AGENDA
Council on Postsecondary Education
February 5, 2001

<u>10:00 a.m. (ET), Meeting Room A, Council on Postsecondary Education, Frankfort</u>
(The Academic Affairs and Finance Committees will meet simultaneously at 8:30 a.m.)

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Agenda materials are available on the CPE web site at www.cpe.state.ky.us/cpe/meeting/agenda.htm

The Council on Postsecondary Education met November 13, 2000, at 10:45 a.m. in the Adron Doran University Center, Morehead State University, Morehead, Kentucky. Chair Whitehead presided.

OATH OF OFFICE

Mr. Whitehead introduced the new student member, Amanda Coates. Ms. Coates is a graduate of Western Kentucky University and is attending the University of Kentucky Martin School of Public Policy and Administration. Rowan District Judge John Cox administered the oath of office to Ms. Coates during the Finance Committee meeting earlier in the day.

Mr. Whitehead thanked President Ron Eaglin and members of his staff for hosting the council at Morehead State University. President Eaglin gave Mr. Davies a painting of the Morehead State University eagle.

ROLL CALL

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

APPROVAL OF
MINUTES

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

PRESIDENT'S REPORT

A written report from the council president was included in the agenda book. Mr. Davies called attention to several interconnected activities in education, economic development, and workforce training. The council staff has received the first crime reports from the institutions as directed by House Bill 322 passed by the 2000 General Assembly. The staff is working with the universities on the reporting procedure.

Mr. Davies announced that Angela Martin will join the council staff November 20 as vice president for finance and Yvonne Lovell will begin November 16 as project director of the GEAR UP program. Roger Sugarman recently left the council staff to work in institutional research at the University of Kentucky.

FACULTY
DEVELOPMENT
PROGRAM GUIDELINES

RECOMMENDATION: The staff recommends that the council approve the guidelines for distribution of the faculty development program funds available in 2001-02 from the technology initiative trust fund.

Mr. Davies said that the council recommended and the 2000 General Assembly appropriated $1 million from the technology trust fund to

support faculty development efforts in the colleges and universities across the state. The staff suggests that the council keep $100,000 to develop statewide conferences, allocate $50,000 to each institution, and distribute the remaining $450,000 based on the number of full- and part-time faculty at the institutions.

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

VOTE: The motion passed.

1998-2000 ENDOWMENT MATCH PROGRAMS

Daniel Rabuzzi of the council staff gave a financial report on the first biennium of the endowment match program. The staff plans to visit the campuses in the winter and early spring to meet with faculty, students, and administrators to discuss the academic program impact of these endeavors. Every institution in the system, with one exception, matched 100 percent of the funds offered. Mr. Rabuzzi pointed out, for example, that the University of Kentucky more than tripled the number of endowed chairs and Eastern Kentucky University endowed its first three chairs ever. Mr. Rabuzzi said that the commonwealth, the council, and the entire system should be proud of the way in which this money has been matched by the institutions and the purposes for which the dollars were used.

Mr. Greenberg asked if the staff tracks donors that have not fulfilled their pledges.

Mr. Rabuzzi said that each institution has this responsibility, and that the council ensures that the institutions have systems in place to track whether the pledges are coming in. The council staff is working with institutional staffs to put these systems in place.

KCTCS EVALUATION OF WORKFORCE DEVELOPMENT TRUST FUND 1998-2000

An information item was presented concerning the KCTCS evaluation of the workforce development trust fund for the 1998-2000 biennium. The council approved this program in September 1999. The KCTCS proposal uses the $12 million to fund four initiatives: industry-initiated workforce development and educational programs, $4 million; college-initiated workforce development and educational programs, $3.5 million; statewide implementation and integration of information systems, $4 million; and establishment of an internal fundraising software system, $0.5 million.

STATUS REPORT ON KEY INDICATORS

A status report was presented on the development of measures to monitor progress toward postsecondary reform. The council members and the presidents discussed the key indicators November 12. During the next few months, the council staff will seek advice about the proposed key indicators and the companion consumer information system from other interested individuals and groups, including the P-16 Council, the Prichard Committee, the Kentucky Innovation Commission, community and business leaders, labor groups, faculty and students, legislators, and the governor's office. Council members will review and discuss proposed

indicators and goals at their February meeting. The staff anticipates council action in March.

COMMISSIONER OF EDUCATION REPORT	Mr. Davies welcomed Gene Wilhoit to his first meeting of the council as commissioner of education.

Mr. Wilhoit said that the Department of Education is recommitting itself to the education reform goals of 1990 and seeks high quality for all schools. The department is engaged in eight public forums to discuss the reform. Specific initiatives are establishing early reading literacy, ensuring that all children are at proficiency reading level by the end of their primary program, decreasing the dropout rate by setting specific goals and challenges for each school to focus on intervention strategies at the elementary and middle school to prevent students from academic failure, and targeting disparity gaps. Mr. Wilhoit said that all department decisions are guided by the relationship to postsecondary education.

KYVU/KYVL REPORT

A report on the activities and enrollments of the Kentucky Virtual University and the Kentucky Virtual Library was included in the agenda book. One major achievement is the construction of a common application and registration form for all Kentucky public and independent institutions for students applying and registering at KYVU. All students registering through KYVU pay one admissions fee. The KYVU continues to recognize that a substantial portion of the students who enroll through the virtual university are already enrolled at one of the institutions. The KYVU is striving to attract students who enroll for a full program offered through the virtual university. The KCTCS has mounted through KYVU an associate of arts program with an emphasis in business; its enrollment is almost entirely new students. The KYVU has developed a noncredit division to provide online just-in-time training and professional certification for Kentuckians because increasing this noncredit activity is important to economic development and the well being of individuals by improving their work skills.

Ms. Adams presented the report of the Academic Affairs Committee.

ADULT EDUCATION STRATEGY AND BUDGET RECOMMENDATIONS

RECOMMENDATIONS:

- The staff recommends that the council approve in concept An Agenda for Adult Education in Kentucky. This will meet the directive of Senate Bill 1 to establish a statewide mission for adult education and to develop a 20-year strategy in partnership with the Department for Adult Education and Literacy.

- The staff recommends that the council approve the Adult Education Action Plan, authorizing the release of the designated portion of the Adult Education and Literacy Trust Fund for Fiscal Year 2000-01.

- The staff recommends that the council authorize the staff to implement the Adult Education Action Plan.

MOTION: Ms. Adams moved that the recommendations be approved. Ms. Menendez seconded the motion.

VOTE: The motion passed.

KCTCS PROGRAM APPROVAL AUTHORITY REAFFIRMATION

RECOMMENDATION: The staff recommends that the council reaffirm the delegation of program approval authority to the KCTCS board of regents for all new certificate, diploma, and associate programs offered by the KCTCS technical and community colleges.

MOTION: Ms. Adams moved that the recommendation be approved. Mr. Hackbart seconded the motion.

VOTE: The motion passed.

REACTIVATION OF SUSPENDED PROGRAMS

RECOMMENDATIONS:

The staff recommends that the council approve the following:

- That effective June 1, 2001, academic programs suspended for longer than five years be subject to the council's program approval policies when proposed for reactivation. (Programs suspended in response to the council's current program productivity review are subject to the new program approval process and action by the council before reactivation.)

- That to reactivate suspended programs before June 1, 2001, institutions must submit information to the Kentucky Postsecondary Program Proposal System for a 45-day review.

MOTION: Ms. Adams moved that the recommendations be approved. Ms. Menendez seconded the motion.

A discussion followed about the reactivation of a suspended program. Ms. Bertelsman proposed that the words "when proposed for reactivation" be deleted from the end of the first sentence of the first bullet.

VOTE: The recommendations, including Ms. Bertelsman's proposed change, passed.

MASTER OF EDUCATION IN EDUCATION ADMINISTRATION

RECOMMENDATION: The staff recommends that the council change the approval status from provisional to regular for the master of education in education administration programs at Eastern Kentucky University, Morehead State University, Murray State University, Northern Kentucky University, the University of Kentucky, the University of Louisville, and Western Kentucky University.

MOTION: Ms. Adams moved that the recommendation be approved. Ms. Menendez seconded the motion.

VOTE: The motion passed.

CENTER FOR MIDDLE SCHOOL ACADEMIC ACHIEVEMENT

RECOMMENDATION: The staff recommends that the council select Eastern Kentucky University and Murray State University as the sites for the Center for Middle School Academic Achievement.

MOTION: Ms. Adams moved that the recommendation be approved. Mr. Todd seconded the motion.

Mr. Greenberg asked about the ongoing fund source for these sites.

Mr. Wilhoit responded that funding would come from the Department of Education's teacher professional growth fund for the 2000-02 biennium.

VOTE: The motion passed.

EISENHOWER MATHEMATICS AND SCIENCE EDUCATION FUNDS

RECOMMENDATION: The staff recommends that the council award federal Dwight D. Eisenhower mathematics and science education funds in the amount of $742,409 to the selected projects for October 1, 2000, through September 30, 2001.

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

VOTE: The motion passed.

P-16 COUNCIL YEAR IN REVIEW

Information was distributed on the activities of the P-16 Council during the past year.

PROGRAM APPROVAL UPDATE

Information was included in the agenda book concerning the delegation of program approval authority for most new academic programs to the institutions. In April 2000, the Kentucky Postsecondary Program Proposal System was initiated. All proposals for new academic programs are posted on the Web for a 45-day public review. Ms. Adams said that according to comments heard during the Academic Affairs Committee meeting that all parties involved are pleased with the process.

STRATEGY FOR STATEWIDE ENGINEERING EDUCATION IN KENTUCKY

The framework of agreement among Western Kentucky University, the University of Kentucky, and the University of Louisville for joint bachelor's degrees in civil, electrical, and mechanical engineering was distributed. Representatives from these institutions spoke at the Academic Affairs Committee meeting concerning the progress made. Agreement appears to be near.

President Kern Alexander said that Murray State University expects to propose two new joint engineering degree programs for approval at the February 2001 council meeting to be implemented in August 2001. The

proposed programs are a master of science in telecommunications and electrical engineering with the University of Louisville and a bachelor's degree in environmental engineering with the University of Kentucky. Mr. Baker presented the report of the Finance Committee.

NEW ECONOMY PRELIMINARY ACTION PLAN UPDATE

An update was given on the new economy preliminary action plan approved by the council at the July 2000 meeting. Three of four contracts between the council and the Kentucky Science and Technology Corporation are scheduled to be presented to the Legislative Research Commission's Contract Review Committee and are expected to be approved. The fourth and final contract will be presented to the review committee in December.

BOND POOL PROJECTS 2000-02 EQUIPMENT REPLACEMENT PROGRAM

RECOMMENDATION: The staff recommends that the council approve the allocation of the 2000-02 equipment replacement program projects at the Kentucky Community and Technical College System and the universities. Bond funds will be available to purchase instructional equipment in January 2001. Bond funds also should be available in January 2001 to purchase research equipment as institutions certify to the Finance and Administration Cabinet that matching funds have been committed to eligible research equipment projects. Council action represents a recommendation to the Secretary of the Finance and Administration Cabinet for final action.

MOTION: Mr. Hackbart moved that the recommendation be approved. Mr. Todd seconded the motion.

VOTE: The motion passed.

2000-02 CAPITAL PROJECTS AGENCY BOND POOL AUTHORITY

RECOMMENDATION: The staff recommends that the council approve the authorization of $3,672,000 from the unused 2000-02 agency bond pool authority. The allocation addresses the need for student housing and includes one other facility. The council action is a recommendation to the Secretary of the Finance and Administration Cabinet for final action.

Mr. Baker said that Kentucky State University requested that $3.67 million of previously allocated funds be deferred. This recommendation requests reallocation of these unused funds to Eastern Kentucky University, Morehead State University, and the University of Kentucky.

MOTION: Mr. Hackbart moved that the recommendation be approved. Mr. Todd seconded the motion.

VOTE: The motion passed.

UofL HEALTH SCIENCES CAMPUS FITNESS FACILITY

RECOMMENDATION: The staff recommends that the council approve the University of Louisville's request for a $1,660,000 capital project from agency funds and private funds to remodel and realign space on the first floor of the health sciences campus parking garage into a recreation and wellness facility for students.

MOTION: Mr. Baker moved that the recommendation be approved. Mr. Hackbart seconded the motion.

VOTE: The motion passed.

WKU RENOVATION OF STUDENT HOUSING

Information was presented on the renovation of student housing at Western Kentucky University.

OPERATING BUDGET REVIEW

Mr. Baker updated the council on the review of the operating budget guidelines used in developing the council's 2000-02 budget request. The Finance Committee, with a subcommittee of the Strategic Committee on Postsecondary Education, is developing an approach to put together the budget for 2002-04.

A special Finance Committee meeting is scheduled for December 19 at 10 a.m.

LISTERMAN RESOLUTION

Mr. Whitehead read a resolution commending Kevin Listerman for his service to the council.

MOTION: Mr. Baker moved that the resolution be approved. Ms. Menendez seconded the motion.

VOTE: The motion passed.

NEXT MEETING

The next meeting will be February 4-5, 2001. The council will meet with the Kentucky Board of Education February 4.

ADJOURNMENT

The meeting was adjourned at 12:15 p.m.

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Gordon K. Davies
President

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Phyllis L. Bailey
Secretary

As usual, the months since the council last met have been very busy. Despite a holiday break – and perhaps because of it, in part – we have accomplished a great deal.

The SCOPE subcommittee established to review higher education budgeting procedures completed its work January 16. The university presidents, the KCTCS president, and I presented a consensus document spelling out how we propose to approach the 2002-04 budget. The SCOPE subcommittee accepted it after some discussion. The council finance committee discussed it in December and again that afternoon. While work remains to be done, the procedural framework is in place and we recommend that you endorse it today. It then would go to a full SCOPE meeting Wednesday, February 7. Council members Walter Baker, Lois Weinberg, and Chuck Whitehead have been extremely helpful as members of the SCOPE subcommittee and I thank them.

The points of consensus are a procedural framework. They do not constrain the council's judgment about how much money should be requested from the governor and General Assembly, the trust funds it will recommend, or which specific operating and capital projects it will support. Like many states, Kentucky is experiencing less revenue growth than expected and greater pressure from Medicaid and other important budget items. Fortunately, Kentucky postsecondary education is relatively well funded per student. We can begin in this biennium to work with institutions to set priorities, increase efficiency, and reallocate resources, as well as to seek increased appropriations.

Early in January, Governor Patton sponsored a conference on Latin America. The council staff coordinated all of the educational parts of the conference program, which involved 23 faculty members from public universities, KCTCS, and independent colleges. Ambassador Peter Romero, assistant secretary of state for western hemisphere affairs, stated the core theme of the conference by quoting the governor's speech to the General Assembly at the opening of the 2000 session: "Education, education, education, education." Speaker after speaker made the same point. We have to know these nations and speak their languages to do business with them. We have to encourage them to study at our colleges and universities so they will be familiar with Kentucky and eager to do business with us. More than 600 people attended the conference, and at the end of it Governor Patton announced a trade mission to Latin America early this summer.

The first national report card on higher education in the states was issued at the end of November by the National Center for Public Policy and Higher Education. You will remember that Pat Callan, president of the national center, was interviewed by Al Smith at the governor's annual trusteeship conference last fall. Kentucky's grades were not very good – one B, two C's, and 2 D's – but we anticipated that. What is most significant is that the national center identified Kentucky as one of a few states to watch because of its postsecondary education reforms. Governor Patton received credit for conceiving and leading this reform effort.

The report card and your key indicators of progress are very similar, and not by coincidence. Now we are engaged with the National Center for Public Policy and Higher Education and the National Center for Higher Education Management Systems in developing a model for using a national report card to shape or reinforce postsecondary education policy in a state.

As a first step, we have asked a group of leaders from across Kentucky to meet with Pat Callan and the council staff this Wednesday, February 7, to discuss policy issues raised by the report card from a variety of perspectives. We've invited leaders from business, labor, the public schools, children's services, workforce development, educational advocacy groups, and postsecondary education itself to advise us. Again, not coincidentally, we have consulted with all of these groups about your key indicators of progress, seeking to ensure that we are not merely talking to ourselves.

I think we will learn a lot from participants in occasional meetings over the next several months. Perhaps even more important, I hope that we will build relationships that allow educational policy to respond to the greatest possible range of social and economic needs. Successful institutions always exist for purposes outside themselves. One of our major tasks is to clarify these purposes and then measure our progress toward fulfilling them.

The council is coordinating Kentucky's representation at the Biotechnology Industry Organization (BIO) international tradeshow and convention this June in San Diego. BIO focuses on the commercial application of academic research within the life sciences. The staff is working closely on this project with the University of Kentucky, the University of Louisville, and Western Kentucky University; other key partners include the Governor's Office, the Cabinet for Economic Development, the Louisville Medical Center Development Corporation, Greater Louisville Inc., Lexington United, and the Kentucky Life Sciences Organization. As a prelude, the council will co-host a life sciences conference in Bowling Green May 7-8.

In December, the legislature's Contract Review Subcommittee approved the contract between the council and the Kentucky Science and Technology Corporation governing the operation of the four programs for which the council is responsible under the Kentucky Innovation Act (HB 572): the Research and Development Voucher Program, the Commercialization Program, the Rural Innovation Program, and the regional technology corporations.

Governor Patton selected reform of postsecondary education as one of Kentucky's entries in the annual competition for "Innovations in American Government" awards, sponsored by The Ford Foundation and administered by the Kennedy School of Government at Harvard. Our application material was submitted in mid-January.

In personnel matters, Roger Sugarman has left the council to join the institutional research staff at the University of Kentucky. Connie Shumake has left the staff to join the University of Louisville Brandeis School of Law. Billie Hardin has left us to become a special assistant to KCTCS President Mike McCall. My colleagues and I are grateful for their help over the years and wish them every success.

Jennifer Marsh has joined the council staff as a senior associate for academic affairs. Dr. Marsh comes to us from the Legislative Research Commission, where she was general counsel for Senate leadership. She holds a doctoral degree in aquatic biology and a law degree, both from the University of Louisville.

Yvonne Lovell has joined the staff as director of the GEAR UP project. Ms. Lovell comes to us from Kentucky State University. Earlier, she worked for the New York State Education Department, where she had extensive experience administering programs like GEAR UP. She holds a master's degree from the State University of New York at Albany.

Christina Whitfield joins the council staff as an associate for academic programs. Dr. Whitfield comes to us from a policy research position with the Kentucky School Boards Association. She holds a doctoral degree in social history from the University of Minnesota.

I know you will want to join me in congratulating council member Amanda Coates on her recent marriage. Ms. Coates is now Amanda Coates Lich, as her nameplate indicates.

Governor Patton has reappointed council members Joan Taylor and Ron Greenberg to six-year terms. I know you will want to thank them for their willingness to continue to serve.

I present this report at the real beginning of Kentucky's first short session of the General Assembly under an amendment to the constitution approved last year. At this point, I do not see postsecondary education's being a major focus of the legislature, but I am sure enough will go on to keep us busy.

Finally, we have three action items to consider from yesterday's joint meeting with the Kentucky Board of Education: endorsing the teacher education agenda, approving funding for local P-16 councils, and endorsing the P-16 articulation agreement.

**LOCAL GOVERNANCE AUTHORITY
FOR KCTCS INSTITUTIONS**

Recommendation

The staff recommends that the council approve a request from the Kentucky Community and Technical College System Board of Regents to create three additional local boards of directors—bringing the total number of local boards to 16.

Background

The Kentucky Postsecondary Education Improvement Act of 1997 (House Bill 1) permits the board of regents of the Kentucky Community and Technical College System to extend local board of directors authority to other postsecondary technical institutions under its control, subject to review and approval by the council. The KCTCS community colleges have had local boards of directors since before the passage of House Bill 1.

The KCTCS has organized its community and technical colleges into 16 college districts (see map on page 39). Thirteen of these districts contain community colleges that have local boards of directors. Three do not. As the attached letter from Dr. Michael McCall, the KCTCS president, indicates, new boards are needed for the college districts comprising Bowling Green Technical College, Northern Kentucky Technical College, and Central Kentucky Technical College. The letter provides further detail about the proposal.

Dr. McCall will be at the meeting to discuss this proposal with council members.

Staff Preparation by Sue Hodges Moore

Academic health centers around the country are being buffeted by changing funding and program demands. Recent changes in health-care delivery and Medicare funding have left many academic health centers strapped. Some operating losses have been very large, including those at the University of Pennsylvania ($90 million in the 1998 fiscal year) and the University of Texas at Galveston ($80 million in the 1999 fiscal year). Kentucky's academic health centers are solvent, but awareness of the financial pressures on academic medicine is important for the council and everyone involved in medical education.

Lois Nora, M.D., associate dean of academic affairs and administration at the University of Kentucky College of Medicine, served as a fellow of the American Council on Education last year at Ohio State University. Dr. Nora analyzed graduate medical-education for the council during her fellowship year. She reviewed national trends and interviewed medical-education leaders in Kentucky. She will make a brief presentation, focusing on the changing financial climate for academic health centers. Her presentation will review reasons behind the funding problem, the possible effects on academic medicine, and actions national organizations are taking to address these issues.

LEGISLATIVE UPDATE

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

Staff Preparation by Bill Swinford

COUNCIL ON POSTSECONDARY EDUCATION
BILL TRACKING CHART
WEEK ENDING JANUARY 12

BILL/ SPONSOR	DESCRIPTION	ORIGINATING CHAMBER		NON-ORIGINATING CHAMBER	
		Committee	Status	Committee	Status
SB 14/ Shaughnessy	Removes from the *Postsecondary Education Improvement Act* language requiring that the Council president's total compensation be higher than any public university president's base salary	Education			
SCR 2/ Shaughnessy	Creates a special subcommittee to study Kentucky's Advanced Placement Program	Education			
SCR 16/ Mongiardo, Turner, and Worley	Directs the Subcommittee on Information Technology to study the availability of high speed Internet access across Kentucky	Economic Development, Tourism & Labor			
HB 4/ Damron et al.	Sales tax exemption for school supplies purchased the first week of August	Appropriations and Revenue			
HB 14/Crimm	Requires specified education agencies, including the council, and public postsecondary institutions, to evaluate consumer credit reports of applicants for fiduciary positions	Education			
HB 17/Draud and Moberly	Creates grant program, to be administered by the council, for the development of local-regional P-16 councils	Education			
HB 18/Draud	Increases to $500,000 the threshold above which education construction projects are subject to prevailing wage	Labor and Industry			
HB 28/ Stumbo, Colter, Hall	Changes compulsory school attendance age from 6 – 16 to 6 - 18	Education			

BILL/ SPONSOR	DESCRIPTION	ORIGINATING CHAMBER		NON-ORIGINATING CHAMBER	
		Committee	Status	Committee	Status
HB 56/ Mobley, Colter, Nelson	Tuition waiver for up to two terms at public postsecondary institutions upon the initial enrollment of a student who scores 21 and above on the ACT and who demonstrates good character, citizenship, and leadership while attending a public high school	Education			
HB 62/Nunn and Crimm	Tuition waiver at public postsecondary institutions for a Kentucky foster or adopted child who is a full-time student	Education			
HB 67/ Moberly and Stewart	Removes from the *Postsecondary Education Improvement Act* language requiring that the council president's total compensation be higher than any public university president's base salary	Education			
HB 100/ Barrows, Thomas, P. Clark	Creates industrial hemp research program – the council will select a university or universities' agricultural research program as the program site	Agriculture and Small Business			
HB 126/Yonts	Prohibits any student under 18 who drops out of school from having a driver's license unless enrolled and making satisfactory progress in a General Educational Development program	Education			
HB 127/Yonts	Changes compulsory school attendance age from 6 - 16 to 6 - 18	Education			
HR 1/L. Clark	Urges that the council implement recommendations of the state auditor's report on the endowment match program	Education			
HCR 2/Bather	Creates a nursing-shortage task force	Health and Welfare			

What's Happened Since November?

The staff last reported on its work on key indicators of progress toward reform goals at the November 13, 2000, council meeting. The Sunday before that meeting, council members and presidents discussed the working draft in a three-hour session. Since November, quite a bit of activity has taken place. To highlight:

1) On November 30, 2000, the National Center on Public Policy and Higher Education issued the nation's first state-by-state report card on postsecondary education. Council members have been mailed the full report.

   The key indicators complement the national report card. This independent assessment confirmed the need for change and improvement and suggests that the five questions framing our key indicators are the right ones to ask.

2) Throughout November, December, and January, the council staff has met with or otherwise sought advice from the following individuals and groups:

   - Kentucky Department of Education and the State Board of Education
   - Education Professional Standards Board
   - Kentucky Educational Television staff
   - Kentucky Advocates for Higher Education
   - Prichard Committee on Academic Excellence
   - Union leaders
   - Kentucky Chamber of Commerce
   - Kentucky League of Cities
   - Kentucky Higher Education Assistance Authority
   - Governor's office and legislative staff
   - Legislators
   - Association of Independent Kentucky Colleges and Universities
   - Kentucky Long-Term Policy Research Center
   - Faculty leaders
   - Distance Learning Advisory Committee

3) Heeding advice from these groups as well as from council members at their November study session, the staff has modified the working draft (Attachment A) in the following ways:

   Five indicators have been added:
   - Percentage of high school graduates taking the ACT (Indicator 1.4)
   - Affordability (percentage of income needed to pay for college expenses) (1.8)
   - New students enrolled at KYVU in credit courses (2.4)
   - Systemwide one-year persistence rate (3.6)
   - Percentage of out-of-state college students who stay in Kentucky after graduation (5.2)

- Federal research and development expenditures per full-time faculty (5.6)

Two indicators have been deleted:
- Persistence rates of all bachelor's students and of underprepared students

Three have been modified:
- Indicator 1.6 has been expanded to include high school students who take all types of college courses, not just AP courses.
- Indicator 5.7, which measured licensing income per full-time faculty, now measures the total number of licenses that yield income (a statistic reported by the Association of University Technology Managers).
- Indicator 5.5, which measured extramural research and development expenditures (federal, business, and industry) per full-time faculty, now measures total research and development expenditures per full-time faculty.

What Happens Next?

Mr. Davies and other council staff are scheduled to meet with institution presidents and other staff in late January and early February. They will discuss systemwide goals (and how to encourage that they be taken seriously by everyone concerned) as well as goals specific to each institution, including projections of undergraduate and graduate enrollments, retention rates, and graduation rates extending to 2006. These projections tie into budget preparation for the 2002 session.

Also between the February and March council meetings, the staff will seek advice from the following groups:

- SCOPE (February 7). Patrick Callan, president of the National Center on Public Policy and Higher Education, will talk about the report card and Kentucky's key indicators.
- Mr. Callan will also meet with an advisory committee formed by the council staff to help use the national report card as an instrument to set or affirm policy. The committee consists of representatives from most of the groups staff has met with to review the key indicators.
- University and KCTCS board chairs and vice chairs. At their February retreat, Chair Whitehead will update the group on work on key indicators since the trusteeship conference where the five questions were featured.
- Cabinet for Workforce Development
- Kentucky Innovation Commission
- Student leaders

The council staff will seek approval of selected key indicators at the March 2001 meeting (see attached summary for list of those coming forward). Others will be brought before the council over the course of the coming year as they are completed.

Staff Preparation by Sue Hodges Moore

Key Indicators of Progress toward Postsecondary Reform

1. Are more Kentuckians ready for college?

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

2. Are more students enrolling?

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

ATTACHMENT A

3. Are more students advancing through the system?

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

4. Are we preparing Kentuckians for life and work?

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

5. Are Kentucky's communities and economy benefiting?

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

Based on degree of success in enrolling and hiring African Americans, fewer publicly supported Kentucky universities have qualified for the most favorable category of eligibility for new programs in 2001. But more community colleges have qualified, and fewer community colleges are in the least-desirable category: not eligible.

The annual assessment is part of the Council on Postsecondary Education's monitoring of progress under *The 1997-2002 Kentucky Plan for Equal Opportunities*, which promotes compliance with Title VI of the Civil Rights Act of 1964.

Four universities, down from seven last year, are automatically eligible to propose new programs. The remaining four require waivers. The University of Louisville showed progress on all eight objectives evaluated, Morehead State University on three. (See the charts on following pages for more details about all institutions.) No university improved its status. For three – Morehead, Kentucky State University, and the University of Kentucky – it declined.

In the Kentucky Community and Technical College System, eight of the 13 community colleges are automatically eligible, up from seven last year. Jefferson and Prestonsburg community colleges showed progress on all four objectives, Ashland Community College on one. Two community colleges – Ashland and Owensboro, which demonstrated progress on two criteria – are not eligible for new programs this year, down from four community colleges last year. This year, four community colleges require waivers to propose new programs; three needed waivers last year. Overall, four community colleges improved their standing (Madisonville, Maysville, Paducah, and Somerset), and four saw reductions (Ashland, Hopkinsville, Owensboro, and Southeast).

Of the 15 KCTCS technical colleges assessed for the first time, only Jefferson is automatically eligible to propose new programs. All others must have waivers.

SUMMARY OF DEGREE PROGRAM ELIGIBILITY STATUS
CALENDAR YEAR 2001

Eligibility Category	Technical Colleges		Community Colleges		Universities		Total	
	2001	**2000**	**2001**	**2000**	**2001**	**2000**	**2001**	**2000**
Automatic	1	N/A	8	7	4	7	13	14
Quantitative Waiver	2	N/A	4	3	3	1	9	4
Qualitative Waiver	12	N/A	0	0	1	0	13	0
Not Eligible	0	N/A	2	4	0	0	2	4
Total	15		14	14	8	8	37	22
Waivers Granted				2				2

INSTITUTIONAL DEGREE PROGRAM ELIGIBILITY
CALENDAR YEAR 2001

The eligibility status of the institutions is determined through the application of the administrative regulation (13 KAR 2:060). The status of each institution:

COMMUNITY COLLEGES

Institution	Objectives Showing Continuous Progress	Total Objectives Evaluated	Degree Program Eligibility Status	
			2001	2000
Kentucky Community and Technical College System				
Ashland CC	1	4	*Not Eligible*	*Quantitative*
Elizabethtown CC	3	4	*Automatic*	*Automatic*
Hazard CC	2	4	*Quantitative*	*Quantitative*
Henderson CC	3	4	*Automatic*	*Automatic*
Hopkinsville CC	2	4	*Quantitative*	*Automatic*
Jefferson CC	4	4	*Automatic*	*Automatic*
Madisonville CC	3	4	*Automatic*	*Not Eligible*
Maysville CC	2	4	*Quantitative*	*Not Eligible*
Owensboro CC	2	4	*Not Eligible*	*Quantitative*
Paducah CC	3	4	*Automatic*	*Not Eligible*
Prestonsburg CC	4	4	*Automatic*	*Automatic*
Somerset CC	3	4	*Automatic*	*Not Eligible*
Southeast CC	2	4	*Quantitative*	*Automatic*
University of Kentucky				
Lexington CC	3	4	*Automatic*	*Automatic*

Notes:

Community colleges have four equal opportunity objectives.

Automatic eligibility equals continuous progress in at least 3 of 4 objectives.

Quantitative waiver equals continuous progress in 2 of 4 objectives and no new academic programs submitted to CPE under the waiver provisions during the 2000 calendar year.

Qualitative waiver equals continuous progress in 0 or 1 of 4 objectives and no new academic programs submitted to CPE under the waiver provisions during the 2000 calendar year.

INSTITUTIONAL DEGREE PROGRAM ELIGIBILITY
CALENDAR YEAR 2001

The eligibility status of the institutions is determined through the application of the administrative regulation (13 KAR 2:060). The status of each institution:

TECHNICAL COLLEGES

Institution	Objectives Showing Continuous Progress	Total Objectives Evaluated	Degree Program Eligibility Status	
			2001	2000
Kentucky Community and Technical College System				
Ashland TC	1	4	*Qualitative*	N/A
Bowling Green TC	0	4	*Qualitative*	N/A
Central Kentucky TC	2	4	*Quantitative*	N/A
Cumberland TC	1	4	*Qualitative*	N/A
Elizabethtown TC	1	4	*Qualitative*	N/A
Hazard TC	0	4	*Qualitative*	N/A
Jefferson TC	3	4	*Automatic*	N/A
Laurel TC	0	4	*Qualitative*	N/A
Madisonville TC	2	4	*Quantitative*	N/A
Mayo TC	1	4	*Qualitative*	N/A
Northern Kentucky TC	0	4	*Qualitative*	N/A
Owensboro TC	1	4	*Qualitative*	N/A
Rowan TC	0	4	*Qualitative*	N/A
Somerset TC	0	4	*Qualitative*	N/A
West Kentucky TC	1	4	*Qualitative*	N/A

Notes:

Technical colleges have four equal opportunity objectives.

Automatic eligibility equals continuous progress in at least 3 of 4 objectives.

Quantitative waiver equals continuous progress in 2 of 4 objectives and no new academic programs submitted to CPE under the waiver provisions during the 2000 calendar year.

Qualitative waiver equals continuous progress in 0 or 1 of 4 objectives and no new academic programs submitted to CPE under the waiver provisions during the 2000 calendar year.

INSTITUTIONAL DEGREE PROGRAM ELIGIBILITY
CALENDAR YEAR 2001

The eligibility status of the institutions is determined through the application of the administrative regulation (13 KAR 2:060). The status of each institution:

UNIVERSITIES

Institution	Objectives Showing Continuous Progress	Total Objectives Evaluated	Degree Program Eligibility Status	
			2001	**2000**
Eastern Kentucky Univ.	6	8	*Automatic*	*Automatic*
Kentucky State Univ.	4	7	*Quantitative*	*Automatic*
Morehead State Univ.	3	8	*Qualitative*	*Automatic*
Murray State Univ.	5	8	*Quantitative*	*Quantitative*
Northern Kentucky Univ.	7	8	*Automatic*	*Automatic*
Univ. of Kentucky	5	8	*Quantitative*	*Automatic*
Univ. of Louisville	8	8	*Automatic*	*Automatic*
Western Kentucky Univ.	7	8	*Automatic*	*Automatic*

Notes:

Universities (except Kentucky State University) have eight equal opportunity objectives. Kentucky State University has seven objectives (the objective related to Enrollment of Graduate Students does not apply to KSU).

Automatic eligibility equals continuous progress in at least 6 of 8 objectives. KSU is at least 5 of 7 objectives.

Quantitative waiver equals continuous progress in 5 of 8 objectives and no new academic programs granted by CPE under the waiver provisions during calendar year 2000. KSU is 4 of 7 objectives.

Qualitative waiver equals continuous progress in 4 or fewer of 8 objectives and no new academic programs granted by CPE under the waiver provisions during calendar year 2000. KSU is 3 or fewer of 7 objectives.

Staff Preparation by Rana Johnson and Sherron Jackson

The purpose of the partnership agreement with the U.S. Department of Education's Office for Civil Rights is to remove all vestiges of *de jure* segregation, to enhance historically black Kentucky State University, and to ensure compliance with Title VI of the Civil Rights Act of 1964. Institutional implementation of the partnership commitments is well under way. The agreement is on track to be completed on schedule by December 31, 2002, provided that Kentucky State University can fulfill its commitment to renovate the Young Hall dormitory. The first status report was given to the Office for Civil Rights August 15, 2000. The OCR reviewed the report and concluded that public postsecondary institutions are making "tremendous" progress to increase recruitment and retention and developing and putting in place innovative programs to reach partnership goals.

The Committee on Equal Opportunities and the OCR are monitoring the implementation of the agreement. The CEO and the OCR visited each university. The OCR is completing reports on each campus visit. The council is reviewing benchmark funding and its impact on enhancement of Kentucky State University. The OCR encourages the institutions to discuss methods to share their difficulties and successes. A summary report of the status of the agreement commitments follows.

The primary focus of the partnership is the commitment by the state's elected and appointed leaders to reach the agreement's goals.

Staff Preparation by Rana Johnson and Sherron Jackson

Summary Report
Status of Partnership Commitments

Postsecondary Education System

Commitments – Postsecondary Education System	*Report Due to OCR*	*Commitment Status*	*OCR Response*
Report on the status of the renovations at KSU.	January 15, 2001 and 2002	Reported to OCR 8-15-00	Status report needed
Provide a copy of KSU's plan detailing the training activities to address the continued division of faculty.	February 15, 2000	Reported to OCR 8-15-00	Need schedule of 2001 events
Report on the benchmark funding process and its impact.	September 30, 2000, 2001 and 2002	Under review by SCOPE	
Report on the enhancement of KSU's education program.	June 30, 2000, 2001 and 2002	Reported to OCR 8-15-00	Report Received
Report on the appointments to KSU's Board of Regents.	September 30, 2000, 2001 and 2002	Reported to OCR 8-15-00	Report Received
Provide a copy of Northern Kentucky University's plan to increase recruitment of African American students.	June 30, 2000	Reported to OCR 8-15-00	Report Received
Provide a list of strategies, by university, to increase retention and graduation of African American students.	September 30, 2000	Report in Progress	Report Received
Report on the rates of retention and graduation, by race, for each public postsecondary institution and for the entire system.	September 30, 2000, 2001 and 2002	Report in Progress	Extended report date
Provide a report detailing the efforts to increase the number of African Americans enrolled in Kentucky professional and graduate schools.	October 30, 2000	Report in Progress	Extended report date
Provide a list of each institution's campus environment team.	June 30, 2000	Reported to OCR 8-15-00	Report Received
Report on the efforts of each institution to ensure and enhance the diversity of their faculty, staff, and cabinet.	October 30, 2000, 2001 and 2002	Report in Progress	
Provide a list of the names and titles of individuals at each university who are responsible for minority affairs/campus diversity.	June 30, 2000	Reported to OCR 8-15-00	Report Received

Postsecondary Education System

Suggested modifications to the Partnership Agreement	Implementation	Status of Suggested Change	OCR Response
Postpone FY 2001 visits to all university campuses, except KSU.	January – December 2001	Council staff agreed to this.	
The OCR will visit the KSU campus in FY 2001.	September –October 2001	Establish a date in February	
KSU and the Commonwealth should complete a comprehensive study of the physical facilities, academic programs, and university operations and management.	January – November 2001	Under discussion with KSU	
Requests for additional information under the Agreement	Due to the OCR	Status of the OCR Request	
Provide a copy of KSU and Council review of the impact of benchmark funding on the university.	Immediately	Under development	
Provide summaries of meeting between KSU, UofL, and UK to discuss academic program enhancements.	Immediately	Report requested from KSU.	
Report on the status of the students' living conditions at Young Hall Dormitory at KSU.	February 2001	Under Development	
Additional information from UofL on Pathways, REACH, students who participated in the summer transition program, copy of consultant's report on student support delivery system, and status of effort to hire a Vice Provost of Minority Affairs.	June 30, 2001	Request made to UofL.	

The U S Department of Education, Office for Civil Rights

Commitments USDOE, Office for Civil Rights	Date of Completion	Commitment Status
The OCR will work collaboratively with CPE to host a conference in the fall of 2000 on campus diversity.	Fall 2000	Complete. Conference held September 25-26 at Holiday Inn Hurstbourne, Louisville, KY.
The OCR will provide technical assistance, as requested, to the Commonwealth, the universities, and community colleges in developing programs to enhance diversity.	Duration of the Agreement	No requests for assistance have been made.
The OCR will provide technical assistance, as requested, to KSU to assist the university to address the division between minority and non-minority faculty and staff.	Duration of the Agreement	At the November 15, 2000, CEO and OCR visit KSU reported significant success on this issue. A schedule of FY 2001 event requested by OCR.
The OCR will provide technical assistance, as requested, to the Commonwealth, the universities, and community colleges in identifying promising practices to increase African American students' access to, retention in, and graduation from public institutions in Kentucky.	Duration of the Agreement	Provided as part of the council and OCR Campus Diversity Conference September 25-26. Other assistance available on request.
The OCR will conduct annual site visits to each institution to assess and report on the institution's success and to provide technical assistance.	Duration of the Agreement	FY 2000 visits complete. The OCR is preparing reports of visits to EKU, MOSU, UK, NKU, UofL, and NKU.
The OCR will prepare a final report of the agreement implementation in March 2003. The OCR and CPE will determine whether the commitments have been fulfilled and the Title VI and Fordice issues have been resolved.	March 2003	
If the Title VI and Fordice issues have been resolved, the OCR will acknowledge formally, in writing, that Kentucky has eliminated all vestiges of segregation in its public system of higher education.	May 2003	

First Annual Report for the Kentucky Virtual Library

The full report on activities for 1999-2000 will be distributed at the meeting. Highlights include
- All 4 million Kentucky residents can use KYVL and its services.
- Statewide purchase of 30 electronic databases saved $20 million from the cost of libraries subscribing individually.
- From November 1999 through October 2000, KYVL users have conducted 4.6 million searches of the databases – an average of 385,000 per month.
- From March to August 2000, the KYVL self-paced online tutorial has received more than 120,000 hits or an average of more than 20,000 per month. The tutorial assists users with the Internet, library collections, research, and evaluation of information.
- The KYVL Help Desk, through the KYVU Call Center, has answered more than 1,700 questions, an average of 100 responses per month by the two staff reference librarians.
- In partnership with the Kentucky Department of Education, KYVL is building Web pages to provide learning tools, curriculum guides, lesson plans, Web sites, and electronic databases for teachers in Kentucky.
- The KYVL has begun courier service to send materials from one library to another.
- All of KYVL's electronic databases are available in Spanish, French, and German.

New services planned by KYVL for 2000-2001 include
- Online library loans
- Searchable Web sites
- Kentucky statistical abstracts
- Web pages for children and parents
- Web pages for adult education

Governor's Conference on Latin America

The Kentucky Virtual University participated in the Governor's Conference on Latin America in Louisville January 8-10. KYVU announced its partnership with Monterrey Technical Virtual University in Mexico to provide opportunities to Spanish-speaking Kentuckians to study in their native language, for Kentuckians to study abroad from their homes, and to develop transfer agreements between Kentucky institutions and Monterrey Tech. Monterrey Tech (Universidad Virtual del Sistema Tecnologico de Monterrey) is fully accredited in the United States. It is the largest private university in Latin America with 85,000 students and 30 campuses.

Distance Learning Advisory Committee (DLAC)

The committee approved a goal of 4,000 enrollments for KYVU by fall 2002. Projecting enrollment figures for KYVU is one of the council's key indicators of progress.

Other items discussed at the meeting December 6, 2000, were
- KYVU will track the number of students new to postsecondary education, the number of students age 23 or older, and the number of learners in professional development courses.
- The committee would like to have informal discussions about two issues: uses of technology, including economic development, and intellectual property policies.

Revolving Fund for Curriculum Development

The first agreement for use of funding for curriculum development has been signed with the Kentucky Community and Technical College System. The funds will be used to develop an online associate of applied science in information technology. Upon completion of the program, a student will have fulfilled all requirements not only for the degree but also for three related certificates.

Staff Preparation by Miko Pattie and Mary Beth Susman

KENTUCKY VIRTUAL LIBRARY
http://www.kyvl.org
1999 - 2000

I.   Mission:

All Kentuckians will have equitable access to quality library and information resources and qualified, well-trained staff to support the Kentucky Virtual University as well as meet broader needs for learning, working, and living.

II.   Why and how KYVL is built:

House Bill 1, the Kentucky Postsecondary Education Improvement Act of 1997, places responsibility for the development and operation of the Kentucky Virtual University with the Council on Postsecondary Education with advice from the statutorily established Distance Learning Advisory Committee. The Virtual Library is a unit of the Virtual University.

Using the framework of the Digital Library Project initiated by the State-Assisted Academic Library Council of Kentucky and the solid foundation for collaboration from the Kentucky Library Network, the KYVL was officially launched November 1, 1999.

The building of a statewide virtual library depends on a large group of librarians, state network administrators, university computing center directors, and policy makers to come together with a common vision. This we did with the Virtual Library Advisory Committee, formerly Steering Committee, and 10 work groups, each with one area of responsibility and with representations from all user communities. The staff works closely with these groups to improve and increase KYVL services.

III.   Funding:

For 1998-2000, the state legislature allocated $3.5 million bond fund to set up the technical infrastructure. This includes the purchase of library workstations, Ariel systems, Gateway server hardware and software, Endeavor Voyager software, the Kentuckiana Digital Library's server hardware and software, and its digitizing contracts.

For 1998-2002, the KYVL annual operating fund is $2.5 million. The participating libraries contribute $1.018 million towards the total licensing fee of $1.8 million for electronic databases. The operating fund also supports server maintenance, statewide courier service, Kentuckiana Digital Library, and information literacy programs.

IV.   Benefits:

The KYVL resources and services level the playing field for all KYVU students and Kentuckians in their pursuit of lifelong learning. All 4 million citizens of the Commonwealth can use the KYVL through the KYVL Gateway or the following libraries:

- 116 public libraries with registered patrons of 1,739,494
- 36 public universities and colleges with a total of 112,757 FTE students
- 19 independent universities and colleges with a total of 18,863 FTE students
- 1,259 public K-12 schools with a total of 619,200 students
- 22 special libraries (hospitals, state agencies, and others)

The cost savings realized through statewide purchasing and management for electronic resources and services is significant. In the licensing of electronic databases alone, the current contracts would have incurred $20 million more if libraries subscribe to these 30+ databases individually.

By setting up an infrastructure to undertake the digitizing project, the statewide courier service, a common library system, and other services, the KYVL makes it possible for Kentucky libraries to offer these services to their users at very little cost.

V.   Resources and services:

The goal is to build KYVL as an easy, convenient one-stop shop for quality information resources and services. Working with librarians in the state, the KYVL uses the vast collections housed in Kentucky libraries and the selective electronic resources on the Internet to meet Kentuckians' information needs.

1. **Electronic databases:**

More than 30 databases with close to 5,000 full text journal titles are available to any KYVU student or Kentuckian from home, office, school, or local public library. The only requirement is to be a registered user of any participating library. Through October 2000, KYVL users have conducted a total of 4,621,828 searches against these databases, an average of 385,152 searches a month.

KYVL Total Database Use - Number of Searches
11/99 - 10/00
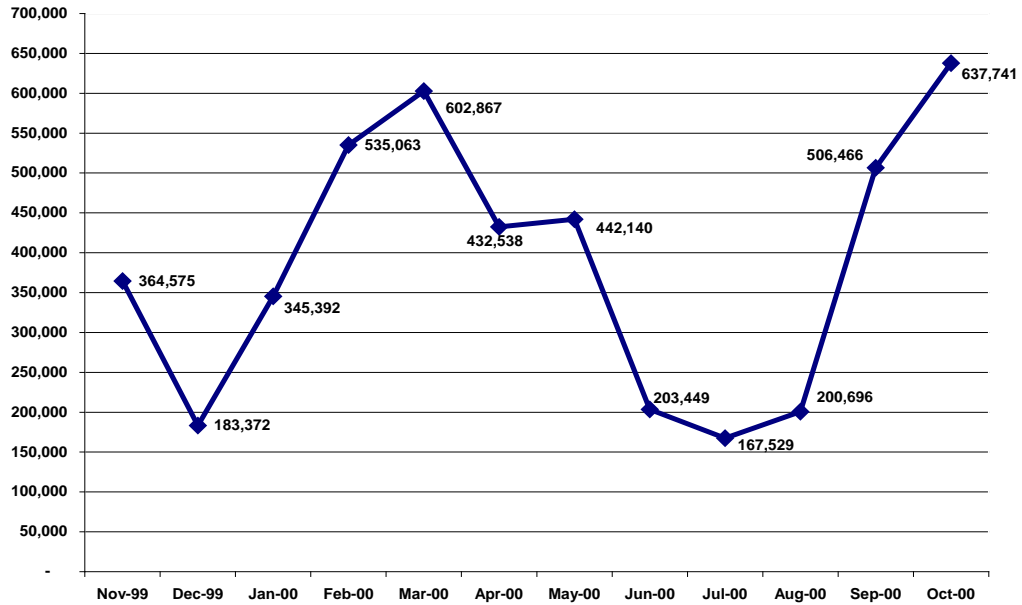
KYVL Total Database Searches by User Community
**11/99 - 10/00**
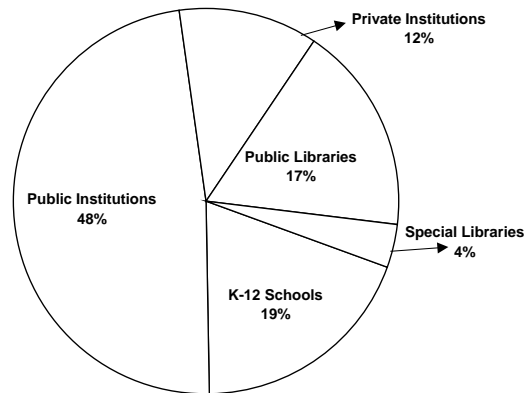
2. **Common library management system:**

With hub sites at the University of Kentucky and the University of Louisville, the KYVL Endeavor Consortium allows public institutions to use a common library system and share the server administrative costs. It also presents a unique opportunity for small libraries without adequate information technology support to automate their operations. This past year we saw the implementation of Endeavor Voyager system not only at the eight public universities and the Kentucky Community and Technical College System, but also at Lexmark, Norton Hospital, St. Catharine's College, and the Kentucky Department for Libraries and Archives.

3. Help Desk:

As part of the KYVU Call Center staff, two reference librarians work closely with other librarians in the state to provide high-touch assistance for the user community. Through December 2000, the Help Desk has answered a total of 1,728 questions, an average of 101 questions a month.

KYVL Help Desk Statistics - Number of Inquiries
8/99 - 12/00
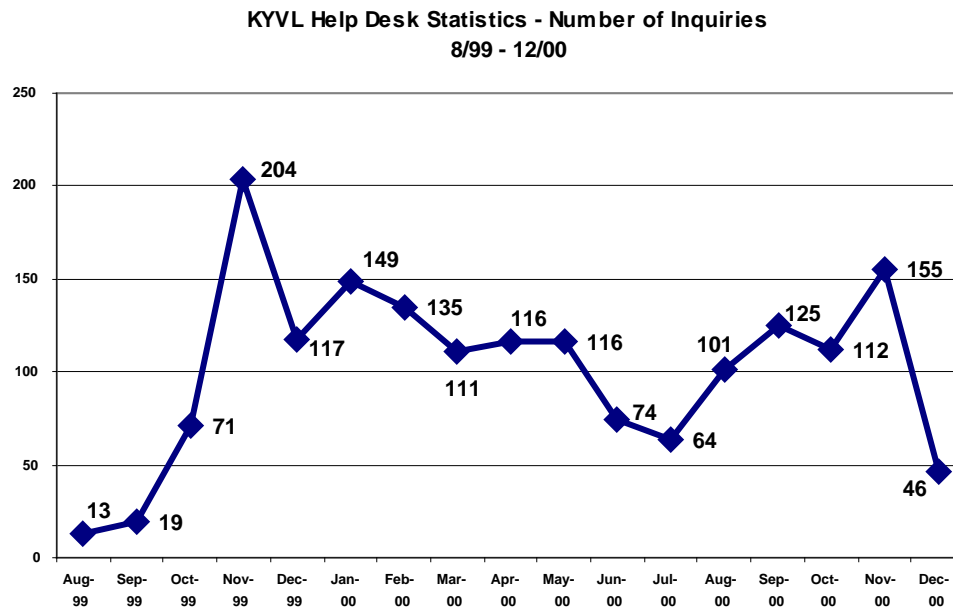
4. Information literacy:

This self-paced online tutorial is designed to help users use the Internet and library collections to find and evaluate information, conduct research, and use these resources responsibly. From March to August 2000, this tutorial has received a total of 122,311 hits, an average of 20,385 hits a month.

KYVL Information Skills Tutorial - Number of Hits
3/00 - 8/00
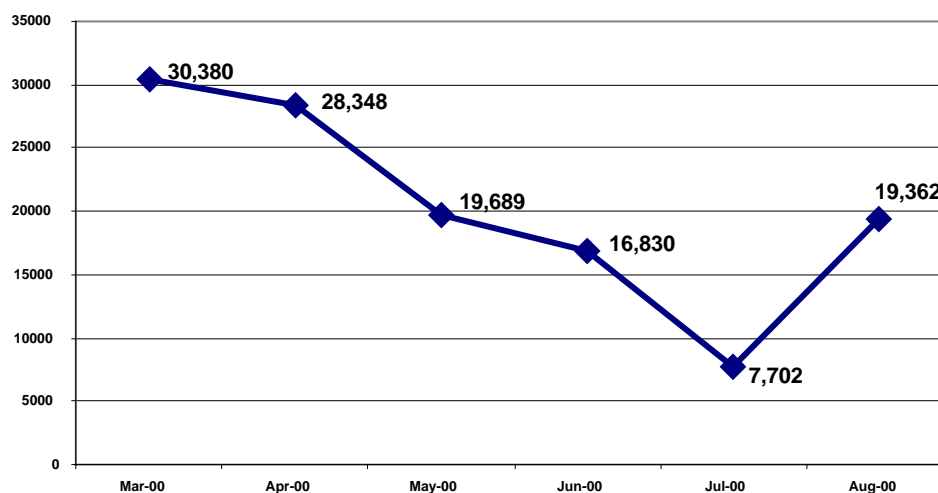
5. **Kentuckiana Digital Library:**

    Digitizing special collections and archives housed in Kentucky libraries and making these treasures available online to school children, researchers, and the world is a long-term project. This past year we have set up the server and software, established a statewide metadata standard to describe digital objects, digitized 1,500 finding aids from 11 libraries, selected target collections to be digitized at the central lab, trained 34 archivists, and released the official Web site.

6. **Resource sharing:**

    To make the vast collections housed in Kentucky libraries more readily available, the KYVL has brought 16 libraries' online catalogs together and given them a common look and feel. One only needs to type in a search once and it will show which of these libraries has what's needed.

    Fifty-one libraries have the Ariel Internet faxing system to share journal collections. From August to October 2000, these libraries have transmitted a total of 14,618 articles for their users, an average of 4,872 articles a month.

    The KYVL statewide courier service extends to186 libraries all over the state. This delivery service, inaugurated in August 2000, puts all library collections at the disposal of all citizens in a timely manner. From August to October 2000, a total of 17,826 items have been trucked among these libraries for their users, an average of 5,942 items a month.

**KYVL Resource Sharing - Number of Transmissions & Items Delivered**
8/00 - 10/00
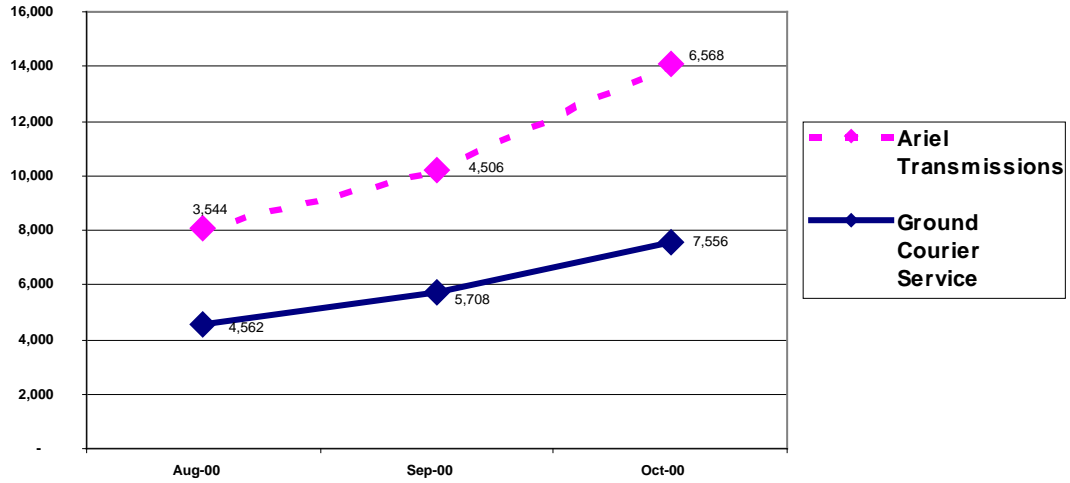
7. Training:

To promote the use of KYVL services, the staff designs face-to-face training sessions and takes them to all corners of the state. For this past year, the KYVL staff has conducted a total of 58 training sessions with 1,167 participants.

KYVL Training - Number of Sessions and Participants
10/99 - 11/00
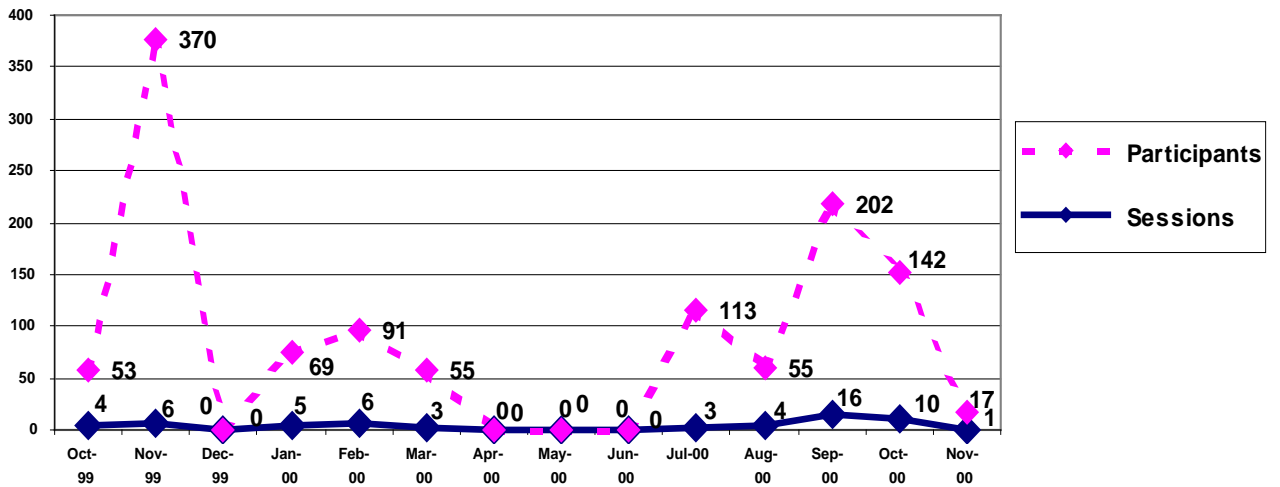
8. **Virtual Reference Desk:**

Working with librarians in the state, the staff selects, annotates, and organizes

Web sites to complement the licensed databases and library collections. Through

KYVL External Web sites - Number of Searches
11/99 - 12/00

Month	Searches
Nov-99	29,277
Dec-99	24,729
Jan-00	44,320
Feb-00	55,963
Mar-00	50,310
Apr-00	38,536
May-00	50,647
Jun-00	34,514
Jul-00	35,880
Aug-00	54,771
Sep-00	75,494
Oct-00	78,747
Nov-00	67,601
Dec-00	50,581
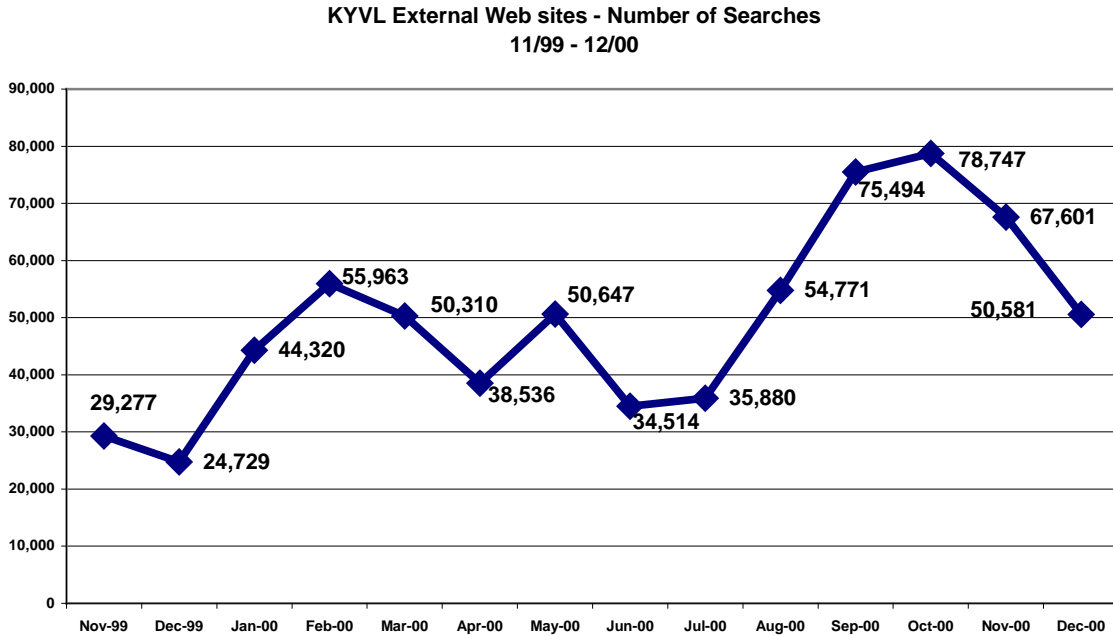
December 2000, a total of 691,370 searches have been conducted against these Web

sites, an average of 49,383 searches a month.

9. **Services for K-12 Community:**

Partnering with the Kentucky Department of Education and teachers, the KYVL

is building a portal for teachers. It includes tools, curriculum guides, lesson plans,

Web sites, and electronic databases.

Work groups are gathering information resources and defining design principles

for portals for kids and parents.

VI.　New services for 2000-01

- Online interlibrary loan service:

  Library users will be able to initiate an online request for books they find through the online catalogs on the KYVL Gateway and will be able to pick up these books at the library near them as quickly as 24 hours.

- Searchable Web sites:

  Users will be able to simultaneously search external Web sites selected for KYVL portals along with library catalogs and electronic databases.

- Kentucky statistical abstracts:

  A comprehensive portal for Web sites that contain Kentucky statistical information will prove useful for students and researchers.

- Portals for kids and parents:

  Young children and their parents will learn research skills and how to look for information on the Internet. The design will be kid-friendly and the content will help with classroom lessons.

- Portal for adult education:

  KYVL will work with the Department of Adult Education and Literacy in building an all-in-one portal for resources, databases, curriculum products, and tools to be used by instructors and adult learners.

JOINT ENGINEERING PROGRAMS

Agenda Item F-1

UK/UofL/WKU/MuSU

February 5, 2001

Recommendation

- The staff recommends that the council reassert its commitment to the "Strategy for Statewide Engineering Education in Kentucky" and to approving joint programs in engineering to begin fall 2001.

- The staff recommends that the council commend Western Kentucky University, Murray State University, the University of Kentucky, and the University of Louisville for their work in creating the two attached Frameworks of Agreement on joint bachelor's degrees in civil, mechanical, electrical, and telecommunications engineering starting fall 2001. The universities will soon seek approval for each joint program, providing full detail on curriculum, staffing, and cost.

Background

At its July 2000 meeting, the council approved the "Strategy for Statewide Engineering Education in Kentucky" that called for the creation of joint programs to increase the number of baccalaureate engineers in the commonwealth and address regional issues of access and productivity in engineering education. Joint programs are to be built on the strengths of existing engineering programs at UK and UofL while accommodating employer needs identified by the comprehensive universities.

The Frameworks of Agreement address faculty, accreditation, curriculum, and administrative issues in a manner consistent with the Strategy for Statewide Engineering Education. Under the Frameworks of Agreement:
- WKU will work with UK to offer joint bachelor's degree programs in civil engineering and mechanical engineering and will work with UofL to offer a joint bachelor's degree in electrical engineering. The programs will be offered on the WKU campus.
- MuSU will work with UofL to offer a joint bachelor's degree program in electrical and telecommunications engineering. The program will be offered on the MuSU campus.
- For the three WKU-UK-UofL programs, a Joint Engineering Program Steering Committee consisting of senior administrators from the participating universities would oversee program policies. The MuSU-UofL program will also have a Joint Engineering Program Steering Committee.
- For the three WKU-UK-UofL programs, an Admissions Committee (consisting of departmental administrators and faculty from the three universities) would ensure that common admissions standards prevail. The MuSU-UofL program will also have a joint Admissions Committee.

The council staff continues to discuss with institutional administrators methods of funding the joint engineering programs during the 2001-02 academic year. The council staff is developing a budget recommendation for engineering to be included in the New Economy Initiative for the 2002-04 biennium.

Staff Preparation by Daniel Rabuzzi and Bill Swinford

Responses by Institution
December 2000

Institution	Initial Number of Programs	Programs Under Review	Programs Flagged for Closure		Programs to be Altered		Programs to be Retained		Programs Receiving Special Attention	
EKU	149	77	12	16%	3	4%	40	52%	22	29%
KSU	37	30	4	13%	4	13%			26	87%
MoSU	97	46	9	20%	16	35%	20	43%	1	2%
MuSU	140	81	21	26%	9	11%	47	58%	4	5%
NKU	77	30	7	23%	5	17%	17	57%	1	3%
UK	289	126	15	12%	48	38%	58	46%	5	4%
UL	215	96	37 *	39%	49	51%	8	8%	2	2%
WKU	160	78	21	27%	32	41%	23	29%	2	3%
Totals:	1164	564	126	22%	166	29%	213	38%	63	11%

* UL added several new programs to replace some closed programs.

ACADEMIC PROGRAM
PRODUCTIVITY REVIEW

Recommendation

- The staff recommends that the council accept the December 15, 2000, updates from the universities' academic program review and commends the universities for their efforts to evaluate low-productivity programs that could be improved or closed.

- The staff recommends that the council reaffirm its strong encouragement to faculty and staff from all academic disciplines to explore ways to share programs through statewide collaboratives (emphasizing the Kentucky Virtual University whenever possible), partnerships within clusters of institutions, or the development of complementary specializations, and commend faculty and staff for their efforts to develop these arrangements.

Background

To date, 126 (22 percent) of the programs identified by the council's review have been designated for closing, 166 programs (29 percent) will be altered, 213 (38 percent) will be retained largely unchanged, and 63 programs (11 percent) will be addressed by June 2001.

The universities continue to review the academic programs initially identified by the council in February 2000 as low-productivity ones (conferring fewer than 12 associate, 12 bachelor's, seven master's, or five doctoral degrees calculated as a five-year average). These thresholds for degree productivity are only an initial screen for identifying low-productivity programs. The council's purpose is to complement – not replace – program reviews already established on campuses.

The universities report that through comprehensive faculty involvement, they continue to alter and improve programs using a variety of methods, including

- Adjusting curricula to better serve the needs of students and prospective employers of program graduates.
- Assisting program faculty in obtaining more external funding for research, instruction, or service.
- Collaborating with other public and private institutions through sharing faculty and other methods.
- Consolidating related programs within an institution.
- Creating more effective articulation and transfer arrangements with secondary schools and the Kentucky Community and Technical College System.
- Developing interdepartmental cooperation.

- Improving advising and mentoring.
- Incorporating continuing education courses.
- Increasing publicity using brochures, posters, and Web sites.
- Increasing recruitment through stronger relationships with secondary schools.
- Integrating distance-learning technologies into program delivery.
- Investing additional resources to create more faculty positions and provide more program-specific financial aid, such as funding for more teaching and research assistants in graduate-level programs.
- Linking to professional organizations.
- Re-identifying programs.

Actions since July 2000 include

- **Eastern Kentucky University** recently implemented a new process of academic program review that has resulted in decisions since July 2000 to discontinue seven additional programs, for a total of 12 program closings. Twenty-two programs will be reviewed during spring 2001.

- **Kentucky State University** recently created and has begun to implement a new process of academic program review. The review of all academic programs should result in significant decisions in spring 2001 to discontinue some and alter others.

- **Morehead State University** decided to discontinue three additional programs since July 2000, for a total of nine program closings. Fifteen altered programs have been required to produce and implement aggressive plans for improvement.

- Since the last report, **Murray State University** decided to retain four additional programs that were under special consideration, to retain a program earlier identified for closing, and to close a program initially to have been kept. Overall, Murray plans to discontinue 21 programs, revise nine programs, retain 47 programs unchanged, and continue the review of four programs in spring 2001.

- **Northern Kentucky University** decided in May 2000 to discontinue seven programs. Four additional programs underwent thorough review in fall 2000 before decisions were made to continue them, three unchanged and one with alterations.

- The **University of Kentucky**'s review has resulted in decisions to discontinue 15 programs (three since the last report). Forty-eight programs have undergone significant alteration in the last year, and five programs continue under special review.

- The **University of Louisville** continues to implement the decisions of the Blue Ribbon Commission appointed in fall 1999 to undertake a university-wide process of evaluation and reallocation. Since the last report, one additional low-productivity program has been identified for closing. Two programs identified for closure will be retained. Seven additional programs will be revised. Two programs continue under special attention.

- **Western Kentucky University** is in the third year of an extensive review of academic programs. This review has resulted in decisions to discontinue 21 programs (five additional programs to be closed since the last report). Twenty-four programs will be revised. Several others must produce plans to increase viability and responsiveness to student needs. Two programs will continue under review in spring 2001.

A chart summarizing institutional decisions is attached.

The council's initial review indicated that foreign languages, teacher education, and visual and performing arts should be the focus of statewide discussions of effectiveness and greater collaboration. In July 2000, the council requested the formation of discipline groups in these areas. These groups consist of faculty and staff at public and private universities, the Kentucky Community and Technical College System, and representatives of the Kentucky Virtual University. Discussions have centered on statewide collaboration among academic programs, including the fullest possible integration of distance learning. These discussions have been led by Murray State University and the University of Kentucky (foreign languages); Eastern Kentucky University, Western Kentucky University, and the University of Louisville (teacher education); and Kentucky State University, Northern Kentucky University, and Morehead State University (visual and performing arts).

Final recommendations from these groups will be submitted by June 30, 2001.

Council meeting agenda items from November 8, 1999, and July 17, 2000, contain additional information about the productivity review process.

Staff Preparation by Bill Swinford

Recommendation

The staff recommends that the council approve the Master of Science in Physician Assistant
Studies proposed by the University of Kentucky. The program would be registered in CIP
51.0807 (Physician Assistant).

Background

Because of the changing nature of medical practice and their roles and duties, physician assistants
need increased knowledge of geriatrics, clinical medicine, health-care administration, evidence-
based medicine, pharmacology, and applied research. The U.S. Department of Labor predicts that
graduate-level education will become standard for practicing physician's assistants. The
University of Kentucky wants to replace its Bachelor of Health Science Physician Assistant
program with a Master of Science. The replacement of the bachelor's program with the master's
program would allow graduates to respond better to the demands of the profession and be more
competitive in the job market.

To graduate more rurally trained physician assistants – in response to a legislative mandate in
1995 – the University of Kentucky offers an extension of the bachelor's program at Morehead
State University. If UK's proposed master's program is approved, the extension program at
Morehead would also be made master's level.

Using the Kentucky Postsecondary Program Proposal System (KPPPS), the University of
Kentucky posted the proposed program to the council's Web site. It was reviewed without
objection by the other public and independent institutions in Kentucky.

Staff Preparation by Bill Swinford

2002-04 FUNDING METHODOLOGY **Agenda Item G-1**
POINTS OF CONSENSUS **February 5, 2001**

Recommendation

- The staff recommends that the council endorse the "Points of Consensus Among University Presidents, KCTCS President, and the Council President Concerning the 2002-04 Funding Methodology" as the basis of the council's operating and capital guidelines for the 2002-04 budget recommendations.

- The staff further recommends that the council direct the staff to propose more specific details to guide the development of the council's 2002-04 operating and capital budget recommendations.

Background

The following document has evolved over the past three months through meetings of the presidents, the chief budget officers, the chief academic officers, and the Operating Budget Review Subcommittee of the Strategic Committee on Postsecondary Education. The agreement was presented to the Finance Committee and the Operating Budget Review Subcommittee January 16. Neither group proposed any changes. As chair of the council, SCOPE, and the Operating Budget Review Subcommittee, Charles Whitehead will present the final version to SCOPE February 7.

Staff Preparation by Angela S. Martin

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

I. Base Funding

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

a) An inflationary increase as provided to other agencies of state government.

b) Maintenance and operation funds to support new educational and general buildings approved by the General Assembly.

c) Changes in debt service requirements for institutional bond issues supported from state appropriations and to be paid by the institution.

d) The benchmark method is one of several acceptable approaches to establish institutional base budgets and should be retained to determine equity adjustments to the base General Fund appropriations to the institutions. However, the current model will be supplemented and strengthened. Institutions will have the opportunity to negotiate the replacement of up to five institutions from their current benchmark lists. In addition, the benchmark method should be augmented to address the differential costs related to new undergraduate and graduate enrollments through a new Enrollment Growth and Retention Trust Fund (Section II).

   Clarifying Statements
   - Based on actions of the council, the governor, and the General Assembly to reaffirm the state appropriation bases of institutions, no redistribution among institutions of existing institutional General Fund base appropriations should occur. Institutional General Fund base budgets should not be reallocated through the state budgeting process.

   - General Fund appropriations to institutions should continue to be lump sum with necessary accountability requirements.

   - Institutions should continue to have the delegated authority to set tuition rates.

   - The annual General Fund base increase request should be, at a minimum, the percentage provided to state agencies in the Legislative Research Commission's promulgated biennial *Budget Request Manual*.

- The benchmark method will involve a review of benchmark institutions using objective data consistent with the existing selection criteria. Universities with medical schools will not be considered as benchmark institutions for the Kentucky comprehensive universities.

- Adjustments to institutional base budgets should include across-the-board inflationary increases for all institutions as well as adjustments resulting from the benchmark process.

- The cost differential related to new undergraduate and graduate enrollments should be addressed through a new Enrollment Growth and Retention Trust Fund (Section II).

- If feasible, a study should be undertaken to identify General Fund debt service at the benchmark institutions. The identified General Fund debt service amounts should be factored out of data for both the Kentucky institutions as well as the benchmark institutions.

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

Clarifying Statements
- Kentucky's funding approach needs to reflect the shared funding responsibility between the state and the student (tuition).

- A uniform standard for determining the tuition deduction from the calculated public funds amount should be developed. The standard deduction should be lower for KCTCS than for the universities.

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

Clarifying Statements
- Institutions should identify state-funded mandated public service and research programs funded through General Fund appropriations having no student enrollments or instructional function. These programs could be identified through, for example, a search of the Kentucky Revised Statutes. Institutions should provide appropriate documentation including the date the program was created and the levels of General Fund support over time.

- In order for the removal of mandated programs to be useful in the benchmark process, public service and research General Fund appropriations should be treated as consistently as possible across all Kentucky institutions and their respective benchmark institutions. If feasible, a study should be undertaken to identify similar mandated programs at the benchmark institutions. Such General Fund appropriations should be factored out of data for both the Kentucky institutions as well as the benchmark institutions.

- The institutions and the council should strive to have mandated programs separately identified in future budget bills to clarify each institution's base General Fund operating appropriation.

II. Trust Funds

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

Clarifying Statements
- The trust funds approach is important for assuring the achievement of *Strategic Agenda* goals. Distribution criteria for each trust fund, including the criteria for determining institutional allocations and matches (if any), should be part of the council's 2002-04 budget request.

- Enrollment growth and retention funds should be requested through an Enrollment Growth and Retention Trust Fund with performance goals negotiated with the institutions as the criteria to access funds.

- The Enrollment Growth and Retention Trust Fund should recognize the differentiated costs of increased undergraduate and graduate enrollments. Funding amounts for the Enrollment Growth and Retention Trust Fund should be based on each institution's benchmark funding objective per FTE.

III. Special Funding

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

Clarifying Statements
- Criteria for the council's evaluation of special initiative requests will be established early in the process.

- The Commonwealth, through its partnership agreement with the U.S. Office for Civil Rights, is committed to enhancing Kentucky State University. KSU and the council should fulfill this commitment through further discussions.

- Institutions should be provided an opportunity to request increases in General Fund appropriations for mandated programs that have been factored out of the benchmark process.

IV. Endowment Match Program

The Endowment Match Program should be retained.

Clarifying Statements
- Matching requirements play an integral part of the Endowment Match Program by providing incentives for private fund-raising.

- Matching funds received from private donors for the Endowment Match Program should be endowed.

- Special consideration may be given to institutions with demonstrated difficulty in meeting matching requirements such as additional time to match their allocated state funds.

V. Space Planning Guidelines

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

Clarifying Statements
- The council should submit a capital projects recommendation for the 2002-04 biennium to the governor and the General Assembly based on requests submitted by institutions under guidelines developed by the council early in the budget process. The Space Planning Guidelines will be revised to address coding of research space, quality of space, and fitness for purpose.

- Capital funding guidelines should allow for requests for capital renewal of existing facilities, equipment replacement, and equipment acquisitions consistent with the goals of House Bill 1 and the Strategic Agenda. The council should advance requests for new facilities when necessary to accomplish a specific strategic goal or support the mission of the institution.

- The Capital Renewal and Maintenance Program should continue to be based on projects recommended by the council.

- The council should continue to recommend a sufficient agency bond pool amount and recommend that institutions have the autonomy to bond their own projects without affecting the state bonding capacity.

**GUIDELINES: 2001-02 ENROLLMENT GROWTH
AND RETENTION PROGRAM**

Recommendation

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

Background

House Bill 502, the executive branch budget bill for the 2000-02 biennium, directs the council to establish criteria for distribution of the fiscal year 2002 funds for the Enrollment Growth and Retention Program. The 2000-02 Trust Funds Guidelines state that the distribution of the fiscal year 2002 funds will be based on institutions' meeting fall 2001 enrollment and retention goals. The council, in conjunction with the institutions, established enrollment and retention targets to be used in measuring progress toward increased educational access and attainment. These goals reflect the *1999-2004 Action Agenda* and House Bill 1 initiative to reach national averages in educational attainment by 2020. The recommended distribution methodology supplements the benchmark funding as it is based on projected enrollments.

The council requested $16 million in funding for the Enrollment Growth and Retention Program for fiscal year 2002 as part of the 2000-02 budget recommendation. Through HB 502, the General Assembly instead funded $8 million for each year of the biennium. The funding for this program is provided through three separate trust funds. Allocations from the three trust funds for enrollment growth and retention can go only to eligible institutions – there may be no redistribution among trust funds. The program funds and eligible institutions by trust fund follow:

	Program Funds
Research Challenge Trust Fund: UK, LCC, and UofL	$1,650,000
Regional University Excellence Trust Fund: EKU, KSU, MoSU, MuSU, NKU, WKU	2,850,000
Postsecondary Workforce Development Trust Fund: KCTCS	3,500,000
Total Enrollment Growth and Retention Program funds	$8,000,000

The first-year funds were allocated as nonrecurring by the General Assembly based on projected headcount enrollments and estimated state appropriations without regard to actual enrollments or retention rates. The fiscal year 2002 funds are recurring and may be added to the institutions' base General Fund appropriations as part of the council's 2002-04 operating budget recommendation.

The council staff developed three distribution alternatives for the fiscal year 2002 Enrollment Growth and Retention Program. The Finance Committee and the Academic Affairs Committee discussed these options at their January 16 meetings. The institutions' presidents, chief budget officers, and chief academic officers also have discussed these alternatives.

To encourage cooperation and avoid unnecessary competition for the same students, the Academic Affairs Committee discussed rewarding institutions, at least in part, for systemwide—not individual—performance to increase the overall number of college-going Kentuckians. The council staff supports doing this. But, the institutions have been operating under the 2000-02 Trust Funds Guidelines, approved by the council July 17, 2000, which state that the distribution of the fiscal year 2002 funds will be based on each institution's meeting fall 2001 enrollment and retention goals. The staff will develop a 2002-04 budget proposal that provides incentives for each institution and also rewards collective performance.

The presidents expressed their support of the recommended distribution method at their January 3 meeting. They said the program funds enable the institutions to improve recruiting and retention efforts, but the results may not be immediately apparent. The recommended distribution guidelines allocate the program funds to the institutions in advance of known fall 2001 enrollments and retention rates so that they may continue their expanded recruitment and retention efforts. These guidelines are based on established fall 2001 enrollment and retention goals. The allocations may be recurring depending on whether an institution meets its retention goal or increases enrollment or does both. Any unearned funds would revert to the trust funds and be distributed as part of the 2002-04 Enrollment Growth and Retention Program.

Staff Preparation by Angela S. Martin

2001-02 Enrollment Growth and Retention Program Guidelines

Introduction

Kentucky wants to reach the national averages for college going and percentage of adults with degrees. The 2000-02 Enrollment Growth and Retention Program was created to promote these goals. The funding for this program is provided through three separate trust funds.

House Bill 502 directed the distribution of the $8 million in program funds for fiscal year 2001 and directed the council to develop the distribution method for fiscal year 2002. The *1999-2004 Action Agenda* established enrollment and retention goals for each institution. The council was guided by the following principles in developing the distribution guidelines.

- The Enrollment Growth and Retention Program should supplement benchmark funding.
- Funds appropriated to the program should provide incentives to the institutions to reach their enrollment and retention goals.

A.   **General Guidelines**
- Allocations from the three trust funds for enrollment growth and retention will go to eligible institutions only – there may be no redistribution among trust funds:

Research Challenge Trust Fund: UK, LCC, and UofL	$1,650,000
Regional University Excellence Trust Fund: EKU, KSU, MoSU, MuSU, NKU, WKU	2,850,000
Postsecondary Workforce Development Trust Fund: KCTCS	3,500,000
Total Enrollment Growth and Retention Program	$8,000,000

- The established enrollment goals are published in the 2000-02 Trust Fund Guidelines (See Appendix A). EKU, KSU, MoSU, MuSU, NKU, and WKU will be measured by growth in undergraduate enrollment, UK by increases in undergraduate and graduate and professional enrollment, UofL by growth in graduate and professional enrollment, and KCTCS and LCC by increases in headcount students enrolled in college credit courses. Enrollment growth will be measured by the increase in students from fall 1998 to fall 2001.
- Retention is measured by the number of first-time freshmen (full-time and part-time undergraduate students) who return a year later (fall semester to fall semester). The fall 2001 retention rates will be compared to the established goals as published in the 2000-02 Trust Fund Guidelines.

B.   **Distribution Guidelines: Advance Program Funds Based on Goals**
- Each trust fund will have separate, equal pools for enrollment and retention.
- The retention pool will be distributed among the institutions based on fall 2001 undergraduate headcount enrollment goals.

- The enrollment growth funds will be allocated to the institutions based on projected enrollment growth (fall 2001 enrollment goals less fall 1998 actual enrollment) and the calculated state support amount per FTE for each institution. The resulting distribution will be limited to the amount of available funds.
- The funds will be distributed to the institutions quarterly.
- The allocated retention funds will become recurring if an institution achieves its fall 2001 retention goals.
- The allocated enrollment funds will become recurring to the extent that an institution achieves its fall 2001 enrollment goals. The advance allocations are presented in Appendix B.
- Any unearned recurring fiscal year 2002 enrollment growth and retention funds will revert to the trust funds to be used as part of the 2002-04 Enrollment Growth and Retention Program.

Enrollment Growth and Retention Program
Option 3: Advance Program Funds
2001-02 Allocations

	FY 2002		
	Retention Funds	Enrollment Funds	Total Allocation
Research Challenge Trust Fund			
University of Kentucky	$ 370,000	$ 456,000	$ 826,000
Lexington Community College	148,800	166,400	315,200
University of Louisville	306,200	202,600	508,800
	$ 825,000	$ 825,000	$ 1,650,000
Regional University Excellence Trust Fund			
Eastern Kentucky University	$ 365,300	$ 390,200	$ 755,500
Kentucky State University	62,200	262,700	324,900
Morehead State University	178,800	141,700	320,500
Murray State University	194,300	154,700	349,000
Northern Kentucky University	282,400	154,200	436,600
Western Kentucky University	342,000	321,500	663,500
	$ 1,425,000	$ 1,425,000	$ 2,850,000
Workforce Development Trust Fund			
KCTCS	$ 1,750,000	$ 1,750,000	$ 3,500,000
Total Enrollment Growth and Retention Program Funds	**$ 4,000,000**	**$ 4,000,000**	**$ 8,000,000**

POSTSECONDARY EDUCATION
TRUST FUNDS INVESTMENT INCOME

Recommendation

- The staff recommends that the interest income earned through June 30, 2000, on the five trust funds listed in the attached chart be allotted to the institutions in accordance with the trust fund criteria and policy statements put into effect when the trust funds were established in 1997-98.

- The staff recommends that, using funds from the Technology Initiative Trust Fund (see Agenda Item G-4), the council provide a one-for-one match of interest income from the Regional University Excellence Trust Fund if used by the comprehensive universities to advance the statewide strategy for engineering. The staff further recommends that the council provide a one-for-one match of the equivalent amount of interest income from the Research Challenge Trust Fund if used by the research institutions to advance the statewide strategy for engineering. The staff recommends that the council limit the total amount of the matching funds from the Technology Initiative Trust Fund to $650,000, as presented in Agenda Item G-4.

Background

House Bill 1, *The Postsecondary Education Improvement Act of 1997*, states that income earned from trust funds shall be credited to the appropriate trust fund account. The investment earnings must be used for the legislatively mandated purposes of the trust funds and reserved for the individual institutions. Following is a schedule of the interest earnings for the trust funds by institution through June 30, 2000. As shown in Agenda Item G-4, the council staff recommends that $650,000 from the Technology Initiative Trust Fund be allocated for academic program development, including the statewide strategy for engineering education.

The allocation and use of the investment earnings have been discussed at recent meetings of the presidents and at the December 19 and January 16 Finance Committee meetings. The staff recommends that the established trust-funds criteria and policy statements be applied to the related investment income. For example, institutions must match investment income dollar for dollar.

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

Staff Preparation by Angela S. Martin

INCENTIVE TRUST FUNDS
INVESTMENT INCOME STATUS REPORT

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

TECHNOLOGY INITIATIVE TRUST FUND

Recommendation

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

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

Background

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

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

As shown in the recommendation, the council staff recommends the allocation of the majority of the remaining funds to five activities that are consistent with the adopted strategic agenda.

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

As shown, $3.66 million of the remaining funds will be needed to complete the 1998-2000 projects, which are primarily related to the Kentucky Virtual University and the Kentucky Virtual Library. During the 2000 session of the General Assembly, the council agreed to fund several activities from the trust fund, most notably equal educational opportunities such as the Southern Regional Education Board Faculty Diversity Program and a mathematics diagnostic test authorized by the budget bill, House Bill 502, but not funded.

Staff Preparation by Dennis Taulbee and Angela S. Martin

Council on Postsecondary Education
Technology Initiative Trust Fund
1998-2000 General Fund Appropriation
Allocations as of February 5, 2001

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

INSTITUTIONAL CAPITAL PROJECT: *ACTION*
KCTCS – HENDERSON COMMUNITY COLLEGE   **Agenda Item G-5**
LEASE OF CLASSROOM SPACE   **February 5, 2001**

Recommendation

The staff recommends that the council approve the Kentucky Community and Technical College System's request to spend $240,000 annually in private funds to lease classroom and office space for an industrial-maintenance program.

Background

The council has the statutory responsibility to review and approve postsecondary education capital construction projects costing $400,000 or more and any lease of real property with an annual cost of $200,000 or more regardless of fund source.

Henderson Community College needs 26,000 square feet to teach manufacturing technology and industrial maintenance technology. The community college does not have adequate or suitable space on its campus. The programs require significant load-bearing capacity (especially in manufacturing) because of the nature and size of required equipment. Special data processing and electrical service may also be necessary. The college seeks to meet strong demand for training and instruction by area business and industry.

David Coudret of Preferred Properties in Henderson, Kentucky, owns the space. The KCTCS has indicated that $1.2 million of private funds is available for lease and operating costs. The lease includes 30 reserved parking spaces for staff and students. The KCTCS may request state support for the continuation of the lease agreement and funds to underwrite the costs of operation in future biennial budget requests. The KCTCS may terminate the lease upon 30 days written notice should its educational need for the space or funding approval end.

Following council action at its February 5 meeting, the staff will forward the council's action to the secretary of the Finance and Administration Cabinet and to the Capital Projects and Bond Oversight Committee.

The council's Finance Committee voted to recommend approval of this project at its January 16, 2001, meeting.

Staff Preparation by Sherron Jackson

KCTCS – ASHLAND TECHNICAL COLLEGE
RENOVATION OF ORIGINAL CAMPUS

Recommendation

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

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

Background

The 2000 General Assembly authorized and funded a $6.9 million capital project to renovate the Ashland Technical College campus. The General Assembly also authorized $2 million for the Northeast Kentucky Regional Industrial Park to construct a Technology and Innovation Training Center. The industrial park also received a $1 million federal Economic Development Administration Grant and a $500,000 Community Development Block Grant to be used to complete their project. By agreement with the Northeast Kentucky Regional Industrial Park, the technical college proposes to consolidate the original campus renovation project and the Technology and Innovation Training Center project to construct a $10.4 million new facility for joint use. The facility will be constructed in the Northeast Kentucky Regional Industrial Park in Boyd County. Consolidation of the two projects results in a $3.5 million increase in the scope of the technical college's project. The Finance and Administration Cabinet has certified that all additional funds needed will be available before the construction phase of the project.

The consolidation is a prudent course of action because it avoids investing significant amounts of limited resources into facilities that the KCTCS has determined can no longer meet the long-range needs of the region. The project retains its primary focus to provide for improvement of existing technical college programming and accommodation of new programs. The Finance and Administration Cabinet has certified that the federal Economic Development Administration Grant, the Community Block Grant, and economic development bonds necessary to complete the project are available.

Support of the technical college request to consolidate the two projects does not commit the council to support future requests for funds to renovate the Ashland Technical College original campus. Neither does it commit the council to recommend funds to move the remaining campus operations to the new location in the Northeast Kentucky Regional Industrial Park.

At its January 16 meeting, the General Assembly's Capital Projects and Bond Oversight Committee approved the KCTCS Ashland Technical College's request to consolidate, relocate, and increase the scope of the building. The committee has requested council support of the project since the council initially recommended the renovation project to the governor and General Assembly.

The project supports the mission of the KCTCS. The council staff recommends approval. The staff will forward the council's action to the secretary of the Finance and Administration Cabinet and to the Capital Projects and Bond Oversight Committee.

Staff Preparation by Sherron Jackson

1998-2000 RESEARCH EQUIPMENT POOL FUNDS: Agenda Item G-7
UK AND UofL REPORTS   February 5, 2001

The 1998-2000 budget bill, House Bill 321, included authorization for a $26.25 million research equipment bond pool for the University of Kentucky and the University of Louisville. General fund debt service for the bond authorization was in the Physical Facilities Trust Fund appropriated to the council.

The allocation of funds was two-thirds ($17.5 million) to the University of Kentucky and one-third ($8.75 million) to the University of Louisville. At its November 9, 1998, meeting the council approved the allocation of the 1998-2000 research equipment pool for projects at the University of Kentucky and the University of Louisville.

A condition for allotting the capital construction project funds to the institutions was that a final report of the actual acquisitions from the pool would be prepared by each institution and reported to the Secretary of the Finance and Administration Cabinet and the Capital Projects and Bond Oversight Committee. The universities submitted the 1998-2000 Reports on Research Equipment Pool Acquisitions in October 2000. The reports are attached. They were included on the November 21, 2000, agenda of the Capital Projects and Bond Oversight Committee.

Report Summary

At the time of its report, the University of Kentucky had spent or encumbered $16.1 million of the $17.5 million allocated to it. Procurement savings allowed the university to acquire more research equipment. Approximately $200,000 in research equipment was purchased from other funds sources before funds from the pool were available or because of a change in research direction. Over 25 colleges, departments, programs, research centers and institutes benefited from the funds, including the College of Arts and Sciences, the College of Education, the College of Agriculture, the College of Communications, the College of Engineering, and Research and Graduate Studies.

At the time of its report, the University of Louisville had spent or encumbered all of the $8.75 million allocated for the acquisition of research equipment. Procurement savings allowed the university to acquire additional research equipment. Approximately $700,000 of the equipment identified initially was purchased from other fund sources before funds from the pool were available or because of a change in research direction. Over 15 departments, programs, and research centers benefited from the funds, including The Spinal Cord Injury group, the Department of Pharmacology and Toxicology, the Department of Medicine, the Department of Pediatrics, the Institute of Cellular Therapeutics, the Division of Cardiology, the Center for Genetics and Molecular Medicine, the Cancer Center, and the Department of Anatomical Sciences and Neurobiology.

Staff Preparation by Sherron Jackson