

AGENDA
Council on Postsecondary Education
March 19, 2001

10 am (ET), Ballroom, Keen Johnson Building, Eastern Kentucky University, Richmond, Kentucky
(The Academic Affairs and Finance Committees will meet simultaneously at 8:30 am.)

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MINUTES
Joint Meeting of the Council on Postsecondary Education
and the Kentucky Board of Education
February 4, 2001

The Council on Postsecondary Education met in joint session with the Kentucky Board of Education February 4, 2001, at 2 p.m. at the offices of the council in Frankfort, Kentucky. Board Chair Helen Mountjoy presided.

ROLL CALL

The following Kentucky Board of Education members were present: Alcie Combs, Laken Cosby, Gordon K. Davies, Lydia Carol Gabbard, Gail Henson, Helen Mountjoy, Samuel Robinson, Keith Travis, Craig True, and William Weinberg. Jane Adams Venters and Paul Whalen did not attend.

The following Council on Postsecondary Education members were present: Norma Adams, Walter Baker, Steve Barger, Peggy Bertelsman, Ron Greenberg, Merl Hackbart, Hilda Legg, Amanda Coates Lich, Shirley Menendez, Charlie Owen, Joan Taylor, Lois Combs Weinberg, Charles Whitehead, and Gene Wilhoit. Philip Huddleston and Lee Todd did not attend.

WELCOME

Ms. Mountjoy, noting that this was the second joint meeting, said the two bodies are showing their concern about education at all levels. She said they are committed to resolving problems that cause students difficulty in moving from high school into college and, for some, back into schools as teachers.

Mr. Whitehead said the education system being built in Kentucky should be seamless. He said it is encouraging for the two boards to meet and talk through common issues.

**TEACHER
EDUCATION
AGENDA**

The first item on the agenda was a discussion of the teacher education agenda. Ms. Mountjoy said that during 1999 a task force looked at issues related to putting a high-quality teacher in every classroom. A number of suggestions became law, but others did not. Some issues have been discussed at great length since then.

Explaining the agenda for improving teacher education were Barbara Burch, provost at Western Kentucky University; Michael Marsden, provost at Eastern Kentucky University; and Mary Ellen Wiederwohl of the Education Professional Standards Board. To create the agenda, the Council of Chief Academic Officers of Kentucky's public postsecondary institutions has worked with education and arts and sciences deans, Education Professional Standards Board representatives, and the Kentucky Department of Education. The agenda will

- Make teacher education and professional development a top priority for all of Kentucky's public colleges and universities.
- Involve an entire college or university in teacher preparation.
- Recruit more high-quality students into teaching.
- Improve the quality of teacher education and professional development programs.
- Focus on improving learning for P-12 students by aligning teacher education with P-12 standards-based education.
- Increase retention of teachers in the profession.

A lengthy discussion followed. The chief academic officers will provide annual reports to the board and the council, documenting progress in achieving the goals outlined in the agenda.

**KY LONG-TERM
POLICY RESEARCH
CENTER
POSTSECONDARY
EDUCATION STUDY**

Representatives of the Kentucky Long-Term Policy Research Center presented its study of postsecondary education – case studies of selected Kentucky high schools, understanding variations in postsecondary outcomes; Kentucky's social returns on investments in higher education, a benefit-cost analysis; and the Kentucky High School Survey, an examination of students' attitudes, perceptions, and intentions.

**LOCAL P-16 COUNCIL
DEVELOPMENT**

An information item was presented on funding for local P-16 council development. The state P-16 Council has recommended the creation of local P-16 councils throughout Kentucky and has asked that the Council on Postsecondary Education approve use of \$100,000 from its Technology Initiative Trust Fund for grants in the 2000-02 biennium to form local P-16 councils and support existing councils and alliances. At its February 5 meeting, the Council on Postsecondary Education will consider a recommendation to develop local P-16 councils. Consideration of funding may be delayed until the March council meeting.

**P-16 ARTICULATION
AGREEMENT**

The P-16 articulation agreement was discussed. Articulation agreements between secondary and postsecondary institutions and between two- and four-year institutions help students make smoother transitions from one education level to the next and from school to the workplace. The P-16 articulation agreement establishes a framework for future articulation agreements between schools and postsecondary institutions.

MOTION: Mr. Greenberg moved that the State Board of Education and the Council on Postsecondary Education ensure that schools, colleges, and universities include information about these articulation agreements on their Web sites. Ms. Lich seconded the motion.

VOTE: The motion passed.

**P-16 COUNCIL
PROGRESS REPORT**

A progress report on the activities of the P-16 Council was included in the agenda book.

KEY INDICATORS OF
PROGRESS TOWARD
EDUCATION REFORM

Council staff member Sue Hodges Moore reviewed the key indicators of progress toward postsecondary education reform being developed by the Council on Postsecondary Education. Council action is planned for March 2001. The key indicators for elementary and secondary reform also were included in the agenda book. It was suggested that use of the word “college” be reconsidered since everyone will not attend a college or university but can be prepared for life and work through apprenticeships and training programs.

KY INNOVATION
COMMISSION

Ms. Mountjoy said that William Brundage, commissioner of the Kentucky Innovation Commission, would speak to the members of the two boards during dinner.

ADJOURNMENT

The meeting adjourned at 5:40 p.m.

Gordon K. Davies
President

Phyllis L. Bailey
Secretary

MINUTES
Council on Postsecondary Education
February 5, 2001

The Council on Postsecondary Education met February 5, 2001, at 10:15 a.m. at the council offices in Frankfort, Kentucky. Chair Whitehead presided.

ROLL CALL

The following members were present: Norma Adams, Walter Baker, Steve Barger, Peggy Bertelsman, Ron Greenberg, Merl Hackbart, Hilda Legg, Amanda Coates Lich, Shirley Menendez, Charlie Owen, Joan Taylor, Lois Combs Weinberg, Charles Whitehead, and Gene Wilhoit. Philip Huddleston and Lee Todd did not attend.

**JOINT MEETING
WITH KY BOARD
OF EDUCATION**

Mr. Whitehead noted that February 4 the council met jointly with the Kentucky Board of Education. He suggested that the boards meet more often to discuss common issues as they work to build a system of education in Kentucky. William Brundage, the commissioner of the Kentucky Innovation Commission, was the guest dinner speaker.

**APPROVAL OF
MINUTES**

The minutes of the November council meeting were approved as distributed.

**UPDATE ON
STATE ECONOMY**

Dr. James R. Ramsey, state budget director, gave a presentation on the state's economy, revenue outlook, and budget implications. Given the declining revenue estimates, at the end of January each cabinet secretary was asked to develop budget reduction plans of 2 and 4 percent for the current fiscal year. Although there are no guarantees, Dr. Ramsey said the administration would like to exempt K-12, postsecondary institutions, and Medicaid this fiscal year. If second-year cuts are necessary, a broad exemption may not be possible. He said the administration, believing that education is the key to long-term prosperity, worked hard during the last legislative session for more money for education and does not want to take it back.

**PRESIDENT'S
REPORT**

A written report from the council president was included in the agenda book. Mr. Davies called attention to the council's quarterly *Spotlight* publication, which in this issue provides enrollment information for fall semester 2000. During the past year, enrollment increased by about 8,000 students. The majority of the growth is in the Kentucky Community and Technical College System and at Lexington Community College. He said this reinforces the importance of community and technical colleges – and underscores the wisdom of the governor and the General Assembly in creating the KCTCS.

Mr. Davies said that the Strategic Committee on Postsecondary Education will meet February 7 to discuss the "points of consensus" as the basis of

the council's operating and capital guidelines for the 2002-04 budget recommendations.

The first national report card on higher education in the states was issued at the end of November by the National Center for Public Policy and Higher Education. Kentucky's grades were not very good but predictable. The report labeled Kentucky a state to watch because of its postsecondary education reforms. February 7 Patrick Callan, president of The National Center, will share information about the report card with SCOPE and will meet with leaders from across Kentucky to discuss policy issues it raises.

Mr. Davies said the council staff has submitted a budget reduction plan to the state budget director covering the council and Kentucky Virtual University operating budgets.

Mr. Davies introduced three new staff members: Yvonne Lovell, director of the GEAR UP project; Jennifer Marsh, senior associate for academic affairs; and Christina Whitfield, associate for academic programs.

LOCAL GOVERNANCE
AUTHORITY FOR
KCTCS INSTITUTIONS

RECOMMENDATION: The staff recommends that the council approve a request from the KCTCS Board of Regents to create three additional local boards of directors, bringing the total number of local boards to 16.

Dr. Michael McCall, KCTCS president, said that the board encouraged the community and technical colleges to consolidate functions, services, and programs. Some areas contain both community and technical colleges, some miles apart and some on the same property. The KCTCS has organized its community and technical colleges into 16 college districts. Thirteen of these districts contain community colleges that have local boards of directors. Three areas – northern Kentucky, Bowling Green, and Lexington – have only technical colleges so the KCTCS wishes to authorize three new boards within the system.

MOTION: Mr. Barger moved approval of the recommendation. Ms. Legg seconded the motion.

Mr. Barger said that it is important that technical college graduates or people with technical college backgrounds be appointed to all 16 of the local boards of directors. Dr. McCall agreed.

VOTE: The motion passed.

GRADUATE MEDICAL
EDUCATION REPORT

Mr. Davies said the council members want to know about issues facing Kentucky postsecondary education that are not emergencies but that merit attention. Graduate medical education is one. He said major universities operating large, complex academic health centers across the nation have experienced severe financial difficulties, in part because of huge changes in health care and how health care is financed. Dr. Lois Nora, associate dean of academic affairs and administration and professor of neurology at the

University of Kentucky College of Medicine, received an American Council on Education fellowship in the last year. During that time, Dr. Nora analyzed graduate medical education for the council. She reviewed national trends and interviewed medical education leaders in Kentucky. Dr. Nora made a presentation, focusing on the changing financial climate for academic health centers. She reviewed reasons behind the funding problem, the possible effects on academic medicine, and actions national organizations are taking to address these issues.

Mr. Greenberg asked staff to look at medical school funding and the initiatives of other states to change funding mechanisms.

LEGISLATIVE UPDATE

The most recent legislative bill-tracking chart was included in the agenda book, showing the status of legislation in the Kentucky General Assembly of interest to the council.

KEY INDICATORS OF PROGRESS TOWARD POSTSECONDARY EDUCATION REFORM

Sue Hodges Moore provided a status report on development of the key indicators of progress toward postsecondary education reform. Since the November meeting, the document has been shared with a number of constituent groups and individuals to seek advice. The response has been overwhelmingly positive, especially to the five questions that frame reform goals. Based on these conversations, changes have been made to the particular indicators but the five questions remain. The staff is meeting individually with the institutions to discuss systemwide goals as well as goals specific to each institution, including projections of undergraduate and graduate enrollments, retention rates, and graduation rates. The council staff will seek approval of selected key indicators at the March 2001 meeting. Others will be brought before the council over the course of the coming year as they are completed.

Mr. Greenberg asked that a sixth question be added – are Kentucky's colleges improving their academic performance?

2001 DEGREE PROGRAM ELIGIBILITY

An information item was presented on degree program eligibility in 2001. The annual assessment is part of the council's monitoring of progress under the *1997-2002 Kentucky Plan for Equal Opportunities*.

PARTNERSHIP WITH OCR

A status report was provided on the partnership agreement with the U.S. Department of Education's Office for Civil Rights. Institutional implementation of the partnership commitments is well under way, and the agreement is expected to be completed on schedule by December 31, 2002, provided that Kentucky State University can fulfill its commitment to renovate the Young Hall dormitory. In a previous meeting, based on a request from KSU, the council approved a recommendation to postpone renovation of the Young Hall dormitory to the 2002-04 budget because of financial issues facing KSU at this time. The OCR requested that the Committee on Equal Opportunities not visit all university campuses in 2001 but to visit only Kentucky State University. The OCR staff said the

institutions have not been given sufficient time to implement the recommendations and wants to provide additional opportunity to do so.

DEVELOPMENT OF
LOCAL P-16 COUNCILS

RECOMMENDATION: The Academic Affairs Committee recommends that the council endorse the plan to develop local P-16 councils created by the state P-16 Council but delay consideration of funding for the plan until the March 19 meeting.

MOTION: Mr. Greenberg moved approval of the recommendation. Mr. Barger seconded the motion.

VOTE: The motion passed.

APPALACHIAN P-16
REGIONAL SUMMIT

President Ron Eaglin of Morehead State University announced the Appalachian P-16 Regional Summit to be held at Morehead February 20-21. This conference will address teacher and administrator training and retention.

TEACHER
EDUCATION AGENDA

Ms. Weinberg said that discussion at the February 4 joint meeting of the council and the Kentucky Board of Education was dynamic in terms of the progress and discussion about possible changes in schools of education and teacher preparation. She asked the council staff to ensure that the institutions report their progress.

KYVU/KYVL REPORT

Miko Pattie, director of the Kentucky Virtual Library, gave highlights of the KYVL annual report. The virtual library was one year old November 1, 2000. There have been more than 4 million searches of the databases during the first year. Marketing planned for the next few months will make Kentuckians more aware of the services provided.

Mary Beth Susman said that the Kentucky Virtual University recently participated in the Governor's Conference on Latin America. The KYVU announced its partnership with Monterrey Technical Virtual University in Mexico to provide opportunities to Spanish-speaking Kentuckians to study in their native language, for Kentuckians to study abroad from their homes, and to develop transfer agreements between Kentucky institutions and Monterrey Tech. Monterrey Tech is the largest private university in Latin America with 85,000 students and 30 campuses. The KYVU is Monterrey Tech's first virtual university liaison.

Dr. Susman said that the Distance Learning Advisory Committee recently approved a goal of 4,000 enrollments for KYVU by fall 2002. Current enrollment for this semester is 3,700. Students are predominantly those who are already registered at the campuses and come from all 120 Kentucky counties, 22 other states, and 8 foreign countries. The ratio is

two-to-one female and the average age is 32. She said that a substantial marketing plan to promote fall enrollment would begin in April.

Ms. Adams presented the Academic Affairs Committee report.

JOINT
ENGINEERING
PROGRAMS

RECOMMENDATIONS:

- The staff recommends that the council reassert its commitment to the “Strategy for Statewide Engineering Education in Kentucky” and to approving joint programs in engineering to begin fall 2001.
- The staff recommends that the council commend Western Kentucky University, Murray State University, the University of Kentucky, and the University of Louisville for their work in creating the two Frameworks of Agreement on joint bachelor’s degrees in civil, mechanical, electrical, and telecommunications engineering starting fall 2001. The universities will soon seek approval for each joint program, providing full detail on curriculum, staffing, and cost.

MOTION: Ms. Adams moved approval of the recommendations. Ms. Menendez seconded the motion.

VOTE: The motion passed.

ACADEMIC
PROGRAM
PRODUCTIVITY
REVIEW

RECOMMENDATIONS:

- The staff recommends that the council accept the December 15, 2000, updates from the universities’ academic program reviews and commends the universities for evaluating low-productivity programs that could be improved or closed.
- The staff recommends that the council reaffirm its strong encouragement to faculty and staff from all academic disciplines to explore ways to share programs through statewide collaboratives (emphasizing the Kentucky Virtual University whenever possible), partnerships within clusters of institutions, or the development of complementary specializations, and commend faculty and staff for their efforts to develop these arrangements.

MOTION: Ms. Adams moved approval of the recommendations. Mr. Greenberg seconded the motion.

Mr. Davies commended the universities on their work. He said that the time taken to review academic programs is an indication of the care that the institutions have devoted to this process. The staff is now working with the KCTCS institutions to review their programs.

VOTE: The motion passed.

MS IN PHYSICIAN
ASSISTANT STUDIES,
UK

RECOMMENDATION: The staff recommends that the council approve the master of science in physician assistant studies proposed by the University of Kentucky. The program would be registered in CIP 51.0807 (physician assistant).

MOTION: Mr. Greenberg moved approval of the recommendation. Mr. Barger seconded the motion.

VOTE: The motion passed.

Mr. Baker presented the report of the Finance Committee.

2002-04 FUNDING
METHODOLOGY
POINTS OF CONSENSUS

RECOMMENDATIONS:

- The staff recommends that the council endorse the “Points of Consensus Among University Presidents, KCTCS President, and the Council President Concerning the 2002-04 Funding Methodology” as the basis of the council's operating and capital guidelines for the 2002-04 budget recommendations.
- The staff further recommends that the council direct the staff to propose more specific details to guide the development of the council's 2002-04 operating and capital budget recommendations.

Mr. Baker noted a change to the points of consensus document. In point IV. Endowment Match Program, the first sentence reads: “The Endowment Match Program should be retained.” The remainder of the sentence has been deleted.

MOTION: Mr. Baker moved approval of the recommendations. Mr. Barger seconded the motion.

VOTE: The motion passed.

GUIDELINES:
2001-02 ENROLLMENT
GROWTH AND
RETENTION PROGRAM

RECOMMENDATION: The staff recommends that the council approve the 2001-02 Enrollment Growth and Retention Program Guidelines.

MOTION: Mr. Baker moved approval of the recommendation. Mr. Hackbart seconded the motion.

Ms. Bertelsman said further discussion is needed on how to distribute trust funds for the next biennium.

Mr. Davies said that the council members would decide how to distribute the money during the budget preparation process. The points of consensus document states that the guidelines for the distribution of the trust fund money will be developed at the beginning of the process.

Ms. Adams said that she would like to discuss rewarding the system as a whole rather than individual institutions.

VOTE: The motion passed.

POSTSECONDARY ED
TRUST FUND
INVESTMENT INCOME
& TECHNOLOGY
INITIATIVE TRUST
FUND

The Finance Committee deferred action on Agenda Items G-3 and G-4 – postsecondary education trust funds investment income and technology initiative trust fund. These items will be considered in March.

RECOMMENDATION: The staff recommends that the council approve the KCTCS request to spend \$240,000 annually in private funds to lease classroom and office space for an industrial-maintenance program.

HENDERSON CC LEASE
OF CLASSROOM SPACE

MOTION: Mr. Baker moved approval of the recommendation. Mr. Greenberg seconded the motion.

VOTE: The motion passed.

ASHLAND TECHNICAL
COLLEGE
RENOVATION

RECOMMENDATION: The staff recommends that the council approve the KCTCS request to consolidate two projects and construct an Ashland Technical College and East Park Training Center in the Northeast Kentucky Regional Industrial Park in Boyd County. A project was authorized by the 2000 General Assembly to renovate the original Ashland Technical College campus.

MOTION: Mr. Baker moved approval of the recommendation. Ms. Weinberg seconded the motion.

VOTE: The motion passed.

RECOMMENDATION: The staff recommends that the council approve the KCTCS Ashland Technical College request to increase the project amount from \$6.9 million to \$10.4 million. Federal funds and economic development bonds will be used to pay for the increase in the scope of the project.

1998-2000 RESEARCH
EQUIPMENT POOL
FUNDS, UK & UofL

LONG-TERM
PLANNING & POLICY
COMMITTEE

MOTION: Mr. Baker moved approval of the recommendation. Mr. Greenberg seconded the motion.

VOTE: The motion passed.

An information item was provided on the University of Kentucky and the University of Louisville 1998-2000 research equipment pool funds.

RECOMMENDATION: The Finance Committee recommends that the council establish a long-term planning and policy committee to consider educational, financial, economic, and demographic trends and issues that may affect the attainment of the council's postsecondary education goals and to recommend such policy and related changes to the full council that may be appropriate.

MOTION: Mr. Baker moved adoption of the recommendation. Mr. Barger seconded the motion.

Ms. Bertelsman asked that the committee membership consist of both Academic Affairs and Finance Committee members.

Mr. Owen said that the staff would provide information on issues that the council should consider that will affect Kentucky and the nation.

Ms. Bertelsman asked that this information be sent to the council members every two months before regular meetings so that council members can request topics to be discussed at Sunday afternoon work sessions.

Mr. Hackbart suggested that the staff prepare for the March meeting a draft of the operational activities of the committee. Committee members could be appointed after the next meeting.

Ms. Weinberg said that this committee will help the council members fulfill their responsibility to help interpret and to implement House Bill 1, which rethinks postsecondary education in Kentucky and how it relates to the economic prosperity of the state. In addition to the council's monitoring responsibilities, the council members need to focus on long-term issues such as graduate medical education.

Mr. Davies recommended against the committee. He said that the full council, not a committee, should deal with the strategic agenda. A variety of issues, such as graduate medical education, cuts across the two standing committees and is a reason why the staff has suggested that academic affairs and finance might not be the best way to organize the council's committee structure. He said that the council should review its existing committee structure before establishing this new committee.

VOTE: The motion passed with Ms. Menendez voting no.

COUNCIL
OPERATING BUDGET

RECOMMENDATION: The Finance Committee recommends that the council staff provide council members for approval a proposed operating budget by June 1 of each year for the next fiscal year.

MOTION: Mr. Baker moved adoption of the recommendation. Mr. Barger seconded the motion.

VOTE: The motion passed.

QUARTERLY
BUDGET REPORTS

RECOMMENDATION: The Finance Committee recommends that the council staff be directed to provide council members quarterly budget reports including expenditures to date and deviations from its approved biennial budget for the fiscal year.

MOTION: Mr. Baker moved adoption of the recommendation. Mr. Barger seconded the motion.

VOTE: The motion passed.

COUNCIL AUDIT

RECOMMENDATION: The Finance Committee recommends an annual audit and an audit committee to develop a request for proposal for hiring an auditor.

MOTION: Mr. Baker moved adoption of the recommendation. Mr. Barger seconded the motion.

At 1 p.m. the council convened in executive session to discuss a personnel matter.

EXECUTIVE
SESSION

At 1:40 p.m. the council reconvened in general session. Mr. Whitehead reported that no action was taken during the executive session.

TODD RESOLUTION

MOTION: Mr. Hackbart moved that the council draft and pass along a resolution to Lee Todd congratulating him on his appointment as the new president of the University of Kentucky. Mr. Barger seconded the motion.

VOTE: The motion passed.

The meeting adjourned at 1:45 p.m.

ADJOURNMENT

Gordon K. Davies
President

Phyllis L. Bailey
Secretary

MINUTES
Council on Postsecondary Education
Special Meeting
February 22, 2001

The Council on Postsecondary Education met in a special meeting February 22, 2001, at 11 a.m. at the council offices in Frankfort. Chair Whitehead presided.

ROLL CALL

The following members were present: Norma Adams, Walter Baker, Steve Barger, Peggy Bertelsman, Ron Greenberg, Merl Hackbart, Hilda Legg, Amanda Lich, Shirley Menendez, Charlie Owen, Joan Taylor, Lee Todd, Lois Weinberg, and Charles Whitehead. Philip Huddleston and Gene Wilhoit did not attend.

**EXECUTIVE
SESSION**

MOTION: Ms. Weinberg moved that the council go into executive session. Mr. Baker seconded the motion.

VOTE: The motion passed.

Chair Whitehead indicated that the council would go into executive session pursuant to KRS 61.810(1)(f) to discuss a personnel matter related to the appointment, dismissal, or discipline of an employee. Mr. Whitehead also indicated that the executive session would not involve a discussion of performance or governance issues.

The council reconvened in open session at approximately 2:15 p.m. Mr. Whitehead indicated that the council in executive session had discussed a personnel matter related to the appointment, dismissal, or discipline of an employee and that the council had no report.

ADJOURNMENT

The meeting adjourned at 2:20 p.m.

Gordon K. Davies
President

Phyllis L. Bailey
Secretary

PRESIDENT'S REPORT

**Agenda Item D
March 19, 2001**

As you well know from your own professional activities, it is possible to be so busy that you get nothing done. So it has been since your meeting February 5.

By the time you get this agenda book, the General Assembly will have completed its short session except for a two-day wrap-up March 22-23. Very little legislation having a lasting effect on higher education was enacted but there was, notwithstanding, constant activity. House Bill 303 (Representative Moberly), which would have created a teacher quality trust fund using interest earnings on the existing trust funds, was not enacted. This bill essentially reflected a proposal you made that was included in the budget presented by Governor Patton to the 2000 session of the General Assembly. I still think this is a good idea and hope you will consider advancing it for consideration in 2002. House Bill 17 (Representative Draud), codifying the notion of local P-16 councils, passed both houses and was sent to the Governor.

House Resolution 1 (Representative Clark), relating to the endowment match programs for the research and comprehensive universities, was passed in altered form. The resolution, which is advisory rather than prescriptive, requests the council not to match funds from "university affiliated sources." We shall work with the institutions to ensure that we do not hamstring the fundraising efforts of the two institutions potentially affected, the University of Louisville and the University of Kentucky. You might consider the advantages and disadvantages of seeking to codify this program in 2002.

Mary Beth Susman, chief executive officer of the Kentucky Virtual University and Virtual Library, has been invited by Governor Patton to tell the KYVU/KYVL story at a National Governors' Association meeting in Washington March 20. KYVU is the most successful public virtual university start-up in the country. Our major obstacle right now is having enough products (full degree and certificate programs) to offer potential students. We are working with several Kentucky universities, the KCTCS, and other providers to expand the programs available.

We have finished the first round of meetings with the institutions about their benchmark institutions and their 2002-06 goals on performance indicators (especially enrollment, retention, and completion rates). Each institution will propose goals for 2002-06 and then we'll meet again if necessary. Benchmark lists have been agreed to for all institutions except Kentucky State University, Morehead, and possibly Northern Kentucky University.

I am pleased to tell you that Rana Johnson successfully defended her dissertation at the University of Kentucky last month and soon will be Dr. Johnson. Whether some Boswell will write her "life" remains to be seen.

LEGISLATIVE UPDATE

**Agenda Item D-1
March 19, 2001**

The most recent bill tracking chart follows this page. The staff will provide an update on legislative action at the meeting.

**COUNCIL ON POSTSECONDARY EDUCATION
BILL TRACKING CHART
WEEK ENDING MARCH 9**

BILL/ SPONSOR	DESCRIPTION	ORIGINATING CHAMBER		NON-ORIGINATING CHAMBER	
		Committee	Status	Committee	Status
SB 14/ Shaughnessy	Removes from the <i>Postsecondary Education Improvement Act</i> language requiring that the Council president's total compensation be higher than any public university president's base salary	Education	Pending in committee		
SB 71/ Shaughnessy	Allows high school foreign exchange and U.S. Congressional page experiences to be included in KEES earning calculations	Education	<ul style="list-style-type: none"> • Reported favorably from committee • Passed Senate 35-0 	Education	<ul style="list-style-type: none"> • Reported favorably from committee • Passed House 96-0 • Sent to Governor
SB 118/ Stivers and Mongiardo	Makes changes to the University of Kentucky's Center of Excellence in Rural Health	Education	<ul style="list-style-type: none"> • Reported favorably from committee • Passed Senate 34-0 	Health and Welfare	<ul style="list-style-type: none"> • Reported favorably from committee • Passed House 96-0 • Sent to Governor
SB 137/ Stine	Creates a uniform numerical grading scale for determining student eligibility for the Kentucky Educational Excellence Scholarship	Education	Pending in committee		
SB 151/ Casebier and Karem	Prohibits the Education Professional Standards Board from taking disciplinary action against a teacher for a matter under judicial review	Education	<ul style="list-style-type: none"> • Reported favorably from committee • Passed Senate 37-0 	Education	Pending in committee
SB 170/ Mongiardo and Turner	Requires the Kentucky Higher Education Assistance Authority to award at least one scholarship for osteopathic practice in a residency program at a Kentucky medical school	Education	<ul style="list-style-type: none"> • Reported favorably from committee • Passed Senate 37-0 	Education	Pending in committee
SB 173/ Denton	Reduces by 5% the salary of all nonclassified executive branch employees and suspends annual salary increment	State and Local Government	Pending in committee		

BILL/ SPONSOR	DESCRIPTION	ORIGINATING CHAMBER		NON-ORIGINATING CHAMBER	
		Committee	Status	Committee	Status
SCR 2/ Shaughnessy	Creates a special subcommittee to study Kentucky's Advanced Placement Program	Education	<ul style="list-style-type: none"> • Reported favorably from committee • Adopted 34 - 0 	Education	<ul style="list-style-type: none"> • Reported favorably from committee • Adopted 96-0 • Sent to Governor
SCR 16/ Mongiardo, Turner, and Worley	Directs the Subcommittee on Information Technology to study the availability of high speed Internet access across Kentucky	Economic Development, Tourism & Labor	Pending in committee		
SCR 38/ Mongiardo	Directs the Interim Joint Committee on Education to review research that analyzes relationship of size of elementary and secondary schools to a number of measures of student achievement, including transition to postsecondary education	Education	Pending in committee		
SJR 56/ Mongiardo	Directs the council to work with several universities and the Kentucky Community and Technical College System to develop a budget proposal for the University Center of the Mountains	Education	Pending in committee		
SCR 77/Stine	Directs the Interim Joint Committee on Education to study the Kentucky Educational Excellence Scholarship Program to determine if changes are needed	Education	Pending in committee		
HB 4/ Damron et al.	Sales tax exemption for school supplies purchased the first week of August	Appropriations and Revenue	Pending in committee		
HB 14/Crimm	Requires specified education agencies, including the council, and public postsecondary institutions, to evaluate consumer credit reports of applicants for fiduciary positions	Education	Pending in committee		

BILL/ SPONSOR	DESCRIPTION	ORIGINATING CHAMBER		NON-ORIGINATING CHAMBER	
		Committee	Status	Committee	Status
HB 17/Draud and Moberly	Creates grant program, to be administered by the council, for the development of local-regional P-16 councils	Education	<ul style="list-style-type: none"> • Reported favorably from committee • Passed House 97-0 	Education	<ul style="list-style-type: none"> • Reported favorably from committee • Recommitted to Senate Education • Reported favorably from committee • Passed Senate 35-0 • Sent to Governor
HB 18/Draud	Increases to \$500,000 the threshold above which education construction projects are subject to prevailing wage	Labor and Industry	Pending in committee		
HB 28/Stumbo, Colter, Hall	Changes compulsory school attendance age from 6 – 16 to 6 – 18	Education	Pending in committee		
HB 56/Mobley, Colter, Nelson	Tuition waiver for up to two terms at public postsecondary institutions upon the initial enrollment of a student who scores 21 and above on the ACT and who demonstrates good character, citizenship, and leadership while attending a public high school	Education	Pending in committee		
HB 62/Nunn et al.	Tuition waiver at public postsecondary institutions for a Kentucky foster or adopted child who is a full-time student	<ul style="list-style-type: none"> • Education • Appropriations and Revenue 	<ul style="list-style-type: none"> • Reported favorably from Education • Reported favorably from Appropriations and Revenue • Passed House 93-0 	Appropriations and Revenue	<ul style="list-style-type: none"> • Reported favorably from committee • Passed Senate 37-0 • Sent to Governor

BILL/ SPONSOR	DESCRIPTION	ORIGINATING CHAMBER		NON-ORIGINATING CHAMBER	
		Committee	Status	Committee	Status
HB 67/ Moberly and Stewart	Removes from the <i>Postsecondary Education Improvement Act</i> language requiring that the Council president's total compensation be higher than any public university president's base salary	Education	Pending in committee		
HB 100/ Barrows, Thomas, P. Clark	Creates industrial hemp research program – the Council will select a university or universities' agricultural research program as the program site	Agriculture and Small Business	<ul style="list-style-type: none"> • Reported favorably from committee • Passed House 66-32 	Agriculture and Natural Resources	<ul style="list-style-type: none"> • Reported favorably from committee • Passed Senate 26-11 • Sent to Governor
HB 126/Yonts	Prohibits any student under 18 who drops out of school from having a driver's license unless enrolled and making satisfactory progress in a General Educational Development program	Judiciary	Pending in committee		
HB 127/Yonts	Changes compulsory school attendance age from 6 – 16 to 6 – 18	Education	Pending in committee		
HB 165/ Graham and Barrows	Requires government agencies, including colleges and universities, to give public notice of intent to construct new facilities. If there is objection, a public hearing is required, followed by a report to the General Assembly's Capital Projects and Bond Oversight Committee.	Local Government	<ul style="list-style-type: none"> • Reported favorably from committee • Passed House 99-0 	Appropriations and Revenue	Reported favorably from committee
HB 170/ Geveden	Exempts several agencies, including the council, from the schedules of compensation and salary limitations set by the Personnel Cabinet	State Government	<ul style="list-style-type: none"> • Reported favorably from committee • Passed House 73-9 	State and Local Government	Reported favorably from committee

BILL/ SPONSOR	DESCRIPTION	ORIGINATING CHAMBER		NON-ORIGINATING CHAMBER	
		Committee	Status	Committee	Status
HB 217/ Vincent, Branham, and Colter	Waives sovereign immunity for motor vehicle liability claims to the extent of liability insurance coverage purchased	Judiciary	<ul style="list-style-type: none"> Reported favorably from committee Passed House 88-9 	State and Local Government	Reported favorably from committee
HB 236/ Thomas	Allows employees of comprehensive universities to join state-sponsored health insurance group	Banking and Insurance	<ul style="list-style-type: none"> Reported favorably from committee Passed House 98-0 	State and Local Government	Reported favorably from committee
HB 244/ Haydon and Crimm	Tuition waiver for disabled dependents of veterans	Education	Pending in committee		
HB 247/ Nunn	Establishes the "Master Settlement Agreement Trust Fund." Funded in part by a reduction in the 2000-02 appropriation to the Lung Cancer Research Program.	Agriculture and Small Business	Pending in committee		
HB 278/ Comer et al.	Provides a tuition waiver for dependents of state employees who die as a result of duty-related injury	State Government	<ul style="list-style-type: none"> Reported favorably from committee Passed House 91-1 	State and Local Government	<ul style="list-style-type: none"> Reported favorably from committee Passed Senate 36-0
HB 300/ Richards	Adjusts residency requirement for appointees to university and community or technical college boards of regents	Education	<ul style="list-style-type: none"> Reported favorably from committee Passed House 92-1 	State and Local Government	<ul style="list-style-type: none"> Reported favorably from committee Passed Senate 38-0 Sent to Governor
HB 303/ Moberly and Draud	Creates a teacher education model programs trust fund	<ul style="list-style-type: none"> Appropriations and Revenue Education 	<ul style="list-style-type: none"> Reported favorably from Appropriations and Revenue Recommitted to Education 		
HB 334/ Rasche	Conforms definition in separate statutes of "college accrediting association"	Education	<ul style="list-style-type: none"> Reported favorably from committee Passed House 97-0 	Education	Reported favorably from committee

BILL/ SPONSOR	DESCRIPTION	ORIGINATING CHAMBER		NON-ORIGINATING CHAMBER	
		Committee	Status	Committee	Status
HB 336/ Heleringer	Allows the governing board of any postsecondary institution to bring suit against employees whose actions result in a penalty, the disqualification, or suspension of the institution from participating in intercollegiate athletics	Judiciary	Pending in committee		
HB 340/ Wayne	Requires expenses incurred by the Auditor of Public Accounts in auditing a state or local agency or other entity to be paid by the agency or entity	State Government	Pending in committee		
HB 363/ Richards	Permits state agencies and postsecondary institutions to allow employees to use five days per year of paid leave time to volunteer in the public schools	Education	<ul style="list-style-type: none"> • Reported favorably from Education • Recommitted to Education 		
HB 364/Kerr	Permits a state income tax deduction for contributions made to the Kentucky educational savings plan trust	Education	Pending in committee		
HB 382/Riner	Establishes eligibility criteria of graduates of nonpublic high schools for the Kentucky Educational Excellence Scholarship Program	Education	Pending in committee		
HR 1/L. Clark	Urges that the council implement recommendations of the state auditor's report on the endowment match program	Education	<ul style="list-style-type: none"> • Reported favorably from committee • Adopted 92-2 		
HCR 2/Bather	Creates a nursing, pharmacist, and allied health professional shortage task force	Health and Welfare	<ul style="list-style-type: none"> • Reported favorably from committee • Adopted by House 88-7 	Agriculture and Natural Resources	Pending in committee
HCR 29/Yonts	Directs the Interim Joint Committee on Education to study food and beverage service contracts at the universities	Education	Pending in committee		

BILL/ SPONSOR	DESCRIPTION	ORIGINATING CHAMBER		NON-ORIGINATING CHAMBER	
		Committee	Status	Committee	Status
HCR 99/Butler et al.	Directs the Interim Joint Committee on Education to study the Kentucky Educational Excellence Scholarship Program to determine if changes are needed	Education Appropriations and Revenue	<ul style="list-style-type: none"> • Reported favorably from Education • Recommitted to Appropriations and Revenue 		

KEY INDICATORS OF PROGRESS TOWARD POSTSECONDARY REFORM

ACTION
Agenda Item D-2
March 19, 2001

Recommendation

- The staff recommends that the council approve the key indicators outlined in Attachment A to answer the five questions guiding postsecondary reform. These indicators will tell us whether Kentucky's system of postsecondary education is helping to improve the lives of Kentucky's people, the quality of the communities in which they live and work, and the economic well-being of the state.
- For the indicators included in Attachment B, the staff recommends that the council approve goals for 2002.
- The staff recommends that the council direct the staff to continue its work with the institutions and other agencies to propose the remaining goals by the end of 2001 according to the schedule outlined in Attachment C.

Background

The governor and General Assembly have judged that improving the quality of postsecondary education and increasing access to it will result in per capita income and standard of living at or above the national average by 2020. This means better jobs, higher incomes, better public schools, healthier children, and more stable families. In keeping with this judgment, state policymakers passed legislation in 1997 that set postsecondary education reform in motion.

As one of its first major acts, the council developed *2020 Vision: An Agenda for Kentucky Postsecondary Education*, which charts the course for reform. This plan focuses on how our efforts can make life better for the people of Kentucky. It focuses on those whom we serve.

The key indicators of progress toward postsecondary reform reflect the long-term goals of the effort. By focusing on the people of Kentucky—as students, parents, and workers—they offer a perspective that helps us view ourselves as providers of a public service and our work as a means to an end.

Answering Five Questions

One year ago, the council endorsed a set of five questions as the framework for developing a brief set of performance indicators:

- Are more Kentuckians ready for postsecondary education?
- Are more students enrolling?
- Are more students advancing through the system?
- Are we preparing Kentuckians for life and work?
- Are Kentucky's communities and economy benefiting?

The indicators listed in Attachment A will provide the answers. There are, of course, other possible measures. But settling on a short, selective list—8 to 10 for each question—will help the council focus its time, attention, and resources on what matters most at these early stages of reform. What we measure is what will matter.

The proposed measures should prompt systemwide change and improvement in the following ways:

Question 1: Are more Kentuckians ready for postsecondary education? Too many Kentuckians are not prepared to take full advantage of postsecondary education. Too few high school students are ready for postsecondary education when they graduate and too many do not graduate. We answer this question by looking at these two groups of people—the adult population in general and recent high school graduates in particular.

First, we want smaller percentages of Kentucky's adults functioning at low levels of literacy and with less than a high school diploma or GED. (Note: Our adult education initiative has its own set of five critical questions and performance indicators for each. Here, we pose only indicators that deal specifically with preparation for postsecondary education.)

Second, we want more students to take courses in high school that prepare them for advanced education, and we want increased performance on tests that predict how well students will do when they reach college.

Question 2: Are more students enrolling? Too few Kentuckians have advanced education beyond high school. We propose increasing the number of students enrolling in our colleges and universities, the percentage of the adult population enrolled, and the rates at which high school graduates and GED completers go on to postsecondary education.

Including GED completers is new for Kentucky and recognizes the importance of adult education in meeting postsecondary goals. Two additional measures underscore the role of the Kentucky Virtual University in contributing to enrollment and college-going rates.

In 1999, the council first established enrollment goals through the *Action Agenda, 1999-2004*. We shall update these projections over the course of the next few months.

Question 3: Are more students advancing through the system? Too many students leave college without earning a credential or acquiring a marketable skill. And Kentucky ranks 42nd in the percentage of the population with a bachelor's degree. Under Question 3, we propose two types

of indicators: 1) persistence, which tells us the extent to which students stay in college, earn certificates and diplomas, and transfer into advanced programs, and 2) graduation, which tells us whether they are completing baccalaureate programs and the timeliness with which they do so.

Regarding retention (freshmen still enrolled a year later), for the first time we propose tracking freshmen regardless of where they go. A new systemwide retention rate will show how many first-time students were still enrolled a year later—either at the same institution or at another in Kentucky, public or independent.

Question 4: Are we preparing Kentuckians for life and work? Too little is known about what students know and are able to do as a result of their college experiences. America's postsecondary education systems are made up of diverse institutions. There is no national curriculum and no good test that measures learning and allows comparisons from state to state (or even institution to institution).

We can know whether students are actively engaged in their college experience (a good predictor of learning) and the extent to which alumni think that their collegiate experiences prepared them for good jobs and satisfying lives. We will conduct surveys beginning in 2001.

We continue to have a placeholder in the key indicator system for foundational skills. In November, the staff reported that a number of states are interested in developing a test to measure reading, writing, mathematics, critical thinking, and problem solving. In the meantime, we propose to use the results from the satisfaction surveys and the National Survey of Student Engagement (see Agenda Item E) as proxy measures of student learning and preparation for life and work.

Question 4 also includes a key indicator addressing the preparation of teachers. House Bill 1 states that "...contributions to the quality of elementary and secondary education shall be a central responsibility of Kentucky's postsecondary institutions." The council staff has been working with the Education Professional Standards Board to establish the best measure for the council to use to measure the quality of teacher preparation and development. EPSB is the state agency responsible for working with the institutions on a national report card on teacher preparation sponsored by the U.S. Department of Education. The council's measures and goals will be consistent with this effort.

All of the indicators under Question 4 are being developed, and the staff will bring specific measures and goals to the council later in the year. As discussed at both the March and November 2000 council study sessions, we will report selected test scores for licensure, certification, and graduate school admissions exams as additional information about student competence.

Question 5: Are Kentucky's communities and economy benefiting? Kentucky needs better jobs and a workforce with the knowledge and skills to fill them. Otherwise, the House Bill 1 goals of higher per capita income and improved standard of living will not be met. Kentucky needs to create, attract, and sustain industries that thrive on new ideas and technologies.

Three types of measures will help gauge our success: the employment of graduates, the satisfaction of communities and employers with those graduates (and with other services provided by the colleges and universities), and the research and development efforts of the universities. We will conduct a community and employer survey this year and will establish goals once baseline data are known.

Goal setting for research and development indicators is being coordinated with the work of the Kentucky Innovation Commission and the commissioner of the new economy. The staff will present proposed goals for council consideration in May or July.

Setting Goals

The first of the six goals in House Bill 1 states that by 2020 Kentucky should have “a seamless, integrated system of postsecondary education strategically planned and adequately funded to enhance economic development and quality of life.” The proposed key indicators and goals were designed to help create this seamless system. As such, the majority of them are measured at the systemwide level. College going, educational attainment, and high school course taking cannot be broken down by institution. The indicators that set institutional goals do so to encourage changes on the campuses directed toward systemwide goals.

The council staff is proposing 2002 goals at the March meeting for about half of the systemwide indicators. Other goals will be presented later in 2001. Institutional goals for enrollment, retention, and graduation rates, initially set in the Action Agenda in 1999, will be renegotiated this spring so that objectives can be used in the budget development process. Other goals, including those under Questions 4 and 5, involve surveys or close coordination with other state agencies. Attachment A includes a goal-setting date for each indicator.

Coordinating with Others

As we developed performance indicators and goals throughout 2000, the council staff sought advice from the postsecondary community and from individuals and groups it serves. The staff consulted regularly with the presidents, chief academic officers, institutional research staffs, and faculty leaders. Externally, the staff sought advice from the Kentucky Department of Education, Workforce Development Cabinet, Education Professional Standards Board, Kentucky Long-Term Policy Research Center, Department for Employment Services, Prichard Committee for Academic Excellence, Association of Independent Kentucky Colleges and Universities, governor’s staff, legislative staff, Kentucky Educational Television, Kentucky Chamber of Commerce, AFL/CIO and other labor groups, Kentucky League of Cities, Kentucky Higher Education Assistance Authority, and Kentucky Advocates for Higher Education.

Where the council’s work overlaps with that of other agencies, the staff attempted to coordinate to the greatest extent possible. Question 1 is a good example. Since last fall, the council staff has worked closely with the staff of the Kentucky Department of Education about these indicators (and a few others under Questions 2 and 4). The council discussed its key indicators at the

February 2001 joint meeting with the Kentucky Board of Education. That board is developing its strategic plan and performance indicators this winter and spring. Although it appears that the council's goals and state board's preliminary ones are congruent, the council may need to refine its goals once the state board has completed its work.

Similarly, indicators under Question 5 should be compatible with the work of the newly formed Kentucky Innovation Commission, and those relating to teacher quality should fit with the work of the Education Professional Standards Board.

Unlike any other initiative in the reform to date, the development of these key indicators makes clear that postsecondary education is central to a host of other state initiatives. Exploring these connections gives the council the opportunity to understand shared goals and to create partnerships as we attempt to achieve them.

Key Indicators of Progress toward Postsecondary Reform in Kentucky

1. Are more Kentuckians ready for postsecondary education?

<u>Indicator/Measure</u>	<u>Level of Measurement</u>	<u>When Will Goals Be Set?</u>
Preparation of Adults		
1. Percentage of adults at literacy levels one and two	Statewide	March 2001
2. Percentage of adults with less than high school diploma or GED	Statewide	March 2001
Preparation of Recent High School Graduates		
3. Average ACT scores of high school graduates	Statewide	March 2001
4. Percentage of high school graduates taking the ACT	Statewide	March 2001
5. Number of college-level courses per 1,000 HS juniors and seniors	Statewide	March 2001
6. Percentage of high school students completing the ACT core coursework	Statewide	March 2001
7. High school test scores	Statewide	Fall 2001
Affordability (Family Ability to Pay)		
8. Percentage of income needed to pay for college expenses minus financial aid	Statewide	March 2001

2. Are more students enrolling?

<u>Indicator/Measure</u>	<u>Level of Measurement</u>	<u>When Will Goals Be Set?</u>
Postsecondary Enrollment		
1. Number of undergraduates	Statewide, Institutional	Action Agenda, Fall 1999: Revised by Spring/Summer 2001
2. Number of graduates/professionals	Universities	UK and UofL - Action Agenda, Fall 1999: Revised by Spring/Summer 2001 Comp. Universities - Spring/Summer 2001
3. Number of students enrolled in KYVU credit courses	Statewide	March 2001
4. Number of "new students" enrolled in KYVU credit courses	Statewide	Spring/Summer 2001
College Participation		
5. Percentage of the adult population enrolled in KY colleges	Statewide	March 2001
6. Percentage of the adult population enrolled in KY colleges from target counties	Statewide	March 2001
College-Going		
7. Percentage of students attending college directly out of high school	Statewide	Revised, March 2001

8. Percentage of students attending college directly out of high school from target counties

Statewide

March 2001

9. College-going rates of GED completers within two years

Statewide

March 2001

3. Are more students advancing through the system?

<u>Indicator/Measure</u>	<u>Level of Measurement</u>	<u>When Will Goals Be Set?</u>
Persistence and Completion		
1. One-year retention rates of first-time freshmen	Institutional	Action Agenda, Fall 1999 Revised by Spring/Summer 2001
2. One-year retention rates of underprepared students	Institutional	Fall 2001
3. One-year systemwide retention rate of first-time freshmen	Systemwide	March 2001
4. Number of community and technical college transfers	KCTCS/LCC	March 2001
5. Average number of credit hours transferred	KCTCS/LCC	March 2001
6. One-year persistence rates of associate, diploma, and certificate students	KCTCS	Fall 2001
Graduation		
7. Percentage of adults with a bachelor's degree or higher	Statewide	March 2001
8. Six-year graduation rates of bachelor's degree students	Universities	Action Agenda, Fall 1999 Revised by Spring/Summer 2001
9. Five-year graduation rates of transfer students	Universities	Spring/Summer 2001

4. Are we preparing Kentuckians for life and work?

<u>Indicator/Measure</u>	<u>Level of Measurement</u>	<u>When Will Goals Be Set?</u>
Undergraduate Student Experience		
1. Selected indicators from the National Survey of Student Engagement (NSSE)	Systemwide/Universities	Fall 2001
Alumni Satisfaction		
2. Undergraduate alumni survey results	Systemwide/Institutional	Fall 2001
3. Graduate alumni survey results	Systemwide/Universities	Fall 2001
Civic Engagement		
4. Selected indicators from the undergraduate alumni survey	Systemwide/Institutional	Fall 2001
5. Selected indicators from the National Survey of Student Engagement (NSSE)	Systemwide/Universities	Fall 2001
Knowledge and Skills		
6. Teacher Preparation Programs	Universities	Fall 2001
7. Foundational skills	Institutional	TBD

5. Are Kentucky's communities and economy benefiting?

<u>Indicator/Measure</u>	<u>Level of Measurement</u>	<u>When Will Goals Be Set?</u>
Employment of Graduates		
1. Percentage of college graduates working in Kentucky - by level	Statewide	Spring/Summer 2001
2. The percentage of out-of-state college students who stay in Kentucky after graduation	Statewide	Spring/Summer 2001
Employer and Community Satisfaction		
3. Employer & Community Survey - satisfaction with KY graduates and completers	Systemwide/Regional	Fall 2001
4. Employer & Community Survey - satisfaction with postsecondary institution's support	Systemwide/Regional	Fall 2001
Research and Development		
5. Total research and development expenditures per full-time faculty	UK/UofL	Spring/Summer 2001
6. Federal research and development expenditures per full-time faculty	UK/UofL	Spring/Summer 2001
7. Number of licenses that yield income	UK/UofL	Spring/Summer 2001
8. Business Start-ups/Incubated Businesses	UK/UofL	Spring/Summer 2001
9. Productivity of research space	UK/UofL	Fall 2001
10. Extramural research and public service expenditures per full-time faculty	Comprehensive Universities	Spring/Summer 2001

Kentucky Council on Postsecondary Education

Key Indicators of Progress toward Postsecondary Reform

Goals Set in March 2001

- 1.1 Percentage of adults at literacy levels one and two
- 1.2 Percentage of adults with less than high school diploma or GED
- 1.3 Average ACT scores of high school graduates
- 1.4 Percentage of high school graduates taking the ACT
- 1.5 Number of college-level courses per 1,000 HS juniors and seniors
- 1.6 Percentage of high school students completing the ACT core coursework
- 1.8 Percentage of income needed to pay for college expenses minus financial aid
- 2.3 Enrollments in KYVU credit courses
- 2.5 Percentage of the adult population enrolled in KY colleges
- 2.6 Percentage of the adult population enrolled in KY colleges from target counties
- 2.7 Percentage of students attending college directly out of high school
- 2.8 Percentage of students attending college directly out of high school from target counties
- 2.9 College-going rates of GED completers within two years
- 3.3 One-year systemwide retention rate of first-time freshmen
- 3.4 Number of community and technical college transfers
- 3.5 Average number of credit hours transferred
- 3.7 Percentage of adults with a bachelor's degree or higher

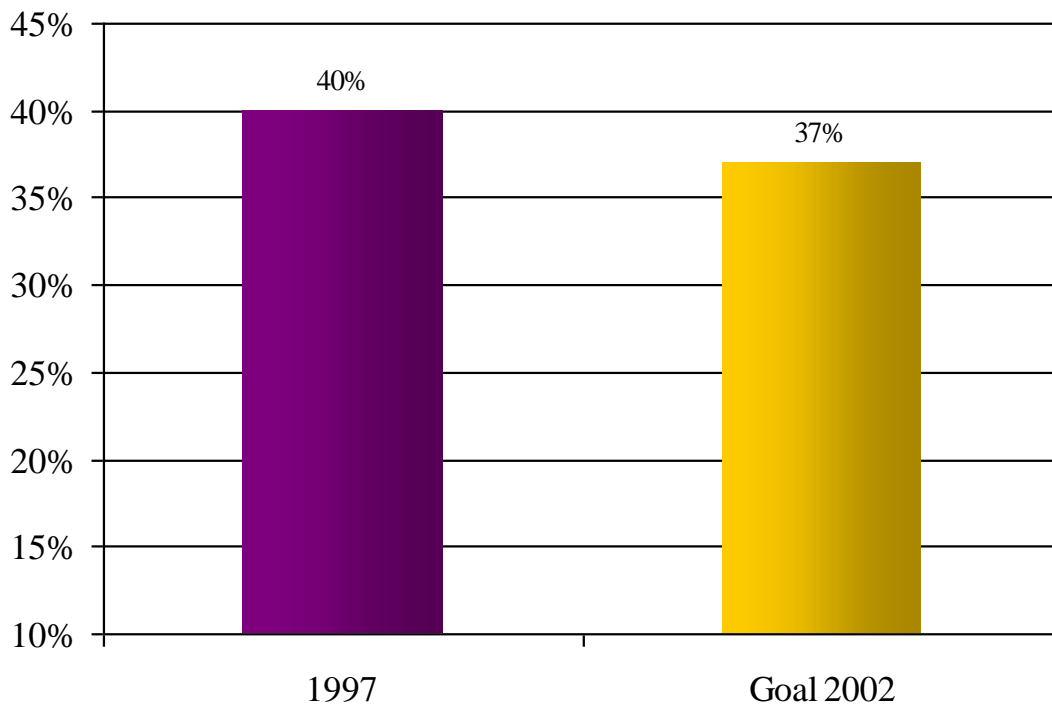
Preparation of Adults

1.1 Percent of Adults at Literacy Levels One and Two

What is measured? The percentage of adults at the two lowest levels of literacy (levels 1&2) on the National Adult Literacy Survey

Who is measured? Kentucky

What data were considered when setting the proposed goal? 1997 Kentucky Adult Literacy Survey. The National Adult Literacy Survey will be conducted again in 2002. The 1997 KY survey did not include residents over 65 years old but will include these residents in 2002.



What is the proposed goal and how was it set? The goal is to decrease the percentage of adults at the two lowest literacy levels to 20 percent by 2020. With this goal in mind, Kentucky should drop to 37 percent by 2002.

When will the goal be set? March 2001

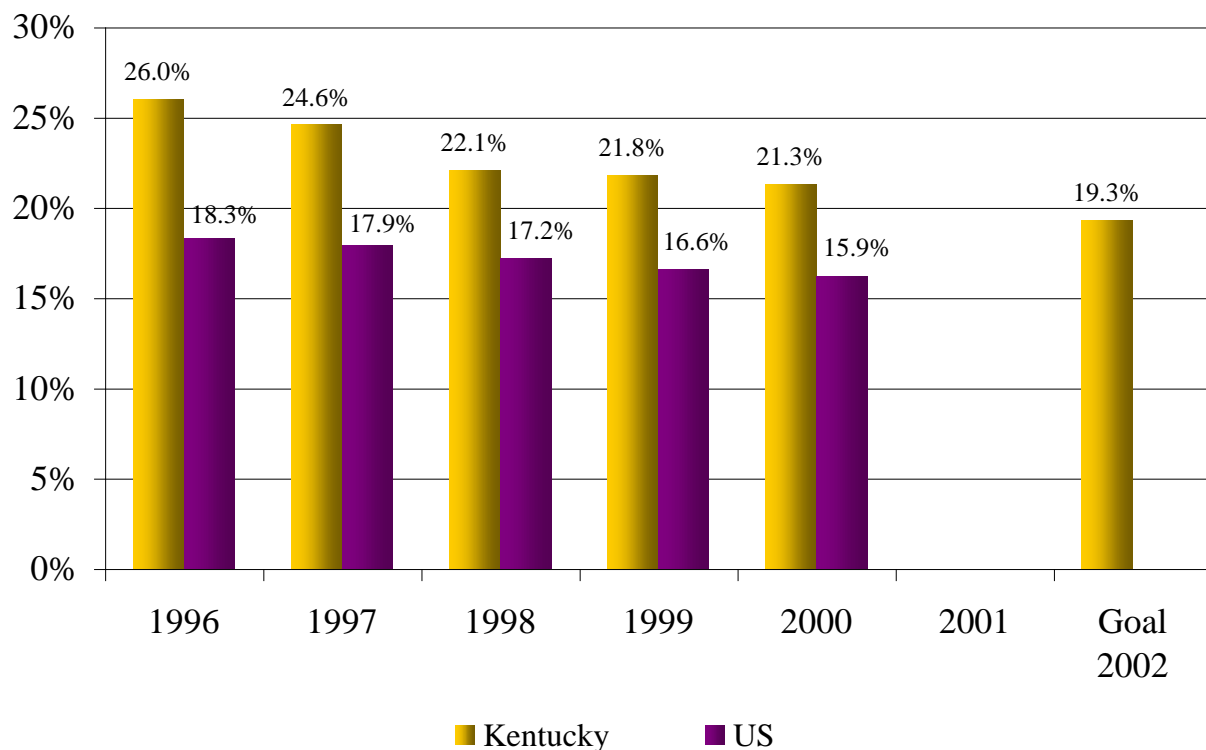
Preparation of Adults

1.2 Percent of Adults with Less than a High School Diploma or GED

What is measured? The percentage of adults (ages 25 and older) with less than a high school diploma or GED

Who is measured? Kentucky

What data were considered when setting the proposed goal? Trend data for Kentucky and the nation (US Census Bureau)



What is the proposed goal and how was it set? The goal is to decrease the percentage of adults with less than a high school diploma or equivalent – to reach the national average by 2020. Using a straight linear projection, Kentucky needs to drop to 19.3 percent by 2002.

When will the goal be set? March 2001

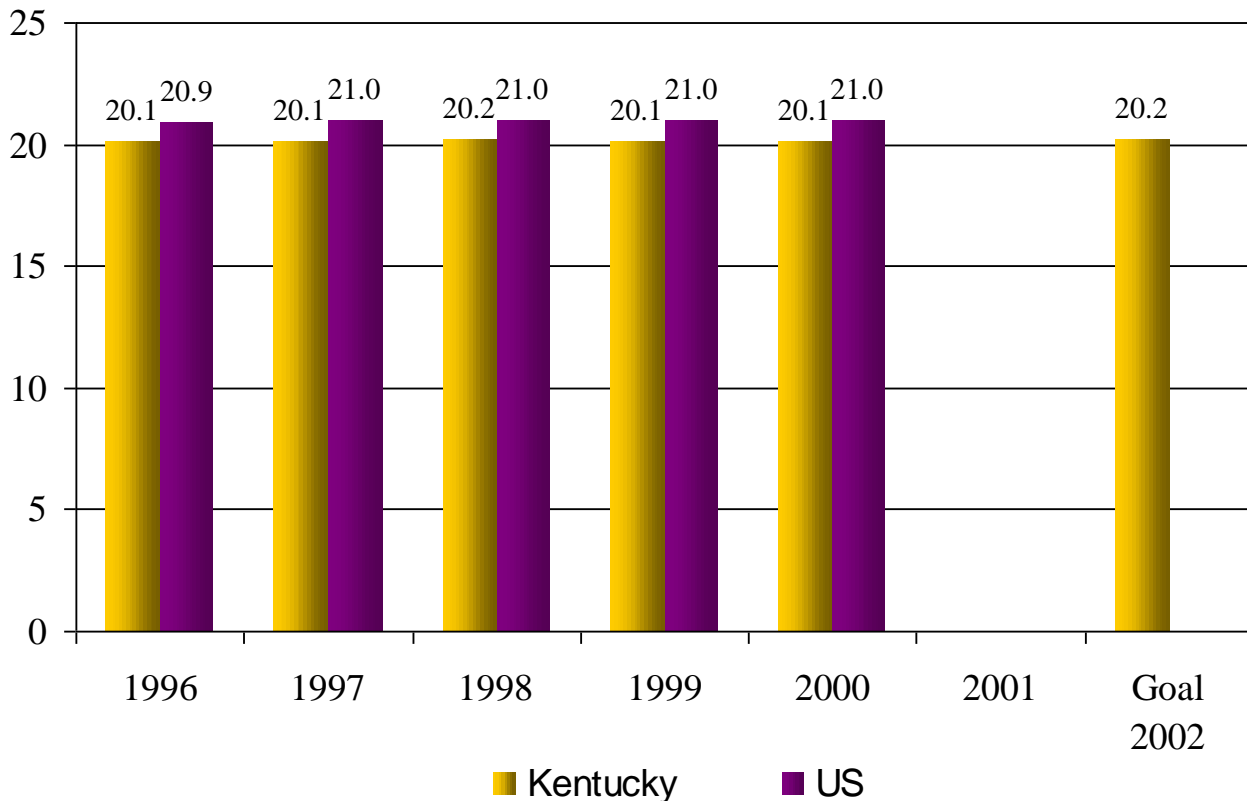
Preparation of Recent High School Graduates

1.3 Average ACT Scores of Recent High School Graduates

What is measured? Average ACT Composite scores

Who is measured? Kentucky

What data were considered when setting the proposed goal? Trend data for Kentucky and the nation (ACT)



What is the proposed goal and how was it set? The goal is to meet the national average by 2014. Using a straight linear projection, Kentucky needs to raise the average ACT score to 20.2 by 2002 (or reduce the gap to 0.8 points).

When will the goal be set? March 2001

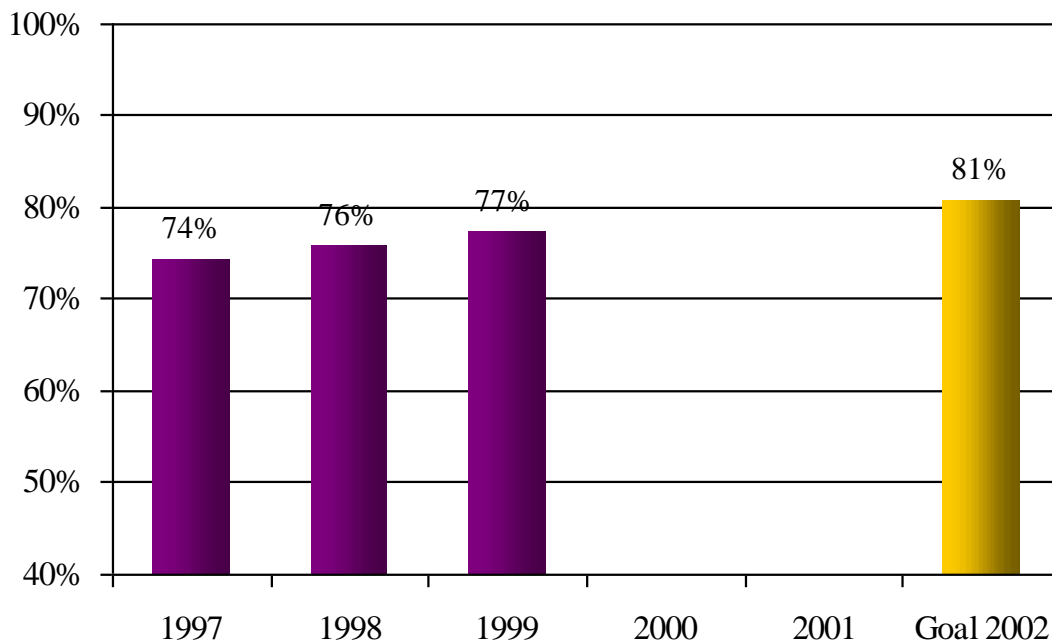
Preparation of Recent High School Graduates

1.4 Percentage of High School Graduates Taking the ACT

What is measured? Percentage of the high school graduating class who take the ACT

Who is measured? Kentucky

What data were considered when setting the proposed goal? Trend data



What is the proposed goal and how was it set? The goal is to reach 95 percent by 2014. Using a straight linear projection, the percentage of high school graduates taking the ACT needs to increase to 81 percent by 2002.

When will the goal be set? March 2001

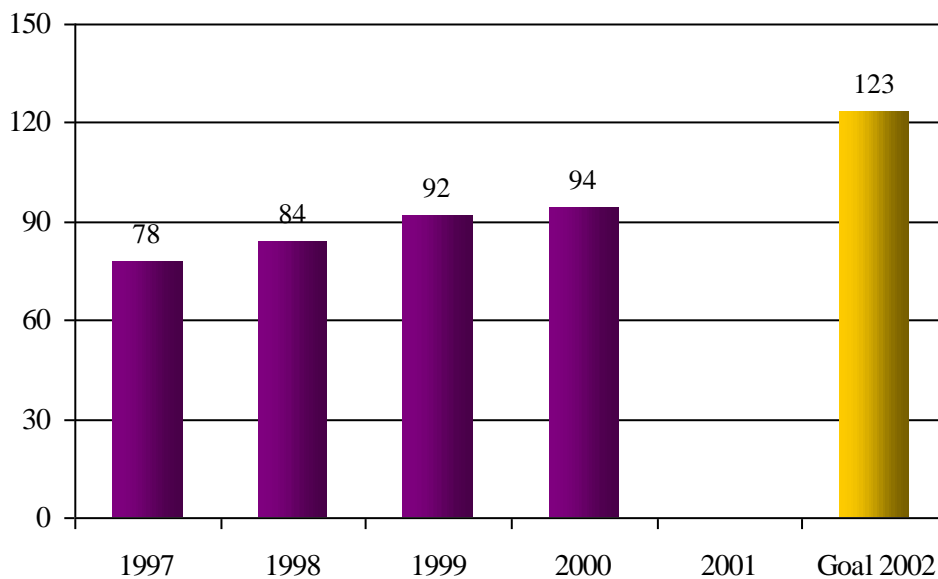
Preparation of Recent High School Graduates

1.5 Number of College-Level Courses Per 1,000 Juniors and Seniors

What is measured? The number of college-level courses (e.g. dual credit, KET telecourses, KYVU courses, etc.) and Advanced Placement exam scores that are 3 or better per 1000 juniors and seniors. A score of 3 or better is what is generally accepted by colleges and universities.

Who is measured? Kentucky

What data will be considered when setting the proposed goal? Trend data (CPE Database and College Board)



What is the proposed goal and how was it set? In order to reach the national average in the percentage of AP courses of 3 or better by 2014, Kentucky would need to increase 31 percent by 2002. This percentage was applied to the projected growth for all college-level courses. In 2000, there were 2,700 enrollments in college-level courses and 5,200 enrollments in AP courses with a score of 3 or better (per 84,500 juniors and seniors). By 2002, Kentucky should average 123 college-level courses per 1,000 juniors and seniors.

When will the goal be set? March 2001

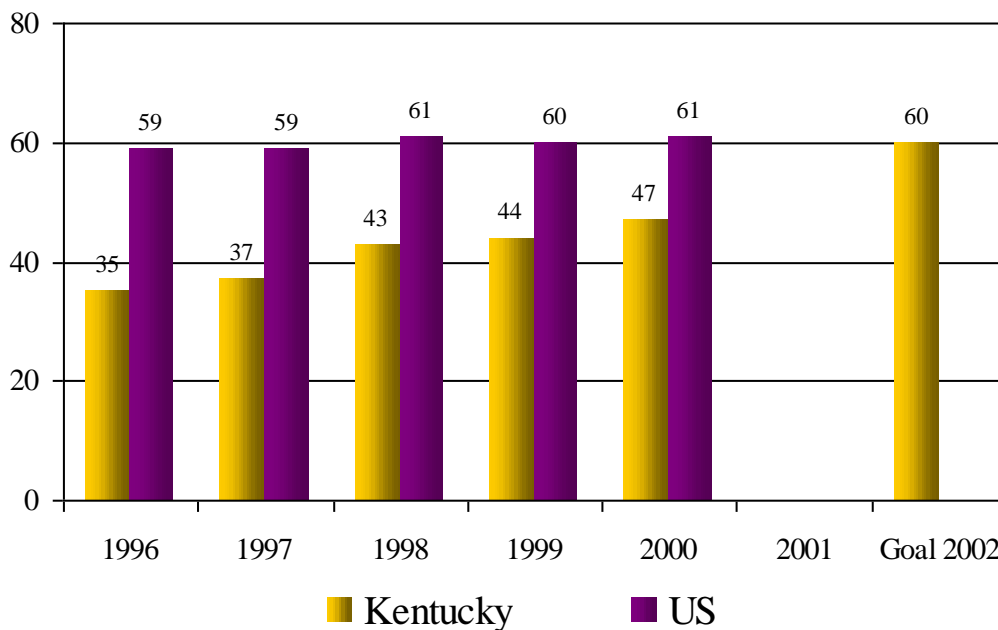
Preparation of Recent High School Graduates

1.6 Percent of High School Students Completing ACT Core Courses

What is measured? Percentage of high school students who complete the ACT Core courses. The ACT Core is 4 years of English and 3 years each of math, science, and social studies.

Who is measured? Kentucky

What data were considered when setting the proposed goal? Trend data for Kentucky and the nation (ACT)



What is the proposed goal and how was it set? The Kentucky High School Graduation Requirement for the entering 2000 cohort is the same as the ACT Core courses. Therefore, by 2004 the percentage of graduates with the ACT core should be 100 percent. The 2000 goal reflects movement to the national average in two years.

When will the goal be set? March 2001

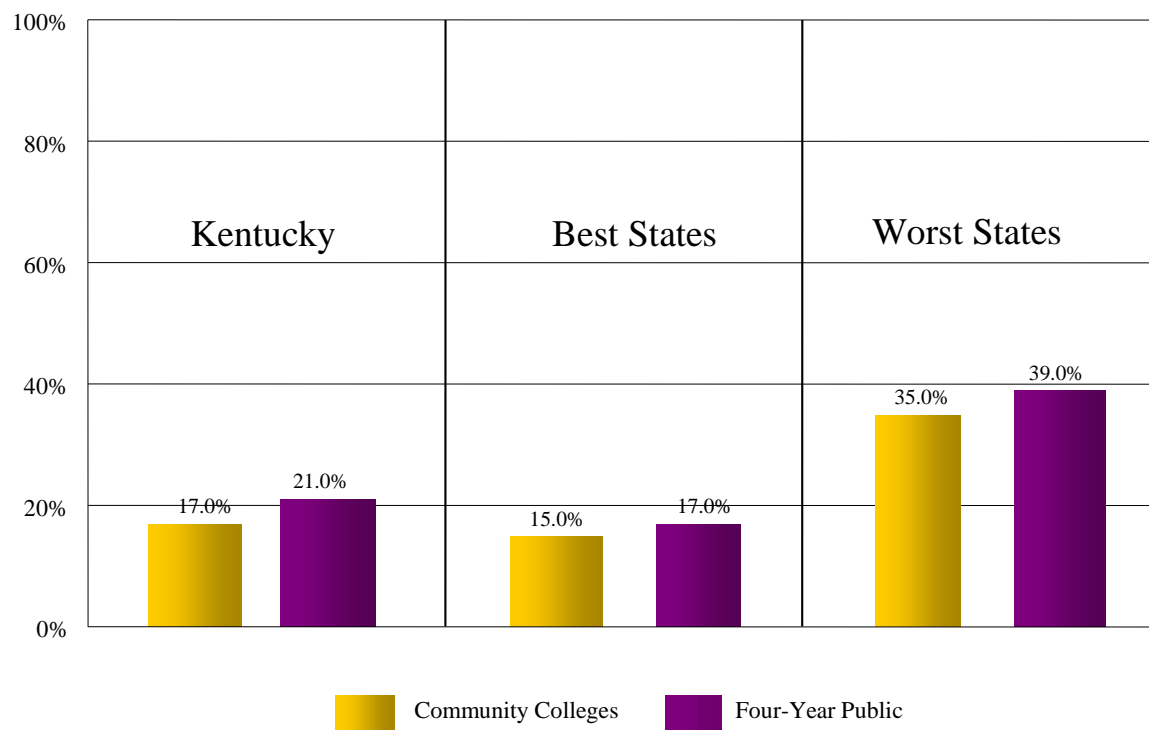
Affordability

1.8 Percentage of Income Needed to Pay for College

What is measured? The percentage of income (per capita family income) needed to pay for college expenses – minus financial aid.

Who is measured? Kentucky (community colleges and four-year public universities).

What data were considered when setting the proposed goal? Affordability data from “Measuring Up 2000” (A national report card produced by the National Center for Public Policy and Higher Education).



What is the proposed goal and how was it set? Kentucky compares well to other states on this indicator – ranking near the top on affordability of community colleges and four-year public universities. The 2002 goal should be to maintain the current levels shown above.

When will the goal be set? March 2001

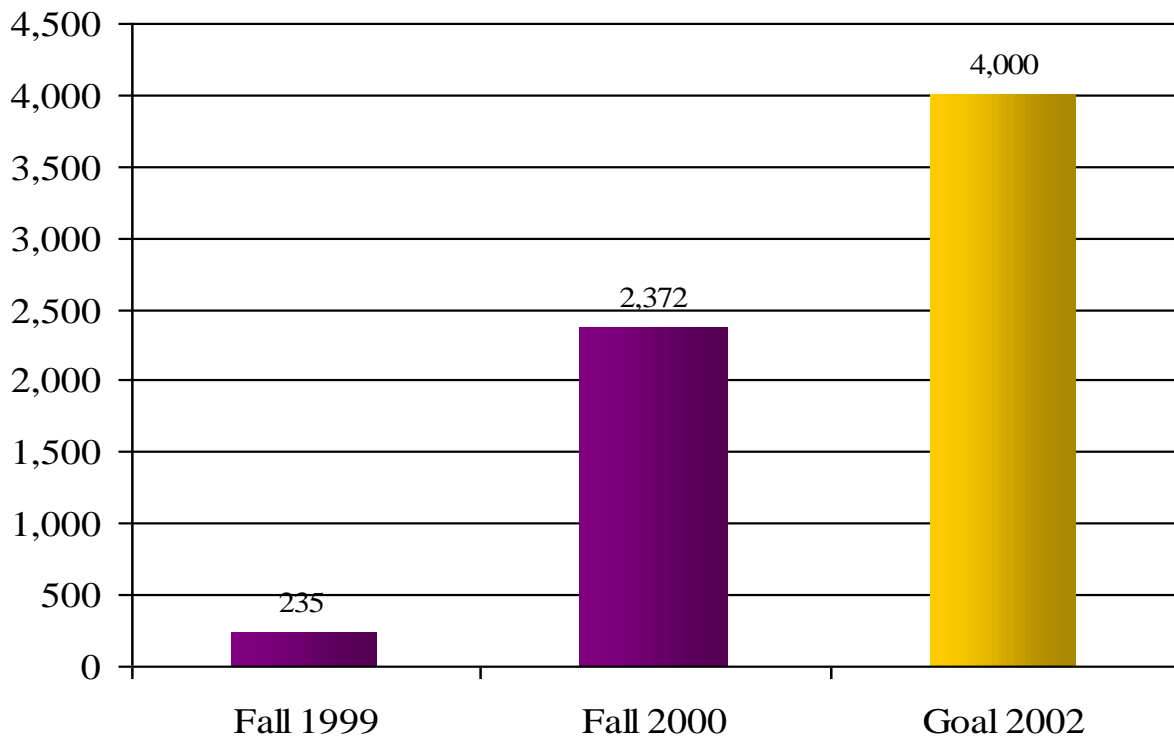
Postsecondary Enrollment

2.3 Kentucky Virtual University (KYVU) Enrollment

What is measured? The number of students enrolled in KYVU credit courses offered by all providers (including public and independent institutions and out-of-state institutions)

Who is measured? Kentucky Virtual University

What data were considered when setting the proposed goal? Trend data



What is the proposed goal and how was it set? By 2002, to reach 4,000 enrollments in KYVU credit courses. This goal was approved by the Distance Learning Advisory Committee (DLAC) in November 2000.

When will the goal be set? March 2001

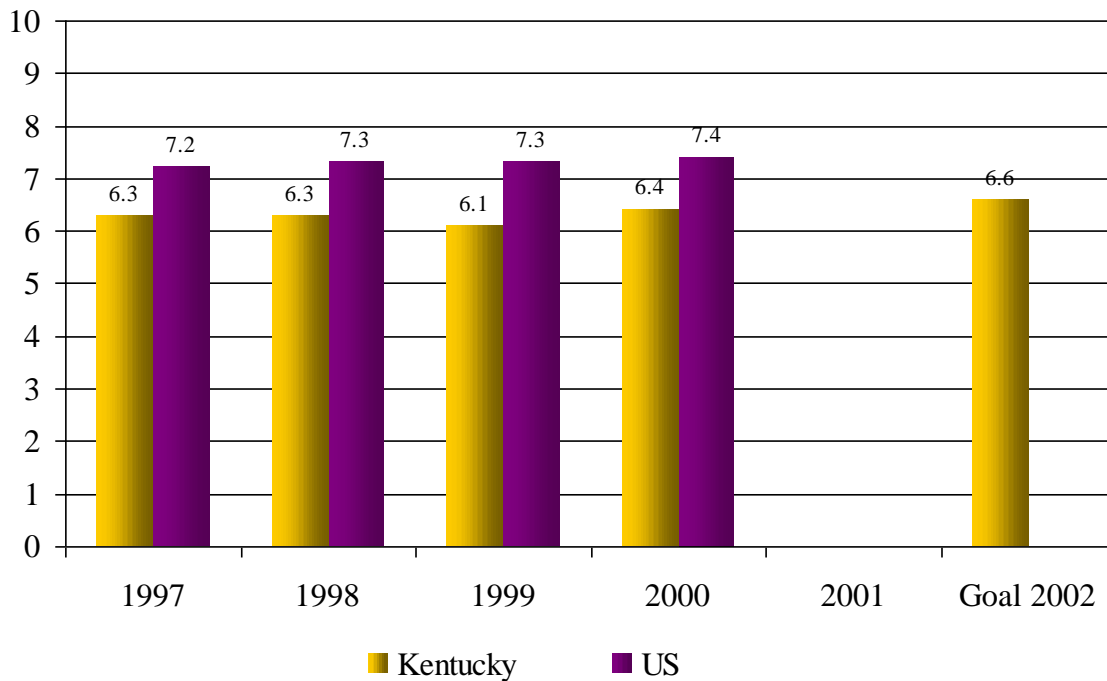
College Participation

2.5 Percent of Adults (18 and Over) Enrolled in Kentucky Colleges

What is measured? The percentage of adults (18 and over) enrolled in Kentucky's public universities, community and technical colleges, and independent institutions.

Who is measured? Kentucky

What data were considered when setting the proposed goal? Trend data on adult enrollments in Kentucky and the US



What is the proposed goal and how was it set? To increase the percentage of adults enrolled in college to 6.6 percent by 2002. In fall 2000, 192,000 of the 3 million adults were enrolled in Kentucky's colleges and universities. The proposed goal is a straight linear projection to the national average by 2010. The goal is subject to change when the undergraduate and graduate enrollment goals are negotiated this spring/summer.

When will the goal be set? March 2001

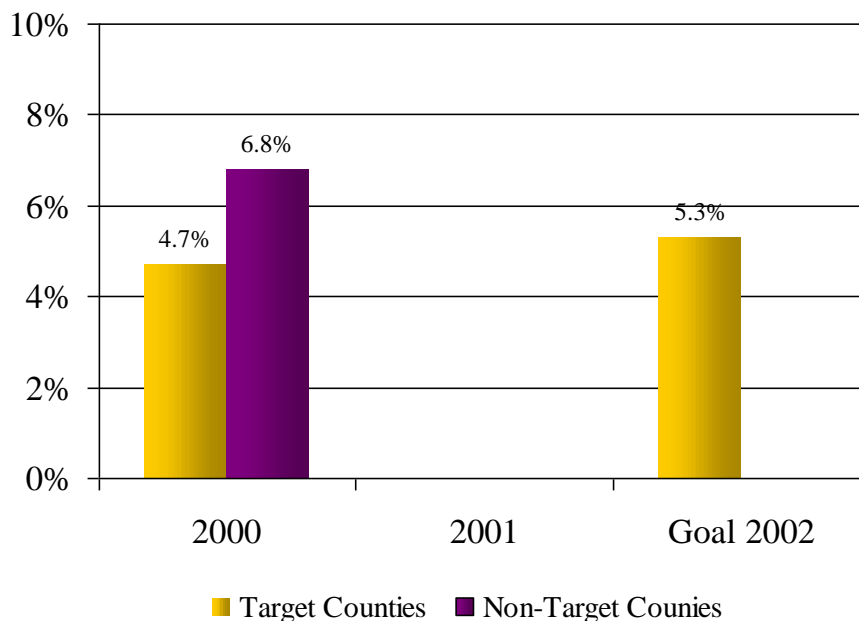
College Participation

2.6 Percent of Adults Enrolled in Kentucky Colleges – Target Counties

What is measured? Percent of adults (ages 18 and over) in target counties enrolled in Kentucky's public universities, community and technical colleges, and independent institutions

Who is measured? Kentucky

What data were considered when setting the proposed goal? Fall 2000 enrollment data and 2000 population data by county. Technical college enrollments are included.



What is the proposed goal and how was it set? Increase the percentage of adults enrolled in college and reduce the gap between target and non-target counties. The proposed 2002 goal will reflect a straight linear projection to close the gap by 2010. The goal is subject to change when the undergraduate and graduate enrollment goals are negotiated this spring/summer.

When will the goal be set? March 2001

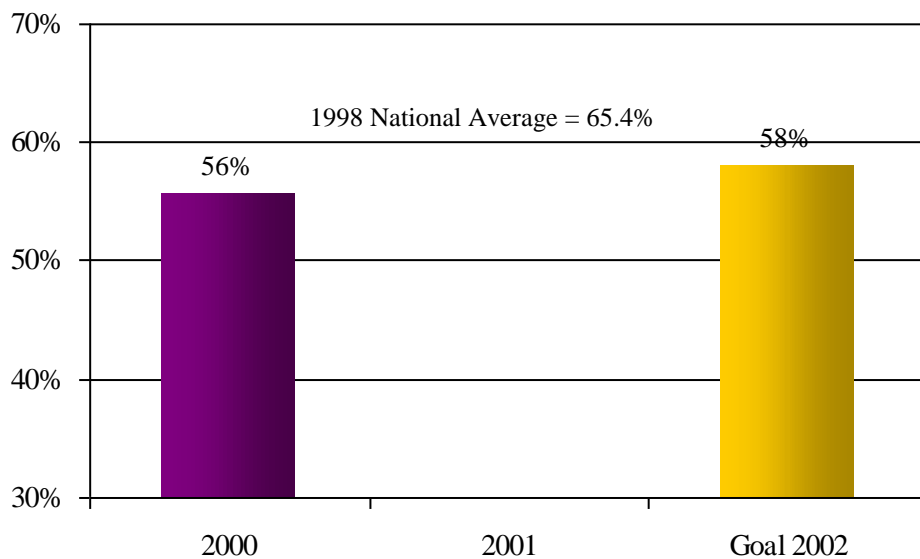
College-Going

2.7 Students Attending College Directly Out of High School

What is measured? The percentage of high school graduates attending college the following fall semester

Who is measured? Kentucky

What data were considered when setting the goal? Data on college-going rates of high school graduates and national statistics on college-going rates. The figures below include students who attended independent and out-of state colleges, and postsecondary technical colleges.



What is the goal and how was it set? Increase the statewide college-going rate to 58 percent in 2002, and reach the national average by 2010. In 2000, 20,500 of the 36,800 high school graduates went directly to college in the following fall semester.

When will the goal be set? March 2001

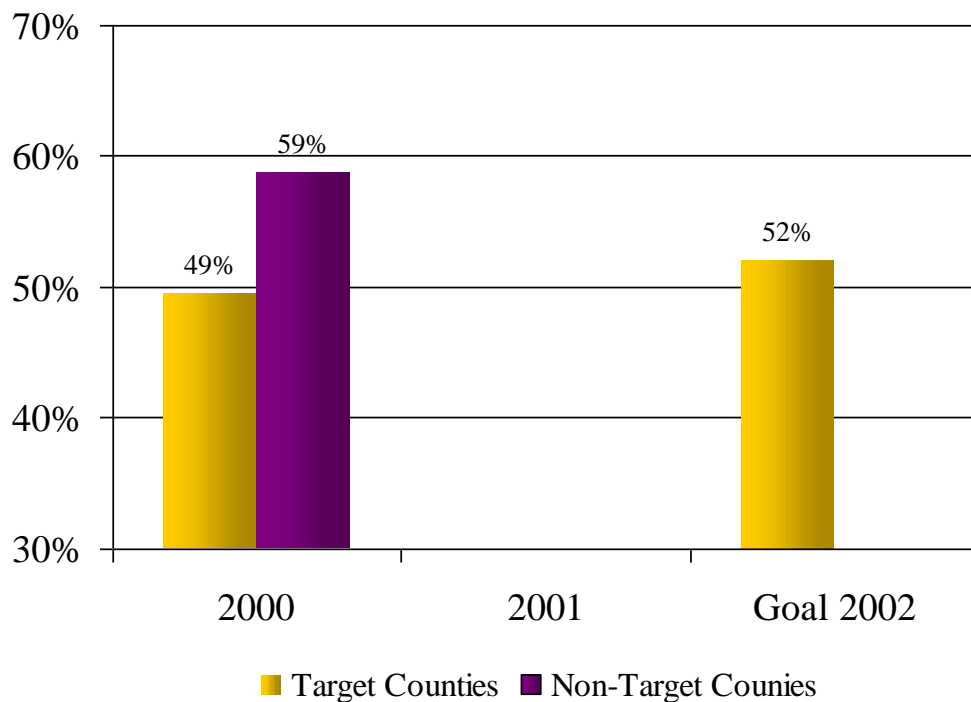
College-Going

2.8 Students Attending College Directly Out of High School – Target Counties

What is measured? The percentage of high school graduates attending college the following fall semester – target vs. non-target counties

Who is measured? Kentucky

What data were considered when setting the proposed goal? Data on college-going rates of high school graduates. The data below include students who attended independent and out-of-state colleges, and postsecondary technical colleges.



What is the goal and how was it set? Increase the college-going rates in the target counties and reduce the gap between target and non-target counties. The proposed 2002 goal reflects a straight linear projection to completely reduce the gap by 2010.

When will the goal be set? March 2001

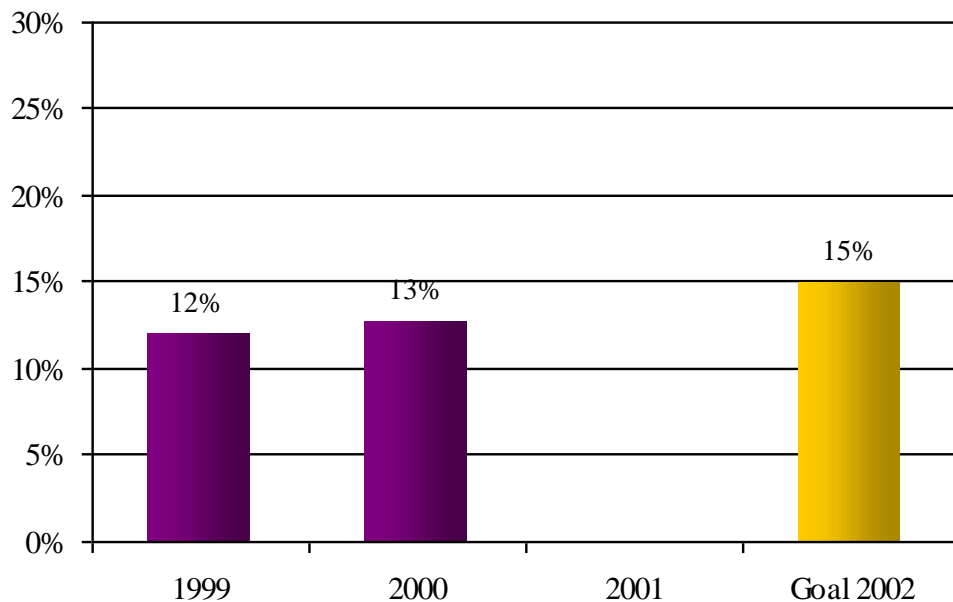
College-Going

2.9 GED Completers Attending Kentucky Colleges Within Two Years

What is measured? GED completers attending college (public and independent colleges) within two years after earning their GED

Who is measured? Kentucky

What data were considered when setting the proposed goal? The Department of Adult Education and Literacy data files on GED completers are matched to the Council's data to track GED students who attend a Kentucky college within two-years of GED completion.



What is the proposed goal and how was it set? To increase the percentage of GED completers that enter college within two years to 15 percent by 2002. Twelve hundred of 9,500 GED completers in 1997-98 entered a Kentucky postsecondary institution by fall 2000.

When will the goal be set? March 2001

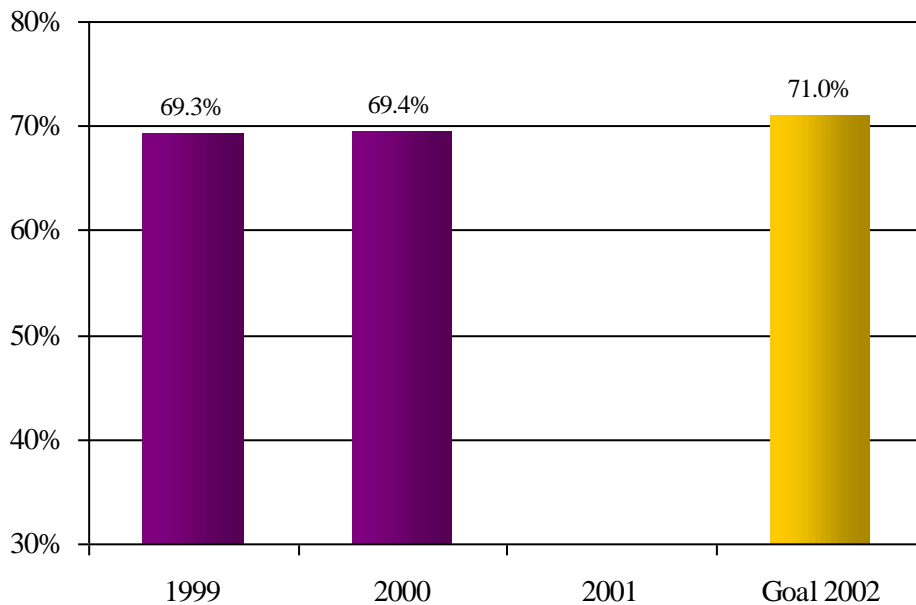
Persistence and Completion

3.3 One-Year Systemwide Retention Rate

What is measured? The percentage of first-time freshmen at public postsecondary institutions enrolled in an academic year who are still enrolled or have transferred to any postsecondary institution (public and independent) in the state the following academic year

Who is measured? Public postsecondary education system

What data were considered when setting the proposed goal? Trend data. The data below do not include postsecondary technical colleges, but will by fall 2001.



What is the proposed goal and how was it set? To increase the one-year retention rate for public postsecondary students to 71 percent by 2002. There is not a national average reported for this calculation.

When will the goal be set? March 2001

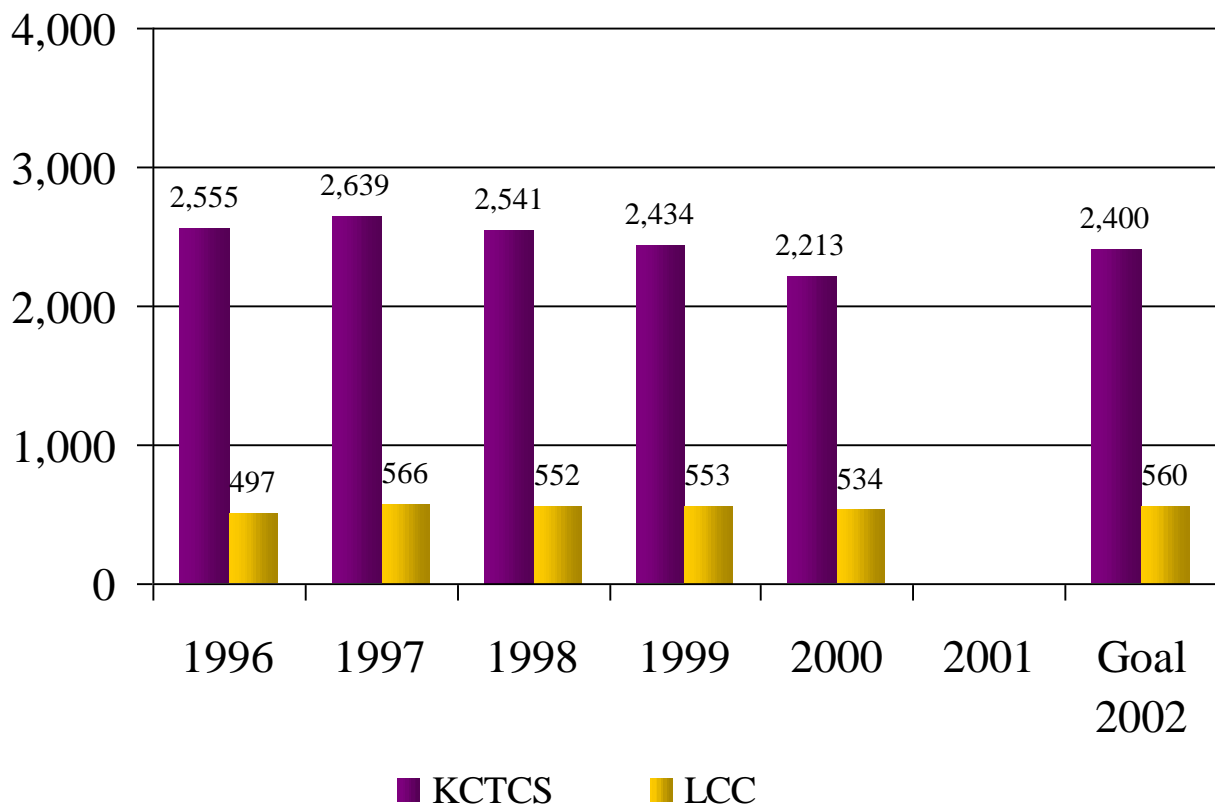
Persistence and Completion

3.4 Number of Community and Technical College Transfers

What is measured? Number of community college students who transfer into four-year institutions (public and independent)

Who is measured? KCTCS, Lexington Community College

What data were considered when setting the proposed goals? Trend data



What are the proposed goals and how were they be set? To increase the number of community and technical college transfers to 2,400 at KCTCS and 560 at LCC by 2002.

When will the goals be set? March 2001

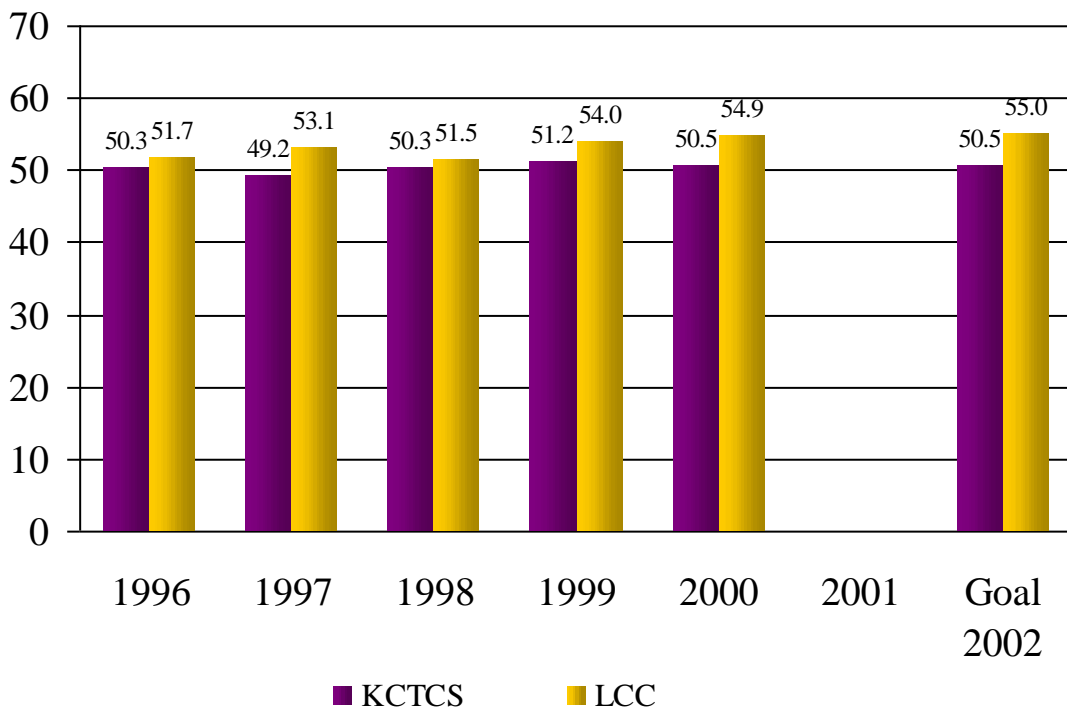
Persistence and Completion

3.5 Average Number of Credit Hours Transferred

What is measured? The average number of credit hours accepted by four-year institutions (public and private) for students transferring from community and technical colleges

Who is measured? KCTCS, Lexington Community College

What data were considered when setting the proposed goals? Trend data



What are the goals and how were they set? The 2002 Goal will be to maintain or increase the average number of credit hours transferred while increasing the number of students who transfer to four-year institutions (see 3.4).

When will the goals be set? March 2001

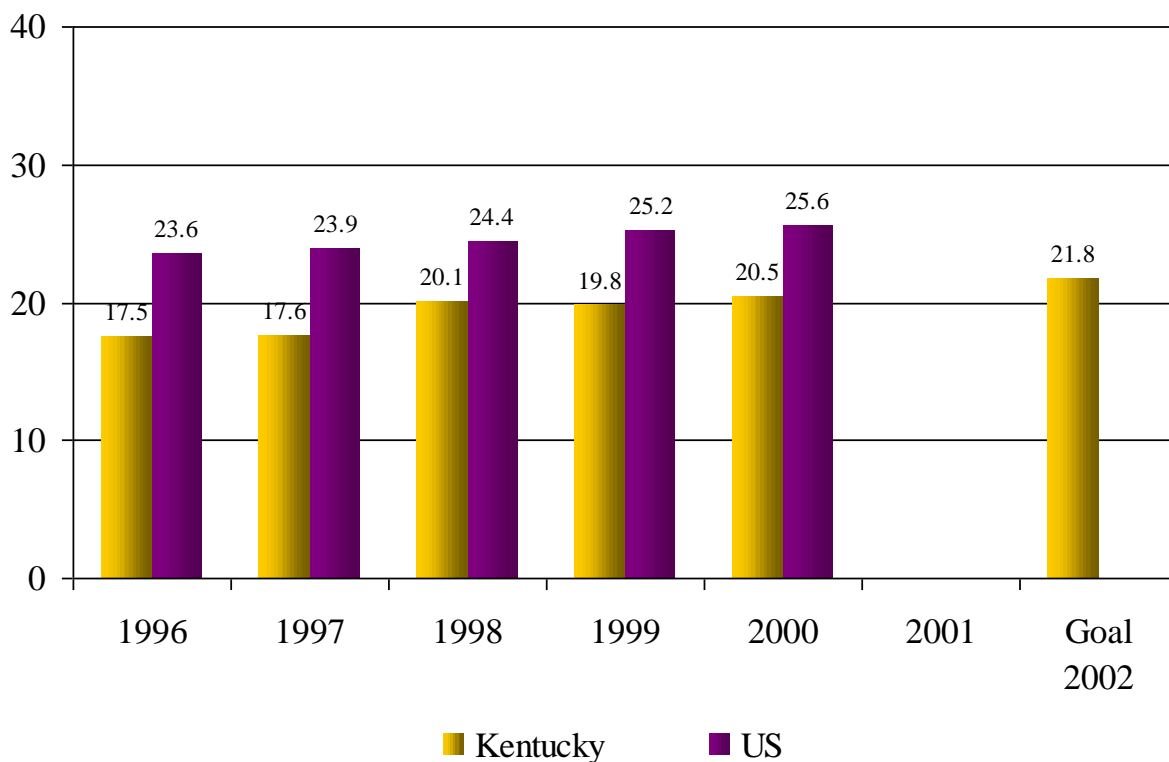
Graduation

3.7 Percent of the Population with a Bachelor's Degree

What is measured? Percent of the population 25 and older with a bachelor's degree or higher.

Who is measured? Kentucky

What data will be considered when setting the goal? Trend data and national data (US Census Bureau)



What is the goal and how was it set? To reach the national average in the percent of the population with a bachelor's degree by 2020. The 2002 goal reflects a straight linear projection to the national average by 2020.

When will the goal be set? March 2001

Key Indicators of Progress toward Postsecondary Reform

Development Timeline 2000-01

Spring -2000

- ◆ Discussion with Council of Chief Academic Officers
- ◆ April Survey Advisory Group meeting
- ◆ Meeting in Bloomington with National Survey of Student Engagement staff
- ◆ Meeting with National Center for Higher Education Management Systems on statewide testing pilot project and national report card project
- ◆ Presentation to Education Professional Standards Board
- ◆ Staff work on adult education/literacy indicators
- ◆ May Survey Advisory Group meeting
- ◆ Council information item on general outline and timeline

Summer - 2000

- ◆ Discussion with P-16 Council
- ◆ Discussion with Council of Faculty Senate Leaders (COFSL)
- ◆ Meeting with Workforce Development Cabinet on adult education/literacy indicators
- ◆ June Survey Advisory Group meeting
- ◆ First draft of indicators issued
- ◆ Meeting with KCTCS on key indicators
- ◆ July Survey Advisory Group Meeting – NSSE Presentation
- ◆ Meet with Dennis Jones of NCHEMS
- ◆ Meet with CCAO, institutional budget officers, and institutional research staffs
- ◆ Meet with KDE to set goals for college preparatory indicators (e.g. ACT scores, ACT core courses)
- ◆ August Survey Advisory Group – alumni survey

Fall/Winter – 2000-01

- ◆ CCAO meeting to discuss draft indicators and proposed goals
- ◆ Trusteeship Conference – Five questions featured; Pat Callan speaks on the National Report Card Project (September)
- ◆ Survey Advisory Group Meetings (September and November)
- ◆ Campus visits – draft indicators and goal setting
- ◆ Council study session of key indicators, measures, and goals (November)
- ◆ Review and comment on indicators, measures, and goals with key constituents (e.g. Prichard Committee for Academic Excellence, Kentucky Long-Term Policy Research Center, etc.)
- ◆ Public release of national report card
- ◆ Meetings with institutional presidents and staffs to finalize measures and statewide goals
- ◆ Selection of vendor to conduct the alumni survey
- ◆ Council discussion of key indicators with State Board of Education (February)
- ◆ SCOPE presentation on key indicators
- ◆ Meeting with Survey Advisory Group to discuss alumni and employer surveys
- ◆ Council action on key indicators, measures, and goals (March)

Spring/Summer - 2001

- ◆ Renegotiate enrollment, retention, and graduation goals with each institution
- ◆ Negotiate research and development goals with public universities
- ◆ Design and conduct alumni survey and employer survey
- ◆ Council action on enrollment, retention, graduation, and research and development goals

Fall/Winter - 2001

- ◆ Council action on the goals for the remaining key indicators

AGENCY AUDIT REQUEST FOR PROPOSAL

Recommendation

The staff recommends that the council authorize the issuance of the attached RFP for auditing services and that the Executive Committee be authorized to select the audit firm that will perform an annual audit of the council beginning with the 2000-01 fiscal year.

Background

The council's budget for 2000-01 is approximately \$218 million. Historically, the council has had a much smaller budget, consisting almost entirely of agency operating funds. The postsecondary reform has resulted in sizeable amounts of money appropriated to the council as trust funds or pass-throughs, all going to the institutions. Because of the size and complexity of the operating budget, an annual audit of the agency's finances is necessary.

The draft RFP calls for a financial audit of all fund sources for 2000-01 and a management audit of the Strategic Investment and Incentive Trust Funds and pass-through programs for the same period. The management audit will determine whether a proper system of internal controls is in place for the receipt and disbursement of funds.

Council Chair Charles Whitehead has directed that the Executive Committee review proposals from competing vendors and select the audit firm. The audited financial statements will go to the council through the Executive Committee and to agency management.

2000-02 EXECUTIVE BUDGET
Council On Postsecondary Education Biennial Budget
Recommendation For Agency Operating and Pass-Through Appropriations

Category	1999-00	2000-01	2001-02
Agency Operations			
Agency Operations	3,949,000	3,992,000	4,088,000
Adult Education Staffing	-	-	-
Total Agency Operations	3,949,000	3,992,000	4,088,000
KY Commonwealth Virtual University			-
State General Funds	6,128,000	6,255,000	6,405,000
Restricted Agency Funds	1,355,000	1,355,000	1,355,000
Total KCVU	7,483,000	7,610,000	7,760,000
Pass-Through Programs			
Professional Education Preparation Program (PEPP)	427,000	437,400	447,600
Rural Allied Health and Nursing Program	416,000	-	-
Telecommunication Consortium (ETV)	187,000	191,500	196,100
Contract Spaces Program	2,324,000	2,430,900	2,525,100
Metroversity Consortia	59,000	60,500	61,800
Minority Student College Preparation Program	221,000	226,300	231,700
EPSCoR	2,504,500	6,564,600	2,626,200
Keys to KERA	72,500	-	-
Paducah Regional Higher Education Center	180,000	-	-
State Autism Training Center	223,000	228,500	234,000
Osteopathic Medicine Scholarship Program	1,664,400	-	-
KCTCS-Lees College (Hazard CC) Replacement Funds	1,500,000	-	-
UofL Labor Management Center Expansion	182,600	-	-
UofL Glasgow Residency Program Expansion	349,900	-	-
Kentucky Rural Development Center	1,000,000	750,000	750,000
UK Engineering Programs in Paducah	450,000	-	-
Collaborative Literacy Center - UK	1,200,000	-	-
Early Reading Incentive Grant (ERIG) - KDE	1,800,000	1,800,000	1,800,000
SREB Doctoral Scholars Program - Base Restoration	-	68,000	68,000
SREB Doctoral Scholars Program - New Students	-	-	-
Total Pass-Through	14,760,900	12,757,700	8,940,500
Eisenhower Mathematics and Science (Federal Funds)	1,100,000	1,100,000	1,100,000
KY Commission on Community Volunteerism and Service *			
State General Funds	221,500	-	-
Federal Funds	2,963,500	-	-
Total KCCVS	3,185,000	-	-
Total Agency Request			
State General Fund	25,059,400	23,004,700	19,433,500
Restricted Agency Funds	1,355,000	1,355,000	1,355,000
Federal Funds	4,063,500	1,100,000	1,100,000
Total	30,477,900	25,459,700	21,888,500

* This program has been transferred to the Cabinet for Families and Children.

ENDOWMENT MATCH PROGRAM AND INCENTIVE TRUST FUNDS

	1997-98	1998-99	1999-00	2000-01	2001-02
ENDOWMENT MATCH PROGRAM					
Research Universities	\$ -	\$ 100,000,000	\$ -	\$ 100,000,000	\$ -
Comprehensive Universities	-	10,000,000	-	20,000,000	-
Total Endowment Match	\$ -	\$ 110,000,000	\$ -	\$ 120,000,000	\$ -
INCENTIVE TRUST FUNDS					
Research Challenge Trust Fund	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 1,650,000	\$ 1,650,000
Regional University Excellence Trust Fund	\$ 6,000,000	6,000,000	6,000,000	2,850,000	12,850,000
Postsecondary Workforce Development Trust Fund	\$ 3,000,000	6,000,000	6,000,000	13,500,000	9,500,000
Technology Trust Fund	-	8,000,000	12,312,000	-	7,500,000
Physical Facilities Trust Fund	-	-	31,551,000	-	20,900,000
Student Financial Aid & Student Advancement Trust Fund	-	14,000,000	25,000,000	22,350,000	37,500,000
Adult Education and Literacy Trust Fund	-	-	-	7,000,000	12,000,000
Science and Technology Trust Fund	-	-	-	1,250,000	4,250,000
Total Incentive Trust Funds	\$ 15,000,000	\$ 40,000,000	\$ 86,863,000	\$ 48,600,000	\$ 106,150,000

Council on Postsecondary Education

ANNUAL AUDIT

Council on Postsecondary Education
Request for Proposals
Audit--Council on Postsecondary Education & KYVU/KYVL

Section I - General Description

This Request for Proposals solicits bids to perform a financial audit of the Council on Postsecondary Education including all state and federal funds for the 2000-01 fiscal year. Additionally, the council seeks management assistance in establishing proper operating controls for the expenditure of the Strategic Investment and Incentive Trust Funds, Pass-Through Programs and for the two federal programs, Eisenhower Science and Mathematics, and GEAR UP.

The Council on Postsecondary Education is an agency of the Commonwealth of Kentucky established in KRS 164.001 with primary powers and duties established in KRS 164.020. The relevant programs of the Council on Postsecondary Education that are to be subject to the audit are:

General Operations
Pass-Through Programs
Strategic Investment and Incentive Trust Funds
Kentucky Virtual University/Kentucky Virtual Library
Eisenhower Science and Mathematics—Federal
GEAR UP—Federal

Appendix A presents budget information for each of the programs listed above.

Section II - Scope of Work

1. The Council on Postsecondary Education seeks a financial audit for the 2000-01 fiscal year for all funds appropriated to the Council on Postsecondary Education by the state and expended by the council during 2000-01 in accordance with generally accepted auditing standards. The selected vendor will perform the audit and issue an independent auditor's report on the financial statements, including a balance sheet, of the council as of June 30, 2001.
2. The Council on Postsecondary Education seeks a financial audit for the 2000-01 fiscal year for all federal funds appropriated to the Council on Postsecondary Education and expended by the council during 2000-01 in accordance with generally accepted auditing standards. The vendor will perform the audit and issue an independent auditor's report on the financial statements, including a balance sheet, of the council as of June 30, 2001. The audit will conform to Government Auditing Standards issued by the Comptroller

General of the United States and OMB Circular A-133 “Audits of Institutions of Higher Education and Other Non-Profit Institutions.”

3. The Council on Postsecondary Education seeks management assistance for Strategic Investment and Incentive Trust Funds, pass-through programs, and the Eisenhower Science and Mathematics and GEAR UP programs to ascertain whether:
 - A proper system of internal controls on the disbursement of funds is in place.
 - Proper accountability exists for the disbursement of funds to third parties.
 - Documentation and reporting by second or third parties receiving funds is adequate so as to ensure proper accountability.
4. A separate letter covering its study of internal controls, accountability and reporting of expenditures by parties receiving funds will be provided to the council and to the management of the council.

Section III - Proposals

Interested parties should submit:

1. A brief description of their firm.
2. A list of the personnel of the firm who will be directly involved in working with the CPE staff. This information should provide brief resumes.
3. The name of the project manager and a brief description of that individual’s experience with similar projects. Please include references and contacts, including phone numbers.
4. A list of current and past clients of the firm including name, title, phone/fax numbers of references for two recent client institutions where similar work has been performed.
5. Plan of services, including a detailed project agenda and timelines, that completely addresses the Scope of Work in Section II. Provide a clear and concise work plan identifying:
 - All major phases of the work to be performed.
 - The estimated amount of time.
 - Anticipated completion date(s) for each phase.
 - Precedence or priority order for each phase.
 - Required assistance from the agency.

6. Proposed price schedule commensurate with the detailed list of services.
7. An estimate of the cost of providing each service listed in Section II, including an estimate of hours to complete each task, and a total price to complete the entire audit. The proposal should include the fee charged by classification of employee (partner, manager, associate, etc.). Provide an explanation of the method that would be used to adjust the fee during the three optional, annual renewal periods.

Section IV - Criteria for Selection

1. Reputation, stability, expertness, and experience of designated personnel, including emphasis on project manager's background and experience. The qualification of the staff assigned to the audit will be a significant factor. **(20 points)**
2. Reputation of the firm based upon references and the technical experience of the firm. The firm must have a regional or national reputation to be successful. **(10 points)**
3. Plan of services to be provided, including a detailed project agenda and timelines. Please provide a clear and concise work plan identifying all major phases of the project and the targeted completion date(s). The appropriateness and adequacy of the detail comprising the scope of the audit and the adequacy of the detailed work plan will be significant factors. **(40 points)**
4. Cost. **(30 points)**

Section V - Submission and Acceptance of Proposals

1. Proposals should:
 - a) Be mailed to:

**Dennis L. Taulbee
Council on Postsecondary Education
1024 Capital Center Drive
Suite 320
Frankfort, Kentucky 40601**
 - b) Include one original and seven copies.
 - c) Be received at the address above by 3 p.m., April 18, 2001.
 - d) Be marked in the lower left hand corner of the outer envelope:
CPE—Audit Contract.

2. Any contract resulting from this RFP shall be a Personal Service Contract pursuant to KRS 45A.695.
3. Any contract resulting from this RFP shall be governed by all provisions of KRS Chapter 45A and the Finance and Administration Cabinet's Manual of Policy and Procedures, both available on-line: <http://www.state.ky.us/agencies/purch/vipweb2.htm>.
4. The Council on Postsecondary Education reserves the right to reject any and all proposals and bears no responsibility for any costs of preparing any proposal.
5. Questions pertaining to this RFP should be directed to:

Dennis L. Taulbee
Associate Vice President for Operations
Council on Postsecondary Education
1024 Capital Center Drive
Suite 320
Frankfort, Kentucky 40601
Phone: (502) 573-1555 Fax: (502) 573-1535

6. A mandatory pre-bid conference will be held on April 3, 2001, for the purpose of answering questions related to the RFP. That conference will be held in Conference Room B, 1024 Capital Center Dr., Suite 320, Frankfort, KY 40601. Documentation will be provided at that time.

Section VI- Other Requirements

1. The vendor shall comply with the Finance and Administration Cabinet's "Minimum Audit Scope for Compliance," dated August 1983, plus any subsequent revisions.
2. The vendor shall comply with generally accepted auditing standards and shall provide a letter of reportable conditions noted during the audit related to inherent weaknesses of controls, procedures, policies or noncompliance with governmental laws or regulations, and suggest possible improvements. See Statement on Auditing Standards No. 60.
3. The vendor shall provide copies of the comprehensive financial statements and management letter to the Auditor of Public Accounts and to the Finance and Administration Cabinet.
4. The vendor shall provide 60 copies of the financial audit and of the management letter.
5. The council anticipates that the contract will be awarded by April 30, 2001. The audit report is due to the council no later than September 30, 2001.
6. A draft of financial statements is expected to be completed by August 15, 2001, and will be made available to the council.

Section VII- Award of Contract

One firm that in the opinion of the council has submitted the best proposal in accordance with the published evaluation criteria will be awarded a one-year contract by the Council on Postsecondary Education for an annual audit.

Section VIII - Contract Term

The contract shall be renewable for three additional years at the discretion of the council and at a price determined by the parties.

Appendix A

2000-01 Agency Operating Budget

**NATIONAL SURVEY OF STUDENT ENGAGEMENT:
SPOTLIGHT ON CENTRE COLLEGE**

**Agenda Item E
March 19, 2001**

At its March 2000 study session, the council endorsed the participation of Kentucky's public universities in the National Survey of Student Engagement. The survey, sponsored by the PEW Charitable Trusts, is based on research suggesting that students learn more when they are actively engaged in their studies (see Attachment A). Undergraduate students in Kentucky's public universities will be surveyed for the first time this spring. The results will partly answer Question 4 of the council's key indicators: "Are we preparing Kentuckians for life and work?"

Centre College was among the first institutions taking part in the survey. The Chronicle on Higher Education in November 2000 (see Attachment B) said Centre and three other liberal arts colleges "stood out among 276 institutions whose freshmen and seniors participated."

John Ward (vice president for academic affairs and dean of Centre College) and Elizabeth Perkins (associate dean of Centre College) will talk with council members about the survey, why Centre chose to participate, and the reasons for the college's high ratings.

KYVU/KYVL REPORT

**Agenda Item G
March 19, 2001**

The report on the virtual university and library will include an update on:

- The Distance Learning Advisory Committee meeting March 7, 2001, which will include a discussion of new technologies and where we might expect distance learning to go.
- The KYVU Write Place (online writing center).

ADULT EDUCATION NEW OPPORTUNITY GRANT UPDATE

**Agenda Item H-1
March 19, 2001**

The Adult Education Action Plan for fiscal year 2000-01, approved by the council in November 2000, set aside \$1.5 million for New Opportunity Grants and authorized council staff to select the recipients. Sixty-two applications seeking \$12 million were received by the deadline of January 22, 2001. The grants fund model adult education programs. The criteria included

- Potential to be expanded quickly and efficiently.
- Instructional materials and service delivery strategies based on best practices and research.
- Collaboration with local, state, or private agencies.
- Rationale for need and cost per participant.
- A plan for the program evaluation, focusing on the number of learners meeting their goals and on the ability to replicate a program elsewhere in Kentucky.

Review Process

A two-tiered system for evaluating the proposals involved staff of the council and the Department of Adult Education and Literacy, and external reviewers familiar with adult education. Based on the criteria listed above, six categories were developed for assessing proposals. These categories were

- Project priorities. Successful proposals were to show promise in moving adult learners on to postsecondary education; involve distance learning aspects for scalability; develop case management and academic advising components; collaborate with local, state, or private agencies; and involve applied research in adult education.
- Identification of need. Successful proposals specified target populations with evidence of how the particular population was chosen and how the program would benefit these individuals, the local community, and the state.
- Program activities. Successful proposals specified how their service delivery effectively addressed their target populations by citing best practices and research. Evidence of continuing the local partnerships beyond the grant period was fundamental, too.
- Assessment and evaluation. Successful proposals provided clear definitions of project performance: number of projected participants, number of participants meeting their goals, and ability to replicate the program elsewhere. Gauging progress during and afterward is required of all recipients.
- Staff qualifications. Successful proposals provided evidence that the involved staff have the qualifications, skills, experience, and adequate size to begin an activity quickly and effectively.

- Budget. Successful proposals provided evidence of being cost effective over the long term with a strategy for continuing the activity after the grant period.

The three teams met as a group to discuss the top-scored programs from each team and recommend finalists to the review committee.

Final Selection

Four people representing the council and the department reviewed the initial recommendations and chose nine proposals totaling \$1,060,723. The grants are nonrecurring and cover one to two years. Of the remaining \$439,277 in New Opportunity Grant funds, up to \$200,000 will be allocated for project evaluations by a university or team of universities.

A substantial portion of the remaining \$239,277 will pay for statewide on-line adult education instruction offered through the Kentucky Virtual University. Four grant recipients – Madisonville Community College, Whitley County Board of Education, Todd County Board of Education, and Hopkinsville Community College – will rely heavily on this interactive software, which will be available at all other adult education sites in Kentucky.

Of the nine New Opportunity Grant recipients, three are community and technical colleges, four are boards of education, one is a multi-county cooperative, and another is a statewide organization. The diversity should help to clarify future adult education strategies.

Attachment A
New Opportunity Grant Recipients for 2001

Madisonville Community College, \$204,314

Projected number of new participants: 600

Implementation period: 24 months

The Training Through Interactive Educational Resources project will provide job and academic counselors to recruit undereducated participants, identify career and educational goals for each participant, and provide assistance with postsecondary educational placement. This project builds upon the Adult Centers for Educational Excellence (ACE2), a successful instructional technology and workforce development program. Project success will be defined by 50 percent of participants achieving one of four individual goals (enroll in postsecondary education or training; obtain employment; upgrade employment; or show significant improvement on appropriate assessment).

Kentucky Valley Educational Cooperative, \$98,860

Projected number of new participants: 200

Implementation period: 52 weeks

The Odyssey project will serve "at risk" learners from ages 16 to 35, as defined by the Appalachian Educational Laboratory, with intensive mentoring activities related to placement in postsecondary education or vocational training, and career goal attainment. In addition to education functional level completions, project success will be defined by 50 percent of eligible participants continuing on to postsecondary education or training, 30 percent obtaining unsubsidized employment, and 90 percent retaining or advancing in their present employment.

Clinton County Board of Education, \$98,635

Projected number of new participants: 100

Implementation period: 48 weeks

ADTRAN (Adult Transition) will target adults who recently dropped out of adult education and those adults who lack basic skills to enter into higher education or employment. A case management approach will be used to provide intensive educational and support services to aid participants' progress into postsecondary education or the world of work. Project success will be defined by nine performance goals that include measurable outcomes, ranging from GED obtainment (75 percent of participants) to successful transition into postsecondary education or employment (75 percent of participants).

Estill County Board of Education, \$69,307

Projected number of new participants: 156

Implementation period: 24 months

This project will target recent high school dropouts and eligible residents of public housing. In addition to adult basic skill instruction, intensive job coaching and counseling will be included. Online computer instruction will be provided using PreGED 2001 and Learning 100 On-Line. Qualified participants will be strongly encouraged to transfer to Central Kentucky Technical College. Project success will be defined by meeting 75 percent of established performance goals and 50 percent of adult learners enrolling in at least one postsecondary education class.

Northern Kentucky Community and Technical Colleges, \$95,960

Projected number of new participants: 800

Implementation period: 24 months

The project will develop and implement a best practice model to address barriers faced by lower income students wanting to enroll in postsecondary education. A regional transitional advisor will develop and implement the project. Project success will be defined by 10 goals, ranging from number served to number of postsecondary education placements.

Whitley County Board of Education, \$154,750

Projected number of new participants: 1,000

Implementation period: 24 months

The New Opportunity project will collaborate with a number of entities throughout Whitley County to make internet-based basic skill instruction available. "Skills Tutor," the internet-based version of PLATO – provided by KYVU – will be the online curriculum. Sites include Lion Apparel, Tri-County Assembly, Williamsburg Housing Authority, Corbin Adult Education Center, and Williamsburg Adult Education Center. The number of participants achieving 75 percent of their performance goals on 18 criteria will define project success.

Todd County Board of Education, \$32,329

Projected number of new participants: 80

Implementation period: 24 months

This program will enhance current adult education services by providing adult learners with access to the county school system's state-of-the-art computer laboratory, creating a virtual one-room schoolhouse for ESL, GED, and Virtual University students. Project success will be defined by a 25 percent increased enrollment, ESL student progress, GED obtained by 60 percent of enrollment, increased number of educational level completions, and increased number of postsecondary education placements.

Hopkinsville Community College, \$106,568

Projected number of new participants: 100

Implementation period: 24 months

This project will provide online instruction, case management, and follow-up support services for adult education students. The case manager will work with the adult education programs to assist expected GED graduates with transition into postsecondary education. Online computer based instruction will be provided for low-level students wanting to enroll in the community college. Project success will be defined by the number enrolled in HCC and the adult education program, as well as the number placed in postsecondary education or training.

Kentucky National Guard, \$200,000

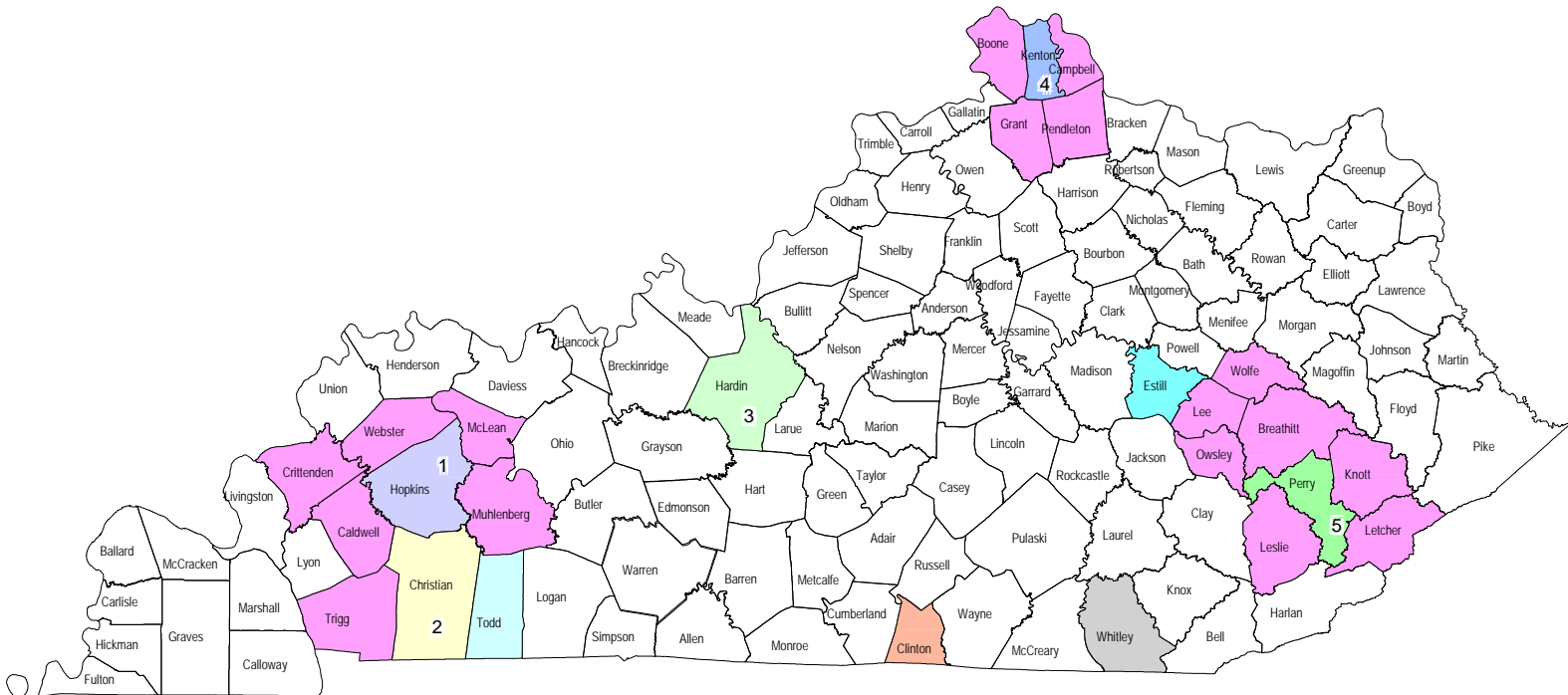
Projected number of new participants: 400

Implementation period: 24 months

This project will expand an existing program – Bluegrass ChalleNGe Academy (National Guard) – by adding two placement coordinators. These coordinators will work intensively with participants (high school dropouts age 16 to 18 at enrollment) to develop a life plan, contact employers to obtain employment opportunities information, and assist in the application process for postsecondary education or the Armed Services. In addition, project coordinators will develop partnerships with workforce development boards, employers, technical trade unions, KCTCS, colleges and universities, community leaders, and others to support the various placement activities. The number of participants who have been placed in jobs, education, or military service and continue that placement for a minimum of one year will define project success.

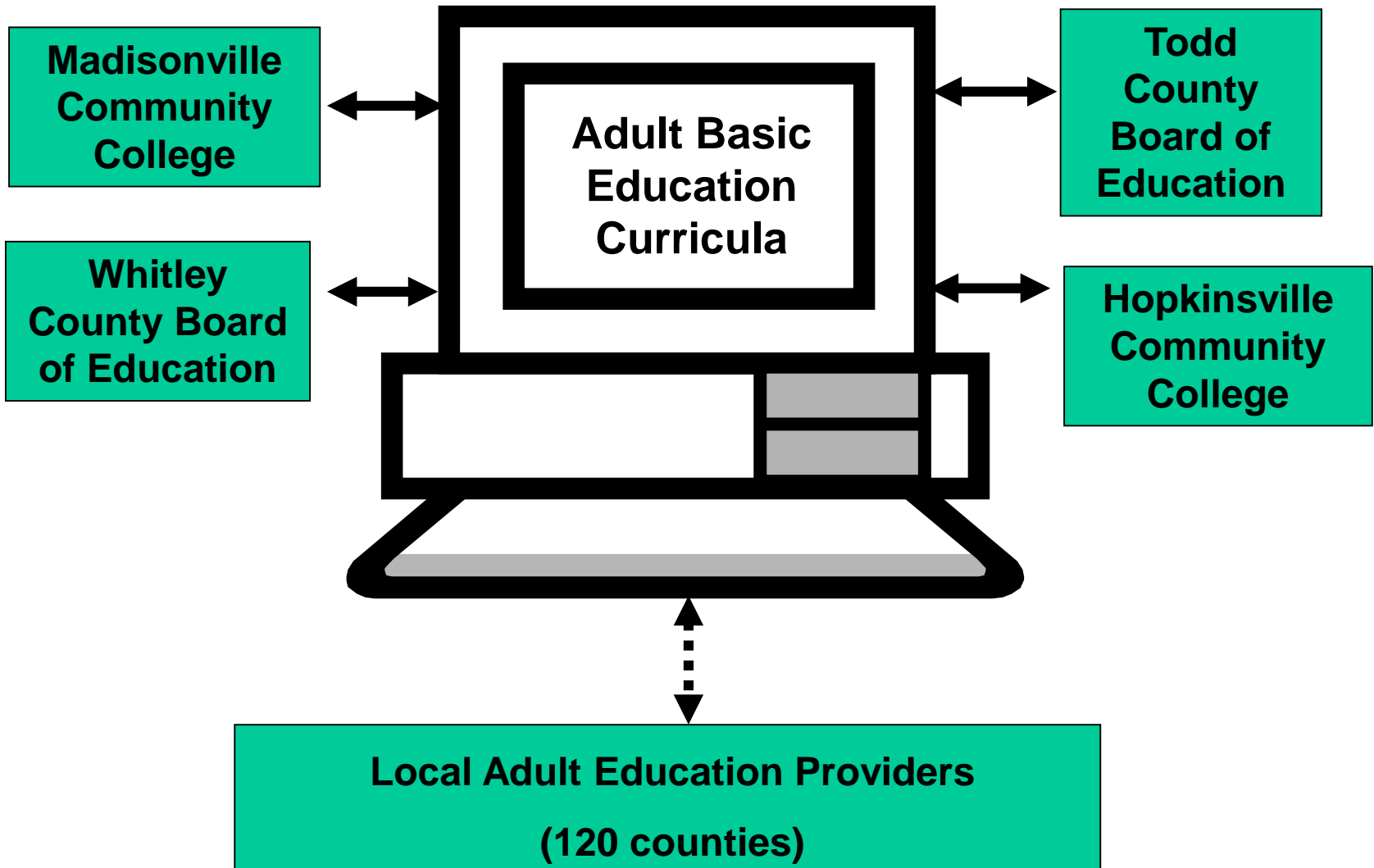
ATTACHMENT B

FY 2001 NEW OPPORTUNITY APPLICATION RECOMMENDATIONS



1. Includes services in the following counties: Hopkins, Muhlenberg, McLean, Webster, Crittenden, and Caldwell
2. Includes services in the following counties: Christian, Todd, Trigg, and Caldwell
3. The Kentucky Youth Challenge Program will ~~serve~~ ^{operate} on a statewide basis
4. Includes services in the following counties: Kenton, Boone, Campbell, Grant, and Pendleton
5. Includes services in the following counties: Perry, Breathitt, Knott, Lee, Leslie, Letcher, Owsley, and Wolfe

Attachment C
Access to Statewide Electronic Curricula
through Kentucky Virtual University



**NEW PROGRAM PROPOSAL:
MA IN TEACHING
NORTHERN KENTUCKY UNIVERSITY**

ACTION
Agenda Item H-2
March 19, 2001

Recommendation

The staff recommends that the council approve the master of arts in teaching (MAT) proposed by Northern Kentucky University.

Background

Northern Kentucky University designed the master of arts in teaching to prepare teachers who can help relieve teacher shortages in northern Kentucky. The program, which also provides certification for emergency teachers, would complement existing undergraduate middle school and secondary teacher education.

The proposed program would allow bachelor's degree recipients in areas other than education to pursue teaching credentials while working. Students could complete course work, practicum, and student teaching requirements in three semesters and two summer sessions.

Using the Kentucky Postsecondary Program Proposal System, Northern Kentucky University posted the proposed program to the council's Web site. It was reviewed without objection by the other Kentucky public and independent institutions. The NKU Board of Regents approved the program January 17, 2001.

An overview of the program, prepared by NKU, is attached.

MA in Teaching Northern Kentucky University Overview

There is a growing demand for teachers in Kentucky, as well as nationally. This is especially true in the region served by the Northern Kentucky University. We are faced with a major teaching shortage in mathematics, science, special education, and foreign language. Elementary, secondary, and special education teachers are in the “top 10” of the top 50 northern Kentucky occupations with the most annual job openings. The School of Education receives an average of five calls a week from people expressing interest in becoming a teacher. Many of these people possess a baccalaureate degree and have a career in business, industry, and other fields. They now want to fulfill a lifetime dream of making a difference with our young people by teaching. This new Master of Arts in Teaching Degree program will allow those individuals to continue their employment on a full-time basis and engage in teacher preparation over a 17-month period. The first phase of this program will include persons who are preparing to be middle school or secondary education teachers.

The new Master of Arts in Teaching Degree will not supplant the existing undergraduate middle or secondary education programs. Both programs are needed to provide an effective teaching force for northern Kentucky schools.

The Master of Arts in Teaching Degree was developed collaboratively by the P-12 schools in northern Kentucky, the College of Arts and Sciences, and the School of Education. The Northern Kentucky Association of School Superintendents has wholeheartedly endorsed this program. All of the departments in the College of Arts and Sciences have expressed their intention to participate in the program by providing advisory services, appropriate content courses, pedagogy courses, and supervision of student teaching and internship.

**NEW PROGRAM APPROVAL:
MS AND DSC
CLINICAL SCIENCES
UNIVERSITY OF KENTUCKY**

ACTION
Agenda Item H-3
March 19, 2001

Recommendation

The staff recommends that the council approve the master of science and doctor of science in clinical sciences programs proposed by the University of Kentucky.

Background

The multidisciplinary clinical sciences master's program prepares graduates for health care administration, clinical practice, and basic and applied research. It has two areas of concentration: reproductive laboratory science, and transplantation and hematology science. Reproductive laboratory science is an emerging discipline that focuses on human reproduction and infertility. Transplantation and hematology science tests innovative approaches to organ and marrow transplant, and tissue grafting, and studies the use of blood in diagnosis and treatment of human diseases.

The program was originally designed jointly with the University of Louisville School of Allied Health Sciences. The University of Louisville closed its School of Allied Health Sciences in November 2000 and withdrew from the proposed program. The University of Kentucky has revised the program's scope and offerings accordingly.

Traditional and nontraditional students with a bachelor's degree in clinical laboratory science, cytotechnology, histotechnology, histocompatibility technology, and biology will be recruited primarily from underserved areas. Emphasis will be placed on graduates' returning to their home communities to help attract laboratories and clinics to improve healthcare.

The program will incorporate distance education to use resources as efficiently as possible and make graduate study available to students throughout the state. Core curriculum and specialty courses will be available using the Kentucky Tele-Linking Network and the Kentucky Virtual University. Courses will be scheduled to accommodate graduate students who hold full-time clinical or educational positions.

The University of Kentucky will continue to work with the Area Health Education Centers to promote the program, recruit students, and establish distance learning sites.

Using the Kentucky Postsecondary Program Proposal System, the University of Kentucky posted the proposed programs to the council's Web site. They were reviewed without objection by other Kentucky public and independent universities and the Kentucky Community and Technical College System.

University of Kentucky Clinical Sciences Master's and Doctoral Program Executive Summary

The University of Kentucky Clinical Laboratory Science Program has planned and developed a unique graduate program which addresses the rapidly changing health care environment and selected evolving clinical science disciplines. The Master's degree core curriculum provides a foundation in advanced clinical sciences and specialized training in one of two areas of concentration: Reproductive Laboratory Science, and Transplantation Science/Hematology. The Doctor of Science degree provides further study in transplantation, hematology, and advanced research training.

Mission, Influences & Organization

The University of Kentucky is responsive to the needs of the health care communities, both by educating practitioners and by preparing scholars who can contribute significantly to basic and applied clinical research. This program will support the mission and goals of the University of Kentucky to achieve success in fostering excellence in graduate, post-graduate, and professional education. It will allow the University of Kentucky to take a leadership role in clinical sciences education.

The program will include the following disciplines: reproductive laboratory sciences (the first of its kind in the country) and hematology/transplantation science. Both are expected to appeal to a number of individuals, as evidenced by statewide and local survey results. Offering Master's and Doctoral programs in these disciplines positions the University of Kentucky as a national leader in graduate clinical sciences and allied health education.

The primary responsibility for the administration, instruction and research activities of the graduate program will reside with the faculties of the University of Kentucky Clinical Laboratory Sciences program. The Clinical Sciences Graduate Program will be housed in the College of Allied Health Professions and will involve primarily faculty from the Clinical Laboratory Science Division in the Department of Clinical Sciences. The academic unit is a part of the Chandler Medical Center, an academic health science center, and the graduate school.

Program Description

The role of research and scholarship within professional allied health schools has increased and gained significant importance over the last several years. Consequently, allied health disciplines must enhance and increase their academic scholarship to fulfill the responsibility of contributing to the knowledge base of these disciplines.

The proposed graduate program is distinctive in that it is multi-disciplinary in two ways. First, this initiative will offer Master's and Doctoral programs for the advanced education and career enhancement of clinical scientists (Clinical Laboratory Scientists, Cytotechnologists, Histotechnologists, Histocompatibility Technologists, Cytogeneticists, and other health professionals) as well as individuals who possess a bachelor's degree in biology. It accommodates individuals with a variety of clinical and biological sciences degrees. Secondly, students will be able to supplement the core curriculum with one of two areas of concentration leading to a variety of career opportunities. More importantly, the areas of

concentration are non-traditional, evolving disciplines: transplantation science/hematology and reproductive laboratory science.

A “distance education” model will maximize resources and enhance availability of graduate study to students throughout the region. Core curriculum courses and selected courses in the concentrations will be available using the interactive video system of the Kentucky Tele-Linking Network. In addition, the use of the Kentucky Virtual University (KYVU) will be explored to deliver portions of the proposed program. Courses will be scheduled to accommodate the schedules of graduate students who hold full-time clinical or educational positions.

Supportive Data

Local and national survey results reveal the demand by prospective students for the Clinical Sciences Graduate Program and the employment opportunities its graduates will enjoy. Graduates who have earned a Master’s degree will be in high demand in administrative, clinical practice and research arenas. Doctoral recipients with their expertise in transplantation science and hematology will be prepared to accept laboratory directorships and equipped to launch independent research programs. The Doctoral program specifically addresses the approaching shortage of Doctoral-level transplantation scientists projected by the American Society for Histocompatibility and Immunogenetics.

Resources

The graduate program faculty will focus on curriculum development, admissions, instruction, program evaluation, and supervision of student research based on interest, expertise, and availability. The Clinical Sciences Graduate Program represents a unified approach and efficient utilization of resources in addressing diverse needs within clinical sciences practice, higher education, academia and research. Instructional and research activities will be enriched by the contributions of several doctorally prepared clinical practitioners, researchers and faculty connected with the Lexington academic health centers. Their letters of support delineate the need and their support for the Clinical Sciences Graduate Program and their commitment to participate as lecturers, graduate student mentors, and thesis and dissertation committee members.

Two new faculty positions will be committed to the Clinical Sciences Graduate Program. Established scholars and researchers will be recruited to fill these positions.

A new state-of-the-art allied health facility, scheduled for completion within 14 months will house this program. This facility is designed with classroom space equipped with all necessary hardware to deliver distance learning technology, computer interface and television linkages to affiliated sites. Twenty-five bench research laboratories are planned for the new building, which should easily accommodate current faculty research as well as to allow for future program expansion.

External funding in the form of an “Allied Health Program Project Grant” (\$360,000 over three years) has been secured from the Health Resources and Services Administration (HRSA), Washington, D.C. It will be used to assist in the delivery of this program. In addition, the University of Kentucky has requested financial resources in its recurring budget for fiscal year 2001-2002 to initiate the Clinical Sciences graduate program. Internal reallocation and tuition revenue will provide the resources needed to sustain the program.

The proposed master's of science and doctorate in science degree program in Clinical Sciences has been designed to accommodate students who have completed a baccalaureate degree in clinical laboratory science, cytotechnology, histotechnology and histocompatibility technology, and qualified students of biology. Students will enter the program through the traditional Graduate School application process. Acceptance into the Clinical Sciences graduate program will be competitive with admission preference given to Kentucky residents, especially those that are minority students and students with educationally disadvantaged rural Kentucky backgrounds.

The long-term goal is to increase the number of qualified clinical scientists and researchers with advanced training in two areas of specialization: hematology/transplantation science and reproductive laboratory science. These graduates will then be prepared to fill advanced technical and leadership positions that will become available as new advances in scientific knowledge, such as the human genome project, influence the practice of clinical medicine in the country and the world. The master's and doctorate curricula of the University of Kentucky Clinical Sciences Graduate Program will provide a pool of well-educated graduates for these positions.

Important Note

This program was originally designed as a joint academic program to be delivered with the University of Louisville School of Allied Health Sciences. However, during the past several months, the University of Louisville has reported changes in its academic structure, particularly the closing of the School of Allied Health Sciences. These reports were of particular interest and concern to the College of Allied Health Professions at UK given our plans for the joint program. We received formal notification of UofL's intention to withdraw from the program in late November 2000. We have revised the program accordingly. It should be noted that the proposal remains relatively unchanged in terms of scope and offerings. One track, a laboratory management track, has been deleted completely from the proposal because it was to be offered at UofL only. UK has an existing program offered through the College of Business and Economics in health management. It was not necessary to offer a similar program within the College of Allied Health Professions.

**POSTSECONDARY EDUCATION
TRUST FUNDS INVESTMENT INCOME**

**ACTION
Agenda Item I-1
March 19, 2001**

Recommendation

- The staff recommends that the interest income earned through June 30, 2000, on the five trust funds listed in the attached chart be allotted to the institutions in accordance with the trust fund criteria and policy statements put into effect when the trust funds were established in 1997-98.
- The staff recommends that, using funds from the Technology Initiative Trust Fund (see Agenda Item I-2), the council provide the required one-for-one match of interest income from the Regional University Excellence Trust Fund if used by the comprehensive universities to advance the statewide strategy for engineering. The staff further recommends that the council match funds allocated internally by the University of Kentucky and the University of Louisville for the statewide engineering strategy up to an amount equivalent to the interest income accumulated in the Research Challenge Trust Fund. The staff recommends that the council limit the total amount of the matching funds from the Technology Initiative Trust Fund to \$650,000, as presented in Agenda Item I-2.

Background

House Bill 1, *The Postsecondary Education Improvement Act of 1997*, states that income earned from trust funds shall be credited to the appropriate trust fund account. The investment earnings must be used for the legislatively mandated purposes of the trust funds and reserved for the individual institutions. The presidents of the University of Kentucky and the University of Louisville have expressed concern about allocating investment income from the Research Challenge Trust Fund to undergraduate programs. But they are willing to work with the council and the comprehensive universities to finance the expansion of joint engineering degree programs. The council staff proposes that the council match funds allocated internally by the University of Kentucky and the University of Louisville for the statewide engineering strategy up to an amount equivalent to the interest income accumulated in the Research Challenge Trust Fund. The matching funds would be allocated from the Technology Initiative Trust Fund (see Agenda Item I-2).

Following is a schedule of the interest earnings for the trust funds by institution through June 30, 2000. As shown in Agenda Item I-2, the council staff recommends that \$650,000 from the Technology Initiative Trust Fund be allocated for academic program development, primarily the statewide strategy for engineering education.

The allocation and use of the investment earnings have been discussed at recent meetings of the presidents and the Finance Committee. The staff recommends that the established trust-funds criteria and policy statements be applied to the related investment income. Institutions must match investment income dollar for dollar, except as provided in this agenda item.

The council approved the criteria for the 1997-98 trust funds November 3, 1997. The council approved policy statements regarding the 1998-2000 Research Challenge Trust Fund Endowment Program and the 1998-2000 Regional University Excellence Trust Fund Endowment Program September 14, 1998. The council approved the criteria for the 1998-2000 Postsecondary Workforce Development Trust Fund November 9, 1998.

Staff Preparation by Angela S. Martin

**INCENTIVE TRUST FUNDS
INVESTMENT INCOME STATUS REPORT**

Trust Fund/Institution	1997-98 Interest	1998-99 Interest	1999-00 Interest	Total Interest
Research Challenge				
University of Kentucky	\$ 93,204	\$ 79,593	\$ 52,446	\$ 225,243
University of Louisville	46,602	41,676	25,989	114,267
Research Challenge Total	139,806	121,269	78,435	339,510
Research Endowment				
University of Kentucky	-	1,837,681	368,768	2,206,449
University of Louisville	-	1,043,497	375,721	1,419,218
Research Endowment Total	-	2,881,178	744,489	3,625,667
Regional University Excellence				
Eastern Kentucky University	33,903	32,516	27,232	93,651
Kentucky State University	11,184	32,501	33,949	77,634
Morehead State University	20,160	48,398	16,370	84,928
Murray State University	24,676	21,244	13,333	59,253
Northern Kentucky University	17,168	44,597	15,517	77,282
Western Kentucky University	32,714	77,292	79,643	189,649
Regional University Excellence Total	139,805	256,548	186,044	582,397
Regional University Endowment				
Eastern Kentucky University	-	85,466	27,340	112,806
Kentucky State University	-	26,530	40,069	66,599
Morehead State University	-	50,559	78,440	128,999
Murray State University	-	58,614	80,173	138,787
Northern Kentucky University	-	42,229	36,544	78,773
Western Kentucky University	-	59,719	17,490	77,209
Regional University Endowment Total	-	323,117	280,056	603,173
Workforce Development				
KCTCS	69,903	144,770	245,855	460,528
Workforce Development Total	69,903	144,770	245,855	460,528
System Total	\$ 349,514	\$ 3,726,882	\$ 1,534,879	\$ 5,611,275

TECHNOLOGY INITIATIVE TRUST FUND

Recommendation

The staff recommends that the council approve the following allocations from the 1998-2000 General Fund appropriation to the Technology Initiative Trust Fund:

- \$650,000 for academic program development, primarily the statewide strategy on engineering education.
- \$300,000 for the development and administration of surveys that support the key indicators.
- \$100,000 for the council's Web development.
- \$400,000 for degree audit and course transfer systems.
- \$100,000 for local P-16 councils.

Background

The Technology Initiative Trust Fund (KRS 164.7921) is the most broadly drawn of the six original strategic initiative and investment trust funds. For the 1998-2000 biennium, \$20.3 million was appropriated to the trust fund to implement a statewide technology infrastructure, to improve campus technology infrastructures, and to develop the Kentucky Virtual University and the Kentucky Virtual Library. The statute includes language that permits use of the trust fund for efforts that support the system's strategic agenda. The language reads in part:

(1) (b) to provide funding for the Commonwealth Virtual University . . . and other programs consistent with the purposes of postsecondary education, the adopted strategic agenda, and the biennial budget process.

The council staff recommends the allocation of the majority of the remaining funds to five activities that are consistent with the adopted strategic agenda.

As of July 1, 2000, approximately \$6.1 million remains in the trust fund, including interest income. The approved and recommended allocations from the 1998-2000 trust fund appropriation are shown on the following schedule. These allocations were presented to the Finance Committee for discussion at its January 16 and February 5 meetings.

As shown, \$3.66 million of the remaining funds will be needed to complete the 1998-2000 projects, which are primarily related to the Kentucky Virtual University and the Kentucky Virtual Library. During the 2000 session of the General Assembly, the council agreed to fund several activities from the trust fund, most notably equal educational opportunities such as the Southern Regional Education Board Faculty Diversity Program and a mathematics diagnostic test authorized by House Bill 178.

**Council on Postsecondary Education
Technology Initiative Trust Fund
1998-2000 General Fund Appropriation
Allocations as of March 19, 2001**

<u>Category / Projects</u>	<u>Estimated Scope</u>	<u>Estimated Completion Date</u>
1998-2000 Continuation Projects		
KCTCS		
Network Extension to Technical Colleges	\$ 160,000	December, 2000
Server Support	150,000	July, 2000
Total KCTCS	<u>\$ 310,000</u>	
KYVU / KYVL		
Course Development	\$ 1,500,000	December, 2000
Endeavor (Back-up Server and Training)	127,000	December, 2000
Cooperative Degree Programming	370,000	December, 2000
Information Literacy	150,000	December, 2000
Internet Provider Service	235,000	January, 2001
Operating Budget	518,000	December, 2000
Student Recruitment	250,000	December, 2000
Web Development	200,000	December, 2000
Total KYVU / KYVL	<u>\$ 3,350,000</u>	
Total 1998-2000 Continuation Projects	\$ 3,660,000	
Additional Projects Approved by the Council		
CPE - Mathematics Diagnostic Test	\$ 200,000	April, 2001
Equal Educational Opportunity Programs	411,000	May, 2002
Total Additional Projects Approved by the Council	\$ 611,000	
Recommended Allocations		
Academic Program Development	\$ 650,000	June, 2002
Assessment Surveys	300,000	December, 2001
CPE Web Development	100,000	May, 2001
Degree Audit and Course Transfer Systems	400,000	August, 2002
Local P-16 Councils	100,000	June, 2002
Total Recommended Allocations	\$ 1,550,000	
Total Allocations	<u>\$ 5,821,000</u>	

**2002-04 OPERATING & CAPITAL BUDGET
RECOMMENDATIONS: PRELIMINARY TIMELINE**

**Agenda Item I-3
March 19, 2001**

The Council on Postsecondary Education is required to submit the 2002-04 operating and capital budget recommendations for the public institutions and the council to the Governor's Office for Policy and Management and the Legislative Research Commission by November 15, 2001. The preliminary timeline for developing these recommendations is attached. In addition to the activities listed on the timeline, the presidents and the chief budget officers will continue to meet regularly with the council staff to discuss the development of the recommendations.

Staff Preparation by Angela S. Martin

**Council on Postsecondary Education
2002-04 Operating and Capital Recommendations
Preliminary Timeline**

<u>Date / Event</u>	<u>Activity</u>
January 16, 2001 SCOPE Operating Budget Review Subcommittee Meeting	Discussion: Points of Consensus document
January 31, 2001 Mandated Programs / Debt Service Work Group Meeting	Institutional representatives, LRC and GOPM representatives, and council staff commence work
Space Planning Issues Work Group Meeting	Institutional representatives, LRC and GOPM representatives, and council staff commence work
February 5, 2001 Council Meeting	Action: Direct staff to develop detailed funding guidelines Endorse Points of Consensus document
February 7, 2001 SCOPE Meeting	Discussion: Presentation of Points of Consensus document
March 19, 2001 Council Meeting	Discussion: Tuition-Setting Guidelines
April 2001 Governor's Office for Policy and Management	GOPM provides draft 2002-04 Budget Guidelines
April 16, 2001 Capital Planning Advisory Board	Institutions submit 2002-08 Six-Year Capital Plans Council submits 2002-08 Six-Year Capital Plan for agency (Note: These are preliminary plans and can be amended until October 1.)
May 21, 2001 Council Meeting	Action: Tuition-Setting Guidelines Discussion: Funding objective Trust funds Special funds request guidelines and evaluation criteria Capital budget framework and priorities Space planning guidelines revisions Information: Benchmark revisions
May 31, 2001 Mandated Programs / Debt Service Work Group	Work Group finishes
Space Planning Issues Work Group	Work Group finishes

**Council on Postsecondary Education
2002-04 Operating and Capital Recommendations
Preliminary Timeline**

<u>Date / Event</u>	<u>Activity</u>
June 8, 2001 SCOPE Meeting	Discussion: Development of 2002-04 operating and capital budget recommendations
July 2001 Capital Planning Advisory Board Meeting	Presidents present institutional capital priorities (2002-08) Council Chair presents draft capital priorities (2002-08)
Legislative Research Commission	Legislative Branch promulgates 2002-04 Budget Guidelines
July 2, 2001 Institutions	Submit 2002-04 capital budget request
July 30, 2001 Council Meeting	Action: Approve capital priorities Approve space planning guidelines revisions Approve special funds request guidelines and evaluation criteria
September 2001 Capital Planning Advisory Board	Action: CPAB establishes statewide capital priorities
Institutions	Institutions submit special funds requests to council Institutions report planned tuition rates and revenues for 2002-04 to council
September 24, 2001 Council Meeting	Action: Approve funding objective Discussion: Trust funds, amounts, and distribution guidelines Requests for special funds submitted by the institutions Capital budget recommendation Agency operating and capital budget request Information: Reported tuition rates and revenues for 2002-04
September 26, 2001 SCOPE Meeting	Discussion: Development of 2002-04 operating and capital budget recommendations Information: Reported tuition rates for 2002-04
October 1, 2001 Capital Planning Advisory Board Meeting	Action: Adopt statewide capital plan

**Council on Postsecondary Education
2002-04 Operating and Capital Recommendations
Preliminary Timeline**

<u>Date / Event</u>	<u>Activity</u>
November 5, 2001 Council Meeting	Action: Approve 2002-04 operating budget recommendation Approve 2002-04 capital budget recommendation Approve 2002-04 agency budget and capital request
November 15, 2001 SCOPE Meeting	Information: 2002-04 operating and capital budget recommendation

At the February 2001 meeting, the council approved the “Points of Consensus Among the University Presidents, KCTCS President, and the Council President Concerning the 2002-04 Funding Methodology” (Attachment A). This document evolved over several months through meetings of the presidents, the chief budget officers, the chief academic officers, and the Operating Budget Review Subcommittee of the Strategic Committee on Postsecondary Education. The “Points of Consensus” is a framework to guide the development of the council’s 2002-04 operating and capital budget recommendation.

Tuition and fees revenue plays an important part in developing the 2002-04 operating budget recommendation. Within the framework of the “Points of Consensus,” the staff has developed the attached draft 2002-04 tuition-setting guidelines (Attachment B). Draft guidelines were discussed at the chief budget officers’ March 1 meeting and the presidents’ March 7 meeting. The attached draft reflects the discussions from these meetings.

The staff seeks council guidance on the tuition-setting guidelines. After discussion by the Finance Committee and additional discussions with the presidents and chief budget officers, the council staff will bring a recommendation on the 2002-04 tuition-setting guidelines to the May 21 council meeting.

Background

The institutions will continue to have the authority to set tuition rates for 2002-04. The rates will be set within guidelines approved by the council. The institutions will report the tuition rates and projected tuition and fees revenues to the council by September 1, 2001. The attached draft departs from the 2000-02 guidelines in three major ways:

Per-Credit-Hour Rates

Tuition rates would be set and assessed per credit hour, and tuition for full-time students would no longer be capped. There are three primary reasons to consider change:

- ***Equity***

Perhaps the single most important argument for establishing tuition and fees rates per-credit-hour is equity. As of fall 2000, approximately 37 percent of all public postsecondary education students are enrolled part-time. The number of part-time students has increased 20 percent since fall 1997, much more than the 8 percent increase in full-time students. All students, regardless of their credit-hour load, would bear the same unit cost under per-credit-hour pricing. Now, a flat rate is assessed for a range of credits at or above a minimum threshold (typically, 12 credit-hours). Full-time students benefit from a reduced cost per-credit-hour. With per-credit-hour pricing, all students would pay the same unit cost for instruction.

- ***Efficiency***
Under traditional pricing, full-time students typically enroll in more courses than they intend to complete. Courses that are barely cost-effective to offer at the beginning of a semester often become cost-ineffective as students withdraw from the course. Per-credit charges would encourage students to more seriously consider their course loads when they register, giving instructors and administrators a more accurate sense of enrollments.
- ***Distributed Learning***
Pricing is an important factor in developing incentives for distributed learning. Students should not be penalized for taking courses from institutions other than their “home” institution, nor should they receive an unfair subsidy for on-line courses taken from their current institution. Per-credit charges would encourage students to register for a course that best fits their needs, regardless of which institution is offering the course.

Differentiated Undergraduate Tuition Rates by Residency

Undergraduate tuition would be lower for Kentucky residents than for non-residents. Institutions were given complete flexibility in setting tuition for this biennium. Several eliminated the difference between resident and nonresident rates for undergraduate students from selected areas in bordering states. A survey of the benchmark institutions reveals that nonresident undergraduate rates vary from 1.5 times to more than five times the resident rates, with a median of about two to three times the resident rates.

Although Kentucky seeks to increase educational attainment, the question of who bears much of the cost of nonresident students is regularly debated. The staff recommends higher out-of-state than in-state rates so that state appropriations do not subsidize all nonresident students at the same level as resident students. However, the staff recommends giving the institutions the flexibility to determine the difference between resident and nonresident rates.

Tuition and Fees Revenue

Consistent with the “Points of Consensus,” a standard will be used to determine the tuition and fees deduction for 2002-04. The 2002-04 budget recommendation will continue to be based on benchmark funding. An important part of the model is determining the amount of public funds that should be generated with tuition and fees revenue. Public funds include tuition and fees revenue and state and local appropriations. For the current biennium, budgeted tuition and fees revenue was deducted from the benchmark public funding amount to establish the state appropriation objective for each Kentucky institution. In 2002-04, a set percentage or budgeted tuition and fees, whichever is lower, would be deducted from the public funding amount to determine the state appropriation objective for each institution.

The “Points of Consensus” states that the amount of tuition and fees revenue as a percentage of public funds should be lower for the Kentucky Community and Technical College System than for public universities. The “Points of Consensus” also states that the council is committed to enhancing Kentucky State University. The staff recommends that a lower percentage is appropriate for KCTCS, Lexington Community College, and Kentucky State University. The lower percentage for KCTCS and LCC would reflect the state’s commitment to open access to

postsecondary education for all Kentuckians. The lower percentage for Kentucky State University is appropriate given KSU's special status as the state's historically black institution and to provide greater access for the student population it serves.

KCTCS, LCC, and KSU have an average percentage of tuition and fees revenue compared to total public funding of 36 percent. The percentages range from 22.5 percent to 58.1 percent. A review of about 850 community colleges reveals a median percentage of tuition and fees revenues of 29 percent. The staff recommends that the standard percentage for KCTCS, LCC, and KSU be set at 30 percent.

Based on 2000-01 data, the public universities, excluding KSU, have a median percentage of tuition and fees revenue compared to total public funding of about 35 percent. The percentages range from 27.6 percent to 50.5 percent. A review of the benchmarks reveals a median percentage of tuition and fees revenue of 37 percent. The staff recommends that the standard percentage for the public universities, excluding KSU, be set at 37 percent.

Institutions with tuition and fees revenue percentage below the applicable funding standard should strive to increase the percentage over the next biennium. These institutions are expected, at least, to maintain the current percentage of tuition and fees revenue to total public funds during 2002-04.

Staff Preparation by Angela S. Martin and Linda Jacobs

**Tuition-Setting Guidelines for 2002-04
WORKING DRAFT
March 19, 2001**

Each institution will establish its own tuition rates consistent with the following guidelines. The council's biennial budget request for state general operating funds will consider tuition and fees revenue based on these guidelines.

- Rates are to be set and charged per credit hour.
- Rates may be differentiated by factors such as student level (undergraduate, graduate, and first professional) and program (for example, business or biology).
- Undergraduate rates must be differentiated by residency. Resident tuition rates as a percentage of per capita personal income will continue to be monitored by the council to ensure that postsecondary education remains affordable to Kentuckians.
- The rates should generate tuition and fees revenue at a level that is consistent with the council's funding guidelines. KCTCS, LCC, and KSU's tuition and fees revenue should generate at least 30 percent of the total public funding for each institution. The tuition and fees revenue for the remaining institutions should generate at least 37 percent of the total public funding for each institution. Institutions with tuition and fees revenue below the funding guidelines recommended proportion should strive to increase that percentage over the biennium. These institutions must at least maintain the current percentage of tuition and fees revenue in public funding during the 2002-04 biennium.
- Each institution will submit planned biennial tuition rates and projected tuition and fees revenue for 2002-03 and 2003-04 to the council by September 1, 2001, for developing the council's 2002-04 biennial budget request.

**Points of Consensus among University Presidents, KCTCS
President, and the Council President
Concerning the 2002-04 Funding Methodology
February 5, 2001**

I. Base Funding

Provision 1: In recognition of the Commonwealth's commitment to an excellent system of postsecondary education and postsecondary education's linkage to economic development growth, recommendations for funding to be appropriated to the base budgets of the universities and the Kentucky Community and Technical College System will provide the following:

- a) An inflationary increase as provided to other agencies of state government.
- b) Maintenance and operation funds to support new educational and general buildings approved by the General Assembly.
- c) Changes in debt service requirements for institutional bond issues supported from state appropriations and to be paid by the institution.
- d) The benchmark method is one of several acceptable approaches to establish institutional base budgets and should be retained to determine equity adjustments to the base General Fund appropriations to the institutions. However, the current model will be supplemented and strengthened. Institutions will have the opportunity to negotiate the replacement of up to five institutions from their current benchmark lists. In addition, the benchmark method should be augmented to address the differential costs related to new undergraduate and graduate enrollments through a new Enrollment Growth and Retention Trust Fund (Section II).

Clarifying Statements

- Based on actions of the council, the governor, and the General Assembly to reaffirm the state appropriation bases of institutions, no redistribution among institutions of existing institutional General Fund base appropriations should occur. Institutional General Fund base budgets should not be reallocated through the state budgeting process.
- General Fund appropriations to institutions should continue to be lump sum with necessary accountability requirements.
- Institutions should continue to have the delegated authority to set tuition rates.
- The annual General Fund base increase request should be, at a minimum, the percentage provided to state agencies in the Legislative Research Commission's promulgated biennial *Budget Request Manual*.

- The benchmark method will involve a review of benchmark institutions using objective data consistent with the existing selection criteria. Universities with medical schools will not be considered as benchmark institutions for the Kentucky comprehensive universities.
- Adjustments to institutional base budgets should include across-the-board inflationary increases for all institutions as well as adjustments resulting from the benchmark process.
- The cost differential related to new undergraduate and graduate enrollments should be addressed through a new Enrollment Growth and Retention Trust Fund (Section II).
- If feasible, a study should be undertaken to identify General Fund debt service at the benchmark institutions. The identified General Fund debt service amounts should be factored out of data for both the Kentucky institutions as well as the benchmark institutions.

Provision 2. Actual tuition should not be an offset against General Fund appropriations.

Clarifying Statements

- Kentucky's funding approach needs to reflect the shared funding responsibility between the state and the student (tuition).
- A uniform standard for determining the tuition deduction from the calculated public funds amount should be developed. The standard deduction should be lower for KCTCS than for the universities.

Provision 3. The council and the institutions should identify and agree upon mandated public service and research programs having no student enrollments or instructional function. These will be factored out of benchmark funding evaluations.

Clarifying Statements

- Institutions should identify state-funded mandated public service and research programs funded through General Fund appropriations having no student enrollments or instructional function. These programs could be identified through, for example, a search of the Kentucky Revised Statutes. Institutions should provide appropriate documentation including the date the program was created and the levels of General Fund support over time.
- In order for the removal of mandated programs to be useful in the benchmark process, public service and research General Fund appropriations should be treated as consistently as possible across all Kentucky institutions and their respective benchmark institutions. If feasible, a study should be undertaken to identify similar mandated programs at the benchmark institutions. Such General Fund appropriations should be factored out of data for both the Kentucky institutions as well as the benchmark institutions.
- The institutions and the council should strive to have mandated programs separately identified in future budget bills to clarify each institution's base General Fund operating appropriation.

II. Trust Funds

Trust funds should be maintained. An Enrollment Growth and Retention Trust Fund should be recommended and should recognize the differentiated costs of undergraduate and graduate instruction. Funding amounts should be based on the council's recommended benchmark funding objectives and upon enrollment and retention goals negotiated with each institution.

Clarifying Statements

- The trust funds approach is important for assuring the achievement of *Strategic Agenda* goals. Distribution criteria for each trust fund, including the criteria for determining institutional allocations and matches (if any), should be part of the council's 2002-04 budget request.
- Enrollment growth and retention funds should be requested through an Enrollment Growth and Retention Trust Fund with performance goals negotiated with the institutions as the criteria to access funds.
- The Enrollment Growth and Retention Trust Fund should recognize the differentiated costs of increased undergraduate and graduate enrollments. Funding amounts for the Enrollment Growth and Retention Trust Fund should be based on each institution's benchmark funding objective per FTE.

III. Special Funding

Funding of special and meritorious initiatives may be designated by the council for flow-through funding; however, guidelines will be promulgated well in advance.

Clarifying Statements

- Criteria for the council's evaluation of special initiative requests will be established early in the process.
- The Commonwealth, through its partnership agreement with the U.S. Office for Civil Rights, is committed to enhancing Kentucky State University. KSU and the council should fulfill this commitment through further discussions.
- Institutions should be provided an opportunity to request increases in General Fund appropriations for mandated programs that have been factored out of the benchmark process.

IV. Endowment Match Program

The Endowment Match Program should be retained.

Clarifying Statements

- Matching requirements play an integral part of the Endowment Match Program by providing incentives for private fund-raising.
- Matching funds received from private donors for the Endowment Match Program should be endowed.
- Special consideration may be given to institutions with demonstrated difficulty in meeting matching requirements such as additional time to match their allocated state funds.

V. Space Planning Guidelines

The space planning guidelines will be further reviewed as to coding of research space, quality of space, and fitness for purpose.

Clarifying Statements

- The council should submit a capital projects recommendation for the 2002-04 biennium to the governor and the General Assembly based on requests submitted by institutions under guidelines developed by the council early in the budget process. The Space Planning Guidelines will be revised to address coding of research space, quality of space, and fitness for purpose.
- Capital funding guidelines should allow for requests for capital renewal of existing facilities, equipment replacement, and equipment acquisitions consistent with the goals of House Bill 1 and the *Strategic Agenda*. The council should advance requests for new facilities when necessary to accomplish a specific strategic goal or support the mission of the institution.
- The Capital Renewal and Maintenance Program should continue to be based on projects recommended by the council.
- The council should continue to recommend a sufficient agency bond pool amount and recommend that institutions have the autonomy to bond their own projects without affecting the state bonding capacity.

**UNIVERSITY OF KENTUCKY
GLUCK EQUINE RESEARCH CENTER RENOVATION**

ACTION
Agenda Item I-5
March 19, 2001

Recommendation

The staff recommends that the council approve the University of Kentucky's request to renovate the Gluck Equine Research Center with \$4,700,000 in private and agency funds.

Background

The council has the statutory responsibility to review and approve postsecondary education capital construction projects costing \$400,000 or more regardless of fund source. The project will renovate 17,637 square feet and create an additional 11,000 square feet of new assignable space within the facility by adding a floor slab to a two-story high bay portion of the building. The Gluck Equine Research Center is four stories tall. The renovation of approximately 75 percent of the first floor will create two laboratory suites for biotechnology. The addition of space on the second floor will provide offices and meeting rooms. Space on the fourth floor will be upgraded and one additional laboratory suite will be created.

The renovated laboratories and new offices will be for endowed chairs and their staff. The renovated and new space will include basic telecommunications infrastructure, computer wiring and internet access, and provisions to accommodate future improvements in telecommunications.

The University of Kentucky has certified that funding for the project is available from private (\$4,300,000) and institutional (\$400,000) sources. The university has received \$2.6 million in private funds and has established a schedule for receiving another \$1.7 million in private funds to complete the project. The institutional funds are provided from agency fund balances. When completed, the project will require an additional \$51,000 to help pay operating costs the first year. Additional operating funds may be requested by the institution.

Following council action, the staff will forward the council's recommendation to the secretary of the Finance and Administration Cabinet and to the Capital Projects and Bond Oversight Committee.

Staff Preparation by Sherron Jackson

**MOREHEAD STATE UNIVERSITY
NASA SATELLITE TRACKING STATION**

ACTION
Agenda Item I-6
March 19, 2001

Recommendation

The staff recommends that the council approve Morehead State University's request to spend \$4,200,000 in federal funds to relocate the operations of the NASA-Goddard satellite tracking station to Morehead from Wallops Island, Virginia.

Background

The council has the statutory responsibility to review and approve postsecondary education capital construction projects costing \$400,000 or more, regardless of fund source. The Morehead State University Board of Regents has approved this project.

The satellite tracking station will be part of the university's astrophysics laboratory. The satellite will be used for NASA missions and will provide a replacement antenna for the MoSU radio telescope. The satellite may be contracted for up to 50 percent of the time to the NASA satellite-tracking program, with the remainder of the time devoted to the MoSU astrophysics program. The satellite will be relocated to MoSU property next to the central campus. As part of this project, MoSU will construct a 1,600 square foot facility adjacent to the satellite to house the special equipment that supports its operation.

New economic development, research, and education outreach programs will be created as a result of this initiative through the university's Institute for Regional Analysis and Public Policy (IRAPP). The council approved IRAPP as MoSU's program of distinction in 1998. The project will connect research and science to the region and provide telecommunication infrastructure to move eastern Kentucky into a more competitive position. Educational outreach services with public schools and other postsecondary education institutions also will result from this project.

The university has \$2 million of federal funds and will apply for an additional \$2.2 million in federal grants to complete the project. When completed, the project will require an additional \$86,580 in annual operating costs.

Following council action, the staff will forward the council's recommendation to the secretary of the Finance and Administration Cabinet and to the Capital Projects and Bond Oversight Committee.

Staff Preparation by Sherron Jackson

APPOINTMENT OF NOMINATING COMMITTEE

**Agenda Item J
March 19, 2001**

The bylaws require that the council create a nominating committee by March 31 for the selection of officers before June 30. The nominating committee should consist of the council chair, vice chair, and two other members.