

MINUTES
Council on Postsecondary Education
November 7, 2008

The Council on Postsecondary Education met Friday, November 7, 2008, at 10 a.m. in the Adron Doran University Center at Morehead State University in Morehead, Kentucky. Chair John Turner presided.

ROLL CALL

The following Council members attended: Peggy Bertelsman, Kevin Canafax, Chris Crumrine, Dan Flanagan, Glenn Denton, John Hall, Pam Miller, Donna Moore, Lisa Osborne, Paul Patton, Jim Skaggs, John Turner, Mark Wattier, and Joe Weis. Jon Draud and Phyllis Maclin did not attend.

WELCOME FROM
MOREHEAD

Mr. Turner thanked President Wayne Andrews and Morehead State University for hosting the meeting.

President Andrews welcomed the Council to Morehead State University. He said this is a great place to get an education and a great place to work. He thanked the Council for choosing to come. He applauded the efforts of the Council to meet the previous afternoon when Morehead had the opportunity to offer information about the history of the institution, its accomplishments, and its current strategic thinking. He found the discussion beneficial and encouraged the Council to visit other campuses.

Mr. Turner said that the campus visits result in a clearer understanding of the goals and objectives of postsecondary education and the institutions as a whole and he looks forward to visiting the other campuses around the state. He said that it helps the Council members' perspective and understanding of a campus culture.

APPROVAL OF
MINUTES

The minutes of the September 28 Council meeting and the October 29 Executive Committee meeting were approved as distributed.

CPE PRESIDENT'S
REPORT

Interim President Richard Crofts gave his report to the Council.

- *Measuring Up 2008* will be released December 3 from the National Center for Public Policy and Higher Education. The report is a national report card for higher education released every two years with the purpose of providing the public and policymakers with information to assess and improve postsecondary education in each state. There is a large overlap between the five questions of Kentucky's Public Agenda and the major areas assessed by *Measuring Up* which include preparation, participation, affordability, completion, benefits, and learning. A number of the Council's statewide key indicators on affordability come directly from *Measuring Up*. He anticipated that Kentucky will score poorly on the issue of affordability since nothing has happened in the last two years to improve the state's data on affordability. He said that some of the data may result in improvements in grades in the other categories. Information will be shared with the Council when released December 3.

- Several months ago the Council accepted a report of its Developmental Education Task Force and has since then adopted a plan to move forward on this agenda. Dr. Crofts said that one of the large pieces of the cost of education is developmental education. Too many students are coming to Kentucky's colleges and universities not adequately prepared. In many cases students must take a semester or more of coursework that does not move them toward a degree which results in additional costs to students. The Council has contracted with Sue Cain, Eastern Kentucky University's director of developmental education, to serve as the system-level lead in developmental education from January through May 2009.
- As a condition of approving the Ed.D. programs at ECU, NKU, and WKU, the provosts of the three institutions were to submit a report to the Council by October 1, 2008, outlining the details of the seamless transfer articulation agreements among the universities. This report was to be considered by the Council at this meeting. The provosts did submit a report by October 1 but were subsequently asked by the Council staff to broaden the scope of transfer issues and were given an extension date of December 1, 2008, to resubmit an enhanced report. The staff anticipates presenting the report at the January 2009 meeting. There are three additional reports that are required to come to the Council over the next several years that would involve all of the Ed.D. programs.
- The Kentucky Convergence 08 Conference is November 13 and 14. The event brings together several hundred faculty and staff to explore ways that technology can be used at the institutions to improve teaching and learning, increase access, and contain costs.
- New and updated reports are continually added to the data portal portion of the CPE Web site on a variety of topics including affordability, developmental education, distance learning, and finance.
- Reecie Stagnolia was appointed interim vice president for Kentucky Adult Education in October.

Dr. Crofts recognized President Ransdell and President Todd for handling recent incidents on their campuses. Both presidents and their institutions used the judgment and integrity needed to respond to these difficult situations.

GOVERNOR'S HIGHER ED WORK GROUP

On October 21 Governor Steve Beshear announced the formation of a 25-member work group to review issues of affordability and access to postsecondary education. The Governor's Higher Education Work Group is co-chaired by Mira Ball of Lexington and Pete Mahurin of Bowling Green. Members include business leaders, government officials, and members of the General Assembly. University presidents and students from across the state serve on advisory groups, and a faculty advisory group is being organized. The group will provide two reports with recommendations for Governor Beshear. The first is due in January 2009. The second report, due by September 2009, will address long-term issues including how to best create stable state funding for postsecondary education. The Council staff has been given the responsibility of policy research and staffing for this group. Topics to

be examined include financial aid - adequacy, delivery, and organization as well as coordination and outreach efforts.

KSTC ANNUAL REPORT

Kris Kimel, president of the Kentucky Science and Technology Corporation, discussed the 2008 KSTC annual report on investments. The knowledge-based economic (KBE) investment activities are conducted by statute to accelerate knowledge transfer and technological innovation, improve economic competitiveness, and spur economic growth in Kentucky-based companies. The Kentucky Science and Technology Corporation implements the Council's knowledge-based economic investments to attract highly competitive follow-on venture funding for companies and federal funding for researchers, generate a direct Return on Investment (ROI) to the KBE efforts through private placements, create new companies and new knowledge-driven jobs, be supported by work-class peer review and due diligence infrastructures, and generate new intellectual property. Cumulative program performance July 1, 2001, through June 30, 2008, includes strong and growing progress related to the KBE programs.

- Overall growth of the KBE portfolio to \$50.4 million invested in 952 awards.
- Fifty-eight active private placements in the KBE portfolio with over \$2.7 million in ROI from exits and conversions by 15 companies.
- Growth in follow-on funding generated by awardees to \$653.8 million from venture, federal, and other private sources.
- Creation of 448 new companies and 4,100 new jobs among the Kentucky Enterprise Fund, the Kentucky Science and Engineering Foundation, and the Kentucky Experimental Program to Stimulate Competitive Research (EPSCoR).
- Intellectual property actions numbering 977 that include 519 patents, 34 provisional patents, 107 invention disclosures, 114 patent applications, one utility patent, 21 trade secrets, 49 copyrights, and 63 trademarks.

KBE programs continue to focus on building the capacity of Kentucky's investment research and development activities that have clear potential to lead to commercially successful products, processes, or services and to stimulate growth-oriented enterprises within the Commonwealth. The Council will submit the next knowledge-based economy report to the Legislative Research Commission in January 2009.

STEM INITIATIVE TASK FORCE REPORT

The Science, Technology, Engineering, and Mathematics (STEM) Task Force was assembled in 2006 to develop a statewide P-20 strategic action plan to accelerate Kentucky's performance within the STEM disciplines. The task force reviewed data, heard testimony, and conducted research to identify the scope and seriousness of the STEM crisis in America and in Kentucky. Conclusions and recommendations were published in the 2007 report, *Kentucky's STEM Imperative: Competing in the Global Economy*. Senate Bill 2, passed during the 2008 General Assembly, established the STEM Task Force in statute and called for the development of a STEM Implementation and Business Plan. UK President Lee Todd and Commissioner Deborah Clayton (of the Department of

Commercialization and Innovation) are co-chairing the STEM2 Task Force charged with reviewing previous recommendations and developing implementation strategies. President Todd reported that work groups comprised of over 50 participants from stakeholders across the state helped develop implementation plans focusing on issues related to public awareness, professional development, partnership engagement, and funding capacity. The STEM Business Plan will be presented to Governor Steve Beshear and the Interim Joint Committees on Appropriations and Revenue and Education in December 2008 with one-, three-, and five-year goals established.

IEQ STATE
GRANT PROGRAM

RECOMMENDATION: The staff recommended that the Council award federal *No Child Left Behind*, Title II, Part A, funds in the amount of \$1,115,000 for January 1, 2009, to June 30, 2010, to support eight projects:

- *The Math and Science Partnership: Increasing Science Instruction and Achievement in Middle School Classrooms* (Morehead State University): \$140,000
- *West Kentucky Mathematics Partnership II* (Murray State University): \$140,000
- *E2: Enlivening and Energizing EPAS Professional Development* (Northern Kentucky University): \$140,000
- *Embedded Teacher Learning Through Online Modules: Leveraging Professional Development Resources in Kentucky* (University of Kentucky): \$135,000
- *Mathematics and Special Education* (University of Kentucky): \$140,000
- *Putting All Students on Track: A Partnership to Ensure Success in College Level Mathematics* (University of Kentucky): \$140,000
- *Science Literacy Project for Middle School Teachers* (University of Kentucky): \$140,000
- *Learning Capacity Advancement in Middle School Science and Mathematics* (Western Kentucky University): \$140,000

The grant program awards grants to partnerships that deliver research-based training programs to P-12 teachers and administrators. To be eligible, a partnership must include a postsecondary institution's school of arts and sciences and its teacher preparation program, as well as at least one high-need local school district. The program enables states to fund training for teachers and administrators in any core academic subject. In 2006 the Kentucky General Assembly passed Senate Bill 130 requiring the P-12 assessment program to include a high school readiness examination in the eighth grade, a college readiness examination in the tenth grade, and requiring all students in the eleventh grade to take the ACT. This has resulted in the implementation of ACT's Educational Planning and Assessment System (EPAS) in Kentucky. Senate Bill 130 also requires the Council to offer support and technical assistance to schools and school districts in the development of accelerated learning for students who demonstrate a need for intervention due to low scores on the high school or college readiness exams. To that end, the Council is focusing Year 7, as it did with Year 6, of the Improving Educator Quality State Grant Program on projects which integrate EPAS professional

development that assists teachers in providing intervention in core content areas for students in need of accelerated learning.

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

VOTE: The motion passed.

COMMISSIONER
OF ED REPORT

Dr. Crofts called attention to a written report of activities provided by the Kentucky Department of Education.

TUITION POLICY &
TUITION SETTING
PROCESS

RECOMMENDATION: The staff recommended that the Council approve the tuition and mandatory fee policy and 2009-10 tuition setting process.

At the Council's September meeting, the staff presented for Council review and discussion drafts of these documents. Since that meeting, the Council staff has worked collaboratively with institutional presidents, chief budget officers, and Council members to refine these documents. Staffs of the Legislative Research Commission and the Office of the State Budget Director also have been involved.

MOTION: Ms. Miller moved that the policy and the tuition setting process be approved. Mr. Canafax seconded the motion.

VOTE: The motion passed.

Mr. Crumrine thanked the staff for providing an opportunity for the student body presidents to discuss these proposals. He said it is reassuring to see that the students have the opportunity to comment.

CAPITAL PROJECTS

RECOMMENDATION: The staff recommended that the Council approve the request of Kentucky State University to use federal funds to construct a Center for Families and Children on the university's main campus. The estimated project cost is \$2,022,000.

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

VOTE: The motion passed.

RECOMMENDATION: The staff recommends that the Council approve the request of Western Kentucky University to use private funds to construct a chapel and columbarium on the main campus. The estimated project cost is \$1,700,000 and is funded through the WKU Foundation with private gifts.

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

VOTE: The motion passed.

FY 2007-08
AGENCY AUDIT

RECOMMENDATION: The Executive Committee recommended that the Council accept the 2007-08 agency audit as submitted by the firm of Potter & Company, LLP.

Dr. Crofts reported that the Council received an unqualified opinion. The audit report contains no reportable conditions or material weakness related to internal control over financial reporting or major federal programs and contains no reportable findings of material noncompliance related to financial statements. The Council staff has acted upon suggestions by the audit firm involving the timing and amounts of payments and receipt of sub-recipient reports.

MOTION: Mr. Flanagan moved that the audit report be accepted. Mr. Crumrine seconded the motion.

VOTE: The motion passed.

EQUINE
RESOLVING TRUST
FUND

Dr. Crofts requested that the recommendation on the equine revolving trust fund be pulled from the agenda to allow time for additional work.

MOTION: Mr. Wattier moved that the agenda item be tabled. Ms. Osborne seconded the motion.

VOTE: The motion passed.

PROGRAM AUDIT
SUBCOMMITTEE

Ms. Bertelsman discussed the work of the Council's Program Audit Subcommittee. The group was created in 2006 by then Chair Ron Greenberg to (1) review the accountability and assessment measures for existing Council pass-through programs, (2) evaluate the efficacy of these measures, and (3) make recommendations for improving the accountability and assessment system for all Council programs. The subcommittee originally set out to review the 16 pass-through programs administered by the Council. A pass-through program is a direct allotment to the Council for a program or activity where the funding usually is directed to an entity outside of state government or to an institution or other state agency. That entity then delivers the services while the Council often is the financial steward for the program. During the review, seven of the original 16 pass-through programs were eliminated due to budget reductions. In addition, the subcommittee discussed the cancer

research programs, lung cancer research, and cancer research institutions' matching fund, although the Lung Cancer Research Program and its companion program for ovarian cancer screening are not pass-through programs. The review of the Lung Cancer Research Program has been hampered by a lack of appointments to the Governance Board of the Lung Cancer Research Project and by turnover among senior staff at the University of Kentucky and the University of Louisville. The work of the subcommittee focused on developing assessment and evaluation activities for each program. A report with a series of recommendations on how the assessment of these activities can be improved was presented to the Council for review. The Council will be asked to consider the report's recommendations at a future meeting.

2007-08
ACCOUNTABILITY
REPORT

The Council staff is working on the *2007-08 Accountability Report*, as directed by KRS 164.020. The purpose of the report is to annually review progress made toward the achievement of key indicator performance goals and to discuss initiatives that will be undertaken next year to promote improvement. The report, organized around the five questions of the Public Agenda, is scheduled for completion in January 2009. To bring attention to these accountability indicators, Dr. Crofts noted that the indicators associated with each question are printed on the tab pages of the agenda book.

TRUSTEE
LEADERSHIP/
PROFESSIONAL
DEVELOPMENT
PROPOSALS

The staff presented three proposals for consideration by the Council to build on the state-level professional development opportunities offered by the annual trusteeship conference. These initiatives would be developed and implemented in partnership with the institutional presidents and other campus representatives.

- Proposal #1 – Create the Kentucky Trustee Leadership Roundtable comprised of the board chairs and vice chairs of Kentucky's public universities, the KCTCS system, and the Council on Postsecondary Education. Board chairs representing Kentucky's independent colleges might also be invited to join. The goal of this group would be to provide a venue and forum for the lay leadership of the institutions of postsecondary education in the state to meet with their peers from the Council to discuss key issues related to the implementation of HB 1, current policy issues at the state or institutional level, and determine broader state-level professional development opportunities for other members of their boards. The group would meet two to three times a year (one meeting at the annual trusteeship conference) and would be staffed by CPE in collaboration with institutional presidents and administrators. Speakers/facilitators might be brought in for these events to address topics of interest and facilitate discussion. Should there be a desire to move forward, it is recommended that the CPE chair convene a meeting of the group in the next few months to determine the feasibility and value of the Trustee Leadership Roundtable and determine next steps.
- Proposal #2 – Create the Trustee Professional Development Series to provide educational and training opportunities to public college and university board and CPE members emphasizing both the effectiveness

of boards as units and individual member training. Administered by the Council under the direction of the Kentucky Trustee Leadership Roundtable and in collaboration with institutional presidents, the series also would seek to improve communication and strengthen relationships among the various institutional boards and with the members of the CPE. The series would focus both on delivering content (best practices, nuts and bolts information) and on effective board behavior (leadership skills, team building). The professional development opportunities offered through the series will be determined by the Leadership Roundtable. Ideally, the professional development opportunities will be offered three to four times throughout the year for those trustees with an interest in the specific topics. They might be focused in a specific region, offered in a Webinar format, or in a state-level seminar/workshop format.

- Proposal #3 – Create a quarterly or semi-annual electronic newsletter, Web site, or electronic forum to facilitate communication among the institutional lay leadership. It will be developed and administered by the Council under the direction of the Kentucky Trustee Leadership Roundtable and in collaboration with institutional presidents or their representatives. The newsletter/e-forum would provide information about state-level events and activities of interest to college and university trustees, highlight the work of the Trustee Leadership Roundtable, report on events sponsored by the Trustee Professional Development Series, and provide an online space to share information, post comments, and ask questions.

Council members suggested polling the board members about their interest in these activities or scheduling a meeting of the group suggested in Proposal #1 to determine whether these activities are helpful.

SETTING 2009-10 TUITION RATES

FISCAL IMPACT OF BUDGET CUTBACKS & DATA ON AFFORDABILITY

To help initiate the review of information related to setting 2009-10 tuition rates, the institutions were asked to submit a report to describe the impact of budget cuts over the past year on institutional operations. The request asked for information in four categories – (1) changes in personnel, programs, and services; (2) cost containment strategies; (3) resource reallocation strategies; and (4) productivity. The institutional reports were provided in the agenda materials along with data on affordability to provide context for initiating discussions regarding the 2009-10 tuition setting process. The affordability information highlights one of the fundamental policy issues associated with establishing tuition rates, that of striking an appropriate balance between keeping college affordable for students and their families and adequately funding Kentucky's public postsecondary system to meet the goals of House Bill 1 and the Double the Numbers Plan.

Dr. Crofts noted that in almost every case the institutions did not use the increase in tuition revenue to simply replace all of the things that were eliminated or reduced because of the General Fund changes. He said that he has talked with the presidents about the impending budget reductions for this

fiscal year. Part of that discussion was how much further we can go down this road without attacking quality or without delaying or diminishing some of the House Bill 1 goals. He said that all of the presidents are concerned and said that the funding model desperately needs to be fixed so that the institutions can plan for the future.

President Ransdell commented that the institutions continue to be in a period of significant uncertainty in regard to state funding. There is likely to be budget pressure put upon the institutions to help the state balance the budget for this fiscal year and perhaps going forward for a year or two in the future. There will be limited capacity on tuition increases. He asked the Council to keep the tuition setting process simple and track what is required of the institutions from the state and what will be required of the institutions from the students. Simplify the process in every possible way to zero in on the realities in terms of state funding, what the students pay, and the budgets the institutions must balance. He said that over the years the institutions have used enrollment growth as a revenue strategy with tuition increases in order to do strategic investments to ensure quality so that the institutions can continue to grow. If the institutions continue to have declines in state funding and have reached a point where the window of rising tuition is no longer open to the extent it has been in recent years, the institutions must choose to no longer grow because growth has a cost.

President Andrews said that the Council must look seriously at this issue and provide guidance from a state policy standpoint about whether the 2020 goals should be altered. He said it is unrealistic to say that the institutions can stay on course to meet the goals by 2020 given the current fiscal environment. He said that the future of the Double the Numbers Plan is in jeopardy unless the institutions can have some assurance of adequate funding going forward.

Mr. Denton asked that the Governor's Higher Education Work Group consider the recent VFA study and the deferred maintenance on some campus facilities.

TRANSFER	An update on transfer initiatives was included in the agenda materials.
CEO REPORT	A report on the activities of the Committee on Equal Opportunities was provided for information.
SB 189 REPORT ON FACILITIES	The General Assembly directed the Council and the Office of the State Budget Director to produce and present to the Legislative Research Commission on or before December 1, 2008, a report with recommendations addressing the establishment and implementation of a process for funding deferred and future major capital renewal, maintenance, and renovation needs costing \$600,000 or more each for facilities owned by the Commonwealth and operated by the postsecondary institutions. The draft report has been shared with the Office of the State Budget Director and the institutions. The report will include an executive summary, an overview of capital asset funding, the objectives of asset preservation and investment, selected models used by other states, and ultimately a set of recommendations for preserving and protecting

	the investment of public funds in state-owned facilities.
NOMINATING COMMITTEE	Mr. Turner appointed a nominating committee to present recommendations for Council chair and vice chair at the January meeting. Pam Miller, Glenn Denton, and John Turner were appointed with Ms. Miller serving as chair.
PRESIDENTIAL SEARCH COMMITTEE	Mr. Hall reported that the Presidential Search Committee is continuing to narrow the pool and anticipates bringing candidates for interviews with the full Council in the next few weeks.
REPORTS FROM INSTITUTIONS	Dr. Crofts called attention to the reports provided by the institutions on activities since the last Council meeting.
CPE STAFF	Dr. Crofts announced that Mary Morse, his executive secretary, is leaving the Council to join the University of Kentucky College of Pharmacy. He wished Mary well and thanked her for her service.
RESOLUTION OF SERVICE	A resolution was presented thanking Dianne Bazell for her work with the Council. Dr. Bazell is leaving the Council staff to become the deputy director of academic affairs and student success at the Illinois Board of Higher Education.
	MOTION: Ms. Bertelsman moved that the resolution be approved. Mr. Canafax seconded the motion.
	VOTE: The motion passed.
NEXT MEETING	The next regular meeting of the Council is January 15 and 16, 2009.
ADJOURNMENT	The meeting adjourned at 12:30 p.m.

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NOVEMBER 6 MEETING WITH MOREHEAD REPRESENTATIVES	<p>The Council on Postsecondary Education met with representatives of Morehead State University Thursday, November 6, 2008, at 1:30 p.m. in the Adron Doran University Center at Morehead State University.</p> <p>The following Council members attended: Peggy Bertelsman, Chris Crumrine, Dan Flanagan, Glenn Denton, Pam Miller, Donna Moore, Paul Patton, Jim Skaggs, John Turner, and Mark Wattier. Kevin Canafax, Jon Draud, John Hall, Phyllis Maclin, Lisa Osborne, and Joe Weis did not attend. CPE Interim President Richard Crofts also attended.</p> <p>The Morehead representatives provided information about the history of the institution, its accomplishments, and its current strategic thinking.</p> <p>The group toured the Kentucky Folk Art Center and then joined President Andrews and others for dinner at the President's home. Kevin Canafax joined</p>
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for dinner.

There was no planned agenda and no action was taken.

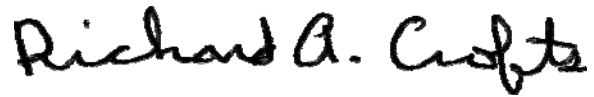
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NOVEMBER 7
COUNCIL MEMBER
WORK SESSION

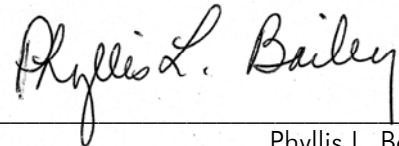
A Council member work session was held November 7, 2008, at 8:30 a.m. in the Adron Doran University Center at Morehead State University.

The following Council members attended: Peggy Bertelsman, Kevin Canafax, Chris Crumrine, Dan Flanagan, Glenn Denton, Pam Miller, Donna Moore, Lisa Osborne, Paul Patton, Jim Skaggs, John Turner, and Mark Wattier. Jon Draud, John Hall, Phyllis Maclin, and Joe Weis did not attend.

The agenda for this session was open-ended and was determined by the Council members. Discussion was informal, and no formal action was taken. The session was open to the public.



Richard A. Crofts
Interim CPE President



Phyllis L. Bailey
Senior Associate, Executive Relations