3	25	Delaware	-3.0	41	New Hampshire	-8.2
9	Maine	0.1	26	New Jersey	-3.3	42	Florida	-8.8
10	Minnesota	0.1	27	North Carolina	-3.7	43	Tennessee	-9.1
11	Massachusetts	0.0		United States	-3.8	44	Arizona	-10.5
12	Oregon	-0.1	28	Utah	-4.3	45	Wyoming	-10.6
13	Illinois	-0.4	29	South Carolina	-4.6	46	New Mexico	-12.0
14	Pennsylvania	-1.3	30	Vermont	-4.6	47	Idaho	-13.2
15	West Virginia	-1.4	31	Alabama	-4.8	48	Hawai'i	-15.1
16	Wisconsin	-1.5	32	South Dakota	-5.0	49	Alaska	-16.4
17	Missouri	-1.8	33	Indiana	-5.7	50	Nevada	-18.3

Source: State Policy Research, Inc., 1998

Tax Capacity and Effort



Percentage Change in Spending to Maintain Current Services

Rank	State	Annual Avg. Advantage for Higher Ed.	8-Year Spending Growth Rate		Rank	State	Annual Avg. Advantage for Higher Ed.	8-Year Spending Growth Rate	
			All Programs	H.E.				All Programs	H.E.
1	Vermont	5.3	41.0	83.3	26	Missouri	1.3	36.9	47.5
2	Nevada	4.9	75.4	114.8	27	Delaware	1.3	43.8	54.3
3	Hawai'i	4.3	45.3	79.5	28	Louisiana	1.3	33.3	43.7
4	New Mexico	3.3	52.2	78.9		United States	1.0	39.5	47.7
5	Arizona	3.3	60.6	86.9	29	New York	1.0	32.5	40.5
6	South Dakota	3.2	40.2	65.7	30	Georgia	0.8	50.0	56.4
7	Wisconsin	3.0	36.9	60.8	31	Massachusetts	0.8	36.1	42.3
8	Florida	2.9	46.3	69.6	32	Texas	0.7	45.5	51.5
9	Minnesota	2.8	38.0	60.3	33	Idaho	0.6	57.8	62.3
10	Kansas	2.8	37.2	59.2	34	Virginia	0.5	41.6	45.7
11	Washington	2.7	44.9	66.4	35	Wyoming	0.3	42.4	44.5
12	Connecticut	2.4	31.8	51.1	36	Utah	0.1	51.0	52.1
13	Maryland	2.4	40.5	59.6	37	Michigan	0.1	31.7	32.6
14	New Hampshire	2.2	44.5	62.0	38	Illinois	0.0	33.4	33.8
15	Iowa	2.1	32.0	48.7	39	Tennessee	0.0	45.4	45.4
16	Oklahoma	2.1	33.7	50.4	40	Maine	-0.1	31.3	30.4
17	Alaska	2.1	43.6	60.3	41	Ohio	-0.2	32.1	30.5
18	Pennsylvania	1.9	32.5	47.4	42	Indiana	-0.2	38.7	36.7
19	Montana	1.7	43.1	56.7	43	New Jersey	-0.5	37.1	33.3
20	Colorado	1.7	50.8	64.2	44	Arkansas	-0.5	40.2	36.2
21	California	1.7	38.9	52.3	45	South Carolina	-0.5	40.0	36.0
22	Rhode Island	1.6	33.7	46.8	46	Alabama	-0.6	38.9	34.3
23	North Dakota	1.5	33.2	45.0	47	Kentucky	-0.8	35.4	28.6
24	Oregon	1.4	43.2	54.8	48	Mississippi	-0.9	37.4	30.5
25	Nebraska	1.4	35.9	47.4	49	West Virginia	-0.9	29.4	22.0
					50	North Carolina	-1.3	45.9	35.3

Source: Calculated from *The Outlook for State and Local Finances* (Washington, D.C.: National Education Association, 1998), Technical Appendix

The Fiscal Environment for Students

Times Are Tough for
Students, too!

KENTUCKY



AFFORDABILITY:

B

FAMILY ABILITY TO PAY (50%)	Kentucky	Top States
Percent of income needed to pay for college expenses minus financial aid:		
<u>at community colleges</u>	17%	17%
<u>at public 4-year colleges/universities</u>	21%	19%
<u>at private 4-year colleges/universities</u>	44%	30%
STRATEGIES FOR AFFORDABILITY (40%)		
<u>State grant aid targeted to low-income families as a percent of federal Pell Grant aid to low-income families</u>	33%	106%
<u>Share of income that poorest families need to pay for tuition at lowest priced colleges</u>	14%	9%
RELIANCE ON LOANS (10%)		
<u>Average loan amount that students borrow each year</u>	\$3,327	\$3,094

Note: In the Affordability category, the lower the figures, the better the performance for all indicators except for "State grant aid targeted to low-income families as a percent of federal Pell Grant aid."

State Comparisons: Index Scores—Affordability

STATE	Category Grade	Family Ability to Pay (50%)						Need-Based Financial Aid (20%)	Low-Priced Colleges (20%)	Low Student Debt (10%)	STATE	Category Grade	Family Ability to Pay (50%)						Need-Based Financial Aid (20%)	Low-Priced Colleges (20%)	Low Student Debt (10%)
		Category Index Score	At Community Colleges*	At Public 4-Yr Colleges*	At Private 4-Yr Colleges*	Need-Based Financial Aid (20%)	Low-Priced Colleges (20%)						Category Index Score	At Community Colleges*	At Public 4-Yr Colleges*	At Private 4-Yr Colleges*	Need-Based Financial Aid (20%)	Low-Priced Colleges (20%)			
Alabama	D	65	77	77	65	1	47	88	Montana	D-	61	73	70	62	1	42	97				
Alaska	C	75	82	88	100	n/a	61	90	Nebraska	C+	77	86	91	65	10	69	88				
Arizona	C-	71	72	72	62	2	93	77	Nevada	B	83	73	84	71	31	89	89				
Arkansas	C+	77	85	80	67	20	73	92	New Hampshire	F	50	64	64	50	8	29	76				
California	A	100	66	62	42	35	215	71	New Jersey	B	83	75	67	54	100	50	86				
Colorado	B-	81	81	87	53	45	65	81	New Mexico	B	84	91	72	46	26	100	91				
Connecticut	C	73	78	70	44	76	56	72	New York	D-	60	48	54	36	87	26	71				
Delaware	C-	70	84	69	74	14	71	76	North Carolina	A	96	80	94	54	25	149	85				
Florida	D	64	72	73	46	9	63	81	North Dakota	C	74	79	85	102	8	49	106				
Georgia	D+	68	75	81	54	n/a	73	80	Ohio	D-	62	65	65	52	36	37	86				
Hawaii	C-	71	77	70	60	2	87	86	Oklahoma	B-	81	95	94	65	17	65	92				
Idaho	B-	80	89	89	57	2	78	100	Oregon	D-	61	64	64	43	22	53	81				
Illinois	A	95	83	80	58	116	72	74	Pennsylvania	C	74	72	65	47	93	46	79				
Indiana	C+	79	73	75	57	73	47	92	Rhode Island	F	49	64	52	35	18	44	76				
Iowa	B	85	87	100	62	57	54	91	South Carolina	C	73	77	72	63	22	73	87				
Kansas	B	86	102	99	71	16	71	91	South Dakota	D+	67	n/a	88	60	n/a	34	99				
Kentucky	B	83	100	91	70	31	63	93	Tennessee	C	73	88	84	53	15	66	86				
Louisiana	C-	70	95	82	39	1	68	85	Texas	C	76	83	77	54	12	86	85				
Maine	F	54	51	65	35	27	33	86	Utah	A	98	85	114	151	3	82	91				
Maryland	D	66	65	69	50	37	50	75	Vermont	D-	61	66	49	41	78	35	74				
Massachusetts	D	63	80	71	38	68	44	66	Virginia	C	76	85	73	62	39	68	80				
Michigan	C	75	73	68	73	47	59	93	Washington	B-	81	83	85	50	56	59	84				
Minnesota	A	94	91	97	59	103	44	98	West Virginia	D	63	72	67	48	21	44	94				
Mississippi	C+	79	112	78	64	1	69	96	Wisconsin	B+	87	75	107	61	54	52	95				
Missouri	D+	69	75	81	60	14	68	79	Wyoming	C+	79	89	86	n/a	1	72	104				

* Weights within the Family Ability to Pay indicators are based on enrollment by type of institution. The zero scores for South Dakota on Family Ability to Pay at Community Colleges and for Wyoming on Family Ability to Pay at Private 4-Year Colleges are weighted at zero, and as a result do not affect the state's overall grade for affordability.

Notes: Numbers in bold refer to best-performing states.

Decisions Required at Two Levels

- System—Methods and Levels of Allocation to Individual Institutions
- Institution—Methods and Levels of Allocation to Functions and Units within Institutions

Objectives at Both Levels

- Maintain Educational Capacity—the Basic Assets of:

- Institutions
- Units within Institutions

This is the purpose of base funding.

- Utilize Capacity to Achieve Stated Priorities

This is the purpose of incentive/performance funding.

Pressure is always to fund the base at the expense of funding for priorities.

Recommendations:

1. Create a Budget Structure that Assures Funding for Both Components.
2. If Cuts Become Necessary, Makes Cuts Proportionately.

Basic Principle

Financing Is a Means to Broader Objectives—
the Public Agenda for the State.

Impact of Financing Strategies on
Achieving Stated Priorities Should
Always Be Questioned/Determined.

Corollary

- Priorities Continue Through Good Times and Bad
- Constrained Resources Should Not Be an Excuse for Abandoning the Public Agenda

Strategies

The Six Strategies that Can Be Utilized to Respond to Stable/Diminished State Appropriations:

- Reduce Capacity/Limit Access
- Revenue Enhancements
- Productivity Increases
- Narrowing Portfolio of State Investment
- Creation and Utilization of Educational “Rainy Day” Funds
- Asset Conversion—Turning Assets into Resources for Operations

Reducing Capacity/Limiting Access

- Seldom Overt
 - Poor Short-Term Politics
 - Poor Long-Term Economics

- Many Less Obvious Tactics Available
 - Change Admissions Requirements
 - Admit Students but Limit Course Offerings
 - Advance Cut-Off Dates for Admission/
Student Aid

The Real Challenge

- Accommodating Demand—Somewhere Within the “System”
- Within Available Resources

Requires:

- Multiple Strategies
- A Systems Approach

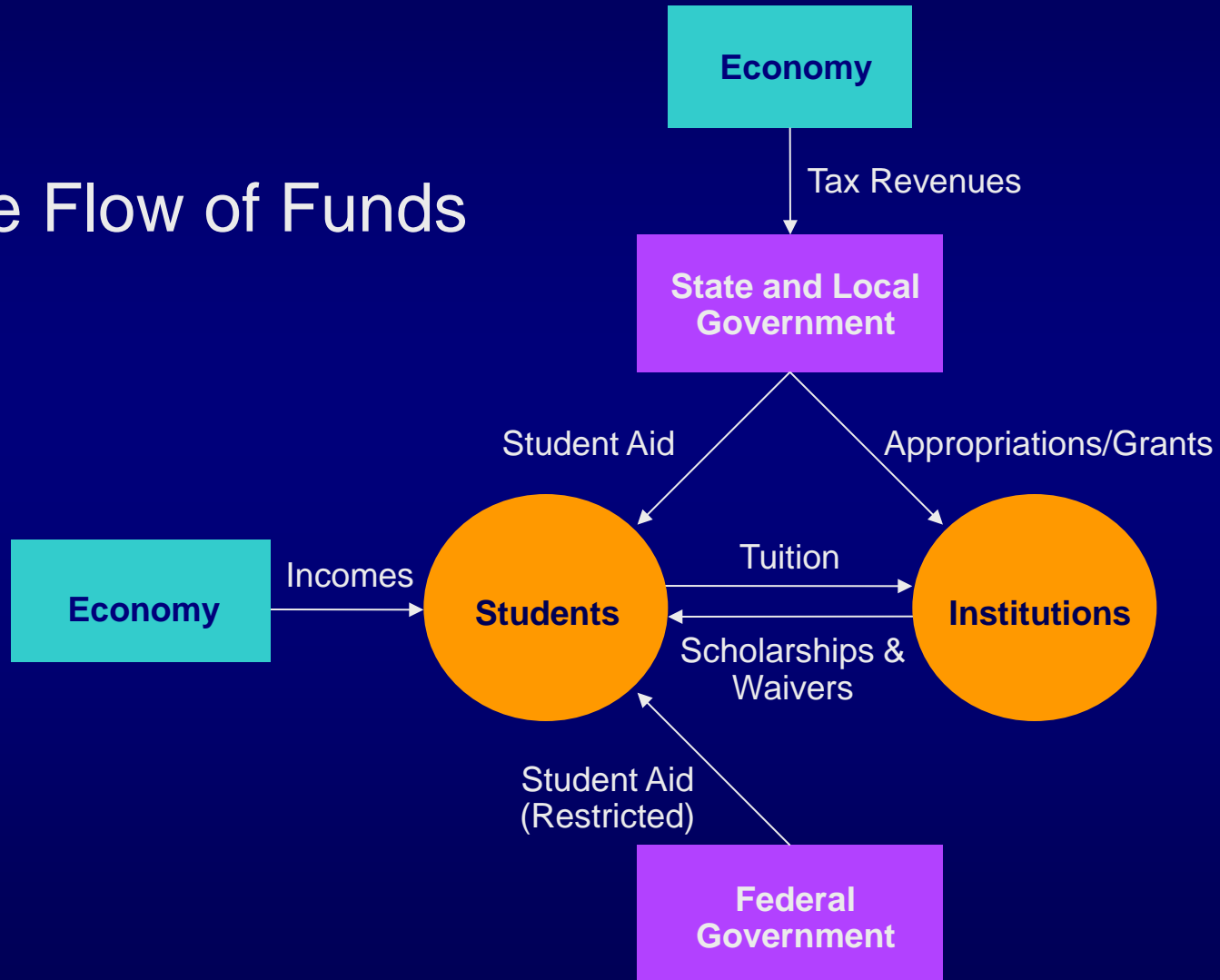
Revenue Enhancements

Alternative Sources of Funding

- Students
- Donors
- Employers
- Other (non-Higher Education)
Branches of State Government

Understanding Higher Education Finance

The Flow of Funds



Revenue Enhancements

Reality for Most Institutions—Short-Term Revenue Enhancement Equates to Increasing Revenues from Students:

- Increasing Net Revenues per Student
 - Higher Tuition
 - Increased Proportion of Out-of-State Students
 - Less Institutional Aid/Price Discounting
- Increasing Numbers of Students Served—
When New Revenues Exceed Additional Costs

(continued)

Revenue Enhancements (cont.)

State Policy Issue—Integrating Policies Regarding:

- Institutional Support
- Student Aid
- Tuition and Fees
- Institutional Aid/Waivers

Productivity Increases

- Campus Level
- System Level
- Government-Wide

System-Level Productivity Increases

- Give Funding Priority to Institutions that Can Accommodate Increased Demand at Least Cost
 - Consider Nonpublic Institutions in Equation
- Develop Systemwide Strategies for Gaining Efficiencies in Very Large Courses—Look to Lower Division

System-Level Productivity Increases (cont.)

- Decrease Demand per Student
 - Advanced Placement
 - Minimize “Rework”—Collegiate and High School
 - Reduce “Credit Creep” in Degree Requirements
 - Limit Number of Credits that Can Be Taken at In-State Rates

System-Level Productivity Increases (cont.)

- Autonomy with Accountability
 - Define *a priori*
- Optimize Balance Between Institutional and Student Aid
- Utilize Technology to Share Resources

Campus-Level Productivity Increases

- Differentiate Staffing—Don't Trade Small Savings for Large Losses in Capacity
- Seek New Methods of Delivery—Especially for Large, Lower-Division Courses
- Reallocation of Time—Shift Internal Priorities
- Autonomy with Accountability

Round I Savings Summary

Institution	Course	Cost per Student		Savings per Student	Percent Savings
		<i>Traditional</i>	<i>Redesign</i>		
Va Tech	Math	86	26	60	70
U at Buffalo	Computer Lit	248	114	134	54
U of So. Maine	Psychology	113	58	55	49
Rio Salado	Algebra	49	31	18	37
U of Illinois-UC	Statistics	237	159	78	33
Penn State	Statistics	176	123	53	30
UW-Madison	Chemistry	257	185	72	28
UColorado-Boulder	Astronomy	171	137	34	20
IUPUI	Sociology	83	66	17	20
U of Central Florida	Amer Gov't	82	76	6	7
AVERAGE					35%

Institution	Course	Annual Enrollment	Annual Cost		Annual Savings
			<i>Traditional</i>	<i>Redesign</i>	
UW-Madison	Chemistry	4,100	1,053,700	758,500	\$ 295,200
U of Illinois-UC	Statistics	3,200	758,400	508,800	249,600
U at Buffalo	Computer Lit	1,000	248,000	114,000	134,000
Penn State	Statistics	2,200	387,200	270,600	116,600
Va Tech	Math	2,000	172,000	52,000	120,000
UColorado-Boulder	Astronomy	2,080	355,680	284,960	70,720
U of Central Florida	Amer Gov't	2,200	180,400	167,200	64,300
U of So. Maine	Psychology	850	96,050	49,300	46,750
IUPUI	Sociology	2,000	166,000	132,000	34,000
Rio Salado	Algebra	955	46,795	29,605	17,190
TOTAL		20,585			\$1,148,360

UCF includes reductions in # of sections

Round II Savings Summary

Institution	Course	Cost per Student		Savings per Student	Percent Savings
		<i>Traditional</i>	<i>Redesign</i>		
Cal Poly Pomona	Psychology	135	21	114	84
U of Tennessee	Spanish	109	28	81	74
U of Idaho	Math	139	97	42	31
Riverside CC	Elem Algebra	206	113	93	45
U of Dayton	Psychology	139	78	61	44
U Mass	Biology	199	117	82	41
Carnegie Mellon *	Statistics	227	138	89	39
Fairfield U *	Biology	506	350	156	31
U of Alabama	Int Algebra	122	86	36	30
U of Iowa	Chemistry	277	223	54	20
AVERAGE					44%

Institution	Course	Annual Enrollment	Annual Cost		Annual Savings
			<i>Traditional</i>	<i>Redesign</i>	
Riverside CC	Elem Algebra	3,600	741,600	406,800	\$ 334,800
U of Idaho	Math	2,428	337,492	235,516	101,976
Cal Poly Pomona ^	Psychology	1,500	202,500	31,500	171,000
U of Tennessee ^	Spanish	1,539	167,751	43,092	124,659
U of Iowa	Chemistry	1,300	360,100	289,900	70,200
U Mass	Biology	700	139,300	81,900	57,400
U of Alabama	Int Algebra	1,500	183,000	129,000	54,000
U of Dayton	Psychology	850	118,150	66,300	51,850
Fairfield U ^	Biology	260	131,560	91,000	40,560
Carnegie Mellon	Statistics	420	95,340	57,960	37,380
TOTAL		14,097			\$1,043,821

* Two-stage redesign ^ Adds students

Round III Savings Summary

Institution	Course	Cost per Student		Savings per Student	Percent Savings
		<i>Traditional</i>	<i>Redesign</i>		
U of S Mississippi	World Lit	70	31	39	56
Northern Arizona U	College Algebra	138	73	65	47
U of New Mexico	Psychology	72	38	34	47
Iowa State U	Math	129	75	54	42
Drexel U	Computer Prog	172	100	72	42
Tallahassee CC	English Comp	252	145	107	42
Brigham Young U	English Comp	181	108	73	40
Florida Gulf Coast U	Fine Arts	132	81	51	39
Ohio State U	Statistics	190	132	58	31
Portland State U	Spanish	178	128	50	28
AVERAGE					41%

Institution	Course	Annual Enrollment	Annual Cost		Annual Savings
			<i>Traditional</i>	<i>Redesign</i>	
Tallahassee CC	English Comp	3,000	756,000	435,000	\$ 321,000
Brigham Young U	English Comp	3,400	615,400	367,200	248,200
Ohio State U	Statistics	2,850	541,500	376,200	165,300
Iowa State U	Math	1,800	232,200	135,200	97,200
U of S Mississippi	World Lit	2,000	140,000	62,000	78,000
U of New Mexico	Psychology	2,250	162,000	85,500	76,500
Drexel U	^ Computer Prog	1,024	176,128	102,400	73,728
Northern Arizona U	^ College Algebra	920	126,960	67,160	59,800
Florida Gulf Coast U	^ Fine Arts	800	105,600	64,800	40,800
Portland State U	^ Spanish	690	122,820	88,320	34,500
TOTAL		18,734			\$1,195,028

^ Adds students

Government-Wide Increases in Productivity

- Eliminate Some of the (Educational Activity) Overlap Between Higher Education and Other Branches of State Government

Focus the Allocation—Narrow the Portfolio of State Investments in Higher Education

- Program Eliminations/Consolidations
- Make Greater Use of Regional/Interstate Consortia
- Require Selected Programs to Be Operated as Enterprises

Create and Utilize Educational Rainy Day Funds

- Build Reserves in Good Times
- Draw on Reserves in Bad Times

Requires:

- A Clear Device for Accumulation
- A Clear Mechanism for Utilization
- Protection Against Raids

Use Assets Creatively—Manage the Balance Sheet

- Deferring Maintenance—Using Resources “Saved” to Fund Operations
- Buildings, Therefore, Become the “Rainy Day” Fund

Requires—A Clear Strategy for Eliminating Deferrals in Good Times

Institutional Level

Difficult to Make Cuts without Affecting Personnel

- Numbers
- Characteristics/Qualifications
- Wage/Salary Levels

The Key to Managing Costs at the Institutional Level...

...Is Effective Management of Human Resources.

Time/Effort is the Key Resource to Be Allocated.

Management Discretion Extends to:

- Assignments of Personnel to Functions
- Assignments of Personnel to Activities

Administrative Decision Space

	Full-Time Faculty	Part-Time Faculty	Students	Administrative/ Professional
Lower-Division Instruction				
Upper-Division Instruction				
Graduate Instruction				
Research				
Service				
Advising				
Administrative				
Professional Development				

The Unbundling of Institutional Functions

RESOURCES USED	ACTIVITIES							
	Curriculum Design	Content Development	Information Delivery	Mediation/Tutoring	Assessment	Advising/Counseling	Other Student Services	Administration
Faculty	X	X	X	X	X	X		
Professional Staff							X	X

(continued)

The Unbundling of Institutional Functions (cont.)

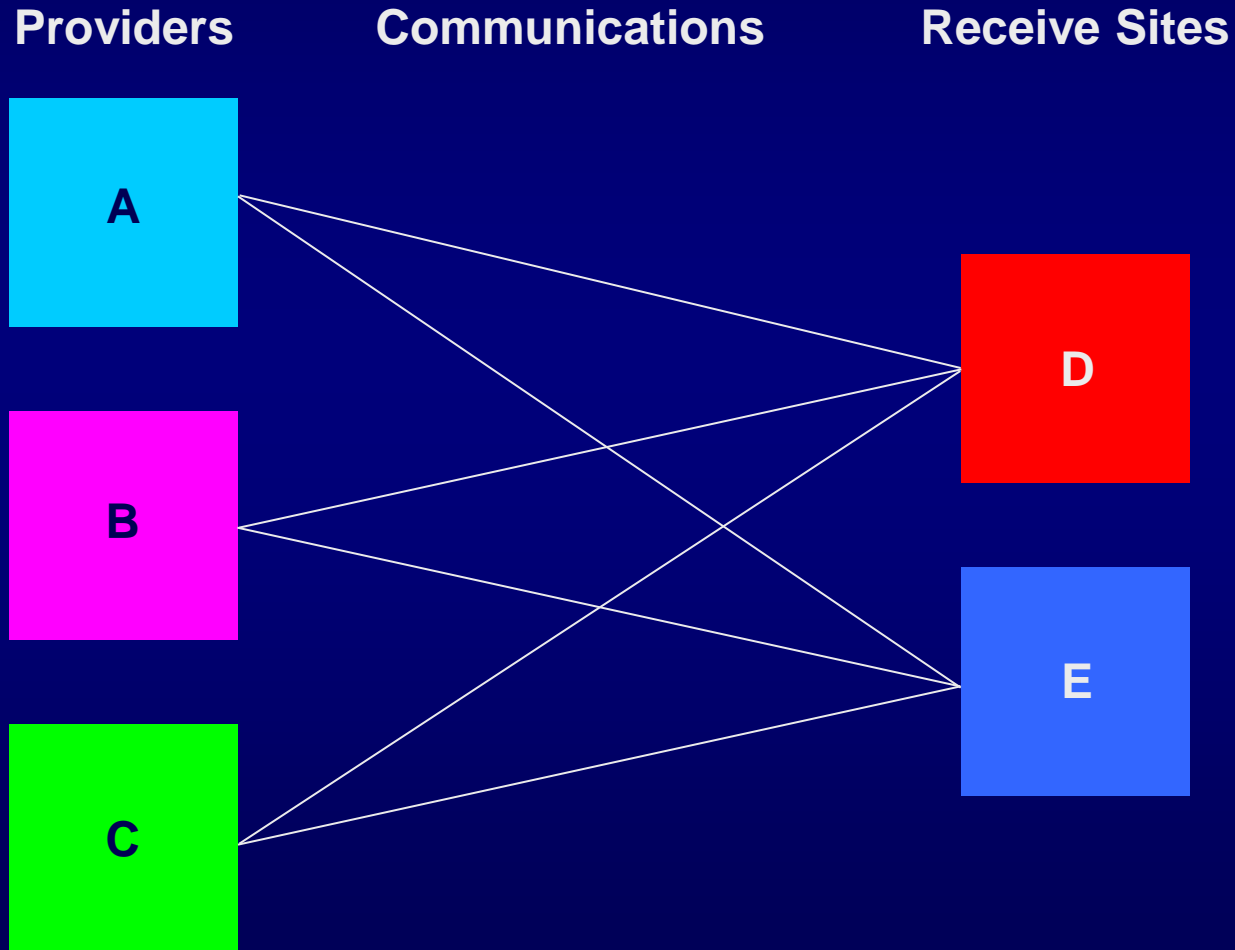
RESOURCES USED	ACTIVITIES							
	Curriculum Design	Content Development	Information Delivery	Mediation/Tutoring	Assessment	Advising/Counseling	Other Student Services	Administration
Faculty	X	X	X	/		X		
Graduate Assistants					X	/		
Professional Staff							X	X

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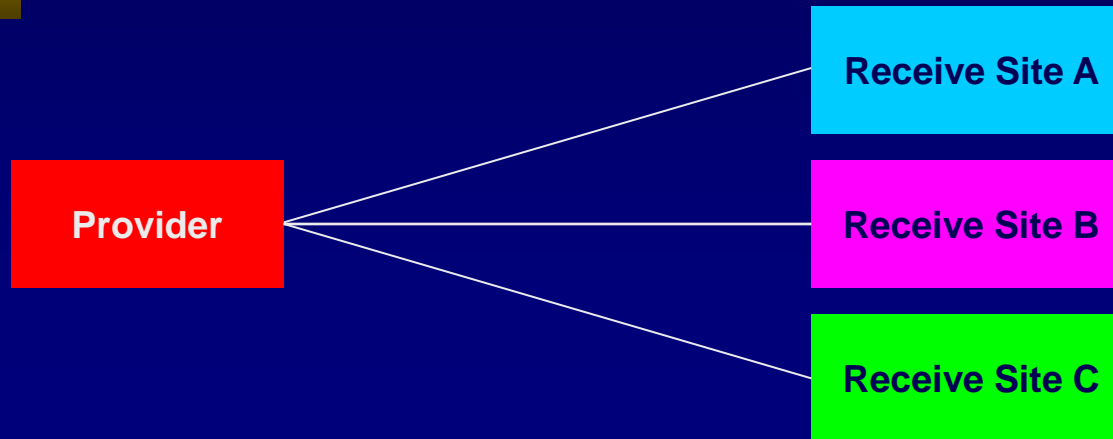
The Unbundling of Institutional Functions (cont.)

RESOURCES USED	ACTIVITIES							
	Curriculum Design	Content Development	Information Delivery	Mediation/Tutoring	Assessment	Advising/Counseling	Other Student Services	Administration
Faculty	X							
Vendors		X						
Technologies			X					
Technical Staff			X					
Paraprofessionals				X				
Partner Organization					X	X	X	X

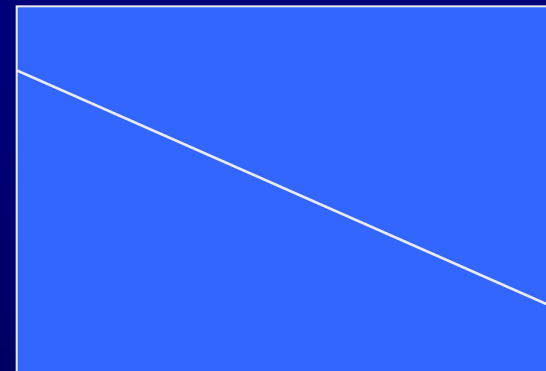
Rethinking the Role of Institutions



The Provider-Driven Perspective



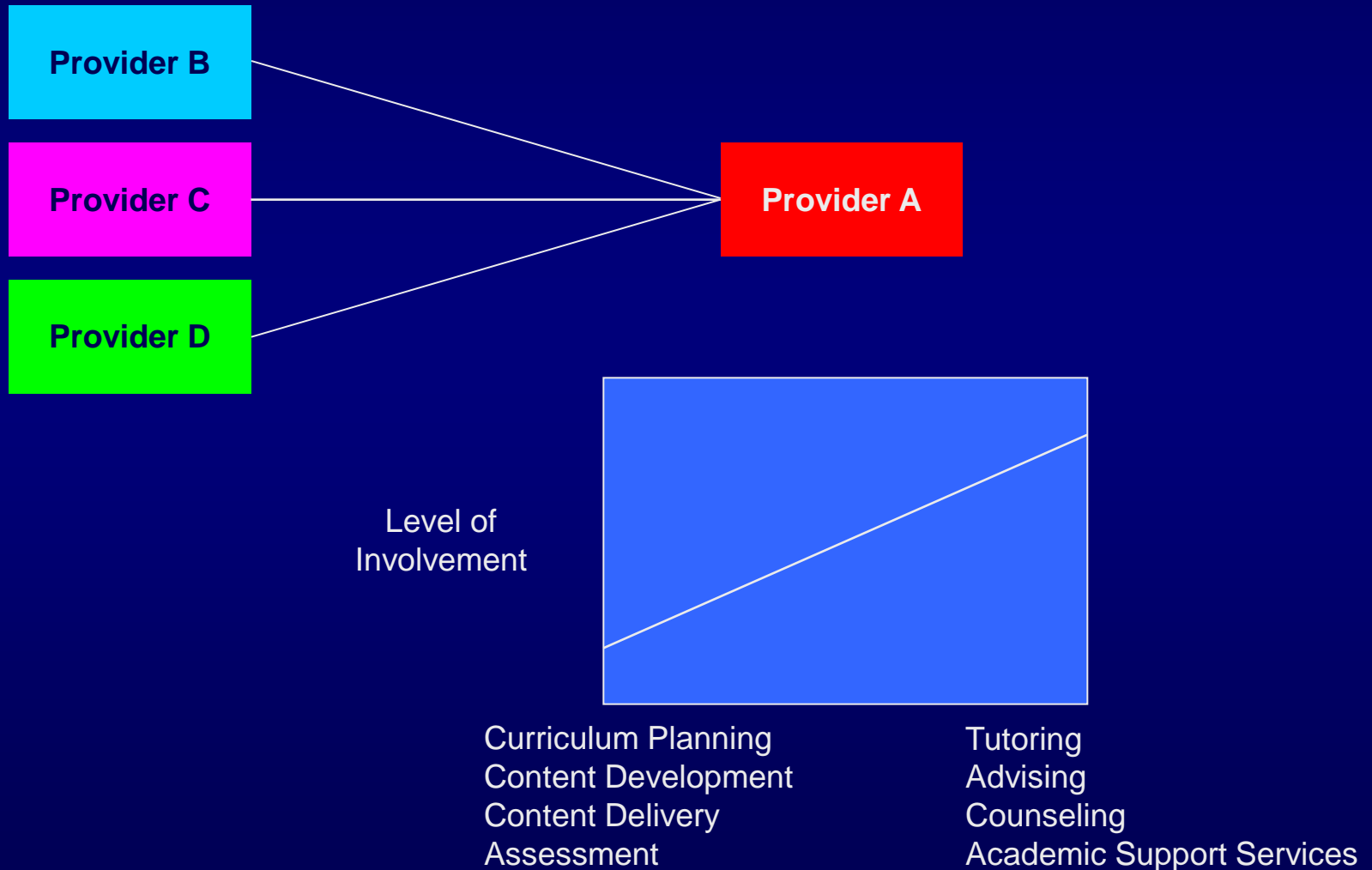
Level of
Involvement



Curriculum Planning
Content Development
Content Delivery
Assessment

Tutoring
Advising
Counseling
Academic Support Services

The Responsibility Area Perspective



The Implications of Responsibility Centers

- Less Emphasis on:
 - Developing Materials
 - Delivering Information
- More Emphasis on:
 - Assessing Needs
 - Brokering Instructions
 - Mentoring Students
 - Providing Student and Administrative Support Services

Final Note

Changing ways of doing business will not occur unless the policy environment/resource allocation tools create incentives for change.

The role of the CPE is to create a policy environment that:

- Encourages Attention to Creation and Maintenance of Educational Assets Aligned with State Needs
- Ensures that State Priorities Are Addressed

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

Executive Summary

1. Are more Kentuckians ready for postsecondary education?

A report on the 2001-02 statewide adult education enrollment and GED attainment will be provided at the September council meeting. The data include enrollment in county basic grant programs, English as a second language, corrections education, family literacy, and workplace education programs. Programs meeting or exceeding performance and enrollment goals are eligible for incentive rewards.

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

Executive Summary

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

Several universities are reporting record high freshmen class sizes and, by all indications, fall 2002 enrollments will increase. At the time of this mailing, campuses are continuing to process student registrations. Preliminary enrollment numbers will be presented at the council meeting.

The staff recommends that the council approve a new definition of a “Kentucky Virtual University student” and a “KYVU course.” (For details, see page 19.)

At its February 6, 2002, meeting, the Distance Learning Advisory Committee asked the KYVU and the council to form a task force to draft a revised definition of a “KYVU student” and a “KYVU course.” These definitions, along with new KYVU and KYVL performance goals, are offered for council approval.

The Commonwealth is nearing the end of its partnership with the U.S. Department of Education Office for Civil Rights. The final status report will be submitted in November. The agreement will end December 31, 2002. The OCR will notify the Commonwealth by March 2003 whether Kentucky has fulfilled the commitments outlined in the agreement. The Committee on Equal

Opportunities will meet Monday, October 21, 2002, and will review a draft of the final status report to the OCR.

Council on Postsecondary Education
September 22, 2002

Kentucky Virtual University Student and Course Definitions

Action: The staff recommends that the council approve a new definition of a “Kentucky Virtual University student” and a “KYVU course,” as described below.

At its February 6, 2002, meeting, the Distance Learning Advisory Committee (DLAC) asked the KYVU and the council to form a task force to draft a revised definition of a “KYVU student” and a “KYVU course.” Sherri Noxel, council Senior Associate for Information, and Gene Ranvier, KYVU Chief Student Services Officer, led the task force, which included representatives from Northern Kentucky University, the Kentucky Community and Technical College System, the Governmental Services Center, and the Department for Adult Education and Literacy. DLAC approved August 26, 2002, the following task force recommendations, for which the council staff seeks council approval.

1. The term “learner” will replace “student” because many users of the KYVU’s services are not enrolled at an academic institution (examples include learners at the Department for Adult Education and Literacy’s KyVAE.org and at the Education Professional Standards Board’s KyEducators.org). The term “student” suggests enrollment for academic credit within a traditional academic semester. “Learner” is a broader term that implies anywhere, anytime work to improve skills and enhance knowledge whether or not an academic credential is associated with the work.

2. To be counted as a KYVU learner, an individual must meet any one of the following three criteria: (a) he or she is enrolled in a course, module, or other program housed on a course management platform or other software licensed by the KYVU; (b) he or she registers through the KYVU for a course, module, or other program, regardless of where it is housed electronically; or (c) he or she uses in a material and countable way other KYVU services, such as advising, tutoring, or the call center.

The KYVU's current technology does not allow for disaggregation of the kinds of learners using advising, tutoring, and call center services, so the criterion in (c) cannot now be implemented. The KYVU wishes to create the criterion for a time when technology allows implementation.

Learner statistics for the KYVU will be kept on the basis of unduplicated headcount. All KYVU learners also will be counted by and at their respective institutions and state agencies. A learner who meets two or three criteria would only be counted at the KYVU once.

3. The courses housed on a course management platform licensed by the KYVU and the courses for which a learner must register through the KYVU are, by definition, KYVU courses. Therefore, a KYVU course can only consist of KYVU learners as defined in 2. above. Students who do not meet the definition of "KYVU learner" in 2. above cannot be included in a KYVU course.

The KYVU's goal is to be as conservative as possible in counting the KYVU's learners, and to identify most accurately the usage of KYVU resources. For example, since present technology does not allow for disaggregation of learners who use the call center, the risk of double counting will be avoided by not counting any callers to the center in the KYVU's learner statistics. Likewise, the proposed new definition will initially reduce the number of KYVU learners because universities and colleges today designate as a "KYVU student" learners who will not meet any of the three criteria proposed above. The KYVU estimates the impact on the KYVU's count of learners from universities and colleges to be (all figures are unduplicated headcount):

Spring 2001 under existing definition: 3,210 learners

Spring 2001 under new definition: 2,380 learners

Spring 2002 under existing definition: 6,281 learners

Spring 2002 under new definition: 5,341 learners

Please note that these figures refer only to learners in credit-bearing courses from the colleges and universities. The KYVU also serves learners who are not seeking academic credit: learners in certificate and other workplace training modules from various providers, learners via KyVAE.org (adult education), and learners via KyEducators.org (K-12 teachers). All the non-credit learners already meet at least one of the proposed three criteria. The non-credit category was 148 learners for spring 2001, and 1,365 for spring 2002. Thus, combining the number of learners under the new definition in credit-bearing activities with the number of learners under the new definition in non-credit activities, the KYVU calculates its total spring 2001 headcount as 2,528, and its total spring 2002 headcount as 6,706.

Most important, the learner count reported by the KYVU must match the total of the count reported by the council's comprehensive database for learners taking courses offered by the academic institutions and the counts of the relevant database at each state agency for learners taking courses offered by state agencies.

The KYVU recognizes that the proposed revision may entail changes in how institutions report data to the council's comprehensive database. However, the KYVU believes that the proposed change will result in more consistent and accurate statistics for the KYVU. It is worth recalling that, at one level of abstraction, the KYVU has no students: all KYVU learners are primarily learners affiliated with an academic institution or with a program sponsored by a state agency. The learners the KYVU serves and reports are a proxy count so that the KYVU can measure its performance and be measured by the council, DLAC, the governor's office, and the legislature.

If the proposed definition is approved, the KYVU and the council will work closely with the colleges and universities on changes to reporting requirements. The KYVU presented the proposed definition to the campus-based distance education coordinators July 25, to institutional research staff August 9, by letter to the chief academic officers August 8, and to DLAC August 26. If approved, the proposed change would take effect July 1, 2003. The council staff plans to recommend new KYVU performance goals based on the proposed new definitions at the November 2002 council meeting.

Staff preparation by Daniel Rabuzzi

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

Executive Summary

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

The staff recommends that the council approve the University of Kentucky's request to construct a Professional Development Center with \$8,000,000 of private funds. (For details, see page 27.)

The University of Kentucky has requested that the council approve the construction of a 29,000 square foot Professional Development Center for professional development programs, conferences, and training workshops. The facility will serve the needs of the International Business and Management Center. It will allow conferences and professional development activities to be held on campus and reduce the institution's dependence on outside facilities. This project represents a public/private collaborative effort on the part of UK and the business community.

Western Kentucky University has received notification that the Council on Education in Public Health has accredited its Master of Public Health program. This action will strengthen the collaborative public health initiative currently underway in the state among Eastern Kentucky University, the University of Kentucky, the University of Louisville, and WKU. CEPH accredits both schools of public health and individual academic programs in public health (Community

Health Education, for example). WKU received program accreditation. Most accredited schools of public health are located in academic health science centers and are required to offer degrees in the five core public health specialties and a doctoral degree in at least one of the five fields. In November 2001, because of issues with the national accrediting body for public health programs, the council approved development of joint programs between UK and UofL that are needed to create schools of public health at those institutions through 2004. The council and the two institutions will work with the accrediting body to create one jointly accredited school of public health in Kentucky by 2004. ECU has not yet sought accreditation for its relatively new MPH program, but all four institutions are working to share core public health courses and faculty and provide on-line access to students and practitioners in public health around the state. Having an accredited school of public health in Kentucky and accredited programs at partnering institutions will make collaboration easier.

Council on Postsecondary Education
September 22, 2002

University of Kentucky Professional Development Center Construction Project

Action: The staff recommends that the council approve the University of Kentucky's request to construct a Professional Development Center with \$8,000,000 of private funds.

The University of Kentucky proposes to construct a Professional Development Center. The council has the statutory responsibility to review and approve postsecondary education capital construction projects costing \$400,000 or more regardless of fund source. Because the estimated cost of this project exceeds the \$400,000 threshold, the council, the secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee must approve it before it can be initiated.

The Professional Development Center will be a new 29,000 square foot facility that serves the needs of the International Business and Management Center. The center will be a part of the Gatton College of Business and Economics and will house professional development programs, conferences, and training workshops.

The Professional Development Center may be located off-campus in an area designated by the University of Kentucky and the Lexington Urban County Government for "College Town"

development. This area includes several city blocks bordered by Rose, Limestone, Euclid, and High streets.

The Professional Development Center project was included in the university's 2002-08 Six-Year Capital Plan and in the 2002-04 Capital Projects request as part of a much larger project titled Construct Gatton Building Complex (\$54.4 million). The university requested state funds to complete the project, but it was not included in the council's 2002-04 budget recommendation. The university has decided to complete the Professional Development Center portion of the larger project using private funds. The council is asked to approve the project for completion using a different fund source.

When a project that is to be completed using private money is presented to the council for action, an institution is asked to certify the availability of funds for completion. The University of Kentucky states that funding for the project (\$8,000,000) has not been raised but will be available from private sources within the next 12 months. The university further states that project construction will not begin until all private money has been committed.

In the interim, when capital projects are presented for council action, other associated costs are to be disclosed. The annual cost of operations and maintenance for the facility is estimated to be \$336,000. These costs for education and general facilities are traditionally borne by the state. However, approval by the council for authority to complete this capital project does not include an approval of state general funds for the operations and maintenance. A recommendation of state general funds support for operations and maintenance would be made as part of the

council's development of the biennial budget recommendations. The university indicates that state general funds may be requested in future biennia for operations and maintenance of the facility.

Following council action, the staff will forward the council's recommendation to the secretary of the Finance and Administration Cabinet and to the Capital Projects and Bond Oversight Committee.

Staff preparation by Sherron Jackson

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

Executive Summary

The Council Business

Screening Committee Chair Walter Baker will provide an update on the status of the search for a new council president.

University of Louisville board chair Jessica Loving and Kentucky State University chair William Wilson will update the council on the presidential searches of their universities.

The staff recommends that the council approve the 2003 meeting dates. (For details, see page 33.)

The 2003 meeting dates are offered for approval.

Council on Postsecondary Education
September 22, 2002

2003 Meeting Dates

Action: The staff recommends that the council approve the 2003 meeting dates.

After consulting with council members and reviewing the calendar with council chair Norma Adams, the following 2003 council meeting dates are offered for approval.

February 2-3

March 23-24

May 18-19

July 27-28

September 21-22 (trusteeship conference)

November 2-3

Staff preparation by Phyllis Bailey