

AGENDA
Council on Postsecondary Education
March 25, 2002, 8:30 a.m.
Meeting Room A, Council Offices, Frankfort

Exec Summary Attachment
Page # Page #

Roll Call

SPECIAL AGENDA - Preparing Kentuckians for the Knowledge-Based Economy 9

REGULAR AGENDA

Approval of Minutes 1
Commissioner of Education Report

Cross-Cutting Issues

Executive Summary 15
1. Legislative Update 15
2. Budget Update 15
3. Progress Report on Key Indicators 15 17

Question 1 – Are more Kentuckians ready for postsecondary education?

Executive Summary 21
4. P-16 Council Update 21

Question 2 – Are more students enrolling?

Question 3 – Are more students advancing through the system?

Executive Summary 23
5. Action: Key Indicators of Progress - Enrollment and Retention Goals 23 27
6. Action: Enrollment Growth and Retention Guidelines 24 33
7. Action: KEES Administrative Regulation Amendment 24 41
8. CEO Report: 1997-2002 KY Plan and OCR Partnership 25 55
9. KYVU Memorandum of Agreement with West Virginia 25

Question 4 – Are we preparing Kentuckians for life and work?

Question 5 – Are Kentucky’s communities and economy benefiting?

Executive Summary 57
10. Action: Final Program Productivity Reports: KCTCS and Lexington Community College 57 61
11. New Program Report 58 63
12. Virtual Groundbreaking for EKV Online Master’s in Loss Prevention 59
13. Results of KYVU Revolving Fund Program Development Competition 59
14. Action: Amendments to the 2002-04 List of Projects Eligible for Agency Bond Authority 60 67

The Council Business

Executive Summary 69
15. Status Report: Student Housing Fire Safety 69 71
16. Action: Council Conflict of Interest Policy 69 81
17. Action: Appointment of Nominating Committee 70
18. NEW ITEM Action: Fund for the Improvement of Postsecondary Education Grant Proposal (FIPSE)

Other Business

Next Meeting – May 20, 2002, Northern Kentucky University
Adjournment

MINUTES
Council on Postsecondary Education
February 4, 2002

The Council on Postsecondary Education met February 4, 2002, at 8:30 a.m. at the council offices in Frankfort. Chair Whitehead presided at the beginning of the meeting but had to leave due to his wife becoming ill. Vice Chair Adams presided over the remainder of the meeting.

OATH OF OFFICE

Franklin County Circuit Judge Reed Rhorer administered the oath of office to Susan Guess and Bart Darrell. Ms. Guess, from Benton, Kentucky, was appointed in January. She is marketing director and vice president of the Paducah Bank and Trust Company. Mr. Darrell was appointed in November 2001. He is an attorney from Bowling Green.

ROLL CALL

The following members were present: Norma Adams, Walter Baker, Steve Barger, Peggy Bertelsman, Bart Darrell, Richard Freed, Susan Guess, John Hall, Chris Pace, Joan Taylor, Lois Combs Weinberg, Charles Whitehead, and Gene Wilhoit. Ron Greenberg and Charlie Owen did not attend.

**SPECIAL AGENDA –
POSTSECONDARY
EDUCATION AND
THE KNOWLEDGE-
BASED ECONOMY**

Mr. Davies said that at the November 2001 meeting council members expressed considerable interest in the Bucks for Brains program, specifically the relationships developing in research between the University of Kentucky and the University of Louisville, and in the efforts of Kentucky to build a knowledge-based economy. The staff has arranged an overview of some of the work being done in these areas, with an emphasis on Bucks for Brains, which is a critical issue in the legislative session. This is the part of the council's work having to do with creating the jobs and creating the economy within which Kentuckians can live and work and enjoy better jobs and better lives. At the March meeting, the council will focus on the programs that help prepare individual women and men here in the Commonwealth for not only better jobs but more active participation in their lives as citizens and members of communities throughout Kentucky.

Paul Chellgren, chair and chief executive officer of Ashland Inc., and Bill Brundage, commissioner of the new economy, spoke about the importance of the relationship

among government, business, and postsecondary education.

Four faculty hired through the Endowment Match Program explained their research and its effect on Kentuckians and Kentucky's economy: Victoria Molfese, Ashland/Nystrand Chair of Early Childhood Education, UofL; Sharyn Perry, Professor of Plant Molecular Biology, UK; Brad Anderson, Kostenbauder Professor in Pharmaceutical Sciences, UK; and Mark Rothstein, Boehl Professor of Law and Medicine, UofL.

APPROVAL OF
MINUTES

Presidents Lee Todd and John Shumaker concluded the special agenda with remarks about ways in which they are working together to maximize the results of the state's investment in research capacity.

COMMISSIONER OF
EDUCATION REPORT

The minutes of the November 5 council meeting and the October 31 executive committee meeting were approved as distributed.

LEGISLATIVE
UPDATE

Gene Wilhoit gave a report of the activities of the Kentucky Department of Education. The department recently received positive results from national surveys of education and was recognized for its accountability system and curriculum design. From within the state and outside, Kentucky is being recognized for the good, steady work of the past ten years. Mr. Wilhoit said that for the first time since KERA was passed, the system is dealing with how to sustain this effort in times of economic stress by adjusting budgets and cutting back in some areas. The department will struggle as every other segment in government is struggling. He said that the work with the P-16 council is extremely positive and some ground-level results can be seen from those activities. He is meeting regularly with the university deans of education about coordination between P-12 and postsecondary education.

At the time of this meeting, over 900 pieces of legislation had been filed before the General Assembly, most of which do not directly affect postsecondary education. The staff will continue to send the weekly update to the council members throughout the session.

Mr. Davies said that the staff meets weekly with the legislative liaisons of the universities and the KCTCS. Staff also is working closely with legislative liaisons of the Kentucky Higher Education Assistance Authority, the

BUDGET UPDATE

Department of Education, and the Association of Independent Kentucky Colleges and Universities.

Angie Martin of the council staff said that the Governor's budget request has been filed. The council approved a recommendation for about \$172 million in additional funds. The Governor's recommendation includes about \$39 million for KEES, \$13 million in debt service for the "Bucks for Brains" program (\$120 million bond issuance), and \$24 million for the enrollment growth and retention program. The Governor's office will file technical amendments, and this information will be sent to the council members.

DEGREE PROGRAM
ELIGIBILITY FOR
CALENDAR YEAR
2002

The staff analyzed the enrollment and hiring data submitted by the institutions to assess their progress in meeting the goals of The 1997-2002 Kentucky Plan for Equal Opportunities. These data are used to determine eligibility of institutions to start new programs in the coming year. Sherron Jackson of the council staff reported that seven of the universities are automatically eligible to propose new degree programs in the 2002 calendar year. One university, Murray State University, is ineligible because it received a waiver in calendar year 2001. Among the community colleges, seven of the 13, along with Lexington Community College, are automatically eligible to propose new degree programs. Of the 15 technical colleges, two institutions – Bowling Green and Jefferson – qualified for automatic status.

1997-2000 KY PLAN
AND OCR
PARTNERSHIP
STATUS

Mr. Jackson said that the Commonwealth continues to make significant progress in implementing the commitments of the partnership agreement with the U.S. Office for Civil Rights. A summary of the third report is included in the agenda book.

MoSU MASTER OF
ARTS IN TEACHING

RECOMMENDATION: The staff recommends that the council approve the Master of Arts in Teaching proposal by Morehead State University. The program would be registered in CIP 13.0101 (Education, General).

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

Morehead's is the third master of arts in teaching degree. These are being proposed to respond to the need to provide alternative routes for certification of teachers, to

attract people with different majors already in the profession, and in some cases to bring former teachers back to the classroom.

Mr. Barger said he wants to see more evidence and commitment to collaboration and cooperation among the institutions, when possible, in the development of these degree programs.

Mr. Davies encouraged the council members to attend the March 25 meeting of the Chief Academic Officers to hear from institutional representatives about what collaboration can mean and why collaboration, in some cases, can be

MoSU BA IN SPORT
ADMINISTRATION

impractical and enormously expensive from their perspective.

VOTE: The motion passed.

RECOMMENDATION: The staff recommends that the council approve the Bachelor of Arts in Sport and Fitness Administration/Management (CIP 31.0504) proposed by Morehead State University.

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

Mr. Applegate said that this program would replace one eliminated during the council's last program productivity review. It is designed to meet employer needs more adequately and to attract more students. It differs from the program at the University of Louisville and offers more emphasis on business administration. Northern Kentucky University is developing a program as well.

ENDOWMENT
MATCH PROGRAM
GUIDELINES

Mr. Barger again stressed the need for collaboration among the institutions before developing new programs.

VOTE: The motion passed.

RECOMMENDATION: The council's Endowment Match Guidelines Review Subcommittee recommends that the council approve the guidelines for the Endowment Match Program, effective July 1, 2002.

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

A council committee of Mr. Greenberg (chair), Ms. Bertelsman, Mr. Baker, and Mr. Barger has considered these guidelines for several months. The guidelines would cover the endowment match program that the Governor has proposed in his 2002-04 budget. The guidelines more clearly define the responsibilities of the university boards of trustees and regents. They increase the percentage of funds that should be dedicated to the knowledge-based economy and research related to it from 60 to 70 percent. The institutions worked with the subcommittee and support the guidelines. The subcommittee asked the institutions to develop a common set of procedures to be followed by all institutions for accepting donations, gifts, and pledges. The staff is recommending the procedure adopted by the University of Kentucky. President Todd shared this

information with the other presidents and they all agree to these procedures.

Mr. Barger said that the committee had extensive discussions with the presidents as to why provisions for donor confidentiality should be preserved. These procedures and guidelines address these concerns and ensure that the trustees and the regents are aware of and do approve the contributions, donations, and endowments. The institutions will provide periodic reports to the council.

KEY INDICATORS
OF PROGRESS

VOTE: The motion passed.

RECOMMENDATION: The staff recommends that the council approve goals for undergraduate student experience, civic engagement, and research and development.

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

UK NUTTER
FIELDHOUSE
REPLACEMENT OF
RUNNING TRACK

Sue Hodges Moore said that these are indicators of progress under Questions 4 and 5. The Question 4 indicators are derived from a national survey of student experiences as undergraduates to assess student experience in Kentucky's public universities. The findings of the survey of undergraduate alumni and the status of Kentucky graduates five years after graduation was presented for

discussion. Goals for these indicators will be established at a later date.

VOTE: The motion passed.

RECOMMENDATION: The staff recommends that the council approve the University of Kentucky's request to replace the Nutter Fieldhouse running track with \$435,000 of athletic association capital funds and private funds.

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

VOTE: The motion passed.

RECOMMENDATION: The staff recommends that the council approve the memorandum of agreement among Western Kentucky University, the Hilltopper Athletic Foundation, Inc., and the City of Bowling Green, Kentucky, to finance the renovation of the E. A. Diddle Arena and related athletic facilities on the WKU campus with \$32,500,000 of general obligation bonds issued by the City of Bowling Green, Kentucky.

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

A council committee of Mr. Owen (chair), Mr. Baker, and Mr. Barger has reviewed various approaches to this renovation over the past eight months. The committee has reviewed Senate Bill 54, which sets out the most recent and probably final approach. Under the memorandum of agreement between WKU and the City of Bowling Green, the city provides financing for the renovation and the university pays for it through a student athletic fee and various revenues derived from use of the new arena. Ownership of Diddle Arena remains with WKU. The council will receive quarterly progress reports.

VOTE: The motion passed with Mr. Darrell abstaining.

RECOMMENDATION: The staff recommends that the council approve the Council Conflict of Interest Policy.

The audit firm of Potter & Company recommended that the council establish a conflict of interest policy and disseminate that policy to the council members and

WKU E. A. DIDDLE
ARENA
MEMORANDUM
OF AGREEMENT

COUNCIL CONFLICT
OF INTEREST POLICY

RESOLUTIONS FOR
LEGG AND

MENENDEZ employees. Until now, the council operated under the state's policy but the auditors felt that the council should establish its own.

INTEL ISEF After discussion, the council members requested that this be reconsidered at the March council meeting. Council members should give suggested changes to the council staff.

MOTION: Mr. Baker moved that the council approve resolutions honoring Hilda Legg and Shirley Menendez for their service as members. Mr. Barger seconded the motion.

VOTE: The motion passed.

COMMITTEE ASSIGNMENTS Mr. Davies announced that Jennifer Marsh is working with the Intel International Science and Engineering Fair, which returns to Kentucky May 12-18 for its 53rd annual high school student math, science, and engineering competition. This is a world-class event where 1,200 national and international student finalists compete for prizes and scholarships. All of the public institutions and seven of the independent institutions are providing scholarships, totaling \$1,196,000. The University of Kentucky is offering for the first time ever in the history of the fair a graduate scholarship.

COUNCIL STAFF

NEXT MEETING

ADJOURNMENT

Mr. Whitehead has appointed Richard Freed to the P-16 Council and Bart Darrell to the Distance Learning Advisory Committee.

Council staff member Patrick Kelly is leaving the council to take a position with the National Center for Higher Education Management Systems in Boulder, Colorado.

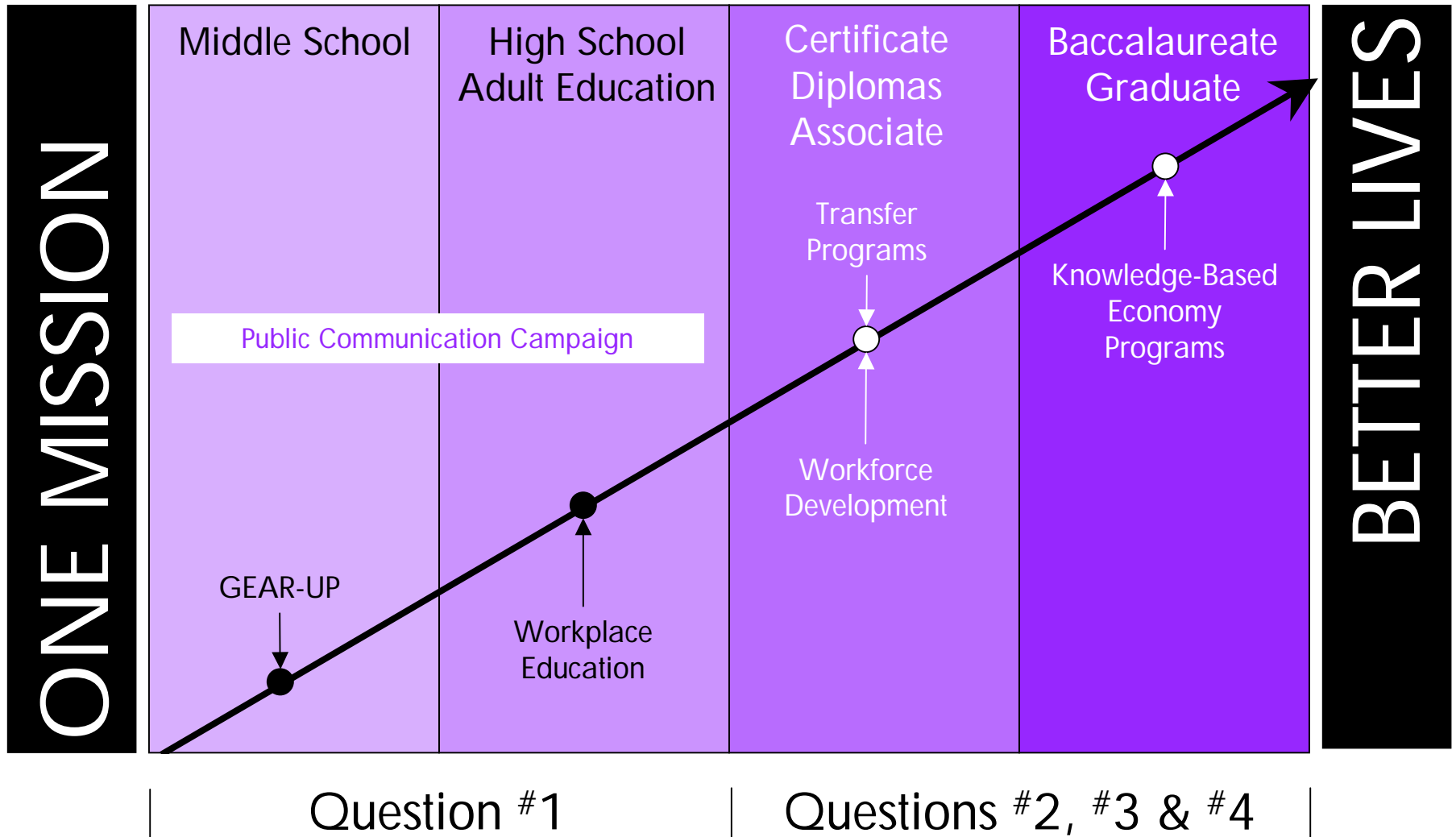
The next meeting is March 25.

The meeting adjourned at 1:15 p.m.

Gordon K. Davies
President

Phyllis L. Bailey
Secretary

Preparing Kentuckians for the Knowledge-Based Economy



Council on Postsecondary Education
March 25, 2002

Executive Summary

Special Agenda – Preparing Kentuckians for the Knowledge-Based Economy

At the February meeting, council members discussed with leading scholars, business leaders, and the presidents of Kentucky's two research universities the role of postsecondary education in creating the intellectual capital that will help to transform Kentucky's economy. This is one important part of the postsecondary education reform. The other part is educating women and men to become skilled and knowledgeable citizens and workers in a knowledge-based economy. The special agenda for the March meeting focuses on programs that increase access and seek to motivate participation in education beyond high school.

One reason for low levels of participation in postsecondary education is simply that people don't know what opportunities are available to them. Neither do they know why it is critically important for them to take advantage of these opportunities. As the president of a major research university observed some years ago, "We don't know what we don't know." Part of this reform is helping

people know that they need advanced education for their own good and that of their families and communities.

In June 2001 the council began a statewide public communication campaign to raise awareness of the need for more education and to involve communities across the state in convincing their citizens to continue their educations.

Faculty from several universities and the KCTCS worked with two communications firms, Red7e and Guthrie Mayes, to design the campaign.

Building on the Education Pays campaign initiated by Governor Patton, the first phase of the Go Higher campaign sought to reach adults who had dropped out of the educational system, either not finishing high school or finishing it inadequately prepared to go on. Working with the Department of Adult Education and Literacy, it sought to increase the numbers of people who took and passed the GED examinations. The results of this initial phase are dramatic. The number of people who took and passed the GED examination in the last six months of 2001 increased to 12,169, a 78 percent increase.

In the second phase, the campaign continues to promote adult participation in the GED preparation programs and workplace education. It now also promotes college-going to a younger audience of middle and high school students and to their parents. We'll begin the meeting with a few minutes of highlights from the Go Higher media campaign.

A partnership among early childhood programs, elementary and secondary schools, adult education centers, and colleges and universities is necessary to increase participation in postsecondary education. A state P-16 Council has been operating for two years to establish that partnership and to undertake important projects that close the gaps between the various “systems” of education in the Commonwealth. We’ll highlight P-16 initiatives when the Kentucky Board of Education and the council next meet. Today we propose to discuss with you a program targeted at middle school students and their parents, and another targeted at adults who have dropped out of the educational systems. Then you will have an opportunity to talk about the work being done by our postsecondary institutions to prepare a skilled and knowledgeable workforce and citizenry – from customized training through advanced degrees.

First, Yvonne Lovell, director of the state GEAR UP grant, will describe this federally funded project. GEAR UP is an acronym for Gaining Early Awareness and Readiness for Undergraduate Programs. The program will run for five years and is funded by \$21 million, half of which is from a federal grant and the other half from state matching funds. The Kentucky Board of Education, the Prichard Committee, and the council are partners in the grant. There are several local GEAR UP grants throughout the state, the largest of which is administered by Morehead State University. All the GEAR UP programs are working closely together. Their goal is ambitious: to help thousands of

economically disadvantaged students who are now in middle schools throughout Kentucky understand that they can and should go on to college. Bob Sexton, executive director of the Prichard Committee, will join Yvonne in describing the program. Rich Prewitt, principal of Whitley County Middle School, and Gail Yates, community education coordinator at Christian County Middle School, will tell you how GEAR UP is affecting students in their schools.

Next, Julie Scoskie, director of the Jefferson County Adult Education Program, will highlight work being done to raise educational levels and strengthen the workforce in her part of the state. She will be joined by Pat O'Leary, human resource director at UPS in Louisville, and Bob Huffman, executive director of Kentuckiana Works.

The communications campaign promotes general awareness of the importance of education beyond high school. GEAR UP seeks to reach youngsters at a critical stage in their development, when decisions they make can affect their readiness for college. Adult education programs offer opportunities to persons who, for various reasons, did not persist in the traditional educational systems. The Kentucky Community and Technical College System ties into all these efforts because it is within driving distance of every Kentuckian and is open to all who want and can benefit from its services.

Mike McCall, president of the KCTCS, will describe the system's work with high schools, employers, and four-year colleges. Since 1998, the KCTCS has increased its enrollment by more than 17,000 students. By 2006, it aims to increase its enrollment to 76,700, an increase of more than 30,000 students since 1998. Mike is joined by employers who will discuss their partnerships with the KCTCS.

Finally, Presidents Joanne Glasser and Jim Votruba will discuss with you the ways in which the universities are preparing people for jobs in a knowledge-based economy, contributing to economic development, and working to improve Kentucky's communities. They are joined by Sylvia Lovely, president of the Kentucky League of Cities, who will provide her perspective.

Council on Postsecondary Education
March 25, 2002

Executive Summary

Cross-Cutting Issues

The council staff will provide an update on the state budget and other legislative issues. As usual, the last week of activity in a legislative session will be frantic as differences between the actions of both chambers on various pieces of legislation are resolved in conferences and the Senate concludes its work on the 2002-04 budget bill forwarded to it by the House.

To date, everything the council recommended as a high priority for funding has been included in the budget, with one exception: the enrollment growth and retention program. The benchmark funding adjustments are sharply curtailed, there being no money for them in the first year and \$27 million rather than \$35 million in the second. But considering the state's revenue situation, this is good. The endowment match program remains intact as of this writing.

We now have fall 2001 enrollments to help gauge our progress toward 2002 goals for the system's key indicators. A brief progress report begins on page 17.

**COMMONWEALTH OF KENTUCKY POSTSECONDARY EDUCATION
COMPARISON OF COUNCIL FUNDING RECOMMENDATION AND HOUSE BILL 507**

■ = Council priority projects.

	2001-02		2002-03		2003-04	
	<u>Base</u>		<u>Council Recommendation</u>	<u>HB 507</u>	<u>Council Recommendation</u>	<u>HB 507</u>
Postsecondary Education Institutions						
Enacted 2001-02 General Fund Appropriations	\$ 985,673,400		\$ 985,673,400	\$ 985,673,400	\$ 985,673,400	\$ 985,673,400
Base Adjustments and Transfers	4,243,400 (1)		23,588,500	4,243,400 (3)	23,588,500	4,243,400
Benchmark Funding	-		34,620,800	-	69,371,800	27,095,800
M&O New Facilities	-		2,682,100	-	6,113,500	-
Other Changes to Base	-		(1,887,300) (2)	(2,097,800) (3)	(4,131,200)	(2,327,800) (3)
Special Funding Requests	-		1,313,500	-	1,342,300	-
Total Postsecondary Education Institutions	\$ 989,916,800		\$ 1,045,991,000	\$ 987,819,000	\$ 1,081,958,300	\$ 1,014,684,800
Council/KYVU/KYVL						
Agency	\$ 8,775,100		\$ 9,931,000	\$ 8,725,600	\$ 10,113,600	\$ 8,775,100
Pass Through Programs	13,017,500		10,212,800	10,058,100	10,450,000	11,795,300 (3)
Governor's Minority Student College Preparation Program	231,700		332,500	332,500 (3)	337,200	337,200 (3)
SREB Doctoral Scholars Program	68,000		255,000	255,000 (3)	256,400	256,400 (3)
Total Council	\$ 22,092,300		\$ 20,731,300	\$ 19,371,200	\$ 21,157,200	\$ 21,164,000
KHEAA						
Need-Based Financial Aid	\$ 49,259,500		\$ 49,600,000	\$ 50,213,600	\$ 62,000,000	\$ 60,720,600
Osteopathic Medicine Scholarships	1,379,500		1,379,500	1,582,100 (3)	1,379,500	1,500,200
Total KHEAA	\$ 50,639,000		\$ 50,979,500	\$ 51,795,700	\$ 63,379,500	\$ 62,220,800
Strategic Investment and Incentive Funding Program						
Research Challenge Trust Fund						
Endowment Match Program (debt service)	\$ -		\$ 1,250,000	\$ -	\$ 11,230,000	\$ 11,230,000
Enrollment Growth and Retention	1,617,000		-	-	-	-
Lung Cancer Research	6,080,000		6,280,000	6,280,000	5,455,000	5,455,000
Total Research Challenge Trust Fund	\$ 7,697,000		\$ 7,530,000	\$ 6,280,000	\$ 16,685,000	\$ 16,685,000
Regional University Excellence Trust Fund						
Endowment Match Program (debt service)	\$ -		\$ 250,000	\$ -	\$ 2,246,000	\$ 2,246,000
Enrollment Growth and Retention	2,793,000		-	-	-	-
Action Agenda	9,800,000		-	-	-	-
Total Regional University Excellence Trust Fund	\$ 12,593,000		\$ 250,000	\$ -	\$ 2,246,000	\$ 2,246,000
Postsecondary Education Workforce Development Trust Fund						
Workforce Training	\$ 5,880,000		\$ -	\$ -	\$ -	\$ -
Enrollment Growth and Retention	3,430,000		-	-	-	-
Administrative Information Systems	-		2,000,000	-	2,000,000	-
Total Postsecondary Ed. Workforce Development Trust Fund	\$ 9,310,000		\$ 2,000,000	\$ -	\$ 2,000,000	\$ -
Technology Initiative Trust Fund						
Equipment Replacement	\$ -		\$ -	\$ -	\$ -	\$ -
Network Infrastructure	1,176,000		1,200,000	1,200,000	2,200,000	1,200,000
Faculty Development	980,000		100,000	100,000	100,000	100,000
Total Technology Initiative Trust Fund	\$ 2,156,000		\$ 1,300,000	\$ 1,300,000	\$ 2,300,000	\$ 1,300,000

**COMMONWEALTH OF KENTUCKY POSTSECONDARY EDUCATION
COMPARISON OF COUNCIL FUNDING RECOMMENDATION AND HOUSE BILL 507**

■ = Council priority projects.

	2001-02 <u>Base</u>	2002-03		2003-04	
		<u>Council Recommendation</u>	<u>HB 507</u>	<u>Council Recommendation</u>	<u>HB 507</u>
Physical Facilities Trust Fund					
Capital Renewal & Maintenance (debt service)	\$ -	\$ -	\$ -	\$ 2,962,000	\$ -
Renovation, Replacement & Infrastructure (debt service)	-	-	-	-	-
New Construction (debt service)	-	-	-	589,000	-
Total Physical Facilities Trust Fund	\$ -	\$ -	\$ -	\$ 3,551,000	\$ -
Student Financial Aid and Advancement Trust Fund					
KEES	\$ 40,000,000	\$ 57,326,100	\$ 63,181,300 (3)	\$ 73,222,300	\$ 79,230,100
Public Communications Campaign	1,500,000	1,500,000	-	1,500,000	-
Total Student Financial Aid and Advancement Trust Fund	\$ 41,500,000	\$ 58,826,100	\$ 63,181,300	\$ 74,722,300	\$ 79,230,100
Adult Education and Literacy Funding Program	\$ 11,532,600	\$ 11,768,000	\$ 11,768,000	\$ 11,768,000	\$ 11,768,000
Science and Technology Funding Program					
Research Development	\$ 2,940,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Commercialization	735,000	750,000	750,000	750,000	750,000
Regional Technology Corporations	490,000	500,000	500,000	500,000	500,000
Rural Innovation Fund	-	1,000,000	1,000,000 (3)	1,000,000	1,000,000 (3)
Knowledge Based Economy Academic Programs (Engineering)	-	3,000,000	1,000,000 (3)	3,000,000	1,000,000 (3)
Kentucky EPSCoR	-	2,626,200	4,521,600 (4)	2,626,200	4,521,600
Science and Engineering Foundation	-	2,000,000	-	2,000,000	-
Total Science and Technology Funding Program	\$ 4,165,000	\$ 12,876,200	\$ 10,771,600	\$ 12,876,200	\$ 10,771,600
Enrollment Growth and Retention Trust Fund					
Enrollment Growth Program	\$ -	\$ 1,311,500	\$ -	\$ 11,211,500	\$ -
Retention Program	-	-	-	12,100,000	-
P-16 Challenge Grant Program	-	-	-	300,000	-
Total Enrollment Growth and Retention Trust Fund	\$ -	\$ 1,311,500	\$ -	\$ 23,611,500	\$ -
Teacher Quality Trust Fund	\$ -	\$ -	\$ -	\$ 4,000,000	\$ -
Total Strategic Investment and Incentive Funding Program	\$ 88,953,600	\$ 95,861,800	\$ 93,300,900	\$ 153,760,000	\$ 122,000,700
Total Postsecondary Education	\$ 1,151,601,700	\$ 1,213,563,600	\$ 1,152,286,800	\$ 1,320,255,000	\$ 1,220,070,300

(1) Includes budget reductions and transfers of trust funds.

(2) Includes changes in state-supported debt service requirements and UofL hospital contract.

(3) Includes investment income from trust funds.

(4) Includes funds for the KY Science and Engineering Foundation; includes investment income from trust funds.

2002-2004 BUDGET BILL ANALYSIS
As of March 25, 2002
General Funds and Investment Income from Trust Funds

2001-02 Base Appropriation

	<u>Less Budget Reductions:</u>			<u>Adjustments (Additions)</u>			2002-03 Base**
	Enacted 2001-02 Appropriation	Maintenance & Operations (Nonrecurring)	2 Percent Reduction (Recurring)	Revised 2001-02 Appropriation	Trust Funds*	Other	
EKU	\$ 72,435,200	\$ 1,254,500	\$ 1,247,500	\$ 69,933,200	\$ 2,888,900		\$ 74,076,600
KCTCS	184,748,000	2,657,500	3,302,200	178,788,300	7,876,800	\$ 387,000 (1)	189,709,600
KSU	22,717,900	47,600	408,500	22,261,800	850,200		23,159,600
Morehead	41,030,700	101,800	768,600	40,160,300	1,825,800		42,087,900
Murray	50,737,100	155,300	945,000	49,636,800	1,882,900		51,675,000
NKU	44,613,400	386,600	537,500	43,689,300	1,936,500		46,012,400
UK	313,616,900	2,507,700	6,008,400	305,100,800	173,100	201,000 (2)	307,982,600
LCC	8,593,700	-	51,300	8,542,400	315,200		8,857,600
UofL	179,478,800	1,321,000	2,982,600	175,175,200	135,500		176,631,700
WKU	67,701,700	374,900	1,061,000	66,265,800	3,083,100		69,723,800
Total	\$ 985,673,400	\$ 8,806,900	\$ 17,312,600	\$ 959,553,900	\$ 20,968,000	\$ 588,000	\$ 989,916,800

2002-03

2003-04

	2002-03				2003-04				Total Increase	Percent Change
	Base**	Debt Service Adjustment	Other***	Appropriation	Debt Service Adjustment	Other***	Benchmark Funding	Appropriation		
EKU	\$ 74,076,600	\$ (624,800)		\$ 73,451,800	\$ 11,700		\$ 2,651,600	\$ 76,115,100	\$ 2,038,500	2.8%
KCTCS	189,709,600	13,100		189,722,700	39,800		5,431,500	195,194,000	5,484,400	2.9%
KSU	23,159,600	3,100	487,800 (3)	23,650,500	4,400	14,600 (3)	314,400	23,983,900	824,300	3.6%
Morehead	42,087,900	659,500		42,747,400	(91,100)		1,447,200	44,103,500	2,015,600	4.8%
Murray	51,675,000	(5,600)		51,669,400	3,800		1,556,800	53,230,000	1,555,000	3.0%
NKU	46,012,400	(23,400)		45,989,000	13,700		2,633,700	48,636,400	2,624,000	5.7%
UK	307,982,600	(4,229,200)	361,800 (4)	304,115,200	(612,400)	750,000 (6)	4,484,500	308,737,300	754,700	0.2%
LCC	8,857,600	393,100		9,250,700	(255,400)		521,200	9,516,500	658,900	7.4%
UofL	176,631,700	(1,500)	165,000 (5)	176,795,200	(1,825,100)	397,400 (7)	3,727,800	179,095,300	2,463,600	1.4%
WKU	69,723,800	703,300		70,427,100	(181,400)	1,500,000 (8)	4,327,100	76,072,800	6,349,000	9.1%
Total	\$ 989,916,800	\$ (3,112,400)	\$ 1,014,600	\$ 987,819,000	\$ (2,892,000)	\$ 2,662,000	\$ 27,095,800	\$ 1,014,684,800	\$ 24,768,000	2.5%

* Transfer of trust funds to institutions: earned enrollment growth and retention, action agenda, faculty development, and workforce development.

** 2001-02 maintenance and operation budget reductions are restored.

*** Includes trust funds investment income.

(1) M&O funds transferred from UK to KCTCS.

(2) Includes \$387,000 M&O transferred to KCTCS and transfer of \$588,000 for the Literacy Center.

(3) Federal Land Grant match.

(4) Includes \$115,000 for breast cancer research, \$12,000 to restore 2% budget reduction for the Literacy Center, and \$234,800 for earned enrollment growth and retention funds.

(5) Includes \$115,000 for breast cancer research and \$50,000 for the UofL hospital contract.

(6) UK Fiscal Affairs and Information Technology System.

(7) UofL Hospital Contract.

(8) WKU Kentucky Math and Science Academy.

Data Source: House Bill 507

March 25, 2002

Progress Report on Key Indicators

According to the council's key indicators for measuring progress, postsecondary reform is working. The 2001 results are in for several performance measures under questions 1, 2, and 3. We have made significant progress toward meeting our goals for questions 1 and 2. Results for indicators under question 3 are mixed.

Here are the highlights:

Question 1: Are more Kentuckians prepared for postsecondary education?

- The number of high school juniors and seniors enrolled in college-level courses was higher in 2001 than in the previous year, rising from 95.8 courses per thousand students to 124.8 per thousand. The goal for 2002 was 123. (Indicator 1.5)
- The percentage of high school graduates taking the ACT increased from 71 percent in 2000 to 72 percent in 2001 (at the same time average ACT of high school graduates remained the same, at 20.1). (Indicators 1.3 and 1.4)
- The number of Kentuckians passing the GED tests in 2000-01 was up 11 percent over the previous year (from 12,553 to 13,939). (This measure is not currently a key indicator; at the May council meeting, the staff will recommend that it be added and will propose goals for council consideration.)

Question 2: Are more students enrolling?

- As a group, the public postsecondary institutions exceeded their 2002 undergraduate enrollment goal in 2001, putting us ahead of schedule in our effort to add 80,000 new undergraduates. Four universities (Morehead, Murray, University of Kentucky, and Western) and the Kentucky Community and Technical College System increased their enrollment sufficiently to exceed their 2002 undergraduate enrollment goals. The independent institutions did as well. (Indicator 2.1)

- Graduate enrollment also exceeded 2002 goals for the system. Six universities (Eastern, Kentucky State, Morehead, Murray, University of Kentucky, and Western) exceeded their 2002 enrollment goals in 2001. (Indicator 2.2)
- The number of students taking KYVU credit courses rose from 2,372 in fall 2000 to 5,582 in 2001, greatly exceeding the 2002 goal. (Indicator 2.3)
- Preliminary data from the Kentucky Department of Education indicate that the college-going rate of high school graduates rose to 59 percent in 2001, a 6 percent increase over the previous year. (Indicator 2.7)
- The percentage of GED completers enrolling in postsecondary education within two years increased from 12.7 percent in 2000 to 16.5 percent in 2001, exceeding the 2002 goal. (Indicator 2.9)

Question 3: Are more students advancing through the system?

- We have made some progress in retaining more students. Retention rates for first-time freshmen rose at six institutions (Eastern, Kentucky State, Morehead, Northern, Western, and Lexington Community College), but dropped at the other four. (Indicator 3.1)
- Six universities (Eastern, Morehead, Murray, University of Kentucky, University of Louisville, and Western) improved their five-year graduation rates for transfer students. Three institutions (Morehead, University of Kentucky, and Western) exceeded their goals for 2002 in 2001. (Indicator 3.8)

Six-year graduation rates for bachelor's degree students will be available in May. The council staff is working with the institutions to confirm calculations of this important measure.

Baseline data and goals for questions 4 and 5 were set just a few months ago. We will know more about the extent to which our colleges and universities are adequately preparing Kentuckians for life and work (Question 4) and how well communities and economies are benefiting from the postsecondary system (Question 5) when new measurements are taken. But early results for two indicators under question 5 indicate progress:

- Total extramural research and development expenditures are up at the University of Kentucky and the University of Louisville, as are federal research and development expenditures. (Indicators 5.6 and 5.7)

More detailed information including results for individual institutions is available in the attachments that follow. A “traffic light” evaluation system designed for the Key Indicators website was used in these attachments. Where data indicate that we are making good progress – are on track to meet or have met goals – a green light is assigned. In cases where we are making some progress, but will not meet our goals without further improvement, a yellow light is assigned. A red light indicates we have made no progress.

A full report will be available at <http://www.cpe.state.ky.us/KeyInd/system.htm> by March 25.

Key Indicators of Progress

toward Postsecondary Reform in Kentucky



March 2002 - Progress Report

1. Are more Kentuckians ready for postsecondary education?Some progress

Preparation of Adults

- 1. Percentage of adults at literacy levels one and twoNext measurement 2002
- 2. Percentage of adults with less than high school diploma or GEDNext measurement 2002

Preparation of Recent High School Graduates

- 3. Average ACT scores of high school graduatesNo progress
- 4. Percentage of high school graduates taking the ACTSome progress
- 5. Number of college-level courses per 1,000 HS juniors and seniorsExceeded 2002 goal
- 6. Percentage of high school students completing ACT core courseworkSome progress
- 7. High school test scoresUnder development

Affordability (Family Ability to Pay)

- 8. Percentage of income needed to pay for college expensesNext measurement 2002

2. Are more students enrolling?Exceeded 2002 goals

Postsecondary Enrollment

- 1. Number of undergraduates (system total)Exceeded 2002 goal
- 2. Number of graduates/professionals (public universities)Exceeded 2002 goal
- 3. Number of students enrolled in KYVU credit coursesExceeded 2002 goal
- 4. Number of "new students" enrolled in KYVU credit coursesUnder development

College Participation

- 5. Percentage of the adult population enrolled in KY collegesNext measurement 2002
- 6. Percentage enrolled from target countiesNext measurement 2002

College-Going

- 7. Percentage of students attending college directly out of high schoolExceeded 2002 goal
- 8. Percentage from target countiesNext measurement 2002
- 9. College-going rates of GED completers within two yearsExceeded 2002 goal

3. Are more students advancing through the system?Good progress

Persistence and Completion

- 1. One-year retention rates of first-time freshmen, three-year averageSome progress
- 2. One-year retention rates of underprepared studentsNext measurement 2002
- 3. One-year systemwide retention rate of first-time freshmenGood progress
- 4. Number of community and technical college transfersNext measurement 2002
- 5. Average number of credit hours transferredNext measurement 2002

Graduation

- 6. Percentage of adults with a bachelor's degree or higherNext measurement 2002
- 7. Six-year graduation rates of bachelor's degree studentsNext measurement 2002
- 8. Five-year graduation rates of transfer students - three-year averageGood progress

4. Are we preparing Kentuckians for life and work?Under development

Undergraduate Student Experience

- 1. National Survey of Student Engagement.....Next measurement 2003

Alumni Satisfaction

- 2. Undergraduate alumni survey resultsNo goal
- 3. Graduate alumni survey resultsUnder development

Civic Engagement

- 4. Undergraduate alumni surveyNo goal
- 5. National Survey of Student Engagement.....Next measurement 2003

Knowledge and Skills

- 6. Teacher Preparation ProgramsUnder development
- 7. Foundational skills.....Under development

5. Are Kentucky's communities and economy benefiting?.....Good progress

Employment of Graduates

- 1. Percentage of college graduates working in KentuckyUnder development
- 2. Percentage of out-of-state college graduates working in Kentucky.....Under development

Employer and Community Satisfaction

- 3. Employer and community satisfaction with KY graduates and completersUnder development
- 4. Employer and community satisfaction with institutions' supportUnder development

Research and Development

- 5. Total research and development expenditures per full-time faculty.....Next measurement 2002
- 6. Total extramural research and development expendituresGood progress
- 7. Federal research and development expendituresSome progress
- 8. Endowments in knowledge-based economy (KBE) areasNext measurement 2002
- 9. Expenditures from endowments and gifts in KBE areasNext measurement 2002
- 10. Productivity of research spaceUnder development



Key Indicators of Progress

toward

Postsecondary Reform in Kentucky

March 2002 - Progress Report
Available Results by Institution

EKU KSU MoSU MUJUSU NKU UK UL WKU KCTCS LCC

2. Are more students enrolling?

Postsecondary Enrollment	EKU	KSU	MoSU	MUJUSU	NKU	UK	UL	WKU	KCTCS	LCC
1. Number of undergraduates	●	●	●	●	●	●	●	●	●	●
2. Number of graduates/ professionals	●	●	●	●	●	●	●	●	○	○

3. Are more students advancing through the system?

Persistence and Completion	EKU	KSU	MoSU	MUJUSU	NKU	UK	UL	WKU	KCTCS	LCC
1. One-year retention rates of first-time freshmen	●	●	●	●	●	●	●	●	●	●
7. Five-year graduation rates of transfer students	●	*	●	●	●	●	●	●	●	○

5. Are Kentucky's communities and economies benefiting?

Research and Development	EKU	KSU	MoSU	MUJUSU	NKU	UK	UL	WKU	KCTCS	LCC
6. Total extramural R & D expenditures	○	○	○	○	○	○	●	●	○	○
7. Federal R & D expenditures	○	○	○	○	○	○	●	●	○	○

*Note: No goal was established for KSU under indicator 3.7 because of small cohort sizes.

LEGEND

● Good Progress ● Some Progress ● No Progress ○ Does Not Apply



Key Indicators of Progress

toward

Postsecondary Reform in Kentucky

March 2002 - Progress Report
Available Results by Institution

	EKU	KSU	MoSU	MUSU	NKU	UK	UL	WKU	KCTCS	LCC
2. Are more students enrolling?										
Postsecondary Enrollment										
1. Number of undergraduates	●	●	●	●	●	●	●	●	●	●
2. Number of graduates/ professionals	●	●	●	●	●	●	●	●	○	○
3. Are more students advancing through the system?										
Persistence and Completion										
1. One-year retention rates of first-time freshmen	●	●	●	●	●	●	●	●	●	●
Graduation										
7. Five-year graduation rates of transfer students	●	*	●	●	●	●	●	●	●	○
5. Are Kentucky's communities and economies benefiting?										
Research and Development										
6. Total extramural R & D expenditures	○	○	○	○	○	○	●	●	○	○
7. Federal R & D expenditures	○	○	○	○	○	○	●	●	○	○

*Note: No goal was established for KSU under indicator 3.7 because of small cohort sizes.

LEGEND

● Good Progress ● Some Progress ● No Progress ○ Does Not Apply

Council on Postsecondary Education
March 25, 2002

Executive Summary

1. Are more Kentuckians ready for postsecondary education?

There are no action items under this question.

The P-16 Council continues to be very active. At its March 5 meeting, it reviewed a number of statewide activities and heard from Helen Mountjoy, chair of the Kentucky Board of Education, and Charles Whitehead, chair of the council. Both emphasized the importance of the P-16 agenda to their respective organizations. Kim Townley, executive director of the Governor's Office of Early Childhood Development and a P-16 Council member, reported on KIDS NOW initiatives to improve pre-natal and early childhood development. The staffs of the Kentucky Department of Education, the Education Professional Standards Board, and the council reported on programs to improve teacher education, guidance counseling, and school leadership. Sheila Byrd, director of the American Diploma Project, gave an overview of this project's efforts to establish high school graduation standards that can be used by employers and postsecondary education institutions for hiring, admissions,

and placement decisions. Kentucky is one of five states participating in this project. Julie Scoskie, director of the Jefferson County adult education programs, and others explained how adult education resources are being used to keep students in school who are at risk of dropping out. Finally, the P-16 Council passed a resolution commending Shirley Menendez for her dedicated service.

Executive Summary

2. Are more students enrolling?
3. Are more students advancing through the system?

The staff brings three action items for the council's consideration.

The staff recommends that the council approve the 2002-06 institutional goals for enrollment and retention, change the retention definition for Key Indicator 3.1, and eliminate Key Indicators 3.3 and 3.6. (For details, see page 27.)

The council approved 2002-06 goals for enrollment, transfers, retention, and graduation in September 2001. Because most of the institutions exceeded their 2002 goals last fall, the council asked the institutions and the staff to revise both enrollment and retention goals. The staff also recommends that retention be measured to include students who transfer to another Kentucky institution, public or private. What is most important is not whether a student stays at the institution in which she originally enrolled, but whether she stays in college

somewhere. Making this change will require other minor adjustments to the key indicators.

The staff recommends that the council approve the Enrollment Growth and Retention Program Guidelines, contingent upon review by SCOPE at its May 13, 2002, meeting. (For details, see page 33.)

The 2002-04 budget bill, in its current form, includes language directing the council to develop guidelines for the enrollment growth and retention program by July 1, 2003, even though no funds are provided for enrollment growth and retention. Draft guidelines were presented to the council November 5, 2001, and the council asked the staff to review the method for distributing funds based on retention rates. The revised guidelines address the concerns voiced by the council at that time.

The staff recommends that the council propose an amendment to the administrative regulation entitled *13 KAR: 2:090 Kentucky Educational Excellence Scholarship*, that is to be filed with the Legislative Research Commission, and that the administrative regulation be reviewed following the requirements of KRS Chapter 13A. (For details, see page 41.)

The staff proposes three revisions to the KEES administrative regulation: 1) to clarify that "participating institutions" are postsecondary education institutions; 2) to clarify that a student must graduate from a Kentucky high

school to receive a base award; and 3) to require that cumulative grade point averages for all students, including those who transferred from one college or university to another, be submitted to the Kentucky Higher Education Assistance Authority so students' continued eligibility for grants can be determined.

A brief report on the activities of the Committee on Equal Opportunities begins on page 55. The CEO is revising its process for granting waivers to institutions that do not meet their enrollment and employment objectives. The colleges and universities also are being asked to provide more information regarding their harassment policies. Finally, the committee has forwarded to the U.S. Office for Civil Rights the third report on the implementation of the commitments made in the partnership agreement with that office.

The West Virginia Higher Education Policy Commission has approached the Kentucky Community and Technical College System and the Kentucky Virtual University to explore possible collaboration in distance learning. The immediate goal is to open a limited number of KCTCS on-line courses and the Kentucky Virtual Library to a specified number of West Virginia students as early as fall 2002. By 2003, the two states together would develop on-line courses that neither offer now, collaborate on faculty training and exchange programs, and share student advising resources. The KCTCS and the KYVU

expect to present a completed memorandum of agreement with the West Virginia Commission at the council's May meeting.

Enrollment Growth and Retention Program Guidelines

Action: The staff recommends that the council approve the attached Enrollment Growth and Retention Program Guidelines, contingent upon review by SCOPE at its May 13, 2002, meeting.

The 2002-04 budget bill, as amended, includes language directing the council to develop guidelines for the Enrollment Growth and Retention Program by July 1, 2003. The guidelines are to be developed in collaboration with the presidents to ensure a fair and equitable plan that promotes the implementation of *The Kentucky Postsecondary Education Improvement Act of 1997*. The guidelines are to be presented to the Strategic Committee on Postsecondary Education (SCOPE) for review before final adoption by the council. The budget bill does not include any funds for the program in 2002-04.

Draft guidelines for the 2002-04 Enrollment Growth and Retention Trust Fund were presented to the council November 5. Council members asked the staff to review the guidelines, especially the method for distributing funds based on retention rates. Revised guidelines are attached. Recommended enrollment and retention goals are presented on page 27.

According to the *Points of Consensus*, the proposed guidelines will allocate the funds to the institutions based on enrollment growth (Key Indicators 2.1 and 2.2) and each institution's funding objective per full-time equivalent student. As described in the attached guidelines, the allotments would be reduced if institutions did not achieve their enrollment or retention goals. Any unearned funds would be distributed to institutions that exceeded their enrollment goals.

The guidelines have been discussed with the presidents, the chief budget officers, and the chief academic officers, and they have been revised to address some of their concerns.

Enrollment Growth and Retention Program Guidelines

Introduction

The Enrollment Growth and Retention Program supports increased enrollment and retention in Kentucky's postsecondary education institutions. The council, in conjunction with the institutions, will establish enrollment and retention goals as part of the *Key Indicators of Progress toward Postsecondary Reform in Kentucky*. These goals reflect the *2001-2006 Action Agenda* and House Bill 1 initiatives for Kentucky to reach national averages in educational attainment by at least 2020.

The P-16 Challenge Grant Program rewards partnerships among public and independent colleges, P-12 schools, and communities to better prepare students for and enroll students in postsecondary education.

Objectives

The Enrollment Growth and Retention Program and the P-16 Challenge Grant Program:

- Supplement the existing benchmark funding approach.
- Provide institutions funds to support undergraduate and graduate enrollment growth during the biennium.
- Reward institutions for retaining more students.
- Encourage cooperation within local P-16 organizations.

Enrollment Growth and Retention Program

Allocation of Funds

Any available enrollment growth and retention funds will be allocated to the institutions based on projected full-time equivalent (FTE) enrollment growth (for example, projected growth between actual fall 2001 enrollment and fall 2002 enrollment goals) and benchmark funding objectives (adjusted to reflect the cost of undergraduate and graduate instruction). The headcount enrollment goals will be converted to FTE goals using the most recent actual FTE to headcount ratios. FTE will be

calculated based on total full-time headcount enrollment plus one-third part-time enrollment.

The cost of providing undergraduate and graduate education will be based on the benchmark funding objectives adjusted by cost factors obtained from the *1997-98 Education Cost Study* conducted by the Washington State Higher Education Coordinating Board (March 2000). These cost factors are listed below.

Research Universities	
Undergraduate students	0.8021
Graduate students	2.2907
Comprehensive Universities	
Undergraduate students	0.9792
Graduate students	1.3648
KCTCS and LCC	
Undergraduate students	1.0000

For example, if a university's benchmark funding objective is \$7,000, then its per FTE student funding objectives would be \$6,854 for undergraduate students ($\$7,000 \times .9792$) and \$9,554 for graduate students ($\$7,000 \times 1.3648$). The product of these funding objectives and projected FTE enrollment growth will be used to allocate, proportionately, the enrollment growth and retention program funds to each institution.

Disbursement of Funds

- The funds will be distributed to the institutions based on actual FTE enrollment and retention rates.
- Allotted funds will be adjusted by comparing actual to projected FTE enrollment growth. For example, if an institution achieved 80 percent of its projected FTE enrollment growth, it would be eligible to receive 80 percent of its allotted funds. If an institution achieved 105 percent of its projected FTE enrollment growth, it would be eligible to receive all of its allotted funds as well as a portion of any unearned funds.
- The revised allotments will then be further adjusted based on each institution's progress toward achieving its retention goals. Adjustments will be based on a sliding scale. If an institution achieves its retention goal, it will receive all of its revised allotment. If an institution's retention rate declines, the institution will receive 50 percent of its revised allotment. If an institution's retention rate does

not change, the institution will receive 75 percent of its adjusted allotment.

- If an institution's retention rate increases, but is less than its goal, the institution will receive a proportionate amount of its adjusted allotment based on a 75 percent to 100 percent scale (where no change equals 75 percent and achievement of the goal equals 100 percent). For example, if an institution achieves 60 percent of its retention goal increase, the institution will receive 90 percent of its adjusted allotment as follows:

$$\begin{array}{r} 100 \text{ Percent if goal achieved} \\ \underline{75 \text{ Percent if no change}} \\ 25 \text{ Points sliding scale} \end{array}$$

60 percent of goal achieved times 25 available points = 15 additional points earned ($.6 * 25 = 15$)

75 percent minimum + 15 additional points = 90 percent of revised allotted funds earned

- Universities:
The retention cohort includes all fall first-time, degree-seeking freshmen (associate, baccalaureate, undecided, full-time, part-time). First-time freshmen who enroll in the summer and enroll again in the fall, and first-time students who earned college credit before graduation from high school are also included. Students enrolled at their native institution, at any other Kentucky state-supported or independent institution, or students who graduated by the following fall semester are considered retained.

Community and Technical Colleges:

The retention cohort includes all fall first-time, associate degree-, diploma-, or certificate-seeking freshmen (undecided, full-time, part-time). First-time freshmen who enroll in the summer and enroll again in the fall and first-time students who earned college credit before graduation from high school are also included. Students enrolled at their native institution, at any other Kentucky state-supported or independent institution, or students who graduated by the following fall semester are considered retained.

- The distributed enrollment and retention funds will be recurring to the institutions. The funds will be distributed on a quarterly basis.

Distribution of Unearned Funds

- Any unearned funds will be pooled and distributed to institutions that exceeded their enrollment goals.
- Any unearned funds will be distributed to the eligible institutions proportionately based on actual FTE enrollment in excess of the goals, adjusted benchmark funding objectives, and progress toward achieving retention goals. Adjustments for retention will be based on the same sliding scale used in the first distribution round.
- The distributed funds will be recurring to the institutions. The funds will be distributed on a quarterly basis.
- A sample calculation of the distribution of unearned funds is shown on page 39.
- The total funds distributed to an institution shall be limited to the institution's per student funding objective times actual FTE enrollment growth.

P-16 Challenge Grant Program

Any available P-16 Challenge Grant Program funds will be used to reward partnerships among public and independent colleges, P-12 schools, and communities which better prepare students for and enroll students in postsecondary education.

- To be eligible for grants, regions must have P-16 councils and establish goals for improving student preparation and postsecondary enrollment.
- Funds will be allocated based on performance, measured against goals.
- P-16 challenge grants will be awarded to regional councils developing programs that help:
 - Decrease the high school drop-out rate.
 - Increase the collegegoing rate of GED completers and high school graduates.
 - Increase the number of students taking the ACT.
 - Increase the number of AP or college level courses per 100 high school juniors and seniors.
 - Increase the percentage of high school students taking the pre-college curriculum or the ACT core coursework.
 - Improve college retention rates.

- P-16 councils should submit proposals stating their proposed performance indicators and measurable goals consistent with the objectives of the program. The amount of the awards will be based on the number and nature of the proposals received.
- Awards will be granted to P-16 councils meeting their goals.

**ENROLLMENT GROWTH AND RETENTION PROGRAM
SAMPLE CALCULATION FOR DISTRIBUTION OF UNEARNED FUNDS**

	Actual FTE* Undergraduate Enrollment Over Goal	Actual FTE* Graduate Enrollment Over Goal	Adjusted Undergraduate Cost Per FTE*	Adjusted Graduate Cost Per FTE*	Calculated Need	Retention Adjustment	Adjusted Need	Percent of Total	Distribution of Unearned Funds
Institution A	25	5	\$5,872	\$8,185	\$187,725	100%	\$187,725	16.88%	\$76,000
Institution B	30	10	\$9,250	\$26,416	\$541,660	80%	\$433,328	38.97%	\$175,300
Institution C	50	15	\$5,706	\$7,953	\$404,595	75%	\$303,446	27.29%	\$122,800
Institution D	75	0	\$5,000		<u>\$375,000</u>	50%	<u>\$187,500</u>	16.86%	<u>\$75,900</u>
Total					<u><u>\$1,508,980</u></u>		<u><u>\$1,111,999</u></u>	<u>100.00%</u>	<u><u>\$450,000</u></u>

* FTE = Full-time equivalent student

KEES Administrative Regulation Amendment

Action: The staff recommends that the council propose an amendment to the administrative regulation entitled *13 KAR: 2:090 Kentucky Educational Excellence Scholarship* (copy attached), that it be filed with the Legislative Research Commission, and that the administrative regulation be reviewed following the requirements of KRS Chapter 13A.

The KEES administrative regulation needs to be revised in order to:

- Clarify that participating institutions are postsecondary education institutions.
- Clarify that a student must graduate from a Kentucky high school to receive a base award.
- Require all participating postsecondary institutions to report cumulative grade point averages for eligible students for all courses attempted.

The attachment highlights the staff's proposed changes.

The administrative regulation review process takes place over a four-to-six month period and requires two public hearings. In order to have the changes in place prior to the fall 2002 semester, a draft of the regulation must be filed by April 15, 2002.

A meeting of council staff, Kentucky Higher Education Assistance Authority staff, and institutional representatives is scheduled March 19, 2002, to discuss implementation of the proposed requirements for reporting cumulative grade point averages.

A public hearing on the proposed amendment is scheduled March 28, 2002, 10 a.m., at the council office in Frankfort, conference room B. Interested parties have been notified of the proposed amendment and the hearing.

The council staff proposes incorporating additional changes to the council's KEES administrative regulation that may be required following adjournment of the current General Assembly. The final regulation, with any additional amendments, will be presented to the council at the conclusion of the review process.

1 COUNCIL ON POSTSECONDARY EDUCATION

2 (Amendment)

3 **13 KAR 2:090. Kentucky Educational Excellence Scholarship (KEES) Program.**

4 RELATES TO: KRS 154A.130(4), 156.070, 164.7871, 164.7874, 164.7877, 164.7879,
5 164.7881, 164.7885, 164.7889

6 STATUTORY AUTHORITY: KRS 164.020(28), 164.7874 ~~[(1), (3), (7)]~~, 164.7877(3),
7 164.7879(1) and ~~[,]~~ (3), 164.7881(4)(a) and ~~[,]~~ (6) ~~[, EO 98-1592]~~

8 NECESSITY, FUNCTION, AND CONFORMITY: KRS 164.7877(3) requires the coun-
9 cil to administer the Kentucky Educational Excellence Scholarship (KEES) Program. KRS
10 164.7877(3) requires the council to administer the funds appropriated to the trust fund for
11 the program. KRS 164.7874(13) requires the council to develop and implement standards
12 for high school curriculum as they relate to eligibility for participation in the program. KRS
13 164.7879(3)(c) requires the council to determine the eligibility of a noncertified, nonpublic
14 high school graduate and for a GED recipient for a supplemental award. KRS
15 164.7874(3) requires the council to establish a table to convert an SAT score to an ACT
16 standard. KRS 164.7881(6) requires the council to establish a five (5) year postsecondary
17 education program standard. KRS 164.7881(4)(a) requires the council to establish overall
18 award levels for the program. This administrative regulation establishes those require-
19 ments relating to the Kentucky Educational Excellence Scholarship (KEES) Program.

20 Section 1. Definitions. (1) "Academic term" means the fall or spring semester or their
21 equivalence under a trimester or quarter system at a postsecondary education institution

1 and shall not include summer sessions.

2 (2) "Academic year" is defined in KRS 164.7874(2).

3 (3) "ACT" means the test:

4 (a) Administered to a student for entrance to a Kentucky postsecondary education in-
5 stitution; and

6 (b) Owned by the ACT Corporation of Iowa City, Iowa.

7 (4) "Advanced placement" means a cooperative educational endeavor between sec-
8 ondary schools and colleges and universities administered by the College Board of the
9 Educational Testing Service and recognized by KDE.

10 (5) "Authority" or "KHEAA" is defined in KRS 164.7874(4).

11 (6) "Council" or "CPE" is defined in KRS 164.7874(6).

12 (7) "Eligible high school student" is defined in KRS 164.7874(7).

13 (8) "Enrolled" means the status of a student who has completed the registration re-
14 quirements, except for the payment of tuition and fees, at a participating postsecondary
15 education institution that a student is attending.

16 (9) "GED" means a general educational development diploma awarded to a student.

17 (10) "High school" is defined in KRS 164.7874(11).

18 (11) "International baccalaureate course" means a course in a secondary education
19 program sponsored by the International Baccalaureate Organization and recognized by
20 the KDE in 704 KAR 3:340, Section 2(3)(b).

21 (12) "KDE" means the Kentucky Department of Education authorized and established

1 pursuant to KRS 156.010.

2 (13) "KEES curriculum" is defined in KRS 164.7874(13).

3 (14) "Participating institution" is defined in KRS 164.7874(17).

4 (15) "SAT" means the test:

5 (a) Administered to a student for entrance to a Kentucky postsecondary education in-
6 stitution; and

7 (b) Owned by the college board.

8 Section 2. High School Grade Point Average Calculation and Reporting. (1) An eligible
9 student's grade point average, as defined in KRS 164.7874(10), for an academic year
10 shall be calculated using each grade awarded for all courses taken during an academic
11 year.

12 (2)(a) Except as provided in paragraph (b) of this subsection, an eligible student's
13 grade point average shall be calculated by:

14 1. Taking the number of units in a course multiplied by the course grade as expressed
15 on a 4.0 point grading scale where 4.0 is an "A" and 0.0 is an "F;"

16 2. Adding the total number of points accumulated for an academic year; and

17 3. Dividing the total number of points accumulated in subparagraph 2 of this paragraph
18 by the total number of units for the academic year.

19 (b) Notwithstanding the provisions of paragraph (a)1 of this subsection, for an eligible
20 high school student taking an advanced placement or international baccalaureate course
21 during the academic year, the grade assigned shall be calculated using a 5.0 point scale
22 where 5.0 is an "A" and 1.0 is an "F."

23 (3) The grade point average reported for an eligible high school student for each aca-
24 demic year shall include all information as set forth in KRS 164.7885(1) and in the man-
25 ner as the KDE or the KHEAA shall require.

1 (4) A high school student who participated in an educational high school foreign ex-
2 change program or the Congressional Page School that was approved by the student's
3 local high school shall have the student's grade point average reported in accordance
4 with KRS 164.7879(2)(b).

5 Section 3. KEES. (1) A Kentucky postsecondary education student shall be eligi-
6 ble to receive a base scholarship award when the student:

7 (a) has earned a base scholarship award in high school;

8 (b) has completed the KEES curriculum as set forth in sub-section (2) of this section;

9 (c) has graduated from a Kentucky high school; and

10 (d) is enrolled in a participating institution in an eligible program.

11 ~~(2) [A student shall complete the KEES curriculum established in this section to qualify~~
12 ~~for the base scholarship award.]~~

13 ~~[(a)]~~ Except as provided in subsection (3) ~~[paragraph (b)]~~ of this Section ~~[subsection]~~,
14 the KEES curriculum shall consist of the courses and electives required by this subsec-
15 tion ~~[paragraph]~~.

16 ~~(a)[1.]~~ For a student enrolled in high school during the 1998-1999 academic year, the
17 curriculum required in 704 KAR 3:305, Section 1 or 2, as appropriate without restriction
18 on the type of electives taken.

19 ~~(b)[2.]~~ For a student enrolled in high school during the 1999-2000 and 2000-01 aca-
20 demic years and who is required to meet the curriculum standards in 704 KAR 3:305,
21 Section 1, the eight (8) electives required by 704 KAR 3:305, Section 1, shall be taken in
22 the areas and according to the standards established in paragraph d ~~[subparagraph 4]~~ of
23 this paragraph.

24 ~~(c)[3.]~~ For a student enrolled in high school during 1999-2000 and for each year there-
25 after who is required to meet the curriculum standards in 704 KAR 3:305, Section 2, five

1 (5) of the seven (7) electives required by 704 KAR 3:305, Section 2 shall be taken in the
2 areas and according to the standards established in paragraph d [~~subparagraph 4~~] of this
3 paragraph.

4 (d)[~~4.~~] The following subject areas and standards shall be applicable for electives. An
5 elective in:

6 1. [~~a.~~] Social studies, science, mathematics, English/language arts, or arts and humani-
7 ties shall be a course whose academic content is as rigorous as the content established
8 for courses in this area in 703 KAR 4:060.

9 2. [~~b.~~] Physical education or health shall be a course whose academic content is as
10 rigorous as the content established for courses in this area in 703 KAR 4:060, and shall
11 be limited to one-half (1/2) academic unit of credit for each area.

12 3. [~~c.~~] Foreign languages shall be a course whose academic content includes teaching
13 the spoken and written aspects of the language.

14 4. [~~d.~~] Agriculture, industrial technology education, business education, marketing edu-
15 cation, family and consumer sciences, health sciences, technology education or career
16 pathways shall be a course whose academic content is beyond the introductory level in
17 the vocational education areas of study as established by 703 KAR 4:060.

18 (3) [~~(b)~~] A high school may substitute an integrated, applied, interdisciplinary or higher
19 level course for a required course or required elective if:

20 (a) [~~1.~~] The course provides the same or greater academic rigor and the course covers
21 the minimum required content areas or exceeds the minimum required content areas es-
22 tablished in 703 KAR 4:060, and the document "Academic Expectations"; or

23 (b) [~~2.~~] The course is an honors course, cooperative education course, advanced
24 placement course, international baccalaureate course, dual credit course, or a course
25 taken at a postsecondary education institution.

1 (4) ~~[(2)]~~ A high school annually shall provide written documentation to a student on
2 whether the student's schedule of coursework meets the requirements of the KEES cur-
3 rriculum.

4 Section 4. Eligible Postsecondary Education Programs. (1) An eligible program shall
5 be a certificate or degree program offered by a participating institution and recognized by
6 the council.

7 (2) An eligible program at an out-of-state participating institution shall be limited to
8 those programs that qualify through the Academic Common Market administered by the
9 Southern Regional Education Board.

10 (3) Pursuant to KRS 164.7881(6), the following academic programs shall be approved
11 as five (5) year baccalaureate degree programs:

12 (a) Architecture (04.0201);

13 (b) Landscape architecture (04.0601); and

14 (c) Engineering (14.0101, 14.0301, 14.0701, 14.0801, 14.0901, 14.1001, 14.1201,
15 14.1701, 14.1801, 14.1901, 14.2101, 14.9999.01).

16 Section 5. Base Scholarship Award. A Kentucky resident enrolled in a Kentucky high
17 school who is eligible for a base scholarship award shall be limited to a maximum of four
18 (4) base scholarship awards.

19 Section 6. SAT Conversion Table. Pursuant to KRS 164.7874(3), the following SAT to
20 ACT Conversion Table shall be used:

Table C-2
Concordance Between SAT I Recentered V+M Score and ACT Composite Score

SAT I V+M	ACT Composite	SAT I V+M	ACT Composite	SAT I V+M	ACT Composite	SAT I V+M	ACT Composite	SAT I V+M	ACT Composite
1600	35-36	1370	31	1140	25	910	19	680	14
1590	35	1360	31	1130	25	900	19	670	14
1580	35	1350	30	1120	24	890	18	660	14
1570	35	1340	30	1110	24	880	18	650	13
1560	35	1330	30	1100	24	870	18	640	13
1550	34	1320	30	1090	24	860	18	630	13
1540	34	1310	29	1080	23	850	17	620	13
1530	34	1300	29	1070	23	840	17	610	13
1520	34	1290	29	1060	23	830	17	600	13
1510	34	1280	29	1050	22	820	17	590	13
1500	33	1270	28	1040	22	810	17	580	12
1490	33	1260	28	1030	22	800	16	570	12
1480	33	1250	28	1020	22	790	16	560	12
1470	33	1240	28	1010	21	780	16	550	12
1460	33	1230	27	1000	21	770	16	540	12
1450	32	1220	27	990	21	760	16	530	12
1440	32	1210	27	980	21	750	15	520	12
1430	32	1200	26	970	20	740	15	510	11
1420	32	1190	26	960	20	730	15	500	11
1410	32	1180	26	950	20	720	15		
1400	31	1170	26	940	20	710	15		
1390	31	1160	25	930	19	700	14		
1380	31	1150	25	920	19	690	14		

This table can be used to relate SAT I V+M scores to ACT Composite scores. The estimates are based on the test scores of 103,525 students from fourteen (14) universities and two (2) states who took both the ACT and the SAT I between October 1994 and December 1996. Because the ACT and the SAT I have different content, students' actual scores on the ACT could differ significantly from the concordance estimates in the table. Source: ACT, Inc. Questions about the concordance study may be directed to ACT's Research Division (319/337-1471).

January 1998

1 Section 7. Criteria for Supplemental Award to Noncertified, Nonpublic High School
2 Students and to GED Students. (1) A Kentucky resident who is a citizen, national or per-
3 manent resident of the United States and who graduates from a nonpublic Kentucky high
4 school not certified by the Kentucky Board of Education shall be eligible for a supplemen-
5 tal award if:

6 (a) The student is not a convicted felon;

7 (b) The date of the student's graduation is May 1999 or thereafter;

8 (c) The student takes the ACT or SAT and has at least a minimum score as estab-
9 lished by KRS 164.7879(3); and

10 (d) The student enrolls in a participating institution within five (5) years after graduation
11 from high school.

12 (2) A Kentucky resident who is a citizen, national or permanent resident of the United
13 States and who has not graduated from either a certified Kentucky high school or a non-
14 public Kentucky high school that is not certified by the Kentucky Board of Education shall
15 be eligible for a supplemental award if:

16 (a) The student is not a convicted felon;

17 (b) The student's eighteenth (18) birthday occurs on or after January 1, 1999;

18 (c) The student takes and receives a GED diploma in Kentucky within five (5) years of
19 attaining eighteen (18) years of age;

20 (d) The student takes the ACT or SAT and achieves a minimum score for eligibility as
21 established by KRS 164.7879(3); and

22 (e) The student enrolls in a participating institution after July 1, 1999, and within five (5)
23 years of receiving the GED diploma.

24 (3) A student requesting a supplemental award under this section shall notify the par-
25 ticipating institution where the student has or intends to enroll.

1 (4)(a) Residency shall be determined by a participating institution in accordance with
2 13 KAR 2:045.

3 (b) A participating institution shall determine a student's eligibility for a supplemental
4 award under this section and shall notify KHEAA of the student's eligibility.

5 Section 8. Supplemental Award. An eligible high school student who receives a sup-
6 plemental award as a result of taking and receiving a GED within five (5) years of obtain-
7 ing eighteen (18) years of age shall have a maximum of five (5) years eligibility beyond
8 the date the GED is received.

9 Section 9. Requirements for Participating Institutions. (1) A participating institution shall
10 calculate the grade point average for an eligible postsecondary education student as set
11 forth in KRS 164.7881 (4)(c) for each award period.

12 (2) The grade point average shall be the cumulative grade point average of an eligible
13 student for all courses attempted at a Kentucky postsecondary education institution, re-
14 gardless of where the student has taken the course, during the period the student is re-
15 ceiving a KEES base scholarship award.

16 (3) The participating institution where the eligible student is currently enrolled shall in-
17 form KHEAA of the student's cumulative GPA. KHEAA will ascertain the continuing eli-
18 gibility of the eligible postsecondary education student based on the cumulative grade
19 point average earned without regard to the institution where the grade is earned.

20 Section 10. Administrative Responsibilities and Expenses of Program. (1) The CPE
21 annually shall determine the level of funding for expenses associated with the program
22 and shall allocate funds from the "Wallace G. Wilkinson Kentucky Educational Excellence
23 Scholarship Trust Fund" described in KRS 164.7877(1) and (3).

24 (2) The KDE and the KHEAA annually, by June 15, shall provide to the CPE a budget
25 proposal indicating the amount of funds requested and a detailed listing of the expendi-

1 tures necessary to operate the program.

2 (3) The CPE shall notify the KDE and the KHEAA of the amount of funds available for
3 the next fiscal year no later than April 30 of the fiscal year preceding the fiscal year that
4 funds are to be made available.

5 (4) The CPE shall develop an allotment schedule for the release of the administrative
6 funds and shall notify the KDE and the KHEAA of that schedule. (25 Ky.R. 1479; Am.
7 1903; 2122; eff. 3-1-99; 27 Ky.R. 1321; 2422; eff. 3-19-2001; 28 Ky.R. 124; 552; eff. 9-
8 5-2001.)

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Gordon K. Davies
President
Council on Postsecondary Education

Date

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APPROVED AS TO FORM:

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Dennis L. Taulbee
General Counsel
Council on Postsecondary Education

Date

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Council on Postsecondary Education
March 25, 2002

Committee on Equal Opportunities Report 1997-2002 KY Plan and OCR Partnership

The Committee on Equal Opportunities met February 11, 2002. The council staff reported that Kentucky's public postsecondary institutions continue to make progress toward achieving the commitments outlined in the Partnership Agreement with the U. S. Department of Education's Office for Civil Rights and *The 1997-2002 Kentucky Plan for Equal Opportunities*. The partnership agreement is on track to be completed by December 31, 2002. A summary of the committee's activities follows.

Committee Actions

At its October 15, 2001, meeting, the CEO appointed a subcommittee to review the current waiver process and recommend improvements. At the February meeting, the subcommittee reported that the administrative regulation that governs the process is satisfactory but suggested ways in which it could be applied more consistently. For example, subcommittee members thought it would be helpful if the institutions used a common format for providing information in support of a waiver request.

The CEO also approved a recommendation by the subcommittee to add an additional step to the waiver process. An institution will now request a waiver and outline its strategies for addressing deficiencies at one meeting and at the next meeting will report on actions taken to implement the strategies. At the second meeting, the committee will take action on the waiver.

The committee asked that the CEO chair make a formal report to the council at each meeting to ensure that members of the council are informed about the committee's work.

The institutional equal opportunity representatives reported on plan-related activities on their campuses. The CEO agreed that time would be set aside at each meeting to hear a report on each institution.

The committee will periodically hold study sessions on the Sunday evening prior to its regularly scheduled meetings.

Reports to the Committee

The council staff updated the committee on the status of the council's 2002-04 budget request, KSU enhancement, the federal land-grant match, and the Carver Hall, Hathaway Hall, and Young Hall renovations.

The Education Professional Standards Board reported on Kentucky's progress in implementing new PRAXIS II standards for teacher certification. The EPSB has raised the cut-off scores for many of the test components and has lowered the cut-off scores for a few components. The EPSB will have the results of the first application of the new standards in April. The committee asked EPSB staff to attend the April 15 meeting to discuss the performance of institutions in Kentucky.

Kentucky has supported 32 scholars in the SREB Doctoral Scholars Program since 1994. Thirteen scholars have completed their doctoral degree. Applications are being taken for the fall 2002 class. Successful applicants will be identified in July 2002. There are over 120 program graduates - the most recent graduate is Dr. Thomas Edison of the University of Kentucky with a Ph. D. in Spanish and Italian. The University of Kentucky had the largest number of doctoral scholars to graduate in 2001 of any university in the 16 SREB states. Nationally, more than 400 scholars in 35 fields have been served. The program has a 90 percent retention rate -- more than double the national rate. Over 70 percent of the program graduates are employed on a university or college campus; 33 percent are majoring in science, math, and technology, and 33 percent in the social and behavioral sciences.

Planned Activities

The second statewide conference for participants of the Governor's Minority Student College Preparation program will be held June 2002 at Murray State University.

Northern Kentucky University will host the 15th Annual Academically Proficient African American High School Junior and Senior Conference June 14-15, 2002. Approximately 300 students, parents, and college representatives from across Kentucky are expected to participate.

The next meeting of the council's Committee on Equal Opportunities is Monday, April 15, 2002, in Meeting Room A at the council offices in Frankfort.

Staff preparation by Rana Johnson

Executive Summary

4. Are we preparing Kentuckians for life and work?
5. Are Kentucky's communities and economy benefiting?

There are two action items presented for council consideration under these questions.

The staff recommends that the council accept the final productivity reports of the Kentucky Community and Technical College System and Lexington Community College. (For details, see page 61.)

The technical colleges of the KCTCS were excluded from this review because they have no degree programs more than four years old. Programs that granted an average of fewer than 12 degrees per year were identified by the council staff as potentially having low productivity. This involved 32 of 146 programs offered by the KCTCS and LCC. The KCTCS is closing five programs and changing 18 in response to the review. LCC has justified its three programs as

important to students in its service region even though they do not confer an average of 12 degrees per year.

The KCTCS board of regents approved last month a policy providing for annual reviews of academic programs to improve efficiency and service to students.

The council's productivity reviews will be helped by efforts like these at the institutional level.

As part of its delegation of responsibility to the universities and the KCTCS, the council authorized institutions to initiate programs within broad bands of the curriculum without council approval. Changes in the level of degree conferred, programs that would alter the mission of the institution, or entry into whole new fields of study were reserved by the council for its approval. Teacher education programs also were reserved because of their immediate importance to education reform in Kentucky.

An on-line system of posting proposed degree programs so they can be reviewed by all colleges and universities, both public and private, prior to their being initiated has produced generally good results. Since its opening, 75 program proposals have been posted on-line; of these, 52 have begun. During this same time the universities closed 157 programs and the KCTCS has indicated that it will close five. The council staff is meeting with each institution this spring to

review campus program approval procedures, simply to ensure that they are appropriately vigorous. A report on new programs begins on page 63.

Council chair Chuck Whitehead, ECU President Joanne Glasser, Provost Michael Marsden, Dean Gary Cordner, KYVU CEO Daniel Rabuzzi, and I will participate in the virtual groundbreaking for ECU's on-line master's degree program in loss prevention and safety. This program has been developed by ECU for students nationwide and throughout the world. It will be developed by the Kentucky Virtual University. ECU developed the program using \$225,000 awarded to it from the KYVU revolving loan fund to cover part of the expenses.

In November 2001, the Kentucky Virtual University requested proposals for development of on-line programs to be partially funded from the KYVU revolving loan fund. This fund, about \$1.5 million, is available to institutions that want to develop Web-based programs. The institutions reimburse the fund from revenues generated by the programs. The KYVU received seven applications seeking a total of \$826,000 and expects to announce funding recipients by March 15. One recipient is the ECU master's degree in loss prevention and safety.

The staff recommends that the council amend the 2002-04 list of eligible programs for agency bond authority to include the University of Louisville's \$4.7 million fiber optic project and Western Kentucky University's \$1.5 million materials characterization center renovation project. (For details, see page 67.)

Western Kentucky University and the University of Louisville have requested that the council amend the 2002-04 list of projects eligible for agency bond authority. The WKU project is the renovation of space in its Center for Research and Development to be suitable for applied materials research. The project at the University of Louisville involves a fiber optic cable link with the University of Kentucky for high-speed data transmission. It is important to research collaboration between the two institutions and has ancillary benefits to other participants in the Kentucky Information Highway.

Council on Postsecondary Education
March 25, 2002

Final Program Productivity Reports: KCTCS and Lexington Community College

Action: The staff recommends that the council accept the final productivity reports of the Kentucky Community and Technical College System and Lexington Community College.

The Kentucky Community and Technical College System and the Lexington Community College completed the final phase of their review of degree programs producing few graduates. LCC had only three such programs. It is making significant efforts to improve student recruitment and retention. The KCTCS will close five programs, alter 18, and retain six programs that provide other valuable services to the colleges.

For the altered and retained programs, KCTCS colleges also are working to improve student recruitment and retention. They are adding certificates to associate programs so students can earn a credential and go to work if they so choose. For example, they created certificates for a real estate program to meet licensure needs of the students in the program who do not want to earn an AAS degree in real estate at this time.

This review began fall 2000 (alternating with reviews on university campuses beginning in odd-numbered years). For the KCTCS and LCC, the council staff identified 22 percent of the total associate programs offered (32 of 146) as potentially low-degree productivity programs (defined as granting less than an average of 12 degrees per year). The attached chart gives details by community college. The technical colleges were excluded from the review because none have had degree programs in operation for more than four years.

The academic program productivity review process is described in the November 8, 1999, July 17, 2000, and February 5, 2001, agenda items.

**Community College Program Productivity Review Final Report
February 2002**

<u>Community College</u>	<u>Total Number of Programs*</u>	<u>Programs Reviewed</u>	<u>Low-Productivity Programs</u>	<u>Low-Productivity Program Decisions</u>					
				<u>Program Closures</u>		<u>Programs Altered</u>		<u>Programs Retained</u>	
KCTCS Community Colleges									
Ashland	7	3	0						
Elizabethtown	9	6	1			1	100%		
Hazard	11	5	2			2	100%		
Henderson	10	5	2			2	100%		
Hopkinsville	9	7	4			4	100%		
Jefferson	22	16	5	1	20%	3	60%	1	20%
Madisonville	13	9	6	2	33%	3	50%	1	17%
Maysville	8	5	1			1	100%		
Owensboro	12	7	3	1	33%	1	33%	1	33%
Paducah	8	5	1					1	100%
Prestonsburg	7	3	0						
Somerset	6	5	2					2	100%
Southeast	10	6	2	1	50%	1	50%		
Total KCTCS	132	82	29	5	17%	18	62%	6	21%
Lexington Community College	14	12	3					3	100%
Total KCTCS & LCC	146	94	32	5	16%	18	56%	9	28%

* Includes new programs not subject to productivity review.

Council on Postsecondary Education
March 25, 2002

New Program Report

Kentucky's public institutions continue to establish new degree programs that address state needs. A total of 52 new programs have been put in place since spring 2000, including eight in computer and information technology, twelve in health, five in education, four in public protection, five in business, and fifteen in technical areas. Three other new programs provide opportunities in the liberal arts and social sciences.

Attached is the list of programs added to the program inventory. The institutions have closed 157 degree programs during this time.

Since launching the online Kentucky Postsecondary Program Proposal System, the universities have submitted 34 proposals for the 45-day online review. Twenty-one of these programs have been implemented, 12 following approval by governing boards and nine after approval by the council. The community and technical colleges have submitted 44 proposals for the 45-day review. Of these, 31 programs, including an early childhood education program for Lexington Community College, have been implemented. Another 26 programs have completed the 45-day review and are subject to institutional governing board or full council review and approval before implementation. Currently, two programs are undergoing the online review.

A shorter response time for the approval and implementation of new programs was one goal of the council's streamlined program approval process. Since implementation of the online system, approximately one-half of the programs (29) were implemented within one month of completing the 45-day review. Another 21 were implemented within one year.

When the council delegated program approval authority to the institutions in 1999, it also put in place a process for periodically reviewing campus program approval policies and procedures. These campus consultation visits will take place for the first time this spring. The council staff is meeting with academic administrators at each institution to review their on-campus process. According to the principles outlined by the council, these conversations will focus on how

the process works, with particular attention to they ways in which it addresses the following:

- Assessment of need for the program.
- Planned collaboration with other postsecondary institutions.
- Consultation with relevant outside groups.
- Articulation and transfer agreements with other programs at the institution and at other institutions.
- Methods for evaluating student learning and success.

The results of this review, including any recommended changes, will be presented to the council at the May meeting.

Details of the council's program approval processes and policies are provided in April 12, 1999, November 8, 1999, January 24, 2000, March 20, 2000, and November 13, 2000, agenda items.

KENTUCKY PUBLIC INSTITUTIONS

Programs Implemented Since Development of Revised Program Approval Processes

Computer and Information Technology

Information Technology (MadCC)	A	KCTCS
Information Technology (NKTC)	A	KCTCS
Network & Information Systems Technology (HazTC)	A	KCTCS
Network and Information Systems Technology (OwnCC)	A	KCTCS
Computer Science	B	MoSU
Applied Computing	M	EKU
Information Systems	M	NKU
Mathematics: Applied and Industrial	D	UL

Health Related

Medical Office Technology (RowTC)	A	KCTCS
Nuclear Medicine Technology (JCC)	A	KCTCS
Paramedic (PadCC)	A	KCTCS
Radiography Technology (BGTC)	A	KCTCS
Respiratory Care Practitioner (CVTC)	A	KCTCS
Respiratory Care Practitioner (RowTC)	A	KCTCS
Respiratory Care Practitioner (WKTC)	A	KCTCS
Emergency Medical Care	B	EKU
Medical Practice Management	B	EKU
Nursing, General	B	KSU
Nursing	B	NKU
Physician Assistant Studies	M	UK

Education

Early Childhood Education (NKTC)	A	KCTCS
Early Childhood Education	A	LCC
Master of Arts in Teaching: Secondary and P-12 Option	M	EKU
Master of Arts in Teaching: Secondary Option	M	MoSU
Master of Arts in Teaching	M	NKU

Public Protection

Fire/Rescue Training (15 Technical Colleges)	A	KCTCS
Law Enforcement Technology (LauTC)	A	KCTCS
Law Enforcement Technology (SomTC)	A	KCTCS
Criminal Justice	B	EKU

Business

Office Systems Technology (MayCC)	A	KCTCS
Surveying and Mapping (MayoTC)	A	KCTCS
Sport Management	B	MoSU
Sport Administration	M	UL
Industrial and Organizational Psychology	M	EKU

Technology

Air Conditioning Technology (MayoTC)	A	KCTCS
Automotive Technology (BGTC)	A	KCTCS
Automotive Technology (MayoTC)	A	KCTCS
Aviation Maintenance Technology (JTC)	A	KCTCS
Aviation Maintenance Technology (SomTC)	A	KCTCS
Diesel Technology (CVTC)	A	KCTCS
General Occupational/Technical Studies (HopCC)	A	KCTCS
General Occupational/Technical Studies (MayCC)	A	KCTCS
Industrial and Engineering Technology (HenCC)	A	KCTCS
Industrial Maintenance Technology (NKTC)	A	KCTCS
Instrumentation / Process Control Technology (WKTC)	A	KCTCS
Machine Tool Technology (MayoTC)	A	KCTCS
Welding Technology (MayoTC)	A	KCTCS
Applied Technology	B	WKU
Industrial Technology	M	MoSU

Liberal Arts / Social Sciences

Liberal Studies	A	NKU
Liberal Arts	B	MuSU
Pan-African Studies	M	UL

A -- Associate
 B -- Bachelor
 M -- Master's
 D -- Doctoral

Amendments to the 2002-04 List of Projects Eligible for Agency Bond Authority

Action: The staff recommends that the council amend the 2002-04 list of eligible projects for agency bond authority to include the University of Louisville's \$4.7 million fiber optic project and Western Kentucky University's \$1.5 million materials characterization center renovation project.

The University of Louisville, in collaboration with the Council on Postsecondary Education, the University of Kentucky, and the Governor's Office of Technology, is pursuing the purchase and installation of fiber optic lines to connect data centers across campuses. Western Kentucky University proposes to renovate an area within the Center for Research and Development to house a materials characterization center. Both institutions have requested that the council amend its 2002-04 list of eligible projects for agency bond authority to add the two projects. The Governor has recommended \$66.8 million of agency bond authority for postsecondary education institutions for 2002-04.

The UofL project includes the purchase and installation of approximately 86 miles of fiber optic (high-bandwidth) lines to connect the UK and UofL data centers. These lines make it possible for the institutions to share high-speed applications and to work together on research, academic, and other initiatives. They would also provide more bandwidth capacity for state offices in Frankfort, Kentucky. The proposed fiber optics project would complement the statewide information highway.

The renovation of space for WKU's materials characterization center is currently authorized as part of the South Central Technology Center project (the Old Bowling Green Mall) enacted by the 2000 General Assembly. The South Central Technology Center project (\$10 million) is authorized as part of the Cabinet for Economic Development's bond pool (HB 502, page 24) to finance manufacturing modernization projects related to the knowledge-based economy. The current project authority is \$10 million - \$4.0 million economic development bonds (from the Cabinet for Economic Development's high-tech

construction pool) and \$6.0 million restricted funds. WKU has requested that the financing plan be amended to \$4.0 million of economic development bonds, \$4.5 million restricted funds, and \$1.5 million of agency bonds.

Amending the list of eligible projects does not guarantee UofL or WKU agency bond authority for these projects. The current 2002-04 list includes 46 projects, totaling \$270.3 million (\$257.8 million of agency bonds and \$12.5 million of institutional funds).

The staff will forward the council action to the Office of the State Budget Director, the secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee.

Council on Postsecondary Education
March 25, 2002

Executive Summary

The Council Business

The colleges and universities are on schedule with renovations that make student housing facilities compliant with current fire code standards.

University presidents agreed to an approach following the September 1998 dormitory fire at Murray State University. The institutions have spent \$17.9 million on 48 facilities and will complete another 34 fire safety projects by September 2002. A status report begins on page 71.

There are two items for action related to general administration of the council.

The staff recommends that the council approve the Council Conflict of Interest Policy. (For details, see page 81.)

Potter and Company, the council's auditors, recommended that the council establish a conflict of interest policy and disseminate that policy to council members and employees. House Bill 225, introduced in the current legislative session, would have removed council members from under the ethics statutes.

It now appears unlikely to pass. The staff developed the conflict of interest policy included in the agenda materials on the basis of the state conflict of interest policy.

Finally, the council's bylaws require that the chair appoint a nominating committee at this council meeting to select officers for the coming year. Mr. Whitehead will do so.

Status Report Student Housing Fire Safety

Institutions are on schedule to make student housing facilities compliant with current fire code standards. The September 18, 1998, dormitory fire at Murray State University generated substantial concern about fire safety in student housing at Kentucky's public colleges and universities. The university presidents and the council president agreed on an approach to bring student housing facilities up to current fire code standards. All institutions were affected except Northern Kentucky University whose student housing facilities meet current fire code standards. A plan to address student housing fire safety was developed and presented to the council at its November 9, 1998, meeting and is being implemented by the institutions.

Status

Since November 1998:

- Institutions have spent \$17.9 million on 48 student housing facilities.
- Institutions will complete another 34 student housing fire safety projects by September 1, 2002.
- Institutions have consulted with the State Fire Marshall's Office to determine necessary modifications for each student housing facility.
- The council identified the completion of student housing fire safety projects as the highest priority for allocation of the 2000-02 agency bond authority.
- The council staff continues to work with and on behalf of the institutions to get as much flexibility as possible in scheduling of projects, using institutional funds, and identifying approaches to fire safety.
- Except for a commitment to renovate the Young Hall dormitory at Kentucky State University, the council staff has identified the completion of student housing fire safety projects as the highest priority for any 2002-04 agency bond authority.
- A detailed status report begins on page 73.

Next Steps

The General Assembly is expected to authorize a 2002-04 agency bond pool for postsecondary education institutions by April 15, 2002. Institutions will issue

the bonds for eligible projects with debt service supported by agency receipts. The staff will recommend guidelines for allocating the agency bond authority to the council May 20, 2002.

Based on the approved guidelines, the council staff will ask institutions to identify specific projects for which they want to issue agency bonds. These projects must be on a list approved by the council (item 10 of this agenda adds two projects) and included in the budget bill. The staff will recommend allocation of the agency bond authority to the council July 29, 2002.

Upon approval by the council, the recommendation will be forwarded to the secretary of the Finance and Administration Cabinet for action and the secretary will then forward his action to the Capital Projects and Bond Oversight Committee for review. After the committee's review, institutions may issue bonds to complete the eligible projects.

**Student Housing Fire Safety Plan
Projects to be Completed by September 1, 2002**

<u>Institution and Project Name</u>	<u>Original Scope</u>	<u>Fund Source</u>	<u>Status</u>	<u>Completion Date</u>
Eastern Kentucky University				
None				
EKU Subtotal	-			
Kentucky Community and Technical College System				
None				
KCTCS Subtotal	-			
Kentucky State University				
None				
KSU Subtotal	-			
Morehead State University				
Phase IV: Regents Hall and Wilson Hall	\$ 464,000	Agency Bonds	Funded	August 2002
MoSU Subtotal	\$ 464,000			
Murray State University				
None				
MuSU Subtotal	-			
Northern Kentucky University				
None				
NKU Subtotal	-			
University of Kentucky				
Blanding Tower	\$ 183,000	Maintenance Reserve	Funded/Underway	August 2002
Patterson Hall1	25,000	Maintenance Reserve	Funded/Underway	March 2002
Blanding III	74,500	Maintenance Reserve	Funded/Underway	March 2002
Blanding IV	74,500	Maintenance Reserve	Funded/Underway	March 2002

**Student Housing Fire Safety Plan
Projects to be Completed by September 1, 2002**

<u>Institution and Project Name</u>	<u>Original Scope</u>	<u>Fund Source</u>	<u>Status</u>	<u>Completion Date</u>
Keeneland Hall	140,000	Maintenance Reserve	Funded/Underway	August 2002
Alpha Gamma Delta (sor)	52,040	Fraternities/Sororities	Planning	September 2002
Alpha Gamma Rho (fra)	45,447	Fraternities/Sororities	Planning	September 2002
Alpha Tau Omega (fra)	46,655	Fraternities/Sororities	Planning	September 2002
Alpha Xi Delta (sor)	52,040	Fraternities/Sororities	Planning	September 2002
Blazer Hall	170,000	Maintenance Reserve	Underway	August 2002
Delta Delta Delta (sor)	54,260	Fraternities/Sororities	Planning	September 2002
Delta Zeta (sor)	52,040	Fraternities/Sororities	Planning	September 2002
Kappa Delta (sor)	52,040	Fraternities/Sororities	Planning	September 2002
Kappa Sigma (fra)	45,670	Fraternities/Sororities	Planning	September 2002
Kirwan I	74,500	Maintenance Reserve	Underway	August 2002
Kirwan II	74,500	Maintenance Reserve	Underway	August 2002
Kirwan III	74,500	Maintenance Reserve	Underway	August 2002
Kirwan IV	74,500	Maintenance Reserve	Underway	August 2002
Lambda Chi Alpha (fra)	45,670	Fraternities/Sororities	Planning	September 2002
Phi Sigma Kappa (fra)	45,670	Fraternities/Sororities	Planning	September 2002
Pi Kappa Alpha (fra)	45,670	Fraternities/Sororities	Planning	September 2002
Sigma Chi (fra)	45,260	Fraternities/Sororities	Planning	September 2002
ZTA (sor)	52,040	Fraternities/Sororities	Planning	September 2002
UK Subtotal	\$ 1,599,502			
University of Louisville	(c)			
Dorm 49A	\$ 167,000	Agency Funds	Under Construction	April 2002
Dorm 49B (Honor's Dorm)	167,000	Agency Funds	Under Construction	April 2002
Dorm 49C	167,000	Agency Funds	Under Construction	April 2002
UofL Subtotal	\$ 501,000			
Western Kentucky University				
Central Hall	\$ 400,000	Student Life Foundation	Design	August 2002

**Student Housing Fire Safety Plan
Projects to be Completed by September 1, 2002**

<u>Institution and Project Name</u>	<u>Original Scope</u>	<u>Fund Source</u>	<u>Status</u>	<u>Completion Date</u>
Rodes Harlin	413,820	Student Life Foundation	Project Funded	August 2002
East Hall	(d) 3,250,000	Student Life Foundation	Under Construction	August 2002
North Hall	(d) 3,250,000	Student Life Foundation	Under Construction	August 2002
South Hall	(d) 3,250,000	Student Life Foundation	Under Construction	August 2002
West Hall	(d) 3,250,000	Student Life Foundation	Under Construction	August 2002
Hugh Poland Hall	489,264	Student Life Foundation		August 2002
WKU Subtotal	\$ 14,303,084			
System Total	\$16,867,586			

- c** The UofL Shelby Campus Complex (7 buildings) is no longer used for student housing and has been removed from the fire safety schedule.
- d** WKU housing facilities are being renovated by the Student Life Foundation. Fire safety issues will be corrected during the renovations.

**Student Housing Fire Safety Plan
Projects to be Completed after September 1, 2002**

<u>Institution and Project Name</u>	<u>Original Scope</u>	<u>Fund Source</u>	<u>Completion Date</u>
Eastern Kentucky University			
Combs Hall (VACANT)	\$ 384,000	Agency Bonds	On Hold
Mattox Hall	262,000	Agency Bonds	On Hold
EKU Subtotal	\$ 646,000		
Kentucky Community and Technical College System			
None	-		
KCTCS Subtotal	-		
Kentucky State University			
None	-		
KSU Subtotal	-		
Morehead State University			
Phase V: Normal Hall, Waterfield Hall, Butler Hall	\$ 812,000	Agency Bonds	August 2003
MoSU Subtotal	\$ 812,000		
Murray State University			
Emergency Generators - High Rise Fire Pumps	\$ 806,000	Agency Funds or Bonds	August 2004
MuSU Subtotal	\$ 806,000		
Northern Kentucky University			
None	-		
NKU Subtotal	-		
University of Kentucky			
Kirwan Tower	\$ 183,000	Maintenance Reserve	December 2002
Cooperstown Bldg. A	252,000	Maintenance Reserve	September 2004
Cooperstown Bldg. B	126,000	Maintenance Reserve	September 2004
Cooperstown Bldg. F	226,800	Maintenance Reserve	September 2004
Cooperstown Bldg. G	209,160	Maintenance Reserve	September 2004
Cooperstown Bldg. C1	70,000	Agency Bond Pool	June 2004

**Student Housing Fire Safety Plan
Projects to be Completed after September 1, 2002**

Institution and Project Name	Original Scope	Fund Source	Completion Date
Shawneetown Bldg. A	163,800	Maintenance Reserve	September 2004
Shawneetown Bldg. B	151,200	Maintenance Reserve	September 2004
Shawneetown Bldg. C	163,800	Maintenance Reserve	September 2004
Shawneetown Bldg. D	151,200	Maintenance Reserve	September 2004
UK Subtotal	\$ 1,696,960		
University of Louisville			
Triangle Fraternity - Greek	\$ 35,000	Agency Funds	October 2002
Sigma Phi Epsilon - Greek	35,000	Agency Funds	October 2002
Kappa Delta Sorority - Greek	35,000	Agency Funds	October 2002
Delta Zeta Sorority - Greek	35,000	Agency Funds	October 2002
Lambda Chi - Greek	35,000	Agency Funds	October 2002
Chi Omega Sorority - Greek (VACANT)	35,000	Agency Funds	On Hold
Pi Beta Phi - Greek (VACANT)	35,000	Agency Funds	Oh Hold
UofL Subtotal	\$ 245,000		
Western Kentucky University			
Barnes Campbell Hall - Renovation	(e) \$ 1,879,610	Student Life Foundation	August 2003
Bemis Lawrence Hall - Renovation	(e) 2,006,036	Student Life Foundation	August 2003
Bates Runner - Renovation	(e) 2,013,625	Student Life Foundation	August 2003
Douglas Keen Hall	456,703	Student Life Foundation	May 2003
WKU Subtotal	\$ 6,355,974		
System Total	\$10,561,934		

e WKU housing facilities are being renovated by the Student Life Foundation. Fire safety issues will be corrected during the renovations.

Council on Postsecondary Education
March 25, 2002

Council Conflict of Interest Policy

Action: The staff recommends that the council approve the attached Council Conflict of Interest Policy.

Council members and employees are covered by the executive branch ethics legislation and by the model procurement code which set forth guidelines for ethical behavior. The external auditors, Potter & Company, Inc., recommended that the council establish a conflict of interest policy and disseminate that policy to council members and employees so that the standards of behavior required by the statutes are clear.

Dennis Taulbee is the council ethics officer.

1:3: Council Conflict of Interest Policy

I. Statement of Purpose

Council members and employees are covered by the executive branch ethics legislation and by provisions of the model procurement code. These statutes regulate actual, potential, and apparent conflicts of interest that may arise through the procurement of goods and services by the agency or through business relationships between council members or employees and outside entities. This policy supplements the requirements of the statutes and describes appropriate behavior and action for council members and employees in typical situations where a conflict of interest issue may arise.

II. Statutory Authority

KRS 11A.010 through 11A.060 and KRS 45A.340.

III. Policy Statement

A. General Provisions

1. A council member or council employee is to:
 - a. Act on behalf of the best interests of the council;
 - b. Avoid personal and business conflicts of interest;
 - c. Avoid even the appearance of a conflict of interest; and
 - d. Disclose a potential or actual conflict of interest to the council ethics officer.
2. All council members and employees will be given a copy of the council conflict of interest policy and will be provided with relevant information prepared by the Kentucky Executive Branch Ethics Commission and the Finance and Administration Cabinet.

B. Council Ethics Officer

1. The president shall designate an ethics officer for the agency who shall be responsible for ensuring compliance with the requirements of the law and this policy.

2. The council ethics officer also shall be responsible for:
 - a. Disseminating information about the requirements of the ethics law and this policy;
 - b. Reviewing requests from agency employees about outside employment and other ethics-related issues; and
 - c. Communicating requests, with the approval of the president, for advisory opinions from the Executive Branch Ethics Commission.

C. Purchasing

1. A council member or employee shall not benefit from contracts offered and issued by the council.
2. A council member or employee shall not have any interest, direct or indirect, in any contract on which the member or employee is required to act or vote. If a situation arises where a member or employee does have an interest in a contract that is before the council, the member or employee shall not, in any manner, be involved in the development, consideration, or approval of the contract.
3. A council member or employee shall report to the council ethics officer any attempt to influence the award of a contract.

D. Gifts and Meals

1. A council member or employee may not take gifts from colleges and universities or vendors doing business with the council if the value of the gift is more than \$25. The limit of \$25 is an annual amount.
2. A council member or employee should request that a college or university bill the council for meals provided at events sponsored by the college or university. The same \$25 annual limit applies. If a council member or employee is a participant in a college or university event, the meal does not have to be reimbursed.

Certification:

Gordon K. Davies, President

Previous Actions:

Original Approval:

Council on Postsecondary Education
March 25, 2002

Fund for the Improvement of Postsecondary Education Grant Proposal

Action: The staff recommends that the council approve the submission by council staff of a \$450,000 three-year grant proposal to the Fund for the Improvement of Postsecondary Education (FIPSE), including all understandings and assurances required by FIPSE, and authorize Gordon Davies and Gene Ranvier, KYVU Director of Student Services (as project director), to act in connection with the grant application.

If awarded, this FIPSE grant would partially fund the creation of the Kentucky Virtual University Coordinated Advising Network (“U CAN”), which will be an interactive, single point of contact for Kentucky learners for pre-admission, academic, career, and financial aid counseling services. U CAN’s purpose is to help increase the college-going rate, student retention, and graduation, and to improve access to GED courses and workplace skills training.

Core partners in U CAN’s first phase will include the Kentucky Department of Education, the Kentucky Department for Adult Education and Literacy, the Kentucky Higher Education Assistance Authority, and the Kentucky Community and Technical College System. All Kentucky colleges and universities will be welcome to join U CAN. The council is the legal applicant and, if the grant is awarded, would be project leader and fiscal agent. The council would provide \$406,000 in match, including the allocation of staff resources to work on U CAN .

At the November 5, 2001, council meeting, council staff informed the council of the intent to submit a proposal to FIPSE. Details of the proposed grant have changed since then: the total proposed grant amount is lower; the match proposed is higher; and the proposal no longer includes the private company SmarThinking.

The Fund for the Improvement of Postsecondary Education is a unit of the U.S. Department of Education. On a competitive basis, FIPSE funds proposals intended to support innovative educational reform projects that can serve as national models for the improvement of postsecondary education.

Staff preparation by Daniel A. Rabuzzi

