

MINUTES
Council on Postsecondary Education
November 6, 2009

The Council on Postsecondary Education met Friday, November 6, 2009, at 8:30 a.m. at Kentucky State University in Frankfort, Kentucky. Chair Paul Patton presided.

ROLL CALL

The following members attended: Ellen Call, Chris Crumrine, Glenn Denton, Dan Flanagan, Joe Graviss, Nancy McKenney, Pam Miller, Donna Moore, Lisa Osborne, Paul Patton, Marcia Ridings, Joe Weis, and Joe Wise. Terry Holliday, Phyllis Maclin, and Jim Skaggs did not attend.

WELCOME
FROM KSU

Governor Patton thanked Kentucky State University for hosting the Council. He said that the Council members enjoyed an information session, campus tour, and dinner at the President's home the previous day.

Dr. James Chapman, KSU Interim Provost, welcomed the Council on behalf of President Sias who was ill. He said that the university is proud of its increased record enrollment and improved retention as well as growing commitment to its service area. He said that KSU has a unique mission and is making a difference. He thanked the Council for visiting the KSU campus.

APPROVAL
OF MINUTES

The minutes of the September and October meetings were approved as distributed.

CPE
PRESIDENT'S
REPORT

CPE President Robert King reported on several activities underway:

- The Kentucky Department of Education and CPE, in collaboration with the Education Professional Standards Board and others, have been working over the past six months to plan and implement Senate Bill 1 legislation. Finding ways to reduce remediation rates and increase the graduation rates of underprepared students has been a top priority of the SB 1 work groups. Ongoing cooperation between KDE and CPE will ensure that the revised standards for P-12 language arts and mathematics are ultimately aligned with postsecondary education course and assessment standards.
- Earlier this year the Kentucky Virtual Library began a strategic planning initiative called *Revisioning at 10 Years* or *reV@10*. A steering team and larger planning team, over 40 individuals representing all sectors benefiting from KYVL services and resources, were involved throughout the process. Feedback from students, educators, librarians, and others was collected with focus groups across the state and through a survey instrument. Using this and other information, the steering committee developed new core values, vision, and mission for KYVL and refined the goals and objectives. The Virtual Library Advisory Committee will endorse the

plan this month, and the plan will then be forwarded to the Council leadership staff for review.

- Representatives from both public and independent institutions have met with Commissioner Holliday to discuss Kentucky's proposal for federal Race to the Top funds. It was agreed that several suggestions coming from higher education would be submitted to Commissioner Holliday to consider for inclusion in the RTTT proposal. The funds (\$4.35 billion) include money for competitive grants designed to encourage rigorous standards for high school students, program development, leadership professional development, teacher professional development, and formative assessment and development for better assessments for student learning standards. Senate Bill 1 fits nicely with the RTTT proposal in that it charges CPE to work with K-12 to impact student learning outcomes so that students are better prepared for college and workforce readiness. This requires the creation of premier teacher preparation and career professional development programs throughout Kentucky.
- The Council contracted with Potter and Company, LLP, an independent auditing firm, to conduct the annual review of its financial statements. For the year ending June 30, 2009, the auditors issued an unqualified opinion with no findings, stating that the Council's financial statements present fairly, in all material respects, the financial position of the agency. The firm noted two areas that could be strengthened in terms of internal controls and operating efficiencies. One related to timely submission of sub-recipient reports and the other to timely submission of invoices from sub-recipients. Although both of these areas are dependent on outside agencies submitting documents to the Council, the Council staff continues to work on monitoring the activity of its sub-recipients in order to improve in both of these areas. The Council's Executive Committee met earlier in the day to discuss the report and recommendations with representatives from the auditing firm.
- Reecie Stagnolia, the Council's vice president for adult education, has been appointed to Governor Beshear's Reentry Task Force, created to establish a collaborative group of agencies and individuals to address the issue of prisoner reentry.

COMMISSIONER
OF EDUCATION
REPORT

President King called attention to a written report provided by Commissioner Holliday.

President King said that Governor Beshear recently appointed a Transforming Education in Kentucky Task Force. The goal is to create a unified vision of what schools in the Commonwealth need to offer in order to better serve students today and tomorrow. President King is a member of the

task force, and he is talking with the Governor's Office about possibly appointing other higher education representatives.

2010-12
BUDGET
REQUEST

Dan Flanagan, chair of the Budget Development Work Group, said that the Council staff collaborated with the presidents and budget officers at the institutions to prepare the 2010-12 postsecondary education budget recommendation. A points of consensus document, signed by all of the presidents, reinforces the basic principles intended to guide the development of the operating and capital budget recommendation. He commended the institutions for the diligence that was shown in trying to make do with what they have and still be concerned about the students, who should always be the top priority for all of postsecondary education.

John Hayek and Sherron Jackson with the Council staff discussed the recommendations presented by staff.

RECOMMENDATION: The staff recommends that the Council request appropriations of \$1,094,998,300 in 2010-11 and \$1,124,799,800 in 2011-12 for institutional operating funds, \$141,414,000 in 2011-12 for debt service for bonds to support statewide capital investments, and \$50,215,400 in 2010-11 and \$51,781,400 in 2011-12 for agency funds to support statewide coordination and other statewide educational programs and services.

The institutional operating funds budget recommendation seeks to ensure that General Funds are available to maintain current institutional operations; replace temporary, one-time State Fiscal Stabilization Funds received in 2009-10 with permanent, recurring General Funds; make appropriate base adjustments due to state obligations; and, if funds are available, support strategic initiatives to enhance retention and graduation rates and other initiatives consistent with the mandates of House Bill 1 passed in 1997.

- State Fiscal Stabilization Funds Replacement. In 2009-10, the Governor reduced postsecondary education's General Fund appropriation by \$70 million and replaced them with SFSF to help balance the state's budget. The Executive Branch Budget Guidelines for 2010-12 drafted by the Legislative Research Commission calls on postsecondary education to request that these one-time, federal stimulus funds can be replaced by permanent, recurring General Funds in 2010-12.
- Base Adjustments. These base adjustments are technical in nature and predominately relate to existing postsecondary obligations by the state, as well as some potential new obligations that institutions will incur if new facilities open during 2010-12.
 - Changes in debt service requirements for institutional bond issues supported by state appropriations and to be paid by the institution.
 - Changes to the UofL hospital contract (Quality and Charity Trust Fund).

- Changes to the federal match required for KSU’s Land Grant Program.
- Maintenance and operating funds for new educational and general facilities that opened in 2008-10 or, if funded, are scheduled to open in 2010-12.
- Strategic Initiative Funds. If funds become available, through the normal budget process, the budget bill’s General Fund Surplus Expenditure Plan, or other means that increase fiscal capacity, the \$50 million (\$25 million in 2010-11 and an additional \$25 million in 2011-12) will be strategically used to enhance retention and graduation rates and support other strategic initiatives consistent with the mandates of HB1. The work group requested each institution to prepare a two-page summary describing how any new strategic initiatives funds would be used. This information was included in the agenda book.

The 2010-12 capital recommendation addresses both short- and long-term capital needs, tightens the link between facility condition, fit-for-continued-use, and the need for new space. The recommendation includes capital project financing as follows:

- Capital renewal, maintenance, and infrastructure pool (asset preservation). This institutional pool will serve as an initial installment to begin addressing a multi-billion dollar backlog of deferred maintenance and renewal of aging campus buildings and major systems. The pool requires \$.50 institution matching funds for every \$1 of state funds.
- New educational and general facilities and major renovations. These projects include major renovations of existing facilities and building or expanding educational and general space on campus. Specific capital projects included are based upon a statewide capital projects evaluation model, along with institutional priorities.
- New research facilities. These projects help support achieving the HB1 goals of UK becoming a top 20 public research university by 2020 and UofL becoming a premier metropolitan research university.
- Information technology initiatives pool. This pool is designed to update and support information technology initiatives both at the campus and the state level.

The Council staff also recommended institutionally funded capital projects in 2010-12 that support institutional missions and the mandates of HB 1 which include the following:

- Authorization of \$596,266,000 in agency bond authority.
- Authorization of \$3,106,830,000 in agency, federal, private, and other funds to address life safety, major maintenance, equipment acquisitions, infrastructure repair and upgrades, and new construction.

- Authorization of nine agency-funded projects to improve energy efficiency on campus funded using third party financing techniques available through the Finance Cabinet.

The 2010-12 agency funds budget recommendation falls into two main categories – statewide coordination and statewide educational programs and services.

Detailed information about the budget request was included in the agenda materials.

President King said that the recommendation is quite modest. It asks for the institutions' base funding plus some adjustments to that base, reinstates as a principle of determining base funding the maintenance and operating funds for new buildings, and includes spending plans if additional funds become available. He said that all of the institutions have contingency plans in place if additional reductions occur and they receive less money than requested. He pointed out that institutional funding is not linked to enrollment growth. So in addition to budgets being cut, the institutions are accommodating more students due to increases in enrollment.

Governor Patton said that one of the efforts is to restore some credibility to the Council's recommendation. He said that postsecondary education should recognize the real fiscal restraints that the Governor and the legislature must deal with and do its part in acknowledging that with a modest budget request. He said this is a very credible approach.

MOTION: Mr. Flanagan moved that the 2010-12 budget recommendation be approved. Mr. Weis seconded the motion.

VOTE: The motion passed.

CAPITAL PROJECTS

RECOMMENDATION: The staff recommends that the Council approve four interim capital projects. Funding for all projects is from private sources.

1. Renovation of the old Paul Sawyer Library, KSU
2. Construction of the Equine Mare Reproductive Biology Program/Stallion Research facility, UK
3. Renovation of Nutter Training Center Football Meeting Rooms, UK
4. Replacement of Wildcat Lodge Student Housing, UK

Mr. Jackson reviewed the process set by statute that requires CPE to review and take action on any capital project the cost of which is \$600,000 or more regardless of the source of funds. He pointed out that the naming of buildings is a responsibility relegated to an institution and its governing board; CPE has no authority to act on the naming of a building.

MOTION: Mr. Flanagan moved that the projects be approved. Mr. Denton seconded the motion.

VOTE: The motion passed.

2010-11
TUITION POLICY
AND PROCESS

The draft tuition and mandatory fee policy and the 2010-11 tuition setting process were presented for information. Other than a few minor edits, the policy for 2010-11 is the same as the policy used in 2009-10. The fundamental objectives of the tuition policy include funding adequacy, shared benefits and responsibility, affordability and access, attracting and importing talent, and effective use of resources.

The process for determining tuition and fee parameters and bringing rate proposals for Council approval will be similar to the process used in 2009-10. A major goal of the process is to provide ample time for stakeholder discussion, and for exchange of policy relevant information among Council staff, institutional presidents, chief budget officers, and Council members. This exchange of data and information will lead to a better understanding of key tuition issues and provide increased opportunity for feedback and direction, before taking final action on tuition rates at the May 2010 meeting.

Mr. Crumrine asked that student groups be included in the decisions about rates and fees and that students be invited to some of the meetings included in the timeline.

Mr. Hayek said that some institutions are interested in transitioning to a per credit hour billing for tuition rather than imposing a flat rate. He said that the challenge to the Council will be how to assess how the institutions will fall within those parameters, especially during the transition year from a flat rate to a per credit hour rate.

2011-15
STRATEGIC
AGENDA
DEVELOPMENT

An update on the development of the 2011-15 strategic agenda was provided. A Council staff group has been formed to begin shaping the internal process and provide guidance on key decisions. Governor Patton asked Council members to volunteer to serve on a CPE Strategic Plan Work Group. This group, along with campus leadership, will meet periodically throughout the planning process to advise the internal Council leadership staff and provide feedback.

IEQ GRANTS

RECOMMENDATION: The staff recommends that the Council award federal No Child Left Behind, Title II, Part A, funds in the amount of \$1,144,000 for January 1, 2010, to June 30, 2011, to support these eight selected projects:

- Increasing College Readiness Through Assessment Led Instruction in Middle and High School Classrooms (Morehead State University): \$150,000
- The Math and Science Partnership: Increasing Math and Science Instruction and Achievement in Middle School Classrooms, Year 2 (Morehead State University): \$140,000

- West Kentucky Mathematics Partnership II, Year 2 (Murray State University): \$140,000
- Certifying World Language Teachers for Kentucky (Northern Kentucky University): \$145,000
- Literacy + Numeracy=Exponential Learning (University of Kentucky): \$150,000
- Number Properties and Operations: A Key to Student Success on EPAS, Year 2 (University of Kentucky): \$139,000
- Science Literacy for Middle School Teachers, Year 2 (University of Kentucky): \$140,000
- Learning Capacity Advancement in Middle School Science and Mathematics, Year 2 (Western Kentucky University): \$140,000

MOTION: Ms. Miller moved that the recommendation be approved. Ms. Moore seconded the motion.

VOTE: The motion passed.

CEO REPORT

A report from the Committee on Equal Opportunities was included in the agenda materials. Work is continuing on the development of the diversity plan. The draft framework has been shared with the institutions and other interested parties for comment.

HEWG REPORT

In late October the Higher Education Work Group adopted its final report which was due to Governor Beshear November 2. The recommendations represent the ideas with the greatest potential for producing positive, sustainable changes in postsecondary access and affordability within current budget constraints. Most of the recommendations are for immediate action, as they require no additional revenue and can be implemented within a year. A few of the recommendations would depend on additional revenue for implementation. These are included for future consideration or action, when economic conditions improve.

KY LEARNING DEPOT

The Kentucky Learning Depot, Kentucky's P-20 repository of quality digital learning content, will be launched November 17. The depot will increase efficiency in course development by allowing educators to create resources once and reuse and share them many times. The depot's initial focus is developmental education and STEM (science, technology, engineering, and mathematics).

NOMINATING COMMITTEE

Governor Patton appointed a nominating committee to present nominations for Council chair and vice chair at the February 2010 meeting. Members are Ellen Call, Glenn Denton, and Pam Miller. Ms. Miller will serve as chair.

REPORTS FROM INSTITUTIONS

The presidents in attendance discussed highlights of their reports included in the agenda book.

NEXT MEETINGS CPE, the Kentucky Board of Education, and the Education Professional Standards Board will hold a joint meeting February 10, 2010, to formally adopt a joint resolution adopting the new common learning standards for English/language arts and mathematics as required by Senate Bill 1 passed in the 2009 legislative session.

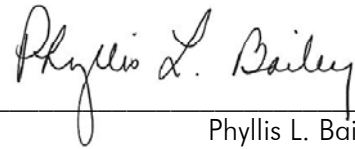
The next regular Council meeting is February 11, 2010.

The Council and audience paused for a moment of silence in recognition of those who lost their lives or were injured in the recent incident at Fort Hood.

ADJOURNMENT The meeting adjourned at 12:25 p.m.



Robert L. King
President



Phyllis L. Bailey
Senior Associate, Executive Relations

CPE MEMBER WORK SESSION The Council members met November 6, 2009, at 8:30 a.m. for a CPE Member Work Session. Paul Lingenfelter, president of the State Higher Education Executive Officers (SHEEO), discussed the Race to the Top program and other federal opportunities, including funding for community colleges, Pell grants, American Recovery and Reinvestment Act federal stimulus funds, and college readiness. He provided information about how Kentucky compares with national data in regard in enrollment, educational appropriations, and total educational revenue.