

MINUTES
Council on Postsecondary Education
November 16, 2012

The Council on Postsecondary Education met Friday, November 16, 2012, at 9 a.m., CT, at Western Kentucky University in Bowling Green, Kentucky. Chair Pam Miller presided.

WELCOME

Ms. Miller welcomed everyone to the meeting.

President Gary Ransdell welcomed the Council to Western Kentucky University.

Mr. King introduced Dr. Cheryl King. Dr. King has joined the Council staff to assist with adult learner issues.

ROLL CALL

The following members were present: Glenn Denton, Dan Flanagan, Dennis Jackson, Nancy McKenney, Pam Miller, Donna Moore, Lisa Osborne, Marcia Ridings, Carolyn Ridley, CJ Ryan, Arnold Taylor, and Sherrill Zimmerman. Kennedy Helm, Joe Graviss, Terry Holliday, and Joe Wise did not attend.

APPROVAL OF MINUTES

The minutes of the September 14 meeting were approved as distributed.

**EXECUTIVE COMMITTEE
MEETING REPORT**

Ms. Miller reported the Executive Committee met earlier in the morning with the audit firm Blue and Company LLP, a certified public accounting agency in Lexington.

Ms. Miller reported on the Executive Committee's review of the FY 2011-12 agency audit report and said that the Council received an unqualified opinion. The firm noted one gain contingency stemming from a potential refund from an Adult Education local provider.

**STRATEGIC AGENDA
FOCUS AREA –
EFFICIENCY AND
INNOVATION**

Dr. Heidi Hiemstra, CPE's assistant vice president for information and research, provided an overview of the Efficiency and Innovation metrics.

Mr. Al Lind, CPE's vice president for information and technology, and Mr. Sherron Jackson, CPE's associate vice president for finance, presented information on the Efficiency and Innovation focus area.

Mr. Ken Walker, Vice President, Kentucky Community and Technical College System; Mr. Mike Curtin, Vice President, Finance, University of Louisville; and Mr. John Osborne, Vice President for Campus Services and Facilities, Western Kentucky University presented information on successful efficiency strategies relating to energy management and institutional operations.

It was the consensus of the Council members that all the institutions consider becoming members of the Association for the Advancement of Sustainability in Higher Education in order to take advantage of cost saving opportunities. The Council also requested that the institutions review current best practices in regards to cost saving opportunities.

Dr. Jay Box, Chancellor, Kentucky Community and Technical College System; Dr. Joel Thierstein, Provost and Vice President for Academic Affairs, Kentucky State University; and Dr. Vince Kellen, Senior Vice Provost for Academic Planning, Analytics, and Technologies, University of Kentucky participated on a panel discussion entitled *Innovations for Success: Facing the Coming Change in Higher Education*. Mr. Lind served as moderator.

PERFORMANCE
PRESENTATIONS –
MURRAY STATE
UNIVERSITY AND
KENTUCKY ADULT
EDUCATION

Dr. Randy Dunn, MuSU's president, provided the Council with an update on Murray's progress toward achieving its performance goals as set forth in the state's Strategic Agenda.

Mr. Reecie Stagnolia, CPE's vice president of Kentucky Adult Education, provided the Council with an update on Kentucky Adult Education's progress toward achieving its performance as set forth in the state's Strategic Agenda.

CPE PRESIDENT'S
REPORT TO THE
COUNCIL

A written report from Mr. King was distributed. Highlights of his report included a description of activities undertaken with the institutional chief budget officers in preparation for the 2014-16 postsecondary education budget recommendation; an update on the Rural Access Work Group; a briefing on Kentucky Adult Education activities including a policy brief released by the Working Poor Families Project and the McDonald's campaign release; CPE's agency audit; an update on tax reform and LRC pension reform review; and CPE staff highlights.

KENTUCKY
DEPARTMENT OF
EDUCATION REPORT

Mr. Ken Draut, Associate Commissioner, Assessment and Accountability, Kentucky Department of Education, presented information on College and Career Readiness.

A written report was also included in the agenda book from Commissioner Holliday.

IMPROVING EDUCATOR
QUALITY

John DeAtley, CPE's director of P-20 and college readiness, presented the staff recommendation that the Council award federal No Child Left Behind, Title II, Part A, funds in the amount of \$895,000 for January 1, 2013 – June 30, 2014, to support seven projects.

MOTION: Ms. Moore moved that the Council award federal No Child Left Behind, Title II, Part A, funds in the amount of \$895,000 for January 1, 2013 – June 30, 2014, to support seven projects. Mr. Jackson seconded the motion.

VOTE: The motion passed.

B.S. IN MUSIC
BUSINESS, MURRAY
STATE UNIVERSITY

Dr. Melissa Bell, CPE's director of student success, presented the staff recommendation that the Council approve the Bachelor of Science in Music Business at Murray State University (CIP: 50.1003).

MOTION: Mr. Jackson moved that the Council approve the Bachelor of Science in Music Business at Murray State University (CIP: 50.1003). Mr. Flanagan

seconded the motion.

VOTE: The motion passed.

MADISONVILLE
COMMUNITY COLLEGE
WAIVER REQUEST

Dr. Rana Johnson, CPE's chief diversity officer, presented the staff recommendation that the Council approve the request of Madisonville Community College for a temporary waiver of the requirements of KRS 164.020(19) to allow the college to implement new academic programs.

MOTION: Ms. Ridings moved that the Council approve the request of Madisonville Community College for a temporary waiver of the requirements of KRS 164.020(19) to allow the college to implement new academic programs. Dr. McKenney seconded the motion.

VOTE: The motion passed.

INSTITUTIONAL
GRANTS FOR TARGETED
STUDENT SUCCESS
INITIATIVES

Dr. Bell presented information on the institutional grants for targeted student success initiatives.

In July 2012, Council staff invited public postsecondary institutions to submit proposals to implement short-term, specific strategies to increase persistence and graduate rates for near completers (students who have accumulated at least 75 percent of the credit hours needed for degree completion).

Council staff reviewed the proposals, and mini-grants between \$2,000 and \$5,000 were awarded.

Implementation of projects must begin in the 2012-13 academic year and must be assessed by July 15, 2013. The grant is renewable for the 2013-14 academic year if adequate progress is demonstrated in the July 15, 2013, assessment report. The final program evaluation must be received by July 15, 2014.

2011-15 STRATEGIC
AGENDA MIDTERM
REPORT

Dr. Hiemstra presented the 2011-15 Strategic Agenda midterm report.

January 2013 marks the midpoint of Stronger by Degrees, Kentucky's 2011-15 Strategic Agenda for Postsecondary and Adult Education, which focuses on college readiness; student success; research, economic, and community development; and efficiency and innovation. This timing provides an opportunity to pause and assess the Strategic Agenda itself, the likelihood of achieving its policy objectives, and possible revisions to the strategies, metrics, and targets.

Over the next few months, CPE staff will solicit feedback from Council members and other state policy leaders on possible changes to the Strategic Agenda.

This midterm review will be presented for discussion at the February 7, 2013, Council member retreat.

2013-14 TUITION
SETTING PROCESS

Dr. Bill Payne, CPE's senior associate for finance, presented the 2013-14 tuition setting process update.

UPDATE

Dr. Payne reviewed the preliminary timeline describing Council staff and campus activities and identifying expected completion dates for the 2013-14 tuition setting process.

COMMITTEE ON EQUAL OPPORTUNITIES REPORT

Dr. Johnson provided a report from the Committee on Equal Opportunities. The report included an update on the 2013 meeting schedule, the Governor's Minority Student College Preparation Program (GMSCPP), the 2013 Academically Proficient High School Jr/Sr Diversity Conference, and the SREB Doctoral Scholars Program.

COMMITTEE APPOINTMENTS

Ms. Miller appointed a nominating committee to present recommendations for Council chair and vice chair at the February meeting. Glenn Denton, Lisa Osborne, and Marcia Ridings were appointed with Mr. Denton serving as chair.

The Executive Committee appointments will be made at the February 8, 2013, meeting.

Ms. Miller appointed a 2014-16 budget development work group. Dan Flanagan, Glenn Denton, and Carolyn Ridley were appointed with Mr. Flanagan serving as chair.

REPORTS FROM INSTITUTIONS

Ms. Miller called attention to the reports from the institutions included in the agenda book.

RESOLUTION

The Council presented a resolution honoring Mr. Sherron Jackson for his service to the Council.

MOTION: Mr. Flanagan moved that the Council approve the resolution of service for Mr. Jackson. Ms. Osborne seconded the motion.

VOTE: The motion passed.

The Council presented resolution honoring Dr. John Hayek for his service to the Council.

MOTION: Mr. Flanagan moved that the Council approve the resolution of service for Dr. Hayek. Ms. Osborne seconded the motion.

VOTE: The motion passed.

OTHER BUSINESS

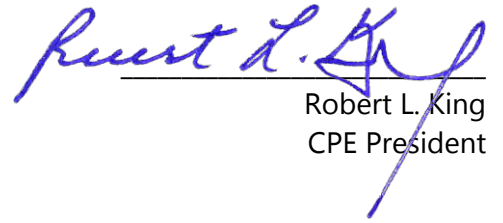
Ms. Miller reappointed Ms. Hilma Prather to another term on the KET board.

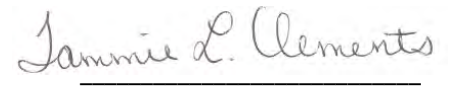
NEXT MEETING

The next Council meeting is at the CPE offices in Frankfort, Kentucky, February 8, 2013.

ADJOURNMENT

The meeting adjourned at 1:40 p.m., CT.


Robert L. King
CPE President


Tammie L. Clements
Associate, Executive Relations

Council on Postsecondary Education
February 8, 2013

Election of CPE Chair and Vice Chair

The Nominating Committee will present the slate of officers to serve until January 31, 2014, for consideration by the full Council.

Staff preparation by Tammie Clements

**Report from Commissioner Terry Holliday
for the
February 8, 2013 Council on Postsecondary Education Meeting**

Kentucky Breaks into Top 10 in National Education Ranking - In a recent press conference, Governor Beshear announced that Kentucky's ranking in an annual assessment of all states on key education indicators rose four places, making it 10th in the nation for its efforts to improve teaching, raise student achievement and many other variables related to public education. The press release is titled "KY Breaks into Top 10 in National Education Ranking" and can be found at <http://kentucky.gov/Pages/home.aspx> under the January 10, 2013 date.

Each year, *Education Week* (a national publication that focuses on P-12 education) produces a special issue, "Quality Counts." The report tracks key education indicators and grades states on their policy efforts and outcomes. Last year, Kentucky ranked 14th in the nation. In 2010, the state was in 34th place in this annual report.

"Quality Counts" provides data and information about states' efforts in six areas:

- K-12 Achievement
- Standards, Assessments & Accountability
- Teaching Profession
- School Finance
- Transitions & Alignment
- Chance for Success (an index that combines information from 13 indicators that cover state residents' lives from cradle to career)

States were assigned overall letter grades based on the average of scores for the six categories. This year, Kentucky's overall grade was B- an improvement over last year's grade and a higher grade than the national average, which was a C+.

No states received a grade of A in the 2013 edition of "Quality Counts." The highest-ranking state was Maryland, with a B+. Three states received B grades; eight states (including Kentucky) received B- grades; and 19 states received C+ grades.

This is the 17th edition of the annual "Quality Counts" report, and the theme this year is the impact of a school's social and disciplinary environment on students' ability to learn and on the teacher and administrators tasked with guiding them.

The full report is available at <http://www.edweek.org/ew/toc/2013/01/10/index.html?intc=EW-QC13-EWH>.

Report Completed on Competency-Based Education – In May 2012, the Kentucky Department of Education (KDE) was awarded a technical assistance grant on "Awarding Credit to Support Student Learning" by the National Governor's Association (NGA). The purpose of the grant was to provide support for the exploration of educational policies and practices related to the awarding of credit based on competency or mastery of a subject rather than for "seat time." Per the requirements of the grant, a state leadership team gathered information on competency-based

education systems; the specially formed team planned and executed a statewide summit to expand the conversation to a broader audience. The summit was held on October 30, 2012 at a competency-based high school in Scott County. More than 150 participants from K-12 and postsecondary education, the business community and out-of-school programs heard presentations from national experts and local leaders. The report that resulted from this work is now available at: <http://education.ky.gov/school/innov/Pages/Competency-based-Education-.aspx>.

Kentucky Board of Education Passes 2013 Legislative Agenda - The Kentucky Board of Education (KBE) approved its 2013 legislative agenda at the December meeting. The items on the agenda are as follows:

- **Professional Growth and Effectiveness**

Amend KRS 156.557 to update statutory language to reflect the changes to the teacher effectiveness system.

Under direction of the Kentucky Board of Education's (KBE's) Strategic Plan, the Kentucky Department of Education (KDE) has undertaken a two-year study and task force to update the current statewide personnel evaluation system. Providing teachers, administrators and districts the tools needed to support and improve performance, KDE plans to implement the Professional Growth and Effectiveness System (PGES). PGES focuses on several areas including: Planning and Preparation, Classroom Environment, Instruction, Professional Responsibilities, and Student Growth.

- **Preschool Funding Formula**

Update 157.3175 and Repeal KRS 157.226 to adjust the funding formula for preschool.

The current formula is based on the December 1 count of the previous year (December 1, 2009) for each preschool funding category: at-risk, speech, developmental delay, and severe. Additional funds from a supplemental 3s count (three-year-olds with disabilities) are included in each district's allocation. Districts whose enrollments decreased more than five percent from the last two December 1 counts receive a negative funding adjustment and districts whose enrollment increased by more than five percent receive a growth adjustment. By removing the five percent negative and positive (growth) adjustments, funding is stabilized for the districts and they can plan decisions on more current data.

- **Career and Technical Education (CTE)**

Amend various KRS Chapters 12, 151B, 156, 157, 158, 161, 164, 165.

Through Executive Order 2012-737, the Governor has united the state's two career and technical education systems under KDE. The goal in merging the state-administered system with the locally-operated system is a more efficient delivery of programs that are more accessible, academically rigorous and better aligned with the requirements of postsecondary institutions and employers. Seventy-five percent of Kentucky high school students, more than 150,000 pupils, were enrolled in career and technical education programs last year in 323 middle and high schools, area technology centers and career and technical centers across the state.

- **Compulsory School Attendance**

Amend KRS 159.010 to raise the compulsory school age for attendance from 16 to 18.

Under the current law, KRS 159.010, students in Kentucky are eligible to leave school, before graduating, at the age of 16. This proposed change will raise the compulsory school age to 18. This statutory change will be supported by many initiatives being undertaken by the department and local districts through the dropout prevention grants as well as through other means. An estimated 6,500 Kentucky students drop out of grades 9-12 each year. Many programs exist to support retaining these students including access to dual credit, middle college, career learning (CTE), credit recovery and alternative education programs.

For more information on the board's legislative agenda, contact Tracy Goff Herman at (502) 564-4474 or via e-mail at tracy.herman@education.ky.gov.

Next Kentucky Board of Education Meeting: February 6, 2013

Preliminary Analysis of Employment Outcomes of College Graduates

Charles McGrew, Executive Director of Kentucky's new Center for Education and Workforce Statistics, will share information about the Center and present preliminary data to the Council that analyzes employment outcomes for Kentucky college graduates.

The Center is a collaborative effort of the Education and Workforce Development Cabinet, the Council on Postsecondary Education, the Kentucky Department of Education and the Education Professional Standards Board. It serves as an independent source of quality data linking early childhood, K-12, teacher certification, postsecondary, adult education, workforce and other agency information to provide a more comprehensive picture of the overall impact of state policies and programs.

The board consists of Dr. Terry Holliday, commissioner of the Department of Education; Robert L. Brown, executive director of the Education Professional Standards Board; Robert L. King, president of the Council on Postsecondary Education; and Joseph U. Meyer, secretary of the Education and Workforce Development Cabinet. Meyer serves as chair.

Benefits of the center include:

- Providing comparable, actionable data back to schools, districts, colleges, universities, and communities that they can use to improve education.
- Maintaining linked data that allow for cross-agency statistics like linking high school performance to college success or linking postsecondary training to employment and earnings.
- Answering state and federal mandated reports that cross sectors.
- Providing greater transparency both for development and improvement purposes as well as for policy makers.

Revisions to *Stronger by Degrees: A Strategic Agenda for Kentucky Postsecondary and Adult Education, 2011–15*

ACTION: Staff recommends that the Council approve the attached revisions to the strategies and performance metrics in the 2011–15 strategic agenda originally approved by the Council on February 3, 2011.

January 2013 marks the midpoint of *Stronger by Degrees*, the Council's strategic agenda, which focuses on college readiness; student success; research, economic, and community development; and efficiency and innovation. Staff proposes several limited adjustments to the text of the strategic agenda and to the performance metrics used to measure the implementation of the plan.

Changes to the text of the strategic agenda are minimal, consisting of edits to three of the 32 strategies initially identified to achieve the nine policy objectives in the plan. These changes are detailed in Attachment A.

Performance metrics that have been shown to be problematic during the first two years of the agenda are listed in Attachment B, along with a proposed revision or replacement. 2015 targets for these revised metrics at the state and institutional levels will be established in the coming months. The revised metrics will be reported for the first time in the 2012-13 Accountability Report, to be released in early 2014.

Attachment A: Revisions to the Strategies for Implementation

College Readiness

Policy Objective 2: Increase the number of college-ready GED graduates.

Strategy 2.1. Transform the delivery of adult education services to lead to higher student engagement levels. Increase enrollment in Kentucky Adult Education programs and services.

Rationale: Broadens the strategy from a simple statement about enrollment to include expanded targeted outreach and partnership development; administrative and instructional leadership development; implementation of a research-based, managed program design; and greater use and integration of instructional technology.

Student Success

No changes

Research, Economic, and Community Development

Policy Objective 6: Increase basic, applied, and translational research to create new knowledge and economic growth.

Strategy 6.3. Develop and implement a strategic communications plan that highlights Develop and implement strategic communications with and between the institutions and public audiences that highlight campus-based research and development initiatives and the impact of this work on Kentucky's economic and community competitiveness.

Rationale: Clarifies that strengthened communication between institutions is part of the strategy, not just communication to external audiences.

Policy Objective 7: Increase educational attainment and quality of life in Kentucky communities through regional stewardship, public service, and community outreach.

Strategy 7.3. Maximize the impact of Enhance postsecondary education's contribution to improving the health of Kentucky's people.

Rationale: Describes more modest strategic efforts better suited to CPE's indirect role in this area.

Efficiency and Innovation

No changes

Attachment B: Revisions to the Performance Metrics

College Readiness

Policy Objective 3. Increase the effectiveness of Kentucky's K-12 teachers and school leaders.

Existing Metric: New teacher excellence (top 15% nationally) — percent of teaching program graduates scoring in the top 15 percent nationally on Praxis II (pedagogy) licensure exams.

Revised Metric: New teacher excellence (top 25% nationally) — percent of teaching program graduates scoring in the top 25 percent nationally on Praxis II (pedagogy and content area) licensure exams.

Rationale: The revised metric mirrors the one adopted by the Education Professional Standards Board (EPSB) after the development of CPE's strategic agenda. The revised metric still captures the idea of new teacher excellence while widening the scope through the inclusion of content area assessments. While a metric based on gains in student performance is preferable, none is currently available.

Student Success

Policy Objective 4. Increase high quality degree production and completion rates at all levels and close achievement gaps, particularly for lower-income, underprepared, and underrepresented minority students.

Existing Metric: Graduation rate gaps of low-income, underprepared, and underrepresented minority students — gap between the graduation rates of students in the target group compared to students who are not in the target group, using the IPEDS graduation rate metric at 150% of minimum time to degree.

Revised Metric: Graduation rates of low-income, underprepared, and underrepresented minority students — graduation rate of students in the target group, using the IPEDS graduation rate metric at 150% of minimum time to degree.

Rationale: Change from "gap" to "rate" is recommended because targets expressed as a gap are not "anchored" to graduation rate targets for each group, making them more difficult to explain and visualize than simple graduation rates. There will be no changes to the composition of the target groups.

Policy Objective 5: Decrease financial barriers to college access and completion.

Existing Metric: Net direct cost for low-income students — the cost of tuition, fees and books after all grants and scholarships were received by full-time, low-income, Kentucky resident students. Negative amounts reflect grant and scholarship money available to pay indirect costs such as room and board.

Revised Metric: Grants to low-income students in excess of direct cost — average grant and scholarship aid received by full-time, in-state Pell grant recipients in excess of the cost of tuition, mandatory fees and books. Amounts reflect grant money available to pay indirect costs such as room and board. Loans are not included in grant calculations.

Rationale: The new metric is essentially the same number, displayed as a positive rather than a negative amount. This change simplifies the explanation and reporting of this metric.

Research, Economic, and Community Development

No changes

Efficiency and Innovation

Policy Objective 8. Increase academic productivity through program innovations.

Existing Metric: Credits attempted by degree graduates — average credit hours attempted by bachelor's degree graduates at four-year institutions and by associate degree graduates at KCTCS.

Revised Metric: Credits earned by degree graduates — average credit hours earned at the degree-granting institution by bachelor's degree graduates at four-year institutions and by associate degree graduates at KCTCS.

Rationale: Credits earned is a better measure of credit-to-degree than credits attempted, as attempted credit includes courses from which students have withdrawn. The existing metric was the only version available two years ago; it provided a comparison to other states and institutions through the Southern Regional Education Board (SREB). The revised metric was introduced subsequently by the national Complete College America (CCA) initiative; it also provides a comparison to other states and institutions.

**Council on Postsecondary Education
February 8, 2013**

2013-14 Tuition Setting Process

ACTION: The staff recommends that the Council approve the attached Tuition and Mandatory Fee Policy and 2013-14 Tuition Setting Timeline that provide a framework for establishing public postsecondary tuition and fees for AY 2013-14.

At the November 16, 2012, Council meeting, staff submitted draft Tuition and Mandatory Fee Policy and 2013-14 Preliminary Tuition Setting Timeline documents to Council members for review and discussion. Since that time, staff has continued to work with campus presidents and institution chief budget officers to finalize the tuition policy and timeline. There were no suggested changes to either the policy or the timeline.

Staff recommends that the Council approve the attached Tuition and Mandatory Fee Policy (Attachment 1) and 2013-14 Tuition Setting Timeline (Attachment 2). Once approved, these documents will be used to guide development of tuition and mandatory fee rate ceilings and facilitate submission and assessment of campus rate proposals for academic year 2013-14.

As can be seen in the attached timeline, it is anticipated that the Council will review and approve the tuition policy and timeline documents at the February 8 meeting, take action on staff's recommended tuition ceilings at the April 18 meeting, and approve each institution's proposed tuition and mandatory fee rates at the June 20 meeting.

In the pages that follow, staff identifies several key issues that will likely impact the 2013-14 tuition setting process, provides trend and comparative tuition and fee price data for Kentucky and surrounding states, and supplies data relevant to the central objectives of the Council's Tuition and Mandatory Fee Policy.

Key Issues

Declining Share of State Budgets

In recent decades, a persistent problem for many state systems of American higher education has been a reduction in relative priority given to postsecondary education as a percentage of overall state budgets. The postsecondary education community in Kentucky has not been immune to this trend, with Medicaid and corrections capturing the lion's share of any new state General Fund support since the late 1990s (Kentucky Budget of the Commonwealth).

In the analyses below, the postsecondary education budget category includes the Council on Postsecondary Education, state student financial aid, and public postsecondary institution

funding components.

- Between fiscal years 1998-99 and 2013-14, Kentucky's total state General Fund budget increased by 58 percent (Attachment 3).
- During that same time period, state appropriations for Medicaid and criminal justice increased by 138 percent and 78 percent, respectively. These were the only two major budget categories that received a larger percentage increase in appropriations than the increase in the overall state budget.
- The increase for K-12 education was 56 percent, slightly below the increase in the total state budget for the period.
- State appropriations for postsecondary education increased by 24 percent during this period, less than half the rate of increase in the total state budget, and resulting in a declining postsecondary education budget share.
- If postsecondary education had retained the same share of Kentucky's total General Fund budget in fiscal 2013-14 that it had in 1998-99, it would have received about \$320 million more in state support.

As can be seen in Attachment 4, the high point in terms of postsecondary education's budget share occurred in fiscal 2003-04, when 15.8 percent of state General Fund appropriations was used to fund the aforementioned higher education budget components.

- Despite nominal dollar increases in the overall state budget over the past 15 years, higher education's share of total General Fund appropriations fell from 15.8 percent to 12.0 percent between fiscal years 2003-04 and 2013-14, respectively.

Long-term, sustained state support for education continues to be placed in jeopardy due to unsustainable increases in Medicaid and corrections, stemming in part from a historically low level of educational attainment in Kentucky.

General Fund Reductions

In terms of total nominal dollar appropriations, state support for Kentucky's postsecondary institutions peaked in 2007-08, when the 2006 General Assembly enacted a budget containing \$1.084 billion in net General Fund appropriations for college and university operating budgets (HB 380, 2006-08 Budget of the Commonwealth). Since then, the institutions have sustained six budget cuts in five years, including three mid-year Budget Reduction Orders and three enacted reductions.

- Specifically, between fiscal years 2007-08 and 2012-13, Kentucky's public colleges and universities lost \$168.0 million, or 15.5 percent, of their combined net General Fund appropriations (Attachment 5).

Looking at these reductions on a nominal dollar basis masks the effects of inflation and enrollment growth on institutional operating budgets during this period.

- After adjusting for inflation, the loss in postsecondary institution net General Fund appropriations is projected to be \$267 million or 23 percent (Attachment 6).
- During this same time period, the number of full-time equivalent students attending state colleges and universities is projected to increase by about 20,000 students or 13.7 percent (see the green line in Attachment 6).
- On a per-student basis, Kentucky's public postsecondary system is projected to lose \$2,592 per student or 32 percent of its real net General Fund appropriations between fiscal years 2007-08 and 2012-13 (Attachment 7).
- The system would have needed to receive an additional \$430 million in net General Fund support in fiscal 2012-13 in order for it to maintain its originally enacted fiscal 2007-08 per student funding level (Attachment 7).

In other words, if the state's public postsecondary institutions had received \$1.346 billion in net General Fund support in fiscal 2012-13 instead of the \$916.0 million appropriated in the enacted budget, the system's per-student funding level would have been \$8,128, the same level of per-student funding it had in fiscal 2007-08.

Unfunded M&O Expense

When the General Assembly authorizes and issues bonds for new capital construction projects on Kentucky public postsecondary campuses, there are costs associated with operating and maintaining the new facilities (i.e., M&O costs). These costs stem from activities necessary for a building and its systems and equipment to perform intended functions, and include utilities and energy costs and salaries and benefits expense for janitorial and maintenance staff.

Prior to fiscal year 2008-09, it was standard practice for the Kentucky legislature to provide General Fund support for the maintenance and operation of previously authorized Education and General facilities expected to come online during a biennium. Over the past five years, however, austere state budget conditions contributed to a suspension of this practice, with KCTCS being the only institution to receive partial M&O funds during the 2008-10 biennium.

- As can be seen in Attachment 8, Council staff estimates that annual M&O expense at Kentucky's public postsecondary institutions increased by \$38.3 million between fiscal years 2008-09 and 2012-13.

The Council requested state support for M&O in 2008-10, 2010-12, and 2012-14. Other than the partial M&O funding received by KCTCS in 2008-10, these requests went unfunded.

In nominal terms, lack of state funding for M&O during this period has been equivalent to a 4.2 percent cut (on a \$916 million net General Fund base). This is because the institutions

are required to reallocate resources from other uses (i.e., instruction, research, public service) to open, operate, and maintain the new facilities.

Fixed Cost Increases

In January each year, the postsecondary institutions submit fixed cost and tuition and fee revenue estimates to the Council. Fixed cost increases can include M&O expense for new facilities coming online next year, mandated increases in KERS and KTRS retirement system contributions and health insurance premiums, and increases in other costs such as utilities, contractual obligations, and workmen's and unemployment compensation.

The tuition and fee revenue estimates provided by the institutions are net of institutional scholarships and waivers, and assume flat student enrollment and uniform levels of rate increase across all categories of students (i.e., every academic level, residency, and full-time/part-time status). They represent projected, incremental increases in net tuition and fee revenue that could be generated by different levels of rate increase implemented during the upcoming academic year.

- Attachment 9 shows the potential budgetary impact of fixed cost and tuition and fee rate increases on postsecondary institution operating budgets for the upcoming 2013-14 academic year.
- Unlike 2012-13, when Kentucky colleges and universities experienced a 6.4 percent decrease in state support, the enacted budget (HB 265) does not call for a reduction in postsecondary institution net General Fund revenue in 2013-14.
- During fiscal 2013-14, KERS and KTRS employer paid retirement contributions and health insurance premiums are expected to increase by \$5.0 million and other fixed costs are projected to grow by \$56.4 million, for a total increase in fixed costs of \$61.4 million.

As described in more detail in the Unfunded M&O Expense section of this agenda item, fixed cost estimates for fiscal 2013-14 do not include \$38.3 million in unfunded M&O expense associated with new E&G facilities that came online between FY09 and FY13.

In addition to fixed costs, Attachment 9 also shows how much tuition and mandatory fee revenue would be generated at various levels of rate increase (net of institutional scholarships and waivers) by institution and for the postsecondary system.

- For example, a four percent tuition and fee increase, assessed uniformly across all postsecondary sectors and all categories of students, would generate a combined increase in net tuition and fee revenue of \$42.0 million.
- This means that a four percent rate increase, implemented across the board, would cover about 68 percent of the projected \$61.4 million increase in fixed costs, resulting in a net operating deficit of \$19.4 million.

The continued lack of funding for M&O, fixed cost increases, and limits on tuition and fee increases has placed pressure on postsecondary institution budgets and required campus leaders to divert resources from other programs or functional areas to cover these necessary expenditures.

Financial Aid

Listed below is financial aid information relevant to the 2013-14 tuition and fee setting process.

Federal Aid

- The maximum Pell grant award is expected to increase from \$5,550 in 2011-12 to \$5,635 in 2012-13, based on President Obama's FY13 Budget Request (News from NASFAA).
- In 2010-11, the average Pell grant award for students attending a KCTCS institution was \$3,555, up \$237 from the previous year, and the average award for students attending a Kentucky public four-year institution was \$4,023, up \$130 from the previous year (U.S. Department of Education, Distribution of Federal Pell Grant Program Funds by Institution, 2010-11 Award Year).

State Aid

- Following a decade of substantial nominal dollar growth, enacted appropriations for state-funded student financial aid began leveling off in fiscal year 2008-09 and have grown very little since.
- Between fiscal years 1998-99 and 2008-09, enacted appropriations for state student aid increased by 19.5 percent per year. Based on the enacted budget bill (HB 265), student aid appropriations are expected to grow by about 1.0 percent per year between fiscal years 2008-09 and 2013-14.
- The maximum state KEES award is expected to be \$2,500 next year. The maximum state CAP award for 2013-14 will not be determined until late February or early March, but the maximum award this year is \$1,900 (Kentucky Higher Education Assistance Authority).
- In 2011-12, the average state KEES award was \$920 for students attending a KCTCS institution and \$1,616 for students attending a Kentucky public four-year institution (KHEAA Financial Aid Distribution by Institution, 2011-12).
- That same year, average state CAP awards were \$1,385 at KCTCS institutions and \$1,659 at Kentucky public four-year institutions (KHEAA Financial Aid Distribution by Institution, 2011-12).

Kentucky remains a high-aid state, defined as states in which state-funded, total undergraduate grant dollars per student rank in the upper quintile of the 50 U.S. states, the District of Columbia, and Puerto Rico.

- In 2010-11, Kentucky ranked 13th highest nationwide in state-funded, need-based undergraduate grant dollars per FTE student and 8th highest in state-funded, total undergraduate grant dollars per FTE student (NASSGAP, 42nd Annual Survey Report, 2010-11).
- This represents a slight decrease in rank compared to 2007-08, when Kentucky ranked 12th highest in need-based undergraduate aid per student, and 5th highest in total undergraduate aid per student (NASSGAP, 39th Annual Survey Report, 2007-08).

Price Trends and Comparative Data

Kentucky Price Trends

Following a five-year stretch of relatively aggressive rate increases during the mid-2000s, average annual growth rates in resident undergraduate tuition and fees at Kentucky's public postsecondary institutions have been reduced by more than half in the five years since academic year 2007-08.

- Between academic years 2002-03 and 2007-08, the average annual increase in resident undergraduate tuition and fees for students attending a Kentucky public postsecondary institution was 12.9 percent (Attachment 10).
- Since that time, increases in resident undergraduate tuition and fees have averaged 5.8 percent per year for the postsecondary system, a reduction of 7.1 percentage points, or 55 percent.
- Over the past five years, resident undergraduate tuition and fees have increased at average annual rates of 4.0 percent at KCTCS institutions, 5.6 percent at the comprehensive universities, and 6.7 percent at the research universities (Attachment 10).

These data include student endorsed and Council approved Special Use Fees that were implemented at the University of Louisville, Morehead State University, Northern Kentucky University, and Western Kentucky University last year, which allowed these institutions to exceed Council rate ceilings.

Regional Price Comparison

For several years, CPE staff has provided Council members with information comparing list prices of Kentucky public colleges and universities averaged by sector to comparable groups of institutions and sectors in surrounding states.

As can be seen in Attachments 11 and 12, the relative rank of Kentucky's public postsecondary institution tuition and required fees varies by sector compared to similar institutions in a contiguous eight-state region, and those rankings have changed over time.

- In academic year 2011-12, average resident undergraduate tuition and required fees at Kentucky's research universities ranked 5th highest among similar institutions in the eight-state region, a rise in rank from 6th in 1999-00 (Attachment 11).
- That same year, average resident undergraduate tuition and fees at Kentucky's comprehensive universities ranked 5th highest out of eight states in the region, an increase in rank from 8th in 1999-00 (Attachment 12).

As of the mailing date for this agenda item, the data required to update the two-year college ranking table (Attachment 13) were unavailable. CPE staff will provide KCTCS tuition and fee ranking data to Council members as soon as it becomes available.

Attachments 14 and 15 are maps of Kentucky and the surrounding seven states that contain average tuition and mandatory fees by postsecondary sector for resident and nonresident undergraduate students, and resident and nonresident graduate students. These data show that compared to similar institutions in surrounding states:

- Average full-time tuition and fees at Kentucky's research universities tend to be about average for resident undergraduate students, lower for nonresident undergraduate students, about average for resident graduate students, and lower for nonresident graduate students (Attachment 14).
- Average full-time tuition and fees at Kentucky's comprehensive universities tend to be about average for resident and nonresident undergraduate students, about average for resident graduate students, and lower for nonresident graduate students (Att. 15).

The data contained in the two-year college map (Attachment 16) were unavailable by time of mailing. Staff will provide the map to Council members when available.

Policy Relevant Information

For the past several years, CPE staff has produced a series of tables, charts, and figures that provides context for the tuition setting process. This information is typically organized around the five fundamental objectives of the Council's tuition and mandatory fee policy, including funding adequacy, shared benefits and responsibility, affordability and access, attracting and importing talent, and effective use of resources.

Funding Adequacy

One method of assessing funding adequacy is to track net General Fund appropriations and total public funds revenue over time to determine whether or not the change in funding keeps

pace with inflation and enrollment growth for the period.

State Support

As described in the Key Issues section of this agenda item, on an inflation-adjusted basis, state General Fund support for Kentucky's public postsecondary institutions has eroded over the past five years. At the same time, FTE student enrollment at state colleges and universities increased, resulting in budgetary pressures across all institutions and sectors.

- Between fiscal years 2007-08 and 2012-13, inflation-adjusted net General Fund appropriations for Kentucky's public postsecondary institutions decreased from \$1.183 billion to \$916 million, a loss of \$267 million or 23 percent (Attachment 6).
- During this same period, FTE student enrollment at Kentucky colleges and universities (designated by the green line in Attachment 6) is projected to increase by nearly 20,000 students or 13.7 percent.

This combination of decreasing net General Fund appropriations and growing enrollment resulted in a marked reduction in per student state support over the past five years.

- Between fiscal years 2007-08 and 2012-13, Kentucky's public postsecondary system is projected to lose \$2,592 per student or 32 percent of its real net General Fund appropriations per FTE (Attachment 7).
- The system would have needed to receive an additional \$430 million in net General Fund support in fiscal 2012-13 in order for it to maintain its fiscal 2007-08 per student funding level.

The decrease in state funding per student occurred in all postsecondary sectors and at every institution, although the extent of the decline varies by sector and institution.

- Attachment 17 shows that the steepest dollar and percent declines are expected to occur in the research sector (-\$3,939 per student, or -29 percent) and the two-year college sector (-\$2,140 per student, or -40 percent) during this period.

These data show that, over the past five years, state General Fund support at Kentucky's public postsecondary institutions did not keep pace with inflation and enrollment growth. As a result, the institutions relied on increased tuition and fee revenue to partially offset the decline in state funding during this period.

The ability of state colleges and universities to generate a sufficient amount of tuition and fee revenue to fully compensate for the loss in state General Fund support has been limited by Council approved tuition and fee ceilings since fiscal 2008-09.

Total Public Funds

At the system level, revenue from tuition and fee increases since fiscal 2007-08 has not been sufficient to fully fund the gap caused by declining state support on an inflation-adjusted per student basis.

- In real terms, total public funds per student at Kentucky's public postsecondary institutions fell from \$16,018 in fiscal 2007-08 to a projected \$14,815 in fiscal 2012-13, a loss of \$1,203 per student or 7.5 percent (Attachment 18).
- As can be seen in Attachment 19, state General Fund support for the postsecondary institutions is expected to fall by \$2,592 per student between fiscal years 2007-08 and 2012-13.
- Gross tuition and fee revenue is projected to increase by \$1,389 per student during this period, but fall \$1,203 per student short of filling the gap created by decreased state support.
- The institutions would have needed an additional \$200 million in gross tuition and fee revenue in fiscal 2012-13 to fully fund the gap caused by declining state support and maintain the \$16,018 per student funding level they had in FY08 (Attachment 19).

This level of increase in tuition and fee revenue was not feasible due to affordability concerns and the implementation of Council-approved rate ceilings, beginning in 2008-09.

- During this same time period, the number of degrees and other credentials awarded each year by the state's public postsecondary institutions is expected to increase by about 10,000 degrees or 21.0 percent (designated by a green line in Attachment 18).

The change in total public funds per student showed considerable variation by sector and institution during this period.

- As can be seen in Attachment 20, real total public funds per student is expected to decrease in the research sector (-\$1,508 per student, or -6 percent) and the two-year college sector (-\$1,701 or -18 percent) between fiscal years 2007-08 and 2012-13.
- Meanwhile, the comprehensive university sector registered a 2 percent increase in its real per student funding during this period (+\$357 per student), indicating that as a group, the change in total public funds per student at these institutions kept pace with inflation and enrollment growth.

It is important to keep in mind that these data make no statement about the adequacy of a given institution's or a given sector's funding level in fiscal year 2007-08, but do provide an indication of how institutions and sectors have fared over time in the face of inflation and enrollment growth relative to that baseline.

Interstate Funding Comparison

Another way to assess funding adequacy is to compare higher education funding levels for Kentucky institutions or postsecondary sectors to funding levels for similar institutions or sectors in other states. For purposes of the analysis below, CPE staff used data from the Southern Regional Education Board (SREB) finance survey.

- These data show that, between fiscal years 2001-02 and 2010-11, total public funds per student at Kentucky's public four-year universities increased by \$708 per student, or 4.7 percent, on an inflation adjusted basis (Attachment 21).
- During fiscal 2001-02, total public funds per student at Kentucky's public four-year universities (\$15,019) were 110 percent of the SREB average (\$13,681), and ranked 3rd highest among 16 SREB states.
- Nine years later, in fiscal 2010-11, total public funds per student at the four-year universities (\$15,727) were 117 percent of the SREB average (\$13,418), and ranked 5th highest among 16 SREB states.
- After adjusting for inflation, total public funds per FTE student at Kentucky's public two-year colleges decreased by \$1,171 per student, or 15.2 percent, between fiscal years 2001-02 and 2010-11 (Attachment 22).
- During fiscal year 2001-02, total public funds per FTE student at Kentucky's public two-year institutions (\$7,720) were 103 percent of the SREB average (\$7,528), and ranked 9th highest among 16 SREB states.
- In fiscal 2010-11, total public funds per student at KCTCS (\$6,549) were 98 percent of the SREB average (\$6,688), and ranked 7th highest among 16 SREB states.

Shared Benefits and Responsibility

The Council's tuition policy espouses the belief that funding postsecondary education should be a shared responsibility of the state and federal government, students and families, and postsecondary education institutions. A basic rationale for this cost sharing approach is that benefits accrue to both the state and the individual from college attainment.

The state benefits from broad postsecondary attainment in the form of a strong economy and an informed citizenry. College graduates benefit through an elevated quality of life, expanded career opportunities, and increased lifetime earnings.

During the late 1990s, the Commonwealth of Kentucky assumed about two-thirds of college costs through provision of net General Fund appropriations, and students and their families assumed the other third through payment of tuition and fees (Kentucky Budgets of the Commonwealth; CPE Comprehensive Database). Since that time, due largely to declining

state support for postsecondary education, Kentucky has increasingly relied on tuition and fee revenue to finance its public colleges and universities.

- As can be seen in Attachment 23, during fiscal 1998-99, the average student share (or gross tuition and fee revenue share) of system total public funds was 33 percent.
- Since that time, the system average student share has increased nearly every year, growing to 50 percent in fiscal 2007-08 and to 60 percent in fiscal 2011-12.
- These trend data show that over the past 13 years, Kentucky students and their families have shouldered an ever increasing share of college costs.

Increases in student share occurred in all postsecondary sectors and at every institution during this period, although the extent of student share growth varies by sector and institution.

- In fiscal 2011-12, student share is below 55 percent at two institutions (UK and KSU) and above 70 percent at one institution (NKU). State support for land grant missions at UK and KSU contribute to lower student shares at these institutions.
- These data show that the average student share for the comprehensive university sector remained about 10 percentage points higher than the average student shares of either the research or the two-year college sectors during this period (Attachment 23).

The trend toward a growing student share of college costs does not bode well for Kentucky students and their families, and when the historical trend is projected into the future, it does not appear sustainable as a postsecondary financing approach.

- As illustrated graphically in Attachment 24, if Kentucky continues to follow its recent trend of partially replacing reductions in state support with tuition and fee revenue, the student share of college costs for the postsecondary system could reach 66 percent by 2015 and 75 percent by 2020.

Clearly, the trend that has emerged over the past 13 years is that students and their families are shouldering an ever increasing share of college costs. Without significant increases in state General Fund support and state student financial aid to buffer price increases, combined with continuing use of aggressive cost containment strategies, the current trend is not sustainable as a model to fund achievement of HB 1 reform goals.

Affordability

Students rarely pay the full price of postsecondary institution tuition and fees. Financial aid from federal, state, and institutional sources reduces the cost of college attendance for most students. For this reason, a frequently used metric for assessing affordability is average net price.

Net Price

For several years, CPE staff has provided Council members with data on unmet direct costs for the public universities and KCTCS. These data have generally shown that Kentucky's colleges and universities remain accessible for most full-time, resident undergraduate aid recipients, particularly those in the lowest income categories, despite moderate increases in tuition and fee sticker prices over the past five years, due in large part to the availability of student financial aid.

As of the mailing date for this agenda item, the data required to update the charts provided last year were unavailable. CPE staff will provide unmet direct cost data (i.e., Attachments 25, 26, and 27) to Council members as soon as it becomes available.

Student Debt

Another indicator of college affordability is average student loan debt. If unmet need increases over time, some students and families may choose to increase reliance on student loans to help pay their increasing share of college costs.

A respected source of information about student loan debt is The Project on Student Debt annual report. Based on their most recent report, Kentucky has moved up in national rankings of average student loan debt in recent years and is no longer considered a low debt state among the 50 U.S. states and the District of Columbia (*Student Debt and the Class of 2011*, October 2012).

- Over the past five years, average student loan debt incurred by Kentucky's graduating seniors increased from \$15,406 for the class of 2006 to \$22,287 for the class of 2011, a 45 percent increase (The Project on Student Debt).
- During that same time period, Kentucky rose in state rankings from 44th to 37th in average student loan debt for the graduating classes of 2006 and 2011, respectively (in The Project on Student Debt report, a rank of 1st indicates the state with the highest average student loan debt).
- This means Kentucky is no longer classified as a "Low-Debt State" (defined by The Project on Student Debt as ranking in the bottom quintile in average student loan debt among the 50 U.S. states and the District of Columbia).

Despite increases in average student loan debt in recent years, Kentucky's graduating seniors continue to have lower average debt loads than postsecondary graduates in most states.

- Nationally, two-thirds (66 percent) of college seniors who graduated in 2011 had student loan debt, with an average of \$26,600 per borrower. Meanwhile, the unemployment rate for young college graduates in 2011 remained high at 8.8 percent.

- Kentucky's average student loan debt for the graduating class of 2011 is 84 percent of the U.S. average and ranks just above the 25th percentile for that cohort.

Loan default rates among Kentucky graduates are above the national average.

- Among Kentucky seniors who graduated in 2009 and incurred student loan debt, 15.0 percent had defaulted on their loans three years later, which ranks 12th highest in the nation for that cohort (U.S. Department of Education).

Student Access

Attachment 28 shows the change in fall semester, undergraduate and graduate student headcount enrollment at Kentucky public postsecondary institutions over the past five years.

Undergraduate/Graduate Enrollment

After growing at a strong pace the previous two years, undergraduate enrollment at Kentucky public colleges and universities slowed somewhat during fall semester 2011. Graduate student enrollment continued its recent trend of relatively slow growth the past five years.

- Between fall semesters 2008 and 2010, undergraduate student enrollment at Kentucky's public postsecondary institutions increased by 10.9 percent, but in fall 2011, growth in undergraduate enrollment slowed to 1.6 percent (Attachment 28).
- Over the past five years, between fall semesters 2006 and 2011, undergraduate student enrollment for the system grew by 28,272 students or 15.6 percent.
- During that same period, graduate student enrollment increased by 1,088 students or 4.7 percent. Nearly 60 percent of the increase in graduate student enrollment (+2.8 percentage points) occurred during fall 2009.

Over the past five years, rates of growth in undergraduate and graduate enrollment varied across institutions and sectors. KCTCS continued to record the largest number and percent increases in undergraduate enrollment among Kentucky's postsecondary sectors.

- Although the rate of increase in undergraduate enrollment at KCTCS slowed somewhat during fall semester 2011 (+1.5 percent), the two-year sector posted the largest one-year increase in students (+1,638) of any postsecondary sector, and registered the largest number and percent increases over the past five years (+21,827 and +25.2 percent), growing at an average annual rate of 4.6 percent for the period (Attachment 28).
- The comprehensive sector recorded the largest percent increase (+2.5 percent) between fall semesters 2010 and 2011, followed by KCTCS (+1.5 percent), and the research institutions (+0.3 percent). Undergraduate enrollment at the comprehensive universities grew by 1,599 students that year.

Graduate student enrollment at the comprehensive universities continued to grow at a faster pace than did graduate enrollment at the research institutions, although the increase during fall semester 2011 was slightly below the average rate of growth for the period.

- Between fall semesters 2006 and 2011, graduate student enrollment at Kentucky's comprehensive universities increased by 1,342 students or 13.3 percent (Attachment 28).
- During that same period, graduate enrollment at the research universities decreased by 254 students or 1.9 percent.
- Overall, graduate student enrollment for the system grew by 1,088 students or 4.7 percent over the past five years.

As is typically the case during recessions, rates of growth in postsecondary enrollment have increased in recent years, placing additional cost demands on institutions during a time when state support for higher education is waning.

Effective Use of Resources

As discussed in the Funding Adequacy section of this agenda item, Kentucky's public colleges and universities have experienced a steady erosion of inflation-adjusted state General Fund support over the past five years. While this loss was partially offset by increased tuition and fee revenue, the net effect of declining state support and growing enrollment has been a \$1,203 decrease in total public funds revenue per student between fiscal 2007-08 and 2012-13.

The postsecondary institutions have implemented a variety of cost savings and efficiency strategies in recent years to help minimize the impact of budget reductions, unfunded M&O expenses, and yearly fixed cost increases on educational quality and postsecondary reform goals. Despite diminished budgetary resources, Kentucky's public postsecondary system increased the number of degrees and credentials it produced during this period.

- As can be seen in Attachment 18, Kentucky's public postsecondary system is expected to produce 9,645 more degrees and other credentials in academic year 2012-13, than it did in 2007-08, a 21 percent increase.
- This increase in degree production occurred despite a \$1,203 reduction in real, total public funds per student during this period.
- This graph also illustrates the change over time in higher education funding sources from a one-third student, two-thirds state share for financing college costs to a model that requires students and their families to pay an increasing share of college costs, reaching 60 percent in FY12.

Council on Postsecondary Education Tuition & Mandatory Fee Policy

The Council on Postsecondary Education is vested with authority under KRS 164.020 to determine tuition at public postsecondary education institutions in the Commonwealth of Kentucky. Kentucky's goals of increasing educational attainment, promoting research, assuring academic quality, and engaging in regional stewardship must be balanced in the context of current needs, effective use of resources, and economic conditions. For the purposes of this policy, mandatory fees are included in the definition of tuition. During periods of relative austerity, the proper alignment of the state's limited financial resources requires increased attention to the goals of the *Kentucky Postsecondary Education Improvement Act of 1997* (HB 1) and the Strategic Agenda for Kentucky Postsecondary and Adult Education.

Fundamental Objectives

- Funding Adequacy

HB 1 states that Kentucky shall have a seamless, integrated system of postsecondary education, strategically planned and adequately funded to enhance economic development and quality of life. In discharging its responsibility to determine tuition, the Council, in collaboration with the institutions, seeks to balance the affordability of postsecondary education for Kentucky's citizens with the institutional funding necessary to accomplish the goals of HB 1 and the Strategic Agenda.

- Shared Benefits and Responsibility

Postsecondary education attainment benefits the public at large in the form of a strong economy and an informed citizenry, and it benefits individuals through elevated quality of life, broadened career opportunities, and increased lifetime earnings. The Council and the institutions believe that funding postsecondary education is a shared responsibility of the state and federal government, students and families, and postsecondary education institutions.

- Affordability and Access

Since broad educational attainment is essential to a vibrant state economy and to intellectual, cultural, and political vitality, the Commonwealth of Kentucky seeks to ensure that postsecondary education is broadly accessible to its citizens. The Council and the institutions are committed to ensuring that college is affordable and accessible to all academically qualified Kentuckians with particular emphasis on adult learners, part-time students, minority students, and students from low and moderate income backgrounds. The Council believes that no citizen of the Commonwealth who has the drive and ability to succeed should be denied access to postsecondary education in Kentucky because of inability to pay. Access should be provided through a reasonable combination of savings, family contributions, work, and financial aid, including grants and loans.

In developing a tuition and mandatory fees recommendation, the Council and the institutions shall work collaboratively and pay careful attention to balancing the cost of attendance, including tuition and mandatory fees, room and board, books, and other direct and indirect costs, with students' ability to pay by taking into account (1) students' family and individual income; (2) federal, state, and institutional scholarships and grants; (3) students' and parents' reliance on loans; (4) access to all postsecondary education alternatives; and (5) the need to enroll and graduate more students.

- Attracting and Importing Talent to Kentucky

It is unlikely that Kentucky can reach its 2020 postsecondary education attainment goals by focusing on Kentucky residents alone. Tuition reciprocity agreements, which provide low-cost access to out-of-state institutions for Kentucky students that live near the borders of other states, also serve to attract students from surrounding states to Kentucky's colleges and universities. In fact, according to the Council's 2007 Brain Gain report, four out of every ten (37 percent) out-of-state graduates were still in Kentucky five years after receiving their degrees.

The Council and the institutions are committed to making Kentucky's institutions financially attractive to nonresident students while recognizing that nonresident, undergraduate students should pay a significantly larger proportion of the full cost of their education. Any proposed policy on nonresident tuition and mandatory fees should also be evaluated based on its potential impact on attracting and retaining students which directly enhance diversity and Kentucky's ability to compete in a global economy.

- Effective Use of Resources

Kentucky's postsecondary education system is committed to using the financial resources invested in it as effectively and productively as possible to advance the goals of HB 1 and the Strategic Agenda, including undergraduate and graduate education, engagement and outreach, research, and economic development initiatives. The colleges and universities seek to ensure that every dollar available to them is invested in areas that maximize results and outcomes most beneficial to the Commonwealth and its regions. The Council's performance metrics shall be used to monitor both statewide and institutional performance toward HB 1 and Strategic Agenda goals.

The institutions also recognize their responsibility to demonstrate that they are good stewards of limited public resources by providing annual reports to their governing boards and the Council on their efforts to contain costs, improve efficiencies and productivity, and reallocate existing resources to high priority activities.

Special Use Fees Exception Policy

During the 2010-11 tuition setting process, campus officials requested that the Council consider excluding student endorsed fees from its mandatory fee definition, thus omitting consideration of such fees when assessing institutional compliance with Council approved tuition and fee rate ceilings. Based on feedback received from institutional Chief Budget Officers (CBOs) at their December 2010 meeting, it was determined that there was general interest in treating student endorsed fees differently from other mandatory fees.

In January and February 2011, Council staff collaborated with institutional presidents, CBOs, and their staffs in developing the following Special Use Fees Exception Policy:

- To the extent that students attending a Kentucky public college or university have deliberated, voted on, and requested that their institution's governing board implement a special use fee for the purposes of constructing and operating and maintaining a new facility, or renovating an existing facility, that supports student activities and services;
- And recognizing that absent any exemption, such student endorsed fees, when implemented in the same year that the Council adopts tuition and fee rate ceilings, would reduce the amount of additional unrestricted tuition and fee revenue available for the institution to support its E&G operation;
- The Council may elect to award an exemption to its tuition and fee rate ceiling equivalent to all or a portion of the percentage increase resulting from imposition of the student endorsed fee, provided said fee meets certain eligibility requirements.

Definitions

A student endorsed fee is a mandatory flat-rate fee that has been broadly discussed, voted on, and requested by students and adopted by an institution's governing board, the revenue from which may be used to pay debt service and operations and maintenance expenses on new facilities, or capital renewal and replacement costs on existing facilities and equipment, that support student activities and services, such as student unions, fitness centers, recreation complexes, health clinics, and/or tutoring centers.

Maintenance and Operations (M&O) expenses are costs incurred for the administration, supervision, operation, maintenance, preservation, and protection of a facility. Examples of M&O expenses include janitorial services, utilities, care of grounds, security, environmental safety, routine repair, maintenance, replacement of furniture and equipment, and property and facility planning and management.

Eligibility Criteria

A student endorsed fee will continue to be a mandatory fee within the context of the Council's current mandatory fee definition and may qualify for an exemption from Council approved tuition and fee rate ceilings. Campus officials and students requesting an exemption under this policy must be able to demonstrate that:

- All enrolled students have been afforded ample opportunity to be informed, voice their opinions, and participate in the decision to endorse a proposed fee. Specifically, it must be shown that fee details have been widely disseminated, broadly discussed, voted on while school is in session, and requested by students.
- For purposes of this policy, voted on means attaining:
 - a. A simple majority vote via campus wide referendum, with a minimum of one-quarter of currently enrolled students casting ballots;
 - b. A three-quarters vote of elected student government representatives; or
 - c. A simple majority vote via campus wide referendum, conducted in conjunction and coinciding with the general election of a student government president or student representative to a campus board of regents or board of trustees.
- The proposed fee and intended exemption request have been presented to, and adopted by, the requesting institution's governing board. It is anticipated that elected student government representatives will actively participate in board presentations.
- Revenue from such fees will be used to pay debt service and M&O expenses on new facilities, or capital renewal and replacement costs on existing facilities and equipment, which support student activities and services, such as student unions, fitness centers, recreation complexes, health clinics, and/or tutoring centers. The Council expects these uses to be fully explained to students prior to any votes endorsing a fee.
- In any given year, the impact of a student endorsed fee on the overall increase in tuition and mandatory fees for students and their families will be reasonable. It may be appropriate to phase in the exemption over multiple years to maintain affordability and access.
- Requests for student endorsed exemptions are infrequent events. The Council does not expect requests for exemptions under this policy to occur with undue frequency from any single institution and reserves the right to deny requests that by their sheer number are deemed excessive.
- A plan is in place for the eventual reduction or elimination of the fee upon debt retirement, and details of that plan have been shared with students. The Council does not expect a fee which qualifies for an exemption under this policy to be assessed at full rate in perpetuity. Such fees should either terminate upon completion of the debt or, in the case of new facilities, may continue at a reduced rate to defray ongoing M&O costs. In either case, to qualify for an exemption, students should be fully aware of the extent of their obligation prior to any votes endorsing a fee.

Exemption Process

Requests for an exemption under this policy will be evaluated on a case by case basis. To initiate the process:

- The requesting institution will notify Council staff of any pending discussions, open forums, referendums, or student government actions pertaining to a proposed special use fee and discuss fee details with Council staff as needed.
- After a fee has been endorsed by student referendum or through student government action and approved by the institution's governing board, campus officials and students will submit a written exemption request to the Council for its consideration.
- Council staff will review the request, assess whether or not the proposed fee qualifies for an exemption, and make a recommendation to the Council.

To facilitate the exemption request process, requesting institutions and students are required to provide the Council with the following information:

- Documents certifying that the specific project and proposed fee details have been widely disseminated, broadly discussed, voted on, and requested by students, as well as adopted by the institution's governing board.
- Documents specifying the fee amount, revenue estimates, uses of revenue, impact on tuition and fees during the year imposed (i.e., percentage points above the ceiling), and number of years the fee will be in place.
- Documents identifying the project's scope, time frame for completion, debt payment schedule, and plan for the eventual reduction or elimination of the fee upon debt retirement.

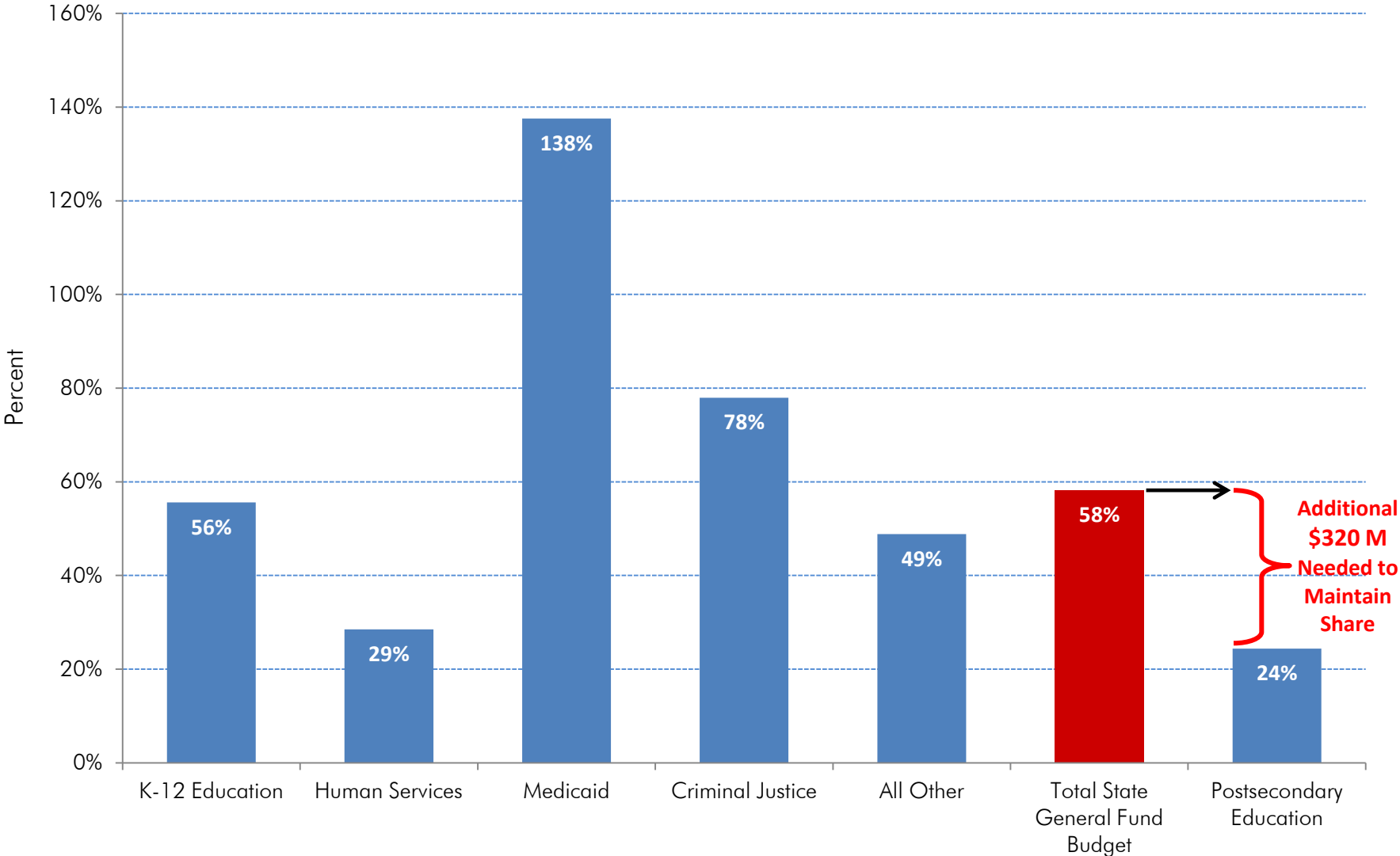
Council on Postsecondary Education 2013-14 Tuition Setting Timeline

- Nov 16, 2012 CPE Meeting – The staff provides Council members an update regarding the 2013-14 tuition setting process. Staff will share the existing Tuition & Mandatory Fee Policy and a preliminary 2013-14 Tuition Setting Timeline with Council members.
- Nov-Dec 2012 Initiate discussions with institutions and generate draft tuition policy and tuition setting timeline documents for 2013-14.
- Council staff collects data and generates information related to funding adequacy, affordability, access, financial aid, and productivity.
- Institutional staff collect data and generate information related to fixed cost increases, potential impacts of tuition increases, anticipated uses of additional tuition revenue, financial aid, and student debt.
- Jan 2013 Council and institutional staff exchange information from respective data collection efforts and work together to finalize for distribution to Council members.
- Feb 8, 2013 CPE Meeting – The Council takes action on final 2013-14 Tuition and Mandatory Fee Policy and 2013-14 Tuition Setting Timeline documents.
- The staff provides Council members with policy-relevant information related to funding adequacy, affordability, access, financial aid, and productivity. Institutions share information regarding potential impacts of tuition increases and anticipated uses of additional tuition revenue.
- Feb-Apr 2013 Council and institutional staff discuss policy relevant information and preliminary tuition parameters. The Council president updates Council members regarding these discussions.
- Apr 18, 2013 CPE Meeting – The Council takes action on recommended tuition and mandatory fee ceilings.
- May 2013 Institutional staff share proposed 2013-14 tuition and mandatory fee rates with the Council president. The Council president updates Council members regarding the proposed rates.
- Jun 20, 2013 CPE Meeting – The Council takes action on each institution’s proposed 2013-14 tuition and mandatory fee rates.

Kentucky Budget of the Commonwealth

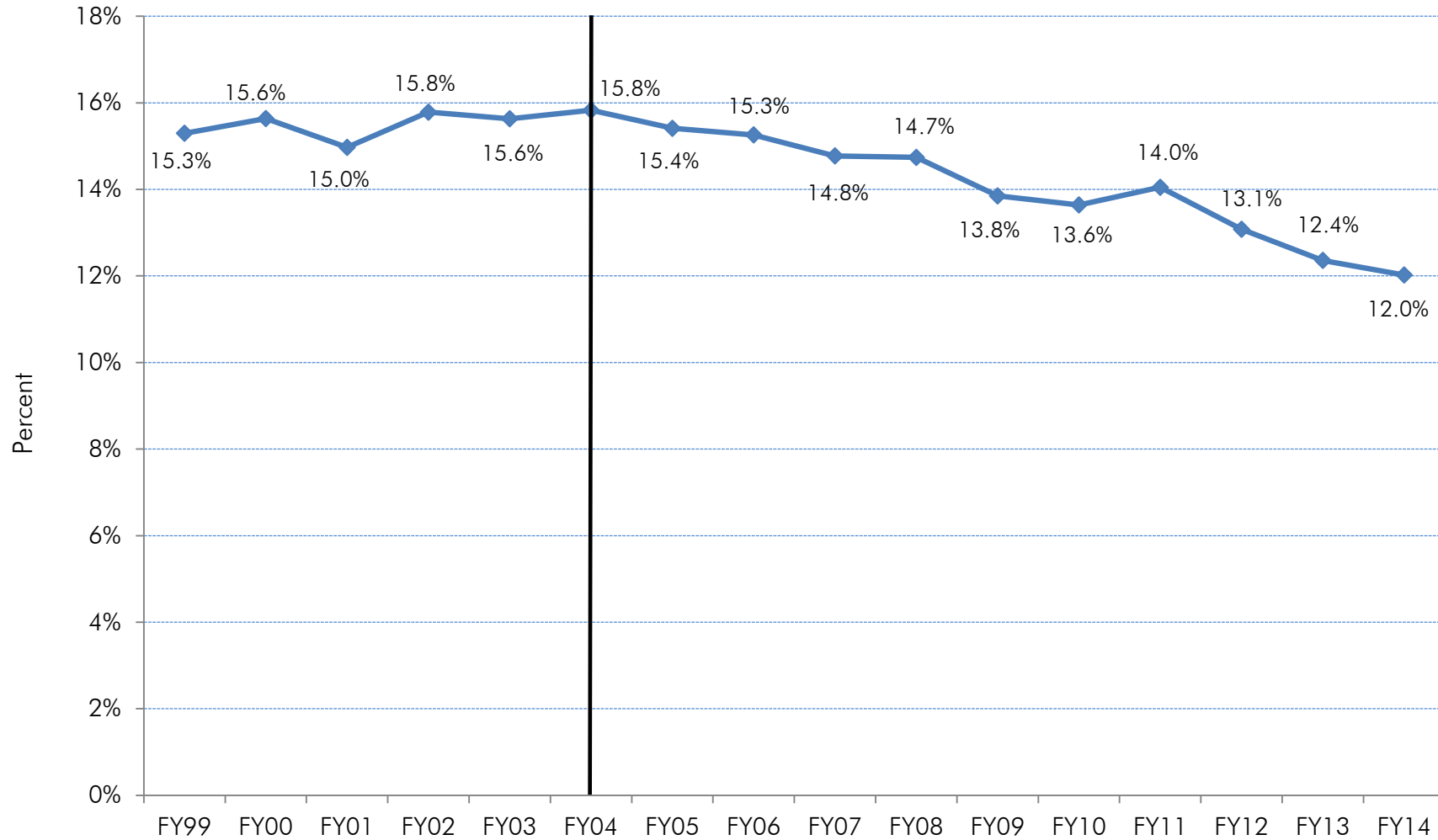
Change in General Fund Appropriations by Budget Category

Fiscal Years 1999 - 2014



Source: Kentucky Enacted Budgets of the Commonwealth.

Kentucky Budget of the Commonwealth Postsecondary Education's Share of Total State General Fund Budget Fiscal Years 1999 - 2014



Source: Kentucky Enacted Budgets of the Commonwealth.

Kentucky Public Postsecondary Institution
 Enacted Net General Fund Appropriations (Nominal Dollars)
 Fiscal Years 2008 and 2013

Institution	2007-08 ^(a) Enacted Net General Fund	2012-13 ^(d) Enacted Net General Fund	Dollar Change	Percent Change	AAGR
University of Kentucky	\$335,071,000 ^(b)	\$283,869,300	(\$51,201,700)	-15.3%	-3.3%
University of Louisville	168,572,300	141,194,800	(27,377,500)	-16.2%	-3.5%
Eastern Kentucky University	79,761,400	67,673,700	(12,087,700)	-15.2%	-3.2%
Kentucky State University	27,441,700	23,537,400	(3,904,300)	-14.2%	-3.0%
Morehead State University	48,202,100	41,016,400	(7,185,700)	-14.9%	-3.2%
Murray State University	56,068,700	48,005,800	(8,062,900)	-14.4%	-3.1%
Northern Kentucky University	55,099,500	46,835,100	(8,264,400)	-15.0%	-3.2%
Western Kentucky University	85,115,600	72,425,200	(12,690,400)	-14.9%	-3.2%
KCTCS	228,704,900 ^(c)	191,455,700	(37,249,200)	-16.3%	-3.5%
System Totals	\$1,084,037,200	\$916,013,400	(\$168,023,800)	-15.5%	-3.3%

^(a) Total General Fund appropriations, net of debt service and UofL hospital contract, as enacted in HB 380, the 2006-08 Budget of the Commonwealth.

^(b) Includes \$2,000,000 special session appropriation for UK's Center for Applied Energy Research.

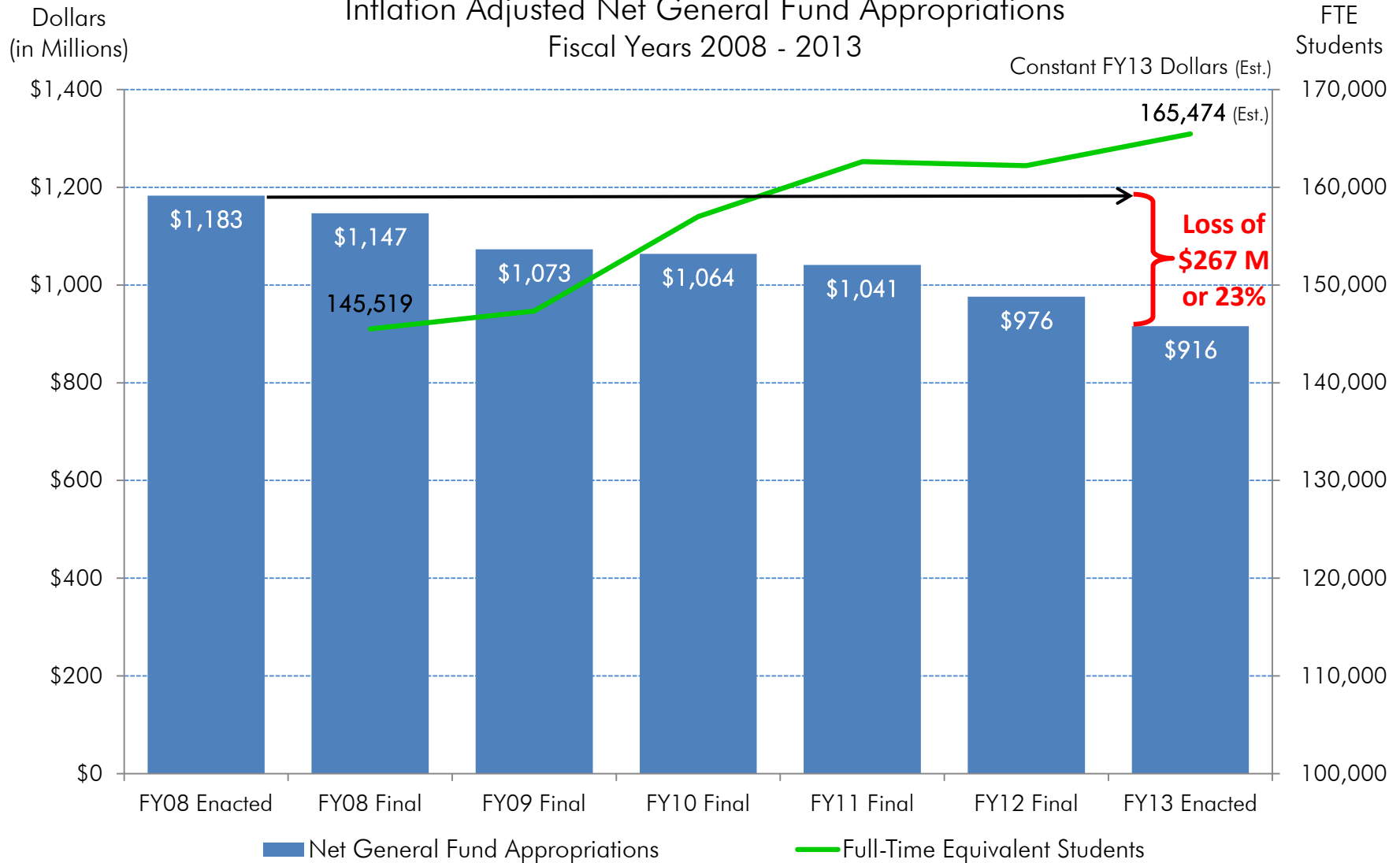
^(c) Includes \$2,373,800 reorganization transfer to KCTCS for Kentucky Board of Emergency Medical Services.

^(d) Total General Fund appropriations, net of debt service and UofL hospital contract, as enacted in HB 265, the 2012-14 Budget of the Commonwealth.

AAGR - Average Annual Growth Rate.

Source: Kentucky Budget of the Commonwealth.

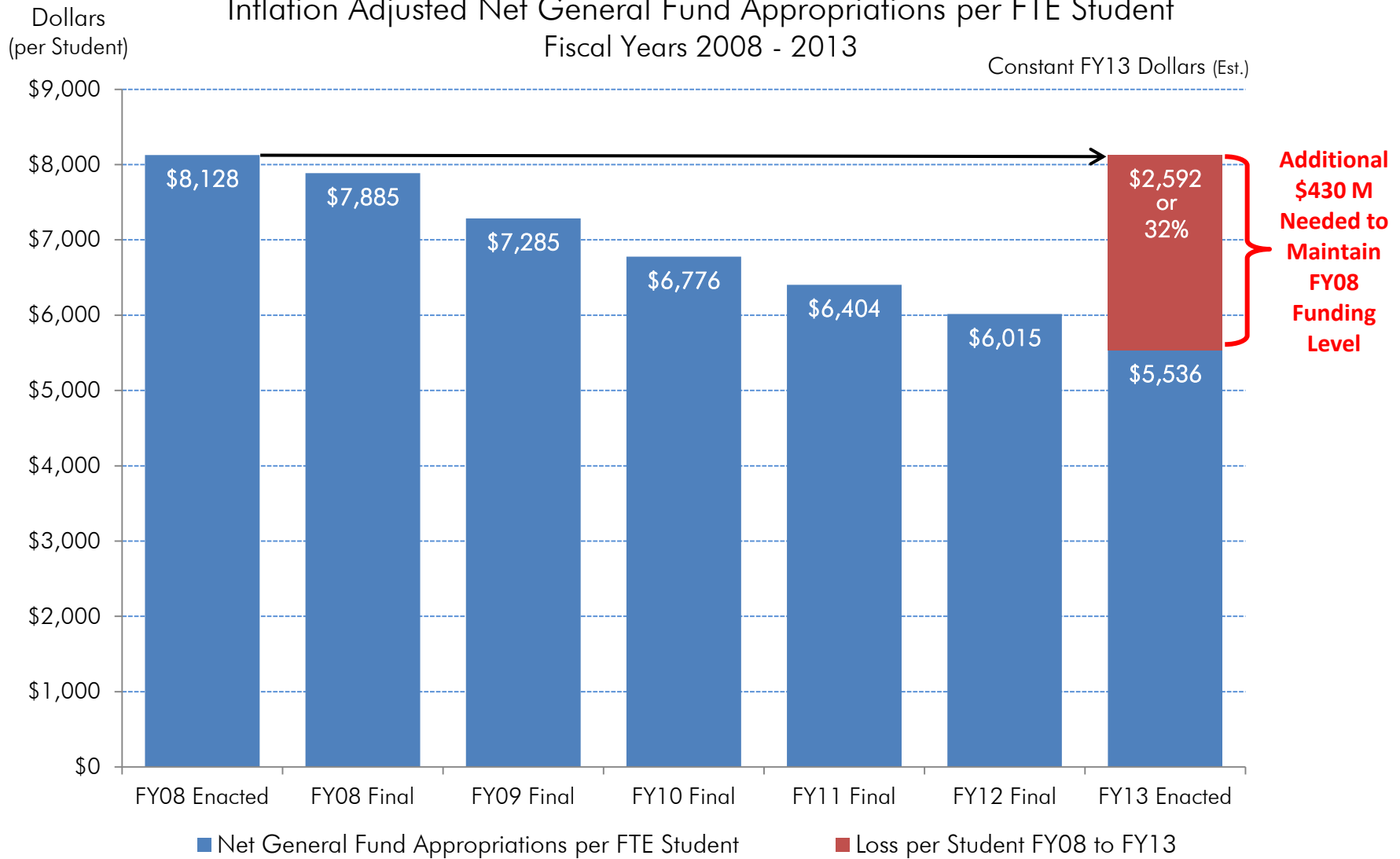
Kentucky Public Postsecondary System Inflation Adjusted Net General Fund Appropriations Fiscal Years 2008 - 2013



Sources: Kentucky Budget of the Commonwealth; CPE Comprehensive Database; Commonfund Institute, Higher Education Price Index (HEPI).

Assumptions: 2.0% enrollment growth; and 1.7% increase in inflation in FY13.

Kentucky Public Postsecondary System Inflation Adjusted Net General Fund Appropriations per FTE Student Fiscal Years 2008 - 2013



Sources: Kentucky Budget of the Commonwealth; CPE Comprehensive Database; Commonfund Institute, Higher Education Price Index (HEPI).

Assumptions: 2.0% enrollment growth; and 1.7% increase in inflation in FY13.

Kentucky Public Postsecondary Institution
 Projected Increases in Facilities Maintenance and Operations Expense
 Fiscal Years 2009 - 2014

Institution	Historical M&O 2008-12 ^(a)	New M&O 2012-13	New M&O 2013-14
University of Kentucky	\$6,459,400	\$261,900	\$66,900
University of Louisville	6,504,600	471,600	125,900
Eastern Kentucky University	3,898,000	0	0
Kentucky State University	521,000	249,300	229,700
Morehead State University	2,924,300	0	0
Murray State University	762,600	0	0
Northern Kentucky University	4,393,900	0	0
Western Kentucky University	3,299,400	0	0
KCTCS	8,273,300	264,800	1,409,500
Total	\$37,036,500	\$1,247,600	\$1,832,000

^(a) Includes M&O for facilities that came online between 2008-09 and 2011-12, which was requested in the Council's 2010-12 budget recommendation, but not funded.

Source: Kentucky Council on Postsecondary Education, 2010-12 Biennial Budget Recommendation.

Council on Postsecondary Education
 2012-14 Biennial Budget Recommendation
 Requested Appropriations for Facilities Maintenance and Operations

Institution	2012-13 ^(b) M&O Request	2013-14 M&O Request	Biennial Total
University of Kentucky	\$6,721,300	\$66,900	\$6,788,200
University of Louisville	6,976,200	125,900	7,102,100
Eastern Kentucky University	3,898,000	0	3,898,000
Kentucky State University	770,300	229,700	1,000,000
Morehead State University	2,924,300	0	2,924,300
Murray State University	762,600	0	762,600
Northern Kentucky University	4,393,900	0	4,393,900
Western Kentucky University	3,299,400	0	3,299,400
KCTCS	8,538,100	1,409,500	9,947,600
Total	\$38,284,100	\$1,832,000	\$40,116,100

^(b) Includes M&O for facilities that came online between 2008-09 and 2011-12, which was requested in the Council's 2010-12 budget recommendation, as well as M&O for 2012-13.

Source: Kentucky Council on Postsecondary Education, 2012-14 Biennial Budget Recommendation.

Kentucky Public Postsecondary Institution
 Projected Budgetary Impact of Unavoidable Cost Increases
 Fiscal Year 2013-14

Institution	2012-13 ^(a) Enacted Net General Fund	Projected Fixed Cost Increases in 2013-14		
		Increase in ^(b) KERS & KTRS Contributions	Other Fixed ^(c) Cost Increases	Total Potential Reductions
University of Kentucky	283,869,300	-	(16,800,934) ^(d)	(16,800,934)
University of Louisville	141,194,800	-	(14,247,994) ^(d)	(14,247,994)
Eastern Kentucky University	67,673,700	(185,348)	(1,778,684)	(1,964,032)
Kentucky State University	23,537,400	(35,681)	(876,275)	(911,956)
Morehead State University	41,016,400	(472,982)	(3,992,883)	(4,465,865)
Murray State University	48,005,800	(473,237)	(2,082,656)	(2,555,893)
Northern Kentucky University	46,835,100	(1,700,000)	(2,111,600)	(3,811,600)
Western Kentucky University	72,425,200	(850,000)	(3,773,000)	(4,623,000)
KCTCS	191,455,700	(1,363,200)	(10,694,000)	(12,057,200)
System Totals	916,013,400	(5,080,448)	(56,358,027)	(61,438,474)

^(a) Total General Fund appropriations, net of debt service and UofL hospital contract, as enacted in HB 265, the 2012-14 Budget of the Commonwealth.

^(b) Increase in employer retirement contributions and health insurance premiums associated with KERS and KTRS rate increases.

^(c) Estimated increase in selected fixed costs such as utilities, contractual obligations, workers' compensation, and unemployment compensation.

^(d) UK and UofL do not participate in KERS or KTRS. The anticipated increase in employer retirement contributions at UK and UofL are included in the "Other Fixed Cost Increases" column.

Projected Increase in Net Tuition & Fee Revenue at Different Levels of Rate Increase ^{(e)(f)}

Institution	Uniform Increases Across Sectors			
	Tuition Revenue @ 2% Increase	Tuition Revenue @ 3% Increase	Tuition Revenue @ 4% Increase	Tuition Revenue @ 5% Increase
University of Kentucky	4,761,528	7,142,292	9,523,056	11,903,820
University of Louisville	3,363,930	5,045,895	6,727,860	8,409,825
Eastern Kentucky University	1,867,243	2,800,864	3,734,486	4,668,107
Kentucky State University	324,240	486,360	648,480	810,599
Morehead State University	1,014,268	1,521,402	2,028,536	2,535,670
Murray State University	1,408,694	2,113,041	2,817,388	3,521,734
Northern Kentucky University	1,718,200	2,577,300	3,436,400	4,295,500
Western Kentucky University	2,296,640	3,444,960	4,593,280	5,741,600
KCTCS	4,256,000	6,384,000	8,512,000	10,640,000
System Totals	21,010,742	31,516,114	42,021,485	52,526,856

^(e) Incremental increase in gross tuition and fee revenue, net of institutional scholarships and waivers. Assumes flat student enrollment growth and uniform levels of rate increase across all categories of students (i.e., every academic level, residency, and full-time/part-time status) under each rate level scenario.

^(f) At most institutions, a proportion of tuition and mandatory fee revenue is designated as restricted funds and cannot be used to cover fixed cost increases.

Kentucky Public Postsecondary Institution
Annual Tuition and Mandatory Fees for Full-Time Resident Undergraduate Students ⁽¹⁾
Academic Years 2008 - 2013

<u>Institution</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>Total Change</u>	<u>5-Year AAGR</u>
University of Kentucky ⁽²⁾	7,199	7,848	8,241	8,735	9,260	9,816	36.4%	6.4%
University of Louisville ⁽³⁾	6,870	7,564	7,944	8,424	9,126	9,662	40.6%	7.1%
Eastern Kentucky University	5,682	6,080	6,312	6,624	6,960	7,320	28.8%	5.2%
Kentucky State University	5,320	5,692	5,920	6,216	6,534	6,858	28.9%	5.2%
Morehead State University ⁽³⁾	5,280	5,670	6,038	6,492	6,942	7,284	38.0%	6.6%
Murray State University	5,418	5,748	5,976	6,264	6,576	6,840	26.2%	4.8%
Northern Kentucky University ⁽³⁾	5,952	6,528	6,792	7,128	7,584	8,064	35.5%	6.3%
Western Kentucky University ⁽³⁾	6,416	6,930	7,200	7,560	8,084	8,472	32.0%	5.7%
KCTCS	3,450	3,630	3,750	3,900	4,050	4,200	21.7%	4.0%
Research Sector Average	7,035	7,706	8,093	8,580	9,193	9,739	38.4%	6.7%
Comprehensive Sector Average	5,678	6,108	6,373	6,714	7,113	7,473	31.6%	5.6%
Two-Year College Sector Average	3,450	3,630	3,750	3,900	4,050	4,200	21.7%	4.0%
Postsecondary System Average	5,732	6,188	6,464	6,816	7,235	7,613	32.8%	5.8%

⁽¹⁾ Full-time comparison rates for resident undergraduate students taking 15 credit hours per semester for two semesters, or 30 credit hours per year.

⁽²⁾ Undergraduate rates for UK are an average of upper and lower division rates.

⁽³⁾ Beginning in 2011-12, figures for UofL, MoSU, NKU, and WKU include student requested and Council approved Special Use Fees.

AAGR -- Average Annual Growth Rate.

Source: CPE Comprehensive Database.

Previous Six-Year Period

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>Total Change</u>	<u>5-Year AAGR</u>
Postsecondary System Average	3,127	3,610	4,189	4,725	5,272	5,732	83.3%	12.9%

Research Universities in Kentucky and Surrounding States
 Average Resident Undergraduate Tuition and Required Fees
 Academic Years 2000 and 2012

<u>State</u>	<u>1999-00 Resident UG Tuition & Fees</u>	<u>2011-12 Resident UG Tuition & Fees</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>AAGR</u>	<u>1999-00 Rank</u>	<u>2011-12 Rank</u>
Illinois	4,770	14,581	9,811	205.7%	9.8%	1	1
Virginia	4,130	11,786	7,656	185.4%	9.1%	5	2
Ohio	4,137	9,735	5,598	135.3%	7.4%	4	3
Indiana	4,212	9,524	5,312	126.1%	7.0%	3	4
Kentucky	3,271	9,029	5,758	176.0%	8.8%	6	5
Missouri	4,581	8,989	4,408	96.2%	5.8%	2	6
Tennessee	3,104	8,396	5,292	170.5%	8.6%	7	7
West Virginia	2,748	5,674	2,926	106.5%	6.2%	8	8

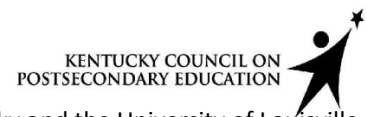
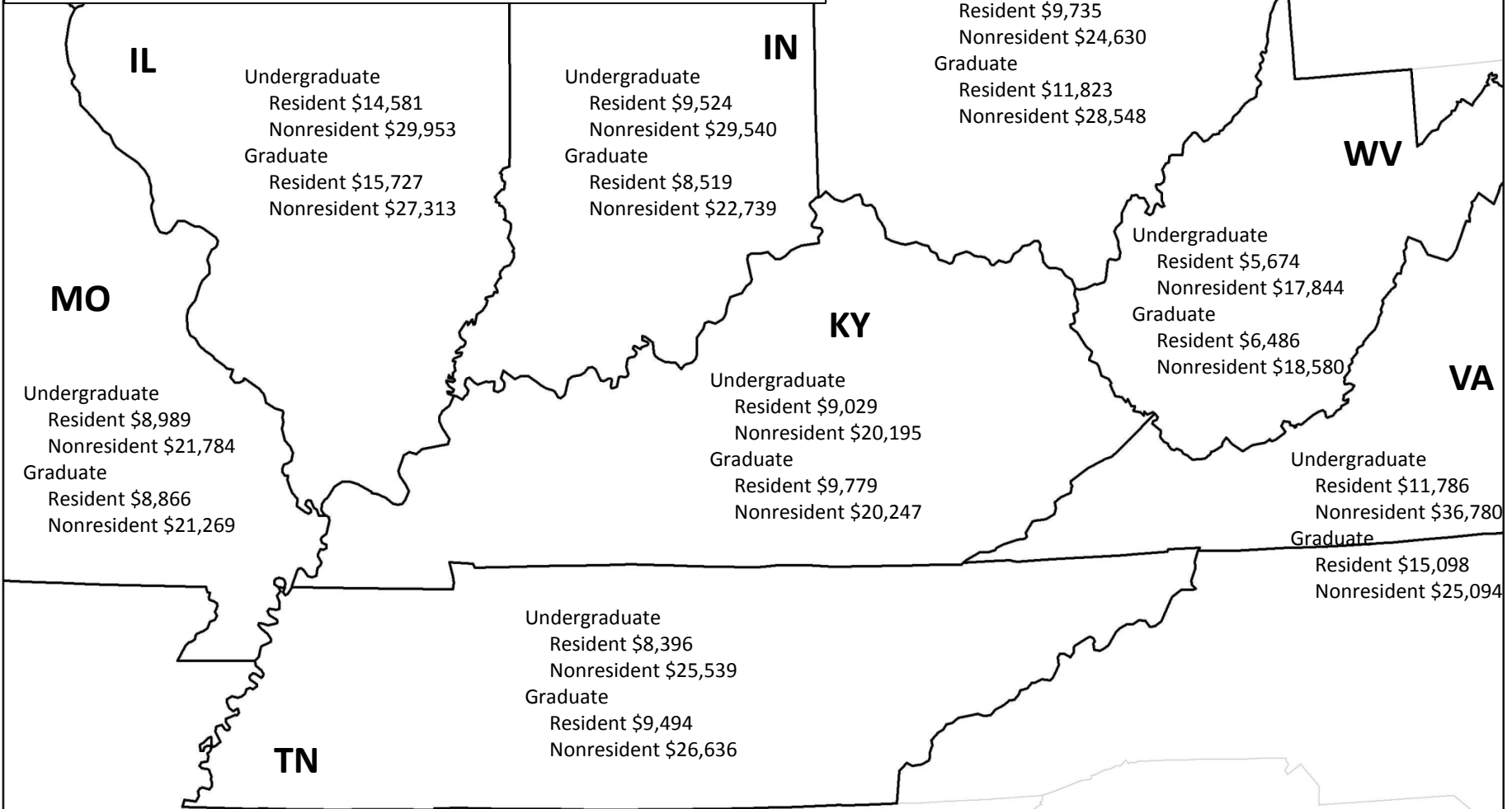
Source: Integrated Postsecondary Education Data System.

Comprehensive Universities in Kentucky and Surrounding States
 Average Resident Undergraduate Tuition and Required Fees
 Academic Years 2000 and 2012

<u>State</u>	<u>1999-00 Resident UG Tuition & Fees</u>	<u>2011-12 Resident UG Tuition & Fees</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>AAGR</u>	<u>1999-00 Rank</u>	<u>2011-12 Rank</u>
Illinois	3,674	9,788	6,114	166.4%	8.5%	2	1
Ohio	4,330	9,070	4,740	109.5%	6.4%	1	2
Virginia	3,631	8,626	4,995	137.6%	7.5%	3	3
Indiana	3,556	8,270	4,714	132.6%	7.3%	4	4
Kentucky	2,386	6,992	4,606	193.0%	9.4%	8	5
Tennessee	2,626	6,714	4,088	155.7%	8.1%	6	6
Missouri	2,866	6,186	3,320	115.8%	6.6%	5	7
West Virginia	2,505	5,357	2,852	113.9%	6.5%	7	8

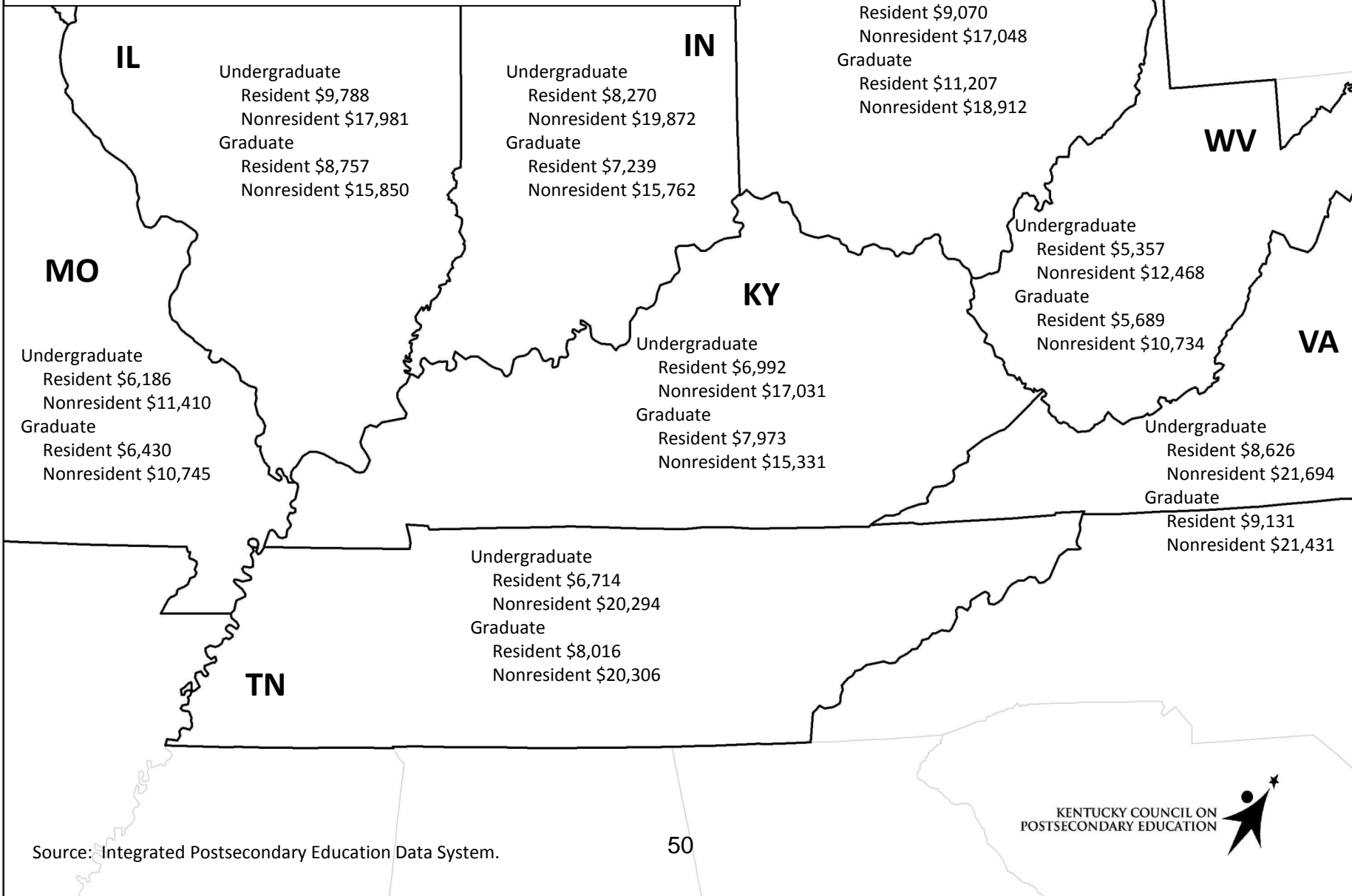
Source: Integrated Postsecondary Education Data System.

Research Universities Average 2011-12 Tuition and Required Fees By State, Level, and Residency



Note: Kentucky Research University data are arithmetic averages of tuition and required fees at the University of Kentucky and the University of Louisville.
Source: Integrated Postsecondary Education Data System.

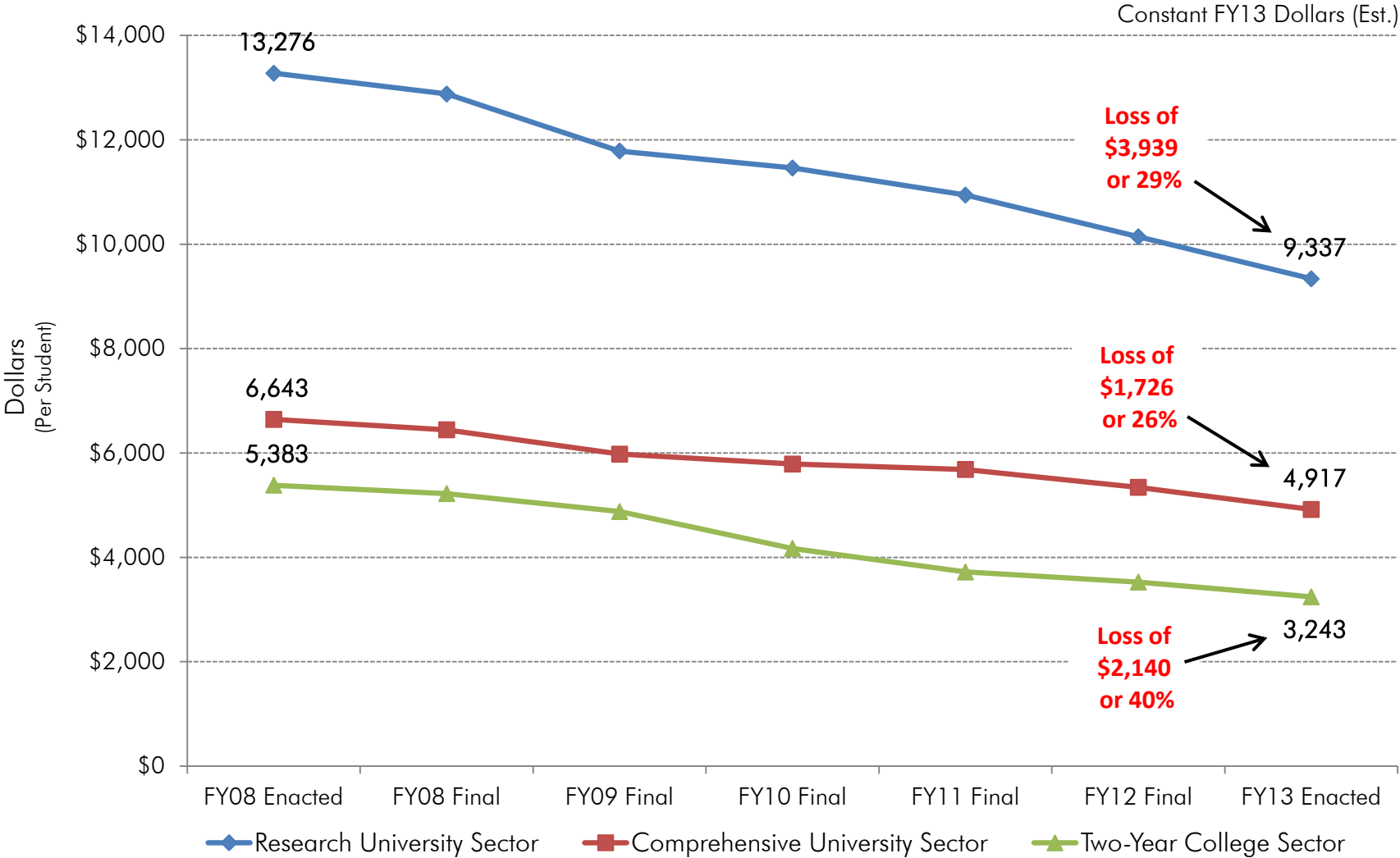
Comprehensive Universities Average 2011-12 Tuition and Required Fees By State, Level, and Residency



Source: Integrated Postsecondary Education Data System.

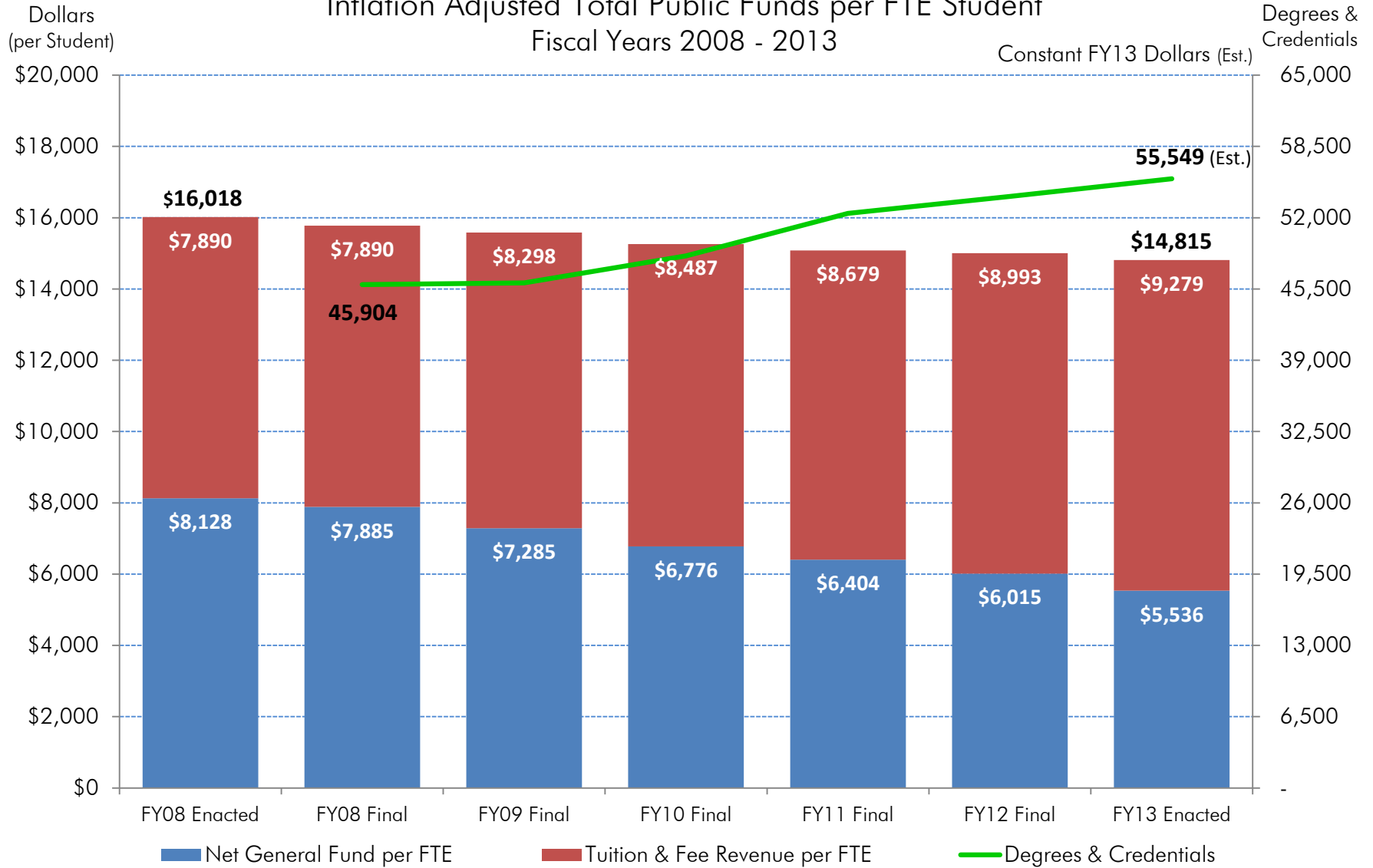


Kentucky Public Postsecondary Sector Inflation Adjusted Net General Fund Appropriations per FTE Student Fiscal Years 2008 - 2013



Sources: Kentucky Budget of the Commonwealth; CPE Comprehensive Database; Commonfund Institute, Higher Education Price Index (HEPI).

Kentucky Public Postsecondary System Inflation Adjusted Total Public Funds per FTE Student Fiscal Years 2008 - 2013

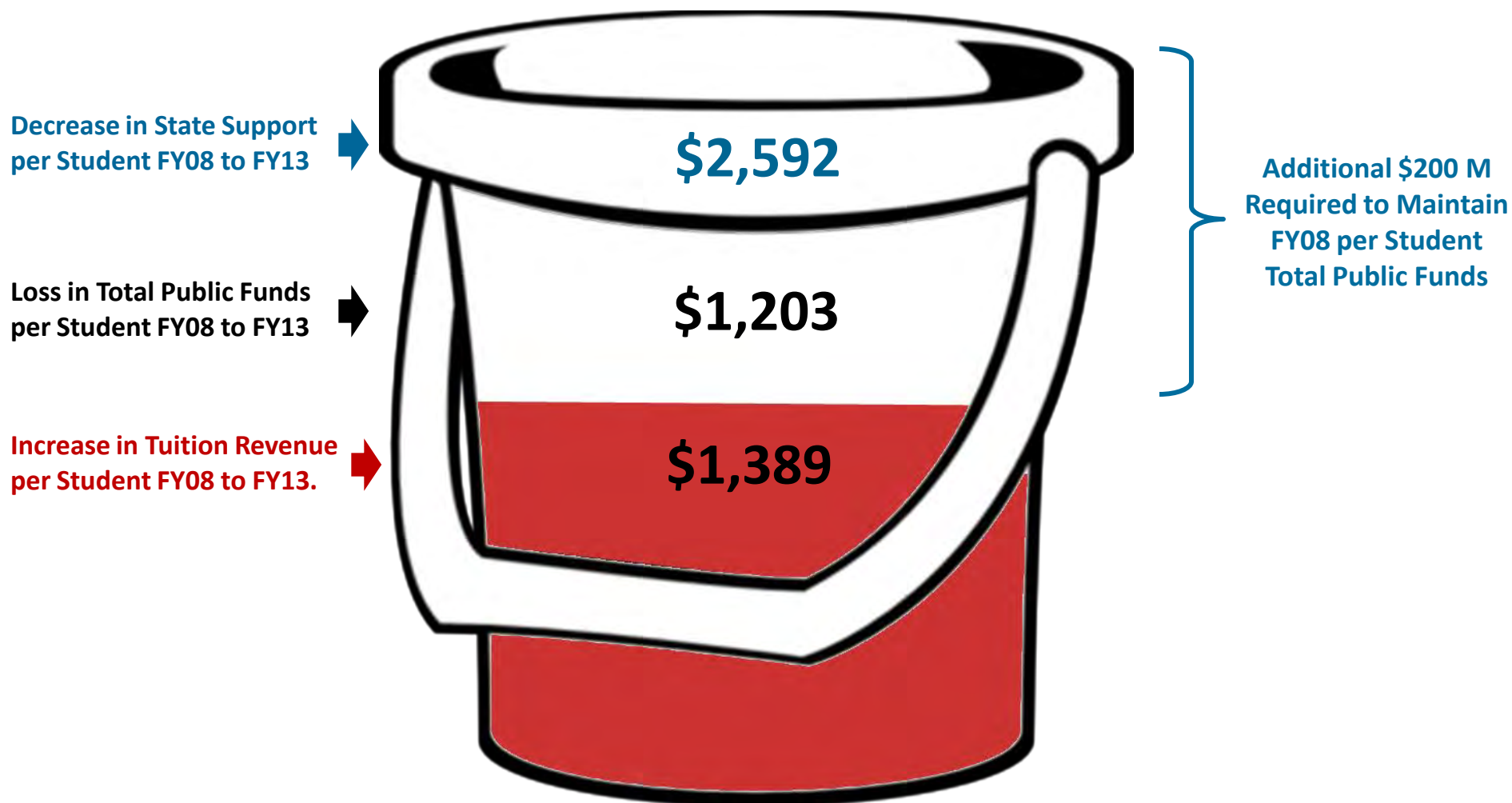


Sources: Kentucky Budget of the Commonwealth; CPE Comprehensive Database; Commonfund Institute, Higher Education Price Index (HEPI).

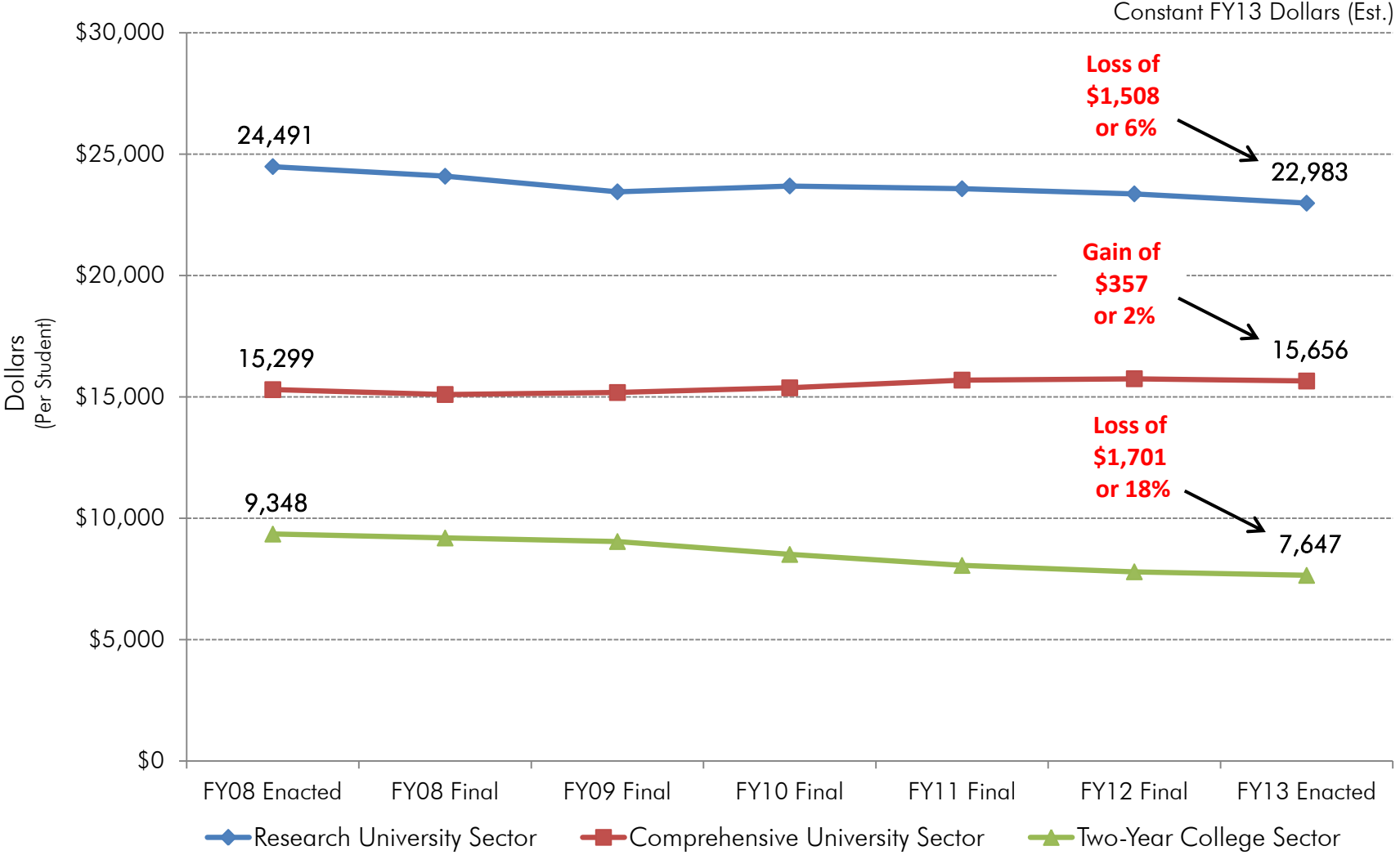
Assumptions: 2.0% enrollment growth; 1.7% increase in inflation; 7.0% tuition and fee revenue growth; and 3.0% increase in degrees in FY13.

Kentucky Public Postsecondary System Analysis of Public Funds Revenue Components Fiscal Years 2008 – 2013

(Dollars per Student)



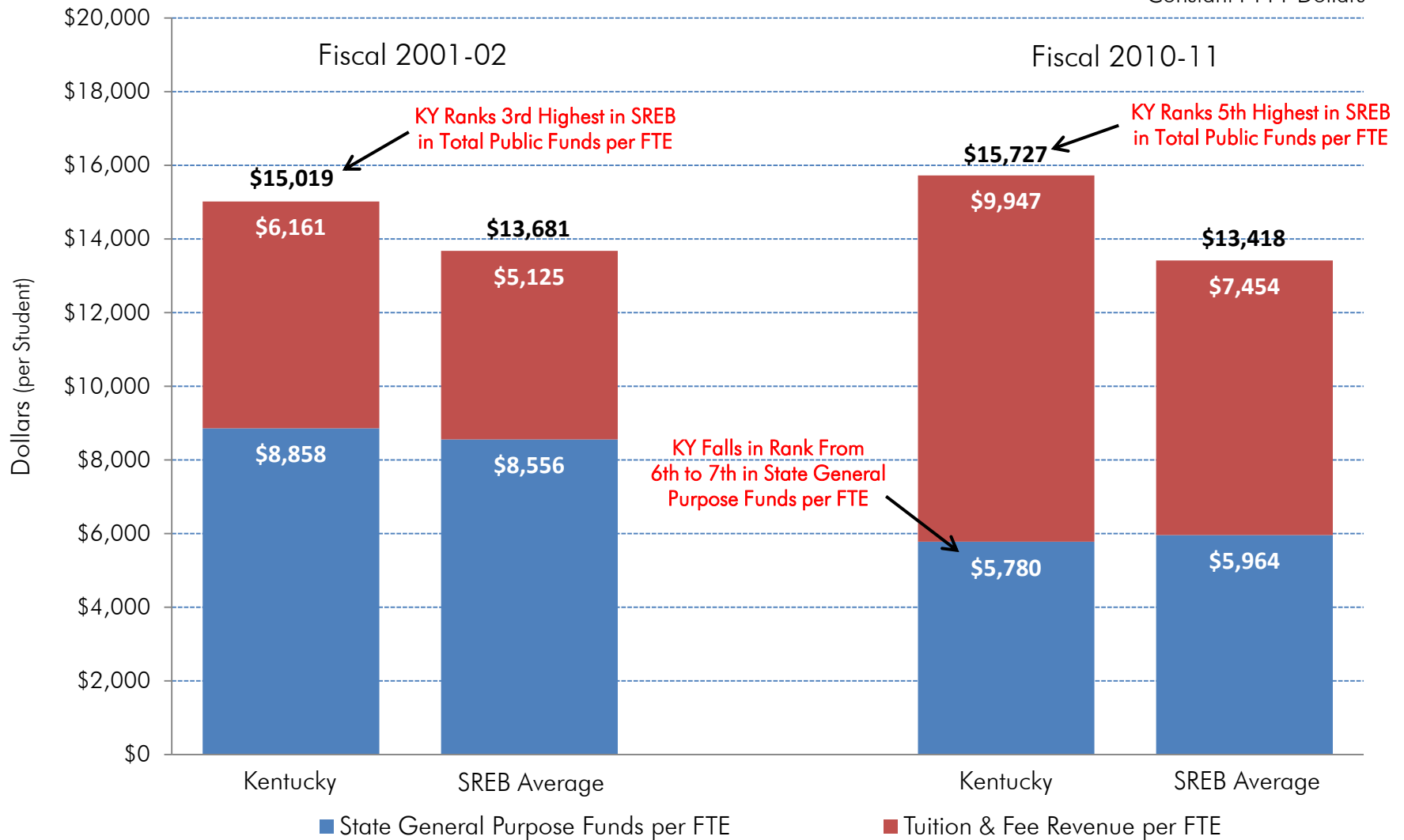
Kentucky Public Postsecondary Sector Inflation Adjusted Total Public Funds per FTE Student Fiscal Years 2008 - 2013



Sources: Kentucky Budget of the Commonwealth; CPE Comprehensive Database; Commonfund Institute, Higher Education Price Index (HEPI).

Kentucky Public Four-Year University & SREB Average Inflation Adjusted Total Public Funds Per FTE Student Fiscal Years 2001-02 and 2010-11

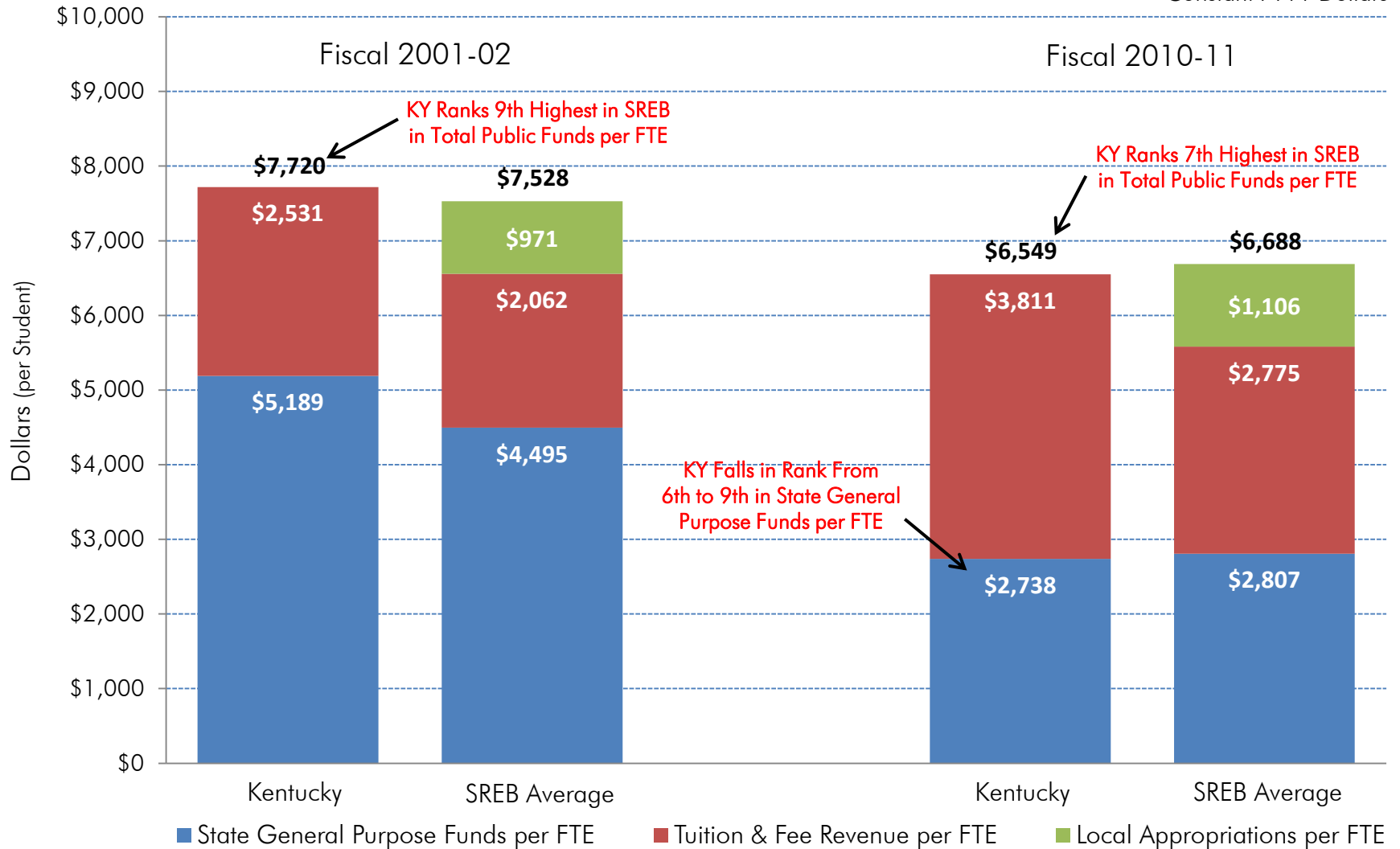
Constant FY11 Dollars



Source: SREB, State Data Exchange.

Kentucky Public Two-Year College & SREB Average Inflation Adjusted Total Public Funds Per FTE Student Fiscal Years 2001-02 and 2010-11

Constant FY11 Dollars



Source: SREB, State Data Exchange.

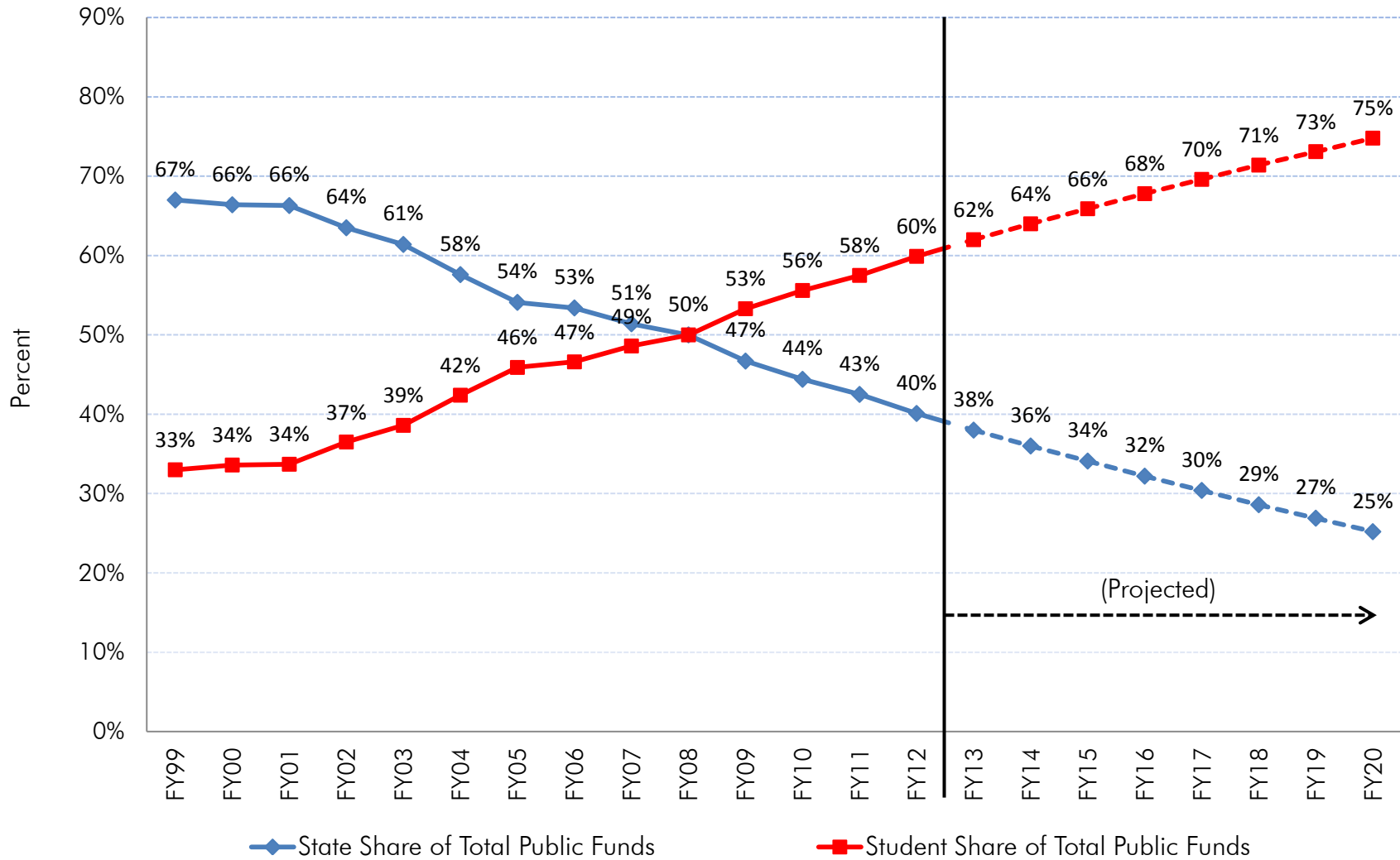
Kentucky Public Postsecondary Institution
 Student Share of Total Public Funds ⁽¹⁾
 Fiscal Years 1999-2012

<u>Institution/Sector</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>
University of Kentucky	27%	28%	28%	30%	31%	35%	39%	40%	42%	42%	46%	48%	49%	53%
University of Louisville	34%	35%	35%	39%	41%	44%	47%	48%	51%	53%	56%	58%	60%	63%
Eastern Kentucky University	38%	38%	37%	40%	41%	45%	49%	52%	54%	56%	59%	61%	63%	65%
Kentucky State University	26%	30%	28%	31%	35%	36%	33%	35%	37%	38%	41%	45%	47%	49%
Morehead State University	38%	38%	38%	41%	43%	46%	48%	48%	50%	50%	55%	56%	58%	60%
Murray State University	37%	39%	39%	42%	44%	47%	51%	53%	56%	58%	60%	61%	62%	65%
Northern Kentucky University	55%	56%	55%	55%	58%	61%	64%	63%	63%	64%	68%	69%	71%	73%
Western Kentucky University	40%	41%	40%	43%	46%	52%	56%	57%	60%	60%	64%	66%	67%	69%
KCTCS	28%	27%	28%	32%	35%	39%	42%	41%	42%	43%	46%	51%	54%	55%
Research Sector	29%	31%	31%	33%	35%	38%	42%	43%	45%	47%	50%	52%	54%	57%
Comprehensive Sector	40%	41%	41%	43%	46%	50%	53%	54%	56%	57%	61%	62%	64%	66%
Two-Year College Sector	28%	27%	28%	32%	35%	39%	42%	41%	42%	43%	46%	51%	54%	55%
Postsecondary System	33%	34%	34%	37%	39%	42%	46%	47%	49%	50%	53%	56%	58%	60%

⁽¹⁾ Student Share is the gross tuition and fee revenue proportion of total public funds (i.e., GTR ÷ TPF).

Sources: Kentucky Budget of the Commonwealth; CPE Comprehensive Database.

Kentucky Public Postsecondary System Change in State & Student Shares of Total Public Funds Fiscal Years 1999 - 2020



Sources: Kentucky Budget of the Commonwealth; CPE Comprehensive Database.

State Share = Net General Fund Appropriations ÷ Total Public Funds
 Student Share = Gross Tuition & Fee Revenue ÷ Total Public Funds

Kentucky Public Postsecondary Institution
 Student Headcount Enrollment
 Fall Semesters 2006 - 2011

Attachment 28

Undergraduate

Institution	Fall	Fall	Fall	Fall	Fall	Fall	1-Year	1-Year	5-Year	5-Year
	2006	2007	2008	2009	2010	2011	Number Change	Percent Change	Number Change	Percent Change
University of Kentucky	19,328	18,830	18,988	19,217	19,988	20,152	164	0.8%	824	4.3%
University of Louisville	15,103	15,125	15,495	15,619	15,818	15,772	(46)	-0.3%	669	4.4%
Sector Total	34,431	33,955	34,483	34,836	35,806	35,924	118	0.3%	1,493	4.3%
Eastern Kentucky University	13,623	13,659	13,839	13,991	14,396	13,902	(494)	-3.4%	279	2.0%
Kentucky State University	2,341	2,510	2,497	2,638	2,606	2,490	(116)	-4.5%	149	6.4%
Morehead State University	7,515	7,625	7,487	7,550	7,399	9,420	2,021	27.3%	1,905	25.3%
Murray State University	8,607	8,361	8,179	8,249	8,429	8,664	235	2.8%	57	0.7%
Northern Kentucky University	12,668	12,725	13,030	13,206	13,517	13,322	(195)	-1.4%	654	5.2%
Western Kentucky University	16,067	16,508	16,966	17,645	17,827	17,975	148	0.8%	1,908	11.9%
Sector Total	60,821	61,388	61,998	63,279	64,174	65,773	1,599	2.5%	4,952	8.1%
KCTCS	86,475	92,828	89,942	100,348	106,664	108,302	1,638	1.5%	21,827	25.2%
System Total	181,727	188,171	186,423	198,463	206,644	209,999	3,355	1.6%	28,272	15.6%
Change from Prior Year	-	3.5%	-0.9%	6.5%	4.1%	1.6%				

Graduate

Institution	Fall	Fall	Fall	Fall	Fall	Fall	1-Year	1-Year	5-Year	5-Year
	2006	2007	2008	2009	2010	2011	Number Change	Percent Change	Number Change	Percent Change
University of Kentucky	7,090	7,086	7,112	7,112	7,181	7,127	(54)	-0.8%	37	0.5%
University of Louisville	6,005	5,841	5,557	5,704	5,757	5,714	(43)	-0.7%	(291)	-4.8%
Sector Total	13,095	12,927	12,669	12,816	12,938	12,841	(97)	-0.7%	(254)	-1.9%
Eastern Kentucky University	2,140	2,180	2,192	2,277	2,171	2,160	(11)	-0.5%	20	0.9%
Kentucky State University	159	186	162	196	245	256	11	4.5%	97	61.0%
Morehead State University	1,510	1,441	1,494	1,496	1,443	1,551	108	7.5%	41	2.7%
Murray State University	1,697	1,795	1,843	1,829	1,987	1,959	(28)	-1.4%	262	15.4%
Northern Kentucky University	1,970	2,082	2,079	2,199	2,231	2,416	185	8.3%	446	22.6%
Western Kentucky University	2,597	2,757	2,795	3,067	3,076	3,073	(3)	-0.1%	476	18.3%
Sector Total	10,073	10,441	10,565	11,064	11,153	11,415	262	2.3%	1,342	13.3%
System Total	23,168	23,368	23,234	23,880	24,091	24,256	165	0.7%	1,088	4.7%
Change from Prior Year	-	0.9%	-0.6%	2.8%	0.9%	0.7%				

Source: CPE Comprehensive Database.

Note: Data does not include house staff and post-doctoral students at UK and UofL.

Kentucky Science and Technology Corporation Investment and Grantee Guidelines

ACTION: Staff recommends revisions to the Kentucky Enterprise Fund and Rural Innovation Fund Guidelines. They include the removal of application deadlines to allow companies to apply for funding at any time and the removal of the Rural Innovation Fund's requirement that all award funds be expended with a third party, bringing the language into line with the authorizing statute, KRS 164.6031(5)(a).

The Kentucky Science and Technology Corporation (KSTC) has proposed that the Council amend the Kentucky Enterprise Fund and Rural Innovation Fund Guidelines to give companies applying for grants the flexibility to apply for funding at any time, rather than limiting the process to pre-scheduled application deadlines. Removing application deadlines provides needed flexibility for companies, will allow KSTC to better manage its workflow, and will keep the due diligence and decision-making process unchanged.

KSTC also proposes to bring the language into line with the authorizing statute, KRS 164.6031(5)(a), by removing the Rural Innovation Fund's requirement that all moneys must be spent with a third party. This change will open the Rural Innovation Fund program to a wider selection of companies and will allow awarded companies the flexibility to use the funds to establish and grow their businesses in an appropriate manner.

Technical changes also have been made to the Rural Innovation Fund Guidelines to make its grant submission requirements consistent with those in the Kentucky Enterprise Fund Guidelines. These revisions have been reviewed and approved by Kentucky Science and Technology Corporation's Executive Committee.

The Guidelines as changed are attached. Council approval of these guideline changes is required by KRS 164.6017 and 164.6023.

Staff Preparation by Travis Powell and Linda Linville

Kentucky Enterprise Fund

Guidelines

The goals of the Kentucky Enterprise Fund are to:

1. Stimulate private investment in Kentucky-based technology and/or innovation-driven companies;
2. Accelerate knowledge transfer and technological innovation, improve economic competitiveness, and spur economic growth in Kentucky-based companies;
3. Support feasibility, concept development, and commercialization activities that have clear potential to lead to scalable, platform-based, commercially successful products, processes, or services within a reasonable period of time;
4. Stimulate growth-oriented enterprises within the Commonwealth;
5. Encourage partnerships and collaborative projects between private enterprises, Kentucky's colleges and universities, and research organizations;
6. Promote commercialization activities that are market-oriented; and
7. Support small and medium-sized companies.

For the purpose of the Kentucky Enterprise Fund, companies must be categorized in one of the following industry sectors:

- Biosciences (BIO)
- Environmental and Energy Technologies (EET)
- Human Health and Development (HHD)
- Information Technology and Communications (ITC)
- Materials Science and Advanced Manufacturing (MSAM)

Company Eligibility

- High growth, early-stage companies developing and commercializing a technology product, process, or service with potential to raise private capital.
- Small or medium size businesses (150 or fewer employees).
- Companies with principal place of business in Kentucky or at least fifty percent (50%) of its property and payroll located in Kentucky.
- Grant eligibility: Any corporation, limited liability company, partnership, registered limited partnership, sole proprietorship, business trust, person, group, or other entity engaged in non-retail commerce, agribusiness, trade, or manufacturing.
- Investment eligibility: Company must be organized as a C Corporation (C-corp) or as a Limited Liability Company (LLC).

Funding and Use of Proceeds

- Funds may be used to support commercialization activities including, but not limited to: development of a prototype; proof of concept work or product testing; commercial development work; product launch; business expansion; filing for intellectual property protection; and other operational expenses as needed. Funds may not be used for construction, retail, or real estate projects.
- Grants and Investments
 - Grants: Up to \$30,000 for companies exploring the feasibility of technology commercialization. Companies must provide a 1:1 dollar match for the grant. Matching may come from cash or in-kind sources. Funds must be spent within one year of contract. A company may receive a maximum of \$30,000 in grant level money through the Kentucky Enterprise Fund and the Rural Innovation Fund combined, without incurring a payback requirement. If the company applies for and receives an investment beyond this total – from either the Rural Innovation Fund or the Kentucky Enterprise Fund, KSTC will negotiate a

payback provision *for the full amount of all awards (grant and investments) made.*

- Investments: Up to \$750,000 – Funds will be invested as part of a qualified round of financing. For the purposes of the Kentucky Enterprise Fund, a qualified round of financing is defined as a private formal financing round that is properly documented and is in compliance with Regulation D of the Securities Act of 1933. KSTC's investment must be matched, at a minimum, 1:1 by qualified private investment i.e., private investors must invest at least as much money in the round as KSTC. KEF invests on the same terms as the other investors participating in the financing round. Funds raised from state-sponsored sources do not qualify as a match. Companies need not have received a KEF or RIF grant to be eligible for an investment.
- Total Kentucky Enterprise Fund and Rural Innovation Fund grants and investments combined in a single company may not exceed \$780,000.
- In order for funds to be considered a match for the Kentucky Enterprise Fund investments, the matching financing must be closed less than six (6) months before the application or six (6) months after an investment notice. All matching funds must be generated from private, independent, accredited investors. Grant fund matching must be provided during the contract term. KSTC, at its sole discretion, reserves the right to alter these guidelines on a company by company basis.
- KSTC, at its sole discretion, reserves the right to review, alter, and structure its investments, which may differ from company request based on KSTC's evaluation of the company, its stage of development and funding requirements, its investors, and other criteria.

Application, Evaluation, and Selection Process

- KSTC will provide information via the Program's website regarding the investment process, availability, and application schedule.
- Unless otherwise specified, grant and investment applications will be accepted at any time.
- A company in which KEF has an investment and is eligible to receive a follow-on investment does not need to go through the full application process. The company must indicate in writing to KSTC that it is raising a round of financing, must supply all requested documents, and must be in full compliance with all KSTC's requirements. Once notified and eligibility confirmed, KSTC will consider this a formal application and will review in accordance with the fund guidelines.
- The deadline for review of applications shall not exceed one hundred twenty (120) days after the application is submitted. KSTC will notify companies of its funding decision. If an awardee company fails to comply with the KSTC requirements before funding documents are executed, the funding award may be recalled at KSTC's sole discretion.
- Applicant companies must provide the following information (if applicable as determined by KSTC):
 - Management – including experience, qualifications and capabilities; organizational chart; Board of Directors composition and members backgrounds; Advisory Board composition and members backgrounds.
 - Technology – core technology description, feasibility, scalability, reliability, robustness, and inter-operability with existing technologies; technology development schedule and innovation strategy; compatibility, integration and implementation to current marketplace systems; applications; pricing strategy; competing methodologies.
 - Intellectual Property – IP strategy; patents, trademarks, copyrights filing status; strength of the IP; expected legal fees; IP management processes.

- Market – market analysis to include: end-consumer compliance, size, growth potential, and effects of macroeconomic changes; where is the company going, total target market size, and timing with market need and trends (fit); competitors and potential competitors, breadth of competitive landscape, company's current differentiation from competitors, and competitor's business models; revenue models; performance track record.
- Sales and Marketing – strategy; value chain landscape; potential partners; market research including customer adoption studies; time to break-even; strategic partners and candidates.
- Manufacturing – manufacturing plan, accessibility of supply chain.
- Regulatory – regulatory landscape and requirements.
- Business Model – financial strategy, revenue model and underlying assumptions; current and pro forma financials; comparable businesses, revenue models, and their valuations.
- Deal – capitalization table; financing strategy and potential exit strategies; use of proceeds; valuation terms, milestones, and risks.
- Company documents, including:
 - Offering Documents: Provide all deal documents (e.g., private placement memorandum, purchase agreement, subscription agreement, investor questionnaire, etc.) and a deal term sheet.
 - Organizational Documents: Certificates and Articles of Incorporation or Organization, Operating Agreement, Shareholders Agreement, and/or Investor Rights Agreement and any amendments to such documents.
 - Copies of any contractual restrictions, agreements or rights attaching to any securities have preference over common stock, as well as any debt convertible into any equity of the company.

- Principal officers' contact information, resumes, references and reference contact information, salaries and compensation, and time commitment to company.
- Certify that no current or prospective employee, officer, principal, director, or owner has been accused or convicted of any crime or wrongdoing.
- Financial Statements: Supply the latest annual and quarterly accrual-based financials for the company (balance sheet, income statement and statement of cash flows.) as well as a monthly comparison of projected vs. actual revenue and expenses for the preceding 12 months.
- Financial Projections and underlying assumptions.
- For any material amounts, provide accounts receivable and accounts payable against schedule and other obligations due to/from the Company and its Affiliates.
- Brief description of any prepaid or deferred income and expenses.
- Auditors (internal and external) letters and reports to management.
- Tax returns and statement indicating whether the company has had or anticipates having any correspondence with any state or federal tax authority.
- List of loan agreements and explanation of any loan agreements or any other financing instruments, with related documentation, to which the company was, is, or will be a party.
- Intellectual Property: Please submit copies of patents, patent applications, provisional patents, copyrights, copyright applications, and other intellectual property, if any.
- Counsel IP reports (Freedom to Operate opinion, etc.).

- Copies of all contracts.
- Schedule of all litigation, arbitration, and government proceedings to which the Company or the Company's directors, officers, or employees are or have been a party to within the last three years or which are threatened against any of them.
- Contact information for all outside service providers (lawyers, accountants, bankers, etc.).
- Relevant government regulations and an assessment of their effect; potential new regulations that may effect company.
- Insurance Certificate: KSTC requires investment recipients to maintain and provide evidence to KSTC of insurance coverages required by law or as reasonably requested by KSTC.
- A current Certificate of Existence for the Applicant issued by Kentucky's Secretary of State and documentation that the Applicant is in Good Standing with the Kentucky Secretary of State. For information please go to the Kentucky Secretary of State's website at: <http://sos.ky.gov/business/records/>
- Kentucky-Based Company Certification: This certification, made by the management team of the company, must be reviewed by a licensed CPA independent of the company. KSTC, at its sole discretion, will determine if you are a "Kentucky-based company" as stipulated by the statute authorizing the Kentucky Enterprise Fund.
- License Agreements: Please submit a copy of all licensing agreements with any third-parties for any intellectual property that the company does not own, if any.
- Market research, business plan, and investor presentation (if any).

- Design plans, photos, CAD drawings, or any other visual representation of the product or service, if any.
- White Papers or Drawings: Please submit any white-papers or drawings outlining the technology, if any.
- Letter of recommendation from an ICC Office (if applicable).
- For each application submitted, KSTC will employ its thorough due diligence methodology, which may include the use of external technical experts and may require one or more interviews with the Company's Management team.
- KSTC will support companies that are likely to:
 - Raise private capital.
 - Produce a measurable result and be technically sound.
 - Lead to innovative technology or new knowledge.
 - Produce scalable, commercially successful products, processes, or services within a reasonable period of time.
 - Show significant potential for stimulating innovation-driven economic growth and a reasonable probability to enhance employment opportunities within the Commonwealth.
 - Make best efforts to partner with a college or university. (If KSTC determines that, despite all best efforts, it is not practicable for a company to partner with a college or university on a project for which all other requirements are met, then the requirement to partner with a college or university may be waived.)
- Prior to receiving funding under the Kentucky Enterprise Fund, recipients must demonstrate to KSTC that any college, university, or project partner and the awardee company have negotiated and executed an agreement for the ownership and disposition of all relevant intellectual property, payments, and any other terms related

to the transfer of the rights to the intellectual property to the awardee company.

Investments & Monitoring

- Grants
 - Prior to receiving grant funding, recipients will be required to enter into a Grant Agreement with KSTC on behalf of the Kentucky Council on Postsecondary Education (CPE), which will contain the requirements specific to the Kentucky Enterprise Fund.
 - After the execution and return of the Grant Agreement to KSTC and submission of any required additional information, KSTC will disburse the funding to grant recipients in accordance with the schedule set forth in the grant agreement.

Investments

- Prior to receiving investment funds, an awardee must negotiate and execute deal documents with KSTC. This includes documents agreed upon by all investors and the requirements specific to the Kentucky Enterprise Fund, often covered separately through a side letter agreement.
- After the execution of the deal documents and the submission of any required additional information, including a side letter agreement, KSTC will disburse the funding to the investment recipient in accordance with the schedule set forth in the deal documents.
- A company receiving funding under the Kentucky Enterprise Fund will be required to submit regular reports to KSTC. Reports will include an update on the company's progress, number of new jobs created since funding, funds raised since receipt of the investment, and accrual-based financials (i.e., balance sheet, income statement, and statement of cash flows). If at any time a company is not performing according to plan, KSTC will enact the appropriate contractual remedies.

Rural Innovation Fund

Guidelines

The goals of the Rural Innovation Fund are to:

1. Stimulate private investment in Kentucky-based technology and/or innovation-driven companies;
2. Enable small, rural Kentucky-based firms to undertake research and development, and entrepreneurial innovation work in partnership with Kentucky postsecondary institutions, the Small Business Development Center Network in Kentucky, and other entities engaged in research and development work.
3. Accelerate knowledge transfer and technological innovation, improve economic competitiveness, and spur economic growth in rural, Kentucky-based, small companies;
4. Support entrepreneurial activities that have clear potential to lead to scalable, platform-based, commercially successful products, processes, and services within a reasonable period of time;
5. Stimulate growth oriented enterprises within the Commonwealth;
6. Encourage partnerships and collaborative projects between private enterprises, Kentucky's postsecondary institutions, research organizations, and the Small Business Development Center Network in Kentucky; and
7. Promote research, development, and entrepreneurial activities that are driven by private sector requirements.

For the purpose of the Rural Innovation Fund, companies must be categorized in one of the following industry sectors:

- Biosciences (BIO)
- Environmental and Energy Technologies (EET)
- Human Health and Development (HHD)
- Information Technology and Communications (ITC)
- Materials Science and Advanced Manufacturing (MSAM)

Company Eligibility

- High growth, early-stage companies developing and commercializing a technology product, process, or service;
- Small business (50 or fewer employees);
- Business with its principal place of business in Kentucky or at least fifty percent (50%) of its property and payroll located in Kentucky;
- Business that is located in a rural area of the state;
- Grant eligibility: To be eligible for a grant, an eligible company is any corporation, limited liability company, partnership, registered limited partnership, sole proprietorship, business trust, person, group, or other entity engaged in non-retail commerce, agribusiness, trade, or manufacturing;
- Investment eligibility: To be eligible for an investment, an eligible company must be organized as a C Corporation (C-corp) or as a Limited Liability Company (LLC).

Funding and Use of Proceeds

- Funds may be used to support operations, which may include development of a business plan, market strategy, or commercialization strategy; filing for intellectual property protection; development of a prototype; proof of concept work or product testing; commercial development work; product launch; business expansion; and other operational work as needed. Funds may not be used for construction projects or overhead.
- All awardees must have a third-party partner that will support the development and/or commercialization of the awardees product or service.
- Grants and Investments
 - Grants: Up to \$30,000 (Rural 1) for companies exploring the feasibility of technology commercialization. Companies must

provide a 1:1 dollar match for the grant. Matching may come from cash or in-kind sources. Funds must be spent within one year of contract. One grant per company. A company may receive a maximum of \$30,000 in grant level money through the Kentucky Enterprise Fund and the Rural Innovation Fund combined, without incurring a payback requirement. If the company applies for and receives a grant and/or investment beyond this total – from either the Rural Innovation Fund or the Kentucky Enterprise Fund, KSTC will negotiate a payback provision *for the full amount of all awards (grant and investments) made.*

- Investments: \$100,000 (Rural 2) – The amount of a fund award shall not exceed fifty thousand dollars (\$50,000) each year for two (2) years, equal to a maximum of one hundred thousand dollars (\$100,000). Any grants received under the Rural Innovation Fund Level 1 will be subtracted from the investment amount available under Rural Level 2. (\$100,000 - \$30,000 = \$70,000 Rural Level 2 investment.) Companies need not receive Rural 1 in order to apply to Rural 2 – companies can apply directly to Rural 2. One Rural 2 investment per company. Funds must be spent within the initial contract period.
- For all investments, the company must match the investment 1:1 in private capital, i.e., the qualified financing must meet or exceed two times the amount of funds requested from KSTC. Funds raised from state-sponsored sources are not eligible for the match. Companies need not have received a separate award under KEF to be eligible for an investment. For the purposes of the Kentucky Enterprise Fund, a qualified round of financing is a formal financing round that is documented by standard legal documentation, including a subscription/stock purchase agreement, a shareholder/investor rights agreement, and an investor questionnaire to verify that all investors are accredited according to Regulation D under the Securities and Exchange Commission (SEC).
- In order for funds to be considered matching for the Rural Innovation Fund investment, the company's matching financing, as part of a qualified financing, must be closed less than six (6) months before the application or within six (6) months after an

investment notice. KSTC, at its sole discretion, reserves the right to alter these guidelines on a company by company basis.

- Total Rural Innovation Fund grants and investments in a single company may not exceed \$100,000. Total Kentucky Enterprise Fund and Rural Innovation Fund grants and investments combined in a single company may not exceed \$780,000.
- KSTC, at its sole discretion, reserves the right to review, alter, and structure its investments, which may differ from company request, based on KSTC's evaluation of the company, its stage of development and funding requirements, its investors, and other criteria.

Application, Evaluation, and Selection Process

- Unless otherwise specified, grant and investment applications will be accepted at any time.
- Applicant companies must provide the following information (if applicable as determined by KSTC):
 - Management – including experience, qualifications and capabilities; organizational chart; Board of Directors composition and members backgrounds; Advisory Board composition and members backgrounds;
 - Technology – core technology description, feasibility, scalability, reliability, robustness, and inter-operability with existing technologies; technology development schedule and innovation strategy; compatibility, integration, and implementation to current marketplace systems; applications; pricing strategy; competing methodologies;
 - Intellectual Property – IP strategy; patents, trademarks, copyrights filing status; strength of the IP; expected legal fees; IP management processes;
 - Market – market analysis to include end-consumer compliance, size, growth potential, and effects of macroeconomic changes, where is the company going, what is the total target market size, timing with market need and trends (fit), which competitors

could enter and why, breadth of competitive landscape, company's current differentiation from competitors, competitor's business models, revenue models, and performance track record;

- Sales and Marketing – strategy, value chain landscape, potential partners, market research including customer adoption studies, time to breakeven, strategic partners and candidates;
- Manufacturing – manufacturing plan, accessibility of supply chain;
- Regulatory – regulatory landscape and requirements;
- Business Model – financial strategy, revenue model and underlying assumptions, current and pro forma financials, comparable businesses, revenue models, and their valuations;
- Deal – capitalization table, financing strategy, potential exit strategies, use of proceeds, valuation, terms, milestones, risks;
- Company documents, including:
 - Offering Documents: Provide all deal documents (e.g., private placement memorandum, stock purchase agreement, subscription agreement, investor questionnaire) and a deal term sheet;
 - Organizational Documents: Certificates and Articles of Incorporation or Organization, Operating Agreement, Shareholders Agreement, and/or Investor Rights Agreement and any amendments to such documents.
 - Copies of any contractual restrictions, agreements or rights attaching to any securities have preference over common stock, as well as any debt convertible into any equity of the company;
 - Principal officers' contact information, resumes, references and reference contact information, salaries and compensation, and time commitment to company;

- Certify that no current or prospective employee, officer, principal, director, or owner has been accused or convicted of any crime or wrongdoing.
- Financial Statements: Supply the latest annual and quarterly accrual-based financials for the company (balance sheet, income statement and statement of cash flows.) as well as a monthly comparison of projected vs. actual revenue and expenses for the preceding 12 months;
- Financial Projections and underlying assumptions;
- For any material amounts, provide accounts receivable and accounts payable against schedule and other obligations due to/from the Company and its Affiliates;
- Brief description of any prepaid or deferred income and expenses;
- Auditors (internal and external) letters and reports to management;
- Tax returns and statement indicating whether the company has had or anticipates having any correspondence with any state or federal tax authority;
- List and explain any loan agreements or any other financing instruments, with related documentation, to which the company was, is, or will be a party;
- Intellectual Property: Please submit copies of patents, patent applications, provisional patents, copyrights, copyright applications, and other intellectual property, if any;
- Counsel IP reports (Freedom to Operate opinion, etc.);
- Copies of all contracts;
- Schedule of all litigation, arbitration, and government proceedings to which the Company or the Company's directors, officers, or employees are or have been a party

to within the last three years or which are threatened against any of them;

- Contact information for all outside service providers (lawyers, accountants, bankers, etc.);
- Relevant government regulations and an assessment of their effect; potential new regulations that may effect company;
- Insurance Certificate: KSTC requires investment recipients to maintain and provide evidence to KSTC of insurance coverages required by law or as reasonably requested by KSTC;
- A current Certificate of Existence for the Applicant issued by Kentucky's Secretary of State and documentation that the Applicant is in Good Standing with the Kentucky Secretary of State. For information please go to the Kentucky Secretary of State's website at: <http://sos.ky.gov/business/records/>;
- Small, Rural, Kentucky-Based Company Certification: This certification, made by the management team of the company, must be reviewed by a licensed CPA independent of the company. KSTC, at its sole discretion, will determine if you are a "Kentucky-based company" as stipulated by the statute authorizing the Rural Innovation Fund;
- License Agreements: Please submit a copy of all licensing agreements with any third-parties for any intellectual property that the company does not own, if any;
- Market research, business plan, and investor presentation (if any);
- Design plans, photos, CAD drawings, or any other visual representation of the product or service, if any; and
- White Papers or Drawings: Please submit any white-papers or drawings outlining the technology, if any.

- Letter of recommendation from an ICC Office (if applicable).
- KSTC may require an interview with the applicant Company's Management to assess the management team and its business plan.
- KSTC will employ its thorough due diligence methodology, including the use of external technical experts, as part of the due diligence process. KSTC will focus on providing support to companies with development and commercialization projects that are likely to:
 - Show significant promise of raising private investment;
 - Produce a measurable result and be technically sound;
 - Lead to innovative technology or new knowledge;
 - Lead to scalable, platform-based, commercially successful products, processes, or services within a reasonable period of time; and
 - Show significant potential for stimulating economic growth and a reasonable probability to enhance employment opportunities within rural Kentucky.
- For each application submitted, KSTC will perform an independent review with the use of outside experts. Each evaluation will be based upon, but not limited to, the following criteria:
 - A clear indication that the company will be ready to seek private investment upon completion of the grant and/or investment;
 - Technology is a platform technology and is scalable for high growth potential;
 - Verification that the applicant is an eligible company, a Kentucky-based company, and a small company, and is located in a rural area of the state;
 - Written justification that the project application is consistent with the program purposes;
 - A research, development, and entrepreneurial plan that is sufficient in scope for review;

- A financial analysis and resource support plan that includes sufficient commitments by the applicant and others, in addition to a Kentucky Rural Innovation award, providing a reasonable probability of the success of the project endeavor;
- Sufficient detail concerning proposed project, type, and amount of work to be performed by each partner, and expected product or service with estimated costs to be reflected in the negotiated contract or agreement; and
- A statement of the economic development potential of the project.

Investments & Monitoring

Prior to receiving funding under the Rural Innovation Fund, recipients must:

- Negotiate an agreement and funding contract with an independent third-party service provider, one (1) or more of Kentucky's postsecondary institutions, the Small Business Development Center Network for approved project activities, or other entity engaged in the research and development work, that is satisfactory to KSTC to undertake the research and development and entrepreneurial work; and
- Provide assurance to KSTC that the collaborating parties have adequately addressed the ownership and disposition of patents, royalties, and all other intellectual property rights, and equity or related position relating to the contract between the awarded company and a partnering entity.
- Grants
 - Prior to receiving grant funding, recipients will be required to enter into a Grant Agreement with KSTC on behalf of the Kentucky Council on Postsecondary Education (CPE), which will contain the requirements specific to the Rural Innovation Fund.
 - After the execution and return of the Grant Agreement to KSTC and submission of any required additional information, KSTC will disburse the funding to grant recipients in accordance with the schedule set forth in the grant agreement.
- Investments

- Prior to receiving an investment, companies must negotiate with KSTC an equity or related position on behalf of the Rural Innovation Fund for the sole purpose of reinvesting and sustaining a revolving fund;
- Prior to receiving an investment, awardees will be required to enter into a subscription agreement with KSTC.
- After the execution of a subscription agreement with KSTC and submission of any required additional information, KSTC will disburse the funding to investment recipients in accordance with the schedule set forth in the subscription agreement.
- Companies receiving funding under the Rural Innovation Fund shall be required to submit regular project progress reports to KSTC. These progress reports shall discuss project status, number of new jobs created since funding, a report of funds raised since receipt of the investment, and accrual-based financials (i.e., balance sheet, income statement, and statement of cash flows). If at any time a company is not performing according to plan, KSTC will enact the appropriate contractual remedies.

Council on Postsecondary Education
February 8, 2013

Fall 2012 Enrollment Report

A detailed report on fall 2012 headcount enrollment at public colleges and universities will be available at the meeting, including recent trends and comparisons to other states.

Staff preparation by Heidi Hiemstra

Council on Postsecondary Education
February 8, 2013

2013 Legislative Session Update

A report on actions related to postsecondary education resulting from the 2013 legislative session will be available at the February 8 meeting. The Council staff will be available for discussion.

Staff preparation by Tammie Clements

Council on Postsecondary Education
February 8, 2013

Committee on Equal Opportunities Report

The Committee on Equal Opportunities met Monday, January 28, 2013, in Frankfort, Kentucky. Following is the status of initiatives, recurring activities, and discussions related to the CEO.

2013 Meeting Schedule: The Committee adopted the following meeting schedule: January 28, March 25, May 20, and October 21, 2013.

2013 Degree Program Eligibility: Eight universities and 12 of the 16 Kentucky Community and Technical Colleges are eligible to implement new academic programs in calendar year 2013. Three of the four KCTCS institutions are eligible to request a waiver. One KCTCS institution is not eligible to request a waiver because a waiver was requested in 2012. After review of the evaluation results by the CEO, the degree program eligibility status reports were forwarded to the institutional presidents.

Governor's Minority Student College Preparation Program: Planning is underway for the Annual GMSCPP Statewide Conference, to be hosted by Morehead State University in June 2013. Eastern Kentucky University will host the 26th Annual Academically Proficient High School Junior and Senior Diversity Conference on June 27-28, 2013.

SREB Doctoral Scholars Program: Planning for the fall 2013 Teaching and Mentoring Institute will occur during a meeting of the state Doctoral Scholars Regional Advisory Committee on January 31- February 1, 2013. The Teaching and Mentoring Institute will be held October 31 - November 3, 2013, in Arlington, Virginia. The institute is designed for scholars currently supported by the Kentucky Doctoral Scholars Program. The Kentucky program is implemented collaboratively by the Council, the University of Kentucky, and the University of Louisville to help students complete the doctorate more quickly and to encourage them to go into the professoriate. As of January 23, 2013, 34 students are currently matriculating at Kentucky institutions; 34 percent of these students are in STEM disciplines, and there are 68 graduates.

Staff preparation by Rana Johnson

Council on Postsecondary Education
February 8, 2013

CPE Committee Appointments

The Council on Postsecondary Education chair will appoint members to the Council's Executive Committee. The membership of this committee consists of the Council chair and vice chair plus three additional members appointed by the chair. The three appointed members serve one-year terms, ending January 31 of each year.

Staff preparation by Tammie Clements



EKU, KET and NASA helped to make a dream come true on Friday, Jan. 11 for a select group of middle-schoolers. Twenty-three area middle school students spoke to an astronaut aboard the International Space Station. They were among 160 sixth-, seventh- and eighth-graders, all identified as gifted and talented in science and/or mathematics, from 46 area schools who participated in a variety of educational activities at the day-long event in the Hummel Planetarium and Perkins Building. EKU, partnering with KET, was selected by NASA as one of only six downlink sites nationwide where students were able to converse with Space Station astronauts.

EKU Scores Higher Than State, National Benchmarks on Many Areas of NSSE

EKU's emphasis on guiding its students to think critically and creatively and communicate effectively is taking root.

According to the 2012 National Survey of Student Engagement (NSSE), EKU students scored well above their state counterparts and national benchmarks in several related areas.

For example, among EKU freshmen:

- Seventy-six percent reported that their courses emphasized making judgments about the value of information, compared to 70 percent in the Kentucky system and 69 percent at the University's benchmarks.
- Thirty-three percent wrote more than four papers or reports of 5-19 pages, compared to 27 percent in the Kentucky system and 25 percent at benchmarks.
- Twenty-two percent said they participated in a learning community, compared to 15-16 percent at state counterparts and national benchmarks.

Additionally, 64 percent of EKU seniors reported making a class presentation, compared to 55 percent in the Kentucky system and 60 percent at national benchmarks, and 82 percent said they asked questions and contributed to class discussions, well ahead of their state counterparts at 74 percent and the benchmarks at 75 percent.

For the second consecutive year, almost nine in 10 EKU seniors said they would definitely or probably choose Eastern again if they could start their college years afresh. EKU's 88 percent surpasses the state and national averages of 83 and 84 percent, respectively.

Seniors ranked EKU ahead of its state counterparts and national benchmarks in four of the five categories they were asked to measure: level of academic challenge, active and collaborative learning, student-faculty interaction, and supportive campus environment.

Applied Learning in Teaching Program Prepares Teacher Education Candidates

By the time they begin student teaching in their senior year, pre-service teacher education majors at EKU are already veterans of the classroom.

As part of the University's Applied Learning in Teaching Program, teacher candidates accumulate 240 hours of P-12 school-based field experiences prior to student teaching. That's 40 hours more than the Kentucky Education Professional Standards Board now requires.

"It's not enough for us to merely do the minimum," explained Dr. Dorie Combs, chair of EKU's Department of Curriculum and Instruction. "We want to do more."

The program consists of a series of five Applied Learning courses that are completed as co-requisites to designated teacher education courses. Beginning typically with the second semester of their freshman year or first semester of their sophomore year, students apply what they are learning in their EKU classes by working a minimum of 40 hours each semester in an area school. As they proceed through a degree program, their in-school responsibilities continue to grow.

For example, during their first semester in the program, the student might tutor individual students or work with small groups under the direction of the teacher-supervisor, observe and perform other teacher tasks, help at school events, assist clubs and organizations, look for and reflect on activities that promote creativity and collaboration among the students, observe a school site-based council and much more.

Immediately before they serve as student teachers, they co-teach, collaborate and assess student learning, plan and teach at least one complete lesson, participate in a school-based learning community, and complete at least eight hours of professional development experiences. The final semester of the program requires 80 field hours.

EKU No. 1 in U.S. in “Best for Vets” Survey

In sports, it might be called a dynasty in the making.

EKU, home to more than 1,200 veterans and their dependents, has earned a No. 1 national ranking from Military Times EDGE magazine in its annual “Best for Vets: Colleges” issue, which rates four-year colleges and universities on their commitment to helping military veterans further their education. The win follows a No. 1 ranking two years ago and a No. 2 ranking last year from the magazine, which considers institutions’ programs, services and policies that support veterans as well as their accreditations.

Lt. Col. Allen Back (USAR), director of the Office of Military and Veterans Affairs at EKU, pointed to a “long tradition at EKU that honors and values military service,” adding that the University “continues to be a school of choice among military and veteran students.”

In 2010, Eastern launched Operation Veteran Success, a series of initiatives designed to make the university even more veteran-helpful.



As more and more troops return from Iraq and Afghanistan, EKU has more than doubled its number of military veterans and dependents in recent years. Many are pursuing baccalaureate degrees in criminal justice, police studies, homeland security, fire and safety, and nursing, or a graduate degree in safety, security and emergency management.

School of Business Maintains AACSB Accreditation

With its recent re-accreditation from the Association to Advance Collegiate Schools of Business (AACSB), EKU’s School of Business has again earned a distinction that less than 5 percent of the world’s business programs can claim.

The five-year re-accreditation covers baccalaureate degree programs in all majors – Accounting, Finance, Computer Information Systems, Insurance, Management, Marketing, General Business, and PGA Golf Management, as well as the School’s MBA options in Accounting, General Business and Integrative Communications.

AACSB International is the longest-serving global accrediting body for business schools that offer undergraduate, master’s and doctoral degrees in business and accounting. More than 650 business schools in 45 countries and territories maintain AACSB accreditation.

EKU’s School of Business has been accredited by AACSB International since 2003.

McFaddin to Direct Government Relations

EKU has named David McFaddin as Executive Director of Government Relations.

Since 2005, McFaddin had served as regional director for legislative and external affairs for AT&T, after serving five years as area manager for BellSouth Telecommunications. In addition, he has served as an adjunct faculty member in EKU’s Department of Communication since 2011.

The Johnson County native earned a bachelor’s degree in public relations and graduated summa cum laude from EKU in 1999. He added an MBA degree from the University of Kentucky in 2006 and is currently pursuing a doctoral degree in Educational Leadership and Policy Studies from EKU.

McFaddin is the current President of the Richmond Chamber of Commerce, chair of the EKU Department of Communication Advisory Board, and an active board member with Leadership Kentucky and numerous other non-profit organizations. He also co-chaired the 2010 United Way campaign in Madison County, and in 2012 received a United States Presidential Service Award from the White House for his community volunteerism efforts.



Capstone Center Gives Students Essential Elements of Success with Series of Courses

The comments Dr. Allen Ault heard from employment recruiters formed a familiar refrain, all centering on their need for creative and critical thinkers who are strong communicators with leadership skills.

So the dean of EKU’s College of Justice & Safety determined that his students would possess those “essential elements of success.”

Initially established as a series of social intelligence classes for Justice & Safety students, EKU’s Capstone Center now is expanding campus wide, coinciding with the University’s Quality Enhancement Plan, which calls upon Eastern to graduate informed, critical and creative thinkers who can communicate effectively.

“I had read the research and the comments from business, industry and government that college graduates did not possess the skills needed to obtain a job or succeed after they got a job,” Ault said. “I also looked at what they said was deficient – their ability to analyze problems, create solutions to problems, or communicate whatever they did effectively. We also noted that our students were very deficient in successful interviewing skills. We had to assume that a lot of this deficiency was from how they currently communicate by texting with no emotional overlay or not being able to perceive how they were being judged or evaluated and then not responding in an appropriate manner. Even if they got the job the deficit in communication skills did not allow them to be successful.”

Taking critical thinking, creative thinking, effective communication and leadership skills as the foundational elements of success, the Center quickly developed a series of courses around the “Essential Elements of Success” theme. Hundreds of students at all levels have taken classes since classes were first offered in 2009.

“We do not think we should wait until they are seniors to begin the learning process of these essential elements,” Ault said. “If they can start with any of these subjects as soon as possible, especially critical thinking, that will put them in good stead while trying to get an education. Hopefully, they will use them in their college career to enable them to be better students both academically and socially.”

KCTCS GOOD NEWS REPORT

HIGHER EDUCATION BEGINS HERE

JANUARY 2013

Third Annual Super Sunday Event to Launch in February

On Sunday February 24, 2013, the Kentucky Community and Technical College System (KCTCS), and each of its 16 colleges will partner with African-American churches throughout the state to host the third annual KCTCS Super Sunday. Super Sunday involves college information fairs for prospective college students and their families. The day will promote higher education to show students how they can achieve a college education. It will also highlight the role of parental involvement and early preparation in facilitating successful access to college for African Americans. It is part of the KCTCS Super Sunday statewide effort to encourage early planning for college and the involvement of community members as mentors for young people.

KCTCS Marketing and Public Relations plans are well underway to promote the event, which begins with a press event featuring church choirs, a family with nine KCTCS graduates, and the Lt. Governor on Monday February 12 at 11 a.m.

Promotional items for Super Sunday include:

- African-American Viewbook
- Financial Aid Brochure
- Flyers
- Posters
- Fans
- Advocate Cards

TOP RIGHT: A new, dynamic KCTCS Super Sunday website launched January 14, featuring Hall of Fame stories, highlights from previous events, and more!

BOTTOM CENTER: Shalanda Williams is just one of many in the 2013 Super Sunday Hall of Fame. She began her journey with Owensboro Community and Technical College and is now a law school graduate - well on her way to accomplishing her dreams. For more information about Shalanda and other Hall of Fame members, visit supersunday.kctcs.edu.



- Online prospective student web form
- Direct Mail
- Banners
- Yard Signs
- Buttons
- T-shirts
- A new website – supersunday.kctcs.edu
- Press Releases
- Interviews with targeted media
- Localized Op-ed
- Targeted Print/Radio
 - Full-page print ad in *Courier-Journal* and *Herald-Leader*
 - Targeted ads in African-American publications
 - UK/U of L Statewide Umbrella Campaign
 - Radio spot featuring Super Sunday
 - Special on-site promotion at UK/U of L games
 - UK (men) vs. Vanderbilt - 2/20/13 at 8 p.m.
 - UL (men) vs. Seton Hall - 2/23/13 at noon
 - UL (women) vs. DePaul - 2/17/13 - 1:30 p.m.

For more information about Super Sunday, contact Natalie Gibson at natalie.gibson@kctcs.edu.





Transfer Madness Comes to KCTCS in March

ABOVE: The graphic treatment for Transfer Madness will be included on all promotional materials to launch the event on March 6, 2013.

The Kentucky Community and Technical College System (KCTCS) and Council on Postsecondary Education (CPE) are partnering to sponsor an online transfer fair for KCTCS students on March 6 from 10 a.m. to 10 p.m. The goal of the event is to provide a convenient, easy-to-access transfer fair that will increase the number of successful transfer students in the state. The event will utilize the CollegeWeekLive platform to allow prospective transfer students to visit virtual four-year college admissions booths, watch videos, and chat with admissions and transfer personnel. All of the state's public and private four-year institutions will be on hand to answer questions and assist students with the transfer process. Other partners include the Kentucky Department of Education (KDE) and Kentucky Higher Education Assistance Authority (KHEAA).

KCTCS colleges will begin promoting the event in February by capitalizing on existing communication platforms that include unique branding, college communication materials, e-mail, transfer centers, social media, and the KCTCS website. Colleges will also incorporate messaging and images into existing KCTCS campaigns (Super Sunday, UK/U of L sports marketing campaign, and transfer).

For more information, contact Terri Giltner at terri.giltner@kctcs.edu.





January 2013

GOOD NEWS

KENTUCKY STATE UNIVERSITY

Federal Reserve Representatives Visit Kentucky State University

Kentucky State University's College of Business and Computer Science hosted "A Conversation with the Federal Reserve" on Nov. 27 in the Student Center Ballroom.

The public was invited to have lunch with two Federal Reserve representatives who discussed the economic outlook for Kentucky and the country.

Julie L. Stackhouse, senior vice president and managing officer of Banking Supervision, Credit, Community Development and Learning Innovation for the Federal Reserve Bank of St. Louis, presented "Post-Financial Crisis: The Brave New World of Banking."

Lavaughn Henry, vice president and senior regional officer at the Federal Reserve Bank of Cleveland, gave a talk titled "The Federal Reserve and Monetary Policy." Henry is also a member of the KSU Board of Regents.



KSU Alum Elected Chief Justice To Oklahoma Supreme Court



Chief Justice Tom Colbert

KSU alumnus Tom Colbert made Oklahoma history following his recent election as the first African-American chief justice of the state's Supreme Court. This history-making event, however, is only the most recent in a line of firsts.

Colbert, who served as vice chief justice, was voted as the high court's key administrator by fellow justices on Nov. 8, 2012.

The justices select a chief justice for the Oklahoma Supreme Court every two years. Colbert was sworn in Jan. 4.

In 2004, Colbert was the first black justice ever appointed to the state's Supreme Court. He was appointed in 2000 to serve as a judge on the Oklahoma Court of Civil Appeals, where he

was also the first African-American appointee. He began a short stint as the appellate court's chief judge in 2004, until he was appointed to the state's highest court.

A native of Oklahoma City, the chief justice earned his bachelor's degree in 1973 from KSU, where he was also named an All-American in track and field. After serving in the U.S. Army, he earned his master's degree in education in 1976 from Eastern Kentucky University and then taught in Chicago's public schools.

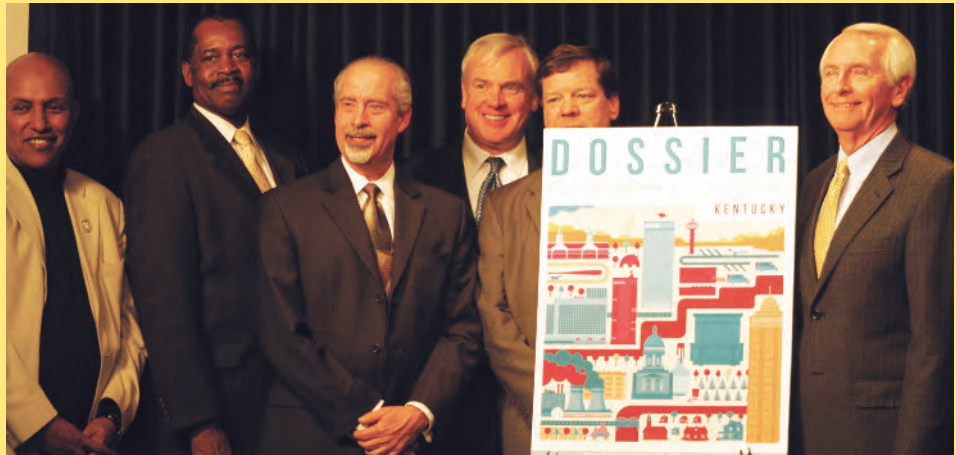
He received his Juris Doctorate from the University of Oklahoma in 1982 and subsequently served as assistant dean at the Marquette University Law School. Colbert began his law career as an assistant Oklahoma County district attorney in 1984 and also maintained a private law practice in Oklahoma City until 2000.

KSU Featured In United Airlines Magazine Supplement

Kentucky State University was one of the features in a 32-page editorial insert of *Hemispheres*, the onboard magazine of United Airlines.

In December, the special section, called "Dossier," was dedicated to showcasing Kentucky's business climate. Kentucky was the first state featured in this new economic development series by *Hemispheres*.

United Airlines estimates the magazine reaches more than 12 million passengers per month, with 90 percent of readers having a college education and 62 percent with professional/managerial occupations.



KSU's Dr. Teferi Tesgaye (*far left*), dean of the College of Agriculture, Food Science and Sustainable Systems, and Hinfred McDuffie, executive vice president for Administration, joined Gov. Steve Beshear and others to launch "Dossier" in December.

Fall Commencement 2012



The Fall Commencement speaker, Kentucky state Sen. Gerald Neal, is joined by President Mary Evans Sias. This year's graduation follows a successful pilot fall commencement in 2011.



Much more than a degree.

Morehead State University delivers quality academic programs. Nearly 100 degree programs are available on the two-year, four-year and graduate levels. Our alumni are accepted into professional programs (like medicine, law, veterinary science, etc.) at rates above state and national averages. We are ranked as one of the top public universities in the South by *U.S. News & World Report* and boast one of five space science programs in the country. Whatever your interest, Morehead State can help you achieve your dream.



Fall commencement recognizes nearly 650 graduates

MSU honored nearly 650 degree candidates at its fall commencement ceremonies on Saturday, Dec. 15. Amariah Elizabeth Fultz of Ironton, Ohio, was the student speaker. Dr. George D. Kerr, a nationally recognized physicist, was presented an honorary Doctor of Science degree.

MSUPD ranked first by StateUniversity.com

MSU's Police Department was recognized by StateUniversity.com as ranking first in Kentucky for Highest Safety Rating. MSUPD had a 92.56 rating. Northern Kentucky University (92.15) was second, followed by Western Kentucky (91.57), University of Louisville (88.46) and Murray State University (87.38).

Schack wins M.E.S.A. award

Dr. Edna O. Schack, professor of education, received the 2012 Mathematics Education Service and Achievement Award (M.E.S.A. Award). The award was presented by the Kentucky Council of Teachers of Mathematics (KCTM).



Cheer squads continue to dominate nationally

Morehead State University's cheerleading program added two more national championships (33 and 34) to its total. MSU won the coed title along with a championship in the partner stunt competition during the Universal Cheerleaders Association College National Championships.

Bridget Razem of Lodi, Ohio, and Ronnie Patrick of Huntington, W.Va., started the weekend off with a national champion partner stunt routine to give the program its 33rd title. The stunt group of Maddie Jenne of Louisville; Melissa Bull of Pearl City, Ill.; Taylor DeSimone of Lake Grove, N.Y.; and Emily Kaltenbach of Springfield, Ohio; also competed on Friday and finished runner-up.

On Saturday, the all-girl and coed squads competed in the team competition. All-girl earned a second-place finish. In the coed division I category, the Eagles captured another national championship to add to their storied tradition.

"I'm super proud of coed for continuing the winning tradition for their 23rd national championship," said Coach Bill Mayo. "It's an amazing feat that has never been accomplished by any team in the history of collegiate cheer.

MSU's dance team also advanced to finals and finished sixth overall.



Rob Tenyer named head football coach

Rob Tenyer has been named the 14th head coach in school history. Tenyer has served as Morehead State’s offensive coordinator the past two years after four seasons as recruiting coordinator. He has coached running backs all 12 years with the Eagles, in addition to stints as receivers coach, strength and conditioning coordinator and equipment coordinator.

Hail nominated to Board of Truman Scholarship Foundation

U.S. Senate Republican Leader Mitch McConnell announced that Dr. Michael W. Hail has been nominated by the President to serve on the Board of Trustees of the Harry S. Truman Scholarship Foundation. Dr. Hail is associate professor of government in the Institute for Regional Analysis and Public Policy. He also serves as assistant dean of the School of Public Affairs and director of the MPA and Government Graduate Programs.

MSU is part of first Veterans Treatment Court in Kentucky

Veterans in Jefferson County now have access to a specialized court that focuses on the unique needs of those who have issues with substance abuse and mental health. The Administrative Office of the Courts (AOC) is collaborating on this project with the Office of the Jefferson County Attorney, the Robley Rex Veterans Administration Medical Center, Seven Counties Services, Jefferson County Drug Court and Morehead State University. MSU’s part in the Veterans Treatment Court project will be evaluating the implementation and associated outcomes. A process and outcome evaluation will be conducted by Dr. Lisa Shannon, assistant professor of social work.

“Many of the men and women coming back from war today are coming back with lots of challenges,” said Dr. Andrews. “The Treatment Court is a way to help them toward rehabilitation, so they can still be productive members of society.” Dr. Andrews served two tours in the U.S. Army during the Vietnam War.

MSU set to realize \$9.3 million in energy savings

MSU will save more than \$775,000 annually in utility costs through an Energy Savings Performance Contract (ESPC) with Siemens. This will accrue over \$9.3 million in aggregate utility savings during the 12-year agreement. Siemens worked with the university to complete a detailed facility infrastructure assessment and energy audit.



MSU to open American Center at Guangxi University (China)

MSU’s Office of International Education will open an American Center at Guangxi University (GXU), in Nanning, PRC.

Dr. James Masterson, the project director and the director of international education, secured a \$75,000 grant from the U.S. Department of State to provide programming to educate Chinese students at Guangxi University about American culture and address common myths and misperceptions that Chinese students may hold.

“The American Center will allow Morehead State to further several initiatives simultaneously. Through the grant, we will be able to continue to provide world-class education to students from disadvantaged backgrounds, only this time, in the Zhuang Minority region that is located in Guangxi Province,” said Dr. Masterson.

MSU has had an on-going relationship with Guangxi University for more than a decade. More than 30 visiting scholars from GXU have come to MSU’s campus and 14 undergraduate and graduate students have taken classes here in the past year.

Did you know?

The NFL’s Baltimore Ravens head coach John Harbaugh was an assistant coach at MSU.



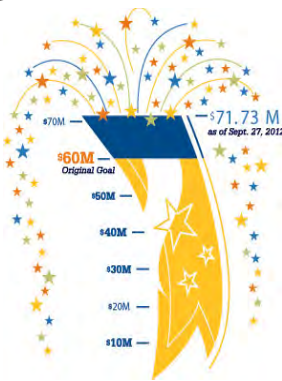
MURRAY
STATE UNIVERSITY

Murray State University and international Safe Community

The National Safety Council designated Murray State University as a Safe Community through its Safe Communities America Program. Murray State is the third academic institution, first public university and the 22nd organization in the United States to be recognized as an international Safe Community. The Safe Communities program validates the university's good work for safety and health. During the application process, the university examined its various programs and activities, how they intertwined with one another and assisted with addressing safety and health issues for students, faculty, staff and all visitors.

HTBH campaign ends on high note

Murray State University shattered all previous fundraising efforts at the school by closing the *Hold Thy Banner High: The Campaign for the Students of Murray State University* with a \$71.73 million total. The original \$60 million goal was surpassed in June 2011, leading to a new goal of \$70 million. Fifty percent of the funds donated benefited student scholarship endowments, causing annual scholarship awards at Murray State to double to over \$1.6 million in 2012. The campaign supported new initiatives to advance academic excellence, provide scholarships, support athletics, purchase new research and laboratory equipment, and advance campus improvements.



Gifts for basketball practice facility and Hall of Champions

As both Murray State University's men's and women's basketball teams continue their successful 2012-13 seasons, they have something special to look forward to next season — a new basketball practice facility currently under construction. Donors and Racer fans stepped forward with generous gifts that will provide enhancements to the facility. Larry and Susan Suiter, Bill and Irene Morgan, Jim Thomas and Beth Williams, Dr. Gene W. Ray and Proud To Be A Racer Publications Inc. have all provided funding for the basketball practice facility and Hall of Champions that will be located there. These gifts will establish the Suiter Family Head Coach's Suite, Morgan Court and a conference room named for Thomas, Williams and Howie Crittenden. The new practice facility will be named the Gene W. Ray Center.

Murray State senior takes her mission to Africa



Student Morgan Masterson used her experience as a youth and nonprofit leadership minor at MSU on a mission trip to Tanzania, where she shared her faith,

taught English and helped build an orphanage. She plans a return trip to Tanzania and would like to work for a nonprofit organization after her May graduation.

Sweet sorghum to ethanol

Delta BioRenewables LLC, a sustainable feedstock producer and bioenergy project developer, has with its collaboration partner, Commonwealth Agri-Energy LLC, successfully produced ethanol from sweet sorghum sugar at its corn ethanol facility in Hopkinsville, Ky. Strategic planning support for the project was made possible through the partnership of Murray State University, West Kentucky AgBioworks, Memphis Bioworks Foundation, Kentucky Agriculture Development Fund, Kentucky Energy and Environment Cabinet, and USDA Rural Development.

MSU has record enrollment

Increases in first-time freshmen and international students combined to raise Murray State University's overall enrollment to an estimated 10,832 students, a growth of two percent. Together with the last two years of increases, Murray's numbers represent a 7.5 percent rise in students enrolled since 2009-10.

CASE awards for excellence

The institutional advancement division at MSU won 12 CASE-Kentucky awards for university publications, social media projects and video campaigns. Grand Champion awards were earned by the Pink Glove Dance video partnership with Western Baptist Hospital, the *Points of Pride* annual report publication and the Murray State Anthem campaign.

McNair funding continues at MSU

Murray State was one of only 140 programs nationwide to receive funding for the Ronald E. McNair Post-baccalaureate Achievement program, which provides necessary assistance for socioeconomically disadvantaged students to further their educations by pursuing a doctoral degree. MSU will receive \$1.125 million over the next five years to support the McNair program. In addition, the university will contribute \$285,000 in scholarships and financial support to the program over this five-year period.



Business program ranked by GetEducated.com

Murray's Bauernfeind College of Business has been ranked a "Best Buy" by the national review team at GetEducated.com. MSU's online master of business administration program ranked 18 on its list of Best Online M.B.A. programs. The online learning ranking is based on a comprehensive review of 139 competing online M.B.A. programs nationwide in the AACSB-accredited division.

JMC students and faculty give presentation in NYC

Four members of MSU's department of journalism and mass communications — lecturers Gill Welsch and Bob Valentine and students Kirby Feldkamp and Abigail Goss — traveled to New York City to make a presentation about the department to human resource directors of all of the Omnicom Group companies.

Outstanding ACS poster award

Senior chemistry major Lucas Daily earned the "Outstanding Undergraduate Poster" award at the 47th American Chemical Society Midwest Regional Meeting in Omaha, Neb., for his entry, "1H NMR and Thermal Analyses of 1,4-Dialkyl-1,2,4-triazolium Ionic Liquids."

YNL students select "Pay It Forward" recipients

Students enrolled in YNL 351: Leadership and Support Systems in Youth and Human Services Organizations awarded \$1,500 to nonprofits. Students worked with nonprofit projects in the region, then selected proposals for funding. The Mayfield-Graves County YMCA received funding for a "YMCA afternoon jamboree" program developed by MSU student Kacie Kemp for special needs children. The Murray Main Street Youth Center received its grant for a "Building character with the word of God" initiative created by MSU student Lisa Robin Spiderwoman Sanford. The Coldwater United Methodist Church of Calloway County was awarded a grant to support its fall festival, which raised money for the St. Jude Children's Research Hospital mission. MSU student Andrea Broach organized this project.

GetConnected

MSU is the first university in the nation to sponsor the GetConnected website, a platform for community organizations to connect to their volunteers. The website, which will serve multiple local communities in western Kentucky, is funded through a mini-grant from Murray State's office of regional outreach.

RacerGISOnline is a winner

Murray State University's entry in the 2012 Cengage Pride/Ferrell Innovations in Teaching Competition, "RacerGISOnline: An Interactive Online Learning Portal for Business GIS Applications," emerged as the winner on Nov. 2. This annual competition is held as part of the Society for Marketing Advances (SMA) annual conference. Murray State faculty members attending the conference were Joy Roach, Kathy Smith, Glynn Mangold, Tim Johnston, Stefan Linnhoff and Fred Miller.





GOLD RUSH

JAN 2013 NORTHERN KENTUCKY UNIVERSITY



GO FIGURE

40%

Increase in NKU fall applications over the same time last year.

3.11

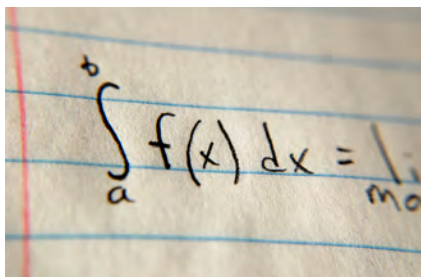
Cumulative GPA for NKU student-athletes last fall – highest in school history.

11%

Graduate students now make up more than 11 percent of NKU's enrollment.



NKU PARTNERSHIP SEEKS TO IMPROVE KY HIGH SCHOOL MATH PERFORMANCE



NKU, AT&T and the Kentucky Center for Mathematics are partnering to improve Kentucky high school students' math skills.

AT&T has awarded KCM and NKU \$20,000 to create clubs in five high schools throughout Kentucky that will meet weekly and use the Charles A. Dana Center's Agile Mind Academic Youth Development Program curriculum to help struggling students.

Students will have access to online learning tools that help them better understand algebra, the fundamental math course in high school. Algebra

teaches students the basics for more advanced math courses such as geometry, trigonometry and calculus. Students without these essential skills cannot advance to higher math courses and have difficulty on state proficiency and college placement tests. By addressing their problems early, students have a better chance for success in mathematics in high school, college and adult life.

The math clubs are KCM's first major high school math initiative. The center works through its Primary Mathematics Intervention Program and Numeracy Project to increase elementary students' understanding of basic mathematics concepts. KCM provides teachers throughout Kentucky with strategies and resources to help struggling students. As a result, many of the students who receive help in first grade score proficient or distinguished on their fourth grade proficiency tests. KCM hopes to achieve similar results with this new program.

COLLEGE CORNER

HAILE/US BANK COLLEGE OF BUSINESS

The NKU Haile/US Bank College of Business has received a \$9,900 grant from the Procter & Gamble Higher Education Grant Program.

The grant is titled "Building Cross-Cultural Experience into the Human Resource and Marketing Curricula: A Focus on Diversity in Talent Management and Market Research Application in Bicultural Teams." It supports international exchange programs developed by NKU with the University of East London (UEL) and National University of Ireland Maynooth (NUIM).

"Northern Kentucky University is committed to providing its students with the tools to succeed in a competitive global business environment through a broad range of international experiences," said Francois LeRoy,

executive director of the NKU International Education Center. "The kind of cutting-edge initiative designed by the Haile/US Bank College of Business and funded by this P&G grant is certain to add great value to the students' education by allowing them to work with foreign peers on class projects in an enriching international perspective."

The two-phase project utilizes an innovative teaching approach that will virtually co-locate two business classes from three different countries. Students in Ireland, the UK and the US will attend their normal classes at their home universities; however, they will use low-cost technology and popular meeting and social media tools to complete course projects in teams comprised of students from different countries.



NKU RANKED AMONG KENTUCKY'S SAFEST PUBLIC CAMPUSES

For the second straight year, NKU has been recognized as one of the safest college campuses in the commonwealth in the annual ranking of the safest colleges and universities in the United States compiled by StateUniversity.com.

The rankings are based on incidents of campus crime as reported by campus safety officials. StateUniversity.com analyzed crime statistics for 450 American colleges and universities and assigned a safety rating to each school. Safety ratings are determined based on the number of occurrences of aggravated assault, robbery, burglary, theft/larceny, motor vehicle theft, forcible rape and murder on campus. Scores are then weighed based on the probability of each incident happening to each student since naturally larger campuses would be expected to have a higher number of total incidents.

"The safety of our community is our top priority," said NKU Chief of Police Jason Willis. "Tragic incidents can happen anywhere at any time. So while we're proud of our safety record, we also understand the importance of remaining vigilant to make NKU a safe place to live, work and learn."

BRIEFS

PROCESS UNDERWAY TO DEVELOP 5-YEAR STRATEGIC PLAN

President Geoffrey S. Mearns announced at a special spring convocation on Jan. 11 that the university has begun a strategic planning process that will guide NKU through its 2018 50th Anniversary. Mearns told a packed Greaves Concert Hall that the year-long process will be led by a committee which he will chair. It will include input from faculty, staff, students, alumni and community leaders. A final draft of the five-year plan is expected in November.

MORE: <http://president.nku.edu/convocations/springconvo13.html>

NKU CAMPUS TO BECOME TOBACCO-FREE

The NKU Board of Regents has voted to direct the adoption of a tobacco-free campus policy. The board's action authorized NKU to develop the details of the policy and to appoint a Tobacco-Free Campus Task Force to develop recommendations for the transition and the policy's implementation. The transition process will include students, faculty, staff and visitors, and could take up to 18 months. NKU will join the University of Kentucky and Morehead State University as completely tobacco-free campuses.

MORE: http://nku.edu/news/_130109tobacco.html



THE

SCOREBOARD

The NKU men's and women's basketball teams are deep into Atlantic Sun Conference play. The men's team opened the season on a brutal 10-game, 11,000-mile road trip that included then-No. 4 Ohio State. The men (4-11, 2-5 A-Sun) are led by Eshaunte Jones' 13.8 points per game. The women, led by Kayla Thacker (10.8 ppg), have won three of their last five games and sit at 6-10, 3-4 in the A-Sun.

FACULTY FOCUS

NKU music professor Dr. Brant Karrick has been named the College-University Teacher of the Year by the Kentucky Music Educators Association. He is the fourth member of the NKU music faculty to receive the honor. The award is given annually to one Kentucky professor who has shown excellence in his or her profession as a teacher of undergraduate and graduate music students. Dr. Karrick oversees the entire band program including the symphonic winds, the concert band and the Norse pep band. He also teaches classes in conducting, music education and marching band techniques, while also assisting with student teacher supervision.

STUDENT PHILANTHROPY CLASSES A WIN-WIN

Ten local nonprofit agencies have received grants totaling over \$12,000 awarded by five NKU classes as part of a program designed to teach community stewardship. NKU's student philanthropy classes generally work with \$2,000 that they may award to one nonprofit or divide between two nonprofits. Each class evaluates community needs, determines which nonprofits are most effectively meeting those needs and, in the end, decides as a class which nonprofits will make the most effective use of the funds.

MORE: www.nku.edu/news/_121129mayerson.html

ADVANCEMENT WINS 31 CASE-K AWARDS

University Advancement won 31 awards at the Council for Advancement and Support of Education - Kentucky conference. NKU won more overall awards and Grand Awards than any other school. Grand Awards were won for Dreamers Welcome (publications); Alumni Programs (alumni relations); Votruba Retirement Dinner (special event); NKU Parent Calendar (publication); Northern Magazine (alumni magazine); NKU.edu homepage (home page design); Social Media Program (social media); Gold Rush (electronic newsletter); and Free Hug (photography).

MORE: www.nku.edu/news/_121211case.html

ALUMNI NEWS



Matt Langford ('12) has had a hand in crafting some of the world's most recognizable toys. On a larger scale, he brings historical figures to life through his iconic statues that are scattered throughout Northern Kentucky.

Langford discovered sculpting at NKU 30 years ago. Today, his toy creations rank as some of the most popular the world has known, including Star Wars and Harry Potter figurines. "If you are under the age of 35," he says, "you have probably played with something I made."

He worked with Douwe Blumberg to create the statue of a modern American soldier on horseback unveiled at Ground Zero on the 10th anniversary of September 11. He also produced the life-size sculpture of Abraham Lincoln on NKU's campus as well as sculptures at the Kenton County Public Library, Covington Arts District and Covington Latin School.



Governor Announces Partnership with UK HealthCare to Operate New Eastern State Hospital

Gov. Steve Beshear announced in January that the Kentucky Cabinet for Health and Family Services (CHFS) and University of Kentucky HealthCare have signed a letter of intent under which UK will operate and manage the newly constructed Eastern State Hospital located on UK's Coldstream Research Campus in Lexington. The agreement will not only maintain and improve quality patient care, but will also allow UK to leverage its considerable expertise in research and clinical therapies to modernize treatment options while training the next generation of behavioral health providers.

"This new facility represents the continued improvement in the care and treatment of persons with severe and persistent mental illness and demonstrates our commitment to modernizing our behavioral health treatment capacity," said Gov. Beshear. "An integrated treatment for both behavioral and physical health provides the best outcomes for patients, and the UK HealthCare system is uniquely suited to blend those treatments for the patients at Eastern State Hospital."

Other state governments have forged successful partnerships with academic medical centers to operate psychiatric hospitals, including Arkansas and the University of Arkansas; Connecticut and Yale University; and New York and Columbia University.

"Our vision for health care in Kentucky is that no matter where someone wakes up in our state, they can take solace in knowing that regardless of how serious the illness, they can receive the best possible care at the University of Kentucky," Dr. Capilouto said. "This potential partnership – with Gov. Beshear's leadership – is yet more evidence that such a compelling vision for health care in Kentucky is becoming a reality."

Patients served by Eastern State Hospital require coordinated, multidisciplinary treatment teams. As administrator of Eastern State Hospital, UK will leverage its internal clinical and research expertise in psychiatry, psychology, pharmacology, social work, marital and family therapy, public health law and other areas that are key to evidence-based treatments. This collaboration will allow UK to train clinicians and researchers in the most advanced paradigms of evidence-based care and prepare them to practice in the world of integrated behavioral and general medical care. Such integrated care is more cost effective and leads to better outcomes for patients.

The collaboration also provides UK great opportunities for research in diagnosis, treatment and prevention strategies of behavioral health issues.





University of Kentucky Confucius Institute Names 2012 Institute of the Year

The University of Kentucky Confucius Institute (UKCI), established for only two years, was named the 2012 Confucius Institute of the Year in December.

Awarded by the Office of Chinese Language Council International (colloquially known as the Hanban), the honor distinguishes the UKCI among the more than 430 Confucius Institutes in 115 countries; there

are approximately 90 Confucius Institutes in the U.S. UKCI director Huajing Maske and interim Provost Tim Tracy accepted the award at the seventh World Confucius Institute Conference in Beijing, along with 25 other institutions around the world that also received the honor.

The scope of the award highlights how the impact and influence of the UKCI go beyond Kentucky. As the key facilitator to UK's China exchanges, the institute also helps colleges identify and develop their strategic China partnerships with reputable Chinese universities. These partnerships create tremendous opportunities for research and teaching for faculty, as well as scholarships and study opportunities for students.

In fewer than two years, the UKCI demonstrated strong leadership in the Chinese language and culture programs in Kentucky's K-12 schools. The institute sent out specialized instructors to public schools, and helped Woodford Public Schools to jumpstart a Chinese program in every school, granting more than 2,000 American students the opportunity to study Chinese language and culture. The institute also conducted 15 different Chinese teacher training workshops, the largest one attracting 150 Chinese teachers from 16 different states.

In addition to the works on campus and in the public schools, UKCI has worked with more than 10 organizations in the community and conducted dozens of events and activities on Chinese art and culture.



Eric Monday Named Executive Vice President of Finance and Administration

The University of Kentucky recently named a new Executive Vice President for Finance and Administration.

Eric N. Monday, most recently served as vice chancellor for finance and administrative services and chief financial officer at Louisiana State University, a senior level position at that state's flagship university that he held since 2010. At LSU, he oversaw all of LSU's finance and administrative divisions, including budget and planning, human resources, accounting, police, auxiliary services, procurement & property management.

Monday has about 15 years of higher education experience, holding a number of critical positions at LSU, including stints helping lead emergency operations, student life and student services at various points in his career.





The new Student Recreational Center is slated to open October 2013.

Investing in the future

Over the last decade, the University of Louisville has invested nearly \$1.6 billion in new development on campus and throughout the community, including more than \$280 million in exciting new projects currently underway. Most of the major projects have been privately financed at no cost to the taxpayers.

During the 10-year span, the privately financed \$77.1 million renovation of Papa John's Cardinal Stadium was finished. The first new corporate building at ShelbyHurst, 600 North Hurstbourne, was completed last year and is 100 percent occupied, serving as headquarters to Churchill Downs, NTS, Semonin Realtors, BKD Louisville and Stifel Nicolaus.

The university is also close to completing the first building at the Nucleus Innovation Park, a nine acre research park in downtown Louisville. The new building, which offers 200,000 square feet of adaptable space consisting of state-of-the-art dry labs, as well as office space, is scheduled to open in May. It was designed to serve as a catalyst for economic development and innovation throughout the region.

But the path to progress on campus and throughout the community continues, with hundreds of millions of dollars invested in current and future projects.

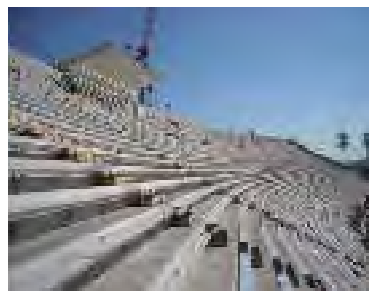
Along with a new \$37.5 million Student Recreation Center, financed with student enacted fees and slated to open in October 2013, UofL is formulating plans for new student housing on Crittenden Drive, while an additional building on the ShelbyHurst Campus, 700 North Hurstbourne, is currently under development. Progress is also being made in the development of the Belknap Engineering and Applied Sciences Research Park, with more than \$30 million dollars of preliminary planned construction.

The University of Louisville plays many roles in the city, region and state. It is more than a center of learning. UofL's economic development projects continue to transform the cityscape, serving as an economic catalyst for the Louisville region.

Through these projects, UofL hopes to lay the foundation for enhanced state funds for operations, Bucks for Brains and capital investments for long overdue classroom facilities on both campuses, during the 2014 legislative budget session.



When completed, the ShelbyHurst Office Campus will have over 1.5 million square feet of modern office space.



A \$77 million investment expanded PJCS to 55,000 seats.

A Letter From the President

Dear Friends and Family of UofL,



As we start 2013, the University of Louisville wrapped up last year on a number of "highs." The announcement of our partnership with KentuckyOne; surpassing our original fundraising goal of \$750 million in the Charting Our Course Campaign; the opportunity to join the academically and athletically prestigious ACC; several significant grants and gifts to the university; the Sugar Bowl – I could go on and on.

A number of people have said, "Wow! What a great close to the year." It has been. But each of these achievements and the many more accomplishments of 2012 have been the result of the University of Louisville's focus and dedication to the Postsecondary Education Reform Act of 1997. Our job is to attack the issues and problems that we as a state face so that we can improve economic opportunity and the quality of life for our community and state. That's what we have been doing.

We understand that despite our successes we have more to do. The start of each year is dominated by the legislative session. This year is a short session – not intended to be a budget session. However, with issues such as tax reform, pension reform, the opportunity for additional revenue from expanded gaming, and the necessity to deal with our structurally imbalanced budget, the session will be tough.

We look forward to supporting Governor Beshear and members of the House and Senate in any way we can in addressing these difficult issues. We continue to be hopeful that as we find solutions for these difficult problems, it will help provide future funds for the support of education – all of education – early childhood through lifelong learning. We continue to believe that education is the key to our economic vitality as a community and state.

Let me close by saying again – 2012 was great. Now it's time to get back to work and reaffirm that we will never use the fiscal environment as an excuse for not moving forward with our statutory mandate.

Cards in the Capitol

Elected officials from across the commonwealth are converging on Frankfort this month to begin the 2013 regular session, including a number of distinguished UofL graduates. The university is proud to recognize several alumni who will serve in leadership positions.



House Speaker – Rep. Greg Stumbo, 75L



Senate President – Sen. Robert Stivers, 88L



House Minority Caucus Chairman – Rep. Bob DeWeese, 61M



House Majority Caucus Chairman – Rep. Sannie Overly, 93L

Sugar Bowl CHAMPS

The University of Louisville may have been the BIG EAST champions, but entered the 79th Annual Allstate Sugar Bowl as 14-point underdogs to SEC powerhouse Florida. Nearly every member of the national media expected a Big Easy blowout, but what they saw was the biggest upset in BCS bowl history. The third-ranked Gators were upset by a hungrier and more focused Charlie Strong-led Cardinal football team.

An estimated 25,000 UofL fans made the holiday trip to "Lou Orleans," turning the stadium into a virtual sea of red and black. The intense showing of fan support not only inspired the team to a dominating win, but is a validation of the direction and strength of a growing athletics program.

University of Louisville is using their prime time Sugar Bowl performance to showcase itself as a school that's on the move academically, as well. UofL's Sugar Bowl win, its high profile move to the Atlantic Coast Conference and trip to the Final Four, will not only help recruit better athletes, it will also aid fundraising for research, student scholarships and infrastructure. Everyone likes being associated with a winner and right now UofL is winning big both on and off the field.



Campaign reaches \$750 million mark

University of Louisville officials announced that they have surpassed their original benchmark of \$750 million and are well on their way to completing their goal of raising \$1 billion in private support for the university's Charting Our Course comprehensive campaign by July 2014. The announcement came at a Jan. 15 press conference highlighting the \$3 million dollar gift from Henry Heuser and the Vogt Foundation to fund student merit-based scholarships, designed to help deserving students pursue their academic careers.

"We are especially thrilled about these gifts because they directly impact our students," said UofL President James

Ramsey. "We'll be targeting more donations for scholarships in the stretch run of our comprehensive campaign."

The \$3 million donation will be matched with an additional \$3 million from other donors to create the Vogt-Hallmark Scholarship.

"The support we've received from donors large and small has been unbelievable," said UofL's vice president for university advancement, Keith Inman. "We've blown away our original goal of \$750 million and we're headed toward a billion dollars

with a renewed focus on raising money for student scholarships."

The comprehensive campaign, which began in 2007, has also named former UofL basketball legend and Louisville businessman Ulysses Lee "Junior" Bridgeman and PNC regional president Chuck Denny as two new co-chairs to assist the university in reaching its billion dollar goal.

UofL is one of only 48 institutions that are currently in a capital campaign with the goal of raising at least \$1 billion for higher education.



CHARTING OUR COURSE

The Campaign for Kentucky's Premier Metropolitan Research University



The University of Louisville is an equal opportunity institution. The delivery of this publication is carbon neutral. It is printed on 100% post-consumer waste recycled paper. It was produced by the University of Louisville and printed using nonstate funds. 326391 - 01/13

Western Kentucky University news for the Council on Postsecondary Education, February 2013

For more WKU news, visit www.wku.edu/news.



Superintendent Nannette Johnston announces the early college and career center.

WKU partners with Hardin County Schools, others, to create early college and career center

WKU has joined Hardin County Schools, Central Kentucky Community Foundation and Elizabethtown Community & Technical College in a dynamic educational partnership to create an early college and career center.

The Hardin County Board of Education has accepted from WKU 20 acres near ECTC on which the center will be constructed. The Central Kentucky Community Foundation gave the land to WKU in 2007.

The center will fulfill several roles. High school students in the Hardin County Schools will use the center to take courses in several career pathways. The pathways include health science, engineering, manufacturing, transportation, distribution & logistics, media arts & communication and culinary arts & hospitality services. “These are currently the needs of our community’s business and industry,” Hardin County Superintendent Nannette Johnston said.

The proximity to Elizabethtown Community and Technical College is vital to the center. Students will be able to easily attend classes at any

part of the campus. “Whether it be dual-credit opportunities or career-centered classes through technical programs, our students will benefit greatly from the ECTC,” Johnston said. She said the center should open in fall 2014.

“What you all are doing right here is developing that skilled, educated and productive workforce,” Lt. Gov. Jerry Abramson said. He said the center would give students a chance, “while they’re in high school, to learn some special traits and skills to go right to work.”

WKU is also prepared to share instructors with Hardin County Schools and offer unique and specially designed courses for the district’s students. WKU will also be able to offer evening college courses in the new center after HCS high school students have left for the day. Through a continuing partnership with ECTC, this center will also offer dual credit and early college enrollment opportunities. See <http://wkunews.wordpress.com/2013/01/24/hardin-county-partnership/>



Kentucky Lt. Gov. Jerry Abramson talks with WKU President Gary Ransdell after the announcement.

5 WKU students awarded funding from Gilman International Scholarship Program

Five WKU students have been awarded funding through the Benjamin A. Gilman International Scholarship Program that will support them in spring 2013 study abroad programs around the globe.

Makka Wheeler of Guthrie, Ky., a junior majoring in nursing, will study abroad in Costa Rica studying Spanish and cultural diversity.

Hayley Hilbert of Louisville, Ky., a sophomore international affairs major, will study at Harlaxton College in Grantham, England.

Christina Paige of Fayetteville, N.C., a sophomore majoring in communication studies and Asian religions and cultures, will study Asian religion and culture at Kansai Gaidai University in Hirakata City, Japan..

Haley Edwards of Buffalo, Ky., a senior English major, will study at Yarmouk University in Irbid, Jordan.

Allyson Beasecker of San Diego, Calif., a senior pursuing degrees in English and news/editorial journalism, is not participating due to extenuating circumstances.

The Gilman Scholarship Program offers awards of up to \$5,000 for study abroad to undergraduates receiving Pell grants. See <http://wkunews.wordpress.com/2013/01/08/gilman-2013/>

3 selected for Kentucky Teacher Hall of Fame

Members of the sixth class of the Gov. Louie B. Nunn Kentucky Teacher Hall of Fame, chosen by a statewide selection committee, are Eloise Hadden, Anne Padilla and Juanita Park.

The 2013 induction ceremony is scheduled for 1 p.m. (Eastern time) Feb. 26 at the State Capitol in Frankfort.

The Kentucky Teacher Hall of Fame was created in 2000 through a gift by former Gov. Nunn. WKU was selected as the home of the Kentucky Teacher Hall of Fame because of its more than 100-year history in teacher education.

A native of Raywood, Texas, Eloise W. Hadden taught Home Economics for 33 years in Logan and Simpson counties. Her numerous awards and honors include Logan County's "Teacher of The Year" and first-runner up in the state competition in 1980, recipient of the 1995 Jefferson Award for public service and volunteer work in South Central Kentucky and WBKO-TV's "Hometown Hero" in 1999 for work with Auburn Library and Museum. Hadden has received several awards from WKU's Department of Family and Consumer Sciences.

A native of New York, Anne Hardie Padilla has taught English and Composition for 50 years, including the past 27 years at Bowling Green High School. Her awards include Bowling Green Teacher of the Year in 1976, nominee for DisneyHand Teacher Award (Creativity in Teaching) in 2004 and University of Chicago Outstanding Teacher Award in 1995. In 1992, Padilla was part of the original group trained in implementation of Kentucky Educational Reform Act.

A native of Louisville, Juanita Kennedy Park began her teaching career in 1944 in Ohio County and continued to work with student teachers at WKU until 2012. Park served as president of the Kentucky Association of Classroom Teachers in the mid-1960s and received several awards for her service with the Kentucky Education Association. Other awards include the Kentucky Association of Teacher Educators Presidential Award in 1988, Kentucky Federation of Business and Professional Woman's Club "Young Careerist" Service Award in 1981, Kentucky Federation of Business and Professional Woman's Club President's Decathlon Award in 1980 and Kentucky Association of Supervision and Curriculum Development President Unit Award in 1978. See <http://wkunews.wordpress.com/2012/12/12/kythof-2013/>



The members of the sixth class of the Kentucky Teacher Hall of Fame will be inducted on Feb. 26. From left are Eloise Hadden, Anne Padilla and Juanita Park.

WKU celebrates opening of Innoplexx, the Student Business Accelerator

WKU's Research Foundation in December celebrated the grand opening of a 1,200-square-foot space in the Center for Research and Development for Innoplexx, the WKU Student Business Accelerator.

"The student business accelerator is an incredibly important step for WKU as we seek to create an environment that facilitates commercialization and moves intellectual property into the marketplace," said WKU President Gary Ransdell. "This is a great example of WKU setting the stage for our students to have the opportunity to implement their ideas and start a business. The main dynamic is allowing young minds to achieve their potential."

Innoplexx gives students a place to work and network with others that are in the first phase of starting their business. The room provided was renovated to meet the needs of what students today expect out of their work space. It is a partnership between the WKU Research Foundation, the Central Region ICC (part of the Kentucky Innovation Network), Warren County, the City of Bowling Green, the Bowling Green Area Chamber of Commerce, the Bowling Green Technical College, and Innovate Kentucky.

See <http://wkunews.wordpress.com/2012/12/05/innoplexx/>





News from the Association of Independent Kentucky Colleges & Universities February 2013



AIKCU interns working in state agencies

Four AIKCU students arrived in Frankfort this month to start internships in state government agencies. Interns work 30 hours per week in state agencies and take two upper level seminars under the guidance of Kentucky Journalism Hall of Fame member Richard Wilson.

This year's AIKCU interns are (pictured left to right):

- **Zachary Myers**, a **Campbellsville University** political science senior interning in the Cabinet for Education and Workforce Development.
- **Allisandra (Allie) Ward**, a junior at the **University of Pikeville** working in the Cabinet for Tourism, Art and Heritage's travel division.
- **Katheryn Young**, a **Lindsey Wilson College** senior interning with the Kentucky Historical Society.
- **Andrew Harper**, a **Campbellsville University** senior interning in the Office of the Inspector General of the Cabinet for Health and Family Service.

AIKCU distributes \$48,000 in UPS Scholarships

AIKCU has distributed \$48,000 in UPS Scholarships to 20 students with financial need, one at each AIKCU member institution. The scholarships were made possible by a grant from the UPS Educational Endowment Fund administered by the Council of Independent Colleges (CIC) in Washington, DC. More: <http://www.aikcu.org/2013/01/09/aikcu-distributes-48000-in-ups-scholarships-2/>



News from the Association of Independent Kentucky Colleges & Universities February 2013

Union College offers students free final semester to boost retention

Union College recently garnered national attention for the Christmas gift new President Marcia Hawkins gave first-year students. If this year's freshmen earn good grades, get involved in college life, and are on track to graduate in four years, they can enjoy their final semester tuition-free. The incentive is designed to help increase retention rates at the Barbourville college. Read more in Inside Higher Ed:

<http://www.insidehighered.com/news/2013/01/15/union-college-offers-free-last-semester-increase-retention-rate>

Transylvania University partners with UK for pre-engineering program

Transylvania students can now take up to six courses at the University of Kentucky College of Engineering as part of their undergraduate work and be fully prepared to enter a master's or doctoral engineering program upon graduation. This partnership allows Transy students to complete their full four-year liberal arts education while preparing for graduate studies in engineering. Previously, Transy students interested in engineering could only take advantage of 3-2 dual bachelor's degree arrangements with UK or Vanderbilt. Those programs remain. Read more about the new partnership:

<http://www.aikcu.org/2012/12/20/transylvania-university-partners-with-uk-for-new-pre-engineering-program-for-transy-students/>

2013 Legislative Session Update

Kentucky.gov

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Gov. Beshear, Lawmakers: Agency Bonds for Universities to Spur Job Growth, Meet Student Needs with No Taxpayer Costs

Press Release Date: Thursday, January 10, 2013

Revision Date: Thursday, January 10, 2013

Contact Information: Kerri Richardson
Terry Sebastian
502-564-2611

FRANKFORT, Ky. – Governor Steve Beshear, joined by a bipartisan group of legislative leaders and state university presidents, today announced a plan to approve the issuance of bonds by Kentucky's public universities for campus improvements supported by university revenues.

These agency bonds will be issued by the individual universities over the coming months, and will allow the schools to fund critical renovation or construction projects at no cost to Kentucky taxpayers.

Gov. Beshear and the lawmakers plan to authorize \$363.3 million in agency bonds, which will have an estimated economic impact of nearly \$623 million and support 5,110 jobs. A bill will be filed soon to authorize the bonds.

"Agency bonds will meet the growing needs of our universities with no impact on the General Fund, as they will be paid for through existing revenue streams such as student fees and athletic revenues," said Gov. Beshear. "I appreciate the universities' continued good stewardship during these tough economic times. At a time when we are pushing our students to pursue higher education, it's imperative that they have adequate classrooms, housing and facilities, and the issuance of these bonds will accelerate those projects to meet those needs quickly."

General Fund support for the universities has been cut 15 percent over the last three biennial budgets. Universities need the authority to utilize other revenues to maximize student opportunities, including needed facilities that may be built or improved without general fund revenues from the state. The bonds were proposed in the last legislative session but were not authorized. No new fees are proposed to support the bonds.

"I appreciate the universities through donations and internal funds doing their part to develop better academic facilities, and especially applaud UK athletics for stepping up and funding the science center. The concept has been well-received by the Senate Majority Caucus," said Senate President Robert Stivers.

"I'm in favor of using these agency bonds to do these projects, and I'm particularly impressed at the way UK President Capilouto is using athletic revenues to help build an academic facility," said House Speaker Greg Stumbo.

Kentucky's eight university presidents are united in support of the plan, noting that accelerating these long-delayed projects will save money in construction costs and avoid additional cost burdens for students. Each school enjoys strong bond ratings, and the schools will be able to guarantee the bonds through existing revenue streams at a reasonable cost.

"The Council on Postsecondary Education and Kentucky's public universities are very grateful for the support of the Governor and legislative leaders for these projects," said Council on Postsecondary Education President Bob King. "We also appreciate the confidence this action expresses in the judgment and leadership our campus presidents demonstrate in meeting the needs of our students, faculty and staff."

The proposal includes eleven construction projects at six institutions that are ready to be financed and will move forward as soon as authorization is given by the General Assembly. Several projects will address outdated or inadequate student housing; others will improve existing classroom spaces. University presidents said these projects will provide a safer experience for students and faculty, improve campus quality of life, and avoid additional cost burdens for students.

underway in the current biennium. The ability to make progress on these projects now is critical for higher education, and we are grateful for the leadership and support of Governor Beshear and House and Senate leaders who have all worked together to make this possible."

The University of Kentucky plans to issue bonds for three separate projects, and will utilize athletic revenues to help pay for construction of an academic building, which is a first for a Kentucky university. Athletics will fund \$65 million of a \$100 million, 263,000 square foot Academic Science Building, where the currently Donovan Residence Hall sits. The current Chemistry-Physics Building is the second most used facility on campus, but is not equipped with modern or technology-rich classroom and laboratory space. Private fund-raising efforts also will be utilized.

"In offering support for us to self-finance facilities that will help dramatically improve and transform our campuses, Gov. Beshear and our legislative leaders are voicing their faith in Kentucky's future," said UK President Eli Capilouto. "For the University of Kentucky, authorization to self-finance three facilities on our campus will improve our ability to educate tomorrow's leaders today. It will expand our capacity to conduct research that broadens scientific understanding, creates new scholarship, and extends and enhances life. It will strengthen the service we render on behalf of a Commonwealth and world that needs us to lead."

Each of these projects is already in some form of planning by the universities, and some have initiated design work. Construction for most projects will begin this calendar year.

"I am pleased and thankful that the Governor and legislative leaders support this initiative," said Morehead State University President Wayne Andrews. "It will enable Morehead State University to continue to update residence halls for our students at no cost to the taxpayers of Kentucky."

The projects to be supported by agency bonds include:

- Morehead State University
 - Mignon Hall (residence hall) renovation, \$9.2 million

- Murray State University
 - Hester College dormitory renovation, \$9.9 million
 - College Courts housing sprinkler system upgrade, \$590,000
 - Capitol renewal projects (assorted facility improvements), \$4.9 million

- Northern Kentucky University
 - Residence hall acquisition and renovation, \$12 million
 - Albright Health Center renovation, \$45 million

- University of Kentucky
 - Gatton College of Business and Economics renovation, \$40 million (plus \$25 million in cash raised by UK through private philanthropy)
 - Commonwealth Stadium renovation, \$110 million
 - oAcademic Science Building construction, \$100 million (\$65 million of which will be supported by athletics revenue)

- University of Louisville
 - Student Activities Center renovation, \$9.6 million

- Western Kentucky University
 - Honors College and International Center construction, \$22 million

###

[Download a copy of the presidents' letter to the Governor and legislators, as well as briefings on each project. \(PDF\)](#)

[Listen to Governor Beshear's remarks at the press conference. \(MP3\)](#)

A PROPOSAL FOR SHOVEL-READY

UNIVERSITY-FUNDED CAPITAL INVESTMENTS

- ✓ Stimulate Kentucky's economy
- ✓ Asset preservation
- ✓ Student graduation & retention
- ✓ Safer experience for students
- ✓ Excellent institutional bond rating



NO COST
to Kentucky's general fund

\$622.9 MILLION
total economic impact

5,110
total Kentucky jobs in 2013

102,773
students served

Request: \$363.3 million in agency bonding authority (university funded)

12/27/2012



**Dear Governor Beshear
& Members of the Kentucky General Assembly,**

We, the presidents of Kentucky's four-year, public universities, are providing you with this first in a series of collaborative initiatives to maintain momentum at Kentucky post-secondary education institutions during these difficult financial times. We understand that these times call for us to look for innovative solutions to maintain the quality of Kentucky postsecondary education and continue to provide safe and accessible campuses for Kentucky students.

We are aware of the difficult financial decisions that you are challenged with during the 2013 session of the General Assembly. We understand that the availability of state revenue is greatly reduced and will be for some time. We hope the members of the General Assembly will work together to find solutions to solve priority challenges facing Kentucky – pension and tax reform – so that we can begin to reinvest in postsecondary education as soon as possible.

This publication is designed to provide you with a proposal to build 11 important facilities, for a total of \$363.3 million in agency bonding, to:

- Provide new state and local revenue
- Make Needed, Self-Funded Capital Investments
- Improve Student Access
- Complete Student Safety Enhancements
- Address Student Retention and Recruitment Issues
- Create new jobs and build local economies

Even though not all institutions have an agency-bonded facility to advance this session, we are all supportive of moving forward with 11 self-funded facility improvements over the next two years. These facilities will greatly **stimulate Kentucky's economy**, while requiring **zero state funds** for their construction. This **significant investment in Kentucky's future** will be funded with housing and/or dining revenue or other established revenue streams. And, all institutions advancing these facility improvements are **highly rated by bonding agencies** for their responsible bonding fiscal policies.

These facility improvements will provide a **safer experience for students** (sprinkler systems, ADA improvements, roofs, electrical repairs and more) and address facility needs that will increase **student retention and graduation**, through the enhancement of the student experience.

These projects are no longer on a want list; they are on a need list. And if not done soon, we stand to lose a significant amount of revenue. We want to **avoid an additional cost burden for students.**

The time is now to construct these facilities – the cost is low, the value is high and the **job creation and revenue development** are most needed.

Thank you,

President Eli Capilouto,
University of Kentucky

President Jim Ramsey,
University of Louisville

President Geoff Mearns,
Northern Kentucky University

President Gary Ransdell,
Western Kentucky University

President Doug Whitlock,
Eastern Kentucky University

President Randy Dunn,
Murray State University

President Wayne Andrews,
Morehead State University

President Mary Sias
Kentucky State University

Capital Investment Economic Impact Summary

Campus	Project	Direct jobs	Total jobs	Direct labor income (including benefits)	Total labor income	Project cost (direct output)	Total output (economic impact)	Students Impacted
Morehead State University	Mignon Hall Renovation	66	119	\$2,098,523	\$4,127,185	\$9,200,000	\$15,213,916	295
Murray State University	Capitol Renewal Pool Projects	35	64	1,126,816	2,216,119	4,940,000	8,169,211	2,310
Murray State University	Hester College (dorm) Renovation	71	128	2,258,193	4,441,210	9,900,000	16,371,496	318
Murray State University	College Courts Sprinkler System Upgrade	4	8	134,579	264,678	590,000	975,675	200
Northern Kentucky University	Residence Hall Acquisition/ Renovation	127	181	4,808,665	6,843,660	12,000,000	18,063,404	200
Northern Kentucky University	Albright Health Center Renovation	402	625	20,270,110	29,201,824	45,000,000	71,925,094	16,000
University of Kentucky	Gatton College of Business / Economics Renovation	580	903	29,279,048	42,180,412	65,000,000	103,891,803	10,000
University of Kentucky	Commonwealth Stadium Renovation	982	1,528	49,549,159	71,382,235	110,000,000	175,816,896	29,000
University of Kentucky	Science Building Construction	667	1,138	30,599,802	50,701,986	100,000,000	160,791,602	21,000
University of Louisville	Renovate Student Activities Center	86	133	4,324,290	6,229,722	9,600,000	15,344,020	22,250
Western Kentucky University	Honors College/ International Center	157	284	5,018,207	9,869,356	22,000,000	36,381,103	1,200
Totals		3,176	5,110	\$149,467,392	\$227,458,387	*\$388,230,000	\$622,944,220	102,773

*Number includes a \$25 million cash payment for the UK Gatton College renovation; actual agency bond total is \$363.3 million

Universities Receive an Excellent Bond Rating for Sound and Responsible Fiscal Policy

State University	Moody's Enhanced	S&P	Moody's Underlying	S&P
Eastern Kentucky University	Aa3	A+	A1	A
Kentucky State University	Aa3		A2	
Morehead State University	Aa3		A2	
Murray State University	Aa3		A1	
Northern Kentucky University	Aa3		A1	
University of Kentucky	Aa2	AA-	Aa3	AA-
University of Louisville	Aa2	AA-	Aa2	AA-
Western Kentucky University	Aa3	A+	A1	A



MIGNON HALL RENOVATION

\$9.2 million • 295 students impacted • 119 jobs created
Value to the Commonwealth: \$15,213,916

Impact:

295 students

Gross SF:

59,000 (renovated)

Approx. Start Date:

July 1, 2013

Est. Time to Completion:

14 months

Debt Service Source (existing):

100% supported by dining/housing revenues.

Est. Construction Jobs Created:

119

Value to the Commonwealth:

\$15,213,916



Mignon Hall was the first building constructed in Morehead State's Mignon Complex (composed of four residence halls). Mignon Hall is a six-story residence hall that houses 295 students.

It features four-person suites with a study room, bedroom and self-contained bath facilities. An elevator in the lobby accesses all floors. A patio located on the southeast side of the building is popular for hall socials and cookouts.

Mignon Hall was built in 1963 and has not had a major, comprehensive renovation.

This 50-year old structure is in need of major upgrades and improvement in order to meet the growing demand for student housing on campus. This renovation project is the sixth in a series of residence halls identified for major renovation in Morehead State's Comprehensive Housing Master Plan that was formulated in 2006. To date, major renovations have been completed on four residence halls and a fifth is currently under renovation.

The planning and design phase of the Mignon Hall renovation would begin as soon as agency bonding authorization is assured. The \$9.2 million project would be bid in the spring of 2014 and construction would start in June 2014. The construction phase of the project will take approximately 14 months.

Reasons Investment is Needed:

Safety; renovation would include upgrade/replacement of all electrical, plumbing and HVAC systems; upgrade or replacement of elevators; bathroom, floor and ceiling upgrades; information technology infrastructure upgrades; and addressing various building code compliance issues.



FACILITY RENOVATIONS & UPGRADES

\$15.4 million • 2,828 students impacted • 200 jobs created
Value to Commonwealth: \$25,516,382

Impact:

1. 318 students
2. 200 students
3. 2,310 students

Approx. Start Date:

July 1, 2013

Est. Time to Completion:

1. 14 months
2. 14 months
3. 12 months

Debt Service Source:

1. 100% supported by dining/housing revenues. (existing)
2. New.
3. 100% supported by dining/housing revenues. (existing)

Est. Construction Jobs Created:

1. 128 direct jobs
2. 8 direct jobs
3. 64 direct jobs

Value to the Commonwealth:

\$25,516,382



--- Project 1: Hester College (dorm) Renovation ---

Hester College is an eight-story residential facility that houses 318 students. The facility opened in 1967 and has not had a major, comprehensive renovation.

Reasons Investment is Needed: Safety; replacement of all major existing electrical, HVAC and plumbing systems; ADA bathroom upgrades; flooring/ceiling/lighting; ensure code compliance.

This \$9.9 million renovation could begin as early as July 1, 2013, and will take approximately 14 months.

--- Project 2: College Courts (housing) Sprinkler System Upgrade ---

College Courts consists of 12 two-story apartment-style residential units which opened between 1961 and 1966. The complex houses nearly 200 upper-class and graduate students. The \$590,000 renovation could begin in July 2013 and would take approximately 12 months.

Reasons Investment is Needed: While College Courts isn't required by state code to have a fire suppression system, the university would like to install a system for the added protection of its students and property.

--- Project 3: Capital Renewal Pool Projects ---

A number of capital renewal projects are required repairs/renovations that would be scheduled to begin after July 1, 2013, and would be planned as necessary to accommodate housing needs and issues through June 30, 2014.

- Roof Replacement – Hart College - \$400,000
- Roof Replacement – College Courts - \$240,000
- Hot water heater replacement – College Courts - \$360,000
- Exterior repairs/renovations – College Courts - \$590,000
- Replace fan coil units (heating/cooling) in five residential properties - \$2.95 million
- Asbestos abatement in two residential properties - \$400,000

Reasons Investment is Needed: Safety; roof replacements; replacement of critical facility heating/cooling/water systems; asbestos abatement.

ALBRIGHT HEALTH CENTER RENOVATION/EXPANSION
\$45 million ● 16,000 students impacted ● 625 jobs created
Value to Commonwealth: \$71,925,094

Impact:

16,000 students

Gross SF:

85,100 (new); 136,324 (renovated)

Approx. Start Date:

Upon approval, or July 1, 2013

Est. Time to Completion:

24 months

Debt Service Source (existing):

100% supported by student revenue approved in 2011; board approved and currently being collected. No new fee needed to complete.

Est. Construction Jobs Created:

625

Value to Commonwealth:

\$71,925,094



The 136,000-square-foot NKU Albright Health Center was constructed in 1984 at the west end of Regents Hall. It has three floors and is constructed primarily of concrete and glass. It houses both the campus recreation center as well as some academic programs.

Expansion of the facility was a high priority of the 2009 Master Plan and was a high recommendation of the VFA report. Expansion is further justified by benchmark comparisons. NKU has only 4 square feet per FTE student in this category. The range among Kentucky's comprehensive institutions is 4 to 59, with 20 being the average.

Design is 75% complete and includes an expansion of 85,000 square feet, full renovation of the current recreation space as well as code, HVAC, ADA, roof and electrical upgrades to the academic space in the building. These systems and equipment have already reached the end of their useful life. Delaying the project increases NKU's risk that emergency repairs will be required. These costs (estimated between \$200K and \$1 million) would be "sunk costs" because new systems will replace the existing ones. The repair investment would therefore be lost.

A fully-approved and in-place student fee will fund 100% of the cost of bond issuance. Construction would begin in July 2013 and be complete in 2015.

Reasons Investment is Needed: Safety; ADA/electrical code compliance; HVAC system replacement; roof replacement; space adequacy study rated the university's student health center as unsatisfactory (currently offers half the recommended space for students); financial risk caused by delay; serious student recruitment issues when competing with Ohio institutions.

Impact of Continued Delay:

Extended delay puts NKU at greater financial risk regarding cost estimate. Because of the delay, the university has added a \$2,102,000 escalation cost (7% of the construction cost) to the current estimate. This escalation means the university will have to either reduce the project scope or request additional bonding authority to cover the escalation.

Rapidly moving the project forward will put construction workers back to work sooner. The project will create 308 direct jobs and 508 total jobs over the two-year construction period. Delaying the project will have a negative impact on local construction material suppliers as well as contractors, designers and service providers.

Delaying the project will affect recruitment of NKU students – especially among high school juniors and seniors. Prospective students seeing the new Rec Center under construction will give NKU a competitive advantage over other colleges and universities.

RESIDENCE HALL ACQUISITION/RENOVATION
\$12 million ● 200 students impacted ● 181 jobs created
Value to the Commonwealth: \$18,063,404

Impact:

200 students

Approx. Start Date:

Upon approval, or July 1, 2013

Est. Time to Completion:

12 months

Debt Service Source (existing):

100% supported by housing/dining revenue.

Est. Construction Jobs Created:

181

Value to the Commonwealth:

\$18,063,404



NKU currently houses about 1,800 students and faces tremendous demand for residential options. For several semesters, the university has turned away qualified resident students merely because it could not offer enough beds to accommodate them. Additionally, the university has intentionally limited out-of-market student recruitment, which directly impacts NKU’s ability to serve its region, the commonwealth and beyond.

NKU has authorization to purchase a local residential facility and convert it to student housing. A facility, once renovated, will house a minimum of 200 students. This facility improvement investment will allow NKU to meet a growing, consistent demand for student housing.

Any facility under consideration could not be occupied without significant life safety, ADA and code upgrades. In addition, the HVAC, elevators, plumbing and interior finishes would all require upgrading.

The planning and design phase for this project can begin as soon as authorization is assured. Construction would begin in spring 2014 and be complete in August 2014.

Bonds would be fully supported by student housing fees.

NKU can save approximately \$8 million to \$13 million by completing a purchase/renovation investment as opposed to constructing a new residential facility.

Reasons Investment is Needed: Safety; ADA/electrical code compliance; mechanical/electrical systems replacement; elevator renovation; roof replacement; critical need for rapid growth; turning away resident students.



EXPAND & RENOVATE COMMONWEALTH STADIUM NUTTER TRAINING CENTER

\$110 million • 29,000 students impacted • 1,528 jobs created
Value to the Commonwealth: \$175,816,896

Impact:

29,000 students

Gross SF:

TBD (renovated)

Approx. Start Date:

2013

Est. Time to Completion:

July, 2015 (requires two seasons)

Debt Service Source (existing):

\$110M of agency bonds to be funded from new suites and club seating and UK Athletics' expanded SEC revenues.

Est. Construction Jobs Created:

1,528 for 24 months

Value to the Commonwealth:

\$175,816,896



Executive Summary

Our existing stadium was built in 1973 and is in need of upgrades and expansion to better accommodate the students, fans, and players. This expansion will provide new premium seating with revenue generating opportunities, improving the overall operational effectiveness and enhancing the fan experience.

Within the scope of this project will be many upgrades that will allow UK to lure the best student athletes to our campus. Playing in the Southeastern Conference provides great challenges for our coaches and teams; but being able to have the best high school student athletes become Wildcats gives us the chance to compete. The renovations to the stadium will be a major step forward to increase our chances of recruiting these players. These enhancements will assist in continuing to provide our department the ability to fund our other 21 varsity sports at the highest level.

The Athletics Department is a self-supporting unit and we compete in the best League in the country. The Southeastern Conference has expanded to fourteen (14) teams in recent months. This expansion, along with increased television revenue will provide us with increased League revenue in our sharing agreement. This influx of new revenue will allow us to cash flow this and other campus projects.

Project at a Glance

- Upgrades to the Nutter Training Center for the daily benefit of the Student Athletes
- Spectator driven improvements (improved concessions, restrooms, and security)
- Multi-purpose recruiting room
- 16 – 20 Private suites
- New home team facilities
- Approximately 2,000 new club seats
- New press facilities
- A team store
- New full service kitchen
- Improve the UK brand at the stadium
- Maintain or slightly reduce seating capacity while increasing the value of the remaining seats

GATTON COLLEGE OF BUSINESS AND ECONOMICS
\$65 million • 10,000 students impacted • 903 jobs created
Value to the Commonwealth: \$103,891,803



Impact:

10,000 students annually

Gross SF:

146,000 (renovated)

64,000 (new)

210,000 (total)

Approx. Start Date:

Design phase is under way.

Est. Completion Date:

Fall 2015

Debt Service Source:

Entire project is intended to be funded with private philanthropy: \$25M cash on hand and **\$40M of agency bonds** to be supported with donor pledges. Bonds are required to bridge payment of private pledges over time.

Est. Construction Jobs Created:

903 for 22 months

Value to the Commonwealth:

\$103,891,803

Executive Summary

The existing four story facility was originally built in 1963. In 1991, a three story classroom wing was added. The original building primarily houses office and administrative space while the 1991 addition houses nearly all the teaching/classroom space. The facility has been well maintained but as with most facilities of its age, some of the basic mechanical and electrical components have reached the end of their useful lives. None of the current classrooms support modern technology and the current structure of the facility allows only limited renovations or expansions of smaller classrooms. Further, the existing building's limited floor to floor heights will not allow classrooms to be outfitted with modern learning technology.

The University of Kentucky has long had this facility as a top request. Prior plans had suggested a completely new facility with estimated project costs of approximately \$100 million. The university recognizes that the prior plan cannot be achieved given the public financing reality and is turning to private philanthropy for the project. To that end, the university took a fresh look at the existing facility and reviewed the feasibility and cost of a dramatic renovation and expansion to house modern classrooms, an auditorium, and student assembly spaces. The current concept is now estimated to cost \$65 million.

Planning Criteria

- Increase capacity for enrollment and teaching
 - Plan for 50% enrollment growth in Gatton College of Business and Economics.
 - Plan for at least 50% growth in faculty and staff to meet enrollment growth and improve student: faculty ratio.
 - Grow classroom capacity by at least 40% while increasing classroom utilization through more efficient scheduling and leveraging online learning technology.
- Create more community and student study spaces to facilitate modern learning methods and collaboration.
- Enhance identity and competitiveness of the Gatton College.

Building at a Glance

- Meets demands of all academic programs.
- Meets future growth needs.
- Retains prime location at corner of Limestone and Administration Drive.
- Creates new 500 seat auditorium.
- Creates state of the art high-tech classrooms with at least 20 instructional spaces with larger seat counts.
- Creates a new Executive Education and Conference Center to facilitate outreach and continuing education to the business, government, and non-profit communities.
- Dedicated MBA center accommodates enrollment growth and proposed joint Executive MBA with UL.
- LEED Silver/Gold Project.

ACADEMIC SCIENCE BUILDING
\$100 million • 21,000 students impacted • 1,138 jobs created
Value to the Commonwealth: \$160,791,602

Impact:

21,000 undergraduate students

Gross SF:

263,000 GSF
(includes shell space)

Approx. Start Date:

2013

Est. Time to Completion:

December 2015

Debt Service Source (existing):

UK Athletics will annually fund the interest expense and principal payments on \$65M of the **\$100M of agency bonds**. The remaining debt service will be financed with an already achieved internal reallocation of dollars. Private funds are being solicited as well to reduce the University's contribution.

Est. Construction Jobs Created:

1,138 for 20 months

Value to the Commonwealth:

\$160,791,602



Executive Summary

The existing Chemistry- Physics building, constructed in 1963, is one of the largest and most heavily utilized buildings (2nd highest usage) on the UK campus. The facility serves all undergraduate students at the University of Kentucky, wherein they fulfill their basic science (both classrooms and laboratory) requirements. Both undergraduate and graduate students alike, spend considerable hours in the facility learning the areas of biology, chemistry and physics and conducting research. The building is dark with very limited outside day lighting, providing a less than optimal environment for student learning and research and faculty and staff efforts. The classrooms are traditional, consisting of either large, fixed seat lecture halls or small, rooms without modern instructional technology. The arrangement is not conducive to modern science teaching methods and greatly hinders the use of collaborative learning methods that are contemporary in science instruction. Furthermore, the building infrastructure has exceeded its useful life and presents significant challenges in maintaining a functional educational and research environment.

New science facilities, housing similar programs, have been constructed across Kentucky and the nation making for a challenging competitive landscape. The existing facility has become one of our greatest challenges for recruiting and retaining the best and brightest students and faculty.

Project at a Glance

- Premier interdisciplinary undergraduate science teaching labs and classrooms.
- Student oriented, open environment that encourages interaction and collaboration beyond the classroom.
- Cutting edge learning environments to carry out contemporary science teaching methods and collaborative student learning.
- Student commons space, group and individual study rooms and other amenities.
- This new building will house most of the introductory science laboratory courses allowing students to learn the commonalities of multiple science disciplines in an interdisciplinary fashion and begin modeling "team problem-solving".
- Modern Research Laboratories
- Shelled floor space



RENOVATE STUDENT ACTIVITIES CENTER

\$9.6 million • 22,250 students impacted • 133 jobs created

Value to the Commonwealth: \$15,344,020

Impact:

22,250 students

Gross SF:

55,250 (renovated)

Approx. Start Date:

September 17, 2013

Est. Time to Completion:

14 months

Debt Service Source (existing):

Student Activity Center Building Fee

Est. Construction Jobs Created:

133

Value to the Commonwealth:

\$15,344,020



The Student Activities Center, or SAC, is the main hub for student activities on the University of Louisville campus. The west wing of the SAC houses the campus bookstore, campus food services, a fast-food court, the Cardinal Corner Game Room, SAC Multipurpose room as well as the Student Activities and Dean of Students offices.

The east wing of the SAC includes the Athletics and Intramurals offices and the student recreation center. This facility includes a weight room, cardio equipment, four full size basketball courts, racquetball courts and an aerobics room. The student recreational center offers other services that keep University of Louisville students happy, healthy, and engaged.

The building's lobby will be enlarged and focuses on a reception center, creating a welcoming first experience to visitors. Located adjacent to the entrance, a lounge will provide students a casual space to hang out where they can see and be seen by their friends. The lounge connects the entry to the pre-function spaces providing continuity through the space. The pre-function spaces serve flexible multi-purpose rooms capable of hosting events from small breakout sessions to large 1,200 seat assemblies.

Recognizing the whole Student Center needs to function effectively, the University has also undertaken a space planning exercise for the West Side of the facility at the same time as the East Side renovation was being planned. Studying the existing bookstore and food service operations to see how they can best support and enhance the East Side renovations.

The mechanical, electrical and plumbing services will be renovated to meet the needs of the new programs and brought up to current code. Technology will be designed to enhance the goals of the project.

Reasons Project is Needed: The 55,250 gross square foot renovation of the Student Activities Center's east side is an important piece in the University's overall plan to support student organization meetings and activities, departmental functions and University-wide events. The tremendous growth in the UofL residential population and the increase in recognized student organizations from 230 to over 400 during the past five years have made this project an even greater priority. The project will expand the Student Activities Center meeting and conferencing facilities improving its ability to meet student needs in today's contemporary student center. The renovated facility is planned to host on and off-campus group events, provide student hang out space, include a welcoming entrance and student / staff fitness facilities.



HONORS COLLEGE/INTERNATIONAL CENTER
\$22 million • 2,100 Honors College and International
Students Impacted • 284 Jobs Created
Value to Commonwealth: \$36,381,103

Impact: 2,100 students

Gross SF: 75,000

Approx. Start Date: August 2013

Est. Time to Completion: 24 months

Debt Service Source (existing):
100% supported by Navitas tuition
revenues from international students

Est. Construction Jobs Created:
284

Value to the Commonwealth:
\$36,381,103



The WKU Honors College/International Center will be a new 75,000-square-foot facility supporting the Honors College, the Office of Scholar Development, Navitas, Chinese Flagship and International Programs. The facility will be located on Normal Drive on the eastern edge of the WKU campus, centrally located to provide the greatest amount of access between housing and academic facilities.

The current accommodations for these programs are substandard and are an impediment to recruitment of both students and faculty. The Honors College serves 1,200 students and is currently housed in a 3,040-square-foot house. The office of Scholar Development, which prepares students to compete for national and international scholarships, is intended to serve all WKU students and is housed in a portable unit behind the Honors house. Several international programs, serving nearly 1,000 students, and study abroad programs are scattered across campus. In order to offer the maximum benefit to all students these programs need to be visible and centrally located and must have appropriate accommodations for group gatherings, faculty advisement and student interaction. Current facilities are inadequate for the number of students served by these programs.

Investment Progress:

The Honors College and international programs are of great strategic importance to WKU. Site selection for this facility is complete. Extensive programming has been performed and an architect has been selected. Two of the three properties needed for the building footprint have been acquired. The goal is to have the building design completed by late summer 2013 and to be ready for construction in fall 2013. Without the authority to move this project forward, WKU will not be able to properly serve its Honors students and will have to limit international enrollment. We simply do not have adequate space to serve the growing numbers of students in these programs.

Reasons Investment is Needed:

The goal of the WKU Honors College is to provide a unique academic experience for high-achieving students and to entice more of our best and brightest students to remain in Kentucky for their higher education. Studies demonstrate conclusively that good students who attend a university in Kentucky are more likely to live and work in the Commonwealth after graduation. Additionally, WKU has a responsibility to prepare Kentuckians to compete in a global economy, therefore it is imperative that our students gain experience and develop a better understanding of other countries and cultures. To that end WKU has become more focused on study abroad, recruitment of international students and preparing high achieving students to compete for prestigious national and international scholarship and study abroad programs. This facility will serve as an academic destination point for high achieving students from across Kentucky and the nation and is designed to foster an environment in which students interact with faculty and with one another. These programs are essential and strategic in WKU's effort to recruit, retain and graduate Kentucky's top students, and it is through these opportunities that our students develop leadership skills and gain experiences that will ensure their success as fully engaged and productive citizens.



Kentucky Legislature



HCR13

13RS

WWW Version

The hyperlink to a bill draft that precedes a summary contains the most recent version (Introduced/GA/Enacted) of the bill. If the session has ended, the hyperlink contains the latest version of the bill at the time of sine die adjournment. Note that the summary pertains to the bill as introduced, which is often different from the most recent version.

HCR 13 (BR 349) - C. Rollins II

Direct the Legislative Research Commission to establish a task force to study postsecondary education appropriations and student financial aid; identify areas to be studied and task force membership; require findings and recommendations to be reported by November 29, 2013.

(Prefiled by the sponsor(s).)

Jan 8-introduced in House; to Education (H)

[Legislature Home Page](#) | [Record Front Page](#)

A CONCURRENT RESOLUTION directing the Legislative Research Commission to establish a task force to study issues related to postsecondary education appropriations and student financial aid.

WHEREAS, in 1997, the Kentucky General Assembly enacted the Postsecondary Education Reform Act (House Bill 1), acknowledged nationally as the most sweeping higher education legislation of any state over the past two decades; and

WHEREAS, the Postsecondary Education Reform Act of 1997 was predicated on the principle that the general welfare and material well-being of the citizens of the Commonwealth depend upon the development of a well-educated and highly trained workforce; and

WHEREAS, as part of the Postsecondary Education Reform Act of 1997, the General Assembly set forth goals to be achieved on behalf of the people of the Commonwealth by the year 2020, as codified in KRS 164.003; and

WHEREAS, the General Assembly noted in the statute that "the achievement of these goals will only be accomplished through increased educational attainment at all levels"; and

WHEREAS, to reach the national average, the number of Kentuckians holding a bachelor's degree would need to nearly double from 402,000 in the year 2000 to 791,000 by the year 2020; and

WHEREAS, as of the year 2011, Kentucky's bachelor's degree recipients totaled 592,000, leaving the Commonwealth only eight years to gain the additional 199,000 degrees needed to meet the national average; and

WHEREAS, in the decade between the 2001-2002 and 2011-2012 academic years, average resident tuition and fees at the Commonwealth's public four-year postsecondary institutions increased 142 percent, while state appropriations decreased 20.8 percent, from \$1,212,775,552 to \$959,702,900, resulting in slowed resident enrollments as Kentucky families struggle to afford postsecondary education;

NOW, THEREFORE,

Be it resolved by the House of Representatives of the General Assembly of the Commonwealth of Kentucky, the Senate concurring therein:

→Section 1. The Legislative Research Commission is directed to establish a task force to study the issues related to postsecondary education appropriations, the setting of tuition, and student financial aid, and to assess possible options for the creation of guidelines specific to the allocation of state appropriations and efficient use of state funds reserved for financial aid. Areas of investigation shall include but not be limited to a review of the following:

- (1) Existing policies and practices at the institutional level that govern the setting of tuition and student financial aid;
- (2) Existing policies and practices at the statewide level that relate to student financial aid; and
- (3) Existing practices for ascertaining statewide postsecondary budget requests and appropriations.

→Section 2. (1) The task force of the Legislative Research Commission shall be appointed by August 1, 2013, and shall be composed of the following members, with final membership of the task force being subject to the consideration and approval of the Legislative Research Commission:

- (a) The chair of the Senate Education Committee or his or her designee;
- (b) The chair of the House Education Committee or his or her designee;
- (c) Three members of the Senate, two to be appointed by the President of the Senate, and one to be appointed by the Minority Floor Leader of the Senate;
- (d) Three members of the House of Representatives, two to be appointed by the Speaker of the House, and one to be appointed by the Minority Floor Leader of the House;
- (e) The president of the Council on Postsecondary Education or his or her

designee;

- (f) The executive director of the Kentucky Higher Education Assistance Authority or his or her designee; and
 - (g) Additional members as needed, as determined by the President of the Senate and the Speaker of the House of Representatives.
- (2) The President of the Senate and the Speaker of the House of Representatives shall each appoint one co-chair of the task force from among the members of the task force.

→Section 3. The task force shall report its findings to the Legislative Research Commission, the Interim Joint Committee on Education, and the Interim Joint Committee on Appropriations and Revenues no later than November 29, 2013, and shall make recommendations to improve the allocation of state appropriations and efficient use of state funds reserved for student financial aid.

→Section 4. The Legislative Research Commission shall have the authority to alternatively assign the issues identified herein to an interim joint committee or subcommittee thereof and to designate a study completion date.