

# AGENDA

## Council on Postsecondary Education

September 21, 2003

12:30 p.m. (ET)

Ballroom III

Cincinnati Airport Marriott

Hebron, Kentucky

Page

### Roll Call

Approval of Minutes ..... 1

### Focus on Reform:

#### Annual Report from Association of Independent Kentucky Colleges and Universities

#### Cross-Cutting Issues

1. 2004-06 Operating and Capital Budget Development Update ..... 13
2. Action: Endowment Match Program Guideline Revisions ..... 35
3. Key Indicators of Progress: Update on Revision Process and Related  
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#### Question 1 – Are more Kentuckians ready for postsecondary education?

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#### Question 2 – Are more students enrolling?

#### Question 3 – Are more students advancing through the system?

10. Fall 2003 Preliminary Enrollment Information ..... 69
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#### Question 4 – Are we preparing Kentuckians for life and work?

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### The Council Business

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### Other Business

Next Meeting – November 3, 2003

Adjournment

**MINUTES**  
**Council on Postsecondary Education**  
**July 28, 2003**

The Council on Postsecondary Education met July 28, 2003, at 8:30 a.m. at Murray State University in Murray, Kentucky. Chair Barger presided.

Mr. Barger thanked Murray State University and President Alexander for hosting the meeting.

**ROLL CALL**

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

**APPROVAL OF  
MINUTES  
WELCOME**

The minutes of the May 19 meeting were approved as distributed.

President Alexander welcomed everyone to Murray State University. He recognized the MuSU board members in the audience – Chair Sid Easley, Vice Chair Beverly Ford, Faculty Regent Terry Strieter, Mike Miller, and Student Regent Josh Rose.

**FOCUS ON REFORM:  
MUSU**

President Alexander said that postsecondary education reform has impacted Murray State University in a number of ways – in the areas of access, service, success of the institution in this area and in the state, and in affordability. He said that the institution has a number of challenges, economic and demographic, unique to this region but also unique to the state. President Alexander discussed these challenges in a brief presentation.

**2004-06 OPERATING  
AND CAPITAL BUDGET  
DEVELOPMENT**

Sandy Woodley, Council vice president for finance, said that as the Council staff works to develop recommendations for the 2004-06 budget, several issues or recommendations will be brought to the Council for discussion or action during the remaining Council meetings leading up to the November final recommendations. The Council developed five working committees to advise the Council concerning issues specific to the development of the 2004-06 budget: 1) Endowment Match Program Committee, 2) Funding Distribution Methodology Committee, 3) Special Initiatives Funding Request Committee, 4) Enrollment Growth and Retention Committee, and 5) Affordability Committee. Each committee is working to address a specific set of issues and to develop a set of options or guideline recommendations for the Council to consider leading up to the November budget recommendations. A summary of the basic issues that each committee is addressing was included in the agenda book.

Sherron Jackson of the Council staff discussed the development of the 2004-06 capital budget. He said that each public university and the Kentucky Community and Technical College System are required to submit a 2004-2010 capital plan to the Capital Planning Advisory Board by April 15, 2003. The projects identified in the first biennium of the 2004-2010 capital plans generally evolve into the 2004-06 capital requests. A summary of the institutional requests by fund source was included in the agenda book. The Council will act on the 2004-06 capital recommendation in November.

**RECOMMENDATION:** The staff recommends that the Council approve the 2004-06 Special Initiative Funding Requests Guidelines and Evaluation Criteria.

Ms. Woodley said that the *Points of Consensus* stipulate that a mechanism for requesting funds for special and meritorious initiatives be a part of the 2004-06 budget process, and that guidelines for evaluating such requests be established early in the process. The recommended guidelines and evaluation criteria reflect discussions between and among the Council staff, the university presidents, the university chief budget officers, and the Special Initiatives Funding Request Committee.

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

**VOTE:** The motion passed.

**RECOMMENDATION:** The staff recommends that the Council approve the recommended changes in benchmark institutions and mandated programs as outlined on pages 16-26 of the July 2003 agenda book.

Ms. Woodley said that the *Points of Consensus* document approved by the Council at its February 2003 meeting did not include a specific provision for changes to the institutions' benchmarks. However, the university presidents, the president of KCTCS, and the Council president agreed that institutions could request limited changes to their benchmark lists. During the past several months, the Council staff has been reviewing and analyzing the benchmark institutions and mandated programs as they related to the benchmark funding model for the 2004-06 recommendation. Six institutions and the KCTCS requested changes to their benchmark institutions. Northern Kentucky University, the University of Kentucky, and Lexington Community College chose not to request changes to their benchmark institutions.

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

Mr. Baker asked if the changes to the benchmark institutions for Kentucky State University are in line with the recommendations of the Baker & Hostetler report. Mr. Layzell said that the Council staff has worked closely with the KSU staff to develop the list of institutions for KSU.

VOTE: The motion passed.

KEY INDICATORS OF  
PROGRESS TOWARD  
POSTSECONDARY  
REFORM:  
PROPOSED REVISIONS

Council staff member Christina Whitfield said that in March of 2001 the Council approved 43 indicators designed to measure progress toward postsecondary reform. These indicators were organized around the Council's five questions. Since then, the Council has approved changes for several individual indicators but has not undertaken a systematic refinement of the Key Indicators project. The Council staff has begun the research necessary to proceed with the important work of refining the indicators. The central aims of this process are reducing the number of indicators and a closer alignment with national accountability initiatives. In addition, the Council staff will work to implement the accountability recommendations in the recent report of the Program Review and Investigations Committee staff report. A progress report will be presented at the September Council meeting.

Mr. Layzell said one of the major strengths of postsecondary reform in Kentucky has been the development of these indicators and relating them to the five questions. He said that this process has been used as a model by many other states in the nation.

KEY INDICATORS OF  
PROGRESS TOWARD  
POSTSECONDARY  
REFORM:  
INSTITUTIONAL  
INITIATIVES

Mr. Layzell said that the Council members requested additional information regarding those indicators for which progress to date falls short of systemwide or institutional goals. The Council staff wrote the presidents of each institution and requested a summary of campus initiatives that address those key indicators for which current results suggest more progress is necessary. Also, presidents who saw their institutions' performance on five- and six-year graduation rates decline in 2002 were asked to submit an additional response addressing graduation rates. The institutions' responses were included in the agenda book.

PROGRAM  
REVIEW AND  
INVESTIGATIONS  
COMMITTEE REPORT

Mr. Layzell said that on July 10 the General Assembly's Program Review and Investigations Committee released a report on the status of postsecondary education reform in Kentucky. The report raised several concerns but also praised the substantial progress Kentucky has made since 1997. Most of the concerns relate to format of the information the Council provides to the General Assembly. Some additional information will need to be collected to give the legislators information on institutional as well as statewide accountability. He said the report would be a helpful baseline document for all as we continue to make the case of why we need to move ahead and stay the course for postsecondary reform in Kentucky.

Mr. Layzell said that it is important to keep the six goals of House Bill 1 and the five questions developed to operationalize those goals in front of everyone. He said this is a great opportunity for the Council and the institutions to use the report to explain to the people of Kentucky what it will take to move the public agenda forward. The Council staff's response to the report recommendations was included in the agenda book.

Mr. Barger said that the Council intends to see that the legislators get the information that they need as we work toward one system of postsecondary education in the Commonwealth and that the taxpayers of the state have the oversight that they need.

#### IEG ACTIVITIES

Mr. Layzell said that planning is underway for the Governor's Conference on Postsecondary Education Trusteeship September 21-22 in northern Kentucky. Kentucky's gubernatorial candidates have accepted the invitation to speak at the conference.

#### ADULT EDUCATION REORGANIZATION

**RECOMMENDATION:** The staff recommends that the Council accept the provisions outlined in Executive Order 2003-600 transferring the functions and activities of the Department of Adult Education and Literacy from the Cabinet for Workforce Development to the Council on Postsecondary Education.

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

Senate Bill 1, the Adult Education Act of 2000, directed the Council to create a strategic agenda to address the needs of 40 percent of working age Kentuckians functioning at low levels of literacy. Since Kentucky created this partnership between adult and postsecondary education, enrollment in adult education programs, GED attainment, and the on-to-postsecondary rate have increased significantly.

Because of this remarkable success and the continuing need to prepare adults for life and work, Governor Paul Patton signed an executive order June 16, 2003, placing all adult education services with the Council. This executive order abolished the Department for Adult Education and Literacy within the Cabinet for Workforce Development. Reorganization plans must be ratified by the General Assembly in the 2004 regular session. Failure of the General Assembly to ratify the reorganization results in a return to the pre-executive order structure. The reorganization has been extensively discussed with legislative leadership and ratification is expected.

Twenty-five people from the DAEL were offered and accepted positions within the Council. In addition, two positions were assigned to the Council's adult education initiatives prior to the reorganization.

VOTE: The motion passed.

AMERICAN DIPLOMA  
PROJECT STATE PLAN

RECOMMENDATION: The staff recommends that the Council approve the state plan drawn from the recommendations made by the American Diploma Project Policy Panel at the March meeting of the P-16 Council and endorsed by the P-16 Council at its June 2003 meeting.

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

Dianne Bazell with the Council staff said that the P-16 Council endorsed the state plan to implement recommendations made by the American Diploma Project Policy Panel. The staffs from the Kentucky Department of Education and the Council drew up the plan in consultation with other P-16 agencies and representatives of the local P-16 councils. The plan identifies lead agencies to assume the primary role of implementing each element of the plan. At the same meeting, ADP staff presented a draft of the benchmarks of college and workplace readiness in English language arts and mathematics for use as high school exit standards. At its June meeting, the Kentucky Board of Education reviewed the ADP Policy Plan's recommendations. Given the effect that adoption of this plan would have on the standards of the KDE's Program of Studies and Core Content for Assessment, the board reserved its formal approval pending review of the final version of the ADP benchmarks, which will be published this fall.

VOTE: The motion passed.

QUESTION 1 –  
OTHER ACTIVITIES

The Council staff has been involved in several activities pertaining to Question 1: Are more Kentuckians ready for postsecondary education?: GEAR UP expos, the Governor's Third Annual Literacy Summit, the Governor's Minority Student College Preparation Program Conference, the 16<sup>th</sup> Annual Academically Proficient African American High School Junior and Senior Conference, a meeting with the five state partners in the American Diploma Project, and the annual State CEO K-16 Institute. More information about these events was included in the agenda book.

CEO REPORT

Mr. Barger gave a report from the Council's Committee on Equal Opportunities. He said that Mr. Whitehead is the new CEO chair and campus visits will begin in the fall. The Council staff has not received formal notice of its status regarding the partnership with the U.S. Department of Education's Office for Civil Rights. The OCR staff indicated that a report has been delivered to their Washington, D.C., office for review but the review is not yet complete. Because all of the commitments in the agreement have not been completed, it is possible that

the OCR may choose to extend the partnership. The commitments not yet completed are: a) the renovation of KSU's Hathaway Hall classroom and office building, b) the renovation of KSU's Young Hall dormitory, c) KSU's assurance to substantially narrow the gap between the performance rate of its students on the PRAXIS II as compared to the Kentucky statewide performance average, and d) UofL's Pathways Program.

#### CEO TERMS OF APPOINTMENT

**RECOMMENDATION:** The staff recommends that the Council approve the Committee on Equal Opportunities' recommendation to establish terms of appointment for members as follows: citizen members four years with a maximum of two consecutive terms, Council members one year or until replaced, and the legislative member one year or term of office. The members will be given appointments staggered by number of years for the first term to protect the committee's institutional memory and will represent all regions of the state.

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

Ms. Adams thanked the CEO members for their time commitment and dedication.

**VOTE:** The motion passed.

#### QUESTIONS 2 AND 3 – OTHER ACTIVITIES

Information was included in the agenda book about other activities that staff has been involved in pertaining to Questions 2 and 3: Are more students enrolling? Are more students advancing through the system? – a meeting with the Kentucky Professional and Continuing Education Council; Distance Learning Advisory Committee activities; and the final media phase of the Go Higher, Education Pays campaign.

#### STATEWIDE STRATEGY FOR PUBLIC HEALTH, RESEARCH, AND SERVICE

##### RECOMMENDATIONS:

- The staff recommends that the Council establish a Statewide Public Health Advisory Committee charged to create a Statewide Strategy for Public Health Education, Research, and Service to be presented for action to the Council after review by the Council of Chief Academic Officers and the Council of Presidents.
- The staff recommends that the Council invite the Commissioner of the Kentucky Department for Public Health to serve on the advisory committee with the senior public health administrators of the four institutions that offer

graduate degrees in public health and the Council's vice president for academic affairs.

Kentucky ranks near the bottom among the states on many indicators of public health. Public health problems will increasingly be a drain on state resources, making it more difficult to address pressing education needs. This advisory committee will bring together providers and consumers of public health education to create a broad public health strategy that addresses education, research, and service needs in Kentucky and places decisions about academic program development and accreditation within that larger agenda. The plan will be presented to the Council for action at its March 2004 meeting.

Dr. Jim Applegate, Council vice president for academic affairs, introduced representatives from the four institutions that currently offer degrees in public health – Paul McKinney, University of Louisville; Tom Samuels, University of Kentucky; Barbara Burch, Western Kentucky University; and Lile Cook, Eastern Kentucky University.

Dr. Rice Lich, Commissioner of the Kentucky Department of Public Health, shared information about the general health status of Kentuckians and funding for public health services. He said that the chronic diseases would cause a drain on public funding. Dr. Lich said the only way to improve public health is to change the life style of our citizens.

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

VOTE: The motion passed.

EXTENSION OF  
ENDOWMENT MATCH  
DEADLINE

RECOMMENDATION: The staff recommends that the Council approve a six-month extension to the existing June 30, 2004, matching funds deadline.

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

VOTE: The motion passed.

PROGRAM  
PRODUCTIVITY  
REPORTS:  
KCTCS AND LCC

RECOMMENDATION: The staff recommends that the Council approve the productivity reports of the Kentucky Community and Technical College System and Lexington Community College.

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

Dr. Applegate said that this is part of the continual process of reviewing low-productivity programs. A list of the programs reviewed was included in the agenda book.

Ms. Adams said that she thinks the KCTCS will be inundated with students. Higher tuition at other institutions and students who are unemployed will enroll at the KCTCS institutions. She said that we must begin telling this story of overcrowding at the basic level of education to the public and to the legislators.

VOTE: The motion passed.

#### LABOR MARKET INFORMATION SURVEY

Christina Whitfield said that in November 2002 the Workforce Development Cabinet released the final report from its Labor Market Information Survey, a comprehensive study of labor supply and demand in Kentucky. At the request of the Council staff, the survey included questions about educational requirements for hard-to-fill positions.

Nancy LaPrade with the Workforce Development Cabinet and Jonatan Roenker from the Center for Business and Economic Research at the University of Kentucky discussed results of the survey.

#### QUESTIONS 4 AND 5 – OTHER ACTIVITIES

Information was included in the agenda book about other activities that staff has been involved in pertaining to Questions 4 and 5: Are we preparing Kentuckians for life and work? Are Kentucky's communities and economy benefiting? – sponsored in partnership with the KCTCS the fifth annual Faculty Development Conference; participated in the 2003 Biotechnology Industry Organization convention and exhibition in Washington, D.C.; presented information on Kentucky's postsecondary education reform at a national conference sponsored by the National Science Foundation; assumed a leadership role in the development of the "learning grade" for the *Measuring Up* national report card on postsecondary education; participated in a meeting sponsored by the National Forum on College-Level Learning; and renewed the statewide license with the Environmental Systems Research Institute on behalf of the public institutions and Berea College.

#### 2004 MEETING CALENDAR

The 2004 meeting dates will be approved at the September meeting.

#### COUNCIL COMMITTEE APPOINTMENTS

Mr. Barger noted that he has made several changes in committee appointments for Council members. The updated list was included in the agenda book.

#### ADAMS RESOLUTION

Mr. Barger read a resolution honoring and commending Ms. Adams for her service as Council chair.

MOTION: Mr. Freed moved adoption of the resolution. Ms. Guess seconded the motion.

VOTE: The motion passed.

Ms. Adams said it has been an honor to serve as chair of the Council and thanked the Council for the resolution.

NEXT MEETING

The next meeting will be September 21-22 in northern Kentucky. The meeting will be held in conjunction with the Governor's Conference on Postsecondary Education Trusteeship.

TOUR OF CAMPUS

Mr. Barger encouraged everyone to join the tour of the Murray State University campus.

Mr. Barger asked the audience to join the Council members in singing happy 21<sup>st</sup> birthday to the Council's student member, J. P. Davis.

ADJOURN

The meeting adjourned at 11 a.m.

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Thomas D. Layzell  
President

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Phyllis L. Bailey  
Associate, Executive Relations

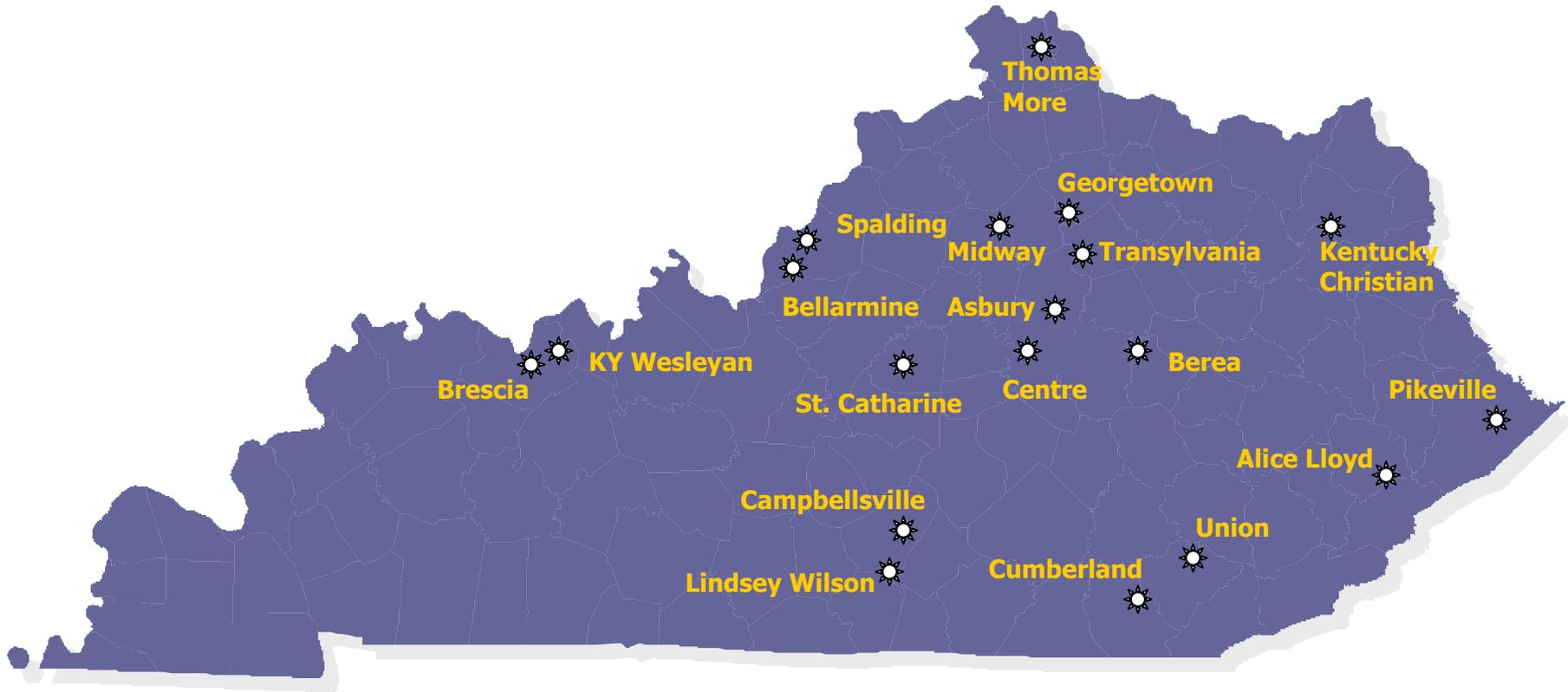
# Independent Higher Education in Kentucky - A Status Report

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Presentation to the Council on  
Postsecondary Education  
September 21, 2003



# Kentucky's Independent Colleges and Universities



# The Independent Sector

- ☀ Educate nearly 25,000 students
- ☀ 19 diverse institutions
- ☀ Employ 5,000 faculty and staff
- ☀ Offer 125 degree programs
- ☀ Award 4,800 degrees
- ☀ Raise \$102 million in private gifts
- ☀ Expenditures totaling \$395 million

# Core Educational Values

- ❁ Focus on Quality Teaching
- ❁ Small Institutions/Classes
- ❁ Commitment to Community Service/Civic Engagement
- ❁ Partners in Regional Development
- ❁ Emphasis on Student Participation
- ❁ Liberal Arts Tradition
- ❁ Individual Attention/Mentoring
- ❁ Preparation for Life and Work

# Independent College Students

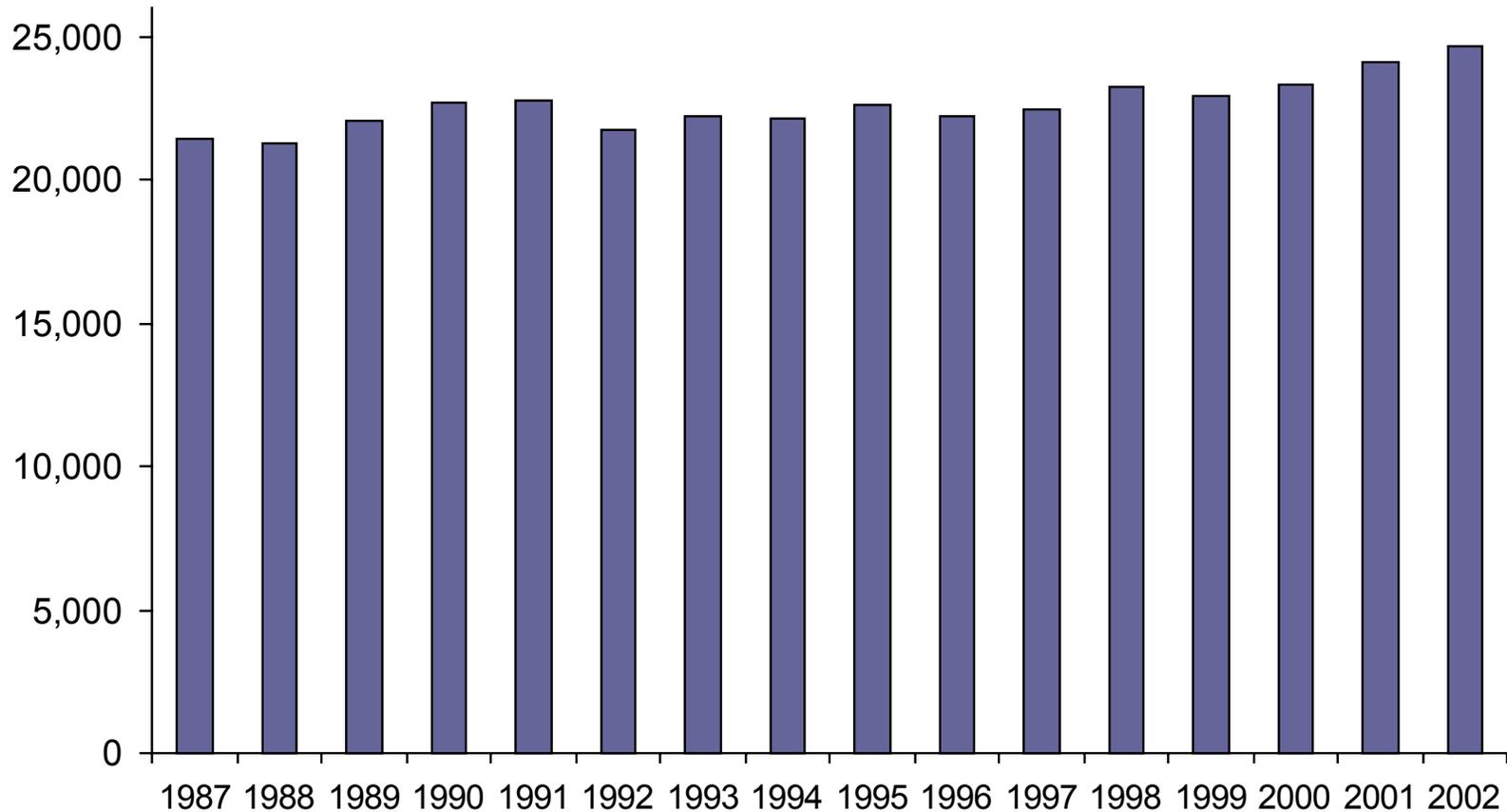
- ❁ 62 percent are women
- ❁ 3 in 4 are from Kentucky
- ❁ 1 in 4 are 25 years old or older
- ❁ 3 in 4 attend full-time
- ❁ 89 percent are undergraduates
- ❁ 6 percent are African American
- ❁ 97% receive financial aid\*
- ❁ 70% stay in state after graduation



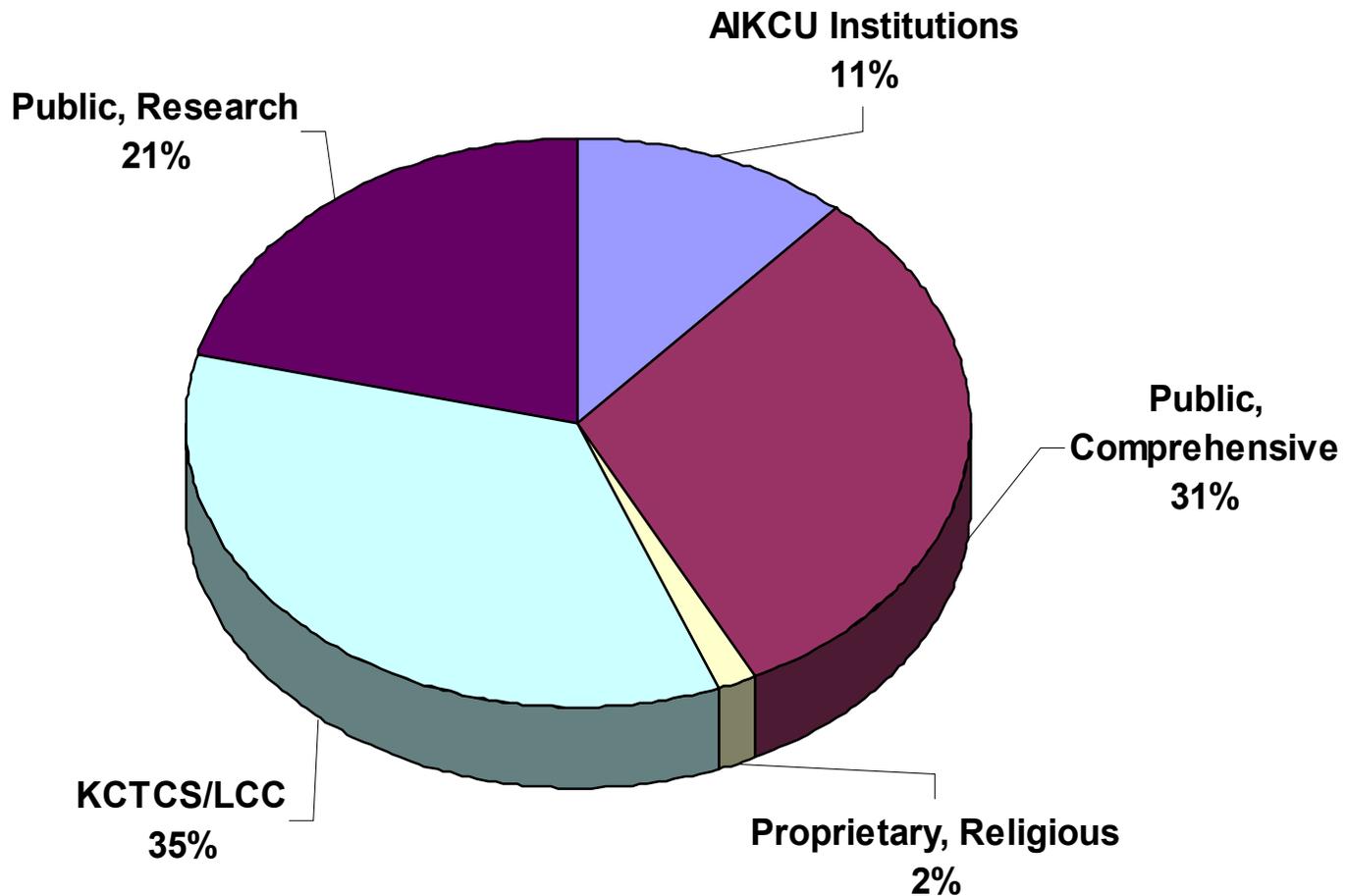
\* First-Time Freshmen Cohort

Source: CPE Comprehensive Database, IPEDS

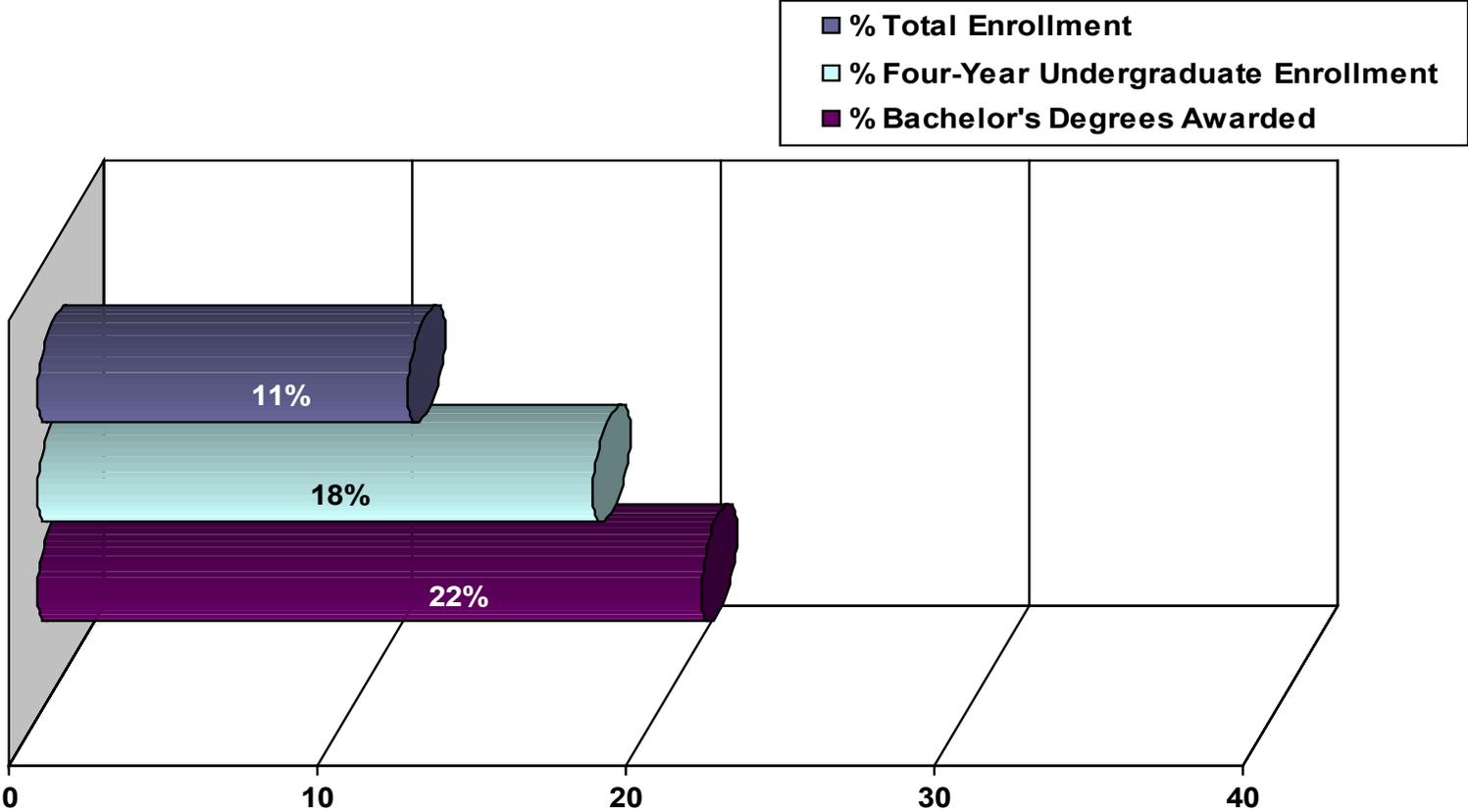
# Independent College & University Enrollment (Headcount) 1987-2000\*



# Total Enrollment by Sector, Fall 2002



# Degree Productivity



# Baccalaureate Degree Production by Discipline, 2001-2002

(As a % of total Degrees Awarded)

- 35% of biology degrees
- 34% of math degrees
- 24% of education degrees
- 30% of language degrees
- 21% of chemistry degrees
- 44% of economics degrees
- 24% of business degrees
- 25% of nursing (RN and Post RN) degrees

Source: CPE Comprehensive  
Database

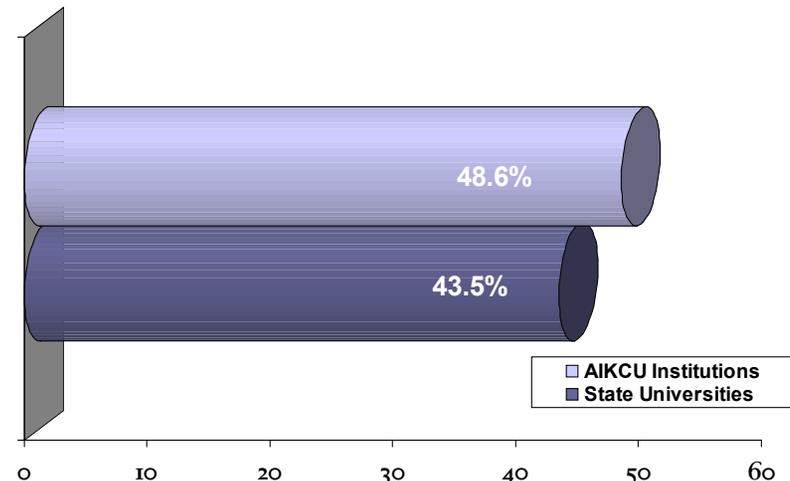
# Graduation Rates

(6 year graduation rate for bachelors degree-seeking students for cohort beginning in 1996)

❁ The average 6 year graduation rate at KY independent colleges is 48.6%

❁ Women graduate at slightly higher rate than men (50.6% vs. 46% for this cohort)

❁ Graduation rates have increased steadily over the last four years from 46% to 48.6%



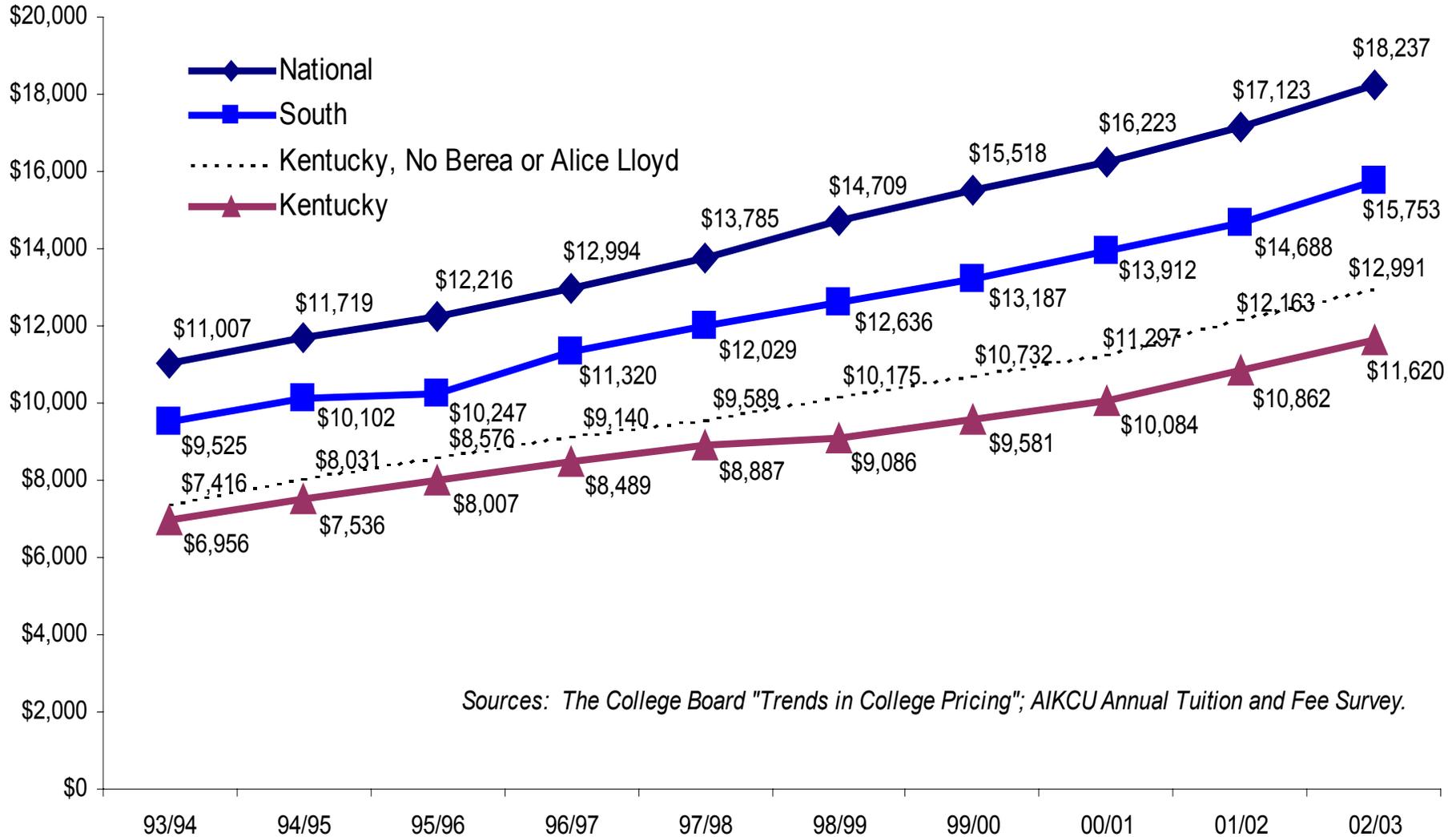
Source: CPE Comprehensive Database, IPEDS

# Tuition and Fees at Kentucky Independent Colleges and Universities

*(Published Price)*

- 2003-04 Average Tuition and Fees - \$12,314;
- Tuition and Fee Range: \$0 - \$20,400;
- Tuition for 2002-03 was 36% less than national average and 26% less than the regional average;
- Tuition and fees have increased on average 6.1% per year over the last decade.

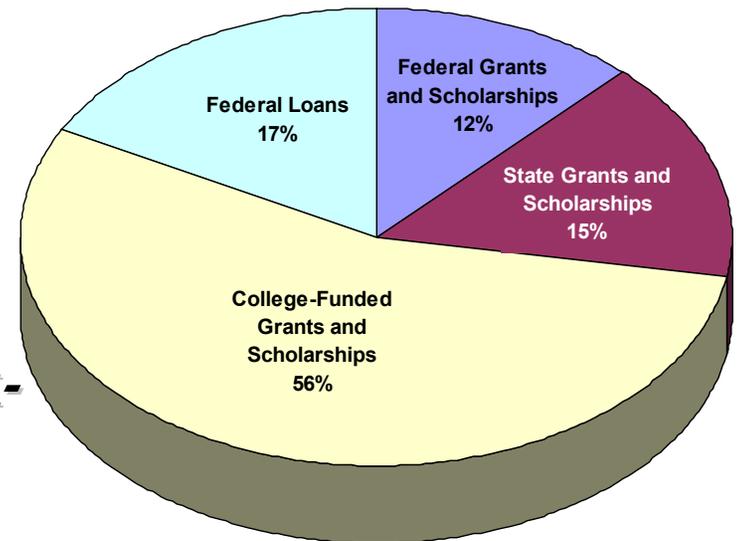
# Average Published Tuition and Fees at 4-Year Independent Colleges and Universities (1993/94 - 2002/03)



*Sources: The College Board "Trends in College Pricing"; AIKCU Annual Tuition and Fee Survey.*

# Making Ends Meet: Financial Aid for KY Independent College Students

- 97% of full-time freshmen at Kentucky independent colleges receive financial aid;
- 56% of all financial aid funds comes from institutions;
- Total institutional aid in FY 02: \$77.4 million; up 28% since 1998;
- Average Aid Package in 2001-02 (most recent available figures) - \$10,291.



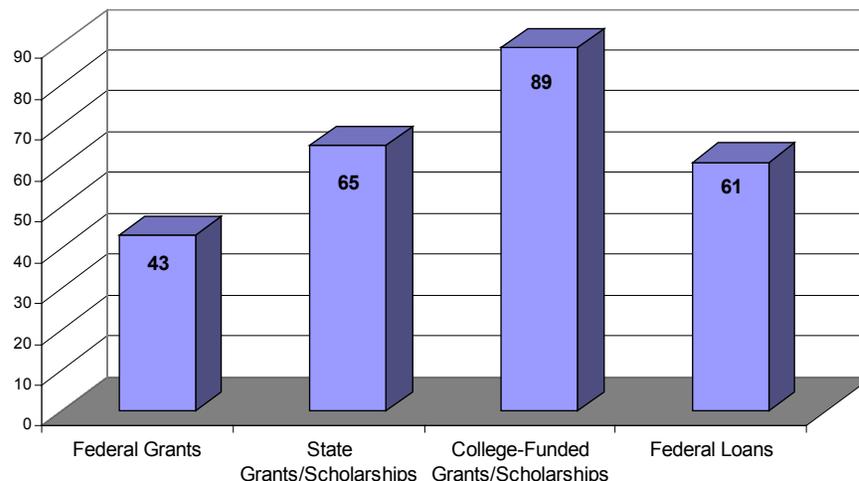
# Reaching Out to Lower Income Students

- The Average Family income for a Pell Recipient is less than \$30,000;

- 80% of CAP recipients come from families making less than \$30,000;

- Sixty-four percent of KTG recipients come from families making less than \$40,000.

Percent of Freshmen Receiving Aid by Program  
Kentucky Independent Colleges and Universities  
(2001-02)



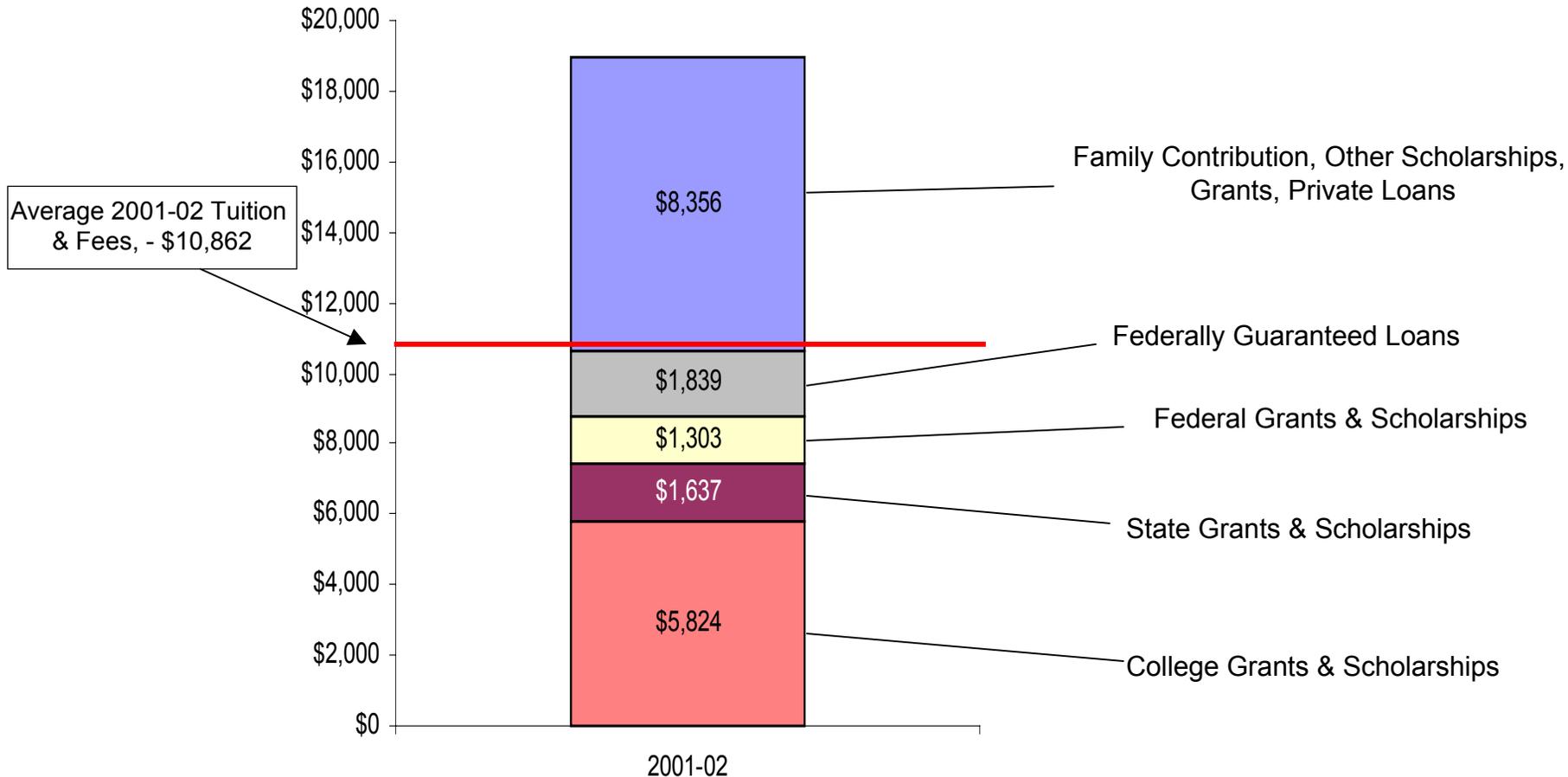
# So, What Does a Student Actually Pay to go to a KY Private College?

☼ Depends on a range of factors:

- choice of college or university;
- family/personal income and assets;
- academic qualifications;
- other achievements (leadership, athletic, musical, etc.);
- availability of college, state and federal financial aid.

# Paying for College: Average Financial Aid Package for a Full-Time Freshman at Kentucky Independent Colleges and Universities, 01-02

(Total Cost of Education = Tuition & Fees, Room & Board, Books & Supplies, Personal Expenses and Transportation - \$18,958)



# Bringing National Recognition to KY

- Fulbright and Rhodes Scholars
- Nationally Ranked Academic Programs
- One of 19 Schools of Osteopathic Medicine
- Two of the Nation's 6 "Work Colleges"
- Vice Presidential Debate
- National Champion Athletic Teams
- Two Nobel Prize Winners

# Supporting Economic Development

- Provide education and training to over 25,000 students a year;
- Employ over 5,000 people and expend nearly \$400 million;
- Draw over 6,000 out-of-state students, many of whom stay and work in KY;
- Provide job training, education, interns, research, and consultation to help meet the needs of local employers.

# Supporting Economic Development, cont.

- ❁ Provide an array of programs and partnerships to strengthen economic development. Some examples include:
  - Berea's "Entrepreneurship for the Public Good" program
  - Union College's "Knox County Partners, Inc." initiative
  - Workforce training programs at Brescia and other colleges
  - Georgetown's training program for city employees
  - Alice Lloyd's Caney Scholars Program
  - Asbury's Adventure Leadership Program
  - Campbellville's leadership in "Team Taylor County"
  - Lindsey, Campbellsville, and St. Catharine's displaced worker initiatives

# Broadening Partnerships with CPE and State Colleges and Universities\*

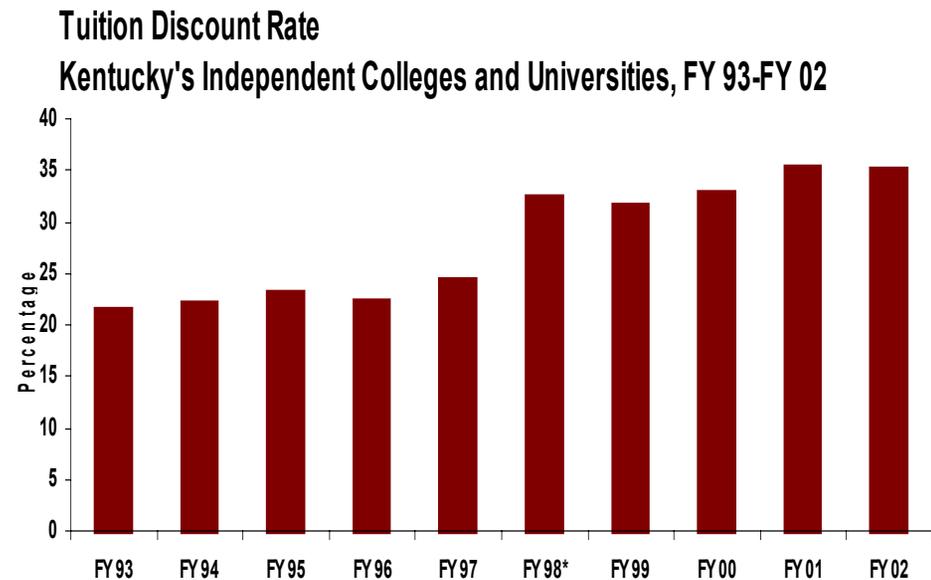
- Expanding Opportunities in Owensboro
- UK College of Engineering Partnership
- Kentucky Virtual Library
- Joint Meetings of Academic Officers
- Faculty Development
- Transfer Initiatives:
  - Transfer agreements with KCTCS system
  - Individual college and program agreements (e.g. Lindsey Wilson human services 2+2 program)
- Go Higher Website

# Working to Improve Teacher Quality

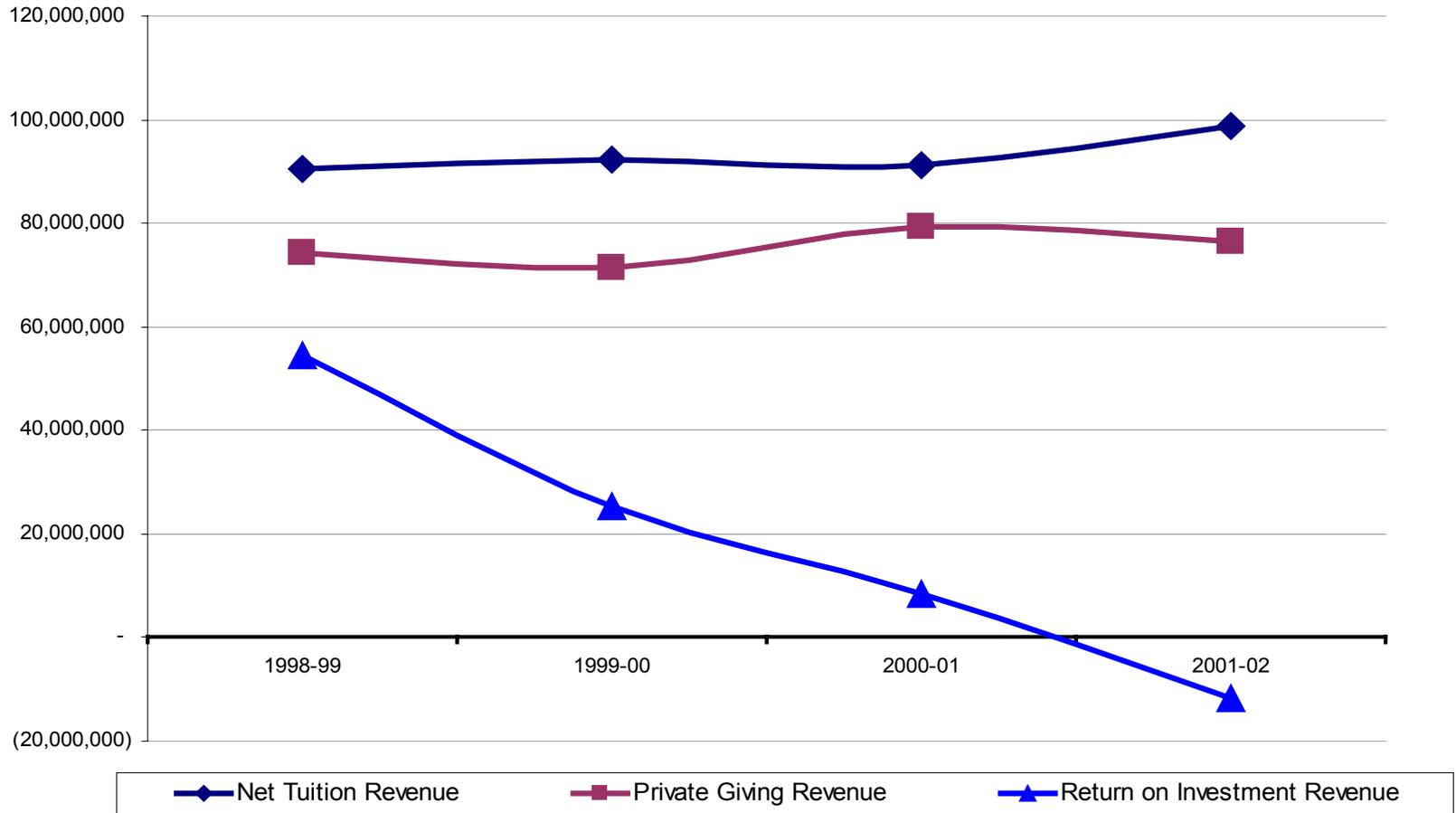
- Produce 1/4 of the state's public school teachers
- Provide graduate level teacher training at 8 institutions
- Partners in EPSB's Title II Teacher Quality Project
- Partners in the state's Model Teacher Program Initiative (led by EKU)
- Partners in the state's 2+2 Teacher Education Project (led by KCTCS)
- Provide leadership and content for EPSB's new KentuckyEducator.org website

# Challenges Facing the Sector

- ❁ Rising Costs (technology, insurance, services)
- ❁ Growing Tuition Discount Rate
- ❁ Static Private Giving Revenue
- ❁ Declining Investment Revenue
- ❁ Competition for Students
- ❁ Deferred Maintenance on Buildings



# Key Revenue Sources, Kentucky Independent Colleges, FY 99-FY 02



Source: IPEDS Finance Reports. Analysis did not include Berea College. Net Tuition Revenue is total tuition revenue minus "unfunded" college financial aid.

# Working Together to Improve Service and Reduce Costs

- Business Services
- Internship Opportunities
- Utility Audits
- Faculty Development
- Student Recruitment Activities
- “Tuition First”
- Joint Career Fair
- Joint Purchases
- Insurance Consortium
- Library Cooperation
- Scholarship Fundraising

# Recommendations to the Council

- ❁ **Maintain strong commitment to state student aid programs;**
- ❁ **Evaluate the impact of postsecondary policies and initiatives on independent institutions;**
- ❁ **Include independent institutions in state initiatives aimed at reducing costs, increasing enrollment, improving access and enhancing quality.**



# *Questions?*

*Dr. Gary S. Cox*

*President*

*Association of Independent Kentucky*

*Colleges and Universities*





Council on Postsecondary Education  
September 21, 2003

## 2004-06 Operating and Capital Budget Development Update

*As discussed in earlier Council meetings, updates regarding several 2004-06 budget development issues will be presented at each remaining Council meeting leading up to the November approval of the recommendation. The following updates are included in this agenda: (1) status of recommendations from working committees related to budget development; (2) 2004-06 capital budget; (3) tuition rates and revenues; (4) central tendency calculation; (5) benchmark funding model technical updates; and (6) submitted special initiatives funding requests.*

### **Status of recommendations from budget working committees**

#### **Benchmark Funding Distribution Methodology Committee:**

The committee has been working since May to develop a set of principles and procedures that can be used to allocate benchmark funds or to implement cuts in state General Funds to institutions after the Council has adopted the 2004-06 budget recommendation. The recommendation will be presented at the November Council meeting.

#### **Endowment Match Program Committee:**

This committee has been working since May to revise the 2002-04 guidelines for the Endowment Match Program (Bucks for Brains) in response to recommendations presented by auditors, legislators, and the Program Review and Investigations Committee. The recommended revisions to the guidelines are presented in the agenda item on page 35 and represent a collective solution among the institutions and Council staff based on numerous work sessions with committee members.

#### **Enrollment Growth and Productivity Committee:**

Representatives for this committee also included various institutional and Council staff. The committee is working collectively to develop some basic principles and guidelines for requesting and distributing allocations for the purpose of rewarding and providing incentives to institutions that increase productivity and enrollments consistent with the goals of House Bill 1.

There are several issues that remain to be resolved and the draft guidelines, if finished in time, will be emailed to the Council members prior to the September meeting. Detailed procedures are also still in process to determine calculation and distribution methodologies based on the measures and goals. These procedures could possibly be finished in time to present to the

Council in September; otherwise, they will be presented in November. In addition, the amounts to be requested for the trust fund will be discussed further with presidents and Council members as the budget recommendation is being developed.

The current draft of the revised guidelines has been renamed to more accurately reflect the criteria that determine incentive fund distribution. This comprehensive incentive fund will reward campuses for several important enrollment growth and productivity measures. These guidelines will represent the major framework for the trust fund. A summary of the working draft of the guidelines is attached beginning on page 17 (Attachment A).

### **Capital Budget Request**

Each public university and the Kentucky Community and Technical College System have submitted a 2004-06 capital budget request. The Council staff entered into a contract with David Banks and Associates to complete a limited analysis and update of the 2001 Facilities Condition report. Attachment B beginning on page 18 includes a summary of the six highest institutional priorities for capital projects supported by the General Fund.

#### **Priorities**

For the 2004-06 capital budget, the Council staff offers for discussion the following statewide priorities to be financed with state General Funds:

- Partnership with U.S. Department of Education, Office for Civil Rights
- Capital renewal and maintenance
- Technology initiatives
- Equipment
- Major renovations of education and general (E&G) facilities
- Construction of Research Space
- Construction of new (E&G) facilities or expansion of existing facilities

## **Tuition Rates and Revenue Issues**

### ***Institutional Report on Tuition Rates and Revenues***

The Council approved tuition setting guidelines for the 2004-06 biennium at the May 19, 2003, meeting. The guidelines delegate tuition setting responsibility to the institutions and require the institutions to report estimated tuition rates and projected tuition and fees revenue for each year of the 2004-06 biennium by September 1, 2003. It is important to note that tuition rate decisions can be difficult to make and projections regarding needed tuition revenue hard to forecast during the uncertainty surrounding the current revenue and economic environment; the rates are estimates and are subject to change. The institutions will notify the Council of any changes in tuition rates.

The tuition rates by level and residency status are detailed beginning on page 22 (Attachment C). Budgeted 2003-04 and estimated 2004-05 and 2005-06 tuition and fees revenue are presented beginning on page 30 (Attachment D).

### ***Tuition Percentages Deduction (actual calculations)***

A key consideration in the development of each institution's funding need is the amount of public funds that should be generated by tuition and fees. The *Points of Consensus* includes a provision that a standard percentage for tuition and fees revenue or budgeted tuition and fees revenue, whichever is lower, be deducted from the public funding amount to determine the 2004-06 state appropriation objective.

In May, the Council approved the 2004-06 tuition setting guidelines. The guidelines include a standard tuition and fees deduction to determine the 2004-06 state appropriation objective for each institution. The standard deduction or budgeted FY 2003-04 tuition and fees revenue, whichever is lower, will be used in developing each institution's 2004-06 benchmark funding need. The standard deduction is 30 percent for the KCTCS, Lexington Community College, and Kentucky State University, and 37 percent for the other universities. A table detailing the percentages to be used in the benchmark funding model is on page 31 (Attachment E).

### **Benchmark Funding Model Technical Updates**

The 2004-06 Benchmark Funding Model uses 2000-01 financial data, as reported to the Integrated Postsecondary Education Data System (IPEDS), to calculate the public funds per full-time equivalent (FTE) student for the Kentucky and benchmark institutions. Based on a discussion and consensus among the Chief Budget Officers, the same measure of central tendency that was used in the previous model calculations will be retained to determine the funding objective. An inflationary factor will be used to impute 2003-04 objectives since there is a lag in available data. This is the same approach used in the past two biennia.

For the 2004-06 calculations, the consumer price index will be used. The 2000-01 data will be inflated by the actual inflation rate for 2001-02 of 1.6 percent and 2002-03 of 2.4 percent. A

projected rate will be used for 2003-04 of 2.3 percent; inflation factors are obtained from the U.S. Department of Labor, Bureau of Labor Statistics.

### **Special Initiatives Funding Requests**

The *Points of Consensus* stipulates that institutions be given an opportunity to submit requests for special and meritorious initiatives for the 2004-06 biennium, and that the guidelines and evaluation criteria governing distributions for such initiatives be promulgated well in advance. In July, the Council approved the 2004-06 Special Initiatives Funding Requests Guidelines and Evaluation Criteria.

The guidelines stipulate that special funding requests for the 2004-06 biennium be submitted no later than September 1, 2003. Each public university may submit up to three special funding requests in priority order, and KCTCS officials may submit up to five requests in priority order. As of September 4, the institutions submitted 30 special requests totaling \$45,431,097 for 2004-05 and \$7,831,398 for 2005-06. Attachment F (page 32) includes a summary of the special funding requests.

Each request for special funding will be evaluated by Council staff based on a set of criteria approved by the Council in July. These criteria include: (a) the unique nature and strategic opportunity represented by a request; (b) the potential for enhancing collaboration; (c) the degree to which the project cannot be financed out of base budgets or trust funds; (d) the potential for furthering the Council's Action Agenda, Kentucky's 2020 goals, and the five questions measuring progress; (e) the institution's priority ranking; and (f) the availability of matching funds to support the project. Following the Council staff's evaluation of the requests and discussion with the institutions, a recommendation for special initiative funding will be presented at the November Council meeting.

Staff preparation by Sandra Woodley, Sherron Jackson, Linda Jacobs, Bill Payne

<b>Enrollment Growth and Productivity Trust Fund</b>	
Background	<p>The budget bill, as amended, includes language directing the Council to revise the Enrollment Growth and Productivity Trust Fund Guidelines. The legislature did not appropriate funds for this purpose in the last budget cycle. The 2003 <i>Points of Consensus</i> stipulate that the Council will request funds for this purpose and will differentiate costs of undergraduate and graduate instruction.</p> <p>A special committee comprising representatives from the institutions and Council staff is continuing to work to develop guidelines and operating procedures.</p>
Recommendations	<p>The major principles incorporated within the draft guideline revisions are as follows:</p> <ul style="list-style-type: none"> <li>• Consistency with <i>Points of Consensus</i> and legislative directive.</li> <li>• Trust fund to represent single fund with enrollment, productivity, and systemwide award pools.</li> <li>• Comprehensive framework to substantively support enrollment growth and to reward several dimensions of productivity and systemwide improvements in education preparation and participation.</li> <li>• Rewards for enrollment growth to include extra incentives to increase numbers of minority students.</li> <li>• Rewards for productivity - retention; degrees conferred; closing achievement gaps (students who are underprepared, from target counties, or minorities).</li> <li>• Rewards for systemwide improvements in preparation and participation (ACT scores, college going rates and percentages, adult population going to college).</li> </ul>
Difference	<p>Previous guidelines focused only on enrollment growth and retention; this draft recommendation incorporates other important reform measures, such as degree production, diversity, and preparation for college.</p>

**2004-06 Capital Projects Requests  
State Funded Renovation and New Construction Projects  
Top Six Institution Priorities**

<b>Institution/Priority/Project Title</b>	<b>Project Scope</b>	<b>2004-06 Request</b>		<b>2002-04 CPE Status</b>	<b>2000-02 Authorized</b>
		<b>State Gen. Fund</b>	<b>Other Funds</b>		
<b>Eastern Kentucky University</b>					
1. Construct Business and Technology Center Phase II	\$ 32,850,000	\$ 32,850,000			15,000,000
2. Construct University Activity Center Phase II	14,000,000	14,000,000			7,000,000
3. Construct Science Building	75,675,000	75,675,000			
4. Renovate Donovan/Donovan Annex/Mattox Hall	11,600,000	11,600,000		Endorsed	
5. Construct Extended Campus Corbin Phase II	10,000,000	10,000,000			
6. Renovate Student Health Center	2,072,000	2,072,000			
<b>EKU Subtotal</b>	<b>146,197,000</b>	<b>146,197,000</b>	-		<b>22,000,000</b>
<b>Kentucky Community and Technical College System</b>					
2. Ashland TC Regional Postsecondary Education Center	28,690,000	28,690,000	-	Endorsed	
3. Prestonsburg/Mayo Renovate District Facilities	5,626,000	5,626,000	-		
4. Henderson CC Tri-County Technical Center	13,066,000	13,066,000	-	Endorsed	
5. Owensboro CC Advanced Technology Center (1)	16,794,000	16,794,000		Endorsed	
6. Madisonville CC Technology Building	12,500,000	12,500,000		Endorsed	
8. Somerset Renovate Aircraft Maintenance Lab	1,468,000	1,468,000			
<b>KCTCS Subtotal</b>	<b>78,144,000</b>	<b>78,144,000</b>	-		-
<b>Kentucky State University</b>					
1. Hathaway Hall Renovation Phase II	6,175,000	6,175,000		Recomm	3,796,000
3. Young Hall Dormitory Renovation	10,282,000	10,282,000			
4. Expand Business Wing & Renovate Bradford Hall	11,232,000	11,232,000			
8. Add New Chiller - Physical Plant	2,392,000	2,392,000			
9. Hill Student Center Addition Phase II	4,576,000	4,576,000			
10. Bradford Hall Structural Repair	500,000	500,000			
<b>KSU Subtotal</b>	<b>35,157,000</b>	<b>35,157,000</b>	-		<b>3,796,000</b>

**2004-06 Capital Projects Requests  
State Funded Renovation and New Construction Projects  
Top Six Institution Priorities**

<u>Institution/Priority/Project Title</u>	<u>Project Scope</u>	<u>2004-06 Request</u>		<u>2002-04 CPE Status</u>	<u>2000-02 Authorized</u>
		<u>State Gen. Fund</u>	<u>Other Funds</u>		
<b>Morehead State University</b>					
1. Construct MSU-NASA Space Science Center	12,200,000	12,200,000			
2. Renovate/Exp. Student Center Phase II	6,500,000	6,500,000		Endorsed	10,000,000
3. Renovate/Exp. Camden-Carroll Library Phase I	5,500,000	5,500,000			
4. Renovate Button Auditorium	3,000,000	3,000,000			
7. Renovate Combs Classroom Building	6,000,000	6,000,000			
10. Expand Student Wellness Center	1,000,000	1,000,000			
<b>MoSU Subtotal</b>	<b>34,200,000</b>	<b>34,200,000</b>	-		<b>10,000,000</b>
<b>Murray State University</b>					
1. Construct New Science Complex - Phase II	22,250,000	22,250,000		Endorsed	13,000,000
2. Construct Public Safety Building	1,500,000	1,500,000			
3. Renovate Waterfield Library	6,000,000	6,000,000			
4. Construct New Breathitt Veterinary Center	12,500,000	12,500,000			
5. Replace Breathitt Veterinary Incinerator	1,500,000	1,500,000			
6. Upgrade Campus Electrical Distribution System	8,453,000	8,453,000			
<b>MuSU Subtotal</b>	<b>52,203,000</b>	<b>52,203,000</b>	-		<b>13,000,000</b>
<b>Northern Kentucky University</b>					
1. Renovate Old Science Building	17,700,000	17,700,000		Endorsed	1,000,000
2. Repair Structure of Landrum Hall Phase II	900,000	900,000		Endorsed	
3. Renovate /Expand Landrum Hall	13,000,000	13,000,000			
4. Construct Regional Special Events Center	42,900,000	42,900,000			
5. Replace Power Distribution Infrastructure	3,700,000	3,700,000			
6. Convert/Expand Old Power Plant	6,700,000	6,700,000			
<b>NKU Subtotal</b>	<b>84,900,000</b>	<b>84,900,000</b>	-		<b>1,000,000</b>

**2004-06 Capital Projects Requests  
State Funded Renovation and New Construction Projects  
Top Six Institution Priorities**

<u>Institution/Priority/Project Title</u>	<u>Project Scope</u>	<u>2004-06 Request</u>		<u>2002-04 CPE Status</u>	<u>2000-02 Authorized</u>
		<u>State Gen. Fund</u>	<u>Other Funds</u>		
<b>University of Kentucky</b>					
1. Construct Biological/Pharmaceutical Complex (2)	119,892,000	71,936,000	47,956,000	Endorsed	
2. Construct Gatton Building Complex	77,674,000	38,837,000	38,837,000		
3. Construct Law School Building	71,496,000	56,576,000	14,920,000		
4. Purchase/Renovate Facility for College of Design	16,528,000	16,528,000			
5. Construct LCC Classroom/Class Lab Building	28,855,000	28,755,000	100,000		
6. Construct Digital Technologies Building	42,171,000	37,171,000	5,000,000		
<b>UK Subtotal</b>	<b>356,616,000</b>	<b>249,803,000</b>	<b>106,813,000</b>		-
<b>University of Louisville</b>					
1. Construct HSC Research Facility - Phase III (2)	98,000,000	58,800,000	39,200,000	Endorsed	
3. Renovate Student Services Building - Houchens Phase II	8,302,000	8,302,000			
4. Renovate Medical Dental Research Building Phase IV	17,886,000	17,886,000			
5. Renovate Chemistry Fume Hood Redesign Phase II	4,198,000	4,198,000			
6. Expand Oppenheimer Hall for Social Work	5,705,000	5,705,000			
7. Renovate Natural Science Building	11,890,000	11,890,000			
<b>UofL Subtotal</b>	<b>145,981,000</b>	<b>106,781,000</b>	<b>39,200,000</b>		-
<b>Western Kentucky University</b>					
1. Renov. Science Campus (Thompson Complex) Phase II	33,000,000	33,000,000		Endorsed	15,000,000
2. Repair Mold/Moisture Damage	1,612,000	1,612,000			
3. Renovate Electrical Distribution - Phase IV	3,747,000	3,747,000			
4. Renovate Schneider Hall	9,572,000	9,572,000			
5. Renovate Central Heat Plant - Phase I	1,273,000	1,273,000	-		
9. Renovate Grise Hall - Design	1,398,000	1,398,000			
<b>WKU Subtotal</b>	<b>50,602,000</b>	<b>50,602,000</b>	-		<b>15,000,000</b>
<b>Total Projects</b>	<b>984,000,000</b>	<b>837,987,000</b>	<b>146,013,000</b>	<b>\$ -</b>	<b>\$ 64,796,000</b>

**Notes:**

1. This is a joint KCTCS, WKU, Owensboro Community project. The total project cost is \$24,088,000. WKU Priority is #10.
2. Recommendation of the research buildings at the University of Kentucky and the University of Louisville was contingent upon agreement by each of the institutions to match state funding. The match represented 60 percent funding by the state and 40 percent funding by the institution.

**Partnership Agreement  
U. S. Department of Education, Office for Civil Rights  
Kentucky State University**

<u>Institution/Project Name</u>	<u>Project Scope</u>	<u>Requested 2004-06</u>	<u>Authorized 2002-04</u>	<u>Authorized 2000-02</u>	<u>Notes</u>
<b>Education and General Facility</b>					
Hathaway Hall Renovation - Phase II	\$ 6,175,000	\$ 6,175,000		\$ 3,796,000	The 2000 General Assembly authorized \$3,796,000 of state bonds to complete phase I renovation of Hathaway Hall. Phase I is underway. Total Scope \$9,971,000.
<b>Housing and Dining Facility</b>					
Young Hall Dormitory	\$ 10,282,000		\$ 9,886,000		In May 2003 the Council allocated \$9.8 million of agency bond authority to KSU for the renovation of Young Hall dormitory.

## Attachment C

**2004-06 ESTIMATED TUITION RATES\***  
(Per Semester)

<u>Institution/Level/Residency Status</u>	<u>Actual 2003-04 Rates</u>	<u>Estimated 2004-05 Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Estimated 2005-06 Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>Eastern Kentucky University</b>							
<i>Undergraduate</i>							
Resident							
Full-time	\$ 1,399	\$ 1,539	\$ 140	10.0%	\$ 1,693	\$ 154	10.0%
Per Credit Hour	132	145	13	10.0%	160	15	10.0%
Nonresident							
Full-time - Non-discount students	4,195	4,615	420	10.0%	5,076	461	10.0%
Per Credit Hour - Non-discount Students	365	402	37	10.0%	442	40	10.0%
Full-time - Incentive Grant Counties	2,311	2,542	231	10.0%	2,796	254	10.0%
Per Credit Hour - Incentive Grant Counties	208	229	21	10.0%	252	23	10.0%
<i>Graduate</i>							
Resident							
Full-time	1,525	1,678	153	10.0%	1,845	168	10.0%
Per Credit Hour	190	209	19	10.0%	230	21	10.0%
Nonresident							
Full-time	4,576	5,034	458	10.0%	5,537	503	10.0%
Per Credit Hour	529	582	53	10.0%	640	58	10.0%
Full-time - Incentive Grant Counties	2,515	2,767	252	10.0%	3,043	277	10.0%
Per Credit Hour - Incentive Grant Counties	300	330	30	10.0%	363	33	10.0%
<b>Kentucky State University</b>							
<i>Undergraduate</i>							
Resident							
Full-time	1,414	1,520 - 1,555	106 - 141	7.5% - 10%	1,634 - 1,711	114 - 156	7.5% - 10%
Per Credit Hour	118	127 - 130	9 - 12	7.5% - 10%	137 - 140	10	7.5% - 10%
Nonresident							
Full-time	4,236	4,554 - 4,660	318 - 424	7.5% - 10%	4,896 - 5,126	342 - 466	7.5% - 10%
Per Credit Hour	355	382 - 391	27 - 36	7.5% - 10%	411 - 430	29 - 39	7.5% - 10%
<i>Graduate</i>							
Resident							
Full-time	1,548	1,664 - 1,703	116 - 155	7.5% - 10%	1,789 - 1,873	125 - 170	7.5% - 10%
Per Credit Hour	172	185 - 189	13 - 17	7.5% - 10%	199 - 208	14 - 19	7.5% - 10%

**2004-06 ESTIMATED TUITION RATES\***  
(Per Semester)

<u>Institution/Level/Residency Status</u>	<u>Actual 2003-04 Rates</u>	<u>Estimated 2004-05 Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Estimated 2005-06 Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Nonresident							
Full-time	4,340	4,666 - 4774	326 - 434	7.5% - 10%	5,016 - 5251	350 - 477	7.5% - 10%
Per Credit Hour	480	516 - 528	36 - 48	7.5% - 10%	555 - 581	39 - 53	7.5% - 10%
<b>Morehead State University</b>							
<i><b>Undergraduate</b></i>							
Resident							
Full-time	1,682	1,783	101	6.0%	1,890	107	6.0%
Per Credit Hour	141	150	9	6.4%	159	9	6.0%
Nonresident - Contiguous Tier Counties							
Full-time	1,782	1,883	101	5.7%	1,990	107	5.7%
Per Credit Hour	150	159	9	6.0%	168	9	5.7%
Nonresident							
Full-time	4,474	4,742	268	6.0%	5,026	284	6.0%
Per Credit Hour	374	396	22	5.9%	420	24	6.1%
<i><b>Graduate</b></i>							
Resident							
Full-time	1,822	1,931	109	6.0%	2,047	116	6.0%
Per Credit Hour	203	216	13	6.4%	229	13	6.0%
Nonresident							
Full-time	4,884	5,177	293	6.0%	5,488	311	6.0%
Per Credit Hour	544	576	32	5.9%	611	35	6.1%
<i><b>MBA</b></i>							
Resident (and non-residents admitted to program prior to July 1, 2002)							
Full-time	2,205	2,337	132	6.0%	2,477	140	6.0%
Per Credit Hour	245	260	15	6.1%	275	15	5.8%
Nonresident							
Full-time	3,240	3,434	194	6.0%	3,640	206	6.0%
Per Credit Hour	360	382	22	6.1%	404	22	5.8%

**2004-06 ESTIMATED TUITION RATES\***  
(Per Semester)

<u>Institution/Level/Residency Status</u>	<u>Actual 2003-04 Rates</u>	<u>Estimated 2004-05 Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Estimated 2005-06 Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>Murray State University</b>							
<i>Undergraduate</i>							
Resident							
Full-time	1,472	1,604 - 1,619	132 - 147	9% - 10%	1,723 - 1,781	119 - 162	7.4% - 10%
Per Credit Hour	123	134 - 135	12 - 13	9% - 10%	144 - 149	10 - 14	7.4% - 10%
Nonresident							
Full-time	4,416	4,821 - 4,857	405 - 441	9% - 10%	5,169 - 5,343	348 - 486	7.4% - 10%
Per Credit Hour	368	401- 405	33 -37	9% - 10%	431 - 446	30 - 41	7.4% - 10%
<i>Graduate</i>							
Resident							
Full-time	1,617	1,764 - 1,781	147 - 164	9% - 10%	1,895 - 1,959	131 - 178	7.4% - 10%
Per Credit Hour	180	196 - 198	16 -18	9% - 10%	211 - 218	15 -20	7.4% - 10%
Nonresident							
Full-time	4,851	5,292 - 5,343	441 - 492	9% - 10%	5685 - 5,877	393 - 534	7.4% - 10%
Per Credit Hour	539	588 - 593	49 - 54	9% - 10%	632 - 652	44 - 59	7.4% - 10%
<b>Northern Kentucky University</b>							
<i>Undergraduate</i>							
Resident							
Full-time	1,872	2,016 - 2,136	144 - 264	7.5% - 14%	2,172 - 2,436	156 - 300	7.5% - 14%
Per Credit Hour	156	168 -178	12 - 22	7.5% - 14%	181 - 196	13 - 18	7.5% - 14%
Nonresident							
Full-time	3,996	4,140 - 4,260	144 - 264	7.5% - 14%	4,296 - 4,560	156 - 300	7.5% - 14%
Per Credit Hour	333	345 - 355	12 - 22	7.5% - 14%	358 - 380	13 - 25	7.5% - 14%
Indiana (Eligible Counties)							
Full-time	2,388	2,568 - 2,724	180 - 336	7.5% - 14%	2,760 - 3,108	192 - 384	7.5% - 14%
Per Credit Hour	199	214 - 227	15 - 28	7.5% - 14%	230 - 259	16 - 32	7.5% - 14%
<i>Graduate</i>							
Resident							
Per Credit Hour	210	226	16	7.5% - 14%	243	17	7.5% - 14%

**2004-06 ESTIMATED TUITION RATES\***  
(Per Semester)

<u>Institution/Level/Residency Status</u>	<u>Actual 2003-04 Rates</u>	<u>Estimated 2004-05 Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Estimated 2005-06 Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Nonresident							
Per Credit Hour	483	499	16	7.5% - 14%	516	17	7.5% - 14%
Metro - Nonresident							
Per Credit Hour	323	339	16	7.5% - 14%	356	17	7.5% - 14%
<b>Business</b>							
Resident							
Per Credit Hour	227	245	18	7.5% - 14%	264	19	7.5% - 14%
Nonresident							
Per Credit Hour	551	569	18	7.5% - 14%	588	19	7.5% - 14%
Metro - Nonresident							
Per Credit Hour	323	339	16	7.5% - 14%	356	17	7.5% - 14%
<b>Law</b>							
Resident							
Full-time	4,212	4,488	276	7.5% - 14%	4,788	300	7.5% - 14%
Per Credit Hour	351	374	23	7.5% - 14%	399	25	7.5% - 14%
Nonresident							
Full-time	9,204	9,804	600	7.5% - 14%	10,452	648	7.5% - 14%
Per Credit Hour	767	814	47	7.5% - 14%	871	57	7.5% - 14%
Metro - Nonresident							
Full-time	7,812	8,088	276	7.5% - 14%	8,388	300	7.5% - 14%
Per Credit Hour	651	674	23	7.5% - 14%	699	25	7.5% - 14%
<b>University of Kentucky</b>							
<b>Undergraduate</b>							
Resident							
Full-time	2,001	2,081 - 2,201	80 - 200	4% - 10%	2,164 - 2,421	83 - 220	4% - 10%
Per Credit Hour	167	174 - 184	7 - 17	4% - 10%	181 - 202	7 - 18	4% - 10%
Nonresident							
Full-time	5,341	5,421 - 5,541	80 - 200	1.4% - 3.5%	5,504 - 5,761	83 - 220	1.4% - 3.5%
Per Credit Hour	446	453 - 463	7 - 17	1.4% - 3.5%	460 - 481	7 - 18	1.4% - 3.5%

**2004-06 ESTIMATED TUITION RATES\***  
(Per Semester)

<u>Institution/Level/Residency Status</u>	<u>Actual 2003-04 Rates</u>	<u>Estimated 2004-05 Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Estimated 2005-06 Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>Graduate</b>							
Resident							
Full-time	2,215	2,304 - 2,437	89 - 222	4% - 10%	2,396 - 2,680	92 - 244	4% - 10%
Per Credit Hour	247	257 - 272	10 - 25	4% - 10%	267 - 299	10 - 27	4% - 10%
Nonresident							
Full-time	5,885	5,974 - 6,107	89 - 222	1.4% - 3.5%	6,066 - 6,350	92 - 244	1.4% - 3.5%
Per Credit Hour	654	664 - 679	10 - 25	1.4% - 3.5%	674 - 706	10 - 27	1.4% - 3.5%
<b>MBA</b>							
Resident							
Full-time	2,599	2,703 - 2,859	104 - 260	4% - 10%	2,811 - 3,145	108 - 286	4% - 10%
Per Credit Hour	289	301 - 318	12 - 29	4% - 10%	313 - 350	12 - 32	4% - 10%
Nonresident							
Full-time	7,121	7,225 - 7,381	104 - 260	1.5% - 3.6%	7,333 - 7,667	108 - 286	1.5% - 3.6%
Per Credit Hour	792	804 - 821	12 - 29	1.5% - 3.6%	816 - 853	12 - 32	1.5% - 3.6%
<b>Law</b>							
Resident							
Full-time	4,113	4,401 - 4,730	288 - 617	7% - 15%	4,709 - 5,439	308 - 709	7% - 15%
Per Credit Hour	8,863	441 - 474	29 - 62	7% - 15%	472 - 545	31 - 70	7% - 15%
Nonresident							
Full-time	8,863	9,151 - 9,480	288 - 617	2.9% - 6.1%	9,459 - 10,189	308 - 709	2.9% - 6.1%
Per Credit Hour	887	916 - 949	29 - 62	2.9% - 6.1%	947 - 1,020	31 - 70	2.9% - 6.1%
<b>Medicine</b>							
Resident	6,802	7,278 - 7,822	476 - 1,020	7% - 15%	7,788 - 8,996	509 - 1,173	7% - 15%
Nonresident	15,998	16,474 - 17,018	476 - 1,020	3.0% - 6.4%	16,984 - 18,192	509 - 1,173	3.0% - 6.4%
<b>Dentistry</b>							
Resident	5,948	6,364 - 6,840	416 - 892	7% - 15%	6,810 - 7,866	446 - 1,026	7% - 15%
Nonresident	14,256	14,672 - 15,148	416 - 892	3.0% - 6.4%	15,118 - 16,174	446 - 1,026	3.0% - 6.4%
<b>Pharmacy</b>							
Resident	3,572	3,822 - 4,108	250 - 536	7% - 15%	4,090 - 4,724	268 - 616	7% - 15%
Nonresident	10,093	10,800 - 11,607	250 - 536	3.0% - 6.4%	11,067 - 12,223	268 - 616	3.0% - 6.4%

**2004-06 ESTIMATED TUITION RATES\***  
(Per Semester)

<u>Institution/Level/Residency Status</u>	<u>Actual 2003-04 Rates</u>	<u>Estimated 2004-05 Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Estimated 2005-06 Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<i>Professional Doctorate</i>							
Resident							
Full-time	3,054	3,268 - 3,512	214 - 458	7% - 15%	3,497 - 4,039	229 - 527	7% - 15%
Per Credit Hour	340	364 - 391	24 - 51	7% - 15%	389 - 450	25 - 59	7% - 15%
Nonresident							
Full-time	8,409	8,623 - 8,867	214 - 458	2.4% - 5.2%	8,852 - 9,394	229 - 527	2.4% - 5.2%
Per Credit Hour	935	959 - 986	24 - 51	2.4% - 5.2%	1,188 - 1,513	25 - 59	2.4% - 5.2%
<b>Lexington Community College</b>							
<i>Undergraduate</i>							
Resident							
Full-time	876	902 - 920	26 - 44	3.0% - 5.0%	929 - 966	27 - 46	3.0% - 5.0%
Per Credit Hour	73	75 - 77	2 - 4	3.0% - 5.0%	77 - 80	2 - 4	3.0% - 5.0%
Nonresident							
Full-time	2,904	3,485	581	20.0%	3,554	70	20.0%
Per Credit Hour	242	290	48	20.0%	296	6	20.0%
<b>University of Louisville</b>							
<i>Undergraduate</i>							
Resident							
Full-time	2,225	2,381	156	7.0%	2,547	167	7.0%
Per Credit Hour	185	198	13	7.0%	212	14	7.0%
Nonresident							
Full-time	6,083	6,509	426	7.0%	6,964	456	7.0%
Per Credit Hour	507	542	35	7.0%	580	38	7.0%
<i>Graduate</i>							
Resident							
Full-time	2,221	2,376	155	7.0%	2,543	166	7.0%
Per Credit Hour	247	264	17	7.0%	283	19	7.0%
Nonresident							
Full-time	6,118	6,546	428	7.0%	7,004	458	7.0%
Per Credit Hour	680	728	48	7.0%	779	51	7.0%

**2004-06 ESTIMATED TUITION RATES\***  
(Per Semester)

<u>Institution/Level/Residency Status</u>	<u>Actual 2003-04 Rates</u>	<u>Estimated 2004-05 Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Estimated 2005-06 Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<i>Law</i>							
Resident							
Full-time	3,675	3,932	257	7.0%	4,208	275	7.0%
Per Credit Hour	368	394	26	7.0%	421	28	7.0%
Nonresident							
Full-time	9,155	9,796	641	7.0%	10,482	686	7.0%
Per Credit Hour	916	980	64	7.0%	1,049	69	7.0%
<i>Medicine</i>							
Resident	6,671	7,138	467	7.0%	7,638	500	7.0%
Nonresident	16,634	17,798	1,164	7.0%	19,044	1,246	7.0%
<i>Dentistry</i>							
Resident	5,745	6,147	402	7.0%	6,577	430	7.0%
Nonresident	14,121	15,109	988	7.0%	16,167	1,058	7.0%
<b>Western Kentucky University</b>							
<i>Undergraduate</i>							
Resident							
Full-Time - Main Campus	1,616	1,778 - 1,939	162 - 323	10% - 20%	1,996 - 2,327	178 - 388	10% - 20%
Full-Time - Distance Learning	2,076	2,284 - 2,491	208 - 415	10% - 20%	2,512 - 2,989	228 - 498	10% - 20%
Part-Time - Main Campus (per credit hour)	135	148 - 162	13 - 27	10% - 20%	163 - 194	15 - 32	10% - 20%
Part-Time - Distance Learning (On-Line Courses)	173	190 - 208	17 - 35	10% - 20%	209 - 250	19 - 42	10% - 20%
Nonresident							
Full-Time - Main Campus	4,040	4,444 - 4,848	404 - 808	10% - 20%	4,888 - 5,818	444 - 970	10% - 20%
Full-time - Main Campus - Tuition Incentive Program (TIPS)	2,024	2,226 - 2,429	202 - 405	10% - 20%	2,449 - 2915	223 - 486	10% - 20%
Part-Time - Main Campus (per credit hour)	337	371 - 404	34 - 67	10% - 20%	408 - 485	37 - 81	10% - 20%
Part-Time - Main Campus - Tuition Incentive Program (TIPS)	169	186 - 203	17 - 34	10% - 20%	205 - 244	19 - 41	10% - 20%
Part-Time - Distance Learning (On-Line Courses)	173	190 - 208	17 - 35	10% - 20%	209 - 250	19 - 42	10% - 20%
<i>Graduate</i>							
Resident							
Full-Time	1,790	1,969 - 2,148	179 - 358	10% - 20%	1,968 - 2578	197 - 430	10% - 20%
Full-Time - Distance Learning	2,277	2,505 - 2,732	228 - 455	10% - 20%	2,756 - 3278	251 - 546	10% - 20%
Part-Time (per credit hour)	199	219 - 239	20 - 40	10% - 20%	241 - 287	22 - 48	10% - 20%
Part-Time - Distance Learning (On-Line Courses)	253	278 - 304	25 - 51	10% - 20%	306 - 365	28 - 61	10% - 20%

**2004-06 ESTIMATED TUITION RATES\***  
(Per Semester)

<u>Institution/Level/Residency Status</u>	<u>Actual 2003-04 Rates</u>	<u>Estimated 2004-05 Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Estimated 2005-06 Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Nonresident							
Full-Time - Domestic	1,970	2,167 - 2,364	197 - 394	10% - 20%	2,384 - 2837	217 - 473	10% - 20%
Full-Time - International	4,472	4,919 - 5,344	447 - 894	10% - 20%	5,411 - 6413	492 - 1,069	10% - 20%
Part-Time (per credit hour)	219	241 - 263	22 - 44	10% - 20%	.265 - 316	24 - 53	24
Part-Time - Distance Learning (On-Line Courses)	253	278 - 304	25 - 51	10% - 20%	306 - 365	28 - 61	10% - 20%
<b>Kentucky Community and Technical College System</b>							
Resident							
Per Credit Hour	64	66 - 70	2 - 6	3% - 10%	68 - 77	2 - 7	3% - 10%
Nonresident							
Per Credit Hour	192	198 - 211	6 - 19	3% - 10%	204 - 323	6 - 21	3% - 10%

**Notes:** Rates are estimates and are subject to change.

## Attachment E

## 2004-06 BENCHMARK FUNDING MODEL - TUITION DEDUCTION

<u>Institution</u>	<u>2003-04 Budgeted Tuition and Fees Revenue</u>	<u>2003-04 Net State General Fund Appropriation</u>	<u>Total Public Funds</u>	<u>Tuition and Fees Revenue as a % of Total Public Funds</u>	<u>Benchmark Funding Model Standard</u>	<u>Benchmark Funding Model Deduction</u>
EKU	\$ 48,583,600	\$ 69,803,800	\$ 118,387,400	41.0%	37.0%	37.0%
MoSU	31,880,900	41,285,600	73,166,500	43.6%	37.0%	37.0%
MuSU	44,454,000	49,588,400	94,042,400	47.3%	37.0%	37.0%
NKU	64,969,600	42,059,400	107,029,000	60.7%	37.0%	37.0%
UK	142,305,700	293,958,300	436,264,000	32.6%	37.0%	32.6%
UofL	105,036,400	165,445,100	270,481,500	38.8%	37.0%	37.0%
WKU	64,444,000	68,925,600	133,369,600	48.3%	37.0%	37.0%
<i>Subtotal</i>	<i>501,674,200</i>	<i>731,066,200</i>	<i>1,232,740,400</i>	<i>40.7%</i>		
KSU	11,425,900	20,379,500	31,805,400	35.9%	30.0%	30.0%
KCTCS	97,078,200	178,451,800	275,530,000	35.2%	30.0%	30.0%
LCC	14,950,500	8,712,000	23,662,500	63.2%	30.0%	30.0%
<i>Subtotal</i>	<i>123,454,600</i>	<i>207,543,300</i>	<i>330,997,900</i>	<i>37.3%</i>		
<b>Total</b>	<b>\$ 625,128,800</b>	<b>\$ 938,609,500</b>	<b>\$ 1,563,738,300</b>	<b>40.0%</b>		

**Attachment F**

**Commonwealth of Kentucky  
Special Initiatives Funding Requests for the 2004-06 Biennium  
As of September 4, 2003**

<u>Institution/System</u>	<u>2004-05</u>	<u>2005-06 *</u>
<b>Research Institutions</b>		
University of Kentucky	\$ 1,051,700	\$ 15,100
University of Louisville	2,974,172	165,115
Sub-Total	\$ 4,025,872	\$ 180,215
<b>Comprehensive Institutions</b>		
Eastern Kentucky University	\$ 1,340,000	\$ 215,200
Kentucky State University	24,680,815	2,726,623
Morehead State University	1,275,000	208,000
Murray State University	590,410	546,760
Northern Kentucky University	2,719,000	2,201,600
Western Kentucky University	1,000,000	1,300,000
Sub-Total	\$ 31,605,225	\$ 7,198,183
<b>Community and Technical Colleges</b>		
KCTCS	\$ 9,800,000	\$ 453,000
Grand Total	<u>\$ 45,431,097</u>	<u>\$ 7,831,398</u>

\* Dollar amounts shown in 2005-06 reflect only the requested increase over 2004-05, plus any nonrecurring funds requested for 2005-06.

## Special Initiatives Funding Requests Status Report as of September 4, 2003

### **Requests Received**

Eastern Kentucky University submitted five requests totaling \$1,340,000 in 2004-05 and \$215,200 in 2005-06.

- Center for Race, Gender, and Culture Studies (\$275,000)
- Thursday Alternative Getaway (\$60,000)
- Geographic Information Systems for Rural Kentucky (\$875,200)
- Leadership Development (\$70,000)
- Economic Activity Development Program (\$275,000)

The Kentucky Community and Technical College System submitted five requests totaling \$9,800,000 in 2004-05 and \$453,000 in 2005-06.

- Implementation of Classification and Compensation Plan (\$5,253,000)
- Remedial/Developmental Programs (\$2,100,000)
- Homeland Security (\$1,300,000)
- Center of Excellence in Automotive Manufacturing (\$600,000)
- Fire Commission Biennial Budget Request (\$1,000,000)

Kentucky State University submitted three requests totaling \$24,680,815 in 2004-05 (\$16,457,000 of that amount nonrecurring) and \$2,726,623 in 2005-06.

- Fully Fund the State Portion of the Land Grant Match (\$4,396,935)
- Fully Fund Renovations of Hathaway and Young Halls (\$16,457,000)
- Enhance University Enrollment by Strengthening Academic Programs (\$6,553,503)

Morehead State University submitted three requests totaling \$1,275,000 in 2004-05 (\$500,000 of that amount nonrecurring) and \$208,000 in 2005-06 (all of that amount nonrecurring).

- Jumpstart Teachers Using Technology (\$375,000)
- MSU - Space Science Center (\$358,000)
- Equal Access Scholarship Program (\$750,000)

Murray State University submitted three requests totaling \$590,410 in 2004-05 (\$82,250 of that amount nonrecurring) and \$546,760 in 2005-06.

- Human Capital Enhancement and New Economy Initiative (\$139,000)
- College Prep and Entrepreneurship Academy (\$819,920)
- Academic Success and Advising Center (\$178,250)

Northern Kentucky University submitted three requests totaling \$2,719,000 in 2004-05 (\$24,000 of that amount nonrecurring) and \$2,201,600 in 2005-06 (\$7,000 of that amount nonrecurring).

- Advancing the Regional Stewardship of Northern Kentucky University (\$4,000,000)
- Advancing Rural Access: An Initiative to Increase Kentucky's College-Going Rate (\$477,300)
- Preparing Undergraduate Students for Life and Work (\$443,300)

The University of Kentucky submitted three requests totaling \$1,051,700 in 2004-05 (\$550,000 of that nonrecurring) and \$15,100 in 2005-06.

- A Novel Approach to Cancer Research Using Pharmacogenomics (\$554,500)
- Enzymes Regulating Events Leading to Alzheimer's Disease (\$241,100)
- Foreign Language Education in Kentucky: Meeting the Global Challenge (\$271,200)

The University of Louisville submitted four requests totaling \$2,974,172 in 2004-05 (\$290,000 of that nonrecurring) and \$165,115 in 2005-06.

- An Integrated, Multidisciplinary Approach in Bioinformatics (\$1,050,000)
- Expansion of the Standardized Patient Program (\$618,300)
- Undergraduate Scholarship and Creative Activity Summer Institute (\$542,987)
- Off Campus Teaching Center (OCTC) at the Trover Clinic Foundation (\$928,000)

Western Kentucky University submitted one request totaling \$1,000,000 in 2004-05 (\$200,000 of that nonrecurring) and \$1,300,000 in 2005-06.

- The Kentucky Academy of Mathematics and Science (\$2,300,000)

## Endowment Match Program Guideline Revisions

*In response to recommendations from auditors, the legislature, and the Program Review and Investigations Committee, an Endowment Match Program working committee comprised of Council staff and institutional officials developed the attached revisions to the 2002-04 guidelines. These revisions represent collaboration between Council staff, the committee, Chief Budget Officers, and the presidents.*

**Action:** The staff recommends that the Council approve the recommended revisions to the 2002-04 Endowment Match Program Guidelines.

On July 10, 2003, the Program Review and Investigations Committee adopted a staff report on postsecondary education reform in Kentucky. The report contained several recommendations concerning the Council's administration of the Endowment Match Program.

- (1) **Recommendation that the Council clarify the definition of "new money from external sources" in its guidelines.** The existing 2002-04 guidelines do not contain explicit definitions of "new money" or "external source funds." The Council staff recommends that the Council amend the guidelines to clearly define these terms. The attachment contains the Endowment Match Program working committee's proposal concerning these definitions (see page 39).
- (2) **Recommendation to address the issue of allowing existing federal grants, state-generated funds, and university-affiliated funds to be used as matches for state appropriated funds.** The current 2002-04 guidelines allow institutions to match funds received from the federal government, provided those funds are endowed. Other than a prohibition against matching state General Fund appropriations and student-derived revenues, the guidelines do not address the issue of state-generated or university-affiliated funds. The Council staff recommends that the Council amend the guidelines to render gifts received from federal, state, and local government sources ineligible for match (see page 39). If approved, this revision will apply only to university gifts and pledges received after October 1, 2003.
- (3) **Recommendation that the Council clearly define the accepted uses of mission support in its guidelines.** The 2002-04 guidelines stipulate that program funds can be

used for the advancement and support of the general research mission as specified in university regulations and policies. This definition could encompass a broad category of uses. The proposed revision on pages 41-42 enhances the definition to include examples of eligible expenses, including expenditures for library resources, equipment and supplies, visiting scholars, and dissemination of findings, as well as examples of ineligible expenses. This revision would apply to the 2002-04 unmatched appropriations and to any future appropriations made by the Commonwealth to the Endowment Match Program.

- (4) **Recommendation to limit the percentage of program funds used for mission support activities.** The existing 2002-04 guidelines stipulate that investment earnings from endowments can be used to support chairs, professorships, fellowships, scholarships, and mission support activities, but establish no parameters regarding the proportion of program funds that may be expended for any single purpose within that group. The Council staff recommends that the Council amend the guidelines to limit the amount of program funds used for mission support activities in the manner presented on page 42. If approved, this revision will apply only to university gifts and pledges received after October 1, 2003.
  
- (5) **Recommendation that the Council address the portion of funds used in support of institutional Programs of Distinction.** In an October 2000 briefing report, state auditors advised the Council to establish procedures that limit the amount of program funds that can be used outside of university-defined areas of concentration. The Program Review and Investigations Committee revisited this issue in their report. The 2002-04 guidelines do not identify a proportion of comprehensive university funds that must be used to support Programs of Distinction. The Council staff recommends that the Council amend the guidelines to establish a minimum proportion of comprehensive university funds that must be endowed for the purpose of supporting Council approved Programs of Distinction (see page 43). If approved, this revision will apply only to university gifts and pledges received after October 1, 2003.

Staff preparation by Sandra Woodley and Bill Payne

## Council on Postsecondary Education

### 2002-04 Endowment Match Program Guidelines Effective July 1, 2002

#### Background

Kentucky recognizes the importance of research to the economic well being of its citizens. The Endowment Match Program encourages private investment in public higher education research activities to stimulate business development, generate increases in externally sponsored research, create better jobs and a higher standard of living, and facilitate Kentucky's transition to a knowledge-based economy. The program matches public money with private gifts to fund ~~endowed~~ chairs, professorships, research staffs and infrastructure, fellowships and scholarships, and mission support at the public universities. This collaborative approach is critical to advancing Kentucky's research presence into national prominence.

State funds for the program are appropriated to the Research Challenge Trust Fund (RCTF) for the research institutions and to the Regional University Excellence Trust Fund (RUETF) for the comprehensive institutions. Both trust funds were created with the passage of the Postsecondary Education Improvement Act of 1997 (HB 1).

The Endowment Match Program received surplus General Fund appropriations of \$110 million in 1998-99 and \$120 million in 2000-01. The ~~council has requested~~ legislature debt funded another \$120 million for the program in ~~2002-03~~ 2003-04.

#### Program Administration

The Council on Postsecondary Education oversees the Endowment Match Program. The Council establishes the areas of concentration within which program funds are used, develops guidelines for the distribution of program funds, and reviews reports from the institutions on the use of funds and the results achieved.

The boards of trustees and boards of regents of the Commonwealth's public universities are responsible for the Endowment Match Program on their campuses. The boards are to review and approve all donations, gifts, and pledges that will be used to establish new endowments or expand existing endowments for which matching state funds will be requested. The boards are to ensure that the purpose of the endowment and the source of funds comply with the Council's guidelines and serve the public good. Documentation of board approval must be submitted with each endowment request. In addition, the boards are to review and approve the Endowment Match Program reports that are to be submitted annually to the Council.

## **Allocation of Program Funds**

The ~~council has requested~~ legislature appropriated \$120 million for the Endowment Match Program in ~~2002-03~~ 2003-04. ~~The council requests that~~ Of that amount, \$100 million be was appropriated to the RCTF and \$20 million ~~be was~~ was appropriated to the RUETF. These funds ~~would~~ will be allocated to the institutions as follows:

- The research university endowment match will be allocated two-thirds to the University of Kentucky (\$66,667,000) and one-third to the University of Louisville (\$33,333,000).
- The comprehensive university endowment match will be divided into two \$10 million pools designated primary and secondary. Each pool will be allocated among the institutions based on their proportionate share of total net 2002-03 General Fund appropriations.
- The primary pool will be allocated to the institutions and will remain in the trust fund until matched. The secondary pool will be similarly assigned to the institutions until December 31, 2004. If not matched by that date, other comprehensive universities that have fully matched their allocations from both pools may submit requests for additional matching funds. Funds requested from January 1 to January 31, 2005 will be matched on a pro rata basis based on the dollar amount of requests received. For example, if the secondary pool contains \$100,000 on January 1, and four institutions submit requests of \$50,000 each to the Council between January 1 and January 31, then each institution would be eligible to receive \$25,000 in state

matching funds (\$50,000 / \$200,000 X \$100,000). After January 31, requests will be considered on a first-in basis until all funds are allocated. If multiple requests arrive simultaneously, then the pro rata method described above will apply.

## Matching Requirements

The Endowment Match Program is conceived as a way to bring new money from external sources into the Commonwealth's system of postsecondary education. In order to receive state funds, the universities must provide dollar-for-dollar matching funds that satisfy the following requirements:

- Gifts and pledges must be newly generated to be eligible for state match. Newly generated contributions are those received by the university after June 1, 1997 (i.e., the approximate effective date of postsecondary education reform).
- Gifts and pledges must be from external sources to be eligible for state match. External source contributions are those that originate outside the university and its affiliated corporations. Eligible ~~matching funds can be received from~~ sources of funding include, but are not limited to, businesses, non-governmental foundations, hospitals, corporations, and alumni, or other individuals. Funds received from ~~the~~ federal, state, and local government sources are not eligible for state match (effective for gifts and pledges received after October 1, 2003) provided the funds are endowed.
- General Fund appropriations and student-derived revenues (e.g., tuition and fees revenue) are not eligible for state match.
- The minimum ~~requested matching~~ institutional request amount is \$50,000. A university may combine smaller donations from ~~individuals,~~ businesses, non-governmental foundations, hospitals, or corporations, and alumni or other individuals to meet the \$50,000 minimum.

- All funds, both state and private, must be endowed. “Endowed” means only the investment earnings are eligible for expenditure, not the principal.
- Requests for state funds must identify the matching funds that are cash and the matching funds that are pledges.
- Pledges, or promises of future payment, are eligible for state match provided they are based on a written contract or agreement and include a payment schedule, which does not exceed five years from the initial pledge date. Pledge payment schedules showing receipts to date and scheduled future payments are to be included in the audited financial statements of either the institution or the foundation.
- If pledged funds are not received within five years of the initial pledge date, the university must replace the portion of private funds not received with another eligible cash gift or the unmatched portion of the state funds plus an allowance for accrued interest will revert to the trust fund for reallocation. In such cases, time frame for the replacement or return of state funds will be negotiated between Council staff and institutional representatives.
- University officials must notify the Council staff of unpaid pledges six months before the end of the five-year deadline, or immediately when a gift has been revoked.

## **Uses of Program Funds**

Investment earnings from the endowments can be used to support various ~~endowed positions~~ activities including chairs, professorships, research staff, graduate fellowships, undergraduate scholarships, research infrastructure, and mission support as described below.

**Chairs:** New faculty positions, salary supplements to existing faculty positions, and associated expenses for those positions, including ~~travel~~, start-up costs, salaries, benefits, travel, and other professional expenses as permitted by university policy.

**Professorships:** New faculty positions, salary supplements to existing faculty positions, and associated expenses for those positions, including ~~travel~~, start-up costs, salaries, benefits, travel, and other professional expenses as permitted by university policy.

**Research Staff:** Salaries, benefits, and other personnel related expenses associated with full-time or part-time staff assistants who are directly linked to the research activities of an endowed chair or professor.

**Graduate Fellowships:** Fellowship stipends for outstanding graduate or professional students, which may include travel and other expenses as permitted by university policy.

**Undergraduate Scholarships:** At the comprehensive universities only, program funds can be used to support scholarships for outstanding undergraduate students, which may include travel and other expenses as permitted by university policy.

**Research Infrastructure:** Start-up and operating expenses that are directly linked to the research activities of an endowed chair or professor, including equipment, materials and supplies, and other research related expenses as permitted by university policy.

**Mission Support:** ~~At the research and comprehensive universities, p~~ Program funds can be used to support ~~the institution's~~ research and graduate missions at all institutions, and ~~At the comprehensive universities, program funds also may be used to support programs of national distinction or applied research programs approved by the Council at the comprehensive institutions. Support may include~~ Consideration will be given to mission support activities such as: (1) expenditures that enhance the research capability of university libraries (i.e., books, journals, research materials, media, and equipment); (2) start-up costs, equipment, and supplies that support faculty, graduate student, or undergraduate student research activities; (3) funding for visiting scholars, lecture series, and faculty exchange; nationally prominent publications, and (4) expenditures for the dissemination of research findings (i.e., nationally prominent publications and presentations at conferences, symposiums, seminars, or workshops). However, priority

will be given to mission support expenditures that encourage the research related activities of faculty and students, and the advancement and support of the general research mission as specified in university regulations and policies. Expenditures for general personnel expenses that are not directly linked to an endowed chair or professor do not qualify as mission support activities.

## **Use of Funds Requirements**

The following requirements apply to gifts and pledges received after October 1, 2003. However, requests submitted for unclaimed, secondary-pool comprehensive university funds will adhere to these requirements regardless of when the gifts and pledges contained in those requests were made.

- At the research universities only, at least 70 percent of program funds must be endowed for the purpose of supporting chairs, professorships, or research staffs, infrastructure, or fellowships that are directly linked to the research activities of an endowed chair or professor. No more than 30 percent of program funds may be endowed for the purpose of supporting mission support activities, or fellowships that are not directly linked to the research activities of an endowed chair or professor.
- At the comprehensive institutions only, at least 50 percent of program funds must be endowed for the purpose of supporting chairs, professorships, or research staffs, infrastructure, fellowships, or scholarships that are directly linked to the research activities of an endowed chair or professor. No more than 50 percent of program funds may be endowed for the purpose of supporting mission support activities, or fellowships or scholarships that are not directly linked to the research activities of an endowed chair or professor.

## **Areas of Concentration**

- ~~For~~ At the research institutions universities only, the Council expects state and private matching funds to be substantially directed toward supporting research that leads to the creation, preservation, or attraction of businesses that will increase the number of good jobs in Kentucky.

For these purposes, “good jobs” are defined as jobs that yield income at or above the national per capita income.

- The Council recognizes that strong research programs are clustered around related academic disciplines and encourages campus officials to create a critical mass of scholars who can influence the nation’s research and academic agenda.
- The Council recognizes that the boundaries of traditional disciplines are increasingly permeable and encourages the use of endowment funds for interdisciplinary, problem solving, or applied research activities.
- The Council recognizes the importance of cooperation between universities and corporations and encourages partnerships in the technologies, engineering, and applied sciences.
- ~~For~~ At the research universities only, at least 70 percent of program funds must be used to support ~~endowed for the purpose of supporting~~ academic disciplines contained within five new economy clusters: (1) human health and development; (2) biosciences; (3) materials science and advanced manufacturing; (4) information technologies and communications; and (5) environmental and energy technologies. These areas are of strategic benefit to Kentucky and are core components of the knowledge-based economy. ~~To the extent possible, the comprehensive universities are encouraged to use program funds for these same five clusters.~~
- At the comprehensive universities only, at least 50 percent of program funds must be endowed for the purpose of supporting Programs of Distinction or applied research programs approved by the Council (effective for gifts and pledges received after October 1, 2003).
- The Council recognizes the contribution of arts and humanities to quality of life and to economic development in the Commonwealth and is receptive to limited use of endowment funds in this area.

- Program funds cannot be used for positions, which are primarily administrative. However, researchers or scholars with an active research program who may have an appointment such as department chair, center director, or dean are eligible.
- Program funds cannot be used to fund capital construction projects.

## **Annual Reporting**

Institutions will provide detailed annual reports describing how the state and matching funds are used by October 15 each year. These reports will include such items as the number of endowed chairs and professorships by name and incumbent, the specific support services attached to the chairs and professorships, and the benefits of the program to the Commonwealth of Kentucky in terms of jobs, revenue growth, creation of wealth, and improved standards of living. The reports should also identify institutional outcomes, such as increases in sponsored research directly attributed to the program, changes in the quality of students and measurable outcomes (retention, graduation, pursuit of advanced study, and employment), and the creation and profitable use of intellectual property.

The Council staff, working with the university presidents and their staffs, will devise and maintain reporting procedures that specify the content and format of Endowment Match Program annual reports.

## Key Indicators of Progress: Update on Revision Process and Related Accountability Initiatives

*The Council staff has begun the process of revising the Key Indicators of Progress toward Postsecondary Reform. A draft version of the revised indicators – distributed for review by Council members, institutions, and other reform partners in August and September – is attached.*

As reported at the July Council meeting, the Council staff has begun work on the first systematic effort to refine the key indicators. This process will result in a more streamlined list of indicators, and align the indicators more closely with national accountability initiatives. The staff also is working to expand the Council's related accountability efforts.

Progress to-date includes:

- A work group made up of Council staff met during July and August to develop a draft list of revised indicators.
- The draft indicators were distributed for review by Council members, the institutions, and other reform partners in late August.
- A revised list -- incorporating advice and commentary from the Council, reform partners, and the institutions -- and baseline data for the revised indicators were distributed in mid-September.

During late September and early October, the Council staff will consult with the institutions and other reform partners to develop goals for the revised indicators.

Revision of the key indicators system is part of a larger accountability effort. The refined key indicators will continue to be organized around the five questions - the postsecondary system's public agenda. The Council will supplement this system with more detailed reports for legislators, as recommended in the Program Review and Investigation Committee's recent staff report. These supplemental reports will include institution-specific information organized around the six goals laid out in House Bill 1, and system and institutional profiles. To facilitate the development of an accountability system that complements campus initiatives, the Council staff collected strategic plans, mission statements, and accountability reports from the institutions in late August.

Over the next several weeks, the Council staff will continue to consult with the institutions and other reform partners regarding the key indicators and the Council's overall accountability plan.

The staff will present a revised list of key indicators and goals and a detailed accountability reporting scheme for Council consideration at the November meeting.

Staff preparation by Christina E. Whitfield

**Kentucky Council on Postsecondary Education  
Key Indicators of Progress Toward Postsecondary Reform  
2003 Revisions -- DRAFT**

**Question 1: Are more Kentuckians ready for postsecondary education?**

<b>Key Indicators</b>	<b>New Indicator</b>	<b>Level</b>
A Percentage of adults with at least a high school diploma or GED		Systemwide
B Average ACT scores of high school graduates		Systemwide
C Number of college-level courses per 1,000 HS juniors and seniors		Systemwide
D <i>Measuring Up</i> affordability measures		Systemwide

<b>Related Information</b>		<b>Level</b>
Percentage of adults at literacy levels one and two		Systemwide
Percentage of high school graduates taking the ACT		Systemwide
Percentage of high school students completing the ACT core coursework		Systemwide
9th - 12th graders taking at least one upper-level math course	X	Systemwide
9th - 12th graders taking at least one upper-level science course	X	Systemwide
8th grade students taking Algebra		Systemwide
8th graders scoring at/above "proficient" on the NAEP in math, reading, science, and writing	X	Systemwide
Enrollment in Adult Education programs	X	Systemwide
Number of GEDs Awarded	X	Systemwide
Institutional Need-Based Aid	X	Institution-specific

**Question 2: Are more students enrolling?**

<b>Key Indicators</b>	<b>New Indicator</b>	<b>Level</b>
A <u>Number of undergraduates</u>		Institution-specific
B <u>Number of graduates/professionals</u>		Institution-specific
C <u>Percentage of 9th graders enrolling in college within 4 years in any state</u>		Systemwide
D <u>College-going rates of GED completers within two years</u>		Systemwide

<b>Related Information</b>		<b>Level</b>
<u>Number of students enrolled in online or distance education</u>	X	Institution-specific
<u>Number of students enrolled in KYVU credit courses</u>		Systemwide
<u>Percentage of the population 18 - 24 enrolled in KY colleges</u>	X	Systemwide
<u>Percentage of the population 25 - 49 enrolled in KY colleges</u>	X	Systemwide
<u>Percentage of the population 18-24 enrolled in KY colleges from target counties</u>	X	Systemwide
<u>Percentage of the population 25 - 49 enrolled in KY colleges from target counties</u>	X	Systemwide
<u>Percentage of students attending college directly out of high school from target counties</u>		Systemwide
<u>Percentage of students attending college directly out of high school</u>		Systemwide
<u>Enrollment by race/ethnicity and gender</u>	X	Institution-specific
<u>College-going by race/ethnicity and gender</u>	X	Systemwide

**Question 3: Are more students advancing through the system?**

<b>Key Indicators</b>	<b>New Indicator</b>	<b>Level</b>
A	One-year retention rates of first time freshmen	Institution-specific
B	Number of community and technical college transfers	Institution-specific
C	Percentage of adults with a bachelor's degree or higher	Systemwide
D	Six-year graduation rates of bachelor's degree students	Institution-specific (Universities)

<b>Related Information</b>		<b>Level</b>
One-year retention rates of underprepared students		Institution-specific
One-year retention rates by race/ethnicity and gender	X	Institution-specific
One-year retention rates of students from target counties	X	Institution-specific
One-year retention rates of GED graduates	X	Institution-specific
Native retention rates	X	Institution-specific
Average number of credit hours transferred		Institution-specific (KCTCS and LCC)
Five-year graduation rates of transfer students - three year averages		Institution-specific (Universities)
Three-year graduation rates of associate's degree students	X	Institution-specific (KCTCS and LCC)
Graduation rates by race/ethnicity and gender	X	Institution-specific
Percentage of adults with some college or an associate degree	X	Systemwide
Percentage of adults with graduate or professional degree	X	Systemwide

**Question 4: Are we preparing Kentuckians for life and work?\***

<b>Key Indicators</b>	<b>New Indicator</b>	<b>Level</b>
A Undergraduate experience -- National Survey of Student Engagement		Institution-specific (Universities)
B Civic engagement - Selected indicators from NSSE		Institution-specific (Universities)
C Certificates, degrees, and diplomas awarded	X	Institution-specific
D Certificates, degrees, and diplomas awarded in KY's priority areas	X	Institution-specific

<b>Related Information</b>	<b>Level</b>
Alumni satisfaction - Undergraduate alumni survey results	Institution-specific
Civic engagement - Undergraduate alumni survey results	Institution-specific
Teacher Preparation Programs	Institution-specific (Universities)
Certificates, degrees and diplomas awarded per 100 undergraduates	X Institution-specific
Residents voting in national elections	X Systemwide
Percentage of federal itemizers declaring charitable gifts	X Systemwide
Licensure and Certification Exam results	X Institution-specific

\*Further revision of Question 4 indicators will be necessary once learning grade results become available.

**Question 5: Are Kentucky's communities and economy benefiting? \*\***

<b>Key Indicators</b>	<b>New Indicator</b>	<b>Level</b>
A Extramural research and public service expenditures - three-year average		Institution-specific (Comprehensive Universities)
B Extramural research and development expenditures		Institution-specific (UK and UofL)
C Federal research and development expenditures		Institution-specific (UK and UofL)

<b>Related Information</b>		<b>Level</b>
Percentage of college graduates working in Kentucky - by level		Systemwide
Percentage of out-of-state college students who stay in Kentucky after graduation		Systemwide
Endowments in the research priority areas of the knowledge-based economy		Institution-specific (UK and UofL)
Expenditures from endowments and gifts in the research priority areas of the KBE		Institution-specific (UK and UofL)
Increase in total personal income as result of percentage of population with bachelor's degree	X	Systemwide
Increase in total personal income as result of percentage of population with some college	X	Systemwide
Per Capita Personal Income	X	Systemwide
Percentage of graduates in priority areas who stay in Kentucky after graduation	X	Systemwide
Regional migration indicator	X	Systemwide
Institutional civic engagement	X	Institution-specific
Efficiency/productivity measures	X	Institution-specific
Total R & D expenditures per capita	X	Systemwide
Licenses and patents generated	X	Institution-specific (UK and UofL)
State New Economy Index	X	Systemwide
Development Report Card for the States	X	Systemwide

\*\*Fourth indicator under Question 5 to be determined.

Council on Postsecondary Education  
September 21, 2003

## Council Policy Groups

The Council has identified three important areas of policy as the focus of its work this year. Policy groups have been created to address:

- Affordability. Across the nation, state support for postsecondary education is declining and tuitions are rising. If Kentucky is to achieve its reform goals, it must maintain and strengthen the relationship between affordability, access, and quality through coherent policies that link costs, financial aid programs, and citizens' ability to pay for postsecondary education. The affordability policy group will focus on this task.
- Seamlessness. This group will address policy changes needed to create a more seamless educational system, especially through more effective partnerships between P-12 schools, adult education, and two-and four-year postsecondary institutions.
- Workforce/Economic Development. The primary goal of postsecondary reform is to increase the number of good jobs in Kentucky and make sure the workforce is prepared to fill those jobs. This group will examine policies and recommend changes that ensure postsecondary education is contributing to the state's ability to attract businesses and that its education programs are addressing current and projected workforce needs.

Attached are more detailed descriptions of the issues these groups will address over the coming year. Also included is a list of the Council members serving on these groups. Other members may be added. The policy groups will meet in the months between regular Council meetings to develop proposals for Council approval based on review of background materials provided by the Council staff and meetings with representatives from other local, state, and national groups addressing these issues.

Staff preparation by Sue Moore, Sandy Woodley,  
Jim Applegate, and Cheryl King

## Affordability Policy Group

**Rationale:** At the national level many in higher education policy circles are expressing growing concern over college affordability, however, their conclusions and recommendations do not always agree. The National Center for Public Policy and Higher Education (2003) recently stated that college affordability was in jeopardy by documenting continuing cuts in appropriations to higher education by financially strapped states and the resulting response by colleges to increase tuition, impose new fees and reduce student financial assistance. In fact over 43 states have enacted or are considering tuition increases for 2003-04 to compensate for these budget shortfalls (American Council on Education). By contrast, a study by the National Center for Education Statistics reports that the price students paid for a college education, when factoring in financial aid, did not change for low-income students between 1992-93 and 1999-2000.

**Purpose:** As institutional governing boards set tuition rates each year, they must strike a delicate balance among sometimes conflicting goals: 1) the need to increase the state's educational attainment rate by enrolling more students in college; 2) the need to generate the revenue necessary to provide high quality academic programs and services; and 3) the need to provide financial access to economically disadvantaged students. At the state level, the Council on Postsecondary Education deals with a similar set of issues as it deals with the competing demands of quality, access, and affordability.

Council policy decisions in such areas as tuition, the biennial budget request, and state financial aid programs need to be synchronized in ways that support postsecondary reform goals. This policy group will work with our postsecondary institutions and partner agencies to better align systemwide and institutional policies and budgets with the reform goals of quality, access, and affordability.

### Policy Areas:

1. Price (cost) of higher education and the need to link policies and practices related to tuition and fees, state appropriation, and student financial aid (federal, state, and institutional).
2. The increase in tuition and fees and other institutional services, in comparison to other states, and the impact on various subgroups and their ability to enroll, persist, and attain a college degree.
3. Student loan debt and its impact on college-going rates and degree completion.
4. The tradeoff between quality and increased access for students with various levels of college preparation.
5. Merit-based aid compared to need-based aid – and the optimal balance between them in the state's higher education policy – and implications for students.
6. Federal, state, and institutional financial aid policies and the funding that is necessary to sustain enrollment growth and support currently enrolled students.

### Council members:

J. P. Davis  
Charlie Owen  
Joan Taylor  
Lois Weinberg  
Steve Barger, ex officio

### Partners:

- Member(s) from Legislative Branch of Government
- Member(s) from Executive Branch of Government
- Board member(s) from KHEAA
- Institutional President(s)
- Board member(s) from Independent or Private Colleges
- Outside Experts (higher education policy researchers/demographers)

## Seamlessness Policy Group

**Rationale:** Kentucky has made dramatic gains during the past decade both in reducing the percentage of the adult age population with less than a high school credential and in increasing the percentage of recent high school graduates going directly to college (either in Kentucky or another state). Yet it remains next to last among the fifty states in the percentage of its adult population with at least a bachelor's degree. This is in part due to the fact that we have had to come a long way, and in part because we still lose too many students at key points in the education pipeline. For example, for every 100 ninth graders in Kentucky, 66 students graduate from high school, 36 enter college, 24 are still enrolled in their sophomore year, and only 12 students graduate within three years from a two-year program or within six years from a four-year program. We need to create an integrated, "seamless" system of education – elementary and secondary, adult, and postsecondary – that meets the needs of the citizens of the Commonwealth in the 21<sup>st</sup> century.

**Purpose:** Kentucky must greatly increase the number of traditional high school and adult students earning college degrees. We also must create an appetite for learning where Kentuckians continue to access the postsecondary system to upgrade their skills and acquire the knowledge needed to be successful workers and engaged citizens. We want all students – high school and GED graduates – to be prepared for college and the skilled workplace without needing remediation. This policy group will work with our postsecondary institutions and partner agencies to develop policies and programs that produce good P-12 teachers, ensure adequate preparation for high school graduates and GED earners, and provide opportunities for life-long learning.

### **Policy Areas:**

1. P-12 to postsecondary transition including aligning high school graduation requirements and curriculum with college and workplace expectations, increasing postsecondary enrollment rates of high school graduates, reducing their need for postsecondary remediation, and offering more dual credit opportunities for high school students.
2. Adult education to postsecondary transition including aligning adult education curriculum with college and workplace expectations, increasing postsecondary enrollment rates of GED earners, and reducing their need for postsecondary remediation.
3. Transferability of credits between postsecondary institutions.
4. Retention and degree production.
5. Low income and minority access and success.
6. The role of distance learning in improving student access and success.
7. Data needs.

**Council members:**

Walter Baker

Peggy Bertelsman

Bart Darrell

Richard Freed

Susan Guess

Gene Wilhoit

Steve Barger, ex officio

**Partners:**

- Kentucky Board of Education and Kentucky Department of Education
- Local P-16 councils, school districts, and adult education providers
- Public universities and the KCTCS
- Independent colleges and universities, Association of Independent Kentucky Colleges and Universities
- Business and labor groups
- CPE's Committee on Equal Opportunities, NAACP, Lincoln Foundation, Kentucky Association of Blacks in Higher Education, Kentucky Human Rights Commission, and Urban League

## **Workforce/Economic Development Policy Group**

**Rationale:** Individuals need education and training beyond high school to achieve economic self-sufficiency. According to the Bureau of Labor Statistics, in 2000, as many as 85 percent of today's jobs require education beyond high school; by 2020, 15 million new jobs will require some postsecondary education. However, only 40 percent of the 110.5 million U.S. adults currently in the workforce (age 25-65) have at least a two-year postsecondary degree, and only 3 million new adults will enter the workforce with such credentials. This leaves a deficit of 12 million skilled workers.

In Kentucky, 40 percent of adults age 16 to 64 function at the two lowest levels of literacy, and one in four adults age 25 and older have not completed high school or a GED. The U.S. Census reports that only 17 percent of Kentuckians hold a bachelor's degree or higher and Kentucky's per capita income is only 81 percent of the national average. Additionally, the demographics of Kentucky's workforce are shifting rapidly due to greater participation by women, ethnic, and cultural minorities, and other individuals not traditionally in the workforce.

Strong research and development capacity also is being built and sustained at Kentucky's universities and in the private sector. As ideas generated from university research are commercialized, Kentucky will require a highly motivated, well-educated workforce that can participate and prosper in this knowledge economy.

Finally, Kentucky must create a fluid educational system that provides the training and credentials necessary for career success throughout each citizen's life. This system must increase access to educational opportunities, remove barriers to degree completion, and encourage life-long learning.

**Purpose:** To develop dynamic, strategic connections between postsecondary education, workforce, welfare, and economic development entities that increase postsecondary access and success; to align postsecondary education with current and emerging needs of business and industry; to understand and respond better to students' needs and expectations as they prepare for employment and business creation; and to nurture an entrepreneurial climate and culture that encourages students to create their own businesses.

### **Policy Areas:**

1. Areas of knowledge and competency needed to compete in the current and emerging workplace.
2. Policies and institutional strategies necessary to attract students into high demand jobs, anticipate and respond to changing educational demands, prepare workers in the state's shortage areas, provide educated Kentuckians for the workforce, and support those who create their own businesses.
3. Partners' roles and responsibilities to provide educational opportunities to workers.
4. Goals and performance indicators appropriate for partners to ensure a high-performance, high-quality workforce and education system.

5. Enhanced economic and educational effectiveness of Bucks for Brains and links between Bucks for Brains' R&D and commercialization programs and funding.
6. Labor market projections.

**Council members:**

Norma Adams  
Ron Greenberg  
John Hall  
Esther Jansing  
Charles Whitehead  
Steve Barger, ex officio

**Partners:**

- Council on Postsecondary Education
- Postsecondary institutions
- Cabinet for Economic Development Board
- Kentucky Innovation Commission
- Workforce Development Cabinet Secretary
- Cabinet for Families and Children Secretary
- Kentucky Board of Education
- State Chamber of Commerce Board
- State Human Resource Management Board
- Labor
- Private sector
- Legislators

Council on Postsecondary Education  
September 21, 2003

## Fall 2003 Kentucky Adult Education Enrollment

A report on the 2002-03 statewide adult education enrollment and GED attainment will be provided at the September Council meeting. The total enrollment includes data from county basic grants, workforce education, family literacy, distance learning, English as a Second Language, and corrections education programs. Programs meeting or exceeding performance and enrollment goals are eligible for incentive rewards.

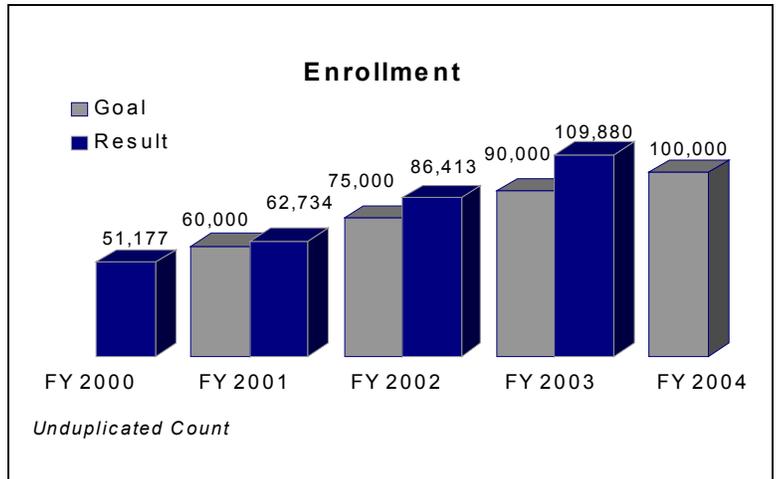
Staff preparation by Jacqueline E. Korengel



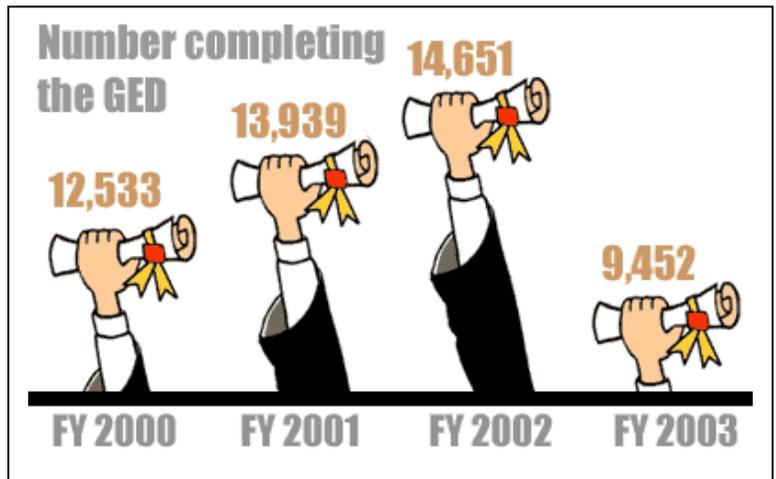
## ADULT EDUCATION SEPTEMBER 2003 UPDATE

### POSTSECONDARY EDUCATION REFORM

- The record high enrollment of 109,880 in FY 2003 surpasses the enrollment goal for FY 2004.
- Adult education programs in 75 counties met their enrollment and performance goals and will share \$879,555 in reward funds to be distributed in FY 2004 (See map on reverse side).



- Kentucky ranked 10<sup>th</sup> in the U.S. in the percentage of non-high school completers earning a GED in 2001. National rankings from the GED Testing Service are not yet available for 2002.





Council on Postsecondary Education  
September 21, 2003

## Adult Education Technology Award

The adult education Web portal, kyvae.org, received the 2003 Recognition Award for Outstanding Achievement in the Field of Information Technology at the National Association of State Chief Information Officers (NASCIO) annual meeting in Scottsdale, Arizona, on September 9, 2003. Kentucky's entry, "Helping Kentuckians Participate in the New Economy: Kentucky Virtual Adult Education Portal," won the category of Innovative Use of Technology.

Criteria for selection included the significance to the improvement of the operation of government; benefits realized by service recipients, taxpayers, agency, or state; and return on investment including short-term and long-term payback. Overall, NASCIO selected ten winners from 128 nominations submitted by 33 states.

As of July 2003, 3,416 adult learners were enrolled in online learning modules at a cost of \$250 per user, up from 190 users in 2001. The Web portal is a partnership between Kentucky Adult Education and the Kentucky Virtual University/Library, and offers online courses for adult learners as well as professional development resources for instructors.

Staff preparation by Cheryl D. King

## ACT Scores for 2003 High School Graduates

*Kentucky's average ACT score rose from 20.0 in 2002 to 20.2 in 2003. The percentage of high school students taking the ACT and the percentage of test-takers taking the ACT's core curriculum also increased slightly in 2003. Despite these statewide gains, there is evidence of an achievement gap in Kentucky.*

Results released in August show Kentucky's average ACT composite score rose in 2003. This improved performance follows several years of steady or declining scores. The average ACT score for Kentucky's 2003 high school graduates was 20.2, up from 20.0 in 2002. The gap between Kentucky's average score and the national average narrowed in 2003; the national average composite score remained unchanged at 20.8.

Kentucky's scores improved even as an increased percentage of high school graduates took the ACT. In 2003, 73 percent of Kentucky's graduates took the exam, compared to 72 percent in 2002. The coincidence of improved scores and a rising participation rate is significant because the conventional expectation is for scores to decline as participation broadens to include less-prepared students.

The percentage of Kentucky test-takers who indicated they were taking ACT's core curriculum also increased slightly between 2002 and 2003, from 58 percent to 59 percent. The core curriculum includes four or more years of English, three or more years of mathematics (Algebra I, Algebra II, and Geometry or higher), and three or more years each of specific social studies and natural science courses. National studies indicate students who complete a rigorous high school curriculum like the ACT core are more successful in college.

While average ACT scores rose for many racial and ethnic groups in Kentucky, there is still an achievement gap. Kentucky's average score rose for African American, Asian, and Caucasian students and dropped for Hispanic students. The national average composite score rose for all racial and ethnic groups between 2002 and 2003. The average score for Kentucky African Americans was 16.8 in 2003, compared to 20.5 for Caucasians and 21.8 for Asians. Students in all racial or ethnic categories who completed the ACT core curriculum earned significantly higher scores than those who did not.

Several of the ACT-related measurements discussed here are part of the Key Indicators of Progress. Because the key indicators are being refined, no 2003 goals were established for these indicators. It is possible, however, to measure the progress made in 2003 against the 2002 goals:

- The 2002 goal for indicator 1.3, average ACT scores of high school graduates, was 20.2. Kentucky failed to achieve that goal in 2002, but reached an average score of 20.2 in 2003.

- Indicator 1.4 measures the percentage of high school graduates taking the ACT. Kentucky made progress on this indicator (from 72 to 73 percent), but did not reach the 2002 goal of 81 percent.
- The percentage of test-takers completing the ACT core coursework (indicator 1.5) continued to rise (from 58 to 59 percent), but fell short of the 2002 goal, 60 percent.

One or more of these measurements will remain a key indicator after revision of the key indicators is completed. New goals will be established for the revised ACT-related key indicators.

Staff preparation by Christina E. Whitfield

Council on Postsecondary Education  
September 21, 2003

## P-16 Council Update

*The state P-16 Council is continuing to consider ways to increase the level of preparation of high school and GED graduates for postsecondary education and the skilled workplace. September's meeting focused on the national and state data supporting the role of a rigorous high school curriculum in meeting Kentucky's educational and economic goals, including reducing the achievement gap among various populations.*

At its September meeting held at the University of Louisville, the state P-16 Council reviewed policy issues it will address over the coming year. Currently, the P-16 Council also is completing a vision statement, statement of objectives, and set of accountability measures for P-16 work in Kentucky. This year the Council will give priority to implementing the findings of the American Diploma Project (see July 28, 2003, Council on Postsecondary Education agenda book) and creating P-16 solutions to the opportunity gap in Kentucky between poor and minority students and their peers.

The need for good data collection to create policies that promote student learning was a central theme of September's meeting. Kati Haycock, director of The Education Trust, presented national and state data showing how access to a college preparatory curriculum decreases disparities in achievement across all demographic categories. Staff reported the results of Kentucky's recent participation in a data project sponsored by The Education Trust to track the effects of high school curricula on postsecondary remediation and retention rates and the effect of remediation on persistence and graduation rates. A representative from the ACT reviewed Kentucky's 2003 results. The number of students reporting that they had taken the college-preparatory "ACT core" curriculum increased, and Kentucky's ACT overall performance has risen this past year, though it still remains below the national average.

Sheila Byrd, director of The American Diploma Project, presented a near-final version of the benchmarks of college and workplace readiness in mathematics and English language arts. At its March meeting, the P-16 Council endorsed the plan developed by partner agency staffs to implement policy recommendations made by the ADP Policy Panel in December. The Council on Postsecondary Education also endorsed this plan at its July 28, 2003, meeting.

The data presented at the meeting reinforced the P-16 Council's recommendation to create one high school curriculum that prepares all students for college and the workplace. Implementation of the ADP benchmarks will move Kentucky toward that goal.

Since the P-16 Council's June meeting, six more local P-16 councils have received start-up or supplemental funding from the Council: The Partners for School Success P-16 Council covering the Maysville area; the Pennyriple P-16 Council including five counties in Western Kentucky; the

Pike County P-16 Council; the Tri-County P-16 Council including Henderson, Union, and Webster Counties; the Whitley County P-16 Council, including Bell and Knox Counties; and the Madisonville Area P-16 Council. The local P-16 council initiative in Kentucky is recognized as one of the most successful in the nation. New proposals are being solicited for 2003-04. The goal is for every county in Kentucky to be a part of the local and state P-16 efforts.

The Council on Postsecondary Education and the Council of Chief Academic Officers, in cooperation with Eastern Kentucky University, will sponsor the third Teacher Quality Summit at Eastern Kentucky University October 9 and 10, 2003. This summit will continue the effort of the previous summits to fully implement the statewide plan for teacher education. In addition, this year's summit will focus on improving coordination between postsecondary programs and the professional development needs of local P-12 districts. The No Child Left Behind Act and the demise of the regional service centers in Kentucky have increased postsecondary education's responsibility to meet P-12 teacher professional development needs. The theme of the summit is "A Highly Qualified Teacher in Every Classroom."

Staff preparation by Dianne M. Bazell

## Report on Fall 2003 Estimated Enrollment

Fall 2003 enrollments, at all levels, are predicted to continue the substantial increases that began with reform in 1998.

Highlights include:

- A record high 226,910 students enrolled at public and independent postsecondary institutions in Kentucky.
- This is an increase of 5,728 students or 2.6 percent over 2002 enrollment.
- Public institutions alone enrolled 197,615 students.

Enrollment growth since 1998:

- Since 1998, total postsecondary education enrollment increased by 42,064 students or 22.8 percent.
- Undergraduate enrollment increased 37,452, moving the Council closer to the goal of enrolling 80,000 new students by 2015.
- The KCTCS showed the largest increase with 25,532 more students. This is an increase of 56.1 percent since 1998.
- Graduate student enrollment growth, on a percentage basis, was significant in both the state-supported and independent institutions. Public institutions increased 16.5 percent, or 2,887 graduate students, across institutions in a variety of academic programs. Independent institutions increased 68.6 percent, or 1,326 graduate students.

Official data will be reported in January. Estimates in prior years have varied from actual enrollments by small amounts. National enrollment data are not yet available for comparison.

The attached table provides enrollment information, including change statistics, for each public institution.

**KENTUCKY POSTSECONDARY ESTIMATED ENROLLMENT<sup>a</sup>**  
**FALL 2003**

	1998 ACTUAL	2002 ACTUAL	2003 ESTIMATED	1-YR CHANGE		5-YR CHANGE		
				N	%	N	%	
<b>UNDERGRADUATE</b>								
Eastern Kentucky University	13,480	13,053	13,631	578	4.4%	151	1.1%	
Kentucky State University	2,205	2,107	2,137	30	1.4%	(68)	-3.1%	
Morehead State University	6,743	7,712	7,741	29	0.4%	998	14.8%	
Murray State University	7,349	8,088	8,250	162	2.0%	901	12.3%	
Northern Kentucky University	10,643	12,164	12,208	44	0.4%	1,565	14.7%	
University of Kentucky	17,157	17,878	18,340	462	2.6%	1,183	6.9%	
University of Louisville	14,647	14,475	14,706	231	1.6%	59	0.4%	
Western Kentucky University	12,713	15,234	15,820	586	3.8%	3,107	24.4%	
<b>Total Universities</b>	<b>84,937</b>	<b>90,711</b>	<b>92,833</b>	<b>2,122</b>	<b>2.3%</b>	<b>7,896</b>	<b>9.3%</b>	
Lexington Community College	6,118	8,270	8,700	430	5.2%	2,582	42.2%	
KCTCS	45,529	67,812	71,061	3,249	4.8%	25,532	56.1%	
<b>Total Public</b>	<b>136,584</b>	<b>166,793</b>	<b>172,594</b>	<b>5,801</b>	<b>3.5%</b>	<b>36,010</b>	<b>26.4%</b>	
<b>Independent Institutions</b>	<b>24,342</b>	<b>26,845</b>	<b>25,784</b>	<b>(1,061)</b>	<b>-4.0%</b>	<b>1,442</b>	<b>5.9%</b>	
<b>Total Undergraduate</b>	<b>160,926</b>	<b>193,638</b>	<b>198,378</b>	<b>4,740</b>	<b>2.4%</b>	<b>37,452</b>	<b>23.3%</b>	
<b>GRADUATE</b>								
Eastern Kentucky University	1,922	2,195	2,347	152	6.9%	425	22.1%	
Kentucky State University	98	146	169	23	15.8%	71	72.4%	
Morehead State University	1,520	1,678	1,602	(76)	-4.5%	82	5.4%	
Murray State University	1,554	1,832	1,770	(62)	-3.4%	216	13.9%	
Northern Kentucky University	764	1,107	1,196	89	8.0%	432	56.5%	
University of Kentucky	5,142	5,767	5,940	173	3.0%	798	15.5%	
University of Louisville	4,293	4,677	4,795	118	2.5%	502	11.7%	
Western Kentucky University	2,169	2,584	2,530	(54)	-2.1%	361	16.6%	
<b>Total Universities</b>	<b>17,462</b>	<b>19,986</b>	<b>20,349</b>	<b>363</b>	<b>1.8%</b>	<b>2,887</b>	<b>16.5%</b>	
<b>Independent Institutions</b>	<b>1,934</b>	<b>2,809</b>	<b>3,260</b>	<b>451</b>	<b>16.1%</b>	<b>1,326</b>	<b>68.6%</b>	
<b>Total Graduate</b>	<b>19,396</b>	<b>22,795</b>	<b>23,609</b>	<b>814</b>	<b>3.6%</b>	<b>4,213</b>	<b>21.7%</b>	
<b>FIRST PROFESSIONAL</b>								
Northern Kentucky University	392	472	528	56	11.9%	136	34.7%	
University of Kentucky	1,410	1,388	1,415	27	1.9%	5	0.4%	
University of Louisville	1,269	1,281	1,306	25	2.0%	37	2.9%	
<b>Total Universities</b>	<b>3,071</b>	<b>3,141</b>	<b>3,249</b>	<b>108</b>	<b>3.4%</b>	<b>178</b>	<b>5.8%</b>	
<b>Independent Institutions</b>	<b>120</b>	<b>244</b>	<b>251</b>	<b>7</b>	<b>2.9%</b>	<b>131</b>	<b>109.2%</b>	
<b>Total First Professional</b>	<b>3,191</b>	<b>3,385</b>	<b>3,500</b>	<b>115</b>	<b>3.4%</b>	<b>309</b>	<b>9.7%</b>	
<b>POST-GRADUATE<sup>b</sup></b>								
University of Kentucky	685	708	730	22	3.1%	45	6.6%	
University of Louisville	648	656	693	37	5.6%	45	6.9%	
<b>Total Universities</b>	<b>1,333</b>	<b>1,364</b>	<b>1,423</b>	<b>59</b>	<b>4.3%</b>	<b>90</b>	<b>6.8%</b>	
<b>TOTAL HEADCOUNT</b>								
Eastern Kentucky University	15,402	15,248	15,978	730	4.8%	576	3.7%	
Kentucky State University	2,303	2,253	2,306	53	2.4%	3	0.1%	
Morehead State University	8,263	9,390	9,343	(47)	-0.5%	1,080	13.1%	
Murray State University	8,903	9,920	10,020	100	1.0%	1,117	12.5%	
Northern Kentucky University	11,799	13,743	13,932	189	1.4%	2,133	18.1%	
University of Kentucky	24,394	25,741	26,425	684	2.7%	2,031	8.3%	
University of Louisville	20,857	21,089	21,500	411	1.9%	643	3.1%	
Western Kentucky University	14,882	17,818	18,350	532	3.0%	3,468	23.3%	
<b>Total Universities</b>	<b>106,803</b>	<b>115,202</b>	<b>117,854</b>	<b>2,652</b>	<b>2.3%</b>	<b>11,051</b>	<b>10.3%</b>	
Lexington Community College	6,118	8,270	8,700	430	5.2%	2,582	42.2%	
KCTCS	45,529	67,812	71,061	3,249	4.8%	25,532	56.1%	
<b>Public</b>	<b>158,450</b>	<b>191,284</b>	<b>197,615</b>	<b>6,331</b>	<b>3.3%</b>	<b>39,165</b>	<b>24.7%</b>	
<b>Independent Institutions</b>	<b>26,396</b>	<b>29,898</b>	<b>29,295</b>	<b>(603)</b>	<b>-2.0%</b>	<b>2,899</b>	<b>11.0%</b>	
<b>Total Enrollment</b>	<b>184,846</b>	<b>221,182</b>	<b>226,910</b>	<b>5,728</b>	<b>2.6%</b>	<b>42,064</b>	<b>22.8%</b>	

<sup>a</sup>Final fall enrollments will be available January, 2004. Recent estimates have varied from actual enrollments by + or - 2%.

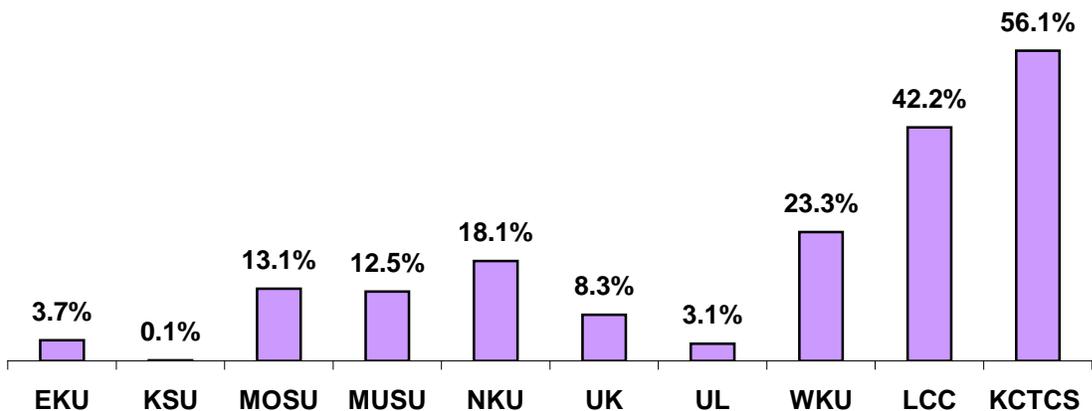
<sup>b</sup>Post-graduate includes post-doctoral students and medical school residents and interns (house staff).

## POSTSECONDARY EDUCATION REFORM IN KENTUCKY POSTSECONDARY ENROLLMENT UPDATE

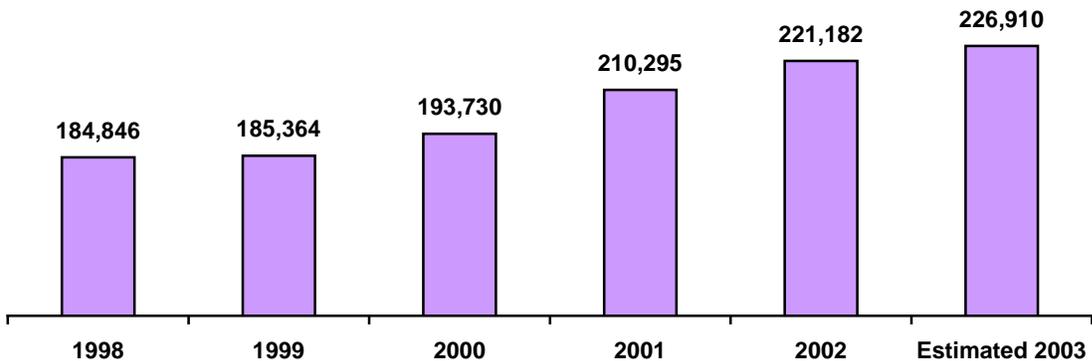


1998 Enrollment: 184,846  
2003 Estimated Enrollment: 226,910  
**5-Yr Percent Increase: 22.8%**

### 5-Year Enrollment Increase, Public Postsecondary Education Institutions



### Total Enrollment Increase in Kentucky Postsecondary Education



## Creating a Seamless System: Focus on Transfer

*Student transfer, especially from two- to four-year colleges, is a vital part of Kentucky's effort to build a seamless postsecondary system and increase the number of Kentuckians holding a baccalaureate degree. A number of Council initiatives are focused on improving transfer. The Council of Chief Academic Officers addressed transfer issues at a special July 2003 retreat and transfer was a focus of the September 2003 SCOPE meeting. This agenda item updates the Council on the current state of transfer and efforts to improve the number and success of transfer students.*

Educational reform has produced dramatic increases in Kentucky's community and technical college enrollment. More Kentuckians are receiving workforce training, more high school students are enrolled in dual credit college courses, and more students are enrolled in applied degrees leading most directly to better jobs. However, in 2002, only 15,579 students were enrolled in degree programs specifically designed to transfer to four-year institutions (Associate in Arts and Associate in Science Degrees), representing 20 percent of the total two-year enrollment. Furthermore, in 2002, 10,296 students were undecided about their degree; 17,237 were enrolled in applied degrees; and the remaining 32,970 were enrolled in certificate programs, workforce development courses, and high school dual enrollment options. The challenge is not only to increase the percentage of students transferring from AA and AS degrees but also to motivate more undecided students to plan their academic programs for transfer and provide routes to transfer for those in applied degrees.

### **Why Transfer Is Important**

The two- to four- year transfer has become increasingly important, as both our educational and economic systems have undergone fundamental changes in recent years. The economic advantages of higher education and especially a baccalaureate degree for Kentuckians are illustrated in recent data showing differences in median earnings and unemployment rates by degree attainment. In 2000, the unemployment rate for individuals with a high school degree was 5.7 percent, with median earnings of \$24,656 per year. These figures improve with the associate degree (2.9 percent unemployment and median earnings of \$33,434), and are significantly better for bachelor's degree earners with an unemployment rate of 2.0 percent and median earnings of \$50,145. Improving transfer also promotes enrollment in our community and technical colleges. They are the most economical means for providing the first two years of college for Kentucky students.

## The Current State of Transfer

The Council on Postsecondary Education supports several transfer initiatives that began in the mid-1990s after the passing of related legislation. The initiatives—aimed at students completing AA and AS degrees—guarantees the transfer of 60 credit hours and assures the transfer of all or part of general education course requirements from one institution to another.

In addition, the Council supports programs to improve transfer for the growing number of students in applied degree programs. The Council and institutions recently implemented a policy ensuring that all general education credits in these programs transfer (though most applied degrees have only 12-15 hours of general education). In addition, over 30 2+2 transfer frameworks have been created for specific applied associate degrees. These 2+2 transfer frameworks maximize transfer of credits, including many technical courses, to related four-year degree programs. Finally, every university has committed to creating a “completer” degree. The completer degree accepts all coursework from any associate degree program and then provides a special upper division program leading to the baccalaureate degree. For example, Northern Kentucky University’s completer program in organizational leadership overlays advanced coursework in management and leadership on any applied associate degree to prepare students for supervisory positions in their area of work.

In the past year, Kentucky has increased the total number of students transferring from two- to four-year public institutions from 2,732 to 2,877. In addition, some students transfer to out-of-state universities. The Council is working to better identify those students.

While Kentucky is reaching its current goal for transfer, the percentage of students that continue to a four-year university within six years remains below the national transfer rate. The Council staff will work with institutions in the coming year to increase their goals for transfer and develop strategies to meet more aggressive goals.

The good news is that students that transfer to universities are being retained and are graduating at slightly better levels than their native counterparts with about the same number of credits. The 2000 retention rate of transfer students in Kentucky was 72.4 percent compared to the rate for native students of 69.9 percent. The graduation rate of transfer students in 2002 was 51.9 percent, higher than that of native students at 45.5 percent. Overall, transfer students graduated with slightly more credit hours than native students (146 credits and 139 credits, respectively), suggesting that most credits from two-year colleges are transferring.

While these performance numbers are positive, the Council staff is requesting data from institutions that will allow more detailed analysis of the performance of transfer students. The data will allow creation of a Community College Feedback Report modeled after the current High School Feedback Report. The report will show how students from individual community and technical colleges in particular programs at those colleges performed at each four-year university. It will provide valuable feedback supporting better alignment of requirements between two-year and four-year academic programs and improving the academic success of transfer students.

## **Why Aren't More Students Transferring and What Can We Do About It?**

The Council and institutions are focusing on three problems that currently reduce the number of students successfully transferring from two- to four-year institutions.

### **Challenge One: Transfer agreements are underused.**

Despite the great effort that has gone into creating the transfer frameworks that ensure full transfer of all general education credit and lower division courses in majors for those in transfer degrees, data show that few students in those programs are using these tools. In 2002, only 320 students transferred into a university with a certification of transfer documented on their transcript.

**Solutions.** The Council of Chief Academic Officers met in July to discuss increasing the utility of Kentucky's transfer tools. From this discussion, several decisions were made that will increase student use of transfer tools. These include the development of more flexible, student-oriented transfer frameworks and a more standardized process for certifying and accepting transfer student coursework.

In addition, all institutions agreed to implement an online transfer system by spring 2004. Using this system, students will be able to better plan their academic programs to align with statewide transfer agreements, guaranteeing successful transfer at any stage in their academic careers. The online system immediately translates students' courses into the appropriate transfer framework and provides immediate feedback on the transferability of completed coursework or even courses the student is planning to take. The Council recommends and supports the use of the Course Applicability System to provide online support for transfer.

The KYVU also currently offers a highly successful online associate transfer degree and is increasing the number of applied associate degrees online. In addition to increasing access, these online programs ensure maximum transfer of credits using the various transfer frameworks.

Finally, the Council is planning regional workshops promoting transfer and training students and faculty to use CAS. The workshops, along with student transfer information that will be available on the new Go Higher Kentucky Web portal in spring 2004, will help to increase awareness of the statewide transfer tools and the number of successful transfers.

**Challenge Two: Most students are not in programs designed for transfer.** Over 17,000 students enrolled in the KCTCS and Lexington Community College are in applied programs (AAS degrees) not originally designed for transfer.

**Solutions.** To address the changing community college population, the Council will continue to support the development of statewide 2+2 agreements targeted toward students enrolled in

applied degrees. Each 2+2 agreement defines the coursework from a particular AAS degree that will transfer into a related baccalaureate program. For example, the KCTCS and the public and independent colleges are nearing completion of a 2+2 agreement for the AAS in Education–Teacher Preparation that allows students completing the AAS to transfer coursework to a four-year teacher preparation program. Students in AAS degree programs also will be able to use CAS to identify how their coursework will transfer to a four-year program.

Completer degree programs being developed at all public universities also will ensure full transfer of credits from AAS degrees for those students who find these degrees appropriate to their career goals.

**Challenge Three: Increasing numbers of students understand they need college but they are initially focused on occupational goals.** While over 15,500 students at community colleges are enrolled in transfer degrees (AA and AS), just 20 percent continue their education by transferring to a four-year institution. Another 10,296 are undecided about their degree program, and 17,237 are in applied degree programs, suggesting they are focused more on employment than transfer.

**Solutions.** For many two-year college students immediate employment is an appropriate goal. However, many more should be considering transfer and a baccalaureate degree. As part of the GoHigherKy communication campaign, the Council developed publications promoting the economic advantages of transfer. These materials will be used in regional workshops with KCTCS and LCC faculty and students to encourage students to consider transfer options and better understand the transfer programs available to them. The transfer campaign will target students in transfer degrees, undecided students, and students in applied degrees who can use 2+2 transfer frameworks and completer degrees.

Unfortunately, because funds for the overall GoHigherKy campaign were cut from the Council's budget this year, the plans for the campaign to motivate transfer have been scaled back dramatically.

## **Conclusion**

Postsecondary education reform has produced dramatic increases in postsecondary enrollment but that alone is not enough. Student transfer, especially from two- to four-year colleges, is vital to reaching Kentucky's goal of achieving the national average of baccalaureate degree holders by 2015 and building a seamless system of postsecondary education. The success of the KCTCS and LCC in enrolling large numbers of students to address workforce demands in certificate, applied degree, and workforce programs has created a more complex context for transfer that offers both a greater challenge and an opportunity to enroll more students in bachelor degree programs. To meet the challenge, the Council and institutions are developing a broad array of new transfer tools, increasing transfer goals, and creating new motivational programs.

Staff preparation by Deborah Jackson and Bennett G. Boggs

## Academic Program Collaboration

*Using funds from the Technology Trust Fund and the Kentucky Virtual University Revolving Loan Fund, the Council staff is developing a request for proposals to stimulate collaborative approaches to address state workforce needs and increase the capacity of high demand academic programs. This item outlines the proposal and seeks Council advice.*

If Kentucky's postsecondary system substantially increases enrollment by 2015 with limited new resources, institutions must work together to develop new, more efficient ways to deliver academic programs. In addition, if the system is to fulfill its commitments to create a workforce that will support a knowledge-based economy, it must partner with private and public sector organizations to develop the right academic programs with the right content and that are accessible to those who need them. Council staff is developing a request for proposals that will provide incentive funds to encourage postsecondary institutions to address these two challenges. Two types of proposals will be funded from the Technology Trust Fund and the KYVU Revolving Loan Fund. However, preferred proposals would address both the goals outlined in the request.

### **Collaborating to Meet Workforce Needs**

The request will encourage proposals designed to stimulate partnerships among postsecondary institutions, private sector, and public sector organizations to develop or expand academic programs addressing current and projected workforce needs. In the RFP, the Council staff will identify a variety of programs in Kentucky currently providing funding for workforce development initiatives: Workforce Investment Board programs; Kentucky Adult Education programs; Bluegrass State Skills Corporation programs; the Workforce Alliance program which includes the Council, the Cabinet for Workforce Development, the Cabinet for Economic Development, Kentucky Adult Education, and the Kentucky Community and Technical College System; the KCTCS Bridges to Opportunity "Career Pathways" program funded by the Ford Foundation; the KCTCS KY WINS program; and the Office for the New Economy programs to name a few. The staff also has identified a wide range of potential partners with which postsecondary institutions could work to better design and deliver programs meeting pressing workforce needs (One Stop Centers located throughout the state, for example). Preference will be given to proposals that leverage Council funds with support from these programs and the private sector.

The RFP will define areas of workforce need drawing upon the "Governor's Summit on Quality of Life in the Commonwealth" published by the Office of the New Economy (October 2002),

surveys by the Cabinet for Workforce Development, and the results of 10 recent regional Workforce Investment Board meetings assessing current and future workforce needs. Possible areas include:

- Health professions
- Advanced manufacturing
- Information technology
- Biotechnology
- Business entrepreneurship

The Council staff will provide models for the types of innovative programs being sought to guide institutions. For example, the College of Nursing and Health Science at George Mason University in Fairfax, Virginia, has an accelerated nursing program for people with college degrees seeking to make a career change. Drawing from a coalition of nursing organizations, hospital associations, and federal government grants, the program focuses on recruitment of new students as well as addressing work conditions and retention.

While this example is a good one, the Council RFP will encourage multi-institutional partnerships that provide innovative approaches to addressing the capacity problems evidenced at George Mason University through use of distance learning formats and the physical and human resources of partners.

### **Increasing Academic Program Capacity**

The request also will encourage proposals that offer approaches to increasing the capacity of high demand academic programs through nontraditional program delivery. Enrollment increases place enormous pressure on institutions to increase course offerings in important general education areas like composition, mathematics, science, and foreign language. Traditionally this means adding as many additional sections of 25 students as funds allow with adjunct and part-time faculty. New models are available for offering high quality instruction in these high demand areas that allow fewer faculty to teach larger numbers of students. Those studying the role of new information technologies in delivering education have pointed out that it is in exactly these high demand, high enrollment courses that innovative uses of these technologies make the most educational and economic sense.

For example, the University of Tennessee at Knoxville restructured its Spanish courses making better use of information technology. The results are impressive. It found that students taking Spanish online averaged five grade points greater than students in traditional classrooms, while increasing the number of students served per instructional staff by one-third. Increasing both capacity and test scores is attributed to online continuous assessment and feedback coupled with online tutorials, increased interaction among students, and appropriate use of peer learning assistants. These increases were gained while costs were reduced through the staffing substitutions, reduced space requirements, and shared course management resources.

The RFP will encourage these types of proposals in a variety of high demand areas. The Spanish example is an especially good one. It suggests how the two goals of the Collaborative Academic Program RFP could be integrated in one proposal. Kentucky has a pressing need for Spanish speakers, both to address the needs of our growing Latino population and to take advantage of cultural and business opportunities with Spanish-speaking populations domestically and internationally. The Council staff plans to use the RFP to explicitly encourage a multi-institutional project done in partnership with employers and the Latino community to expand capacity and to increase access to opportunities for developing conversational competency in Spanish.

After review by the Council and its Workforce/Economic Development policy group, the Council staff wishes to issue the RFP in fall 2003. Given available funds, we hope to provide four to five grants or loans not exceeding \$200,000 in late fall 2003 or early fall 2004.

Staff preparation by Jim Applegate and Bennett Boggs

Council on Postsecondary Education  
September 21, 2003

## Responsive Ph.D. Initiative

The University of Kentucky and the University of Louisville have been selected as partners in the Woodrow Wilson National Fellowship Foundation's Responsive Ph.D. initiative.

Growing numbers of employers from the academic and private sectors have called for reforms in doctoral education in the United States. While few question the subject expertise of doctoral graduates, many lack the skills needed to teach effectively, communicate their knowledge, and work in teams. Doctoral programs also need to do more to help students connect their learning more fully to the challenges faced by communities and society. The Responsive Ph.D. initiative supports universities addressing these issues and efforts to increase the quality of the doctoral experience for students. Kentucky's significant investment in faculty, research, and doctoral education through its Bucks for Brains program and the collaborative request for participation involving both of Kentucky's doctoral institutions and the Council contributed to being included in the program. Other participating universities include Yale, Princeton, Duke, Howard, and the Universities of Michigan, Wisconsin, Pennsylvania, Texas, Indiana, and California-Irvine.

Staff preparation by Jim Applegate

Council on Postsecondary Education  
September 21, 2003

## 2004 Meeting Calendar

Action: The staff recommends that the Council approve the 2004 meeting calendar.

After consulting with Council members and reviewing the calendar with Council chair Steve Barger, the following calendar for 2004 meetings of the Council on Postsecondary Education is offered for approval.

Week of November 17, 2003 – policy group meetings  
Week of January 12 – policy group meetings  
February 10-11 – CPE meeting  
March 14-15 – CPE meeting  
Week of April 26 – policy group meetings  
May 23-24 – CPE meeting & IEG spring board development seminar  
Week of June 21 – policy group meetings  
July 18-19 – CPE meeting  
Week of August 23 – policy group meetings  
September 19-20 – CPE meeting & IEG fall trusteeship conference  
Week of October 18 – policy group meetings  
November 7-8 – CPE meeting

Council on Postsecondary Education  
September 21, 2003

## Appointment to Governance Board of the Lung Cancer Research Project

Governor Patton has appointed Susan Guess to replace Norma Adams as a member of the Governance Board of the Lung Cancer Research Project.

Staff preparation by Bill Swinford