

MINUTES*
Council on Postsecondary Education
November 3, 1997

The Council on Postsecondary Education (CPE) met on November 3, 1997, at 11:00 a.m. (ET) at the CPE offices in Frankfort, Kentucky. Chair Hardin presided.

ROLL CALL

The following members were present: Ms. Adams, Mr. Baker, Mr. Barger, Ms. Bertelsman, Ms. Edwards, Mr. Greenberg, Mr. Hackbart, Mr. Hardin, Ms. Helm, Ms. Menendez, Mr. Miller, Ms. Ridings, Mr. Todd, Ms. Weinberg, and Mr. Whitehead. Mr. Cody did not attend.

*APPROVAL OF
MINUTES*

There being no corrections, the minutes of the previous meeting were approved as distributed.

*SUE BENNETT
COLLEGE
REVOCAION OF
LICENSE*

Mr. Walker presented the following recommendation:

RECOMMENDATION: That the operating license of Sue Bennett College be revoked under the authority of KRS 164.945-164.947 and 13 KAR 1:020 and specifically citing 13 KAR 1:020, Sections 5 and 7, with such revocation effective at a date set by CPE as part of this recommendation.

Dennis Taulbee, CPE's General Counsel, said that the recommendation for revocation is based upon a supplementary license review that, in turn, is based upon the loss of accreditation. The review was started as a result of 13 KAR 1:020, the administrative regulation dealing with licensure of private institutions. Sue Bennett College was notified by the Southern Association of Colleges and Schools (SACS) in June 1997 that membership in the association was withdrawn. Sue Bennett College appealed and received a hearing in September. On September 22, 1997, SACS formally withdrew Sue Bennett College from membership meaning that the institution is no longer regionally accredited. Based on the loss of accreditation, the failure of Sue Bennett College to file the reports that are required by CPE, and the college's inability to demonstrate that it has the financial stability to operate as an ongoing institution, staff is recommending that the license be revoked.

* All attachments are kept with the original minutes in CPE offices. A verbatim transcript of the meeting is also available.

Mr. Taulbee said that staff has received verification that approximately 20 schools will accept the transfer of fall semester credits from students at Sue Bennett College. The staff has no objection to a November 26 date for revocation of the license which will allow students to be able to transfer credit and receive credit for the work they have done this semester.

MOTION: Mr. Miller moved that the recommendation be accepted with the November 26, 1997, effective date. Mr. Whitehead seconded the motion.

James Cheek, Interim President of Sue Bennett College, requested on behalf of the over 250 students still enrolled at Sue Bennett College that the effective date of revocation be November 26. When Sue Bennett College learned about the failure of the appeal to SACS, the school's admissions office was changed to a transfer office, and transfer days have been held on campus when other schools have been invited to the campus to talk with students about transferring credit.

Mr. Miller commended the officials at Sue Bennett College for an excellent job of trying to protect the students' interest and their education.

VOTE: The motion passed.

(Additional background is attached as Agenda Item C.)

*ALLOCATION OF
REMAINING 1997/98
PADUCAH FUNDS*

Mr. Walker presented the following recommendation:

RECOMMENDATION:

- That CPE allocate \$300,000 to the University of Kentucky (UK) for the operations and maintenance costs of the new facility built at Paducah Community College and allocate \$200,000 to Murray State University (MuSU) for the operations and maintenance costs of the Crisp Center.
- That CPE equally divide the remaining \$100,000 for academic program operations for the Paducah Regional Higher Education Center by allocating \$50,000 to MuSU and \$50,000 to UK.

Mr. Walker explained that the appropriations bill (HB 4) enacted during the 1997 Special Session of the General Assembly allocated \$800,000 in 1997/98 to be distributed to MuSU and UK for academic program operations based on the provisions of the framework for a regional higher education center in Paducah as approved by the Council on Higher Education on November 13, 1995. HB 4 also appropriated \$500,000 in 1997/98 to be distributed to MuSU and UK to be used exclusively for maintenance and operations costs for a new instructional facility to be constructed with private funds on the campus of Paducah Community College and for maintenance and operations costs, lease payment, or lease purchase payment for the Crisp Center to be used by MuSU. At the July 1997 meeting CPE approved a recommendation to allot \$100,000 to MuSU and \$600,000 to UK from the 1997/98 funds, leaving a balance of \$100,000. Both institutions have submitted requests for the entire \$100,000. Due to the fact that neither institution's projected funding needs can be met fully, staff recommends that each university receive the same relative share of the total amount of funds requested.

MOTION: Mr. Greenberg moved, seconded by Mr. Todd, that the recommendation be approved.

VOTE: The motion passed.

(Additional background information is attached as Agenda Item D.)

*1998/2000 AGENCY
OPERATING
BUDGET REQUEST*

Mr. Walker presented the following recommendation:

RECOMMENDATION: That CPE adopt the agency budget request for the 1998/2000 biennium in the amount of \$61,194,500 for 1998/99 and \$94,629,000 in 1999/2000. The requested amounts include \$4,880,000 in 1998/99 and \$4,893,000 in 1999/2000 for the Kentucky Commission on Community Volunteerism and Service.

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

Mr. Taulbee explained that the biennial agency operating request includes the following components: (1) agency operations, including all funds necessary to operate the agency; (2) pass-through programs, including those operated directly by CPE and those for which funding is ultimately intended for public agencies or institutions; (3) federal programs administered by CPE; and (4) the Commission on

Community Volunteerism and Service budget request, for which CPE acts as an administrative agent.

Concerning the pass-through programs, CPE responsibility varies from program to program. CPE operates some programs directly and only allocates the funds for others. Several CPE members requested additional information on CPE responsibility for and oversight of each pass-through program. Staff will provide this information at a future CPE meeting.

VOTE: The motion passed.

(Additional background information is attached as Agenda Item E.)

*1997/98 INCENTIVE
TRUST FUNDS
CRITERIA*

Mr. Walker presented the following recommendation:

RECOMMENDATION:

- That CPE approve incentive trust funds criteria to be used in allocating 1997/98 incentive trust fund monies in the Regional University Excellence Trust Fund, the Research Challenge Trust Fund, and the Workforce Development Trust Fund. The CPE ad hoc work group developed these criteria.
- That CPE direct its work group to develop a Request for Proposals document for each trust fund based on these criteria.

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

Mr. Hardin said that the work group had distributed several drafts to the university presidents for their review and that their comments and suggestions were incorporated into this draft document.

Mr. Hackbart said that the criteria proposed for the Regional University Excellence Trust Fund and the Research Challenge Trust Fund are similar while the criteria for the Workforce Development Trust Fund are quite different. Funds for the Workforce Development Trust Fund are for the current fiscal year and will provide funds for technology and instructional equipment in the Kentucky Tech branch of the Kentucky Community and Technical College System (KCTCS). The criteria for this fund will be revisited after this year

while the criteria for research and regional universities will probably continue unless there is some reason to revise those at some future date.

CPE will accept one institutional "overview" or conceptual proposal and a series of specific "program" level proposals from each research university. The institution will be asked to include a process on its campus to involve its board of trustees, faculty, and other university constituents in the selection process.

CPE will request a proposal for one program of distinction from each regional university but an institution may wish to demonstrate its ability to support additional programs.

Program criteria, funding criteria, assessment criteria, award processes, and proposal contents are included in the criteria for each trust fund.

Ms. Weinberg suggested that the program criteria for both the Research Challenge Trust Fund and the Regional University Excellence Trust Fund include "must" statements regarding the virtual university concept being integrated into the programs and an indication of how the programs will enhance economic development in the state.

Ms. Adams asked that the order of one of the program criteria statements be rearranged to address HB 1 issues first, strategic plan second, and the institutional mission third.

Mr. Hackbart said that the language in the introduction could be changed to include broad guidelines to suggest the spirit of the type of proposal being submitted. President Shumaker suggested that the fourth "should" statement under the program criteria for the Research Challenge Trust Fund read as follows: "Should, where appropriate, include a strategy approved by the university's board of trustees to promote technology transfer and economic development in the Commonwealth."

Several presidents made comments supporting the revised drafts as well as supporting the process employed in developing the criteria.

Mr. Hardin asked the CPE Work Group to consider these comments and suggestions, revise the criteria accordingly, and distribute the revised version to the work group for consideration.

VOTE: The motion passed.

(Additional background information is attached as Agenda Item F.)

*FACULTY AND
STAFF TUITION
WAIVER POLICY*

Mr. Walker presented the following recommendation:

RECOMMENDATION: That CPE approve the Faculty and Staff Tuition Waiver Policy.

Mr. Walker explained that HB 1 included a provision that allows the faculty and staff of the public postsecondary institutions to take up to six hours of college credit courses tuition free at any institution. At the July CPE meeting the acting CPE president was authorized to issue an interim policy with the understanding that CPE would adopt a policy prior to the beginning of the spring 1998 semester. Staff has worked with each of the institutions on the proposed language changes.

MOTION: Mr. Greenberg moved, seconded by Mr. Barger, that the recommendation be approved.

VOTE: The motion passed.

(Additional background information is attached as Agenda Item G.)

*STRATEGIC
COMMITTEE ON
POSTSECONDARY
EDUCATION
(SCOPE) UPDATE*

Mr. Hardin gave an update on the activities of the Strategic Committee on Postsecondary Education (SCOPE). On October 29, SCOPE heard presentations from four national search firms seeking to assist in the selection of the first CPE president. The firm of Korn/Ferry International located in Washington, D.C., was selected to assist in the search. Mr. Hardin also provided to SCOPE an update on the activities of CPE.

(Additional background information is attached as Agenda Item H.)

*1998/2000 TUITION
SCHEDULE*

Mr. Greenberg presented the report of the Investments and Incentives Committee (IIC):

RECOMMENDATION:

- That the 1998/2000 tuition rates for Kentucky's public universities, community colleges, and postsecondary technical schools be approved.

- That CPE's tuition-setting policy be reviewed in 1998.

Mr. Greenberg reported that there had been a lengthy discussion of this recommendation during the IIC meeting and that a presentation was made by the president of the UK Student Government Association. IIC voted with one negative vote to forward the recommendation to the full CPE.

MOTION: Mr. Greenberg moved that the recommendation be adopted. Ms. Menendez seconded the motion.

Ms. Edwards said that the students at UK and the University of Louisville (UofL) have expressed a concern about the increase in tuition over the next biennium, which is a combined total of 22.1 percent or \$280 per year for in-state students over the biennium. Ms. Edwards had proposed to the IIC an alternative which would increase tuition at UK and UofL by 6.7 percent in each year of the biennium, the same increase proposed for the regional universities.

Several students from UK addressed CPE members about the impact that the increased tuition will have on their ability to attend postsecondary education institutions in Kentucky.

Ms. Helm commended the students for their willingness to come before the Council to be heard. She asked that CPE undertake an in-depth study of the tuition-setting policy as soon as possible.

AMENDMENT TO MOTION: Ms. Edwards amended the motion that the tuition at UK and UofL be in line with the regional universities at an increase of 6.7 percent each year of the biennium. Ms. Adams seconded the amendment.

VOTE ON AMENDMENT: The amendment failed by a 5-9 vote.

VOTE ON ORIGINAL MOTION: The motion passed with Ms. Edwards and Ms. Helm voting no.

(Additional background information is attached as Agenda Item I-1.)

*1998/2000
OPERATING FUNDS
REQUEST FOR
INSTITUTIONS*

RECOMMENDATION:

- That CPE recommend to the Governor and General Assembly state appropriations of \$854,902,700 in 1998/99 and \$874,313,200 in 1999/2000 for the universities, community colleges, and postsecondary technical schools. This recommendation reflects current services increases of 2.9 percent (\$21,946,800) in 1998/99 and 2.8 percent (\$21,902,600) in 1999/2000 and necessary base adjustments in each year for state-supported debt service, University of Louisville (UofL) hospital contract, and operation and maintenance (O&M) of previously approved facilities coming on-line.
- That CPE recommend to the Governor and General Assembly that before O&M funds be allotted, each institution must submit for CPE approval a facilities maintenance plan establishing and committing to a maintenance standard for facilities at the institution.

The recommendation reflects the biennial budget approach for the universities and the Kentucky Community and Technical College System presented during the May 1997 Special Session of the General Assembly.

MOTION: Mr. Greenberg moved that the recommendation be approved. Mr. Miller seconded the motion.

There was no further discussion on this item.

VOTE: The motion passed.

(Additional background information is attached as Agenda Item I-2.)

*1998/2000 FUNDING
LEVELS FOR EACH
INCENTIVE TRUST
FUND*

RECOMMENDATION: That CPE recommend to the Governor and General Assembly \$44 million in 1998/99 and \$77 million in 1999/2000 for funding of the six Strategic Investment and Incentive Trust Funds as established in the Kentucky Postsecondary Education Improvement Act of 1997 (HB 1).

HB 4, the appropriations bill which accompanied HB 1, provided \$38 million additional funds to postsecondary education in 1997/98 (\$23 million for base adjustments and \$15 million for three of the six trust funds). During the special session there was extensive discussion of

Governor Patton's intention to increase funding in postsecondary education by \$100 million (beyond inflationary increases) by the end of the 1998/2000 biennium. That anticipated additional \$62 million is recommended in this agenda item to be distributed among the six trust funds.

MOTION: Mr. Greenberg moved that the recommendation be approved. Mr. Barger seconded the motion.

Although there was no further discussion, Mr. Hardin noted that the Investments and Incentives Committee had discussed this item at length during its meeting.

VOTE: The motion passed.

(Additional background information is attached as Agenda Item I-3.)

*1998/2000 CAPITAL
PROJECTS
RECOMMENDATION*

RECOMMENDATION: That CPE recommend to the Governor and General Assembly the following state-funded and agency-funded pools and projects.

A. State-Funded Projects:

- A deferred maintenance and government mandates pool to provide funding for \$25 million in state bonds with a required \$1 for \$1 match from each institution generating a potential of \$50 million in capital projects being completed. Each university and the KCTCS will be required to fund, from agency funds, ~~two-thirds~~ *one-half* of each project to be funded from this pool.
- A KCTCS capital projects pool to provide \$50 million in bonds to fund capital projects across the community college and Kentucky Tech systems. In recognition of the transition issues for KCTCS, the specific projects to be funded from the pool will be subsequently identified by KCTCS with necessary reporting to CPE, executive branch agencies, and legislative committees.
- Critical major renovation projects totaling \$32,434,000, and new facilities totaling \$148,140,000 (with additional funding of \$17,000,000 agency funds) to be authorized in 1998/99 and funded with state-supported debt service in 1999/2000. If an institution is able to complete its authorized project, as described and intended, for less than the authorized and funded project

scope, the institution may propose the use of the residual funds for another capital project, subject to CPE approval.

- A CPE capital projects pool of \$55 million for capital projects related to the Commonwealth Virtual University (CVU) and projects to ensure student access to the postsecondary education system statewide through both traditional physical and electronic access. Some funds from the pool would be used specifically to redress situations where gaps exist in the physical and/or electronic access points.
- A research equipment and laboratory replacement or acquisition pool of up to \$30 million for UK and U of L. HB 1 establishes research at UK and U of L as a high priority. Implementation of this priority may require upgrading existing equipment and/or research laboratories, acquiring new equipment or establishing new research laboratories to meet expectations of HB 1. To leverage funds from this pool, CPE may require an institutional match for some funds to be allocated.
- Bonds for this complete capital construction and equipment projects package will be sold by the State Property and Buildings Commission. State-supported debt service for these bonds are included in Agenda Item CPE (I-3) IIC (E), “1998/2000 Funding Level for Each Incentive Trust Fund” in the Physical Facilities and Technology trust funds.
- Before project funds may be allotted, each institution must submit for CPE approval a facilities maintenance plan establishing and committing to a maintenance standard for facilities at the institution and a technology replacement plan establishing and committing to a technology replacement standard for the institution.

B. Agency-Funded Projects:

- An agency bond projects pool totaling \$35 million (additional funding of \$5 million agency funds) to be authorized in 1998/99 with debt service supported by restricted agency funds. This pool would provide funding for individual projects to be approved by CPE in the future and recommended to the Secretary of the Finance and Administration Cabinet.

- Agency fund projects totaling \$404,504,000 in 1998/99 and \$91,278,000 in 1999/2000 to address life safety, major maintenance, equipment acquisitions, infrastructure repair and upgrades, and new construction.

MOTION: Mr. Greenberg moved, seconded by Mr. Barger, that the recommendation be approved. There was no further discussion on this item.

VOTE: The motion passed.

(Additional background information and a copy of the Banks' Report are attached as Agenda Item I-4.)

*1996/98 AGENCY
BOND POOL
DISTRIBUTION*

RECOMMENDATION: That CPE approve the authorization of \$1.0 million to UK from the residual agency bond authority for 1996/98. The project authorized to be completed is the Clinical Teaching/Support Labs renovation.

The recommended project is included in the list of bond projects recommended by the Council on Higher Education in November 1995 for authorization and funding in the 1996/98 biennium.

MOTION: Mr. Greenberg made a motion to approve the recommendation. Mr. Barger seconded the motion.

VOTE: The motion passed.

(Additional background information is attached as Agenda Item I-5.)

*POLICY STUDY ON
MINIMUM
ADMISSIONS
REQUIREMENTS*

Ms. Bertelsman presented the report from the Quality and Effectiveness Committee (QEC).

RECOMMENDATION:

- That CPE staff be directed to undertake a policy study on minimum admission requirements for all sectors of the postsecondary education system, including an evaluation of the effectiveness of the Pre-College Curriculum – those courses high school students must currently complete to meet minimum college admission requirements at Kentucky's public universities.

- That this study involve discussions with institutional chief academic officers, admissions directors, and remedial education administrators; Kentucky Department of Education staff; high school administrators, teachers, and students; policy makers in other states; and national experts in college admissions criteria.
- That, as a first step in this redesign effort, CPE staff be directed to inform Kentucky Department of Education staff of the nature of this study and its possible impact on current minimum admission requirements for Kentucky's postsecondary institutions, in particular the Pre-College Curriculum.

Several recent developments related to the status of postsecondary education in Kentucky point to the need to conduct a study of all policies related to minimum admission requirements. These include the mandates in HB 1, the assessment report produced for the Governor's Task Force on Postsecondary Education, the findings of the draft study of remedial education conducted by CPE staff, the efforts underway at postsecondary institutions and high schools to enhance transition from high school to college, and the new minimum high school graduation requirements.

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

VOTE: The motion passed.

*INTERIM POLICY
FOR NEW AND
POSTPONED
ACADEMIC
PROGRAM
PROPOSALS*

RECOMMENDATION:

- That CPE staff be directed to commence a comprehensive study of statewide academic program policies, to serve as a basis for developing new academic program policies that reflect the content and spirit of the Kentucky Postsecondary Education Improvement Act of 1997.
- That the study outlined above include consultation with institutional chief academic officers, nationally recognized experts on systemwide academic program-related issues, policymakers in other states, and representatives of Kentucky's independent institutions.
- That institutions be informed that until such time as new academic program policies are established, CPE will consider new academic

program proposals only when an institution can document an immediate, critical need for implementing a program.

- That any institution wishing to submit a new program proposal for CPE consideration prior to the establishment of new, long-term academic program policies be required to follow the procedures outlined in Attachment A (pp.J15-16, Agenda Book).
- That until formal and legal KCTCS governance is in effect, proposals for new academic programs at community colleges and new technical-vocational programs at postsecondary technical institutions be shared with the KCTCS Board of Regents for its review and comment.

This recommendation allows CPE to fulfill its legislative responsibility and advances the goals of the reform effort. It allows for approval of those new academic programs urgently needed at some of the state's postsecondary education institutions and provides a process for developing long-term academic program processes and policies that will achieve the goals for 2020 outlined in HB 1.

MOTION: Ms. Bertelsman made a motion, seconded by Mr. Barger, that the recommendation be approved.

VOTE: The motion passed.

(Additional background information is attached as Agenda Item J-2.)

*1998 MEETING
DATES*

The 1998 meeting dates were included in the agenda book as Agenda Item K.

*RESOLUTION FOR
GARY COX*

A resolution honoring and commending Gary S. Cox for his service to CPE was read and presented to Mr. Cox.

MOTION: Ms. Bertelsman moved that the resolution be adopted. Mr. Greenberg seconded.

VOTE: The motion passed.

(The resolution is attached as Agenda Item L.)

OTHER BUSINESS

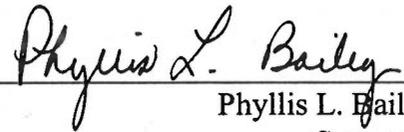
Representative Joe Barrows, who was in the audience, encouraged CPE members to develop the virtual university and cautioned that it not become a turf battle. He also asked that the regional universities be given time to develop their programs of excellence to ensure that quality programs are selected.

There being no further business, the meeting adjourned at 1:15 p.m.

Respectfully submitted,



J. Kenneth Walker
Acting Chief Operating Officer



Phyllis L. Bailey
Secretary