

MINUTES
Council on Postsecondary Education
Special Meeting
October 1, 2009

The Council on Postsecondary Education met Thursday, October 1, 2009, at 1:30 p.m. at the Council offices in Frankfort, Kentucky. Chair Paul Patton presided.

ROLL CALL

The following members attended: Ellen Call, Chris Crumrine, Glenn Denton, Dan Flanagan, Joe Graviss, Nancy McKenney, Pam Miller, Donna Moore, Lisa Osborne, Paul Patton, Marcia Ridings, Joe Weis, and Joe Wise. Terry Holliday, Phyllis Maclin, and Jim Skaggs did not attend.

Governor Patton recognized Joe Brothers, chair of the Kentucky Board of Education.

NEW CPE MEMBER

Governor Patton welcomed Nancy McKenney as the Council's new faculty member. Dr. McKenney has been a member of the library faculty at Eastern Kentucky University since 1985. She serves on the ECU Faculty Senate, the Senate Executive Committee, and also as a representative to the Coalition of Senate and Faculty Leadership. She has been president of the ECU Chapter of the American Association of University Professors since 2004. She holds a bachelor's degree in music education from ECU and master's degrees in library science and music history from the University of Kentucky. She earned her Ph.D. in musicology from UK. She will serve on the Council through June 30, 2013.

Philip Shepherd, circuit judge of Franklin County, administered the oath of office to Dr. McKenney.

CPE STAFF

CPE President Robert King introduced Aaron Thompson, the Council's new interim vice president for academic affairs. Dr. Thompson came to CPE from Eastern Kentucky University where he is a professor of sociology.

**DISCUSSION OF
2010-12
OPERATING &
CAPITAL BUDGET
RECOMMENDATION**

Dan Flanagan, chair of the CPE Budget Development Work Group, said that the work group was appointed earlier this year to work with the staff on the development of the postsecondary education budget recommendation for 2010-12 that will be submitted to the Governor and the General Assembly. The purpose of this specially called meeting is to provide an opportunity for Council members to gain a deeper understanding of the current operating and capital budget proposals being discussed between Council staff and the public postsecondary institutions and provide a forum for discussion in advance of the Council taking action on a final budget recommendation at its November 6 meeting.

Mr. King said the documents included in the agenda materials are still drafts and some of the concepts are subject to further discussion with the presidents and

chief budget officers. The Council staff has held regular meetings with the presidents and the chief budget officers over the last several months, and these groups will be meeting in the weeks leading up to the November meeting to finalize the request.

The budget request consists of three categories:

1. Institutional Operating Funds – These are state General Funds requested on behalf of the institutions to support their unique missions and House Bill 1 goals. These state appropriations are used for educational and general expenditures on campus including faculty and staff salaries, benefits, scholarships, utilities, etc.
2. Capital Investments – These are state bond-funded and institution agency-funded capital projects proposed for the 2010-12 biennium. Capital investments typically include specific building requests as well as several funding pools that are distributed among the institutions to assist with preserving existing buildings (i.e., new roofs, plumbing, electrical, etc.), as well as updating information technology across the system.
3. Agency Operating Funds – These are General Funds used to primarily support various statewide educational programs and services (e.g., Kentucky Adult Education, contract spaces, Kentucky Postsecondary Education Network, Kentucky Virtual Library, etc.), as well as the Council's core statewide coordinating function.

The Council staff provided separate agenda items on each one of these areas for review and discussion.

To assist with the 2010-12 budget request process, the Council's Budget Development Work Group also recommended producing several additional documents including:

- Points of Consensus – This document is a collaborative work product between Council staff and the institutions that reinforces basic principles to guide the development of the 2010-12 operating and capital budget recommendation. It provides historical context for the request and focuses on two areas, base funding and capital investments.
- Institutional Strategic Initiative Summaries – Given the budget uncertainty for 2010-12, if funds do become available above the technical adjustments being requested, these brief summaries highlight university and KCTCS strategic initiatives that would be undertaken that support institutional business plans or strategic plans consistent with the mandates of House Bill 1.

At the September CPE meeting, Council staff provided an update on initial revenue planning estimates for the next biennium that were released by the Office of the State Budget Director, in conjunction with the Consensus

Forecasting Group (CFG). At that time, the budget planning estimates called for an increase in General Fund revenue of \$127 million (1.5 percent growth) in FY11 and an increase of \$290 million (3.5 percent growth) in FY12. The CFG met again September 25 to review various state and national economic data related to the FY10-12 General Fund revenue forecast. There is significant concern about Kentucky's employment levels and their ability to rebound over the next several years. At the meeting's conclusion, the CFG chair directed OSBD's economic analysis staff to generate two scenarios for their next meeting on October 12. These new CFG General Fund numbers will be instructive to the Council in order to draft a reasonable, yet aggressive 2010-12 state appropriation request for postsecondary education. These numbers will be updated once more, in December, and those numbers will be the official CFG numbers which will undergird the biennial executive budget the Governor introduces to the 2010 session of the General Assembly in January. The Council staff will share these updates with the CPE members.

Mr. Flanagan said that the CPE members appreciate this opportunity to discuss the budget recommendation prior to taking action in November. He said that each CPE member should take seriously their responsibility to recommend this budget in November and asked them to direct questions in the interim to the Council staff.

UPDATE ON 2010-11 TUITION SETTING PROCESS

A brief update on the 2010-11 tuition setting process was included as an agenda item since revenue from tuition becomes even more essential in a budget environment where there are limited or no additional state appropriations to support increases in fixed costs and general operations of the postsecondary education system. The Council will take action on 2010-11 tuition rates in 2010.

Mr. King mentioned that during the last tuition cycle several campuses requested converting their flat rate tuition model to a per credit hour model. This conversion was delayed at that time but the campuses were assured that this would be considered for 2010-11. The Council staff has begun these discussions with the campuses and several of them may choose to move to the per credit hour model for the 2010-11 rates.

PLANS FOR JOINT CPE/KBE/EPSB MEETING

Mr. King said that the staffs of CPE, the Kentucky Board of Education, and the Education Professional Standards Board are planning a joint meeting early in 2010 to endorse statewide standards for college readiness in response to Senate Bill 1 requirements. Senate Bill 1, signed by Governor Beshear in March 2009, 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 postsecondary education systems. This joint meeting will be an historic event where these three agencies come together to adopt common standards that will increase the rigor and focus the content of P-12 education, thus increasing the number of students who are college ready.

RACE TO THE TOP

Mr. King said that there is a federal grant opportunity that will be funded through the U.S. Department of Education known as Race to the Top. The grant process

is inviting each state to apply for these funds to help implement innovative educational improvement and reform ideas across several states. The first award will probably be limited to three to four states. Kentucky has been aided in the preparation of its application by a consultant paid from funds provided by the Gates Foundation, and there is a good chance that Kentucky will be selected as one of those first states. The staff will keep the CPE members informed about progress in this area.

NEXT MEETING

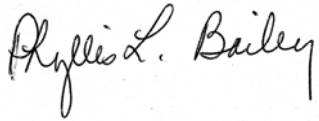
The next meeting is November 6.

ADJOURNMENT

The meeting adjourned at 3:15 p.m.



Robert L. King
CPE President



Phyllis L. Bailey
Senior Associate, Executive Relations