

MINUTES
Council on Postsecondary Education
September 10, 2009

The Council on Postsecondary Education met Friday, September 10, 2009, at 3 p.m. at Western Kentucky University in Bowling Green, Kentucky. Chair Paul Patton presided.

ROLL CALL

The following members attended: Ellen Call, Chris Crumrine, Glenn Denton, Dan Flanagan, Joe Graviss, Terry Holliday, Phyllis Maclin, Pam Miller, Donna Moore, Lisa Osborne, Paul Patton, Marcia Ridings, Jim Skaggs, Joe Weis, and Joe Wise.

**WELCOME
FROM WKU**

Governor Patton thanked President Ransdell and WKU for hosting the Council. He said that the Council members enjoyed an information session and campus tour earlier in the day.

President Ransdell welcomed the Council to the WKU campus. He shared data since postsecondary education reform which showed the considerable progress in the measures tracked by WKU. He also shared information from the Chronicle of Higher Education census data about the value of a degree and the annual earnings of degree holders. Lastly, he shared a map of the U.S. which showed that Kentucky had moved to third in the country in growth in undergraduate enrollment since postsecondary reform.

Governor Patton welcomed Kentucky's new commissioner of education, Terry Holliday. Dr. Holliday began his duties August 1 and will serve as a nonvoting, ex officio member of the Council.

Governor Patton also welcomed Pete Mahurin, co-chair of the Higher Education Work Group, who was in the audience.

**APPROVAL OF
MINUTES**

Mr. Weis requested an amendment to the July minutes to emphasize the importance of tracking the graduation rates of Kentucky residents as well as the graduation rate of all students. This comment was made during the report on 2009 performance goals.

The July minutes as amended were approved.

**CPE PRESIDENT'S
REPORT**

CPE President Robert King reported on several activities underway:

- The Senate Bill Steering Committee is providing oversight to the implementation of the comprehensive process for revision of content standards, professional development needed for administrators, teachers, and faculty, and the development of unified strategies to promote readiness and college success. This effort is in line with another effort to develop a longitudinal data system that will track youngsters in their educational progress from when they enter the public school system

through to the completion of a doctorate degree at a public institution in Kentucky. This is part of a larger effort occurring in selected states around the country. Kentucky was selected as one of a handful to participate in this effort and has been the beneficiary of a second grant for development.

- As development of the statewide diversity plan gains momentum, the staff is having conversations with the presidents, institutional staffs, and the Committee on Equal Opportunities about the potential impact of certain policies on a statewide diversity plan. The CEO is moving forward to develop a planning document that is expected to be submitted to the Council for review and action in March 2010. That document should reflect the basic priorities regarding system and campus diversity given certain policy structures. Throughout the planning process the committee has focused on embracing the full range of diversity, while at the same time keeping in mind special concerns and responsibility for the residents of the Commonwealth. Throughout the process Council staff will work closely with institutional representatives and the CEO to keep key constituents informed and to receive input to improve the statewide plan.
- The Higher Education Work Group is continuing its review of four key education policy areas – state student financial aid, transfer, college readiness, and cost containment and efficiencies on campus. The full report is due to the Governor November 1. Governor Beshear attended the August meeting and commented on the important work ahead. David Adkisson, president of the Kentucky Chamber of Commerce, also attended the August meeting and talked briefly about the Chamber's 2009 Progress Report on Postsecondary Education. This is a follow-up to the Chamber's 2007 status report on Kentucky higher education reform.
- The Governor's Conference on Postsecondary Education is September 11. The theme is "Raising the Bar: Access, Quality, and Success." The opening session features a presentation by Kati Haycock, a nationally recognized education leader and advocate, who will discuss strategies for improving access and success in higher education, especially for low-income students and students of color. The luncheon program includes Governor Beshear discussing his agenda for postsecondary education and presentation of the Acorn Awards for Faculty Excellence, sponsored this year by the Kentucky Chamber of Commerce. The afternoon sessions provide the opportunity for an interactive session about strategies on how to make good boards great.
- The Council was visited recently by the chief medical officer for the state of Kentucky to talk about the H1N1 virus and its potential impact on higher education. That preceded a statewide conference at which all of the campuses were represented. All of the campuses in the public system have been fully briefed and have put in place those mechanisms that will allow for quick response.
- With the recent appointment of Governor Patton as president of Pikeville College, the issue of his service in that capacity has raised the question of whether an individual can be an employee of an institution licensed by CPE and also serve on the Council and also whether a person who is employed by an institution licensed by the Council can serve as an officer

of the Council. With the Governor's concurrence, the staff has submitted a request to the Kentucky Executive Branch Ethics Commission to consider these issues. The Ethics Commission will meet September 18 but has indicated that Governor Patton can continue to serve as a CPE member and as chair at least up to the point of consideration of these issues.

COMMISSIONER OF EDUCATION REPORT

Dr. Holliday said that the K-12/postsecondary education partnership is crucial to the success of Kentucky's citizens. He said that through many partnerships across the state, the universities are working with local school superintendents to improve the educational outcomes of K-12 so that the entry level of college students can be improved. He said that Senate Bill 1 is driving the department's work. Signed by Governor Beshear in March 2009, this is a significant piece of education legislation that revises the assessment and accountability system for P-12 education and calls for greater alignment between the K-12 and higher education systems. He said that this reform should once again put Kentucky at the forefront of education reform in the U.S. Other areas of significant interest are several federal opportunities including Race to the Top initiatives and school improvement grants. A big challenge is high school dropouts, and he invited the Council members to attend the September 11 summit hosted by First Lady Jane Beshear focusing on improving graduation rates and lowering the dropout rate of Kentucky's students.

AIKCU REPORT

Gary Cox, president of the Association of Independent Kentucky Colleges and Universities, led the presentation of the annual AIKCU report to the Council. The report provided a summary of the role independent colleges are playing in the state's effort to meet postsecondary education goals, how their role can be enhanced, and challenges they face. Independent presidents participating in the presentation were Larry Hofstetter from Brescia, Cheryl King from Kentucky Wesleyan, Sandra Gray from Asbury, Robert Imhoff from Mid-Continent, Bill Huston from St. Catharine, and John Roush from Centre.

REGIONAL STEWARDSHIP GRANTS

RECOMMENDATION: The staff recommended that the Council approve regional stewardship funding allocations to ECU, KSU, MoSU, MuSU, and WKU in the amount of \$288,000 each to support regional stewardship grants.

At the May 2008 meeting, the Council approved FY 2008-09 regional grant funding of \$288,000 to these institutions conditional upon successful implementation of their infrastructure plans and adequate progress on their regional grant proposals. All institutions at this time have submitted progress reports on their regional grant programs and are eligible to receive their FY 2009-10 regional grant funding. Upon approval, the Council will disburse to each of the universities noted above up to \$288,000 in regional grant funding. These funds will be disbursed quarterly upon receipt of invoices, subject to availability of funding.

MOTION: Ms. Call moved that the recommendation be approved. The motion was seconded by Ms. Miller.

LICENSING REGULATIONS

VOTE: The motion passed.

RECOMMENDATIONS: The staff recommended that the Council approve the following three administrative regulations regarding the licensing of independent colleges in Kentucky:

- Revised administrative regulation 13 KAR 1:020 regarding the licensing of independent colleges in Kentucky and corresponding fee schedule. The revisions are necessary to better align licensing standards and procedures, accommodate online learning and operations, and address growth in the number of institutions, particularly the increase in out-of-state institutions locating in Kentucky. The fee structure, introduced for the first time since licensing was assigned to CPE, will provide funds to provide greater oversight and a more complex review process to protect citizens and institutions from fraudulent practices, unfair competition, or substandard educational programs.
- New administrative regulation 13 KAR 1:040 that sets forth the definitions for the two substantive regulations, 13 KAR 1:020 and 13 KAR 1:050.
- New administrative regulation 13 KAR 1:050 regarding licensed out-of-state colleges' eligibility for Kentucky tuition grants. Beginning with the 2011-12 academic year, in order to be eligible for Kentucky tuition grants, a licensed out-of-state school for which accreditation by the Southern Association of Colleges and Schools is not an option shall undergo a review by the Council on Postsecondary Education based upon SACS accreditation criteria.

After discussion, the Council staff was instructed to prepare an information paper for discussion at a future CPE meeting on these issues:

1. Should CPE assume authority for licensing all proprietary schools?
2. Should all institutions licensed in Kentucky be SACS accredited or undergo a SACS-like accreditation process?

Upon approval, the regulations will go through a public hearing and review by the Administrative Regulation Subcommittee and the Interim Joint Committee on Education.

MOTION: Ms. Miller moved that the three regulations be approved. Mr. Weis seconded the motion.

VOTE: The motion passed.

RESIDENCY REGULATION

RECOMMENDATION: The staff recommended that the Council approve the revision to the residency administrative regulation to conform to new federal legislation on tuition benefits for active duty military personnel.

Recently the federal government enacted legislation (The Higher Education Opportunity Act) requiring states that participate in federal student financial aid programs to grant in-state tuition to members of the Armed Forces who have been on active duty for 30 days, where that member has a permanent duty station in the state where the member is enrolling. The federal law also provides that the benefit will continue regardless of the status of the person if they remain in continuous enrollment. The benefit conferred by federal law extends to the spouse and dependent child. The new federal provision took effect July 1, 2009.

The best way to conform the Kentucky administrative regulation to the new federal law is to use the emergency provisions of the administrative regulation process. This allows Kentucky to conform to the changes in the federal law immediately without going through the regulatory review process. However, in order to use the emergency regulation process, an ordinary administrative regulation that ultimately will replace the emergency administrative regulation must be filed simultaneously.

The recommendation above includes approval of both the emergency regulation and the ordinary administrative regulation that will replace it.

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

VOTE: The motion passed.

CPE PLAN OF WORK

RECOMMENDATION: The staff recommended that the Council approve the Plan of Work for the CPE president July 2009 through July 2010.

This plan of work provides a clear set of policy priorities and tasks that will guide the work of the Council president and staff over the coming year. It was provided for initial review by the President Evaluation Committee and the full Council at the July 2009 meeting. Implementation will be monitored carefully by the Council president and chair, and periodic reports will be made to the full Council throughout the year to ensure adequate progress is being made in each of the areas of focus. The Evaluation Committee will evaluate implementation of the plan as part of the president's annual performance review in July 2010.

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

VOTE: The motion passed.

MOSU
QUALITATIVE WAIVER

RECOMMENDATION: The Committee on Equal Opportunities recommended that the Morehead State University request for a temporary waiver of the requirements of KRS 164.020(19) be granted.

At its April 20 meeting, the CEO heard Morehead's request for a temporary waiver and decided not to recommend to the Council that it be granted at that time. Instead, the CEO made a number of recommendations for consideration by the university to strengthen its request. At its August 26 meeting, the CEO voted to recommend to the Council that a temporary waiver be granted to MoSU. Granting this waiver will enable Morehead to implement or ask the Council to approve new academic programs during calendar year 2009.

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

VOTE: The motion passed.

AGENCY
OPERATING
BUDGET

RECOMMENDATION: The staff recommended that the Council approve the proposed 2009-10 agency operating budget.

The staff provided a summary of revenues and expenditures proposed for the new fiscal year, as well as comparative information from FY09.

In late August 2009, the Office of the State Budget Director notified Council staff that consistent with the Governor's pro-education agenda, Kentucky Adult Education (statewide adult education provider program funds) and Kentucky's contract spaces program (student financial aid that pays the difference between in-state and out-of-state tuition for Kentucky students who enroll in veterinary and optometry programs out-of-state) are being exempted from the current round of budget cuts for 2009-10 (FY10). Excluding these two statewide educational programs, the rest of the Council's General Fund budget for FY10 is expected to be reduced \$952,500.

The proposed FY10 agency operating budget is divided into two parts. The first, statewide coordination, supports the traditional expenditures associated with a postsecondary education coordinating board, including funds spent for policy leadership, strategic planning, regulation of the state's postsecondary education system, finance (including biennial budget preparation and tuition setting), administrative services, communications, academic affairs and program review, economic and STEM initiatives, and information, research, and technology. The second, statewide educational programs and services, includes: (1) Kentucky Adult Education statewide administration and instruction; (2) student assistance and educational support (Kentucky's contract spaces program accounts for approximately 84 percent of this budget); (3) technology and academic support including investments for postsecondary network connections, software, and licenses for the Kentucky Virtual Campus and Virtual Library, statewide faculty development, college outreach work, and college-level learning assessments; and (4) research and economic development initiatives.

MOTION: Mr. Flanagan moved that the recommendation be approved. The motion was seconded by Mr. Weis.

VOTE: The motion passed.

2010-12 BUDGET RECOMMENDATION

Mr. Flanagan said that the current economic slowdown and ongoing state fiscal crisis provide a challenging environment for the Council to make a reasonable yet aggressive 2010-12 budget recommendation that is aligned with statewide priorities and consistent with the mandates of House Bill 1.

Mr. Flanagan said that the Budget Development Work Group agreed that in the current environment there is an advantage to keeping the budget development process simple. Instead of detailed budget presentations, each institution was requested to prepare a two-page summary discussing how it would use any additional state appropriations if they become available in 2010-12. A similar two-page summary also will be drafted for the Council's agency request. These documents will be shared in advance of the October 1 special Council meeting and will provide context for an open discussion with Council members and presidents regarding the 2010-12 budget request on October 1.

For the last several months, Council staff worked collaboratively with the presidents and chief budget officers on a Points of Consensus document that reinforces basic principles to guide the development of the 2010-12 operating and capital budget recommendation. Given the current economic and budget difficulties, it was agreed that the Points of Consensus for the 2010-12 budget recommendation should be a simple document that provides historical context for the request and is focused on two areas, base funding and capital investments.

2011-15 STRATEGIC AGENDA DISCUSSION

House Bill 1 requires the Council to review its strategic agenda every four years and the strategic implementation plan every two years. The purpose of the strategic agenda is to "identify specific short-term objectives in furtherance of the long-term goals" established in HB 1. The current strategic (public) agenda covers the period 2005-10 and is called *Five Questions - One Mission: Better Lives for Kentucky's People*. It is focused on five policy areas: (1) college preparation, (2) affordability, (3) participation and completion, (4) learning, and (5) economic and community impact.

The new strategic plan, which is scheduled to be unveiled in fall 2010, will take effect on January 1, 2011, and extend until the end of 2015. For the next Council meeting, the Council staff will begin soliciting informal feedback from key policy leaders on the strengths and weaknesses of the Council's current strategic agenda and implementation plan. Based upon this feedback, a more detailed development process and timeline will be provided for discussion.

COMMITTEE
APPOINTMENTS

Governor Patton appointed Joe Wise to the Distance Learning Advisory Committee and Joe Graviss to the Governance Board of the Lung Cancer Research Project.

REPORTS FROM
INSTITUTIONS

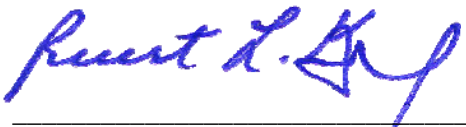
Governor Patton called attention to the reports from the institutions included in the agenda materials.

NEXT MEETINGS

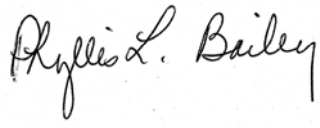
The Council will meet October 1 to provide an opportunity for Council members to discuss the draft 2010-12 budget recommendation. The next regular meeting is November 6.

ADJOURNMENT

The meeting adjourned at 6:15 p.m.



Robert L. King
CPE President



Phyllis L. Bailey
Senior Associate, Executive Relations