

AGENDA
Council on Postsecondary Education

November 5, 8:30 a.m.
Meeting Room A, Council Offices, Frankfort

Exec SummaryAttachment
Page #Page #

Roll Call

Approval of Minutes 1

Commissioner of Education Report

Cross-Cutting Issues

Executive Summary 15

1. Action: 2002-04 Operating and Capital Budget Recommendations 15 19

The Council Business

Executive Summary 71

2. Action: 2000-01 Agency Audit 71 73

Question 1 – Are more Kentuckians ready for postsecondary education?

Executive Summary 75

3. Action: Additional Allocations for Adult Education Initiatives 75 79

4. P-16 Council Report 76

Question 2 – Are more students enrolling?

Question 3 – Are more students advancing through the system?

Executive Summary 81

5. KYVU Smarthink FIPSE Project 81

Question 4 – Are we preparing Kentuckians for life and work?

Question 5 – Are Kentucky's communities and economy benefiting?

Executive Summary 83

6. Action: Public Health Programs 83 89

7. Action: Doctor of Philosophy in Applied and Industrial
Mathematics, UofL 85 95

8. Action: Bachelor of Science in Computer Science, MoSU 85 101

9. Action: Bachelor of Science in Nursing, KSU 86 105

10. Action: Eisenhower Higher Education Grant Program 86 111

11. Improvements at KSU Related to the Partnership Agreement 87

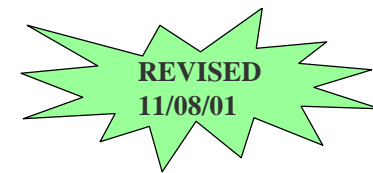
12. Action: Key Indicators of Progress – Research and Development
Goals 87 117

13. Application Criteria for Regional Technology Corporations,
Kentucky Innovation Act 88

Other Business

Next Meetings – December 10 (if needed), February 3-4, 2002

Adjournment

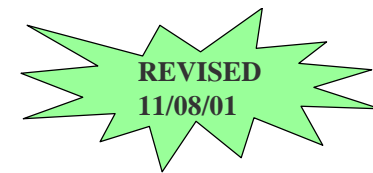


**Kentucky Council on Postsecondary Education
2002-04 Postsecondary Education General Fund Request***

 = Priority projects

	2001-02	2002-03			2003-04		
		Base Adjustments	Additional Funding	Total	Base Adjustments	Additional Funding	Total
Postsecondary Education Institutions							
Base	\$ 985,673,400	\$ 23,588,500 (1)		\$ 1,009,261,900			\$ 1,045,991,000
Benchmark Funding			\$ 34,620,800 (2)	34,620,800		\$ 34,751,000	34,751,000
M&O New Facilities		2,682,100		2,682,100	\$ 3,431,400		3,431,400
Other Changes to Base		(1,887,300)		(1,887,300)	(2,243,900)		(2,243,900)
Special Funding Requests			1,313,500	1,313,500		28,800	28,800
Total Postsecondary Education Institutions	\$ 985,673,400	\$ 24,383,300	\$ 35,934,300	\$ 1,045,991,000	\$ 1,187,500	\$ 34,779,800	\$ 1,081,958,300
Council/KYVU/KYVL							
Agency	\$ 10,493,000	\$ (1,541,000) (3)	\$ 979,000	\$ 9,931,000		\$ 182,600	\$ 10,113,600
Pass Through Programs	9,115,700	946,900 (4)	150,200	10,212,800		237,200	10,450,000
Governor's Minority Student College Preparation Program	231,700		100,800	332,500		4,700	337,200
SREB Doctoral Scholars Program	68,000		187,000	255,000		1,400	256,400
Total Council	\$ 19,908,400	\$ (594,100)	\$ 1,417,000	\$ 20,731,300		\$ 425,900	\$ 21,157,200
KHEAA							
Need-Based Financial Aid	\$ 48,000,000		\$ 1,600,000	\$ 49,600,000		\$ 12,400,000	\$ 62,000,000
Osteopathic Medicine Scholarships	1,379,500			1,379,500			1,379,500
Total KHEAA	\$ 49,379,500		\$ 1,600,000	\$ 50,979,500		\$ 12,400,000	\$ 63,379,500
Strategic Investment and Incentive Trust Funds							
Research Challenge Trust Fund							
Enrollment Growth and Retention Program	\$ 1,650,000	\$ (1,650,000) (5)					
Endowment Match Program (Debt Service)			\$ 1,250,000	\$ 1,250,000		\$ 9,980,000	\$ 11,230,000
Total Research Challenge Trust Fund	\$ 1,650,000	\$ (1,650,000)	\$ 1,250,000	\$ 1,250,000		\$ 9,980,000	\$ 11,230,000
Regional University Excellence Trust Fund							
Enrollment Growth and Retention Program	\$ 2,850,000	\$ (2,850,000) (5)					
Action Agenda	10,000,000	(10,000,000) (6)					
Endowment Match Program (Debt Service)			\$ 250,000	\$ 250,000		\$ 1,996,000	\$ 2,246,000
Total Regional University Excellence Trust Fund	\$ 12,850,000	\$ (12,850,000)	\$ 250,000	\$ 250,000		\$ 1,996,000	\$ 2,246,000
Postsecondary Education Workforce Development Trust Fund							
Workforce Training	\$ 6,000,000	\$ (6,000,000) (7)					
Enrollment Growth and Retention	3,500,000	(3,500,000) (5)					
Administrative Information Systems			\$ 2,000,000	\$ 2,000,000			\$ 2,000,000
Total Post. Ed. Workforce Development Trust Fund	\$ 9,500,000	\$ (9,500,000)	\$ 2,000,000	\$ 2,000,000			\$ 2,000,000
Technology Initiative Trust Fund							
Equipment Replacement - Debt Service for \$20 million	\$ 3,800,000	\$ (3,800,000) (8)					
Network Infrastructure	1,200,000			\$ 1,200,000		\$ 1,000,000	\$ 2,200,000
Faculty Development	1,000,000	(900,000)		100,000			100,000
Total Technology Initiative Trust Fund	\$ 6,000,000	\$ (4,700,000)		\$ 1,300,000		\$ 1,000,000	\$ 2,300,000

* Net of Master Settlement (Tobacco) funds.



**Kentucky Council on Postsecondary Education
2002-04 Postsecondary Education General Fund Request***

 = Priority projects

		2002-03			2003-04		
		Base Adjustments	Additional Funding	Total	Base Adjustments	Additional Funding	Total
Physical Facilities Trust Fund							
Capital Renewal & Maintenance-Debt Service for \$30 million	\$ 3,018,000	\$ (3,018,000) (8)			\$ 2,962,000	\$ 2,962,000	
Renovation, Replacement & Infrastructure - Debt Service	10,436,000	(10,436,000) (8)					
KSU - Hathaway Hall Renovation - Debt Service					589,000	589,000	
New Construction - Debt Service	7,446,000	(7,446,000) (8)					
(\$74 million authorized - 2000-02)							
Total Physical Facilities Trust Fund	\$ 20,900,000	\$ (20,900,000)			\$ 3,551,000	\$ 3,551,000	
Student Financial Aid and Advancement Trust Fund							
KEES	\$ 36,000,000	\$ 4,000,000	\$ 17,326,100	\$ 57,326,100	\$ 15,896,200	\$ 73,222,300	
Public Communications Campaign	1,500,000			1,500,000		1,500,000	
Total Student Financial Aid and Advancement Trust Fund	\$ 37,500,000	\$ 4,000,000	\$ 17,326,100	\$ 58,826,100	\$ 15,896,200	\$ 74,722,300	
Adult Education and Literacy Trust Fund							
	\$ 12,000,000	\$ (232,000)		\$ 11,768,000		\$ 11,768,000	
Science and Technology Trust Fund							
Kentucky Science and Technology Strategy							
Research & Development	\$ 3,000,000			\$ 3,000,000		\$ 3,000,000	
Commercialization	750,000			750,000		750,000	
Regional Technology Corporations	500,000			500,000		500,000	
Entrepreneurial Policy Impact Audit							
Rural Innovation Fund			\$ 1,000,000	1,000,000		1,000,000	
Knowledge Based Economy Academic Programs			3,000,000	3,000,000		3,000,000	
Kentucky EPSCoR		\$ 2,626,200 (4)		2,626,200		2,626,200	
Kentucky Science & Engineering Foundation			2,000,000	2,000,000		2,000,000	
Total Science and Technology Trust Fund	\$ 4,250,000	\$ 2,626,200	\$ 6,000,000	\$ 12,876,200		\$ 12,876,200	
Enrollment Growth and Retention Trust Fund							
Enrollment Growth Program		\$ 1,311,500		\$ 1,311,500	\$ 9,900,000	\$ 11,211,500	
Retention Program					12,100,000	12,100,000	
P-16 Challenge Grant Program					300,000	300,000	
Total Enrollment Growth and Retention Trust Fund		\$ 1,311,500		\$ 1,311,500	\$ 22,300,000	\$ 23,611,500	
Teacher Quality Trust Fund							
					\$ 4,000,000	\$ 4,000,000	
Total Strategic Investment and Incentive Trust Funds	\$ 104,650,000	\$ (41,894,300)	\$ 26,826,100	\$ 89,581,800	\$ 58,723,200	\$ 148,305,000	
TOTAL POSTSECONDARY EDUCATION	\$ 1,159,611,300	\$ (18,105,100)	\$ 65,777,400	\$ 1,207,283,600	\$ 1,187,500	\$ 106,328,900	\$ 1,314,800,000

1. Transfer of some trust funds to the institutions' base (earned Enrollment Growth & Retention, Action Agenda, Workforce Training, and Faculty Development).
2. Reflects a four year phase-in of benchmark funding.
3. Includes transfer of KY Postsecondary Ed. Network funds from agency to pass-through-programs.
4. Includes the following transfers: EPSCoR program to the Science and Technology Trust Fund (-\$2.6 million), KY Postsecondary Ed Network from agency (\$1.6 million), and contract spaces from Student Financial Aid Trust Fund (\$2,525,100).
5. Unearned enrollment growth funds are transferred to the Enrollment Growth and Retention Trust Fund. Earned enrollment growth funds are transferred to the institutions' base.
6. Transfer of Action Agenda program funds to the institutions' base.
7. Transfer of Workforce Training program funds to the KCTCS base.
8. Debt service transferred to the Finance and Administration Cabinet.

MINUTES
Council on Postsecondary Education
September 16, 2001

The Council on Postsecondary Education met September 16, 2001, at 12 noon at the Marriott East in Louisville, Kentucky. Chair Whitehead presided.

Mr. Whitehead asked for a moment of silence in lieu of the events of September 11.

OATH OF OFFICE

Patricia Walker FitzGerald, Jefferson County Circuit Judge and Chief Judge of Jefferson County Family Courts, administered the oath of office to Richard Freed. Dr. Freed was appointed recently by Governor Patton as the council's faculty representative. He is a professor of English at Eastern Kentucky University.

EKU PRESIDENT

Mr. Whitehead introduced Joanne Glasser, president-elect of Eastern Kentucky University.

ROLL CALL

The following members were present: Norma Adams, Peggy Bertelsman, Richard Freed, John Hall, Hilda Legg, Shirley Menendez, Christopher Pace, Lois Weinberg, and Charles Whitehead. Walter Baker, Steve Barger, Ron Greenberg, Charlie Owen, Joan Taylor, and Gene Wilhoit did not attend.

**IMPLICATIONS OF A
RIGOROUS HIGH
SCHOOL CURRICULUM**

Jan Somerville with The Education Trust gave a presentation on the implications of a rigorous high school curriculum. Several members of the council's Committee on Equal Opportunities were present for the presentation: Beverly Watts, Wendell Thomas, Gippy Graham, Raoul Cunningham, Bill Wilson, and Marlene Helm.

**APPROVAL OF
MINUTES**

The minutes of the July 30 council meeting and the August 27 executive committee meeting were approved as distributed.

UofL PRESENTATION

Dr. John Shumaker, president of the University of Louisville, discussed the efforts of his institution to achieve postsecondary education reform as presented in House Bill 1 in 1997.

Dr. Shumaker introduced several Bucks for Brains faculty in the audience. Van Clouse, Paul Epstein, Victoria Molfese, and Don Taylor discussed the programs they are involved in at the University of Louisville.

**2002-04 OPERATING
BUDGET**

RECOMMENDATION: To set a goal slightly above the benchmark median for each Kentucky institution, the staff recommends that the council approve the average of the 50th, 55th, and 60th percentiles as the funding objective for the 2002-04 operating budget recommendation. Mr. Davies said that the lists of benchmark institutions were developed in

1999 and modified during this year, following the “points of consensus” endorsed by the Strategic Committee on Postsecondary Education and the council. The staff is now dealing with how to establish the funding objective using each list, which is essential to measuring how Kentucky’s institutional funding compares to that of institutions Kentucky’s are like or want to be like. The staff has tested several techniques and is making the above recommendation. The staff feels that the method is mathematically valid, is fair, and can be explained in plain English to people who are not statisticians.

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

VOTE: The motion passed.

COUNCIL BYLAWS

RECOMMENDATION: The staff recommends that the council adopt the revised bylaws.

Mr. Davies said the council discussed proposed revisions to the bylaws briefly at the July meeting and suggested a few changes in dates.

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

Mr. Pace said that the Board of Student Body Presidents is concerned about the timeframe for selecting the council chair and vice chair.

VOTE: The motion passed with Mr. Pace voting no.

2002 MEETING DATES

RECOMMENDATION: The staff recommends that the council approve the 2002 meeting dates.

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

VOTE: The motion passed.

COMMITTEE APPOINTMENTS

Mr. Davies said that Mr. Whitehead has asked several council members to sit on various committees: SCOPE, John Hall; Distance Learning Advisory Committee, Joan Taylor and Charlie Owen; P-16 Council, Peggy Bertelsman.

COUNCIL STAFF

Mr. Davies introduced Dr. William H. Payne, who has joined the council staff as senior associate for finance.

P-16 COUNCIL MEMBERSHIP

RECOMMENDATION: The staff recommends that the council extend the membership of the P-16 Council to include Kim Townley, executive

director of the Governor's Office of Early Childhood Development, and Allen Rose, secretary of the Cabinet for Workforce Development.

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

VOTE: The motion passed.

2002-04 TUITION RATES AND REVENUE

The council approved tuition-setting guidelines for the 2002-04 biennium in May 2001. The guidelines continue to delegate tuition-setting responsibility to the institutions. The institutions were to report planned tuition rates and projected tuition and fees revenue for each year of the biennium and this information was included in the agenda book.

KEY INDICATORS GOALS

RECOMMENDATION: The staff recommends that the council approve the 2002-06 public institution goals for enrollment, transfers, retention, and graduation.

At the July meeting, the council asked the institutions to reconsider their enrollment, retention, and graduation rate projections through 2006. The projections have been revised and are on target to meet long-range systemwide goals. Based on the first enrollment reports from the institutions, the system is up 11,000 students this fall. This growth in the public and private institutions puts Kentucky higher education for the first time over 200,000 students. The council set a goal of 80,000 more undergraduates by 2020. The staff is projecting that by 2015 the institutions will enroll 77,000 of those students. Based on this growth, Mr. Davies said that the council might want to revise its long-range enrollment growth schedule.

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

Ms. Weinberg asked if the 11,000 students included the KYVU enrollments.

Angie Martin, the council's vice president for finance, replied that most of the KYVU students are taking courses at Kentucky institutions and are, therefore, included in the enrollment figures. But students in KYVU courses offered by out-of-state institutions are not included in the enrollments (that is, they are excluded from the 200,000 figure).

VOTE: The motion passed.

MOSU WAIVER

RECOMMENDATION: The staff recommends that the council accept the Committee on Equal Opportunities recommendation to grant Morehead State University a waiver of the requirements of KRS 164.020(18). At the May meeting, based upon a recommendation from the CEO, the council denied a request from Morehead State University for a waiver based on the institution not meeting its equal educational opportunity

goals. Morehead has been hard at work since then and appeared before the CEO August 20 to ask for reconsideration. Granting this waiver will enable Morehead to approve or ask the council to approve new academic programs during calendar year 2001.

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

VOTE: The motion passed.

KYVU/KYVL

Mr. Davies said that the Kentucky Virtual University is off to a strong start this fall, with unduplicated headcount of 4,807 and total class enrollments of 6,387. The KYVU now offers a total of 545 courses. The monthly number of library transactions through the Kentucky Virtual Library remains steady at about 600,000 per month (that averages 20,000 per day and more than 800 per hour).

Mr. Freed asked for a breakdown on the usage of the virtual library. The staff will provide that information to the council members.

KENTUCKY INNOVATION ACT

Mr. Davies said that the Kentucky Science and Technology Corporation issued the request for proposals September 4 for three of the four Kentucky Innovation Act programs for which the council has policy responsibility: the Research and Development Fund, the Commercialization Fund, and the Rural Innovation Fund. The KSTC expects to make awards to successful applicants by the end of December. The RFP for the fourth program, the Regional Technology Corporations, will be issued this fall and will come to the council in November. The council staff is reviewing the draft of the entrepreneurial audit conducted by the KSTC as part of the Kentucky Innovation Act, with the final audit report scheduled for release October 15.

ENGINEERING

Memoranda of understanding have been signed to provide for joint engineering programs under the statewide engineering strategy. The agreements are between MuSU, WKU, UofL, UK, and the council. The joint programs are mechanical engineering by WKU and UK, civil engineering by WKU and UK, electrical engineering by WKU and UofL, and electrical and telecommunications engineering by MuSU and UofL. The programs are offered so that students do not have to leave Bowling Green or Murray to earn a bachelor's degree in engineering.

Mr. Davies said that the commissioner of the new economy has said to the presidents and to others that the state lacks strength in the information technology area. Mr. Davies said that the council staff may bring a

recommendation to request funding for engineering but also expand the recommendation for engineering and information technology as part of the science and technology trust fund.

ENDOWMENT
MATCH GUIDELINES
SUBCOMMITTEE

The subcommittee to review endowment match guidelines has met twice to review current program guidelines and reporting procedures. The subcommittee discussed several issues, including donor anonymity, council oversight, the purpose of endowments, and pledge payment schedules. The group plans to meet again in October.

QUALITY
SUBCOMMITTEE

Chairman Whitehead has appointed a council subcommittee of John Hall, Ron Greenberg, Joan Taylor, and Richard Freed to consider what quality means in postsecondary education and how it should be measured. The group will meet September 17 and will be joined by Dr. Margaret Miller, professor at the University of Virginia and president emerita of the American Association of Higher Education.

WKU
DIDDLE ARENA

At the July meeting, the council heard about a proposal to transfer ownership of Diddle Arena from Western Kentucky University to the city of Bowling Green. Chairman Whitehead asked Charlie Owen, Walter Baker, and Steve Barger to review this proposal in greater detail. Since then, the project changed so that WKU will retain ownership of Diddle Arena, the City of Bowling Green will issue bond anticipation notes for its renovation, and WKU will retire the debt with an \$80 per semester special student fee. At the direction of the council committee, Mr. Davies supported the project at the August 21 Capital Projects and Bond Oversight Committee meeting and suggested that the council work with the Finance and Administration Cabinet, the Office of the Attorney General, the Governor's Office for Policy and Management, and the State Auditor to develop a procedure for handling unusual capital outlay financing proposals involving public colleges and universities. Since the August 21 meeting, the scope of the project changed to place turf on the football field and construct a pedestrian walkway; to obligate the university to use other athletic program funds for debt service if the student fee should provide insufficient funds; and to give the city the right to seek judicial confirmation that the deal is legal. On the basis of these changes, the Secretary of Finance stated that the Finance and Administration Cabinet will withhold approval of the deal at this time.

Mr. Davies said that he recently met with the Mississippi Board of Trustees of the State Institutions of Higher Learning to discuss "mission creep" among its institutions. Mississippi has 3 million people, eight public universities, and four of them are designated as research universities. The board knows it cannot afford the infrastructure required by four research institutions. Mr. Davies said this highlights the importance of this council and this system focusing on the responsibilities assigned to individual universities and to the KCTCS, doing them well, and then doing them better, but not trying to become more and more like one another.

Mr. Pace said the Board of Student Body Presidents passed a resolution asking the institutions of postsecondary education to observe a moment of silence September 18 from 8:45 to 8:50 a.m. to recognize the victims and families of the September 11 terrorist attacks. Mr. Pace asked the administrators of the institutions to help make this possible.

NEXT MEETINGS

Mr. Davies said that the council will meet with the presidents of the independent colleges and universities October 9 at Midway College. October 10 the council will meet at 8:30 a.m. at the council offices in Frankfort to discuss budget issues. At 1 p.m. that afternoon, institutions will be invited to make presentations to council members on special funding requests and capital project priorities. The council will meet in Frankfort November 5 to take action on the 2002-04 budget recommendations.

TRUSTEESHIP CONFERENCE

The Annual Governor's Conference on Postsecondary Education Trusteeship will begin after this meeting. Sir Brian Follett, vice chancellor emeritus, University of Warwick, United Kingdom, will deliver the keynote address on "The Entrepreneurial University in a System." Monday the presidents of the universities and KCTCS will participate on a panel to discuss the considerable progress of the last four years and the continued efforts of postsecondary education reform. Mr. Davies encouraged everyone to visit displays throughout the hotel highlighting the programs of distinction and the Research Challenge Trust Fund programs.

ADJOURNMENT

The meeting adjourned at 2:45 p.m.

Gordon K. Davies
President

Phyllis L. Bailey
Secretary

MINUTES

Joint Meeting Council on Postsecondary Education and Presidents of the Independent Colleges and Universities October 9, 2001

The Council on Postsecondary Education met in a special meeting October 9, 2001, at 4 p.m. with the presidents of the independent Kentucky colleges and universities. The meeting was held in the Student Center at Midway College, Midway, Kentucky. Chair Whitehead presided.

Mr. Whitehead thanked Allyson Hughes Handley, president of Midway College, for hosting the meeting. He said that this is the first meeting between the council and independent presidents since the inception of the 1997 postsecondary education reform.

ROLL CALL

The following council members were present: Norma Adams, Walter Baker, Peggy Bertelsman, Richard Freed, Shirley Menendez, Charlie Owen, Chris Pace, Joan Taylor, Lois Weinberg, and Charles Whitehead. Steve Barger, Ron Greenberg, John Hall, Hilda Legg, and Gene Wilhoit did not attend.

The following represented the independent colleges and universities: Bill Julian, provost and dean of the faculty, Lindsey Wilson College; David Arnold, vice president for academic affairs, Saint Catharine College; Tom Oates, president, Spalding University; Paul Radar, president, Asbury College; Hal Smith, president, Pikeville College; Vivian Bowles, president, Brescia University; Bill Crouch, president, Georgetown College; Allyson Hughes Handley, president, Midway College; Gary Cox, president, Association of Independent Kentucky Colleges and Universities; Jay McGowan, president, Bellarmine University; Charles Shearer, president, Transylvania University; Joe Lee, president, Thomas More College; Sue Weedman, associate dean, Cumberland College; David Joyce, president, Union College; Larry Shinn, president, Berea College; John Roush, president, Centre College; Mike Fagan, vice president of academic affairs, Kentucky Wesleyan College; John Chowning, vice president for external relations and assistant to the president, Campbellsville University; Jeff Metcalf, vice president for institutional research, Kentucky Christian College.

OPENING COMMENTS

President Handley, Gordon Davies, and Gary Cox gave opening comments.

President Handley said it is a pleasure to welcome the council to Midway

College and to host this historic meeting on behalf of the Association of Independent Kentucky Colleges and Universities. She said that one of the reasons she chose to come to Kentucky was because of the support for higher education shown by Governor Patton and members of the council. Early in her presidency she met with Mr. Davies, who visited not only the presidents of the public institutions but also the presidents of many of the independent institutions. He laid a very important groundwork for what has ultimately led to this meeting.

Grace Harms brought greetings on behalf of the students of Midway College and the students of all of the independent institutions.

Mr. Davies said that he is committed to the notion that the public universities, the community and technical colleges, and the independent colleges and universities all provide extraordinary, valuable options to the students of any state. He said that while independent institutions are funded differently than public institutions, they nonetheless serve a public purpose and, in that sense, are part of a system that this fall enrolled more than 200,000 students for the first time in history. He said that Kentucky has a long way to go to become a truly competitive state in the emerging new and technologically based economy, but he is convinced that the public and independent institutions in the state will work together to make that happen.

PRESENTATIONS AND DISCUSSION

Mr. Cox gave a presentation on the status of Kentucky independent higher education. Information was provided on enrollment, degree productivity, graduation rates, tuition and fees, and sources of grant and scholarship support. In summary, Kentucky's independent colleges and universities are key providers of higher education; are diverse, meeting a range of student needs; are economic engines in many of the state's poorest areas; reach out to the state's underserved populations; and are low-cost, high-quality providers of baccalaureate education for the state.

Responses to the council's five questions were provided from each independent college and university. Several representatives discussed programs and services offered by the independent institutions.

Mr. Cox discussed "the changing postsecondary landscape" and the findings of the recent report by MGT of America entitled "The Role and Effectiveness of the Independent Colleges and Universities in Achieving Kentucky Postsecondary Education Goals."

A discussion followed about possible next steps and increasing the role of the independent institutions in achieving the public agenda for postsecondary education in Kentucky.

Mr. Davies said that this meeting should serve as the first of many conversations between the council and the independent institutions.

ADJOURNMENT

The meeting adjourned at 6:35 p.m.

Gordon K. Davies
President

Phyllis L. Bailey
Secretary

MINUTES
Council on Postsecondary Education
October 10, 2001

The Council on Postsecondary Education met in a special meeting October 10, 2001, at 8:30 a.m. at the council offices in Frankfort, Kentucky. Chair Whitehead presided.

ROLL CALL

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

**JOINT MEETING WITH
INDEPENDENT
COLLEGES AND
UNIVERSITIES**

Mr. Whitehead said that October 9 the council had a historic meeting with the presidents of the independent colleges and universities. He said that discussions about collaboration will continue.

Mr. Davies said that this is a special meeting of the council primarily to discuss issues around the budget recommendation that the council will make in November to the Governor and the General Assembly.

**ADULT EDUCATION
PLAN**

RECOMMENDATION: The staff recommends that the council approve the Adult Education Local Needs Assessment and Community Development Pilot Project, authorizing the allocation of up to \$200,000 of the Adult Education and Literacy Trust Fund for 2001-02.

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

Dr. Cheryl King, the council's associate vice president for adult education, said that the council's Adult Education Action Plan approved last year includes a component for Local Needs Assessment and Community Development. In conjunction with the public communications campaign, ten Kentucky communities will serve as pilot sites. Once local assessment is completed, community organizers are expected to identify systemic solutions and create a strategic plan to increase participation in education programs at all levels. The communities will be encouraged to form a local P-16 council if they do not have one. If the community decides to organize a P-16 council, it must go through the same application process as the P-16 councils that have already been organized.

The communities were selected based on low levels of literacy, high dropout rates, the demonstrated strength and leadership of the adult education program, participation in GEAR UP Kentucky, geographic distribution, county population, and proximity to media markets. The communities are: Boyd County (Ashland), Fayette County (Lexington), Hardin County (Elizabethtown), Hopkins County (Madisonville), Jefferson County (Louisville), McCracken County (Paducah), Northern Kentucky (Boone, Campbell, Kenton), Perry County (Hazard), Pulaski County (Somerset), and Warren County (Bowling Green).

VOTE: The motion passed.

UK
CAPITAL PROJECT

RECOMMENDATION: The staff recommends that the council approve the University of Kentucky's request to install a new heating, ventilation, and air conditioning system to serve the Shively Sports Center with \$475,000 of private funds.

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

VOTE: The motion passed.

HIGHER EDUCATION
FINANCE

Dennis Jones, president of the National Center for Higher Education Management Systems, gave an overview of how revenues flow into colleges and universities and the relationships of those revenues to one another and to institutional operations. He urged council members to consider the "interrelatedness" of their policy decisions (for instance, tuition policy, need-based student aid, state appropriations), particularly as they develop budget recommendations for 2002-04.

PROJECTED BUDGET
SHORTFALL

Ron Carson, the council's senior fellow for policy development, discussed the projected budget shortfalls. He distributed a chart showing the history of revenue shortfalls since 1980-81 and how much of those general fund appropriations actually took place in the postsecondary education sector.

This fiscal year the Consensus Forecast Group (CFG), the group established by state statute that makes the revenue forecast upon which the budget is based, came forth with a revised forecast June 14. At that time, the group indicated that the state would have an approximate \$295 million shortfall. There were some items on the expenditure side that needed to be addressed that resulted in a series of budget actions totaling about \$326 million. Those cuts were made as the fiscal year began. At that time and, as it exists today, the state budget is balanced as a result of those various actions.

Since then, a budget planning report, required under House Bill 1, has provided a sneak preview of the revenue situation for the ensuing budget period. This report was completed in mid-August and was presented by State Budget Director Jim Ramsey to the September 26 meeting of the Strategic Committee on Postsecondary Education. Numbers for a five-year period (FY 02-06) were presented. While it does not represent an official forecast, it did indicate that in the current year, above and beyond the \$326 million shortfall, it appeared that the state might be down another \$60 million in General Fund revenue.

The CFG met October 3 and will meet again the afternoon of October 10 to issue an official revised forecast for this year as well as numbers for both FY 03 and 04 upon which the agency budget requests will be based. It is very likely that the additional shortfall for this year will range from \$175-\$200 million.

According to statute, the council is required to submit a budget request on behalf of the system no later than November 15. Sometime between now

and then, or perhaps subsequent to November 15, the council could be asked to participate in a budget cutback process along with other areas of state government that have thus far this fiscal year been spared. Mr. Carson said that if the shortage is in the \$175-\$200 million range that would mean the growth for this year in the general fund over last year would be only about 1 percent or perhaps less. He said that as late as the budget planning report in August, the forecasters thought the state might get 2.5 percent growth this fiscal year. Things have dramatically deteriorated during the last two months.

BUDGET
WORK SESSION

At the November 5 council meeting, members will take action on funding issues that will lay the groundwork for postsecondary education reform for the next biennium. Material was provided for information on the five primary 2002-04 budget components:

- operating recommendation
- strategic investment and incentive trust funds recommendation
- special funding requests
- capital outlay recommendation
- agency/KYVU/KYVL operating and capital recommendations

Angie Martin, the council's vice president for finance, discussed each component and answered questions.

NEXT MEETING

The next meeting is November 5 in Frankfort.

ADJOURNMENT

The meeting adjourned at 11:55 a.m.

BUDGET HEARING

At 12:30 p.m., the institutions presented to the council members their special requests and highest priority capital projects. In addition to the nine public institutions and KCTCS, presentations were made by the Association of Independent Kentucky Colleges and Universities, the Kentucky Higher Education Assistance Authority, and the Kentucky Virtual University. Council members Norma Adams, Walter Baker, Peggy Bertelsman, Richard Freed, Shirley Menendez, Joan Taylor, and Charles Whitehead attended.

Gordon K. Davies
President

Phyllis L. Bailey
Secretary

Council on Postsecondary Education
November 5, 2001

Executive Summary

Cross-Cutting Issues

The council last met October 10, at which time it considered the broad building blocks of a postsecondary education budget recommendation for 2002-04: benchmark funding, trust funds, special requests, and capital outlay. Since that time, there have been several new developments.

First, the Consensus Forecasting Group has lowered for the second time its state revenue forecast for the current fiscal year (FY 02) another \$171 million. With other adjustments, this reduced the revenue by a total of \$206 million. This brings the required budget adjustment actions in this fiscal year to \$532 million.

The forecast includes growth (from the *revised* current year revenues) of \$193 million, or 2.9 percent, in FY 03. The forecast includes growth of \$293 million, or 4.1 percent, in FY 04. This means that by the end of the next biennium, Kentucky's revenues are projected to be virtually the same amount as originally forecast for FY 02 when the 2000-02 budget was built.

Governor Patton has continued his strong support of education by declining to cut the education budget in FY 02. The \$206 million pending budget cuts will be met by requiring all agencies of state government to reduce their budgets by an additional 2 percent. Debt refinancing and rescheduling, plus reversion of unspent revenues in various special accounts, will help cover the rest.

Thus, the council considers its budget recommendations for 2002-04 in a time of severe revenue shortage but with the support of a governor who has demonstrated unwavering commitment to the Kentucky Education Reform Act and to postsecondary education reform.

The staff recommends that the council:

- Approve the 2002-04 Operating and Capital Budget Recommendations as presented herein which total \$1,153,537,100 for 2002-03 and \$1,250,040,100 for 2003-04 for the universities, the Kentucky Community and Technical College System, and Lexington Community College; the Strategic Investment and Incentive Trust Funds; and the Council on Postsecondary Education, including the KYVU and KYVL and pass-through programs.
- Establish five priorities for 2002-04:
 - Continue to pay for enrollment and retention increases from 1998 to 2001.
 - Pay for additional enrollment growth and retention increases that occur in the fall of 2002.
 - Continue to create capacity for developing the new economy.
 - Support two equal educational opportunity programs.
 - Maintain full support for need-based financial aid.

(For details, see information beginning on page 19.)

In this time of severely limited revenues, the council staff proposes a postsecondary education budget with five priorities:

- Continue funding for the 18,000 new students who have enrolled since 1998.
- Provide funding for new students in 2002-04.
- Continue to create capacity to participate in the “new economy.”
- Support equal education opportunity programs.
- Support need-based student financial aid programs to the fullest extent provided by statute.

Many other expenditures, including institutional special requests, have considerable merit. But lean budgets require that we choose among good things, some of which we simply cannot do. To take the students already enrolled, to enroll more, and to build capacity for the new economy will cost substantially more than \$100 million by the second year of the next biennium. The staff’s judgment is that these, and a few other relatively low-cost items, are what Kentucky postsecondary education absolutely needs in order to sustain the reform through two lean years. The rest is important but not essential.

Council on Postsecondary Education
November 5, 2001

2002-04 Operating and Capital Budget Request

Council Action:

- Approved the 2002-04 Operating and Capital Budget Recommendations as presented herein which total \$1,156,304,100 for 2002-03 and \$1,251,420,500 for 2003-04 for the universities, the Kentucky Community and Technical College System, and Lexington Community College; the Strategic Investment and Incentive Trust Funds; and the Council on Postsecondary Education, including the KYVU and KYVL and pass-through programs.
- Established five priorities for 2002-04:
 - Continue to pay for enrollment and retention increases from 1998 to 2001.
 - Pay for additional enrollment growth and retention increases that occur in the fall 2002.
 - Continue to create capacity for developing the new economy.
 - Support two equal educational opportunity programs.
 - Maintain full support for need-based financial aid.

The 2002-04 operating and capital budget request and the eventual appropriations bill will lay the groundwork for postsecondary education reform for the next biennium. The council is responsible for submitting a 2002-04 operating and capital budget request that includes the following four budget components:

- Operating request for the institutions including base adjustments, base increases (benchmark funding), and special funding requests (Attachment A).
- Strategic Investment and Incentive Trust Funds request (Attachment B).
- Capital outlay request for the institutions and the trust funds (Attachment C).
- Operating and capital request for the agency, the KYVU and KYVL, and pass-through programs (Attachment D).

A summary of the recommended state General Funds budget for postsecondary education is inserted in the agenda book (purple card). The postsecondary education budget includes the need-based financial aid programs administered by the Kentucky Higher Education Assistance Authority. But the council is not responsible for KHEAA's funding recommendation.

Given the state's revenue forecast, the council established essential funding priorities for 2002-04. To continue the reform, council approved five top priorities for the next biennium:

- Fund enrollment growth and retention increases that have occurred since the 1997 reform act.
- Provide enrollment and retention funds for growth in fall 2002.
- Provide funds which continue to create a knowledge-based economy, including the Endowment Match Program and engineering and information technology academic programs.
- Provide recurring funds for two equal educational opportunity programs.
- Maintain full support of need-based financial aid.

These priorities are highlighted on the summary schedule.

The council's request includes the following:

- A state appropriation recommendation to the Governor and the 2002 General Assembly which totals \$1,045,991,000 in 2002-03 and \$1,081,958,300 in 2003-04 for the universities, the Kentucky Community and Technical College System, and Lexington Community College. (See Attachment A.)
- A state appropriation recommendation of \$89,581,800 in 2002-03 and \$148,305,000 in 2003-04 for the eight existing incentive trust funds and two new trust funds, enrollment growth and retention, and teacher quality. (See Attachment B.)
- The 2002-04 Trust Fund Guidelines presented in Attachment B.
- \$30 million in state bonds for a capital renewal and maintenance pool with a required match from the institutions of \$24 million. (See Attachment C.)
- A \$5,937,000 capital renovation project for Kentucky State University. (See Attachment C.)
- Council endorsement of 16 capital projects, which total \$340,609,000 million, including a systemwide equipment replacement pool. (See Table C-2.)
- 2002-04 authorization for an agency-funded capital bond pool and for agency-funded equipment and capital projects. (See Tables C-4 and C-5.)
- 2001-02 authorization for two agency-funded projects for Western Kentucky University including the renovation of the E.A. Diddle Arena and completion of an energy efficiency project.
- A state appropriations request of \$20,731,300 in 2002-03 and \$21,157,200 in 2003-04 for Council on Postsecondary Education operations, the KYVU and KYVL, and pass-through programs. (See Attachment D.)

The total operating request represents a net increase of \$46.1 million, or 4.1 percent, in 2002-03 and \$95.1 million, or 8.2 percent, in 2003-04 (excluding need-based financial aid which is administered by KHEAA).

Council on Postsecondary Education
November 5, 2001

2002-04 Operating Recommendation

The council staff recommends a state appropriation operating request for the public institutions of \$1,046.0 million in FY 2002-03 and \$1,082.0 million in FY 2003-04. Each institution's funding recommendation is shown on Table A-1. The recommendation includes \$35.9 million in FY 2002-03 and \$34.8 million in FY 2003-04 of expansion funds for the institutions. The expansion funds are for benchmark funding (or inflationary increases) and special requests. The operating recommendation includes:

- Benchmark funding and inflationary increases of \$34.6 million in FY 2002-03 and an additional \$34.8 million in FY 2003-04.
- Transfer of \$23.6 million from the trust funds to the institutions' base appropriations for enrollment growth and retention, action agenda, workforce training, and faculty development programs.
- Funds for the maintenance and operation of new facilities coming on-line in the 2002-04 biennium (\$2.7 million for FY 2002-03 and \$3.4 million for FY 2003-04).
- Other base adjustments including changes in state-supported debt service and the University of Louisville hospital contract.
- \$1,313,500 in FY 2002-03 and an additional \$28,800 in FY 2003-04 for two special funding requests.

Each of these components is described below.

Benchmark Funding

The council, in cooperation with the institutions and the executive and legislative branches, developed a benchmark funding model for the 2000-02 operating recommendation. The following benchmark funding components were changed to calculate the 2002-04 funding recommendation.

Debt Service and Mandated Programs. State funds for debt service and mandated public service and research programs having no student enrollment or instructional function have been deducted from the state support amounts at the benchmark and Kentucky institutions. The deductions were obtained through a survey of the benchmark and Kentucky institutions conducted by MGT of America, Inc. A copy of the report is provided as a separately bound document.

Funding Objective. A measure of central tendency (defined as an average of a set of observations such as a mean, median, or percentile) was used to determine the 2002-04 funding objective for each institution. At its September 2001 meeting, the council approved the average of the 50th, 55th, and 60th percentiles as the funding objective.

Tuition and Fees Revenue Standard Deduction. At its May 2001 meeting, the council established a standard tuition and fees revenue deduction of 37 percent for the public universities, excluding Kentucky State University. For the KCTCS, KSU, and Lexington Community College the standard deduction is 30 percent. The standard or budgeted tuition and fees revenue, whichever was lower, was deducted from the public funds amount to determine the 2002-04 state appropriation objective. A summary of the 2002-04 tuition and fees revenue deduction is provided in Table A-2.

Enrollment. Due to the recent and projected increases in enrollment, the council staff and institutional representatives agreed to use estimated fall 2001 full-time equivalent student enrollments to calculate the 2002-04 funding needs. A summary of each institution's fall 1998 and fall 2001 enrollments are shown in Table A-3.

Phase-In. The funding recommendation for each institution is based on either a four year phase-in of the benchmark funding need or the *2002-04 Branch Budget Request Guidelines* (promulgated by the Legislative Research Commission) inflationary increase of 2 percent each year, whichever is greater. The council staff limited the benchmark funding annual increase to 8 percent. A summary of the recommended benchmark funding or inflationary increase is included in Table A-4. The total recommendation for each year is:

FY 2002-03	\$34,620,800
FY 2003-04	\$34,751,000

Transfer of 2000-02 Trust Funds

The council staff recommends permanently transferring some of the 2000-02 trust funds to the institutions. These program funds include earned enrollment growth and retention, action agenda, workforce training, and faculty development. The transfer amounts to each institution are shown on Table A-4.

Base Adjustments

Maintenance and Operation for New Facilities. Funding is provided for maintenance and operation of new educational and general facilities that will come into use during the biennium: \$2.7 million in FY 2002-03 and an additional \$3.4 in FY 2003-04.

Other Base Adjustments. Other recommended changes to the institutions' base appropriations include:

- Transfer of \$600,000 to the University of Kentucky for the Collaborative Center for Literacy Development. This program is currently funded in the council's agency budget as a pass-through program.
- Net decreases in state supported debt service of \$3.1 million in FY 2002-03 and \$2.9 million in FY 2003-04.
- Increases of \$625,100 in FY 2002-03 and \$648,100 in FY 2003-04 for the state's contractual obligation related to indigent care provided through the quality and charity care trust agreement at the University of Louisville hospital.

Special Funding Requests

The council provided the institutions the opportunity to request state general funds for special or meritorious initiatives not funded by the benchmark funding model. The institutions submitted 24 special requests totaling \$28.9 million for 2002-03 and \$28.0 million for 2003-04. At its May 2001 meeting, the council approved guidelines and evaluation criteria for the special funding requests.

The institutions were asked to submit no more than two requests for the 2002-04 biennium. The requests were not to include funding for personnel or operating cost increases normally funded in base budgets such as utilities and health insurance.

Each request for special funding was evaluated by council staff based on a set of criteria approved by the council at its May 2001 meeting. The criteria specified that the requests were to be unique in nature, be collaborative with other institutions where feasible, not be funded from the institution's existing base or through a trust fund, and further the goals of the council's *2020 Vision, 2001-06 Action Agenda*, and the five questions.

The staff recommends that three requests be included in the council's recommendation. A summary of each request follows.

Kentucky State University - Land Grant Match. Under provisions of the Agricultural Research, Extension, and Education Reform Act of 1998, federal funds provided to 1890 land-grant colleges and universities for cooperative agricultural research and extension programs require a 50 percent non-federal match for each year of the 2002-04 biennium.

For KSU, there is a non-federal matching requirement of about \$2.3 million for FY 2002-03 and \$2.4 million for FY 2003-04. KSU requested \$5.4 million of nonrecurring state funds and \$2.4 million of recurring state funds for FY 2002-03 and FY 2003-04. KSU requested that the state fully fund the required match for the federal research and extension programs with new appropriations. But the majority of the required match is already provided in the institution's base appropriation and has been recurring since 1984. The staff recommends that KSU receive an additional \$487,800 in FY 2002-03 and \$502,400 in FY 2003-04 to fully fund the non-federal match in the 2002-04 biennium.

Eastern Kentucky University's Interpreter Training Program. The council staff recommends \$109,600 in FY 2002-03 and \$123,800 in FY 2003-04 for ECU's Interpreter Training Program (ITP). For the past five years, the Department of Vocational Rehabilitation (DVR) has been a principal source of financial support for the program. Recent federal and state budget cuts have necessitated a 50 percent reduction in the level of support provided by the DVR for 2002-04. The recommendation will provide replacement funding for the ITP both on ECU's main campus and for its cooperative program at the University of Louisville, excluding indirect costs and net of tuition revenue. The primary goal of the ITP is to expand educational and employment opportunities for Kentucky's deaf citizens through direct instruction, outreach, and service activities.

University of Louisville - Trover Clinic.

The council staff recommends \$716,100 annually in replacement funding for the University of Louisville's off-campus teaching center for medical education. Published literature shows that doctors tend to set up practice in towns like those in which they train. The Trover Clinic, located in Madisonville, Kentucky, represents U of L's commitment to a regional campus concept. During 1998-2000, the center was supported each year with non-recurring equal contributions from U of L and the Trover Foundation. For 2000-02, the program was funded with a non-recurring appropriation from coal severance tax receipts. The recommended amount is net of projected tuition revenue and does not include indirect cost reimbursements.

Enhancement of Kentucky State University

Kentucky State University submitted a request for enhancement funding October 22, 2001. The university requests \$4.98 million for each year of the next biennium. KSU's request is for interim enhancement funding while an independent consulting organization conducts a thorough programmatic and fiscal review. The council staff recommends that the council consider the request when the independent study is completed.

Table A-1
Revised 11/08/01

2002-04 OPERATING RECOMMENDATION
FISCAL YEAR 2002-03

Institution	Base Adjustments						Operating Increase					
	2001-02 Revised Appropriation	Transfer of Pass Through Programs	Change in Debt Service	M&O for New Facilities Coming On-Line	Change in UofL Hospital Contract	Total After Base Adjustments	Benchmark		Inflation Increase	Special Requests	Total	Expansion Increase
							Funding Increase	OR				
EKU	\$ 75,324,100	\$ -	\$ (624,800)	\$ 198,500	\$ -	\$ 74,897,800	\$ 3,343,000	\$ -	\$ 109,600	\$ 78,350,400	\$ 3,452,600	
KCTCS	194,374,800	-	13,100	653,800	-	195,041,700	6,847,600	-	-	201,889,300	8,847,600	
KSU	23,568,100	-	3,100	-	-	23,571,200	-	426,500	487,800	24,485,500	914,300	
MoSU	42,856,500	-	659,500	70,700	-	43,586,700	1,824,600	-	-	45,411,300	1,824,600	
MuSU	52,814,300	-	(5,600)	116,300	-	52,925,000	1,962,800	-	-	54,887,800	1,962,800	
NKU	46,549,900	-	(23,400)	12,900	-	46,539,400	3,320,500	-	-	49,859,900	3,320,500	
UK	314,160,000	600,000	(4,129,200)	717,500	-	311,348,300	-	6,083,400	-	317,431,700	6,083,400	
LCC	8,908,900	-	293,100	-	-	9,202,000	657,100	-	-	9,859,100	657,100	
UofL	179,920,500	-	(1,500)	211,300	625,100	180,755,400	4,699,900	-	716,100	186,171,400	5,416,000	
WKU	70,784,800	-	703,300	701,100	-	72,189,200	5,455,400	-	-	77,644,600	5,455,400	
Total	\$ 1,009,261,900	\$ 600,000	\$ (3,112,400)	\$ 2,682,100	\$ 625,100	\$ 1,010,056,700	\$ 28,110,900	\$ 6,509,900	\$ 1,313,500	\$ 1,045,991,000	\$ 37,934,300	

* Includes \$2.0 million from the Postsecondary Education Workforce Development Trust Fund for administrative information systems at KCTCS.

*

Table A-1
Revised 11/08/01

2002-04 OPERATING RECOMMENDATION
FISCAL YEAR 2003-04

		Base Adjustments									
		Change	M&O for	Change	Total	Operating Increase					
		in	New	in	After	Benchmark			Special		
		Debt	Facilities	UofL	Base	Funding	Inflation		Requests*	Total	Expansion
Institution	2002-03 Revised Appropriation	Service	Coming On-Line	Hospital Contract	Adjustments	Increase	OR	Increase			Increase
EKU	\$ 78,350,400	\$ 11,700	\$ 617,900	\$ -	\$ 78,980,000	\$ 3,343,000	\$ -	\$ 14,200	\$ 82,337,200	\$ 3,357,200	
KCTCS	201,889,300	39,800	658,100	-	202,587,200	6,847,600	-	-	209,434,800	8,847,600	**
KSU	24,485,500	4,400	-	-	24,489,900	-	435,000	14,600	24,939,500	449,600	
MoSU	45,411,300	(91,100)	74,800	-	45,395,000	1,824,600	-	-	47,219,600	1,824,600	
MuSU	54,887,800	3,800	273,100	-	55,164,700	1,962,800	-	-	57,127,500	1,962,800	
NKU	49,859,900	13,700	26,200	-	49,899,800	3,320,500	-	-	53,220,300	3,320,500	
UK	317,431,700	(612,400)	709,600	-	317,528,900	-	6,205,100	-	323,734,000	6,205,100	
LCC	9,859,100	(255,400)	-	-	9,603,700	657,100	-	-	10,260,800	657,100	
UofL	186,171,400	(1,825,100)	775,600	648,100	185,770,000	4,699,900	-	-	190,469,900	4,699,900	
WKU	77,644,600	(181,400)	296,100	-	77,759,300	5,455,400	-	-	83,214,700	5,455,400	
Total	\$ 1,045,991,000	\$ (2,892,000)	\$ 3,431,400	\$ 648,100	\$ 1,047,178,500	\$ 28,110,900	\$ 6,640,100	\$ 28,800	\$ 1,081,958,300	\$ 36,779,800	

* Reflects additional funding over previous year.

** Includes \$2.0 million from the Postsecondary Education Workforce Development Trust Fund for administrative information systems at KCTCS.

Table A-2

**TUITION AND FEES REVENUE AS A PERCENT OF PUBLIC FUNDS
2002-04 BENCHMARK FUNDING**

<u>Institution</u>	<u>Net (1) General Fund Appropriation</u>	<u>2001-02 (2) Budgeted Tuition and Fees Revenue</u>	<u>Total General Fund and Tuition and Fees Revenue (Public Funds)</u>	<u>Budgeted Tuition and Fees Revenue as a % of Public Funds</u>	<u>2002-04 (3) Benchmark Funding Model Tuition & Fees Deduction</u>
EKU	\$ 70,998,900	\$ 38,697,800	\$ 109,696,700	35.3%	35.3%
KSU	19,989,300	8,584,500	28,573,800	30.0%	30.0%
MoSU	41,972,300	24,013,500	65,985,800	36.4%	36.4%
MuSU	48,672,000	33,642,000	82,314,000	40.9%	37.0%
NKU	41,506,900	44,395,300	85,902,200	51.7%	37.0%
UK (excluding LCC)	238,742,200	121,680,900	360,423,100	33.8%	33.8%
LCC	8,213,900	11,331,800	19,545,700	58.0%	30.0%
UofL	151,115,200	86,468,300	237,583,500	36.4%	36.4%
WKU	68,192,200	43,690,000	111,882,200	39.1%	37.0%
KCTCS	183,661,900	63,393,300	247,055,200	25.7%	25.7%
Total	\$ 873,064,800	\$ 475,897,400	\$ 1,348,962,200		

(1) Net of mandated state funds for public service and research programs and debt service.

(2) As reported to the CPE Comprehensive Data Base (form FD-1B).

(3) The tuition deduction is the standard of 30% for KCTCS, LCC, and KSU and 37% for EKU, MoSU, MuSU, NKU, UK, UofL and WKU, or budgeted tuition and fees revenue, whichever is lower.

ESTIMATED FALL 2001 HEADCOUNT ENROLLMENT AND FULL-TIME EQUIVALENT*

Table A-3

	<u>EKU</u>	<u>KCTCS</u>	<u>KSU</u>	<u>MoSU</u>	<u>MuSU</u>	<u>NKU</u>	<u>UK</u>	<u>LCC</u>	<u>UofL</u>	<u>WKU</u>	<u>Total</u>
Undergraduate											
Full-Time	9,991	25,086	1,668	6,079	6,757	8,264	15,136	4,978	9,841	11,315	99,115
Part-Time	2,916	34,945	498	994	1,096	3,214	2,064	3,022	4,278	2,817	55,844
Total Undergraduate	12,907	60,031	2,166	7,073	7,853	11,478	17,200	8,000	14,119	14,132	154,959
Graduate											
Full-Time	388		60	326	505	93	2,760		1,950	639	6,721
Part-Time	1,467		89	1,401	1,172	803	2,540		2,341	1,721	11,534
Total Graduate	1,855	-	149	1,727	1,677	896	5,300	-	4,291	2,360	18,255
Professional											
Full-Time						214	1,297		1,270		2,781
Part-Time						162	53		-		215
Total Professional	-	-	-	-	-	376	1,350	-	1,270	-	2,996
Total											
Full-Time	10,379	25,086	1,728	6,405	7,262	8,571	19,193	4,978	13,061	11,954	108,617
Part-Time	4,383	34,945	587	2,395	2,268	4,179	4,657	3,022	6,619	4,538	67,593
Total	14,762	60,031	2,315	8,800	9,530	12,750	23,850	8,000	19,680	16,492	176,210
Estimated Fall 2001											
Full Time Equivalent (FTE)*	11,840	36,734	1,924	7,203	8,018	9,964	20,745	5,985	15,267	13,467	131,148
Fall 1998 FTE	12,468	33,741	1,856	6,746	7,505	9,165	21,241	4,551	15,894	12,055	125,222
(as used in 2000-02 benchmark calculations)											
Percent Change	-5.0%	8.9%	3.6%	6.8%	6.8%	8.7%	-2.3%	31.5%	-3.9%	11.7%	4.7%

* FTE = Total full-time headcount + 1/3 part-time headcount. Excludes post doctoral students and house staff.

2002-2004 BENCHMARK FUNDING - FINANCIAL ANALYSIS

**Table A-4
Revised 11/08/01**

		<u>EKU</u>	<u>KCTCS</u>	<u>KSU</u>	<u>MoSU</u>	<u>MuSU</u>	<u>NKU</u>	<u>UK</u>	<u>LCC</u>	<u>UofL</u>	<u>WKU</u>
2002-2004 Benchmark Objective (1)	\$	10,050	\$ 7,056	\$ 10,637	\$ 9,814	\$ 10,179	\$ 9,839	\$ 15,385	\$ 6,293	\$ 15,968	\$ 10,050
2001-02 Estimated Objective (2)	\$	11,014	\$ 7,733	\$ 11,657	\$ 10,755	\$ 11,155	\$ 10,782	\$ 16,861	\$ 6,897	\$ 17,499	\$ 11,014
Less Tuition and Fees (Standard or Budgeted) (3)		3,888	1,987	3,497	3,915	4,127	3,989	5,682	2,069	6,370	4,075
Net Funding Need Per FTE	\$	7,126	\$ 5,745	\$ 8,160	\$ 6,840	\$ 7,028	\$ 6,793	\$ 11,179	\$ 4,828	\$ 11,129	\$ 6,939
2001-02 State General Fund Appropriations	\$	72,435,200	\$ 184,748,000	\$ 22,717,900	\$ 41,030,700	\$ 50,737,100	\$ 44,613,400	\$ 313,616,900	\$ 8,593,700	\$ 179,478,800	\$ 67,701,700
Plus:											
Enrollment Growth and Retention (4)		365,300	3,500,000	62,200	320,500	349,000	436,600	370,000	315,200	306,200	663,500
Action Agenda		2,433,000	-	732,000	1,435,000	1,659,000	1,414,000	-	-	-	2,327,000
Workforce Development Training		-	6,000,000	-	-	-	-	-	-	-	-
Faculty Development		90,600	126,800	56,000	70,300	69,200	85,900	173,100	-	135,500	92,600
Pass Through Programs		-	-	-	-	-	-	600,000	-	-	-
Less:											
Public Service		-	-	1,788,549	-	2,432,500	-	39,741,200	-	17,473,800	-
Research		-	-	-	-	-	-	25,189,000	-	-	-
Debt Service		4,325,200	10,712,900	2,244,500	884,200	1,886,300	5,043,000	10,590,500	695,000	11,331,500	2,592,600
Total State General Fund Appropriations	\$	70,998,900	\$ 183,661,900	\$ 19,535,051	\$ 41,972,300	\$ 48,495,500	\$ 41,506,900	\$ 239,239,300	\$ 8,213,900	\$ 151,115,200	\$ 68,192,200
Estimated Fall 2001 FTE (5)		11,840	36,734	1,924	7,203	8,018	9,964	20,745	5,985	15,267	13,467
Estimated General Fund Per FTE	\$	5,997	\$ 5,000	\$ 10,155	\$ 5,827	\$ 6,048	\$ 4,166	\$ 11,532	\$ 1,372	\$ 9,898	\$ 5,064
Difference (Need less estimated)	\$	1,129	\$ 746	\$ (1,995)	\$ 1,013	\$ 979	\$ 2,627	\$ (354)	\$ 3,455	\$ 1,231	\$ 1,875
General Fund Appropriation Need (Difference X Enrollment Fall 2001 FTE)	\$	13,372,008	\$ 27,390,467	\$ (3,837,882)	\$ 7,298,296	\$ 7,851,099	\$ 26,176,905	\$ (7,335,291)	\$ 20,681,803	\$ 18,799,685	\$ 25,248,784
4 Year Phase-In Annual Increase (6)	\$	3,343,002	\$ 6,847,617	\$ -	\$ 1,824,574	\$ 1,962,775	\$ 3,320,552	\$ -	\$ 657,112	\$ 4,699,921	\$ 5,455,376
<u>Executive Budget Inflationary Increase</u>											
2001-02 Net Base Appropriation (Net of Debt Service and UofL Hospital)	\$	70,998,900	\$ 183,661,900	\$ 21,323,600	\$ 41,972,300	\$ 50,928,000	\$ 41,506,900	\$ 304,169,500	\$ 8,213,900	\$ 151,536,100	\$ 68,192,200
2002-03 Increase - 2.0%	\$	1,420,000	\$ 3,673,200	\$ 426,500	\$ 839,400	\$ 1,018,600	\$ 830,100	\$ 6,083,400	\$ 164,300	\$ 3,030,700	\$ 1,363,800
2003-04 Increase - 2.0%	\$	1,448,400	\$ 3,746,700	\$ 435,000	\$ 856,200	\$ 1,038,900	\$ 846,700	\$ 6,205,100	\$ 167,600	\$ 3,091,300	\$ 1,391,100
Total 2002-04 Increase	\$	2,868,400	\$ 7,419,900	\$ 861,500	\$ 1,695,600	\$ 2,057,500	\$ 1,676,800	\$ 12,288,500	\$ 331,900	\$ 6,122,000	\$ 2,754,900

Funding Need

2002-03	\$ 34,620,829
2003-04	\$ 34,751,029

1. The average of the 50th, 55th, and 60th percentiles.
2. The benchmark funding objective increased by inflation.
3. The tuition and fees deduction is based on 2001-02 budgeted tuition and fees as a percent of total public funds or the standard deduction approved by the council (37% for universities; 30% for KSU, KCTCS, and LCC).
4. Amount reflects earned enrollment growth funds and allocated retention funds. Unearned enrollment growth and retention funds will lapse to the trust fund.
5. FTE = total full-time headcount + 1/3 part-time headcount.
6. The shaded areas represent the greater funding need (benchmark funding as compared to the inflationary increase). The council staff recommends limiting the annual percentage increase to 8 percent.
(NKU, LCC, and WKU's annual increases are limited to 8 percent.)

Council on Postsecondary Education
November 5, 2001

2002-04 Budget Recommendation: Trust Funds

The council staff recommends state appropriation operating increases totaling \$26,826,100 in FY 2002-03 and \$58,723,200 in FY 2003-04 for seven of the eight existing trust funds and for two new trust funds: enrollment growth and retention, and teacher quality. Each staff recommendation, along with a description of base adjustments, is presented below.

Base Adjustments

Transfer of 2000-02 trust fund appropriations. The council staff recommends that some of the 2000-02 trust fund appropriations be transferred to the institutions. The permanent transfer of funds allows the institutions to plan for recurring costs, such as salaries.

The staff recommends that, in accordance with the current guidelines, the earned 2001-02 Enrollment Growth and Retention Program funds be transferred to the institutions. The staff further recommends that any unearned funds be transferred to a new Enrollment Growth and Retention Trust Fund. Any unearned funds will be allocated and disbursed to eligible institutions in accordance with the 2002-04 trust funds guidelines. The staff also recommends that the Action Agenda funds, the Workforce Training funds and the allocated Faculty Development funds be transferred to the institutions.

According to state budget procedures, debt service for state bonds will be transferred from the trust funds to the Finance and Administration Cabinet. Debt service was appropriated in 2001-02 for the following programs and will be transferred out of postsecondary education's base budget.

	2001-02 <u>Debt Service</u>
Technology Initiative Trust Fund:	
Equipment Replacement	\$3,800,000
Physical Facilities Trust Fund:	
Capital Renewal and Maintenance	\$3,018,100
Renovation, Replacement, and Infrastructure	\$10,436,000
New Construction	\$7,446,000

Transfer of 2001-02 pass-through program funds to the trust funds. The federal Experimental Program to Stimulate Competitive Research (EPSCoR) was initiated by the National Science Foundation in 1978 to encourage long-term improvements in states' science and engineering research enterprises. The state has previously appropriated funds for the required match as a pass-through program in the council's budget. Because of the program's direct relationship to the knowledge-based economy initiatives, the staff recommends that the state matching funds, which totaled \$2,626,200 in 2001-02, be transferred from the pass-through programs to the Science and Technology Trust Fund.

Continuation funding. For several trust funds and programs, the council staff is treating the 2001-02 base funding appropriations as recurring to the trust funds in 2002-04. These trust funds and programs include the public communications campaign, adult education and literacy, and science and technology.

Requests for Additional Funds

The council staff recommends requesting additional funds for the following 2002-04 trust funds and programs.

Endowment Match Program. The Endowment Match Program is funded through the Research Challenge Trust Fund and the Regional University Excellence Trust Fund. The program received surplus state General Funds of \$110 million in 1998-99 and \$120 million in 2000-01. If General Funds are not available, the staff recommends that the state provide a third round of 'Bucks for Brains' by issuing \$120 million of bonds. The bond proceeds would be matched dollar-for-dollar by the institutions.

The staff recommends that the bond proceeds be allocated in the same manner as the 2000-01 Endowment Match Program funds:

- \$67 million to the University of Kentucky.
- \$33 million to the University of Louisville.
- \$20 million allocated among the comprehensive universities based on their shares of net state general fund appropriations (excluding mandated programs and debt service).
- The \$20 million will be allocated to a primary and secondary pool and be distributed to the comprehensive universities based on guidelines similar to those used for the 2000-02 Endowment Match Program. The primary pool of \$10 million remains in the trust fund until it is matched by the designated institution. The secondary pool is assigned to each institution until June 30, 2004. After that time, all comprehensive universities that have fully matched their allocations

from both pools may submit requests to match the remaining funds. Allocations to the pools and the institutions follow.

	<u>Primary Pool</u>	<u>Secondary Pool</u>
EKU	\$ 2,427,500	\$ 2,427,500
KSU	729,000	729,000
MoSU	1,435,000	1,435,000
MuSU	1,658,000	1,658,000
NKU	1,419,000	1,419,000
WKU	<u>2,331,500</u>	<u>2,331,500</u>
	\$10,000,000	\$10,000,000

A council subcommittee reviewing the Endowment Match Program guidelines is expected to submit revised draft guidelines in February 2002. In order to operate this program under one set of guidelines, the council staff will recommend that the revised guidelines become effective July 1, 2002 and apply to any remaining Endowment Match Program funds from previous biennia as well as to any new funds.

Administrative Information System. The Postsecondary Education Workforce Development Trust Fund assists the Kentucky Community and Technical College System in improving and expanding Kentucky workforce skills. For 2000-02, the council requested \$2 million annually for the KCTCS to continue implementation of administrative information system. The 2000 General Assembly provided \$4 million in the first year of the biennium with the stipulation that the funds would be transferred to the KCTCS on a pro-rata basis over the biennium. In addition, the 2000-02 Budget of the Commonwealth states that "it is anticipated that the budget for this item in the next biennial budget will be adjusted to reflect a recurring appropriation of \$2 million annually." The council staff recommends such a request.

Technology Initiative Trust Fund. Four programs were funded through this trust fund in 2000-02: equipment replacement, network infrastructure, public communications campaign, and faculty development. As described in Attachment C, the staff endorses another equipment replacement pool if state funds are available. The council staff recommends an additional funding request for network infrastructure.

Postsecondary education is dependent on high-speed, high bandwidth networks for the transmission of information. Students access classes through high-speed networks and access electronic databases through the Web. The Kentucky Information Highway and the companion Kentucky Postsecondary Education Network need expansion. The program received \$1.2 million in 2001-02. The staff recommends that these funds continue and that the council request an additional \$1 million for network infrastructure for 2003-04.

Capital Renewal and Maintenance. The Capital Renewal and Maintenance Program in the Physical Facilities Trust Fund establishes an effective program to renew and maintain institutional facilities. The program provides matching dollars to reduce deferred maintenance backlogs and to address long-range facility renewal needs.

In 2000-02, the program received \$3.018 million to support debt service for a \$30 million bond issuance. The staff recommends that another \$30 million bond issuance be requested for 2002-04 to further reduce the backlog of capital renewal and deferred maintenance projects. The recommended guidelines for the 2002-04 program are presented in Attachment B-1.

Physical Facilities Trust Fund. The staff recommends \$5,937,000 of state bonds to complete the renovation of Hathaway Hall at Kentucky State University. The project is needed to fulfill the commitment of the Commonwealth in its Partnership Agreement with the U.S. Department of Education, Office for Civil Rights. Debt service for this project is included in the Physical Facilities Trust Fund.

Student Financial Aid. The Student Financial Aid and Advancement Trust Fund is funded from the net lottery revenues and includes the Kentucky Educational Excellence Scholarship program (KEES). In addition to KEES, the lottery revenues help fund the state's need-based program, the College Access Program, the Kentucky Tuition Grants Program for students attending independent institutions, the council's public communications campaign, as well as other programs.

Currently, the lottery revenues are estimated to be \$158 million for each year of the 2002-04 biennium. Based on the statutory allocations, there will be \$49.6 million available for KEES and the public communications campaign (\$1.5 million) in 2002-03 and \$62.0 million in 2003-04. But KEES is estimated to cost \$57.3 million in 2002-03 and \$73.2 million in 2003-04. Thus, the estimated lottery revenue shortfalls are \$9.2 million in 2002-03 and \$12.7 million in 2003-04. The staff recommends that the council's funding request for the KEES program equal the estimated cost of \$57.3 million in 2002-03 and \$73.2 million in 2003-04.

Rural Innovation Fund. The Rural Innovation Fund is included in the Science and Technology Trust Fund. The program enables small, rural Kentucky-based firms to partner with postsecondary institutions to undertake research and development to create entrepreneurial businesses.

The 2000 General Assembly appropriated \$1 million in 2000-01 for the program but did not have the fiscal capacity to appropriate any funds for 2001-

02. The 2000-02 budget bill (HB 502) includes language that any unspent Rural Innovation Fund dollars remaining at the end of fiscal year 2001 would not lapse but would carry forward into fiscal year 2002 and be available for expenditure for the program. In addition, the Kentucky Innovation Act (HB 572) clearly contemplates that the Rural Innovation Fund will be an ongoing, recurring program. The staff recommends that the council request \$1 million annually to establish recurring funds for the program.

Knowledge-Based Economy Academic Programs. The council approved the "Strategy for Statewide Engineering Education in Kentucky" in July 2000 to educate more engineers in Kentucky's knowledge-based economy. Since that time, four joint undergraduate engineering programs have been established and a fifth program may begin in 2003. The council agreed to seek recurring state General Funds to support the engineering programs created under the statewide strategy, with the participating institutions sharing in the cost.

Kentucky's potential to deliver world-class research and development also depends on increasing its intellectual capacity in the area of information technology. Information technology is among the Office of the New Economy's priority funding areas.

The staff recommends that the council request \$3 million annually primarily for joint engineering programs that support the new economy. Some funds may be used to support academic programs that produce needed professionals in information technology. The recommended guidelines are presented in Attachment B-2.

EPSCoR. As discussed earlier, the council staff recommends that the state's matching funds for EPSCoR be transferred from the council's pass-through programs to the Science and Technology Trust Fund. In addition, the council staff recommends additional funding for the program in 2002-04.

The 2000 General Assembly increased the Kentucky EPSCoR match appropriation by \$4 million nonrecurringly for 2000-01. As these funds are used for matching federal EPSCoR funds, the staff recommends that the council request \$2 million in recurring funds for 2002-04.

Enrollment Growth and Retention Trust Fund. Following the *Points of Consensus*, the council will request an Enrollment Growth and Retention Trust Fund. The staff recommends that the new Enrollment Growth and Retention Trust Fund include the following two programs: enrollment growth and retention, and P-16 challenge grants. Guidelines will be developed by the staff and presented to the council at its February 2002 meeting.

The council members have previously discussed ways to reduce inefficient competition for students between institutions, both public and independent. The staff recommends a \$300,000 P-16 Challenge Grant Program to support successful collaboration among public and independent postsecondary institutions, the P-12 education system, and community leaders. The funds would reward regional P-16 partnerships that better prepare students for, and enroll students in, postsecondary education. To be eligible for grants, regions must have P-16 councils and establish goals for improving student preparation and postsecondary enrollment. Funds will be allocated based on performance, measured against the goals.

Teacher Quality Trust Fund. The success of reform depends on improving the preparation of Kentuckians for life and work and on insuring that more Kentuckians are prepared for postsecondary education. Increasing teacher quality is essential to achieving both goals. The council staff recommends creating a Teacher Quality Trust Fund to support improvement in all academic programs that produce teachers and school leaders.

The staff recommends that the council request \$4 million to be distributed on a competitive proposal basis. As described in the recommended guidelines (see Attachment B-3), the staff recommends that the council fund up to four proposals including one proposal involving one or more independent colleges.

Staff preparation by Angela Martin and Bill Payne

**Physical Facilities Trust Fund
Capital Renewal and Maintenance
Program Guidelines
2002-04**

Introduction

The Council on Postsecondary Education recommends a \$30 million bond issuance for the Capital Renewal and Maintenance Program in the Physical Facilities Trust Fund. The bond proceeds and required matched by the institutions will be used to reduce deferred maintenance backlogs and address long-range facility renewal needs. As in previous biennia, the council staff will work with the Finance and Administration Cabinet to provide the necessary documentation so that the bonds may be issued in January 2003.

The bond proceeds will be distributed to the institutions based on their educational and general square footage. The 2000-02 Capital Renewal and Maintenance Program funds were distributed using a similar process.

Use and Distribution of Capital Renewal and Maintenance Program Funds

1. Bond proceeds will be matched at varying rates by the institutions based on their efforts to maintain existing facilities. As shown on Table B1-A, the matching rates are based on the average useful life of capital renewal and maintenance projects completed from 1990 to 2000. Including the required institutional match, \$53.9 million in capital renewal and deferred maintenance projects will be funded. Eligible matching funds can include agency, private, or federal funds. Capital renewal projects completed as part of an energy performance contract will not qualify as matching funds.
2. The availability of matching funds must be certified by the institution prior to the release of the program funds.
3. By August 1, 2002, each institution will submit a list of requested projects to be funded with the state bonds and the required institutional match. Requested projects must be included in the institution's 2002-08 capital plan submitted to the Capital Planning Advisory Board and the council. Any project costing \$400,000 or more must be listed in the enacted 2002-04 Budget of the Commonwealth.

The council will act on the institutions' proposals and report that action to the Secretary of the Finance and Administration Cabinet for approval.

Table B1-A

Capital Renewal and Deferred Maintenance Program
Useful Life Summary for Projects Completed Between 1990 and 2000
September 30, 2001

Institution Name	Actual Useful Life of Building Systems Projects Completed Between 1990 and 2000 Compared to the Expected Useful Life					Average Percentage Useful Life	Allocation of Bond Proceeds 2002-04			
	Site Improvement Infrastructure	Exterior Closure Systems	Interior Construction and Finishes	Mechanical Systems	Electrical Systems		Total E & G Square Footage	Percent of Total Space	\$30 Million Bond Pool	Required Institutional Match
EKU	-	123.75%	146.67%	129.92%	220.83%	155.29%	1,697,061	9.6%	\$ 2,883,000	\$ 2,162,300
KCTCS	-	145.69%	90.91%	108.73%	120.00%	116.33%	4,277,663	24.2%	7,266,900	6,176,900
KSU	97.87%	108.37%	109.15%	102.17%	108.15%	105.14%	523,286	3.0%	889,000	755,700
MoSU	-	109.24%	145.00%	133.70%	184.00%	142.99%	919,682	5.2%	1,562,400	1,171,800
MuSU	160.83%	161.19%	146.73%	158.11%	143.43%	154.06%	1,219,947	6.9%	2,072,400	1,554,300
NKU	97.30%	75.54%	104.95%	131.67%	86.68%	99.23%	948,985	5.4%	1,612,100	1,450,900
UK (MC, LCC & Med. Center)	218.67%	153.57%	154.78%	161.14%	203.80%	178.39%	4,336,516	24.6%	7,366,900	5,525,200
UofL	122.64%	117.23%	129.68%	132.38%	127.08%	125.80%	2,494,165	14.1%	4,237,000	3,389,600
WKU	112.15%	123.51%	147.25%	154.32%	125.90%	132.63%	1,242,202	7.0%	2,110,300	1,688,200
Total							17,659,507	100.0%	\$30,000,000	\$ 23,874,900

Total Capital Renewal and Deferred Maintenance Funds

\$ 53,874,900

<u>Average Useful Life</u>	<u>Match Rate</u>
1. Useful Life History: Less Than 90% of expected useful life	\$1 for \$1
2. Useful Life History: Greater than 91% but less than 105% of expected useful life	\$0.90 for \$1
3. Useful Life History: Greater than 105% but less than 120% of expected useful life	\$0.85 for \$1
4. Useful Life History: Greater than 120% but less than 135% of expected useful life	\$0.80 for \$1

5. Useful Life History: Greater than 136% of expected useful life	\$0.75 for \$1
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Science and Technology Trust Fund Knowledge-Based Economy Academic Programs Guidelines 2002-04

Introduction

The Knowledge-Based Economy Academic Programs include engineering and information technology. This initiative supports expansion of these programs to better prepare more Kentuckians to participate in the New Economy. The council requests \$3 million annually within the Science and Technology Trust Fund primarily to fund joint engineering programs started by the University of Kentucky, the University of Louisville, and Western Kentucky University, and by the University of Kentucky, the University of Louisville, and Murray State University.

The council approved the "Strategy for Statewide Engineering Education in Kentucky" July 17, 2000, to prepare more engineers throughout the state. Since that time, four joint undergraduate engineering programs have been established and a fifth program may begin in 2003. The funds will support these and possibly more joint engineering programs under the guidelines of the statewide strategy. Some part of the fund also may support the creation of academic programs to increase the number of information technology specialists in the state.

Objectives

Successful program proposals will meet the following objectives:

- Increase the number of engineering and information technology workers employed in Kentucky.
- Provide significant (at least 40 percent) matching funds from participating institutions.
- Employ the KYVU and other distance learning to increase access.
- Include activities to increase the number of students entering engineering or information technology programs, especially women and minority students.

Allocation of Funds

Priority will be given to the engineering programs that began in fall 2001. Requests for engineering funding should be for joint programs offered by a comprehensive university and either the University of Kentucky or the University of Louisville. They should conform to the principles outlined in the Kentucky "Strategy for Statewide Engineering Education." The Kentucky Community and Technical College System, independent colleges, and P-12 schools may be partners in proposals.

Requests for funding for information technology academic programs must address the objectives outlined above. Collaborative proposals are encouraged. Proposals must include a public university. The Kentucky Community and Technical College System, independent colleges, and P-12 schools may be partners in proposals.

Eligible engineering and information technology academic programs include baccalaureate, post-baccalaureate, and professional development programs.

Distribution of Funds

After funding the joint engineering programs that began in the fall of 2001, additional programs will be considered for funding. Funding amounts will be based on submission of detailed proposals. The funds should be recurring.

Proposals for 2002-03 should be submitted to the council for review by May 30, 2002. If funds are available after the first allocation, the council will accept proposals seeking funding for 2003-04 through December 1, 2002. Programs will receive funds on a quarterly basis.

Participating institutions should submit an annual report providing enrollment, retention, graduation, and employment data for students.

Teacher Quality Trust Fund Guidelines 2002-04

Introduction

Kentucky's economic well being is tied to its investment in the education of its citizens. A critical factor in the quality of education is the quality of teachers. Kentucky's colleges and universities need to improve their preparation and professional development program for teachers at every level of the P-12 system and especially in critical areas such as mathematics, the sciences, and reading. The Teacher Quality Trust Fund is directed at preparing teachers, principals, and superintendents that Kentucky's schoolchildren deserve and need to succeed in college, obtain good jobs, and become good citizens.

Objectives

Successful proposals will create education programs that address some or all of these objectives:

- Reduce the achievement gap for minority and disadvantaged students.
- Increase the number of minority teachers and school leaders.
- Reduce teacher and school leader shortages.
- Retain more teachers in the profession.
- Provide effective alternative certification programs for professionals in other fields who want to teach.
- Commit the entire university to teacher and school leader preparation.
- Increase the content knowledge of teachers.
- Better prepare teachers to teach special needs students.
- Create P-16 partnerships that support teacher quality.

Allocation of 2003-04 Funds

Four million dollars will be available for distribution in 2003-04. The council will fund up to four proposals, one involving an independent college or a consortium of independent colleges. Institutions directly receiving funds must meet criteria established by the General Assembly (KRS 164.097) and be certified by the Education Professional Standards Board. Institutions not meeting these criteria may participate in the program as part of a consortium led by a qualifying institution. Funds are requested to be recurring to the trust fund. Multi-year proposals are permitted but continued funding will be based on evaluation of results.

Disbursement of 2003-04 Funds

The council staff will review proposals during 2002-03. Proposals are due by December 1, 2002, and should include measurable evaluation criteria. Multi-institutional proposals are encouraged. Funds will be disbursed on a quarterly basis beginning July 1, 2003. Institutions will submit a report by September 1, 2004, based on the performance indicators provided in the original proposal. Progress on multi-year indicators also must be reported by October 1, 2003.

Council on Postsecondary Education
November 5, 2001

2002-04 Capital Budget Recommendation

Given the recommended priorities to continue postsecondary education reform in 2002-04 and the severe downturn in the state's revenue forecast and its limited debt capacity, the staff recommends only one state-funded capital pool and one capital project for the 2002-04 biennium.

The staff recommends a request for \$30 million in state bonds to fund the capital renewal and maintenance pool. Including the required match from the institutions, \$54 million in capital projects would be funded through this program. Debt service for the bonds is included in the Physical Facilities Trust Fund. Only projects involving educational and general facilities are eligible for funding from the pool. The projects would be authorized in 2002-03. Projects eligible for funding from the pool are included as Table C-1. The \$30 million will be allocated among the institutions based on their proportionate share of educational and general space as of fall 2000.

The staff also recommends \$5,937,000 of state bonds to complete the renovation of Hathaway Hall at Kentucky State University. The project is needed to fulfill the commitment of the Commonwealth in its Partnership Agreement with the U.S. Department of Education, Office for Civil Rights.

The staff recommends that the council endorse several capital projects to signify that they should be included in the budget if General Funds for debt service are available. Research space at UK and UofL should be supported in the postsecondary education budget or as knowledge-based economy initiatives. The endorsed KCTCS new construction projects should be supported in the postsecondary education budget or as economic and community development initiatives. If General Funds are not available, the staff recommends that the endorsed projects be included in a 2002-04 general fund surplus expenditure plan. The endorsed capital projects are listed in Table C-2.

The staff's recommendations for endorsement are based on evaluation using the space needs model (Table C-3), the council's consulting architect's report (see separately bound document), institutional project priorities, and the institutions' presentations at the October 10 budget hearing. In addition, the

staff recommends that the council endorse a \$20 million instruction and research equipment replacement pool in the event that funds are available.

The staff also recommends institutionally-funded capital projects that support the objectives of the Kentucky Postsecondary Education Improvement Act of 1997 and the *2001-06 Action Agenda*. The council staff recommends the following 2002-04 agency-funded projects:

- A \$100 million agency bond pool in 2002-03. Projects eligible for funding from this pool are listed in Table C-4. The specific projects to be funded would be approved by the council during the biennium and recommended to the Secretary of the Finance and Administration Cabinet.
- 2002-03 authorization for 379 agency-funded projects totaling \$518.8 million to address life safety, major maintenance, equipment acquisitions, infrastructure repair and upgrades, and new construction. These projects would be funded using federal, private, or other non-state funds. These projects are shown in Table C-5.
- 2002-03 authorization for nine agency-funded projects totaling \$61 million to improve energy efficiency in campus buildings including energy equipment acquisitions and infrastructure repair and upgrades. These projects would be funded using third party financing techniques available through the Finance and Administration Cabinet and private contractors or other non-state funds. These projects are shown in Table C-6.
- 2001-02 authorization for two agency-funded projects including a facility renovation and an energy efficiency project. Western Kentucky University requests current year authorization for two projects: renovation of the E. A. Diddle Arena for \$30.3 million and completion of an \$8 million energy efficiency project. These projects will be funded using money other than state funds. These projects are included in Table C-7.

2002-04 Capital Projects
Eligible Capital Renewal and Maintenance Projects

Institution and Project	Project Scope
Eastern Kentucky University	
Performance of Maintenance Projects	\$10,000,000
E&G Life Safety Begley Building Elevator	750,000
EKU Subtotal	\$ 10,750,000
Kentucky Community and Technical College System	
Capital Renewal and Deferred Maintenance Pool	\$ 31,530,000
Owensboro TC Renovate HVAC System, Davies County Campus	2,440,000
Somerset CC Renovate Campus HVAC System	2,173,000
Laurel TC Replace HVAC System	1,280,000
KCTCS Subtotal	\$ 37,423,000
Kentucky State University	
Capital Renewal and Deferred Maintenance Pool	\$ 1,500,000
Morehead State University	
Life Safety: E&G Facilities	\$ 1,350,000
Capital Renewal and Deferred Maintenance Pool	6,828,300
Claypool-Young Air Quality, Health and Safety	500,000
Comply with ADA Compliance - E&G	1,200,000
MoSU Subtotal	\$ 9,878,300
Murray State University	
Upgrade Campus Electrical Distribution System	\$ 10,765,000
Capital Renewal and Deferred Maintenance Pool	16,885,000
Upgrade Woods Hall Mechanical System	2,000,000
Replace Heating and Cooling Plant Boiler	666,000
Upgrade Electrical Systems: Sparks, Wells, and Applied Science	2,402,000
Upgrade HVAC Systems: Sparks, Special Ed., and General Services	1,500,000
Business Building Upgrade Electrical and HVAC	1,530,000
Pogue Library Upgrade Electrical and HVAC	750,000
Replace E&G Chiller/CFC Compliance	585,000
Waterfield Library HVAC and Mechanical System	500,000
Repair/Replace Lovett Auditorium Shell/Seats/etc.	550,000
Replace/Retrofit Doyle Fine Arts HVAC and Energy System	750,000
MuSU Subtotal	\$ 38,883,000

2002-04 Capital Projects
Eligible Capital Renewal and Maintenance Projects

Institution and Project	Project Scope
Northern Kentucky University	
Replace Power Distribution Infrastructure	\$ 700,000
Capital Renewal and Deferred Maintenance Pool	2,315,000
Repair Structure in AS&T Center	500,000
NKU Subtotal	\$ 3,515,000
University of Kentucky and Lexington Community College	
Capital Renewal and Deferred Maintenance Pool	\$ 16,388,000
Replace Oswald Building Roof	1,089,000
Improve Storm Sewer Funkhouser	1,003,000
Upgrade Pharmacy Building Fume Hoods I	4,300,000
Upgrade Vivarium, I	2,000,000
Replace Central Fire Alarm System	3,000,000
Replace Central Facilities Management System	3,000,000
Replace Steam and Condensate Pipe	5,350,000
Replace High Voltage Wiring	441,000
Replace Three Elevators: MIK Library South	742,000
Life Safety: Abate Mercury Lexington Campus	1,000,000
Life Safety: Upgrade Fume Hoods Lexington Campus	7,015,000
Life Safety: Abate Asbestos Lexington Campus - Phase II	500,000
Life Safety: Improve Indoor Air Quality Phase I	500,000
Life Safety: Upgrade HVAC in CAER - Phase III	450,000
Life Safety: Improve Barker Hall	500,000
Life Safety Projects Pool, Lexington Campus	3,708,000
Improve Handicapped Access, Lexington Campus	1,908,000
UK Subtotal	\$ 52,894,000
University of Louisville	
Capital Renewal and Deferred Maintenance Pool	\$ 14,573,000
Renovate Chemistry Fume Hood Redesign, Phase II	3,947,000
Renovate Life Sciences Lab Ventilation	3,783,000
UofL Subtotal	\$ 22,303,000
Western Kentucky University	
Capital Renewal and Deferred Maintenance Pool	\$ 58,038,000
WKU Renovate Electrical Distribution Service - Phase IV & V	2,449,000
WKU Subtotal	\$ 60,487,000
System Total	\$275,056,300

**Capital Project Endorsements
2002-04**

**Table C-2
Revised: 11-08-01**

	<u>Project Scope</u>	<u>Endorsed State Funds</u>	<u>Institutional Funds</u>
Research Space			
University of Louisville			
Health Science Campus Research Facilities Phase III (1)	\$98,000,000	\$58,800,000	\$39,200,000
University of Kentucky			
Morgan Building Addition Part A (1)	\$28,693,000	\$17,215,800	\$11,477,200
Pharmacy Building Expansion (1)	45,083,000	27,049,800	18,033,200
UK Subtotal	<u>\$73,776,000</u>	<u>\$44,265,600</u>	<u>\$29,510,400</u>
Total	\$ 171,776,000	\$ 103,065,600	\$ 68,710,400
KCTCS Renovation and New Construction			
<u>Renovation</u>			
Maysville CC Academic Building Renovation	\$8,900,000	\$8,900,000	
Hazard CC Lees Campus Library/Science Building Renovation	3,000,000	3,000,000	
<u>New Construction</u>			
Ashland TC Regional Postsecondary Education Center Phase I (2)	10,000,000	10,000,000	
Madisonville CC Technology Building Phase I (2)	5,000,000	5,000,000	
Owensboro CC Advanced Technology Center Phase II (2)	8,000,000	8,000,000	
Henderson CC Tri-County Technical Center	12,833,000	12,833,000	
Total	\$47,733,000	\$47,733,000	
Comprehensive Universities - Renovation and Repairs			
Eastern Kentucky University			
Donovan/Donovan Annex/Mattox Hall Renovation	\$11,600,000	\$11,600,000	
Morehead State University			
Student Center Renovation - Phase II	\$18,000,000	\$18,000,000	
Murray State University			
Blackburn Science Replacement - Phase II	\$22,250,000	\$22,250,000	
Northern Kentucky University			
Old Science Building Renovation	\$15,400,000	\$15,400,000	
Landrum Hall Structural Repairs Phase II	850,000	850,000	
NKU Subtotal	<u>\$16,250,000</u>	<u>\$16,250,000</u>	
Western Kentucky University			
Thompson Sc. Complex Replacement and Renovation - Phase II	\$33,000,000	\$33,000,000	
Total	\$101,100,000	\$101,100,000	
Systemwide Equipment Replacement Pool	\$20,000,000	\$20,000,000	
System Total	\$340,609,000	\$271,898,600	\$68,710,400

Notes:

1. Endorsement of the research buildings at UK and UofL is based upon cost-sharing as specified above, following a plan and schedule for each project that is agreed to by the university, the council, and the Governor's Office of Policy and Management.
2. Due to the projected revenue difficulties for the 2002-04 biennium, these projects are to be constructed over multiple biennia.

Table C-3

**KENTUCKY COUNCIL ON POSTSECONDARY EDUCATION
SPACE NEEDS MODEL - COMPARISON OF EXISTING SPACE
SUMMARY**

	2000 BASE YEAR						2006 TARGET YEAR				
	Actual ASF	Student FTE	Staffing FTE	Guidelines ASF	Surplus/ Deficit	Percent Surplus/ Deficit	Student FTE	Staffing FTE	Guidelines ASF	Surplus/ Deficit	Percent Surplus/ Deficit
<i>Doctoral Universities</i>											
University of Kentucky	4,186,402	16,938	5,645	3,894,277	292,125	7%	17,756	5,718	4,667,495	(481,093)	(11%)
Lexington Community College	150,114	4,328	333	254,540	(104,426)	(70%)	5,194	366	295,025	(144,911)	(97%)
University of Louisville	2,494,165	14,677	4,310	2,413,365	80,800	3%	14,708	4,429	3,199,374	(705,209)	(28%)
<i>Subtotal Doctoral Universities</i>	6,830,681	35,943	10,288	6,562,182	268,499	4%	37,658	10,513	8,161,894	(1,331,213)	(19%)
<i>Comprehensive Universities</i>											
Eastern Kentucky University	1,697,061	11,288	1,866	1,191,531	505,530	30%	11,921	1,913	1,240,308	456,753	27%
Kentucky State University	523,286	1,772	367	301,476	221,810	42%	2,201	412	332,305	190,981	36%
Morehead State University	919,682	6,269	916	645,337	274,345	30%	6,755	951	677,497	242,185	26%
Murray State University	1,219,947	6,901	933	710,574	509,373	42%	7,502	965	753,983	465,964	38%
Northern Kentucky University	948,985	9,370	1,100	945,057	3,928	0%	11,275	1,208	1,087,653	(138,668)	(15%)
Western Kentucky University	1,242,202	11,852	1,687	1,153,054	89,148	7%	12,915	1,765	1,236,096	6,106	0%
<i>Subtotal Comprehensive Universities</i>	6,551,163	47,452	6,869	4,947,029	1,604,134	24%	52,569	7,214	5,327,842	1,223,321	19%
<i>KCTCS Community & Technical College Districts</i>											
Ashland	222,214	1,742	348	161,173	61,041	27%	1,861	360	169,694	52,520	24%
Big Sandy	331,244	1,960	300	175,114	156,130	47%	2,188	320	194,812	136,432	41%
Bluegrass	160,502	1,052	241	138,032	22,470	14%	1,238	262	158,362	2,140	1%
Bowling Green	128,910	952	145	111,103	17,807	14%	963	155	113,566	15,344	12%
Elizabethtown	238,748	2,470	347	186,314	52,434	22%	2,710	371	205,372	33,376	14%
Henderson	99,701	751	130	60,676	39,025	39%	798	134	63,230	36,471	37%
Hopkinsville	116,086	1,912	174	121,307	(5,221)	(4%)	2,031	179	126,976	(10,890)	(9%)
Jefferson	475,747	6,646	762	470,390	5,357	1%	7,077	787	495,659	(19,912)	(4%)
Kentucky River	331,506	1,767	335	164,393	167,113	50%	1,849	342	168,629	162,877	49%
Madisonville	212,613	1,483	265	129,377	83,236	39%	1,593	276	137,444	75,169	35%
Maysville	163,065	1,124	187	100,264	62,801	39%	1,231	196	108,983	54,082	33%
Northern Kentucky	122,303	664	166	88,403	33,900	28%	788	181	102,081	20,222	17%
Owensboro	205,357	2,186	270	180,319	25,038	12%	2,342	280	191,129	14,228	7%
Somerset	416,433	2,075	346	189,879	226,554	54%	2,191	355	197,317	219,116	53%
Southeast	159,096	1,827	199	116,812	42,284	27%	1,940	205	122,382	36,714	23%
Western Kentucky	295,737	2,811	402	250,721	45,016	15%	2,818	398	244,887	50,850	17%
<i>Subtotal KCTCS</i>	3,679,262	31,422	4,617	2,644,277	1,034,985	28%	33,618	4,801	2,800,523	878,739	24%
System Total	17,061,106	114,817	21,774	14,153,488	2,907,618	17%	123,845	22,528	16,290,259	770,847	5%

2002-04 Capital Projects Recommendation
Agency Bond Pool
Projects Eligible for Funding

Institution and Project Title	Project Scope	Agency Bonds	Institutional Funds
<i>Fire Safety, Major Renovations, Replacements, and Infrastructure Upgrade Projects</i>			
Eastern Kentucky University			
Replace Student Housing, Brockton	\$8,250,000	\$8,250,000	
Kentucky State University			
Renovate Young Hall Dormitory	\$9,886,000	\$9,886,000	
Morehead State University			
Comply with ADA - Auxiliary Facilities	\$1,200,000	\$1,200,000	
Expand Life Safety: Auxiliary Facilities	3,000,000	3,000,000	
MoSU Subtotal	<u>\$4,200,000</u>	<u>\$4,200,000</u>	
Murray State University			
Remove Ceiling Asbestos Elizabeth and Hester Halls	\$900,000	\$900,000	
Renovate Clark Hall - Electrical, HVAC, and Interior	1,900,000	1,900,000	
Renovate College Courts and Interiors (12 buildings)	5,636,000	5,636,000	
Renovate Elizabeth Hall - Electrical, HVAC, and Interior	2,450,000	2,450,000	
Renovate Franklin Hall - Electrical, HVAC, and Interior	2,000,000	2,000,000	
Renovate Hart Hall - Electrical and Interior	6,850,000	6,850,000	
Renovate Hester Hall - Electrical, HVAC, and Interior	2,280,000	2,280,000	
Renovate Regents Hall - Electrical, HVAC, and Interior	2,450,000	2,450,000	
Renovate Richmond Hall - Electrical and Interior	3,400,000	3,400,000	
Renovate Springer Hall - Electrical and Interior	2,600,000	2,600,000	
Renovate White Hall - Electrical, HVAC, and Interior	2,300,000	2,300,000	
Repair Winslow Cafeteria Exterior and Replace Mechanical Eq.	1,000,000	1,000,000	
Replace Clark Hall	8,000,000	8,000,000	
Replace Water Piping, Fixtures, Etc. (5 Buildings)	3,100,000	3,100,000	
Replace Franklin Hall	8,000,000	8,000,000	
Replace Chiller, Boilers, Towers, Domestic Water Piping (3 buildings)	2,300,000	2,300,000	
Replace Richmond Hall	8,000,000	8,000,000	
Student Recreation Center	10,000,000	10,000,000	
Upgrade College Courts Electrical System	1,200,000	1,200,000	
MuSU Subtotal	<u>\$74,366,000</u>	<u>\$74,366,000</u>	
University of Kentucky and Lexington Community College			
Install HVAC (Boyd, Holmes, Jewell and Keeneland)	\$7,667,000	\$7,667,000	
Expand Plant Capacity/Infrastructure	15,000,000	15,000,000	
Renovate outpatient Clinic in KY Clinic	2,000,000	2,000,000	
Renovate Cooperstown - Phase IV and IVA	1,705,000	1,705,000	
Renovate Education Space in Medical Science	2,300,000	2,300,000	
Renovate Labs in Pharmacy Building	1,400,000	1,400,000	
Renovate Parking Structure #1	7,714,000	7,714,000	
Replace Cooling Plant Chillers	5,000,000	5,000,000	
Replace Holmes Elevator	585,000	585,000	
Expand Patient Parking in Structure #3	7,000,000	7,000,000	
Replace Student Housing - Fraternity House #1	6,000,000	6,000,000	

**2002-04 Capital Projects Recommendation
Agency Bond Pool
Projects Eligible for Funding**

Institution and Project Title	Project Scope	Agency Bonds	Institutional Funds
UK Hospital: Renovate Roach Building 4th Floor	3,990,000	3,990,000	
UK Subtotal	\$60,361,000	\$60,361,000	
Western Kentucky University			
Renovate Downing University Center	\$11,320,000	\$11,320,000	
Total Fire Safety, Major Renovations, Replacements, and Infrastructure Upgrade Projects	\$168,383,000	\$168,383,000	
New Facilities			
Eastern Kentucky University			
Construct Greek Row	\$1,800,000	\$1,800,000	
Morehead State University			
Construct Family Housing Complexes Phase II	\$4,000,000	\$4,000,000	
Construct Parking Structure	6,000,000	6,000,000	
MoSU Subtotal	\$10,000,000	\$10,000,000	
Murray State University			
Construct New Dormitories	\$10,154,000	\$10,154,000	
Northern Kentucky University			
Construct Parking Deck	\$9,100,000	\$9,100,000	
Construct Village Housing	20,000,000	20,000,000	
NKU Subtotal	\$29,100,000	\$29,100,000	
University of Kentucky			
Construct Parking Structure	\$16,280,000	\$16,280,000	
UK Hospital: Design Patient Bed Tower	10,000,000	10,000,000	
UK Subtotal	\$26,280,000	\$26,280,000	
University of Louisville			
Construct Cardinal Park Natatorium	\$19,824,000	\$7,335,000	\$12,489,000
Expand HSC Parking Garage - Add Two Floors	4,794,000	4,794,000	
UofL Subtotal	\$24,618,000	\$12,129,000	\$12,489,000
Total New Facilities	\$101,952,000	\$89,463,000	\$12,489,000
Total System Agency Bond Pool Projects	\$270,335,000	\$257,846,000	\$12,489,000

2002-04 Capital Projects Recommendation
Agency Funds

Institution/Institution Priority / Project Title		Project Scope
Eastern Kentucky University		
1	Expand and Renovate Presnell Building	\$ 2,000,000
2	Expand Indoor Tennis Facility	1,000,000
3	Expand, Upgrade Campus Data Network	1,000,000
4	Purchase Networked Education System Component	2,050,000
5	Purchase of Property	3,000,000
6	Renovate Watts Property (Elmwood)	2,000,000
7	Upgrade Academic Computing	1,000,000
8	Upgrade Administrative Computing System	1,100,000
	EKU Subtotal	\$ 13,150,000
Kentucky State University		
1	Expand Student Center	4,400,000
2	Enhance Distance Education	560,000
3	Enhance Web Site	410,000
4	Expand Cooperative Extension Building	3,224,000
5	Extend Fiber Network to South Campus	806,000
6	Implement Smart Card Technology	1,120,000
7	Migrate to Client-Server & Laptop Campus Tech	860,000
	KSU Subtotal	\$ 11,380,000
Kentucky Community and Technical College System		
1	Computer Interfaced Distillation Column	\$ 114,000
2	Diagnostic Medical Sonography Unit	110,000
3	Enclose Courtyard/Roof, Falkenstine Hall	1,359,000
4	Install FiberOptics, Allied Hlth Bldg	558,000
5	KCTCS Equipment Pool	20,000,000
6	Master Plan Devel & Upgrade Pool	650,000
7	Multi-Engine Turbine Power Aircraft	300,000
8	New Telephone System Owensboro CC & TC	340,000
9	Purchase Helicopter for Aircraft Tech Prgm, JTC	271,000
10	Renovate HVAC Syst, Davies Co Campus	2,440,000
11	Replace HVAC System, 77 Addit, Laurel TC	1,280,000
12	Upgrade for ADA/Fire Safety, Somerset CC	4,585,000
	KCTCS Subtotal	\$ 32,007,000
Morehead State University		
1	Acquire Land Related to Master Plan	\$ 2,000,000
2	Construct KY Ctr for Traditional Music	1,000,000
3	Enhance Distance Learning Systems	2,500,000
4	Enhance Library Automation Resources	750,000
5	Enhance Network/Infrastructure Resources	2,250,000
6	Expand Compressed Video Resources	1,890,574
7	Expand Student Wellness Center	700,000
8	Purchase HPLC-Mass Spectrometer	140,000
9	Purchase Instructional & Support Equip	1,334,000
10	Purchase Instructional Tech Initiatives	2,159,000
11	Purchase Nuclear Magnetic Reson. Equip	210,000
12	Purchase Tour Bus	400,000
13	Reclaim Combs Theatre Area	1,100,000
14	Renovate Button Auditorium	3,000,000
15	Reconstruct Central Campus	780,000
16	Upgrade Administrative Office Systems	2,000,000
17	Upgrade Instruct. PCs/LANS/Peripherals	2,500,000
	MoSU Subtotal	\$ 24,713,574
Murray State University		
1	Acquire Land	\$ 500,200
2	Construct Addition to Equine Instruction Fac	650,000
3	Install 350 Ton Chiller - Reg Special Events Ctr	400,000
4	Install Baseball Field & Stadium Sidewalk Lights	600,000

2002-04 Capital Projects Recommendation
Agency Funds

Institution/Institution Priority / Project Title		Project Scope
5	Purchase Broadcasting Education Lab Equipment	200,000
6	Purchase BVC Electron Microscope-Scanning Type	300,000
7	Purchase BVC Electron Microscope-Transmission	250,000
8	Purchase Fine Arts Studio Equipment	419,000
9	Purchase ICP-MS Fisions Instruments	142,000
10	Purchase Music Computer Equipment	250,000
11	Purchase Optics Lab Equipment	170,000
	Purchase Business & Public Affairs Equipment	300,000
	Purchase Central On-line Storage System	966,000
	Replace Telephone Switching System	1,000,000
	Upgrade campus Network to Gigabit Ethernet System	1,000,000
	Purchase/InstatlI COLT Ubiquitous Computing Program	434,000
	Purchase College of Science Instructional/Research Equipment	300,000
12	Purchase Recording/Playback Lab & Instruments	188,000
	MuSU Subtotal	\$ 8,069,200
Northern Kentucky University		
1	Design New Student Union	1,200,000
2	Construct Intramural Sports Fields	750,000
3	Renovate Welcome Center	700,000
4	Purchase Coach Bus	375,000
5	Purchase Color Press	235,000
6	Purchase Digital Telecom System	1,900,000
7	Purchase Land (2002-2004)	2,500,000
8	Enhance Information Technology Infrastructure	2,700,000
9	Purchase NMR Spectrometer	385,000
10	Reconstruct Central Plaza	900,000
11	Relocate Baseball Field	1,500,000
12	Replace Admin Application System	2,500,000
	NKU Subtotal	\$ 15,645,000
University of Kentucky - University System		
1	Expand Early Childhood Education Lab	\$ 8,000,000
2	Improve Central Heating Plant	2,750,000
3	Replace Master Clock and Bell System	1,500,000
4	Renovate Livestock Disease Diag. Lab	2,800,000
5	Install Chilled Water Pipe-Clg 2 to Pit	1,300,000
6	Install Cooling Secondary Pumping	2,250,000
7	Renovate Med Center Library	2,000,000
8	Acquire Land	15,000,000
9	Renovate Running Track	2,500,000
12	Renovate Research Labs in Med Center, I	750,000
13	Renovate Ag North Façade	3,820,000
14	Fit-up Research Labs-Allied Health Bldg	7,000,000
15	Renovate Research Labs in Med Center, II	900,000
16	Renovate King South Building I	8,025,000
17	Renovate Research Space-Nursing Building	540,000
18	Upgrade Communication Infrastructure, II	450,000
19	Construct Environmental Institute	12,604,000
20	Renovate Research Space Med Center, I	1,500,000
21	Renovate the COHR in the Dental Building	1,875,000
22	Install Medical Center Chilled Water Loop	625,000
24	Lease Purch. Campus Infrastruct. Upgrade	3,500,000
25	Lease Purch. High Perf. Research Comp.	5,000,000
26	Lease Purchase Computing Facility UPS	400,000
27	Lease Purchase Large Scale Computing	3,500,000
28	Lease Purchase Networked Printer	200,000
29	Lease Purchase Pool	10,401,000
30	Lease Purchase Telephone Switch	3,000,000
31	Lease Purchase Video Switch	250,000

2002-04 Capital Projects Recommendation
Agency Funds

Institution/Institution Priority / Project Title	Project Scope
32 Purchase 3-D Scaling Device	100,000
33 Purchase ABI Prism Sequence Detect Sys	100,000
34 Purchase Analytical Biosensor	275,000
35 Purchase Area Detector Diffractometer	310,000
36 Purchase Automated DNA Sequencer	130,000
37 Purchase Behav. Monitor. & Analysis Sys.	150,000
38 Purchase Campus Call Auto Dial	125,000
39 Purchase Capillary Genetic Analyzers	800,000
40 Purchase Chain Reaction Analyzer	150,000
41 Purchase Chromatograph Mass Spect., I	250,000
42 Purchase Chromatograph Mass Spect., II	258,000
43 Purchase Combination Metabolic Analyzer	123,000
44 Purchase Compressed Video-Hazard	141,000
45 Purchase Confocal Microscope	325,000
46 Purchase Confocal Microscope	200,000
47 Purchase Database Testbed	225,000
48 Purchase Digital Router	100,000
49 Purchase DNA Chip Analysis System	160,000
50 Purchase DNA Microarray Chip Reader	450,000
51 Purchase DNA Microarray Facility	300,000
52 Purchase DNA Microarray System	285,000
53 Purchase DNA Sequencer	135,000
54 Purchase DNA Sequencer	125,000
55 Purchase DNA Sequencer, I	134,000
56 Purchase DNA Sequencer, II	158,000
57 Purchase DNA Sequencer/Genetic Analyzer	110,000
58 Purchase DNA Synthesizer	103,000
59 Purchase Electron Spin Resonance Instr.	200,000
60 Purchase Electrophysiologic Analy. Sys.	207,000
61 Purchase Encapsulator	151,000
62 Purchase Environmental Test System	125,000
63 Purchase Epi-Fluorescence Microscope	134,000
64 Purchase ESCA-X-ray Photoelect Micro.	400,000
65 Purchase Flow Cytometer	108,000
66 Purchase Flow Cytometry Lab Equipment	375,000
67 Purchase Fluor. Micro. & Image Analy.	150,000
68 Purchase Fluores. (Lumines.) Imaging Sys	105,000
69 Purchase Fluorescence Activ. Cell Sorter	200,000
70 Purchase Fluorescence Analyzer	109,000
71 Purchase Fluorescent Activ. Cell Sorter	237,000
72 Purchase Fluorescent Cell Sorter	200,000
73 Purchase Forage Harvester System	150,000
74 Purchase Freeze-Thaw Apparatus	100,000
75 Purchase Garbage Truck Front Loader	165,000
76 Purchase Gas Analyzer	100,000
77 Purchase Gas Chromatograph Mass Spect.	101,000
78 Purchase Gas Chromatograph/MSD	110,000
79 Purchase GC Mass Spectrograph	186,000
80 Purchase Gene Chip Analysis Machine	250,000
81 Purchase Gene Chip Instrument System	450,000
82 Purchase Genetic Analyzer	140,000
83 Purchase GIS Teaching Lab	160,000
84 Purchase GVG Video Switch	250,000
85 Purchase High Perf. Liq.Chromatography	131,000
86 Purchase High Power CO2 Laser	250,000
87 Purchase High Press. Liquid Chrom.	200,000
88 Purchase High Res. Optical Microscope	110,000
89 Purchase High Res. Phosphor Imager	206,000
90 Purchase High Temp. Optical Micro.	105,000

2002-04 Capital Projects Recommendation
Agency Funds

Institution/Institution Priority / Project Title		Project Scope
91	Purchase High-Speed Signal Processor	150,000
92	Purchase Holographic Sys/Image Analyzer	110,000
93	Purchase HPLC Mass Spectrophotometer	220,000
94	Purchase Image Analysis System	206,000
95	Purchase Image Analyzer System	206,000
96	Purchase Inductive Coupled Plasma Spec.	110,000
97	Purchase Inductive Coupled Plasma Unit	110,000
98	Purchase Inductive Coupled Spec Sys	120,000
99	Purchase Interaction Analyzer	150,000
100	Purchase Inverted Microscope-Fluoroscope	155,000
101	Purchase Inverted Scope	100,000
102	Purchase Laser Confocal Microscope	312,000
103	Purchase Laser System	250,000
104	Purchase LCT Flight Mass Spec.	220,000
105	Purchase LIMS Bioinformatics Equipment	136,000
106	Purchase Liquid Chromatograph	105,000
107	Purchase Liquid Chromatograph-Mass Spec.	320,000
108	Purchase Liquid Filling/Stopping Line	351,000
109	Purchase Mass Spectrometer	400,000
110	Purchase MB Ultracentrifuge	354,000
111	Purchase MB/GT Phospho-Imager	128,000
112	Purchase Multiphoton Imaging System	505,000
113	Purchase Multiphoton Scanning Microscope	300,000
114	Purchase MultiUnit Microbial Chamber	250,000
115	Purchase NIR Spectrophotometer	125,000
116	Purchase Open MRI Unit	1,000,000
117	Purchase Optical Disk Server	180,000
118	Purchase Patient Classification Equip.	260,000
119	Purchase Physiology Workstation	101,000
120	Purchase Protein Synthesizer	206,000
121	Purchase Quadrupole Mass Spec.	360,000
122	Purchase Rapid Scanning Monochromator	130,000
123	Purchase Research Grade Light Microscope	103,000
124	Purchase Scanning Electron Microscope	175,000
125	Purchase Semi-solid Manufacturing Equip.	211,000
126	Purchase Sequence Detection System	100,000
127	Purchase Spect. for Oligonuc. Analy.	250,000
128	Purchase Studio Recording Equipment	113,000
129	Purchase Telemedicine Rural Health	416,000
130	Purchase Telemedicine Systems	600,000
131	Purchase Terminal Sterilizing Autoclave	221,000
132	Purchase Ultracentrifuge	117,000
133	Purchase Virtual Environment Simulator	125,000
134	Purchase X-ray Defractometer	700,000
135	Upgrade Scanner System	500,000
UK-US Subtotal		\$ 125,288,000
University of Kentucky - Hospital		
1	Consolidate Imaging Services - Hospital	\$ 3,675,000
2	Construct Bldg Connectors III - Hospital	3,000,000
3	Construct Business Facility II - Hospital	9,000,000
4	Construct Limited Stay Facility-Hospital	5,460,000
5	Construct Outpatient Svs III - Hospital	4,700,000
6	Construct Outpt Care Fac II - Hospital	6,172,000
7	Construct Outpt Diag/Treat Fac II - Hosp	12,672,000
8	Construct Parking Structure III-Hospital	7,350,000
9	Construct Patient Care Fac II - Hospital	7,638,000
10	Construct Primary Care Ctr II - Hospital	10,172,000
11	Construct Storage/Dist Center - Hospital	1,019,000
12	Create Universal Nursing Unit - Hospital	1,000,000

2002-04 Capital Projects Recommendation
Agency Funds

Institution/Institution Priority / Project Title		Project Scope
13	Expand Data Systems III - Hospital	700,000
14	Expand Parking II - Hospital	3,200,000
15	Expand Surgical Services - Hospital	3,200,000
16	Implement Land Use Plan III - Hospital	2,625,000
17	Implement Land Use Plan IV - Hospital	2,500,000
18	Modify Nursing Unit XI - Hospital	1,100,000
19	Modify Nursing Unit XII - Hospital	3,500,000
20	Protect Environment II - Hospital	1,575,000
21	Purchase Accelerator	1,600,000
22	Purchase Angiography Unit	1,276,000
23	Purchase Angiography Unit	1,740,000
24	Purchase ATL Ultrasound	220,000
25	Purchase Biplane Angiography	1,160,000
26	Purchase Cardiac Cath. Image Mgmt. Sys.	957,000
27	Purchase Cardiac Ultrasound	1,600,000
28	Purchase C-Arm X-Ray Unit	350,000
29	Purchase C-Arm X-Ray Unit	275,000
30	Purchase C-Arm X-Ray Unit	440,000
31	Purchase Clinical System Enterprise	5,800,000
32	Purchase Computing Infrastructure Update	2,500,000
33	Purchase CR PAC Server	275,000
34	Purchase CT Scanner	1,914,000
35	Purchase CT Scanners	3,480,000
36	Purchase CT Simulator	1,160,000
37	Purchase CT Simulator	1,200,000
38	Purchase Data Storage Facility Upgrade	750,000
39	Purchase Diagnostic Radiology Unit	330,000
40	Purchase Dig. Medical Record Expansion	4,640,000
41	Purchase Digital Enhancement	1,085,000
42	Purchase Digital Imaging	957,000
43	Purchase Digital Orbiter Camera	275,000
44	Purchase Digital Radiology	1,020,000
45	Purchase Digital Radiology	4,060,000
46	Purchase EKG Unit	400,000
47	Purchase EKG Unit	440,000
48	Purchase Electrophysiology Lab	5,800,000
49	Purchase EMG Unit	250,000
50	Purchase Endoscopic Ultrasound	440,000
51	Purchase Endoscopic Video System	300,000
52	Purchase Endoscopic Video Ultrasound	275,000
53	Purchase Filmless System	150,000
54	Purchase Fluoroscopy Unit	550,000
55	Purchase Gen. Rad./Fluoroscopic Unit	550,000
56	Purchase Gen. Rad./Fluoroscopic Unit	500,000
57	Purchase Intracardiac Laser	550,000
58	Purchase Intracardiac Laser	500,000
59	Purchase Intraoperative Radiation Therapy	1,300,000
60	Purchase Laboratory Analyzer	500,000
61	Purchase Linear Accelerator	2,050,000
62	Purchase Managed Care Enterprise	1,160,000
63	Purchase Minimally Invasive Room	1,700,000
64	Purchase Mobile CT	1,000,000
65	Purchase Mobile CT	1,100,000
66	Purchase Mobile Fluoroscopic Unit	250,000
67	Purchase Mobile Radiology Unit	250,000
68	Purchase MRI Upgrade	500,000
69	Purchase Nuclear Medicine Camera	1,000,000
70	Purchase OB Ultrasound	350,000
71	Purchase OR Periop. IS Doc.Syst. Upgrade	150,000

2002-04 Capital Projects Recommendation
Agency Funds

Institution/Institution Priority / Project Title		Project Scope
72	Purchase Patient System Enterprise	4,640,000
73	Purchase Portal Imaging System	250,000
74	Purchase Portal Imaging System	200,000
75	Purchase QuadRIS Upgrade	300,000
76	Purchase Rad. Med. Software/System	350,000
77	Purchase Radiation Therapy Unit Upgrade	400,000
78	Purchase Radiographic Fluoroscopic Unit	150,000
79	Purchase Radiographic Fluoroscopic Unit	200,000
80	Purchase Radiographic Unit	350,000
81	Purchase Radiographic Unit	400,000
82	Purchase Radiology Ultrasound	440,000
83	Purchase SPECT System	1,000,000
84	Purchase Steam Autoclave	450,000
85	Purchase Sterrad Sterilizer	450,000
86	Purchase Surgical C-Arm(ISS)System	650,000
87	Purchase Surgical Laser	500,000
88	Purchase Surgical Microscope	500,000
89	Purchase Teleradiology	200,000
90	Purchase Ultrasound Image Management	800,000
91	Purchase Upgrade - HIS Computing Facil.	2,900,000
92	Purchase Upgrade for Servers	800,000
93	Purchase Vascular Ultrasound	300,000
94	Purchase Vascular Ultrasound	900,000
95	Purchase Washer	350,000
96	Renovate Kitchen I - Hospital	1,050,000
97	Upgrade Building/Site IV - Hospital	800,000
98	Upgrade Communication Svs - Hospital	1,000,000
99	Upgrade Diagnostic Services XI-Hospital	1,500,000
100	Upgrade Diagnostic Services XII-Hospital	1,000,000
101	Upgrade HVAC II - Hospital	3,500,000
102	Upgrade Nutrition Services II - Hospital	1,000,000
103	Upgrade Support Services II - Hospital	1,172,000
104	Upgrade Transport Systems IV - Hospital	735,000
105	Upgrade Transport Systems V - Hospital	800,000
106	Upgrade Utility Systems VI - Hospital	1,500,000
	UK-H Subtotal	\$ 182,874,000
University of Louisville		
1	Expand - Research Resources Center	\$ 10,383,000
2	Purchase - Property Acquisition	1,300,000
3	Construct - Boathouse for Women's Rowing Program	2,488,000
4	Purchase - Field Turf - Practice Field Facility	750,000
5	Expand - Oppenheimer Hall for Social Work	5,450,000
6	Expand - Cardinal Arena in Student Activities Center	4,000,000
7	Renovate - Dental Clinic and Sterilization	3,637,000
8	Renovate - K-Wing 2nd & 4th Floors (portions)	1,040,000
9	Expand - Ekstrom Library - New Wing	14,000,000
10	Construct - Residence Hall - 400 Beds, Phase III	19,718,000
11	Purchase - Parking Spaces - Health Sciences Campus	825,000
12	Renovate - MDR Building, Phase IV	2,530,000
13	Renovate - Stoddard-Johnston - Married Housing	5,829,000
14	Purchase - Plasmon Resonance Instrument	250,000
15	Purchase - High Resolution Mass Spectrometers	1,150,000
16	Purchase - Flow Fluorescence Activated Cell Analyzer	130,000
17	Purchase - Microcalorimeter	140,000
18	Purchase - Confocal Microscope	280,000
19	Purchase - Neuro Scan ESI-128: 128 Channel ERP System	140,000
20	Purchase - Automated Synthesizer	190,000
21	Purchase - EPR Spectrometer Update	125,000
22	Purchase - Laser Microfabrication Lab	525,000

2002-04 Capital Projects Recommendation
Agency Funds

Institution/Institution Priority / Project Title		Project Scope
23	Purchase - X-Ray Diffraction Module	750,000
24	Purchase - Particle Imaging Velocimetry (PIV) System	167,000
25	Purchase - Confocal Laser Scanning Microscope	400,000
26	Purchase - CNC Grinding Machine	164,000
27	Purchase - Load Application System	240,000
28	Purchase - Axis (5) CNC Machining Center	150,000
29	Lease - Color Digital Output Engine	700,000
30	Lease - High Volume Output Devices Duplicators	876,000
31	Lease - High Speed Graphics Imaging System	200,000
32	Purchase - Digital Communications Network	2,000,000
33	Purchase - Network Switching System	2,000,000
34	Purchase - Electronic Research Information System (name change)	2,000,000
35	Purchase - Computer Workstations for Libraries	466,000
36	Purchase - High Availability Enterprise System	1,430,000
37	Purchase - Client Server System - File Server	1,100,000
38	Purchase - Computer Processing System	2,000,000
39	Purchase - Engineering Scientific Processor	1,100,000
40	Purchase - Supercomputing System	1,500,000
41	Purchase - Upgrade Supercomputer - Dehlem Lab	400,000
42	Purchase - Autonomous Mobility Platform	460,000
43	Purchase - Concave Reality Unit	250,000
44	Purchase - High Energy Physics Data Analysis System	350,000
45	Purchase - Virtual Reality Display System	180,000
46	Purchase - Gel Blot Image Analysis System	145,000
47	Purchase - High Resolution Hybrid Mass Spectrometer	600,000
48	Purchase - Digital Micro-Luminography System for TEM	120,000
49	Purchase - Electronic Darkroom	193,000
50	Purchase - Laser Desorption Ionization Mass Spectrometer	200,000
51	Purchase - Molecular Tagging Velocimetry System	245,000
52	Purchase - Peak 3D Equipment	120,000
53	Purchase - Deposition Attachment - UHV Facility	500,000
54	Purchase - Electric Injection Molding Machine	110,000
55	Purchase - Materials Testing System	218,000
56	Purchase - Specialized Central Processing Unit	500,000
57	Purchase - Protein Chip Analyzer	200,000
58	Purchase - Nucleic Acid Microchip Analyzer	200,000
59	Purchase - Analytical Ultracentrifuge	145,000
60	Purchase - High Resolution SEM with Backscatter Detector	360,000
61	Purchase - Intermediate Voltage Transmission Electron Microscope	550,000
62	Purchase - Micro-Computed Tomography Imaging System	480,000
UL Subtotal		\$ 98,649,000
Western Kentucky University		
1	Purchase Digital Television Transmission System	3,321,000
2	Purchase Property	400,000
3	Renovate Central Heat Plant - Phase I	1,273,000
4	Renovate Garrett Conference Center - Design	858,000
5	Renovate Van Meter Hall - Design	688,000
6	Acquire Video Server	800,000
7	Replace IT Server	880,000
8	Renovate/Construct Telephone Infrastructure	3,000,000
WKU Subtotal		\$ 11,220,000
System Total		\$ 522,995,774

Table C-6

**2002-04 Capital Projects Recommendation
Guaranteed Energy Savings/Performance Contracting Projects**

Institution and Project Title	Project Scope	Institutional Authority
Eastern Kentucky University	\$10,000,000	\$10,000,000
Kentucky Community and Technical College System	5,000,000	5,000,000
Kentucky State University	3,000,000	3,000,000
Morehead State University	5,000,000	5,000,000
Murray State University	10,000,000	10,000,000
Northern Kentucky University	3,000,000	3,000,000
University of Kentucky and Lexington Community College	10,000,000	10,000,000
University of Louisville	5,000,000	5,000,000
Western Kentucky University	10,000,000	10,000,000
System Total	\$61,000,000	\$61,000,000

2001-02 Capital Projects Recommendation
Capital Projects Seeking Current Year Authority

Institution and Project	Project Scope	Alternative Fund Source
Western Kentucky University		
Renovation of E. A. Diddle Arena	\$30,300,000	Local Bonds
Guaranteed Energy Savings/Performance Contracting	4,250,000	3rd Party Financing
Total	\$34,550,000	

Council on Postsecondary Education
November 5, 2001

2002-04 Biennial Budget Request Agency Operations, KYVU/KYVL, & Pass-Through Programs

The council staff recommends a state appropriation request of \$20,731,300 in 2002-03 and \$21,157,200 in 2003-04 for agency operations, the KYVU and KYVL, and pass-through programs as follows.

Current Services Request

Biennial budget instructions issued by the Legislative Research Commission direct agencies to prepare a current services request assuming a 2 percent annual increase in state appropriations. The budget instructions also direct agencies to plan for an annual 5 percent salary increase for each state employee. All expected increases, including salary increases, health insurance rate increases, and any inflationary increases in operating expenses, must be absorbed within the 2 percent annual increase in state appropriations. Given the revised revenue forecast, these instructions may not shape the final executive or legislative budget.

Kentucky Virtual Library

The Kentucky Virtual Library has been an unqualified success with over 600,000 hits per month. The public and independent institutions, along with the Kentucky Department of Education and the Kentucky Department for Libraries and Archives, formed a consortium that provides all citizens of Kentucky broad access to 34 electronic databases, allows for postsecondary education institutions and other libraries to share a common library management system, and extends a ground-courier service for delivery of instructional and library materials across the Commonwealth. The 2002-04 biennial budget proposal includes a request for \$500,000 for an additional six electronic databases and an allocation of \$300,000 to upgrade the library management system, replace the library search software, and permit continuing upgrade of computer-based systems. The \$500,000 for electronic databases is to be matched by the public and independent institutions.

Pass-Through Programs

The SREB contract spaces pass-through program provides 36 seats in veterinary medicine at Auburn University and Tuskegee University and 14 spaces in optometry at Southern College of Optometry in Tennessee and the University of Alabama and Indiana University optometry schools. SREB has provided the council with the rates for these spaces in 2002-04. The staff recommends \$150,200 in 2002-03 and an additional \$237,200 in 2003-04 to maintain the current veterinary and optometry seats at the adjusted tuition rates.

The Governor's Minority Student College Preparation Program prepares minority middle-school students for college by giving them on-campus experiences. Again, the council approved non-recurring funds from the Technology Initiative Trust Fund to expand by 10 the number of sites, primarily at KCTCS institutions. The staff recommends requesting \$100,800 of state funds to replace those non-recurring funds so this program can continue at the current level.

Additional spaces in the SREB Faculty Diversity Program were not funded in 2002-04. Therefore, with the approval of the administration, the council approved \$187,000 in non-recurring funds from the Technology Initiative Trust Fund for 11 additional minority doctoral scholars in the program. The staff recommends requesting state funds to replace those non-recurring funds so this program can continue at the current level.

Agency Capital Budget Request

A capital expense item of \$600,000 in 2002-03 for the acquisition of servers to house all Web-based distance learning course materials at the institutions is included in the KYVU budget request.

State agencies are required to present all leases in excess of \$200,000 as a capital expense item. The lease for the offices in the Capital Center Complex are just below the \$200,000 limit and may exceed that limit during the 2002-04 biennium. We will report the lease as a capital item.

The council staff presented a tentative capital project for expansion of the Kentucky Postsecondary Education Network (KPEN) as part of the agency's six-year capital plan. The 2002-04 budget request includes \$1.0 million for network expansion. At this time, we do not know whether the funds that are requested for the network will be used to issue bonds for the purchase of equipment (capital) or whether they will support payments for additional bandwidth (operating expense). Neither, of course, do we know whether the funding will be provided.

A group of state and university technology officers is looking at the requirements for a new, improved network. The capital project request gives the council options to either allocate all or part of the \$1.0 million requested in the Technology Initiative Trust Fund to operating expenses or debt service payments.

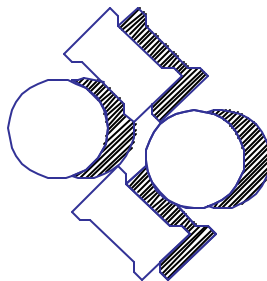
2002-04 Capital Budget Report

for

Kentucky Council on Postsecondary Education

October 9, 2001

Prepared by:
David C. Banks, AIA Architect
Frankfort, Kentucky



2002-04 CAPITAL BUDGET REPORT

SECTION I: EXECUTIVE SUMMARY

At the beginning of the report in Section II is a discussion of the primary recommendations as a result of the campus visits and a review of the capital projects submitted by each of the institutions. There is a large number of requests for new construction rather than renovation of existing space. If the highest institutional priorities are funded, the needed renovations are likely to suffer and will continue to grow in number for future biennia. This recommendation is for renovation or renewal to be considered in a separate category from one for new construction projects.

Maysville Community College Academic Building and Hazard Community College Lees Campus Library and Science Building are two facilities with similar problems of deterioration and possible structural damage from water forces. It is recommended that these two projects be given a higher priority for funding or be included in a special request for funding in order to quickly resolve the problems before they have major consequences.

Another recommendation is for the review of major renovations as a category separate from new construction to make a distinction for funding between projects for new construction and those that are for major renewal of existing facilities. The legislature can then distinguish between the two, providing funding as suits its purpose.

Recommendations of specific projects as a first and second priority at each institution are included in this section of the report. These recommendations were made following the campus site visits, interviews with institutional representatives and a brief look at existing facilities to be affected. In the case of new construction proposals, a look at the proposed site and review of the space program was completed. The value of each new construction project is dependent on institutional goals, potential service to the commonwealth, and funding priorities of the legislature and cannot be included as a part of this report.

Section III of the report covers the methodology for conducting this review. Only the top few (four to six) projects of a budget request were considered for this process in recognition of the state funding limitations. Criteria used in this process are discussed and include: project scope, institutional priorities, project status, condition of facility, feasibility or suitability, budget adequacy, site of project, parking and utilities, location of facility on the site, budget breakdown comparisons, historical value, environmental issues, and unique qualifications.

The next part of the report covers a discussion of the projects considered on each campus, some general comments on institutional goals for the project and a brief overview of the campus environment as observed while going from building to building to visit specific projects. It also includes some discussion of points considered and reasoning of the consultant in arriving at the projects to be recommended for first and second priority.

At the end of the report are some general comments, one of which includes consideration of a comprehensive review of the various campuses. Except for specific examples of buildings requiring attention, the campuses are in good condition. Only a few roofs were inspected and there is general improvement in the condition of those seen. Some concern is raised regarding the number of facilities and campuses being acquired in the state system and caution should be taken in investigating the condition and potential expense for renovation or maintenance that comes with these facilities. Water related problems on some campuses is also mentioned in this section.

SECTION II: RECOMMENDATIONS

1. As a result of campus visits this summer, it became apparent that most institutions have made new construction the highest priority for capital funds from the state. In view of the revenue shortfall that the State is experiencing, some needed major repair or renewal projects may not receive funding. Previous biennial capital reports have identified this problem and advised that deteriorated facilities, especially those with water related damage, will only become worse and cost more to correct. It is recommended that certain projects be funded by a maintenance and renewal fund or a special direct appropriation. Funding of special or emergency projects should also be a permanent part of the budget process to alleviate this type of conflict in future biennia or require institutions to assure adequate maintenance budgeting to prevent facilities from deteriorating to a point that special funding is necessary.
2. Two facilities that were reviewed during the campus visits have severe water damage. They are the Maysville Community College Academic Building and the Hazard Community College Lees Campus Library & Science Building. Water has damaged roofs at both buildings, flooded spaces inside, undermined foundations, destroyed face brick, destroyed insulation on the ductwork (exposed ducts located on the roof) and is causing mold growth inside the buildings. Both facilities are deficient in accessibility and life safety compliance. These two buildings were inspected during the previous capital budget review in 1997 (facilities inspections were not conducted in 1999) Both were recommended for repair or renovation at that time. There was little evidence that these problems have been addressed during the past four years. I recommend that refurbishing of these two facilities be given the highest priority for funding to halt this deterioration. Both facilities are heavily used by students, faculty, and staff and serve vital functions on the respective campuses. If not funded, the roof leaks may damage the interior finishes of the buildings and become an increasing nuisance to the occupants. Library collections will continue to be damaged by high humidity and possibly water from roof leaks or flooding. Exterior water will likely continue to damage the foundations with the possibility of undermining the footings leading to partial collapse of the buildings.
3. It is recommended that major renovation and capital renewal projects be considered for funding under a separate category than for new construction. In past reports, this has been the procedure. Because of continued placing of new construction in the highest priorities by the institutions, existing facilities do not receive funding at a level sufficient to maintain them in

quality condition. In many years, maintenance budgets are reduced to a level where adequate maintenance of facilities cannot be accomplished. Budgets are certain to be tight in 2002-04 and major repairs or renovations may be delayed resulting in a corresponding reduction in the quality and usability of space. Placing existing building projects in separate categories from proposed new construction will allow the CPE, the Governor, and the Legislature to differentiate between the two and place emphasis where they believe it should be.

4. As seen in the capital requests for the 2002-04 biennium, the scope of many projects has increased significantly with the increasing likelihood of budget over or under estimating. With many capital requests exceeding ten million dollars or even more, the miscalculation of the budget can result in significant errors without the benefit of a detailed space program. As suggested in previous reports, projects expected to cost more than eight million dollars should first be funded for architectural space programming to determine if all project desires can be met within a proposed project scope. If not, the proposed budget or space program can be adjusted and the budget request made more credible before presentation to the CPE and legislature. Therefore, it is recommended that CPE establish a policy of recommending funding the cost for this space programming in the current biennium with the expectation of additional design and construction funding after completion and identification of the programmed scope.

5. Following is a list of recommended projects by institution. These recommendations were developed following campus visits and interviews with institutional representatives and include information provided by the SYP-02 Forms. Institutionally established priorities were considered, but in some cases were superceded by what are thought to be projects of special need, requiring some immediate attention. More detailed information on each institutional request and priorities is included later in this report.

Recommendations

Eastern Kentucky University - First Priority - Business and Technology Center with a recommendation that Performing Arts Center portion of the project be moved to a future phase and the budget request reduced.

Second Priority - The Center for Renewal of Teachers and Schools (a renovation of Mattox Hall, Donovan and Donovan Annex into offices and classrooms) in order that these well maintained buildings are utilized to the fullest capacity.

KCTCS - First Priority - Includes two projects from the KCTCS System list, Maysville Community College Academic Building Renovation; and Hazard Community College Lees Campus Library/Science Building renovation. Both of the projects are in a rapidly declining condition with evidence of foundation erosion, severe water damage and/or flooding, and moisture related damages. Both are important structures on these campuses.

Second Priority - Ashland Technical College Regional Postsecondary Education Center.

Funding of this project will relieve crowding and replacement of outdated facilities at the Technical Center campus and at the same time provide economic development at the new East Industrial Park.

Third Priority - Owensboro Community College Advanced Technology Center. Construction will relieve a shortage of teaching and training space that will be realized as the Owensboro High School and other shared classrooms and class labs become unavailable for current uses. The local school district has notified both Owensboro Community and Technical Colleges and Western Kentucky University that space will no longer be available because of conflicting needs of the district.

Fourth Priority recommendation is Henderson Community College Tri-County Technical Center for the program requirements that are housed in leased space in remote and separated locations. The community college and technical college could function more efficiently and better meet these program demands in a new consolidated facility to be located on the community college campus.

Kentucky State University - First Priority - Hathaway Hall renovation is recommended as the first priority because it was authorized in the 2000-'02 biennial budget and program development has shown the funding to be inadequate for renovating the entire building. Because this is a major teaching and faculty office facility on campus, we are recommending it at a higher ranking than given by KSU.

Second Priority - Bradford Hall Business Wing expansion due to the project characteristics which will relieve space restrictions for the Business School and at the same time bring substantial improvements to the Auditorium and Theater.

Morehead State University - First Priority - Adron Doran University Center expansion phase II. This project has long been a priority for MoSU and will complete renovation of the existing facility and expand it. It will relieve space shortages in many student-related services and provide space for students to interact.

Second Priority - Camden-Carroll Library renovation and expansion due to the need to keep up to date and code compliant learning resource centers on campuses. New technology is required to take advantage of all resources available to students, faculty and the community in today's society.

Murray State University - First Priority - New Science Building Phase II is recommended because of the need for up to date science teaching facilities as well as faculty offices, research, etc. This project will speed the completion of this needed complex and the eventual demolition of the current outdated facilities.

Second Priority - New Breathitt Veterinary Center because of the limited facilities now available to meet the demand for animal diagnostic testing and teaching along with the

advantages offered by relocation of this facility to the Murray State University extended campus.

Northern Kentucky University - First Priority - Old Science Building renovation in order to prepare this facility for new instructional use when science teaching is moved to the new Natural Sciences Building. Several plumbing, electrical and heating, ventilating and air conditioning problems must be solved as a part of this project and oversized classrooms will be configured for more conventional classroom assignments.

Second Priority - Landrum Hall Structural Repairs Phase II. The original slab heaving problem in this building has already been corrected, but the problem has now shifted to areas previously unaffected or less affected. Similar problems have surfaced in other buildings and on the plaza. These problems need to be addressed and prevented to protect the state investment in facilities.

University of Kentucky and Lexington Community College - First Priority - Morgan Building Addition Part A. This project supports the university mission of excellence in research and instruction in the Biological Sciences Program which is experiencing increased enrollments.

Second Priority - Pharmacy Building expansion to meet the increased demand from students wishing to pursue pharmacy as a field of study, the excellent standing of this college and the demand for more pharmacists in this state.

University of Louisville - First Priority - Health Sciences Center Research Facilities Phase III which supports the institutional goal of excellence in research and the increased availability of NIH grants. The first phase has been completed and the second is under construction. This additional facility will assist the HSC in recruitment of additional research staff.

Second Priority - Natural Science Building renovation phase I to update laboratory facilities in this important teaching building. Laboratory use has changed over the years and labs need to meet the requirements of current technology and branch of science to be taught.

Western Kentucky University - First Priority - Science Campus renovation phase II. This project will continue the upgrading of this major teaching facility that was begun several years ago. Science labs, ventilation systems, air conditioning and plumbing systems don't meet current standards and level of technology expected in a university facility.

Second Priority - Owensboro Community College Advanced Technology Center. This is a joint project request along with the Owensboro Community College and will be shared with both programs to satisfy space requirements now provided through the local school

district. This will locate technical programs and postsecondary classes in the same facility within the community college campus resulting in program flexibility and opportunities for seamless education.

Third Priority - Schneider Hall renovation to continue as a residence hall, but for special scholars programs in math and science. The building is in good structural condition and has recently received a new roof. Space needs to be upgraded to accommodate the new intended use.

SECTION III: REVIEW METHODOLOGY

The methods for conducting this review were established in recognition of the likelihood that funding for capital projects will be limited, especially for large-scale new construction. Therefore, the consultant was directed to review only the highest project priorities for each institution and the KCTCS. The projects chosen for review were selected from the priorities as submitted by the institutions and were limited to the first six or eight listed capital projects. Although institutional representatives discussed other projects on their priority list, these projects were not identified as eligible for review and are not included in this report.

Most of the projects are divided into two major distinctions: renovations and new construction or major expansion of existing facilities. As a result, review procedures were tailored to each type. During each campus visit, renovations or expansion of existing facilities were reviewed by means of conferences with institutional representatives, including actual users of the facility, and a short review at the facility. New construction and major expansions were primarily discussed with institutional representatives since construction has not been started. When appropriate, we reviewed the space that now houses the existing program to be relocated to the proposed new space. If design services were previously authorized and drawings were available for review and discussion, additional project justification was gained. Information such as drawings enable a better judgement to be made concerning project feasibility, efficiency and usability.

REVIEW CRITERIA:

Criteria used to review the 2002-04 biennial budget are very similar to those employed in previous biennia. A partial list follows:

Project Scope. The Council on Postsecondary Education is charged with the responsibility to review capital projects with a scope of \$400,000 or more.

Institutional priorities. Each biennium, institutions are required to submit a list of funding requests for capital construction, renewal and equipment in a priority format. Projects selected for review are from these lists, concentrating on those highest institutional priorities with a scope of \$400,000 or more. The consultant was not asked to change institutional priorities. As mentioned above, only the highest priority projects on each list were chosen for review to concentrate on projects with the greatest potential to address institutional mission or

postsecondary education reform.

Project status. Current status of the project is another criteria employed in this review. Some projects reflect only a project request (such as new construction) with all available information being included on the capital project request Form SYP-02. Information received during discussions with institutional representatives is also included. Other projects are in some type of planning phase, a few having been authorized in the 1998 or 2000 legislative session for programming or planning. These projects will naturally have a more realistic budget than projects in the request only category. Some projects are proceeding through the design phase using institutional funds. Other requests are for additional funding for projects authorized in earlier biennia.

Condition. Major renovations projects are routinely visited during campus tours. This is important to determine first hand the current condition of a facility for which funding to upgrade is being requested. The building condition is the base line for the update and allows a determination of the effect code compliance will have on the overall project and the extent of other system improvements including mechanical, electrical, safety, communication, accessibility, and finishes. This inspection also permits the consultant to look for maintenance or repair items that may not be adequately covered by the proposed budget.

Feasibility or suitability of the proposed project. Cost of new construction or renovation is determined from general unit cost figures for similar construction. This could include information from services such as those provided by Means Construction Cost Data, recent construction projects for state government in Kentucky or from Internet cost estimating services. Therefore, the more information given on a project, the better the assessment of potential budget. If plans are in development for a new project, the cost can be reviewed more accurately. If an existing facility is to be renovated, upgraded or converted to a new use, a walk through of the facility gives a better understanding of the projected costs, the effect of code compliance and upgrades, and how feasible it may be to convert the facility to another use. An example is the conversion of Mattox Hall (a dormitory) to office/classrooms on the Eastern Kentucky University campus. Another example is the Business /Technology Center - Phase II at Eastern which if funded, will affect the six-year plan development of the Professional Teacher Education Center, changing it from new construction to a renovation of several existing buildings, thus affecting the cost of those projects. In other cases, a project may appear not to be feasible or likely to be underfunded. Those projects may be noted in the report as such with an appropriate recommendation.

Budget considerations/adequacy. Another criteria is the proposed budget breakdown as included on the capital project request Form SYP-02. This breakdown shows the overall project cost and other information such as design fees, equipment and furnishing costs, site acquisition or development prices, utility extensions, contingencies, etc. Inclusion of all these necessary parts of the budget is important to avoid shortfalls later in the project development. Without this information, it would not be possible to determine the feasibility for completion of the project.

Site of project. Existing building sites are assessed for any improvements needed for additional parking, accessibility for the disabled, service or maintenance vehicle access, drainage, etc. If an existing building is to have a major expansion, the site capacity and suitability is reviewed. For new construction, the criteria shifts to whether a site has been selected, and if so, the actual area of the property versus size of the proposed building, availability of utility services, traffic and pedestrian access, drainage, relation to other campus facilities, cost of development, etc.

Parking/utilities. As mentioned in the **Site Criteria**, parking availability or potential development and availability/capacity of site utilities to serve the new facility are important criteria in assessing the capital request for construction. If inadequate, the project budget must reflect the need to provide these improvements. Thus, a first hand look at the site or potential site serves as a check for possible budget problems and is necessary for a complete assessment of each project.

Location on site. As mentioned in the **Site Criteria**, the location of a building or building expansion is another point for consideration. There are many factors to be considered when locating a new building or major expansion. Sometimes the site is restricted and very few options for location are possible. In other projects, several options may be available with advantages and disadvantages for each. Institutional campus visits are intended to allow a review of these points and to ascertain whether the funding request has adequately addressed them or anticipates that they will be addressed during the project design.

Budget percentages. As mentioned in the **Budget Considerations/Adequacy Criteria**, the budget breakdown is reviewed to determine the amount or percentage devoted to peripheral items such as site development, code compliance, structural inadequacies, repairs, mechanical and electrical upgrades, etc., as compared to the planned usable floor space. Open areas such as atriums also are compared for impact on the usable floor space (and building space efficiency). This comparison allows a judgement to be made about the net gain in usable space with respect to the overall budget cost.

Historical significance. Some buildings that are to be improved have historical significance, placing certain restrictions on the project that have significant budget implications. Major expansions or modifications of these buildings may not be permitted under state or federal regulations. Sites for new construction may have structures with historical significance limiting the availability of portions of the site for new development.

Environmental. Another criteria of review is the environmental implications including both buildings and site. These include asbestos, PCB, lead, underground fuel storage tanks, flooding/retention and cemeteries. The presence of any of these has an impact on successful completion of a project. Flooding, drainage and retention of storm runoff is becoming more of a concern for new development. Several campuses have water problems that need solutions. Failure to address these problems when establishing the project budget will likely result in spending construction funds to correct the problem rather than spending the money to create assignable space.

Unique qualifications. Many requests for capital funding have special or unique qualifications that support the request. Items considered under this criteria include cultural advantages, educational opportunities, research and development, scientific advances, historical preservation and other societal benefits.

Eastern Kentucky University

Highest priority projects will support education, public services, faculty and staff fitness, maintenance of existing facilities, creation of facilities for an extended campus and conversion of existing space to new uses. The current capital expenditure plan includes provisions for new construction that would not be required if the Phase II of the Business/Technology Center is constructed. This project seems to provide opportunity to upgrade several other campus programs by a “domino” effect. It also has the benefits of consolidating resources of the College of Business and Technology in a single location and assisting the business community by the transfer of technology to workplace. It further has economic benefits for the local area by providing convention and performing arts facilities thereby fostering increased interaction between the community and campus. All these benefits together make it a worthy project.

Another recommended project is the Conversion of Mattox Hall to offices/classrooms. Sometime within the next biennium, the new Criminal Justice Physical Training Complex will be occupied and Mattox will no longer be used to house those receiving training at that facility. The need for housing on campus has changed and this dormitory facility will not be needed for its original purpose, but can reasonably be renovated to meet another need in the form of office and classroom space. The building has been well maintained and can be converted to this new use with modest cost.

Overall campus appearance is good with continuing attention to maintenance of buildings and campus features. However, the number four priority of the university is for \$10,000,000 in maintenance projects which indicates a continuing need to maintain campus facilities and infrastructure.

Kentucky Community and Technical College System

Many of the proposed projects discussed with KCTCS representatives in the central office and on campuses are requests for new construction. In some cases, the new construction is proposed on new sites, remote from the present campus. The new Ashland Technical College and the Madisonville Community College Technology Building are examples.

Two projects requesting renovation funding stand out as unquestioned need. Maysville Community College Academic Building and Hazard Community College Lees Campus Library/Science Building are both buildings of 1960's vintage that have multiple signs of needed repair. Both have badly deteriorated roofs and both have exposed heating/AC ductwork on the

roof, creating and inviting roof leaks. Both have serious cracks in masonry walls and foundations. The upper floors and restrooms of both buildings are not ADA compliant for the disabled. The Lees Campus building has drainage and flooding problems, and the exterior brick facing at Maysville CC is spalling, cracking and falling from the building. Both of these facilities were inspected by this consultant four years ago and these same problems were reported. From current appearances, it appears that little has been done to repair these buildings.

Another notable project is the construction of the Tri-County Technology Center at Henderson Community College. Many of the technology programs offered at Henderson are located in leased space at locations away from the campus. Other programs have been requested by local employers which could be provided if suitable facilities were available. A central location properly equipped would bring more opportunities and educational options to students and reduce operational expenses.

Kentucky State University

Requests for this biennium are primarily renovation of several major buildings with expansion of the Student Center as the top priority. It was approved in the 1998-2000 biennium and included an expansion of the ballroom and meeting rooms. Those are now included in the current request because the cost of expansion was apparently not fully realized in phase I. Perhaps, if program funds had been provided for phase I, this problem could have been identified at that time.

Many other institutional requests were not authorized under previous funding cycles. Bradford Hall renovation and expansion is one of those, while Hathaway Hall renovation was funded at \$3,796,000. Now, a second phase (phase II) is requested. Both have problems with age, changes in function, program demands that have increased, and original design flaws that are probably related to the construction budgets when they were built. Hathaway Hall phase I is now reported to be sufficient for renovation of approximately 38 percent of the building, again showing a lack of thorough preparation in the original request. Assuming enrollment statistics are accurate and program changes reflect the newly established goals of the university, these facilities should be brought up to standards and modified to accommodate the program revisions. Because it is a critical academic facility, renovation of Hathaway Hall should not be delayed. It should become the first priority and Bradford Hall the second priority. Bradford Hall renovation and expansion has the advantages of permitting the expansion of the Business Department and the upgrading of the auditorium and theater in the Fine Arts Department.

While some maintenance improvements to facilities were noted from the campus visit four years ago, these major facilities need renovation for better program utilization, modernization, code compliance, and the elimination of constraints as a result of the building age and configuration. The above three projects are justified in their highest priority ranking by the university.

Certain aspects of the campus facilities and grounds appear to be better maintained than in years past and roofs, landscaping, roads, walks, etc., are receiving more attention. Four years ago, there were more of these areas needing attention, but neither visit was a comprehensive

review, covering the entire campus. The campus visit also took place just as students were about to return for fall classes, the time of year when all facilities should be at the highest state of readiness for incoming students.

Morehead State University

As at other institutions, the projects listed by Morehead State University are carryovers from previous biennia. Renovation and expansion of the Student Center remains at the top of the priority list. Giving this project a high priority in consecutive biennia may be a recognition by the administration that student organization offices, public lounging areas and student services space is not meeting the expectations or needs for the size of the student body. Student usage requirements have changed over the years, but the configuration of the building has limited the ability to meet these changing requirements. This project will also make the center more usable by the community with new meeting spaces and recreational facilities. Included are expanded food services, bookstore, recreation, meeting rooms, offices, overnight accommodations and lobby or lounge areas. Renovation of the existing building is complemented by a proposed 50,000 square foot addition to the rear and one side of the ADUC. Several recent capital projects have been completed at the ADUC including a new roof, a new air conditioning chiller, and a fire alarm system. Completion of these upgrades permits more of the new funds to be used for space improvements. This project is recommended as the highest priority because it has many functions which are in need of immediate attention and they are directly related to the students. It would not meet those goals without an expansion to the current facility because of the need to increase square footage of most of the services and student organizations in relation to the size of the student body. Without expansion in response to demand for space, some functions would remain in inadequate space or have to be moved elsewhere. Space programming of the entire facility as a part of the previously approved phase I should identify the required total space for this building.

The MoSU/NASA Space - Science Center is a new request with some unique opportunities to bring increased scientific research and academic opportunities to eastern parts of the state. Programs to be accommodated include physics, pre-engineering, space technology, and other space-related fields of study. Students will be prepared to work in many new high-tech industries such as satellite telecommunications and provide opportunities in astrophysics. It will also bring many communication advantages to the entire campus by enabling greater electronic communication to outside areas via satellites. At 60,000 square feet, however, this new facility seems to be rather large for the intended use unless hard data is available for justification. The proposed site is limited to a hillside currently having married student housing. That housing complex will have to be torn down and the new facility built on this site with potentially expensive site development costs. However, it was explained that line of site to the satellite is required and the site for the satellite tracking antenna is atop a hill. Due to the economic and educational opportunities for this area of the state, the project should be a high priority, but with close scrutiny of the space program needs.

The Camden-Carroll Library renovation is an important project, needed to upgrade this facility

and increase its functionality by more efficient use of space and technology. The addition of 76,000 gross square feet is proposed to accommodate increases in stack space, bound books and periodicals, computer facilities, video and audio tutorial materials. Of that space, 46,500 square feet will be dedicated to student study space which will also be utilized by the community. While some code compliance issues will be addressed, major maintenance items such as sprinklers, fire alarm system, air conditioning chiller replacement, freight elevator replacement and exterior masonry repairs have already been completed, assuring that most of the budget can be dedicated to increasing and improving usable space. In view of service to students, faculty and the community, it should be a second priority project.

Those parts of the campus visited were very clean and in good condition. Students had returned and parking was scarce. The university has made parking available near campus according to the Master Plan.

Murray State University

New construction is proposed by this institution as the top priorities. On the main campus, the Blackburn Science Complex is old and would be very expensive to modernize. Therefore, the current proposal is for phase II of a new construction project to replace the existing facility followed by demolition of Blackburn when phase II of the new facility is completed. The cost of demolition is included in the \$22 million requested for this project. A location for the new complex has been proposed and planning of phase I is underway. Because the Blackburn Science Building was constructed 53 years ago and laboratories and classrooms are very old and expensive to renovate, the construction of new space is a better investment of construction dollars. This project is logically the highest priority for the university.

Carr Health has been renovated and was nearly ready for occupancy at the time of our visit. This project had been requested for many years and is a needed improvement. Some facilities such as the swimming pool and Racer Arena did not get improved to the extent originally planned.

Replacement of the Breathitt Diagnostic Laboratory located in Hopkinsville is a new proposal. The services provided by this facility have changed over the years and instructional services along with testing for the public have placed new requirements on it. Construction at the Hopkinsville Industrial Development Park near the by-pass would solve the problems with this building, providing updated labs, the ability to share instructional space and improved parking. While the occupants can continue to use the facility as it exists, the increase in testing equipment and the space it occupies make it difficult to conduct lab work and a teaching environment. Additionally, the UPS (emergency electrical power for sensitive testing equipment) is at maximum capacity. An electrical outage could destroy tests that are underway. Hopkinsville Community College and the Christian County Vocational School have expressed an interest in the facility when vacated. Both agencies are now located across the road from Breathitt and want to expand into this building. The Diagnostic Lab can continue to operate in this facility for the time being, but the time required for planning and constructing a new facility for the

specialized functions of animal disease diagnosis as well as training students means that these functions will be restricted in their growth until a new facility is available for occupancy. If this project cannot be funded in the next biennium, it should be given high consideration in the next.

Northern Kentucky University

Renovation and upgrade of existing buildings including the Old Science Building, Student Center and repairs to Landrum Hall are projects which have been requested in previous biennia. The Science Building is being replaced by a new Natural Science Building and when completed, the old facility will be vacated and renovated for new functions. Renovation of the old building is required to accommodate new functions. However, NKU representatives feel that the expense of renovation to continue as a science building would have been much more than to renovate it for other uses such as Psychology, Physics, and general instructional use. Due to plumbing, electrical and HVAC problems within the building and the unusually large size of classrooms compared to the size typically required on campus, it is not deemed feasible to use the building for other purposes without major renovation. The 2000-02 legislative session authorized design funds for this renovation and consultants have determined the scope of this project will be more extensive than originally envisioned. A study by a space planning consultant was completed and will be used to determine how best to renovate the building. In order that the building be ready for new use and be out of service for as little time as possible, renovation of the Old Science Building should be the highest priority for this institution.

The renovation and expansion of the Student Center has long been a priority of the university to serve the students, especially the large commuting student population. The university has now determined that only a new facility will meet the needs of the students, faculty and staff. That conclusion came as a result of a consultant's study in 1995. It is true that the existing building is difficult to modify or expand as a consequence of the poured-in-place concrete construction. In consideration of that and the increasing student population, new construction tailored to current program requirements seems a logical and good solution. NKU representatives have stated the existing building will be utilized for student services and will continue to serve students directly.

Heaving of concrete slabs in some buildings and on the plaza have long been problems at NKU. Some repairs have been made (east wing last year), but this appears to be an ongoing problem (now worsening in the west wing) which creates safety hazards and detracts from the campus environment. One safety concern is the uplift on the first floor slab in Landrum could well cause underground water or sewer lines to rupture creating a need to evacuate the building until repairs could be made. Heaving also causes wall cracks, suspended ceilings which could partially collapse (including heavy light fixtures) and potential tripping hazards which are evident inside the building and on the plaza. Repairs have now been made both inside Landrum and on the plaza and NKU representatives now know how to deal with what seemingly is a continuing problem on this campus.

University of Louisville

Priorities for this campus are additional research space for genetic and molecular medicine, refurbishing of the Natural Science Building, and renovation of the Houchens Building for Student Services. The Houchens Building has problems with periodic flooding in the basement space and the roof is deteriorated. Flooding is likely a result of poor drainage and storm sewer capacity in this area. Some possible solutions include constructing a protective dike around the building, creating a sump with automatic pumps beside or inside the building, raising the lower levels above flooding levels or changing the occupancy for flooding spaces to a use not affected by flooding. As a part of any renovation, it is suggested that this problem be addressed and that the roof be replaced to eliminate water damage from leaks. The building will also likely require some cleaning to eliminate mold problems from walls, floors, ceilings and inside ventilating systems.

Renovation of the Natural Science Building is a carryover from previous biennia. It will primarily house the Mathematics and Physics Departments. Wet labs are not required for the current uses and therefore, old and outdated labs should be renovated. Interior finishes, mechanical and electrical systems, elevators, etc. are in need of modernization.

Research is a part of the Center for Excellence at UofL and construction of new research space represents phase III of this complex. The Master Plan for UofL Health Science Center shows all three buildings. One is now occupied and one is under construction. As we learned during the campus visits, research space must be constructed and available in order to recruit top level faculty and research personnel. Otherwise, the goal of excellence in this field of endeavor will not be met. The quality of space, functionality of the layout and equipping of the labs and support spaces in the phase I building (Delia Baxter Biomedical Research Building) seen during our tour is excellent. These labs are also flexible in design and meet contemporary standards for research labs, permitting adaptation to a wide variety of research programs and assuring their usefulness into the future.

Due to the importance of research as the mission of the University of Louisville, phase III of the HSC Research Facilities should be first priority, but not without consideration of the need for renovation of the Natural Sciences Building. The Natural Sciences Building renovation has the possibility of educating students today who might later be the research scientists working in the proposed research facilities. As stated above, this facility needs improvements to meet current educational standards. It should be a second priority if not a partner project with the HSC Research Facility.

Limited time prevented a thorough review of the campus, but it appears to be in good condition with the exception of the Reynolds Building which continues to deteriorate for lack of rehabilitation funds. If the building is left without repairs, it will require demolition in the near future.

University of Kentucky

Highest priority projects for the University of Kentucky include expansion of the Biological Sciences (Morgan) Building and Pharmacy Building, the first being to increase N.I.H. funding for research and the latter to increase the capacity of the school to enroll double the current number of students along with an increase in research space. New construction is also sought for the Gatton Complex to house the Business-Industry and Conference Center as well as the Martin School and Patterson School, a new Law School and Law Library, a new Gluck Equine Research Center and Architecture Building, a new Digital Technology - Computer Science Building and an expansion of the Lexington Community College. In consideration of the mission to become a top research institution in the future, the expansion of the Biological Sciences Building most directly supports that goal and is proposed to be the highest priority on campus. We support this conclusion.

Current requests include a new campus for the Lexington Community College consisting of a single new building of 70,000 gross square feet. It is requested in response to the increase in enrollment at the community college. The site has not been specified and may be on the University of Kentucky campus or at another site within or near Lexington. Several sites are under consideration. Program planning is underway using restricted funds.

The campus is in excellent condition except for the Administration Building which burned this year and is being prepared for a major reconstruction. Projects included in the budget request at a lower priority than new construction and major expansion projects indicate a large number of infrastructure improvement projects, many of which have been on the list for several biennia. It would appear that new construction and major expansions are exacting a toll on the ability to heat and cool facilities or to deliver those utility services to the buildings.

UK Medical Center

The only Medical Center project reviewed during the current period was the expansion of the Pharmacy Building. A shortage of pharmacists practicing in Kentucky and the number of applicants for this college has led to the desire to increase the student capacity by 50 percent. Additional teaching and lab space will be necessary as all current facilities are heavily utilized. While this is a highly justified project, it is secondary to the research mission and is therefore placed as second priority. However, the state should give a high level of funding consideration for this project to increase the number of professional pharmacists in the state.

Other Medical Center projects are included in the biennial budget request, but were not given a high enough priority by UK representatives to be included in this review.

Western Kentucky University

First priority for WKU campus is the continuing renovation of the Science Campus with a request for phase II which includes four buildings. The four are Thompson Center wing, Thompson

North, Science and Technology Hall and Snell Hall. The Science and Technology Hall is located across the street from Thompson Complex and is the former science building. Snell Hall is the remaining building from the Ogden Campus and although not of historical significance, has value to the campus and some supporters. It is located immediately behind Thompson and has been vacant for several years due to cracking walls and roof leaks. In previous biennia, the proposal for funding included the demolition of Science and Technology Building and Snell Hall, but because funding was restricted in the 2000 legislative session, the program was revised and now includes the renovation of the two buildings. Certain programs will be moved from current locations to better match program requirements with facilities limitations.

The fourth floor of Thompson has been renovated in the last two years to upgrade the chemical fume hood system and quality of laboratories. Air quality problems plague the rest of this building. The current request provides space for Computer Science and Physics and Astronomy in Thompson Complex North wing and Thompson Complex Center wing will be renovated to house Chemistry and Biology. This will provide the quality of space required for the Biology Program of Distinction and for Applied Research and Technology Programs of Distinction. The Mathematics Department will now be housed in the Science and Technology Building since it is not suitable for laboratory bench work. Other programs to be included in the renovation or new construction are Engineering, Public Health, and Environmental Science.

Another budget request is for renovation of Schneider Hall to continue as a residence hall, but in direct support of the Kentucky Academy for Math and Science, an early admission college program for advanced and motivated high school students. An addition to the structure is also proposed to add 24 double-occupancy rooms. The roof of the building was replaced several years ago, but the interior, windows, spaces for designated uses, heating and air conditioning, technology, etc. require improvements and renewal to meet the requirements for this new use.

Western Kentucky University also has included in the budget request a project to construct a Regional Postsecondary Education Center on the Owensboro Community College campus where WKU has offered undergraduate and graduate programs in education for many years. Space currently being used at Owensboro High School, technology schools and on the community college campus are being required for other demands and will not be available in the future. This project has also been included in the KCTCS system budget request.

GENERAL COMMENTS

In past reviews of facilities, the number of varied projects distributed throughout the campus have typically given the consultant an opportunity to gain a general idea of the condition of facilities and improvements on each campus visited and to compare that information with past experience. From that comparison, we could comment on the changing condition of a campus and determine the effect that previously funded projects were having on the overall stature of the campus. Because projects to be reviewed in this biennium were limited to the top few priorities on an institutional list, this was not possible. Comments included in the report are very general in nature, resulting from spot inspections, driving across campus, and from discussions with

institutional representatives. Since our work focused only on the highest institutional priorities, an extensive review of the campus did not take place. This change in approach, choosing not to review all project requests and major portions of each campus, should be reassessed. At least six years have passed without any comprehensive review of facility and infrastructure condition or assessment of overall improvement/deterioration. Perhaps it is time to consider another six-year comprehensive campus assessment.

From the limited time available to walk through a campus or to look at facilities, it does appear that all are in generally good condition. The fact that many projects requested for the next biennium are the same as past biennia is an indication that progress in developing each campus is a slow process. Apparently, available maintenance funds are being utilized effectively with only a few exceptions as noted elsewhere in this report. Several older facilities have been used and spot repaired over the years and now are at a point where major work will be required to meet current quality of space standards and to make them code compliant. In a few cases, the cost could exceed the value of the facility on a usable space basis. Those may be better to be demolished. Snell Hall at WKU, the Reynolds Building at UofL, Blackburn Science Building at MuSU and married student housing at MoSU are some examples. Roofs were not inspected as extensively as in past reviews, but it appears that most institutions have some type of replacement schedule and/or regular inspection service.

As reported four years ago, the number of extended and/or remote campuses is increasing. The creation of the KCTCS has aided in that process and “seamless education” is becoming a reality in much of the state. Institutions are sharing space, programs, faculty, and providing a range of educational opportunities to all areas of the state. However, as mentioned four years ago in a report similar to this, the number of facilities is increasing throughout the state creating a larger inventory of buildings, structures, site improvements and infrastructure to be maintained. In some cases, old buildings no longer used for the original function are being brought into the state maintenance pool and requiring considerable capital expenditure to enable them to be used for higher education or technical training. Some are purchased buildings such as former commercial buildings, some are donated for tax purposes, some are transferred from Local Education Authorities (school boards) and some are the result of private colleges or schools being absorbed by universities or the KCTCS. As a point of caution, it would be prudent for the Council on Postsecondary Education to have facilities experts review these facilities beforehand, make an assessment of condition and feasibility for the intended use and submit a report detailing where unexpected costs might arise. These reviewers could be a committee composed of physical plant employees from several universities or professional staff from outside consultants. It has also been noted that more leased space is being acquired and modifications are needed to make it suitable for the specific instructional or training purpose intended. The cost of these modifications should be assessed in relation to the intended length of time a lease is expected to entail.

A few roofs were inspected during this review process, namely at Maysville Community College, Hazard Community College Lees Campus Library/Science Building, LV Building at Jefferson Community College - Downtown and Kentucky State University Bradford Hall. The Young Hall

roof at KSU was inspected in summer of 2000 as a part of a special condition report. It is recommended that all roofs on each campus be inspected by an experienced person at least twice a year. A spring inspection will reveal damage done by the harsh winter weather and permit repairs to be made before damage to the roof insulation and roof deck can occur. The second annual inspection should be made in the fall after leaves have fallen from the trees to assure that leaves and debris (such as pine needles, moss, vegetation, etc.) have not clogged interior roof drains, gutters, down spouts, etc. Flashings and roof edge metal should be inspected for damage caused by expansion and contraction from hot summer days and cool evenings. Hail also can damage roofs. Most roof failures could be avoided and the life of the roof extended if these inspections were conducted twice a year.

Also as reported in previous reports, some campuses are experiencing problems with excessive water in the form of rapid runoff of rain, flooding, undermining of foundations, heaving of grade level concrete slabs, and inadequate storm sewers. Hydrology studies may be required to remedy these conditions with solutions implemented to prevent the repeated flood damage that has occurred in some campus buildings. Campuses reporting such damage include University of Kentucky, University of Louisville, Hazard Community College - Lees Campus, Northern Kentucky University and Prestonsburg Community College.

INDEX

<u>Section</u>	<u>Page Number</u>
Section I: Executive Summary	2
Section II: Recommendations	3
Recommended Projects by Institution:	
Eastern Kentucky University, KCTCS	4
Kentucky State University, Morehead State University, Murray State University	5
Northern Kentucky University, University of Kentucky and Lexington Community College, University of Louisville, Western Kentucky University	6
Section III: Review Methodology; Review Criteria	7
Project discussion by institution:	
Eastern Kentucky University, Kentucky Community and Technical College System	10
Kentucky State University	11
Morehead State University	12
Murray State University	13
Northern Kentucky University	14
University of Louisville	15
University of Kentucky, UK Medical Center, Western Kentucky University	16
General Comments	17

Mandated Programs and Debt Service Survey



Kentucky Council on Postsecondary Education

FINAL REPORT

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Texas ? Florida ? South Carolina ? California ? Washington

TABLE OF CONTENTS

PAGE

EXECUTIVE SUMMARY

1.0	INTRODUCTION AND BACKGROUND	1-1
1.1	Introduction	1-1
1.2	Study Methodology	1-6
2.0	SURVEY AND RESULTS.....	2-1
2.1	Survey Methodology	2-1
2.2	University of Kentucky	2-3
2.3	University of Louisville	2-6
2.4	Eastern Kentucky University	2-9
2.5	Kentucky State University	2-10
2.6	Morehead State University	2-12
2.7	Murray State University.....	2-13
2.8	Northern Kentucky University	2-15
2.9	Western Kentucky University.....	2-16
2.10	Lexington Community College.....	2-18
2.11	Community and Technical College System.....	2-20
3.0	SUMMARY AND RECOMMENDATIONS	3-1
3.1	Summary.....	3-1
3.2	Issues in Mandated Programs/Debt Service Study	3-6
3.3	Recommendations	3-8

APPENDIX A

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

In 1998-99, the Kentucky Council on Postsecondary Education established a benchmark funding process to replace the old funding formula for use in developing the Council's 2000-02 operating budget recommendations. The goal of this new approach is to provide a per student level of state support to each Kentucky institution that is comparable to that received by a set of out-of-state peer or "benchmark" institutions. A final listing of the benchmark institutions for each Kentucky institution, to be used for the 2000-02 biennium, was adopted in the summer of 2001.

As in any new funding model, the initial implementation revealed the need for various refinements to be undertaken prior to the next biennium (2002-04). Among these refinements, the Council, universities, and community and technical college system presidents agreed that state funded mandated research and public service programs as well as state funded debt service should be excluded from the benchmark funding process. It was subsequently determined that a survey of both Kentucky institutions and their benchmark institutions should be conducted to identify specifically the state general fund amounts reported for these activities through the IPEDS finance survey, which serves as the basis for the benchmark funding approach. Institutions had to be surveyed because the current IPEDS finance survey, while extremely useful for inter-institutional comparisons, does not collect data at a sufficient level of detail to permit this refined level of analysis. In July 2001 the Council contracted with MGT of America, Inc. to conduct the survey and develop recommendations for inclusion of the results in the benchmark funding model.

To reach the study objectives set forth by the Council, the methodology for the project encompassed four major activities:

- Design of a Survey Of Mandated Programs and General Fund Debt Service
- Conduct of a Survey Of Mandated Programs and General Fund Debt Service
- Analysis of Survey Results
- Development of Recommendations.

MGT worked closely with Council staff to develop the survey instrument and refine definitions of mandated programs and debt service. MGT distributed the survey, analyzed the results, and provided recommendations for inclusion of the results into the benchmark model. In addition, the Council staff and representatives of each institution provided significant advice during the design of the survey. Special thanks are extended to the college, university and Council staff for their assistance during the project.

Development of the Survey and Survey Results

A survey of both Kentucky institutions and their benchmark institutions was conducted to identify specifically the state general fund amounts reported for mandated research and public service activities and debt service through the IPEDS finance survey, which serves as the basis for the benchmark funding approach. Institutions had to be surveyed because the current IPEDS finance survey, while extremely useful for inter-institutional comparisons, does not collect data at a sufficient level of detail to permit this refined level of analysis.

For the purposes of the survey, definitions of mandated research and public service activities and debt service were developed. In these discussions, full-time equivalent students are calculated as the sum of the full-time headcount students plus one-third the part-time students. **Research** includes funds to be expended for activities specifically organized to produce non-instructional research outcomes, including Agricultural and Engineering Experiment Stations. **Public Service** includes funds to be expended to provide non-instructional services beneficial to groups external to the institution. **"Mandated research or public service activities"** are defined as those that must have an external legal mandate, either through statute, resolution, or executive order (e.g., state law requiring maintenance of an arboretum on campus) and receive appropriations greater than \$25 per FTE student.

Also, the activities should meet most of the following criteria:

- the activity is not integral to the "instructional" mission of the institution;
- the activity is relatively unique among institutions in the state (e.g., cooperative extension service or agriculture experiment station);
- the activity is "program-funded" or has a specific line item appropriation for carrying out its purposes (e.g., State Institute for Research on Exceptional Children);
- the activity could be operated by an agency other than a state college or university (e.g., running the state's Natural History Museum);
- the activity is funded primarily with state general funds appropriations (do not include activities that are funded primarily by other sources of revenue such as state contracts or grants).

For this study, **debt service** is defined as state general funds appropriated directly to the institution for servicing principal and interest on debt issued for land, equipment, or buildings.

A survey that collected data both on mandated programs and debt service was sent to the institutions identified as benchmarks for the Kentucky colleges and universities. A total of 361 benchmark institutions received surveys, and data were obtained for 360 or 99.7 percent. Of the 106 benchmark universities, 21 institutions (19 are benchmarks for either the University of Kentucky or University of Louisville) reported receiving state appropriations for mandated research activities. All of these institutions

had at least one research activity that met the materiality criterion of \$25 per full-time equivalent student. Similarly, 16 institutions (13 UK or UL benchmarks) reported state appropriations for mandated public service activities. The majority of these activities were associated with the land grant or medical missions of the universities, and are displayed in Exhibit 1. In addition, six benchmark universities and the Iowa, Minnesota, and Virginia two-year institutions reported state appropriations for debt service within the operating budget. It should be noted that the list of programs includes all that were reported, including those that did not meet the materiality criterion for mandated programs.

EXHIBIT 1
LISTING OF MANDATED PROGRAMS AND STATE-FUNDED DEBT SERVICE
ALL BENCHMARK INSTITUTIONS

RESEARCH PROGRAMS	PUBLIC SERVICE PROGRAMS	INSTITUTIONS WITH STATE and LOCAL APPROPRIATIONS FOR OPERATING BUDGET DEBT SERVICE
Agriculture Experiment Station Engineering Experiment Station Veterinary Medicine Experiment Station Veterinary Medicine Agriculture Research Experimental Farm Agricultural Research Research Administration Center on Aging/Gerontology Institute Biotechnology Transfer Prostate Cancer Research Diabetes Research Industrial and Economic Development Fishery Resource Forestry Research Center for Governmental Studies Marine Institute Youth Gang prevention Center on Urban Development Labor Center Massey Center Psychiatric Lab Molecular Medicine Manufacturing Research Chemical Toxicology Research Challenge Phosphate Research Sea Grant Institute of Mental Health Gaston Institute Trotter Institute Joiner Center	Cooperative Extension Service Marine Extension Service Arboretum Business and Manufacturing Extension Death Investigation State Laboratory of Hygiene Foundation for the Humanities Area Health Education Center (AHEC) Medical Aid Minority Business Enterprises Veterinary Laboratories Autism Program Environmental Center Executive Institute Gang Prevention Project Jobs Challenge Kidney Program State Health Laboratory Psychiatric Public Service College Day Asian American Institute Family and Community Violence McCormack Institute Institute for Women in Politics Workforce Training	Prairie State College (IL) Purdue University – Main Campus (IN) Iowa Community College System (local appropriations only) Wichita State University (KS) Minnesota Community College System SUNY - Brockport West Chester University (PA) University of Texas Austin Mountain Empire College (VA) Northern Virginia Community College University of Wisconsin – Madison

The University of Kentucky reported state appropriations for mandated research programs; University of Kentucky, University of Louisville, Morehead State University, Murray State University, and Northern Kentucky University reported mandated public service programs. Each Kentucky university, Lexington Community College, and the community and technical college system all reported state appropriations to the operating budget for debt service. Exhibit 2 displays the average per FTE student amounts appropriated to the Kentucky universities and colleges for mandated activities that met the materiality criterion; and for debt service in FY 1998-99.

EXHIBIT 2
FY 1998-1999 APPROPRIATIONS PER FULL-TIME EQUIVALENT STUDENT
FOR MANDATED PROGRAMS AND DEBT SERVICE,
KENTUCKY INSTITUTIONS AND THEIR BENCHMARKS

	FTEs	State Apps. & Tuition per FTE	Research Apps. Per FTEs	Public Service per FTE	Debt Service Approp. Per FTE
Average, UK Benchmarks	32,675	16,619	514	423	97
U of Kentucky	20,555	18,412	1,110	1,758	584
Average, UL Benchmarks	18,111	16,294	157	61	0
U of Louisville	15,242	14,962	0	1,071	745
Average, ECU Benchmarks	11,166	10,262	0	0	12
Eastern Kentucky University	12,456	7,869	0	0	426
Average, KSU Benchmarks	3,964	10,431	0	23	0
Kentucky State University	1,855	14,467	0	0	1,199
Average, Morehead Benchmarks	6,719	9,633	0	0	70
Morehead State University	6,746	8,882	0	0	316
Average, Murray Benchmarks	8,631	10,511	0	25	0
Murray State University	7,503	9,699	0	301	452
Average, NKU Benchmarks	10,351	10,156	8	3	17
Northern Kentucky University	9,164	7,692	0	0	552
Average, WKU Benchmarks	11,166	10,262	0	0	12
Western Kentucky University	12,049	7,813	0	0	325
Average, LCC Benchmarks	3,649	6,464	0	0	69
Lexington Community College	4,548	3,679	0	0	152
Average, CTCS Benchmarks	52,338	7,190	0	14	14
Community and Technical Colleges	31,480	6,680	0	0	337

Recommendations

The overarching goal of the benchmark process is to establish a per student level of support for each Kentucky institution that is comparable to that received by a set of out-of-state peer or “benchmark” institutions. Implicit in the comparison of Kentucky institutions to their benchmark institutions is the understanding that the institutions are funded to carry out the same or similar missions through similar activities. Activities that are defined by the National Association of College and University Business Officers (NACUBO) as being conducted for constituencies other than students logically would be excluded from comparisons of “per student” funding.

However, initial implementation of the benchmark process revealed that there are certain revenues received by both the Kentucky and the benchmark institutions that are unique, or not received by all institutions within the benchmark group. For example, some institutions receive appropriations for servicing debt, while other institutions have all buildings constructed and paid for by another state agency. Some institutions that are in the University of Kentucky’s benchmark group do not have agriculture experiment stations.

Therefore, to compare funding per student, it is essential that “apples get compared to apples” and “oranges get compared to oranges.” The overarching recommendations that follow are designed to enhance comparability between the benchmark and Kentucky institutions.

RECOMMENDATION 1:

State appropriations for unique mandated research and public service programs and state and local appropriations for debt service in the operating budget should be excluded from the benchmark funding calculation.

To compare “apples to apples,” all the non-apples must be removed from the basket. Each state funding system is unique in some way, and it is difficult to consider all the nuances that public policy makers include in appropriations. To ensure the best possible comparisons between institutions, those items that are unique should be removed.

RECOMMENDATION 2:

All state appropriations for Agriculture Experiment Stations, Engineering Experiment Stations, and Cooperative Extension Services should be excluded from the benchmark funding calculation.

Not all the institutions in either the University of Kentucky’s or the University of Louisville’s benchmark comparison group have experiment stations or cooperative extension services. To improve the comparability of per student funding, then it is logical to remove these revenues from the comparison.

RECOMMENDATION 3:

State and local appropriations for continuing education programs should not be excluded from the benchmark funding calculation.

This recommendation is made because many of the benchmark institutions include state appropriations for continuing education programs in either the Instruction program area, or in Auxiliary Enterprises. Other institutions include those resources in the Public Service program. If funds are excluded in only some of the cases, then the treatment would be inconsistent.

RECOMMENDATION 4:

Only state appropriations for mandated research and public service programs that meet the materiality criterion should be excluded from the benchmark calculations for four-year institutions, and state and local appropriations for the two-year institutions.

Some of the responding institutions, and some of the Kentucky institutions, included all state appropriations for mandated research and public service activities, whether or not the revenues for those activities were at least \$25 per student. Other institutions followed the instructions. To be consistent in the treatment of these activities, only those that meet the materiality criterion at the activity level should be considered. As a result of this recommendation, the only activities recommended for exclusion were those that met the materiality criterion. As a result of applying this criterion, the following activities would not be excluded:

Northern Kentucky University:	Environmental Resource Management Center Small Business Development Center Local Government Law Center Technical Services Institute Governor's Scholars Program Elderhostel Community Education
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University of Louisville:	Labor Management Center Glasgow Residency Program State Autism Center Kentucky Cancer Program Area Health Education Center
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RECOMMENDATION 5:

Determination of whether to exclude from the benchmark calculation state appropriations for mandated research and public service programs other than Agriculture Experiment Stations, Engineering Experiment Stations, and Cooperative Extension Services should be made on a case by case basis applying the criteria set forth in the survey.

Examination of each item will determine whether the activity actually is unique, and would hinder comparability. As a result of this recommendation, certain activities of the Kentucky institutions that may meet the materiality criterion, would not be excluded from the calculation. This includes the following activities:

Morehead State University

Kentucky Folk Art Center

RECOMMENDATION 6:

Only state and local appropriations for debt service made to the operating budgets of institutions should be excluded from the benchmark calculations.

Each state has something unique about the way in which it funds (or does not fund) debt service. Some provide state appropriations for all state (and university) debt service through a separate capital budget earmarked for each agency but not reported in the IPEDS financial survey. Other states are precluded by state law from issuing debt, and use “pay-as-you-go” methods of constructing/renovating/repairing buildings. In this case, there is no debt to service. Yet other states provide appropriations for debt service through a state-wide coordinating agency. Because there are so many unique circumstances in debt service appropriations, the only way to be consistent is to exclude all debt service appropriations to the operating budget from the calculation of comparable funding per student.

RECOMMENDATION 7:

For each Kentucky college or university, state appropriations for debt service per full-time equivalent student should be subtracted from the comparison public funds per student.

CHAPTER 1.0
INTRODUCTION AND BACKGROUND

1.0 INTRODUCTION AND BACKGROUND

1.1 Introduction

The passage of House Bill 1 in 1997 committed the Commonwealth of Kentucky to a bold restructuring of the governance and structure of its system of postsecondary education. The primary goal of this legislation was, and is, to establish a high performance system that will enhance the state's future economic well-being. In addition to creating a new Council on Postsecondary Education and a separate system for the Commonwealth's community and technical colleges, the legislation eliminated the funding formula that had been used to develop previous operating budget requests. The ultimate goal was to move toward the development of a funding model that both provided a competitive level of funding for the state's postsecondary institutions while creating an environment where high quality and performance were rewarded.

In 1998-99, Council staff developed a proposal to establish a benchmark funding process to replace the old funding formula for use in developing the Council's 2000-02 operating budget recommendations. The goal of this new approach is to provide a per student level of state support to each Kentucky institution that is comparable to that received by a set of out-of-state peer or "benchmark" institutions.

A benchmark process work group was established that developed a draft set of peer selection criteria that were analyzed and refined throughout the spring of 1999. A final listing of the benchmark institutions for each Kentucky institution, to be used for the 2000-02 biennium, was adopted in the summer of 2001. A list of the adopted benchmark institutions for the universities is presented in Exhibit 1-1. Although the list of peers for the seven Kentucky universities totals 147 colleges and universities in other states, there are only 106 unique institutions due to overlaps across the lists.

The approach to benchmarking is slightly different for the Kentucky Community and Technical College System. Instead of naming individual colleges in other states, all two-year colleges in nine other states are to be used for analysis. The nine states are Arkansas, Connecticut, Iowa, Minnesota, North Carolina, Ohio, South Carolina, Tennessee, and Virginia, and include 239 technical and community colleges.

The benchmark model for Lexington Community College is based on 19 individual colleges, similar to the procedure used by the universities, and those peer colleges also are listed in Exhibit 1-1.

**EXHIBIT 1-1
2000-02 BENCHMARK COLLEGES AND UNIVERSITIES LIST**

Benchmark Institution	State	LCC	EKU	KSU	MoSU	MuSU	NKU	WKU	UK	UL
Jacksonville St U	AL				1					
Jefferson State CC	AL	1								
U Alabama Birmingham	AL									1
U Arkansas Little Rock	AR		1				1	1		
U Arkansas Pine Bluff	AR			1						
U Arizona	AZ								1	
California St U Bakersfield	CA			1						
California St U Fresno	CA		1					1		
California St U Hayward	CA						1			
California St U San Bernardino	CA						1			
Evergreen Valley College	CA	1								
U California Los Angeles	CA								1	
Fort Lewis C	CO			1						
C Connecticut St U	CT				1	1	1			
Florida A&M U	FL					1				
Polk Community College	FL	1								
Manatee Community College	FL	1								
U Florida	FL								1	
U South Florida	FL									1
U West Florida	FL					1				
Albany St U	GA			1						
U Georgia	GA								1	
Kapiolani CC	HI	1								
U Iowa	IA								1	
U No Iowa	IA		1					1		
E Illinois U	IL		1		1			1		
Illinois St U	IL		1					1		
Prairie State College	IL	1								
S Illinois U Edwardsville	IL					1				
U Illinois Chicago	IL									1
U Illinois Urbana	IL								1	
W Illinois U	IL		1			1		1		

EXHIBIT 1-1 (Continued)
2000-02 BENCHMARK COLLEGES AND UNIVERSITIES LIST

Benchmark Institution	State	LCC	EKU	KSU	MoSU	MuSU	NKU	WKU	UK	UL
Ball State U	IN		1			1		1		
Indiana St U	IN		1			1	1	1		
Indiana U Purdue U Indianapolis	IN									1
Purdue U Main	IN								1	
Pittsburg St U	KS				1					
Wichita St U	KS						1			
Bridgewater State	MA						1			
Bunker Hill Community C	MA	1								
N Adams St C	MA			1						
U Massachusetts Boston	MA						1			
Baltimore City CC	MD	1								
Frederick CC	MD	1								
Morgan St U	MD			1						
U Maryland College Park	MD								1	
E Michigan U	MI		1					1		
N Michigan U	MI		1	1	1			1		
Oakland U	MI						1			
U Michigan Ann Arbor	MI								1	
Wayne St U	MI									1
Normandale CC	MN	1								
U Minnesota Twin Cities	MN								1	
C Missouri St U	MO		1		1	1		1		
Lincoln U	MO			1						
SE Missouri St U	MO		1		1	1		1		
Truman St U	MO			1						
U Missouri St. Louis	MO						1			
U Missouri Columbia	MO									1
U Missouri Kansas City	MO									1
Jackson St U	MS			1						
Appalachian St U	NC		1					1		
Fayetteville St U	NC			1						
North Carolina A&T St U	NC			1						
North Carolina Central U	NC			1						
North Carolina St U	NC								1	
U North Carolina Asheville	NC			1						
U North Carolina Chapel Hill	NC								1	
U North Carolina Charlotte	NC						1			
U North Carolina Greensboro	NC		1			1		1		
U North Carolina Pembroke	NC			1						
W Carolina U	NC		1		1	1		1		
U Nebraska Kearney	NE				1					
Kean U	NJ						1			
Hudson County CC	NJ	1								
Ramapo College of NJ	NJ			1						
Rowan U	NJ				1		1			
U Nevada Las Vegas	NV						1			
U Nevada Reno	NV									1
SUNY Buffalo	NY									1
SUNY College Brockport	NY				1					
Dutchess CC	NY	1								
SUNY College Oswego	NY				1					
SUNY College Plattsburgh	NY				1					
SUNY Stony Brook	NY									1

EXHIBIT 1-1 (Continued)
2000-02 BENCHMARK COLLEGES AND UNIVERSITIES LIST

Benchmark Institution	State	LCC	EKU	KSU	MoSU	MuSU	NKU	WKU	UK	UL
U of Akron Main	OH						1			
Bowling Green St U Main	OH		1					1		
Ohio St U Main	OH								1	
U Cincinnati Main	OH									1
W Chester St U	OH		1							
Wright St U	OH					1				
Youngstown St U	OH		1				1	1		
SE Oklahoma St U	OK			1						
Portland St U	OR						1			
California U Pennsylvania	PA				1	1				
Clarion U Pennsylvania	PA				1					
Indiana U Pennsylvania	PA					1				
Millersville U Pennsylvania	PA				1					
Pennsylvania St U Main	PA								1	
Shippensburg U Pennsylvania	PA					1				
Slippery Rock U Pennsylvania	PA					1				
Temple U	PA									1
U Pittsburgh Main	PA									1
West Chester U Pennsylvania	PA		1		1		1	1		
South Carolina St U	SC			1						
Midlands Technical C	SC	1								
U South Carolina Columbia	SC									1
Tennessee Tech U	TN					1				
Pellissippi St Technical CC	TN	1								
Shelby St CC	TN	1								
U Tennessee Chattanooga	TN					1				
Texas A&M U Corpus Christi	TX				1					
Texas A&M U Main	TX								1	
El Centro College	TX	1								
U Texas Austin	TX								1	
George Mason U	VA						1			
J Sargeant Reynolds CC	VA	1								
U Virginia Main	VA								1	
Virginia Commonwealth U	VA									1
Virginia St U	VA			1						
E Washington U	WA				1	1				
South Puget Sound CC	WA	1								
Tacoma CC	WA	1								
U Washington	WA								1	
U Wisconsin Madison	WI								1	
TOTAL		19	19	19	19	19	19	18	19	15

As in any new funding model, the initial implementation revealed the need for various refinements to be undertaken prior to the next biennium (2002-04). Among these refinements, the Council, universities, and community and technical college system presidents agreed that state funded mandated research and public service programs as well as state funded debt service should be excluded from the benchmark funding process. It was subsequently determined that a survey of both Kentucky institutions and their benchmark institutions should be conducted to identify specifically the state general fund amounts reported for these activities through the IPEDS finance survey, which serves as the basis for the benchmark funding approach. Institutions had to be surveyed because the current IPEDS finance survey, while extremely useful for inter-institutional comparisons, does not collect data at a sufficient level of detail to permit this refined level of analysis.

The Council intends to use the results of this survey in developing its funding recommendations for the 2002-04 biennium. To conduct the survey, the Council contracted with MGT of America, Inc., a national, public sector, consulting firm that specializes in higher education. This report presents the findings of the study. Chapter 1 provides an introduction, overview, and explanation of the methodology used in the study. Chapter 2 reports on the results of the survey, and is organized into sections for each of the senior institutions, Lexington Community College, and the technical and community college sector. Chapter 3 provides a summary and recommendations for inclusion of the survey results into the funding model for the 2002-04 biennium. Appendix A includes a copy of the survey used to collect data from the Kentucky and benchmark institutions.

Because the results of this study will be used in determining funding for the Kentucky public colleges and universities, all parties involved must have confidence in the accuracy and comparability of the data. Therefore, one objective of the study was to ensure that data were comparable and accurate.

1.2 Study Methodology

The methodology for the study had seven tasks:

- **Task One:** Initiate Project Activity
- **Task Two:** Design Survey Of Mandated Programs
- **Task Three:** Design Survey Of General Fund Debt Service
- **Task Four:** Conduct Survey Of Mandated Programs
- **Task Five:** Conduct Survey Of General Fund Debt Service
- **Task Six:** Issue Written Report Of Findings And Recommendations
- **Task Seven:** Present Findings And Recommendations To Council

The Council set forth an aggressive schedule for this project where the survey instrument was developed and approved by July 30, 2001, and MGT completed the data collection and analysis by October 15, 2001. MGT also developed recommendations on how the survey results should be incorporated into the benchmark funding model.

The first task of the study was to finalize a detailed work plan. MGT project staff met with the Council Project Officer and staff to introduce project leaders and to review the proposed methodology and work plan to ensure that each component was relevant to the needs of the Council. In addition, MGT obtained copies of relevant background materials, and then revised methodology and work plan as appropriate based on discussions with Project Officer and review of background materials.

The next tasks involved review of the current working draft definition of mandated programs used by the Council and an evaluation for clarity across different state and institutional settings. MGT reviewed with Council staff definitions used in similar data

collection programs, such as our studies for other state systems and the SREB Data Exchange. In conjunction with the Council staff and universities, MGT developed criteria for assessing alternative definitions that might be used in a survey on mandated research and public service programs. From that discussion, MGT recommended a definition of mandated programs for use in the survey and study.

At the same time, similar steps were followed for the debt service component of the study: review the current working draft definition of general fund debt service used by Council and evaluate for clarity across different state and institutional settings; review definitions used in similar data collection programs, such as our studies for other state systems, SHEEO, and the SREB Data Exchange; develop criteria for assessing alternative definitions for use in survey; recommend definition of general fund debt service for use in the survey; and revise definition and instrument based on discussions with Project Officer and Council and institutional staff.

Next, we created a data collection instrument that solicited the required information from benchmark institutions. After review of the recommended data collection instrument by the Council Project Officer and staff, Council staff met with the university budget officers (CBOs). The definitions and instrument were revised based on those discussions.

Following review and approval of the survey instrument, MGT staff distributed the survey to all 361 benchmark institutions, or to their governing boards. MGT staff contacted each benchmark institution to identify the most appropriate officials to serve as respondents. (This activity was performed while the survey instrument was still being developed, so the project could be completed within very tight time constraints.) The survey/information request was sent to identified contacts via email or through U.S. mail, when necessary. After several days, follow-up emails were sent to serve as reminders and also as offers of assistance on any confusion of terms used in the survey.

MGT staff continued to monitor the survey responses and contact non-respondents by telephone or fax to generate as complete as possible a response from all benchmark institutions. MGT sought clarification of questionable responses through follow-up with the contact person at the benchmark institution, contact with other knowledgeable officials (e.g., the local SHEFO) and/or comparison to external sources of similar data.

To assist in getting responses from as many of the benchmark institutions as possible, only one survey containing requests for information on both mandated programs and debt service, was sent to each benchmark institution. From the survey responses, MGT compiled a comprehensive listing of mandated programs that have been identified by the benchmark and Kentucky institutions, and the associated “budgets.” From this listing, then, MGT recommended programs and amounts to be recognized as “mandated programs” for use in the Council funding model. Similarly, MGT compiled lists of which institutions (and states) provide general fund appropriation support for debt service.

In the next stage, MGT used the survey results to recommend programs and amounts to be recognized as “mandated research or public service programs” or “general fund debt service” for use in the Council funding model, and to identify the issues associated with mandated programs and general fund debt service as they impact the Council funding model. The results are discussed in detail in the following sections of the report.

CHAPTER 2.0
SURVEY AND RESULTS

2.0 SURVEY AND RESULTS

2.1 Survey Methodology

MGT worked closely with the staff of the Kentucky Council and with an oversight committee composed of a senior financial officer from each institution to develop a survey instrument. Council staff and the committee discussed alternatives for defining “mandated programs” and “debt service” as well as the specifics of the survey instrument that was used to collect information both from the Kentucky colleges and universities and from the benchmark institutions. The survey instrument is included as Appendix A.

MGT created a web-based survey to gain the needed information on mandated programs and debt service from the institutions. This approach made the data collection process faster and created a greater sense of urgency for submitting responses. Also, the chance of improperly recording data is minimized if no re-keying of hard copy submissions is required.

MGT staff used their extensive contacts in colleges and universities across the nation to ensure the highest possible response rate, and documented and validated all information received from benchmark institutions for inclusion in the database. The project required building a large database with information coming from many different sources. Some of the data are likely to be subject to challenge. These circumstances require close attention to quality control in the creation and maintenance of the database.

Where necessary to ensure an acceptable response rate, data were collected from the State Higher Education Finance Officers (SHEFO), and from the Integrated Postsecondary Education Data System (IPEDS) surveys of student enrollment and

finance information. A total of 361 benchmark institutions received surveys and data were obtained for 360 or 99.7 percent.

Results of the survey are discussed for each institution in the sections below. A summary is provided in Chapter 3. In these discussions, full-time equivalent students are calculated as the sum of the full-time headcount students plus one-third the part-time students. For the purposes of this survey, **Research** includes funds to be expended for activities specifically organized to produce non-instructional research outcomes, including Agricultural and Engineering Experiment Stations. **Public Service** includes funds to be expended to provide non-instructional services beneficial to groups external to the institution. “**Mandated research or public service** activities” are defined as those that must have an external legal mandate, either through statute, resolution, or executive order (e.g., state law requiring maintenance of an arboretum on campus) and receive appropriations greater than \$25 per FTE student. Also, the activities should meet most of the following criteria:

- the activity is not integral to the “instructional” mission of the institution;
- the activity is relatively unique among institutions in the state (e.g., cooperative extension service or agriculture experiment station);
- the activity is “program-funded” or has a specific line item appropriation for carrying out its purposes (e.g., State Institute for Research on Exceptional Children);
- the activity could be operated by an agency other than a state college or university (e.g., running the state’s Natural History Museum);
- the activity is funded primarily with state general funds appropriations (do not include activities that are funded primarily by other sources of revenue such as state contracts or grants).

For this study, **debt service** is defined as state general funds appropriated directly to the institution for servicing principal and interest on debt issued for land, equipment, or buildings.

2.2 University of Kentucky

The University of Kentucky is the land-grant institution for the state of Kentucky, and therefore, houses the Agriculture Experiment Station (AES) and the Cooperative Extension Service (CES) for Kentucky. In addition, the University has medical and dental schools. The University of Kentucky has 19 benchmark institutions to which it is compared. Not all of the benchmarks are land-grant institutions or have medical schools. The benchmark institutions for the University of Kentucky are displayed in Exhibit 2-1, along with the number of FTE students enrolled in FY 1998-99.

In the fall of 1998, the University of Kentucky enrolled 23,707 headcount students, compared to a benchmark average of 36,642. Similarly, the University of Kentucky enrolled 20,055 FTE students and the benchmark institutions enrolled an average of 32,675 FTE students. The University of Kentucky is smaller than the average peer institution. Also displayed in Exhibit 2-1 are total state appropriations, the amounts received from tuition and fee revenues, the amounts appropriated for mandated research and public service programs, and any amounts appropriated in the operating budget for debt service. The only amounts shown for mandated research and public service programs for the benchmark institutions are amounts that met the materiality criterion of \$25 per FTE student. For example, the University of Arizona received a special state appropriation of \$90,000 for a poison control center, which was not included since UA's materiality number is more than \$700,000.

The University of Kentucky reported state appropriations for mandated research and public service activities as well as for debt service. Those benchmark institutions reporting state appropriations for mandated research or public service activities are listed in Exhibit 2-1, also.

EXHIBIT 2-1
FY 1998-99 REVENUES FOR MANDATED RESEARCH AND
PUBLIC SERVICE PROGRAMS AND DEBT SERVICE
UNIVERSITY OF KENTUCKY AND BENCHMARK INSTITUTIONS

	FTEs	State Appropriations	Tuition and Fee Revenues	Total Public Funds	State Apps. & Tuition per FTE	App. For Mandated Research	Mandated Research Programs Included	Approp. Mandated Public Service	Mandated Research Programs Included	State Approp. For Debt Service
University of Arizona	29,132	314,081,496	150,165,216	464,246,712	15,936	18,933,500	A	18,933,500	B	0
University of California-Los Angeles	34,634	499,237,000	222,499,000	721,736,000	20,839	0		0		0
University of Florida	38,725	491,400,000	121,858,000	613,258,000	15,836	40,154,310	A, D	28,926,318	B	0
University of Georgia	27,304	402,227,259	114,533,850	516,761,109	18,926	48,340,173	A, E, F, G, H	36,832,375	B, I	0
University of Iowa	24,558	256,940,802	122,949,500	379,890,302	15,469	0		0		0
University of Illinois-Urbana	35,418	299,367,956	194,217,194	493,585,150	13,936	21,050,000	A	21,050,000	B	0
Purdue University-Main Campus	35,030	251,097,949	214,491,485	465,589,434	13,291	7,053,155	A	4,333,963	B	18,429,026
University of Maryland-College Park	28,181	302,000,000	178,600,000	480,600,000	17,054	0		0		0
University of Michigan-Ann Arbor	34,833	329,894,187	458,456,877	788,351,064	22,632	0		0		0
University of Minnesota- Twin Cities	35,520	531,208,182	233,641,547	764,849,729	21,545	33,501,312	A, C	19,380,879	B	0
North Carolina State University - Raleigh	22,719	335,471,223	78,932,381	414,403,604	18,241	48,611,758	A	36,511,931	B	0
University of North Carolina at Chapel Hill	21,386	382,372,000	110,400,000	492,772,000	23,041	0		0		0
Ohio State University- Main Campus	42,580	384,064,304	297,458,231	681,522,535	16,006	0		0		0
Pennsylvania State University -Main Campus	38,459	218,221,801	334,483,029	552,704,830	14,371	21,565,000	A	23,276,000	B	0
Texas A&M University Main Campus	40,554	376,762,793	189,850,313	566,613,106	13,972	64,121,212	A, C	52,547,499	B, J	0
University of Texas-Austin	44,988	255,448,122	220,778,478	476,226,600	10,586	0		0		8,540,997
University of Virginia-Main Campus	19,405	136,484,095	163,487,503	299,971,598	15,458	0		0		0
University of Washington	31,177	286,246,000	219,523,000	505,769,000	16,223	5,889,000	D, K	0		0
University of Wisconsin-Madison	36,228	364,789,020	242,951,501	607,740,521	16,775	9,887,116	A, D, L	12,745,946	B, M, N	33,427,241
Average	32,675	337,665,275	203,570,951	541,399,542	16,619	16,795,081		13,828,397		3,178,803
U of Kentucky	20,555	278,515,934	99,937,014	378,452,948	18,412	22,807,200	A, K	36,130,800	B, K, N, O, P, Q, R	12,010,900

A = Agriculture Experiment Station. B = Cooperative Extension Service. C = Engineering Experiment Station. D = Other Research Centers. E = Forestry Research. F = Marine Institute. G = Veterinary Medicine Experiment Station. H = Veterinary Medicine Agriculture Research. I = Marine Extension Service. J = Engineering Extension Service. K = Medical Aid/Rural Health. L = Biotechnology Transfer. M = State Hygiene Laboratory. N = Business/Manufacturing Extension Service. O = Agriculture Public Service. P = Livestock Disease Laboratory. Q = Geological Survey. R = University Press.

Exhibit 2-2 displays a listing of the mandated research and public service programs reported by the benchmark institutions. Also listed are the benchmarks that report state-funded debt service. During FY 1998-99, the benchmarks reported expending \$271,970,771 for Agriculture Experiment Stations, and \$48,005,765 for other mandated research programs, a total of \$319,976,536, or \$515 per full-time equivalent student. Several of these programs reported by the benchmarks did not meet the materiality criterion and were excluded from the numbers shown in Exhibit 2-1.

EXHIBIT 2-2
LISTING OF MANDATED PROGRAMS AND STATE-FUNDED DEBT SERVICE
UNIVERSITY OF KENTUCKY BENCHMARK INSTITUTIONS

RESEARCH PROGRAMS	PUBLIC SERVICE PROGRAMS	INSTITUTIONS WITH STATE FUNDED DEBT SERVICE
Agriculture Experiment Station Engineering Experiment Station Veterinary Medicine Experiment Station Veterinary Medicine Agriculture Research Industrial and Economic Development Agricultural Research Biotechnology Transfer Prostate Cancer Research Diabetes Research Fishery Resource Forestry Research Marine Institute Center for Governmental Studies Youth Gang Prevention Experimental Farm and State Arboretum	Cooperative Extension Service Marine Extension Service Continuing Education Business and Manufacturing Extension State Laboratory of Hygiene Death Investigation Medical Aid Foundation for the Humanities Area Health Education Center (AHEC) Minority Business Enterprises Veterinary Laboratories	Purdue University – Main Campus University of Texas Austin University of Wisconsin – Madison

For mandated public service programs, in FY1999 the benchmark institutions expended a total of \$348,301,686, or \$561 per full-time equivalent student, from a combination of state and local appropriations. Purdue University and the University of Georgia received local appropriations for operation of Cooperative Extension Services. In contrast, the University of Kentucky expended a total of \$36,130,800, or \$1,758 per student in FY1999.

University of Kentucky also received state appropriations within the operating budget for debt service in FY1999 totaling over \$12.0 million (\$618 per FTES) in FY1999. The benchmark institutions reported state appropriations for debt service within their operating budgets totaling \$60,397,264 or \$97 per FTE student in FY1999.

2.3 University of Louisville

The University of Louisville is an urban institution located in Kentucky's largest metropolitan area. The University has three campuses, including a medical center and hospital. The University of Louisville has 15 benchmark institutions to which it is compared, all of which have or are medical campuses. Two of the benchmarks, the University of Missouri at Columbia and the University of Nevada Reno, are land-grant institutions. The benchmark institutions for the University of Louisville are displayed in Exhibit 2-3, along with the number of FTE students enrolled in FY 1998-99.

Also displayed in Exhibit 2-3 are the total state appropriations, the amounts received from tuition and fee revenues, the amounts appropriated for mandated research and public service programs, and any amounts appropriated in the operating budget for debt service. The only amounts shown for mandated research and public service programs for the benchmark institutions are amounts that met the materiality criterion of \$25 per FTE student. Many of the institutions responding to the survey had special state appropriations for mandated programs that are not included because the amounts did not meet the materiality criterion of \$25 per student. University of Louisville reported receiving state appropriations for public service programs and debt service.

In the fall of 1998, the University of Louisville enrolled 20,195 headcount students, compared to a benchmark average of 23,324, and in fall 1998 UL enrolled 15,242 full-time equivalent students, compared to a benchmark average of 18,111. The University of Louisville is smaller than the average benchmark institution.

EXHIBIT 2-3
FY 1998-1999 REVENUES FOR MANDATED RESEARCH AND
PUBLIC SERVICE PROGRAMS AND DEBT SERVICE
UNIVERSITY OF LOUISVILLE AND BENCHMARK INSTITUTIONS

Institution	FTES	State Appropriations	Tuition and Fee Revenues	Total Public Funds	State Apps. & Tuition per FTE	App. For Mandated Research	Mandated Research Programs Included	Approp. Mandated Public Service	Mandated Research Programs Included
University of Alabama-Birmingham	11,731	192,913,419	59,112,788	252,026,207	21,483	0		0	
University of South Florida	23,236	267,495,432	74,820,888	342,316,320	14,732	6,255,355	D	0	
University of Illinois-Chicago	21,346	322,480,500	78,252,500	400,733,000	18,773	0		0	
Indiana University-Purdue University-Indianapolis	18,920	168,409,487	98,385,491	266,794,978	14,101	0		0	
Wayne State University	20,295	231,476,455	102,748,232	334,224,687	16,468	9,297,042	K, L, N	708,638	K
University of Missouri – Kansas City	7,507	75,204,261	72,921,000	148,125,261	19,731	0		0	
University of Missouri – Columbia	20,499	185,142,218	136,118,966	321,261,184	15,672	15,563,026	A, M	9,536,757	B, K
University of Nevada-Reno	9,070	119,689,000	34,306,378	153,995,378	16,978	5,837,000	A	6,455,000	B, M
SUNY at Buffalo	19,691	258,742,671	100,114,017	358,856,688	18,224	0		0	
SUNY at Stony Brook	15,648	201,767,789	72,120,452	273,888,241	17,503	2,469,422	F	0	
University of Cincinnati-Main Campus	22,653	172,770,174	146,699,597	319,469,771	14,103	2,684,196	D	0	
Temple University	21,211	153,232,000	210,753,000	363,985,000	17,160	0		0	
University of Pittsburgh-Main Campus	21,914	158,205,000	206,489,000	364,694,000	16,642	0		0	
University of South Carolina-Columbia	20,477	165,499,906	112,468,600	277,968,506	13,575	0		0	
Virginia Commonwealth University	17,465	156,299,295	91,810,307	248,109,602	14,206	500,000	D	0	
Average	18,111	188,621,840	106,474,748	295,096,588	16,294	2,895,117		1,113,360	
University of Louisville	15,242	161,048,000	67,009,000	228,057,000	14,962	0		16,322,100	S, T

A = Agriculture Experiment Station. B = Cooperative Extension Service. C = Engineering Experiment Station. D = Other Research Centers. E = Forestry Research. F = Marine Institute. G = Veterinary Medicine Experiment Station. H = Veterinary Medicine Agriculture Research. I = Marine Extension Service. J = Engineering Extension Service. K = Medical Aid/Rural Health. L = Biotechnology Transfer. M = State Hygiene Laboratory. N = Business/Manufacturing Extension Service. O = Agriculture Public Service. P = Livestock Disease Laboratory. Q = Geological Survey. R = University Press. S = Hospital. T = State Data Center.

Exhibit 24 displays a listing of the mandated research and public service programs reported by the benchmark institutions. None of the benchmark institutions reported state-funded debt service in the operating budget. During FY1999, the University of Louisville received a total of \$228.1 million from state appropriations and tuition and fee revenues, or \$14,962 per FTES compared to the benchmark average of \$16,294 per student.

EXHIBIT 2-4
LISTING OF MANDATED PROGRAMS AND STATE-FUNDED DEBT SERVICE
UNIVERSITY OF LOUISVILLE BENCHMARKS

RESEARCH PROGRAMS	PUBLIC SERVICE PROGRAMS	INSTITUTIONS WITH STATE FUNDED DEBT SERVICE
Agriculture Experiment Station Center on Urban Development Labor Center Massey Center Psychiatric Lab Molecular Medicine Manufacturing Research Chemical Toxicology Research Administration Center on Aging Research Challenge Phosphate Research Sea Grant Institute of Mental Health	Cooperative Extension Service Autism Program Executive Institute Gang Prevention Project Jobs Challenge Kidney Program State Health Laboratory Psychiatric Public Service College Day	NONE

During FY 1998-99, the benchmarks reported expending \$19.0 million for Agriculture Experiment Stations, and \$24.4 million for other mandated research programs, a total of \$43,426,750, or \$160 per full-time equivalent student. The University of Louisville had no mandated research expenditures during FY1999. For mandated public service programs, in FY1999 the benchmark institutions expended a total of \$17,605,046 from state appropriations, or an average of \$1,113,360. The University of Louisville expended a total of \$16,322,100 in FY1999. University of Louisville also received state appropriations within the operating budget for debt service in FY1999 totaling over \$11.3 million while the benchmark institutions did not report any state appropriations for debt service within their operating budgets.

2.4 Eastern Kentucky University

Eastern Kentucky University is a comprehensive regional university serving central, eastern, and southeastern Kentucky. Eastern Kentucky has 18 benchmark institutions to which it is compared, which are displayed in Exhibit 2-5, along with the number of FTE students enrolled in FY 1998-99. Also displayed in Exhibit 2-5 is the total state appropriation, the amount received from tuition and fee revenues, the amounts appropriated for mandated research and public service programs, and any amounts appropriated in the operating budget for debt service.

In the fall of 1998, Eastern Kentucky University enrolled 15,366 headcount students, compared to a benchmark average of 13,363 and ECU enrolled 12,456 full-time equivalent students, compared to a benchmark average of 11,166. ECU is larger than the average benchmark institution. In FY1999 ECU received \$7,869 per FTE student from public funds while the benchmark institutions reported receiving \$10,262 (as reported in the IPEDS financial survey).

None of the benchmark institutions or Eastern Kentucky reported any funding that met the materiality criterion for either mandated research or public service programs in FY1999. ECU received \$5.3 million for debt service or \$426 per FTE student and West Chester University received \$1.5 million in FY1999.

EXHIBIT 2-5
FY 1998-99 REVENUES FOR MANDATED PROGRAMS AND DEBT SERVICE
EASTERN KENTUCKY UNIVERSITY AND BENCHMARK INSTITUTIONS

	Head-count	FTEs	State Appropriations	Tuition and Fees	Total Public Funds	Public Funds/ FTEs	Approp. For Debt
University of Arkansas at Little Rock	10,487	7,309	43,650,464	26,868,735	70,519,199	9,648	0
California State University-Fresno	18,101	15,124	126,843,386	40,556,755	167,400,141	11,069	0
University of Northern Iowa	13,545	11,863	89,003,469	37,447,252	126,450,721	10,659	0
Eastern Illinois University	11,735	10,437	59,110,327	36,934,538	96,044,865	9,202	0
Illinois State University	20,394	18,171	106,567,152	71,173,814	177,740,966	9,781	0
Western Illinois University	12,610	10,447	55,108,605	31,179,705	86,288,310	8,260	0
Ball State University	18,924	16,764	124,457,576	78,624,797	203,082,373	12,114	0
Indiana State University	10,970	9,340	78,158,781	34,850,561	113,009,342	12,100	0
Eastern Michigan University	22,463	16,010	79,863,515	76,927,600	156,791,115	9,793	0
Northern Michigan University	7,779	6,666	47,247,801	24,029,336	71,277,137	10,693	0
Central Missouri State University	10,763	8,596	54,303,804	27,471,430	81,775,234	9,513	0
Southeast Missouri State University	8,487	6,709	44,817,277	23,631,675	68,448,952	10,203	0
Appalachian State University	12,904	11,819	75,921,609	34,084,981	110,006,590	9,307	0
University of North Carolina at Greensboro	12,995	10,392	82,285,336	31,680,580	113,965,916	10,967	0
Western Carolina University	6,534	5,634	50,178,359	11,504,989	61,683,348	10,948	0
Bowling Green State University-Main Campus	17,735	15,929	75,148,103	99,979,560	175,127,663	10,994	0
Youngstown State University	12,533	10,090	46,802,964	44,901,625	91,704,589	9,089	0
West Chester University of Pennsylvania	11,578	9,692	40,591,993	50,677,724	91,269,717	9,417	1,511,911
AVERAGE	13,363	11,166	71,114,473	43,473,648	114,588,121	10,262	83,995
Eastern Kentucky University	15,366	12,456	63,791,500	34,223,763	98,015,263	7,869	5,309,600

2.5 Kentucky State University

Kentucky State University is the 1890 land grant institution for Kentucky. Because of this designation, KSU has some agriculture outreach programs. Kentucky State University has 19 benchmark institutions to which it is compared and which are displayed in Exhibit 2-6, along with the number of headcount students and FTE students enrolled in FY 1998-99. Also displayed in Exhibit 2-6 are total state appropriations, the amounts received from tuition and fee revenues, the amounts appropriated for mandated research and public service programs, and any amounts appropriated in the operating budget for debt service. Kentucky State University reported state appropriations for debt service.

In the fall of 1998, Kentucky State University enrolled 2,302 headcount students, compared to a benchmark average of 4,694; and KSU enrolled 1,855 full-time equivalent students compared to the benchmark average of 3,964 FTE students. Kentucky State University is smaller than the average benchmark institution.

From a combination of state appropriations and tuition and fee revenues, the average benchmark institution received \$10,431 per FTES in FY1999, compared to \$14,467 for KSU. Only one benchmark institution, UNC - Asheville, reported a mandated program, an arboretum that is a public service activity. None of the benchmarks reported any state appropriations for debt service. Kentucky State received \$2.2 million in both FY1999 and FY2000 for debt service, which is equivalent to \$1,198 per FTE student in FY1999, and \$1,143 per student in FY2000.

EXHIBIT 2-6
KENTUCKY STATE UNIVERSITY AND BENCHMARK INSTITUTIONS

	Head-count	FTES	State Appropriations	Tuition and Fees	Total Public Funds	Public Funds/ FTES	Approp. For Public Service
University of Arkansas - Pine Bluff	3,069	2,786	17,549,142	6,832,166	24,381,308	8,752	0
California State University-Bakersfield	5,594	4,475	42,544,193	13,430,937	55,975,130	12,509	0
Fort Lewis College	4,260	3,973	14,685,530	12,078,855	26,764,385	6,736	0
Albany State University	3,200	2,660	18,359,367	7,622,790	25,982,157	9,768	0
North Adams State College	1,628	1,327	12,439,485	5,247,650	17,687,135	13,332	0
Morgan State University	6,141	5,469	38,358,243	26,200,746	64,558,989	11,805	0
Northern Michigan University	7,779	6,666	47,247,801	24,029,336	71,277,137	10,693	0
Lincoln University	3,214	2,351	15,505,955	7,203,871	22,709,826	9,658	0
Truman State University	6,439	6,208	39,234,503	26,929,908	66,164,411	10,658	0
Jackson State University	6,292	5,496	35,961,042	20,364,208	56,325,250	10,248	0
Fayetteville State University	4,373	3,326	27,566,375	6,394,473	33,960,848	10,212	0
North Carolina A&T State University	7,465	6,561	57,316,657	17,273,878	74,590,535	11,369	0
North Carolina Central University	5,743	4,562	42,390,834	10,391,224	52,782,058	11,569	0
University of North Carolina at Asheville	3,175	2,616	23,904,879	5,195,173	29,100,052	11,122	1,741,718
University of North Carolina at Pembroke	3,086	2,452	22,303,816	3,588,307	25,892,123	10,560	0
Ramapo College of New Jersey	4,812	3,524	23,837,000	16,236,000	40,073,000	11,371	0
Southeastern Oklahoma State University	3,783	3,189	14,823,626	6,935,887	21,759,513	6,823	0
South Carolina State University	4,795	4,175	28,476,815	13,828,475	42,305,290	10,133	0
Virginia State University	4,341	3,499	20,184,406	13,149,157	33,333,563	9,527	0
AVERAGE	4,694	3,964	28,562,614	12,785,950	41,348,564	10,431	91,669
Kentucky State	2,303	1,855	20,364,100	6,476,306	26,840,406	14,467	0

2.6 Morehead State University

Morehead State University is located in eastern Kentucky, and provides associates, bachelors, and masters degree programs. Morehead has 19 benchmark institutions to which it is compared which are displayed in Exhibit 2-7, along with the number of headcount students and FTE students enrolled in FY 1998-99. Also displayed in Exhibit 2-7 are the total state appropriation amounts, the amounts received from tuition and fee revenues, the amounts appropriated for mandated research and public service programs, and any amounts appropriated in the operating budget for debt service. Morehead State University reported state appropriations for mandated public service activities and for debt service.

In the fall of 1998, Morehead State enrolled 8,263 headcount students, compared to a benchmark average of 8,114, and in fall 1998 MSU enrolled 6,746 full-time equivalent students, compared to a benchmark average of 6,719. Morehead is about the same size as the average benchmark institution.

Among the benchmark institutions, SUNY – Brockport and West Chester University reported receiving state funded debt service in the operating budget of the institution. Morehead State University reported that it received state appropriations for debt service of \$2.1 million or \$232 per full-time equivalent student in FY1999, compared to the benchmark average of \$70 per FTE student in FY1999. As noted earlier, Morehead did report mandated public service programs that did not meet the materiality criterion.

EXHIBIT 2-7
MOREHEAD STATE UNIVERSITY AND BENCHMARK INSTITUTIONS

	Head-count	FTEs	State Appropriations	Tuition and Fees	Total Public Funds	Public Funds/FTEs	Debt Service Approp.
Jacksonville State University	7,618	6,206	26,092,413	19,984,926	46,077,339	7,425	0
Central Connecticut State University	11,686	8,177	52,028,798	36,503,054	88,531,852	10,827	0
Eastern Illinois University	11,735	10,437	59,110,327	36,934,538	96,044,865	9,202	0
Pittsburg State University	6,268	5,383	29,706,092	13,720,112	43,426,204	8,068	0
Northern Michigan University	7,779	6,666	47,247,801	24,029,336	71,277,137	10,693	0
Central Missouri State University	10,763	8,596	54,303,804	27,471,430	81,775,234	9,513	0
Southeast Missouri State University	8,487	6,709	44,817,277	23,631,675	68,448,952	10,203	0
Western Carolina University	6,534	5,634	50,178,359	11,504,989	61,683,348	10,948	0
University of Nebraska-Kearney	6,849	5,796	26,749,984	12,942,129	39,692,113	6,849	0
Rowan College of New Jersey	9,480	7,482	45,193,536	34,854,751	80,048,287	10,699	0
SUNY College-Brockport	8,581	6,737	36,967,943	28,559,041	65,526,984	9,726	7,379,470
SUNY College-Oswego	7,718	6,757	29,701,772	27,631,632	57,333,404	8,485	0
SUNY College-Plattsburgh	5,937	5,354	25,622,010	21,812,791	47,434,801	8,859	0
California University of Pennsylvania	5,800	5,047	29,084,143	23,698,821	52,782,964	10,458	0
Clarion University of Pennsylvania	5,866	5,352	29,933,220	23,861,427	53,794,647	10,051	0
Millersville University of Pennsylvania	7,466	6,254	32,424,076	32,323,228	64,747,304	10,353	0
West Chester University of Pennsylvania	11,578	9,692	40,591,993	50,677,724	91,269,717	9,417	1,511,911
Texas A&M University-Corpus Christi	6,335	4,431	35,802,468	15,415,615	51,218,083	11,559	0
Eastern Washington University	7,688	6,947	39,454,086	29,156,507	68,610,593	9,876	0
Average	8,114	6,719	38,684,742	26,037,565	64,722,307	9,633	467,967
Morehead State University	8,263	6,746	38,812,512	21,102,618	59,915,130	8,882	2,129,000

2.7 Murray State University

Murray State University is located in western Kentucky and includes a school of agriculture. MSU has 19 benchmark institutions to which it is compared and which are displayed in Exhibit 2-8, along with the number of headcount students and FTE students enrolled in FY 1998-99. Also displayed in Exhibit 2-8 are the total state appropriation, the amounts received from tuition and fee revenues, the amounts appropriated for mandated research and public service programs, and any amounts appropriated in the operating budget for debt service. Murray State University reported state appropriations for mandated public service programs and for debt service.

In the fall of 1998, Murray State University enrolled 8,896 headcount students, compared to a benchmark average of 10,358, and MSU enrolled 7,503 full-time

equivalent students, compared to a benchmark average of 8,631. Murray State University is smaller than the average benchmark institution.

In FY1999 Murray State received \$9,699 per FTE student from the combination of state appropriations and tuition and fee revenues, while the average benchmark average amount per student was \$10,511. Wright State University reported receiving \$3.8 million in state appropriations for a research challenge grant while Slippery Rock State University (PA) reported a mandated public service program in the form of an Environmental Center. None of the benchmark institutions reported state appropriations for debt service. Murray State had no mandated research activities, but received \$2,256,000 from state appropriations in FY1999 for the Breathitt Veterinary Center. In addition, MSU received \$3.4 million in FY1999 from state appropriations for debt service.

EXHIBIT 2-8 MURRAY STATE UNIVERSITY AND BENCHMARK INSTITUTIONS

	Head-count	FTEs	State Appropriations	Tuition and Fees	Total Public Funds	Public Funds/FTEs	Res/Public Service Approp.
Central Connecticut State University	11,686	8,177	52,028,798	36,503,054	88,531,852	10,827	0
Florida A&M University	11,828	10,511	82,155,594	40,172,021	122,327,615	11,638	0
University of West Florida	8,003	5,715	47,932,965	15,854,991	63,787,956	11,161	0
Southern Illinois University-Edwardsville	11,520	9,072	60,979,541	27,481,643	88,461,184	9,751	0
Western Illinois University	12,610	10,447	55,108,605	31,179,705	86,288,310	8,260	0
Ball State University	18,924	16,764	124,457,576	78,624,797	203,082,373	12,114	0
Indiana State University	10,970	9,340	78,158,781	34,850,561	113,009,342	12,100	0
Central Missouri State University	10,763	8,596	54,303,804	27,471,430	81,775,234	9,513	0
Southeast Missouri State University	8,487	6,709	44,817,277	23,631,675	68,448,952	10,203	0
University of North Carolina at Greensboro	12,995	10,392	82,285,336	31,680,580	113,965,916	10,967	0
Western Carolina University	6,534	5,634	50,178,359	11,504,989	61,683,348	10,948	0
Wright State University-Main Campus	14,645	11,706	82,524,876	66,309,726	148,834,602	12,715	3,811,961
California University of Pennsylvania	5,800	5,047	29,084,143	23,698,821	52,782,964	10,458	0
Indiana University of Pennsylvania	13,790	12,600	58,824,066	62,968,380	121,792,446	9,666	0
Shippensburg University of Pennsylvania	6,741	6,040	28,977,787	27,207,908	56,185,695	9,302	0
Slippery Rock University of Pennsylvania	6,923	6,282	33,029,945	28,961,627	61,991,572	9,869	230,000
Tennessee Technological University	8,215	6,981	42,837,265	19,429,026	62,266,291	8,919	0
University of Tennessee-Chattanooga	8,682	7,035	36,833,844	23,114,810	59,948,654	8,521	0
Eastern Washington University	7,688	6,947	39,454,086	29,156,507	68,610,593	9,876	0
AVERAGE	10,358	8,631	57,051,192	33,673,803	90,724,995	10,511	212,735
Murray State University	8,896	7,503	46,753,000	26,013,973	72,766,973	9,699	2,256,000
Debt Service							3,392,700

2.8 Northern Kentucky University

Northern Kentucky University is a comprehensive, metropolitan university located in northwestern Kentucky close to Cincinnati, Ohio, and offering associates, bachelors, and graduate degrees. In addition, the University has a law school. Northern Kentucky University has 19 benchmark institutions to which it is compared and which are displayed in Exhibit 2-9, along with the number of headcount students and FTE students enrolled in FY 1998-99. Also displayed in Exhibit 2-9 are the total state appropriations, tuition and fee revenues, the amounts appropriated for mandated research and public service programs, and any amounts appropriated in the operating budget for debt service. Northern Kentucky University reported state appropriations for mandated public service activities and for debt service.

**EXHIBIT 2-9
NORTHERN KENTUCKY UNIVERSITY AND BENCHMARK INSTITUTIONS**

	Head-count	FTEs	State Appropriations	Tuition and Fees	Total Public Funds	Public Funds/ FTEs	Debt Service Approp.	Res/Public Service Approp.
University of Arkansas at Little Rock	10,487	7,309	43,650,464	26,868,735	70,519,199	9,648	0	0
California State University-Hayward	12,888	9,957	76,046,791	34,702,616	110,749,407	11,123	0	0
California State University-San Bernardino	13,600	10,779	71,206,819	35,389,860	106,596,679	9,889	0	0
Central Connecticut State University	11,686	8,177	52,028,798	36,503,054	88,531,852	10,827	0	0
Indiana State University	10,970	9,340	78,158,781	34,850,561	113,009,342	12,100	0	0
Wichita State University	14,350	9,408	60,036,527	34,553,367	94,589,894	10,054	1,904,283	0
Bridgewater State College	9,161	6,916	29,306,548	25,223,196	54,529,744	7,885	0	0
University of Massachusetts-Boston	13,481	8,817	73,055,000	52,735,000	125,790,000	14,267	0	2,028,614
Oakland University	14,272	9,987	44,321,000	48,753,000	93,074,000	9,319	0	0
University of Missouri - St. Louis	15,880	9,120	46,740,977	55,409,238	102,150,215	11,201	0	0
University of North Carolina at Charlotte	16,861	13,092	87,321,063	32,832,266	120,153,329	9,177	0	0
Kean College of New Jersey	11,338	8,211	43,392,705	38,898,227	82,290,932	10,022	0	0
Rowan College of New Jersey	9,480	7,482	45,193,536	34,854,751	80,048,287	10,699	0	0
University of Nevada-Las Vegas	21,001	14,227	87,802,000	45,120,000	132,922,000	9,343	0	0
University of Akron-Main Campus	21,851	16,608	92,958,707	84,564,493	177,523,200	10,689	0	0
Youngstown State University	12,533	10,090	46,802,964	44,901,625	91,704,589	9,089	0	0
Portland State University	17,186	11,469	46,905,477	58,720,232	105,625,709	9,210	0	0
West Chester University of Pennsylvania	11,578	9,692	40,591,993	50,677,724	91,269,717	9,417	1,511,911	0
George Mason University	24,010	15,980	79,078,923	77,133,081	156,212,004	9,775	0	0
AVERAGE	14,348	10,351	60,242,056	44,878,475	105,120,532	10,156	179,800	106,769
Northern Kentucky University	11,795	9,164	34,642,000	35,841,000	70,483,000	7,692	5,054,000	0

In the fall of 1998, Northern Kentucky University enrolled 11,795 headcount students, compared to a benchmark institution average of 14,348, and NKU enrolled 9,164 full-time equivalent students, compared to a benchmark average of 10,351. NKU is smaller than the average benchmark institution.

In FY 1998-1999 Northern Kentucky University received \$7,692 per full-time equivalent student from the combination of state appropriations and tuition and fee revenues, compared to a benchmark institution average of \$10,156 per full-time equivalent student.

In FY1999, the University of Massachusetts at Boston reported revenues to support mandated research and public service programs. University of Massachusetts Boston expended a total of \$1.5 million in FY1999 to support the Gaston Institute, a Gerontology Institute, the Trotter Institute, and the Joiner Center. For mandated public service programs, in FY1999 UM - Boston expended a total of \$0.8 million on an Asian American Institute, Family and Community Violence, the McCormack Institute, and the Institute for Women in Politics. Only funds for the McCormack Institute were sufficient to meet the materiality criterion. None of the state funds appropriated for public service that were reported by Northern Kentucky met the materiality criterion.

Wichita State and West Chester State Universities reported a total of \$3.4 million for debt service appropriations in FY1999. NKU received \$5.1 million for debt service in FY1999.

2.9 Western Kentucky University

Western Kentucky University is located in Bowling Green, a city of 50,000 approximately 110 miles south of Louisville. WKU provides associates, bachelors, and masters degree programs. Western Kentucky has 18 benchmark institutions to which it

is compared which are displayed in Exhibit 2-10, along with the number of headcount students and FTE students enrolled in FY 1998-99

Also displayed in Exhibit 2-10 are total state appropriations, the amounts received from tuition and fee revenues, the amounts appropriated for mandated research and public service programs, and any amounts appropriated in the operating budget for debt service. Western Kentucky University reported state appropriations for debt service.

In the fall of 1998, Western Kentucky University enrolled 14,866 headcount students, compared to a benchmark average of 13,363 and WKU enrolled 12,049 full-time equivalent students, compared to a benchmark average of 11,166. WKU is larger than the average benchmark institution. In FY1999 WKU received \$7,813 per FTES from public funds while the benchmark institutions reported receiving \$10,262.

None of the benchmark institutions or WKU reported any mandated research or public service funding that met the materiality criterion. WKU received \$3.9 million for debt service or \$325 per FTES and West Chester University received \$1.5 million in FY1999.

EXHIBIT 2-10
FY 1998-99 REVENUES FOR MANDATED PROGRAMS AND DEBT SERVICE
WESTERN KENTUCKY UNIVERSITY AND BENCHMARK INSTITUTIONS

	Head-count	FTEs	State Appropriations	Tuition and Fees	Total Public Funds	Public Funds/FTEs	Approp. For Debt
University of Arkansas at Little Rock	10,487	7,309	43,650,464	26,868,735	70,519,199	9,648	0
California State University-Fresno	18,101	15,124	126,843,386	40,556,755	167,400,141	11,069	0
University of Northern Iowa	13,545	11,863	89,003,469	37,447,252	126,450,721	10,659	0
Eastern Illinois University	11,735	10,437	59,110,327	36,934,538	96,044,865	9,202	0
Illinois State University	20,394	18,171	106,567,152	71,173,814	177,740,966	9,781	0
Western Illinois University	12,610	10,447	55,108,605	31,179,705	86,288,310	8,260	0
Ball State University	18,924	16,764	124,457,576	78,624,797	203,082,373	12,114	0
Indiana State University	10,970	9,340	78,158,781	34,850,561	113,009,342	12,100	0
Eastern Michigan University	22,463	16,010	79,863,515	76,927,600	156,791,115	9,793	0
Northern Michigan University	7,779	6,666	47,247,801	24,029,336	71,277,137	10,693	0
Central Missouri State University	10,763	8,596	54,303,804	27,471,430	81,775,234	9,513	0
Southeast Missouri State University	8,487	6,709	44,817,277	23,631,675	68,448,952	10,203	0
Appalachian State University	12,904	11,819	75,921,609	34,084,981	110,006,590	9,307	0
University of North Carolina at Greensboro	12,995	10,392	82,285,336	31,680,580	113,965,916	10,967	0
Western Carolina University	6,534	5,634	50,178,359	11,504,989	61,683,348	10,948	0
Bowling Green State University-Main Campus	17,735	15,929	75,148,103	99,979,560	175,127,663	10,994	0
Youngstown State University	12,533	10,090	46,802,964	44,901,625	91,704,589	9,089	0
West Chester University of Pennsylvania	11,578	9,692	40,591,993	50,677,724	91,269,717	9,417	1,511,911
AVERAGE	13,363	11,166	71,114,473	43,473,648	114,588,121	10,262	83,995
Western Kentucky University	14,866	12,049	58,072,500	36,066,600	94,139,100	7,813	3,923,200

2.10 Lexington Community College

Lexington Community College, an open admission institution, is located on the main campus of the University of Kentucky, and serves as the comprehensive community college for the University. Lexington Community College has 19 benchmark institutions to which it is compared and which are displayed in Exhibit 2-11, along with the number of headcount students and FTE students enrolled in FY 1998-99. Also displayed in Exhibit 2-11 are the total state appropriations, local appropriations, tuition and fee revenues, and any appropriations for mandated programs and debt service. LCC reported state appropriations for debt service.

In the fall of 1998, Lexington Community College enrolled 6,111 headcount students, compared to a benchmark average of 6,099, and LCC enrolled 4,548 full-time

equivalent students, compared to a benchmark average of 3,649. LCC enrolls slightly more headcount students than the average benchmark institution, and more of these students are full-time than the average benchmark institution, resulting in a higher number of full-time equivalent students at LCC.

In FY1999, LCC received \$3,679 per FTES from state appropriations and tuition revenues, while the benchmark colleges averaged \$6,464 per FTES from state and local appropriations and tuition revenues. During FY1998-99, LCC reported state appropriations of \$690,600 (or \$152 per FTES) for debt service. Only three of the benchmark institutions reported state or local appropriations for debt service: Prairie State (\$2.5 million), El Centro (\$1.8 million) and Normandale (\$0.3 million). No benchmark institution reported any state appropriations for mandated research or public service programs.

EXHIBIT 2-11 LEXINGTON COMMUNITY COLLEGE AND BENCHMARK INSTITUTIONS

Institution	Head-count	FTES	State Appropriations	Local Appropriations	Tuition and Fees	Total Public Funds	Public Funds/ FTES	Debt Service Approp.
Jefferson State Community College	5,137	3,177	12,831,523	129,000	6,315,146	19,275,669	6,067	0
Evergreen Valley College								
Manatee Community College	7,262	4,511	16,278,967	0	7,997,006	24,275,973	5,381	0
Polk Community College	5,557	3,007	12,402,589	0	6,057,169	18,459,758	6,139	0
Kapiolani Community College	7,236	4,287	15,446,509	0	9,093,642	24,540,151	5,724	0
Prairie State College	5,275	2,784	4,856,333	6,216,094	6,329,848	17,402,275	6,252	2,449,189
Bunker Hill Community College	6,417	3,671	18,044,377	0	9,838,559	27,882,936	7,595	0
Baltimore City Community College	5,974	3,407	19,760,637	0	8,399,406	28,160,043	8,266	0
Frederick Community College	4,294	2,342	4,191,900	6,507,345	7,822,077	18,521,322	7,908	0
Normandale Community College	6,664	4,055	14,142,102		10,173,973	24,316,075	5,997	321,341
Hudson County Community College	4,174	3,160	4,966,391	6,874,633	9,028,206	20,869,230	6,604	0
Dutchess Community College	6,422	4,029	8,728,297	9,473,418	11,921,902	30,123,617	7,476	0
Midlands Technical College	9,778	5,945	21,359,956	5,791,453	13,353,230	40,504,639	6,814	0
Pellissippi State Technical Community College	8,058	5,328	16,630,125	0	9,832,925	26,463,050	4,967	0
Shelby State Community College	4,542	2,857	15,575,954	0	4,907,456	20,483,410	7,169	0
El Centro College	4,003	2,056	10,199,530	6,245,310	3,774,039	20,218,879	9,832	1,788,406
J. Sargeant Reynolds Community College	10,069	4,906	16,672,415	127,250	10,198,822	26,998,487	5,503	0
South Puget Sound Community College	4,191	2,798	10,084,386	0	5,377,530	15,461,916	5,525	0
Tacoma Community College	4,721	3,359	13,276,709	0	7,336,425	20,613,134	6,137	0
AVERAGE	6,099	3,649	13,080,483	2,433,206	8,208,742	23,587,254	6,464	253,274
Lexington CC	6,111	4,548	6,955,822	0	9,773,204	16,729,026	3,679	690,600

2.11 Community and Technical College System

The Kentucky Community and Technical College System is comprised of 50 campuses located throughout the State that provide post-secondary education and workforce training to all Kentucky residents. The Kentucky Community and Technical College System has 239 benchmark institutions in nine states: Arkansas, Connecticut, Iowa, Minnesota, North Carolina, Ohio, South Carolina, Tennessee, and Virginia. The benchmark institutions for the KCTCS are displayed in Exhibit 212, along with the number of headcount students and FTE students enrolled in FY 1998-99. Also displayed in Exhibit 2-12 are the total state appropriations, local appropriations, tuition and fee revenues, and any public funds for mandated programs or debt service. Many of the technical or community colleges responding to the survey had special state appropriations for mandated programs that did not meet the materiality criterion of \$25 per student, and those are not included in the table.

In the fall of 1998, the benchmark institutions varied considerably in size from 234 headcount students to over 35,000 headcount students, almost as large as the entire Kentucky system. Likewise the two-year college systems in each benchmark state varied in size as measured both by the number of institutions in the system to the number of headcount students enrolled. In FY1999, the average benchmark system enrolled 88,239 students compared to 45,525 headcount students in the Kentucky system. Similarly, the average system enrolled 52,338 full-time equivalent students compared to 31,480 enrolled in the Kentucky system.

Exhibit 2-13 displays a listing of the mandated public service programs reported by the benchmark institutions. Also listed are the benchmarks that reported state- or local-funded debt service. The Ohio and North Carolina benchmarks and four institutions in Virginia reported state appropriations for mandated public service activities, while the KCTCS reported no state appropriations for mandated public service activities.

KCTCS reported more than \$10 million of state appropriations for debt service, an average of \$337 per student in FY1999. Among the benchmark states, the Iowa colleges and some Virginia institutions received local appropriations for debt service, and the Minnesota colleges received state appropriations for debt service.

EXHIBIT 2-12
KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM
AND BENCHMARK INSTITUTIONS/SYSTEMS

Institution	Head-count	FTEs	State Appropriations	Local Appropriations	Tuition and Fees	Total Public Funds	Public Funds/FTEs	Debt Service Approp.
Arkansas State University - Beebe Branch	3,000	2,135	10,403,223	0	3,624,149	14,027,372	6,571	0
East Arkansas Community College	1,914	961	5,460,660	0	939,326	6,399,986	6,657	0
Garland County Community College	2,029	1,226	6,169,736	0	1,634,534	7,804,270	6,367	0
Mid-South Community College	1,451	708	3,793,815	0	743,091	4,536,906	6,411	0
Mississippi County Community College	2,154	1,289	5,597,636	0	1,438,328	7,035,964	5,457	0
North Arkansas Community College	1,825	1,345	7,237,562	0	1,918,763	9,156,325	6,808	0
Northwest Arkansas Community College	3,517	1,961	4,720,596	2,065,642	3,806,790	10,593,028	5,402	0
Ouachita Technical College	788	519	3,047,946	0	737,921	3,785,867	7,299	0
Ozarka Technical College	774	570	2,813,450	0	544,412	3,357,862	5,891	0
Phillips Community College of the University of Arkansas	2,493	1,323	8,264,807	1,376,555	1,447,822	11,089,184	8,382	0
Rich Mountain Community College	821	414	2,904,138	202,966	512,040	3,619,144	8,735	0
South Arkansas Community College	1,203	738	5,646,714	0	1,079,084	6,725,798	9,109	0
Southeast Arkansas Technical College	1,687	1,031	4,956,388	0	1,139,054	6,095,442	5,912	0
Southern Arkansas Community College	837	521	6,324,756	0	759,722	7,084,478	13,598	0
Westark Community College	5,708	3,479	16,316,742	0	5,647,736	21,964,478	6,313	0
Subtotal, Arkansas Two Year Colleges	30,201	18,220	93,658,169	3,645,163	25,972,772	123,276,104	6,766	0
Asnuntuck Community-Technical College	1,913	846	5,921,456	0	2,045,025	7,966,481	9,413	0
Capital Community-Technical College	2,911	1,320	11,214,786	0	4,177,689	15,392,475	11,664	0
Gateway Community-Technical College	3,981	1,960	12,742,100	0	5,437,556	18,179,656	9,277	0
Housatonic Community-Technical College	3,551	1,660	9,200,407	0	4,501,046	13,701,453	8,252	0
Manchester Community-Technical College	5,252	2,761	16,746,408	0	6,936,037	23,682,445	8,576	0
Middlesex Community-Technical College	2,273	1,102	7,621,051	0	3,013,528	10,634,579	9,647	0
Naugatuck Community-Technical College	4,736	2,564	18,838,002	0	7,634,443	26,472,445	10,325	0
Northwestern Conn. Community-Technical College	1,743	850	7,226,639	0	1,942,363	9,169,002	10,791	0
Norwalk Community-Technical College	4,974	2,459	14,548,532	0	8,079,840	22,628,372	9,204	0
Quinebaug Community-Technical College	1,214	621	4,627,712	0	1,771,011	6,398,723	10,309	0
Three Rivers Community-Technical College	3,549	1,773	12,156,235	0	4,716,597	16,872,832	9,517	0
Tunxis Community-Technical College	3,257	1,639	10,111,245	0	4,480,170	14,591,415	8,903	0
Subtotal, Connecticut Two-Year Colleges	39,354	19,555	130,954,573	0	54,735,305	185,689,878	9,496	0
Des Moines Community College	10,306	6,451	22,026,912	5,794,860	17,918,365	45,740,137	7,090	0
Eastern Iowa Community College District	6,159	4,074	13,144,834	2,970,469	10,481,919	26,597,222	6,528	0
Hawkeye Community College	4,158	3,322	10,154,913	1,686,953	8,337,673	20,179,539	6,075	6,605
Indian Hills Community College	3,375	2,744	11,070,562	1,079,487	6,546,047	18,696,096	6,814	153,179
Iowa Central Community College	3,467	2,288	8,213,386	1,613,586	6,067,398	15,894,370	6,946	0
Iowa Lakes Community College	2,608	1,860	7,169,222	1,252,675	5,683,470	14,105,367	7,584	0
Iowa Valley Community College District	2,025	1,534	5,572,881	3,473,160	7,304,909	16,350,950	10,657	74,489
Iowa Western Community College	4,000	2,622	9,166,830	2,133,731	9,689,865	20,990,426	8,006	260,929
Kirkwood Community College	11,038	6,917	19,016,967	5,055,708	20,243,604	44,316,279	6,407	0
North Iowa Area Community College	2,722	2,080	8,102,882	2,445,294	5,475,509	16,023,685	7,704	0
Northeast Iowa Community College-Calmar	2,982	2,114	7,577,476	1,712,861	6,515,520	15,805,857	7,477	20,101
Northwest Iowa Community College	863	646	3,578,946	649,933	2,037,146	6,266,025	9,695	0
Southeastern Community College	2,575	1,875	6,205,934	1,016,880	5,134,940	12,357,754	6,591	188,140
Southwestern Community College	1,093	847	3,542,758	866,829	2,098,365	6,507,952	7,684	82,373
Western Iowa Tech Community College	4,096	2,502	8,313,344	2,000,685	6,965,014	17,279,043	6,906	0
Subtotal, Iowa Two-Year Colleges	61,467	41,877	142,857,847	33,753,111	120,499,744	297,110,702	7,095	785,816

EXHIBIT 2-12 (Continued)
KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM
AND BENCHMARK INSTITUTIONS

Institution	Head-count	FTEs	State Appropriations	Local Appropriations	Tuition and Fees	Total Public Funds	Public Funds/FTEs	Debt Service Approp.
Alexandria Technical College	2,061	1,750	10,127,781	0	5,381,475	15,509,256	8,864	31,240
Anoka-Hennepin Technical College	1,832	1,154	8,837,346	0	4,727,627	13,564,973	11,755	106,156
Anoka-Ramsey Community College	4,484	2,588	11,462,576	0	8,805,179	20,267,755	7,831	577,952
Central Lakes College-Brainerd	2,850	2,187	13,592,495	0	5,996,224	19,588,719	8,958	850,994
Century Community and Technical College	6,130	3,659	17,225,762	0	11,477,209	28,702,971	7,844	116,822
Dakota County Technical College	2,184	1,500	11,144,401	0	5,952,487	17,096,888	11,398	46,678
Fergus Falls Community College	1,549	1,034	3,975,903	0	2,545,697	6,521,600	6,305	104,002
Hennepin Technical College	5,641	3,044	22,251,844	0	7,659,012	29,910,856	9,827	0
Hibbing Community College	2,613	1,564	8,211,089	0	3,744,225	11,955,314	7,646	124,179
Inver Hills Community College	4,194	2,312	8,709,437	0	6,201,480	14,910,917	6,449	37,315
Itasca Community College	1,019	824	5,038,218	0	2,367,729	7,405,947	8,984	0
Lake Superior College	2,677	1,940	11,145,449	0	6,268,045	17,413,494	8,978	363,963
Lauretian Community and Technical College	2,221	1,807	8,842,176	0	5,191,848	14,034,024	7,766	41,574
Minneapolis Community and Technical College	5,476	3,233	19,082,029	0	10,490,018	29,572,047	9,146	192,001
Mn. West Community and Technical College	2,567	1,719	14,035,380	0	5,092,465	19,127,845	11,127	81,892
Normandale Community College	6,664	4,055	14,142,102	0	10,173,973	24,316,075	5,997	321,341
North Hennepin Community College	4,802	2,729	10,205,017	0	8,341,975	18,546,992	6,795	388,079
Northland Community and Technical College	1,799	1,148	8,133,194	0	3,047,376	11,180,570	9,736	172,961
Northwest Technical College	3,043	2,466	18,824,675	0	8,141,961	26,966,636	10,937	234,422
Pine Technical College	808	390	3,015,128	0	1,265,669	4,280,797	10,976	2,303
Rainy River Community College	596	401	2,826,808	0	932,645	3,759,453	9,367	65,210
Red Wing/Winona Technical College-Winona	1,326	988	6,685,509	0	2,909,600	9,595,109	9,712	152,582
Ridgewater Comm and Technical College	3,043	2,466	15,474,255	0	7,401,880	22,876,135	9,278	138,028
Riverland Community College	2,408	1,620	11,879,782	0	4,853,998	16,733,780	10,329	230,830
Rochester Community and Technical College	4,339	3,027	13,909,973	0	8,051,614	21,961,587	7,255	208,278
Saint Cloud Technical College	2,653	1,988	9,271,396	0	4,626,271	13,897,667	6,990	27,550
South Central Technical College-Mankato	2,591	1,766	12,489,837	0	6,166,936	18,656,773	10,566	0
St. Paul Technical College	4,552	2,317	14,043,042	0	6,229,932	20,272,974	8,751	13,605
Subtotal, Minnesota Two-Year Colleges	86,122	55,675	314,582,604	0	164,044,550	478,627,154	8,597	4,629,957
Alamance Community College	3,504	1,959	11,661,555	1,643,363	138,115	13,443,033	6,863	0
Anson Community College	1,676	1,037	5,758,007	364,683	576,835	6,699,525	6,458	0
Asheville Buncombe Technical College	4,538	2,511	11,949,700	3,258,886	2,565,812	17,774,398	7,080	0
Beaufort County Community College	1,516	935	6,131,016	976,509	934,361	8,041,886	8,604	0
Bladen Community College	828	574	4,310,514	557,544	48,668	4,916,726	8,566	0
Blue Ridge Community College	1,739	993	7,339,430	1,473,622	1,204,880	10,017,932	10,089	0
Brunswick Community College	835	531	3,772,736	1,029,650	543,332	5,345,718	10,067	0
Caldwell Comm College and Technical Institute	2,983	1,841	11,268,270	2,048,878	1,634,614	14,951,762	8,122	0
Cape Fear Community College	4,590	2,950	15,353,542	2,359,524	2,868,517	20,581,583	6,977	0
Carteret Community College	1,379	832	6,284,269	881,259	616,272	7,781,800	9,357	0
Catawba Valley Community College	3,546	2,029	12,730,316	1,730,000	2,495,423	16,955,739	8,355	0
Central Carolina Community College	3,303	2,143	13,113,485	1,943,390	1,399,596	16,456,471	7,679	0
Central Piedmont Community College	14,901	7,686	38,749,052	10,425,147	910,164	50,084,363	6,517	0
Cleveland Community College	2,131	1,203	7,695,550	870,460	856,828	9,422,838	7,833	0

EXHIBIT 2-12 (Continued)
KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM
AND BENCHMARK INSTITUTIONS

Institution	Head-count	FTEs	State Appropriations	Local Appropriations	Tuition and Fees	Total Public Funds	Public Funds/FTEs	Debt Service Approp.
College of the Albermarle	2,069	1,252	8,664,340	845,337	1,287,299	10,796,976	8,621	0
Coastal Carolina Community College	3,636	2,321	14,340,724	1,591,085	2,385,023	18,316,832	7,893	0
Craven Community College	2,366	1,425	7,645,228	1,838,249	1,671,037	11,154,514	7,830	0
Davidson County Community College	2,366	1,360	10,050,863	2,000,493	186,573	12,237,929	8,998	0
Durham Technical Community College	5,302	2,548	11,633,691	2,391,705	2,504,152	16,529,548	6,487	0
Edgecombe Community College	1,784	1,051	7,785,900	632,300	724,598	9,142,798	8,702	0
Fayetteville Technical Community College	7,599	4,558	28,941,802	5,564,640	4,587,686	39,094,128	8,578	0
Forsyth Technical Community College	5,225	2,846	13,723,940	5,496,000	3,200,047	22,419,987	7,879	0
Gaston College	4,023	2,412	12,687,403	2,510,321	2,083,157	17,280,881	7,164	0
Guilford Technical Community College	7,406	4,425	19,428,766	5,868,011	4,573,359	29,870,136	6,750	0
Haywood Community College	1,674	1,066	6,918,428	1,344,987	1,106,959	9,370,374	8,790	0
Isothermal Community College	1,832	1,097	6,268,964	1,032,180	1,182,798	8,483,942	7,736	0
James Sprunt Community College	1,129	725	5,506,910	794,376	555,358	6,856,644	9,457	0
Johnston Community College	2,529	1,672	11,279,668	1,582,276	1,237,770	14,099,714	8,435	0
Lenoir Community College	2,127	1,402	9,794,185	1,500,000	1,350,598	12,644,783	9,017	0
Martin Community College	626	439	5,123,472	741,041	481,442	6,345,955	14,466	0
Mayland Community College	717	452	4,950,824	469,770	49,744	5,470,338	12,094	0
McDowell Technical Community College	992	610	5,467,911	441,336	473,595	6,382,842	10,464	0
Mitchell Community College	1,637	1,024	6,870,692	1,213,855	998,577	9,083,124	8,873	0
Montgomery Community College	626	364	3,620,141	567,449	518,042	4,705,632	12,928	0
Nash Community College	1,997	1,170	7,380,330	913,759	831,632	9,125,721	7,798	0
Pamlico Community College	234	141	2,634,596	217,329	173,018	3,024,943	21,403	0
Piedmont Community College	1,429	790	6,207,835	856,117	957,970	8,021,922	10,159	0
Pitt Community College	4,802	3,022	12,023,530	2,064,825	2,512,041	16,600,396	5,493	0
Randolf Community College	1,662	951	6,492,876	1,152,872	894,624	8,540,372	8,977	0
Richmond Community College	1,324	915	6,840,811	842,787	48,418	7,732,016	8,453	0
Roanoke-Chowan Community College	884	595	4,100,944	467,237	512,110	5,080,291	8,543	0
Robeson Community College	1,655	1,109	8,787,762	1,077,769	1,123,346	10,988,877	9,909	0
Rockingham Community College	1,885	1,196	7,476,001	1,764,600	1,313,558	10,554,159	8,822	0
Rowan-Cabarrus Community College	3,983	2,286	13,694,519	1,888,577	2,215,185	17,798,281	7,787	0
Sampson Community College	1,212	769	5,865,359	746,914	476,379	7,088,652	9,214	0
Sandhills Community College	2,645	1,824	12,633,501	2,215,400	1,588,830	16,437,731	9,010	0
Southeastern Community College	1,733	1,176	8,736,277	1,116,433	960,377	10,813,087	9,192	0
Southwestern Community College	1,651	1,112	7,905,273	949,263	954,865	9,809,401	8,819	0
Stanly Community College	1,362	853	6,280,547	1,022,424	753,131	8,056,102	9,441	0
Surry Community College	2,598	1,631	9,164,084	1,145,000	1,616,330	11,925,414	7,310	0
Tri-County Community College	1,034	600	3,879,583	312,040	695,425	4,887,048	8,145	0
Vance-Granville Community College	3,197	1,937	11,945,685	981,843	30,540	12,958,068	6,690	0
Wake Technical Community College	8,186	4,743	20,556,363	6,800,000	4,321,333	31,677,696	6,678	0
Wayne Community College	2,853	1,919	10,069,336	1,664,783	1,492,794	13,226,913	6,893	0
Western Piedmont Community College	2,300	1,350	9,384,612	1,285,200	1,097,155	11,766,967	8,716	0
Wilkes Community College	1,948	1,271	8,984,689	1,887,384	960,741	11,832,814	9,307	0
Wilson Technical Community College	1,444	909	7,545,744	908,381	794,484	9,248,609	10,178	0
Subtotal, North Carolina CC System	155,152	92,542	555,411,551	100,269,263	74,275,517	729,956,331	7,888	0

EXHIBIT 2-12 (Continued)
KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM
AND BENCHMARK INSTITUTIONS

Institution	Head-count	FTEs	State Appropriations	Local Appropriations	Tuition and Fees	Total Public Funds	Public Funds/FTEs	Debt Service Approp.
Belmont Technical College	1,653	1,247	4,626,766	0	3,330,348	7,957,114	6,381	0
Bowling Green State University-Firelands	1,228	789	3,652,733	0	3,581,890	7,234,623	9,173	0
Central Ohio Technical College	1,716	1,005	4,059,229	0	3,244,324	7,303,553	7,270	0
Cincinnati State Technical Community College	6,143	3,610	16,470,318	0	16,127,858	32,598,176	9,029	0
Clark State Community College	2,438	1,424	6,564,349	0	5,302,876	11,867,225	8,334	0
Columbus State Community College	16,600	9,511	33,070,151	0	33,467,959	66,538,110	6,996	0
Cuyahoga Community College District	18,415	10,196	40,401,562	48,150,373	25,799,559	114,351,494	11,216	0
Edison State Community College	2,509	1,398	4,982,722	0	4,368,405	9,351,127	6,687	0
Hocking Technical College	4,684	3,704	16,605,375	0	10,768,109	27,373,484	7,390	0
Jefferson Community College	1,335	943	3,693,192	1,086,637	2,243,961	7,023,790	7,448	0
Kent State University-Ashtabula Campus	1,218	759	2,702,597	0	2,999,568	5,702,165	7,509	0
Kent State University-East Liverpool Campus	658	454	2,200,112	0	1,946,002	4,146,114	9,132	0
Kent State University-Geauga Campus	526	291	1,010,953	0	1,339,982	2,350,935	8,088	0
Kent State University-Salem Regional Campus	895	593	2,143,340	0	2,422,629	4,565,969	7,700	0
Kent State University-Stark Campus	2,627	1,777	5,811,281	0	7,307,252	13,118,533	7,382	0
Kent State University-Trumbull Campus	2,182	1,299	4,367,843	0	6,041,941	10,409,784	8,016	0
Kent State University-Tuscarawas Campus	1,572	1,069	3,572,353	0	4,298,932	7,871,285	7,361	0
Lakeland Community College	8,267	4,433	14,280,142	10,392,767	11,280,009	35,952,918	8,110	0
Lima Technical College	2,456	1,733	6,699,952	0	6,197,672	12,897,624	7,444	0
Lorain County Community College	6,798	3,807	13,413,457	4,046,529	10,101,901	27,561,887	7,239	0
Marion Technical College	1,789	1,094	3,444,474	0	3,080,678	6,525,152	5,963	0
Miami University-Hamilton	2,670	1,565	5,665,785	0	6,729,826	12,395,611	7,919	0
Miami University-Middletown	2,529	1,564	6,565,271	0	6,948,641	13,513,912	8,639	0
Muskingum Area Technical College	2,151	1,413	6,061,191	32,432	3,686,648	9,780,271	6,922	0
North Central Technical College	2,714	1,479	7,706,181	0	5,019,067	12,725,248	8,602	0
Northwest State Community College	2,388	1,398	4,357,749	0	4,774,590	9,132,339	6,532	0
Ohio State U Agricultural Technical Institution	965	881	4,514,115	0	3,185,003	7,699,118	8,739	0
Owens Community College	14,071	7,217	21,819,414	0	16,035,069	37,854,483	5,245	0
Sinclair Community College	17,325	9,749	33,630,046	18,401,602	18,624,063	70,655,711	7,247	0
Southern State Community College	1,582	1,033	3,509,009	278,378	3,092,720	6,880,107	6,658	0
Stark State College of Technology	4,665	2,570	9,269,133	0	8,067,833	17,336,966	6,747	0
Terra State Community College	2,630	1,565	6,276,394	0	4,855,226	11,131,620	7,114	0
University of Akron-Wayne College	1,653	986	2,830,195	0	4,730,035	7,560,230	7,670	0
University of Cincinnati-Clermont College	2,036	1,330	4,251,906	0	4,949,613	9,201,519	6,918	0
U of Cincinnati-Raymond Walters College	3,465	2,098	7,180,271	0	9,033,193	16,213,464	7,729	0
Washington State Community College	1,935	1,380	4,594,986	0	4,617,857	9,212,843	6,674	0
Wright State University-Lake Campus	620	454	1,945,890	0	2,082,631	4,028,521	8,873	0
Subtotal, Ohio Two-Year Campuses	149,108	87,819	323,950,437	82,388,718	271,683,870	678,023,025	7,721	0
Aiken Tech	2,343	1,369	5,663,320	1,101,079	2,640,641	9,405,040	6,870	0
Central Carolina Technical College	2,356	1,358	6,500,266	947,065	2,702,003	10,149,334	7,474	0
Chesterfield-Marlboro Technical College	1,112	673	2,783,155	345,052	1,365,396	4,493,603	6,674	0
Denmark Technical College	1,189	853	3,559,468	12,300	1,141,793	4,713,561	5,526	0
Florence Darlington Technical College	3,472	2,403	8,871,884	2,551,183	6,112,822	17,535,889	7,299	0
Greenville Technical College	9,442	5,635	20,412,394	5,160,540	14,779,602	40,352,536	7,161	0
Horry-Georgetown Technical College	3,587	2,303	8,464,966	1,525,681	4,196,758	14,187,405	6,160	0
Midlands Technical College	9,778	5,945	21,359,956	5,791,453	13,353,230	40,504,639	6,814	0
Orangeburg Calhoun Technical College	1,928	1,261	6,106,918	894,110	2,884,053	9,885,081	7,837	0

EXHIBIT 2-12 (Continued)
KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM
AND BENCHMARK INSTITUTIONS

Institution	Head-count	FTEs	State Appropriations	Local Appropriations	Tuition and Fees	Total Public Funds	Public Funds/FTEs	Public Service Approp.	Debt Service Approp.
Piedmont Technical College	3,715	2,152	8,314,492	1,064,325	5,748,523	15,127,340	7,031	0	0
Spartanburg Technical College	2,911	1,996	7,637,402	1,518,425	3,980,480	13,136,307	6,582	0	0
Technical College of the Low Country	1,762	918	4,280,283	645,815	1,403,958	6,330,056	6,895	0	0
Tri-County Technical College	3,642	2,337	8,852,918	2,586,737	4,085,688	15,525,343	6,642	0	0
Trident Technical College	9,106	5,209	20,495,808	4,936,853	10,608,159	36,040,820	6,919	0	0
University of South Carolina at Beaufort	915	525	2,372,261	0	1,651,198	4,023,459	7,664	0	0
University of South Carolina at Lancaster	865	538	2,965,224	0	1,096,774	4,061,998	7,555	0	0
University of South Carolina at Salkehatchie	752	447	2,517,640	0	1,144,591	3,662,231	8,187	0	0
University of South Carolina at Sumter	1,047	650	4,262,905	0	1,973,892	6,236,797	9,590	0	0
University of South Carolina at Union	330	186	1,127,758	0	374,337	1,502,095	8,076	0	0
Williamsburg Technical College	573	346	2,013,568	228,797	546,495	2,788,860	8,053	0	0
York Technical College	3,427	2,050	8,579,512	1,885,000	5,352,227	15,816,739	7,717	0	0
Subtotal, South Carolina two-year colleges	64,252	39,153	157,142,098	31,194,415	87,142,620	275,479,133	7,036	0	0
Chattanooga State Technical Community College	8,359	5,157	19,662,437	0	9,210,079	28,872,516	5,599	0	0
Cleveland State Community College	3,330	2,164	8,607,300	0	3,106,297	11,713,597	5,413	0	0
Columbia State Community College	4,366	2,913	10,260,377	0	4,764,751	15,025,128	5,157	0	0
Dyersburg State Community College	2,265	1,545	5,559,494	0	2,462,931	8,022,425	5,193	0	0
Jackson State Community College	3,628	2,411	9,120,625	0	3,995,174	13,115,799	5,439	0	0
Motlow State Community College	3,365	2,304	7,882,602	0	3,519,775	11,402,377	4,948	0	0
Nashville State Technical Institute	7,271	3,588	11,184,836	0	6,040,400	17,225,236	4,801	0	0
Northeast State Technical Community College	3,961	2,576	8,712,831	0	3,909,588	12,622,419	4,901	0	0
Pellissippi State Technical Community College	8,058	5,328	16,630,125	0	9,832,925	26,463,050	4,967	0	0
Roane State Community College	5,366	3,668	14,330,388	0	5,899,922	20,230,310	5,515	0	0
Shelby State Community College	4,542	2,857	15,575,954	0	4,907,456	20,483,410	7,169	0	0
State Technical Institute at Memphis	8,835	4,548	18,620,150	0	8,308,559	26,928,709	5,921	0	0
Volunteer State Community College	6,718	4,321	14,323,000	0	6,901,283	21,224,283	4,912	0	0
Walters State Community College	5,900	3,807	14,357,900	0	5,488,802	19,846,702	5,214	0	0
Subtotal, Tennessee Two-Year Colleges	75,964	47,188	174,828,019	0	78,347,942	253,175,961	5,365	0	0
Blue Ridge Community College	2,772	1,470	5,041,267	16,301	3,667,124	8,724,692	5,935	0	0
Central Virginia Community College	3,927	1,901	6,648,011	6,057	3,364,533	10,018,601	5,270	95,438	0
Dabney Lancaster Community College	1,473	770	3,782,434	22,839	1,273,696	5,078,969	6,593	0	0
Danville Community College	3,367	1,768	6,545,202	25,000	2,809,255	9,379,457	5,306	0	0
Eastern Shore Community College	694	353	2,298,418	0	616,608	2,915,026	8,250	0	0
Germanna Community College	3,675	1,848	5,773,363	40,405	3,056,625	8,870,393	4,801	0	0
J. Sargeant Reynolds Community College	10,069	4,906	16,672,415	127,250	10,198,822	26,998,487	5,503	0	0
John Tyler Community College	5,237	2,483	8,055,652	59,681	5,357,481	13,472,814	5,426	0	0
Lord Fairfax Community College	3,590	1,869	5,551,273	136,289	3,225,808	8,913,370	4,768	0	0
Mountain Empire Community College	2,812	1,736	5,904,896	80,465	3,035,460	9,020,821	5,196	125,630	123,197
New River Community College	3,595	2,231	7,467,524	54,275	3,762,604	11,284,403	5,058	0	0
Northern Virginia Community College	36,216	18,465	49,796,493	187,429	43,275,016	93,258,938	5,051	6,085,833	1,240,173
Patrick Henry Community College	2,689	1,341	4,963,319	52,600	2,205,378	7,221,297	5,385	0	0
Paul D. Camp Community College	1,455	706	4,287,814	22,000	1,298,566	5,608,380	7,948	200,000	0
Piedmont Virginia Community College	4,059	1,900	6,063,409	21,881	3,276,760	9,362,050	4,927	0	0

EXHIBIT 2-12 (Continued)
KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM
AND BENCHMARK INSTITUTIONS

Institution	Head-count	FTEs	State Appropriations	Local Appropriations	Tuition and Fees	Total Public Funds	Public Funds/FTEs	Public Service Approp.	Debt Service Approp.
Rappahannock Community College	1,560	763	4,553,720	88,096	1,674,280	6,316,096	8,282	0	0
Richard Bland College of William and Mary	1,322	981	3,561,014	0	2,115,027	5,676,041	5,788	0	0
Southside Virginia Community College	3,273	1,569	6,126,389	30,698	2,901,884	9,058,971	5,774	0	0
Southwest Virginia Community College	3,938	2,466	9,268,012	63,894	3,825,274	13,157,180	5,335	0	0
Thomas Nelson Community College	7,059	3,530	10,781,789	0	6,289,920	17,071,709	4,837	0	0
Tidewater Community College	18,260	9,865	31,187,126	223,000	20,514,763	51,924,889	5,264	0	0
Virginia Highlands Community College	2,069	1,250	5,083,529	59,950	2,098,836	7,242,315	5,792	0	0
Virginia Western Community College	7,092	3,519	10,550,826	16,310	5,792,345	16,359,481	4,648	0	0
Wytheville Community College	2,328	1,326	6,220,451	154,348	2,322,841	8,697,640	6,559	29,383	0
Subtotal, Virginia Community Colleges	132,531	69,016	226,184,346	1,488,768	137,958,906	365,632,020	5,298	6,536,284	1,363,370
INSTITUTIONAL AVERAGE	3,561	2,112	9,504,797	1,133,361	4,550,050	15,188,208	7,190	29,311	30,400
SYSTEM AVERAGE	88,239	52,338	235,507,738	28,082,160	112,740,136	376,330,034	7,190	726,254	753,238
Kentucky Community and Technical College System	45,525	31,480	158,683,900	0	51,589,900	210,273,800	6,680	0	10,613,400

EXHIBIT 2-13
LISTING OF MANDATED PROGRAMS AND STATE-FUNDED DEBT SERVICE
COMMUNITY AND TECHNICAL COLLEGES

RESEARCH PROGRAMS	PUBLIC SERVICE PROGRAMS	INSTITUTIONS WITH STATE and LOCAL APPROPRIATIONS FOR OPERATING BUDGET DEBT SERVICE
NONE LISTED	Cooperative Extension Service Continuing Education Workforce Training	Iowa Community College System (local appropriations only) Minnesota Community College System Mountain Empire College (VA) Northern Virginia Community College

CHAPTER 3.0
SUMMARY AND RECOMMENDATIONS

3.0 SUMMARY AND RECOMMENDATIONS

This chapter summarizes the results of the surveys of mandated research and public service programs and debt service funding, and provides a list of issues that arose during the survey. In addition, recommendations are included for the amount of state appropriations in support of mandated programs to be excluded for each Kentucky public university and the community college system; and for their benchmark institutions and states; and for the amount of state appropriations in support of debt service to be excluded for each benchmark institution and state. A final section details recommendations for incorporating the results of the surveys into the Council's benchmark funding model.

3.1 Summary

A survey of both Kentucky institutions and their benchmark institutions was conducted to identify specifically the state general fund amounts reported for mandated research and public service activities and debt service through the IPEDS finance survey, which serves as the basis for the benchmark funding approach. Institutions had to be surveyed because the current IPEDS finance survey, while extremely useful for inter-institutional comparisons, does not collect data at a sufficient level of detail to permit this refined level of analysis.

For the purposes of the survey, definitions of mandated research and public service activities and debt service were developed. In these discussions, full-time equivalent students are calculated as the sum of the full-time headcount students plus one-third the part-time students. **Research** includes funds to be expended for activities specifically organized to produce non-instructional research outcomes, including Agricultural and Engineering Experiment Stations. **Public Service** includes funds to be

expended to provide non-instructional services beneficial to groups external to the institution. “**Mandated research or public service** activities” are defined as those that must have an external legal mandate, either through statute, resolution, or executive order (e.g., state law requiring maintenance of an arboretum on campus) and receive appropriations greater than \$25 per FTE student.

Also, the activities should meet most of the following criteria:

- the activity is not integral to the “instructional” mission of the institution;
- the activity is relatively unique among institutions in the state (e.g., cooperative extension service or agriculture experiment station);
- the activity is “program-funded” or has a specific line item appropriation for carrying out its purposes (e.g., State Institute for Research on Exceptional Children);
- the activity could be operated by an agency other than a state college or university (e.g., running the state’s Natural History Museum);
- the activity is funded primarily with state general funds appropriations (do not include activities that are funded primarily by other sources of revenue such as state contracts or grants).

For this study, **debt service** is defined as state general funds appropriated directly to the institution for servicing principal and interest on debt issued for land, equipment, or buildings.

A survey that collected data both on mandated programs and debt service was sent to the institutions identified as benchmarks for the Kentucky colleges and universities. A total of 361 benchmark institutions received surveys, and data were obtained for 360 or 99.7 percent. Of the 106 benchmark universities, 21 institutions (19 are benchmarks for either the University of Kentucky or University of Louisville) reported receiving state appropriations for mandated research activities. All of these institutions had at least one research activity that met the materiality criterion of \$25 per full-time equivalent student. Similarly, 16 institutions (13 UK or UL benchmarks) reported state

appropriations for mandated public service activities. The majority of these activities were associated with the land grant or medical missions of the universities, and are displayed in Exhibit 3-1. In addition, six benchmark universities reported state appropriations for debt service within the operating budget. It should be noted that the list of programs includes all that were reported, including those that did not meet the materiality criterion for mandated programs.

**EXHIBIT 3-1
LISTING OF MANDATED PROGRAMS AND STATE-FUNDED DEBT SERVICE
ALL BENCHMARK INSTITUTIONS**

RESEARCH PROGRAMS	PUBLIC SERVICE PROGRAMS	INSTITUTIONS WITH STATE and LOCAL APPROPRIATIONS FOR OPERATING BUDGET DEBT SERVICE
Agriculture Experiment Station Engineering Experiment Station Veterinary Medicine Experiment Station Veterinary Medicine Agriculture Research Experimental Farm Agricultural Research Research Administration Center on Aging/Gerontology Institute Biotechnology Transfer Prostate Cancer Research Diabetes Research Industrial and Economic Development Fishery Resource Forestry Research Center for Governmental Studies Marine Institute Youth Gang prevention Center on Urban Development Labor Center Massey Center Psychiatric Lab Molecular Medicine Manufacturing Research Chemical Toxicology Research Challenge Phosphate Research Sea Grant Institute of Mental Health Gaston Institute Trotter Institute Joiner Center	Cooperative Extension Service Marine Extension Service Arboretum Business and Manufacturing Extension Death Investigation State Laboratory of Hygiene Foundation for the Humanities Area Health Education Center (AHEC) Medical Aid Minority Business Enterprises Veterinary Laboratories Autism Program Environmental Center Executive Institute Gang Prevention Project Jobs Challenge Kidney Program State Health Laboratory Psychiatric Public Service College Day Asian American Institute Family and Community Violence McCormack Institute Institute for Women in Politics Workforce Training	Prairie State College (IL) Purdue University – Main Campus (IN) Iowa Community College System (local appropriations only) Wichita State University (KS) Minnesota Community College System SUNY - Brockport West Chester University (PA) University of Texas Austin Mountain Empire College (VA) Northern Virginia Community College University of Wisconsin – Madison

Also listed in Exhibit 3-1 are the technical and community college mandated public service programs reported by the benchmark institutions; and those institutions or systems providing operating budget state or local appropriations for debt service. None of the two-year benchmarks reported mandated research programs.

Of the 19 benchmark colleges for Lexington Community College, 18 responded to the survey, a 94.7 percent response rate. None of LCC's benchmark institutions reported state appropriations for mandated research or public service activities, while Prairie State College, Normandale Community College (a part of the Minnesota community and technical college system) and LCC received state appropriations for debt service.

Data were obtained for all of the 239 community and technical colleges in nine states that are benchmarks for the Kentucky Community and Technical College System. During FY 1999, the Ohio and North Carolina technical and community college benchmarks and four institutions in Virginia reported state appropriations for mandated public service activities. The two-year benchmarks in Iowa and Virginia received local appropriations for debt service while the Minnesota benchmarks received state appropriations in the operating budget for debt service.

The University of Kentucky reported state appropriations for mandated research programs; University of Kentucky, University of Louisville, Morehead State University, Murray State University, and Northern Kentucky University reported mandated public service programs. Each Kentucky university, Lexington Community College, and the community and technical college system all reported state appropriations to the operating budget for debt service. Exhibit 3-2 displays the average per FTE student amounts appropriated to the Kentucky universities and colleges for mandated activities that met the materiality criterion; and for debt service in FY 1998-99.

**EXHIBIT 3-2
FY 1998-1999 APPROPRIATIONS PER FULL-TIME EQUIVALENT STUDENT
FOR MANDATED PROGRAMS AND DEBT SERVICE,
KENTUCKY INSTITUTIONS AND THEIR BENCHMARKS**

	FTES	State Apps. & Tuition per FTE	Research Apps. Per FTE	Public Service per FTE	Debt Service Approp. Per FTE
Average, UK Benchmarks	32,675	16,619	514	423	97
U of Kentucky	20,555	18,412	1,110	1,758	584
Average, UL Benchmarks	18,111	16,294	157	61	0
U of Louisville	15,242	14,962	0	1,071	745
Average, ECU Benchmarks	11,166	10,262	0	0	12
Eastern Kentucky University	12,456	7,869	0	0	426
Average, KSU Benchmarks	3,964	10,431	0	23	0
Kentucky State University	1,855	14,467	0	0	1,199
Average, Morehead Benchmarks	6,719	9,633	0	0	70
Morehead State University	6,746	8,882	0	0	316
Average, Murray Benchmarks	8,631	10,511	0	25	0
Murray State University	7,503	9,699	0	301	452
Average, NKU Benchmarks	10,351	10,156	8	3	17
Northern Kentucky University	9,164	7,692	0	0	552
Average, WKU Benchmarks	11,166	10,262	0	0	12
Western Kentucky University	12,049	7,813	0	0	325
Average, LCC Benchmarks	3,649	6,464	0	0	69
Lexington Community College	4,548	3,679	0	0	152
Average, CTCS Benchmarks	52,338	7,190	0	14	14
Community and Technical Colleges	31,480	6,680	0	0	337

3.2 Issues In Mandated Programs/Debt Service Study

As the surveys were being completed by the benchmark institutions and systems, and by the Kentucky institutions, several questions of interpretation arose. Because these issues impact directly on the amounts of mandated research and public service funding reported by the institutions, each of the major issues are addressed in the following paragraphs.

1. *Where/how should the “materiality” criterion be applied? At the program or activity? Or in total for an institution?*

In the instructions for the survey instrument, benchmark and Kentucky institutions were directed to exclude from the report any mandated research or public service programs that did not total an amount equal to at least \$25 per full-time equivalent student. Several of the benchmark institutions interpreted this instruction to mean that the total appropriation for all mandated research activities or all mandated public service activities exceeded \$25. Other institutions interpreted the instruction to mean that any one activity must receive funding equivalent to \$25 per student. In addition, there were questions on whether the student count was “headcount” or “full-time equivalent” students.

RECOMMENDATION: Almost all institutions reported according to the definitions given to exclude any program or activity that does not receive at least \$25 per FTES. Therefore, to be consistent across all respondents, the criterion used in the survey is at the program or activity level. Therefore, only those mandated research or public service activities for which state appropriations exceed \$25 per full-time equivalent student are to be considered. This is called the materiality criterion.

2. *Some institutions are reporting local appropriations for mandated programs. Should these local appropriations all be excluded?*

Four-year colleges and universities typically do not receive local appropriations from city, county, or other taxing authorities. Exceptions are found where the college or university is a city- or county-sponsored and funded institution, such as City University of New York; or when a county provides funding for county extension agents that are employed by cooperative extension or engineering extension services. However, two-year colleges may be funded by a combination of state and local appropriations, especially in equalized funding methods or formulas. Illinois is an example of a state that offsets state appropriations to two-year colleges by an amount determined by the local taxing district's ability to raise resources. In these cases, the local appropriation actually is "in place of" the state appropriation. However, some of the institutions responding interpreted "local" appropriations to include gifts made to the institution, as well as sales of education-related activities.

RECOMMENDATION: Local appropriations should be counted just like state appropriations for two-year colleges, but excluded for four-year. For two-year colleges, many states use an ability to pay criterion in determination of the amount of state appropriations; i.e., the funding level is the sum of state and local appropriations, where local appropriations take the place of state appropriations for college districts that are more fiscally able. Only when the respondent institution has misinterpreted "local" appropriations are these revenues excluded; for example, book store profits should not be included, since these funds are not appropriated.

3. *Many two-year institutions are reporting local appropriations for debt service. Should these funds all be counted like state appropriations for debt service?*

RECOMMENDATION: Local appropriations for debt service that are made to the operating budget of the institution, but not to the capital budget, should be counted just like state appropriations. In some states, only appropriations from a local taxing authority may be used to service debt.

4. *Definitional issues related to debt service came up. Some institutions reported state funding for equipment purchases and for debt service in the capital as opposed to the operating budget of the institution.*

- a. *Should equipment be excluded?*
- b. *Should state appropriations for debt service in the capital budget be excluded?*

RECOMMENDATIONS:

- a. Revenue to purchase equipment generally does not meet the definition of “debt service” and should not be considered appropriations for debt. However, if bonds are sold to purchase equipment, and the appropriations are made specifically to service the debt on those bonds, then these revenues would fit the definition of debt service.
- b. Only state and local appropriations included in the operating budget were to be included in the survey, and to include capital budget appropriations would result in a lack of consistency.

3.3 **Recommendations**

The overarching goal of the benchmark process is to establish a per student level of support for each Kentucky institution that is comparable to that received by a set of out-of-state peer or “benchmark” institutions. Implicit in the comparison of Kentucky institutions to their benchmark institutions is the understanding that the institutions are

funded to carry out the same or similar missions through similar activities. Activities that are defined by the National Association of College and University Business Officers (NACUBO) as being conducted for constituencies other than students logically would be excluded from comparisons of “per student” funding.

However, initial implementation of the benchmark process revealed that there are certain revenues received by both the Kentucky and the benchmark institutions that are unique, or not received by all institutions within the benchmark group. For example, some institutions receive appropriations for servicing debt, while other institutions have all buildings constructed and paid for by another state agency. Some institutions that are in the University of Kentucky’s benchmark group do not have agriculture experiment stations.

Therefore, to compare funding per student, it is essential that “apples get compared to apples” and “oranges get compared to oranges.” The overarching recommendations that follow are designed to enhance comparability between the benchmark and Kentucky institutions.

RECOMMENDATION 1:

State appropriations for unique mandated research and public service programs and state and local appropriations for debt service in the operating budget should be excluded from the benchmark funding calculation.

To compare “apples to apples,” all the non-apples must be removed from the basket. Each state funding system is unique in some way, and it is difficult to consider all the nuances that public policy makers include in appropriations. To ensure the best possible comparisons between institutions, those items that are unique should be removed.

RECOMMENDATION 2:

All state appropriations for Agriculture Experiment Stations, Engineering Experiment Stations, and Cooperative Extension Services should be excluded from the benchmark funding calculation.

Not all the institutions in either the University of Kentucky's or the University of Louisville's benchmark comparison group have experiment stations or cooperative extension services. To improve the comparability of per student funding, then it is logical to remove these revenues from the comparison.

RECOMMENDATION 3:

State and local appropriations for continuing education programs should not be excluded from the benchmark funding calculation.

This recommendation is made because many of the benchmark institutions include state appropriations for continuing education programs in either the Instruction program area, or in Auxiliary Enterprises. Other institutions include those resources in the Public Service program. If funds are excluded in only some of the cases, then the treatment would be inconsistent.

RECOMMENDATION 4:

Only state appropriations for mandated research and public service programs that meet the materiality criterion should be excluded from the benchmark calculations for four-year institutions, and state and local appropriations for the two-year institutions.

Some of the responding institutions, and some of the Kentucky institutions, included all state appropriations for mandated research and public service activities, whether or not the revenues for those activities were at least \$25 per student. Other institutions followed the instructions. To be consistent in the treatment of these activities, only those that meet the materiality criterion at the activity level should be considered. As a result of this recommendation, the only activities recommended for

exclusion were those that met the materiality criterion. As a result of applying this criterion, the following activities would not be excluded:

Northern Kentucky University:	Environmental Resource Management Center Small Business Development Center Local Government Law Center Technical Services Institute Governor's Scholars Program Elderhostel Community Education
University of Louisville:	Labor Management Center Glasgow Residency Program State Autism Center Kentucky Cancer Program Area Health Education Center

RECOMMENDATION 5:

Determination of whether to exclude from the benchmark calculation state appropriations for mandated research and public service programs other than Agriculture Experiment Stations, Engineering Experiment Stations, and Cooperative Extension Services should be made on a case by case basis applying the criteria set forth in the survey.

Examination of each item will determine whether the activity actually is unique, and would hinder comparability. As a result of this recommendation, certain activities of the Kentucky institutions that may meet the materiality criterion, would not be excluded from the calculation. This includes the following activities:

Morehead State University	Kentucky Folk Art Center
---------------------------	--------------------------

RECOMMENDATION 6:

Only state and local appropriations for debt service made to the operating budgets of institutions should be excluded from the benchmark calculations.

Each state has something unique about the way in which it funds (or does not fund) debt service. Some provide state appropriations for all state (and university) debt service through a separate capital budget not reported in the IPEDS finance survey that is earmarked for each agency. Other states are precluded by state law from issuing

debt, and use “pay-as-you-go” methods of constructing/renovating/repairing buildings. In this case, there is no debt to service. Yet other states provide appropriations for debt service through a state-wide coordinating agency. Because there are so many unique circumstances in debt service appropriations, the only way to be consistent is to exclude all debt service appropriations to the operating budget from the calculation of comparable funding per student.

RECOMMENDATION 7:

For each Kentucky college or university, state appropriations for debt service per full-time equivalent student should be subtracted from the comparison public funds per student.

APPENDICES

***APPENDIX A
SURVEY OF STATE FUNDING FOR
MANDATED RESEARCH AND PUBLIC
SERVICE PROGRAMS AND DEBT SERVICE***

SURVEY OF STATE FUNDING FOR MANDATED RESEARCH AND PUBLIC SERVICE PROGRAMS AND DEBT SERVICE

Introduction

Your institution has been identified as a peer for one or more of the Kentucky's public postsecondary colleges and universities. The Kentucky Council on Postsecondary Education, in cooperation with Kentucky's public colleges and universities and the executive and legislative branches, are working together to revise the benchmark funding model. The model is based on enrollment and financial data reported to the Integrated Postsecondary Education Data System (IPEDS). A major part of this effort is a determination of mandated research and public service activities funded by state general fund appropriations for both the Kentucky institutions and for similar institutions in other states. In addition, the Council is requesting the amount of State general funds appropriated directly to the institutions for debt service.

Research includes funds to be expended for activities specifically organized to produce non-instructional research outcomes, including Agricultural Experiment Stations; **public service** includes funds to be expended to provide non-instructional services beneficial to groups external to the institution.

For the purpose of this survey, a **mandated research or public service activity** **MUST** have an external legal mandate, through statute, resolution, or executive order (e.g., state law requiring maintenance of an arboretum on campus) and receive appropriations greater than \$25 per FTE student. Also, the activities should meet most of the following criteria:

- the activity is not integral to the “instructional” mission of the institution;
- the activity is relatively unique among institutions in your state (e.g., cooperative extension service or agriculture experiment station);
- the activity is “program-funded” or has a specific line item appropriation for carrying out
- its purposes (e.g., State Institute for Research on Exceptional Children);
- the activity could be operated by an agency other than a state university (e.g., running the state’s Natural History Museum);
- the activity is primarily funded with state general funds appropriations (do not include activities that are funded by other sources of revenue such as state contracts or grants).

For this survey, **debt service** is defined as state general funds appropriated directly to the institution’s general operating budget for servicing principal and interest on debt issued for land, equipment, or buildings.

We would greatly appreciate your assistance in completing this survey and returning it to our consultants, MGT of America, Inc., at the address listed below by **August 17, 2001**. (NOTE: Please respond "N/A" to questions not applicable to your institution). If you have any specific questions regarding the survey, please contact the person below.

Dr. Mary McKeown-Moak
Project Director
MGT of America, Inc.
502 East 11th Street, Suite 300
Austin, TX 78701
Phone: 512/476-4697 Fax: 512/476-4699
E-mail: nmoak@mgtamer.com

Please direct more general questions regarding the overall study to:

Ms. Angela S. Martin, CPA
Vice President for Finance
Kentucky Council for Postsecondary Education
1024 Capitol Center Drive, Suite 320
Frankfort, KY 40601
Phone: 502/573-1555 Fax: 502/573-1535
E-mail: AngelaS.Martin@mail.state.ky.us

We will be pleased to provide you with a copy of study results when the survey is complete. In the space below, please indicate your interest in receiving the final study results. Thank you for your help!!

Respondent Information

1. Respondent Name:
2. Respondent Institution:
3. Position/Title:
4. Office Phone Number:
5. Office Fax Number:
6. E-mail address:
7. Institution's web page URL:
8. Please check below if you want to receive a copy of the final study results.
☐ No, I don't want a copy.
☐ Yes, I would like to receive a copy

1. What were the headcount student enrollments at your institution in Fall 1998 and Fall 1999?

2. What were total state and local appropriations and tuition and fee revenues reported for FY1998-99 and FY1999-2000? (Include both restricted and unrestricted revenues.)

3. Is any portion of the state and local appropriations in the amount reported in question 2 for mandated research programs in FY1998-99 and FY1999-2000? If yes, please identify by activity.

MGT
of Australia

**RESPONSES SHOULD BE CONSISTENT WITH THE DATA
YOUR INSTITUTION REPORTED TO IPEDS**

4. Is any portion of the state and local appropriations or tuition and fee revenues in question 2 above appropriated for mandated public service programs in FY1998-99 and FY1999-2000?

MANDATED PUBLIC SERVICE ACTIVITY	FY 1998-99		FY 1999-2000	
	STATE APPROPRIATI ONS	LOCAL APPROPRIATI ONS	STATE APPROPRIATI ONS	LOCAL APPROPRIATI ONS
Cooperative Extension Service	\$	\$	\$	\$
Non-credit continuing education				
Other (list)				

5. Is any portion of the state and local appropriations in the amount reported in question 2 for debt service on bonds issued for land, equipment, or buildings in FY1998-99 and FY1999-2000? Report **total amount** appropriated to the institution.

	FY 1998-99	FY 1999 - 2000
State Appropriations	\$	\$
Local Appropriations		

6. Comments?

THANK YOU FOR YOUR ASSISTANCE WITH THIS STUDY!

Council on Postsecondary Education
November 5, 2001

Executive Summary

The Council Business

The staff recommends that the council receive the 2000-01 Agency Audit as submitted by the firm of Potter & Co., Inc. (For details, see page 73.)

The audit of the council finances for fiscal year 2001 is concluded. The firm of Potter & Co. has presented its report, which will be considered by the Executive Committee October 31. I know you will be pleased to learn that the audit reveals no major problems and that the auditors make only a few management suggestions. The audit report will be mailed to you after the Executive Committee meeting.

Council on Postsecondary Education
November 5, 2001

2000-01 Agency Audit

Action: The staff recommends that the council receive the 2000-01 Agency Audit as submitted by the firm of Potter & Co., Inc.

In August, the council contracted with the firm Potter & Co., Inc. to perform a financial and management audit of the council for 2000-01. The financial portion of the audit is complete.

The Executive Committee will meet October 31 to review the audit report and will make a report to the council.

Council on Postsecondary Education
November 5, 2001

2000-01 Agency Audit

Action: The staff recommends that the council receive the 2000-01 Agency Audit as submitted by the firm of Potter & Co., Inc.

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The Executive Committee will meet October 31 to review the audit report and will make a report to the council.

Council on Postsecondary Education
November 5, 2001

Executive Summary

1. Are more Kentuckians ready for postsecondary education?

There is one action item in this section of the agenda.

The staff recommends that the council approve allocations totaling \$1,400,000 for performance rewards (\$200,000), the National Assessment of Adult Literacy (\$650,000), a GED fee waiver program (\$350,000), and postsecondary tuition discounts (\$200,000) from the Adult Education Literacy Trust Fund, 2001-02. (For details, see page 79.)

In May 2001, the council allocated \$ 9,362,000 of the 2001-02 Adult Education Trust Fund for continued implementation of the nine-point adult education plan. For three of the plan initiatives – performance rewards to counties, the National Assessment of Adult Literacy, and tuition discounts – we now estimate that actual costs will exceed currently budgeted amounts. We bring you a recommendation to increase the allocations for those three programs. In addition, we propose waiving the \$30 fee paid by GED test-takers during the first six months of 2002. We think this financial incentive will encourage more Kentuckians to take the new GED tests, which go into effect January 1. These four budget allocations total \$1.4 million.

Governor Patton held a press conference October 15 at the Thorn Hill Learning Center in Frankfort. He announced the strong increases in adult learners (from 50,000 to 63,000 during the last year) and in the number of people taking the GED. Governor Patton was joined by Workforce Development Cabinet Secretary Allen Rose, State Representative Gippy Graham,

Cheryl King, and me. As part of his remarks, the Governor urged GED recipients to seek postsecondary education.

The P-16 Council met in September and endorsed creating a single rigorous curriculum for all high school students, and establishing grade 14 (the equivalent of an associate degree) as a minimum education level in Kentucky. The P-16 Council directed the staffs of the Department of Education and the Council on Postsecondary Education to develop a single high school curriculum for their consideration.

This initiative will be supported by Kentucky's selection as one of five states that will participate in *The American Diploma Project*. Texas, Indiana, Massachusetts, and Nevada are the other four. The project's goal is a model American high school curriculum. Four national organizations – Achieve, Inc., The Education Trust, The Thomas B. Fordham Foundation, and The National Alliance of Business – are sponsoring the project. We shall work within Kentucky and with representatives from the other states to define rigorous standards for high school graduation that prepare students for college work or high performance jobs.

Three local P-16 councils have been funded from Council on Postsecondary Education resources: the Northern Kentucky Council of Partners in Education, the Owensboro Regional Alliance, and a council in Paducah and the area surrounding it. We expect to fund a number of others this year.

Additional Allocations for Adult Education Initiatives

Action: The staff recommends that the council approve allocations totaling \$1,400,000 for performance rewards (\$200,000), the National Assessment of Adult Literacy (\$650,000), a GED fee waiver program (\$350,000), and postsecondary tuition discounts (\$200,000) from the Adult Education Literacy Trust Fund, 2001-02.

Rewards

County adult education programs are on target to meet the statewide enrollment goal of 75,000 students for 2001-02. Based on last year's performance rewards, the council will need \$200,000 added to the \$600,000 approved in May 2001. To qualify for a reward, adult education programs must meet or exceed annual enrollment and other performance goals. Reward dollars are used by county providers to increase service capacity.

National Assessment of Adult Literacy (NAAL)

Each state in the U.S. has the option of participating in a statewide assessment of adult literacy concurrent with the National Assessment of Adult Literacy. As a follow up to the 1992 survey, the NAAL will be administered in 2002 with data available in 2004. Participation requires the states to pay for the additional costs of planning, sampling, data collection, and quality control necessary to provide valid estimates at the state level. The cost for Kentucky's participation is \$1,000,000, including county-level estimates. The data will be used to monitor progress and will continue to guide council decisions on policy and budget. The council allocated \$350,000 in May 2001 as the initial investment. Funds are available to pay the total survey cost.

Tests of General Educational Development (GED Tests)

New GED tests take effect January 1, 2002. Waiving the \$30 test fee will encourage more Kentuckians to take the new tests. The benefits of the waiver include:

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

Based on the number of GEDs awarded last year, an allocation of \$350,000 should meet demand.

Tuition Discounts

Kentuckians employed full-time who pass the GED tests within one year are eligible for tuition discounts. Qualified employees attending a state postsecondary institution may receive up to \$250 per semester up to four semesters. About 15 percent of the GED graduates are expected to enter postsecondary education, and a portion of them will meet the employment criteria. One hundred thousand dollars was carried forward from 2000-01, and the council allocated an additional \$100,000 at its May 2001 meeting. Based on the number of people completing the GED tests last year, an additional \$200,000 is requested to ensure funding as required by statute.

Staff preparation by Cheryl D. King and Ben Boggs

Council on Postsecondary Education
November 5, 2001

Executive Summary

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

There are no action items in this section of the agenda.

The council staff, working in collaboration with Smarthinking, a private corporation that provides on-line tutorial services through the Kentucky Virtual University, will apply for a \$1.5 million grant from the Fund for the Improvement of Postsecondary Education (FIPSE). The grant will measure the effectiveness of on-line tutoring on student course completion and retention. The grant application is due in December. If the grant is received, it will require a partial match from council funds of up to \$225,000 over a three-year period. Several Kentucky institutions, including the KCTCS, have expressed interest in working with the council on this grant.

Council on Postsecondary Education
November 5, 2001

Executive Summary

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

We bring four academic program recommendations and two other action items for your consideration.

The staff recommends that the council:

- Delegate to the boards of trustees of the University of Louisville and the University of Kentucky authority to approve joint or collaborative master's degrees necessary to expedite the accreditation of public health schools by the Council on Education for Public Health and promote public health research.
- Extend approval of the master's degree programs through 2004, while the universities continue to pursue the creation of a single, jointly accredited school of public health.

(For details, see page 89.)

We have reported to you previously on progress in developing cooperative relationships in public health education. The University of Louisville and the University of Kentucky continue to make good progress in this area. The University of Kentucky governs the Kentucky College for Public Health but

cooperative relationships are being developed between programs at the two institutions. In addition, Eastern Kentucky University, Western Kentucky University, the University of Kentucky, and the University of Louisville have reached agreement on a core set of master's level public health courses that will be offered through the Kentucky Virtual University beginning fall 2002.

Accreditation remains a problem. The Council on Education for Public Health continues to insist that a school of public health be governed by a single institution rather than by two institutions working together. This obstacle remains at a particularly difficult time for Kentucky and the nation. We already know of the substantial public health challenges that exist in Kentucky. Now we and the rest of the nation are threatened by the possibility of diseases and toxic chemicals that are intentionally introduced among us. This raises the need for more research and education in public health. The federal government is responding to this need with increased funding for research, in particular. We should ensure that, as much as possible, Kentucky's research universities can contribute their intellectual resources to this national need. To do that, accreditation (or candidacy for it) is necessary.

For that reason, Presidents John Shumaker of the University of Louisville and Lee Todd of the University of Kentucky and I have quickly developed an agreement that we think is in the best interests of Kentucky and the nation at this time. We propose that you authorize UK and UofL to establish the degree programs that are necessary for both institutions to become accredited and that promote public health research. The programs will be joint or collaborative and the two universities agree that the approvals will extend for three years. During that time, they will work together to persuade the accrediting body to change its position on the requirement that a single university be responsible for a school or college. Copies of my letter summarizing the agreement and the responses of Presidents Shumaker and Todd can be found on pages 91-94.

The universities have the necessary resources to initiate the programs and can do so immediately. They will provide appropriate documentation for council files. But in the interests of rapid response to this new threat to public health, the staff recommends that the council authorize immediate actions by UK and UofL. The two universities have assured us they will act cooperatively and in the best interests of Kentucky and the nation in planning and conducting public health research. Working with Western and Eastern, they will do the same in preparing public health professionals.

The staff recommends that the council approve the Doctor of Philosophy in Applied and Industrial Mathematics proposed by the University of Louisville. (For details, see page 95.)

Many jobs in the new economy require advanced mathematical skills that are needed for simulations and technology applications. A graduate program in Applied and Industrial Mathematics will be very useful to numerous employers throughout the state.

The staff recommends that the council approve the Bachelor of Science in Computer Science proposed by Morehead State University. (For details, see page 101).

The Office of the New Economy has reported to the presidents and to the Kentucky Innovation Commission that the state needs more graduates prepared to work in computer-related professions. This is especially true in eastern

Kentucky, where Morehead State proposes to address the general shortage of computer professionals and promote economic development.

The staff recommends that the council approve the Bachelor of Science in Nursing proposed by Kentucky State University. (For details, see page 105.)

There is a shortage of nurses, especially those with bachelor's degrees.

Kentucky State proposes to serve a population of associate degree nurses who are ready to return to school for the BSN. No additional funds are requested.

The State Board of Nursing requires that nursing programs have an 85 percent pass rate on licensure examinations. Kentucky State is close to achieving that minimum level in its associate degree program and has filed a plan for continued improvement. If the council approves the BSN proposal, the council staff will monitor the license examination pass rates for both programs.

The staff recommends that the council approve awarding federal Dwight D. Eisenhower Higher Education funds in the amount of \$954,412 for October 1, 2001-September 30, 2003, to support the 16 projects listed on page 113. (For details, see page 111.)

Through the Dwight D. Eisenhower Higher Education Grant Program, the Council on Postsecondary Education makes awards for the professional

development of public school teachers. These awards are primarily, but not exclusively, to colleges and universities. The Eisenhower grants focus on mathematics and science but awards can be made in other areas. This year some of the awards were made for teaching reading.

At its meeting October 15, the Committee on Equal Opportunities requested the council to consider improvements at Kentucky State University that may be related to the state's partnership agreement with the U.S. Department of Education, Office for Civil Rights. Council members Charles Whitehead, Walter Baker, and Steve Barger met with members of the KSU board and administration to review these and other issues. The council members urged Kentucky State to conduct a thorough programmatic and fiscal review to determine what programs and services the institution should be offering and how it should be allocating its resources. They recommended that the study be conducted by an independent consulting organization selected by mutual agreement of the KSU board and the council. The staff will keep the council informed of developments.

The staff recommends that the council approve the 2002-06 research and development indicators and goals for public universities. (For details, see page 117.)

Dr. William Brundage, commissioner for the New Economy, is completing work on a strategic plan for development of the new economy. Dr. Brundage has worked closely with representatives of the universities (especially the University of Kentucky and the University of Louisville) and with business leaders from throughout the state. He, representatives from the universities, and the council staff have agreed on four key indicators and two goals to measure Kentucky's progress in research and development.

The Kentucky Innovation Act, House Bill 572 of the 2000 Session, appropriated \$500,000 to the council to create Regional Technology Corporations. This is the last of the activities for whose administration the council has contracted with the Kentucky Science and Technology Corporation. We had intended to bring application criteria to you at this meeting but the strategic plan being developed by Dr. William Brundage, commissioner of the New Economy, includes provisions for a very similar set of organizations called Innovation and Commercialization Centers. Kentucky does not need both Regional Technology Corporations and Innovation and Commercialization Centers. With your approval, we propose to postpone issuing any criteria until the 2002 General Assembly takes action on proposed revisions to House Bill 572, one of which will be to convert the Regional Technology Corporations into the Innovation and Commercialization Centers envisioned by the new economy strategy.

Council on Postsecondary Education
November 5, 2001

Public Health Programs

Action: The staff recommends that the council:

- Delegate to the boards of trustees of the University of Louisville and the University of Kentucky authority to approve joint or collaborative master's degrees necessary to expedite the accreditation of public health schools by the Council on Education for Public Health and promote public health research.
- Extend approval of the master's degree programs through 2004, while the universities continue to pursue the creation of a single, jointly accredited school of public health.

In November 1999, the University of Kentucky and the University of Louisville agreed to create one jointly accredited Kentucky School of Public Health. However, extended discussions with the Council on Education for Public Health, the national accrediting body for public health programs, revealed that CEPH is unwilling to accredit a jointly administered school of public health. Those discussions will continue. The University of Louisville and University of Kentucky are committed to changing CEPH's position. But these negotiations will take time, and Kentucky needs to address its public health problems while they proceed.

A good interim solution is to create accredited schools of public health that work with other graduate public health programs in the state. Immediate creation of accredited programs in public health will help Kentucky attract and prepare many more public health professionals. Accredited programs also are necessary to allow both universities to contribute their intellectual capacity to conducting public health research that is needed by the state and nation at this time.

Accreditation at the University of Louisville requires creation of a practitioner-oriented master's degree (the MPH). The existing MPH at UK and the new MPH at UofL will be collaborative or joint programs. A joint master's research degree (the MSPH) between the two institutions will foster collaborative work solving public health problems and support the eventual creation of a jointly accredited school.

The universities will provide regular reports to the council on their progress in developing degree programs and negotiating with CEPH for a jointly accredited school of public health. Both

institutions will ensure that all students enrolled in any degree program that may be phased out can complete those programs in a timely fashion.

Staff preparation by Jim Applegate



KENTUCKY COUNCIL ON
POSTSECONDARY EDUCATION

GORDON K. DAVIES
President

October 12, 2001

Dr. John W. Shumaker
President
University of Louisville
102 Grawemeyer Hall
Louisville, KY 40292

Dr. Lee T. Todd, Jr.
President
University of Kentucky
101 Gillis Building
Lexington, KY 40506-0033

Dear John and Lee:

Thank you for meeting with us to discuss your public health programs and the future of public health education in Kentucky. Your willingness to work together will help us meet Kentucky's needs.

This letter summarizes our discussion last week. If I've misstated anything, please let me know so we can get the record straight.

At the meeting, you said that members of your staffs would work with Sue Moore and Jim Applegate to create a proposal for a board to oversee public health programs at the University of Kentucky and the University of Louisville and to ensure collaboration. This board also would serve a broader function: developing a statewide strategy for public health in Kentucky, much like the statewide engineering strategy. The board would include representatives from your institutions, Western Kentucky University, Eastern Kentucky University, the state public health department, and others important to a statewide strategy.

You also indicated you would develop proposals for academic programs needed to create accredited schools of public health at the University of Kentucky and the University of Louisville. You agreed these could be joint degree programs to reduce duplication and increase collaboration.

Dr. Shumaker
Dr. Todd
Page 2
October 12, 2001

We shall review these programs and discuss appropriate recommendations to the council. But as you suggested, we shall stipulate a three-year sunset clause in all program approvals. During the three years, we shall work together to challenge the restrictions imposed by the Council on Education in Public Health and seek to create a jointly accredited school of public health consistent with the council's original vision.

I remain concerned that a short-term strategy may create at least the appearance of duplication in public health education. We'll have to address this issue as we move forward.

Thank you again for your efforts. Please call me if you have questions. Sue, Jim, and I look forward to working with your colleagues and you on this next phase of public health education in Kentucky.

Sincerely,

Gordon K. Davies
Gordon K. Davies *plb*



UNIVERSITY OF KENTUCKY

Office of the President

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October 25, 2001

Dr. Gordon K. Davies
President
Kentucky Council on Postsecondary Education
1024 Capital Center Drive
Suite 320
Frankfort, KY 40601-8204

Dear Gordon:

I am writing this letter in support of the recommendation of the staff to the Council on Postsecondary Education, that the Council concur with the creation of an accredited School of Public Health at both the University of Kentucky and the University of Louisville. We strongly support the recommendation that the Board of Trustees at both the University of Kentucky and University of Louisville be delegated the authority to approve appropriate masters degrees in Public Health. Clearly, this will expedite the accreditation of the Public Health Programs at both institutions.

We will continue to pursue the creation of a jointly accredited School of Public Health over the next three-year period. The creation of a joint Master of Science in Public Health Degree between the University of Kentucky and the University of Louisville will encourage collaboration between the two institutions in public health research and our faculty will work diligently to accomplish this effort as soon as possible.

Sincerely,

A handwritten signature in cursive script, reading 'Lee T. Todd, Jr.'.

Lee T. Todd, Jr.
President

UNIVERSITY of LOUISVILLE

John W. Shumaker
President

University of Louisville
Louisville, Kentucky 40292
Office: 502-852-5420
Fax: 502-852-5682

October 25, 2001

Dr. Gordon Davies
President
Council on Postsecondary Education
1024 Capital Center Drive
Suite 321
Frankfort, KY 40601

Dear Gordon:

I support the recommendations regarding public health that you plan to make to the Council at their November 5th meeting. I believe it is an excellent interim solution to allow both the University of Louisville and the University of Kentucky to offer the practitioner oriented (MPH) degrees required for accreditation. We understand that the University of Kentucky and the University of Louisville will offer these degrees in a collaborative manner and that the two institutions will work to coordinate public health teaching and research across the state. The creation of a separate School of Public Health at the University of Louisville increases our ability to attract research dollars, retain outstanding faculty and enroll high quality students. It also provides for the training of the public health personnel that are so desperately needed at this moment in our country's history.

Over the next several years I will work with you and Dr. Todd in an attempt to persuade the public health accrediting body (CEPH) to change its position on the requirement that a single university be responsible for each school of public health. At such time that CEPH changes this requirement the University Louisville will be glad to pursue the creation of a single school of public health for Kentucky.

Sincerely,



New Program Approval
Doctor of Philosophy In Applied and
Industrial Mathematics
University of Louisville

Action: The staff recommends that the council approve the Doctor of Philosophy in Applied and Industrial Mathematics proposed by the University of Louisville.

The council staff recommends approval of this program based on evidence of:

- Demand for program graduates.
- Design of the program.
- Collaboration with local industry, the Kentucky Virtual University, and other university departments.
- UofL's ability to implement the program with minimal new resources by providing faculty, facilities, and necessary financial resources.

Demand for Program Graduates

Businesses recognize that computer simulations are replacing experiments in product design to reduce costs and increase flexibility. These simulations require advanced mathematical skills if they are to be used effectively. A university survey of the Louisville industrial area found:

1. The market is large enough to sustain this Ph.D. program.
2. The market is willing to collaborate with UofL's department of mathematics to develop an applied mathematics internship program.
3. The Louisville area companies will hire graduates of the program.

According to the most recent census information, there are 168 computer-based businesses, 19 testing laboratories, 285 scientific consulting services, 19 environmental consulting services, and 12 scientific research and development services in Jefferson County. The Louisville Development Authority and Greater Louisville, Inc., started the eMain USA initiative as a means of revitalizing the downtown area by developing an e-commerce community. To complement

eMain, UofL is developing a high-tech industrial center on its Shelby campus. Such enterprises will require many more people trained in industrial mathematics.

Finally, a 1997 report indicates that Kentucky ranks 47th among the states in the percent of Ph.D. scientists, mathematicians, and engineers in the workforce. Business leaders say that Louisville alone can absorb 3,200 high-tech workers.

Design of the Program

The proposed program is designed according to recommendations of local industry and national organizations such as the Institute of Industrial Mathematics, the Society for Industrial and Applied Mathematics, the American Statistical Association, the American Mathematical Society, and the National Science Foundation. The program emphasizes industrial application of mathematics and includes a mandatory professional internship. Details of program design are available in the attached executive summary.

Collaboration with Local Industry, the KYVU, and Other University Departments

In a survey of local industries to assess program need, every business interviewed was very supportive. All were willing to work with UofL's department of mathematics to develop internships and employ graduates.

The University of Louisville currently offers undergraduate courses via the KYVU. The mandatory industrial internship component of the program includes on-line courses for off-campus and part-time doctoral students. These will be offered through the KYVU and other distance learning formats.

Collaborations are being developed with university departments that have strong mathematics components, such as business, education, psychology, and public health.

Program Implementation

The extra resources needed to conduct the program are minimal, and no new facilities will be required. In anticipation of the program, the department of mathematics has received additional space and laboratory resources. Any additional resources will support graduate assistantships.

Using the Kentucky Postsecondary Program Proposal System, UofL posted the proposed program to the council's Web site. It was reviewed without objection by the other Kentucky public and independent institutions. This program does not duplicate the University of Kentucky's Ph.D. program in mathematics. The UofL program places greater emphasis on

mathematical applications that meet business and industry needs. Graduates will be oriented toward private sector employment, as opposed to teaching and research. Presidents John Shumaker and Lee Todd have identified advanced math as an area for increased collaboration by the two universities. The Board of Trustees approved the program at its June 25, 2001, meeting.

The UofL executive summary of the program proposal is attached.

Staff preparation by Ben Boggs

University of Louisville
Proposed Doctor of Philosophy in Applied and Industrial Mathematics
Executive Summary

Program Description

This is a proposal for a Doctor of Philosophy Degree in Applied and Industrial Mathematics with a suggested CIP Code of 27.0399. It is not in the Program Band for the University of Louisville. The tentative program implementation date is spring, 2002.

The proposed program speaks to the contemporary needs. It will prepare researchers who possess a unique blend of knowledge in mathematics, together with awareness and experience of the applications of that knowledge. Graduates of this program will see mathematics as an integrated whole, with appropriate roles played by applied and industrial needs. The required combination of course work, application area, and industrial internship will enable program graduates to pursue a career in the industrial world.

The program has been designed with the counsel of local industry and national associations. Their recommendations emphasize industrial employment. The following are some needs raised by local industry that a doctoral program focused on industrial employment would address:

- Breadth of training for problem-solving in industry.
- Instruction in oral and written communication of technical material.
- Industrial experience.

Abiding by the recommendations of the national associations, the proposed program incorporates four main components:

- Mandatory internship in an industrial setting.
- Mandatory core of basic mathematics courses.
- Mandatory core of applied mathematics, modeling and statistics courses.
- Mandatory application area to provide breadth of educational experience.

Need and Demand for the Program

A recent report by Governor Patton indicates that Kentucky has a 69% shortage of science and mathematics Ph.D.s¹ and ranks 47th in the percent of Ph.D. scientists, mathematicians, and engineers in the workforce². In order to increase its standing in the amount of scientific research conducted, Kentucky will have to increase its number of highly trained scientists, including mathematicians. Louisville alone can absorb 3200 high tech workers immediately³. This year the Carnegie Foundation

¹ Patton, P.E., *Postsecondary Education in Kentucky, an Assessment*, Report to the Task Force on Postsecondary Education, Frankfort, KY, March 1997.

² Strategic Assessment, A Presentation to the Kentucky Science and Technology Council by Walter H. Plosila, Vice President, Public Technology Management, Batelle Memorial Institute, August 22, 1998.

³ Bill Wolfe. High-tech visa bill may help Louisville. *Courier Journal*. October 6, 2000.

has designated the University of Louisville for the Advancement of Teaching as one of the “doctoral/extensive research universities – extensive.” Implementation of this proposed program would immediately propel UofL and its Department of Mathematics into a small, select group of prestigious universities.⁴ That this end is a desirable one is borne out by many commentators. For example, Robert A. Huffman, Executive Director of the Workforce Investment Board of Louisville and Jefferson County, after a visit to the University of Texas in Austin, had this to say about the proposed program:

“One of the things that we learned in Austin is that the existence of a fine, research oriented university is an immense asset when a city pursues economic development. While such a ‘town-gown’ partnership is always an asset, the benefit is maximized when there is a linkage between technology, education, and entrepreneurship. The elements of this proposed program incorporate just such a linkage.”

The surveys of local industries indicate a need for more employees possessing a post-baccalaureate technical degree with knowledge of mathematical modeling and statistical techniques. At the start of the fall 2000 semester, all UofL mathematics students in courses 200-level and above were surveyed concerning their mathematical interests. The majority (65%) indicated a preference for applied courses over theoretical courses and 55% indicated an interest in an internship as part of the mathematics program⁵.

Program Options

There are four components to the proposed program⁶:

- | | |
|--|-------------------------|
| a. Core | - 24 semester hours. |
| b. Additional Topics & Area of Specialization | - 18 semester hours. |
| c. Industrial Internship | - 6 semester hour |
| d. Doctoral Research and Doctoral Dissertation | - 18-24 semester hours. |

In response to the national recommendations, the core consists of required courses in Applied Analysis, Algebra, Discrete Mathematics, Modeling, Probability, and Applied Statistics and allows for flexibility while progressing towards the dissertation. It also provides the basis for a strong master’s degree in mathematics.

The Additional Topics & Area of Specialization, consisting of eighteen hours, begins the specialization in a chosen area of research. Some of these courses may be taken in a department outside of mathematics. These courses will add great flexibility to the proposed program. For example, a student might choose courses that would provide a sound basis for applications in Public Health and Decision Science, a program recently instituted at UofL.

The industrial internship is an innovative aspect of this doctoral program. The internship aims to provide:

⁴ *Needs Assessment for the Proposed Doctoral Program in Mathematics: Applied and Industrial* (page 6, National Prominence).

⁵ *Needs Assessment for the Proposed Doctoral Program in Mathematics: Applied and Industrial*, page 11.

⁶ See Section II of the Proposal.

- first-hand knowledge of how mathematics can be used in industry;
- experience working as part of a team outside of mathematical science;
- experience with the skills required for the use of mathematics in industry.

The graduate programs that have industrial internships observe that they aid in retention and recruitment of students, especially minority and female students.⁷

Industrial Internship

A key component is the industrial internship. In this major component the student will gain valuable experience in using mathematics in nonacademic settings. This working phase will occur after completion of the core and be a semester or summer in duration. The on-site supervisor will have primary responsibility for the student's work, and mathematics faculty members will offer mathematical help to the student as needed. The setting for the major working phase will vary among individuals but will involve an industrial firms, research laboratories, or governmental agencies under the supervision of an experienced practitioner. Several Louisville firms and agencies have already expressed willingness to be involved in this aspect of the program.⁸

⁷ SIAM Northwest Regional Mathematics in Industry Workshop, University of Washington, October 12-14, 2000.

⁸ *Needs Assessment for the Proposed Doctoral Program in Mathematics: Applied and Industrial*, Comments from Louisville's Entrepreneurs, Section 10.

New Program Approval
Bachelor of Science in Computer Science
Morehead State University

Action: The staff recommends that the council approve the Bachelor of Science in Computer Science proposed by Morehead State University.

The council staff recommends approval of this program based on evidence of:

- The growing need for computer specialists.
- The potential for the program to contribute to economic development.
- Alignment of program requirements with national accreditation standards.
- MoSU's administrative support for the program.
- MoSU's ability to adequately fund the program with current resources.

Qualified computer specialists are needed at both the national and state levels. The Federal Bureau of Labor Statistics' *Occupational Outlook Handbook, 2000-2001* predicts that computer-related occupations will be among the fastest-growing and lead the nation in number of new jobs created for the 1998-2008 period. Current economic development initiatives in eastern Kentucky seek to attract high-technology industries to the area. Through this new program, MoSU will address the general shortage of computer professionals and promote economic development in its service region by increasing the pool of qualified workers.

The Bachelor of Science in Computer Science will replace an existing Area of Concentration in Mathematics and Computing. According to faculty in MoSU's Department of Mathematical Sciences, the current program, while attracting students, has failed to keep pace with rapid changes in computer science over the past ten years. Students in the new Bachelor of Science in Computer Science program will choose between tracks in software engineering and scientific computing.

Course requirements reflect guidelines from national accreditation agencies and align with courses offered by graduate programs at several Kentucky institutions. Upon approval, MoSU will be party to an existing transfer agreement between several Kentucky universities and the Kentucky Community and Technical College System. Selected courses offered by other institutions through the Kentucky Virtual University will be accepted as course substitutions for program requirements.

Most resources necessary to implement this program are already in place. The remainder will be funded through internal reallocation of funds.

Using the Kentucky Postsecondary Program Proposal System, MoSU posted the proposed program to the council's Web site. It was reviewed without objection by the other Kentucky public and independent institutions. The MoSU Board of Trustees approved the program at its March 3, 2001, meeting. The Committee on Equal Opportunities and the Council on Postsecondary Education approved MoSU's qualitative equal opportunity waiver August 20, 2001, and September 16, 2001, respectively.

An executive summary prepared by MoSU is attached.

Staff preparation by Christina Whitfield

Proposed Bachelor of Science Degree
in Computer Science
Department of Mathematical Sciences
Morehead State University

Background

For over 25 years the Department of Mathematical Sciences has offered an Area of Concentration in Mathematics and Computing. The program, originally known as Mathematics and Computer Programming, was started shortly after the first desktop computers became available in the 1970's. It has successfully trained students for positions in such business and industrial giants as BellSouth, Ashland Oil, Humana, Meade Data, Lexmark, IBM and AT&T. Although the Area of Concentration in Mathematics and Computing served students extremely well through the 1980's and into the 1990's, the present rapid rate of change in technology and technology-related fields requires reorganization and modification of the program. Therefore, the Department of Mathematical Sciences proposes the existing program be revised into an Area of Concentration in Computer Science in order to meet the current need for a workforce skilled in the use of technology.

Analysis

Recently, a concern has been growing within the Department of Mathematical Sciences that the existing Area of Concentration in Mathematics and Computing may not be properly preparing students for the most recent technological needs of business, industry and academia. In addition, the Mathematics and Computing program has been attracting fewer students from the Morehead State service region than would be expected. One reason is that the current program is a "mathematics and computing" program rather than a "computer science" program and as such the computer-related program requirements have simply not kept pace with the rapidly changing role of technology and computer science in society.

Following recommendations of the Institute of Electrical and Electronics Engineers Computer Society and the Association for Computing Machinery and using the Computer Science Accreditation Commission of the Computing Science Accreditation Board accreditation criteria as guidelines, the proposed program includes required courses from four additional departments outside the mathematical sciences: Information Systems; Industrial Education and Technology; Physical Sciences; and English, Foreign Languages and Philosophy. Additionally, six new computer science courses have been designed to provide coverage of current areas of study and research in the core fields of Computer Science. The new courses cover advanced data structures, theory of programming languages, operating systems, software engineering, computer graphics and parallel processing.

The United States Department of Education and the National Science Foundation have recognized computer science as an "area of national need". The proposed Area of Concentration in Computer Science is designed to fill this need in Morehead State University's service region by increasing the number of technologically skilled

graduates. In time, this will attract more technology-based companies to the region. The program will be a collaborative venture with the Kentucky Community and Technical College System with the creation of a transfer framework. Furthermore, the curriculum aligns with courses offered by graduate programs at Eastern Kentucky University, Northern Kentucky University, Western Kentucky University and the University of Kentucky. In effect, this program will build bridges so that a student can transfer from a two-year institution, complete a four-year college degree at MSU and continue graduate school in one of the above-mentioned institutions. This program opens new doors to students in Eastern Kentucky.

The Commonwealth of Kentucky is in urgent need of an educated work force in the fields of technology. According to the 1999 publication, The Kentucky Occupational Outlook To The Year 2006, published by the Research and Statistics branch of the Kentucky Department for Employment Services, employment in computer and mathematics related occupations will grow the fastest of all occupational groups in Kentucky. At a two-day conference of the Appalachian Regional Commission (ARC) in Lexington in 1999 Governor Paul Patton reminded members that the ARC began in eastern Kentucky, a region he calls "the Cradle of Appalachia". Patton outlined his latest initiative to promote and sell the "New Appalachia" in Kentucky using the full support of the governor's office to seek out businesses and industry to invest in and develop the region. The governor envisioned creating industrial clusters in the "Cradle of Appalachia". These industrial clusters require an educated work force especially in technological related fields. The governor has already put projects in action towards the industrialization of the Appalachian region. The computer science program at MSU is crucial in preparing the necessary work force in Eastern Kentucky.

New Program Approval
Bachelor of Science in Nursing
Kentucky State University

Action: The staff recommends that the council approve the Bachelor of Science in Nursing proposed by Kentucky State University.

The council staff recommends approval of this completion program based on evidence of:

- Student demand for the program.
- Demand for program graduates.
- KSU's ability to adequately fund the program with current resources by providing faculty, facilities, and other necessary financial support.

Of more than 1,000 registered nurses working in KSU's service area, fewer than 20 percent have completed a BSN degree. A survey of KSU associate degree nursing graduates showed that 50 percent would like to earn a baccalaureate degree in nursing. Many of the respondents expressed their preference for returning to KSU for that degree because of convenience and flexibility, economy, and familiarity.

Area clinical agency representatives indicate they would prefer to hire BSN graduates for head nurse, nurse manager, clinical nurse specialist, nurse supervisor, and director of nursing positions. Because of the scarcity of BSN graduates, these positions are being filled with associate degree graduates. KSU will meet the needs of commuting and non-traditional students by offering classes at convenient times---concentrated on one or two days a week. Clinical assignments will have flexible schedules.

Kentucky State University remains committed to the establishment and support of the proposed BSN program in spite of the announced state budget shortfall and its potential effect. No new funds are necessary for implementation of the program. The largest program expenditures will be for personnel. Separate faculties will be maintained for the associate and baccalaureate programs. A major first time equipment purchase will be handled through reallocation of internal funds.

In 1996, KSU proposed offering a Bachelor of Science in Nursing completion program. At that time, the council postponed consideration of the BSN until it had addressed KSU's enhancement as part of the *Kentucky Plan for Equal Opportunities* update process. The council agreed that the BSN proposal could be resubmitted based on KSU's 1996 EEO eligibility status (January 27, 1997, CHE Agenda).

Subsequently, in late July 2000, KSU posted a revised BSN proposal to the Kentucky Postsecondary Program Proposal System. The Kentucky Community and Technical College System, Lexington Community College, and the University of Kentucky responded supporting the program. KSU submitted the proposal for council review in March 2001.

The council staff will monitor student pass rates on nursing licensure exams for both the associate and baccalaureate completion programs.

An executive summary, prepared by KSU, is attached.

Staff Preparation by Jennifer Marsh, Larry Fowler, and Barbara Cook

Baccalaureate of Nursing Completion Program
Kentucky State University

EXECUTIVE SUMMARY

1. Mission, Influence, Organization

The proposed Baccalaureate of Nursing Completion Program (RN-to-Baccalaureate) is fully consistent with the University's mission and strategic plan. A portion of the Kentucky State University's revised mission (1993) reads: "The University shall offer associate, baccalaureate, pre-professional, professional, master's and education specialist programs oriented toward liberal studies, selected careers in state government, and demonstrated student interests and societal needs." The section of the mission statement under Strategic Directions/Program Priorities includes an associate and baccalaureate degree program in nursing. These statements are testimony to the integral relationship of the proposed program to the mission of Kentucky State University and the commitment of the University to the programs implementation and success.

Implementation of this program is feasible and does not create a problem of duplication. While other baccalaureate nursing programs exist in the Commonwealth, the health care system demands a registered nurse workforce with baccalaureate degrees prepared to function across sections, in systems managing and provide nursing service to individuals, families, groups, and populations. The emphasis in providing health care has begun to shift from hospitals to communities; from acute care to chronic care; from curative to primary care; and from individual client to the population perspective. According to the Division of Nursing of the U.S. Department of Health and Human Services, if these trends continue, rising demand will outstrip the supply of baccalaureate nurses, beginning in the year 2010. The Pew Health Professions Commission has called for a more concentrated production of bachelor's and higher degree nursing graduates. It is toward meeting these demands that the proposed Baccalaureate of Nursing Completion Program is directed. The program will be placed in the University's Department of Nursing within the College of Professional Studies.

2. Program Description

The Baccalaureate of Nursing Completion Program is designed to prepare the Associate Degree Registered Nurse at the baccalaureate level. The program will emphasize leadership, patient education case management and nursing care across a variety of community-based health care settings. The demographic changes in today's society have contributed to the future role of the nurse. The expected increase in the elderly population influenced the inclusion of the aging process and chronic illnesses in the organizing framework of the proposed curriculum. The content will also focus on issues of providing care for the 'vulnerable populations' including the homeless, those with chemical addictions, HIV/AIDS, the poor, and those with catastrophic illnesses.

The program, designed for completion in two years, will include flexible scheduling of one to two days a week course offerings. The total curriculum includes sixty-seven credit hours.

3. Supportive Data

The increase in the aging population, an increase in the number of hospitalized elderly, the rapid expansion of primary care at a variety of community-based sites, and the enormous number of technological changes requiring more highly skilled nursing care are a few of the influences that have created the increased need for baccalaureate prepared nurses. Locally, trends reflect national trends. The Department of Veterans Affairs (VA), the nation's largest employer of registered nurses, announced in December of 1998, a national initiative to support its nursing work force. It has allocated \$50 million over the next five years to assist its nursing personnel to attain the baccalaureate (or higher) degree. It is estimated that more than 5,000 VA nurses are likely to return to school. Kentucky State University is within 50 miles of two Veteran hospitals and the proposed Baccalaureate completion program would assist in meeting the educational needs of the VA nursing personnel.

A review of the annual report from current registered nurse licensure count in the annual report the Kentucky Board of Nursing showed evidence of a need for an increase in baccalaureate prepared nurses. The RN Current Licensure Count for Franklin County and the Kentucky State University service areas are:

County	Nurse Educational Level		
	Diploma	ADN	BSN
Anderson	15	137	29
Franklin	51	212	79
Henry	15	61	19
Owen	11	46	10
Scott	30	152	69
Shelby	45	132	68

The proposed Baccalaureate Completion Program would assist in reshaping the mix of the basic registered nurse workforce for Franklin County and the other counties in the Kentucky State University service area.

An Articulation Agreement with the University of Kentucky College of Nursing is nearly completed. Kentucky residents completing the Baccalaureate Completion Program and meeting certain requirements, will be eligible for admission to ten openings annually in the University of Kentucky College of Nursing Master's program. In addition, the Department of Nursing will participate in the Kentucky Nursing Education Mobility Taskforce project in support of asynchronous methodologies. The purpose of the project is to expand the accessibility of existing distance education nursing courses by establishing a statewide consortium of public and private nursing programs supporting asynchronous methodologies.

4. Resources

The Baccalaureate Completion Program will be financed from current institutional funds, reallocations from Title III 1998-2002 funds, and tuition.

Council on Postsecondary Education
November 5, 2001

Eisenhower Higher Education Grant Program

Action: The staff recommends that the council approve awarding federal Dwight D. Eisenhower Higher Education funds in the amount of \$954,412 for October 1, 2001-September 30, 2003, to support the 16 projects listed on the attachment beginning on page 113.

The Dwight D. Eisenhower Higher Education Grant Program supports activities in schools to improve teaching in mathematics, the sciences, and other areas. This year the council was required to allocate at least 56.82 percent toward projects in mathematics and science, but it was permitted to use the remainder to fund projects in other areas. Proposals supporting implementation of the P-16 Council's math and literacy alignment teams' recommendations were encouraged.

The council staff visited with the program directors of all Eisenhower projects funded last November. They found the projects offer substantive, professional development experiences for P-12 mathematics and science teachers. The workshops presented practical applications for mathematical and scientific concepts, and computer resources for lesson plans. They made clear connections to the Kentucky core content and national curriculum standards. Many of them provided field experiences that teachers could easily use in their classes or student clubs.

This fall, for the first time, the council staff brought together project leaders from the 1999 and 2000 award years to share best practices from their Eisenhower experiences. Based on these evaluations of previous projects, this year's request for proposals called for greater engagement of school principals and district leaders and follow-up activities in classrooms to reinforce the lessons learned during the summer workshops.

A statewide team, including postsecondary faculty, P-12 teachers, and representatives from the Kentucky Department of Education and the Council on Postsecondary Education, reviewed 23 proposals. Sixteen projects are recommended for funding, including two statewide projects. One is for middle school mathematics teachers, in cooperation with the Kentucky Department of Education's teacher academy program. The other, modeled on the Collaborative Center for Literacy Development's Kentucky Early Reading Project, improves reading instruction for all middle and secondary teachers. Attached is a brief description of each project.

Staff preparation by Dianne M. Bazell

Eisenhower Mathematics and Science Education Grant Program Projects Recommended for Approval for Federal Fiscal Year 2002

Mathematics and Science Projects:

Campbellsville University: \$50,189

Outdoor Classroom Institute

James Pirkle

The School of Education and the Science Division at Campbellsville University will select up to 30 elementary and middle school teachers from seven central Kentucky school districts to teach vocabulary development and reading comprehension in science, grades four through six. The project will offer a five-day summer workshop at the university's Clay Hill Memorial Forest (outdoor classroom) and follow-up sessions during the academic year and the following summer. Field-tested lesson plans will be provided on the university Web site for non-participating teachers to use in outdoor classroom settings.

Kentucky Community and Technical College System: \$52,855

Geometry for All

Kim Zeidler

This project will target middle school teachers, grades five through eight, in 17 Appalachian school districts, including special education teachers responsible either for teaching mathematics or for assisting mathematics teachers. The project, which focuses on geometry and measurement, also provides on-site team teaching through the Appalachian Rural Systemic Initiative and on-line listserv support.

Morehead State University: \$57,864

Life in the Universe

Eric Thomas, Benjamin Malphrus, and Brian Reeder

This project will provide a summer workshop, academic year seminar series, field and laboratory experiences, and an instructional support program to improve the teaching in life, earth, and space sciences for grades eight through twelve. The project will be led by faculty at MoSU's Space Science Center, the Department of Biological and Environmental Sciences, and the Department of Physical Sciences, as well as staff of the Department of Education and regional service centers six, seven, and eight.

Murray State University: \$58,428

Patterns, Systems, Core Content

Joseph Baust

Murray State University's Center for Environmental Education and Western Kentucky University's Center for Math, Science, and Environmental Education will offer a week-long residential summer workshop with two follow-up sessions during the academic year at Land Between the Lakes. The project will help up to 30 teachers use environmental studies to connect mathematics and science concepts across the curriculum.

Northern Kentucky University: \$57,098

Reading the River

Yvonne Meichtry

The project's title is taken from conservationist Aldo Leopold's concept of "reading the landscape" to discover and understand the natural and human forces that shape the environment. Twenty science teachers, grades five through twelve, will conduct interdisciplinary studies on a six-day journey from the headwaters to the mouth of the Licking River. Content area specialists from 13 partnering agencies will show teachers how to connect the study of water quality to natural history, land use, and culture. The project will address all major areas of the elementary and secondary curriculum.

Northern Kentucky University: \$59,997

Coordinating Number and Computation Concepts across

Grades Four through Nine

Linda Jensen Sheffield and Maggie McGatha

Project directors will improve teachers' use of technology (including computers, the Internet, calculators, and physical models) and help them better teach the Kentucky number and computation core content standards. They will conduct two 35-hour seminars and 15-hour follow-up sessions for 40 teachers and administrators from up to 25 school districts in northern Kentucky. This project is the final phase of a four-year cycle that included geometry and measurement (1998-99), algebra (1999-2000), and probability and statistics (2000-01).

Pikeville College: \$46,621

Geometry for All

Mary Koshar

The project will target high school teachers, grades nine through twelve, in 17 Appalachian school districts, including special education teachers responsible either for teaching mathematics or for assisting mathematics teachers. The project, which focuses on geometry and measurement, provides on-site team teaching through the Appalachian Rural Systemic Initiative and on-line listserv support. It extends the similar KCTCS middle school project to high school teachers.

University of Kentucky: \$17,065

Keeping the Hands-On in Virtual Learning

Joseph P. Straley

This proposal supplements a three-year grant awarded to the Department of Physics and Astronomy by the U.S. Department of Education Fund for Improvement of Postsecondary Education to develop and pilot a "high tech-high touch" approach to the professional development of science teachers, grades four through eight, in rural schools. Teachers receive all their training at their own sites on their own schedules under the remote guidance of UK instructors and specially developed software. Eisenhower funds will be used to provide classroom materials, graduate tuition for participants, and release time for teachers to improve their understanding of physics.

University of Louisville: \$145,500

Kentucky Middle School Mathematics Academies- Year 3

William Bush

The project will continue into a third year eight five-day mathematics academies across the state, with follow-up sessions during the school year. Activities will build the content knowledge of 240 middle school mathematics teachers, improve their instructional abilities, and raise student achievement as measured by classroom, district, and state assessments.

Western Kentucky University: \$22,160

Teaching and Learning Astronomy and Space Science

Roger Scott

Targeting middle and high school science teachers, but welcoming elementary teachers as well, this project will offer a five-day workshop and two academic year follow-up sessions. Teachers will participate in laboratory and discussion sessions and planetarium activities and develop portfolios for long-term projects for students. They will be certified to receive NASA moon rocks and meteorites for classroom use. Participants may receive three semester hours of graduate work.

Western Kentucky University: \$55,148

Gender Related Engineering Activities to Teach Science (GREAT Science)

Kathleen Matthew and Stacy Wilson

This project will include a week-long summer workshop and two follow-up sessions for elementary and middle school teachers and counselors, a LEGO robot extravaganza to promote critical and creative thinking, and an engineering career day for teachers and their students. Participants and their students will benefit from mentoring activities with women in executive positions in science and engineering careers. Teachers will be asked to make presentations to peers about science, engineering, and the role of women in these professions.

Western Kentucky University: \$58,476

Raising Achievement in Middle School Science

Julia Roberts

University faculty and veteran Eisenhower participants will work with 54 middle school science teachers. Participants will engage in astronomy observation and learn about computer space simulation, telescope construction, spectroscopic analysis of light, and model rocketry. They will develop science-teaching units meeting national science standards and Kentucky core content standards.

Western Kentucky University: \$57,828

The River: A Resource for Improving Math and Science Content

Terry Wilson, Alice K. Mikovch, Wanda Weideman

This project, successfully implemented in the Campbellsville and Mammoth Cave area, will be extended to 12 districts in the Owensboro area. An estimated 24 middle school mathematics and science teachers will use scientific experiments—some conducted on the Green River—to evaluate

the physical, biological, and chemical quality of water systems. Using technology and mathematical concepts to make predictions and to analyze data, they will plan lessons that integrate mathematics, science, technology, and real world applications.

Literacy Projects:

Morehead State University: \$39,900

Content Area Reading Workshop

Mary Anne Pollock

Morehead State University's departments of elementary reading, special education, physical sciences, mathematical sciences, geography, government, and history will collaborate to provide a reading workshop, followed by classroom visits for 30 teachers and their principals from 18 district schools. Participants will create programs adapted to materials in math, geography, government, and other content areas, providing reading instruction to 2,400 students.

University of Kentucky: \$145,500

Enhancing Student Learning in Mathematics and Science through

Literature-based Reading Instruction

Sara Delaney Moore and William P. Bintz

The University of Kentucky and the Appalachian Rural Systemic Initiative, with the support of the regional service centers in eastern Kentucky, will provide summer workshops and follow-up sessions to 75 mathematics and science teachers, grades four through eight. The program will use literature to improve teaching, enhance student learning, and increase interdisciplinary understanding of mathematics and science concepts. The project also will provide support to administrators and library and media specialists in the 35 ARSI counties.

Union College: \$29,783

Learning Science through Literature and Technology

Robert Swanson

This project will offer to 25 local science teachers a summer workshop with follow-up classroom visits and support participation in activities offered by the Kentucky Science Teachers' Association and the Mountain Science Teachers' Association. Through hands-on science activities, use of technology, analysis of children's books, and production of a science-oriented children's CD, teachers will increase their science knowledge and teaching skills and learn to integrate science and language arts activities.

Key Indicators of Progress – Research and Development Goals

Action: The staff recommends that the council approve the 2002-06 research and development indicators and goals for public universities.

The council staff has worked with the public universities to establish indicators and goals for research and development. These indicators are under question 5 – Are Kentucky's communities and economy benefiting?

Recognizing the link between R&D and the new economy, the staff worked closely with Bill Brundage, commissioner for the New Economy, to ensure that the R&D indicators and goals for the University of Kentucky and the University of Louisville and those in the statewide strategic plan for the new economy are one and the same.

Extramural research and development expenditures at UK and UofL have increased from \$122 to \$173 million since 1997. While progress has been made, it is essential for these expenditures to increase even more in order to add significant value to the state's economy. The Office of the New Economy has set goals of \$500 million by 2010 and \$1 billion by 2020. In order to target this growth in areas that will be of greatest benefit to Kentucky's economy, the Office of the New Economy has identified five priority areas for research and development: (1) Human Health and Development, (2) Biosciences, (3) Information Technologies and Communication, (4) Materials Science and Advanced Manufacturing, and (5) Environmental and Energy Technologies.

For the University of Kentucky and the University of Louisville, the council staff proposes the following four indicators:

1. Extramural R&D expenditures (federal, state and local, industry, and other – as defined by the National Science Foundation).
2. Federal R&D expenditures (as defined by NSF).
3. Endowments in the five new economy research priority areas.
4. Research and development expenditures from endowments and gifts in the new economy research priority areas.

The proposed goals for extramural and federal research and development expenditures are shown on attachment 1, page 119. The combined 2002 – 2006 goals for extramural R&D expenditures for UK and UofL chart an ambitious course toward the goals of \$500 million by 2010 and \$1 billion by 2020.

The staff is still working with UK and UofL to establish the criteria that will be used to identify endowments in the new economy research priority areas and the expenditures associated with these endowments and gifts. Focusing key indicators on the research priority areas is an especially important link to the statewide plan for the new economy. For instance, the information technology priority area is crucial to regional economic development in virtually all areas across the country. A second priority area, biotechnology, is a natural candidate for high growth in Kentucky because of our strength in the academic program areas of pharmacy, medicine, and agriculture. The baseline data and goals for these two indicators will be presented to the council in February 2002.

When the council staff presented the key indicators in March, we thought that there might be goals for two other indicators for the two research universities—licenses that yield income and business start-ups or incubated businesses. In looking at national data, however, we realized that state and university data fluctuate significantly from year to year. (For instance, the start-ups in 1996, 1997, and 1998 for the University of Washington—one of UK’s benchmarks—were 3, 25, and 8.) We think now that we should track these data but not establish goals. Instead, the staff proposes to add the third and fourth indicators listed above, which tie the activities of the universities directly to the core areas of the new economy.

For the comprehensive universities, the R&D indicator is “extramural research and public service expenditures per full-time faculty.” The goals that were negotiated with each institution are shown on attachment 2, page 120. The restricted research and public service expenditures are reported annually as part of the federal Integrated Postsecondary Education Data System (IPEDS) – collected and reported by the National Center for Education Statistics (NCES). The projected growth from 2000 to 2006 ranges from 11 percent at Kentucky State University to 243 percent at Eastern Kentucky University.

Staff preparation by Patrick Kelly

Research and Development Goals for UK and UofL
Extramural and Federal Research and Development Expenditures
(In \$ Thousands)

	Actual		Goals						
	1999	2000	2002	2003	2004	2005	2006	2010	2020
University of Kentucky									
Federal	\$66,184	\$73,858	\$87,172	\$100,486	\$113,801	\$127,115	\$140,429	\$207,000	\$414,000
Total Extramural	\$120,446	\$142,803	\$158,523	\$174,242	\$189,962	\$205,682	\$221,402	\$300,000	\$600,000
University of Louisville									
Federal	\$15,536	\$17,713	\$35,832	\$42,998	\$51,598	\$61,918	\$74,301	\$154,071	\$304,000
Total Extramural	\$28,892	\$30,615	\$46,080	\$55,296	\$66,355	\$79,626	\$95,551	\$200,000	\$400,000
Total									
Federal	\$81,720	\$91,571	\$123,004	\$143,484	\$165,399	\$189,033	\$214,730	\$361,071	\$718,000
Total Extramural	\$149,338	\$173,418	\$204,603	\$229,538	\$256,317	\$285,308	\$316,953	\$500,000	\$1,000,000

*Extramural expenditures include federal, state, industry, and other extramural sources.

Source: National Science Foundation

Extramural Research and Public Services Expenditures per Full-Time Faculty
Comprehensive Universities
Three-Year Average

	1996-97 to 1998-99	Goals					Percent Change
	Actual	2002	2003	2004	2005	2006	
Eastern Kentucky University	\$14,828	\$39,474	\$46,035	\$48,465	\$49,937	\$50,929	243%
Kentucky State University	\$49,473	\$51,000	\$52,000	\$53,000	\$54,000	\$55,000	11%
Morehead State University	\$12,281	\$13,423	\$14,175	\$14,699	\$15,390	\$16,036	31%
Murray State University	\$4,431	\$5,147	\$5,185	\$5,220	\$5,256	\$5,270	19%
Northern Kentucky University	\$3,474	\$4,035	\$4,276	\$4,518	\$4,759	\$5,000	44%
Western Kentucky University	\$18,930	\$31,008	\$31,783	\$32,558	\$33,333	\$34,108	80%

Source: IPEDS Finance and Fall Staff Surveys