AGENDA Council on Postsecondary Education July 17, 2000

Frankfort, Kentucky

8:30 a.m. – Academic Affairs Committee meeting, Mtg Rm A 8:30 am. – Finance Committee meeting, Local Government Conference Room 10:30 a.m. – Council on Postsecondary Education meeting, Mtg Room A

A. Roll Call

B.	Approval of Minutes	1
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	1. Information – Kentucky Commonwealth Virtual University Enrollment Update	
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	5. Information – Western Kentucky University Renovation of Housing	

- F. Evaluation Committee Report (annual evaluation of Council president)
- G. Other Business
- H. Next Meeting September 17-18, Governor's Conference on Postsecondary Education Trusteeship, University Plaza Hotel, Bowling Green
- I. Adjournment

Agenda materials are available on the CPE web site at www.cpe.state.ky.us/cpe/meeting/agenda.htm

MINUTES Council on Postsecondary Education May 22, 2000

	The Council on Postsecondary Education met May 22, 2000, at 10:30 a.m. at the Central Kentucky Technical College in Lexington. Chair Whitehead presided.
ROLL CALL	The following members were present: Norma Adams, Walter Baker, Steve Barger, Ron Greenberg, Merl Hackbart, Philip Huddleston, Hilda Legg, Kevin Noland, Charlie Owen, Joan Taylor, Lee Todd, Lois Weinberg, and Charles Whitehead. Peggy Bertelsman, Kevin Listerman, and Shirley Menendez did not attend.
WELCOME	Mr. Whitehead welcomed everyone to the meeting, saying that this is a historic occasion because this is the first Council meeting held on a technical college campus. He thanked Martha Johnson chair of the KCTCS board of regents; Michael McCall, president of the KCTCS; and Ron Baugh, director of the Central Kentucky Technical College, for hosting the Council and for arranging the campus tour.
APPROVAL OF	The minutes of the March 20 meeting were approved as distributed.
MINUTES	Christopher Boggs, President of the Board of Student Body Presidents,
BOARD OF STUDENT BODY PRESIDENTS	thanked the Council for its work to achieve funding for the students of postsecondary education during the past legislative session. He said his group recently passed two resolutions: the first urged Governor Patton to approve the Council-proposed funding for postsecondary education during the 2000 legislative session; the second asks the Council to designate funds, other than student fees, to help with the cost of sprinkler systems and other safety devices for university dormitories. Mr. Boggs thanked the Council and its staff for creating an improved working relationship with the student body presidents. He introduced several student body presidents in the audience.
PRESIDENT'S REPORT	A written report from the Council president was included in the agenda book. Mr. Davies said that much of the staff activity during the past two months has revolved around the legislative session. He said that the session was very successful for postsecondary education and three objectives were accomplished: sustaining the benchmark approach for setting operating budgets for Kentucky public postsecondary education, obtaining adequate funding to sustain the momentum of reform, and maintaining a disciplined approach to capital outlay. The staff will begin preparation for the 2002 legislative session by further refining the benchmarking approach, conducting analysis on the capital outlay with the space planning guidelines, and continuing the effort to rationalize the allocation of funds within Kentucky postsecondary education. Mr. Davies thanked the Council

members for their help during the session and thanked Governor Patton and the General Assembly for their support.

Mr. Davies announced several staff changes. Norma Northern has left the Council staff to become the chief finance officer of the Kentucky Commonwealth Virtual University. The virtual university also has appointed Milton Skeen as a finance manager, Nita Adams to assist with the KCVU Call Center, and Randolph Hollingsworth as a special projects manager. Dr. Hollingsworth is a faculty member at Lexington Community College and is taking a year's leave to work with the KCVU on faculty issues and instruction. Effective June 1, Cheryl King will begin a joint appointment, serving as the Council's associate vice president for adult education and the commissioner of the Department for Adult Education and Literacy with the Cabinet for Workforce Development.

Mr. Davies announced that Debbie McGuffey will retire May 31. He read a resolution thanking her for 14 years of service.

MOTION: Mr. Barger moved that the resolution be adopted. Ms. Weinberg seconded the motion.

VOTE: The motion passed.

Mr. Davies said that Ken Walker will leave the Council staff May 31 to become the vice president for finance of the Kentucky Community and Technical College System. He read a resolution thanking Mr. Walker for his 24 years of service to the Council.

MOTION: Mr. Barger moved that the resolution be adopted. Ms. Weinberg seconded the motion.

VOTE: The motion passed.

Mr. Davies noted that the 2000 General Assembly authorized the creation of a new community technical college in northern Kentucky and that Northern Kentucky University was a strong supporter. During discussions with the presidents of KCTCS and NKU, there was agreement that the Council would develop ways to protect NKU's funding against enrollment losses should any occur. These discussions will continue. A proposal will be presented to the Council at a future meeting.

Mr. Davies said that the staff has received initial institutional responses to the program productivity review. He said discussions about the responses will begin with the universities. Reports and possible actions will be brought to the Council in July and November and in January 2001.

Mr. Davies said that the staff continues to work with the universities and the KCTCS on a statewide engineering strategy and hopes to bring a

	document signed by all the presidents for consideration at the July Council meeting.					
FACULTY AND STAFF TUITION WAIVER PROGRAM	RECOMMENDATION: That the Faculty and Staff Tuition Waiver Program policy be amended.					
PROGRAM	Mr. Davies said that the 2000 General Assembly extended the Faculty and Staff Tuition Waiver Program to regular full-time employees of state or locally operated secondary area technology centers. Passage of this recommendation would include those employees in the Council's policy.					
	MOTION: Mr. Barger moved that the recommendation be approved. Ms. Weinberg seconded the motion.					
	VOTE: The motion passed.					
2000 GENERAL ASSEMBLY	An information item was included in the agenda book describing the actions of the 2000 General Assembly affecting postsecondary education. The two major bills are Senate Bill 1 and House Bill 572. Senate Bill 1 gives the Council responsibility for adult education policy leadership and for administration of the Adult Education and Literacy Initiative Fund. House Bill 572, the knowledge-based economy package, creates within the Council three new funds: the Research and Development Voucher Fund to support research and development partnerships between small and medium- size companies and Kentucky universities; the Rural Innovation Fund to support small, rural firms in partnerships with Kentucky colleges and universities; and the Kentucky Commercialization Fund to provide seed funding for research. Also, Senate Bill 77 created a Teachers' Professional Growth Fund to provide financial incentives to teachers who pursue professional development and established the Center for Middle School Academic Achievement at an institution to be selected by the Council.					
KEY INDICATORS OF PROGRESS TOWARD POSTSECONDARY EDUCATION	An information item on the development of key indicators of progress toward postsecondary reform was discussed. Sue Hodges Moore reviewed the timeline for completing the work. In addition to meeting with institutional groups, the staff will have discussions with the P-16 Council and with the Strategic Committee on Postsecondary Education and anticipates bringing a recommendation to the Council before the end of the year.					
P-16 COUNCIL REPORT	A report of P-16 Council activities was included in the agenda book. A bill passed by the 2000 General Assembly directed the Council to designate an institution that will create a web-based mathematics test to determine if high school juniors and seniors are well prepared. Mr. Davies said that no funds were appropriated to develop the test, and that the money will be taken from the Council's budget.					

WKU PROGRAM OF DISTINCTION IN	RECOMMENDATIONS:						
JOURNALISM	• That the Council approve the Center for 21 st Century Media as a second program of distinction at Western Kentucky University.						
	• That the Council award \$500,000 to Western Kentucky University from the Regional University Excellence Trust Fund to support creation of the Center.						
	Representatives of Western gave a presentation on the program of distinction.						
	MOTION: Mr. Barger moved that the recommendations be approved. Ms. Weinberg seconded the motion.						
	VOTE: The motion passed.						
NKU PROGRAM OF DISTINCTION	Representatives of Northern Kentucky University gave a presentation on the status of its program of distinction, the Center for Integrative Natural Science and Mathematics.						
NOMINATIONS FOR EARLY CHILDHOOD DEVELOPMENT AUTHORITY	RECOMMENDATION: That the Council nominate the following for appointment to the Early Childhood Development Authority: Paul Epstein, Professor of Education, Transylvania University; Colleen Mendel, Executive Director, Training and Technical Assistance Services, Western Kentucky University; and Victoria Molfese, Ashland/Nystrand Chair, Department of Early and Middle Childhood Education, University of Louisville.						
	Mr. Davies said that House Bill 706 requires the Council to submit three names to the Governor for his consideration in making appointments to the Early Childhood Development Authority, the body responsible for implementing the Governor's KIDS NOW initiative.						
	MOTION: Mr. Barger moved that the recommendation be approved. Mr. Huddleston seconded the motion.						
	VOTE: The motion passed.						
KCVU REPORT	Norma Northern gave a report on activities of the Kentucky Commonwealth Virtual University. Miko Pattie recently received the Outstanding Alumnus Award from the University of Kentucky's College of Communications and Information Studies. Information was provided on the first international virtual education executives summit held in April.						

Ms. Adams gave the report of the Academic Affairs Committee.

NEW PROGRAM PROPOSALS RECOMMENDATION: That the Doctor of Nursing Practice degree program proposed by the University of Kentucky be approved and registered in CIP 51.1608 (Nursing Science-Post R.N.).

MOTION: Ms. Adams moved that the recommendation be approved. Mr. Hackbart seconded the motion.

VOTE: The motion passed.

RECOMMENDATION: That the following Associate in Applied Technology programs be provisionally approved for the corresponding eight technical colleges:

- Business and Office Technology (CIP 52.0402) Northern Kentucky Technical College
- Culinary Arts (CIP 20.0402) Bowling Green Technical College.
- Industrial Maintenance Technology (CIP 47.0303) Hazard Technical College
- Machine Tool Technology (CIP 48.0503) Madisonville Technical College
- Machine Tool Technology (CIP 48.0503) Owensboro Technical College
- Machine Tool Technology (CIP 48.0503) Rowan Technical College
- Medical Laboratory Technology (CIP 51.1004) Cumberland Valley Technical College
- Welding Technology (CIP 48.0508) Jefferson Technical College

Each program is recommended for provisional approval contingent on approval by the Council on Occupational Education. The KCTCS board of regents will consider degree programs at technical colleges in the future.

MOTION: Ms. Legg moved that the programs be approved. Ms. Weinberg seconded the motion.

Mr. Barger asked the institutions to expedite development of articulation agreements to provide easy transfer of technical degree programs to four-year institutions.

VOTE: The motion passed.

Ms. Adams announced that the Bachelor of Health Science in Diagnostic Imaging Sciences proposed by the University of Louisville was withdrawn from the agenda at the request of the institution.

	Mr. Baker presented the report of the Finance Committee.				
KEES ADMINISTRATIVE REGULATION	RECOMMENDATION: That the Council approve the proposed amendment to the administrative regulation titled <i>13 KAR 2:090. Kentucky</i> <i>Educational Excellence Scholarships</i> and file the administrative regulation with the Legislative Research Commission in accordance with the statutory requirements in KRS Chapter 13A.				
	The proposed amendment makes technical changes prescribed by Senate Bill 125 enacted by the 2000 General Assembly, adds academic common market institutions prescribed by House Bill 462, and allows expansion of the 1998-99 and 1999-2000 provision that required using the 1997-98 grade scale in determining KEES awards. Grade scale decisions will be made by each high school consistent with KERA's emphasis upon local decision- making.				
	MOTION: Mr. Baker moved that the recommendation be approved. Mr. Hackbart seconded the motion.				
	VOTE: The motion passed.				
UK SWINE FACILITY IN PRINCETON	RECOMMENDATION: That the Council approve the University of Kentucky's request for a \$1,741,000 capital project from agency funds and federal funds to construct a swine facility at the experimental station in Princeton, Kentucky.				
	MOTION: Ms. Legg moved that the recommendation be approved. Mr. Barger seconded the motion.				
	VOTE: The motion passed.				
TRUST FUND GUIDELINES	RECOMMENDATION: That the Council staff review the trust fund guidelines and recommend necessary revisions at the July Finance Committee meeting.				
	MOTION: Mr. Baker moved that the recommendation be approved. Mr. Hackbart seconded the motion.				
	Mr. Hackbart said that two years ago the Council adopted guidelines to be used in allocating 1998-2000 incentive trust fund money. The basic assumption was that those guidelines would apply to the current biennium, and the Council would reconsider and revise the guidelines as needed after the first two years.				
	VOTE: The motion passed.				

2000-02 OPERATING AND CAPITAL BUDGET REPORT	An information item was presented on the 2000-02 operating and capital budget. Mr. Baker said that everything the Council recommended was adopted both by the Governor and the General Assembly.
COMPARISON OF BENCHMARK INSTITUTIONS' FACULTY SALARIES AND TUITION RATES	Two information items compared faculty salaries and tuition and fees at Kentucky's institutions to those of their benchmark institutions. The data showed that only Eastern Kentucky University's all-ranks average salaries are above the median for its benchmark group. Undergraduate in-state tuition and fees exceed benchmark medians only at Kentucky State University and Lexington Community College. Out-of-state tuition and fees for all Kentucky institutions are below their benchmark medians.
NOMINATING COMMITTEE REPORT	On behalf of the nominating committee, Mr. Baker offered the following recommendation.
	RECOMMENDATION: That Mr. Whitehead and Ms. Weinberg be re- elected as Council chair and vice chair for the coming year.
	MOTION: Mr. Baker moved that the recommendation be approved. Mr. Todd seconded the motion.
	VOTE: The motion passed.
CLOSING REMARKS	Mr. Baker said that the Council owes a great deal of gratitude to Mr. Davies for his leadership over the last two years. He said that he cannot recall a single time that postsecondary education has gone to the Governor and the General Assembly and come out with 100 percent of what was recommended. He said that is a great achievement for Kentucky, for each of the institutions, and for the system of postsecondary education. He said that this would not have occurred without the leadership of Mr. Davies for the Council and the Commonwealth.
	Mr. Davies said that the session was an extraordinary one but money alone does not accomplish reform. He said that we must continue to work on the fundamental issues of getting better: enrolling more students, getting them through the system successfully, and helping Kentucky build a stronger economy so that people live better lives. Those, he said, are the critical measures. He thanked the Council for its expression of support.
NKU RESOLUTION	Ms. Weinberg read a resolution adopted by the Northern Kentucky University Board of Regents thanking the members of the Council on Postsecondary Education, Mr. Davies, and the Council staff for their outstanding leadership in advancing postsecondary education and Northern Kentucky University during the 2000 General Assembly session.
	Mr. Whitehead said that the Council is pleased with the outcome of this legislative session but said there is still much to do. He thanked everyone for continued support and hard work.

NEXT MEETING

The next Council meeting is July 17 at the Council offices in Frankfort.

ADJOURNMENT

The meeting adjourned at noon.

Gordon K. Davies President

Phyllis L. Bailey Secretary

Information:

Thanks to the Kentucky colleges and universities providing students and courses, the Kentucky Commonwealth Virtual University, in the spring term, strengthened its standing as one of the most successful startups of its kind (1,578 students, 1,825 class enrollments from 19 participating institutions). Kentucky institutions provided 161 classes serving both undergraduate (1,206) and graduate (372) students from 116 Kentucky counties, seven foreign countries, and 18 states. Female enrollment held at a ratio of more than 2 to1 for the spring term.

Enrollment continues to flourish in the summer with 633 students in 48 classes offered by 11 institutions. The enrollment mix includes graduates (105) and undergraduates (528) from 90 Kentucky counties and 11 states. As in our two previous terms, female registration exceeded those of males by more than 2 to 1.

Strong efforts are being made by institutions to offer complete online degree and certificate programs based on the educational needs of the state.

Staff Preparation by Gene Ranvier

KCVU Spring 2000 Enrollment by Institution



Institution

KCVU Enrollment - Spring 2000 By Ethnicity and Gender



KCVU Spring 2000 Enrollment by Age





KCVU Spring 2000 - Final

- •1578 Students
- •1825 Class Enrollments

Students registered from:

- •116 Kentucky Counties
- •7 foreign countries
- •18 states

KCVU Summer 2000 Enrollment by Institution



Institution

KCVU Enrollment - Summer 2000 By Ethnicity and Gender



KCVU Summer 2000 Enrollment by Age





KCVU - Provider Summer 2000

- •633 Students
- •745 Class Enrollments
- Students registered from:
- •90 Kentucky Counties
- •0 foreign countries
- •11 states

SUBSTITUTE ACTION ITEMKENTUCKY PLAN FOR EQUAL OPPORTUNITIESAgenda Item C-2TECHNICAL COLLEGES PLAN OBJECTIVESJuly 17, 2000

Recommendation:

That the Council approve its Committee on Equal Opportunities' recommendation that

The 1997-2002 Kentucky Plan for Equal Opportunities in Postsecondary Education be amended to add student enrollment objectives for technical colleges (Attachment A) and employment objectives for technical colleges (Attachment B).

Rationale:

- This action allows Kentucky to comply with the requirements of KRS 164.020(18) as implemented through Administrative Regulation 13 KAR 2:060, *Policy on Degree Program Approval; Equal Opportunity Goals*.
- Council policy states that the CEO will make a recommendation to the Council on the development and implementation of a postsecondary education equal opportunities plan.
- The action continues the efforts of the Commonwealth to provide equal opportunity and access to postsecondary education, exhibits a strong commitment to equal opportunities, reflects the Council's *Action Agenda*, and conforms with the principles adopted by the CEO for development of the 1997-2002 plan.
- The CEO, at its June 26 meeting, recommended the Council adopt a recommendation to include the technical colleges in the Kentucky Plan.

Background:

The Kentucky Plan 1997-2002 is the third in a series of desegregation and equal opportunity plans that began in 1982. This edition embraces the dynamic nature of public higher education in Kentucky as institutions seek to provide greater access for an increasingly diverse student population.

The CEO oversees plan development and the implementation of plan commitments and specific objectives. The Postsecondary Education Improvement Act of 1997 placed technical colleges, formerly vocational technical schools, under the new Kentucky Community and Technical College System Board of Regents. That action makes the technical colleges subject to the requirements of KRS 164.020(18). The Council on Postsecondary Education receives new academic program proposals from institutions as provided in administrative regulation 13 KAR 2:060, *Policy on Degree Program Approval; Equal Opportunity Goals*.

Plan Development:

The proposed objectives for the technical colleges are consistent with similar objectives established for community colleges. The objectives are based on the most recent data available as reported in the Council's comprehensive database. The objectives are quantifiable and consistent with the Council's *Action Agenda* and meet the requirements of Title VI of the Civil Rights Act of 1964.

When the community colleges were included in *The Kentucky Plan*, it was agreed that their objectives would encompass enrollment and three employment categories. The technical colleges are held to the same standard. The specific measures identified are consistent with statewide goals, policies, and educational opportunity requirements. The following indicators were analyzed to establish institutional objectives: (a) comparison of institutional market and service areas, (b) high school graduate pool, (c) use of part-time and nontraditional students, (d) timeframe for evaluating and publishing institutional progress, and (e) institutional recruitment and employment market area. The base data was revised and realigned to provide the information necessary to implement the proposed plan and to address various data concerns. Evaluation of progress will be the same as that used for other institutions.

Staff Preparation by Sherron Jackson

Attachment A

The 1997-02 Kentucky Plan for Equal Opportunities Kentucky Resident African American Undergraduate Enrollment Amended To Include KCTCS Technical Colleges

	Actual	Percent	Amended
Technical Colleges	Enrollment	Enrolled	Objective ***
Ashland Technical College	2	0.8	2.4
Bowling Green Technical College	32	3.0	6.7
Central Kentucky Technical College	114	13.0	8.6
Cumberland Valley Technical College	2	1.0	1.6
Elizabethtown Technical College	20	4.4	8.4
Hazard Technical College	2	0.5	3.1
Jefferson Technical College	201	17.6	19.9
Laurel Technical College	0	0.0	0.8
Madisonville Technical College	35	6.9	7.9
Mayo Technical College	0	0.0	0.2
Northern Kentucky Technical College	15	2.5	2.5
Owensboro Technical College	21	3.1	3.1
Rowan Technical College	2	1.2	1.9
Somerset Technical College	3	0.8	1.8
West Kentucky Technical College	55	8.1	7.6

* The objectives are based on a market analysis of the areas of the state that contribute 90 percent of the entering undergraduate enrollments at each institution.

**The objective excludes KSU African American student enrollment.

*** Amended objectives are based on fall 1999 enrollment and spring 1998 high school graduate data.

Attachment B

African American Employment 2002 Objectives by EEO Category Amended To Include KCTCS Technical Colleges

	Executive/Administrative/Managerial				Faculty			Professional Non-Faculty		
	Actual # of Positions	Percent African Americans	Objective (%)	Actual # of Positions	Percent African Americans	Objective (%)	Actual # of Positions	Percent African Americans	Objective (%)	
Ashland Technical College	4	0.0	5.0	34	0.0	3.0	7	0.0	5.0	
Bowling Green Technical College	2	0.0	5.0	43	0.0	3.0	9	0.0	5.2	
Central Kentucky Technical College	10	10.0	5.0	65	6.2	3.0	13	0.0	5.0	
Cumberland Valley Technical College	6	0.0	5.0	41	0.0	3.0	8	0.0	3.0	
Elizabethtown Technical College	4	0.0	5.0	37	2.7	3.0	7	0.0	6.0	
Hazard Technical College	3	0.0	5.0	25	0.0	3.0	9	0.0	1.0	
Jefferson Technical College	4	0.0	5.0	42	4.8	4.0	10	0.0	6.0	
Laurel Technical College	3	0.0	5.0	23	0.0	3.0	4	0.0	3.0	
Madisonville Technical College	2	0.0	5.0	30	0.0	3.0	9	11.1	4.0	
Mayo Technical College	4	0.0	5.0	44	0.0	3.0	6	0.0	0.1	
Northern Kentucky Technical College	5	0.0	5.0	64	0.0	3.0	9	0.0	3.0	
Owensboro Technical College	4	0.0	5.0	32	0.0	3.0	6	0.0	1.0	
Rowan Technical College	1	0.0	5.0	27	0.0	3.0	7	0.0	3.5	
Somerset Technical College	2	0.0	5.0	31	0.0	3.0	7	0.0	3.0	
West Kentucky Technical College	7	14.3	5.0	52	9.6	3.0	8	0.0	5.0	

Note: The objectives of the universities and community colleges have not been revised. Those objectives are based on the benchmarks or approximations established for fall 1995 in the *1990 Kentucky Plan*. When the community colleges were included in *The Kentucky Plan*, it was agreed that their objectives would only encompass the Executive/Administrative/Managerial, Faculty, and Professional Non-Faculty EEO Categories. The technical colleges are held to the same standard as the community colleges.

EPSB MEMBERSHIP ON P-16 COUNCIL

Recommendation:

That the Council and the Kentucky Board of Education expand the membership of the P-16 Council to include the Executive Director and the Chairperson of the Education Professional Standards Board (or the chairperson's designee).

Rationale:

- A substantial number of issues facing the P-16 Council involve the quality of teaching, the preparation of instructors, and the need for professional development of classroom teachers, school administrators, and other certified school personnel.
- The Education Professional Standards Board is responsible for the certification of teachers and administrators for public elementary and secondary schools. EPSB also approves teacher education programs at postsecondary institutions. Their direct participation in the discussions of the P-16 Council will help integrate the issue of teacher quality into the work of the P-16 Council.
- The Council on Postsecondary Education may wish to suggest that the P-16 Council also include as members the Secretary of the Workforce Development Cabinet (or the Secretary's designee) and representatives of selected citizen and business organizations.

STRATEGY FOR STATEWIDE ENGINEERING EDUCATION IN KENTUCKY

Recommendation:

- That the Council approve the attached "Strategy for Statewide Engineering Education in Kentucky."
- That the Council instruct staff to expedite reviews of all proposed programs that fall within this strategy.
- That the Council commend the presidents, chief academic officers, and members of institutional faculties and staffs for working together to develop this strategy quickly.

Rationale:

- This statewide strategy takes advantage of the substantial resources invested in engineering, science, and technology while creating programs that are multi-institutional, and available throughout the state, and that meet the needs of traditional and nontraditional students as well as practitioners.
- This strategy reflects the intent of *The Postsecondary Education Improvement Act of 1997* and the Council's *Action Agenda*: to grow responsibly, to focus on the highest possible quality, to use resources effectively, to use technology wisely, to target underserved areas, and to help employers be successful.
- The need for expanded engineering education is immediate and requires that programs of high quality be developed, approved, and implemented as quickly as possible.

Background:

At its March 2000 meeting, the Council requested that the University of Kentucky, the University of Louisville, Western Kentucky University, and Council staff, in consultation with the other comprehensive universities and the Kentucky Community and Technical College System, design a proposal to expand engineering education in Kentucky.

Since the March meeting, the presidents of Kentucky's universities, the president of the KCTCS, and the chief executive officer of the Kentucky Commonwealth Virtual University have met several times with Gordon Davies and Sue Hodges Moore and held a joint meeting with chief academic officers and faculty representatives. The chief academic officers and faculty representatives also met to discuss the strategy.

The strategy has been signed by the presidents, with the exception of Dr. Charles Wethington, University of Kentucky, who is consulting with the UK engineering faculty.

Staff Preparation by Sue Hodges Moore, Daniel Rabuzzi, and Bill Swinford

Strategy for Statewide Engineering Education in Kentucky July 17, 2000

Kentucky needs a statewide strategy to educate more engineers and to integrate engineering education more closely into the technology-driven "New Economy." The Council on Postsecondary Education, at its March 20, 2000, meeting, approved the recommendation that the public universities and colleges work together with the Council staff to design a statewide strategy to expand engineering education. The statewide strategy is intended to meet two primary needs:

- 1. the need to increase the number of baccalaureate engineers in Kentucky, and
- 2. the need to address regional issues of access and productivity in engineering education.

Kentucky's progress in meeting these needs will be assessed periodically by the Council and all participating institutions.

The strategy for engineering education in Kentucky will eventually 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 Commonwealth Virtual University.

Access to undergraduate engineering education will expand primarily through the creation of joint programs managed by multiple postsecondary institutions. The programs will be tailored to meet demonstrated regional or statewide needs. They will be separately accredited and degrees will be conferred jointly. All participating institutions will be involved in program development, delivery, and administration. Students will be able to complete all degree requirements at their home campus through resident instruction, courses delivered through the Kentucky Commonwealth Virtual University, or courses delivered by participating institutions through other distance delivery methods.

The Council would like to consider the first joint program proposals as early as November 2000. The Council will accelerate the approval process for joint programs that satisfy the criteria outlined in this strategy document's final form.

The joint programs should build on the strengths of existing engineering programs at the University of Kentucky and the University of Louisville while accommodating employer needs identified by the comprehensive institutions. The University of Kentucky and the University of Louisville will agree which institution will have the responsibility for state-wide development of joint programs by discipline with interested comprehensive institutions. All joint programs will become separately accredited by the Engineering Accreditation Commission of the Accreditation Board for Engineering and Technology (EAC/ABET) as soon as possible.

During the start-up phase of each joint program, the deans of engineering at the University of Kentucky and the University of Louisville will, on behalf of all participating institutions, recommend that the Kentucky State Board for Licensure for Professional Engineers and Land Surveyors grant approval to the joint program so that students may sit for the appropriate Engineering Fundamentals Examination administered by the board twice yearly in Lexington and Louisville.

The specific structure of each joint program may differ from one another, depending on the needs of area employers and the strengths of the institutions involved in each program. Prior to submitting a proposal for the Council's consideration, the appropriate faculty of each participating institution will agree on the appointment, tenure, and promotion policies for program faculty, the allocation of equipment and facilities, provision of student services, assessment criteria, and the general management of the joint program. Decisions regarding the salary, rank, and tenure of individual faculty members will be the responsibility of the employing institution. Adjunct or joint appointments to the faculty of the other participating institution(s) may be offered.

The Council staff will recommend to the Council appropriate funding for the equipment and facilities needs of the strategy as the Council develops its operating and capital budget recommendations for the next biennium. Funding could also be sought in the 2002 Legislative Session as part of the "New Economy" initiatives authorized in House Bill 572 of the 2000 session.

Working with the institutions, the Council will develop procedures for counting enrollments and graduates, disbursing funds, and establishing tuition rates.

The strategy is open to selected, non-duplicative, stand-alone engineering programs at comprehensive universities as well as to other types of multi-institutional arrangements. The strategy also envisions the continued strengthening and expansion of the existing engineering programs at the University of Kentucky and the University of Louisville and the development of new undergraduate and graduate engineering programs that support the strategic plans of both institutions and the "New Economy" initiatives.

The Kentucky Community and Technical College System and Lexington Community College will develop pre-engineering curricula (in conjunction with the University of Kentucky and the University of Louisville) that will enable community and technical college graduates to meet all third-year engineering entrance requirements of Kentucky's public baccalaureate institutions. In addition, the Kentucky Community and Technical College System and Lexington Community College may develop additional Engineering Technology programs at the associate degree level. The universities may also work with the Kentucky Community and Technical College System and Lexington Community College to offer such programs and to align associate and baccalaureate engineering technology programs. These programs will become accredited by the Technology Accreditation Commission of the Accreditation Board for Engineering and Technology (TAC/ABET) as soon as possible. The strategy will encourage recruiting, mentoring, and placement initiatives for women and minorities.

The strategy envisions the creation of a clearinghouse for information about student engineering employment opportunities, including cooperative education, summer internships, and permanent employment with Kentucky businesses and industries.

Students at participating institutions will be encouraged to apply for graduate study in engineering at the University of Kentucky and the University of Louisville. Engineering articulation agreements, early admissions policies, and other strategies will be used to make the transition to graduate study as smooth as possible. The strategy is also open to the use of comprehensive institutions as remote sites for the delivery of master's programs of the University of Kentucky and the University of Louisville through resident instruction, courses delivered through the Kentucky Commonwealth Virtual University, or courses delivered through other distance delivery methods.

The Council will play its usual coordinating role in the development and implementation of the strategy, including adjudicating disputes, facilitating statewide discussions, measuring effectiveness, and determining statewide funding and construction needs.

Signed July <u>5</u>, 2000 Gronule D- Car 17. Ronald G. Eaglin, MoSU Robert Kustra, EKU Muha Kern Alexander, MuSI George W. Reid, KSU Michael B. McCall, KCTCS Gary A. Ransdell, WKU James C. Votreba dy Norm James C. Votruba, NKU Rever Man Beth Susman, KCVU John W. Shumaker, UofL

Charles T. Wethington, UK Gordon K. Davies, CPE

Recommendation:

- That the Council accept the proposed Preliminary Action Plan (Attachment A) as a framework for planning and allocating funds for fiscal year 2000-01.
- That, consistent with the Preliminary Action Plan, the Council authorize up to \$1 million in expenditures from the \$7 million fiscal year 2000-01 legislative appropriation to the Adult Education and Literacy Trust Fund to plan, develop, and implement a statewide public communication campaign.
- That the Council approve what remains in the 1999-2000 Adult Education and Literacy Initiative Fund and add up to \$450,000 from the Adult Education and Literacy Trust Fund as necessary to continue model demonstration projects and to help with start-up costs for the Family Literacy Institute during this fiscal year.

Rationale:

- Senate Bill 1 of the 2000 General Assembly directs the Council to establish a statewide mission for adult education and to develop a 20-year strategy in partnership with the Department for Adult Education and Literacy. The Preliminary Action Plan is the proposed framework for the 20-year strategic agenda.
- The Council staff convened a planning group in June 2000 to develop a preliminary action plan for adult education services. The group represented employers, adult education providers, state government, postsecondary education, and various education-related agencies across the Commonwealth. The proposed preliminary action plan reflects the recommendations of the group.
- By November 2000 the staff will develop for Council consideration more detailed guidelines using the Adult Education and Literacy Trust Fund for tuition discounts and employer tax credits, technical assistance, and community needs assessment and capacity building as required by the Adult Education Act.
- Senate Bill 1 directs the Council to develop a statewide public communication campaign to reach adults and employers with information about education and training. The Task Force on Adult Education endorsed the need to raise the awareness of adult education services because few adults take advantage of lifelong learning services. Work on this campaign should begin immediately.

- Three demonstration projects are recommended for continuation to serve as models for other areas of the state and expand existing services. Residual initiative funds (Department for Adult Education and Literacy Initiative Fund carry forward) will provide the majority of funds. The staff recommends that the Council use up to \$450,000 from the Adult Education and Literacy Trust Fund to continue the projects. The approval to fund demonstration projects is contingent upon the availability of carry forward Adult Education Initiative Funds from fiscal year 1999-2000.
- The creation of the Family Literacy Institute was recommended by an inter-agency task team representing the Department for Adult Education and Literacy, the Cabinet for Families and Children, the Office of Early Childhood, and the Kentucky Department of Education. The Family Literacy Institute will be located with the National Center for Family Literacy in Louisville to provide professional development services and coordination of family literacy efforts. The Institute is to be self-sustaining in two years. Participating agencies, including the Council on Postsecondary Education, are providing funds for start-up costs.

Background:

The Kentucky Adult Literacy Survey reports 1 million Kentuckians, age 16 to 65, function at low levels of literacy. State and federal funds administered by the Department for Adult Education and Literacy serve approximately 40,000 to 50,000 people each year, about 5 percent of the target population. Senate Bill 1 calls for a multi-faceted strategy to improve significantly the knowledge and skills of Kentucky's citizens and to improve the health and well-being of Kentucky's families and communities.

Federal and state funds appropriated to the Department for Adult Education and Literacy have been allocated for fiscal year 2000-01. The Department administers these funds to support adult education services in every county. Contracts for service began July 1, 2000.

A General Fund appropriation of \$7 million in fiscal year 2000-01 and \$12 million in fiscal year 2001-02 was made to the Council's Adult Education and Literacy Trust Fund to finance the various mandates, initiatives, and activities as set forth in Senate Bill 1. Trust Fund allocations should be based on two criteria: a) all investments must be scalable; that is, they must be capable of being expanded to help Kentucky greatly increase the number of persons served in adult education programs; and b) all investments must help to build community capacity.

Attachment A

Adult Education Preliminary Action Plan Proposed

This proposed Preliminary Action Plan will guide initial planning, leading to the 20-year strategic agenda to improve and expand adult education in Kentucky. The Council's acceptance of the plan will start the longer-term planning process, allowing for the timely development of guidelines to be submitted to the Council at the September 2000 meeting. The Council and the Department for Adult Education and Literacy will work together to draft the statewide strategic plan.

As levels of literacy rise, the Commonwealth will:

- Increase enrollment in postsecondary education.
- Raise per capita income.
- Reduce the number of children living in poverty.
- Improve the health and well being of Kentuckians.
- Increase civic participation.

The Adult Education and Literacy Trust Fund for fiscal year 2000-01 of \$7 million will support these objectives:

1. Public Communication Plan

Create a targeted communication campaign using multiple contexts (workplace, family, churches, hospitals, community, schools, media) and multiple messages to recruit adult learners, educate and mobilize community opinion leaders, and educate employers about the benefits of training workers. The public communications campaign will allow the Council to assess and develop strategies to break down barriers to participation. This project will be combined with the "postsecondary education communications plan" funded provisionally in the second year of the biennium in the Technology Trust Fund. The budget is up to \$1 million.

2. New Opportunity Grants

Develop guidelines for the use, distribution, and administration of grants to stimulate model adult education programs that may be replicated and for other initiatives of statewide significance, in cooperation with the Department for Adult Education and Literacy.

3. Economic Development and Workforce Training Matching Program

Engage in partnerships with entities such as Bluegrass State Skills Corporation, Kentucky Community and Technical College System, and other workplace initiatives and economic development investments to provide skills assessments, education, and training. Guidelines will be developed for the use, distribution, and administration of this feature of the plan.

4. Local Needs Assessment and Community Development

Encourage each community to conduct a thorough needs assessment, develop a local plan, and set goals to improve adult literacy. Guidelines will be developed to provide technical support for local planning and for incentives to stimulate local participation.

5. Professional Development

Develop standards for the preparation and professional development for adult educators. Create a statewide professional development plan.

6. Statewide Information Technology and Distance Learning

Develop a coordinated, integrated, and searchable database for a centralized resource for instructional materials.

Provide adult-friendly multi-media curricula available on the Internet in cooperation with the Kentucky Commonwealth Virtual University and Kentucky Educational Television.

Create an "Incentive to Learn" model to provide affordable computers and Internet access to adult learners who make progress toward or achieve learning goals.

7. Tuition Discounts and Employer Tax Credits

Develop and disseminate the operational procedures for application and use of tuition discounts and tax credits, in cooperation with the Department for Adult Education and Literacy.

8. Statewide Competency-Based Certification for Workplace Skills

Plan and provide assessment tools and a common language for workplace skills with the Cabinet for Workforce Development, the Kentucky Department of Education, and the Kentucky Community and Technical College System.

9. Data Collection and Performance Measures

Working with the Department for Adult Education and Literacy, establish performance standards for adult literacy, including enrollment objectives for the period 2000-04 and several long-range objectives to 2020. Monitor progress in achieving the state's goals.
Staff Preparation by Cheryl King

Recommendation:

- That the Council accept the initial set of responses from the universities to its review of academic programs and commend the universities for their decisions to suspend or close 106 of them, to alter 114, and to designate 124 for special attention during the 2000-01 academic year (attachments A and B).
- That the Council direct the staff to report in winter and spring 2000-01 additional programs designated for suspension, closing, or alteration.
- That the Council request that statewide groups be formed in foreign languages, teacher education, and visual and performing arts. These are discipline areas in which there appear to be widespread productivity concerns. These groups would consist of faculty and staff at the public and private universities and the Kentucky Community and Technical College System, as well as representatives of the Kentucky Commonwealth Virtual University. Discussions would center on statewide collaboration among academic programs, including the fullest possible integration of distance learning. An institution will be asked to take the lead in coordinating each group. The Council staff will assist as requested. In teacher education, the institutions would work closely with representatives of the Education Professional Standards Board. Periodic reports should be submitted to the Council and recommendations should be presented by June 30, 2001.

Rationale:

- The *Kentucky Postsecondary Education Improvement Act of 1997* established that the goals of reform "... can best be accomplished by a comprehensive system of postsecondary education with single points of accountability that ensure the coordination of programs and efficient use of resources." It is critically important that the institutions continuously assess their offerings to improve programs, to increase cost efficiencies, to be more accountable in the use of public resources, and to work together to avoid unnecessary duplication.
- The initial responses from the institutions are only the first step in the Council's review. The institutions will provide additional information regarding program elimination and alteration in winter and spring 2000-01.
- The Council's initiative was designed to complement not replace review processes established on individual campuses. The timing of the Council's review sometimes corresponded with the cycle

of program review at an institution and therefore facilitated decisions about a large number of programs. In other situations, the Council's review did not coincide well with on-campus review cycles, so many decisions remain to be made in the coming months. As a result, there is some variation in the number of programs that institutions have designated for alteration, suspension, or closing at this time.

• This program review has revealed that foreign languages, teacher education, and visual and performing arts should be the focus of statewide discussions of effectiveness and greater collaboration in program delivery. The Council also strongly encourages faculty and staff across all academic programs to explore ways to share programs: for example, statewide collaboratives, partnerships within geographic clusters of institutions, or the development of complementary specializations.

Background:

In November 1999, the Council approved a series of guidelines for creating and maintaining academic programs. Those guidelines, developed in consultation with the Council of Chief Academic Officers, reflect the goals of the *Kentucky Postsecondary Education Improvement Act of 1997, 2020 Vision,* and the *1999-2004 Action Agenda*. The new guidelines require, among other things:

"That the Council staff review the status of all existing programs in operation for more than four years and identify those that do not appear to be sufficiently and effectively contributing to the needs of the statewide system of postsecondary education in Kentucky. Institutions will be asked to review each identified program at their respective institution and make a written recommendation about its continuation, modification, elimination, or consolidation into a cooperative program."

In February 2000, each university received a list of its academic programs that did not pass the Council's initial screen for productivity: programs that confer fewer than 12 associate, 12 bachelor's, 7 master's, or 5 doctoral degrees calculated as a five-year average. The institutions were asked to review each identified program and indicate to the Council its importance based on enrollment, public service, value in attracting outside research dollars, and anything else they wanted to discuss. Each institution was asked to use the results of its program review process and any other relevant data. Each also was asked to place identified programs into four categories: no longer to be offered, continued but altered, continued in current form, or requiring special attention in summer and fall 2000.

Initial responses were received in early May (summarized in attachments C and D). Council staff reviewed them. Staff then visited each campus in June to talk about the responses and gather additional information on each institution's review process and planned steps. Based on these discussions, several institutions increased the number of programs to be altered, suspended, or closed.

ATTACHMENT A RESPONSES BY INSTITUTION

Institution	Total Number of Programs	Programs Reviewed	Programs Closed/ Suspended	Programs Retained in Altered Form	Programs Retained in Current Form	Programs to be Given Special Attention
Eastern	149	74	7 (9%)		40 (54%)	27 (36%)
Kentucky State	37	29	4 (14%)			25 (86%)
Morehead	97	43	7 (16%)		16 (37%)	20 (47%)
Murray	140	78	19 (24%)	13 (17%)	38 (49%)	8 (10%)
Northern	77	29	7 (24%)	4 (14%)	14 (48%)	4 (14%)
UK	289	125	12 (10%)	46 (37%)	65 (52%)	2 (2%)
UofL	215	93	35 (38%)	42 (45%)	9 (10%)	7 (8%)
Western	160	75	15 (20%)	9 (12%)	20 (27%)	31 (41%)
Total	1,164	546	106 (19%)	114 (21%)	202 (37%)	124 (23%)

ATTACHMENT B PROGRAMS TO BE SUSPENDED OR CLOSED

CIP CODE DEGREE

EASTERN KENTUCKY UNIVERSITY

PROGRAM

	Educational Psychology College/Postsecondary Student Counseling and Personnel Services Vocational Teacher Education German Language and Literature Sign Language Interpreter Health and Medical Preparatory Programs, Other Business/Managerial Economics	13.0802 13.1102 13.1399.03 16.0501 51.0205 51.1199.01 52.0601	EdD (Cooperative) EdS EdD (Cooperative) BA AA BS BBA
KENTUCKY STATE	UNIVERSITY		
	Data Processing Technology/Technician Clothing/Apparel and Textile Studies Medical Technology Business/Managerial Economics	11.0301 19.0901 51.1005 52.0601	AAS BA BS BA
MOREHEAD STATE	UNIVERSITY		
	Educational Psychology Trade and Industrial Teacher Education (Vocational) Math and Physical Sciences Teacher Education Vocational Teacher Education Home Economics, General Physical Sciences, General Nursing, General (Post-R.N.)	13.0802 13.1320 13.1399.02 13.1399.03 19.0101 40.0101 51.1699.01	EdD (Cooperative) BS BS EdD (Cooperative) BS BS BSN
MURRAY STATE UN	IVERSITY		
	Educational Psychology Special Education, General Business Teacher Education (Vocational) Home Economics Teacher Education (Vocational) Music Teacher Education Trade and Industrial Teacher Education (Vocational) Vocational Teacher Education Health, Physical Education, and Recreation Teacher Education Electrical, Electronic and Communications Engineering Technology Individual and Family Development Studies, General Clothing/Apparel and Textile Studies Speech and Rhetorical Studies Earth and Planetary Sciences Physics, General Physics, General Criminal Justice Studies Geography Business, General	$\begin{array}{c} 13.0802\\ 13.1001\\ 13.1303\\ 13.1308\\ 13.1312\\ 13.1320\\ 13.1399.03\\ 13.1399.04\\ 15.0303\\ 19.0701\\ 19.0901\\ 23.1001\\ 40.0703\\ 40.0801\\ 40.0801\\ 43.0104\\ 45.0701\\ 45.0701\\ 52.0101\end{array}$	EdD (Cooperative) EdD (Cooperative) BA/BS BS BME BSVTE EdD (Cooperative) EdD (Cooperative) AS BA/BS BA/BS BA/BS BA/BS MAT MS AA BA/BS MAT MS AA BA/BS MA/MS

ATTACHMENT B PROGRAMS TO BE SUSPENDED OR CLOSED

PROGRAM	CIP CODE	DEGREE
Science Teacher Education, General	13.1316	BA
Technical Teacher Education (Vocational)	13.1319	AAS
Math and Physical Sciences Teacher Education	13.1399.02	BA
Manufacturing Technology	15.0699.04	BS
Engineering Technology/Technician, General	15.1101	AAS
Public Administration	44.0401	BS
Operations Management and Supervision	52.0205	AAS

UNIVERSITY OF KENTUCKY

Educational Evaluation and Research	13.0601	MS
Educational Policy Studies and Evaluation	13.0699.01	MS
Educational Psychology	13.0802	EdD (Cooperative)
Music Teacher Education	13.1312	BA
Trade and Industrial Teacher Education (Vocational)	13.1320	MA/MS
Vocational Teacher Education	13.1399.03	EdD (Cooperative)
Italian Language and Literature	16.0902	BA/BS
Family Resource Management and Consumer Studies	19.0402	BS
Individual and Family Development Studies, General	19.0701	BS
Speech and Theatre	23.1001.02	BA
Music, General	50.0901	BA
Individualized Studies	50.9999.01	BA

UNIVERSITY OF LOUISVILLE

Russian and Slavic Area Studies	05.0110	ВА
Higher Education Administration	13.0406	EdS
Educational Assessment, Testing and Measurement	13.0604	EdD
Special Education, General	13.1001	EdD
Counselor Education/Student Counseling and Guidance Services	13.1101	EdS
Elementary Teacher Education	13.1202	EdS
Art Teacher Education	13.1302	MAT
Health Occupations Teacher Education (Vocational)	13.1327	BS
Linguistics	16.0102	MA
Russian Language and Literature	16.0402	BA
German Language and Literature	16.0501	BA
German Language and Literature	16.0501	MA
Environmental Biology	26.0699.01	Enrollment
Philosophy	38.0101	MA
Geography	45.0701	BA
Interior Design	50.0408	BS
Drama/Theater Arts, General	50.0501	BA
Drama/Theater Arts, General	50.0501	BFA
Drama/Theater Arts, General	50.0501	MA
Fine/Studio Arts	50.0702	MA
Art History, Criticism and Conservation	50.0703	MA
Music History and Literature	50.0902	BM
Music History and Literature	50 0000	MA
	50.0902	MA

UNIVERSITY OF LOUISVILLE (cont.)

Music History and Literature	50.0902	MM
Music - General Performance	50.0903	BM

ATTACHMENT B PROGRAMS TO BE SUSPENDED OR CLOSED

PROGRAM	CIP CODE	DEGREE
Music Theory and Composition	50.0904	BM
Music Theory and Composition	50.0904	MM
Nuclear Medicine Technology/Technician	51.0905	BHS
Medical Radiologic Technology/Technician	51.0907	AHS
Respiratory Therapy Technology	51.0908	BHS
Cytotechnologist	51.1002	С
Cytotechnologist	51.1002	BHS
Medical Technology	51.1005	С
Medical Technology	51.1005	BHS
Visual Sciences	51.1399.01	PhD

WESTERN KENTUCKY UNIVERSITY

Educational Policy Studies and Evaluation	13.0699.01	EdD (Cooperative)
Educational Psychology	13.0802	EdD (Cooperative)
Special Education, General	13.1001	EdD (Cooperative)
Agricultural Teacher Education (Vocational)	13.1301	BS
Health Teacher Education	13.1307	BS
Math and Physical Sciences Teacher Education	13.1399.02	BS
Vocational Teacher Education	13.1399.03	EdD (Cooperative)
Humanities	24.0199.03	MA
Library Science/Librarianship	25.0101	BS
Environmental Biology	26.0699.01	PhD (Cooperative)
Health and Physical Education General	31.0501	EdD (Cooperative)
Chemistry, General	40.0501	PhD (Cooperative)
Cartography	45.0702	AS
Technical Illustration	48.0199.01	AS
Communications Disorders	51.0204	BS

ATTACHMENT C SUMMARY OF INSTITUTIONAL RESPONSES

Each institution was asked to place identified programs into four categories.

- The program should no longer be offered.
- The program should be continued but altered in some form.
- The program should continue in its current form.
- The program requires special attention in the summer and fall 2000 semester.

This is an overview of the institutional responses for each category.

1. THE PROGRAM SHOULD NO LONGER BE OFFERED

The institutions have decided to close or suspend 106 programs (19 percent of those identified). Murray State University, Northern Kentucky University, the University of Louisville, and Western Kentucky University undertook particularly aggressive assessments, deciding to suspend or close at least 20 percent of the identified programs. These institutions made these decisions in part because the Council's review coincided with the cycle of institutional reviews already under way.

For students enrolled in programs to be suspended or closed, Council policy and practice has been that institutions "teach out" existing students. For Kentucky's current and prospective college students, the Council staff reviewed decisions to discontinue programs to ensure that similar programs remain reasonably available.

2. THE PROGRAM SHOULD BE CONTINUED BUT ALTERED IN SOME FORM.

The institutions have designated 114 programs (21 percent of those identified) as necessary to their missions and strategic goals, but they can be made more efficient and effective. The Council's review process has led to discussions among faculty across the state to develop regional and statewide partnerships to share resources and expertise. For example, conversations are under way among faculty in philosophy and also among faculty in the foreign languages. The Council is also requesting in this agenda item that faculty in teacher education and the visual and performing arts (along with foreign languages) undertake discussions about sharing programs.

Responses from the institutions include plans to improve programs by:

- Integrating distance learning technologies into program delivery.
- Increasing recruitment through stronger relationships with secondary schools and more effective articulation and transfer arrangements with the Kentucky Community and Technical College System.

- Investing additional resources to create more faculty positions and provide more program-specific financial aid, such as funding for more teaching and research assistants in graduate-level programs.
- Adjusting curricula to better serve the needs of current students and prospective employers of program graduates.
- Assisting program faculty in obtaining more external funding for research, instruction, or service.
- Consolidating related programs within an institution.

3. THE PROGRAM SHOULD BE CONTINUED IN ITS CURRENT FORM.

As the Council has stressed, the number of degrees conferred is only one criterion to assess the efficiency and effectiveness of an academic program. Institutions argued for retaining 202 programs (37 percent of those identified) in their current form for several reasons.

- The program is important to student recruitment and retention. Students are interested in a university not only for the program in which they intend to major, but also in the diversity of courses and educational experiences other academic programs offer.
- Courses within a program serve the needs of students improving job skills or acquiring certification from the Education Professional Standards Board and other bodies.
- Courses in a program are also part of other programs or part of general education requirements and therefore would need to be offered even if the degree program was not.
- The program has experienced increases in enrollment and degrees conferred in recent years, often because of changes resulting from previous program reviews.
- The program is recognized by external sources for its quality.
- The program attracts a substantial amount of external funding for research, instruction, or service.
- The program performs functions mandated by the state or federal government.
- The program is the only one of its kind in the state.
- The program is associated with an institution's Program of Distinction.
- The program is delivered at little or no cost to the institution, usually because it is embedded in higher level programs. For example, some master's programs are components of doctoral programs and do not have separate faculty or course offerings. The same may be true for some associate programs embedded in baccalaureate programs.
- The program has few faculty and therefore has a relatively high graduate-faculty ratio.
- The program and its courses are critical to efforts to retain industries and attract new ones.
- The program produces the number of graduates that employers can absorb.

4. THE PROGRAM REQUIRES SPECIAL ATTENTION IN SUMMER AND FALL 2000.

The institutions placed 124 programs (23 percent of those identified) in this category. Each institution put some programs in this category, recognizing the need for additional consultations on campus before determining how to proceed. Also, because the Council's review did not always coincide with an on-campus review cycle, many decisions remain to be made in the coming months on some campuses.

ATTACHMENT D NEXT STEPS

Supplemental institutional reports will be provided to the Council in winter and spring of the 2000-01 academic year. These reports will provide updates on program review on the campuses and include a list of additional programs designated for suspension, closure, or alteration.

Eastern Kentucky University is altering its internal mechanism for academic program review. The new process will provide for a cyclical review of every academic program to ensure that quality and continuous improvement are integral components of all programs. Eastern has already labeled 27 programs (36 percent of those identified) as requiring special attention, indicating that they will receive careful scrutiny in the coming academic year. The development of a new process of on-campus review follows re-structuring of the institution in April 1999: merging nine academic colleges into five. Discussion with representatives of Eastern and the detailed documentation submitted regarding plans for regular program review indicate that the process being developed should result in decisions to suspend, close, or alter a significant number of programs during the next academic year.

Kentucky State University also is altering its internal mechanism for academic program review. In anticipation, Kentucky State has placed all academic programs on its campus under special attention, indicating that each will receive careful scrutiny in the coming months. This review will involve an internal self-study as well as the establishment of external advisory committees for each program. One focus of the review will be to develop plans to revitalize some academic programs through increased collaboration with other institutions. Discussion with representatives of Kentucky State and the detailed documentation submitted regarding plans for program review indicate that the process being developed should result in decisions to suspend, close, or alter a significant number of programs during the next academic year.

Morehead State University is revising its internal review structure, in part as a result of their Southern Association of Colleges and Schools (SACS) re-accreditation review in 1999. In the interim, Morehead State has designated 20 programs (47 percent of those identified) as requiring special attention during the next academic year. These programs have either already developed detailed plans for improvement or are required to do so. These plans may include a variety of strategies, including collaboration with other institutions, greater integration of distance learning technologies, increasing recruitment and retention efforts, and adjustments to curricula to better serve the needs of current students and prospective employers of program graduates. The plans will be reviewed to ensure that changes will result in greater program efficiency and effectiveness. Those programs that do not develop viable plans for improvement will face possible closing.

Murray State University has an on-going internal review process that resulted in decisions to suspend or close 19 programs (24 percent of those identified). Murray State will also alter 13 programs (17 percent). Several programs will be changed to

incorporate collaborative arrangements among related programs at Murray as well as with similar programs at Western Kentucky University and other institutions. Each program in this category will develop an action plan. This plan will include specific steps to be taken, a timeline for implementation, expected outcomes, and assessment strategies. The success of these plans will be continuously monitored.

Northern Kentucky University undertook an extensive review of the identified programs. This process resulted in decisions to suspend or close seven programs (24 percent of those identified). Four other programs (14 percent) will be subject to "special attention" during the fall semester to determine whether they can be made viable. Four other programs (14 percent) have developed plans for alteration or have already undergone changes. The effect of these alterations will be continuously monitored.

The University of Kentucky has an on-going process for review that takes into account recent institution-wide initiatives in graduate (developed in 1996) and undergraduate (developed in 1998) education. The internal review has resulted in 46 programs (37 percent of those identified) already undergoing alteration. In addition, decisions have been made to suspend or close 12 programs (10 percent).

The University of Louisville is in the final stages of the work of the Blue Ribbon Commission appointed to undertake a university-wide process of evaluation and reallocation. The Commission's work has resulted in decisions to suspend or close 35 programs (38 percent of those identified). The university will close its School of Allied Health. In addition, UofL has already altered (or plans to alter) 42 programs (45 percent), all of which are required to have action plans that will be constantly monitored to gauge the effectiveness of changes. Only nine programs (10 percent) will remain unchanged.

Western Kentucky University is in the second year of an extensive review of its academic programs. As a result, 15 programs (20 percent of those identified) will be suspended or closed. Western has also decided to close eight programs that had previously been suspended. And 31 programs (41 percent) have been placed under special attention. Faculty members in these programs have been asked to develop "viability plans" that often are expected to include consolidation of programs on the campus or collaborative arrangements with other institutions. Only 20 programs (27 percent) will be maintained in their current form and most are still expected to develop viability plans.

NEW PROGRAM PROPOSAL: MS IN APPLIED COMPUTING EASTERN KENTUCKY UNIVERSITY

Recommendation:

That the Master of Science in Applied Computing proposed by Eastern Kentucky University be approved and registered in CIP 11.0701 (Computer Science).

Rationale:

- Demand for applied computing professionals is high and continues to grow in Eastern's service region and throughout the state.
- The proposed program is aimed at business and industry computing professionals as well as secondary school, community, and technical college educators seeking to improve their job skills.
- The proposed program is designed to meet the varied needs of prospective students through three tracks in software engineering, business computing, and industrial computing.
- Delivery of the proposed program is designed for student convenience: it will be offered on Eastern's main campus and on extended campus sites; classes will be held in the evenings and on Saturdays; course materials will be available on the web; and, as the need arises, courses will be delivered via the Kentucky Commonwealth Virtual University.

Background:

Using the new Kentucky Postsecondary Program Proposal System (KPPPS), Eastern Kentucky University posted the proposed program to the Council's website. It was reviewed without objection by the other public and private universities in Kentucky and the Kentucky Community and Technical College System. Because the proposed program is not in Eastern's program band (program areas in which the EKU Board of Directors has ultimate authority for approving programs), it is subject to full review and approval by the Council.

An executive summary submitted by Eastern Kentucky University is attached.

Staff Preparation by Barbara Cook

EXECUTIVE SUMMARY

EASTERN KENTUCKY UNIVERSITY MASTER OF SCIENCE IN APPLIED COMPUTING

Eastern Kentucky University (EKU) requests approval of Master of Science degree in Applied Computing to be jointly implemented by the Department of Computer Science (The Computer Science department will become independent effective July 1, 2000), the Department of Technology, the Department of Accounting, Finance and Information Systems, and the Department of Management, Marketing and Administrative Communication effective August, 2000.

Program Description

The proposed program is an interdisciplinary graduate program with options in Software Engineering, Business Computing, and Industrial Computing, designed for the people in the Eastern Kentucky University's (EKU) service area. The proposed program is tailored to serve both computing professionals working in business/industry sites who seek an advanced degree to improve their job skill, and the computer teachers/lab managers in the secondary schools, community colleges and technical schools within the EKU's service area. Courses in the proposed program will be offered during evenings and on weekends. This provides an educational opportunity for students who are unable to attend daytime classes. Currently, there is no evening program in applied computing in this region.

The proposed Master of Science in Applied Computing degree program consists of a minimum of 36 graduate hours. A minimum of 50% of graduate hours must be at the 800 level. Program candidates may choose from three applied computing options. The core requirements, which all the program candidates must take, consist of 18 credit hours of Computer Science courses. Each specialization option requires 12 credit hours in one of the options of Software Engineering, Business Computing, or Industrial Computing. The remaining six credit hours can be selected from any of the courses not required in the core or the chosen option. The academic record and work experience of each applicant will be evaluated to determine whether additional prerequisite course work is required.

At present the students who have completed undergraduate programs in computer information systems (CIS), management information systems (MIS), computer science, or manufacturing technology at any of the universities in the state of Kentucky or other states can be admitted to the program, provided they meet the graduate school requirements at Eastern Kentucky University.

Students may transfer credits for courses taken at another institution. Courses requested to be transferred will be reviewed by the departmental graduate committee for approval following the University guidelines for graduate credit transfer.

The proposed program is consistent with the mission of Eastern Kentucky University to support the needs of Kentucky's business community; respond to appropriate societal needs and public policy objectives; and meet the region's technical education needs.

Statement of need and demand for the program

With the substantial business and industrial development in the region, the demand for applied computing professionals is very high and continues to grow. The proposed program emphasizes computer software development skills needed in the business and industrial environment of the region. The program's combination of computing and business/industrial skills is particularly applicable to the needs of computing consultants in the region, many of whom work in contracting positions.

Job opportunities for program graduates

The Bureau of Labor Statistics expects job opportunities in Computing to grow "faster than average" to "much faster than average" through the year 2006 (See http://stats.bls.gov/oco/ ocos110.htm, http://stats.bls.gov/oco/ocos042.htm.) This report also emphasizes that, due to the changing nature of computers, nearly constant study is necessary to remain current in the field. One section on computer science states: "Since employers look for the most qualified applicants possessing a high level of technical expertise, individuals with an advanced degree in computer science, management information systems (MIS), computer engineering, or an MBA with a concentration in information systems should enjoy very favorable employment prospects."

Plans for delivery through distance learning technology

As with many graduate degree programs, it is anticipated that at least one-half of Masters of Science in Applied Computing students will likely pursue their graduate education on a part-time basis, primarily due to employment obligations and family responsibilities, and fiscal constraints. Hence, we have designed a cost-effective program. EKU's main campus and extended campus sites make it possible for students in central, southern, and eastern parts of the state to attend classes with relative ease. Additionally, EKU is a leader in distance learning programs such as the Kentucky Tele-Linking Network (KTLN). EKU's established use of technology and its cooperation with Kentucky Commonwealth Virtual University (KCVU) further enhances the accessibility of these courses to prospective students. At this time we have not made specific plans for any specific course to be delivered via KTLN and/or WEB. However, all of the courses in the program will be WEB enhanced; that is, all the material for the courses will be available through Internet access. Our faculty are experienced in teaching courses through distance learning technology. Therefore, as the need arises and the evaluation of our program indicates a need for delivery through distance learning technology, we will be ready to do so.

Resources

Present facilities at the main campus of Eastern Kentucky University are adequate for the implementation of the proposed master's degree program. Current facilities include four computer labs housing more than 80 PCs and a multimedia lab in the Wallace building. The

EKU library also houses a 24-hour computer lab available to students. The Computer Science Accreditation Board (CSAB) assessed the current computer labs during their visit in September 1999 and found the facilities appropriate and adequate.

The EKU libraries have a wide variety of resources to support the proposed MS degree. The library currently subscribes to 64 journals in the Mathematics, Statistics, and Computer Science areas, 38 journals in the Technology area, 110 journals in the Business area, and 21 journals in the general area of Information Studies.

Current faculty comprising the Computer Science unit of the Department of Mathematics, Statistics, and Computer Science will implement the proposed master's degree program. (Note: The Computer Science unit will become an independent department effective July 1, 2000.) All Computer Science faculty members are qualified to teach the Computer Science courses in the proposed MS degree. They will be supplemented by faculty from the departments of Technology, Accounting/Finance/Information Systems, and Management/Marketing/ Administrative Communication. The faculty from these other departments will teach the courses for the Business Computing and the Industrial Computing Options of the MS degree.

NEW PROGRAM PROPOSAL: MASTER OF PUBLIC HEALTH EASTERN KENTUCKY UNIVERSITY

Recommendation:

That the Master of Public Health degree program proposed by Eastern Kentucky University be approved and registered in CIP 51.2201 (Public Health, General).

Rationale:

- The proposed Master of Public Health program would provide training to professionals in environmental health science and community health education.
- The need for environmentalists and other community health professionals is documented in state and national plans. They include *The Environmental Health Specialist Credentialing Board Strategic Plan; The Strategic Plan of the Kentucky Department of Public Health; Healthy People 2000: National Promotion and Disease Prevention Objectives;* and *Healthy Kentuckians 2000.*
- The program builds on an environmental health baccalaureate program that is one of only 24 such certified programs in the country, an undergraduate health education program that is approved by the Society of Public Health Educators and the American Association of Health Educators, and a post-baccalaureate curriculum that meets the requirements for state certification as a Chemical Abuse and Dependency Counselor.
- The program will be offered at times and places and in formats convenient to education and health professionals who are already in the workforce.
- To avoid unnecessary duplication, faculty and administrators from Eastern have discussed the proposed programs with representatives of Murray State University, the University of Kentucky, the University of Louisville, and Western Kentucky University. All have endorsed the EKU proposal.
- Eastern, Murray, UK, UofL, and Western have plans to share in the delivery of public health courses, including the use of distance learning technologies. They have drafted a "Proposal to Create a Statewide Distance Learning Public Health Consortium."

An executive summary submitted by Eastern Kentucky University is attached.

Staff Preparation by Larry Fowler

EXECUTIVE SUMMARY EASTERN KENTUCKY UNIVERSITY MASTERS IN PUBLIC HEALTH

Eastern Kentucky University (EKU) requests approval of Master in Public Health (MPH) degree to be jointly implemented by the Department of Health Promotion and Administration and the Department. of Environmental Health Science, effective August 2000.

Program Description

The proposed program is an interdisciplinary graduate program with options in Community Health and Environmental Health primarily designed for professionals in Eastern Kentucky University 's service area. The proposed MPH is designed to fulfill the needs of health education and environmental health science professionals-individuals who assess the individual and collective needs of the community, collect, analyze, and interpret data, identify needs, set priorities, and develop, implement, and evaluate programs and services designed to improve the quality of life. Health education professionals are community outreach educators, family resource center directors, social workers, health care providers, therapists, substance abuse counselors, health care administrators, and other health professionals. These professions reflect both the magnitude and multi-disciplinary nature of health education and illustrates the need for a graduate degree program that is designed to provide a common background of knowledge and skills necessary to coordinate development and implementation of effective health programs, preventive approaches and service delivery.

In addition, the option in Environmental Health Science is a graduate program primarily tailored to meet the needs of professional holding supervisory or leadership roles in their profession. The program is designed to meet the needs of working professionals that cannot afford to leave their current position to attend school during the week. The classes will be offered on Saturdays and possibly Sundays along with several distance learning options.

The proposed Master of Public Health consists of a minimum of 36 to 42 graduate hours. A minimum of 50% of graduate hours must be at the 800 level. In the core requirements, program candidates have optional courses in health education and environmental health, which provides for flexibility in scheduling and use of existing University facilities and faculty. The core requirements, which the program candidates must take, consists of 18 credit hours in health education and environmental health courses, each option requires a minimum of 12 credit hours concentrating in one of the two options. In addition, each option requires six hours of research/thesis.

Students who have completed undergraduate degrees in environmental health or community health at any of the universities in the Commonwealth of Kentucky or other states can be admitted to the program provided they meet the graduate school requirements of EKU. Students may transfer credits for courses taken at another institution. Courses requested to be transferred will be reviewed by the Departmental graduate committee for approval following University guidelines for graduate credit transfer. Letters of support have been received from the University of Kentucky, the University of Louisville, Western Kentucky University, and Murray State University and are included in the application.

The proposed program is consistent with the mission of EKU and supports Kentucky's public health initiative. The MPH degree program will seek full accreditation from the National Environmental Health Science and Protection Accreditation Council (NEHSPA), Association for Advancement of Health Education and National Council for Accreditation of Teacher Education (AAHE-NCATE), Society of Public Health Educators (AHE-SOPHE), and the Council for Education and Public Health (CEPH) Preliminary contact with each of these accrediting bodies assures us that the proposed MPH degree program will meet the accrediting requirements.

Statement of Need and Demand for Program

The Commonwealth of Kentucky is currently in a public health crisis with extensive problems in the environmental health areas of water and waste management and has the highest cancer and coronary vascular disease rates in the country. These issues can only be resolved by the production of skilled and highly educated public health professionals. The infrastructure of public health is complex and requires extensive collaborative action between the various universities with existing BS degrees and appropriate professional faculty in the state. In addition to state programs other non-governmental agencies will provide a continuous supply of students, as well as employment opportunities for students.

The program at FKU would also serve as a feeder program to the Dr. PH at the University of Kentucky and the Ph.D program at the University of Louisville. Interested graduates of the Eastern Kentucky University program will be encouraged to pursue doctoral studies at the University of Kentucky or University of Louisville.

Justification for the Master of Public Health degree is based on the need as documented in the following plans and assessments prepared by the State of Kentucky:

® The Environmental Health Specialist Credentialing Board Strategic Plan;

® The Strategic Plan of the Kentucky Department of Public Health;

® Healthy People 2000: National Promotion and Disease Prevention Objectives;

® Healthy Kentuckians 2000.

Employment Opportunties for Program Graduates

The proposed Master of Public Health (MPH) program is designed to prepare students primarily for the local and state market, but has implications for regional and national markets as well.

The primary job market for graduates of the Environmental Health option will be local and state health departments, state and federal agencies and industry. There are more than 25,000 new environmental health openings each year (Federal Bureau of Health Manpower) of which the major it y are and will be occupied by graduates without a degree in the areas related to the environmental health degree programs.

The general employment prospects the proposed Community Health option at the local level are impressive. The number of county and regional health departments eligible to receive funding for the development and implementation of health promotion and disease prevention programs potentially creates an open forum for employment opportunities. Additionally, KRS 309.804 (effective through January 24, 2005) mandates that educational preparation and certification of alcohol and drug counselors include the attainment of a master's degree in addictions or a related field. Thus, 152 employment opportunities are available through the local health departments and a minimum of 2800 positions exists at the state level. The Department of Justice, which has an employee base of 800, the Division of Family Service, which has an employee base of approximately 2000, fall under the jurisdiction of the aforementioned statute. Also, health agencies such as; the American Cancer Society, the American Heart Association, Planned Parenthood, Youth Services and Senior Citizens Centers offer employment opportunities to graduates with the proposed degree.

Implementation of Distance Learning

As with many graduate degree programs, it is anticipated that more than 50% of the MPH graduate candidates will pursue their graduate education on a part-time basis, primarily due to employment obligations, family responsibilities, and fiscal constraints. Cooperatively, the two Departments have developed a cost effective program with flexible scheduling (including week-end classes) to accommodate a wide variety of prospective students. EKU' main campus and extended campus sites and

the week-end courses makes it possible for students from all regions of Kentucky and beyond to take courses with relative ease. Currently, distance learning programs such as the Kentucky Tele-Linking network (KTLN), web-based and correspondence courses are being offered in both departments and will be expanded to further meet the needs of prospective graduate students.

Resources

Present facilities at the main campus of Eastern Kentucky University are adequate for the implementation of the proposed MPH degree program. Current facilities include; computer and multi-media laboratories, and classrooms in the Begley, Dizney, and Rowlett Buildings. Also, the EKU library houses a computer lab available to students on a 24 hour a day basis.

The EKU library currently subscribes to over 250 journals relating to Environmental and Community Health and over 11,000 print items related to areas of health.

Current faculty in the Department of Health Promotion and Administration and Environmental Health Science will implement the proposed MPH degree program, supplemented by other Departments within the College of Health Sciences. Two additional faculty will be requested by the Departments of Health Promotion and Administration and Environmental Health Science. These positions will be added through reallocation of existing resources.

MINUTES Academic Affairs Committee Council on Postsecondary Education May 22, 2000

	The Council on Postsecondary Education Academic Affairs Committee met May 22, 2000, at 8:30 a.m. (ET) in Room 122, Manufacturing Building, Central Kentucky Technical College, Lexington, Kentucky. Norma Adams, Chair, presided.		
ROLL CALL	The following members were present: Ms. Adams, Mr. Huddleston, Ms. Taylor, Mr. Todd, and Ms. Weinberg. Mr. Wilhoit represented Mr. Noland.		
APPROVAL OF MINUTES	A motion was made by Ms. Weinberg and seconded by Mr. Huddleston to approve the minutes of March 20, 2000. The minutes were approved as distributed.		
ACTION NEW PROGRAM PROPOSAL:	RECOMMENDATION: That the Doctor of Nursing Practice degree program proposed by the University of Kentucky be approved and registered in CIP 51.1608 (Nursing Science-Post R.N.)		
DOCTOR OF NURSING PRACTICE, UK	MOTION: Ms. Weinberg moved that the recommendation be accepted. Mr. Huddleston seconded the motion.		
UK	Ms. Adams introduced Bill Swinford, Council Senior Associate for Academic Affairs, to present the proposal for this program.		
	DISCUSSION: Mr. Swinford said that Council staff had reviewed the proposal and had discussed it with the University of Kentucky. He said there is demand for graduates of this program, an innovative one that teaches skills needed in an increasingly complex health care and management environment.		
	Mr. Swinford introduced Dr. Jim Holsinger, Chancellor of the Medical Center, University of Kentucky. Dr. Holsinger said this practice-based degree program and the existing research-oriented Ph.D. program would benefit each other. He said the new program would make a difference in the lives of nurses.		
	Dr. Julie Sebastian, Associate Dean, College of Nursing, University of Kentucky, said the existing program is designed to prepare nurse scientists who develop their own research programs. The proposed program would prepare people who are expert at identifying relevant research, disseminating innovations in practice, and creating a new practice environment.		

Ms. Adams asked whether faculty from the business school would be used for part of the training in executive knowledge. Dr. Sebastian said that students would be required to take nine credit hours of cognates and that students in the executive track would have the opportunity to take courses in the business school.

Mr. Huddleston asked if they expected that students might have practiced nursing for many years. Dr. Sebastian said yes. She said that exceptional students in the master's nursing program who have earned clinical experience could enter this program if they had the credentials.

Ms. Adams asked if graduates could get jobs in the health insurance industry. Dr. Marcia Stanhope, Associate Dean of the College of Nursing, said the most likely employers would be hospitals and other health care agencies at which expert nurse clinicians are needed to provide a high level of care. At the executive level, employment would be in major administrative positions such as vice presidents for nursing in hospitals, vice presidents for nursing in other community agencies, and nurse consultants at the governmental level.

VOTE: The motion passed.

WITHDRAWN

Ms. Adams announced that the Bachelor of Health Science in Diagnostic Imaging proposed by the University of Louisville had been withdrawn from the agenda at the request of the institution.

NEW PROGRAM PROPOSAL: BHS IN DIAGNOSTIC IMAGING SCIENCES UofL

ACTION

NEW PROGRAM PROPOSALS: DEGREE PROGRAMS AT KCTCS RECOMMENDATION: That the following Associate in Applied Technology (AAT) programs be provisionally approved for the corresponding eight technical colleges:

- Business and Office Technology (CIP 52.0402) Northern Kentucky Technical College
- Culinary Arts (CIP 20.0402) Bowling Green Technical College
- Industrial Maintenance Technology (CIP 47.0303) Hazard Technical College
- Machine Tool Technology (CIP 48.0503) Madisonville Technical College
- Machine Tool Technology (CIP 48.0503) Owensboro Technical College
- Machine Tool Technology (CIP 48.0503) Rowan Technical College

- Medical Laboratory Technology (CIP 51.1004) Cumberland Valley Technical College
- Welding Technology (CIP 48.0508) Jefferson Technical College

MOTION: Mr. Huddleston made a motion that the recommendation be accepted. Ms. Weinberg seconded the motion.

Mr. Swinford introduced Charles Wade, Council Associate for Academic Affairs, and Dr. Keith Bird and Dr. Tony Newberry, Chancellors for the Kentucky Community and Technical College System, to present this proposal. Mr. Swinford also noted that several colleagues from the community and technical colleges were in attendance and available to answer questions.

DISCUSSION: Mr. Wade said the review of program proposals at Kentucky's technical colleges began last July with approval of the first five associate degrees in applied technology. He said that approval of these eight programs would mean that all of the technical colleges would be qualified to offer associate degrees. The institutions would be degreegranting institutions for the purposes of accreditation and student financial aid. All of the proposed programs are built on diploma programs already in place.

Mr. Wade asked Dr. Bird and Dr. Newberry to comment on these programs.

Dr. Newberry thanked Council staff and representatives of the technical colleges for their work on these programs. He said that the development of these degree-granting programs is extremely important to students, particularly in terms of financial aid. He said that of the first five programs provisionally approved by the Council in July 1999, four have received Council on Occupational Education approval. The approval process for the fifth program, at Western Kentucky Technical College, has gone well, he said. Visits by the Council on Occupational Education should be completed by this fall so that all of the technical colleges will be qualified to grant degrees. All students will receive full financial aid. Dr. Newberry said this was a historic day and thanked the Council staff.

Ms. Adams stated that approval of all eight of these programs is provisional and contingent on Council on Occupational Education approval.

Dr. Bird added that there is a strong need for these programs, and several programs have received a tremendous amount of support from the community. He noted that these programs are built on existing programs.

Mr. Newberry said that another distinguishing characteristic is that each of these programs has strong partnerships with community colleges or universities.

Ms. Adams asked whether the wage scale would be higher for those who complete an associate degree program because employers request this additional training for their employees. Dr. Bird said evidence indicates yes and there is a tremendous shortage in these areas, particularly machine tool technology. He also said that the real challenge with technical education is to keep students in classes long enough to complete programs because the strong need for these skills and the good wages associated with them allow students to leave once they have developed the right competencies.

Mr. Todd asked how many articulation agreements have been reached to provide transfer to four-year institutions and exactly what would transfer. Dr. Bird said that there are two aspects of transfer that he thinks confuses the general public. There is the option of transferring general education courses from a university, community college, or the Kentucky Commonwealth Virtual University. On the other end, comprehensive universities are developing baccalaureate degrees that will accept the technical programs. The level of transferability varies from program to program. This is a subject of discussion among the chief academic officers.

Mr. Todd asked whether it is clear that students' general studies should transfer if they go into a given program. Dr. Bird said that these programs all require strong advising up front and that associate of applied sciences and associate of applied technology degrees are not covered within the curriculum frameworks.

Dr. Newberry added that Kentucky has in place baccalaureate frameworks, which are the foundation for an excellent transfer relationship between two-year colleges and universities. This is limited because it was developed to dovetail with the transfer of associate of arts degrees and associate of science degrees. All of the associate in applied science degrees and associate in applied technology degrees lie outside that framework. There is a lot of work to be done toward ensuring transferability of these programs.

Mr. Swinford said the Council, the community and technical college system, and the four-year institutions are very sensitive to transferability. Work is being done to ensure two things: clarity for students when they begin a two-year program about possibilities to extend their education; and to the greatest degree possible, universities accepting courses a student takes at a two-year institution. Ms. Weinberg asked if adequate support services and counseling are provided for general education courses because some of the students in the technical programs may have been less successful in basic courses like general education. Dr. Bird said the Kentucky Community and Technical College System will have a pilot assessment and placement program this fall at many of its colleges. This program will help develop remediation programs. Dr. Newberry said that another component of this is Representative Draud's initiative for early testing of mathematics.

Dr. Newberry said that all degree-seeking students are assessed with regard to their preparation for collegiate-level mathematics or other subjects. If they are not ready, they are referred to either developmental courses or adult basic education.

Ms. Taylor asked if there is a career development plan for students who leave to take jobs. Dr. Bird said that a plan is being developed for students to complete their baccalaureates. Mr. Swinford said that there will be discussion with the chief academic officers about web-based software that allows students to get information about their possibilities, given their credentials.

VOTE: The motion passed.

ADJOURNMENT Mr. Huddleston moved that the meeting be adjourned. Ms. Weinberg seconded the motion. The meeting adjourned at 9:15 a.m.

Sue Hodges Moore Vice President for Academic Affairs

Mary Morse Secretary

2000-02 TRUST FUND GUIDELINES

Recommendation:

- That the Council approve the attached 2000-02 Trust Fund Guidelines for the following programs: Endowment Match, Enrollment Growth and Retention, Action Agenda, Workforce Training, Equipment Replacement, and Capital Renewal and Maintenance (Attachment A).
- That the Council staff be authorized to develop reporting procedures related to these programs.

Rationale:

- *The Postsecondary Education Improvement Act of 1997* (House Bill 1) created a Strategic Incentive and Investment Funding Program to provide for a system of strategic financial assistance awards to advance the goals of postsecondary education reform. The Council is authorized to establish guidelines consistent with the Council-adopted Strategic Agenda.
- In September 1998, the Council adopted guidelines for the 1998-2000 biennium's Research Challenge Trust Fund Endowment Program and the Regional University Excellence Trust Fund Endowment Program (Attachment B).
- The 2000 General Assembly created, for a second biennium, an Endowment Match Program and created, through the budget bill, two new trust funds: the Science and Technology Trust Fund and the Adult Education and Literacy Trust Fund. Preliminary plans for these two new trust funds are in this agenda book.
- The 2000-02 budget bill also established a Faculty Development Program for 2001-02 under the Technology Initiative Trust Fund. Guidelines for the 2001-02 Faculty Development Program will be considered by the Council no later than its January 2001 meeting.
- Appropriations in the 2000-02 biennium for the Student Financial Aid and Advancement Trust Fund are for the Kentucky Educational Excellence Scholarship Program, administered by the Kentucky Higher Education Assistance Authority. These appropriations will be made available in accordance with the funding mechanism established in Senate Bill 21 from the 1998 regular session.

Highlights:

I. Endowment Match

The Endowment Match Program is cash-funded in the Surplus Expenditure Plan at \$120 million, with \$100 million appropriated for the research universities (University of Kentucky two-thirds, University of Louisville one-third) and \$20 million for the comprehensive universities. Funds must be matched dollar-for-dollar and are targeted for endowed chairs and professorships. Funds will be available for distribution after the close of 1999-2000.

The 1998-2000 Endowment Match Program guidelines for the research institutions have been modified as follows:

- <u>Added language on specific disciplines and required percentages.</u> Rationale: Desire to target the most endowment match funds to benefit Kentucky's economy as directly as possible.
- <u>Allowed faculty who are engaged in research to hold key administrative positions such as</u> <u>departmental chairs, center directors, or deans.</u> Rationale: Not penalizing scholars who hold key administrative positions, while retaining primary emphasis on the quality of scholarship.
- <u>Established a minimum amount for endowment matching funds</u>. Rationale: The 1998-2000 guidelines provide for no minimum matching funds amount. The proposed guidelines establish a \$50,000 minimum for administrative efficiency.
- <u>Required that all matching funds be treated as endowments</u>. Rationale: The original intent was to increase endowments so that only interest income would be spent, leaving the principal.
- <u>Required that matching funds not be from any state-funded trust fund</u>. Rationale: The new guidelines clarify the original intent.
- <u>Deleted language that permitted institutional matches from federal funds and auxiliary</u> <u>enterprises</u>. Rationale: Neither federal funds nor funds from auxiliary enterprises were used as match in the current biennium.

The \$20 million appropriated for the comprehensive universities in the Endowment Match Program is divided into two \$10 million pools with the primary pool being distributed among institutions as prescribed by KRS 164.7919(1)(b). The secondary pool of \$10 million is appropriated for each comprehensive institution based on the same distribution only until June 30, 2002.

Comprehensive Universities	Primary Pool	Secondary Pool	Total
Eastern Kentucky University	\$2,450,000	\$2,450,000	\$4,900,000
Kentucky State University	751,500	751,500	1,503,000
Morehead State University	1,462,500	1,462,500	2,925,000
Murray State University	1,691,500	1,691,500	3,383,000
Northern Kentucky University	1,332,000	1,332,000	2,664,000
Western Kentucky University	2,312,500	2,312,500	4,625,000
Total	\$10,000,000	\$10,000,000	\$20,000,000

The Endowment Match Program guidelines for the comprehensive institutions have been modified as follows:

- <u>Added endowed scholarships as a new category</u>. Rationale: Comprehensive universities needed the ability to provide for undergraduate endowed financial aid.
- <u>Allowed faculty who are engaged in research to hold key administrative positions such as</u> <u>departmental chairs, center directors, or deans.</u> Rationale: Not penalizing scholars who hold key administrative positions, while retaining primary emphasis on the quality of scholarship.
- <u>Required that all matching funds be treated as endowments</u>. Rationale: The original intent was to increase endowments so that only interest income would be spent, leaving the principal.
- <u>Required that matching funds not be from any state-funded trust fund</u>. Rationale: The new guidelines clarify the original intent.
- Deleted language that permitted institutional matches to come from federal funds and auxiliary <u>enterprises</u>. Rationale: Neither federal funds nor funds from auxiliary enterprises were used as match in the current biennium.

II. Enrollment Growth and Retention

The Enrollment Growth and Retention Program provides \$8 million in each year of the biennium. The 2000-01 appropriation will be distributed among institutions according to the provisions of the budget bill, House Bill 502. The 2001-02 appropriation will be distributed based on guidelines approved by the Council no later than its January 2001 meeting. The 2000-01 appropriation will be distributed as follows:

Research Universities	
University of Kentucky	\$950,000
Lexington Community College	250,000
University of Louisville	450,000
Total	\$1,650,000
Comprehensive Universities	
Eastern Kentucky University	850,000
Kentucky State University	400,000
Morehead State University	350,000
Murray State University	200,000
Northern Kentucky University	350,000
Western Kentucky University	700,000
Total	\$2,850,000
KCTCS	\$3,500,000
System Total	\$8,000,000

III. Action Agenda

The Action Agenda Program is funded at \$10 million in 2001-02. Funds are distributed as prescribed by KRS 164.7919(1)(b). Institutions will submit proposals directed at achieving the goals of *The Postsecondary Education Improvement Act of 1997*, the *2020 Vision*, and the *Action Agenda*. Funds are allocated among the comprehensive universities as specified in House Bill 502 as follows:

Comprehensive Universities	2001-02
Eastern Kentucky University	\$2,433,000
Kentucky State University	732,000
Morehead State University	1,435,000
Murray State University	1,659,000
Northern Kentucky University	1,414,000
Western Kentucky University	2,327,000
Total	\$10,000,000

IV. Workforce Training

The Workforce Training Program is funded at \$6 million in each year of the biennium to help improve and expand workforce skills. Workforce Training Program funds are earmarked for the KCTCS and the Lexington Community College through the KCTCS.

V. Equipment Replacement

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The Equipment Replacement Program provides debt service for a \$20 million bond issue to upgrade and replace instructional and research equipment. The budget bill allocates bond proceeds proportionally among institutions based on 1998-99 actual unrestricted instruction and research expenditures as follows:

Research Universities	
University of Kentucky	\$7,385,000
University of Louisville	3,547,000
Total	\$10,932,000
Comprehensive Universities	
Eastern Kentucky University	\$1,582,000
Kentucky State University	253,000
Morehead State University	751,000
Murray State University	1,009,000
Northern Kentucky University	861,000
Western Kentucky University	1,394,000
Total	\$5,850,000
KCTCS	\$3,218,000
System Total	\$20,000,000

VI. Capital Renewal and Maintenance

The Capital Renewal and Maintenance Program provides debt service for a \$30 million bond issue. The distribution of the bond proceeds is based on education and general square footage reported by institutions in the fall 1998 facilities database and was part of the Council's 2000-02 budget request.

Research Universities	
University of Kentucky	\$8,929,000
University of Louisville	4,553,000
Total	\$13,482,000
Comprehensive Universities	
Eastern Kentucky University	\$2,814,000
Kentucky State University	759,000
Morehead State University	1,625,000
Murray State University	2,532,000
Northern Kentucky University	1,359,000
Western Kentucky University	2,343,000
Total	\$11,432,000
KCTCS	\$5,086,000
System Total	\$30,000,000

Attachment A

KENTUCKY POSTSECONDARY EDUCATION

2000-02 Trust Fund Guidelines:

Research Challenge Trust Fund Regional Excellence Trust Fund Postsecondary Workforce Development Trust Fund Technology Initiative Trust Fund Physical Facilities Trust Fund

Commonwealth of Kentucky Council on Postsecondary Education Frankfort, Kentucky 40601-8204



2000-02 TRUST FUND GUIDELINES

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2000-02 ENDOWMENT MATCH PROGRAM GUIDELINES

Introduction

The Endowment Match Program for 2000-02 is cash-funded in the Surplus Expenditure Plan in the 2000-02 Appropriations Bill as follows:

Research Universities

University of Kentucky	\$66,667,000
University of Louisville	33,333,000
Total	\$100,000,000
Comprehensive Universities	
Eastern Kentucky University	\$4,900,000
Kentucky State University	1,503,000
Morehead State University	2,925,000
Murray State University	3,383,000
Northern Kentucky University	2,664,000
Western Kentucky University	4,625,000
Total	\$20,000,000

These guidelines replace the 1998-2000 guidelines approved by the Council in 1998 with the following exceptions:

- The first two sections of the 1998-2000 guidelines, "Objectives" and "General Guidelines for the Use of the Endowment Funds," are maintained.
- The 1998-2000 allocation to each university must be matched completely before that institution qualifies for any portion of its 2000-02 allocation. Each university will use the 1998-2000 Endowment Program Guidelines until its 1998-2000 Endowment Program allocation has been completely matched.
Section 1: Research Universities

A. Uses of Endowment Match Program Funds

- **1.** Endowment Match Program funds will be used for the following purposes:
 - Endowed Chairs: Fund new faculty positions and associated expenses. Associated expenses may include travel, start-up costs, and other professional expenses as permitted by university policy.
 - Endowed Professorships: Fund salary supplements to existing faculty positions and associated expenses for those positions including travel expenses, start-up costs, and other professional expenses as permitted by university policy.
 - Endowed Graduate/Professional Fellowships: Fund fellowship stipends, which may include travel and other expenses as permitted by university policy, for outstanding graduate or professional students.
 - Research and Graduate Mission Support: Includes support for the improvement of priority programs of national distinction including funding for visiting scholars, nationally prominent publications, the dissemination of research, and the advancement and support of the general research mission as specified in university regulations and policies. Universities would not fund capital construction projects with endowment funds.
- 2. At least 60 percent of these funds must be used to support the academic disciplines of engineering, technology, computer science, health sciences, life sciences, mathematics, or physical sciences. These areas are of strategic benefit to Kentucky and are core components of the knowledge-based economy.
- **3.** Endowment Match Program funds cannot be used for administration or administrative staff positions if the primary reason for the appointment is administrative. However, researchers or scholars with an active research program who may have an appointment such as departmental chair, center director, or dean will be eligible.

B. Matching Requirements

This program is conceived as a way to bring new money from external sources into the Commonwealth's system of postsecondary education. To receive Endowment Match Program funds, the research universities will provide a dollar-for-dollar match:

- 1. Eligible matching funds can be received from only the following entities:
 - Businesses, foundations, hospitals, or corporations.
 - Alumni or other individuals.

- **2.** The minimum eligible matching amount is \$50,000. A university may combine smaller donations from individuals, businesses, foundations, or corporations to meet the \$50,000 minimum.
- **3.** All matching funds must be endowed. "Endowed" means the principal must be maintained and only earnings may be expended.
- 4. Requests for Endowment Match Program funds should:
 - Identify separately the matching funds that are cash and the matching funds that are pledges.
 - > Be based on a binding written contract or agreement.
 - > Include a payment pledge that may not exceed five years.
- **5.** If pledged funds are not received within five years, the university must replace the portion that is not received with another eligible cash match or the Endowment Match Program funds will revert to the Trust Fund for reallocation.
- 6. Matching funds may not be from any state-funded trust fund.

C. Annual Reporting for 2000-02

The Council staff, working with university presidents and their staffs, will modify as necessary the universities' annual report used to monitor the 1998-2000 Endowment Match Program.

Section 2: Comprehensive Universities

A. Uses of Endowment Match Program Funds

- 1. Endowment Match Program funds will be used for the following purposes:
 - Endowed Chairs: Fund new faculty positions and associated expenses. Associated expenses may include travel, start-up costs, and other professional expenses as permitted by university policy.
 - Endowed Professorships: Fund salary supplements to existing faculty positions and associated expenses for those positions including travel expenses, start-up costs, and other professional expenses as permitted by university policy.
 - Endowed Scholarships and Fellowships: Fund scholarships and fellowship stipends, which may include travel and other expenses as permitted by university policy, for outstanding students.

- Comprehensive Mission Support: Includes support for the improvement of priority programs of national distinction including funding for visiting scholars, nationally prominent publications, the dissemination of research, and the advancement of support of the general research mission as specified in university regulations and policies. Universities would not fund capital construction projects with endowment funds.
- 2. Endowment Match Program funds cannot be used for administration or administrative staff positions if the primary reason for the appointment is administrative. However, researchers or scholars with an active research program who may have an appointment such as departmental chair, center director, or dean will be eligible.

B. Matching Requirements

This program is conceived as a way to bring new money from external sources into the Commonwealth's system of postsecondary education. To receive Endowment Match Program funds, the comprehensive universities will provide a dollar-for-dollar match:

- 1. Eligible matching funds can be received from only the following entities:
 - Businesses, foundations, hospitals, or corporations.
 - Alumni or other individuals.
- **2.** All matching funds must be endowed. "Endowed" means the principal must be maintained and only earnings may be expended.
- 3. Requests for Endowment Match Program funds should:
 - Identify separately the matching funds that are cash and the matching funds that are pledges.
 - > Be based on a binding written contract or agreement.
 - ▶ Include a payment pledge that may not exceed five years.
- **4.** If pledged funds are not received within five years, the university must replace the portion that is not received with another eligible cash match or the Endowment Match Program funds will revert to the Trust Fund for reallocation.
- 5. Matching funds may not be from any state-funded trust fund.

6. Distribution of the Endowment Match Program funds will be as follows:

For purposes of allocation, the comprehensive university endowment match of \$20 million is divided into two \$10 million pools. Each institution has access to the two pools for the amounts specified below:

Institution	Primary Pool	Secondary Pool	Total
Eastern Kentucky University	\$2,450,000	\$2,450,000	\$4,900,000
Kentucky State University	751,500	751,500	1,503,000
Morehead State University	1,462,500	1,462,500	2,925,000
Murray State University	1,691,500	1,691,500	3,383,000
Northern Kentucky University	1,332,000	1,332,000	2,664,000
Western Kentucky University	2,312,500	2,312,500	4,625,000
Total	\$1 <mark>0,000,000</mark>	\$10,000,000	\$20,000,000

The primary pool of \$10 million is allocated to specific institutions and remains in the Trust Fund until it is matched. Funds may be carried forward.

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 may submit requests for additional matching funds. Funds requested from July 1, 2002 until July 31, 2002, will be matched on a pro-rata basis based on requests. After July 31, 2002, funds requested will be considered on a first-in basis until all funds are allocated.

C. Annual Reporting for 2000-02

The Council staff, working with university presidents and their staffs, will modify as necessary the format and contents of the universities' annual report used to monitor the 1998-2000 Endowment Matching Program.

2000-02 ENROLLMENT GROWTH AND RETENTION PROGRAM GUIDELINES

Introduction

The Enrollment Growth and Retention Program supports increased enrollment and retention in Kentucky's postsecondary education institutions. The Council, in conjunction with the institutions, established enrollment and retention targets that will be used in measuring progress toward increased educational access and attainment. These goals reflect the *1999-2004 Action Agenda* and House Bill 1 initiatives to reach national averages in educational attainment by 2020. Additionally, the program should target underserved areas.

The 2000-02 Appropriations Bill allocates the \$8 million Enrollment Growth and Retention Program funds for 2000-01:

Institution	2000-01
Research Universities	
University of Kentucky	\$950,000
Lexington Community College	250,000
University of Louisville	450,000
Total	\$1,650,000
Comprehensive Universities	
Eastern Kentucky University	850,000
Kentucky State University	400,000
Morehead State University	350,000
Murray State University	200,000
Northern Kentucky University	350,000
Western Kentucky University	700,000
Total	\$2,850,000
Kentucky Community and Technical College System Total	\$3,500,000
System Total	\$8,000,000

The 2001-02 appropriation is not allocated at this time.

Biennial enrollment and retention goals were established for each institution as part of the 1999-2004 Action Agenda.

- For 2000-01, institutions will be measured by whether or not they meet the fall 2000 goals.
- Because of the 2000-01 legislative appropriation, the enrollment and retention schedules now include objectives for each year of the biennium. The first year objectives are interpolations.

A. Uses of Enrollment Growth and Retention Program Funds

- 1. There are no restrictions on the non-recurring use of 2000-01 Enrollment Growth and Retention Program funds for institutions that meet fall 2000 enrollment and retention goals.
- **2.** Institutions that assign 2000-01 enrollment growth and retention funds to recurring activities should understand that the distribution of the 2001-02 appropriation will be based on meeting enrollment and retention goals in the fall of 2001.

B. Distribution of 2000-01 Funds

Enrollment growth and retention funds will be distributed after July 1, 2000. However, institutions that do not meet fall 2000 enrollment and retention goals must submit a plan showing how the funds will be used to support recruitment and retention efforts.

C. Distribution and Uses of 2001-02 Enrollment Growth and Retention Program Funds

It is anticipated that the 2001-02 Enrollment Growth and Retention Program Guidelines will be submitted to the Council no later than its January 2001 meeting. The distribution of 2001-02 funds will be based on meeting fall 2001 enrollment and retention goals.

Undergraduate Enrollment Fall Semester

	Actual		Goal	
	<u>1998*</u>	<u>1999*</u>	<u>2000</u>	<u>2001</u>
Research Universities				
University of Kentucky	17,200	16,800	17,300	17,400
Lexington Community College	6,100	6,800	6,700	7,000
University of Louisville	14,600	14,700	14,500	14,400
Comprehensive Universities				
Eastern Kentucky University	13,500	13,300	13,800	14,100
Kentucky State University	2,200	2,300	2,300	2,400
Morehead State University	6,700	6,600	6,800	6,900
Murray State University	7,300	7,300	7,400	7,500
Northern Kentucky University	10,600	10,700	10,700	10,900
Western Kentucky University	12,700	12,900	13,000	13,200
KCTCS	45,500	46,000	47,300	48,800
Subtotal	136,400	137,400	139,800	142,600
Independent Institutions	24,200	24,100	24,200	24,700
Total Undergraduate Enrollment	160,600	161,500	164,000	167,300

* Rounded

Graduate/Professional Enrollment* Fall Semester

	Actual		Goal	
	<u>1998**</u>	<u>1999**</u>	<u>2000</u>	<u>2001</u>
University of Kentucky	7,000	6,700	7,000	7,100
University of Louisville	6,100	6,000	6,200	6,300
Total Graduate/Professional Enrollment	13,100	12,700	13,200	13,400

* Excludes Postdoctoral Students

** Rounded

Retention Rates Fall Semester

	Actual		Goal	
	<u>1998*</u>	<u> 1999*</u>	2000	<u>2001</u>
Research Universities				
University of Kentucky	80%	79%	80%	81%
Lexington Community College**	62	62	63	63
University of Louisville	71	69	72	73
Comprehensive Universities				
Eastern Kentucky University	63	61	64	65
Kentucky State University	57	71	58	59
Morehead State University	64	59	65	66
Murray State University	72	67	72	73
Northern Kentucky University	63	62	64	65
Western Kentucky University	68	67	68	69
KCTCS**	53	53	54	55

* Rounded. First-time freshmen in fall 1997 who were still enrolled in fall 1998, and first-time freshmen in fall 1998 who were still enrolled in fall 1999.

** Includes students who transferred to public universities.

2000-02 ACTION AGENDA PROGRAM GUIDELINES

Introduction

The Action Agenda Program in the Regional University Excellence Trust Fund will support specific efforts by the comprehensive universities to achieve the aspirations set forth in the *Kentucky Postsecondary Education Improvement Act of 1997, 2020 Vision*, and the Council's *1999-2004 Action Agenda*. Institutions are expected to design, develop, and implement distinctive approaches to achieving the goals of postsecondary education including leading more Kentuckians to seek and obtain postsecondary education, smoothing the transition from high school to postsecondary education, and improving the quality of life for children and the elderly.

This program has a \$10 million appropriation in 2001-02 to be allocated among the comprehensive universities as specified in House Bill 502.

Comprehensive Universities	2001-02
Eastern Kentucky University	\$2,433,000
Kentucky State University	732,000
Morehead State University	1,435,000
Murray State University	1,659,000
Northern Kentucky University	1,414,000
Western Kentucky University	<u>2,327,000</u>
Total	\$10,000,000

A. Uses of Action Agenda Program Funds

- 1. Activities should be directed toward initiatives that will help achieve the goals of *The Postsecondary Education Reform Act of 1997, 2020 Vision,* and the *Action Agenda*.
- **2.** Each comprehensive university shall submit a single proposal addressing the planned use of these funds. The proposal may include multiple initiatives.
- **3.** Examples of initiatives that may be funded include efforts to:
 - Address issues of teacher quality, pre-service training, and in-service professional development as identified by the Teacher Quality Task Force recommendations. (Note: The 2000-02 Appropriations Bill encourages the Council to allocate \$4 million of the Action Agenda Program funds to initiatives addressing teacher quality issues. Senate Bill 77 stipulates conditions that postsecondary education institutions must meet in order to qualify for funds for the purposes of teacher education or model programs of teaching and learning.)

- Collaborate with other education entities.
- Aid in the recruitment and retention of students by increasing the awareness of an institution and its academic offerings among populations within its region.
- > Increase the cultural and racial diversity among students, faculty, and staff.
- Provide services for persons with disabilities.
- Implement projects that address community problems and quality of life issues.
- Increase the effective use of information technology for instructional purposes only.
- Determine the level of student satisfaction with their learning and employer satisfaction with their college-educated workforce.
- 4. Proposals will be reviewed by the Council based on the criteria listed above.

B. Annual Reporting for 2000-02

Proposals will include outcomes-based performance indicators, benchmarks, and evaluation criteria.

2000-02 WORKFORCE TRAINING PROGRAM GUIDELINES

Introduction

The Workforce Training Program in the Postsecondary Workforce Development Trust Fund will help improve and expand workforce skills. To retain and attract leading companies, Kentucky needs highly trained workers. Kentucky employers need rapid, flexible response to immediate training needs. The Workforce Training Program continues the 1999-2000 \$6 million program appropriation for each year of the 2000-02 biennium.

Kentucky Community and Technical College System

2000-01	\$6,000,000
2001-02	<u>6,000,000</u>
Total	\$12,000,000

Uses of Workforce Training Program Funds

- **1.** The Kentucky Community and Technical College System will write a proposal addressing the planned use of these funds.
- 2. The 2000-02 Appropriations Bill, House Bill 502, encourages up to \$2 million each year be used for high-tech training consistent with the Knowledge-Based Economy Initiative. The Council will place a high priority on proposals addressing this issue.
- **3.** The proposal is to include the specific performance objectives and timeline against which success of the program can be measured.
- 4. Lexington Community College may apply for funding through the KCTCS.
- **5.** These funds may be used for worker training programs on a nonrecurring basis and may not be used to establish permanent KCTCS program offerings.

2000-02 EQUIPMENT REPLACEMENT PROGRAM GUIDELINES

Introduction

The Equipment Replacement Program in the Technology Initiative Trust Fund will pay the debt service on a \$20 million seven-year bond issue to upgrade and replace instructional and research equipment. The Council staff will work with the Finance and Administration Cabinet to provide the necessary documentation so that the bonds may be issued as soon as possible after January 1, 2001.

The bond proceeds are allocated proportionally among institutions based on 1998-99 actual unrestricted instruction and research expenditures in accordance with the provisions of House Bill 502.

Research Universities

University of Kentucky University of Louisville	\$7,385,000 3,547,000
Total	\$10,932,000
Comprehensive Universities	
Eastern Kentucky University	\$1,582,000
Kentucky State University	253,000
Morehead State University	751,000
Murray State University	1,009,000
Northern Kentucky University	861,000
Western Kentucky University	1,394,000
Total	\$5,850,000
Kentucky Community and Technical College System Total	\$3,218,000
System Total	\$20,000,000

Use and Distribution of Equipment Replacement Program Funds

- 1. Each institution shall submit a proposal, by October 2, 2000, addressing the planned use of these funds, including identifying whether the replacement equipment is instructional or research equipment.
 - The proposal shall certify that the institution will maintain at least its 1999-2000 level of expenditures for instructional and research equipment replacement.
- 2. Institutions replacing research equipment will match trust funds dollar-for-dollar.
 - > The availability of research equipment matching funds must be certified by the institution prior to the release of the trust funds.
 - > Research equipment matching funds may not be from any state-funded trust fund.
- **3.** The Council will act on institutional proposals and recommend action to the Secretary of the Finance and Administration Cabinet for approval.
- 4. Instructional and research equipment shall have an average useful life of no less than five years.

2000-02 CAPITAL RENEWAL PROGRAM GUIDELINES

Introduction

The Capital Renewal Program in the Physical Facilities Trust Fund will pay the debt service on a \$30 million 20-year bond issue to provide matching dollars to reduce deferred maintenance backlogs and begin to address longer-range facilities renewal needs. The Council staff will work with the Finance and Administration Cabinet to provide the necessary documentation so that the bonds may be issued as soon as possible after January 1, 2001.

The distribution of the bond proceeds is based on E&G square footage reported by institutions in the Fall 1998 Facilities Database. The distribution was part of the Council's 2000-02 biennial budget request.

Research Universities

Total	\$13,482,000
University of Louisville	4,553,000
University of Kentucky	\$8,929,000

Comprehensive Universities

Eastern Kentucky University	\$2,814,000
Kentucky State University	759,000
Morehead State University	1,625,000
Murray State University	2,532,000
Northern Kentucky University	1,359,000
Western Kentucky University	2,343,000
Total	\$11,432,000
Kentucky Community and Technical College System Total	\$5,086,000
System Total	

Use and Distribution of Capital Renewal Program Funds

- **1.** Bond proceeds will be matched dollar-for-dollar by the institutions. This will yield \$60 million for capital renewal projects.
- **2.** The availability of matching funds must be certified by the institution prior to the release of the funds.
- 3. Matching funds may not be from any state-funded trust fund.
- **4.** Each institution will write to the Council, by July 31, 2000, identifying the projects that will be funded by bond proceeds and the institutional match. Projects to be funded must be from the list of eligible projects approved by the Council in November 1999. That list is attached.
- **5.** The Council will act on institutional proposals for funding and report that action to the Secretary of the Finance and Administration Cabinet for approval.

Capital Renewal Bonds Pool Projects Eligible For Funding

University of KentuckyDeferred Maintenance Pool2,095,000Capital Renewal Pool12,268,000Life Safety Pool E&G2,145,000Life Safety Lex Campus Fume Hoods - Phase III3,205,000Life Safety Lex Campus Asbestos Abatement - Ph I500,000Life Safety Underground Storage Tanks927,000Handicapped Access Pool E&G350,000Steam and Condensate Pipe Repair - Phase I2,352,000Chilled Water Additions784,000Storm Sewer Improvements – Funkhouser910,000Substation #2 Renovation2,520,000Chilled Water Piping Addition to Pit1,174,000Chilled Water Piping Addition to Pit1,174,000Chilled Water Piping Addition to Pit1,174,000Nursing Building Elevator Controls Upgrade500,000Steam Line Expansion – Medical Center2,487,000Upgrade Chilled Water Systems - Medical Center3,450,000Electrical Substation Upgrade3,600,000Steam and Condensate Pipe Improvement - Phase I2,494,000Pollution Controls, Central Heating Plant #21,494,000Pollution Controls, Central Heating Plant #22,360,000UK Subtotal47,242,000University of Louisville250,000Deferred Maintenance Projects Pool6,225,000Code Improvements – Fire Safety Pool1,029,000Chemistry Fume Hood Redesign5,337,000Life Sciences Lab Ventilation Renovation3,638,000ADA Project Pool - E&G2,638,000Environmental Health and Safety Projects - E&G <td< th=""><th>Institution and Project</th><th>Project Scope</th></td<>	Institution and Project	Project Scope
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	EKU Subtotal	12,750,000

Kentucky State University	
Roof Repair and Replacement Projects	600,000
Capital Renewal Projects	1,000,000
Pedestrian Mall	771,000
Chiller Additions	2,254,200
KSU Subtotal	4,625,200
	, ,
Morehead State University	
Life Safety: E&G Facilities	720,000
Claypool-Young Air Quality, Health and Safety	420,000
ADA Compliance - E&G	1,793,000
1990 Clean Air Act Amendment Compliance - E&G	1,100,000
Capital Renewal – E&G	4,300,000
Central Campus Reconstruction	650,000
MoSU Subtotal	8,983,000
Murray State University	
Deferred Maintenance: E&G	864,000
Life Safety: E&G Pool	852,000
Projects Less Than \$400,000 E&G	792,000
Capital Renewal: E&G Pool	2,705,000
Electrical Distribution Upgrade	3,330,000
Replace Campus Telephone Cable	1,708,000
Pogue Electric and HVAC Renovation	750,000
Replace Central Plant Boiler	666,000
Central Plant – Add Chiller	630,000
Replace Physical Plant – Electrical Substation	796,000
Upgrade Highway 121 Electrical Substation	1,000,000
Replace High Voltage Feeder	1,141,000
Applied Science Electrical Upgrade	850,000
Wells Hall Electrical Upgrade	600,000
Sparks Hall Electrical Upgrade	952,000
Sparks Hall Renovate HVAC System	500,000
General Services Renovate HVAC System	500,000
Special Education Building Renovate HVAC System	500,000
Price Doyle HVAC Replacement & Energy Retrofit	750,000
ADA Compliance Elevators/Modifications	1,013,000
ADA Compliance Architectural Barrier Removal	2,092,000
Asbestos Abatement E&G	272,500
CFC Compliance E&G Chillers Replacement	585,000
MuSU Subtotal	23,848,500

Northern Kentucky University	
Boiler/Chiller Replacement	1,500,000
Classroom Technology Initiative	3,000,000
Elevator Upgrade	600,000
Chilled Water System Redesign	400,000
Minor Projects Pool	2,170,000
Safety Lighting	910,000
NKU Subtotal	8,580,000
Western Kentucky University	
E&G Capital Renewal/Life Safety Pool	8,935,000
WKU Primary Electrical Service (Stage III)	3,000,000
ES&T Replace Duct Work and HVAC Controls	633,000
Academic Complex Replace VAV Boxes	638,000
Kentucky Building HVAC Replacement	880,000
Helm-Cravens Library Fire Alarm Replacement	554,000
Ivan Wilson Fine Arts Center Life Safety	441,000
Helm-Cravens Repair Leaking Windows	591,000
Ivan Wilson Fine Arts Center Chiller Replacement	562,000
Ag Exposition Center HVAC Improvement Phase II	731,000
Academic Complex ACM Floor Tile Abatement	957,000
Garrett Conference Center HVAC Project	600,000
WKU Subtotal	18,522,000
Kentucky Community and Technical College System	
Deferred Maintenance & Gov. Mandates Pool	3,571,000
Capital Renewal Projects Pool	10,165,000
West KY Tech Roof Replacement	999,000
Program Renovation Pool	5,368,000
Bowling Green Tech Replace Roofs, Bldgs G&H	532,000
Jefferson Tech HVAC System Replacement	2,491,000
Somerset Tech Fire Alarm & Sprinkler System	525,000
Elizabethtown Tech HVAC Replacement Bldg 66 and 75	834,000
KCTCS Subtotal	24,485,000

System Total

\$170,525,700

ENDOWMENT POLICY STATEMENTS

ACTION Agenda Item F-7 September 14, 1998

Recommendation:

- That the Council approve the attached Research Challenge Trust Fund Endowment Program (Attachment A) and Regional University Excellence Trust Fund Endowment Program (Attachment B) policy statements.
- That the Council staff be authorized to develop distribution and reporting guidelines for the allocation of the endowment funds.

Rationale:

- The 1998-2000 Appropriations Bill (House Bill 321) passed by the General Assembly and signed by the Governor in April 1998 provides \$100 million for the Research Challenge Trust Fund Endowment and \$10 million for the Regional University Excellence Trust Fund Endowment from the General Fund Surplus Expenditure Plan.
- The objectives set forth in the Research Challenge Trust Fund Endowment Program and Regional University Excellence Trust Fund Endowment Program policy statements will assist the institutions in achieving the goals established in the Postsecondary Education Improvement Act of 1997 (House Bill 1).

Background:

At the May 18, 1998, Finance Committee meeting, a general discussion was held concerning the endowment programs. A work group was appointed by Finance Committee Chair, Ron Greenberg, to further define the sphere of eligible expenditures of the endowment funds. The work group met on June 12, 1998, and a draft summary of the meeting as well as comments received from President Shumaker and President Wethington were included in the July 13, 1998, Finance Committee agenda materials.

At the July 13, 1998, Finance Committee meeting, committee member Mcrl Hackbart distributed draft policy statements for the Research Challenge and Regional University Trust Fund Endowment programs. Those draft policy statements were discussed and a general consensus to expedite the endowment process was reached. A motion was approved to direct the staff to develop, by August 15, a comprehensive implementation plan for the \$110 million Endowment Fund established for the research universities (\$100 million) and the regional universities (\$10 million).

Staff Preparation by Norma Northern

Research Challenge Trust Fund Endowment Program

Objectives

The Research Challenge Trust Fund (RCTF) was created with the passage of the Postsecondary Education Improvement Act of 1997 (HB 1). The objectives of the trust fund stated in the bill are to support efforts by the University of Kentucky to attain status as a top 20 public research university and the University of Louisville to become a premier, nationally recognized metropolitan university. During the 1998 session of the Kentucky General Assembly, a \$100 million endowment was appropriated from the General Fund Surplus Expenditure Plan of House Bill 321 in support of the research universities' missions. 2020 Vision: An Agenda for Kentucky's Postsecondary Education System, passed by the Council on Postsecondary Education (CPE) in July 1998, addresses this issue and links advanced education to statewide priorities and economic growth in the 21st century.

HB 1 and its subsequent funding increases for postsecondary education set priorities that are reinforced by the establishment of the endowment for the research universities and other incentives. Kentucky has committed itself to the importance of research to the economic well-being of its citizens. State government will provide endowment funds with the provision that the universities match them dollar-for-dollar.

This collaborative approach is critical to advancing Kentucky's research presence into national prominence. Joint funding will build new patterns of public-private cooperation for economic growth in the Commonwealth. Corollary benefits will be reaped in the instructional areas at the undergraduate, graduate, and professional levels.

As part of establishing guidelines for allocating the endowment funds, it is necessary to define what it means to be a top 20 public research university and a metropolitan research university of distinction.

Being a top 20 public research university is more than simply national standing in the number or dollar amounts of sponsored grants and contracts. National standing in this list probably will not be a sufficient indicator of prominence in the early years of the next century. Federal research dollars will tend to flow increasingly to strategic alliances between universities and corporations, with joint faculty and staff appointments and shared research interests. The era of major research universities that stand alone on the basis of federal sponsored program support most likely has passed. Kentucky should look for collaborative projects, especially in the technologies, engineering, and applied sciences and strive to achieve excellence in basic and applied research.

Nationally prominent research universities often are known for the excellence of their undergraduate education. Many of their graduate and professional schools have earned national recognition. They are engaged in work that has great practical and ethical importance for the people they serve. These institutions recognize that social and economic development depends not only on scientific discoveries but also on a deepened appreciation of how these innovations will affect personal lives and values. A top 20 public research university has to encompass many of these ideals.

A metropolitan research university of distinction fulfills the complex role of a major institution acting in a densely populated area. In general, such a university serves a larger portion of non-traditional students who bring to the university diverse experiences, educational objectives, and personal means. Their needs stimulate the university to respond in innovative programmatic ways. A metropolitan university's research is strongly focused toward problem solving, applied research activities. It is a source of creativity and knowledge for its constituents, and is a major stakeholder in the vitality and economic resiliency of the metropolitan area it serves. The university is an integral part of the city, not simply located there. It is *of* the city, not merely *in* it.

General Guidelines for the Use of the Endowment Funds

The CPE expects state and private matching funds to be substantially directed toward supporting research that leads to the creation, preservation, or attraction of businesses that increase the number of good jobs available in Kentucky.

For these purposes, "good jobs" are defined as jobs that yield income at or above the national per capita income. The proximity to a university is recognized as a factor that influences the creation and growth of new companies. The universities should be aware of their role in creating entrepreneurial "hot spots" in Kentucky in choosing endowment fund initiatives.

This expectation recognizes the contribution of arts and humanities to the quality of life in the Commonwealth. The quality of life has been identified in *Entrepreneurial Hot Spots¹* as one of the top five factors contributing to corporate location. Since the primary purpose of the RCTF is to advance Kentucky's economic growth, the CPE is receptive to limited, specifically targeted use of the endowment funds in this area.

The CPE recognizes that strong research programs are clustered.

Highly coordinated nuclei of similar research interests appear to have a better chance of success than isolated efforts. The State University of New York once followed a "7 x 7" rule: there should be seven related disciplines (such as Physical Sciences, Biological Sciences, Chemistry, etc.) with seven full-time faculty in each discipline. This configuration creates a critical mass of scholars who can influence the nation's research and academic agenda.

The CPE recognizes that the boundaries of traditional disciplines are increasingly permeable.

Much exciting new work is being done where the disciplines overlap or interact. The CPE encourages the use of endowment funds for interdisciplinary and problem-focused research efforts.

¹ Birch, D., Haggerty, A., Parsons, W., Rossel, G.; *Entrepreneurial Hot Spots*; Cogenetics, Inc.; 1993, page 15.

¹⁰²

The CPE also recognizes the importance of strategic alliances between universities and corporations in specific research projects.

Strategic alliances will leverage federal support that became a major source of research funding during the years following World War II. The CPE encourages partnerships, particularly in the technologies, engineering, and applied sciences.

The Boards of Trustees of the universities have primary responsibility for the actualization of the RCTF Endowment.

The Boards of Trustees are responsible for providing guidance, to the greatest extent possible, to the university or foundation that serves as a depository of the endowment funds. The role of the Boards of Trustees is to define the public good and the ways in which their universities respond to it, in accordance with policy guidance from the elected representatives of the people (the Governor and General Assembly).

The primary role of the CPE will be oversight of the implementation of the RCTF Endowment.

The CPE:

- 1. Will require the institutions to outline the areas of concentration within which the endowment and matching funds are used.
- 2. Will set guidelines for distribution of the RCTF Endowment money.
- 3. Will require detailed reporting of how the RCTF Endowment and matching money are used. This reporting would include, but not be limited to, such items as:
 - a. The number of endowed chairs and professorships by name and incumbent.
 - b. The specific support services attached to the chairs and professorships.
 - c. The benefits to the university, which would include:
 - i. The increase in sponsored program funding directly attributed to RCTF and indirectly attributed as a result of improved institution reputation.
 - ii. The changes in quality of students and measurable outcomes (retention, graduation, pursuit of advanced study, and employment).
 - iii. The creation and profitable use of intellectual property.
 - d. The benefits to Kentucky in terms of jobs, revenue growth, creation of wealth, and improved standard of living.

Reports will be required annually, beginning July 1, 1999. Complete reporting requirements will be developed by the CPE in consultation with the institutions. Based upon the information provided to

it, the CPE will determine whether to include further funding for the Endowment in the 2000-02 biennium as part of its budget recommendation to the Governor and General Assembly.

Use of Endowment Funds

The RCTF Endowment money should be used for the following purposes:

- 1. Endowed Chairs, which would provide funding for additional faculty positions for salary or salary supplements and associated expenses. These expenses may include travel, start-up costs, and other professional expenses as permitted by university regulations and policies. Generally, faculty invited to assume endowed chairs will have active, funded research programs that they will bring with them.
- 2. Endowed Professorships, which would provide funding for salary supplements and expenditures associated with the enhancement of existing positions including travel expenses, start-up costs and other professional expenses as permitted by university regulations and policies.
- 3. Endowed Graduate Fellowships, which would provide funding for fellowship stipends for outstanding graduate students and may include travel and other expenses for such positions as specified in university regulations and policies.
- 4. Research and Graduate Mission Support, which would include support for the improvement of priority programs of national distinction including funding for visiting scholars, nationally prominent publications, the dissemination of research, and the advancement and support of the general research mission as specified in university regulations and policies. Universities would not fund capital construction projects with Endowment funds.

Matching Requirements

To receive funds from the RCTF Endowment fund, the universities will provide a dollar-for-dollar match. The following types of funds, received after June 1, 1997, may be used to match the Endowment funds:

- 1. Business or corporate gifts;
- 2. Gifts from alumni or other private individuals;
- 3. Agency funds contributed by affiliated corporations, auxiliary enterprises, and other entities, such as hospitals;
- 4. Federal government funds that can be used for permanent institutional endowments; and
- 5. Other funds specifically approved by the CPE.

Extramural Funding

Universities will have a maximum of five years to complete gifts and pledges made to fund an endowed chair or professorship. Endowed chairs or professorships normally are expected to secure extramural funding at levels appropriate to their disciplines within five years of their appointments, or the Council may decline to support future funding.

Administrative Structure

The objectives of this initiative are different from anything previously undertaken by Kentucky. We want to develop scholarly capacity at the two major research universities, and we want to develop it in such a way that the economic well-being of the Commonwealth is improved. This means research that can be applied, technologies that can lead to the creation of new companies, workers who are skilled and knowledgeable, and an environment that attracts business and jobs to Kentucky.

As we begin this initiative, the Council will appoint an advisory committee of leading industry and labor representatives to monitor the ways in which the Research Challenge Trust Fund Endowment is used by the universities, and to meet with university officials and trustees as may be helpful. The Council will ask this advisory committee for assistance in formulating its budget recommendations for 2000-2002.

The Council also will ask the advisory committee to consider other ways in which the universities' capacity for applied research and innovative technology development can be improved. This advice, too, will be helpful in formulating budget recommendations for 2000-2002 and the strategic change and improvement plan for Kentucky postsecondary education.

Regional University Excellence Trust Fund Endowment Program

Objectives

The Regional University Excellence Trust Fund (RUETF) was created with the passage of the Postsecondary Education Improvement Act of 1997 (HB 1). One of the objectives of the trust fund stated in the bill is to help each regional, comprehensive university to become nationally recognized in at least one academic program of distinction or one applied research program. During the 1998 session of the Kentucky General Assembly, a \$10 million endowment was appropriated from the General Fund Surplus Expenditure Plan of House Bill 321 in support of the comprehensive universities' missions. *2020 Vision: An Agenda for Kentucky's Postsecondary Education System*, passed by the Council on Postsecondary Education (CPE) in July 1998, addresses this issue and links advanced education to statewide priorities and economic growth in the 21st century.

HB 1 and its subsequent funding increases for postsecondary education set priorities that are reinforced by the establishment of the endowment for the regional universities and other incentives. Kentucky has committed itself to the importance of research to the economic well-being of its citizens. State government will provide endowment funds that the universities must match dollar-for-dollar.

This collaborative approach is critical to advancing Kentucky's research presence into national prominence. Joint funding will build new patterns of public-private cooperation for economic growth in the Commonwealth. Corollary benefits will be reaped in the instructional areas at the undergraduate and graduate levels.

As part of establishing guidelines for allocating the endowment funds, it is necessary to consider the unique role the comprehensive universities play in the areas and to the constituents they serve. The economies and vitality of the communities surrounding the universities require direct application of research results. Institutions must strive for a balance by recruiting or rewarding scholars that can attract outside funding and work well with communities, business, and industry. Comprehensive institutions should embrace and respond to the needs of the communities of which they are part.

General Guidelines for the Use of the Endowment Funds

The CPE expects state and private matching funds to be substantially directed toward supporting applied research that leads to the creation, preservation, or attraction of businesses that increase the number of good jobs available in Kentucky.

For these purposes, "good jobs" are defined as jobs that yield income at or above the national per capita income. The proximity to a university is recognized as a factor that influences the creation and growth of new companies. The universities should be aware of their role in creating entrepreneurial "hot spots" in Kentucky in choosing endowment fund initiatives.

This expectation recognizes the contribution of arts and humanities to the quality of life in the Commonwealth. The quality of life has been identified in *Entrepreneurial Hot Spots¹* as one of the top

¹ Birch, D., Haggerty, A., Parsons, W., Rossel, G.; *Entrepreneurial Hot Spots*; Cogenetics, Inc.; 1993, page 15.

the CPE will determine whether to include further funding for the Endowment in the 2000-02 biennium as part of its budget recommendation to the Governor and General Assembly.

Use of Endowment Funds

The RUETF Endowment money should be used for the following purposes:

- 1. Endowed Chairs, which would provide funding for additional faculty positions for salary or salary supplements and associated expenses. These expenses may include travel, start-up costs, and other professional expenses as permitted by university regulations and policies. Generally, faculty invited to assume endowed chairs will have active, funded research programs that they will bring with them.
- 2. Endowed Professorships, which would provide funding for salary supplements and expenditures associated with the enhancement of existing positions including travel expenses, start-up costs and other professional expenses as permitted by university regulations and policies.
- 3. Endowed Graduate Fellowships, which would provide funding for fellowship stipends for outstanding graduate students and may include travel and other expenses for such positions as specified in university regulations and policies.
- 4. Comprehensive Mission Support, which would include support for the improvement of priority programs of national distinction including funding for visiting scholars, nationally prominent publications, the dissemination of research, and the advancement and support of the general research mission as specified in university regulations and policies. Universities would not fund capital construction projects with Endowment funds.

Matching Requirements

To receive funds from the RUETF Endowment fund, the universities will provide a dollar-for-dollar match. The following types of funds, received after June 1, 1997, may be used to match the Endowment funds:

- 1. Business or corporate gifts;
- 2. Gifts from alumni or other private individuals;
- 3. Agency funds contributed by affiliated corporations, auxiliary enterprises, and other entities, such as hospitals:
- 4. Federal government funds that can be used for permanent institutional endowments; and
- 5. Other funds specifically approved by the CPE.

Extramural Funding

Universities will have a maximum of five years to complete gifts and pledges made to fund an endowed chair or professorship. Endowed chairs or professorships normally are expected to secure extramural funding at levels appropriate to their disciplines within five years of their appointments, or the Council may decline to support future funding.

Administrative Structure

The objectives of this initiative are different from anything previously undertaken by Kentucky. We want to develop scholarly capacity at the comprehensive universities, and we want to develop it in such a way that the economic well-being of the Commonwealth is improved. This means research that can be applied, technologies that can lead to the creation of new companies, workers who are skilled and knowledgeable, and an environment that attracts business and jobs to Kentucky.

As we begin this initiative, the Council will appoint an advisory committee of leading industry and labor representatives to monitor the ways in which the Regional University Excellence Trust Fund Endowment is used by the universities, and to meet with university officials and trustees as may be helpful. The Council will ask this advisory committee for assistance in formulating its budget recommendations for 2000-2002.

The Council also will ask the advisory committee to consider other ways in which the universities' capacity for applied research and innovative technology development can be improved. This advice, too, will be helpful in formulating budget recommendations for 2000-2002 and the strategic change and improvement plan for Kentucky postsecondary education.

OPERATING BUDGET REVIEW

Recommendation:

Recognizing that the Council on Postsecondary Education, through its Finance Committee, develops the systemwide biennial budget recommendation, the Council requests that the Strategic Committee on Postsecondary Education (SCOPE) create a subcommittee to review the operating budget guidelines used in developing the 2000-02 budget recommendation. This review should include the base funding approach using institutional benchmarks and the Strategic Incentive and Investment Trust Fund program. The results of this review will be considered by the Council as it develops its 2002-04 operating budget guidelines.

Rationale:

- The 2000-02 postsecondary education budget became an issue of substantial public debate among presidents and legislators during the 2000 regular session of the General Assembly.
- The SCOPE serves as a forum for the Council and the elected and appointed leadership of the Commonwealth to exchange ideas about the future of postsecondary education in Kentucky.
- One of the SCOPE's roles, as defined by the Kentucky *Postsecondary Education Improvement Act of 1997*, is to advise the Council on general parameters regarding the development of the postsecondary education budget.
- The *Postsecondary Education Improvement Act of 1997* (House Bill 1) directs the Council to develop benchmarks using criteria that include comparisons of the Commonwealth to other states and the nation and measures of educational attainment and effectiveness.
- House Bill 1 directs the Council to make biennial requests to the General Assembly and the Governor for funding to be appropriated to the base budgets of the institutions.
- The institutional benchmarks, adopted by the Council, were developed through a cooperative process involving Council staff, the presidents, and other institutional staff, and representatives from the Governor's Office for Policy and Management and the Legislative Research Commission.
- Operating budget guidelines for the 2000-02 biennium, adopted by the Council, were intended to provide a fair and rational means for allocating funds within the system of postsecondary education to meet the goals established by House Bill 1.

Background:

At the January 1999 Finance Committee meeting and March 1999 Council meeting, the Council staff presented an approach for operating funding guidelines to be used in the 2000-02 budget process.

Those funding guidelines focused on two major concepts: base funding using institutional benchmarks and incentive trust funds. At the April 1999 Council meeting, the Council approved this approach as an operating budget framework and this approach was also reported to the SCOPE in April.

At the May 1999 Council meeting, the Council directed the staff to proceed with the next steps in the funding guidelines process: (1) the analysis of public funds support per full-time equivalent student for the benchmarks and Kentucky institutions; (2) the establishment of a percentile funding objective to serve as a basis for the base funding request; and (3) a recommendation for achieving a funding objective.

At the July 1999 Council meeting, the Council established the 55th percentile within each benchmark group of the public funds per full-time equivalent student as the funding objective for the 2000-02 operating budget request.

In July 1999, the Legislative Research Commission's Subcommittee on 2000-02 Budget Preparation and Submission promulgated statewide budget instructions that provided for 2.4 percent annual General Fund base appropriation increases.

At the September 1999 Council meeting, the Council adopted the *Action Agenda* and a Plan of Work for 1999-2000 that focused on four major activities. One of those activities was "rationalizing operating and capital budgets" to include operating budget guidelines that measured base adequacy against benchmarks and identified incentive trust funds as a way of progressing toward House Bill 1 goals. This activity was also reported to the SCOPE in September.

At the November 1999 Council meeting, the Council adopted 2000-02 operating budget recommendations to the Governor and the General Assembly. Those recommendations included: base increases using the benchmark funding system; base changes for a variety of items including debt service, maintenance and operation funds for previously opposed facilities, etc.; and special initiative funding for institutional proposals. In addition, the Council also approved funding for eight incentive trust funds.

At the November 1999 meeting of the SCOPE, the Council staff reviewed the 2000-02 postsecondary education budget recommendation.

On January 25, 2000, the Governor introduced the 2000-02 Executive Budget that endorsed the Council's budget request.

On April 14, 2000, the Senate and House passed the budget bill (HB 502) and on April 26, 2000, the Governor signed the bill. The budget provided increased funding of \$185.7 million or a 19.1 percent increase for the postsecondary education system over the biennium.

Staff Preparation by Ron Carson and Linda Jacobs

Recommendation:

That the Council approve the attached New Economy Preliminary Action Plan as the framework for carrying out the Council's duties under House Bill 572, the Kentucky Innovation Act.

Rationale:

The Preliminary Action Plan enables the Council staff to begin implementing the Innovation Act while letting the Council review Innovation Act initiatives at the September and later Council meetings.

Background:

Under the Kentucky Innovation Act passed during the 2000 General Assembly session, the Council will oversee four initiatives to stimulate research and development, university-business collaboration, and rural involvement in high technology growth:

- Research and Development Voucher Program (\$3 million in 2001-02). Upon successful application, small and medium-size Kentucky-based companies will receive vouchers redeemable at Kentucky universities to fund not more than half the cost of research and development on technologies with commercial potential. The maximum amount of voucher funds awarded to a qualified company will not exceed \$200,000 over a two-year period.
- Commercialization Program (\$750,000 in 2001-02). This program will provide initial funding for technologies with commercial potential developed in Kentucky's universities and help create businesses based on university research and development.
- Regional Technology Corporations (\$500,000 in 2001-02). These nonprofit corporations
 will support clusters of knowledge-based businesses, primarily in rural areas of Kentucky.
 Support will include strategic and financial planning, information exchange, recruitment of
 new suppliers and vendors to the cluster, and help in creating new curricula and other
 educational offerings to train the workforce within the cluster. Public and private
 organizations, including postsecondary institutions, may participate in activities organized by
 the regional technology corporations.
- Rural Innovation Program (\$1 million in 2001-02). This program will fund research, development, and entrepreneurial projects proposed by rural Kentucky-based small companies in partnership with Kentucky postsecondary institutions, the Small Business Development Center Network in Kentucky, and other research and development

organizations. The goal is to spur innovative growth and competitiveness in rural areas of the state.

In its 2000-02 budget request to the Governor, the Council recommended creation of the first three programs, for which the Council would have policy responsibility and which would be funded through the Science and Technology Trust Fund. The Council was assigned responsibility in the Innovation Act for the fourth program. The Council will report annually on the performance of these initiatives to the Governor, the General Assembly, and the Kentucky Innovation Commission, the advisory body created by the Innovation Act. The Act names the President of the Council as one of the Commission's 15 members.

In addition, the Council acts as a fiscal pass-through agent for funding of two other new initiatives mandated in the Act, both of which will be conducted or managed by the private, not-for-profit Kentucky Science and Technology Corporation: the Entrepreneurial Audit (\$250,000 in 2000-01) and the Kentucky Science and Engineering Foundation (\$4 million in 2000-01).

The Cabinet for Economic Development will oversee other programs created by the Innovation Act. The Council and the Cabinet are expected to coordinate their efforts on Act-related matters. A summary of the Act is attached.

ATTACHMENT A: New Economy Preliminary Action Plan Proposed

To compete successfully in a new economy driven by rapid technological change and knowledgeintensive activity, Kentucky needs more effective partnerships between postsecondary institutions and small and medium-sized firms. Kentucky's scientists and entrepreneurs need help converting ("commercializing") the results of basic research into marketable products. House Bill 572, the Kentucky Innovation Act passed during the 2000 legislative session, addresses these needs and puts universities and colleges at the center of the state's new economy efforts. The Act gives the Council on Postsecondary Education policy leadership for four new programs and makes the Council the fiscal pass-through agent for two other initiatives.

A. Research and Development Voucher, Commercialization, and Rural Innovation Programs; Regional Technology Corporations

- The Act says the Council "shall" contract with a "science and technology organization" to administer the Research and Development Voucher and Commercialization Programs and "may" do the same for the Rural Innovation Program and the Regional Technology Corporations. The Council staff recommends that the four programs be administered by one science and technology organization, to streamline communications and reduce overhead expenses. The Act gives the Council the right to contract with the Kentucky Science and Technology Corporation for these purposes.
- 2. The Council directs its staff to execute by October 15, 2000, a legal agreement between the Council and the science and technology organization to administer the four programs. The legal agreement will include provisions for application criteria and review, disbursement of program funds by the Council, administrative and overhead expense, documentation, reporting guidelines, and performance evaluation of the program administrator. The Council staff will inform the Kentucky Innovation Commission about the legal agreement. The science and technology organization will submit an acceptable operating plan for administering the four programs, including a description of its capacity to do so.
- 3. In fall and winter 2000-01, the Council staff will work with the science and technology organization to publicize the four programs statewide, to identify possible applicants, and to encourage application.
- 4. In spring 2001, the science and technology organization will receive and review applications for the four programs and will select recipients based on Council-approved application and review criteria. Recipients will be funded in July 2001.
- 5. In July 2001, the Council will submit its first annual report on these four programs to the Governor, the General Assembly, and the Kentucky Innovation Commission.

B. Kentucky Science and Engineering Foundation

The Innovation Act directs the Kentucky Science and Technology Corporation to create and manage the Kentucky Science and Engineering Foundation as a means to increase the competitiveness of research within the state. The Council will be the fiscal agent for the funds appropriated to create and manage the Science and Engineering Foundation. The Kentucky Experimental Program to Stimulate Competitive Research (EPSCoR) is already administered by the Kentucky Science and Technology Corporation and funded through the Council. EPSCoR funding will become part of the Science and Engineering Foundation. The Ceute by September 1, 2000, a legal agreement between the Council and the Kentucky Science and Technology Corporation covering transfer of the appropriated funds to, operations of, and financial reporting by the Kentucky Science and Engineering Foundation and EPSCoR.

C. Entrepreneurial Audit

The Act directs the Kentucky Science and Technology Corporation to conduct an audit of statutes, regulations, and policies that may hinder the development of high-technology entrepreneurial ventures in Kentucky. The Council will be the fiscal agent for the appropriation funding the audit. The Council directs its staff to execute by September 1, 2000, a legal agreement between the Council and the Kentucky Science and Technology Corporation relating to transfer of the appropriated funds and to financial reporting on the audit to be conducted by the Corporation.

HB572sum.doc

ATTACHMENT B

HOUSE BILL 572 (AS ENACTED)

House Bill 572 is an ACT relating to research, innovation, and technology businesses. HB 572 is a comprehensive attempt to establish Kentucky as proactive in the new economy by:

- Promoting applied research in the state's postsecondary institutions;
- Encouraging business innovation throughout the state;
- Attracting high-tech enterprises to Kentucky; and
- Advancing the higher-order skills of an educated workforce.

Kentucky is struggling in the areas of innovation, the numbers of highly skilled employees, entrepreneurs, research grants, and use of the Internet. The General Assembly and the Governor acted in the 2000 Regular Session to assist Kentucky in transforming the economy to fit the demands of a digital age. *Strategy*, a publication by the Kentucky Science and Technology Corporation, sponsored by the Governor's Office, set forth the need for change and recommended ten strategic changes in public policy. HB 572 and the accompanying budget gave concrete realization to most of these strategies.

HB 572 uses multiple components to create change including an oversight advisory commission in the Governor's Office called the Kentucky Innovation Commission. This Commission has the duty to monitor and report Kentucky's progress in becoming a knowledge-based innovative environment.

The primary state agencies responsible for administering HB 572 are the Council on Postsecondary Education and the Cabinet for Economic Development. The Council on Postsecondary Education plays a major role attracting research and development work and supporting innovation and inventions through three fund programs.

- The Research and Development Voucher Program provides state funds on a match basis to mediumsize and small companies for R & D work with a university, with a maximum voucher award of \$200,000 over two years;
- The Kentucky Rural Innovation Program provides seed funds to Kentucky rural small businesses to produce new technologies with a maximum voucher award of \$50,000 over two years; and
- The Kentucky Commercialization Fund Program provides seed funds to Kentucky universities for the development of promising technologies and commercially successful products, processes or services, with a maximum grant of \$225,000 over three years.

The Council on Postsecondary Education also has the responsibility to create non-profit regional technology corporations to support vital business clusters and key supplier chains, with a maximum state funding of \$125,000 per corporation. Additionally the Council receives a \$250,000 pass-through appropriation for the Kentucky Science and Technology Corporation to do an entrepreneurial policy audit to identify antiquated public policies, and an appropriation of \$4,000,000 to create a Kentucky Science and Engineering Foundation to fund and attracting research and development work to Kentucky.

The Cabinet for Economic Development has a major role through the creation of an Office of the Commissioner for the New Economy to undertake a strategic technology capacity initiative to develop a strategy to assist and attract knowledge-based companies to Kentucky. Additionally, the Office will recommend to the Kentucky Economic Development Finance Authority (KEDFA) projects meriting funding through the high-tech construction pool and the high-tech investment pool of \$20,000,000 each as designated in the 2000 Regular Session budget bill. Finally, the Cabinet receives a \$350,000 pass-through appropriation for the Kentucky Technology Service, Inc. to assist manufacturers to become more competitive by creating new product lines, additional value-added products, and new manufacturing methods.

(Bill summary by the Legislative Research Commission; full text of bill at http://www.lrc.state.ky.us/record/ØØrs/HB572.htm)

Information:

Council members have recently inquired about the possibility of developing a strategy for spending investment income earned on the Research Challenge, Research Endowment, Regional University Excellence, Regional University Endowment, and Postsecondary Workforce Development Trust Funds. Appropriations to these trust funds were made under House Bill 4 from the 1997 special session and House Bill 321 from the 1998 regular session. To date, interest income of approximately \$5.5 million has been earned on these trust funds.

House Bill 1, *The Postsecondary Education Improvement Act of 1997*, states that income earned from the trust funds shall be credited to the appropriate trust fund accounts. House Bill 502 from the 2000 regular session, the 2000-02 Executive Branch Appropriations Act, provides that unbudgeted funds shall become available for expenditure "with the authorization of the State Budget Director of the Office of State Budget Director and approval of the Secretary of Finance and Administration Cabinet." If such authority were to be sought by the Council and granted by the Executive Branch, any authorized appropriation increase would be reported to the Interim Joint Committee on Appropriations and Revenue.

Although it is not known at this time if the trust fund earnings will be available to the system, the Council staff thinks that the chances of securing these funds are greater if all postsecondary education institutions and the Council endorse a unified expenditure plan before seeking the authority necessary to spend this money.

If the Council endorses this approach, the staff and the institutions could develop a plan to spend the earnings. One possibility is simply to distribute the earnings to the institutions. Another is to use it all for statewide initiatives. A third, and preferable plan, is to distribute the bulk of the earnings to the institutions for uses consistent with the trust fund guidelines, and to use some of the earnings to address important statewide postsecondary education issues such as developing a web-based mathematics test to determine college readiness, advancing the statewide engineering strategy, and promoting equal educational opportunity. A distribution of interest income earned on these trust funds could be made based on the amounts earned by each institution under each trust fund.

This approach, if endorsed as a plan for spending investment income on these trust funds, could be presented to the Council for consideration as early as the September 18, 2000, meeting.

Information:

Western Kentucky University established the Student Life Foundation to fund and renovate the university's student housing. On May 21, 1999, the WKU Student Life Foundation, Inc. was incorporated as a nonprofit, non-affiliated, tax-exempt Kentucky corporation. The Internal Revenue Service granted the Student Life Foundation 501(c)(3) tax-exempt status in December 1999.

Kentucky law does not provide a process for implementing the concept of providing on-campus student housing through a nonprofit, non-stock Kentucky corporation such as the WKU Student Life Foundation. This lack of established direction prompted an important discussion among representatives of the university, the Finance Cabinet and other key executive agencies, and members of the General Assembly and legislative staff focusing on procedural requirements and oversight. The 2000 regular session of the General Assembly considered but did not enact or amend statutes to create a process to address initiatives or proposals similar to WKU's.

The Capital Projects and Bond Oversight Committee in March approved Western's proposal. The Finance and Administration Cabinet is working with WKU on issues raised by committee members and other legislators. Also, the Council was asked to work with the Secretary of the Finance and Administration Cabinet to develop a procedure to review any similar proposals from other institutions.

The House Speaker Pro Tem asked the Council to monitor the WKU project. WKU President Gary Ransdell will brief the Council.