

Council on Postsecondary Education
November 7, 2008

Equine Revolving Trust Fund

The Council is responsible for administering the equine revolving trust fund established from a tax on parimutuel receipts. The new administrative regulation creates an advisory committee and establishes procedures for the distribution of funds.

ACTION: The staff recommends that the Council approve the attached administrative regulation 13 KAR 2:110. Equine Revolving Trust Fund, file the administrative regulation, and report changes that occur during the review process to the Council.

The Kentucky General Assembly established a tax on parimutuel betting and reserved one-tenth of one percent (.1%) of the tax for use by the universities with equine programs. Each year the revenue is placed in the Equine Trust and Revolving Trust Fund. The Council is to establish an Equine Trust Advisory Council (ETAC), develop criteria for the distribution of the funds, and generally administer the program. Currently, the ETAC is composed of directors of the equine programs at the five universities who currently have equine programs. The Kentucky Community and Technical College System has an associate degree equine program, but does not participate in the trust fund distribution because the statute limits the program to universities.

The ETAC meets at least annually to collaborate on student recruitment and retention to degree attainment and to recommend a distribution of funds. Traditionally, all participating institutions receive \$40,000 per year. An additional amount is provided for a capital project at one institution. Funds are limited to capital projects and equipment purchases.

The Council staff has reviewed this program in consultation with the Program Audit Subcommittee to establish goals and objectives and to ensure that an accountability system is in place. The staff also has worked closely with the existing ETAC about the need to tighten the procedures for the distribution of funds, expand the ETAC, and develop goals for the use of the funds. Clearly defining the membership and role of the advisory committee will assist in ensuring the best use of limited resources for Kentucky's equine programs.

The first step is development of an administrative regulation. The public hearing of the proposed administrative regulation is December 22.

1 COUNCIL ON POSTSECONDARY EDUCATION

2 (New)

3 **13 KAR 2:110. Equine Revolving Trust Fund.**

4 RELATES TO: KRS 138.500

5 STATUTORY AUTHORITY: KRS 138.510(6)

6 NECESSITY, FUNCTION, AND CONFORMITY: The Council on Postsecondary
7 Education is directed by KRS 138.510 to administer an Equine Revolving Trust Fund program
8 for those Kentucky universities with equine programs, to create an advisory committee, and to
9 establish criteria for the evaluation and awarding of grants from the appropriations to the
10 revolving trust fund.

11 Section 1. Equine Programs. An eligible equine program for the purpose of this
12 administrative regulation shall be a baccalaureate degree or above academic program approved
13 by the Council on Postsecondary Education.

14 Section 2. Equine Advisory Committee Membership. The president of the Council on
15 Postsecondary Education shall establish an equine advisory committee with the following
16 membership:

17 (1) one representative each from Morehead State University, Murray State University, the
18 University of Kentucky, the University of Louisville, and Western Kentucky University who
19 shall be the head of the equine program at that university;

1 (2) one representative from the Kentucky Community and Technical College System
2 who shall represent the equine programs for the Kentucky Community and Technical College
3 System; and

4 (3) no more than two representatives from the horse race industry selected by the
5 president of the Council for three (3) year terms.

6 Section 3. Operation of the Equine Advisory Committee. The equine advisory committee
7 shall: (1) select a chair from the members selected pursuant to Sub-section (1) of Section 2 who
8 shall serve as chair for a two (2) year period;

9 (2) meet no less than two (2) times each year; and

10 (3) (a) advise the Council on guidelines for the distribution of funds,

11 (b) assist in the development of criteria for evaluation of proposed activities to be funded
12 through the equine revolving trust fund program; and

13 (c) make recommendations for the distribution of funds.

14 Section 4. Program Guidelines. (1) The Council shall develop guidelines for the
15 distribution of funds for the equine revolving trust fund program for all eligible institutions,
16 Morehead State University, Murray State University, the University of Kentucky, the University
17 of Louisville, and Western Kentucky University, after considering recommendations of the
18 equine advisory committee and other interested parties.

19 (2) The guidelines shall set forth the purpose, the goals and objectives, and the
20 accountability measures that are to govern the award of a grant or distribution of any funds.

21 (3) The guidelines shall provide for a:

22 (a) general distribution of a portion of the available funds to all participating universities;
23 and

1 (b) competitive proposal process that is independently reviewed and evaluated.

2 (4) The guidelines shall explicitly state the prohibitions contained in KRS 138.510(6) and
3 the permissible use for a grant award.

4 (5) The Council shall review the existing guidelines periodically to ensure that they are
5 in accord with the established goals and objectives.

6 Section 5. Distribution of Funds. (1) No funds shall be distributed unless a contract or
7 Memorandum of Agreement has been fully executed between the university who is to receive the
8 funds and the Council.

9 (2) The executed agreement between the parties shall include an estimated timeframe for
10 the expenditure of the grant, and a requirement for a financial and written annual report.

John S. Turner, Chair
Council on Postsecondary Education

Date

APPROVED AS TO FORM:

Dennis L. Taulbee, General Counsel
Council on Postsecondary Education

Date

PUBLIC HEARING: A public hearing on 13 KAR 2:110. Equine Revolving Trust Fund shall be held on December 22, 2008, at 10:00 a.m. at the Council on Postsecondary Education, Conference Room A. Individuals interested in being heard at this hearing shall notify this agency in writing by December 15, 2008, five working days prior to the hearing, of their intent to attend. If no notification to attend the hearing is received by that date, the hearing may be cancelled.

This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made.

If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation.

Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

CONTACT PERSON:

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REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT
13 KAR 2:110. Equine Revolving Trust Fund

Administrative Regulation 13 KAR 2:110. Equine Revolving Trust Fund

Contact person:

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(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes the criteria for the distribution of funds in the equine revolving trust.

(b) The necessity of this administrative regulation: KRS 138.500 establishes the equine revolving trust using funds generated by parimutuel betting in Kentucky.

(c) How this administrative regulation conforms to the content of the authorizing statutes: The administrative regulation conforms explicitly to the authorizing statutes.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: The administrative regulation provides clear guidelines to the

Council on how to gather input from interested parties on how the funds should be used, and clear guidelines on what the Council will consider in any distribution.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: Not applicable.

(b) The necessity of the amendment to this administrative regulation: Not applicable.

(c) How the amendment conforms to the content of the authorizing statutes: Not applicable.

(d) How the amendment will assist in the effective administration of the statutes: Not applicable.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: There are five universities who are affected directly by this administrative regulation. The Kentucky Community and Technical College System and the equine industry in Kentucky are indirectly affected.

(4) Provide an assessment of how the above group or groups will be impacted by either the implementation of this administrative regulation, if new, or by the change if it is an amendment: The distribution of funds has been based on informal agreement of the participating institutions. The adoption of this administrative regulation brings better focus to the proposed uses of the funds and sets out clear criteria on how decisions will be made.

(5) Provide an estimate of how much it will cost to implement this administrative regulation:

(a) Initially: No additional cost is anticipated.

(b) On a continuing basis: No additional cost is contemplated.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: General operating funds are currently available to the Council and the institutions.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: No.

(8) TIERING: Is tiering applied? Tiering is not appropriate under these circumstances.