

AGENDA
Council on Postsecondary Education
November 5, 2007
10 a.m. (ET)
CPE Meeting Room A, Frankfort, Kentucky

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<i>8-10 a.m., Quality and Accountability Policy Group (Mtg Rm A)</i>	139
<i>8:30-10 a.m., Research, Economic Development, and Commercialization Policy Group (Mtg Rm B)</i>	159

Roll Call

Approval of Minutes	1, 6, 7
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President’s Remarks

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CPE meeting materials are available on the Council Web site at <http://cpe.ky.gov/about/cpe/meetings/>.
CPE policy group meeting materials are available at <http://cpe.ky.gov/committees/>.

Other Business
Next Meeting
Adjournment

MINUTES
Council on Postsecondary Education
September 16, 2007

The Council on Postsecondary Education met Sunday, September 16, 2007, at 12 noon (ET) at The Brown Hotel in Louisville, Kentucky. Chair Turner presided. The meeting was held in conjunction with the 2007 Governor's Conference on Postsecondary Education Trusteeship.

ROLL CALL

The following members attended: Walter Baker, Peggy Bertelsman, Kevin Canafax, Suvas Desai, Dan Flanagan, Virginia Fox, John Hall, Alois Moore, Ryan Quarles, Jim Skaggs, John Turner, Mark Wattier, and Joe Weis. Phyllis Maclin and Kevin Noland did not attend.

NEW CPE PRESIDENT

Mr. Turner welcomed Bradford L. Cowgill to his first official meeting as interim CPE president. At its July 26, 2007, meeting, the Interim President Search Committee selected Mr. Cowgill as the interim president for a term commencing September 1, 2007, to extend no later than April 30, 2008.

Mr. Cowgill said it is a pleasure to serve and he has enjoyed his first weeks as interim president. He said that he is coming to realize the special skills and relationships with the Council staff and the institutions. He said that he has enjoyed the conversations he has had with Council members. Mr. Cowgill said that Tom Layzell has been a great gentleman and a mentor and has helped him enormously over the last few weeks and he thanked Dr. Layzell for that.

REMARKS BY
PRESIDENT RAMSEY

Mr. Cowgill said that the Council is being hosted by the city of Louisville and he asked UofL President James Ramsey to give remarks.

President Ramsey said that Louisville and the University of Louisville are both very different today than when he was a young boy growing up in Louisville. At that time, the University of Louisville was a private institution and was very expensive to attend. Over the years, the community and the university realized that things had to be done differently in order for the city and the education community to grow. He talked about several initiatives that have been accomplished or that are in the planning stages that will help UofL achieve its goal of becoming a premier metropolitan university and will make the city of Louisville a better place to live. He mentioned the investment of UPS, the new downtown arena, plans for Museum Plaza, the expansion of Fourth Street Live, the expansion of the health sciences center in the old Hay Market area, and the new veterans hospital which will be one of five built in the United States. He said that Kentucky cannot succeed if Louisville does not succeed and the city of Louisville cannot succeed without help from the University of Louisville.

DOUBLE THE
NUMBERS

John Hayek, the Council's interim vice president for finance, presented information on the importance of improving graduation rates in order to double the number of bachelor's degree holders by 2020. To meet the goal, the postsecondary education system must raise its six-year graduation rate to 56

percent. Since 2002, the graduation rate has increased from 44 percent to 47 percent, so the system is on a path to achieve the goal of 56 percent in the year 2020. Dr. Hayek said that the graduation rate statistics presented are for traditional age students – full-time, first-year, degree-seeking students.

DEVELOPMENT OF
2008-10 BUDGET
RECOMMENDATION

Mr. Flanagan reported that the Budget and Finance Policy Group has a very ambitious schedule during the next few weeks to prepare the 2008-10 budget recommendation which will be brought to the Council for approval at its November 5 meeting. A calendar of the events leading up to the November 5 meeting was included in the agenda book. He said that much work remains to be done. He said it is very important for the presidents and the institutional staffs to work with the Council and the Council staff during the coming weeks on the development of the budget.

NEW FRAMEWORK
FOR KENTUCKY
ADULT EDUCATION

Sarah Hawker, the Council's vice president for adult education, presented information on the new framework for Kentucky Adult Education. The new framework includes a strong emphasis on quality student outcomes and more flexibility in providing adult education services. It decreases the focus on enrollment goals and increases the emphasis on student learning. The new framework also introduces a revised funding formula with new opportunities for local programs to earn performance funding.

Ms. Bertelsman asked the staff to provide the GED rates by region to the regional advisory committees being formed to utilize the regional stewardship funds.

COLLEGE ACCESS
GRANT

The Council, in partnership with the Prichard Committee, has been awarded a \$500,000 grant from the Lumina Foundation which, when combined with matching in-state funds, will provide over \$1 million to promote college-going in Kentucky. GEAR UP Kentucky is a major in-state partner for the grant. A significant part of the grant will support the new Kentucky College Access Network (KentuckyCAN) to help more students prepare for and attend college. The grant's primary focus is to increase college-going by underrepresented groups and to engage business leadership in the Council's college access initiatives. The Council has recently received another \$500,000 grant from Lumina which will enable the staff to work with the institutions to improve their infrastructure to help adults who return to college.

DEVELOPMENTAL
EDUCATION UPDATE

A status report on implementing the recommendations of the Developmental Education Task Force was included in the agenda book.

PROJECT LEAD
THE WAY

In June 2007 the University of Kentucky was selected as Kentucky's national affiliate institution for Project Lead the Way, a model P-12 pre-engineering program. The Council received \$700,000 from the General Assembly in 2006 to collaborate with the Kentucky Department of Education in implementing PLTW in Kentucky. UK faculty have begun the affiliate university's responsibilities of providing summer institutes for PLTW master teachers, technical consultation, graduate credit articulation, pipeline assessment, and engineering education leadership. UK also will support and conduct an annual school counselor awareness conference.

LOCAL P-16
COUNCILS

Information was provided in the agenda book about funding local P-16 councils to create a seamless system of education to meet the needs of students and the Commonwealth.

NMSI GRANT

Kentucky was successful in being awarded one of the \$13 million National Math and Science Initiative (NMSI) grants to replicate the very successful Texas program to dramatically increase student performance in Advanced Placement (AP) mathematics, science, and English exams. The program is funded by ExxonMobil and private foundation contributions. The Kentucky Science and Technology Corporation is the lead partner for Kentucky's project entitled "APEK: Advanced Placement Enterprise in Kentucky." The Kentucky Department of Education, the Partnership for Successful Schools, and the Council also are participating partners. The recommendations which came from the STEM Task Force earlier this year to improve the math, science, and engineering performance of Kentucky's students were instrumental in helping Kentucky receive this grant.

COMMISSIONER OF EDUCATION REPORT

A report from the Commissioner of Education was provided for information.

2006-07 DEGREE COMPLETIONS

The 2006-07 graduating class was the largest in the history of Kentucky postsecondary education, with 43,902 degrees and credentials conferred at Kentucky public postsecondary institutions. This represents a 3.3 percent increase over the number awarded in 2005-06 and a 70.8 percent increase since 2000-01. Overall, bachelor's degrees increased more than 2 percent over the previous year with a total of 14,742 bachelor's degrees awarded at public institutions, a 23.5 percent increase since 2000-01. KCTCS awarded 20,970 credentials in 2006-07, a record class for the system and an overall increase of 5.9 percent over the previous year. Associate degrees increased 7.5 percent, diplomas increased 8 percent, and certificates increased 4.6 percent. Data on degrees awarded from Kentucky's independent institutions will be available at a future Council meeting.

KENTUCKY TRANSFER REPORT

The Council staff has worked with the staff of the Kentucky Community and Technical College System to develop feedback reports for students who transferred to public or independent four-year institutions in Kentucky. The 2006-07 Kentucky Transfer Feedback Report provides information about where students transfer, what majors they pursue, and how well they perform academically including average grades and retention and graduation rates. This represents the first step in providing important information back to KCTCS institutions much in the same way that the High School Feedback Reports provide needed information back to school districts.

CEO REPORT

Mr. Baker said that the Committee on Equal Opportunities held a retreat in August at which time the committee reviewed the Seattle and the Louisville cases for the impact that they have on diversity in Kentucky. In October a representative from the Harvard Civil Rights Project is expected to provide an update on the diversity study to the CEO members.

CAPITAL PROJECT	<p>RECOMMENDATION: The staff recommends that the Council approve the request of Kentucky State University to use federal funds to purchase a tour bus to support the university's land grant program. The estimated purchase price is \$400,000.</p> <p>MOTION: Mr. Baker moved that the recommendation be approved. Mr. Canafax seconded the motion.</p> <p>VOTE: The motion passed.</p>
NKU REGIONAL STEWARDSHIP GRANT PROPOSAL	<p>RECOMMENDATION: The staff recommends that the Council approve Northern Kentucky University's regional stewardship grant proposal.</p> <p>The \$300,000 grant will be used to support four initiatives tied to the university's and the region's strategic goals – early childhood literacy, mathematics education, mental health, and technology assistance.</p> <p>MOTION: Ms. Bertelsman moved that the recommendation be approved. Ms. Fox seconded the motion.</p> <p>VOTE: The motion passed.</p>
REGIONAL STEWARDSHIP PROGRAM UPDATE	<p>Mr. Cowgill said that the statutes require the Council to submit an annual report to the legislature regarding the regional stewardship program. He called attention to the summary of the report included in the agenda book.</p>
HOMELAND SECURITY INITIATIVE	<p>An update on the statewide homeland security initiative was provided. The consortium of institutions has received \$13.5 million to date to support projects and initiatives. The Council is working with the consortium to develop degree programs to respond to workforce needs.</p>
STATEWIDE WORLD LANGUAGE STRATEGY	<p>An update on Kentucky's world languages strategy was provided for information. This is a Council-led effort to increase the number of K-12 world language teachers, expand the number of languages taught, and increase coordination of study abroad opportunities for Kentucky students.</p>
TRANSLATIONAL RESEARCH CONFERENCE	<p>Mr. Cowgill said that the Kentucky Translational Research Forum will be held October 18 at The Brown Hotel in Louisville. The event is hosted by the University of Louisville and organized by the Council, UofL, and UK. It will showcase the institutions' research and achievements and the impact of that research on improving the lives of Kentuckians.</p>
2008 MEETING CALENDAR	<p>RECOMMENDATION: The staff recommends that the Council approve the 2008 meeting calendar.</p> <p>MOTION: Mr. Baker moved that the 2008 calendar be approved. Ms. Fox seconded the motion.</p> <p>VOTE: The motion passed.</p>
LAYZELL	<p>Mr. Turner read a resolution honoring and commending Tom Layzell for his</p>

RESOLUTION

service to the Council and the people of Kentucky. Dr. Layzell served as CPE president from April 2003 to September 2007.

MOTION: Mr. Flanagan moved that the resolution be approved. Ms. Bertelsman seconded the motion.

VOTE: The motion passed.

Dr. Layzell said that five years ago he was preparing to retire from Mississippi. He said he will be forever grateful to the Council for causing him to take a right turn going north. He said that he cannot think of a better place to end his career with a better group of people than here in Kentucky. He said he will keep his eye on what Kentucky is doing to improve lives.

NEXT MEETINGS

The Council will hold a special meeting October 17 for feedback on the proposed budget recommendation. The next regular meeting is November 5.

ADJOURNMENT

The meeting adjourned at 1:45 p.m.



Bradford L. Cowgill
Interim President

Phyllis L. Bailey
Senior Associate, Executive Relations

MINUTES
Council on Postsecondary Education Executive Committee
October 3, 2007

The Executive Committee of the Council on Postsecondary Education met October 3, 2007, at 4:30 p.m. (ET).

ROLL CALL

The following members attended: Walter Baker, Dan Flanagan, and John Turner. Peggy Bertelsman, Kevin Canafax, and Mark Wattier did not attend.

2006-07
AGENCY AUDIT

The purpose of the meeting was to review the financial audit of the Council's programs for fiscal year 2006-07. The audit was conducted by the accounting firm of Potter & Company, LLP. Allen Norvell with the accounting firm joined the meeting by telephone.

Mr. Norvell said that the Council received an unqualified opinion. The audit report contains no reportable conditions or material weakness related to internal control over financial reporting or major federal programs and contains no reportable findings of material noncompliance related to financial statements.

The Council staff has acted upon suggestions by the auditing firm involving the administrative expense limitation placed on Kentucky Adult Education local providers, monitoring of institutional note payments, and implementing a conflict of interest policy for all employees.

Mr. Norvell thanked the Council for the opportunity to serve as auditor and thanked the Council staff for their assistance during the audit.

MOTION: Mr. Flanagan moved that the agency audit report be accepted and be presented for adoption to the Council at its November 5 meeting. Mr. Baker seconded the motion.

VOTE: The motion passed.

ADJOURNMENT

The meeting adjourned at 5 p.m.



Bradford L. Cowgill
Interim President

Phyllis L. Bailey
Senior Associate, Executive Relations

MINUTES
Council on Postsecondary Education
Special Meeting
October 17, 2007

The Council on Postsecondary Education met in a special meeting Wednesday, October 17, 2007, at 1 p.m. (ET) at the Council offices in Frankfort, Kentucky. Chair Turner presided.

ROLL CALL

The following members attended: Walter Baker, Peggy Bertelsman, Suvas Desai, Dan Flanagan, Virginia Fox, John Hall, Ryan Quarles, John Turner, and Mark Wattier. Kevin Canafax, Phyllis Maclin, Alois Moore, Jim Skaggs, Joe Weis, and Kevin Noland did not attend.

DOUBLE THE
NUMBERS PLAN

The meeting began with *Reflecting on Reform: A Ten-Year Anniversary*, the video that was presented at the 2007 Governor's Conference on Postsecondary Education Trusteeship. Mr. Turner said that the underlying theme of the video is the need to double the number of bachelor's degree holders by 2020. The video shows where Kentucky has been, progress made since the passage of the reform act in 1997, and the challenges that remain.

Representative Frank Rasche, Senator Jack Westwood, Kentucky Chamber of Commerce President Dave Adkisson, and WKU President Gary Ransdell joined Mr. Turner and Interim CPE President Brad Cowgill in the release of *Double the Numbers: Kentucky's Plan to Increase College Graduates*.

Mr. Cowgill said that the plan outlines five essential strategies that will be advanced across the state and regionally for Kentucky to achieve its educational attainment goal to reach the national average of bachelor's degree holders by 2020. The five strategies are:

1. Raise high school graduation rates.
2. Increase the number of GED graduates and transition more to college.
3. Enroll more first-time students in KCTCS and transfer them to four-year programs.
4. Increase the number of Kentuckians going to and completing college.
5. Attract college-educated workers to the state and create new jobs for them.

Each strategy highlights some of the tactics that will be used to pursue the goal, as well as statewide targets to be reached by the year 2020. The second part of the plan examines what achievement of the goal could mean for each of the universities' areas of geographic responsibility, and establishes 2020 regional targets for each of the five strategies. The role of the Association of Independent Kentucky Colleges and Universities also is included. Mr. Cowgill said that the Double the Numbers Plan is ambitious but attainable if everyone works together and efforts are accelerated.

Representative Rasche said that for many years so much of the discussion on

postsecondary education has revolved around economic development and training that results with a job upon graduation. He said that postsecondary education is more than that, particularly for the traditional student, and it is important for students to be exposed to a variety of subjects, not just a single discipline. He said that the Double the Numbers Plan is important but the traditional humanities courses and other subjects should not be forgotten along the way.

Senator Westwood commented that the Double the Numbers Plan provides a picture of the challenges ahead for Kentucky. He said that eliminating social problems as well as achieving economic prosperity is through an educated citizenry. The high school dropout problem must be addressed and students must see the relevance of education to a successful future. He added that more adults must be brought into the postsecondary system. He said that a financial investment is needed – more space, more buildings, more classrooms – but there also needs to be an investment in the programs being offered. No child or adult can be left behind. Everyone must have the opportunity to go on to postsecondary education, and the institutions must retain the students once enrolled.

Mr. Adkisson said that the Double the Numbers Plan is very encouraging to the business community. It provides a goal that everyone in the state can work toward. One of his concerns about education in Kentucky is that the state has lost its voice and its ability to articulate its accomplishments and goals. In the late 1980s and early 1990s there was a rally cry against Kentucky being ranked 49th in the nation. That effort helped bring about a political will that resulted in some reforms. He added that Kentuckians sometimes have a bit of fatalism about the state's culture. He said that cultures can be changed, and the state must continue to change the culture about the importance of education to Kentucky. He said that on December 4 the Kentucky Chamber's Task Force on Postsecondary Education will unveil the findings of its ten-year review of Kentucky's progress toward achieving the goal of bringing the state to the national educational attainment average by 2020.

President Ransdell said that the entire concept of the Double the Numbers Plan is about collaboration and partnerships. He said all of the presidents are focused on partnering with each other. The institutions, along with the entire General Assembly and the Executive Branch, must work toward the achievement of this important goal. He said that he can speak on behalf of his colleagues that the presidents do support the goal of the Double the Numbers Plan. The unknown variable is the funding model and how to achieve a sufficient level of state support to allow the DTN goals to be achieved. The numbers are big and are a challenge, and the goal cannot be achieved only with tuition. He said that tuition has gone up considerably in recent years and the tide has to be turned to a more reasonable tuition level. But this requires the state to help with the funding. Current state appropriations generate between 25 and 30 percent of the institutions' budgets; tuition is generating approximately 40 percent. Therefore the campuses are generating somewhere between 25 and 35 percent of their respective budgets in self-generated funds aside from tuition and state appropriations. How funds are generated through increased efficiencies, partnering with the state for state appropriations, and the tuition charged to the students in order to achieve a quality education becomes the key question in defining a funding model. He said that the DTN plan suggests that the institutions must be about quantity in order for Kentucky to achieve its objectives. He said that the universities and KCTCS also must be about quality. The institutions cannot simply focus on quantity and fail to achieve

the necessary quality. There must be sufficient quality in order for the state to be well served and for the business community to be well served by the students placed in jobs. President Ransdell said that it is important to note that nine presidents have come into their positions since House Bill 1 was passed in 1997. He said that the institutional leaders are dedicated to the goals and what can be done collectively to help move the state forward.

Mr. Turner congratulated Presidents Ransdell and Votruba on their ten-year anniversaries at Western Kentucky University and Northern Kentucky University.

VIC HELLARD AWARD

Mr. Cowgill announced that the Kentucky Long-Term Policy Research Center has selected John Hall as the 2007 recipient of the Vic Hellard Award. This award is given annually in memory and recognition of Vic Hellard Jr. for his leadership and service to the Commonwealth. The award will be presented to Mr. Hall November 13 at the KLPRC annual conference. He noted that two other current CPE members - Virginia Fox and Walter Baker - are former award recipients.

POSTSECONDARY EDUCATION 2008-10 DISCUSSION BUDGET

Mr. Cowgill gave a general overview of the 2008-10 discussion budget. He said that the document is a draft and was produced by Council staff with the institutional chief budget officers. Further discussion is needed and much work remains to be done before the Council takes action at its November 5 meeting.

Mr. Cowgill said that the general methodology of how to put the budget together has changed and the benchmark funding method has been abandoned. Instead, a new methodology has been developed which aligns funding with meeting the goals of House Bill 1 adopted in 1997. Mr. Cowgill said that institutional budget hearings were conducted October 3. This was an opportunity for the institutional chief budget officers to provide information about the things that the institutions are trying to accomplish and how they see the activities on their campuses being aligned with the state goals expressed in House Bill 1.

Mr. Cowgill said that over the last few years postsecondary education has been concerned about several initiatives – college readiness and developmental education, degree production and productivity, STEM education and careers, adult education, affordability and access, workforce development, regional stewardship, and the Bucks for Brains endowment match program. The staff has focused on these initiatives and is developing a recommendation which can be made as persuasively as possible to the General Assembly in the hope of advancing these goals, because these are the goals that the General Assembly itself said it wants the Council to advance.

Changes to the funding model: (1) the benchmark model has been abandoned, (2) regional equity considerations are deemed resolved by the last General Assembly, (3) emphasis is given to both volume and structure of General Fund appropriations, (4) there is a focus on degree production and statewide priorities,

(5) degree production is valued over enrollment, and (6) tuition is included as a revenue source.

The outcomes: (1) a significant increase in General Fund support, (2) the ratio of new General Fund support to new tuition revenues is higher than in recent budgets, (3) new funds are more concentrated in strategic initiatives than base preservation,

(4) the total public funds (tuition revenue and General Fund support) will rise faster than the historical average of recent budgets, and (5) degree productivity is strongly encouraged.

The proposed model includes several bands of funding. Three bands under the heading “continuation of existing operations” are base adjustment, capital renewal, and maintenance and operation of new facilities. There are five bands under “strategic initiatives” – the Double the Numbers fund, developmental education, statewide priorities, access initiative, and the Bucks for Brains endowment match program.

Mr. Cowgill said that the business plans submitted by the institutions were useful and of high quality but they were not developed in a comparable manner. Most were submitted in draft form and have not yet been approved by the institutions’ boards of regents and trustees. Mr. Cowgill said that the funding model was shaped by the business plans but the plans are not “bricks” of the model.

Mr. Cowgill said that the goal is to work together with the institutions to find financial resources to achieve the goals of House Bill 1. The Council and institutional staffs will continue to work on the budget recommendation leading up to the November 5 meeting.

John Hayek, the Council’s interim vice president for finance, presented information on the institutional operating budget draft recommendation and agency operations. Sherron Jackson, the Council’s assistant vice president for finance, provided information on the institution’s capital requests.

Ms. Bertelsman suggested the information be packaged so that the Double the Numbers Plan is the primary focus of the budget and includes other initiatives that are part of the DTN Plan.

BUCKS FOR BRAINS TEN-YEAR REPORT

Mr. Hall reported that the Research, Economic Development, and Commercialization Policy Group met by conference call and requested the staff to circulate a draft of the Bucks for Brains ten-year report to the Council members for review. The final report, which provides an overview of Kentucky’s historic investment in the Bucks for Brains program, will be presented as an action item at the November 5 Council meeting. A printed anniversary brochure was distributed.

CAPITAL PROJECT

RECOMMENDATION: The staff recommends that the Council approve the request of the University of Kentucky to use the HB 380 authorization to upgrade fume hoods in the Thomas Hunt Morgan Biological Sciences Building and also to complete limited renovations to update teaching and research labs. The estimated project is \$3.2 million.

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

VOTE: The motion passed.

TRANSLATIONAL RESEARCH FORUM

Mr. Turner announced that the inaugural Kentucky Translational Research Forum will be held October 18 at The Brown Hotel in Louisville. The event is hosted by

the University of Louisville and organized by the Council, UofL, and UK. It will showcase the institutions' research and achievements and the impact of that research on improving the lives of Kentuckians.

NEXT MEETING The next Council meeting is November 5 in Frankfort. The November 4 Council study session has been cancelled.

ADJOURNMENT The meeting adjourned at 5 p.m.



Bradford L. Cowgill
Interim President

Phyllis L. Bailey
Senior Associate, Executive Relations

**Council on Postsecondary Education
November 5, 2007**

**Executive Summary
Postsecondary Education Budget Recommendation for 2008-10**

Under KRS 164.020 and the Kentucky Postsecondary Education Improvement Act of 1997 (House Bill 1), the Council on Postsecondary Education is authorized to submit the biennial budget recommendation for postsecondary education.

ACTION: The staff recommends that the Council approve the budget recommendation as submitted for 2008-10.

This executive summary, as well as the detailed components that follow, represents the culmination of months of discussions and meetings with the Council's Budget and Finance Policy Group, as well as other members of the Council, public and independent college and university presidents, chief budget officers, chief academic officers, state policymakers, and consultation with the National Center for Higher Education Management Systems (NCHEMS), a national leader in higher education finance and policy development. A brief timeline of important steps in the funding policy review process is included as **Attachment A**.

The Council staff would like to extend a special thanks to the presidents and chief budget officers of Kentucky's public postsecondary institutions for the countless hours of meetings and discussions over various elements of this budget recommendation. It is a stronger recommendation because of their feedback, expertise, and stewardship.

Based upon this feedback and analysis, a number of funding policy objectives surfaced, which served as a foundation for the budget recommendation. Its method of funding the state's colleges and universities is new and innovative. It is intended to accelerate progress toward the Double the Numbers goal and statutory goals of House Bill 1 (1997), support statewide and institutional strategic objectives, improve student access and affordability, stimulate research and economic development, and increase accountability and transparency. The new approach also recognizes tuition and fees as an essential revenue source to achieve statewide goals.

The Postsecondary Education Budget Recommendation for 2008-10 is divided into three major components, presented in priority order:

- I. Continuing Operations
- II. Double the Numbers Strategic Investments
- III. Capital Projects

The recommended first priority for the upcoming biennium is funding for continuing operations at the state’s eight public four-year universities and KCTCS, Council operations, and Kentucky adult education. If approved, these funds will enable public postsecondary institutions to maintain current service levels (i.e., existing student enrollment, faculty lines, and staff positions) and will sustain ongoing operations of the agency and Kentucky adult education. Strategic investments that accelerate progress toward the Double the Numbers goal are recommended as the second priority for postsecondary education in 2008-10. This category of expenditure includes institutional strategic investments, Council trust funds and funding programs, and pass-through programs. The recommended third priority is capital funding for campus-based instructional, and research and economic development projects for postsecondary education, addressing both new construction and major renovation needs.

The staff recommends that the Council request appropriations of \$1,299,500,600 in 2008-09 and \$1,416,165,100 in 2009-10 for Continuing Operations and Double the Numbers Strategic Investments. The staff also recommends \$76,264,000 in debt service for bonds to support a variety of capital and technology infrastructure needs essential for achieving the long-term goals of the Double the Numbers plan and House Bill 1 (1997). A table containing recommended appropriation amounts for each category of expenditure is provided below.

<i>Description</i>	<i>FY 2008-09</i>	<i>FY 2009-10</i>
Continuing Operations	\$1,217,237,000	\$1,276,891,100
Double the Numbers Strategic Investments	82,263,600	139,274,000
Subtotal	\$1,299,500,600	\$1,416,165,100
Capital Projects	0	76,264,000
Total	\$1,299,500,600	\$1,492,429,100

A series of summary financial tables is attached to the Executive Summary section to provide a quick reference on the Postsecondary Education Budget Recommendation for 2008-10.

I. Continuing Operations

This component is broken down into three sections: (a) maintenance of institutional ongoing operations; (b) CPE agency operations; and (c) the adult education funding program.

A. Maintenance of Institutional Ongoing Operations

The Council’s budget recommendation seeks to ensure that adequate funds are available to maintain ongoing operations and the existing educational services and programs of the institutions in the face of inflationary pressures.

- **Inflationary Increases:** The request seeks to increase the net operating funds of each institution by 3.3 percent or \$35,986,500 in 2008-09 and \$74,249,500 in 2009-10 over the 2007-08 General Fund appropriation for inflationary adjustments that support ongoing institutional operations. The inflationary adjustment is based upon the three-year average of the Higher Education Cost Adjustment (HECA).
- **Capital Renewal:** The request provides a total of \$5 million recurring dollars for capital renewal and deferred maintenance to be matched by institutions in each year of the biennium and distributed on a proportionate square footage basis. Thus, at least \$10 million in new capital renewal funding will be made available in each year of the biennium.
- **Maintenance and Operations of New Facilities:** The request seeks an appropriation of \$7,980,000 in 2008-09 and \$26,346,000 in 2009-10 over the 2007-08 General Fund appropriation for maintenance and operations of new facilities previously authorized and coming online during the biennium. These totals reflect new facility square footage as well as custodial, maintenance support, and utility costs.
- **Changes in Debt Service:** The request seeks an appropriation of \$20,488,100 in 2008-09 and \$20,561,200 in 2009-10 for debt service on existing facilities. The staff recommends base adjustments of \$11,368,400 in 2008-09 and \$11,441,500 in 2009-10 to reflect changes in debt service on existing education and general (E&G) debt.
- **Changes in UofL Hospital Contract:** The University of Louisville provides indigent care for citizens of the Louisville/Jefferson County metropolitan area through a contractual Quality and Charity Care Trust (QCCT) agreement. The request seeks an appropriation of \$19,842,900 in 2008-09 and \$20,204,000 in 2009-10 for indigent care provided by UofL hospital. The staff recommends base adjustments of \$860,600 in 2008-09 and \$1,221,700 in 2009-10 to reflect changes in contract costs.
- **Trust Fund Appropriations:** An additional \$6,459,600 in recurring funds in 2008-09 is requested to be transferred to institution base operations per Council approved guidelines for the Research Support Programs at UK and UofL, Regional Stewardship Programs at the comprehensive universities, and the Workforce Development/Transfer Program at KCTCS. Included in the above total is \$9,600 to be transferred to Kentucky State University for the Martin Luther King Jr., Scholarship, \$300,000 in Regional Grant funds to be transferred to Northern Kentucky University to expand regional stewardship activities, and \$750,000 to be transferred to UK (\$250,000), UofL (\$125,000), and Western Kentucky University (\$375,000) to support *Statewide Engineering Strategy* initiatives.

B. CPE Agency Operations

- Agency operations include personnel and operating expenses necessary to manage the agency and programs of the Council. The agency is organized into six primary units including executive, finance and planning, academic affairs, information and technology, Kentucky adult education, and Kentucky Virtual Campus and Virtual Library.

- The request seeks an appropriation of \$10,416,700 in 2008-09 and \$ 11,007,600 in 2009-10. These amounts include additional budget requests of \$1,569,200 in 2008-09 and \$2,160,100 in 2009-10 over the 2007-08 General Fund appropriation for various categories of expenditure, including mandatory adjustments in employee salaries and benefits (i.e., defined calculations), three new agency staff support positions, two new staff positions to support implementation of the Kentucky Postsecondary Education Data System, and an increase in the agency's external communications budget to support increased production of Council publications and reports.

C. Adult Education Funding Program

- As part of a statewide imperative to double the number of working-age Kentuckians with a bachelor's degree by 2020, the Council has charged Kentucky Adult Education (KYAE) with increasing the GED productivity from 9,281 in 2007 to 15,000 in 2020 and with increasing a GED postsecondary transition rate to 36 percent by 2020. In response to these aggressive goals, KYAE staff developed a new framework for adult education, which places more emphasis on quality student learning outcomes, more flexibility in providing adult education services, higher performance expectations, and new opportunities for local programs to earn additional funding based on student outcomes.
- This program funding is requested for the biennium to continue and enhance program services related to adult education programs statewide.
- Funding will be allocated to county programs through grants for adult education services geared toward completion of GED, workforce/employment initiatives, basic literacy, participation and engagement in adult learning opportunities, and transition of students into postsecondary education.
- The staff recommends that the Council request an appropriation of \$27,026,000 in 2008-09 and \$29,026,000 in 2009-10 for the Adult Education Funding Program. These amounts include additional budget requests of \$2,000,000 in 2008-09 and \$4,000,000 in 2009-10 over the 2007-08 General Fund appropriation to support increased service provision at local adult education programs located throughout Kentucky and facilitate attainment of the Council's 2020 GED attainment goal.

II. Double the Numbers Strategic Investments

This component is broken down into three sections: (a) institutional Double the Numbers investments; (b) CPE trust funds and funding programs; and (c) pass-through programs.

A. Institutional Double the Numbers Investments

House Bill 1 (1997) charges Kentucky's public postsecondary system to raise educational attainment levels of state residents to the national average by 2020. Increasing the number of bachelor's degrees produced by the system is a key component for achieving this goal and provides the quickest, most direct link to economic prosperity. The staff

recommends appropriations of \$28,000,000 in 2008-09 and \$48,500,000 in 2009-10 for institutional strategic investments aligned with the Double the Numbers plan, the Public Agenda, and board-approved institutional business plans. If approved, these funds will support three major institutional, strategic-investment initiatives that advance the Council's Double the Numbers plan: (a) developmental education; (b) statewide priorities; and (c) KCTCS Student Access Initiative. Guidelines for institutional plans and intended outcomes from these strategic investments will be presented at the January 2008 Council meeting.

- **Developmental Education:** Based upon recommendations from the Developmental Education Taskforce, this initiative is designed to support programmatic redesign and additional infrastructure needed to improve the success rates of developmental education students at Kentucky's public postsecondary institutions. The staff recommends appropriations of \$5,500,000 in 2008-09 and \$8,500,000 in 2009-10 to support the developmental education initiative. If approved, the 2008-09 appropriation will be allocated among the public four-year universities in amounts of \$500,000 per institution, with \$1.5 million allocated to KCTCS to support infrastructure improvements. The 2009-10 appropriation is allocated using a developmental education student index generated by weighting the number of under-prepared students at each institution with the average number of remediation needs.
- **Statewide Priorities:** The staff recommends appropriations of \$15,000,000 in 2008-09 and \$25,000,000 in 2009-10 to support strategic plans related to research, regional stewardship, workforce development, transfer, STEM, college outreach/extension, graduate education, academic quality, diversity, and adult education. These investments are intended to advance statewide priorities related to the Double the Numbers plan, the Public Agenda, and board-approved institutional business plans related to achieving the reform goals.
- **KCTCS Student Access Initiative:** To encourage access and affordability for Kentucky residents enrolled at the Kentucky Community and Technical College System, the staff recommends appropriations of \$7,500,000 in 2008-09 and \$15,000,000 in 2009-10 to defray the operations and instructional expenses of KCTCS during a tuition rate increase moratorium over the biennium. Once implemented, the program will help support costs of increased enrollment and degree production for the system.

B. CPE Trust Funds and Funding Programs

CPE trust funds and funding programs in the 2008-10 budget recommendation represent resources that are appropriated to the Council and distributed per guidelines to the institutions or are used to accelerate statewide achievement of reform goals. The staff recommends that the Council request appropriations of \$46,836,100 in 2008-09 and \$83,184,100 in 2009-10 to support trust fund and funding program initiatives. These amounts include additional budget requests of \$25,755,000 in 2008-09 and \$62,103,000 in 2009-10.

- **Double the Numbers Degree Fund:** The staff recommends appropriations of \$5,000,000 in 2008-09 and \$20,000,000 in 2009-10 for a Double the Numbers degree production performance fund. This new incentive funding program focuses

additional attention on the Council's Double the Numbers plan and creates a financial performance incentive for the public four-year universities to increase bachelor's degree production and for KCTCS to increase the number of associate degrees and transfers to four-year institutions in Kentucky over the biennia. Additional priority funding is proposed to encourage STEM degrees, minority degrees, degrees from developmental education students, and students who transfer from KCTCS that complete bachelor's degrees. This performance funding program is designed to award a pre-determined dollar amount to institutions for producing an increase in bachelor's degree (associate degrees and transfers for KCTCS) in each year of the biennium.

- **Research Challenge Trust Fund (RCTF), Regional University Excellence Trust Fund (RUETF), and Postsecondary Workforce Development Trust Fund (PWDTF):** The staff recommends appropriations totaling \$21,278,000 in 2009-10 to pay debt service on a \$200 million bond issue that provides a fourth round of funding for the Endowment Match Program (a.k.a., Bucks for Brains). The Endowment Match Program encourages private investment in public higher education research activities to stimulate business development, generate increases in externally sponsored research, create better jobs and a higher standard of living, and facilitate Kentucky's transition to a knowledge-based economy. If approved, these funds would be allocated \$150 million to the RCTF for the research universities, \$40 million to the RUETF for the comprehensive universities, and \$10 million to the PWDTF for KCTCS. KRS 164.7917 requires funds appropriated to the RCTF to be allocated two-thirds to UK, and one-third to UofL. KRS 164.7919 requires funds appropriated to the RUETF to be allocated proportionately among the comprehensive universities based on each institution's share of total General Fund appropriations, excluding debt service and mandated programs. All funds appropriated to the PWDTF are allocated to KCTCS (KRS 164.7925).
- **Technology Initiative Trust Fund:** The staff recommends that the Council request appropriations of \$10,130,200 in 2008-09 and \$10,200,200 in 2009-10 for the Technology Initiative Trust Fund. These amounts include additional budget requests of \$2,705,000 in 2008-09 and \$2,775,000 in 2009-10. The appropriations support the following program initiatives.
 - **Kentucky Postsecondary Education Network (KPEN):** The request supports Internet protocol-optimized networks specifically designed for postsecondary education requirements and applications. It supports high-demand, high access Internet users and provides mechanism for future expansion.
 - **IT Initiatives Bond Issue - Debt Service:** This project will support the acquisition of equipment that involves E&G activities, KYVL, and KYVC. **Table 1-C** of the capital agenda item section identifies the eligible projects to be completed with the proceeds of the bond issue. **Table 1-D** of the capital agenda item section describes the process for allocation among the institutions and the Council.
 - **KYVL Electronic Databases – Inflation:** Kentucky citizens performed over 22,000,000 KYVL electronic searches this past year. This request supports inflationary pressures on statewide electronic databases. The Kentucky Virtual Library (KYVL) negotiates statewide contracts for, and provides Kentucky citizens access to, over 43 licensed indexing, abstract, and full-text databases.

The databases contain more than 76,000 indexed publications, including 28,000 full-text resources, 557,016 images, and 2,000 maps.

- **KY Learning Content Repository:** This request supports a new, collaborative initiative sponsored by the Southern Regional Education Board (SREB) that, once implemented, will allow K-12 teachers and postsecondary faculty to share standards-based, digital resources across a 16-state region to improve course content, teaching, and learning.
- **Physical Facilities Trust Fund:** The Physical Facilities Trust Fund in each biennium is the repository for debt service or cash representing projects authorized by the General Assembly to be implemented using General Fund resources on each institution's campus. While the debt service amount is shown in the aggregate, it represents a specific amount for each specific postsecondary project authorized by the General Assembly. The capital projects listed represent the highest postsecondary priorities intended to provide the greatest level of support for the Double the Numbers plan. The staff recommends that the Council request \$67,099,000 in 2009-10 for the Physical Facilities Trust Fund to pay annual debt service on bond issues that support capital renewal and maintenance projects, renovation of existing facilities, and new facility construction at Kentucky public postsecondary institutions.
 - **Capital Renewal, Maintenance, and Infrastructure:** This represents the first installment on a program to address deferred capital renewal for existing facilities to Kentucky public postsecondary institutions and is based on the results of the statewide facilities assessment by VFA, Inc. See **Table 1-A** of the capital agenda item section for more detail.
 - **Space Adequacy and Renovations:** These projects support the upgrade and modification of existing facilities to ensure that the space supports the intended programmatic needs of an institution and address facilities systems and building code requirements. The facilities are identified in part by the results of the statewide facilities assessment by VFA, Inc. See **Table 1** of the capital agenda item section for more detail.
 - **New and Expanded E&G Facilities:** These projects support the addition of new capacity to support the increased number of students coming into the system to meet an objective to double the number of bachelor's degree holders in Kentucky. The facilities are identified in part by the results of the statewide facilities assessment by VFA, Inc., and assisted by Paulien & Associates. See **Table 1** of the capital agenda item section for more detail.
 - **Research and Economic Development Projects:** These projects support the creation of new capacity and upgrade and modification of existing facilities to address the substantial shortage of research space to attract world class researchers to Kentucky and to assist the system to have a top 20 research institution and a premier metropolitan research institution. The facilities are identified in part by the results of the statewide facilities assessment by VFA, Inc., and assisted by Paulien & Associates. See **Table 1** of the capital agenda item section for more detail.
- **Science and Technology Funding Program:** The staff recommends that the Council request an appropriation of \$19,555,900 in 2008-09 and \$19,555,900 in 2009-10 for the Science and Technology Funding Program. These funds include additional

budget requests of \$9,950,000 in 2008-09 and \$9,950,000 in 2009-10 to support science, technology, engineering, and mathematics (STEM) statewide initiative, the P-16 engineering pipeline, and new economy initiatives.

- **Science, Technology, Engineering, and Math (STEM) Task Force Recommendations:** The task force identified eight interrelated recommendations that provide a blueprint for enhancing and improving Kentucky's performance in the STEM disciplines. The funding request supports activities and programs that represent the first phase of strategic interventions recommended by the task force focused on better statewide coordination, education incentives to postsecondary education institutions and K-12 to promote improvements in the STEM curriculum and STEM professional development, formal and informal stewardship to encourage students to excel in STEM subjects, business incentives for employing and investing in Kentucky STEM graduates, and STEM outreach and public awareness.
 - **P-16 Engineering Pipeline:** The request provides funding to enhance the P-16 pipeline for the production of engineers and engineering technologists by supporting an expansion of Project Lead the Way in Kentucky.
 - **New Economy Initiatives:** A number of knowledge-based economy and STEM-related programs and projects fall within the rubric of New Economy Initiatives, including the Kentucky Science and Engineering Foundation (KSEF), commercialization, the Kentucky Enterprise Fund, Kentucky EPSCoR, and the Kentucky Satellite Project (KySat). Increased funding for these growing programs will enable Kentucky to further develop existing areas of innovation and sustain a pipeline of new technologies that is crucial for building a viable, knowledge-based, entrepreneurial economy.
- **Special Initiatives Funding Program:** The staff recommends that the Council request appropriations of \$9,050,000 in 2008-09 and \$9,050,000 in 2009-10 for the Special Initiatives Funding Program. These funds include additional budget requests of \$8,100,000 in 2008-09 and \$8,100,000 in 2009-10 to support a college access initiative, local P-16 councils, statewide diversity planning, developmental education, and a transfer improvement initiative.
 - **College Access Initiative:** The College Access Initiative supports the increase of educational attainment to the national average by providing motivational, streamlined, and relevant college-going information that will encourage prospective students to inquire about and enroll in college.
 - **Local P-16 Councils:** Kentucky's local P-16 councils are partnerships of school districts, universities and community and technical colleges, adult education providers, early childhood educators, employers, and civic groups that support high-school-to-college, GED-to-college, and workplace transition initiatives, including dual enrollment, early diagnostic assessment, curriculum alignment, and career awareness.
 - **Statewide Diversity Planning:** Recent actions by the U. S. Supreme Court established new standards for determining the need for diversity in postsecondary education. A statewide study has been undertaken that will produce policies for diversity planning and recommendations necessary for the Council and each institution to comply with the standards articulated by the

Supreme Court in the Michigan cases *Grutter and Gratz*, Kentucky, and the federal law. Funding and implementation of the diversity plan recommendations will promote a postsecondary education system and community environment in which minority students can prosper academically and socially.

- o **Developmental Education:** Kentucky shares with the nation a dual challenge to reduce the number of traditional and nontraditional students coming to postsecondary education underprepared and to improve the success rates of underprepared students admitted to its postsecondary institutions. These issues were addressed in the final report of Kentucky's Developmental Education Task Force released in February 2007. That report, entitled *Securing Kentucky's Future: A Plan for Improving College Readiness and Success*, recommended six priority actions to bring first-year success rates for underprepared students to levels at or near that of prepared students. The funding request supports statewide efforts to help address these recommendations.
- o **Transfer Improvement Initiative:** The objectives of the Transfer Improvement Initiative are threefold: (1) support degree completion and transfer of KCTCS students to Kentucky public and independent institutions, (2) bolster KCTCS workforce development and transfer programs in areas of strategic benefit to the Commonwealth, and (3) strengthen the statewide transfer technology infrastructure providing increased opportunity for students, faculty, and staff to access transfer planning resource information, course equivalencies, and degree completion requirements of baccalaureate programs at Kentucky public and independent institutions.

C. CPE Pass-Through Programs

The Council has been designated as the receiving agency for several programs and activities, whereby funds "pass through" the Council on the way to postsecondary education institutions, other state agencies, or independent organizations. The staff recommends that the Council request an appropriation of \$7,427,500 in 2008-09 and \$7,589,900 in 2009-10 for pass-through programs. These funds include additional budget requests of \$1,284,000 in 2008-09 and \$1,446,400 in 2009-10 to support a tuition rate increase for veterinary medicine contract spaces, additional spaces for veterinary medicine contract spaces, expansion funding for the Kentucky Autism Training Center, and a Kentucky GEAR UP grant state match. For a more complete description of pass-through programs see the Double the Numbers Strategic Investments section of this agenda item.

III. Capital Projects

The capital recommendation addresses both short and long-term capital needs, tightens the link between facility condition, fit-for-continued-use, and the need for new space. The process to build the recommendation uses data to ensure that infrastructure is adequate to achieve the 2020 reform goals; an evaluation system that is fully integrated, fair, equitable, and meets the needs of citizens, regions, and the state; a blend of capital investments to make

sure that facilities fit their intended purpose and meet future education needs, support for degree production, research capacity, and asset preservation, and a sustained infusion of funds to promote high quality learning and services. The recommendation includes capital project financing as follows.

State General Fund dollars:

- State bonded debt of \$90 million supported by \$8,053,000 of General Fund debt service to implement projects for capital renewal, maintenance, and infrastructure. The appropriation represents the first installment to begin addressing approximately \$5.3 billion of deferred capital renewal, maintenance, and infrastructure projects that were identified by the statewide facilities assessment conducted by VFA, Inc., of Boston, Massachusetts.
- State bonded debt of \$659.7 million supported by \$59,046,000 of General Fund debt service to renovate existing education and general and research space and to construct new educational and general and research facilities (projects are priority ranked). The action addresses findings by the statewide facilities assessment that buildings should serve a program's current and future need either by design or retrofit and provide new capacity to support Kentucky's Double the Numbers plan to increase college graduates and research and economic development.
- State bonded debt of \$50 million supported by \$9,165,000 of General Fund debt service for an information technology initiatives pool. The project supports priorities of increased bachelor's degree production, access, affordability, developmental education, STEM, transfers, adult learners, student learning, and increased capacity to support research and economic and community development.

Other sources of funds:

- 2008-09 authorization of \$521,042,000 in agency bond authority. This allows authorization and completion of each institution's highest priorities for agency bond funded capital projects.
- 2008-09 authorization for \$2,083,758,400 in agency, federal, private, and other funds to address life safety, major maintenance, equipment acquisitions, infrastructure repair and upgrades, and new construction. These projects would be funded using agency, federal, private, or other nonstate funds.
- 2008-09 authorization for nine agency-funded projects to improve energy efficiency in campus buildings including energy equipment acquisitions and infrastructure repair and upgrades. These projects would be funded using third party financing techniques available through the Finance and Administration Cabinet and private contractors or other nonstate funds.

**Council on Postsecondary Education
Funding Development Timeline
April 2006 – November 2007**

Highlighted below is a brief timeline of important steps in the funding development process over the past 18 months.

2006

- Spring 2006 - The Council charges members of the Budget and Finance Policy Group to initiate a review of its funding policies in order to better align them with the Public Agenda and the long-term goals outlined in the *Kentucky Postsecondary Education Improvement Act of 1997* (House Bill 1), with particular interest in increasing bachelor's degree production to the national average by 2020.
- Summer and fall 2006, the Council staff reviews other state funding models to gain a better understanding of the various funding approaches used by other coordinating and governing boards.

2007

- January 2007 - The Council receives a number of informational presentations from Dennis Jones at NCHEMS, a national expert on higher education finance. In addition, extensive campus visits are undertaken with presidents and campus leadership teams to solicit feedback on funding development.
- Spring 2007 – An agreement is reached to move away from the existing benchmark funding model and begin to develop a new funding approach for the 2008-10 budget recommendation.
- May 2007 - The Budget and Finance Policy Group reviews a concept paper that began to frame a long-term approach to looking at the resources and outcomes needed to achieve the reform goals with a particular emphasis on the relationship between educational attainment and economic development.
- Summer 2007 – The Council reviews an outline for the Double the Numbers plan intended to reinforce the importance of a bachelor's degree production and economic prosperity.
- August 2007 – The Council staff shares a general framework for the 2008-10 budget recommendation at Council retreat that outlines some historical data related to general fund appropriations and tuition revenue increases, as well as the core elements of a new funding approach – a base plus model that provides a stronger link between public investment and outcomes and incorporates inflationary adjustments for ongoing operations together with performance funding for degrees and other strategic investments in areas such as developmental education, STEM, and research.
- September 27, 2007 – The Council staff shares a draft discussion budget with public universities.
- Fall 2007 - Council staff shares a 10-year update on the Endowment Match Program (Bucks for Brains) with Council to help inform the funding process.
- October 3, 2007 – The Budget and Finance Policy Group holds institutional budget hearings to gather information on drafts of institutional business plans submitted to the Council for review.
- October 17, 2007 - The Council is given a detailed presentation and provides feedback on the discussion budget.
- Late October 2007 – President Cowgill, along with Council staff and various Council members, has extensive conversations with institutional representatives, the budget office, and members of the General Assembly in order to gather feedback and suggestions for possible final changes to the 2008-10 budget recommendation.
- November 5, 2007 – The Council takes action on the Postsecondary Education Budget Recommendation for 2008-10.

Summary of 2008-10 General Fund Budget Recommendation for Postsecondary Education

	Base Year FY 2007-08	Requested FY 2008-09	Change From Prior Year	Requested FY 2009-10	Change From Prior Year	Biennial Increase	Percent Change
Priority #1: Continuing Operations							
Eastern Kentucky University	80,230,200	85,404,800	5,174,600	90,937,800	5,533,000	10,707,600	13.3%
Kentucky State University	28,349,000	29,684,500	1,335,500	31,596,200	1,911,700	3,247,200	11.5%
Morehead State University	48,697,600	51,748,700	3,051,100	54,963,500	3,214,800	6,265,900	12.9%
Murray State University	56,068,700	58,557,700	2,489,000	62,643,300	4,085,600	6,574,600	11.7%
Northern Kentucky University	55,330,000	61,960,800	6,630,800	68,426,700	6,465,900	13,096,700	23.7%
Western Kentucky University	86,396,200	91,326,300	4,930,100	96,982,000	5,655,700	10,585,800	12.3%
University of Kentucky	337,016,500	355,304,400	18,287,900	372,851,700	17,547,300	35,835,200	10.6%
University of Louisville	191,346,100	204,562,700	13,216,600	218,457,300	13,894,600	27,111,200	14.2%
Kentucky Community and Technical College System	228,704,900	241,244,400	12,539,500	267,999,000	26,754,600	39,294,100	17.2%
Institutional Maintenance of Ongoing Operations	\$ 1,112,139,200	\$ 1,179,794,300	\$ 67,655,100	\$ 1,264,857,500	\$ 85,063,200	\$ 152,718,300	13.7%
Council Operations	8,943,100	10,416,700	1,473,600	11,007,600	590,900	2,064,500	23.1%
Adult Education Funding Program	25,026,000	27,026,000	2,000,000	29,026,000	2,000,000	4,000,000	16.0%
Total Continuing Operations	\$ 1,146,108,300	\$ 1,217,237,000	\$ 71,128,700	\$ 1,304,891,100	\$ 87,654,100	\$ 158,782,800	13.9%
Note: The Council's 2008-10 budget recommendation does not reflect changes in the 2008-10 Branch Budget Guidelines related to increases in KERS benefit rates for hazardous and non-hazardous employees. The Council staff is reviewing the financial implications of implementing the recommended rates prescribed in the guidelines and the recommendation would need to change significantly if the new rates are applied.							
Priority #2 : Strategic Statewide Investments							
Institutional Double-the-Numbers Investments	\$ -	\$ 28,000,000	28,000,000	\$ 20,500,000	\$ (7,500,000)	20,500,000	
Eastern Kentucky University	-	1,817,200	1,817,200	1,139,700	(677,500)	1,139,700	
Kentucky State University	-	785,000	785,000	273,000	(512,000)	273,000	
Morehead State University	-	1,219,500	1,219,500	682,300	(537,200)	682,300	
Murray State University	-	1,464,200	1,464,200	728,300	(735,900)	728,300	
Northern Kentucky University	-	1,588,400	1,588,400	971,800	(616,600)	971,800	
Western Kentucky University	-	2,033,800	2,033,800	1,390,900	(642,900)	1,390,900	
University of Kentucky	-	4,240,400	4,240,400	2,561,100	(1,679,300)	2,561,100	
University of Louisville	-	3,044,600	3,044,600	1,773,000	(1,271,600)	1,773,000	
Kentucky Community and Technical College System	-	11,806,900	11,806,900	10,979,900	(827,000)	10,979,900	
CPE Trust Funds and Funding Programs	26,402,100	46,836,100	20,434,000	83,184,100	36,348,000	56,782,000	215.1%
Pass Through Programs*	6,153,100	7,427,500	1,274,400	7,589,900	162,400	1,436,800	23.4%
*Includes 1 M for Gear UP							
Total Strategic Statewide Investments	\$ 32,555,200	\$ 82,263,600	49,708,400	\$ 111,274,000	29,010,400	78,718,800	241.8%
Total General Fund	\$ 1,178,663,500	\$ 1,299,500,600	\$ 120,837,100	\$ 1,416,165,100	\$ 116,664,500	\$ 237,501,600	20.2%
Lung Cancer Research - Tobacco Settlement Funds	\$ 5,864,700	\$ 5,591,100	(273,600)	\$ 5,685,600	94,500	(179,100)	-3.1%
Priority #3: Capital							
Capital Renewal 2				\$ 8,053,000	\$ 8,053,000	8,053,000	
Space Adequacy & Renovations 2				14,483,000	14,483,000	14,483,000	
E&G Projects 2				28,005,000	28,005,000	28,005,000	
Research & Economic Projects				16,558,000	16,558,000	16,558,000	
Information/Tech Equipment Purchase 2				9,165,000	9,165,000	9,165,000	
Total Capital				\$ 76,264,000	\$ 76,264,000	76,264,000	
Estimated Gross Tuition and Fee Revenue 3	\$ 1,017,490,407	\$ 1,112,567,218	95,076,811	\$ 1,238,503,856	\$ 125,936,638	221,013,449	21.7%
Programs Funded Through Other Fund Sources							
KHEAA -Need Based Financial Aid (CAP &KTG) - [Lottery] 4	\$ 92,125,000	\$ 175,062,300	82,937,300	\$ 180,585,500	\$ 5,523,200	\$88,460,500	96.0%
KHEAA -KEES Program - [Lottery] 4	\$ 75,375,000	\$ 91,785,500	16,410,500	\$ 93,048,400	\$ 1,262,900	\$17,673,400	23.4%
1 The General Fund listed represent debt service on \$150 M of bonds for Research Challenge, \$40 M of bonds for Regional Excellence, and \$10 M for the Workforce Trust Fund.							
2 These funds are General Fund appropriations for debt service totaling \$76,264,000 to support \$799.7 M in state bonds related to 17 E&G projects, six Research/Economic Development projects, and two statewide projects.							
3 The Council staff has projected tuition and fee revenue using historic tuition and fee revenue information provided by the institutions and the Council approved 2020 enrollment projections.							
4 The Council considers student financial aid to be a high priority even though KHEAA's funding request is not a budget recommendation responsibility of CPE.							

Summary of 2008-10 General Fund Budget Recommendation for Postsecondary Education							
	Base Year FY 2007-08	Requested FY 2008-09	Change From Prior Year	Requested FY 2009-10	Change From Prior Year	Biennial Increase	Percent Change
Postsecondary Institutions							
Eastern Kentucky University	80,230,200	87,222,000	6,991,800	92,077,500	4,855,500	11,847,300	14.8%
Kentucky State University	28,349,000	30,469,500	2,120,500	31,869,200	1,399,700	3,520,200	12.4%
Morehead State University	48,697,600	52,968,200	4,270,600	55,645,800	2,677,600	6,948,200	14.3%
Murray State University	56,068,700	60,021,900	3,953,200	63,371,600	3,349,700	7,302,900	13.0%
Northern Kentucky University	55,330,000	63,549,200	8,219,200	69,398,500	5,849,300	14,068,500	25.4%
Western Kentucky University	86,396,200	93,360,100	6,963,900	98,372,900	5,012,800	11,976,700	13.9%
University of Kentucky	337,016,500	359,544,800	22,528,300	375,412,800	15,868,000	38,396,300	11.4%
University of Louisville	191,346,100	207,607,300	16,261,200	220,230,300	12,623,000	28,884,200	15.1%
Kentucky Community and Technical College System	228,704,900	253,051,300	24,346,400	278,978,900	25,927,600	50,274,000	22.0%
Institution Total	1,112,139,200	1,207,794,300	95,655,100	1,285,357,500	77,563,200	173,218,300	15.6%
Council on Postsecondary Education							
Council Operations	8,943,100	10,416,700	1,473,600	11,007,600	590,900	2,064,500	23.1%
Adult Education Funding Program	25,026,000	27,026,000	2,000,000	29,026,000	2,000,000	4,000,000	16.0%
Trust Funds and Funding Programs							
Degree Performance Pilot	1,000,000	1,000,000	-	1,000,000	-	-	0.0%
Degree Production Performance Fund	-	5,000,000	5,000,000	20,000,000	15,000,000	20,000,000	NA
Research Challenge Trust Fund (Endowment Match) ¹	-	-	-	15,958,000	15,958,000	15,958,000	NA
Regional Excellence Trust Fund (Endowment Match) ¹	-	-	-	4,256,000	4,256,000	4,256,000	NA
Research Support Funding Program	3,000,000	-	(3,000,000)	-	-	(3,000,000)	-100.0%
Regional Stewardship Program	3,600,000	2,100,000	(1,500,000)	2,100,000	-	(1,500,000)	-41.7%
Science and Technology Funding Program	10,606,700	19,555,900	8,949,200	19,555,900	-	8,949,200	84.4%
Special Initiatives Funding Program	950,000	9,050,000	8,100,000	9,050,000	-	8,100,000	852.6%
Workforce Development Trust Fund (Endowment Match)	1,200,000	-	(1,200,000)	1,064,000	1,064,000	(136,000)	-11.3%
Technology Initiative Trust Fund	6,045,400	10,130,200	4,084,800	10,200,200	70,000	4,154,800	68.7%
Sub-Total	26,402,100	46,836,100	20,434,000	83,184,100	36,348,000	56,782,000	215.1%
Pass-Through Programs	6,153,100	7,427,500	1,274,400	7,589,900	162,400	1,436,800	23.4%
CPE Total	66,524,300	91,706,300	25,182,000	130,807,600	39,101,300	64,283,300	96.6%
Lung Cancer Research Fund ²	5,864,700	5,591,100	(273,600)	5,685,600	94,500	(179,100)	-3.1%
Total General Fund	1,178,663,500	1,299,500,600	120,837,100	1,416,165,100	116,664,500	237,501,600	20.2%
Capital Projects							
Capital Renewal ³	-	-	-	8,053,000	8,053,000	8,053,000	NA
Space Adequacy & Renovations ³	-	-	-	14,483,000	14,483,000	14,483,000	NA
E&G Projects ³	-	-	-	28,005,000	28,005,000	28,005,000	NA
Research & Economic Projects ³	-	-	-	16,558,000	16,558,000	16,558,000	NA
Information/Tech Equipment Purchase ³	-	-	-	9,165,000	9,165,000	9,165,000	NA
Capital Total	-	-	-	76,264,000	76,264,000	76,264,000	NA
Estimated Gross Tuition and Fee Revenue ⁴	1,017,490,407	1,122,567,218	105,076,811	1,238,503,856	115,936,638	221,013,449	21.7%
Programs Funded Through Other Agencies							
KHEAA - Need Based Financial Aid (CAP & KTG)	92,125,000	175,062,300	82,937,300	180,585,500	5,523,200	88,460,500	96.0%
KHEAA - KEES Program	75,375,000	91,785,500	16,410,500	93,048,400	1,262,900	17,673,400	23.4%
¹ Represents debt service on \$150 M of bonds for Research Challenge, \$40 M of bonds for Regional Excellence, and \$10 M for the Workforce Development Trust Fund.							
² Lung cancer research is supported with Tobacco Settlement Funds and is not included in the Council's General Fund request.							
³ General Fund appropriations for debt service totaling \$76,264,000 to support \$799.7 million in state bonds related to seventeen E&G projects , six Research/Economic Development projects and two statewide projects.							
⁴ The Council staff has projected Tuition and Fee revenue using historic tuition and fee revenue information provided by the institutions and Council approved 2020 Enrollment projections.							
The Council considers student financial aid to be a high priority even though KHEAA's funding request is not a budget recommendation responsibility of CPE.							

Institutional Summary of 2008-10 Budget Recommendation

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	EKU	KSU	MoSU	MuSU	NKU	WKU	UK	UofL	KCTCS	Total
2008-09										
Prior Year Information (HB 380 Appropriations)										
HB 380 Gross GF Appropriation	\$ 80,230,200	\$ 28,349,000	\$ 48,697,600	\$ 56,068,700	\$ 55,330,000	\$ 86,396,200	\$ 337,016,500	\$ 191,346,100	\$ 228,704,900	\$ 1,112,139,200
Less Debt Service & UofL Hospital Contract	468,800	907,300	495,500	0	230,500	1,280,600	1,945,500	22,773,800	0	28,102,000
Net GF Appropriation	79,761,400	27,441,700	48,202,100	56,068,700	55,099,500	85,115,600	335,071,000	168,572,300	228,704,900	1,084,037,200
CPE Trust Fund Appropriation/Funding Programs Transfer	200,000	209,600	200,000	200,000	500,000	575,000	2,250,000	1,125,000	1,200,000	6,459,600
Adjusted Base	79,961,400	27,651,300	48,402,100	56,268,700	55,599,500	85,690,600	337,321,000	169,697,300	229,904,900	1,090,496,800
Maintenance of Ongoing Operations										
Base Adjustment	2,638,700	912,500	1,597,300	1,856,900	1,834,800	2,827,800	11,131,600	5,600,000	7,586,900	35,986,500
Capital Renewal	428,100	115,700	274,100	379,000	213,300	351,700	1,400,500	706,800	1,130,800	5,000,000
M&O of new facilities coming online 2008-09	367,200	95,100	334,600	53,100	1,704,700	786,200	802,200	1,215,100	2,621,800	7,980,000
Subtotal	3,434,000	1,123,300	2,206,000	2,289,000	3,752,800	3,965,700	13,334,300	7,521,900	11,339,500	48,966,500
Strategic Investments										
Developmental Education 2008-09	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	1,500,000	5,500,000
Statewide Priorities	1,317,200	285,000	719,500	964,200	1,088,400	1,533,800	3,740,400	2,544,600	2,806,900	15,000,000
Access									7,500,000	7,500,000
Subtotal	1,817,200	785,000	1,219,500	1,464,200	1,588,400	2,033,800	4,240,400	3,044,600	11,806,900	28,000,000
Funding Recommendation 2008-09*										
Recommended Net General Fund Appropriation 2008-09*	85,212,600	29,559,600	51,827,600	60,021,900	60,940,700	91,690,100	354,895,700	180,263,800	253,051,300	1,167,463,300
Debt Service & UofL Hospital Contract	2,009,400	909,900	1,140,600	0	2,608,500	1,670,000	4,649,100	27,343,500	0	40,331,000
Recommended Gross General Fund Appropriation 2008-09	87,222,000	30,469,500	52,968,200	60,021,900	63,549,200	93,360,100	359,544,800	207,607,300	253,051,300	1,207,794,300
Increase in Net GF*										
Increase in Net General Fund Appropriation*	\$ 5,251,200	\$ 1,908,300	\$ 3,425,500	\$ 3,753,200	\$ 5,341,200	\$ 5,999,500	\$ 17,574,700	\$ 10,566,500	\$ 23,146,400	\$ 76,966,500
Percent Change from prior year 2007-08	6.6%	7.0%	7.1%	6.7%	9.7%	7.0%	5.2%	6.3%	10.1%	7.1%
Percent Share of Total Increase in Net General Fund Appropriation	6.8%	2.5%	4.5%	4.9%	6.9%	7.8%	22.8%	13.7%	30.1%	100.0%

* Does NOT include approximately \$5 million to be distributed to institutions in 2008-09 based upon increasing degree production needed to keep pace with 2020 projections.

DTN Degree Production Performance Funding 2008-09**	257,500	20,000	210,000	295,000	311,300	503,800	655,000	502,500	1,100,600	\$ 3,855,700
** Estimate based upon achieving levels of performance in 2008-09 needed to keep pace with 2020 projections.										
Endowment Match Program/Bucks for Brains	9,449,500	2,547,600	5,577,500	6,323,300	6,350,000	9,752,100	100,000,000	50,000,000	10,000,000	\$ 200,000,000

Institutional Summary of 2008-10 Budget Recommendation

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2009-10	EKU	KSU	MoSU	MuSU	NKU	WKU	UK	UofL	KCTCS	Total
Funding Recommendation for Prior Year										
Recommended Gross General Fund Appropriation	\$ 87,222,000	\$ 30,469,500	\$ 52,968,200	\$ 60,021,900	\$ 63,549,200	\$ 93,360,100	\$ 359,544,800	\$ 207,607,300	\$ 253,051,300	\$ 1,207,794,300
Less Debt Service UofL Hospital Contract	2,009,400	909,900	1,140,600	0	2,608,500	1,670,000	4,649,100	27,343,500	0	\$ 40,331,000
Recommended Net General Fund Appropriation	85,212,600	29,559,600	51,827,600	60,021,900	60,940,700	91,690,100	354,895,700	180,263,800	253,051,300	\$ 1,167,463,300
Maintenance of Ongoing Operations										
Base Adjustment	2,799,900	972,300	1,699,300	1,979,000	1,954,800	2,999,800	11,685,100	5,908,600	8,264,200	\$ 38,263,000
M&O of new facilities coming online 2009-10	896,100	155,400	420,800	642,400	2,913,200	334,000	1,588,500	4,732,100	6,683,500	\$ 18,366,000
Subtotal	3,696,000	1,127,700	2,120,100	2,621,400	4,868,000	3,333,800	13,273,600	10,640,700	14,947,700	\$ 56,629,000
Strategic Investments										
Developmental Education 2009-10	261,600	82,800	202,700	85,500	246,200	368,400	67,500	76,600	1,608,700	\$ 3,000,000
Statewide Priorities	878,100	190,200	479,600	642,800	725,600	1,022,500	2,493,600	1,696,400	1,871,200	\$ 10,000,000
Access									7,500,000	\$ 7,500,000
Subtotal	1,139,700	273,000	682,300	728,300	971,800	1,390,900	2,561,100	1,773,000	10,979,900	\$ 20,500,000
Funding Recommendation 2009-10*										
Recommended Net General Fund Appropriation 2009-10*	90,048,300	30,960,300	54,630,000	63,371,600	66,780,500	96,414,800	370,730,400	192,677,500	278,978,900	\$ 1,244,592,300
Debt Service & UofL Hospital Contract	2,029,200	908,900	1,015,800	0	2,618,000	1,958,100	4,682,400	27,552,800	0	\$ 40,765,200
Recommended Gross General Fund Appropriation 2009-10	92,077,500	31,869,200	55,645,800	63,371,600	69,398,500	98,372,900	375,412,800	220,230,300	278,978,900	\$ 1,285,357,500
Increase in Net GF*										
Increase in Net General Fund Appropriation 2009-10*	\$ 4,835,700	\$ 1,400,700	\$ 2,802,400	\$ 3,349,700	\$ 5,839,800	\$ 4,724,700	\$ 15,834,700	\$ 12,413,700	\$ 25,927,600	\$ 77,129,000
Percent Change from 2008-09	5.7%	4.7%	5.4%	5.6%	9.6%	5.2%	4.5%	6.9%	10.2%	6.6%
Percent Share of Total Increase in Net General Fund Appropriation	6.3%	1.8%	3.6%	4.3%	7.6%	6.1%	20.5%	16.1%	33.6%	100.0%
Percent Share of Increase in Net GF Appropriation over Biennium										
	6.5%	2.1%	4.0%	4.6%	7.3%	7.0%	21.7%	14.9%	31.8%	100.0%
* Does NOT include approximately \$15 million to be distributed to institutions in 2009-10 based upon increasing degree production needed to keep pace with 2020 projections.										
<hr/>										
DTN Degree Production Performance Funding 2009-10**	1,646,300	258,800	772,500	1,218,800	1,282,500	1,890,000	3,007,500	1,278,800	2,831,300	\$ 14,186,500
** Estimate based upon achieving levels of performance in 2009-10 needed to keep pace with 2020 projections.										

Institutional Summary of 2008-10 Budget Recommendation

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	EKU	KSU	MoSU	MuSU	NKU	WKU	UK	UofL	KCTCS	Total
Gross Tuition and Fee Revenue										
Gross Tuition & Fee Revenue Estimated 2007-08	\$ 94,045,300	\$ 16,106,700	\$ 47,860,500	\$ 73,859,700	\$ 90,019,600	\$ 120,082,000	\$ 242,993,900	\$ 170,296,000	\$ 162,226,700	\$ 1,017,490,400
Potential Cap for Resident, UG Tuition & Fee Rate Increase	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	9.0%	9.0%	0.0%	
Gross Tuition & Fee Revenue Estimated 2008-09	103,568,100	17,862,600	52,566,900	80,921,200	99,246,800	132,050,300	270,979,300	188,543,500	168,408,100	\$ 1,114,146,800
Increase in Tuition & Fee Revenue 2008-09	9,522,800	1,755,900	4,706,400	7,061,500	9,227,200	11,968,300	27,985,400	18,247,500	6,181,400	\$ 96,656,400
Estimated % Change in Tuition Revenue from 2007-08	10.1%	10.9%	9.8%	9.6%	10.3%	10.0%	11.5%	10.7%	3.8%	9.5%
Gross Tuition & Fee Revenue Estimated 2009-10	114,053,500	19,819,600	57,534,800	88,625,100	109,492,100	145,177,800	302,279,600	208,796,100	174,807,600	\$ 1,220,586,200
Increase in Tuition & Fee Revenue 2009-10	10,485,400	1,957,000	4,967,900	7,703,900	10,245,300	13,127,500	31,300,300	20,252,600	6,399,500	\$ 106,439,400
Estimated % Change in Tuition Revenue from 2008-09	10.1%	11.0%	9.5%	9.5%	10.3%	9.9%	11.6%	10.7%	3.8%	9.6%
Net Total Public Funds 2008-09*										
Net Total Public Funds 2007-08	\$ 174,006,700	\$ 43,758,000	\$ 96,262,600	\$ 130,128,400	\$ 145,619,100	\$ 205,772,600	\$ 580,314,900	\$ 339,993,300	\$ 392,131,600	\$ 2,107,987,200
Projected Net Total Public Funds 2008-09	188,780,700	47,422,200	104,394,500	140,943,100	160,187,500	223,740,400	625,875,000	368,807,300	421,459,400	\$ 2,281,610,100
Projected Increase in Net Total Public Funds	14,774,000	3,664,200	8,131,900	10,814,700	14,568,400	17,967,800	45,560,100	28,814,000	29,327,800	\$ 173,622,900
Projected Increase in Net Total Public Funds	8.5%	8.4%	8.4%	8.3%	10.0%	8.7%	7.9%	8.5%	7.5%	8.2%
Percent Share of Estimated Net Total Public Funds	8.5%	2.1%	4.7%	6.2%	8.4%	10.3%	26.2%	16.6%	16.9%	100.0%
Net Total Public Funds 2009-10*										
Net Total Public Funds 2008-09	\$ 188,780,700	\$ 47,422,200	\$ 104,394,500	\$ 140,943,100	\$ 160,187,500	\$ 223,740,400	\$ 625,875,000	\$ 368,807,300	\$ 421,459,400	\$ 2,281,610,100
Projected Net Total Public Funds 2009-10	204,101,800	50,779,900	112,164,800	151,996,700	176,272,600	241,592,600	673,010,000	401,473,600	453,786,500	\$ 2,465,178,500
Projected Increase in Net Total Public Funds	15,321,100	3,357,700	7,770,300	11,053,600	16,085,100	17,852,200	47,135,000	32,666,300	32,327,100	\$ 183,568,400
Projected Increase in Net Total Public Funds	8.1%	7.1%	7.4%	7.8%	10.0%	8.0%	7.5%	8.9%	7.7%	8.0%
Percent Share of Estimated Net Total Public Funds	8.3%	1.8%	4.2%	6.0%	8.8%	9.7%	25.7%	17.8%	17.6%	100.0%
Percent Share of Estimated Net TPF over Biennium	8.4%	2.0%	4.5%	6.1%	8.6%	10.0%	26.0%	17.2%	17.3%	100.0%

* Does NOT include approximately \$20 million to be distributed to institutions in 2008-10 based upon increasing degree production needed to keep pace with 2020 projections.

**Council on Postsecondary Education
Budget Recommendation for 2008-10
CPE Trust Funds and Funding Programs**

<u>Trust Fund or Funding Program</u>	<u>Request 2008-09</u>	<u>Request 2009-10</u>	<u>B4B Bond Authorization</u>
Double the Numbers Funding Program	\$ 5,000,000	\$ 20,000,000	
Research Challenge Trust Fund	-	15,958,000	} \$ 150,000,000 40,000,000 10,000,000
Regional University Excellence Trust Fund	-	4,256,000	
Postsecondary Workforce Development	-	1,064,000	
Technology Initiative Trust Fund	10,130,200	10,200,200	
Science & Technology Funding Program	19,555,900	19,555,900	
Regional Stewardship Funding Program	2,100,000	2,100,000	
Pilot Performance Funding	1,000,000	1,000,000	
Special Initiatives Funding Program	9,050,000	9,050,000	
Total	\$ 46,836,100	\$ 83,184,100	\$ 200,000,000

<u>Additional Categories</u>	<u>Request 2008-09</u>	<u>Request 2009-10</u>	<u>Agenda Item Location</u>
Information Technology Initiatives Pool	-	\$ 9,165,000	Capital
Physical Facilities Trust Fund	-	67,099,000	Capital
Kentucky Adult Education Funding Program	\$ 27,026,000	29,026,000	Continuing Ops
Lung Cancer Research	\$ 5,591,100	\$ 5,685,600	Tobacco Funds

**General Fund Capital Projects Priorities
Recommendation 2008-10**

Capital Project Category	General Funds	Restricted Funds	Other Funds	Federal	Total
Capital Renewal, Maintenance, & Infrastructure	\$ 90,000,000				\$ 90,000,000
Space Adequacy & Renovation	161,822,000	\$ 6,000,000	\$ 23,092,000		190,914,000
New & Expanded E&G Facilities & Postsecondary Education Centers	312,892,000	60,330,000			373,222,000
Research & Economic Development Projects	184,998,200	15,874,800			200,873,000
Information Technology Initiatives	50,000,000				50,000,000
Total	\$ 799,712,200	\$ 82,204,800	\$ 23,092,000	\$ -	\$ 905,009,000

Council on Postsecondary Education
Summary of 2008-10 General Fund Capital Recommendation

System Priority	Institution/Project Name	General Funds	Other Funds	Total	Estimated Debt Service
Project Category 1: Capital Renewal, Maintenance, & Infrastructure Pool					
1	Capital Renewal & Infrastructure Pool (allocation attached)	\$ 90,000,000	\$ -	\$ 90,000,000	\$ 8,053,000
	<i>Total - (E&G) Capital Renewal & Infrastructure</i>	<u>\$ 90,000,000</u>	<u>\$ -</u>	<u>\$ 90,000,000</u>	
Project Category 2: Space Adequacy & Renovations					
1	NKU-Renew/Renovate Old Science Building	\$ 27,500,000		\$ 27,500,000	\$ 2,461,000
2	WKU-Renovate Science Campus Ph 3	24,000,000	\$ 6,000,000	30,000,000	2,148,000
3	UofL-Renovate Life Sciences Building	30,024,000		30,024,000	2,687,000
4	KCTCS- Renovate Downtown Campus, Phase 2, Jefferson CTC	28,612,000		28,612,000	2,561,000
5	MoSU-Renovate & Expand Student Center, Ph 3	26,000,000	23,092,000	49,092,000	2,327,000
6	MuSU-Renovate Blackburn Science Building	25,686,000		25,686,000	2,299,000
	<i>Total - (E&G) Space Adequacy & Renovations</i>	<u>\$ 161,822,000</u>	<u>\$ 29,092,000</u>	<u>\$ 190,914,000</u>	<u>\$ 14,483,000</u>
Project Category 3: New & Expanded E&G Facilities & Postsecondary Education Centers					
1	MoSU-Construct Space Science Center Star Theatre/Clean Room	\$ 9,641,000		\$ 9,641,000	\$ 863,000
2	NKU-Construct Health Innovation Center *	43,650,000	\$ 4,850,000	48,500,000	3,906,000
3	MuSU-Construct/Complete New Science Complex, Final Phase	15,000,000		15,000,000	1,343,000
4	KSU-Expand/Renovate Betty White Nursing Building	6,164,000		6,164,000	554,000
5	KCTCS/WKU- Construct Owensboro Tech Center & Postsecondary Center	14,055,000		14,055,000	1,258,000
6	KCTCS-Construct Advanced Manufacturing Facility (Bluegrass)*	19,800,000	2,200,000	22,000,000	1,772,000
7	EKU-Construct Science Building - Phase 2 **	41,600,000		41,600,000	3,723,000
8	UK-Construct Gatton Building Complex *	67,500,000	32,500,000	100,000,000	6,040,000
9	UofL-Construct Belknap Classroom/Academic Building *	58,482,000	6,498,000	64,980,000	5,234,000
10	KSU-Construct Business & Technology Center	9,000,000	2,762,000	11,762,000	806,000
11	WKU/KCTCS-Construct Central Reg Postsecondary Ed Center (BRAC)	28,000,000	11,520,000	39,520,000	2,506,000
	<i>Total - (E&G) General Fund Projects Requested</i>	<u>\$ 312,892,000</u>	<u>\$ 60,330,000</u>	<u>\$ 373,222,000</u>	<u>\$ 28,005,000</u>
Project Category 4: Research & Economic Development Projects					
1	UK-Construct Science Research Building #2 *	\$ 117,000,000	\$ 13,000,000	\$ 130,000,000	\$ 10,469,000
2	UofL- Renovate Medical Dental Research Building, Ph IV*	20,473,200	2,274,800	22,748,000	1,832,000
3	WKU-Construct Materials Characterization/ICET, Ph 2	4,575,000	600,000	5,175,000	413,000
4	UK-Expand/Upgrade Livestock Disease Diagnostic Center Ph 2	20,000,000		20,000,000	1,790,000
5	MuSU-Construct New Breathitt Veterinary Center * (***)	22,950,000	-	22,950,000	2,054,000
	<i>Total - (R&ED) General Fund Projects Requested</i>	<u>\$ 184,998,200</u>	<u>\$ 15,874,800</u>	<u>\$ 200,873,000</u>	<u>\$ 16,558,000</u>
Project Category 5: Information Technology Initiatives					
1	Information Technology Initiatives (Pool)	\$ 50,000,000	\$ -	\$ 50,000,000	\$ 9,165,000
	<i>Total - (E&G) Information Technology Initiatives</i>	<u>\$ 50,000,000</u>	<u>\$ -</u>	<u>\$ 50,000,000</u>	<u>\$ 9,165,000</u>
	System Total - General Fund Projects Requested	<u>\$ 799,712,200</u>	<u>\$ 105,296,800</u>	<u>\$ 905,009,000</u>	<u>\$ 76,264,000</u>

Notes:

- * The amount of General Funds recommended by CPE for this project is less than the original amount requested by the institution. Projects requesting General Funds of \$21M or more are reduced by 10 percent.
- ** EKU requested that the GF recommendation for the Science Building and the Dairy Research Project be combined to fully fund the Science Building.
- *** MuSU requested that the amount displayed for the Breathitt Veterinary Center reflect only the recommended state support.

**General Fund Capital Projects Priorities
Distribution of General Fund Recommendation Among Institutions
2008-10 Recommendation**

Project Categories	EKU	KCTCS	KSU	MoSU	MuSU	NKU	UK	UofL	WKU	CPE	Total	Percent of total	Estimated Debt Serv
1 Capital Renewal, Maintenance & Infrastructure	\$ 8,506,200	\$ 17,256,500	\$ 2,185,200	\$ 4,677,300	\$ 7,374,800	\$ 4,684,100	\$ 26,154,600	\$ 13,568,300	\$ 5,593,000	\$ -	\$ 90,000,000	11%	\$ 8,053,000
2 Space Adequacy & Renovations	-	28,612,000	-	26,000,000	25,686,000	27,500,000	-	30,024,000	24,000,000	-	161,822,000	20%	14,483,000
3 New & Expanded E&G Facilities	41,600,000	33,855,000	15,164,000	9,641,000	15,000,000	43,650,000	67,500,000	58,482,000	28,000,000	-	312,892,000	39%	28,005,000
4 Research & Economic Development	-	-	-	-	22,950,000	-	137,000,000	20,473,200	4,575,000	-	184,998,200	23%	16,558,000
5 Information Technology Initiatives	3,428,200	6,472,800	1,399,500	2,516,200	2,634,700	2,904,200	9,309,800	7,518,600	3,816,000	10,000,000	50,000,000	6%	9,165,000
Total - Recommendation	\$ 53,534,400	\$ 86,196,300	\$ 18,748,700	\$ 42,834,500	\$ 73,645,500	\$ 78,738,300	\$ 239,964,400	\$ 130,066,100	\$ 65,984,000	\$ 10,000,000	\$ 799,712,200	100%	\$ 76,264,000
Percent of Total	7%	11%	2%	5%	9%	10%	30%	16%	8%	1%	100%		
Total W/O Pool Funds	\$ 41,600,000	\$ 62,467,000	\$ 15,164,000	\$ 35,641,000	\$ 63,636,000	\$ 71,150,000	\$ 204,500,000	\$ 108,979,200	\$ 56,575,000	\$ -	\$ 659,712,200		
Percent of Total W/O Pools	6%	9%	2%	5%	10%	11%	31%	17%	9%		100%		

**Council on Postsecondary Education
November 5, 2007**

Postsecondary Education Budget Recommendation for 2008-10 Continuing Operations

Funds for continuing operations for postsecondary education are recommended as the Council's first priority in the upcoming biennium. Continuing operations include maintenance of ongoing operations at Kentucky public postsecondary institutions, CPE agency operations, and the Adult Education Funding Program. The staff recommends that the Council request appropriations of \$1,217,237,000 in 2008-09 and \$1,276,891,100 in 2009-10 for continuing postsecondary operations. A summary of recommended appropriation amounts for continuing operations is provided below.

<i>Description</i>	<i>FY 2008-09</i>	<i>FY 2009-10</i>
Maintenance of Institutional Ongoing Operations ¹	\$1,179,794,300	\$1,236,857,500
CPE Agency Operations	10,416,700	11,007,600
Adult Education Funding Program	27,026,000	29,026,000
Total	\$1,217,237,000	\$1,276,891,100

¹ The Council's 2008-10 budget recommendation does not reflect changes in the 2008-10 Branch Budget Guidelines related to significant increases in KERS benefit rates for nonhazardous and hazardous employees. The Council staff is still reviewing the financial implications of implementing the recommended rates prescribed in the guidelines, and the budget recommendation will likely require a substantial increase if the new rates are applied.

I. Maintenance of Institutional Ongoing Operations

Providing an adequate level of funding so that Kentucky public postsecondary institutions can maintain current service levels (i.e., existing student enrollment, faculty lines, and staff positions) is recommended as the Council's first priority. The staff recommends that the Council request appropriations of \$1,179,794,300 in 2008-09 and \$1,236,857,500 in 2009-10 to provide General Fund support for maintenance of ongoing operations at Kentucky public postsecondary institutions. These amounts include additional budget requests of \$67,655,100 in 2008-09 and \$124,718,300 in 2009-10 over the 2007-08 General Fund appropriation for base adjustments that support ongoing institutional operations. There are six adjustments included in this request:

- Additions to the base related to transfers of trust fund and funding program appropriations.
- Increases that support inflationary pressures.
- Capital renewal.
- M&O for new facilities that came into use during the 2006-08 biennium or will come into use during the 2008-10 biennium.
- Changes in debt-service obligations for state supported facilities.
- Changes in indigent care contractual obligations (UofL hospital).

Below is an itemized list of base adjustments to support current service levels at Kentucky's public postsecondary institutions, as well as a brief description of each adjustment.

<i>Maintenance of Institutional Ongoing Operations</i>	<i>FY 2008-09</i>	<i>FY 2009-10</i>
Trust Fund and Funding Program Transfers	\$6,459,600	\$6,459,600
Inflationary Increase Adjustment	35,986,500	74,249,500
Capital Renewal	5,000,000	5,000,000
M&O of New Facilities	7,980,000	26,346,000
Changes in Debt Service	11,368,400	11,441,500
Changes in Contractual Obligations	860,600	1,221,700
Total	\$67,655,100	\$124,718,300

Trust Fund and Funding Program Transfers: The 2006 General Assembly appropriated \$7.2 million in 2007-08 to the Council's trust funds and funding programs budget to support the Research Support Program, the Regional Stewardship Program, and the Workforce Development/Transfer Program. While these funds were appropriated to the Council, \$5.7 million of the total was distributed to institutions to support the hiring of research faculty at UK and UofL, to bolster regional outreach and engagement infrastructures at the comprehensive universities, and to promote workforce education and transfer programs at KCTCS. Council guidelines for these programs stipulate that once an institution achieves certain programmatic milestones, an amount equivalent to the 2007-08 distribution will be transferred to the qualifying institution's operating budget as a base adjustment to provide a recurring source of funding for program activities. The staff recommends that \$5.7 million in distributed research support, regional stewardship, and workforce development funds be transferred to the institutions responsible for program implementation. Due to rising program costs, these funds will be adjusted for inflation in 2008-09 and 2009-10 (see Inflationary Increase Adjustment in this section).

In response to a documented need for more engineers in Kentucky, the Council adopted a *Statewide Engineering Strategy* in July 2000 to increase geographic access and productivity in engineering education. The current year budget for the Science and Technology Funding Program contains a \$1,000,000 appropriation supporting this program. At its May 2007 meeting, the Council approved moving these funds to the institutions upon redesign of distance learning courses to improve the student experience, and upon accreditation of the joint electrical engineering program offered by Murray State University and the University of Louisville. Although joint program accreditation cannot occur before 2009, the Quality and Accountability Policy Group recommended at the November 2007 meeting, and the Council approved, a transfer of \$750,000 from the Council’s trust funds and funding programs budget to the University of Kentucky (\$250,000), the University of Louisville (\$125,000), and Western Kentucky University (\$375,000), beginning in 2008-09. The staff recommends that these funds be appropriated, but not allotted, until such time as the institutions meet Council requirements to collaboratively redesign distance learning courses, with support of the Kentucky Virtual Campus, to conform to best practices in distance education. Due to rising program costs, these funds will be adjusted for inflation in 2008-09 and 2009-10 (see Inflationary Increase Adjustment in this section). The remaining \$250,000 will remain in the CPE budget until joint electrical engineering program accreditation is achieved.

The staff recommends that, beginning in 2008-09, \$6,459,600 in recurring funds be transferred from the Council’s budget to the institutions responsible for program implementation. A listing of amounts to be transferred by institution follows.

	<u>2008-09</u>	<u>2009-10</u>
Eastern Kentucky University	\$200,000	\$200,000
Kentucky State University ¹	209,600	209,600
Morehead State University	200,000	200,000
Murray State University	200,000	200,000
Northern Kentucky University ²	500,000	500,000
Western Kentucky University ³	575,000	575,000
University of Kentucky ³	2,250,000	2,250,000
University of Louisville ³	1,125,000	1,125,000
KCTCS	<u>1,200,000</u>	<u>1,200,000</u>
Total	\$6,459,600	\$6,459,600

¹ Includes transfer of Martin Luther King, Jr., Scholarship funds to KSU.
² Includes transfer of stewardship program Regional Grant funds to NKU.
³ Includes transfer of *Statewide Engineering Strategy* funds to identified institutions.

Inflationary Increase Adjustment: The Council’s budget recommendation seeks to ensure that adequate funds are available to perpetuate the existing educational services and programs of the institutions in the face of inflationary pressures. One way it accomplishes this is by applying a basic adjustment for inflationary pressures calculated by multiplying institution net base General Fund appropriation by a higher education cost adjustment (HECA index of 3.3 percent) in 2008-09 and 2009-10 related to maintenance of ongoing operations. Given that

the largest expenditures for postsecondary education are salaries, this inflation adjustment uses a combination of two federally developed and maintained price indices – the Employment Cost Index (ECI) and the Gross Domestic Product Implicit Price Deflator (GDP IPD). The ECI (75 percent of HECA index) includes salaries and benefits for private sector white-collar workers, excluding sales occupations. The GDP IPD (25 percent of HECA index) reflects general price inflation in the U.S. economy. The staff recommends that the Council request \$35,986,500 in 2008-09 and \$74,249,500 in 2009-10 over the 2007-08 General Fund appropriation for inflationary adjustments that support ongoing institutional operations.

Capital Renewal: Another adjustment to support ongoing operations is a capital renewal appropriation equating to approximately 5 percent of the General Fund base or \$5 million in 2008-09 and \$5 million in 2009-10, to be matched in each year of the biennium by institutions and distributed on a proportionate square footage basis. The need for this recommendation is supported in part by the results of the joint CPE/institution directed Facility Condition Assessment and Space Study Project conducted by VFA and released in 2007. This capital study reported a large backlog of capital renewal projects due to aging facilities and acknowledging that many major systems (electrical, plumbing, roofs, etc.) are at the end of their expected useful life and need attention. The budget recommendation for ongoing capital renewal appropriations matched by institutional funds is a proactive and shared first-step in helping reduce the magnitude of this problem in future biennia.

M&O of New Facilities: The staff also recommends an adjustment for maintenance and operations (M&O) of public postsecondary facilities that either came online in 2007-08 or are expected to come online in the next biennium. This equates to a recommendation of \$7,980,000 in 2008-09 and \$26,346,000 in 2009-10 over the 2007-08 General Fund appropriation. These totals reflect new facility square footage as well as custodial, maintenance support, and utility costs.

Changes in Debt Service: This adjustment pertains to changes in debt service over the upcoming biennium on debt issued prior to 1998, which is included in institutional base budgets. The request seeks an appropriation of \$20,488,100 in 2008-09 and \$20,561,200 in 2009-10 for debt service on existing facilities. The staff recommends base adjustments of \$11,368,400 in 2008-09 and \$11,441,500 in 2009-10 to reflect changes in debt service on existing education and general (E&G) debt.

Changes in Contractual Obligations: The University of Louisville hospital provides indigent care for citizens of the Louisville/Jefferson County metropolitan area and for citizens of Kentucky through a contractual Quality and Charity Care Trust (QCCT) agreement among the University of Louisville, the Commonwealth of Kentucky, Metro Louisville, and University Medical Center, Inc. The contract is adjusted annually for inflation. The request seeks an appropriation of \$19,842,900 in 2008-09 and \$20,204,000 in 2009-10 for indigent care provided by UofL Hospital. The staff recommends adjustments of \$860,600 in 2008-09 and \$1,221,700 in 2009-10 to reflect changes in contract costs.

II. CPE Agency Operations

CPE agency operations include personnel and operating expenses necessary to manage the agency and programs of the Council, including employees involved in the delivery of Kentucky Adult Education services and the Kentucky Virtual Campus and Virtual Library. The agency is organized into six primary units with agency operations providing funding support to all units.

- **The Executive Unit** provides leadership and direction to the other units, coordinates postsecondary education equal opportunity efforts, provides legal services to the agency, oversees governmental and legislative services, media relations, and communications planning for the entire agency, and human resource management.
- **The Finance and Planning Unit** is responsible for developing funding approaches for the institutions, the analysis of postsecondary education financial information, the review and recommendation of capital construction projects, tuition setting, reciprocity agreements, and the administration of the strategic investment and incentive trust funds, as well as directing strategic planning and accountability efforts. In addition to these institutionally focused activities, the finance unit also is responsible for the administrative and business operations of the agency, which includes budgeting, accounting, purchasing, printing/copying, telecommunications services, and inventory control.
- **The Academic Affairs Unit** includes activities related to approval, modification, disapproval, or discontinuance of academic programs, extended campus activities, academic course inventory, admissions standards, accountability, statewide strategic planning, early childhood literacy, baccalaureate degree transfer, Academic Common Market, KEES, and licensure of independent colleges and universities. The academic affairs unit administers the faculty development program located in the Technology Initiative Trust Fund and the Early Math Testing and Local P-16 Council initiatives funded through the Council's pass-through programs. New economy responsibilities arise out of HB 572, 2000 Regular Session, and include oversight of the Science and Technology Funding Program and coordination of the state's economic development initiatives in conjunction with the Economic Development Cabinet.
- **The Information and Technology Unit** is composed of two sections. The information and research section administers activities related to the collection and analysis of student data collected through the agency's comprehensive database. It supports decision making at the Council by collecting and analyzing data from public and private postsecondary institutions within the state, and produces statistical reports, conducts policy and accountability research, and works with other agencies to develop data collection and retrieval systems. The technology section provides support and maintenance of the agency's computing needs including the local area network and coordination of statewide technology efforts. These services are available to all program units of the Council. This unit also includes Web masters, programmers, and developers.

- **The Kentucky Adult Education Unit** was transferred to the Council in 2003. Every Kentucky county is served by a comprehensive adult education program that offers all levels of adult education instruction, family literacy, and employability and life skills instruction. The Council staff reorganized by adding the adult education staff and activities to the Council, consolidating various administrative functions for the agency, and centralizing key support functions. These functions include accounting, budgeting, purchasing, printing, facilities management, and telecommunications services, which were previously dispersed between agency operations, KYVC/KYVL, and adult education. Information and technology services, personnel and payroll services, and communications also were reorganized and centralized.
- **The Kentucky Virtual Campus and Virtual Library Unit** is composed of two interrelated functions. KYVC is Kentucky’s official virtual campus that is designed to be a student-centered, technology-based utility for the support of lifelong learning. KYVC simplifies access to quality college credit, professional development, and supplemental studies. The KYVU provides a single access point to statewide learning support services, including KYVL, thus serving as a seamless transition to higher education for Kentucky citizens. The KYVL’s mission is to provide Kentuckians with equitable access to quality library and information resources and qualified, well-trained staff to support the Kentucky Virtual Campus, as well as meet broader needs for learning, working, and living.

The staff recommends that the Council request an appropriation of \$10,416,700 in 2008-09 and \$11,007,600 in 2009-10 for agency operations. These amounts include additional budget requests of \$1,569,200 in 2008-09 and \$2,160,100 in 2009-10 over the 2007-08 General Fund appropriation for various categories of expenditure, including mandatory adjustments in employee salaries and benefits (i.e., defined calculations), three new agency staff support positions, two new staff positions to support implementation of the Kentucky Postsecondary Education Data System, and an increase in the agency’s external communications budget to support increased production of Council publications and reports. A summary of recommended increases is provided below.

<i>Expense Category</i>	<i>2008-09</i>	<i>2009-10</i>
Defined Calculations	\$910,800	\$1,469,600
New Personnel	228,000	245,600
KY Postsecondary Ed Data System	210,400	224,900
Agency Publications	220,000	220,000
Total	\$1,569,200	\$2,160,100

III. Adult Education Funding Program

As part of a statewide imperative to double the number of working-age Kentuckians with a bachelor's degree by 2020, the Council has charged Kentucky Adult Education (KYAE) with increasing GED productivity from 9,281 in 2007 to 15,000 in 2020 and increasing the GED postsecondary transition rate to 36 percent by 2020. In response to these aggressive goals, KYAE staff developed a new framework for adult education, which places more emphasis on quality student learning outcomes, more flexibility in providing adult education services, higher performance expectations, and new opportunities for local programs to earn additional funding based on student outcomes. The framework strategically repositions local adult education programs as principal drivers for raising the educational attainment levels of Kentucky adults and accomplishing the goals of the Kentucky Adult Education Act of 2000 and the Council's Public Agenda.

The staff recommends that the Council request an appropriation of \$27,026,000 in 2008-09 and \$29,026,000 in 2009-10 for the Adult Education Funding Program. These amounts include additional budget requests of \$2,000,000 in 2008-09 and \$4,000,000 in 2009-10 over the 2007-08 General Fund appropriation to support increased service provision at local adult education programs located throughout Kentucky and facilitate attainment of the Council's 2020 GED attainment goal. These funds will help local programs produce quality student outcomes, such as increased GED attainment, higher GED scores, learning gains for low-level learners, and more Kentucky adults prepared for college-level work and 21st century jobs.

**Council on Postsecondary Education
November 5, 2007**

Postsecondary Education Budget Recommendation for 2008-10 Double the Numbers Strategic Investments

Strategic investments for postsecondary education are recommended as the Council's second priority in the 2008-10 biennium. Strategic investments include institutional investments that advance the Commonwealth's Double the Numbers imperative, CPE trust funds and funding programs, and pass-through programs. The staff recommends that the Council request appropriations of \$82,263,600 in 2008-09 and \$139,274,000 in 2009-10 to provide General Fund support for Kentucky postsecondary education strategic initiatives.

<i>Strategic Investments</i>	<i>FY 2008-09</i>	<i>FY 2009-10</i>
Institutional Double the Numbers Investments	\$28,000,000	\$48,500,000
CPE Trust Funds & Funding Programs	46,836,100	83,184,100
Pass-Through Programs	7,427,500	7,589,900
Total	\$82,263,600	\$139,274,000

I. Institutional Double the Numbers Investments

In October 2007, a report entitled *Double the Numbers: Kentucky's Plan to Increase College Graduates* was presented to the Council. The fundamental message of that report is that Kentucky must double the number of college graduates living within its borders, from 400,000 in 2000, to approximately 800,000 in 2020, to achieve the HB 1 goal of raising the educational attainment level of state residents in order to achieve the national average. The report identifies five strategies for achieving the Double the Numbers goal, including: (1) raising high school graduation rates, (2) increasing the number of GED graduates and transition more to college, (3) enrolling more first-time students in KCTCS and transfer them to four-year programs, (4) increasing the number of Kentuckians going to and completing college, and (5) attracting college-educated workers to the state and creating new jobs for them.

The staff recommends that the Council request appropriations of \$28,000,000 in 2008-09 and \$48,500,000 in 2009-10 to support three institutional, strategic investment initiatives that will advance the Council's Double the Numbers plan: (a) developmental education, (b) statewide priorities, and (c) KCTCS Student Access Initiative. A summary of recommended funding increases and program descriptions follows:

<i>Institutional Double the Numbers Investments</i>	<i>FY 2008-09</i>	<i>FY 2009-10</i>
Developmental Education	\$5,500,000	\$8,500,000
Statewide Priorities	15,000,000	25,000,000
KCTCS Student Access Initiative	7,500,000	15,000,000
Total	\$28,000,000	\$48,500,000

Developmental Education: Per recommendations from the Council’s Developmental Education Task Force, this initiative is designed to support programmatic redesign and additional infrastructure needed to improve the success rates of developmental education students at Kentucky’s public postsecondary institutions. The staff recommends appropriations of \$5,500,000 in 2008-09 and \$8,500,000 in 2009-10 to support the developmental education initiative. If approved, the 2008-09 appropriation will be allocated among the public four-year universities in amounts of \$500,000 per institution, with \$1.5 million allocated to KCTCS to support infrastructure improvements. In 2009-10, an additional \$3,000,000 over the prior year will be allocated to the public postsecondary institutions based on a developmental education index derived by combining the number of first-year developmental education students at each institution with the average level of underpreparedness of the students. The resulting allocation follows:

	<u>2008-09</u>	<u>2009-10</u>
Eastern Kentucky University	\$500,000	\$761,600
Kentucky State University	500,000	582,800
Morehead State University	500,000	702,700
Murray State University	500,000	585,500
Northern Kentucky University	500,000	746,200
Western Kentucky University	500,000	868,400
University of Kentucky	500,000	567,500
University of Louisville	500,000	576,600
KCTCS	<u>1,500,000</u>	<u>3,108,700</u>
Total	\$5,500,000	\$8,500,000

These numbers do not include a 3.3 percent inflationary adjustment on 2008-09 developmental education funds that accrues in the second year of the biennium, which is accounted for in the inflationary increases section of the continuing operations agenda item. Program funds will be distributed to participating institutions upon receipt of a plan that outlines each institution’s proposed developmental education program improvements and includes short-term outcomes related to improved student success (i.e., persistence rates of developmental education students, an increase in the average number of credit hours passed by developmental education students, etc.). Guidelines for these plans will be presented at the January 2008 Council meeting. Based on a developmental education cost study conducted by Council staff, the recommended \$8.5 million annual investment will represent

approximately a 25 percent increase in funds being spent on developmental education among the public postsecondary institutions.

In addition to the institutional funding described above, a developmental education component has been incorporated into the Council’s proposed Degree Production Performance Fund, which provides performance awards to institutions that graduate underprepared students. It is estimated that as much as \$1.0 million over the biennium will be awarded among participating institutions for this purpose. Finally, the trust fund/funding program recommendation contains a request for \$1.8 million each year of the biennium to support statewide or system-level developmental education initiatives.

Statewide Priorities: This initiative is designed to support statewide priorities included in board-approved, institutional business plans related to research, regional stewardship, workforce development, transfer, STEM, college outreach and extension programs, graduate education, academic quality, diversity, and adult learners, among others. The staff recommends appropriations of \$15,000,000 in 2008-09 and \$25,000,000 in 2009-10 to support statewide priorities and public postsecondary institution business plans. If approved, the appropriations for 2008-09 and 2009-10 will be allocated among the public institutions based on each institution’s share of 2007-08 net total public funds, defined as gross General Fund appropriation minus debt service and mandated programs, plus gross tuition and fee revenue. The resulting allocation follows:

	<u>2008-09</u>	<u>2009-10</u>
Eastern Kentucky University	\$1,317,200	\$2,195,300
Kentucky State University	285,000	475,200
Morehead State University	719,500	1,199,100
Murray State University	964,200	1,607,000
Northern Kentucky University	1,088,400	1,814,000
Western Kentucky University	1,533,800	2,556,300
University of Kentucky	3,740,400	6,234,000
University of Louisville	2,544,600	4,241,000
KCTCS	<u>2,806,900</u>	<u>4,678,100</u>
Total	\$15,000,000	\$25,000,000

These numbers do not include a 3.3 percent inflationary adjustment on 2008-09 statewide priorities funds that accrues in the second year of the biennium, which is accounted for in the inflationary increases section of the continuing operations agenda item. If it meets the approval of the Governor and General Assembly, the Council staff will request that language be added to the budget bill so that a portion of these funds be appropriated, but not allotted, until plans and intended goals or outcomes are approved by the Council. Only upon goal or outcome attainment, and Council action, will funding become recurring to a university’s base operating budget. Guidelines for these plans will be presented at the January 2008 Council meeting.

KCTCS Student Access Initiative: For many Kentucky residents, the Kentucky Community and Technical College System (KCTCS) is an important, first point of access to the collegiate experience. About half of all students who enrolled at a Kentucky public postsecondary institution during fall semester 2006 attended a KCTCS institution. Many of the system's students come from low-income or lower, middle-income families. Traditionally, KCTCS has represented a relatively low cost option but, in recent years, attending KCTCS has become less affordable. Between 2000 and 2006, tuition and fees at KCTCS more than doubled, growing from \$1,230 to \$2,616, respectively. A recent publication, *Measuring Up*, an influential national report card for higher education, gave Kentucky a failing grade for affordability in 2006, due in part to high tuition and fees at KCTCS. Without taking student financial aid into consideration, the lowest-income quintile (20 percent) in the state would need to pay about one-fourth (24 percent) of their annual family income to attend KCTCS fulltime, up from 14 percent in 1994. In a recent Southern Regional Education Board (SREB) report, average tuition and fees at Kentucky community colleges now ranks second highest among the 16 member states in the southern region. In 2006, median tuition and fees among SREB states was \$1,900, compared to \$2,900 in Kentucky. Kentucky also was higher than the national median, which was \$2,400.

To preserve its role as a crucial point of affordable access and its role in the Double the Numbers plan, the staff recommends a moratorium on tuition increases at KCTCS for the 2008-10 biennium. The staff recommends that the Council request appropriations of \$7,500,000 in 2008-09 and \$15,000,000 in 2009-10 to support a KCTCS Student Access Initiative that, once implemented, will help support costs of increased enrollment and degree production for the system. These funds will help KCTCS remain affordable for students from low-income families, increase the number and diversity of students in the education pipeline, and contribute to realization of Kentucky's 2020 educational attainment goals.

Per the Council's accountability system, KCTCS costs and outcomes will be reviewed by the Council annually and reported to the Interim Joint Committee on Appropriations and Revenue, the Interim Joint Committee on Education, the Strategic Committee on Postsecondary Education, and the Legislative Research Commission. This process will provide an opportunity to assess satisfactory progress for the intended strategic investment.

II. CPE Trust Funds and Funding Programs

The staff recommends that the Council request appropriations of \$46,836,100 in 2008-09 and \$83,184,100 in 2009-10 for trust funds and funding programs. These amounts include additional budget requests of \$25,755,000 in 2008-09 and \$62,103,000 in 2009-10 over the 2007-08 General Fund appropriation to support a Double the Numbers degree production fund, debt service for a fourth round of Bucks for Brains, technology initiatives, STEM and New Economy related programs and activities, and other initiatives critical to attainment of HB 1 and CPE public agenda goals and objectives. A listing of proposed additional budget requests by trust fund or funding program is provided in the following table.

<i>Trust Fund or Funding Program</i>	<i>FY 2008-09</i>	<i>FY 2009-10</i>
Double the Numbers Funding Program	\$5,000,000	\$20,000,000
Research Challenge Trust Fund	0	15,958,000
Regional University Excellence Trust Fund	0	4,256,000
Postsecondary Workforce Development Trust Fund	0	1,064,000
Technology Initiative Trust Fund	2,705,000	2,775,000
Physical Facilities Trust Fund ¹	NA	NA
Science & Technology Funding Program	9,950,000	9,950,000
Adult Education Funding Program ²	NA	NA
Special Initiatives Funding Program	8,100,000	8,100,000
Total³	\$25,755,000	\$62,103,000

¹ Totals for the Physical Facilities Trust Fund are included in the Capital Projects section of this agenda item.

² Totals for adult education are included in the Continuing Operations section of this agenda item.

³ Does not include additional budget requests of \$1,173,500 in 2007-08, \$899,900 in 2008-09, and \$994,400 in 2009-10 for lung cancer research funded with tobacco settlement funds.

A. Double the Numbers Funding Program

The staff recommends that the Council request appropriations of \$5,000,000 in 2008-09 and \$20,000,000 in 2009-10 to support a Degree Production Performance Fund.

This strategic investment fund focuses direct attention on the Council’s Double the Numbers plan and provides an incentive for public four-year universities to increase bachelor’s degree production and for KCTCS to increase the number of associate degrees and transfers over the biennium. Additional priority funding is proposed to encourage STEM degrees, minority degrees, degrees from developmental education students, and students who transfer from KCTCS and complete bachelor’s degrees at Kentucky four-year institutions.

In 2008-09, public four-year universities will be allocated \$5,000 per each additional bachelor’s degree and an extra \$1,250 per each additional priority bachelor’s degree. For KCTCS, \$2,500 will be allocated per each additional associate degree and an extra \$625 per each additional priority associate degree and transfer to four-year institutions. In 2009-

10, the amounts allocated will increase to \$15,000 per each additional bachelor's degree and an extra \$3,750 per each additional priority bachelor's degrees. For KCTCS, \$7,500 will be allocated per each additional associate degree and an extra \$1,875 per each additional priority associate degree and transfer to four-year institutions.

Degree categories are NOT mutually exclusive, so a graduate can be in multiple categories. STEM degrees are identified in the STEM fields using the same list from the federal government used in the Council's data portal. Minority degrees are identified as non-white degrees. Developmental education degrees are identified as the number of graduates who had taken at least one developmental course during their academic career (this area may be slightly modified if better data on the number of underprepared students becomes available). KCTCS transfer degrees are college graduates at the public four-year institutions who were coded as first-time transfers from KCTCS at the awarding institution at some point during their academic career. For KCTCS, transfers to Kentucky four-year institutions are students who transfer from KCTCS to a Kentucky four-year institution.

In 2008-09, the performance year will be the two-year average of 2006-07 and 2007-08 and the base year will be the two-year average of 2005-06 and 2006-07. In 2009-10, the performance year will be the two-year average of 2007-08 and 2008-09 and the base year will be the two-year average of 2006-07 and 2007-08.

B. Research Challenge Trust Fund

The staff recommends that the Council request an appropriation of \$15,958,000 in 2009-10 for the Research Challenge Trust Fund (RCTF) to pay debt service on a \$150 million bond issue that provides a fourth round of funding for the Endowment Match Program at the research universities. The Lung Cancer Research Fund is another initiative funded through the RCTF. This request seeks appropriations of \$5,864,700 in 2007-08, \$5,591,100 in 2008-09, and \$5,685,600 in 2009-10 for the Lung Cancer Research Fund, which is funded with tobacco settlement funds.

Endowment Match Program: The Endowment Match Program encourages private investment in public higher education research activities to stimulate business development, generate increases in externally sponsored research, create better jobs and a higher standard of living, and facilitate Kentucky's transition to a knowledge-based economy. The staff recommends an appropriation of \$15,958,000 in 2009-10 to pay debt service on a \$150 million bond issue, the proceeds of which will be used to fund chairs, professorships, research staffs and infrastructure, and graduate fellowships at the public research universities. State funds will continue to be matched dollar-for-dollar by the institutions. Program funds will be allocated and distributed based on 2008-10 Endowment Match Program Guidelines that will be presented to the Council in January 2008.

Lung Cancer Research Fund: The 2000 General Assembly created the Lung Cancer Research Fund to support research, conducted at UK's Markey Cancer Center and UofL's Brown Cancer Center, which explores the causes, detection, and treatments of lung cancer. The program benefits Kentuckians through discovery of new cancer therapies, clinical trials, and an early detection research program. The staff recommends appropriations of \$5,864,700 in 2007-08, \$5,591,100 in 2008-09, and \$5,685,600 in 2009-10 for the Lung Cancer

Research Fund. These amounts include additional budget requests of \$1,173,500 in 2007-08, \$899,900 in 2008-09, and \$994,400 in 2009-10 to fund grants with an emphasis on translational and clinical research, support recruitment and start-up costs for new faculty, expand a drug discovery and development program, and purchase equipment and technical materials essential for core programs. The source of funding for this program is tobacco settlement funds. As such, the recommended funding amounts are not included in the Council's General Funds request.

C. Regional University Excellence Trust Fund

The staff recommends that the Council request an appropriation of \$4,256,000 in 2009-10 for the Regional University Excellence Trust Fund to pay debt service on a \$40 million bond issue that provides a fourth round of funding for the Endowment Match Program at the comprehensive universities.

Endowment Match Program: The Endowment Match Program encourages private investment in public higher education research activities to stimulate business development, generate increases in externally sponsored research, create better jobs and a higher standard of living, and facilitate Kentucky's transition to a knowledge-based economy. The staff recommends that the Council request an appropriation of \$4,256,000 in 2009-10 for the Regional University Excellence Trust Fund to pay debt service on a \$40 million bond issue, the proceeds of which will be used to fund chairs, professorships, research staffs and infrastructure, and graduate fellowships at the public comprehensive universities. State funds will continue to be matched dollar-for-dollar by the institutions. Program funds will be allocated and distributed based on 2008-10 Endowment Match Program Guidelines that will be presented to the Council in January 2008.

D. Postsecondary Education Workforce Development Trust Fund

The staff recommends that the Council request an appropriation of \$1,064,000 in 2009-10 for the Postsecondary Education Workforce Development Trust Fund to pay debt service on a \$10 million bond issue that provides a first round of funding for the Endowment Match Program at KCTCS.

Endowment Match Program: The Endowment Match Program encourages private investment in public higher education research activities to stimulate business development, generate increases in externally sponsored research, create better jobs and a higher standard of living, and facilitate Kentucky's transition to a knowledge-based economy. The staff recommends that the Council request an appropriation of \$1,064,000 in 2009-10 for the Postsecondary Education Workforce Development Trust Fund to pay debt service on a \$10 million bond issue, the proceeds of which will be used to fund professorships, workforce education and training program staff, transfer program staff, workforce development and transfer program infrastructures, and student scholarships at KCTCS. State funds will be matched dollar-for-dollar by the institutions. Program funds will be distributed based on 2008-10 Endowment Match Program Guidelines that will be presented to the Council in January 2008.

E. Technology Initiative Trust Fund

The staff recommends that the Council request an appropriation of \$10,130,200 in 2008-09 and \$10,200,200 in 2009-10 for the Technology Initiative Trust Fund. These amounts include additional budget requests of \$2,705,000 in 2008-09 and \$2,775,000 in 2009-10 to support expansion of Kentucky Postsecondary Education Network (KPEN) services; cover increased costs of Kentucky Virtual Library (KYVL) statewide, electronic database contracts; create a Kentucky Learning Content Repository (KLCR); and cover increased costs of eLearning contracts.

<i>Technology Initiative Trust Fund</i>	<i>FY 2008-09</i>	<i>FY 2009-10</i>
Kentucky Postsecondary Education Network	\$1,200,000	\$1,200,000
KYVL Electronic Databases	450,000	450,000
Kentucky Learning Content Repository	900,000	900,000
eLearning Contracts	155,000	225,000
Information Technology Initiatives Pool ¹	NA	NA
Total	\$2,705,000	\$2,775,000

¹ Amounts for the Information Technology Initiatives Pool are located in the Capital Projects section of this agenda item.

Kentucky Postsecondary Education Network: Postsecondary education is dependent on high-speed, high-bandwidth networks for the transmission of information. Students take classes and access electronic databases through the Web; faculty and students communicate with each other and with colleagues at other institutions using the Internet and Internet2; and high-level research depends on data-sharing among postsecondary education institutions, researchers, and the world. The Kentucky Postsecondary Education Network (KPEN) is an Internet protocol-optimized network specifically designed for postsecondary education requirements and applications. It accommodates high-demand, high-access Internet users and provides an easy mechanism for expansion of network services. The time has come to upgrade KPEN capabilities. A new, P-20 network called the Kentucky Education Network (KEN) is being built. Funding is needed to allow seamless connection to KEN and to enhance Internet2 applications. The staff recommends additional budget requests of \$1,200,000 in 2008-09 and \$1,200,000 in 2009-10 to support KEN development and implementation. These funds will be used to upgrade bandwidth at state-supported colleges and universities, allowing participating institutions to effectively utilize and participate in shared systems and to implement a phased migration to a next-generation statewide optical network.

KYVL Electronic Databases: Kentucky citizens performed over 22,000,000 KYVL electronic searches this past year. The Kentucky Virtual Library (KYVL) negotiates statewide contracts for and provides access to over 43 licensed indexing, abstract, and full-text databases. The databases contain more than 76,000 indexed publications, including 28,000 full-text resources, 557,016 images, and 2,000 maps. The cost of statewide contracts for electronic databases has increased over time. For KYVL to be able to maintain its current collection of products and continue to serve fundamental information needs, increased funding for its online article, index, and abstract database contracts is essential. The staff recommends additional requests of \$450,000 in 2008-09 and \$450,000 in 2009-10 to cover increased costs of KYVL's statewide database contracts. Access to quality research and information sources, regardless of geography, school size, local economy, or university budget, is fundamental to student preparedness, workforce interests, and an educated and informed citizenry.

Kentucky Learning Content Repository: The Kentucky Learning Content Repository (KYLCR) is a new, collaborative initiative sponsored by the Southern Regional Education Board (SREB) that, once implemented, will allow K-12 teachers and postsecondary faculty to share standards-based, digital resources across a 16-state region to improve course content, teaching, and learning. Currently, teachers and faculty are building or licensing learning content as needed. There is no structure for them to share content with each other. By building a single online access point to high-quality, accurate, engaging, and reusable learning content, all Kentucky teachers and faculty will have a convenient tool to engage in professional development, enhance courses, and ultimately improve learning outcomes. The staff recommends additional requests of \$900,000 in 2008-09 and \$900,000 in 2009-10 to fund hardware and software infrastructure costs, technical support services, digital content, and teacher and faculty training associated with development and implementation of the KYLCR. Because this is a collaborative P-16 initiative, the Kentucky Department of Education will submit a budget request for 2008-10 to share responsibility for building the repository.

eLearning Contracts: The Kentucky Virtual Campus (KYVC) has several contracts which enable it to provide eLearning services to academic and state agency partners. Two of these contracts (the Blackboard Course Management Software contract and an eLearning Integrator contract) will expire June 30, 2008. Cost increases for both contracts are anticipated as part of the rebidding process. The Blackboard CMS contract is expected to increase by about 30 percent in 2008-09. In addition, significant start-up and training costs will be incurred in year one. Cost increases for the eLearning Integrator contract are expected in both years of the upcoming biennium to support hosting, administration, and maintenance of current KYVC applications. The staff recommends additional requests of \$155,000 in 2008-09 and \$225,000 in 2009-10 to support inflationary increases associated with rebidding KYVC eLearning contracts. The requested funding will not cover the full amount of the projected increase. Additional sources of revenue will be found to cover the shortfall.

Information Technology Initiatives Pool: Funding for an information technology initiatives pool, which will ultimately flow through the Technology Initiative Trust Fund, is accounted for in the Capital Projects section of this agenda item. These funds will be used to upgrade outmoded postsecondary institution technology and equipment that support educational and general activities. The Kentucky Virtual Library and Kentucky Virtual Campus are eligible for

funding from the pool. The projects will be authorized in 2008-09. Approximately \$197.4 million in projects are eligible for funding from the pool and are included in Table 1-C in the capital agenda item section. The institutions will receive \$40 million of the \$50 million to support the 2008-10 biennium Council and institution priorities of increased bachelor's degree production, access, affordability, developmental education, STEM, transfers, adult learners, student learning, and increased capacity to support research and economic and community development. The \$40 million will be allocated among the institutions based on their proportionate share of 2005-06 actual unrestricted instruction expenditures. Each institution will receive a base allocation of \$1,000,000. Table 1-D in the Capital Projects section of this agenda item contains specific pool allocation guidelines.

F. Physical Facilities Trust Fund

The staff recommends that the Council request an appropriation of \$67,099,000 in 2009-10 for the Physical Facilities Trust Fund to pay annual debt service on bond issues that support capital renewal and maintenance projects, renovation of existing facilities, and new facility construction at Kentucky public postsecondary institutions. Even though these funds will ultimately flow through the Council's trust funds and funding programs budget, the requested amounts are not included in the funding totals shown in this section (see the Capital Projects section for details).

G. Science and Technology Funding Program

The staff recommends that the Council request appropriations of \$19,555,900 in 2008-09 and \$19,555,900 in 2009-10 for the Science and Technology Funding Program. These amounts include additional budget requests of \$9,950,000 in 2008-09 and \$9,950,000 in 2009-10 to support science, technology, engineering, and mathematics (STEM) statewide initiative, the P-16 engineering pipeline, and new economy initiatives.

<i>Science & Technology Funding Program</i>	<i>FY 2008-09</i>	<i>FY 2009-10</i>
STEM Statewide Initiative	\$5,000,000	\$5,000,000
P-16 Engineering Pipeline	1,450,000	1,450,000
New Economy Initiatives	3,500,000	3,500,000
Total	\$9,950,000	\$9,950,000

STEM Statewide Initiative: The United States is facing a STEM crisis reflected in declining numbers of students who receive science degrees. According to the National Science Foundation, the proportion of the college-age population earning natural science and engineering degrees in the United States was significantly smaller than degrees awarded in these fields in 16 countries in Asia and Europe. The crisis is more acute in Kentucky than it is

in other U.S. states. According to the Progressive Policy Institute, Kentucky lags behind most states in STEM degree and STEM career production. In 2005, Kentucky ranked 47th in the number of scientists and engineers as a percentage of the workforce, 49th in the number of science and engineering bachelor's degrees awarded, and 42nd in the number of high-tech jobs as a share of the total employment. Responding to statistics such as these, the Council's Research, Economic Development, and Commercialization Policy Group commissioned a STEM Task Force in 2007 and charged that group with developing "a statewide P-20 strategic action plan to accelerate Kentucky's performance within the STEM disciplines." The task force identified eight interrelated recommendations that provide a blueprint for enhancing and improving Kentucky's performance in the STEM disciplines. The staff recommends additional budget requests of \$5,000,000 in 2008-09 and \$5,000,000 in 2009-10 to support activities and programs that represent the first phase of strategic interventions recommended by the task force focused on better statewide coordination, education incentives to higher education institutions and K-12 to promote improvements in the STEM curriculum and STEM professional development, formal and informal stewardship to encourage students to excel in STEM subjects, business incentives for employing and investing in Kentucky STEM graduates, and STEM outreach and public awareness.

P-16 Engineering Pipeline: Kentucky needs engineers and engineering technologists to improve the economy and create economic development opportunities for the state. Many students do not have access to a rigorous curriculum in middle or high school that prepares them for college-level engineering programs. Project Lead the Way (PLTW) is a non-profit organization that provides a four-year, pre-engineering sequence for high-school students, with an optional middle school program, in partnership with public schools, postsecondary institutions, and the private sector. With matching grants from participating school districts, the Council will work with the Kentucky Department of Education to develop a cadre of 80 PLTW schools over next biennia to strengthen the pre-engineering pipeline. The staff recommends additional requests of \$1,450,000 in 2008-09 and \$1,450,000 in 2009-10 to expand pre-engineering curricula in select middle and high schools and to continue supporting K-12 schools with existing PLTW programs.

New Economy Initiatives: A number of knowledge-based economy and STEM-related programs and projects fall within the rubric of New Economy Initiatives, including the Kentucky Science and Engineering Foundation (KSEF), Commercialization, the Kentucky Enterprise Fund, Kentucky EPSCoR, and the Kentucky Satellite Project (KySat). All of these initiatives, with the exception of KySat, have been in operation for more than six years and are experiencing demands for support that exceed initial appropriation levels. Increased funding for these growing programs will enable Kentucky to further develop existing areas of innovation and sustain a pipeline of new technologies that is crucial for building a viable, knowledge-based, entrepreneurial economy. The KySat Project is a new, collaborative enterprise that involves public organizations, private companies, and Kentucky colleges and universities (i.e., UK, UofL, WKU, MoSU, MuSU, and KCTCS) in the design, build, payload development, launch, and on-orbit operation of small satellites for innovation and learning purposes. KySat's mission is to train students in the dynamics of spacecraft design, construction, testing, and operation, as a means of bolstering science and technology education, R&D, innovation and commercialization, and economic development in Kentucky.

The staff recommends additional requests of \$3,500,000 in 2008-09 and \$3,500,000 in 2009-10 to support New Economy Initiatives.

H. Adult Education Funding Program

The staff recommends that the Council request appropriations of \$27,026,000 in 2008-09 and \$29,026,000 in 2009-10 for the Adult Education Funding Program. These amounts include additional budget requests of \$2,000,000 in 2008-09 and \$4,000,000 in 2009-10 over the 2007-08 General Fund appropriation. The requested funds will be used to support increased service levels at local adult education programs located throughout Kentucky. Even though these funds will ultimately flow through the Council’s trust funds and funding programs budget, the requested amounts are not included in the funding totals shown in this section (see the Continuing Operations section of this agenda item for details).

I. Special Initiatives Funding Program

The staff recommends that the Council request appropriations of \$9,050,000 in 2008-09 and \$9,050,000 in 2009-10 for the Special Initiatives Funding Program. These amounts include additional budget requests of \$8,100,000 in 2008-09 and \$8,100,000 in 2009-10, over the 2007-08 General Fund appropriation, which will be used to support the Council’s College Access Initiative, to implement the recommendations of the Developmental Education Task Force, to increase staff support of local P-16 Councils, to bolster statewide transfer infrastructure and coordination, and to expand diversity planning and program delivery efforts. A summary of requested amounts and program descriptions are provided below.

<i>Special Initiatives Funding Program</i>	<i>FY 2008-09</i>	<i>FY 2009-10</i>
College Access Initiative	\$3,000,000	\$3,000,000
Developmental Education	1,800,000	1,800,000
Local P-16 Councils	1,500,000	1,500,000
Transfer Improvement Initiative	1,500,000	1,500,000
Statewide Diversity Planning	300,000	300,000
Total	\$8,100,000	\$8,100,000

College Access Initiative: The College Access Initiative supports the Council’s *Double the Numbers Plan* effort to increase educational attainment to the national average by providing motivational, streamlined, and relevant college-going information that will encourage prospective students to inquire about and enroll in college. Kentucky’s educational attainment has significantly trailed the national average since the 1940s. The only way to change

Kentucky's future projection is to overcome significant cultural and informational barriers to college. Media outreach is critical to successfully raising awareness of educational opportunities. This request will fund traditional and online media outreach to encourage high school students to enroll in college and pursue STEM careers, to encourage high school and GED graduates to enroll in college, and to encourage adults with some college to complete their degree. The staff recommends additional budget requests of \$3,000,000 in 2008-09 and \$3,000,000 in 2009-10 to support the College Access Initiative.

Developmental Education: Kentucky shares with the nation a dual challenge to reduce the number of traditional and nontraditional students coming to postsecondary education underprepared and to improve the success rates of underprepared students admitted to its postsecondary institutions. Over half of first-time freshmen entering Kentucky public colleges and universities during fall semester 2004 were underprepared in at least one subject. The first-year drop-out rate of underprepared entering students (39 percent) was more than twice that of academically prepared freshmen (17 percent). These issues were addressed in the final report of Kentucky's Developmental Education Task Force released in February 2007. That report, entitled *Securing Kentucky's Future: A Plan for Improving College Readiness and Success*, recommended six priority actions to bring first-year success rates for underprepared students to levels at or near that of prepared students. The staff recommends additional budget requests of \$1,800,000 in 2008-09 and \$1,800,000 in 2009-10 to support and implement the recommendations of the Developmental Education Task Force for improving college preparedness and student success. These funds will support K-12 teacher and adult education professional development. These statewide initiatives will compliment the \$8.5 million in institutional infrastructure and program redesign allocated to the public postsecondary education institutions.

Local P-16 Councils: Kentucky's local P-16 councils are partnerships of school districts, universities and community and technical colleges, adult education providers, early childhood educators, employers, and civic groups that support high school-to-college, GED-to-college, and workplace transition initiatives, including dual enrollment, early diagnostic assessment, curriculum alignment, and career awareness. Kentucky's state and local P-16 councils are nationally recognized, and representatives from Kentucky have been invited to assist other states in their P-16 council efforts. The program has supported the formation and work of more than 19 local councils in Kentucky since its inception, serving approximately two-thirds of the Commonwealth. The most successful councils are those that have the support of at least one staff person designated to run the operations of the council, seek external grants and funding, direct local initiatives, and convene regular meetings of local stakeholders. The staff recommends additional budget requests of \$1,500,000 in 2008-09 and \$1,500,000 in 2009-10 to support local P-16 councils. These funds will partially support an executive director for some of the local councils and allow the state P-16 council to convene more regularly the network of local councils and to support and monitor local initiatives linked to the Commonwealth's educational and economic agenda of increased postsecondary completion and workplace readiness.

Transfer Improvement Initiative: The objectives of the Transfer Improvement Initiative are threefold: (1) support degree completion and transfer of KCTCS students to Kentucky public and independent colleges; (2) bolster KCTCS workforce development and transfer programs in areas of strategic benefit to the Commonwealth; and (3) strengthen the statewide transfer technology infrastructure providing increased opportunity for students, faculty, and staff to

access transfer planning resource information, course equivalencies, and degree completion requirements of baccalaureate programs at Kentucky public and independent colleges. This initiative is well aligned with the Council's Double the Numbers plan which includes strategies for increasing Kentucky's capacity to recruit and enroll more students, ensuring that more students persist to baccalaureate degree completion, and helping Kentucky reach its goal of doubling the number of baccalaureate degree holders and reaching the national average in educational attainment by 2020. The staff recommends additional budget requests of \$1,500,000 in 2008-09 and \$1,500,000 in 2009-10 to support the Transfer Improvement Initiative. These funds will be used to bolster statewide transfer technology infrastructure, expand statewide transfer coordination efforts, and establish academic and training partnerships between KCTCS and four-year institutions.

Statewide Diversity Planning: Recent actions by the U. S. Supreme Court established new standards for determining the need for diversity in postsecondary education. A statewide study has been undertaken that will produce policies for diversity planning and recommendations necessary for the Council and each institution to comply with the standards articulated by the Supreme Court in the Michigan cases *Grutter and Gratz*, Kentucky, and the federal law. Funding and implementation of the diversity plan recommendations will promote a postsecondary education system and community environment in which minority students can prosper academically and socially. The staff recommends additional budget requests of \$300,000 in 2008-09 and \$300,000 in 2009-10 to support the Statewide Diversity Planning Initiative. These funds will be used to expand current programs to encompass the broader base of groups that will receive services through diversity programs, including marketing and communications, conferences, and academic preparation assistance. One new position, a coordinator to assist with diversity planning, is included in the request.

III. CPE Pass-Through Programs

The Council on Postsecondary Education has been designated as the receiving agency for several programs and activities with appropriations ultimately intended for postsecondary education institutions, other state agencies, or independent organizations. While these initiatives are monitored by the Council, their administration is, for the most part, directed by outside entities. For convenience, these programs and activities are grouped under the heading of "pass-through" programs in the CPE agency budget.

The staff recommends that the Council request appropriations of \$7,427,500 in 2008-09 and \$7,589,900 in 2009-10 for pass-through programs and activities. These amounts include additional budget requests of \$1,284,000 in 2008-09 and \$1,446,400 in 2009-10 for various pass-through programs, including a tuition rate increase for veterinary medicine contract spaces at out-of-state schools of veterinary medicine, additional spaces for veterinary medicine contract spaces, expansion funding for the Kentucky Autism Training Center, and an increase in state matching funds for federal GEAR UP grants.

<i>Pass-Through Programs</i>	<i>FY 2008-09</i>	<i>FY 2009-10</i>
Tuition Increase for Veterinary Medicine	\$0	\$153,400
Additional Spaces for Veterinary Medicine	224,000	233,000
Kentucky Autism Training Center	60,000	60,000
GEAR UP Grant State Match	1,000,000	1,000,000
Total	\$1,284,000	\$1,446,400

Tuition Increase for Veterinary Medicine: In 1950, Kentucky became a participant in a regional compact of southern states for education services. The purpose of the compact is to promote a regional approach to education, where possible, through sharing arrangements and to provide educational services requested by member states. Since Kentucky does not have professional schools in optometry or veterinary medicine, the Contract Spaces Program provides residents access to professional training programs in these areas through contracts with Indiana University and through the Southern Regional Education Board (SREB). Each year, the SREB asks participating schools to provide tuition rate information to share with compact members. Based on these data, tuition rates for veterinary medicine students are expected to increase over the coming biennium. The staff recommends that the Council request appropriations of \$4,280,100 in 2008-09 and \$4,442,500 in 2009-10 for the Contract Spaces Program. These amounts include an additional budget request of \$153,400 in 2009-10 to help offset the cost of rising tuition rates in the Contract Spaces Program. These funds will allow the state to maintain current levels of Kentucky resident participation in veterinary medicine programs.

Additional Spaces for Veterinary Medicine: Kentucky currently contracts for 144 spaces in veterinary medicine each year through the Contract Spaces Program, 136 spaces at Auburn University and eight spaces at Tuskegee Institute. In recent years, a growing concern among the Kentucky farming community has been the limited number of state residents majoring in large animal veterinary medicine, as well as a related lack of advancement in large animal research. Members of the General Assembly, Kentucky veterinary medicine associate officials, the Kentucky Farm Bureau, and Council staff have engaged in ongoing discussions regarding the need to increase the number of veterinarians in the Commonwealth. As indicated above, the staff recommends that the Council request appropriations of \$4,280,100 in 2008-09 and \$4,442,500 in 2009-10 for the Contract Spaces Program. These amounts include additional budget requests of \$224,000 in 2008-09 and \$233,000 in 2009-10 to reserve 10 additional spaces in veterinary medicine (six at Auburn University and four at Tuskegee Institute) through the Contract Spaces Program. The \$9,000 increase in the second year reflects anticipated tuition increases for veterinary medicine students in 2009-10.

Kentucky Autism Training Center: In 1996, the Kentucky Autism Training Center (KATC) was established to provide direct individual and family assistance and consultation services for those diagnosed with autism, to offer professional training programs for service providers, and to promote public education programs to increase public awareness of autism and related impairments. Housed at the University of Louisville, KATC staff members work with families and agencies to develop individualized child treatment plans, including conducting child-centered training activities. KATC is partially funded by CPE, KDE, state General Funds, a Jefferson County Public Schools grant, a Crusade for Children grant, and other philanthropic endeavors. The center depends on fundraising to fully finance its operation. In 2006, the Autism Commission recommended expansion of KATC responsibility to meet the need to train service providers regarding effective methods for delivering services to individuals with Autistic Spectrum Disorder, effectively using evidence-based methods for teaching, and managing behavior with feedback and follow-up monitoring and accountability. Providing opportunity for service providers to access relevant research material and attend conferences and workshops was also recommended. The staff recommends that the Council request appropriations of \$277,800 in 2008-09 and \$277,800 in 2009-10 for the Kentucky Autism Training Center. These amounts include additional budget requests of \$60,000 in 2008-09 and \$60,000 in 2009-10 to support expansion of Kentucky Autism Center services. If approved, these funds have potential to be multiplied through matching grant and contract awards.

GEAR UP Grant State Match: The *Gaining Early Awareness and Readiness for Undergraduate Programs* (GEAR UP) grant provides federal funding to build statewide and regional partnerships that support a range of services for students, parents, and school personnel. The grant works primarily with a cohort of a state's lowest performing schools, beginning at the Seventh grade level and continuing through high school. Program activities include developing rigorous college preparatory curricula, providing professional development to teachers, involving families in pre-college planning, providing supplemental scholarships, and coordinating an array of enrichment activities designed to support GEAR UP students. Each federal grant must be matched through a combination of state, local, and private funds. In September 2005, the Council began a new six-year award of \$21 million (\$3.5 million a year), in partnership with the Kentucky Higher Education Assistance Authority, to serve three cohorts of students. The Council and its partners must identify nonfederal sources of funding to match grant funds spent annually or the grant will be jeopardized. The staff recommends additional budget requests of \$1,000,000 in 2008-09 and \$1,000,000 in 2009-10 to provide matching funds necessary for continuation of the grant and sustain a pipeline of students that are prepared to complete postsecondary education.

Council on Postsecondary Education
November 5, 2007

Postsecondary Education Budget Recommendation for 2008-10 Capital Projects

The Council recently completed a study to determine how many degrees would be needed for Kentucky to be at the national average in bachelor degree attainment by the year 2020. To better illustrate the importance of modern facilities to support the Double the Numbers plan, the Council and institutions conducted a statewide review of education and general facilities. The study assessed over 700 buildings and found an aging physical plant with maintenance needs well above the national average, a significant number of buildings that no longer adequately support the academic programming originally envisioned, and a significant need to add new capacity to support the increased number of students coming into the system to double the number of bachelor's degree holders in Kentucky.

The 2008-10 capital budget recommendation addresses both short and long-term capital needs and tightens the link between facility condition, fit-for-continued-use, and the need for new space. The process to build the recommendation uses data to ensure that infrastructure is adequate to achieve the 2020 reform goals; an evaluation system that is fully integrated, fair, equitable and meets the needs of citizens, regions, and the state; a blend of capital investments to make sure that facilities fit their intended purpose and meet future education needs; support for degree production, research capacity, and asset preservation; and a sustained infusion of funds to promote high quality learning and services.

The tools used to complete the evaluations include a comparison of space need against national standards, comparison of research space need against projected extramural research expenditures, institutional project priorities, consideration of condition and fit-for-use of related space, institution implementation of maintenance standards, a Council budget hearing, and application of a priorities setting model by a five member review panel. The capital budget recommendation process established projects in five distinct categories of priorities. A brief description of each project recommended for state funding is provided in **Table 1, Attachment A**.

Capital Renewal, Maintenance, and Infrastructure Pool: The Council staff recommends \$90 million in state bonds to fund the capital renewal, maintenance, and infrastructure pool as the first installment to begin addressing approximately \$5.3 billion of deferred capital renewal, maintenance, and infrastructure projects that were identified by the statewide facilities assessment conducted by VFA, Inc., of Boston, Massachusetts. Debt service for the bonds (\$8,053,000) is included in the Physical Facilities Trust Fund. Only projects involving educational and general facilities are eligible for funding from the pool. The projects would be authorized in 2008-09. Projects eligible for funding from the pool are included in **Table 1-A**. The \$90 million will be allocated among the institutions based on their proportionate share of E&G space evaluated by VFA and identified in the statewide facilities assessment report.

Space Adequacy and Renovations: The Council staff recommends \$161,822,000 of state bonds to renovate existing facilities to address space adequacy and fit-for-continued-use for program purposes as identified when constructed or as the space is currently being used by the institution (**Table 1**). Debt service for the bonds (\$14,483,000) is included in the Physical Facilities Trust Fund. The combination of state bonds and institutional funds will address \$191 million of renovation projects. The recommendation addresses findings by the statewide facilities assessment that buildings should serve a program's current and future need either by design or retrofit, ensure that the buildings fit today's expectations, and meet program needs, including safety issues.

New and Expanded E&G Facilities and Postsecondary Education Centers/Research and Economic Development Projects: The Council staff also recommends \$497,890,200 of state bonds to construct new space (**Table 1**). Debt service for the bonds (\$44,563,000) is included in the Physical Facilities Trust Fund. The combination of state bonds and institutional funds will address \$574.1 million of new capacity to support Kentucky's *Double the Numbers Plan* to increase college graduates and research and economic development. Two categories of projects are addressed: (1) new and expanded E&G facilities and postsecondary education centers in the amount of \$312.9 million and (2) research and economic development projects costing \$185 million. The Council's recommendations for state funded capital projects are based on an evaluation using the statewide capital projects evaluation model, the space need model, institutional project priorities, and review by the Council's architect. The statewide capital projects evaluation model and criteria (**Tables 1-E and 1-F**), the space needs model results, and the statewide facilities assessment (VFA report) are available on the Council's Web site.

Information Technology Initiatives: The Council staff recommends \$50 million in state bonds to fund an information technology initiatives pool. Debt service for the bonds (\$9,165,000) is included in the Technology Trust Fund. Only projects involving educational and general activities, the Kentucky Virtual Library, and the Kentucky Virtual Campus are eligible for funding from the pool. The projects would be authorized in 2008-09. Approximately \$197.4 million in projects are eligible for funding from the pool and are included in **Table 1-C**. The institutions would receive \$40 million of the \$50 million to support the FY 2008-10 Council and institution priorities of increased bachelor's degree production, access, affordability, developmental education, STEM, transfers, adult learners, student learning, and increased capacity to support research and economic and community development. The \$40 million will be allocated among the institutions based on their proportionate share of 2005-06 actual unrestricted instruction expenditures. Each institution will receive a base allocation of \$1,000,000. See **Table 1-D** for specific pool allocation guidelines.

The Council staff also recommends institutionally funded capital projects that support the objectives of *The Kentucky Postsecondary Education Improvement Act of 1997*, the *Public Agenda for Postsecondary and Adult Education 2005-2010*, and the *Double the Numbers Plan*. The Council staff recommends the following 2008-10 agency-funded projects:

- 2008-10 authorization of \$521,042,000 in agency bond authority. This allows authorization and completion of each institution's highest priorities for agency bond funded capital projects. The total value of projects identified for completion in this category from all sources is \$539,897,000. The specific projects recommended for authorization and funding are listed in **Table 2**.
- 2008-10 authorization for \$2,083,758,400 in agency, federal, private, and other funds to address life safety, major maintenance, equipment acquisitions, infrastructure repair and upgrades, and new construction. These projects would be funded using agency, federal, private, or other nonstate funds. These projects are shown in **Table 3**.
- 2008-10 authorization for nine agency-funded projects to improve energy efficiency in campus buildings including energy equipment acquisitions and infrastructure repair and upgrades. These projects would be funded using third party financing techniques available through the Finance and Administration Cabinet and private contractors or other nonstate funds. These projects are shown in **Table 4**.

**Council on Postsecondary Education
General Fund Capital Project Priorities
Recommendation 2008-10**

System Priority	Institution/Project Name	General Funds	Other Funds	Total	Estimated Debt Service
Project Category 1: Capital Renewal, Maintenance, & Infrastructure Pool					
1	Capital Renewal & Infrastructure Pool (allocation attached)	\$ 90,000,000	\$ -	\$ 90,000,000	\$ 8,053,000
	<i>Total - (E&G) Capital Renewal & Infrastructure</i>	<u>\$ 90,000,000</u>	<u>\$ -</u>	<u>\$ 90,000,000</u>	
Project Category 2: Space Adequacy & Renovations					
1	NKU-Renew/Renovate Old Science Building	\$ 27,500,000		\$ 27,500,000	\$ 2,461,000
2	WKU-Renovate Science Campus Ph 3	24,000,000	\$ 6,000,000	30,000,000	2,148,000
3	UofL-Renovate Life Sciences Building	30,024,000		30,024,000	2,687,000
4	KCTCS- Renovate Downtown Campus, Phase 2, Jefferson CTC	28,612,000		28,612,000	2,561,000
5	MoSU-Renovate & Expand Student Center, Ph 3	26,000,000	23,092,000	49,092,000	2,327,000
6	MuSU-Renovate Blackburn Science Building	25,686,000		25,686,000	2,299,000
	<i>Total - (E&G) Space Adequacy & Renovations</i>	<u>\$ 161,822,000</u>	<u>\$ 29,092,000</u>	<u>\$ 190,914,000</u>	<u>\$ 14,483,000</u>
Project Category 3: New & Expanded E&G Facilities & Postsecondary Education Centers					
1	MoSU-Construct Space Science Center Star Theatre/Clean Room	\$ 9,641,000		\$ 9,641,000	\$ 863,000
2	NKU-Construct Health Innovation Center *	43,650,000	\$ 4,850,000	48,500,000	3,906,000
3	MuSU-Construct/Complete New Science Complex, Final Phase	15,000,000		15,000,000	1,343,000
4	KSU-Expand/Renovate Betty White Nursing Building	6,164,000		6,164,000	554,000
5	KCTCS/WKU- Construct Owensboro Tech Center & Postsecondary Center	14,055,000		14,055,000	1,258,000
6	KCTCS-Construct Advanced Manufacturing Facility (Bluegrass)*	19,800,000	2,200,000	22,000,000	1,772,000
7	EKU-Construct Science Building - Phase 2 **	41,600,000		41,600,000	3,723,000
8	UK-Construct Gatton Building Complex *	67,500,000	32,500,000	100,000,000	6,040,000
9	UofL-Construct Belknap Classroom/Academic Building *	58,482,000	6,498,000	64,980,000	5,234,000
10	KSU-Construct Business & Technology Center	9,000,000	2,762,000	11,762,000	806,000
11	WKU/KCTCS-Construct Central Reg Postsecondary Ed Center (BRAC)	28,000,000	11,520,000	39,520,000	2,506,000
	<i>Total - (E&G) General Fund Projects Requested</i>	<u>\$ 312,892,000</u>	<u>\$ 60,330,000</u>	<u>\$ 373,222,000</u>	<u>\$ 28,005,000</u>
Project Category 4: Research & Economic Development Projects					
1	UK-Construct Science Research Building #2 *	\$ 117,000,000	\$ 13,000,000	\$ 130,000,000	\$ 10,469,000
2	UofL- Renovate Medical Dental Research Building, Ph IV*	20,473,200	2,274,800	22,748,000	1,832,000
3	WKU-Construct Materials Characterization Center/ICET, Ph 2	4,575,000	600,000	5,175,000	413,000
4	UK-Expand/Upgrade Livestock Disease Diagnostic Center Ph 2	20,000,000		20,000,000	1,790,000
5	MuSU-Construct New Breathitt Veterinary Center * (***)	22,950,000	-	22,950,000	2,054,000
	<i>Total - (R&ED) General Fund Projects Requested</i>	<u>\$ 184,998,200</u>	<u>\$ 15,874,800</u>	<u>\$ 200,873,000</u>	<u>\$ 16,558,000</u>
Project Category 5: Information Technology Initiatives					
1	Information Technology Initiatives (Pool)	\$ 50,000,000	\$ -	\$ 50,000,000	\$ 9,165,000
	<i>Total - (E&G) Information Technology Initiatives</i>	<u>\$ 50,000,000</u>	<u>\$ -</u>	<u>\$ 50,000,000</u>	<u>\$ 9,165,000</u>
	System Total - General Fund Projects Requested	<u>\$ 799,712,200</u>	<u>\$ 105,296,800</u>	<u>\$ 905,009,000</u>	<u>\$ 76,264,000</u>

Notes:

* The amount of General Funds recommended by CPE for this project is less than the original amount requested by the institution.

** Projects requesting General Funds of \$21M or more are reduced by 10 percent.

*** EKU requested that the GF recommendation for the Science Building and the Dairy Research Project be combined to fully fund the Science Building.

**** MuSU requested that the amount displayed for the Breathitt Veterinary Center reflect only the recommended state support.

Short Descriptions <u>State Funded Capital Projects</u>	
Capital Renewal, Maintenance, and Infrastructure	Page 1
Space Adequacy and Renovations	Page 1
New/Expanded E&G Facilities and Postsecondary Centers	Page 3
Research and Economic Development	Page 6
Information Technology	Page 7
Listed within each section by project title and statewide priority	

CAPITAL RENEWAL, MAINTENANCE, AND INFRASTRUCTURE

1. Capital Renewal, Maintenance, and Infrastructure Pool **\$90,000,000**
(Education & General Facilities)

A baseline architectural/engineering assessment of the physical condition of education and general facilities was undertaken by the postsecondary system in 2006-07 to document and analyze the condition of 736 buildings (29,940,000 gross square foot) on all campuses of the public institutions. The condition assessment estimated that the backlog of deferred capital renewal was \$5.3 billion. Because a majority of the facilities were built 30-40 years ago and many components and systems have reached the end of their useful life, this project will provide funds to begin to address the backlog, including building components, infrastructure, utility distribution systems, security systems, and other components in danger of failure. A list of specific projects to be completed will be identified by institutions from the Statewide Facilities Assessment and associated reports and certified by the CPE.

SPACE ADEQUACY AND RENOVATIONS

1. Renew/Renovate Old Science Building **\$27,500,000**
(Northern Kentucky University)

The Old Science Building (Founders Hall), a 125,000 gross square foot academic facility, has significant capital renewal issues; the VFA report indicated major renovation was justified. The natural sciences moved from the building in 2002; by fall 2006, the building was nearly fully occupied again and functioning as a general classroom building. Renovation will require rental of trailers or off-campus space to house displaced occupants and functions.

2. Renovate Science Campus PH III **\$24,000,000**
(Western Kentucky University)

This project is the final phase of a \$42M investment in upgrading the facilities which house the Ogden College of Science. The project renovates the existing 58,755 square foot Science and Technology Hall building, constructed in 1925 and renovated in 1972, and the Thompson (Science) Complex Center Wing with 117,967 square foot, constructed in 1967 and including the Hardin Planetarium. The total project scope is \$30,000,000 (\$24M state and \$6M other funds). The renovations are necessary to support the ongoing teaching and research programs of the Ogden Science College.

3. Renovate Life Sciences Building **\$30,024,000**
(University of Louisville)

This authorization will allow renovation to correct deficiencies in the building ventilation system. Existing labs will be improved and new labs will be created in the lower level of the Life Sciences Building. In addition to the ventilation system, new lighting, new ceilings, and other repairs will be made.

4. Renovate Downtown Campus, Phase 2 **\$28,612,000**
(Jefferson Community and Technical College)

The Phase II renovation will include renovating the center section of the J F building to house a conference facility for use by the college and the community, the renovation of the science labs in the Hartford Tower, creation of new labs for biotechnology and anatomy and physiology, the acquisition of equipment for these labs, and the purchase of furniture for labs, classrooms, and offices.

5. Renovate/Expand Student Center, Phase 3 **\$26,000,000**
(Morehead State University)

This will provide a university facility that more effectively serves the students and will facilitate additional student services and cultural activities for its students and other constituents within its service region. The renovation and addition to the Adron Doran University Center will incorporate the one stop shopping concept for prospective students and address the facility requirements and needs to meet the increasing demand for student and campus services. Phase II will include the renovation of space not altered in phase I, approximately 52,684 square feet, addition of approximately 86,579 square feet. The total project cost is \$49.1M (\$26M General Fund and \$23.1 Other Funds).

6. Renovate Blackburn Science Building **\$25,686,000**
(Murray State University)

The project will completely renovate this 139,217 square foot facility to house other academic programs. Renovation and reuse of this facility will help to right size the campus and provide space for programmatic and for enrollment growth by the innovative use of this renewed academic facility. The Blackburn Science Building was completed in 1950.

NEW/EXPANDED E&G FACILITIES AND POSTSECONDARY CENTERS

1. Construct Space Science Center Star Theatre & Clean Room \$9,641,000

(Morehead State University)

This request represents completion of the Space Science Center facility. The project completes components within the structure that were not included in the original project (Clean Room, Star Theater, water and gas distribution, and instrumentation). The center has evolved to support fundamental research (in astrophysics, electromagnetics, and advanced signal processing) and applied research (in space systems development, ground operations and networks, micro-nano/MEMS technologies, radio frequency (RF) systems, antenna systems, RADAR including ground penetrating RADAR (GPR), telecommunication and wireless systems, and electronic combat).

2. Construct Health Innovations Center \$43,650,000

(Northern Kentucky University)

This new 124,000 square foot building will house the School of Nursing and Health Professions and the Department of Psychology. The region has a critical shortage of healthcare professionals and the campus has a critical instructional space shortage. Nursing programs have been under space-induced enrollment caps for several years. The Health Innovations Center brings together disciplines focused upon teaching, community engagement, partnerships, and research in ways that will impact the region's economic vitality. Total cost \$48.5M (\$43.6M General Funds and \$4.9M Restricted Funds).

3. Construct/Complete New Science Complex-Final Phase \$15,000,000

(Murray State University)

The purpose of this project is to achieve the objective of replacing the existing Blackburn Science Building. The Construct/Complete New Science Complex-Final Phase project will provide \$15,000,000 to complete construction of all buildings within the New Science Complex (Biology, Chemistry, and Engineering and Physics). The space complement includes classrooms, laboratories, and faculty offices.

4. Expand & Renovate Betty White Nursing Building \$6,164,000

(Kentucky State University)

This project will renovate and reallocate space to the nursing program. The available space is inadequate and not well designed for the needs of the nursing program. This project would provide adequate program space by means of an addition and renovation of existing space to serve the administrative and academic needs of the program.

5. Construct Owensboro Technology Center, Phase II **\$14,055,000**

(Kentucky Community and Technical College System / Western Kentucky University)

This project was originally a portion of Phase II of the Owensboro Technology Center. The project will provide 28,000 square feet for a Regional Postsecondary Education Center for the Western Kentucky University programs now housed in various locations on the Owensboro campus, as well as providing available classroom space for Owensboro Community and Technical College classes when schedules permit. Also, the project will provide an approximately 13,000 gross square foot addition to the Owensboro Technology Center and provides space for the remaining technology programming needs.

6. Construct Advanced Manufacturing Facility (Bluegrass) **\$19,800,000**

(Kentucky Community & Technical College System)

This project is to construct an 80,000 square foot manufacturing technology learning center targeted to the automotive industry on a site to be acquired in Georgetown/Scott County. The facility, to be administered by the Bluegrass Community and Technical College, will provide customized training for all of the automotive-based manufacturing companies located in not only central Kentucky but all of Kentucky. Bluegrass Community and Technical College will partner with Scott County Schools to offer education in multiple career pathways that revolve around manufacturing. In addition, the center will provide the opportunity for Bluegrass Community and Technical College to expand traditional academic certificate, diploma, and degree programs to the Georgetown/Scott County community. Total cost \$22M (\$19.8M General Fund and \$2.2M Restricted Funds).

7. Construct Science Building-Phase 2 **\$41,600,000**

(Eastern Kentucky University)

This project completes the construction of 175,000 square feet including classroom, office, laboratory, conference, and performing arts space to accommodate the science programs, including the largest science program, the Department of Biology, which cannot at this point be located in the new facility. This new structure will increase and enhance instructional space and alleviate current problems of safety and access. The total cost is \$41.6M.

8. Construct Gatton Building Complex **\$67,500,000**

(University of Kentucky)

This 214,000 gross square foot facility is designed to support the University of Kentucky's effort to increase undergraduate and graduate enrollment and meet the growing demand for high quality, globally-competitive business education. It also will facilitate the Commonwealth's quest for global competitiveness by providing necessary skills to aspiring entrepreneurs who want to bring new products and services to market and by providing professional and continuing education outreach to ensure that Kentucky's business leaders stay current on emerging business issues and innovative management concepts. Total cost \$100M (\$67.5M General Fund, \$25M Restricted Funds, and \$7.5M Other Funds).

9. Construct Belknap Classroom/Academic Building \$58,482,000

(University of Louisville)

The 2007 Facility Condition and Space Study conducted by the Council on Postsecondary Education found that UofL has a current deficit of 26 percent in classroom space. By 2020, the study projected a deficit of 107,000 assignable square feet or an 81 percent deficit. Additional classroom space is an extremely high priority. This authorization allows the construction of a new 120,000 GSF interdisciplinary classroom building. Total cost \$64.9M (\$58.5M General Fund and \$6.4M Restricted Funds/Other Funds).

10. Construct Business & Technology Center \$9,000,000

(Kentucky State University)

This project would construct a new building for the School of Business, the university's largest academic program and one that will play a key role in the university's Strategic Plan. This will be a 65,200 square foot four story building with 12 large classrooms, five medium-sized classrooms, five small seminar rooms, two computer labs, and three 160-person auditoriums. This initiative would be the first step in addressing the programmatic and structural issues related to Bradford Hall, current home of the School of Business. The VFA Condition Assessment and Space Study found Bradford Hall to be substandard space for the business program and suggested that both the School of Business and the music/theater programs, also located in Bradford Hall, would be better served in new facilities. The School, with its new MBA program, hopes to grow 5 percent each year, but is at a competitive disadvantage in its present location. Total cost \$11.8M (\$9.0M General Fund and \$2.8M Restricted Funds/Other Funds).

11. Construct Central Regional Postsecondary Education Center (BRAC) \$28,000,000

(Western Kentucky University/Kentucky Community & Technical College System)

The project will construct approximately 150,000 square foot of academic and student service space, in partnership with Elizabethtown Community and Technical College (ECTC), to be located adjacent to or on the existing ECTC campus. Land was donated to WKU by the North Central Foundation. The space addresses dramatic demographic changes in the next two to eight years as a result of significant additions of major missions for the military (Army) at Ft. Knox, Base Realignment and Closure (BRAC). In addition, it is expected that significant industrial additions will occur in the region in the next decade with the development of one of the top five large industry sites in the U.S. in Glendale. Total cost \$39.5M (\$28.0M General Fund and \$11.5M Restricted Funds/Other Funds).

RESEARCH AND ECONOMIC DEVELOPMENT

1. Construct Science Research Building 2 **\$117,000,000***(University of Kentucky)*

This 191,000 gross square foot science research facility will provide state-of-the-art research space for health sciences, chemistry, physics, earth sciences, psychology, bio-medical engineering, nutrition, and nanotechnology. This facility is essential to sustaining the university's projected growth in research productivity necessary to achieve the legislative mandate that it become a top 20 public research university by 2020. Competitive research space is critical to the university's ability to recruit and retain world-class faculty in general and the holders of Bucks for Brains chairs and professorships in particular. Total cost \$130M (\$117M General Fund and \$13M Restricted Funds/Other Funds).

2. Renovate - Medical Dental Research Building, Phase IV **\$20,473,200***(University of Louisville)*

This authorization will renovate approximately 85,544 gross square feet. The Medical Dental Research (MDR) Building is 42 years old and in need of major renovation to help the University of Louisville Health Sciences Center continue to meet its research mission. Over the past several biennia, parts of this facility have been renovated into modern and very functional research laboratories and associated support spaces. This project will bring the remainder of the facility to the same quality. This need is reflected in the 49 percent FCI as reported by VFA Inc. Total cost \$22.8M (\$20.5M General Fund and \$2.3M Restricted Funds/Other Funds).

3. Construct Materials Characterization Center (ICSET/MCC) Phase II **\$4,575,000***(Western Kentucky University)*

This 45,000 gross square foot project will provide space for the operation of the Materials Characterization Center which is a vital component of WKU's Program of Distinction in the Applied Research and Technology Program. The MCC is WKU's major nanotechnology focus and the university's most prolific source of corporate research contracts. It is WKU's best source for technology transfer and patent royalty income. It is among the state's best economic development stimulants. This program is vital to the science programs of the campus and the applied research that will impact the region. It is a focus of WKU's regional stewardship responsibilities. Total cost \$5.2M (\$4.6M General Fund and \$0.6M Restricted Funds/Other Funds).

4. Expand/Upgrade Livestock Disease Diagnostic Center, Phase 2 **\$20,000,000***(University of Kentucky)*

This 22,600 gross square foot project is an addition and upgrade to the existing 37,748 gross square foot Livestock Disease Diagnostic Center (LDDC). Additional space is needed to meet the ever increasing demands of Kentucky's agriculture and horse-racing industries for disease diagnosis and research that safeguards the animal population. New space is needed for necropsy rooms for animal postmortem examinations, laboratory space for analytical procedures, and state-of-the-art

biosecurity. This phase includes funding for expanded carcass disposal through a combination of expanded incineration/digestion and funding for a pretreatment plant for effluent from the alkaline hydrolysis digester to comply with the sanitary sewer district requirements. The construction of the addition and pretreatment facilities will require updating or replacing of all major building infrastructure systems including mechanical, electrical, plumbing, and fire alarm systems. Additionally, there is the need to update items in the existing facility required by the Kentucky Building Code including ADA compliance, and to meet biosecurity requirements as mandated by the federally enacted Homeland Security Act.

5. Construct New Breathitt Veterinary Center **\$22,950,000**
(Murray State University)

The project would construct a new veterinary diagnostic laboratory to meet the future demands of animal diagnostics and teaching. This facility would replace the existing 39 year old Breathitt Veterinary Center. The new 50,000 square foot facility could address all of these concerns as well as relocating the diagnostic lab on a major thoroughfare, providing better service and accessibility to the public. The lab will enable the university to continue to provide effective diagnostic support to livestock owners of Kentucky and to enhance the academic programs provided to its students. The total estimated project cost is \$25.5M, the university indicated that a subsequent request for the \$2.1M not included in this recommendation may be made at a future date.

INFORMATION TECHNOLOGY

1. Information Technology Initiatives Pool **\$50,000,000**
(Postsecondary Institutions and Council on Postsecondary Education)

The postsecondary system, as with most colleges and universities, is battling increasing technology costs. These increased costs are sapping the available budgets and severely restricting the ability to keep abreast of new technology while still providing adequate academic and instructional support. This project will establish for the postsecondary system a uniform approach and funding mechanism to update and replace antiquated instructional and support equipment. Also, information technology infrastructure and system components necessary to participate in the virtual campus and virtual library will be provided. The pool will distribute \$40M to institutions and \$10M to the Council to support statewide infrastructure.

Capital Projects Recommendations
Capital Renewal, Maintenance, and Infrastructure Pool
Projects Eligible for Funding

TABLE 1-A

<u>Institution and Project Title</u>	<u>Project Scope</u>
Eastern Kentucky University	
1 Renovate HVAC Systems (E&G)	\$ 10,000,000
2 Construct E&G Life Safety Begley Elevator	750,000
3 Miscellaneous Maintenance Pool - E&G	10,000,000
Subtotal - EKU	\$ 20,750,000
Kentucky State University	
1 Roof Repairs & Replacement Pool	\$ 1,854,000
2 Capital Renewal & Maintenance Projects Pool	4,162,000
3 Replace Boiler & Pollution Controls	2,516,000
4 Life Safety Upgrade Pool	1,774,000
Subtotal - KSU	\$ 10,306,000
Morehead State University	
1 Capital Renewal & Maintenance Pool - E&G	\$ 4,586,500
2 Replace Power Plant Pollution Control System & Boiler Tubes	5,700,000
3 Comply with ADA - E&G	3,322,000
4 Expand Life Safety: Claypool-Young Building	1,000,000
Subtotal - MoSU	\$ 14,608,500
Murray State University	
1 Complete Capital Renewal: E&G Pool < \$400,000	\$ 14,559,000
2 Upgrade Campus Electrical Distribution System	10,000,000
Subtotal - MuSU	\$ 24,559,000
Northern Kentucky University	
1 Renew E&G Fire Alarm & Security Phase I	\$ 4,400,000
2 Renew Underground Electrical Infrastructure	5,400,000
3 Renew E&G HVAC Systems Phase I	25,000,000
4 Repair Structural Floor Heaving/E&G Buildings	4,800,000
5 Renew Elevators Landrum & Admin Ctr.	990,000
6 Restore Albright Health Center Roof	770,000
7 Replace BEP Center Roof	770,000
8 E & G Minor Projects Pool (2008-2010)	1,400,000
Subtotal - NKU	\$ 43,530,000
Western Kentucky University	
1 Renovate Underground Electrical Infrastructure	\$ 24,000,000
2 Upgrade Steam Plant Air Quality System	2,680,100
3 Capital Renewal Pool (Maintenance Pool) 2008	10,000,000
4 Upgrade Steam Distribution System	7,000,000
Subtotal - WKU	\$ 43,680,100
University of Kentucky	
1 Improve Life Safety Project Pool	\$ 12,760,000
2 Repair, Upgrade, Improve Electrical Infrastructure	25,000,000
3 Repair, Upgrade, Improve Mechanical Infrastructure	22,800,000
4 Repair, Upgrade, Improve Mechanical System	20,000,000
5 Repair, Upgrade, Improve Bldg Shell Systems	5,000,000
6 Repair, Upgrade, Improve Bldg Electrical Systems	3,745,000
7 Repair, Upgrade, Improve Bldg Elevator Systems	2,540,000
8 Repair, Upgrade, Improve Big Civil/Site Infrastructure	2,200,000
9 Lease Purchase Pollution Controls	19,530,000
10 Capital Renewal Maintenance Pool	30,000,000
11 Handicapped Access Pool	800,000
Subtotal - UK	\$ 144,375,000
University of Louisville	

Capital Projects Recommendations
Capital Renewal, Maintenance, and Infrastructure Pool
Projects Eligible for Funding

TABLE 1-A

<u>Institution and Project Title</u>	<u>Project Scope</u>
1 Renovate - Capital Renewal and Maintenance Pool	\$ 28,265,000
2 Construct - Utilities, Remove Overhead Lines (Reauthorization \$3.2M)	479,000
3 Renovate - Chemistry Fume Hood Redesign, Ph II (Reauth \$4,610,000 RF)	8,710,000
4 Renovate - Code Improvement Pool (Reauthorization \$3.2M)	479,000
Subtotal - UofL	\$ 37,933,000
Kentucky Community and Technical College System	
1 Capital Renewal & Deferred Maintenance Pool	\$ 38,000,000
2 Replace Roof/Enclose Concourses - Gray Building Madisonville	1,700,000
Subtotal - KCTCS	\$ 39,700,000
System Total	\$ 379,441,600

**Capital Renewal, Maintenance, and Infrastructure Pool
Recommendation and Pool Allocation**

Institution Name	Allocation of Bond Proceeds 2008-10			
	VFA Assessed E&G Space	Share of E&G Space	CRM & I Pool Allocation	Req. Institutional Match
EKU	2,829,774	9.5%	\$ 8,506,200	\$ -
KSU	726,963	2.4%	2,185,200	-
MoSU	1,556,012	5.2%	4,677,300	-
MuSU	2,453,372	8.2%	7,374,800	-
NKU	1,558,254	5.2%	4,684,100	-
WKU	1,860,621	6.2%	5,593,000	-
UK Main Campus	8,700,858	29.1%	26,154,600	-
UofL	4,513,765	15.1%	13,568,300	-
KCTCS	5,740,720	19.2%	17,256,500	-
Total	29,940,339	100.0%	\$ 90,000,000	\$ -

Recommended Pool Amount	\$ 90,000,000
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Total Projects Completed

\$ 90,000,000

Notes:

- 1 The capital renewal, maintenance, and infrastructure pool is allocated based on each institution's proportionate share of E&G space assessed by VFA.

Capital Projects Recommendations
Information Technology Initiatives/Equipment Projects
Projects Eligible for Funding

<u>Institution/Institution Priority / Project Title</u>	<u>Project Scope</u>	<u>Bonds or</u>		<u>Rest/Other Funds</u>	<u>Federal Funds</u>
		<u>State Funds</u>			
Eastern Kentucky University					
1 Expand, Upgrade Campus Data Network	\$ 13,212,000	\$ 11,212,000		\$ 2,000,000	\$ -
2 Purchase Minor Projects Equipment	500,000	500,000			
3 Upgrade Administrative Computing System	3,150,000	3,150,000			
4 Purchase Networked Education System Component	6,950,000	6,950,000			
5 Upgrade Academic Computing	4,900,000	2,900,000		2,000,000	
Subtotal - EKU	\$ 28,712,000	\$ 24,712,000		\$ 4,000,000	\$ -
Kentucky State University					
1 Replace Enterprise Resource Plan	\$ 10,000,000	\$ 10,000,000		-	\$ -
2 KSU Online Infrastructure - Phase II	5,000,000	5,000,000			
3 KSU Online Security	1,500,000	1,500,000			
4 Implement Emergency Notification System	1,000,000	1,000,000			
Subtotal - KSU	\$ 17,500,000	\$ 17,500,000		-	\$ -
Morehead State University					
1 Enhance Library Automation Resources	\$ 1,000,000	\$ 1,000,000		-	\$ -
2 Enhance Network/Infrastructure Resources	4,750,000	4,750,000			
3 Purchase Bus	500,000	500,000			
4 Purchase Equipment for Molecular Biology Lab	430,000	430,000			
5 Purchase Instructional Tech Initiatives	2,177,100	2,177,100			
6 Upgrade Administrative Office Systems	2,500,000	2,500,000			
7 Upgrade and Expand Distance Learning	750,000	750,000			
8 Upgrade Instruct. PCs/LANs/Peripherals	5,000,000	5,000,000			
Subtotal - MoSU	\$ 17,107,100	\$ 17,107,100		-	\$ -
Murray State University					
1 College of Science Instructional/Research Equipment	\$ 2,000,000	\$ 2,000,000		-	\$ -
2 Chemistry Instructional & Research Instruments	2,450,000	2,450,000			
3 Administrative Enterprise Resource Planning System	8,000,000	8,000,000			
Subtotal - MuSU	\$ 12,450,000	\$ 12,450,000		-	\$ -
Northern Kentucky University					
2 Replace Admin Application System Phase III	\$ 9,800,000	\$ 2,904,200		6,895,800	\$ -
Subtotal - NKU	\$ 9,800,000	\$ 2,904,200		\$ 6,895,800	\$ -
Western Kentucky University					
1 Convert WKYUFM/WKYUTV to Digital/HD	\$ 2,645,000	\$ 2,645,000			
2 Upgrade IT Infrastructure	2,300,000	2,300,000			
3 Mesonet Computer Center	5,800,000			\$ 800,000	\$ 5,000,000
4 Equipment Pool	1,700,000			1,700,000	
Subtotal - WKU	\$ 12,445,000	\$ 4,945,000		\$ 2,500,000	\$ 5,000,000

Capital Projects Recommendations
Information Technology Initiatives/Equipment Projects
Projects Eligible for Funding

<u>Institution/Institution Priority / Project Title</u>	<u>Project Scope</u>	<u>Bonds or</u>		<u>Rest/Other Funds</u>	<u>Federal Funds</u>
		<u>State Funds</u>			
University of Kentucky					
1 Research Equipment Replacement Program	\$ 30,000,000	\$ 30,000,000			
2 Purchase Upgraded Communications Infrastructure	1,014,000		\$	1,014,000	
3 Purchase Upgraded Integrated Library System	1,000,000			1,000,000	
4 Purchase 400 MHz NMR Spectrometer	275,000			275,000	
5 Purchase Electrospray LC Tandem Mass Spectrometer	290,000			290,000	
6 Purchase Physical Chemistry Teaching Lab Eq	240,000			240,000	
7 Purchase Circular Dichroism Spectrometer	210,000			210,000	
8 Purchase Precision Machining System	250,000			250,000	
9 Upgrade Audio/Visual Equipment Guignol Theater	210,000			210,000	
10 Purchase Digital Imaging Equipment	311,000			311,000	
11 Lease Purchase ERP Phase III	10,000,000			10,000,000	
12 Lease Purchase High Performance Research Comp	6,500,000			6,500,000	
13 Lease Purchase Large Scale Computing	3,500,000			3,500,000	
14 Lease Purchase Enterprise Storage System	2,200,000			2,200,000	
15 Lease Purchase UPS System	941,000			941,000	
16 Lease-Purchase Police Communications Equipment	600,000			600,000	
17 Lease Purchase Network Security Hardware	1,500,000			1,500,000	
18 Lease Purchase UK/UofL/Frankfort Research Network	6,000,000			6,000,000	
19 Lease Purchase/Upgrade Hospital IT Systems	10,000,000			10,000,000	
20 Purch Clin. Enterprise Data Ctr Hardware	5,000,000			5,000,000	
21 Purchase Telemedicine/Virtual ICU	5,000,000			5,000,000	
22 Purchase PACS System	10,585,000			10,585,000	
23 Purchase Dig. Medical Record Expansion	4,640,000			4,640,000	
24 Purchase Patient System Enterprise	4,640,000			4,640,000	
25 Upgrade Clin. Ent. Network - Hosp	4,250,000			4,250,000	
26 Purchase Registration & Scheduling System	3,000,000			3,000,000	
27 Purchase Upgrade - HIS Computing Facil.	2,900,000			2,900,000	
28 Purchase Teleph Syst Replacement	2,700,000			2,700,000	
29 Purchase/Lease Data Center Hardware	3,350,000			3,350,000	
30 Purch/Lease Data Stor Equip & Software	1,950,000			1,950,000	
31 Purchase Identity Management System	1,750,000			1,750,000	
32 Purchase Managed Care Enterprise	1,160,000			1,160,000	
33 Purchase/Lease Mainframe Computer	800,000			800,000	
34 Purchase Upgrade for Servers	800,000			800,000	
35 Purchase Staff Scheduling System - Hosp	750,000			750,000	
36 Purchase Document Scanning System	700,000			700,000	
37 Purchase Paging Software	700,000			700,000	
Subtotal - UK	\$ 129,716,000	\$ 30,000,000	\$	99,716,000	\$ -
University of Louisville					
1 Purchase - Computer Processing System(s)	\$ 4,000,000	\$ 4,000,000		-	
2 Purchase - Digital Communication System	3,000,000	3,000,000			
3 Purchase - Enterprise Application System	2,000,000	2,000,000			
4 Purchase - Equipment Replacement Research & Inst	15,000,000	15,000,000			
5 Purchase - Networking System	4,000,000	4,000,000			
6 Purchase - Storage System	2,000,000	2,000,000			
7 Lease - Digital Output System(s)	1,000,000		\$	1,000,000	
8 Purchase - Computational Cluster System	1,200,000			1,200,000	
9 Purchase - Computer Aided Instructional Models	500,000			500,000	
10 Purchase - Computer Systems for College of Education	600,000			600,000	
11 Purchase - Computer Systems for Nursing School	200,000			200,000	
12 Purchase - Electronic Research Information System	2,420,000			2,420,000	
13 Purchase - PCs, Printers, Scanners for Libraries	635,500			635,500	
14 Purchase - Software for Kidney Disease Program	325,000			325,000	
15 Purchase - Visualization System for Planetarium	1,900,000			1,900,000	
16 Purchase - Additive Microdeposition Machine	825,000				\$ 825,000

Capital Projects Recommendations
Information Technology Initiatives/Equipment Projects
Projects Eligible for Funding

<u>Institution/Institution Priority / Project Title</u>	<u>Project Scope</u>	<u>Bonds or</u>		<u>Federal Funds</u>
		<u>State Funds</u>	<u>Rest/Other Funds</u>	
University of Louisville Continued				
17 Purchase - Advanced Resist Processing System	200,000			200,000
18 Purchase - Atomic Force Microscope	200,000			200,000
19 Purchase - Biological Material Deposition Machine	600,000			600,000
20 Purchase - Cathodoluminescence System	230,000			230,000
21 Purchase - Confocal Microscope	236,700			236,700
22 Purchase - Direct Metal Additive Fabrication Machine	650,000			650,000
23 Purchase - Focused Ion Beam Microscope	800,000			800,000
24 Purchase - Gas Chromatography Mass Spectrometer	500,000		500,000	
25 Purchase - Gas Injection System	240,000			240,000
26 Purchase - Gene Chip Scanner	219,000			219,000
27 Purchase - Hemodialysis Machines	634,000		634,000	
28 Purchase - High Resolution SEM with Backscatter Detector	348,000		348,000	
29 Purchase - High Resolution Tandem Mass Spectrometer	1,500,000			1,500,000
30 Purchase - Hysitron Nanoindenter	225,000			225,000
31 Purchase - Intermediate Voltage Transmission Electron Microscope	665,500		665,500	
32 Purchase - Ion Milling System	500,000			500,000
33 Purchase - Laser Jet Cutting System	750,000			750,000
34 Purchase - Leica TCS SP5 Confocal Microscope	228,462		45,672	182,790
35 Purchase - Linear Ion Trap Mass Spectrometer	486,000			486,000
36 Purchase - Live Cell Intracellular Nanoprobe Station	400,000			400,000
37 Purchase - Low-Pressure Chemical Vapor Deposition	1,000,000			1,000,000
38 Purchase - Magnetic Resonance Imaging Equipment	2,500,000			2,500,000
39 Purchase - Magnetic Resonance Imaging System	3,000,000			3,000,000
40 Purchase - Magnetoencephalography System	2,100,000		430,000	1,670,000
41 Purchase - Magnetron Sputtering System	500,000			500,000
42 Purchase - Multi-Head Sputtering System	350,000			350,000
43 Purchase - Olympus FV1000 Confocal	344,876		344,876	
44 Purchase - Plastic Deposition Machine	750,000			750,000
45 Purchase - Plastic Sintering Machine	900,000			900,000
46 Purchase - Positron Emission Tomography System	2,500,000			2,500,000
47 Purchase - Reactive Ion Etching System	250,000			250,000
48 Purchase - Robotic Cranes (2) for automated book	1,995,000		1,995,000	
49 Purchase - Spray Develop/Etch System	250,000			250,000
50 Purchase - Temperature and Humidity Control (4) Systems	220,000		220,000	
51 Purchase - TeraHertz Spectroscopy	350,000			350,000
52 Purchase - Transmission Electron Microscope	1,500,000			1,500,000
53 Purchase - Ultra-Fast Spectroscopy Facility	600,000			600,000
Subtotal - UofL	\$ 68,328,038	\$ 30,000,000	\$ 13,963,548	\$ 24,364,490
Kentucky Community and Technical College System				
1 KCTCS Information Technology Infrastructure Upgrade - KCTCS System	\$ 12,000,000		\$ 12,000,000	\$ -
2 KCTCS Equipment Pool, System	20,000,000	\$ 20,000,000		
Subtotal - KCTCS	\$ 32,000,000	\$ 20,000,000	\$ 12,000,000	\$ -
Total Institutions	\$ 328,058,138	\$ 159,618,300	\$ 139,075,348	\$ 29,364,490

Capital Projects Recommendations
Information Technology Initiatives/Equipment Projects
Projects Eligible for Funding

<u>Institution/Institution Priority / Project Title</u>	<u>Project Scope</u>	<u>Bonds or State Funds</u>	<u>Rest/Other Funds</u>	<u>Federal Funds</u>
Council on Postsecondary Education				
1 Purchase KYVL Integrated Library System	\$ 5,000,000	\$ 5,000,000		
2 Purchase P-20 Learning Object Repository Phase I	2,000,000	2,000,000		
3 Purchase Longitudinal PsED Data Warehouse Phase I	2,000,000	2,000,000		
4 Create Infrastructure Integrate Internet2 Phase I	3,250,000	3,250,000		
5 Purchase P-16 Seamless Data Warehouse Phase I	3,000,000	3,000,000		
6 Purchase KYVL Research Data Base Phase I	3,500,000	3,500,000		
7 Expand GoHigher Portal	500,000	500,000		
8 Purchase eLearning Development Delivery & Mgmt System Phase I	2,800,000	2,800,000		
9 Expand Ucan System Statewide Phase I	500,000	500,000		
10 Install Website ADA Compliance Restructuring	250,000	250,000		
11 Complete Statewide Transfer System Phase II	1,500,000	1,500,000		
12 Upgrade CPE Technology Infrastructure Phase I	500,000	500,000		
13 Purchase Portable Training Lab Hardware/Software	300,000	300,000		
14 Purchase KYVL Interlibrary Loan System	1,250,000	1,250,000		
15 KYVC/KYVL Statewide Licenses Pool Phase I	4,000,000	4,000,000		
16 Purchase Statewide Lifelong Learning Portal Phase I	500,000	500,000		
17 Install Assistive Technologies for Teaching & Learning Phase I	500,000	500,000		
18 Purchase KY Digital Library Expansion Phase I	1,250,000	1,250,000		
19 Install Scholarly & Electronic Comm. Repository Phase I	750,000	750,000		
20 Purchase Interactive Television System	1,000,000	1,000,000		
21 Purchase KYVL Portal - Statewide License Phase II	600,000	600,000		
22 Purchase Multi-Media Streaming System Phase I	1,000,000	1,000,000		
23 Purchase Asset Management System Phase I	500,000	500,000		
24 Purchase Mobile Learning Infrastructure Phase I	1,000,000	1,000,000		
25 Purchase KYVL Interactive Library Tools	300,000	300,000		
Subtotal - CPE	\$ 37,750,000	\$ 37,750,000	\$ -	\$ -
System Total	\$ 365,808,138	\$ 197,368,300	\$ 139,075,348	\$ 29,364,490

**Capital Projects Request
Information Technology and Equipment Purchase Pool
Recommendation and Pool Allocation Guidelines**

Institution	2005-06 Actual Unrestricted Expend. for Instruction	Minimum Base Amount	Share of IT/Equip Pool	Total	% Share \$40M Pool
Eastern Kentucky University	\$ 66,158,000	\$ 1,000,000	\$ 2,428,200	\$ 3,428,200	8.57
Kentucky State University	10,883,708	1,000,000	399,500	1,399,500	3.50
Morehead State University	41,311,400	1,000,000	1,516,200	2,516,200	6.29
Murray State University	44,537,630	1,000,000	1,634,700	2,634,700	6.59
Northern Kentucky University	51,882,000	1,000,000	1,904,200	2,904,200	7.26
Western Kentucky University	76,723,820	1,000,000	2,816,000	3,816,000	9.54
University of Kentucky	226,410,900	1,000,000	8,309,800	9,309,800	23.27
University of Louisville	177,603,646	1,000,000	6,518,600	7,518,600	18.80
Kentucky Community & Technical College System	\$ 149,109,773	\$ 1,000,000	\$ 5,472,800	\$ 6,472,800	16.18
<i>Subtotal</i>	<i>\$ 844,620,877</i>	<i>\$ 9,000,000</i>	<i>\$ 31,000,000</i>	<i>\$ 40,000,000</i>	<i>\$ 100</i>
CPE/KYVC/KYVL Statewide Initiatives			\$ 10,000,000	\$ 10,000,000	\$ -
Total - IT & Equipment Pool	\$ 844,620,877	\$ 9,000,000	\$ 41,000,000	\$ 50,000,000	\$ 100

Notes:

- 1 Minimum base allocation for any institution is \$1,000,000.
- 2 The remaining \$31 million pool is allocated proportionately among the institutions based on 2005-06 actual unrestricted expenditure in instruction.
- 3 Institutions must certify that at least their 2005-06 level of actual unrestricted instruction expenditures for information technology and equipment will be maintained.
- 4
Each institution is to select approved projects that advance the achievement of the goals outlined in the 2008-10 CPE budget request for the institutions, specifically those leading to increased bachelor's degree production, as well as other key CPE initiatives related to access, affordability, developmental education, STEM, transfers, adult learners, use of technology, student learning, and increased capacity to support research and economic and community development.
- 5 These selected projects will be evaluated by an external consultant for compliance prior to the release of pool funds.
- 6 There will be an assessment process in place for accountability purposes.

Statewide Capital Project Priorities Model
Priorities by Category (with evaluative criteria)

Adopted: July 2005

Project Category: Capital Renewal, Maintenance, and Life Safety

1. CPE requests fund amount to be distributed to institutions on a matching basis.
2. There will not be a project listing in this category - the maintenance pool list will be used as in the past.

Project Category: Education and General Projects (New, Expansion, or Renovation)

1. The project directly supports HB 1 goals, the public agenda, and statewide economic development goals.
2. The project supports the institution's CPE approved mission and is a high priority.
3. The project provides for the completion of facilities authorized in a prior biennium and which, if not funded, will compromise the viability of the phased facility. (Based on evidence of intent.)
4. The postsecondary system Space Utilization Standards and Space Needs Model indicate a need for additional space or that there is an explicit need to retool/remodel/replace existing space.
5. The project significantly reduces the capital renewal and maintenance burden and the institution has demonstrated good stewardship through evidence of facility renewal and facilities systems maintenance.

Project Category: Research and Economic Development (New, Expansion, or Renovation)

1. The project directly supports HB 1 goals, the public agenda, and statewide economic development goals.
2. The project supports the institution's CPE approved mission and is a high priority.
3. The project provides for the completion of facilities authorized in a prior biennium and which, if not funded, will compromise the viability of the phased facility. (Based on evidence of intent.)
4. The postsecondary system Space Utilization Standards and Space Needs Model indicate a need for additional space or that there is an explicit need to retool/remodel/replace existing space.
5. The project significantly reduces the capital renewal and maintenance burden and the institution has demonstrated good stewardship through evidence of facility renewal and facilities systems maintenance.

Note:

The capital projects planning priorities model is implemented through a separate set of evaluation criteria.

Capital Project Priorities Model

TABLE 1-F

Project Evaluation Criteria

The evaluation criteria assess the nature/intent of a project as described by the institution. They form the core factors that the system looks at to evaluate the relative position of each project as compared to the postsecondary system public agenda and CPE approved institution missions. All sub-criteria have equal weighting, except where specifically noted.

Institution/Project Name

1. The project directly supports HB 1 goals, the public agenda, and the statewide economic development goals.

- a. Extent to which the project provides space for student instruction, enrollment growth, or direct support of the CPE approved program of national distinction.
- b. Extent to which the project addresses space or infrastructure that directly supports statewide economic development goals or workforce development (KCTCS).
- c. Extent to which the project addresses research in one of five new economy clusters, WFD, the RCTF, or RUETF goals of HB1.
Extent to which the project addresses space for applied research programs outside the new economy areas that address the economic and community needs of the
- d. institutions service area or workforce development (no KCTCS).

2. The project supports the institution's mission and is a high institutional priority.

- a. The project addresses a specific area identified by the Council approved mission.
Extent to which the project addresses an existing program, program expansion, enrollment growth, institution service region, or a specific need of the region as identified
- b. by the public agenda.
- c. Institutional project priority (Priority: #1 = 15 points; #2 = 12 points; #3 = 9 points; #4 = 6 points; #5 = 3 points, and #6 = 3 points).
- d. Extent to which project addresses public engagement, research, or economic development initiatives.

3. Projects providing for the completion of facilities authorized during a previous biennium and which, if not funded, will compromise the viability of the phased facility. (Based on evidence of intent by G. A., Governor, or CPE.)

- a. The Governor, G.A., CPE, or institution stated an intent to phase a project and Phase I has been authorized and funded (planning, programming, schematic design, or site acquisition).
- b. The project has not been authorized in a previous biennia but has been properly developed, programmed, has a schematic design, or is properly scoped.

4. The postsecondary system Space Utilization Standards and Space Needs Model indicate a need for additional space or that there is an explicit need to retool/remodel/replace existing space.

- a. Extent to which the project is retooling the facility for a different use, remodeling, renovating, or replacing space.
- b. Extent to which the space needs model indicates a need for additional space for the use identified by the project request.
- c. The project is on the national historic register or has other official historic status.
- d. Extent to which construction of new space will free up space for a new use.

5. The project significantly reduces the capital renewal and maintenance burden and the institution has demonstrated good stewardship through evidence of facility renewal and facilities systems exceeding the manufacturer's suggested system life expectancies.

- a. Extent to which the building system's history shows an average useful life of 90 percent or greater.
- b. Extent to which the project is upgrading systems that have offsetting economies or efficiencies.
- c. Extent to which the project is required for regulatory compliance, i.e., ADA, energy, fire, life safety, pollution/air quality, or earthquake, federal, state or local regulation, or citation by state or federal government regulatory agency.
- d. Extent to which the project addresses structural or impending failure, flaws that have occurred as a result of improper design, construction, or materials failure.

**Capital Projects Recommendations
Agency Bond Authority
2008-10**

Institution and Project Title	Project Scope	Agency Bonds	Institution or Other Funds	Revenue Stream For Debt Service	Board Action	Status of Existing Fee	Est. Date to Issue Debt
Eastern Kentucky University							
1 Renovate Residence Hall	\$ 10,520,000	\$ 10,520,000	\$ -	Information not provided by the institution			
2 Construct New Student Housing	21,000,000	21,000,000					
Subtotal - EKV	\$ 31,520,000	\$ 31,520,000	\$ -				
Kentucky State University							
1 Construct Parking Structure	\$ 7,000,000	\$ 7,000,000	\$ -	Parking Fees	Spring 2006	Not being collected	Spring 2009
Subtotal - KSU	\$ 7,000,000	\$ 7,000,000	\$ -				
Morehead State University							
1 Capital Renewal & Maintenance Pool - Auxiliary	\$ 1,383,000	\$ 1,383,000	\$ -	Revenue from Residence Hall Rentals	Jun-08	Budgeted	
2 Construct Campus Recreation Center	40,000,000	40,000,000		Student Tuition and Fees	Jun-08	Budgeted	Fall 2008
3 Renovate Alumni Tower Residence Hall	4,631,000	4,631,000		Revenue from Residence Hall Rentals	Jun-08	Housing Master Plan	Fall 2008
4 Construct Food Svcs Facility in Housing Complex	8,251,000	8,251,000		Auxiliary Receipts	Jun-09	Housing Master Plan	Fall 2009
5 Comply with ADA - Auxiliary	2,727,000	2,727,000		Revenue from Residence Hall Rentals	Jun-09	Budgeted	
6 Renovate Mignon Tower Residence Hall	5,682,000	5,682,000		Revenue from Residence Hall Rentals	Jun-09	Housing Master Plan	Fall 2009
7 Construct Parking Structure	7,000,000	7,000,000		Revenue from Parking Services	Jun-09	Campus Master Plan	Fall 2009
Subtotal - MoSU	\$ 69,674,000	\$ 69,674,000	\$ -				
Murray State University							
1 Replace Franklin Hall	\$ 15,000,000	\$ 15,000,000	\$ -	Residential Housing Fees	To be Determined	NA	12/1/2009
2 Replace Richmond Hall - Add'l	1,923,000	1,923,000		Residential Housing Fees/Auxiliary Debt Reserve	5/18/07	7/1/08	NA
3 Renovate White Hall	9,600,000	9,600,000		Residential Housing Fees	To Be Determined	NA	6/1/2010
4 Complete Capital Renewal: H&D Pool < \$600,000	7,617,000	7,617,000		Auxiliary Budget/Auxiliary Debt Reserve	To Be Determined	NA	6/1/2009
5 Abate Asbestos: H&D Pool < \$600,000	1,423,000	1,423,000		Auxiliary Budget/Auxiliary Debt Reserve	To Be Determined	NA	6/1/2009
6 Complete ADA Compliance: H&D Pool < \$600,000	744,000	744,000		Auxiliary Budget/Auxiliary Debt Reserve	To Be Determined	NA	6/1/2009
7 Renovate Buildings: H&D Pool < \$600,000	605,000	605,000		Auxiliary Budget/Auxiliary Debt Reserve	To Be Determined	NA	6/1/2009
8 Complete Life Safety Project: H&D Pool < \$600,000	388,000	388,000		Auxiliary Budget/Auxiliary Debt Reserve	To Be Determined	NA	6/1/2009
9 Renovate Curris Center T-Room & Food Service Equipment	908,000	908,000		Auxiliary Budget/Auxiliary Debt Reserve	To Be Determined	NA	6/1/2010
10 Renovate Regents Hall	\$ 10,200,000	\$ 10,200,000		Residential Housing Fees	To be Determined	NA	6/1/2010
Subtotal - MuSU	\$ 48,408,000	\$ 48,408,000	\$ -				
Northern Kentucky University							
1 Acquire & Renovate Residence Halls	\$ 23,500,000	\$ 23,500,000	\$ -	Rental fees paid by occupants	Mar-08	Upon occupancy	May-08
2 Construct Parking Garage #4	11,500,000	11,500,000		Parking fees	Mar-09	Effective 7-09	Jul-09
3 Construct/Acquire New Residence Hall	30,000,000	30,000,000		Rental fees paid by occupants	Mar-09	Upon occupancy	Jan-10
4 Renovate/Expand Norse Commons	7,000,000	7,000,000		Housing and Dining fees (existing)	Mar-09	Existing	Jan-10
Subtotal - NKU	\$ 72,000,000	\$ 72,000,000	\$ -				

Capital Projects Recommendations
Agency Bond Authority
2008-10

Institution and Project Title	Project Scope	Agency Bonds	Institution or Other Funds	Revenue Stream For Debt Service	Board Action	Status of Existing Fee	Est. Date to Issue Debt
University of Kentucky							
1 Construct New Housing	\$ 28,000,000	\$ 28,000,000	\$ -	Information not provided by the institution			
2 Renovate Blazer Hall Cafeteria	2,800,000	2,800,000					
3 Renovate Student Center Food Court	2,675,000	2,675,000					
4 Sanitary Sewer Expansion	10,000,000	10,000,000					
5 Upgrade Existing Dorms for Housing	7,000,000	7,000,000					
Subtotal - UK	\$ 50,475,000	\$ 50,475,000	\$ -				
University of Louisville							
1 Construct - HSC Research III (Additional)	\$ 15,800,000	\$ 15,800,000		Indirect Costs	Sep-03	Indirect Received	Jul-08
2 Construct - HSC Parking Structure II	30,700,000	30,700,000		Parking Revenue	Jul-08	Parking Permits/ Hourly Rate	Jul-08
3 Expand - Student Activities Center	9,960,000	9,960,000		Student Fees	Nov-08	Tuition Rate	Jan-09
4 Construct - Westside Dining Facility	5,370,000	5,370,000		Dining Revenue	Nov-08	Dining Plan Rates/Food Rates	Jan-09
6 Expand/Renovate Dental School	42,700,000	38,700,000	\$ 4,000,000	Indirect Costs/Clinic Fees	Nov-08	Indirect Received/Clinic Fee Stru	Jan-09
7 Construct - HSC Parking Structure III	38,735,000	38,735,000		Parking Revenue	Nov-08	Parking Permits/ Hourly Rate	Jan-09
8 Purchase - Central Station Property	9,000,000	9,000,000		Rent Income	Jul-08	Rental Fees TBD	Jul-08
Subtotal - UofL	\$ 152,265,000	\$ 148,265,000	\$ 4,000,000				
Western Kentucky University							
1 Van Meter Hall Renovation	\$ 21,160,000	\$ 18,400,000	\$ 2,760,000	Campus rebuilding/tuition	4/29/2005	Tuition Rate	Upon Authorization
2 Ivan Wilson Fine Arts Center Expansion Ph I	10,580,000	9,200,000	1,380,000	Campus rebuilding/tuition	Jan-06	Tuition Rate	Upon Authorization
3 Acquire Property and Construct Parking Lots	5,290,000	4,600,000	690,000	Budget line item	6/17/2005	Budgeted	Upon Authorization
4 Expand Preston Center	13,225,000	11,500,000	1,725,000	Campus rebuilding/tuition	Jan-06	Tuition Rate	Upon Authorization
5 Renovate Downing University Center Phase III	48,000,000	46,000,000	2,000,000	Student fee increase/aux services budget	Jan-08	Capital Plan	Six months after authorization
6 Renovate Garrett Conference Center	10,300,000	4,000,000	6,300,000	Student fee increase/aux services budget	Jan-08	Capital Plan	Six months after authorization
Subtotal - WKU	\$ 108,555,000	\$ 93,700,000	\$ 14,855,000				
System Total	\$ 539,897,000	\$ 521,042,000	\$ 18,855,000	\$ -			

Capital Projects Recommendations
Restricted Agency, Federal, and Other Funds
2008-10

Institution/Institution Priority / Project Title	Project Scope	Institution Funds	Other Funds	Federal Funds
Eastern Kentucky University				
1 Construct Stratton Building Addition	\$ 5,000,000	\$ 5,000,000	\$ -	\$ -
2 Construct Aramark Food Service Projects	4,150,000	4,150,000		
3 Construct Library Studio for Academic Creativity	2,250,000	2,250,000		
4 Construct EKU Early Childhood Center	3,284,000	3,284,000		
5 Renovate Blanton House	1,100,000	1,100,000		
8 Purchase of Property	3,000,000	3,000,000		
6 Renovate Watts Property (Elmwood)	2,000,000	2,000,000		
7 Expand Indoor Tennis Facility	1,100,000	1,100,000		
8 Expand & Renovate Presnell Building	2,200,000	2,200,000		
9 Renovate Baseball Complex	2,000,000	2,000,000		
10 Renovate Women's Softball Complex	1,500,000	1,500,000		
Subtotal - EKU	\$ 27,584,000	\$ 27,584,000	\$ -	\$ -
Kentucky State University				
1 Athletic Project Pool	\$ 1,025,000	\$ 1,025,000	\$ -	\$ -
2 Construct New Residence Hall (privatized)	28,100,000	28,100,000		
Subtotal - KSU	\$ 29,125,000	\$ 29,125,000	\$ -	\$ -
Morehead State University				
1 Construct Morehead/Rowan Co Public Safety Complex	\$ 10,853,000	\$ -	\$ -	\$ 10,853,000
Subtotal - MoSU	\$ 10,853,000	\$ -	\$ -	\$ 10,853,000
Murray State University				
1 Land Acquisition	\$ 1,000,000	\$ 1,000,000		\$ -
2 Complete Business & Research Center Tenant Space	1,800,000	1,800,000		
3 Construct Electrical Generation Plant	6,050,000	6,050,000		
4 Renovate/Construct College Courts Housing	17,900,000		\$ 17,900,000	
5 Lease - Purchase of Fleet Vehicles	518,000	518,000		
Subtotal - MuSU	\$ 27,268,000	\$ 9,368,000	\$ 17,900,000	\$ -
Northern Kentucky University				
1 Coach Bus	\$ 690,000		\$ 690,000	\$ -
2 Construct Ctr for Informatics Phase II	15,000,000		15,000,000	
3 Construct Intramural Fields	2,300,000		2,300,000	
4 Construct New Baseball Stadium	8,400,000	\$ 8,400,000		
5 Construct Soccer Stadium	6,500,000	6,500,000		
6 Construct Track and Field Stadium	6,500,000	6,500,000		
7 Enhance Softball Field	1,300,000		1,300,000	
8 Housing/Minor Projects Pool 2008-2010	2,200,000		2,200,000	
9 Purchase Large Format Color Press	310,000		310,000	
10 Reconstruct Central Plaza Phase II	5,900,000		5,900,000	
11 Design New College of Business Building	2,000,000		2,000,000	
12 Design/Renovate Albright Health Center	3,000,000		3,000,000	
13 Renovate University Center Phase I	2,000,000		2,000,000	
14 Early Child Care Center	3,000,000		3,000,000	
15 Acquire Land/Master Plan (2008-10)	12,000,000		12,000,000	
16 Lease Academic Space (Highland Heights)	3,900,000	3,900,000		
17 METS Lease	-			
18 Enhance Emergency Communications Project	1,000,000		1,000,000	
19 Provide Business Continuanace/Disaster Recovery	2,800,000		2,800,000	
20 Purchase FT-IR and Raman Microscope	275,000		275,000	
21 Purchase DNA Analyzer System	390,000		390,000	
22 Purchase Direct Analysis Mass Spectrometer	250,000		250,000	
23 Upgrade Communication and Network Infrastructure	2,000,000		2,000,000	
24 Purchase ICP - Mass Spectrometer	300,000		300,000	
25 Enhance Info Technology Infrastructure	1,850,000		1,850,000	
26 Enhance Instructional Info Technology	2,500,000		2,500,000	
27 Purchase Opto-Paramagnetic Oscillator	250,000		250,000	
28 Purchase Calorimetry Instrumentation	215,000		215,000	
29 Improve Customer Service Systems and Technology	600,000		600,000	
30 NKU Minor Instructional Equipment Pool	988,000		988,000	

Capital Projects Recommendations
Restricted Agency, Federal, and Other Funds
2008-10

Institution/Institution Priority / Project Title	Project Scope	Institution Funds	Other Funds	Federal Funds
Northern Kentucky University Continued				
31 Purchase Nursing Lab Equipment	200,000		200,000	
32 Purchase Field Emission Microscope	380,000		380,000	
33 Purchase Concrete Testing Equipment	215,000		215,000	
34 Purchase Materials Strength Testing Equipment	275,000		275,000	
35 Purchase Mobile Science Lab	320,000		320,000	
36 Replace Mobile TV Production Unit	650,000		650,000	
37 Initiate Phase II of Master Plan	2,600,000		2,600,000	
38 Renew/Renovate BEP Center Phase I	1,000,000		1,000,000	
Subtotal - NKU	\$ 94,058,000	\$ 25,300,000	\$ 68,758,000	\$ -
Western Kentucky University				
1 Improve University Drive Intersection	\$ 1,200,000	\$ 240,000	\$ -	\$ 960,000
2 Install Bike Paths	1,300,000	260,000		1,040,000
3 Repair and Renovate PS1 PH I	1,750,000	1,750,000		
4 Develop South Lawn	2,000,000	2,000,000		
5 Purchase Property/Parking & Street Improvements	2,800,000	2,800,000		
6 Repair & Renovate Craig Alumni Center	750,000	750,000		
7 Purchase Property for Campus Expansion 2008	2,000,000	2,000,000		
8 Construct Agriculture Research Svcs Lab	22,825,000			22,825,000
9 Construct Baseball Clubhouse	1,000,000	1,000,000		
10 Replace College of Educ Building-Tate Page Hall PH II	5,250,000	5,250,000		
11 Replace Gordon Ford College of Business Planning/Design	5,800,000	5,800,000		
12 Renovate Academic Complex Design & Construct Planning/Design	2,100,000	2,100,000		
13 Renovate Kentucky Building Planning/Design	1,130,000	1,130,000		
14 Construct South Reg Post Sec Ed Ctr (Glasgow) Ph II Planning/Design	1,400,000	1,400,000		
15 Renovate Helm/Cravens Library Planning/Design	1,989,000	1,989,000		
16 Renovate Gordon Wilson Hall Planning/Design	6,846,000	6,846,000		
17 Renovate Environmental, Science & Technology Hall Planning/Design	1,940,000	1,940,000		
18 Renovate Agriculture Exposition Center Planning/Design	600,000	600,000		
19 Renovate Industrial Education Building Planning/Design	4,700,000	4,700,000		
Subtotal - WKU	\$ 67,380,000	\$ 42,555,000	\$ -	\$ 24,825,000
University of Kentucky				
1 Expand Patient Care Facility-Hospital Phase 3	\$ 250,000,000	\$ 250,000,000	\$ -	
2 Expand/Renovate Ambulatory Care Facilities - Hospital	20,000,000	20,000,000		
3 Renov Old Pharmacy Bldg for Biology, Design	3,500,000	3,500,000		
4 Renov Teaching Space in the Chem/Physics Bldg.	2,500,000	2,500,000		
5 Lease Purchase Digital Village Building 2	20,000,000	20,000,000		
6 Construct Baseball Stadium & Clubhouse	31,900,000	31,900,000		
7 Construct Track and Field Facility	17,666,000	17,666,000		
8 Repair, Upgrade & Expand Central Plants (Lease-Purchase)	55,000,000	55,000,000		
9 Construct Parking Structure #9 (Lease-Purchase)	34,310,000	34,310,000		
10 Lease Purchase Data Center	40,000,000	40,000,000		
11 Upgrade-Renovate-Improve or Expand Research Labs	33,500,000	33,500,000		
12 Renovate King Library South-1962 Section	8,000,000	8,000,000		
13 Convert Hunt Morgan Space to Class Lab	2,500,000	2,500,000		
14 Renovate Mineral Industries Building	4,450,000	4,450,000		
15 Construct Equine Campus	10,000,000	10,000,000		
16 Renovate the Koinonia House	2,371,000	2,371,000		
17 Construct Library Depository Facility	7,000,000	7,000,000		
18 Renovate Dentistry Class Lab	3,000,000	3,000,000		
19 Renovate Funkhouser Tower	3,900,000	3,900,000		
20 Renovate Vivarium in Central DLAR Facility	2,176,000	2,176,000		
21 Renovate Reynolds Building, Phase I	3,000,000	3,000,000		
22 Expand Pence Hall	16,000,000	16,000,000		
23 Renovate Nursing Building	3,088,000	1,988,000		\$ 1,100,000
24 Expand & Renovate W. KY & Robinson Station	6,000,000	6,000,000		
25 Expand Coldstream Research Campus, I	10,000,000	10,000,000		
26 Renovate Slone Building, Phase I	5,000,000	5,000,000		
27 Relocate & Expand Dentistry Faculty Practice	3,100,000	3,100,000		
28 Renov/Expand DLAR Quarantine Facility Spindletop	3,288,000	3,288,000		
29 Expand KGS Well Sample and Core Repository	4,741,000	4,741,000		
30 Expand CAER Laboratories	5,000,000	5,000,000		
31 Convert Taylor Ed. Space to Offices & Classroom	4,500,000	4,500,000		

Capital Projects Recommendations
Restricted Agency, Federal, and Other Funds
2008-10

Institution/Institution Priority / Project Title	Project Scope	Institution Funds	Other Funds	Federal Funds
University of Kentucky Continued				
32 Renovate 3rd Floor Little Library	1,000,000	1,000,000		
33 Renovate Dentistry Clinic in Ky Clinic	3,320,000	3,320,000		
34 Renov Teaching Space in the Funkhouser Building	1,000,000	1,000,000		
35 Renovate Office Space in Funkhouser	1,000,000	1,000,000		
36 Relocate Greenhouses	7,506,000	7,506,000		
37 Design Student Center Expansion/Renovation	6,000,000	6,000,000		
38 Renovate Space in McVey Hall	2,150,000	2,150,000		
39 Expand CRMS and Raymond Civil Eng. Bldg	18,550,000	18,550,000		
40 Purchase Compact Shelving-Fine Arts Library	500,000	500,000		
41 Purchase Shelving for Storage Facility	525,000	525,000		
42 Purchase Metabolic Instructional Systems	205,000	205,000		
43 Purchase Dentistry Billing System, Phase 3	2,000,000	2,000,000		
44 Lease Purchase Campus Infrastructure Upgrade	3,500,000	3,500,000		
45 Install Emergency Generator - Computing Facility	500,000	500,000		
46 Acquire Land	35,000,000	35,000,000		
47 Lease Purchase New Housing	75,000,000	75,000,000		
48 Lease Purchase Data Warehouse/Infrastructure	1,800,000	1,800,000		
49 Renovate Central Computing Facility	2,813,000	2,813,000		
50 Construct Medical Center Physical Plant Building	12,793,000	12,793,000		
51 Construct Facilities Storage Building	4,806,000	4,806,000		
52 Lease Purchase Remote Site Fiber	2,000,000	2,000,000		
53 Lease Purchase Wireless/Cellular Infrastructure	7,000,000	7,000,000		
54 Lease Purchase Data Center Infrastructure	2,500,000	2,500,000		
55 Lease Purchase Campus Call Center System	1,500,000	1,500,000		
56 Upgrade Reynolds Buildings	35,000,000	35,000,000		
57 Multi-Purpose Room/Stadium Kitchen Facility	8,000,000	8,000,000		
58 Renovate Memorial Coliseum Seating Area	4,000,000	4,000,000		
59 Renovate Soccer Press Box/Seating Area	2,000,000	2,000,000		
60 Construct Stadium Suite Addition	2,750,000	2,750,000		
61 Construct Golf Practice Area	3,000,000	3,000,000		
62 Athletics Hall of Fame Plaza	2,100,000	2,100,000		
63 Stadium Structural Repairs	2,500,000	2,500,000		
64 Construct/Renovate Imaging Services - Ky Clinic	15,000,000	15,000,000		
65 Expand/Renovate Kentucky Clinic- Hospital	20,000,000	20,000,000		
66 Renovate Kitchen - Hospital	2,000,000	2,000,000		
67 Repair, Upgrade, Improve Bldg. Systems - Hospital	20,000,000	20,000,000		
68 Expand/Construct Parking Structure	20,149,000	20,149,000		
69 Upgrade Clinical Services - Hospital	15,000,000	15,000,000		
70 Implement Land Use Plan - Hospital	10,000,000	10,000,000		
71 Renovate Parking Structure #3 - Hospital	2,485,000	2,485,000		
72 Upgrade Surgical Services - Hospital	2,000,000	2,000,000		
73 Upgrade Critical Care Facility - Hospital	2,200,000	2,200,000		
74 Purchase Radiofrequency Ident. System	1,500,000	1,500,000		
75 Renovate/Upgrade Hospital Facilities	10,000,000	10,000,000		
76 Expand Ophthalmology Clinic - Hospital	4,185,000	4,185,000		
77 Upgrade Support Services - Hospital	3,500,000	3,500,000		
78 Renovate Diag. Treatment Services - Hospital	2,500,000	2,500,000		
79 Implement Medication Bar Coding System	2,500,000	2,500,000		
80 Purchase/Lease Data Repository System	2,500,000	2,500,000		
81 Replace Radiology Information System	2,000,000	2,000,000		
82 Expand Clin Enter Data Ctr Netwrk - Hosp	1,000,000	1,000,000		
83 Construct Col. of Medicine-Hospital Offices	66,341,000	66,341,000		
84 Construct Cancer Treatment Facility - Hospital	27,338,000	27,338,000		
85 Construct Remote Cancer Clinic - Hospital	12,880,000	12,880,000		
86 Construct Cancer Education Facility - Hospital	3,000,000	3,000,000		
87 Construct Physicians Svcs Facilities - Hospital	2,000,000	2,000,000		
88 Construct Facilities Support Bldg - Hospital	4,000,000	4,000,000		
89 Lease Purchase Hospital Dining Facilities & Equipment	7,000,000	7,000,000		
90 Construct/Purchase Good Sam Medical Office Bldg - Hospital	15,730,000	15,730,000		
91 Fayette Co - Lease Med Center Off Campus Facility #2	900,000	900,000		
92 Fayette Co - Lease Grant Projects	720,000	720,000		
93 Perry Co - Lease Rural Health Expansion-Hazard	640,000	640,000		
94 Fayette Co - Lease Off-Campus #1	2,880,000	2,880,000		

TABLE 3

Capital Projects Recommendations
Restricted Agency, Federal, and Other Funds
2008-10

Institution/Institution Priority / Project Title	Project Scope	Institution Funds	Other Funds	Federal Funds
University of Kentucky Continued				
95 Fayette Co - Lease Off-Campus #2	720,000	720,000		
96 Fayette Co - Lease Off-Campus #3	900,000	900,000		
97 Fayette Co - Lease Pharmacy Contracted Program	900,000	900,000		
98 Fayette Co - Lease Blazer Parkway (Reauthorization)	2,000,000	2,000,000		
99 Fayette Co - Lease Administrative Office (Reauthorization)	4,000,000	4,000,000		
100 Fayette Co - Lease Kentucky Utilities Building (Reauthorization)	2,000,000	2,000,000		
101 Lease - E-Cavern (Reauthorization)	1,458,300			1,458,300
102 Fayette Co - Lease Good Sam - Hospital	1,440,000	1,440,000		
103 Fayette Co - Lease Health Affairs Office - Hospital	1,600,000	1,600,000		
104 Fayette Co.- Lease Health Affairs Office #3 - Hospital	2,400,000	2,400,000		
105 Fayette Co - Lease Health Affairs Office #4 - Hospital	500,000	500,000		
106 Fayette Co - Lease Med Center Grant Projects #1 - Hospital	720,000	720,000		
107 Fayette Co - Lease Med Center Grant Project #2 - Hospital	540,000	540,000		
108 Fayette Co - Lease Med Center Off-Campus Fac #1	720,000	720,000		
109 Fayette Co - Lease Health Affairs Office #2 - Hospital (Reauthorization)	2,400,000	2,400,000		
110 Fayette Co - Lease Med College Off-Campus Clinic - Hospital (Reauthoriza	800,000	800,000		
Subtotal - UK	\$ 1,172,854,300	\$ 1,170,296,000	\$ -	\$ 2,558,300
University of Louisville				
1 Construct - Boathouse for Women's Rowing	\$ 3,370,000	\$ 3,370,000		
2 Construct - Complete Two Shelled floors of CII	7,526,000	7,526,000		
3 Construct - Diversity Center for Excellence (Reauth \$5,898,000 OF)	830,000		\$ 830,000	
4 Construct - Executive MBA/Business Program	20,930,000	20,930,000		
5 Construct - Fitness & Health Institute	14,707,000	14,707,000		
6 Construct - HSC Steam/Chilled Water Plant II	29,668,000		29,668,000	
7 Construct - Student Health Facility (Reauth \$6,650,000 RF)	990,000	990,000		
8 Expand - Ambulatory Care Bldg. Academic Addition	60,000,000		60,000,000	
9 Expand - College of Business for Equine Industry	3,000,000	3,000,000		
10 Expand - Papa John's Cardinal Stadium (\$67M OF)	72,000,000	5,000,000	67,000,000	
11 Expand & Renovate - Founders Union Building (Reauth \$12,190,000 RF)	3,477,000	3,477,000		
12 Expand & Renovate - Oppenheimer Hall (Reauth \$7,930,000 RF)	2,725,000	2,725,000		
13 Construct - Athletic Academic Support Facility (Reauth \$5,000,000 OF)	-			
14 Purchase - Artificial Turf - Practice Field Facility	865,000	865,000		
15 Purchase - Land Near HSC - Parcel I	34,246,000		34,246,000	
16 Purchase - Robotic Telescope System	1,000,000		\$ 1,000,000	
17 Renovate - Burhans Hall	14,140,000	14,140,000		
18 Renovate - Ekstrom Library (Reauth \$22,081,000 RF)	6,757,000	6,757,000		
19 Renovate - Gross Anatomy Lab	1,808,000	1,808,000		
20 Renovate - Housing - Capital Renewal Pool (Reauth \$710,000 RF)	3,210,000	3,210,000		
21 Renovate - J.B. Speed Building	9,892,000	9,892,000		
22 Renovate - Kersey Library (Reauth \$4,630,000 RF)	2,393,000	2,393,000		
23 Renovate - Kornhauser Library	14,217,000	14,217,000		
24 Renovate - KY Lions Eye Research Institute	13,230,000	13,230,000		
25 Renovate - Medical School Tower - 55A, Phase I (Reauth \$4,225,000)	1,592,000	1,592,000		
26 Renovate - Research Resource Ctr Cage Wash Area	1,984,000	1,484,000		500,000
27 Renovate - Shelby Campus Infrastructure	10,050,000		10,050,000	
28 Utility Distribution - South Belknap Campus (Reauth \$6,821,000 RF)	3,549,000	3,549,000		
29 Purchase - Library Tables and Chairs	200,000	200,000		
30 Construct - Residence Hall, (500 Bed)	40,130,000		40,130,000	
31 Purchase - Land Near Belknap Campus South	30,000,000		30,000,000	
32 Renovate - College of Education Building	24,200,000	24,200,000		
33 Renovate - Natural Science Building (Reauth \$12,840,000 RF)	5,250,000	5,250,000		
34 Construct - Instructional Facility in HSC Quad	16,900,000	16,900,000		
35 Construct - Physical Plant Space in HSC Garage	2,027,000	2,027,000		
36 Purchase - Land Support Services (Northeast Quad)	10,000,000		10,000,000	
37 Purchase - Land Near HSC - Parcel II	6,034,000	6,034,000		
38 Purchase - Land Near Papa John's Stadium	7,000,000	7,000,000		
39 Construct - HSC Research V	154,000,000	154,000,000		
40 Lease - Med Center One	-			
41 Lease - Student Health Facility	-			
42 Lease - Master of Fine Arts Program	-			
43 Lease - Housing	-			
44 Lease - College of Business - MBA Program	-			
45 Lease - West Louisville Outreach Center	-			
Subtotal - UofL	\$ 633,897,000	\$ 350,473,000	\$ 281,924,000	\$ 1,500,000

Capital Projects Recommendations
Restricted Agency, Federal, and Other Funds
2008-10

Institution/Institution Priority / Project Title	Project Scope	Institution Funds	Other Funds	Federal Funds
Kentucky Community and Technical College System				
1 KCTCS Property Acquisition Pool, System	\$ 5,000,000	\$ 5,000,000	\$ -	-
2 Purchase Articulated Dump Truck, Heavy Equipment Program	300,000	300,000		
3 Purchase 200 HP Tractor, Heavy Equipment Program	200,000	200,000		
4 Purchase Combine for Ag Program	275,000	275,000		
5 Purchase Horizontal Milling Machine	200,000	200,000		
6 Purchase Multi-engine Aircraft	1,645,000	1,645,000		
7 Construct Child Development Center	2,225,000	2,225,000		
8 Construct Area 9 Training Building, State Fire & Rescue (Add'l)	443,000	443,000		
9 Construct Bowling Green Fire Training Center (Add'l)	830,000	830,000		
10 Construct Child Care Center	1,628,000	1,628,000		
11 Construct Emerging Technology Center (Add'l)	2,200,000	2,200,000		
12 Expansion of Fine Arts Center	2,839,000	2,839,000		
13 Master plan Development & Upgrade Pool	850,000	850,000		
14 Lease - Applied Technology Program , Henderson CC	240,000	240,000		
15 Lease - Jefferson Education Center, Jefferson CTC	369,000	369,000		
16 Lease Purchase - KCTCS System Office, Versailles	895,100	895,100		
17 Lease - Advanced Manufacturing Training Center, Bluegrass CTC	200,000	200,000		
18 Lease - Bullitt County Center, Jefferson CTC	200,000	200,000		
19 Lease - Montgomery County Center, Maysville CTC	200,000	200,000		
Subtotal - KCTCS	\$ 20,739,100	\$ 20,739,100	\$ -	\$ -
System Total	\$ 2,083,758,400	\$ 1,675,440,100	\$ 368,582,000	\$ 39,736,300

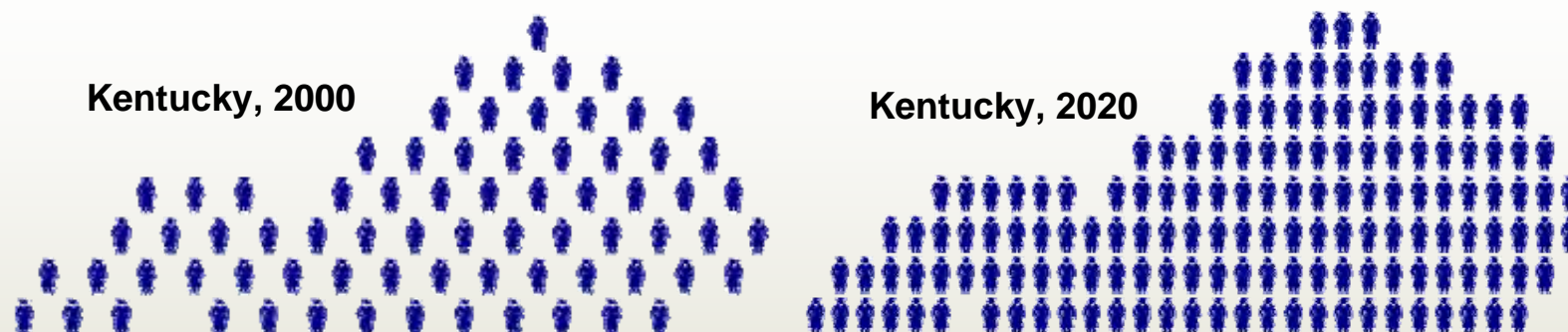
**Capital Projects Recommendations
Guaranteed Energy Savings/Performance Contracting Projects
2008-10**

Institution and Project Title	Project Scope (1)
1 Eastern Kentucky University	N/A
2 Kentucky State University	N/A
3 Morehead State University	N/A
4 Murray State University	N/A
5 Northern Kentucky University	N/A
6 Western Kentucky University	N/A
7 University of Kentucky - Main Campus	N/A
8 University of Kentucky - Hospital	N/A
9 University of Louisville	N/A
10 Kentucky Community and Technical College System	N/A

Note:

1. A scope amount is not required for this project.

Double the numbers



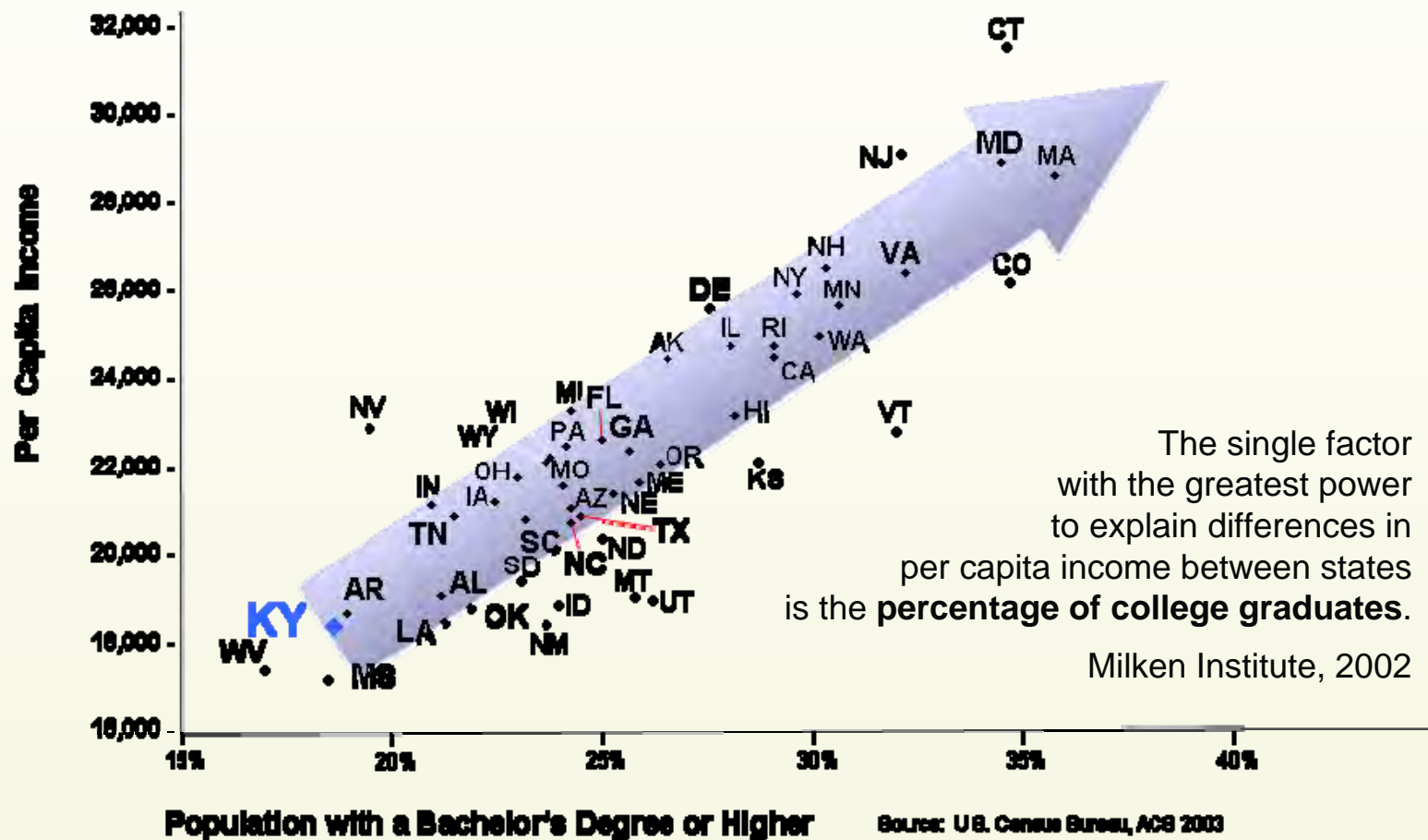
The most dramatic
economic transformation in Kentucky's history

Thanks



- John Hayek
- Sherron Jackson
- Jonathan Thompson
- Bill Payne
- Lee Nimocks
- Ron Carson
- Dennis Taulbee
- Irish Dunigan
- Tammie Clements
- Mary Morse
- Jim Applegate
- Ed Sergent
- Diann Donaldson
- Melissa McGinley

Why bachelor's degrees?



Message components



- Goal**
- ✓ Fixed by General Assembly in permanent law.
 - ✓ Is realistically achievable, but with diligence.
 - ✓ Will create economic prosperity for all Kentucky.
-

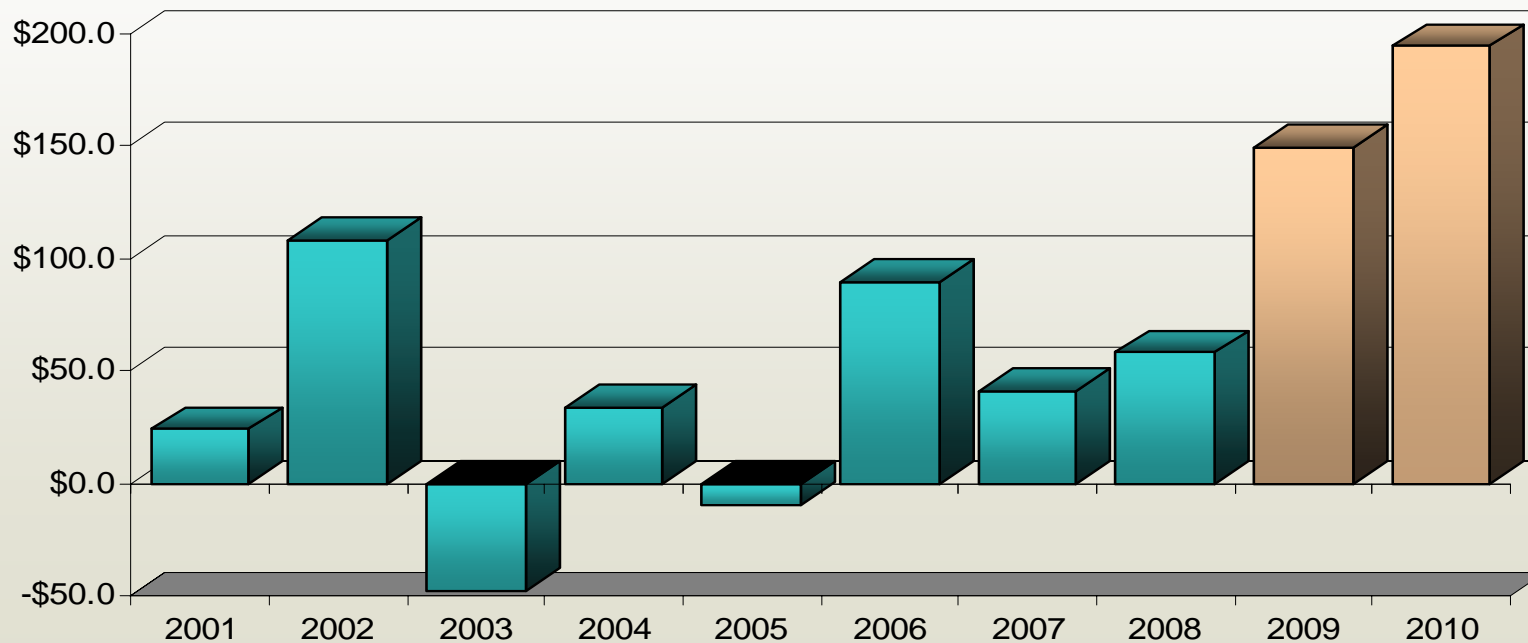
- Plan**
- ✓ A principal CPE responsibility.
 - ✓ Outlines five strategies.
 - ✓ Maximizes likelihood of success.
-

- Funding**
- ✓ Incentivizes and supports goal-driven behaviors.
 - ✓ Emphasizes outcomes rather than inputs.
 - ✓ Essential to achievement of the goal.

Increase in GF higher education funds



Preliminary analysis of year-to-year changes in postsecondary education General Fund appropriations, net of student financial aid, subject to review by Office of State Budget Director



Signature features



- ✓ Double the Numbers Fund
- ✓ KCTCS Access Initiative
- ✓ Targeted investments in statewide priorities (STEM, regional stewardship, research support, etc)
- ✓ High ratio of strategic investments to base increase
- ✓ Developmental education support
- ✓ Bucks for Brains recommendation

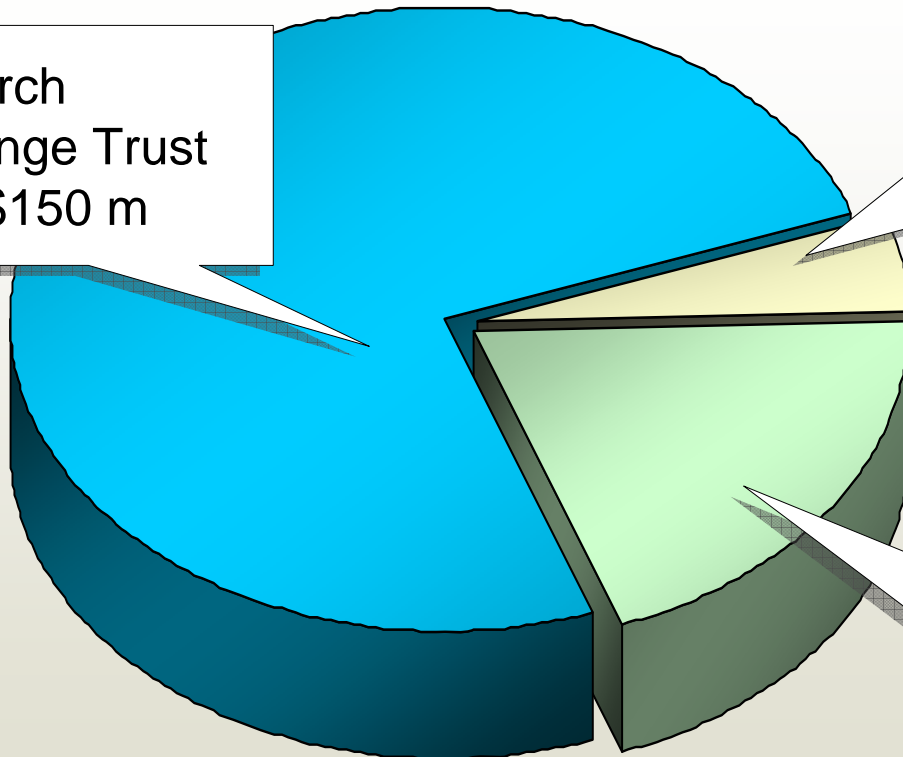
Bucks for Brains recommendation



Research
Challenge Trust
Fund \$150 m

Workforce
Development Trust
Fund \$10 m

Regional University
Excellence Trust
Fund \$40 m



Principal themes



- ✓ Seeks higher appropriations through a 'tighter contract'
- ✓ Driven by Double the Numbers and other strategic goals.
- ✓ Ensures funds to continue existing operations.
- ✓ Encourages and measures performance.



Funding model methodology



- ✓ Clear separation of 'base' from new 'initiatives'
- ✓ Previous strategic initiatives have been moved to the base
- ✓ Uses cost data for base and strategic initiatives
- ✓ Blend of 'incentive' funding and 'cost reimbursement' funding for strategic initiatives
- ✓ Seeks to encourage 'productivity'; does not address 'efficiency'

Changes in approach



- ✓ Benchmark method has been abandoned
- ✓ Regional equity considerations are deemed resolved by the last General Assembly
- ✓ Gives emphasis to both 'volume' and 'structure of General Fund appropriations
- ✓ Focus on degree production and statewide priorities
- ✓ Values degree production over enrollment
- ✓ Inclusion of tuition as revenue source

Inclusion of tuition



- ✓ Integrates appropriation and tuition policies
- ✓ Model anticipates 0%, 6% and 9% rate caps
- ✓ Show tuition revenue is essential to plan objectives
- ✓ Preserves separation of tuition by institution (not formulaically commingled)
- ✓ Proposed 'Access Initiative' recognizes affordability concerns at community and technical college level

Outcomes



- ✓ Significant increase in General Fund support; postsecondary would regain 'market share'
- ✓ Ratio of new General Fund support to new tuition revenue is higher than in recent budgets
- ✓ New funds are more concentrated in strategic initiatives (vs. base preservation) than before
- ✓ Total public funds (tuition revenue and General Fund support) will rise faster than historical average
- ✓ Strongly encourages degree productivity

Continuation of existing operations



- ✓ Calculates FY08 General Fund 'baseline' (excludes debt service, includes CPE trust fund approp's)
- ✓ Calculates additional funds for ongoing educational services using 3.3% HECA inflation adjustment
- ✓ Allows \$10 m in capital renewal to be matched 50/50 by institutions
- ✓ Provides \$26.4 million in maintenance and operations for new facilities
- ✓ Anticipates base fund increase of \$49 m (FY09) and \$57 m (FY10)

Funding model methodology



- ✓ Clear separation of 'base' from new 'initiatives'.
- ✓ Previous strategic initiatives have been moved to the base.
- ✓ Increased emphasis on 'costs' for base and strategic initiatives.
- ✓ Blend of 'incentive' funding and 'cost reimbursement' funding for strategic initiatives.
- ✓ Seeks to encourage 'productivity'; does not address 'efficiency'.

**Council on Postsecondary Education
Quality and Accountability Policy Group
November 5, 2007**

Data Quality Policy

ACTION: The Quality and Accountability Policy Group recommends that the Council approve the attached Data Quality Policy.

Institutions are required to have regular audits of their financial records and practices. Given that the data and information the public institutions submit to the Council are used in funding calculations and in the way they are evaluated for accountability purposes, there is an expectation that they should be accurate and of the highest quality.

As the Council moves toward the development of a new postsecondary education data system, it is important that all aspects of the information collection process be reviewed.

During the first half of 2007, CPE staff members Al Lind and Charles McGrew met with the Quality and Accountability and the Budget and Finance Policy Groups to discuss the need for a data quality or auditing policy. Council staff then met with staff from KCTCS and each of the public universities to discuss how they ensure data quality within their institutional systems. Since then, a draft policy has been distributed to the Quality and Accountability and the Budget and Finance Policy Groups and the institutions for review. The policy has since been updated based on their concerns and recommendations and also has been reviewed by the Council's external auditing firm. The institutions were given another opportunity to review the policy and provide feedback. The attached policy has at this point been reviewed extensively by the public institutions and their affected staff members.

Council on Postsecondary Education Data Quality Policy

Section 1: Purpose

This policy establishes the principles and practices related to the quality of data collected by Kentucky's public postsecondary education institutions and submitted to the Kentucky Council on Postsecondary Education's (CPE) comprehensive database system.

This policy is to ensure that all public institutions have adequate policies and processes in place to ensure data quality on their own campuses and to implement a process whereby the Council staff or a designated third party will authenticate the accuracy of the data institutions have submitted to the Council.

Section 2: Statutory Authority

KRS 164.020, KRS 164.095, and KRS 164.283

Section 3: Background

The CPE maintains and manages a unit record database, called the comprehensive database (CDB), containing postsecondary education institutional data used by the CPE for state and federal reporting, policy analysis, and decision-making. These data are used to support the improvement of postsecondary education within the Commonwealth by providing the basis for measures of effectiveness and efficiency. These data are also used in funding calculations for the public institutions. The data collected are part of a comprehensive accountability system that the CPE is required to develop and maintain by KRS 164.020 and KRS 164.095.

Institutions of postsecondary education have the primary responsibility for the accuracy and completeness of the data in their information systems and databases. As institutions are held to high standards by students, faculty, and other constituencies, it is expected that they devote significant attention and resources to the effectiveness of these systems and the quality of their data. Council staff members are available to facilitate the sharing of information and best practices among the institutions to assist them as they strive to improve the quality of data they collect and utilize.

A significant amount of data is collected by the institutions and submitted to the Council. There are hundreds of data elements each with their own unique definitions. There is a need to ensure that all institutions uniformly understand the definitions and parameters for the data being collected. As information is often presented side-by-side for each institution, ultimately it is used for comparison purposes by many different audiences. There is a need to ensure that this

information is comparable from institution to institution. This process will provide support to the institutions to ensure the data that they submit are based on the same interpretations.

Section 4: Definitions

1. "Accurate" means that the data in electronic systems should match data received from an original source, such as a student's application or transcript from another institution.
2. "*Comprehensive Database Reporting Guidelines*" is the document produced annually by Council staff that lists all database definitions, formats, and collection schedules used by the Council.
3. "Critical Data Elements" include elements of particular importance due to their policy significance. These Critical Data Elements and the best methods and sources for evaluating their accuracy are discussed annually at the Comprehensive Database Committee meeting. The list will be included in the *Comprehensive Database Reporting Guidelines* beginning in 2008.

Section 5: Policy

A. General

1. This policy shall apply to all data submitted to the CPE from the public institutions, whether in electronic, paper, or other formats.
2. The CPE is authorized by KRS 164.020(6) and (26) and KRS 164.095 to perform research on postsecondary education, to maintain an accountability system, and to evaluate the performance of institutions in regard to the goals of the *Kentucky Postsecondary Education Improvement Act of 1997* and the Public Agenda. As such, there is an expectation that the data submitted to the Council shall be accurate.
3. The CPE *Comprehensive Database Reporting Guidelines* includes the official definitions for data that are submitted by the institutions to the Council.
4. Five years after implementation, the Council will reevaluate this policy.

B. Institutional Policies and Processes

1. Public institutions must certify that they have practices in place to ensure the quality of their data and that they follow CPE guidelines. The CPE encourages institutions to develop official data quality policies addressing data submitted to the comprehensive database. Each institution should submit a copy of their data quality policy, if they have one, and a report describing their data quality practices to the Council by May 1, 2008. When institutions make changes to these policies or practices, updated copies should be submitted to the Council. KCTCS will submit these for their colleges. The reports should include the following types of provisions:
 - 1.1. A description of the processes that are in place to ensure accurate collection and entry of data by the institution.

- 1.2. A description of the institution's process for checking data quality where staff or designated third parties compare data in the institutional databases to the original records (either paper or electronic) received from its students or other sources to ensure it was entered into its electronic systems accurately. These processes should include checking each of the critical data elements identified in the *Comprehensive Database Reporting Guidelines* from a random sample of at least 100 records for data that had been submitted to the Council within the previous year.
- 1.3. A schedule for how frequently data quality checks will be made by the institution or designated third parties.
- 1.4. A description of how the results of the data quality checks will be utilized by the institution to improve data quality.
2. Each institution will submit a data quality report to the Council staff by May 1st of each odd numbered year. This report should contain the following information:
 - 2.1. A list of the data fields checked, the process employed, and the findings.
 - 2.2. A description of any institutional policies and processes that will be changed to improve data quality for any items where inconsistencies were discovered.
 - 2.3. KCTCS shall submit reports for each of their colleges.

C. On-Site Data Quality Checks

1. Council staff or a designated third party will conduct an on-site data quality check at each of the public institutions and KCTCS colleges at least once every five years. The purpose of the on-site visits will be to develop a better understanding of the quality of data that are submitted to the Council and to discuss data collection strategies to improve the consistency of data submitted from the institutions. It will also serve to provide support for campus staff so they may better understand how to classify and categorize data that are submitted to the Council.
2. Data submitted to the Council's comprehensive database within the previous academic year is subject to review and verification against the original records at the institution.
3. On-site data quality checks will be limited to reviewing critical data elements from 100 records. The list of records to be reviewed will be identified by the Council staff.
4. The first on-site data quality checks will occur in 2009.
5. At the end of the on-site visit, the team will meet with the institution's president and other pertinent staff for an exit interview. Following the on-site visit, Council staff will develop a written report of their findings and submit a copy to the president of the appropriate institution. These reports will also be presented to the Council.
6. If inaccurate data are found during the on-site data quality check, the Council reserves the right to revisit that institution for one or more follow-up on-site data quality checks.

Certification: _____
Bradford L. Cowgill

Original Approval _____
Amended: _____

**Council on Postsecondary Education
Quality and Accountability Policy Group
November 5, 2007**

Data Quality Policy

ACTION: The Quality and Accountability Policy Group recommends that the Council approve the attached Data Quality Policy.
--

Institutions are required to have regular audits of their financial records and practices. Given that the data and information the public institutions submit to the Council are used in funding calculations and in the way they are evaluated for accountability purposes, there is an expectation that they should be accurate and of the highest quality.

As the Council moves toward the development of a new postsecondary education data system, it is important that all aspects of the information collection process be reviewed.

During the first half of 2007, CPE staff members Al Lind and Charles McGrew met with the Quality and Accountability and the Budget and Finance Policy Groups to discuss the need for a data quality or auditing policy. Council staff then met with staff from KCTCS and each of the public universities to discuss how they ensure data quality within their institutional systems. Since then, a draft policy has been distributed to the Quality and Accountability and the Budget and Finance Policy Groups and the institutions for review. The policy has since been updated based on their concerns and recommendations and also has been reviewed by the Council's external auditing firm. The institutions were given another opportunity to review the policy and provide feedback. The attached policy has at this point been reviewed extensively by the public institutions and their affected staff members.

Approved: November 5, 2007

Council on Postsecondary Education Data Quality Policy

Section 1: Purpose

This policy establishes the principles and practices related to the quality of data collected by Kentucky's public postsecondary education institutions and submitted to the Kentucky Council on Postsecondary Education's (CPE) comprehensive database system.

This policy is to ensure that all public institutions have adequate policies and processes in place to ensure data quality on their own campuses and to implement a process whereby the Council staff or a designated third party will authenticate the accuracy of the data institutions have submitted to the Council.

Section 2: Statutory Authority

KRS 164.020, KRS 164.095, and KRS 164.283

Section 3: Background

The CPE maintains and manages a unit record database, called the comprehensive database (CDB), containing postsecondary education institutional data used by the CPE for state and federal reporting, policy analysis, and decision-making. These data are used to support the improvement of postsecondary education within the Commonwealth by providing the basis for measures of effectiveness and efficiency. These data are also used in funding calculations for the public institutions. The data collected are part of a comprehensive accountability system that the CPE is required to develop and maintain by KRS 164.020 and KRS 164.095.

Institutions of postsecondary education have the primary responsibility for the accuracy and completeness of the data in their information systems and databases. As institutions are held to high standards by students, faculty, and other constituencies, it is expected that they devote significant attention and resources to the effectiveness of these systems and the quality of their data. Council staff members are available to facilitate the sharing of information and best practices among the institutions to assist them as they strive to improve the quality of data they collect and utilize.

A significant amount of data is collected by the institutions and submitted to the Council. There are hundreds of data elements each with their own unique definitions. There is a need to ensure that all institutions uniformly understand the definitions and parameters for the data being collected. As information is often presented side-by-side for each institution, ultimately it is used for comparison purposes by many different audiences. There is a need to ensure that this

information is comparable from institution to institution. This process will provide support to the institutions to ensure the data that they submit are based on the same interpretations.

Section 4: Definitions

1. "Accurate" means that the data in electronic systems should match data received from an original source, such as a student's application or transcript from another institution.
2. "*Comprehensive Database Reporting Guidelines*" is the document produced annually by Council staff that lists all database definitions, formats, and collection schedules used by the Council.
3. "Critical Data Elements" include elements of particular importance due to their policy significance. These Critical Data Elements and the best methods and sources for evaluating their accuracy are discussed annually at the Comprehensive Database Committee meeting. The list will be included in the *Comprehensive Database Reporting Guidelines* beginning in 2008.

Section 5: Policy

A. General

1. This policy shall apply to all data submitted to the CPE from the public institutions, whether in electronic, paper, or other formats.
2. The CPE is authorized by KRS 164.020(6) and (26) and KRS 164.095 to perform research on postsecondary education, to maintain an accountability system, and to evaluate the performance of institutions in regard to the goals of the *Kentucky Postsecondary Education Improvement Act of 1997* and the Public Agenda. As such, there is an expectation that the data submitted to the Council shall be accurate.
3. The CPE *Comprehensive Database Reporting Guidelines* includes the official definitions for data that are submitted by the institutions to the Council.
4. Five years after implementation, the Council will reevaluate this policy.

B. Institutional Policies and Processes

1. Public institutions must certify that they have practices in place to ensure the quality of their data and that they follow CPE guidelines. The CPE encourages institutions to develop official data quality policies addressing data submitted to the comprehensive database. Each institution should submit a copy of their data quality policy, if they have one, and a report describing their data quality practices to the Council by May 1, 2008. When institutions make changes to these policies or practices, updated copies should be submitted to the Council. KCTCS will submit these for their colleges. The reports should include the following types of provisions:
 - 1.1. A description of the processes that are in place to ensure accurate collection and entry of data by the institution.

- 1.2. A description of the institution's process for checking data quality where staff or designated third parties compare data in the institutional databases to the original records (either paper or electronic) received from its students or other sources to ensure it was entered into its electronic systems accurately. These processes should include checking each of the critical data elements identified in the *Comprehensive Database Reporting Guidelines* from a random sample of at least 100 records for data that had been submitted to the Council within the previous year.
- 1.3. A schedule for how frequently data quality checks will be made by the institution or designated third parties.
- 1.4. A description of how the results of the data quality checks will be utilized by the institution to improve data quality.
2. Each institution will submit a data quality report to the Council staff by May 1st of each odd numbered year. This report should contain the following information:
 - 2.1. A list of the data fields checked, the process employed, and the findings.
 - 2.2. A description of any institutional policies and processes that will be changed to improve data quality for any items where inconsistencies were discovered.
 - 2.3. KCTCS shall submit reports for each of their colleges.

C. On-Site Data Quality Checks

1. Council staff or a designated third party will conduct an on-site data quality check at each of the public institutions and KCTCS colleges at least once every five years. The purpose of the on-site visits will be to develop a better understanding of the quality of data that are submitted to the Council and to discuss data collection strategies to improve the consistency of data submitted from the institutions. It will also serve to provide support for campus staff so they may better understand how to classify and categorize data that are submitted to the Council.
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6. If inaccurate data are found during the on-site data quality check, the Council reserves the right to revisit that institution for one or more follow-up on-site data quality checks.

Certification: _____
Bradford L. Cowgill

Original Approval _____
Amended: _____

**Council on Postsecondary Education
Research, Economic Development, and Commercialization Policy Group
November 5, 2007**

Bucks for Brains Ten Year Assessment Report

<p>ACTION: The Research, Economic Development, and Commercialization Policy Group recommends that the Council accept the Bucks for Brains ten year assessment report.</p>
--

The Council on Postsecondary Education has undertaken a ten year assessment of the endowment match program that was designed to attract top researchers to Kentucky's eight public universities. Commonly referred to as the "Bucks for Brains" initiative, the strategic investment and incentive funding program provided matched public funds for private donations secured by the universities. The report is entitled *Ten Year Anniversary Assessment of Kentucky's "Bucks for Brains" Initiative*.

A draft of the report was distributed at the October 17 Council meeting. Feedback on the draft report was requested from Council members and the universities. The final report will be sent to the Council members for review prior to the November 5 meeting. The Council will be asked to take action on the report November 5.

FIVE QUESTIONS – ONE MISSION

Better Lives for Kentucky's People

**Kentucky Council on Postsecondary
Education**

Ten Year Anniversary Assessment

of

**Kentucky's
"Bucks for Brains"
Initiative**

October 2007

Prepared by Dr. Allyson Hughes Handley and Dr. William H. Payne



Leon Zernitsky/SIS Illustrations



The Council on Postsecondary Education would like to acknowledge the collaboration and assistance of the Bucks for Brains Ten Year Assessment Work Group that included the following institutional teams and members:

University of Kentucky	Bill Swinford	
University of Louisville	Mike Curtin	Manny Martinez
Eastern Kentucky University	Joseph Foster	Kara Covert
Kentucky State University	Steve Mason	
Morehead State University	Michael Seelig	
Murray State University	Carl Prestfeldt	
Northern Kentucky University	Sue Hodges Moore	
Western Kentucky University	Bob Edwards	

The Council would also like to acknowledge the assistance of Dr. Paul Coomes, Professor of Economics and National City Research Fellow, College of Business and Public Administration, University of Louisville, and Dr. Kenneth Troske, Professor of Economics, Gatton College of Business and Economics, University of Kentucky, for their assistance with the analysis of the “multiplier effect” of federal and extramural research on the university, the region, and the state.



Kentucky Council on Postsecondary Education

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Governor

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Bradford L. Cowgill
Interim President

Dear Fellow Kentucky Citizens:

In May 2007, we celebrated the 10th anniversary of postsecondary education reform in Kentucky. *The Kentucky Postsecondary Education Improvement Act of 1997 (HB 1)* was passed to ensure a comprehensive reform of the Commonwealth's entire system of postsecondary education. Six legislatively mandated goals were established to improve the economic prosperity of Kentuckians through the vehicle of increased postsecondary educational attainment. This landmark legislation created the Council on Postsecondary Education (CPE) and charged this agency with responsibility for coordinating and assessing progress in achieving the six goals of postsecondary education reform.

House Bill 1 also provided the foundation for the creation of a unique incentive program, commonly referred to as the "Bucks for Brains" initiative, to dramatically increase the number of endowed chairs and professorships at Kentucky's public universities. Kentucky's investment in Bucks for Brains has demonstrated dramatic success in increasing private donations to our public universities, growing university endowments, expanding endowed chairs and professorships, enhancing intellectual capital, and attracting significant amounts of external funding for research and special programs.

This report provides an overview of Kentucky's historic investment in this innovative program. I am pleased to share with you a sampling of data and profiles that demonstrate the successes of this visionary initiative. However, much remains to be accomplished if Kentucky hopes to achieve all of the goals contained in House Bill 1. We invite your comments and suggestions.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Bradford L. Cowgill", followed by a horizontal line.

Bradford L. Cowgill

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“The Bucks for Brains program has accomplished several things for Kentucky during the past ten years. First, the fundraising capacity of Kentucky’s public universities has dramatically increased through matched Bucks for Brains public funds. Second, the program has demonstrated to the higher education community that Kentucky’s citizens think education is important as a personal investment. Third, the academic and research quality of our public institutions has been advanced. Finally, the program has demonstrated the importance of higher education research to the development of Kentucky’s economy and to the creation of solutions for Kentucky’s health and socioeconomic problems.”

Paul E. Patton, Governor, Commonwealth of Kentucky 1995-2003

The Vision

The *Kentucky Postsecondary Education Improvement Act of 1997* (HB 1) created the Strategic Investment and Incentive Funding Program (codified as KRS 164.7911) to provide strategic financial incentives to advance postsecondary education. Six distinct trust funds were created: Research Challenge, Regional University Excellence, Technology Initiative, Physical Facilities, Postsecondary Workforce Development, and Student Financial Aid and Advancement. The University of Kentucky and the University of Louisville receive state Bucks for Brains funds through the Research Challenge Trust Fund. Bucks for Brains funding for the comprehensive universities is appropriated through the Regional University Excellence Trust Fund.

HB 1 designated the Council on Postsecondary Education (CPE) with the authority to issue guidelines for the administration of the Strategic Investment and Incentive Funding program (KRS 164.7911 through 164.7927).

The Endowment Match program, also known as the “Bucks for Brains” initiative, was established through the 1998 biennial budget and was designed to attract top researchers to Kentucky. The Bucks for Brains (B4B) initiative requires that universities match the appropriated state funds with donations from philanthropists, corporations, foundations, and other nonprofit agencies. Public and private matched funds are invested and the earnings are utilized to fund faculty positions, research, special programs, or scholarships. The invested principal remains untouched in order to provide a perpetual source of funding to ultimately meet the goals of HB1 through the commercialization of research, the creation of knowledge economy jobs, and the improvement of Kentucky’s economy and standard of living.

The Context for the Ten Year Assessment of the B4B Initiative

2007 marks the ten year anniversary of higher education reform in Kentucky including the creation of the Bucks for Brains program. This report examines the impact of the B4B state investment including both short- and long-term goals, qualitative and quantitative outcomes, and anecdotal profiles of selected Bucks for Brains researchers.

In reviewing Bucks for Brains data, it is important to keep several factors in mind that provide an important context for the ten year anniversary assessment of this program.

- **Historical Context:** Although the B4B program was introduced conceptually in 1997 (HB 1 – “Strategic Investment and Incentive Trust Funds”), the program was not actually created until the 1998 biennial budget was enacted. The 1998-2000 budget contained language regarding the creation of the B4B program and the role of CPE in designing and implementing program guidelines and accountability for the trust funds. Actual institutional implementation of the program occurred during the period from 1999 through 2002.
- **Academic Context:** From an academic perspective, the CPE and the public universities required substantial time to create procedural guidelines and the infrastructure to support the implementation of the B4B program. The universities needed to engage in a process to identify both potential donors and the discipline-specific endowed chairs and professorships that would utilize the vehicle of B4B funding. In addition to the time required for infrastructure development, faculty hiring processes tend to be highly proscribed, protracted, and very competitive. Faculty searches typically take from six to 18 months to complete and often may be reopened a second time if successful candidates are not identified or hired through an initial search process. With respect to the B4B goal of ultimately stimulating the creation of research-based companies, many traditional academics are admittedly unskilled and disinterested in the business and legal elements required to successfully commercialize research. Additionally, existing faculty promotion and tenure policies do not typically award credit for commercialization activities. Faculty who choose to pursue commercialization opportunities often report that such efforts take time away from their traditional faculty work in the areas of teaching, scholarship, and service.
- **Fundraising Context:** In 1998, institutional fundraising functions and staff were limited at most public universities within Kentucky. Beginning in 1999-2000, public universities began to rapidly expand their respective fundraising activities and staff primarily to serve the B4B fund matching requirements. Fundraising activities by their very nature require time, cultivation, and expertise to identify potential donors for specific academic

disciplines, research, or programs. Also, compared with many other states, Kentucky lacks depth in the number and financial resources of private family or corporate foundations that might potentially provide the matching funds to qualify for the B4B awards. Public universities needed sufficient time to cultivate a “culture of philanthropy” both on their respective campuses and among their pool of potential prospects or current donors.

- o **Research and Commercialization Context:** In 1997, Kentucky received relatively small amounts of external federal funding compared to other states of comparable size. In fact, Kentucky’s limited extramural research performance is what prompted the creation of the B4B program. Although Kentucky has made admirable progress in dramatically increasing external research funds garnered by the public universities and colleges, other states also have continued to aggressively pursue federal and extramural funding. At the same time, federal funding for research and development as a percentage of gross domestic product (GDP) has actually declined from 1.25 percent in 1985 to about .75 percent in 2006.¹ During the same time period, industry funding of longer term basic research in the United States also has begun to decline due to several factors including the emerging and less expensive research and development (R & D) opportunities in foreign countries.
- o **Economic Development Context:** The B4B program has in reality only been fully functioning for about five years due to the time needed to build fundraising and research infrastructure in Kentucky’s universities. Five years is an extremely short period of time to realize any significant commercialization events resulting from B4B faculty research. Kentucky must be thoughtful and strategic when investing in “niche” commercialization opportunities generated from university developed intellectual capital. It is also worth noting that only recently did Kentucky create specific economic development incentives for targeted innovation and commercialization activities. Kentucky’s educational and economic development strategies must be more closely aligned in the future to effectively leverage state investment in emerging commercialization opportunities. Finally, such investments often by their very nature are highly speculative and statistically only a small percentage will actually succeed. However, if Kentucky failed to continue its investment in research and technology start-up enterprises, the potential opportunity would be missed to experience a “blockbuster” event resulting from research commercialization.

¹ Rising Above the Gathering Storm R&D, pg 7

The Architects of the B4B Program

“The Bucks for Brains program was a magnificent idea that engaged business and industry to leverage the investment of state dollars. Through the Ashland Foundation, we were able to donate money to every public university within the state of Kentucky. Ashland’s donations provided the required match for the Bucks for Brains funding. I’m very proud of being part of Ashland at that particular time.”

*Charles Whitehead, former President of the Ashland Foundation,
and CPE Chair 1999-2002*

Prior to his election as Governor of Kentucky, Paul E. Patton served as secretary of the Economic Development Cabinet under Governor Brereton C. Jones. Governor Patton understood the direct relationship between educational attainment and economic development. Postsecondary educational reform emerged as a central and enduring public policy initiative throughout both of Patton’s terms as Governor. In Patton’s inaugural address in December 1995, he called for comprehensive and systemic improvement at all levels of postsecondary education.

In 1996, the General Assembly passed legislation (Senate Concurrent Resolution 93) that created the “Task Force on Postsecondary Education.” The task force was appointed May 24, 1996, and consisted of 18 members – with equal members appointed by the Governor, the Senate, and the House of Representatives. Jody Richards (D), Larry Clark (D), Greg Stumbo (D), Danny Ford (R), and Charlie Walton (R) represented the House. John “Eck” Rose (D), Charlie Berger (D), Joey Pendleton (D), David Williams (R), and Charlie Borders (R) represented the Senate. After Berger was defeated in 1996, Tim Shaughnessy (D) replaced him on the task force. Governor Patton, Margaret Greene, Jim Ramsey, Rodney “Biz” Cain, Viola Miller, and Roy Peterson represented the Executive Branch. Later Crit Luallen replaced Greene who left the Governor’s Cabinet to return to the private sector.

Approximately 275 citizens from across Kentucky were organized into advisory groups that included business leaders, university presidents (public and independent), community college and technical program staff, students, and other special interest groups. Following an intensive review of materials and discussion, external consultants from the National Center for Higher Education Management Systems (NCHEMS) and the Education Commission of the States (ECS) were hired to analyze issues and to assist with the preparation of a comprehensive report.

In March 1997, the Task Force on Postsecondary Education released its final report and recommendations. The task force report provided the foundation for systemic reform of Kentucky’s postsecondary education institutions including the creation of the

six investment and incentive trust funds to advance the goals and objectives of postsecondary education. The report's key findings included the following:

"Kentucky seriously lags the nation and competitor states in research and development activity."

Postsecondary Education in Kentucky: An Assessment – March 1997, page 6

In developing his plan for reforming higher education in Kentucky, Governor Patton discussed his ideas with many experts both in and outside of Frankfort. The original idea to enhance research by dramatically increasing the number of endowed chairs at Kentucky's universities emerged from a dinner conversation that Governor Patton had early in his first term with David Hawpe of the Louisville Courier Journal newspaper. Later Governor Patton met with Ron Greenberg and Hank Wagner of Jewish Hospital in Louisville and the notion of bonding a very significant investment of capital to fund the creation of more endowed chairs developed. The new program initially was referred to as "Bonds for Brains." Ron Greenberg apparently coined the enduring and descriptive phrase "Bucks for Brains" to describe Kentucky's proposal to create an endowment match program.

Governor Patton directed Mr. Greenberg to elaborate on these ideas and to create a final proposal working with Skipper Martin and Crit Luallen from the Governor's Office and Dr. James Ramsey who was serving as the state budget director. Once the defining elements of the Bucks for Brains initiative were articulated, it was then necessary to obtain legislative support. A series of meetings with key legislators took place and strong bipartisan and bicameral support for the program began to develop.

Governor Patton credits the members of the Kentucky legislature for their collective leadership in the creation of the Bucks for Brains program through enabling legislation passed during the 1997 Special Session. However, clearly it was Governor Patton who provided the vision and the gubernatorial leadership for higher education reform which included the very innovative and unique Bucks for Brains program.

The primary goal of postsecondary education reform in 1997 was:

"To assure that Kentucky's postsecondary and technical education system is positioned to provide the human capital necessary to be a leader in the global economy of the 21st century."

Cover Letter from Governor Paul E. Patton – Postsecondary Education in Kentucky: An Assessment – March 1997

Genesis of the Bucks for Brains Program

The *Kentucky Postsecondary Education Improvement Act of 1997* (HB 1) created the Strategic Investment and Incentive Funding Program or “trust funds” that enabled state appropriations to finance the Bucks for Brains program at Kentucky’s public universities. The Kentucky 1998-2000 biennial budget bill created the original funding mechanism to implement the B4B program.

The Council on Postsecondary Education was charged with the responsibility for designing and implementing specific guidelines for the trust funds that would advance the goals of HB 1. The Kentucky Postsecondary Education 1998-2000 Trust Fund Guidelines provide specifications for the implementation of the program. For example, the guidelines specify that for the Research Challenge Trust Fund, 70 percent of program funds at UK and UofL must support programs or disciplines in five “new economy” priority areas:

- Human health and development
- Biosciences
- Materials science and advanced manufacturing
- Information technologies and communications
- Environmental and energy technologies

Appropriations for trust funds must adhere to all statutory allocation guidelines and do not lapse at the end of the fiscal year. Interest is earned pending distribution of the funds. In addition, the guidelines require that by October 15 each year, the public universities must complete an annual report to be submitted to CPE that outlines program activities and outcomes, uses of funds, and matching requirements. The respective institutional governing boards are charged with reviewing and approving matching gifts and pledges and with overseeing the implementation of the B4B program according to the prescribed guidelines.

Goals for the Bucks for Brains Program

The architects of the B4B initiative and the legislators who supported the enabling legislation for the program understood and embraced the intended positive causal relationship between enhanced university research and the potential for improved local and state economic development.

Short-term goals for the Bucks for Brains (B4B) program included:

1. Enhanced fundraising by the universities.
2. Growth of university environments.
3. Increases in the number of endowed academic chairs and professorships.

4. Significant progress in attracting externally funded research to the public universities.

Long-term goals for the program focused on:

5. Commercialization of research.
6. Stimulation for university and research related business development.
7. Creation of jobs.
8. Facilitation of Kentucky's transition to a knowledge-based economy.

Overview of Short-Term B4B Goals

Analysis of B4B institutional data overwhelmingly demonstrates the success of the state's financial investment in accomplishing the short-term goals for the program.

1. Fundraising

Kentucky's public universities raised significant private funds through the endowment match program.

Institutional Match Funds 1997-2006

University of Kentucky	\$153,722,882
University of Louisville	82,731,805
Eastern Kentucky University	10,213,837
Kentucky State University	1,745,683
Morehead State University	6,645,655
Murray State University	8,380,683
Northern Kentucky University	8,033,753
Western Kentucky University	10,746,183
Total	\$282,220,481

(Plus \$28.5 million in additional pledges)

2. University Endowments

Endowments have grown significantly at Kentucky's public universities.

Since the inception of the B4B program, the market value of Kentucky's public university endowments has grown from \$479 million in 1997 to \$1.6 billion in 2006, more than a 230 percent increase.

3. Endowed Chairs and Professorships

Kentucky's public universities have dramatically increased the number of endowed chairs and professorships.

156 B4B endowed chairs have been created.

259 B4B endowed professorships have been created.

The total number of endowed chairs has increased from 55 in 1997 to 211 in 2006, an increase of 284 percent. The total number of endowed professorships has increased from 53 to 312 (489 percent).

4. Externally Funded Research

Significant progress in attracting externally funded research to Kentucky's public universities has occurred due to the B4B program.

Between 1997 and 2006, federal R & D expenditures at the research universities increased from \$76 million to \$222 million, or by 192 percent. Extramural R & D expenditures increased from \$105 million to \$327 million, or by 211 percent.

Overview of Long-Term B4B Goals

Progress in achieving the long-term goals of the B4B investment has been demonstrated, but an extended period of investment will be required in order to realize the intended economic development outcomes from the program. As previously noted, the B4B program has only been fully operational for five to six years which is a very short timeframe in which to realize any commercialization results from research. However, several significant successes and growth trends may be noted with respect to the longer term goals for the B4B program.

5. Commercialization of Research

In 1997, no university research generated start-up companies were reported by UK and UofL on the Association for University Technology Managers (AUTM) annual survey. In 2006, UK and UofL reported the formation of a total of 11 start-up companies.

6. University and Research Related Business Development

Invention disclosure reported by UK and UofL on the AUTM annual survey increased from 70 in 1997 to 157 in 2006. Reported licenses and options executed by UK and UofL grew from six in 1997 to 31 in 2006. Reported active licenses and options grew from 59 in 1997 to 142 in 2006.

7. Job Creation

The University of Louisville and the University of Kentucky have begun to tabulate the tangential impact of B4B chairs and professors on the recruitment of other researchers to their respective institutions. For example, since Dr. Donald M. Miller became the director of UofL's James Graham Brown Cancer Center in 1999, he has recruited more than 75 new clinical and research faculty to the institution. These newly recruited cancer center faculty members are creating groundbreaking research on cures for a variety of cancers. Jason Chesney's research has demonstrated that a drug originally developed for diabetes can significantly shrink tumors caused by malignant

melanoma. John Eaton and Robert Mitchell have created a lung cancer vaccine that shows promising results in mice.

8. Transition to a Knowledge-Based Economy

Due to the relatively short duration of the Bucks for Brains program, it is difficult to accurately estimate the impact of the Endowment Match Program in facilitating Kentucky's transition to a knowledge-based economy. However, Appendix A features a preliminary analysis of the regional impacts of the Bucks for Brains program by University of Louisville economist Professor Paul Coomes and University of Kentucky economist Dr. Kenneth Troske. In this report, Professors Coomes and Troske provide estimates regarding the cumulative economic and fiscal impact of the Bucks for Brains program at UK and UofL.

Utilizing the IMPLAN regional input-output modeling system, Professor Coomes estimates that UK and UofL scholars (partially sponsored by the B4B program) have generated \$442 million from federal and out-of-state funding sources. He further estimates that the "combined external funds attracted by B4B scholars are associated with \$762.5 million in sales to establishments statewide (including the university revenues) over the decade." (*The Regional Economic Impacts of the Bucks for Brains Program - Dr. Paul Coomes and Dr. Kenneth Troske, page 1*)

Furthermore, Professor Coomes and Troske's analysis estimates total associated employee compensation for B4B scholars as \$278.8 million which generates \$19.5 million in Kentucky sales and income taxes as well as local occupational taxes of \$3.3 million. Externally generated B4B research funding also supports over 2,100 jobs statewide.

The Investment

“By focusing our Bucks for Brains funding in a few key areas, Kentucky has the greatest opportunity to realize overwhelming success from this program. For example, the University of Louisville has focused on the health sciences; specifically, areas like cardiovascular disease, microsurgery, and cancer. With focused investment of Bucks for Brains funding, the potential for groundbreaking translational research is maximized. The recently released cervical cancer drug is an excellent example of the potential impact of focused funding for translational research that has the capacity to improve the lives of Kentuckians.”

Ron Greenberg, Former Chair of the Council on Postsecondary Education

The following information outlines the time frames and sources for Kentucky’s \$350 million investment in the Bucks for Brains initiative.

Biennial Budget	Amount	Source
1998-2000	\$110 million (\$100 million Research Challenge Trust Fund with two thirds to UK and one third to UofL) (\$10 million to Regional University Excellence Trust Fund)	General Fund
2000-2002	\$120 million (\$100 million to Research Challenge Trust Fund with two thirds to UK and one third to UofL) (\$20 million to Regional University Excellence Trust Fund)	General Fund
2002-2004	\$120 million (\$100 million to Research Challenge Trust Fund with two thirds to UK and one third to UofL) (\$20 million to Regional University Excellence Trust Fund)	Sale of Taxable Bonds

Total State Investment = \$350 million

The Return on Investment

“The Endowment Match Program (EMP) has been a critical part of the University of Kentucky’s effort to achieve the legislative mandate that it become a top 20 public research university by 2020. Bucks for Brains has strengthened the university’s human capital, resulting in significant improvement across a range of measures of institutional quality. The program has transformed the university’s culture to one of excellence. And EMP has had a remarkable impact on the university’s broader fundraising efforts. As the University of Kentucky continues to pursue its mandate through the implementation of the Top 20 Business Plan, the resources provided by the EMP will be essential to progress.”

UK – Bucks for Brains Institutional Progress Report, 2007

As of 2006, some highlights of the successful return on investment of the Bucks for Brains program include:

- **47 percent** increase in annual giving at UK and UofL.
- **\$1 billion** increase in the market value of endowment assets at UK and UofL.
- **156 B4B endowed chairs** and **259 B4B endowed professorships** appointed at Kentucky’s public universities.
- **18 percent** (approximately) of all federal R&D expenditures generated by B4B faculty.
- **12 percent** (approximately) of extramural R&D expenditures generated by B4B faculty.
- **16 percent** (approximately) of all licenses/options generated by B4B faculty.
- **30 percent** (approximately) of all new U.S. patent applications generated in Kentucky have been by B4B faculty.
- **36 percent** (approximately) of Kentucky start-up companies that were dependant on university generated technology have been created by B4B faculty.

Analysis of Progress on Program Goals and Outcome Measures

This section identifies research questions and indicators for measuring progress toward goal attainment.

Analysis of Fundraising/Annual Giving

The Kentucky Postsecondary Education Improvement Act of 1997 (HB 1) established aggressive goals for the University of Kentucky and the University of Louisville. By the year 2020, UK is to become a major comprehensive research institution ranked nationally in the top 20 public universities and UofL is to become a premier, nationally recognized, metropolitan research university. These goals challenged the universities on many fronts, not the least of which was in the area of private giving. In 1997, the University of Kentucky received \$41 million and ranked 35th among public universities in terms of the amount of voluntary support given to the university from private sources (The Center for Measuring University Performance Annual Report entitled *The Top American Research Universities*). That same year, Michigan State University received \$72 million in philanthropic support and ranked 20th among public universities. This means that annual giving at UK was \$31 million below that of the 20th ranked institution at the time HB 1 was enacted. The University of Louisville faced a similar challenge. In 1997, UofL ranked 32nd among public universities in philanthropic support (\$46 million), placing the university well below benchmark metropolitan, public universities, such as the University of California–San Diego, which received \$88 million and ranked 17th.

When the Bucks for Brains program was created, one of the principal goals of program architects was to encourage private support of public higher education research activities. The mechanism for stimulating private giving was a matching component incorporated into program guidelines that required state funds to be matched with private donations. The program encourages private giving by enabling donors to “double their contributions” to the public universities by having those contributions matched dollar-for-dollar by the state. Both state and private funds are endowed and the proceeds are used to encourage research at the University of Kentucky and the University of Louisville and to strengthen key programs at Kentucky’s comprehensive universities.

This report examines four research questions related to the goal of encouraging private giving to Kentucky public universities:

1. Have **levels of annual giving** to Kentucky public universities increased over the 10-year period since implementation of the Bucks for Brains program?
2. How does annual giving at Kentucky public universities **compare** to annual giving at **benchmark** institutions?

3. To what extent did the **Bucks for Brains** program **contribute** to increased levels of annual giving at Kentucky public universities?
4. How much **private support** of public higher education has been **leveraged** through the Bucks for Brains program?

The main indicator for gauging progress toward this goal is annual giving. Annual giving is defined as the amount of total voluntary support received by a university during the fiscal year, as reported in the Council for Aid to Education's (CAE) Voluntary Support of Education Survey (VSES). The VSES is recognized as the authoritative national source of information on private giving to higher education and private K-12 schools. The survey is administered on an annual basis and has been in operation for more than 40 years.

1. Levels of Annual Giving – Levels of annual giving to Kentucky public universities increased in the decade following Bucks for Brains program implementation. As can be seen in Table 1, between 1997 and 2006, annual giving to Kentucky research universities grew from \$87.7 million to \$128.6 million, or by 47 percent. Over the same time period, annual philanthropic support at the comprehensive universities increased from \$11.0 million to \$28.9 million, or by 162 percent. The largest dollar increase occurred at the University of Kentucky, which registered a \$24.3 million increase for the period, and the largest percentage increase took place at Western Kentucky University (+699 percent).

Table 1

Change in Annual Giving to Kentucky Public Universities
Between Fiscal Years 1997 and 2006

(dollars in thousands)

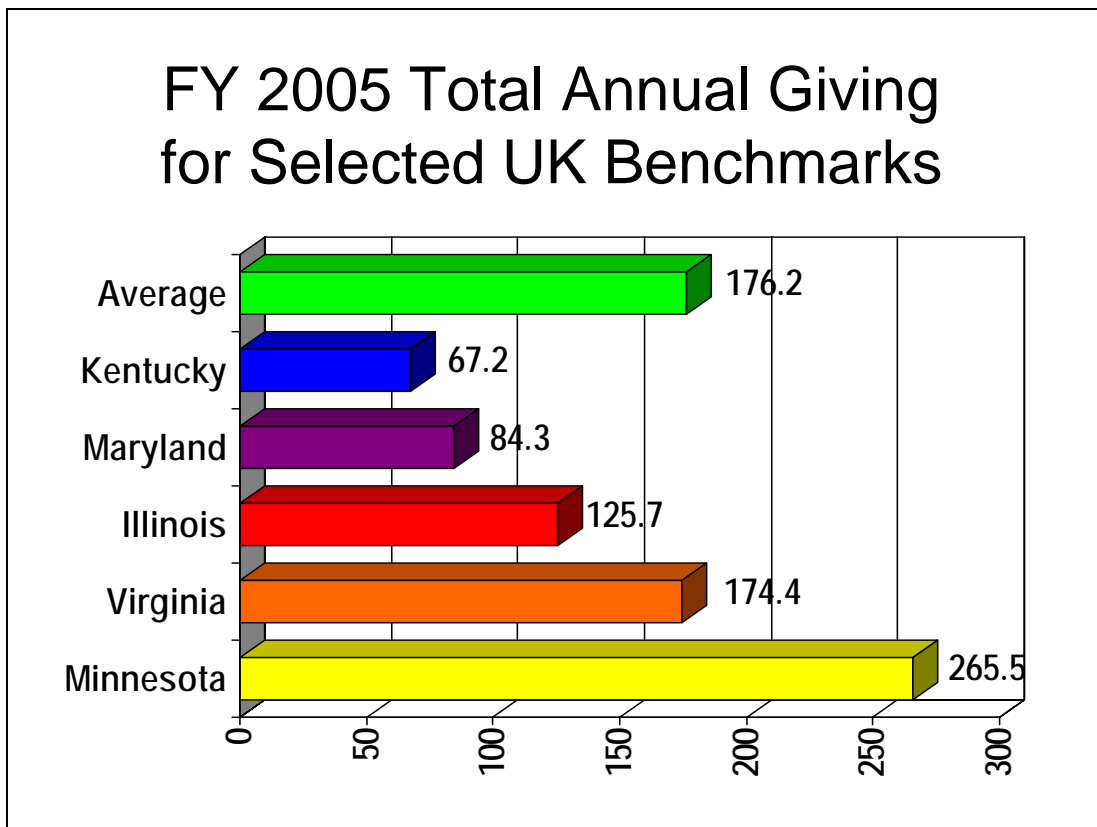
Institution	1997	2006	Dollar Change	Percent Change
University of Kentucky	\$41,383	\$65,648	\$24,265	59%
University of Louisville	46,352	62,934	16,582	36%
Sector Total	\$87,735	\$128,582	\$40,847	47%
Eastern Kentucky University	\$4,081	\$6,683	\$2,602	64%
Morehead State University	2,041	2,727	686	34%
Murray State University	,027	4,065	1,038	34%
Western Kentucky University	1,877	15,002	13,125	699%
Sector Total	\$11,026	\$28,477	\$17,451	162%
Public University Total	\$98,761	\$157,059	\$58,298	59%

These data do not include annual giving numbers for Northern Kentucky University or Kentucky State University, who either did not participate in VSES or did not provide data on a consistent basis.

2. Benchmark Comparisons – Despite an increase in annual giving between 1997 and 2005, the University of Kentucky did not move up in public university rankings of voluntary support and maintained its position relative to its benchmarks. In 1997, the University of Kentucky received \$41.4 million and ranked 35th among public colleges and universities nationwide in annual philanthropic support (Center for Measuring University Performance data). Eight years later, in 2005, the level of annual giving at UK increased 62 percent to \$67.2 million, but the university fell in public sector rankings to 39th. Compared to its benchmark institutions, the University of Kentucky maintained its relative position of second from the bottom for the period. Only the University of Maryland-College Park (\$38.1 million) and the University of Georgia (\$60.5 million) had lower levels of annual giving than UK in 1997 and 2005, respectively. These data are presented visually in Graph 1. As can be seen, the level of annual giving at UK in 2005 (\$67.2 million) was \$109 million below the benchmark average (\$176.2 million).

Graph 1

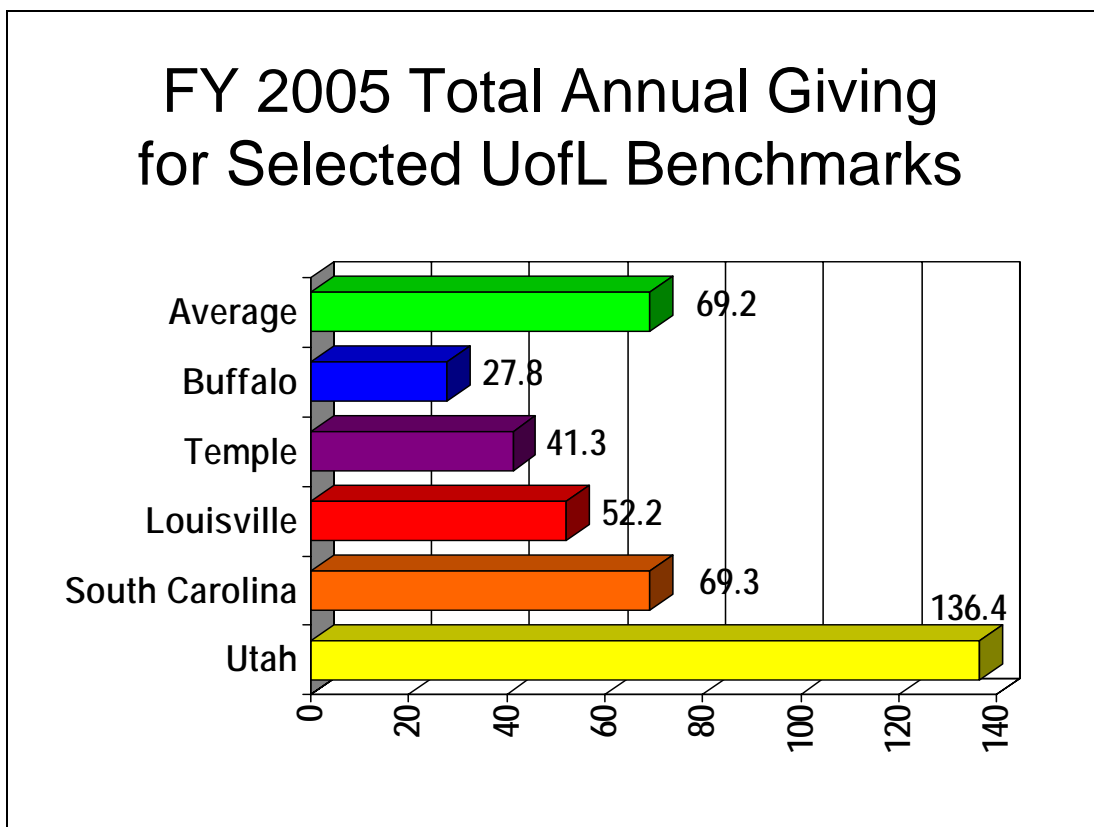
dollars in millions



The University of Louisville lost ground both in public sector rankings of voluntary support and in comparison to its benchmarks. The level of philanthropic support at the University of Louisville increased from \$46.4 million in 1997 to \$52.2 million in 2005, or by 13 percent (Center for Measuring University Performance data). Despite the increase, UofL fell in public university rankings of annual giving from 32nd to 53rd during this period. In 1997, only five benchmark institutions reported a higher level of voluntary support than UofL. In 2005, nine benchmarks reported higher levels of annual giving. As can be seen in Graph 2, the University of Louisville is positioned near the middle compared to its benchmark institutions, or about \$17 million below the benchmark average (\$69.2 million). Annual giving among UofL benchmark institutions ranges from a low of \$22.4 million at Stony Brook University to a high of \$179.3 million at UNC-Chapel Hill.

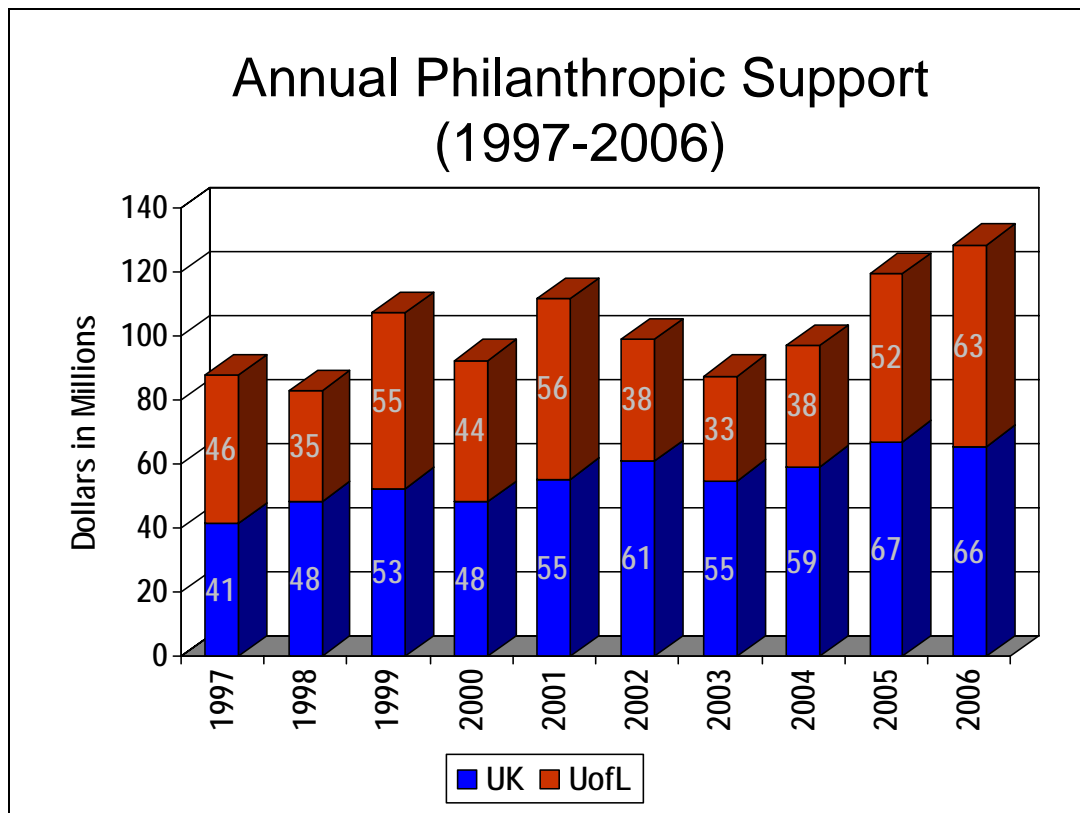
Graph 2

dollars in millions



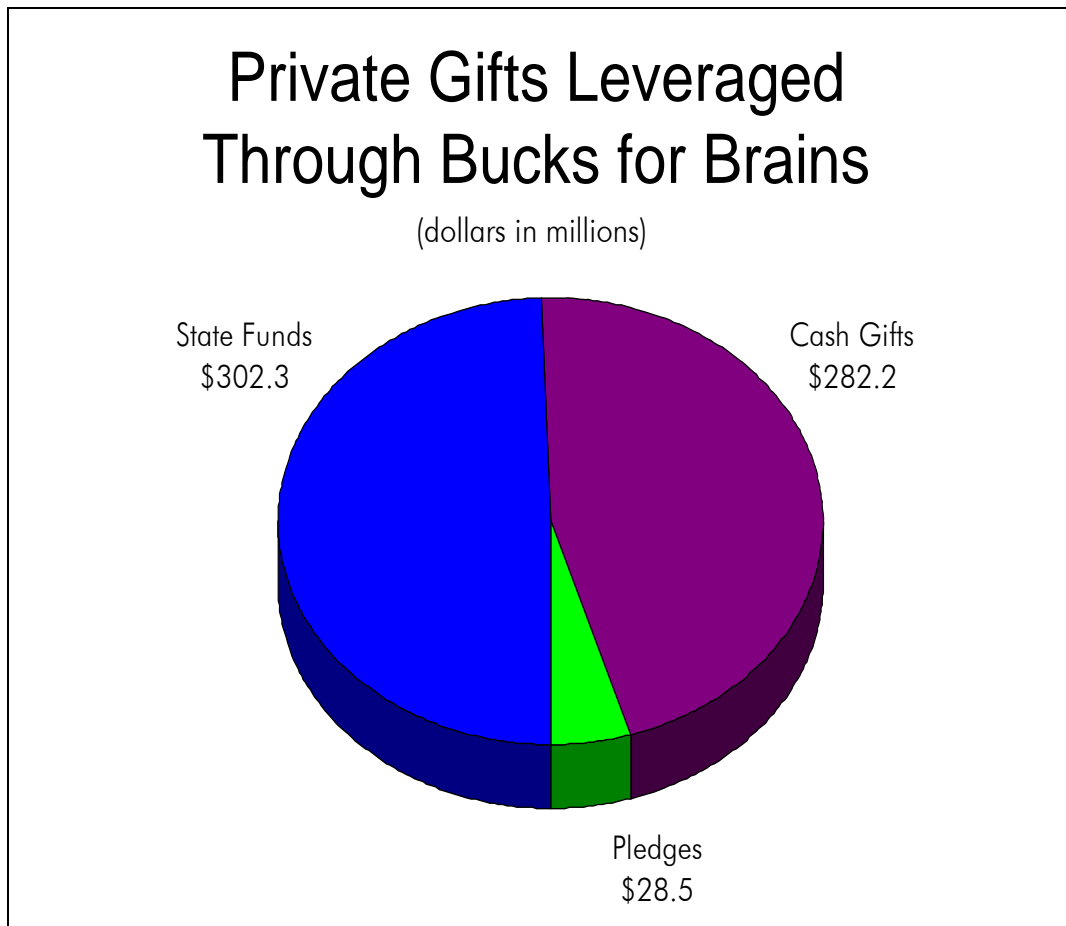
3. Bucks for Brains Contribution – Annual giving to Kentucky research universities has been uneven over the past decade, but peak periods of support tend to correspond with years in which the Bucks for Brains program received an appropriation. As can be seen in Graph 3, annual philanthropic support received by the state’s research universities ranged from a low of \$83 million in 1998 to a high of \$129 million in 2006. There were three peak periods of growth in 1999, 2001, and 2004-2006. Using a time-series pattern matching approach, it is evident that levels of annual giving were higher during the years in which there was an appropriation for Bucks for Brains (i.e., 1999, 2001, and 2004) than they were in years when there was no appropriation. During years in which there was no Bucks for Brains appropriation, annual giving tended to hover between \$80 million and \$90 million. In the years where there was an appropriation, or in the years immediately following an appropriation, annual giving tended to exceed \$100 million. 2005 and 2006 actually reflect the 2004 appropriation since UK and UofL required longer periods of time to identify new B4B donors or foundations to obtain the matched funds.

Graph 3



4. Private Support Leveraged – Since its inception in 1997, the Bucks for Brains program has been an unqualified success in generating private investment in public higher education research activities. As can be seen in Graph 4, through June 30, 2006, participating Kentucky universities received approximately \$282.2 million in cash gifts and \$28.5 million in pledges from private sources that were leveraged through the B4B program. These funds were matched with \$302.3 million in dispersed state funds, which means that \$584.5 million has already been added to public university endowments and another \$28.5 million will be added when outstanding pledges are paid in full. Proportionately, pledges accounted for about 5 percent of total state and private funds as of fiscal year end. It is worth noting that the cumulative total of cash gifts and pledges generated through the program exceeds the amount of state match by over \$8 million. This means the institutions are overmatching state funds with private gifts.

Graph 4



Analysis of University Endowment Growth

A second major goal of the Bucks for Brains initiative architects was to grow public university endowments. In 1997, the University of Kentucky ranked 44th among public colleges and universities in terms of the relative size of its endowment assets (Center for Measuring University Performance rankings). That same year, the University of Louisville ranked 25th.

This analysis examines three research questions related to the goal of growing university endowments:

1. Has the market value of **endowment assets** at Kentucky public universities increased over the 10-year period since implementation of the Bucks for Brains program?
2. How does the market value of endowment assets at Kentucky public universities compare to **endowment** assets at **benchmark** institutions?
3. To what extent did the **Bucks for Brains** program **contribute** to the growth in market value of endowment assets at Kentucky public universities?

The primary source of data on endowment market values is the National Association of College and University Business Officers (NACUBO) Endowment Study. The endowment study is produced annually and typically has a response rate among U.S. colleges and universities that exceeds 80 percent. An additional source of data on endowment market values is the CPE Endowment Match Program Outcome Measures Report (also known as the FD-21 Report) submitted October 15 each year to the Council.

Table 2

Change in Market Value of Endowment Assets
 Kentucky Public Universities

(dollars in thousands)

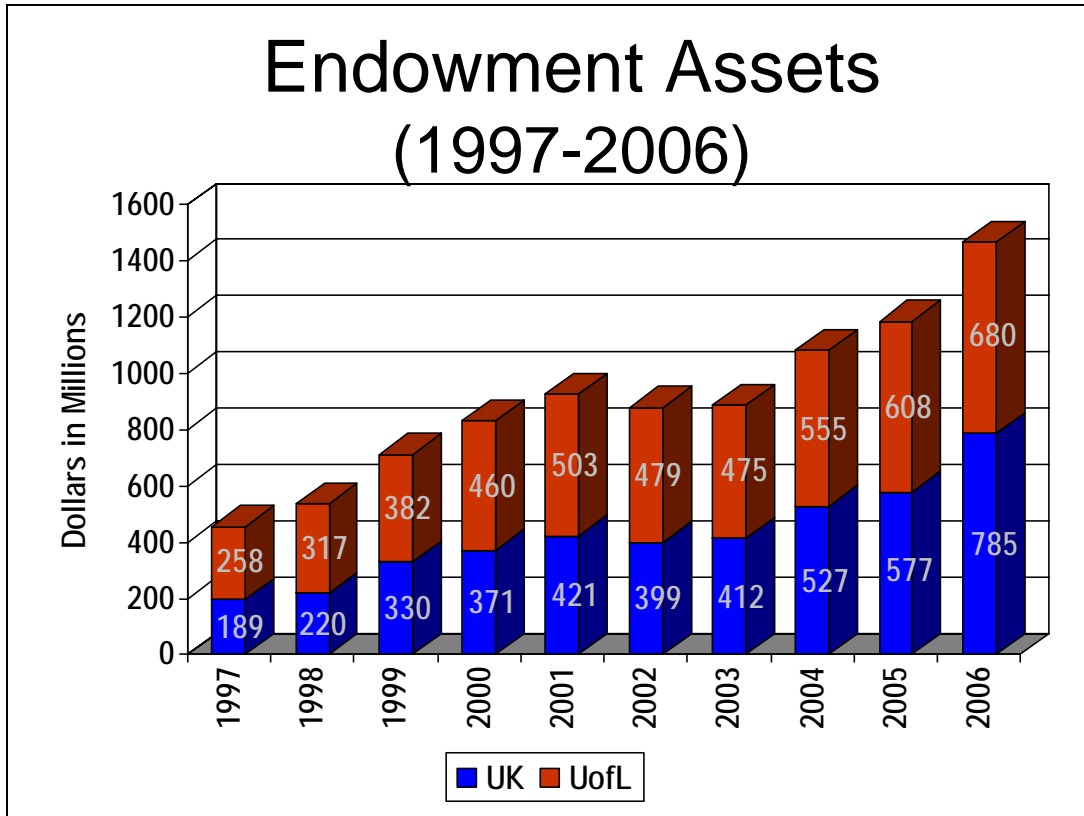
Institution	1997	2006	Dollar Change	Percent Change
University of Kentucky	\$189,008	\$785,196	\$596,188	315%
University of Louisville	258,362	680,251	421,889	163%
Sector Total	\$447,370	\$1,465,447	\$1,018,077	228%
Northern Kentucky University	\$12,160	\$41,546	\$29,386	242%
Western Kentucky University	19,317	85,723	66,406	344%
Sector Total	\$31,477	\$127,269	\$95,792	304%
Public University Total	\$478,847	\$1,592,716	\$1,113,869	233%

These data do not include information for Eastern Kentucky University, Kentucky State University, Morehead State University, or Murray State University who either did not participate in the NACUBO survey or did not provide data on a consistent basis.

1. Endowment assets – The market value of endowment assets at Kentucky public universities has grown markedly in the 10-year period following implementation of the Bucks for Brains program. As can be seen in Table 2, between 1997 and 2006, the market value of research university endowments grew from \$447.4 million to \$1,465 million, or by 228 percent. Over the same period, the market value of endowment assets at Kentucky comprehensive universities that participate in the NACUBO Endowment Survey increased from \$31.5 million to \$127.3 million, or by 304 percent. The University of Kentucky experienced the largest dollar increase for the period, with endowment assets increasing by \$596.2 million (an increase of 315 percent), and Western Kentucky University recorded the largest percentage increase, with assets growing by 344 percent (an increase of \$66.4 million).

Annual growth in endowment assets at the research universities is presented in Graph 5. The graph shows an overall upward trend in endowment market values, but also reveals a stair-step pattern characterized by periods of accelerated growth that correspond to time periods in which the Bucks for Brains program received an appropriation.

Graph 5



2. Benchmark comparisons – The University of Kentucky has made substantial progress in rankings of public college and university endowment assets. Between 1997 and 2005, UK moved up in the rankings of endowment assets among public colleges and universities from 44th to 25th, respectively (Center for Measuring University Performance data). Despite this accomplishment, UK must continue to be aggressive in its fundraising efforts in order to achieve the legislatively mandated top 20 status. For example, the market value of endowment assets at UK (\$576.7 million) was \$209.4 million below that of the University of Iowa (\$786.1 million), which ranked 19th among public universities in 2005.

Despite the rise in rankings, UK has not gained relative to its benchmark institutions. In 1997, the University of Kentucky was positioned near the bottom (fourth from the bottom) relative to its benchmark institutions in terms of the market value of its endowment assets. Only Michigan State University (\$179.4 million), the University of Maryland–College Park (\$178.5 million), and the University of Arizona (\$173.7 million) recorded asset values below UK (\$189 million). Four out of five universities in the top quartile among UK benchmarks had endowment assets that exceeded \$1 billion (Center for Measuring University Performance data). Eight years later, in 2005, UK's position did not change appreciatively. Despite considerable growth in the

university's endowment assets (+205 percent), it remained near the bottom (fifth from the bottom) compared to its benchmarks. As can be seen in Table 3, four benchmark institutions reported asset values below that of UK (the University of Georgia, the University of Arizona, North Carolina State University, and the University of Maryland–College Park), and nine of the top ten had endowments that exceeded \$1 billion. These data are presented visually in Graph 6. As can be seen in the graph, the market value of endowment assets at UK in 2005 (\$576.7 million) was well below the benchmark average (\$1.4 billion) and even further behind upper-quartile institutions such as the University of Virginia (\$3.2 billion).

Table 3
Change in Market Value of Endowment Assets
Between Fiscal Years 1997 and 2005

University of Kentucky Benchmark Institutions		(dollars in thousands)	
Institutions	Endowment Assets 1997	Endowment Assets 2005	Percent Change
University of Michigan – Ann Arbor	\$1,909,282	\$4,931,338	158%
Texas A&M University	2,803,890	4,567,265	63%
University of Virginia	1,098,539	3,219,098	193%
University of Minnesota – Twin Cities	1,135,542	1,968,930	73%
Ohio State University – Columbus	767,716	1,726,007	125%
University of Washington – Seattle	527,621	1,489,924	182%
University of North Carolina – Chapel Hill	719,900	1,486,147	106%
Purdue University – West Lafayette	856,693	1,340,536	56%
University of Wisconsin – Madison	651,330	1,000,857	54%
Michigan State University	179,400	906,342	405%
Pennsylvania State University – University Park	399,645	866,788	117%
University of Florida	400,582	835,698	109%
University of Illinois – Urbana-Champaign	356,622	791,787	122%
University of Iowa	357,142	786,100	120%
University of California – Los Angeles	770,148	668,338	-13%
University of Kentucky	189,008	576,721	205%
University of Georgia	249,413	517,170	107%
University of Arizona	173,652	393,400	127%
North Carolina State University	210,706	380,541	81%
University of Maryland – College Park	178,459	290,013	63%

Note: Figures sorted by fiscal 2005 endowment asset values.

These data show that while UK has recorded impressive growth in endowment assets, it moved up only one spot in a rank order list of benchmark endowment assets.

The University of Louisville has climbed in public university rankings of endowment assets since implementation of the Bucks for Brains initiative. In 1997, the market value of endowment assets at UofL was \$258.4 million and the university ranked 35th

among public universities nationwide. Eight years later, in 2005, the university's endowment assets totaled \$607.6 million and it ranked 24th. That same year, one of the university's benchmark peers, the University of Cincinnati, reported endowment assets of \$1.032 billion and was ranked 13th among public universities. The University of Louisville compares favorably with its benchmark institutions in terms of relative growth in endowment assets. Between 1997 and 2005, the market value of endowment assets at UofL increased by 135 percent. This increase was the fourth highest proportionate gain among the university's benchmark institutions. Only Stony Brook University (+272 percent), the University of California – Irvine (+142 percent), and the University of Utah (+139 percent) recorded a larger proportionate gain for the period. UofL also compares favorably to its benchmarks in terms of overall endowment size. In 2005, the university ranked fifth among its benchmarks in level of endowment assets. Only the University of Pittsburgh (\$1.530 billion), the University of North Carolina – Chapel Hill (\$1.486 billion), the University of Cincinnati (\$1.032 billion), and the University of Iowa (\$786.1 million) reported asset values that exceeded UofL's.

Table 4

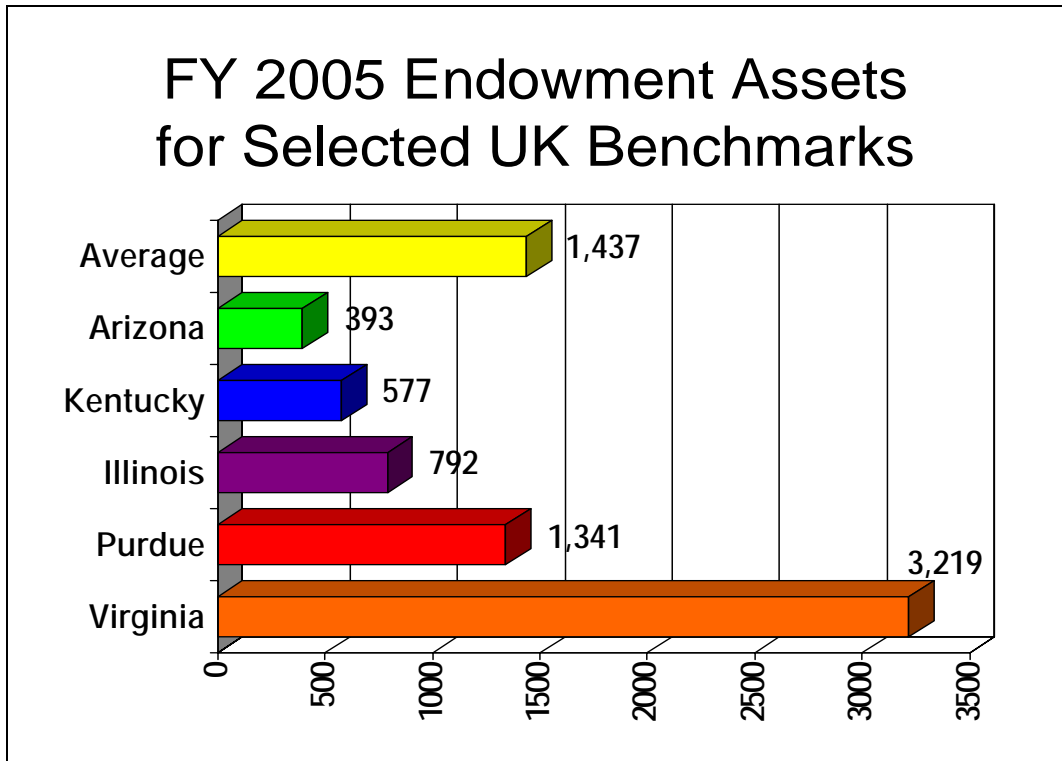
Change in Market Value of Endowment Assets
Between Fiscal Years 1997 and 2005

University of Louisville Benchmark Institutions			
	(dollars in thousands)		
Institutions	Endowment Assets 1997	Endowment Assets 2005	Percent Change
University of Pittsburgh – Pittsburgh	\$651,738	\$1,529,884	135%
University of North Carolina – Chapel Hill	719,900	1,486,147	106%
University of Cincinnati – Cincinnati	680,827	1,032,124	52%
University of Iowa	357,142	786,100	120%
University of Louisville	258,362	607,636	135%
University of Utah	192,201	458,531	139%
University of Alabama – Birmingham	172,539	312,072	81%
University of South Florida	146,501	298,241	104%
University of South Carolina – Columbia	146,038	292,562	100%
University of New Mexico – Albuquerque	155,499	245,234	58%
Virginia Commonwealth University	152,181	235,279	55%
University of California – San Diego	140,027	211,178	51%
Temple University	102,838	196,165	91%
Wayne State University	108,529	185,380	71%
University at Buffalo	302,117	172,056	-43%
University of California – Irvine	70,013	169,152	142%
University of Illinois – Chicago	72,439	149,177	106%
Stony Brook University	17,158	63,888	272%

Note: Figures sorted by fiscal 2005 endowment asset values.

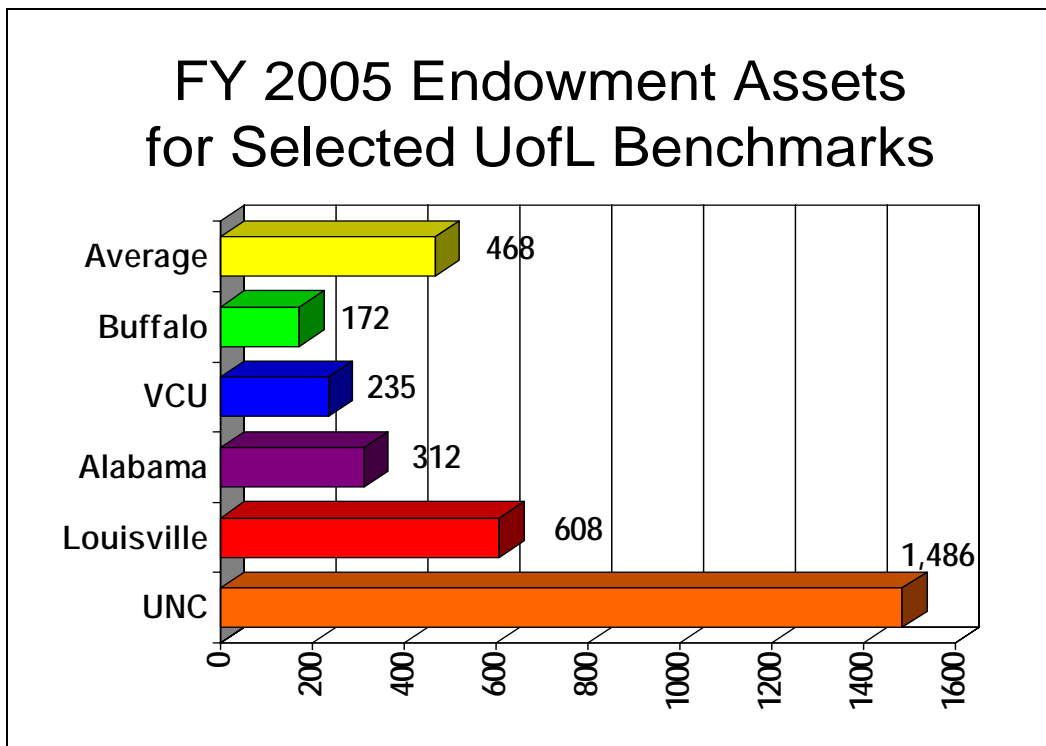
Graph 6

dollars in millions



Graph 7

dollars in millions



3. Bucks for Brains Contribution – The Bucks for Brains initiative has had a direct, positive impact on growth in endowment assets at Kentucky public universities. But what has been the program’s contribution to that growth? In this analysis, the program’s contribution is calculated by dividing total additions to endowment principal attributable to the B4B initiative (both state funds distributed and cash gifts received) by the incremental increase in endowment assets for the period.

Between 1997 and 2006, Kentucky’s research universities added \$255.6 million in dispersed state funds and \$236.5 million in private cash gifts to their endowments, for a total \$492.1 million addition to endowment principal that can be attributed to the Bucks for Brains initiative. Over that same time period, the market value of research university endowments increased from \$447.4 million to \$1.465 billion, or by about \$1.02 billion. This means that about half (48.3 percent) of the total increase in endowment assets for the period can be attributed to additions to endowment principal generated by the Bucks for Brains initiative. Sources of increase in market value include cash gifts received during the year, pledge payments, increased value of investment holdings, and unexpended investment earnings added to the corpus. This analysis includes only the first two components.

Analysis of Increases in Endowed Chairs and Professorships

Another short-term goal of the Bucks for Brains program was to increase the number of endowed chairs and endowed professorships at the public universities in areas of strategic benefit to the Commonwealth. In 1997, the University of Kentucky and the University of Louisville lagged behind their respective peer institutions in terms of the number of endowed chairs and professorships established. The added salary and staff support provided by endowment proceeds at other research universities placed UK and UofL at a competitive disadvantage when recruiting intellectual talent. One of the primary goals of the Bucks for Brains initiative was to level the playing field and place UK and UofL on equal footing in terms of their ability to recruit top researchers to Kentucky.

This analysis examines three research questions related to the goal of increasing the number of endowed chairs and professorships:

1. Has the number of **endowed chairs and professorships** at Kentucky public universities increased over the 10-year period since implementation of the Bucks for Brains program?
2. Has the growth in endowed chair and professorship positions at Kentucky public universities occurred in **disciplines of strategic benefit** to the Commonwealth?

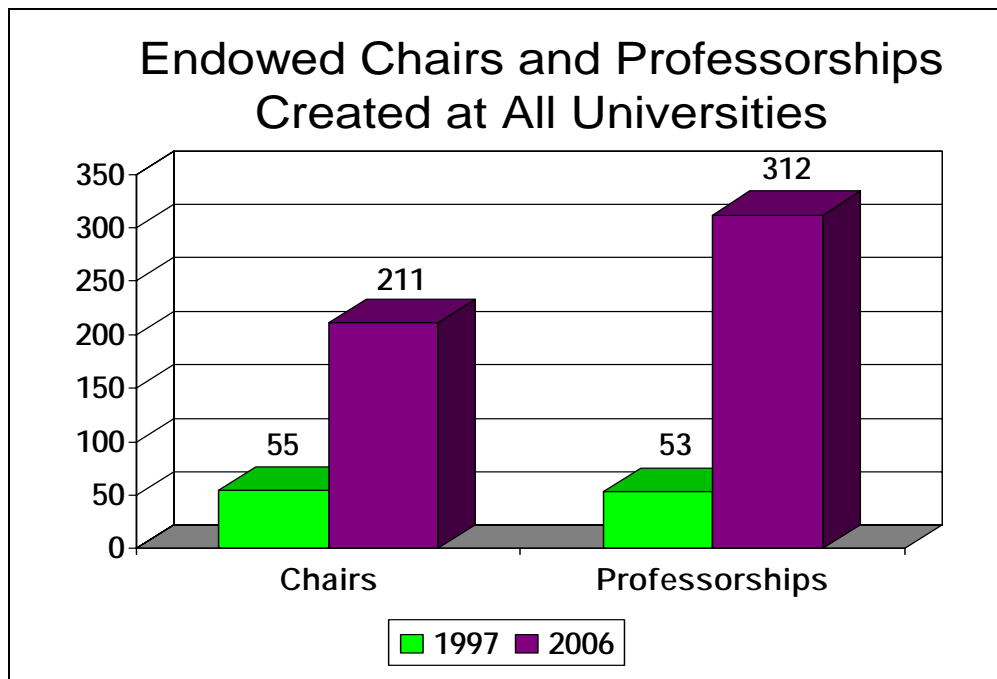
3. To what extent did the **Bucks for Brains** program **contribute** to the growth in endowed chairs and professorships at Kentucky public universities?

The primary source of data used to answer these questions is the Endowment Match Program Annual Summary Report submitted October 15 each year to the Council.

1. Number of endowed chairs and professorships – The number of endowed chairs and professorships at Kentucky public universities increased markedly in the decade following implementation of the Bucks for Brains initiative. Between 1997 and 2006, the number of endowed chairs at all universities increased from 55 to 211, or by 284 percent, and the number of endowed professorships increased from 53 to 312, or by 489 percent. These data are presented visually in Graph 8. This level of growth in intellectual talent would not have been possible without the Bucks for Brains initiative.

The University of Kentucky experienced the largest increase in endowed chairs for the period both in terms of number (+76) and percentage (+362 percent). Eastern Kentucky University recorded the largest number increase (+4) among the comprehensive universities, while Murray State University posted the largest percentage increase (+100 percent). UK recorded the largest number increase in endowed professorships (+192) and Western Kentucky University produced the largest percentage increase (+2,800 percent).

Graph 8



*Currently funded, but not all appointed.

2. Disciplines of strategic benefit – When the Governor and General Assembly created the Bucks for Brains program, they delegated to CPE responsibility for determining areas of concentration where program funds would be used. For each round of funding for the program, the Council promulgated and approved a set of guidelines that identified priority areas of strategic benefit to the Commonwealth. The most recent version of program guidelines, last revised July 19, 2004, specifies that at least 70 percent of program funds at the research universities must be endowed for the purpose of supporting Research Challenge Programs or academic disciplines contained within five new economy areas:

- Human Health and Development
- Biosciences
- Materials Science and Advanced Manufacturing
- Information Technologies and Communications
- Environmental and Energy Technologies

A similar requirement is contained in the guidelines for the comprehensive universities. At least 50 percent of program funds at the comprehensive universities must be used to support Programs of Distinction or disciplines contained within the five new economy areas listed above. These clusters define important areas of opportunity for economic growth in Kentucky, which could become magnets for both talent and capital.

The public universities have utilized program funds in prescribed disciplines of strategic benefit to the Commonwealth. At the research universities, about 80 percent of dispersed 2002-04 program funds were endowed in CPE priority disciplines (EMP Annual Summary Report data). Specifically, as of June 30, 2006, UK and UofL combined had endowed about 58 percent of program funds in Human Health disciplines, 13 percent in Biosciences, 5 percent in Research Challenge program disciplines, and 4 percent in other new economy areas. At the comprehensive universities, about 50 percent of program funds were endowed in CPE priority areas, including 25 percent in Human Health disciplines, 15 percent in Programs of Distinction, and 10 percent in other targeted economic development areas. These proportions meet guideline requirements for the program.

3. Bucks for Brains Contribution – The Bucks for Brains program has been the primary catalyst for stimulating growth in endowed chairs at Kentucky public universities over the past decade. Between 1997 and 2006, the number of endowed chairs at participating universities increased from 55 to 211, respectively, or by 156 positions. According to the FD-21 Report data, 100 percent of that increase can be attributed to positions created using state funds accessed and private funds leveraged through the Bucks for Brains program. As of June 30, 2006, about three-fourths of all endowed chairs at the research universities, and over 90 percent of endowed chairs at the comprehensive universities were established using match program funds.

The program has been a major contributor to the increase in endowed professorships, as well. Between 1997 and 2006, the number of endowed professorships at participating universities increased from 53 to 312, or by 259 positions. About 88 percent of that increase can be attributed to the Bucks for Brains program (FD-21 Report data). As of fiscal year-end 2006, more than 70 percent of all endowed professorships at the research universities and over 80 percent of endowed professorships at the comprehensive universities were established using match program funds.

Analysis of Federal Research Expenditures

This analysis investigates four research questions pertaining to federal R&D expenditures generated by university faculty:

1. Has the **amount of federal R&D expenditures** generated by faculty at Kentucky public universities increased over the 10-year period since implementation of the Bucks for Brains program?
2. To what extent have Kentucky research universities moved up in **rankings of federal R&D expenditures** among **public universities** nationwide?
3. How does the amount of federal R&D expenditures generated by faculty at Kentucky public universities **compare** to the amount generated by faculty at **benchmark** institutions?
4. To what extent did the **Bucks for Brains** program **contribute** to the growth in federal R&D expenditures at Kentucky public universities?

The primary source of federal R&D expenditure data used in this report is the National Science Foundation (NSF) Survey of R&D Expenditures at Universities and Colleges. The NSF survey is widely recognized as a comprehensive source of information on separately budgeted research and development expenditures within academia in the United States. It is administered on an annual basis and components for major data elements are available starting in 1972. Additional sources include Center for Measuring University Performance rankings data (public university rankings and benchmark comparisons) and FD-21 Report data (preliminary 2006 estimates).

1. Amount of federal R&D expenditures – The amount of federal R&D expenditures generated by faculty at Kentucky research universities has increased dramatically since implementation of the Bucks for Brains program. Between 1997 and 2005, federal R&D expenditures at the research universities increased from \$75.6 million to \$209.9 million, or by 177 percent (Table 5). The University of Kentucky experienced the largest dollar increase among the research universities (+\$80.6 million), and the University of Louisville recorded the largest percentage increase

(+396 percent). Preliminary estimates indicate that the growth trend continued in 2006, with UK reporting \$151.2 million in federal expenditures and UofL reporting \$70.5 million (FD-21 Report data).

Table 5

Change in Federal R&D Expenditures at Kentucky Public Universities
Between Fiscal Years 1997 and 2005

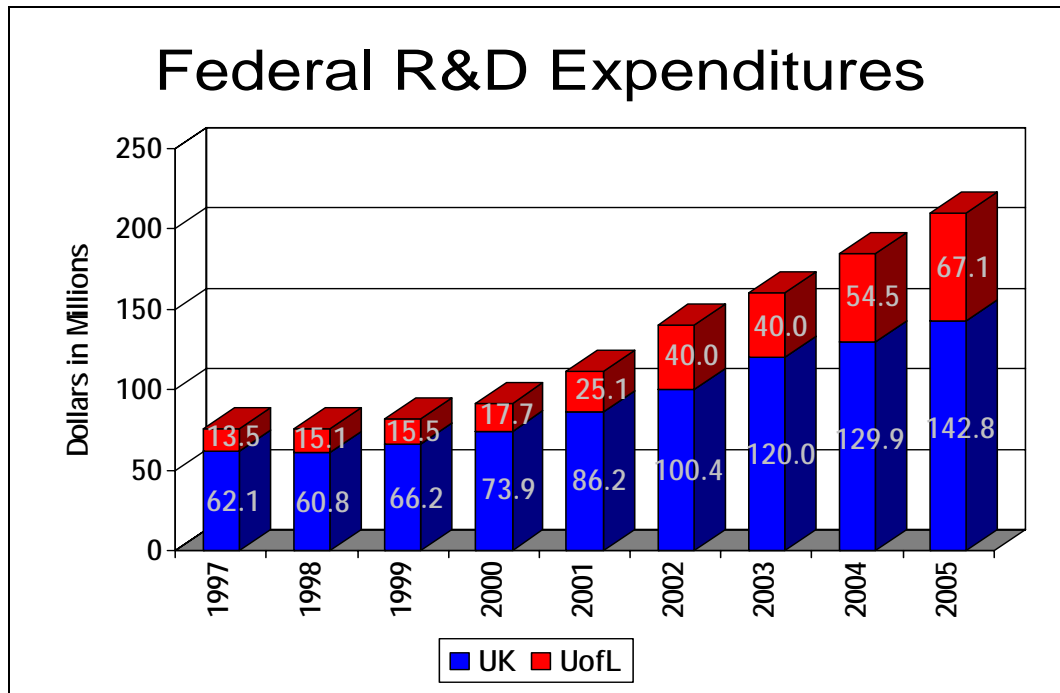
(dollars in thousands)

Sector / Institution	Federal R&D 1997	Federal R&D 2005	Dollar Change	Percent Change
Research Institutions				
University of Kentucky	\$62,128	\$142,794	\$80,666	130%
University of Louisville	13,521	67,104	53,583	396%
Subtotal	\$75,649	\$209,898	\$134,249	177%
Comprehensive Institutions				
Eastern Kentucky University	NA	\$294	NA	NA
Kentucky State University	\$2,139	3,044	\$905	42%
Morehead State University	451	1,693	1,242	275%
Murray State University	422	1,310	888	210%
Northern Kentucky University	132	768	636	482%
Western Kentucky University	2,606	4,915	2,309	89%
Subtotal	\$5,750	\$12,024	\$5,980	109%
Total	\$81,399	\$221,922	\$140,229	173%

Source: National Science Foundation

These data are presented visually in Graph 9. As can be seen in the graph, there is a consistently upward trend in federal R&D expenditures at the research universities every year since 1998. As will be demonstrated elsewhere in the report, this growth trend would not have been possible without the Bucks for Brains program.

Graph 9



The comprehensive universities also experienced a marked increase in the amount of federal R&D expenditures generated by their faculty. Between 1997 and 2005, federal expenditures at the comprehensives increased from \$5.8 million to \$12.0 million, or by 109 percent (Table 5). Western Kentucky University recorded the largest dollar increase for the period (+\$2.3 million), and Northern Kentucky University recorded the largest percentage increase (+482 percent). Preliminary estimates for 2006 show continued growth in federal expenditures at two institutions. Eastern Kentucky University reported \$3.8 million in federal expenditures in 2006 and Western Kentucky University reported \$7.3 million (FD-21 Report data).

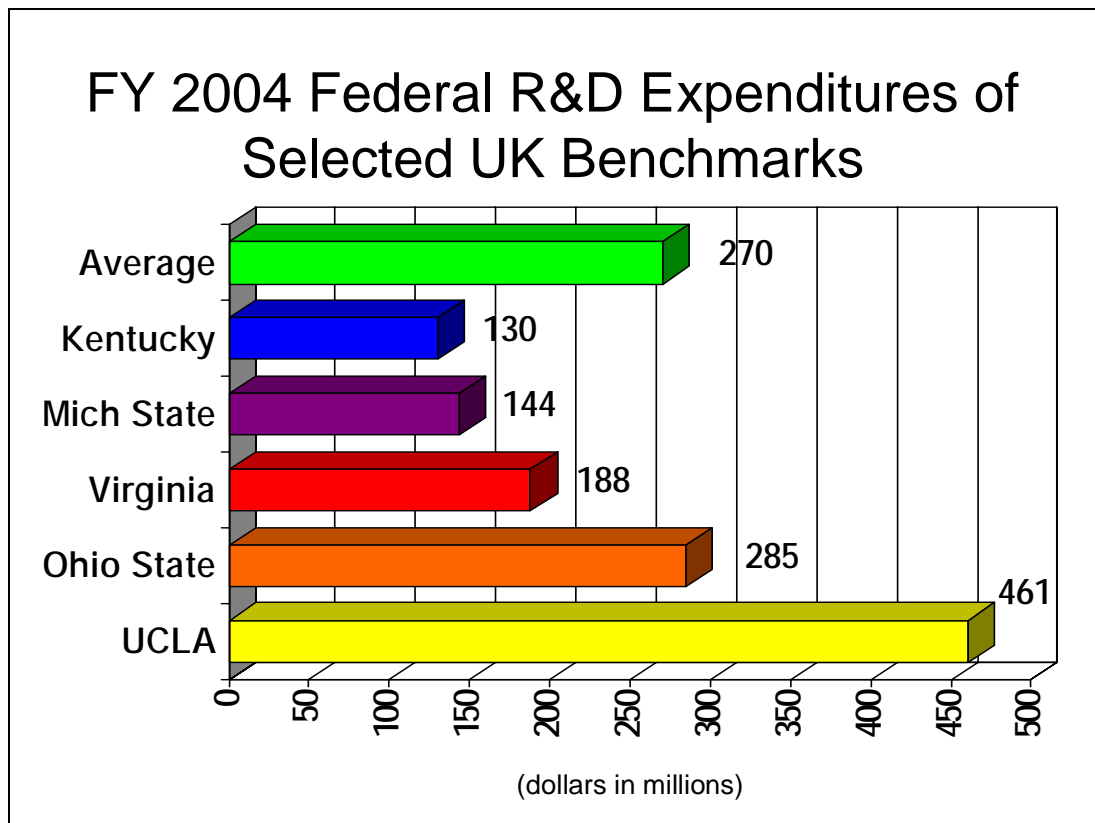
2. Public University Rankings – The University of Kentucky experienced a modest climb in public university rankings of federal R&D expenditures in the years following Bucks for Brains program implementation. Between 1997 and 2004, the amount of federal R&D expenditures generated by UK faculty grew from \$62.1 million to \$129.9 million and the university moved up in rank from 45th to 40th (Center for Measuring University Performance data). This ascension shows that UK is progressing toward its HB 1 goal, but still a gap remains. In 2004, the University of Florida generated \$221.9 million in federal R&D expenditures and ranked 20th among public universities nationwide. This means that the gap between the 20th ranked institution and UK in 2004 was \$92.0 million.

During this same period, the University of Louisville recorded a marked increase in public university rankings of federal R&D expenditures. In 1997, UofL faculty

generated \$13.5 million in federal expenditures and the university ranked 119th among public universities nationwide (Center for Measuring University Performance data). Seven years later, in 2004, the university generated \$54.5 million in federal expenditures and ranked 87th. Despite this impressive climb, UofL still lags behind other metropolitan universities in terms of generating federal research dollars. For example, federal expenditures at the University of Pittsburgh in 2004 were \$394.4 million, which ranked the university 7th among public institutions. That same year, the University of Cincinnati generated \$195.0 million in federal expenditures and ranked 26th. The gap between UofL and these universities is \$339.9 million and \$140.5 million, respectively.

3. Benchmark Comparisons – The University of Kentucky compares very favorably to its benchmark institutions in terms of percentage increase in federal R&D expenditures. Between 1997 and 2004, federal research expenditures at UK grew by 109 percent. This increase was the fifth highest percentage gain among its benchmark institutions. Only the University of Florida (+135 percent), Ohio State University – Columbus (+132 percent), the University of Virginia (+128 percent), and the University of California – Los Angeles (+114 percent) recorded a higher percentage increase in federal expenditures for the period.

Graph 10

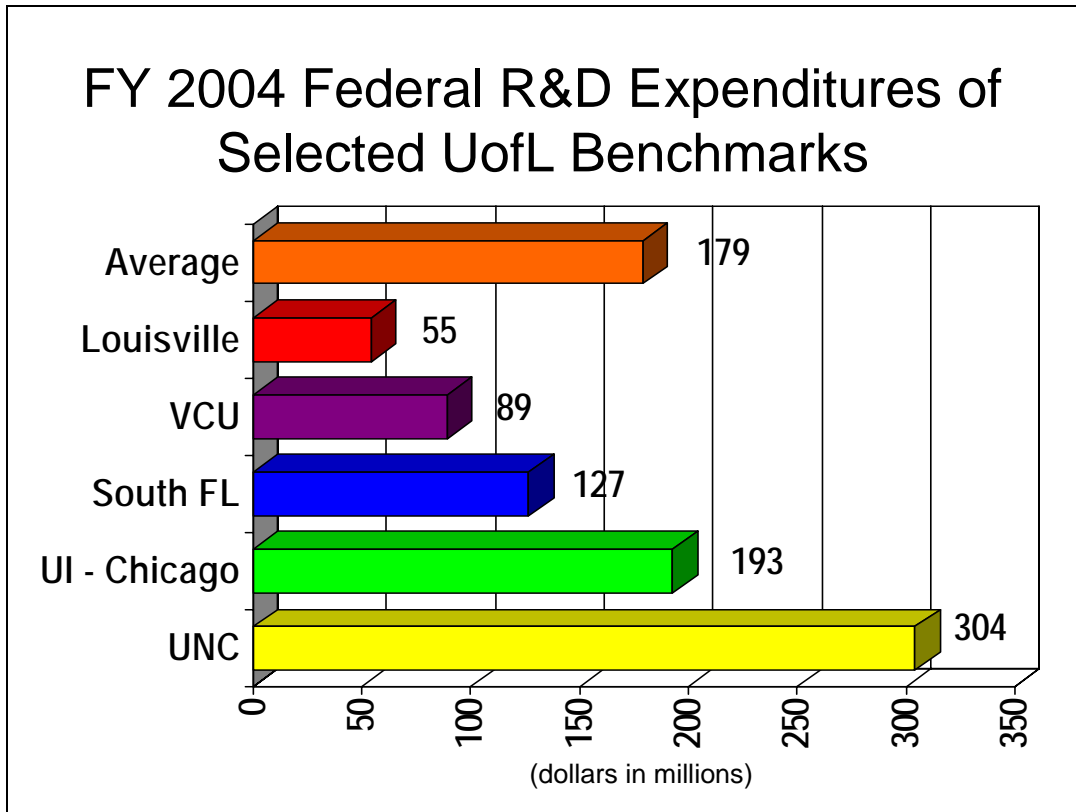


Despite the relatively large percentage increase, UK did not gain much ground in dollar terms relative to its benchmarks. In 1997, the University of Kentucky recorded the second lowest dollar amount of federal R&D expenditures (\$62.1 million) of any of its benchmarks. Only the University of Georgia generated a lesser amount of federal expenditures (\$54.4 million) that year than UK. Seven years later, in 2004, university faculty generated \$129.9 million in federal R&D expenditures and the university moved up one spot among its benchmarks. The University of Georgia remained at the bottom (\$96.3 million), and UK passed NC State University (\$103.6 million) to post the third lowest level of expenditures among its benchmarks.

In the seven years following Bucks for Brains program implementation, the University of Louisville posted one of the highest proportionate gains in federal R&D expenditures of any public university in the nation. Between 1997 and 2004, federal research expenditures at UofL increased by 303 percent. Only five public universities (among those with federal expenditures that exceeded \$20 million in 2004) recorded a larger percentage increase in federal expenditures for the period than did UofL. Given the magnitude of this increase, it is not surprising that the University of Louisville was among the leaders in federal expenditure growth compared to its benchmark institutions. The university's 303 percent increase represents the second highest proportionate increase among its benchmark institutions. Only the University of South Florida posted a larger gain for the period (+308 percent).

While this proportionate gain shows tremendous progress, the university continues to rank near the bottom in dollar terms relative to its benchmarks. In 1997, UofL faculty generated \$13.5 million in federal R&D expenditures and the university was positioned at the bottom compared to its benchmark peers. In 2004, university faculty produced \$54.5 million in federal expenditures and UofL moved up one spot (to second from the bottom) compared to its benchmarks. Only Temple University received a lesser amount of federal expenditures in 2004 than did UofL. This reiterates a familiar storyline throughout this report. Kentucky universities are progressing toward their HB 1 goals, but benchmark competitors are not standing still.

Graph 11



4. Bucks for Brains Contribution – In preceding paragraphs, it was demonstrated that federal R&D expenditures at Kentucky public universities have increased over the past decade. But to what extent did the Bucks for Brains initiative contribute to that growth? In this analysis, the proportion of university federal R&D expenditures generated by Bucks for Brains faculty is used to estimate the program’s contribution to expenditure growth. Specifically, the cumulative amount of federal expenditures generated by B4B faculty between 2003 and 2006 (FD-21 Report data are available beginning in 2003) is divided by federal expenditures generated for the university.

The Bucks for Brains initiative has contributed to the growth in federal R&D expenditures at Kentucky public universities. Between 2003 and 2006, the state’s public research universities generated a cumulative total of \$775.9 million in federal R&D expenditures. Of that total, \$136.6 million, or 18 percent, was generated by Bucks for Brains faculty. Proportionately, program faculty at the University of Louisville generated a larger percentage of the university’s federal expenditures than did program faculty at the University of Kentucky. Over the three-year period, B4B faculty at UofL generated a cumulative total of \$57.8 million in federal expenditures, or about 25 percent of the \$232.0 million university total. At UK, program faculty

generated \$78.8 million in federal expenditures, or about 15 percent of the \$543.9 million university total.

Analysis of Extramural Research Expenditures

As previously mentioned, HB 1 established aggressive 2020 goals for the University of Kentucky (i.e., top 20 public university) and the University of Louisville (i.e., premier, metropolitan research university). Recognizing the importance of ambitious research agendas for achieving these goals, the Kentucky Department of Commercialization and Innovation, the Council on Postsecondary Education, and UK and UofL officials developed a goal of reaching \$500 million in extramural academic R&D expenditures by the year 2010. Extramural R&D expenditures include all sources of research awards that originate outside the university (i.e., federal, state, local, industry, and other).

This analysis examines two research questions related to the goal of increasing extramural R&D expenditures generated by university faculty:

1. Has the annual **amount of extramural R&D expenditures** generated by faculty at Kentucky public universities increased over the 10-year period since implementation of the Bucks for Brains program?
2. To what extent did the **Bucks for Brains** program contribute to the growth in extramural R&D **expenditures** at Kentucky research universities?

The main source of extramural expenditure data used in this report is the NSF Survey of R&D Expenditures at Universities and Colleges. In addition, the CPE Endowment Match Program Outcome Measures Report (or FD-21 Report) is used to provide preliminary 2006 estimates of extramural expenditures at Kentucky public universities and to calculate the contribution of Bucks for Brains faculty to extramural expenditure growth.

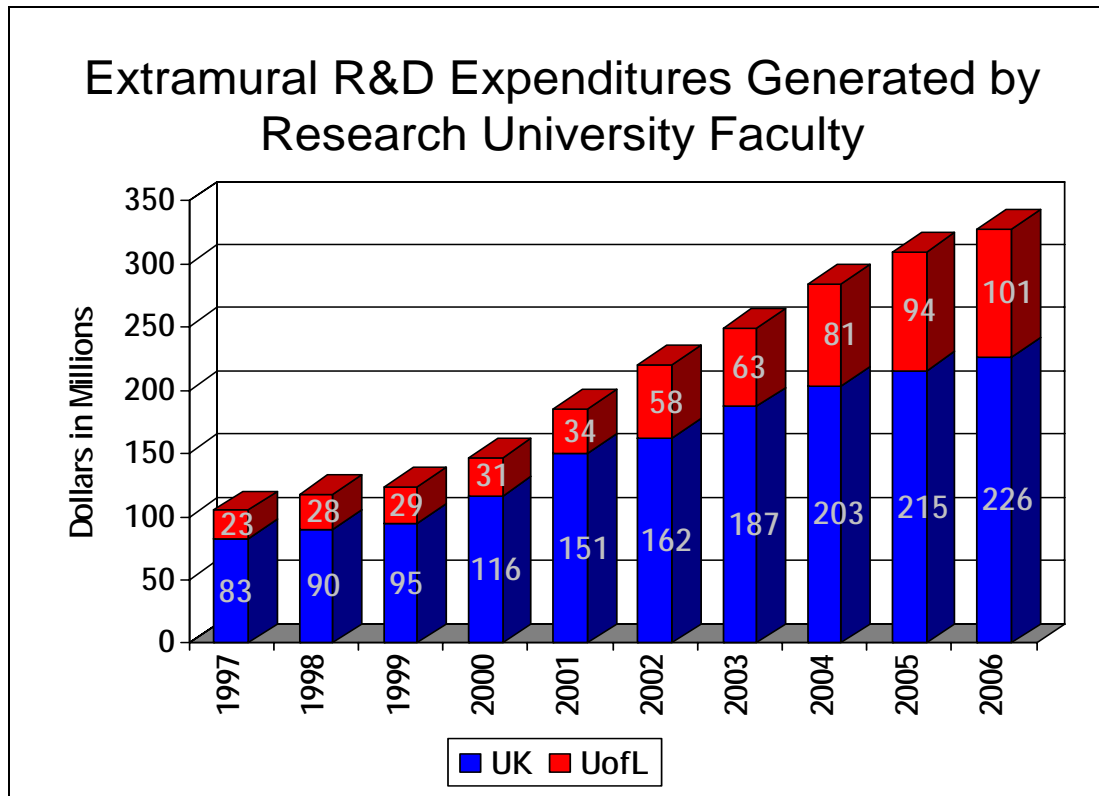
1. Amount of Extramural R&D Expenditures – The annual amount of extramural R&D expenditures generated by Kentucky research university faculty has increased during the past decade. Between 1997 and 2005, extramural R&D expenditures generated by research university faculty increased from \$105.2 million to \$309.7 million, or by 194 percent (Table 6). The University of Kentucky recorded the largest dollar increase for the period (+\$132.8 million), while the University of Louisville recorded the largest percentage increase (+318 percent). The upward trend continued in 2006, with UK reporting \$226.1 million in extramural expenditures, and UofL reporting \$101.3 million (FD-21 Report data). Combined extramural R&D expenditures at the research universities grew to \$327.4 million in 2006, representing a 211 percent increase since 1997. These data are presented visually in Graph 12. As can be seen in the graph, there has been a consistently upward trend in extramural research and development expenditures at the research universities since 1997.

Table 6

Change in Extramural R&D Expenditures
Between 1997 and 2005

Funding Source	(dollars in thousands)			
	Extramural R&D 1997	Extramural R&D 2005	Dollar Change	Percent Change
Research Universities				
Federal	\$75,649	\$209,898	\$134,249	177%
State & Local	7,446	50,509	43,063	578%
Industry	14,781	10,643	(4,138)	-28%
Institutional	53,070	125,294	72,224	136%
Other	7,292	38,656	31,364	430%
Total	\$158,238	\$435,000	\$276,762	175%
Minus:				
Institutional	53,070	125,294	72,224	136%
Extramural	\$105,168	\$309,706	\$204,538	194%

Source: National Science Foundation

Graph 12

The state's comprehensive universities also experienced growth in extramural R&D expenditures. Between 2000 and 2005 (consistent, reliable data are not available prior to 2000), extramural expenditures at the comprehensive universities increased from \$7.7 million to \$14.7 million, or by 91 percent (Table 7). Western Kentucky University recorded the largest dollar increase for the period (+\$2.8 million), and Northern Kentucky University recorded the largest percentage increase (+1,591 percent). Preliminary estimates for 2006 show continued growth in extramural expenditures at Murray State University, which reported \$2.1 million in expenditures in 2006 (FD-21 Report data).

Table 7

Change in Extramural R&D Expenditures
Between 2000 and 2005

Comprehensive Universities		(dollars in thousands)		
Funding Source	Extramural R&D 2000	Extramural R&D 2005	Dollar Change	Percent Change
Federal	\$6,500	\$12,024	\$5,524	85%
State & Local	1,009	1,942	933	92%
Industry	187	619	432	231%
Institutional	1,837	2,549	712	39%
Other	13	131	118	908%
Total	\$9,546	\$17,265	\$7,719	81%
Minus:				
Institutional	1,837	2,549	712	39%
Extramural	\$7,709	\$14,716	\$7,007	91%

Source: National Science Foundation

2. Bucks for Brains Contribution – The Bucks for Brains program has contributed to growth in extramural R&D expenditures at Kentucky research universities. Between 2003 and 2006, research university faculty generated a cumulative total of \$1.173 billion in extramural expenditures. Of that total, \$145.7 million, or about 12 percent, was produced by Bucks for Brains faculty members (FD-21 Report data). As was the case with federal expenditures, program faculty at UofL generated a larger share of university total extramural expenditures, than did program faculty at UK. At UofL, B4B faculty produced \$75.1 million in extramural expenditures over the four-year period, or about 22 percent of the cumulative \$338.8 million university total. Program faculty at UK generated \$70.6 million in extramural expenditures, or about 9 percent of the cumulative \$834.3 million university total. This

variance has more to do with differences in respective size of the professoriate at each institution than it does with differences in B4B faculty productivity.

Featured Anecdotal Institutional Profiles

“I recall spending an evening with some of the Bucks for Brains professors. It was an exhilarating experience to talk with such bright folks who were so happy to be in Kentucky and who thought that Kentucky had a great opportunity to make some real contributions through research. Several of the medical professors talked about their hope of finding cures for diabetes and cancer and other devastating illnesses that are so prevalent in Kentucky.”

Speaker of the House, Jody Richards, Kentucky General Assembly

The following anecdotal profiles provide a small sample of the many successful enterprises that have been generated as a result of the Bucks for Brains program. More comprehensive institutional reports for each of the public universities may be reviewed by accessing the online version of this report on the Council on Postsecondary Education Web site at <http://cpe.ky.gov>.

University of Kentucky Bucks for Brains Profiles

The University of Kentucky has been allocated a total of \$200 million in state funds through the three rounds of funding of the Bucks for Brains initiative. The university has been able to generate equal amounts of private funding to meet the match requirements of the B4B program.

“Bucks for Brains has made a substantial difference in the quality of the University of Kentucky. Its impact can be measured in the quality of our faculty, the breadth of our research enterprise, and the strength of our endowment. The impact also can be measured in the culture of the university community. There were plenty of skeptics on our campus in 1997 who believed the top 20 mandate was merely hollow rhetoric. But over the last 10 years, we have established hundreds of new chairs and professorships and used them to recruit and retain researchers who, in previous years, would not have considered a career at the University of Kentucky. Now, we are a magnet that attracts the kind of serious scholarship necessary to establish a world-class university. And with those efforts, we have cultivated a university community confident in our prospects for achieving the aggressive target of top 20 status.”

Dr. Lee T. Todd, Jr., President, University of Kentucky

Some examples of current University of Kentucky Bucks for Brains program include the following:

Future Treatments for Spinal Cord Injury

The University of Kentucky's Spinal Cord and Brain Injury Research Center (SCoBIRC) is focused on effective treatments for the estimated 11,000 Americans who suffer a spinal cord injury each year and the 1.5 million who sustain traumatic brain injuries. After traumatic injury to a person's brain or spinal cord, time is the major factor in the ultimate severity of that injury. Much of the damage to the injured nervous tissue occurs during the first several hours and days following the incident, which suggests that "secondary injury" might be prevented by early treatment with neuroprotective drugs.

Edward Hall, an endowed chair and director of the UK Spinal Cord & Brain Injury Research Center, is leading a team of scientists who are testing various drugs that might inhibit secondary injury to the brain or spinal cord. The team includes Jim Geddes, Patrick Sullivan, Kathryn Saatman, and Alexander Rabchevsky (SCoBIRC), Stephen Scheff (Sanders-Brown Center on Aging), and Joe Springer (physical medicine and rehabilitation).

Hall was a pioneer in the discovery and development of the steroid drug methylprednisolone, the only approved drug that has been shown to be effective for the treatment of spinal cord injury. He is hopeful that the protective effects of the newer drugs being tested by his group will far surpass the benefits of methylprednisolone.

New Treatments for Nicotine and Methamphetamine Abuse

Dr. Linda Dwoskin, a professor of pharmaceutical sciences and U. S. Surgical-Pfizer Endowed Professor at UK, is currently involved in two related projects one focused on nicotine and the other on methamphetamine. She is teaming up with UK colleagues Peter Crooks, George A. Digenis Professorship/Chair in Drug Design and Discovery at the UK School of Pharmacy, and Dr. Michael Bardo, UK Department of Psychology.

The research team is trying to find small molecules that block receptors and transporter proteins responsible for the "reward" associated with nicotine and methamphetamine use. These molecules might serve as novel therapeutic agents to help those who are addicted to drugs.

The nicotine study is partially supported by a \$6 million grant from The National Institutes of Health (NIH) and is the largest single award ever received by the College of Pharmacy. In the methamphetamine project, research is focused on lobeline which, when fed to rats, stops the craving for methamphetamines. In 2002, Crooks and

Dwoskin began working with investors to form a spin-off company, Yaupon Therapeutics Inc., to further develop and market lobeline.

University of Louisville Bucks for Brains Profiles

“The consequences and impact of the Bucks for Brains program have been far-reaching... Economic development is advanced at the University of Louisville through enhanced pure research dollars, the multiplier effect of related research investment, and the commercialization of translational research. Most importantly the quality of life for Kentuckians is improved when citizens are able to be treated locally for diseases such as Parkinson’s.”

Dr. James Ramsey, President, University of Louisville

During the three rounds of B4B funding, the University of Louisville has been allocated a total of \$1 million of state funding to be matched by private funding through the Endowment Match (or Bucks for Brains) program. This state funding has been instrumental in increasing UofL’s endowment, enhancing funded research, and attracting world class researchers to the university. Such growth is a key factor in the university’s legislatively mandated goal of becoming a premier metropolitan research university.

Some examples of currently funded Bucks for Brains program at the University of Louisville include the following:

Charles A. Grosscurth Biomechanics Chair in Bioengineering – J. B. Speed School of Engineering

Research in Biomechanical Engineering

Gina Bertocci, Ph.D., is Associate Professor of Mechanical Engineering and Pediatrics and Director of the Injury Risk Assessment and Prevention Laboratory at UofL. She studies the biomechanics of injury and rehabilitation and focuses primarily on child abuse and wheelchair transportation safety.

In the child abuse area, her research team is at work using engineering techniques and medical principles to delineate between abusive and accidental injuries. Bertocci’s wheelchair transportation safety research utilizes computer simulation and testing to understand the loads that a wheelchair is exposed to in a crash and the level of injury risk that someone seated in a wheelchair might experience. This work will allow manufacturers to design safer wheelchairs that protect occupants during a crash.

Jewish Hospital Heart and Lung Institute – Distinguished Chair of Cardiology

Treating Cardiovascular Disease

Roberto Bolli, M.D., is Director of the Division of Cardiology and UofL's Institute for Molecular Cardiology. His research focuses on preventing the damage caused during heart attacks by studying ischemic preconditioning, the phenomenon in which heart muscle exposed to brief periods of stress becomes resistant to the tissue death that might be caused by a heart attack.

In 2005, Bolli led a UofL team that was awarded an \$11.7 million grant from the National Institutes of Health to continue to build upon this research. Since his arrival at U of L in 1994, Bolli has brought over \$50 million in NIH grants to the university. Dr. Bolli is now working to determine whether gene therapy or other strategies that increase myocardial nitric oxide and carbon monoxide levels result in long-term protection against heart failure.

Eastern Kentucky University Bucks for Brains Profile

Long known as the School of Opportunity, Eastern takes seriously its mission to broaden educational access for talented, promising students who need financial assistance to open the doors of academe. The Bucks for Brains program has provided significant assistance in ECU's quest to expand its mission and further enrich the lives of those it serves. Amidst the first capital campaign in Eastern's history, the Bucks for Brains two-for-one funding premise caught the attention of potential donors; 2,566 ECU alumni and friends made first-time gifts to the university.

One example of a B4B program at ECU is the following:

Research & Enhanced Teaching

The *Hazel Wilson Memorial Endowed Chair in Human Environmental Sciences* was made possible through a donation of \$500,000 from 1934 ECU alumnus Vernon Wilson in memory of his wife of 50 years. The Bucks for Brains program matched those funds dollar for dollar.

"Eastern gave us a chance. I was from a very poor county, but higher education was my ticket to success."

Vernon Wilson

Dr. Jacqueline Jensen is the first Hazel Wilson Endowed Chair. The endowment enables her to conduct research in middle school, high school, and college classrooms. Although her primary goal is to enhance teaching across the state, Dr. Jensen has studied and published articles about professionalism and professional ethics, the application of constructivist learning theories, and the recruitment of students into Family and Consumer Sciences Education. Dr. Jensen is a Fellow of the

Kappa Omicron Nu Leadership Academy and is currently at work on a book that documents student reasoning of ethical dilemmas.

Western Kentucky University Bucks for Brains Profile

“Endowments are the way of ensuring that the university will continue in perpetuity. Endowments for professorships allow us to attract and retain quality faculty who will continue to enhance already strong programs. WKU currently has 27 endowed faculty positions.”

Dr. Gary Ransdell – President of Western Kentucky University

One example of WKU’s B4B endowed professorships is the following:

Physics Research and Outreach

Dr. Charles McGruder serves as the *William McCormack Professor in Physics*, a named professorship created through the Regional University Excellence Trust Fund that matched donated funds from Dr. William McCormack, a 1957 graduate of Western Kentucky University. Serving as the *William McCormack Professor in Physics*, Dr. McGruder receives a reduced teaching load that enables him to conduct research, travel in pursuit of his research, and participate in nationwide academic and community service.

Dr. McGruder participates in three major national initiatives:

- o WKU’s project to develop a worldwide network of robotically operated small telescopes.
- o A National Aeronautics and Space Administration (NASA) grant to work with historically black colleges to encourage students of color to pursue doctoral degrees in the sciences.
- o Consult with NASA to organize an annual conference aimed at engaging minority students in science research.

Morehead State University Bucks for Brains Profile:

Morehead State University has utilized the Regional University Excellence Trust Fund to create specific endowments within colleges, to establish new scholarships, to dramatically expand fundraising priorities, to emphasize scholarship/research, to promote diversity, and to fund new academic programs and P-16 partnerships.

One example of an innovative B4B program at Morehead is the following:

W. Paul and Lucille Caudill Little Endowed Chair

Theater in the Schools Program

With a gift from the W. Paul and Lucille Caudill Little Foundation matched through the Regional University Excellence Trust Fund, an endowed chair was established to create a unique "Theater in the Schools" program.

Dr. Robert Willenbrink, professor of theater and Chair of the Department of Communication and Theater at Morehead State University, was selected as the endowed chair to oversee the development of a traveling performance troupe appropriately named, *The Little Company*. The mission of the troupe is to annually produce plays and educational materials that tour the elementary, middle, and secondary schools throughout the region and the state. Educational enhancement materials include study guides that incorporate lesson plans, glossaries, and theater activities.

The Little Company promotes academic excellence and provides unique artistic opportunities for performers and audiences alike while exposing students, many for the first time, to the magic of live theater. The program continues to expand as the following chart illustrates.

Year	Participating Schools	Number of Performances/Workshops	Participating Students
2005	44	47	9,650
2006	56	59	10,650
2007	98	96	26,000

Murray State University Bucks for Brains Profile

The Regional University Excellence Trust Fund has had various positive impacts on Murray State's academic programs and on the surrounding community and region. The program has made possible the creation of two endowed chairs, four professorships, 21 endowed scholarships, and three mission support endowments.

One example of a B4B program at Murray State University is the following:

Financial Planning Programs and Certification

The *Arthur J. Bauernfeind Endowed Chair in Investment Management* was the first endowed chair established at Murray State University as a result of the Bucks for Brains program. Dr. David Durr, who currently holds the chair, has a PhD in Finance

from the University of North Texas. The *Bauernfeind Endowed Chair* has resulted in the creation of a significant new academic program, the financial planning concentration, within the Department of Finance and Economics. Dr. Durr registered the new program with the Certified Financial Planner (CFP) Board of Standards, an independent certifying organization. The CFP Board awards designated certification for individuals who meet its education, examination, experience, and ethics requirements.

In an effort to create sustained cooperative relationships with financial services companies, Dr. Durr works to enhance regional recognition for the Murray State financial planning program through speaking engagements, seminars, and meetings. Recently Dr. Durr developed a student internship program in partnership with Security Benefit, a nationally recognized leader in financial services. This program provides undergraduate and graduate students with relevant hands-on work experience relevant to their academic and career goals.

Northern Kentucky University Bucks for Brains Profile

The Bucks for Brains program has transformed Northern Kentucky University by enabling the institution to further advance core values, broaden access to higher education, strengthen undergraduate research, develop entrepreneurial workforce skills, enhance scholarly excellence in selected areas, and encourage community engagement.

One example of the successful investment of B4B funding at NKU is the following:

Strengthening Undergraduate Research

The Bucks for Brains program has played a pivotal role in elevating NKU's *Center for Integrative Natural Science and Mathematics (CINSAM)* to new heights. The mission of CINSAM is to enhance the teaching, learning, and applied science and mathematics at NKU and surrounding K-12 schools. Additionally, the new Dorothy Westerman Herrmann Science Center has secured B4B endowed funds to ensure that state-of-the-art lab and teaching equipment will remain current. Faculty and students have benefited from endowment gifts such as that awarded by the Rieveschl Foundation to purchase science instrumentation for the Center.

The research activity of students in CINSAM-related departments has more than tripled over the past seven years. Students regularly present their research findings at local, state, and national meetings, and several have published their findings in scholarly professional journals. B4B endowment gifts have also created several endowed professorships and programs in the sciences at NKU including *The Ashland Inc. Professor of Integrative Science* held by Dr. Hazel Barton and the *Drs. Evan and Lindsay Stein Professor of Bio-computing* held by Kevin Kirby.

Kentucky State University Bucks for Brains Profile

Kentucky State University experienced its most successful fund-raising campaign by utilizing the matching opportunities provided by the Regional University Excellence Trust Fund. Donors enthusiastically responded and the university exceeded its matching requirements by over \$225,000. Funds generated from the Bucks for Brains program support KSU's mission to prepare a diverse student population to compete in a global society.

Successful Fundraising Campaign

Kentucky State University has utilized Bucks for Brains funding to complete a highly successful fund-raising campaign entitled "Kentucky's Vision 2020 Endowment Match Campaign." The campaign resulted in the creation of three endowed professorships in business, math/science, and education, an endowed library fund, and endowed student scholarships. The creation of the three endowed professorships has been complemented by the development of unique academic programs and the construction of a new genetics laboratory.

The Future

“The Bucks for Brains program is a significant part of Kentucky’s larger effort to create systemic reform of higher education. Fundamental to the reform effort was the desire to jump start state level university research to facilitate economic development and create new economy jobs for Kentuckians.”

*President Gary Cox
Association of Independent Kentucky Colleges and Universities*

The Bucks for Brains program was designed as an important transformative feature of Kentucky’s 1997 postsecondary education reform initiative. The overarching goal of the B4B program was to attract and retain world class faculty to engage in cutting edge research within the state. By stimulating the quality and quantity of Kentucky-based research and by attracting significant increases in external funds, the Commonwealth hoped to enhance its capacity to commercialize that research and eventually create new companies. The state’s universities would serve as incubators for economic innovation and growth.

This report outlines the many tangible successes of the Bucks for Brains initiative and demonstrates the future challenges Kentucky faces in realizing the HB 1 goals of national prominence and ranking for UK and UofL. Both research institutions and the comprehensive public universities are to be commended for their respective and formidable efforts to rise successfully to the challenges inherent in the implementation of the Bucks for Brains program.

As Kentucky’s postsecondary education institutions strive to appropriately prepare students to compete and to excel in the twenty-first century, it must be remembered that other states and other countries are also investing in the future. In order to remain competitive in the future, Kentucky must continue to invest in educational opportunity for all citizens. Additionally, Kentucky must continue to invest in the creation of superior academic institutions that are nationally recognized for research and graduate programs.

“Kentucky can be competitive in the new economy, but only if it has the intellectual and research infrastructure to support such an economy...The enhancement of Kentucky’s research and graduate programs will make the state competitive in the new economy and propel Kentucky corporations and businesses to a new echelon among competitors. A first-class research university will be a magnet for economic development and should be a goal of postsecondary reform efforts.”

Postsecondary Education in Kentucky: An Assessment – March 1997

Summary and Conclusions

Kentucky's innovative \$350 million investment in the Bucks for Brains initiative has yielded significant positive results particularly with respect to the shorter term goals established for the program.

- o Private donations to public universities have increased dramatically both in terms of the total dollar amounts generated and the number of first-time donors to each of the institutions.
- o Public university endowments have grown substantially due to state and private matched contributions.
- o Endowed chairs and professorships have increased significantly.
- o Intellectual capital has been enhanced at public higher education institutions through the addition of world class faculty who have been recruited through the Bucks for Brains program.
- o Notable increases in externally funded research have occurred through the Bucks for Brains program.
- o Significant patent applications, licensing, and options activities have been generated by the recently appointed Bucks for Brains endowed faculty.
- o In 2006 Bucks for Brains faculty created more than one third of university-generated start-up companies.

In order to sustain the impact of these very positive short and long term trends and to realize the intended goals of HB 1, additional future funding of the Bucks for Brains program appears to be warranted. Indeed, without the Bucks for Brains program, Kentucky's specific HB 1 goals to have a top 20 comprehensive research university and a premier, nationally recognized metropolitan research university would be virtually unattainable.

As the data analyzed within this report demonstrates, even with the significant and notable financial impact of the B4B program on fundraising, endowment size, and federal and external research, UK and UofL continue to trail behind many of their comparable benchmark institutions. The HB 1 goals particularly for UK and UofL warrant sustained and significant public and private financial investment in research, intellectual talent, endowment growth, facilities, and academic quality.

Summary Cumulative Data Chart

Bucks for Brains Program Indicators of Progress Combined UK & UofL Data

Indicator	1997	2000	2003	2004	2005	2006
Annual Giving	\$87.7	\$92.5	\$87.6	\$97.1	\$119.4	\$128.6
Endowment Market Value	\$447.4	\$823.9	\$887.5	\$1,081.4	\$1,184.4	\$1,465.4
Endowed Chairs	53	125	164	178	190	199
Endowed Professorships	49	136	201	211	218	256
Federal R&D Expenditures	\$75.6	\$91.6	\$159.9	\$184.4	\$209.9	\$221.7
Extramural R&D Expenditures	\$105.2	\$147.1	\$249.5	\$284.4	\$309.7	\$327.4
Invention Disclosures Received	70	94	92	141	142	157
New Patent Applications Filed	33	50	52	73	86	43
Licenses & Options Executed	6	16	17	15	21	31
Active Licenses & Options	59	67	77	86	116	142
Start-Up Companies Formed	0	6	2	6	7	11

(dollars in millions)

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Council on Postsecondary Education – A Public Agenda for Postsecondary and Adult Education (2005-2010)
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Kentucky Postsecondary Education Improvement Act of 1997 (HB 1)
National Association of College University Business Officers (NACUBO) Endowment Study
Postsecondary Education in Kentucky: An Assessment – March 1997
The Regional Economic Impacts of the Bucks for Brains Program (Report by Paul Coomes, Ph.D., and Kenneth Troske, Ph.D., October 2007)

Appendix A

Draft

The Regional Economic Impacts of the Bucks for Brains Program

a report for
The Kentucky Council on Postsecondary Education

by
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October 15, 2007

DRAFT
The Regional Economic Impacts of the Bucks for Brains Program

a report for
The Kentucky Council on Postsecondary Education

by
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In this report we provide estimates of some of the economic and fiscal impacts of the so-called *Bucks for Brains* program, with emphasis on the University of Kentucky and the University of Louisville.¹ We focus on the external funding attracted by *Bucks for Brains*-supported scholars at the universities, and investigate the ripple effects of the new money on our regional economies and our tax base. We find that:

1. Over the first decade, UK and UL scholars, sponsored in part by the program, have attracted \$442 million in funding from federal and other out-of-state sponsors.
2. The combined external funds attracted by *Bucks for Brains* scholars are associated with \$762.5 million in sales to establishments statewide (including the university revenues) over the decade. Total associated statewide employee compensation is \$278.8 million. And this employee compensation is associated with \$19.5 million in Kentucky income and sales taxes, as well as \$3.3 million in local occupational taxes. The external funding is now supporting over 2,100 jobs per year statewide.

¹ The economic benefits of higher education extend beyond simply attracting more money, and include more educated citizens, patents, commercialization of ideas, better job opportunities, and enhanced quality of life. See the study: Siegfried, John J., Allen R. Sanderson, and Peter McHenry, "The Economic Impact of Colleges and Universities," *Economics of Education Review* 26 (2007): 546-558, for a recent criticism of estimates from economic impact studies of spending on higher education. In this current study we try to avoid many of the problems discussed in the Siegfried et al. study. However, this current study still suffers from the basic problem discussed in Siegfried et al. that economic impact studies of higher education fail to capture the primary benefit of additional spending on higher education—more educated citizens and the benefits they provide for the state.

Background

The *Bucks for Brains* program was authorized in 1997, and state government invested \$350 million between fiscal years 1998 and 2007². The primary goal of the program was to stimulate university research, external funding, and economic development in the state. The universities matched the public funding with private contributions, invested the dollars, and used the investment income to endow professorships and provide research support. It is important for readers to understand that the state and matching private contributions have not been spent; rather, they have been invested, and only the return on the investment has been spent to support the research agenda. The contributions are all still there, as part of the universities' foundation assets. The assets are managed under the title Research Challenge Trust Fund (RCTF), the legal name of the *Bucks for Brains* program.

The University of Kentucky and the University of Louisville have pursued somewhat different paths to obtain matching money and in their strategies for deploying the investment proceeds. It is beyond the scope of the present report to analyze the institutional decisions³. Generally speaking, it seems clear that UL has targeted its RCTF dollars more towards health-related fields, while UK has used the dollars more widely around the institution, in terms of colleges and departments.

The University of Louisville, relatively new to the funded research mission, used its RCTF funds primarily to recruit new faculty in a few health-related fields. For example, 35 of the current 49 endowed chairholders are in the School of Medicine. Nearly all of the chairs in Medicine are held by faculty who came to the university after the RCTF program was established. These faculty often came with major research grants from the National Institutes for Health (NIH), and most have continued to win NIH funding since. Consequently, the University of Louisville raised its NIH funding from \$7.8 million in FY97 to \$51.5 million in FY06, perhaps the greatest percentage growth of any university in the United States during the period. Most of the other chairholders are in engineering and business, with one each in nursing, dentistry, education, law, libraries, and the provost's office.

The University of Kentucky, already an established competitor for federal research funds in 1997, used its RCTF funds to attract and retain top scholars and to deepen the research infrastructure on campus. UK used its RCTF funds to recruit top scholars through endowed chaired professorships, to retain top scholars through endowed professorships, as well as for student fellowships and scholarships, and for research infrastructure. UK has posted strong growth in overall external funding, from NIH, but also from the National Science Foundation and many other federal agencies and national sponsors. As

² In 1998 Kentucky legislators invested \$110 million in general fund appropriations to support Bucks for Brains at the state's research and regional universities. They followed commitment with an additional \$120 million in 2000 and another \$120 million in 2005. Of the total state funds, \$200 million have been allocated to the University of Kentucky, \$100 million to the University of Louisville, and \$50 million to the state's six comprehensive universities.

³ See www.research.uky.edu/ca/rctf/index.html for some details about the RCTF program at UK, and <http://louisville.edu/bucksforbrains/> for the UL program.

with UL, some of this funding was attracted directly to RCTF-funded chairs, while in other cases the RCTF scholar helped attract the funding as a co-investigator and/or simply as a colleague. In this analysis, we are excluding external funding attracted to UK and UL faculty who are not RCTF funded, but who benefit from collaboration with RCTF-funded scholars. It is beyond the scope of this analysis to fully assign causality for the growth in external funding.

External funding to RCTF-funded Scholars

We have organized data on the amount of external funding attracted by UK and UL scholars that have RCTF funding, by principal investigator and by year. These will be considered the ‘direct impacts’ in our economic analysis to follow. Raw data on funding by scholar, sponsor, and year was provided by the research administration offices of the two universities. These data are ‘awards’, i.e., counted the year the grant was awarded, not necessarily the year the dollars were expended. External funds include those from federal government agencies, as well as out-of-state industries, foundations, and other universities. Excluded are grants from Kentucky state and local governments, in-state companies, foundations, and universities⁴.

The University of Kentucky had a total of 134 RCTF-funded scholars who have received external funding, totaling \$250 million over the FY00 to FY07 period. The University of Louisville had a total of 44 scholars, attracting about \$166.6 million over FY98 through FY07. We were not able to obtain data for UK scholars in FY98 and FY99, so we estimated it using growth rates for NIH funding to UK in those years, resulting in external funding estimates of \$11.3 million and \$13.4 million, respectively. Thus, we have a total of \$275.1 million to UK and \$166.6 million to UL over the decade considered.

Economic impacts

We use the IMPLAN modeling system to estimate the full economic impacts of the new external funds coming to UK and UL. IMPLAN is a well-established regional input-output modeling system, used by thousands of clients, and whose characteristics have been extensively studied and vetted in the academic literature⁵. We use a version purchased in April, 2007, containing the latest estimates of activity by county in Kentucky and surrounding counties in southern Indiana. In the estimates below we use a state-level version of the model. Alternatively, one could look at the economic impact of UK on the Lexington economy, and the economic impact of UL on the Louisville

⁴ Data used here on external funding for the University of Louisville are not yet as accurate as those for the University of Kentucky. We are in the process of subtracting grants from in-state sponsors to RCTF-funded scholars. Entries in the table are estimates based on all funding adjusted using a rough estimate of the external-internal mix.

⁵ IMPLAN, like nearly all regional input-output modeling systems, is limited in certain well-understood ways. For example, IO models have a linear, fixed coefficient, production recipe, meaning they implicitly assume a company would buy the same mixture of inputs to produce \$1 million, \$10 million, or \$100 million of output. Similarly, wage rates are assumed to be constant, and labor can be purchased in fixed ratios as needed for any production level. Moreover, for less populated areas there is little publicly available data on industry activity and IMPLAN ‘estimates’ activity based on proxy data and assumed relationships. There is a vast academic literature on these and other limitations. The tool is considered fairly reliable for relatively small perturbations around current levels of activity, but unrealistic for very large changes to the economy.

economy⁶. Effectively this means we are simulating the combined impact of external dollars to UK and UL on vendor and retail purchases throughout the state, ignoring the fact that the two universities are seventy miles apart and operate in two different markets.

We estimate the ripple effects by simulating an increase in new revenues to the input-output sector denoted Colleges and Universities, one of 500 industries detailed in our modeling system. The system does not explicitly distinguish between new revenues from federal research grants, tuition, gifts, etc. So, we are implicitly assuming that the new dollars hitting the university from research grants get spent on average like other dollars received by the university⁷.

Estimated Economic and Fiscal Impacts of External Funds Attracted by Bucks for Brains Scholars

fiscal years	1998	1999	2000	2001	2002
External dollars attracted					
University of Kentucky	\$11,263,867	\$13,371,312	\$18,126,426	\$27,332,956	\$33,694,231
University of Louisville	\$459,750	\$1,823,395	\$3,282,150	\$14,018,037	\$17,771,984
Total	\$11,723,617	\$15,194,707	\$21,408,576	\$41,350,993	\$51,466,215
Total economic impacts statewide, including universities					
Total output of establishments	\$20,238,172	\$26,230,224	\$36,957,063	\$71,383,133	\$88,844,775
Total jobs	338.5	438.8	618.2	1,194.1	1,486.2
Total employee compensation	\$7,399,789	\$9,590,693	\$13,512,804	\$26,100,187	\$32,484,779
Fiscal impacts					
Kentucky state income and sales tax revenues	\$517,985	\$671,349	\$945,896	\$1,827,013	\$2,273,934
Local occupational tax revenues, Fayette and Jefferson counties	\$93,524	\$119,375	\$167,125	\$311,299	\$386,961
Total state and local payroll-based taxes	\$611,509	\$790,723	\$1,113,021	\$2,138,312	\$2,660,896

Estimated Economic and Fiscal Impacts of External Funds Attracted by Bucks for Brains Scholars

fiscal years	2003	2004	2005	2006	2007	Cumulative
External dollars attracted						
University of Kentucky	\$23,727,916	\$32,945,098	\$36,395,747	\$39,234,494	\$38,994,348	\$275,086,395
University of Louisville	\$16,540,135	\$24,285,768	\$25,133,523	\$28,330,814	\$34,983,890	\$166,629,446
Total	\$40,268,051	\$57,230,866	\$61,529,270	\$67,565,308	\$73,978,238	\$441,715,841
Total economic impacts statewide, including universities						
Total output of establishments	\$69,513,678	\$98,796,141	\$106,216,363	\$116,636,216	\$127,706,690	\$762,522,455
Total jobs	1,162.8	1,652.6	1,776.7	1,951.0	2,136.2	
Total employee compensation	\$25,416,649	\$36,123,348	\$38,836,443	\$42,646,308	\$46,694,063	\$278,805,062
Fiscal impacts						
Kentucky state income and sales tax revenues	\$1,779,165	\$2,528,634	\$2,718,551	\$2,985,242	\$3,268,584	\$19,516,354
Local occupational tax revenues, Fayette and Jefferson counties	\$298,817	\$423,527	\$456,799	\$500,515	\$542,082	\$3,300,024
Total state and local payroll-based taxes	\$2,077,982	\$2,952,161	\$3,175,350	\$3,485,757	\$3,810,666	\$22,816,379

Most readers will focus on the total cumulative impacts, that is, the estimates in the bottom right hand corner of the table. We estimate that the combined external funds

⁶We actually did the calculations both ways, and there was little difference in the total state impact, so to keep things simple we just report the estimates using the state-level model.

⁷ With some accounting research at the institutions we could modify the model to more accurately reflect actual spending profiles related to research dollars, to the extent they differ from average university spending profiles.

attracted by *Bucks for Brains* scholars are associated with \$762.5 million in sales to establishments statewide (including the university revenues) over the decade. Total associated statewide employee compensation is \$278.8 million. The external funding is now responsible for over 2,100 jobs statewide. The employee compensation is associated with \$19.5 million in Kentucky income and sales taxes, as well as \$3.3 million in local occupational taxes.

We estimated the tax revenues using effective tax rates. An effective tax rate is calculated as total tax collections divided by total compensation for the relevant jurisdiction. For example, Kentucky state government collected an average of \$2.8 billion in individual income tax receipts during fiscal years 2001 to 2005, while employee compensation in the state averaged \$74.5 billion. The ratio, 3.78 percent, is a good way to predict state income tax receipts from new employee compensation in the state. A similar calculation was made for state sales and use taxes.

Local occupational taxes are also an important consideration. Jefferson County levies a city-county tax of 1.4 percent on all wages earned in the county, and the public school system levies a tax of 0.75 percent on all wages of residents working in the county. Fayette County levies a tax of 2.5 percent on all wages earned in the county, and the public school system levies a tax of 0.50 percent on all wages of residents working in the county. We divided the historical collections data from these jurisdictions by the employee compensation in the respective metropolitan areas to obtain an effective local occupational tax rate.

Caveat. Note that these estimates of fiscal impacts are not adjusted for any other public funds used to support the RCTF scholars. Not only did the state government invest \$300 million directly into the endowments of the University of Kentucky and the University of Louisville, it also made a number of large investments in research buildings and facilities. It is beyond the scope of this report to net all these public funds out and derive a clean return on public investment ratio.

**Council on Postsecondary Education
November 5, 2007**

Improving Educator Quality State Grant Program

ACTION: The staff recommends that the Council on Postsecondary Education award federal *No Child Left Behind*, Title II, Part A, funds in the amount of \$1,092,000 for January 1, 2008–June 30, 2009, to support eight projects.

- *Content Collaboration for Academic Readiness in Science* (Georgetown College): \$132,000
- *Effectively Integrating the 3R's: Enhancing Mathematics Instruction and Achievement in Middle and High School Classrooms, Phase 2* (Morehead State University): \$145,000
- *Change Over Time: Environmental Problem Solving Using Math/Science and Other Subjects—From Concept to Practice* (Murray State University): \$140,000
- *West Kentucky Mathematics Partnership* (Murray State University): \$130,000
- *E²: Enlivening and Energizing EPAS Professional Development* (Northern Kentucky University): \$140,000
- *Opening Doors to New Worlds: Certifying World Language Teachers for Kentucky* (Northern Kentucky University): \$130,000
- *Embedded Teacher Learning Through Online Modules: Leveraging Professional Development Resources in Kentucky* (University of Kentucky): \$135,000
- *Putting All Students on Track: A Partnership to Ensure Success in College Level Mathematics* (University of Kentucky): \$140,000

The Improving Educator Quality State Grant Program awards grants to partnerships that deliver research-based professional development programs to P-12 teachers. To be eligible, a partnership must include a postsecondary institution's school of arts and sciences and its teacher preparation program, as well as at least one high-need local school district. The program enables states to fund training for teachers and administrators in any core academic subject.

In 2006 the Kentucky General Assembly passed Senate Bill 130 requiring the P-12 assessment program to include a high school readiness examination in the 8th grade, a college readiness examination in the 10th grade, and requiring all students in the 11th grade to take the ACT. This has resulted in the implementation of ACT's Educational Planning and Assessment System (EPAS) in Kentucky.

EPAS, which includes the EXPLORE assessment in the 8th grade, the PLAN assessment in the 10th grade, and culminates with the ACT assessment in the 11th grade, provides a

longitudinal, systematic approach to educational and career planning, assessment, instructional support, and evaluation. EPAS places emphasis on the integrated, higher-order thinking skills which students develop in grades P-12 that are important for success both during and after high school. The system focuses on a number of key transition points that young people face, particularly 8th graders preparing to enter high school, 10th graders planning and preparing for college and the workplace, and 11th and 12th graders being ready for life after high school.

Senate Bill 130 also requires the Council on Postsecondary Education and public postsecondary institutions to offer support and technical assistance to schools and school districts in the development of accelerated learning for students who demonstrate a need for intervention due to low scores on the high school or college readiness exams. To that end, in addition to a foreign language project and two renewal projects, the Council is focusing Year 6 of the Improving Educator Quality State Grant Program on projects that fully integrate EPAS professional development that assists teachers in providing intervention in Core Content areas for students in need of accelerated learning.

External reviewers and content-area specialists reviewed the ten grant proposals and made recommendations to the Council staff. Eight proposals were selected. These projects plan to serve more than 330 teachers in 51 Kentucky school districts. Brief descriptions of these projects follow.

Georgetown College: \$132,000

Content Collaboration for Academic Readiness in Science

Kimberly Walters-Parker, principal investigator

Georgetown College, in collaboration with Bluegrass Community and Technical College and the Collaborative Center for Literacy Development, proposes to provide professional development to middle and high school science and special education teachers to identify and address their students' learning needs in science, to enable them to incorporate content-area reading strategies into EPAS-focused science instruction, to address Kentucky's Core Content for Assessment in both science and reading, and to enhance their mastery of science content. By drawing on expertise in community college student readiness, adolescent literacy education, special education, and natural sciences, this project will give teachers the skills to identify and address all students' learning needs within the EPAS system and other assessment systems. This interdisciplinary approach to EPAS readiness draws on an array of resources and expertise.

Morehead State University: \$145,000

Effectively Integrating the 3R's: Enhancing Mathematics Instruction and Achievement in Middle and High School Classrooms, Phase 2

Cathy Gunn, principal investigator

In the second year of this project, Morehead State University proposes to improve student learning in the area of mathematics through the implementation of effective instructional strategies by the teachers participating. The teachers will be involved in an intensive five-day workshop that will include the demonstration of and participation in effective learning opportunities that integrate mathematics and literacy strategies for engaging adolescent learners. Teachers will develop their own lesson plans that reflect their understanding of these strategies for use in their classrooms in the upcoming academic year. Teachers will spend time examining lessons and evaluating the delivery of fundamental concepts. Teacher-leaders and the combined faculty will introduce a modified lesson study model for observation and refinement of instruction. Teacher-leaders and combined faculty also will provide mentoring throughout the upcoming academic year through regularly scheduled classroom visits and small group discussions.

Murray State University: \$140,000

Change Over Time: Environmental Problem Solving Using Mathematics/Science and Other Subjects—From Concept to Practice

Joe Baust, principal investigator

In the second year of this project, Murray State University, in partnership with Western Kentucky University, the West Kentucky Educational Cooperative, and the Green River Educational Cooperative, proposes to identify and provide embedded professional development for teachers in grades 4-12. This will include a week-long residential and year-long mentored approach to connecting mathematics and science to problem solving and critical thinking using environmental issues as the means of making these skills and concepts more meaningful, memorable, and motivational. Each participant will be immersed in forest, wetland, and stream habitats and will focus on the impact and issues associated with these habitats as they develop concepts and skills that will be applied in actual teaching situations with students from diverse backgrounds.

Murray State University: \$130,000

West Kentucky Mathematics Partnership

W. A. Franklin, principal investigator

Murray State University, in collaboration with the University of Kentucky/Paducah Engineering School and local GEAR-UP schools, proposes to provide professional development to improve teacher content knowledge and student achievement in mathematics. The providers will work with teachers to improve their content knowledge in mathematics as well as guide them through a process of using assessment to direct learning in their classrooms. Key materials and instruction will include ACT/EPAS's *Connecting College Readiness Standards to the Classroom for Mathematics Teachers*.

Northern Kentucky University: \$140,000

E²: Enlivening and Energizing EPAS Professional Development

Lenore Kinne, principal investigator

Northern Kentucky University, in collaboration with Thomas More College, the Kentucky Center for Mathematics, and local GEAR-UP schools, proposes to develop a “train-the-trainer” model for teachers to use EPAS results to develop and implement students’ Individual Learning Plans, particularly encouraging enrollment in higher-level mathematics and science courses to promote postsecondary, career, and life goals. The project also will apply research-based strategies to build intrinsic motivation to learn in middle and secondary students, to promote effective scientific and mathematical reasoning in middle and secondary students through reading comprehension strategies, and to accelerate and enrich mathematical and scientific knowledge and reading in middle and secondary students, integrating these skills into EPAS-identified areas of need. This project has been selected by Council staff as eligible for renewal for a second year based on adequate progress in the first year.

Northern Kentucky University: \$130,000

Opening Doors to New Worlds: Certifying World Language Teachers for Kentucky

Thomas Leech, principal investigator

Northern Kentucky University, in partnership with Thomas More College and the Kentucky Department of Education, proposes to prepare proficient speakers of world languages to work as fully certified teachers in the classroom. Currently, many world language teachers are working on emergency certification, on limited certification, as substitute teachers, or at lower ranks. Taking advantage of the Option 7 route to alternative certification, this project will offer an intensive summer workshop focused on developing a greater knowledge of the principles of learning and teaching. The project will include ongoing discussion among the participants and project directors as well as observation of each teacher in their classroom. The summer workshop participants will receive 12 graduate credits.

University of Kentucky: \$135,000

Embedded Teacher Learning Through Online Modules: Leveraging Professional Development Resources in Kentucky

Stephen Clements, principal investigator

The University of Kentucky, in cooperation with the Central Kentucky Education Cooperative, proposes to create, field test, revise, and deploy eight online professional development short courses, or modules, specifically targeting activities designed to promote student success and readiness for high school, college, and career. Most modules will involve conversion of existing professional development materials into an online format, which will leverage resources already invested for much broader consumption. Modules created by this project will target important teacher learning needs in Kentucky, such as understanding and utilizing EPAS and providing intervention strategies in core content areas. This project has been

selected by Council staff as eligible for renewal for a second year based on adequate progress in the first year.

University of Kentucky: \$140,000

Putting All Students on Track: A Partnership to Ensure Success in College Level Mathematics

Kim Zeidler, principal investigator

The University of Kentucky, in collaboration with Somerset Community College, proposes to develop and field test strategies to help all students achieve success in high school mathematics as measured by EPAS. The project will increase counselor, teacher, and administrator awareness of college readiness standards and Work Keys information. It also will provide teachers with strategies to align ACT college readiness standards to the Kentucky Program of Study. Information will be provided that will empower teachers with specific strategies to raise student performance on summative assessments such as EPAS. This project has been selected by Council staff as eligible for renewal for a second year based on adequate progress in the first year. If funded in the second year, the project plans to develop senior-level courses that will allow for application of P-12 mathematics to ensure college readiness.

**Council on Postsecondary Education
November 5, 2007**

P-16 Council Update

At the September meeting of the state P-16 Council, members reviewed the agenda and accomplishments of the state council since 1999, when the Kentucky Board of Education and the Council on Postsecondary Education decided to form this advisory board. The P-16 Council used this information to prioritize initiatives for the coming year. In addition to teacher quality, alignment of K-12 and postsecondary standards, and policy issues involving the transition of students from one sector to the next, the P-16 Council has overseen the formation of local P-16 councils, beginning in 2001 when the General Assembly included them in its budget and the CPE began funding them.

P-16 Council members heard a report from Gary Perkins, who has led the development of the Central Kentucky Area P-16 Council and the Southeast Area P-16 Council. Mr. Perkins highlighted two areas of note in their work: (1) including adult educators in the pre-school and elementary school enrollment process, so parents of young children are encouraged when they enroll their children in school to complete their GEDs and (2) engaging local employers to provide incentives for GED completion and postsecondary program completion, such as vacation time, bonus pay, or preferred consideration for promotions. The state council has provided direction for local councils. The local initiatives have, in turn, served to highlight areas for the state to pursue, such as these initiatives mentioned; P-12 and postsecondary alignment dialogues and early college-readiness assessments (Council of Partners in Education in northern Kentucky); dual credit agreements, as well as engagement of local employers to give K-12 teachers, faculty, and adult education providers insight into what their graduates will be expected to know and be able to do in the workplace (Greater Owensboro Alliance for Education); and articulation agreements between adult education and two- and four-year institutions for providing developmental education and seamless transition (Greater Louisville Workforce/Education Initiative). Mr. Perkins also emphasized the need for reliable and consistent state-level support and funding to ensure implementation of the state P-16 agenda at the local level.

The P-16 Council also has endorsed cross-sector data collection to ascertain the impact of programs and policies on student achievement and success, provide feedback across sectors, help identify priority needs (both statewide and regional), and establish a consistent framework for aligning the agenda of local councils with state goals. During the meeting, the P-16 Council members heard a report from CPE and KDE staff on plans to create a P-20 data repository and passed a motion to request that the Education Cabinet secretary convene agency heads to develop a plan, including funding, for creating a P-20 data repository in Kentucky to be reported to the Council at its December meeting.

KDE staff demonstrated the new online Individual Learning Plan implemented as part of KBE's revised high school graduation requirements. CPE member Mark Wattier suggested that autobiographical video clips showing Kentucky employers be included on the Web site to exemplify the importance of effort, the investment of time, and the value of "big dreams." Members also commented on the usefulness of the ILP for advising and guidance counseling and recommended a closer integration between the ILPs and the Go Higher Kentucky Web site operated by the Kentucky Higher Education Assistance Authority and between the ILPs and financial aid information. CPE members on the P-16 Council noted that the ILP could be used by postsecondary institutions for enrollment management guidance and for planning and seeking approval of new programs, as the ILPs will provide a good indication of pipeline interest and likely enrollment patterns.

KDE staff also gave an overview of the first statewide administration of the ACT Education Planning and Assessment System (EPAS) to eighth- and tenth-graders in 2006-08 (one of the provisions of the 2006 General Assembly's Senate Bill 130) and discussed the Office of Education Accountability's report on its results. With these early alerts regarding college readiness, teachers will be able to provide timely interventions, students will have more time to prepare for college, and the need for postsecondary remediation will be reduced.

Joanne Lang, executive vice president of the Kentucky Science and Technology Corporation, reported on the \$13.2 million National Math and Science Initiative to increase access to AP courses for high school students. The Kentucky Science and Technology Corporation led this application effort, working with the KDE, the CPE, and the Partnership for Kentucky Schools.

CPE staff informed the P-16 Council of the CPE's College Access Initiative, targeting GED graduates and, especially, adults with some college. John Marks, executive director for the Department for Workforce Investment, Career and Technical Education, noted Asbury College's Achieve bachelor of science degree completion program as a model. Asbury provides simplified registration processes, learning modules, and clearly articulated requirements and learning objectives, ideally structured for working adults with time barriers. He encouraged CPE staff to look into introducing that model more broadly. Discussion turned to the need to identify coursework that is particularly relevant to adults, the delivery of developmental education to adult learners, and the broader issues of transfer (and credit granting) for general education and specific skills that adults bring to college through either formal education or work experience. Council members also noted the desirability of a correlation study of the ACT and the GED to determine college readiness thresholds for the GED.

Finally, the P-16 Council approved a resolution honoring and commending Thomas D. Layzell on the occasion of his retirement.



**EDUCATION CABINET
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Kevin M. Noland
Interim Commissioner of Education

MEMORANDUM

TO: The Council on Postsecondary Education (CPE)

FROM: Kevin M. Noland *Kevin M. Noland*

DATE: October 26, 2007

SUBJECT: Report for the November 5 CPE Meeting titled "Kentucky Department of Education and Council on Postsecondary Education Collaborations to Increase College Readiness"

Due to having to testify before the LRC Education Committee at 10 a.m., on Monday, Nov. 5, I will be unable to join you at the CPE meeting. Therefore, I have attached my report that highlights the many initiatives on which the Kentucky Department of Education (KDE) and postsecondary partners collaborate to promote the college readiness of secondary students. KDE is committed to increasing college readiness and will continue to partner with the postsecondary community to enable students to be successful as they transition from secondary to postsecondary education.

Thank you for the opportunity to share the attached information on initiatives to increase college readiness.

Attachment

Cc: Brad Cowgill
State Pre-K to 16 Council Members

KMN:MAM:mam

Kentucky Department of Education and Council on Postsecondary Education Collaborations to Increase College Readiness

Introduction

The following describes major points of collaboration that will lead to improvement of college-readiness rates between the Kentucky Department of Education (KDE) and the Council on Postsecondary Education (CPE). The list is not all inclusive and contains only those initiatives that are led by KDE or that are led by CPE but to which KDE has staff permanently assigned (i.e., GEAR UP). The work is categorized under four broad topics: Student Planning and Advising for Successful Transition; Access to Rigorous Curriculum that Leads to College Readiness; Data and Reporting; and Technical Assistance to Schools.

Implications

In addition to ongoing collaboration through national initiatives such as the American Diploma Project and state coordinating bodies such as the statewide P16 Council, the Department and CPE collaborate on many levels in several different initiatives. Generally, there are primary points of contact from both organizations for work on college-readiness as part of the Refocusing Secondary for Student Success initiative, but many staff are engaged as is evidenced below.

Student Planning and Advising for Successful Transition

Individual Learning Plans (ILP)

As a requirement of the new minimum high school graduation requirements, every student in grades 6 – 12 must have a completed Individual Learning Plan (ILP). The ILPs are electronic and replace the Individual Graduation Plan. Students use their ILP to explore areas of academic and career interest, to establish and track progress towards academic goals, to plan studies and extracurricular activities that will help them meet those goals, and to plan for and transition successfully to college and work. Kentucky receives national recognition for the ILP. The ILP is also a tool to engage an increased number of parents more successfully in their child's education.

- Kentucky Admissions Program Directors were involved in ILP design and implementation planning and KDE staff meets with

them quarterly. Postsecondary requirements are part of the needs analysis. A close relationship exists to P20 data issues because the goal is for students to be able to transfer their ILPs to a college/university and this requires a hand-off between the secondary student ID and the postsecondary student ID.

Establishing Effective and Sufficient Academic Advising Systems

The Secondary Agenda says that every child should be engaged in a rigorous course of study that he/she understands as being relevant to the real world and as preparing him/her for a successful life beyond school. This means that every child's education must be personalized and that every student must have a meaningful, ongoing relationship with an advisor who is very familiar with the student and the student's ILP. This goal cannot be met if schools continue the traditional model of one professional guidance counselor for hundreds of students. Therefore, the Department is supporting new models of advising in schools that establish the professional guidance counselor(s) as part of the instructional leadership team responsible for overall quality of advising services and preparing others to act as academic advisors for students. This initiative also involves working with Colleges of Education to transform preparation programs.

- The need for close collaboration around teacher and counselor preparation programs has been identified by the state P16 Council. CPE, KDE and the Education Professional Standards Board (EPSB) need to pursue this together. Also, as colleges develop plans to support districts around increasing college-readiness, they are potential partners in sharing information about characteristics of strong advising programs. Additionally, the ILP has been designed to allow postsecondary admissions counselors and academic advisors to work with high school students and their secondary advisors through the ILP.

Project Lead the Way (Pre-Engineering)

The Department collaborates with CPE in the implementation of Project Lead the Way (PLTW) pre-engineering programs. This initiative is being implemented to address the need to improve the engineering pipeline in Kentucky to better prepare students for careers in engineering and engineering technology.

- The University of Kentucky serves as the affiliate university for PLTW to become the in-state training site for PLTW teachers and to support the implementation of PLTW in school districts. A staff person from UK College of Engineering has been assigned to work with KDE on this project. UK has also developed an articulation agreement for students completing the PLTW program and enrolling in the College of Engineering.

Career Pathways

KDE, CPE, Kentucky Career and Technical College System (KCTCS), and the Department for Workforce Investment are collaborating to develop Career Pathways in six career areas: Construction, Manufacturing, Education, Health Sciences, Information Technology, and STEM (Engineering). CPE has assigned a staff person to serve on the state team to oversee the design of the career pathways.

College Awareness

There are several initiatives promoting college-going and affordability led by CPE and others in which KDE participates, such as Go Higher Kentucky and Kentucky College Access Network. The Department is building links to these resources from the ILP and embedding them in professional development on advising systems.

Dropout Prevention

The goal of the Secondary Agenda is that every student will persist to a diploma and transition successfully to further learning and/or work based on a plan of intentional focus. This means that schools must eliminate dropouts and keep every student engaged in learning. The Kentucky Board of Education adopted a six strategy Persistence to Graduation framework in December 2006, which the Department is pursuing through multiple initiatives (i.e., adolescent literacy, effective advising systems, acceleration programs, improvement of instruction in alternative placements, etc.).

- The primary collaboration points are GEAR UP and Kentucky Scholars. Secondarily, the K12/postsecondary collaborations around the Individual Learning Plan and the use of dual credit as a strategy to re-engage disengaged youth contribute to dropout prevention efforts.

Access to Rigorous Curriculum that Leads to College Readiness

Curriculum and Assessment Standards

The Program of Studies and Core Content for Assessment drive instructional content development in Kentucky schools and districts. Both were recently revised and updated (2006).

- The revision process included close attention to recommendations from the mathematics and English alignment groups convened in partnership with CPE through the Kentucky P-16 Council. American Diploma Project benchmarks and postsecondary recommendations were also considered. Postsecondary faculty participated in a review of the documents.

End of Course Assessments and Diagnostic Mathematics Assessments

As part of the American Diploma Project Network, Kentucky joined a coalition of nine states that engaged high school, postsecondary and external content experts in development of an Algebra II End of Course Assessment (EOCA). Representatives from Kentucky institutions participated in the design and review. KDE is pursuing development of EOCA's for Algebra I and Geometry through a contract with a Kentucky university. Diagnostic assessments for use by classroom teachers in Algebra I, Geometry and Algebra II have also been developed by a work group sponsored by KDE and composed of K12 and postsecondary faculty. Access to these assessments and professional development on their use have been made available to both K12 and postsecondary.

- Postsecondary engagement in EOCA work will be expanded to include a CPE staff representative.

Reading Grants

Reading First and Read to Achieve provide grant funds to schools serving students in grades K-3. Reading First (federal) supports comprehensive reading programs while Read to Achieve (state) focuses on interventions for struggling readers.

- State Reading First Coaches work through an agreement with state universities regionally. The Read to Achieve Steering Committee includes postsecondary representation. Evaluation of both programs is a function of the Collaborative Center for Literacy Development housed at the University of Kentucky.

University Writing Projects

These projects provide intensive professional development opportunities for K-12 teachers on effective writing instruction and are funded by KDE.

- The projects are housed at regional universities.

Mathematics Achievement Funds and Committee on Mathematics Achievement

These funds support mathematics intervention programs in schools serving K-3 students and provide operational support for the Committee on Mathematics Achievement.

- Committee members are jointly appointed by the CPE President and the Commissioner of Education. Members include representatives from K-12 and postsecondary faculty. The Center for Mathematics Achievement (Northern Kentucky University, [NKU]) provides advice and research support for the programs.

Teachers Professional Growth Funds for Reading and Mathematics Coaching and Mentoring

This funding provides coaching and mentoring professional development for teachers who participate and coaches or mentors for reading and mathematics.

- The coaching program is operated through the Center for Mathematics (NKU) and Collaborative Center for Literacy Development (UK).

Virtual Learning – Kentucky Virtual Schools

The Kentucky Virtual High School (KVHS) is a KDE program that delivers middle and high school courses online to students in Kentucky schools. Schools access KVHS to supplement local course offerings, to resolve scheduling conflicts and to expose students to 21st century learning. KVHS has expanded to offer online professional development and to support online collaboration for special projects. The KVHS is expanding services to support the use of high-quality online content and online learning tools in local classrooms to help teachers differentiate instruction. Also, KVHS has joined a P20 Virtual Learning Partnership with all public colleges and universities. The name is changing to Kentucky Virtual Schools to reflect integration of and support for online learning programs in the Area Technology Centers and closer collaboration with district virtual learning programs.

- Extensive collaboration between KDE and CPE in the P20 Virtual Learning initiative focuses on infrastructure development, instructional design, content development and instructor/teacher professional development in online pedagogy. Transitional course content will be placed in a shared repository and made available to schools and colleges.

Advanced Placement and International Baccalaureate

As part of the Secondary Agenda, the Kentucky Board of Education has approved the concept that every student engage in credit-bearing work in the senior year that is specifically designed to prepare the student for successful transition to further learning and work in an academic area of interest of a chosen field of work. Advanced Placement (AP) and International Baccalaureate (IB) are credit-based transition programs that engage students in college-level work while in high school. There is national emphasis on increasing the numbers of low-income and minority students participating in these programs, especially in the fields of science and mathematics.

Recently, Kentucky was successful in securing one of seven state awards from the National Math and Science Initiative (NMSI), which will provide \$13.2M over five years to accelerate participation in science, mathematics, and English Advanced Placement course taking. The

emphasis of the initiative is on increasing successful participation among all students, especially students of color and low-income students, and in increasing the state's capacity to teach AP successfully as measured by exam scores.

- CPE has authority over the regulations that govern the manner in which colleges and universities give credit for passing scores on AP and IB exams. Postsecondary is a primary partner in the NMSI for teacher professional development. KDE and CPE are working on data exchange to ensure that students participating in NMSI, as well as AP and IB, can be tracked into postsecondary institutions for the purposes of program evaluation.

Dual Credit

Like AP and IB, Dual Credit is a type of credit-based transition program. A dual credit course is one for which the student is earning both high school and college credit. Dual credit is identified in the Secondary Agenda as a strategy for engaging youth who are underrepresented in the college-going population while they are in high school so that they persist to a diploma and transition to college successfully. The Kentucky Board of Education (KBE) received recommendations from an Inter-Agency Dual Credit Task Force at the August meeting.

- Extensive involvement occurred by CPE, two-year and four year institutions on Task Force. A need for ongoing collaboration is critical as various organizations pursue Task Force recommendations. Next steps must be defined. As part of the Refocusing Secondary agenda, the KBE has endorsed the concept that every student should be engaged in appropriate credit-based transition courses during the senior year (AP, IB, dual credit, senior capstone projects, transitional courses) aligned with the college and career goals in the ILP. Because they are "transition" courses, K12 and postsecondary have to partner to make this strategy effective.

Middle to High School Transition (GEAR UP and Schools to Watch)

The Secondary Agenda places emphasis on effective collaboration among middle and high school educators to increase the numbers of students who are ready to be successful in high school as they make the transition from middle school. To accomplish this work, the Department collaborates with the statewide Gaining Early Awareness and Education for Undergraduate Programs (GEAR UP) initiative, which is coordinated by the Council on Postsecondary Education. The Department also participates in the National Schools to Watch forum with the Center at Eastern Kentucky University to identify and share examples of effective practice around high school readiness.

- KDE assigns a consultant as the primary GEAR UP liaison and contributes matching to the grant. KDE is enhancing the ILP to reflect and track GEAR UP participation.

Transitional Courses to Reduce Remediation Rates – New

The Department is organizing a workgroup to develop transitional course content in mathematics. The courses are being specifically designed for delivery to high school students who are identified via their ACT score as in need of remediation. The students will engage in these studies during the senior year and will be certified as ready for credit-bearing college mathematics if they achieve certain benchmarks, thus reducing remediation rates. The course content, college-ready benchmarks and assessments will be developed by K12 and postsecondary faculty working together. This work is a direct result of recommendations delivered by the Inter-agency Dual Credit Task Force and the Developmental Education Task Force. The Dual Credit Task Force also recommended that students who complete the transitional content in mathematics be engaged immediately thereafter in their first college mathematics class via dual credit, either online or on ground, to ensure continued learning and progress. As resources are available, additional content will be developed/assembled that can be used to provide interventions in response to PLAN scores in lower grades and in English. The first meeting will be held in mid-November. The goal is to engage students in Fall 2008 based on the Spring 2008 ACT administration.

Data and Reporting

Longitudinal Student Tracking/Kentucky Instructional Data System

The Kentucky Department of Education received a \$5.8M federal grant to design and implement a longitudinal data tracking system. The Kentucky Instructional Data System (KIDS) will enable the monitoring of students as they move through the K12 education system to inform teachers' daily classroom decisions about individual students and to produce data that can be used to inform school, district and state-level policy and practice.

- The CPE is represented on the KIDS advisory group and close collaboration occurs in needs analysis and implementation as we anticipate data transfer between K12 to postsecondary based on the secondary student ID. KDE has less direct involvement in the postsecondary equivalent to KIDS (KPEDS). KDE is aware that they are building it but has no direct involvement.

Knowledge Management Portal and Content Repositories

The Department is seeking resources in the upcoming biennial budget to develop an electronic collaborative space for creating, storing and sharing of instructional resources (i.e., standards-based units of study, formative assessment items, electronic lab simulations, etc). The primary *audience*

for the portal is teachers, although many KMP resources will be available to administrators, students and parents.

- The Department and CPE are co-leading a statewide content repository initiative. The repository will be a digital library into which instructional content developed by both K12 and postsecondary can be uploaded and shared throughout the state. Repository content will be available to students and teachers through the KMP for instruction, intervention and professional development.

Uniform Electronic Transcript Reporting

With implementation of the new student information system, the unique student identifier and a system of common course codes at the K12 level, the Department has the capability for the first time to implement uniform electronic transcript reporting. This will enable an electronic college application through Go Higher from the Individual Learning Plan. It will also provide more consistent information in a standard form on student transcripts about the courses that students have taken and the level of their performance. This capability is also needed to enable electronic transcript audits that, when combined with K20 longitudinal data reporting capability, yield more and better data about the preparation and supports that lead to college-readiness.

- The decision to pursue electronic transcript reporting is directly responsive to needs identified by postsecondary partners, such as the Admissions Program Directors. The first meeting of the work group is scheduled for mid-November.

High School Feedback Report

The Department continues work with the Council on Postsecondary Education and the Kentucky Higher Education Assistance Authority to enhance the High School Feedback Report. This report is the primary feedback mechanism for districts, schools and communities about how their graduates who attend Kentucky colleges and universities fair. The Department places high priority on continuing to improve the timeliness and integrity of this data.

Technical Assistance to Schools

To help schools and districts implement the Secondary Agenda, the Department provides consultants who work in schools to provide technical assistance to instructional leadership teams engaged in the Refocusing Secondary Education for Student Success. These consultants have expertise in leading change and help schools develop 3 – 5 year transformation plans. These staff work closely with other KDE staff directly engaged in schools (Highly Skilled Educator and Achievement Gap Coordinators) as well as with local community organizations and

postsecondary partners to share resources and help broker professional development that is directly aligned with school needs.

KCTCS Collaboration on ARISE initiative

The Department and the KCTCS leadership have begun regular meetings to coordinate technical assistance to schools in response to SB130 and overall increases in college-readiness. Dr. McCall and his team met with Department leadership in September, a follow-up meeting was held in October and these will continue. A joint work plan will be developed so that KDE and KCTCS are planning together, leveraging resources and delivering consistent messages and services as KDE/KCTCS teams together to provide technical assistance.

Council on Postsecondary Education
November 5, 2007

Distance Learning Advisory Committee Report

The Distance Learning Advisory Committee (DLAC) met October 17, 2007, with interim Council president Brad Cowgill serving as chair. In his remarks, Mr. Cowgill noted instructional technologies and eLearning were expected to play key roles in helping Kentucky's institutions double the number of Kentuckians with bachelor's degrees by 2020. He also affirmed the role of DLAC in identifying, describing, and promoting ways for technology to address core issues the institutions had identified in the business plans they had recently shared with the Council. Mr. Cowgill encouraged the institutions to collaborate in efficient, effective, and relevant ways between students, faculty, and other institutions.

Dan Connell, 2007-08 chair of the Distance Learning Steering Team (DLST) and also associate provost, Department of Academic Outreach and Support at Morehead State University, reported on DLST activities. He mentioned the recent completion of the statewide CMS (course management system) Help Desk RFP process which was awarded to Blackboard, Inc. He also discussed the Convergence 2007 conference to be held November 1 and 2 at the Center for Rural Development in Somerset. Mr. Connell also outlined planned DLST activities for 2007, including a student services committee convening discussions on joint development of student tutorials for how to learn online and a focus on accessibility of online learning.

Miko Pattie, CPE senior advisor of information and technology, reported on the status of the Kentucky Education Network (KEN) Applications Subcommittee which released its report (<http://ken.ky.gov/>) October 3, 2007. Ms. Pattie also reported on the status of the Kentucky Learning Object Repository (KyLOR) project. Kentucky has been selected by Florida to participate in a Learning Object Repository initiative for which Florida received a FIPSE grant.

Myk Garn, executive director of the Kentucky Virtual Campus (KYVC), gave an update on KYVC items. The new KYVC director for eLearning solutions, Sarah Mann, was introduced. Ms. Mann joins the staff of KYVC from Northern Kentucky University where she supported faculty online teaching efforts. She reported that over 120 slots in the SLOAN-C online workshops licensed by KYVC are currently being used out of the 150 available. Allen Lind, CPE vice president for information and technology, reported that Kentucky institutions have signed up for support of over 150,000 users through the Blackboard helpdesk. Dr. Garn outlined the primary activities of the KYVC 2007-08 Project Plan. Stating that this year will be a rebuilding year, he noted the KYVC will focus on redesigning its student information/catalog software; creating a Virtual Learning 101 online tutorial and renewing its hosting, instructional design, and support services contracts; moving its CMS helpdesk from the current vendor Embanet to Blackboard; investigating a transition from the ANGEL CMS to

Blackboard; supporting the Quality Matters initiative; and anticipating increased focus on marketing, Web site redesign, and a KYVC dashboard in spring/summer 2008.

A proposed KYVC innovation symposium was discussed. Meeting participants expressed support and suggestions for a one-day, leading-edge focused symposium on how technology can help institutions solve problems associated with space/instructional capacity, retention, and increasing quality and interactivity of instruction. The KYVC was asked to consider the symposium aligning with a Council focus on efficiency expected to evolve early in the next calendar year.

Mr. Lind gave an update on the development of the 2008-10 budget recommendation.

**Council on Postsecondary Education
November 5, 2007**

Adults With Some College Survey

The Council on Postsecondary Education contracted with Stamats, Inc., a higher education marketing research firm, earlier this year to conduct a quantitative research project to identify market segments of adult Kentuckians who would be receptive to reenrolling to complete a bachelor's degree over the next few years. Targeting these adults with some college will be a critical strategy in meeting Kentucky's goal to double the number of college graduates by the year 2020.

Survey objectives identified the following:

- The composition, traits, and behaviors of Kentuckians who have not completed a bachelor's degree.
- Barriers potential students face in continuing their education.
- Motivations for seeking higher education.
- Expectations about the perceived benefits of earning a degree.
- Desired programs and delivery formats.
- Perceptions regarding higher education options.
- Need for support services among this audience (i.e., on-campus child care, financial aid, personalized advising, etc.).
- Gauge awareness of the Kentucky Virtual Campus and GoHigherKy.org Web sites.

The results of the survey will help guide the discussions toward the development of adult-friendly programs and services and an outreach effort called Project Graduate. The first phase of Project Graduate will target the 11,000 Kentuckians with 90 or more credit hours and will kick off this winter.

Kentucky Council on Postsecondary Education: Survey of Kentucky Adults with Some College

Executive Summary

The Kentucky Council on Postsecondary Education (KCPE) hired Stamats, a higher education marketing and consulting company, to conduct a research study among Kentucky residents who had attended college but did not complete a bachelor's degree.

The goals of the study were to determine the type of individual most likely to complete their bachelor's degree as well as determine communication messages and strategies that would compel these students to re-engage in their higher education pursuit.

To accomplish these goals, Stamats conducted a randomly sampled telephone survey among the target audience in May and June of 2007. The sample was drawn from the Council's comprehensive database. Accumulated credits of respondents ranged from less than 30 credit hours to 90 or more credit hours. A total of 1,610 surveys were conducted throughout Kentucky, stratified into four regions—Eastern Kentucky, Western Kentucky, Central Kentucky, and Urban Kentucky. The sampling error for this study is $\pm 2.4\%$ at the 95% confidence level for the entire sample and $\pm 4.9\%$ for the individual regions. However, it must be noted that the overall response rate was 7% compared to a standard marketing research response rate of 25%. Therefore, it is possible that a respondent bias toward individuals more interested in continuing their education may be present.

The survey instrument, designed in collaboration with KCPE, explored the following topics:

- Reasons for initial stop-out or drop-out from college
- Items prohibiting or impeding obtainment of a bachelor's degree
- Factors that would motivate students to re-enroll
- Potential college services that would increase the likelihood of re-enrollment
- Awareness of current resources available to adult students
- Overall likelihood of re-enrollment
- Majors or programs of most interest to respondents
- Class formats of most interest to respondents

Results of the research suggest there may not be as much of an interest in continuing education as expected. Among the sample, only 23% indicated being very likely to re-enroll in the future with many of those indicating that it would likely be two or three years before they re-enrolled.

However, three groups emerged as being more receptive to continuing their education:

- Blacks and Hispanics (though the small sample size must be considered)
- Those that entered college within the last 10 years that are currently working in a white-collar profession
- Unmarried individuals with 85 or more total credit hours

Among students likely to re-enroll in the near future, top programs of interest include nursing, business, and education.

As expected, the greatest barriers to re-entry are time and money. It is important to communicate how a college education can fit in with personal and professional obligations, as well as how an education can be financed. Encouragingly, additional expected deterrents did not arise as major concerns. Specifically, respondents do not appear to be worried about being able to fit in at college or do well. Additionally, access to a college or university is not a barrier. Even if it was, more than two-thirds of respondents indicated they would consider an online education.

Creating a sense of urgency appears to be the key to getting any segment of this population back to college. Currently, this does not exist as a large percentage do not feel pressured to earn their degree. Rather, it is an altruistic goal.

Potential messages that may resonate with this target market include:

- **You've done it before – you can do it again.** Most of the respondents had solid academic standing in their first college experience.
- **A bachelor's degree can dramatically increase your potential for higher income and career advancement.**
- **You need a change.** Nearly one-third of respondents reported that their main reason for getting a bachelor's degree is to change their current job.
- **Completing your degree is not as expensive as you think.** Many respondents overestimated the cost of college in Kentucky, particularly the cost of a public education.
- **Continuing your degree will “make me feel better about myself.”** Two-thirds of respondents somewhat or strongly agree with this statement.
- **Time management – home, work, and school – is possible and here's how these people have done it (and how you can too).**

When this population is ready to consider re-enrolling in college, Web sites such as GoHigherKY.org and the Kentucky Virtual Campus will be useful information sources. Roughly 70% of respondents indicate they would be likely to visit these sites if looking for information on college options. Additional top resources include general Web searches, self-initiated direct contact with an institution, and visits to specific institutional Web sites.

Finally, the research study discovered specific services that colleges and universities could offer to adult students that would increase their likelihood of completing a bachelor's degree. These include:

- Receiving college credit for work experience.
- Accelerated degree programs.
- Financial aid programs specifically for adult part-time students.
- Online learning programs.

Kentucky Council on Postsecondary Education

August 2007

Prepared by

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Research Director



STAMATS

Promises kept.

Primary Objectives

- Discover the composition, traits, and behaviors of Kentuckians who have not completed a bachelor's degree
- Determine the barriers potential students face in continuing their education
- Identify the motivations for seeking higher education and expectations about the perceived benefits of earning a degree
- Uncover perceptions regarding higher education options and points of attractiveness for Kentucky higher education institutions
- Ascertain the need for support services (i.e., on-campus child care, financial aid, personalized advising, etc.) among this audience
- Gauge awareness of the Kentucky Virtual Campus and GoHigherKy.org Web sites



Method

- Stamats completed a total of 1,610 telephone surveys among Kentucky residents who had attended college but did not complete a bachelor's degree. Respondents were distributed in the following geographies (by sampling design):
 - 407 Eastern Kentucky
 - 401 Western Kentucky
 - 401 Central Kentucky
 - 401 Urban Kentucky
- The sample was drawn from the Council's comprehensive database—accumulated credits ranged from less than 30 to 90 or more
- It is important to note that the overall response rate for this study was 7%, compared to an average telephone study response rate of 25%. The lower incidence rate suggests that the sample may be biased toward individuals with a higher propensity to consider continuing higher education in the future
- Sampling error of $\pm 2.4\%$ at the 95% confidence level for the entire sample. The individual regions have a sampling error of $\pm 4.9\%$
- Throughout the report, the findings are presented in aggregate for the entire state. Where noteworthy, and statistically and practically significant, geographic differences are presented and discussed

Note: Due to rounding, some percentages may not equal 100% for some questions.



Current Level of Education

What is the highest level of education you have completed?	Percent
Less than a high school diploma or GED	4%
High school diploma or GED	11%
College certificate	5%
Some college, no degree	32%
Associate degree	21%
Currently completing bachelor's degree	7%
Bachelor's degree	13%
Some graduate work, no degree	1%
Graduate or professional degree	5%

- This question was asked as a screener, as the study focuses on the 1,610 individuals that have received some level of college education but have not yet obtained a bachelor's degree. Groups terminated from progressing in the study are shown in red
- These results indicate that a quarter of the sample (with implications for the database overall) provided by KCPE has completed or is currently completing a bachelor's degree. A significant proportion of the records are not current regarding students' education level. Note: This information is self-reported



Institution Attending/Attended

Where did you complete your bachelor's degree? (Where are you taking classes?)	Percent
Western Kentucky University	7%
University of Kentucky	5%
Sullivan University	4%
University of Louisville	4%
Eastern Kentucky University	3%
Morehead State University	3%
University of Southern Indiana	2%
Austin Peay State University	2%
Murray State University	2%
Indiana University Southeast	2%
McKendree College	2%
Elizabethtown Community College	2%
Hazard Community College	2%
Marshall University	2%
Northern Kentucky University	2%
Midway College	2%

- Before being terminated from the study, respondents who had completed or are completing a bachelor's degree were asked to name the institution they attended or are attending
- The table highlights institutions named by at least 2% of respondents
- **Note:** From this point forward, all results represent the 1,610 individuals that qualified for the study



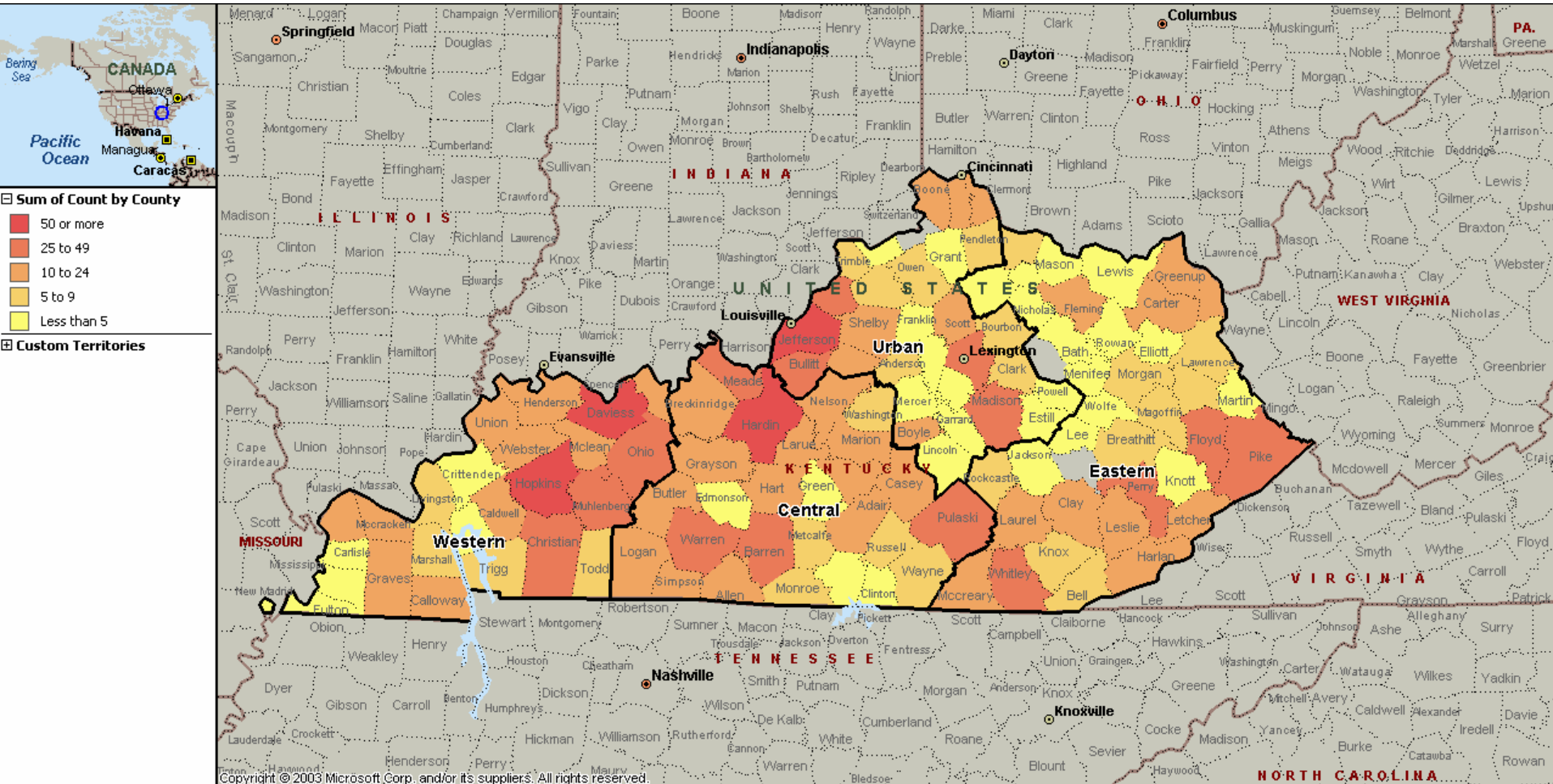
Demographic Overview

- **Gender*** – 64% female; 36% male
- **Race*** – 93% white, non-Hispanic; 4% black, non-Hispanic; 1% American Indian or Alaskan native; 1% Hispanic; 1% unknown
- **Age** – 26% under 30; 44% 30 to 35; 28% 36 to 40; 2% over 40
- **Marital status** – 73% married; 19% single—never married; 6% divorced; 1% widow; 1% refused
- **Number of children** – 24% none; 24% one child; 33% two children; 14% three children; 4% four children; 2% five or more children
- **Currently employed** – 65% full-time; 12% part-time; 23% not at all
- **Job category** – 28% white collar; 24% blue collar; 21% service industry; 2% combination of blue and white collar; 1% farming; 2% refused; 23% unemployed
- **Approximate annual household income** – 13% less than \$25,000; 27% \$25,000 to less than \$50,000; 24% \$50,000 to less than \$75,000; 16% \$75,000 to less than \$100,000; 5% \$100,000 to \$150,000; 2% more than \$150,000; 14% don't wish to reveal
- **Year entered college*** – 18% 1989 or 1990; 39% 1991 to 1995; 33% 1996 to 2000; 10% 2001 to 2004
- **Total credit hours earned*** – 34% less than 30; 24% 30 to 59; 21% 60 to 89; 21% 90 or more

* Pass-through data provided by KCPE



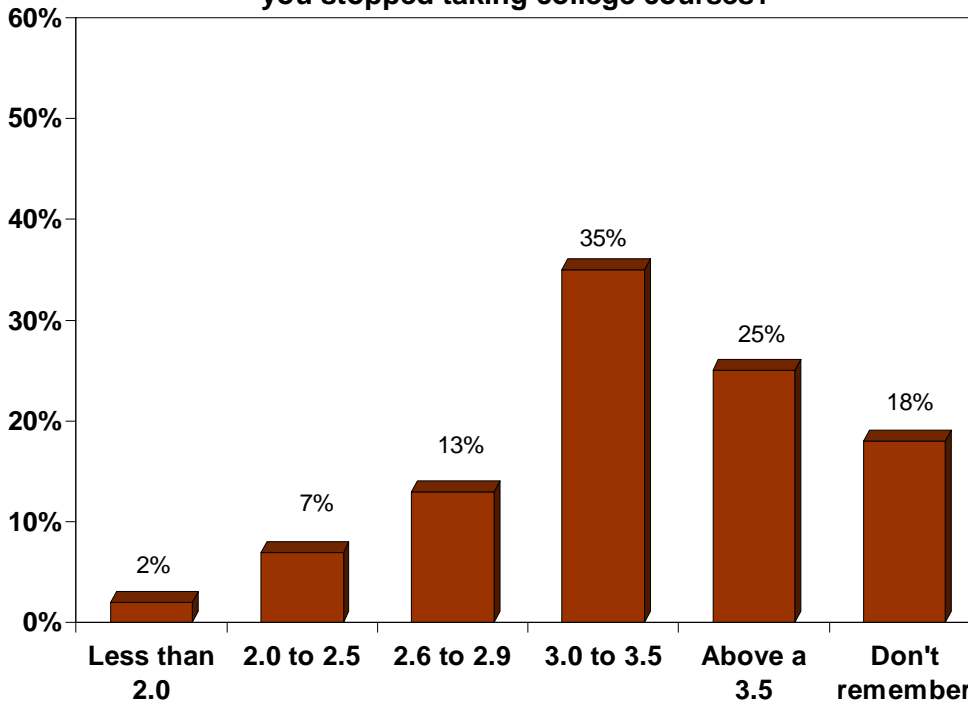
Geographic Distribution of Respondents



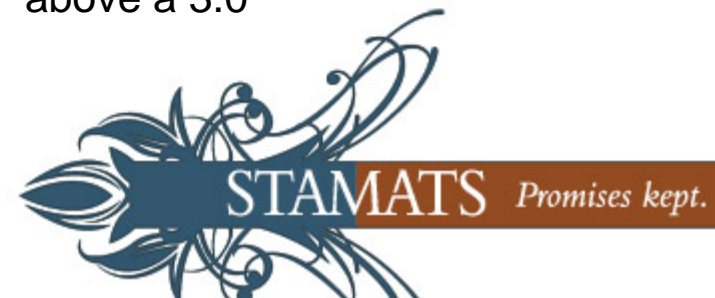
GPA at Time of Stop-out

(Self-Reported)

Approximately what was your GPA at the time you stopped taking college courses?

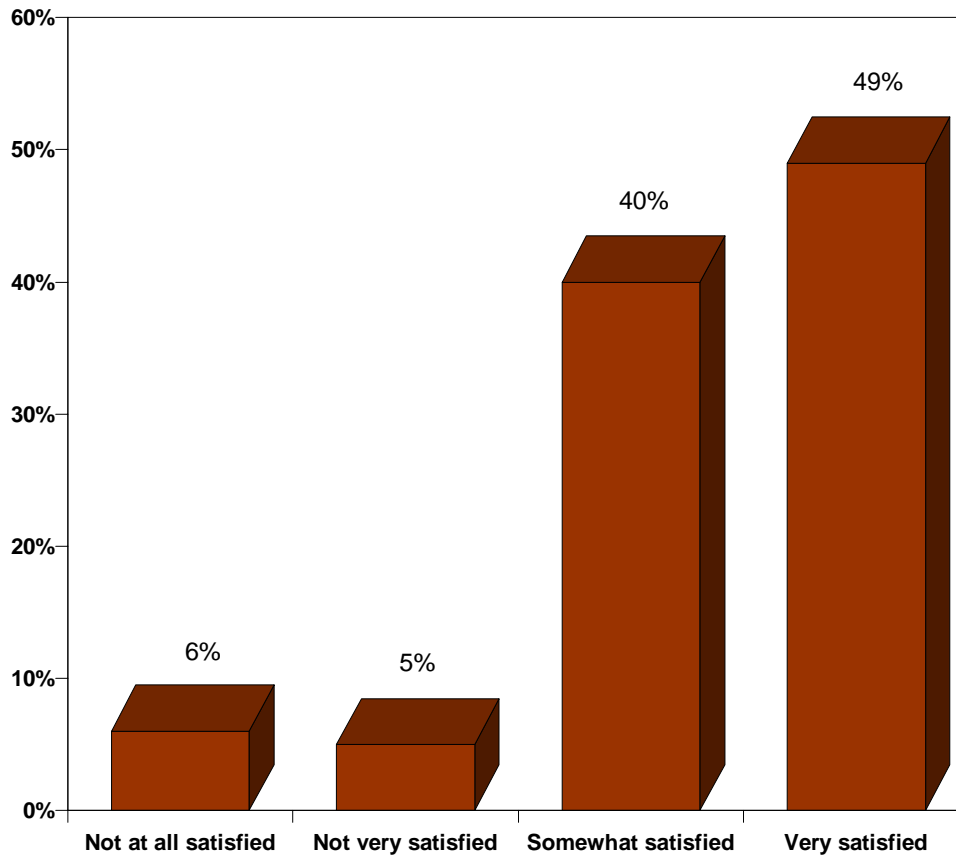


- Because the grades are self-reported, there may be some tendency toward inflation. However, it appears that students were more than holding their own academically when they stopped taking college courses
- We can, for the most part, assume that a lack of academic ability or preparation was not a primary cause for leaving college—fully 60% report a GPA at or above a 3.0



Current Job Satisfaction

How would you describe your current job satisfaction?



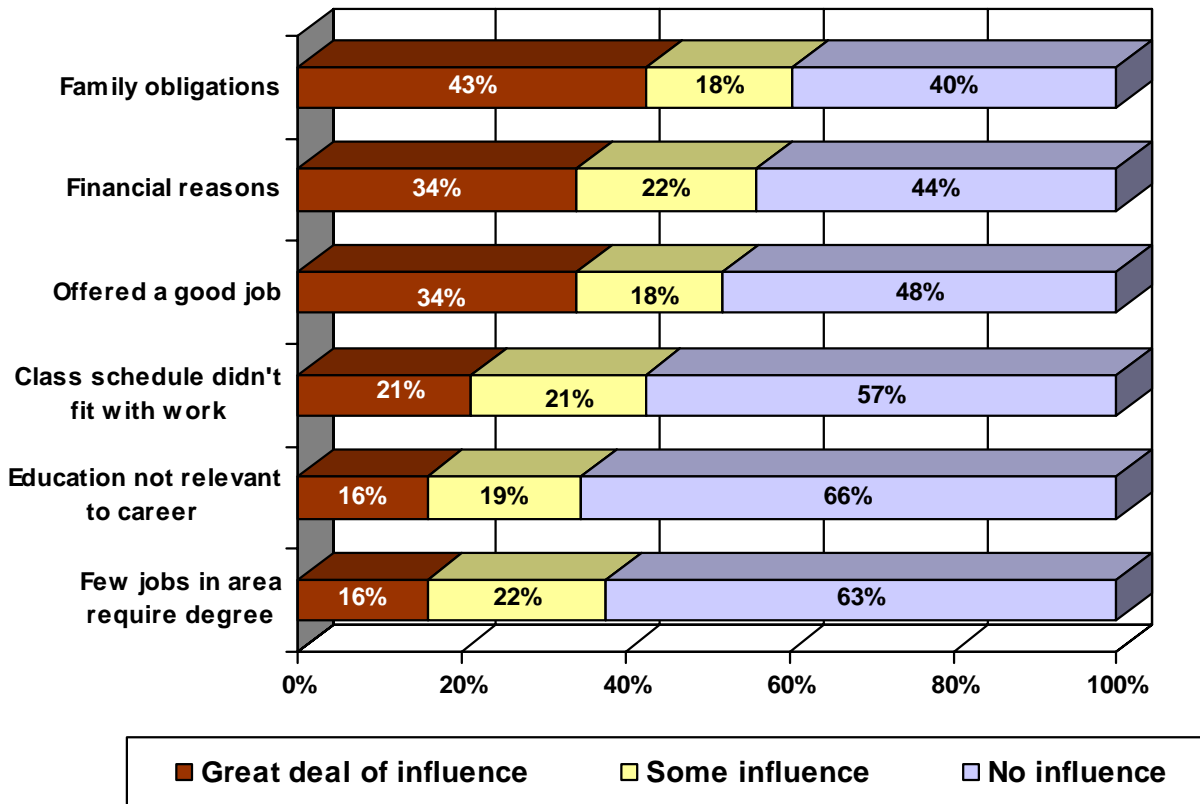
- One expectation is that people unhappy in their jobs or careers would be more interested in returning to college to complete a degree to improve their professional prospects. While this is a reasonable deduction, unfortunately the vast majority of this target audience is at least relatively happy with their current job situation. This makes selling the prospect of continuing education, at least for job dissatisfaction reasons, not particularly compelling
- Instilling a sense of urgency to motivate those with even minor dissatisfaction will be challenging
- If job dissatisfaction is not a reason, the potential for increased income or advancement might be a stronger motivator for degree completion



Reasons For Not Receiving a Bachelor's

(Top-Tier)

From the following list of reasons people do not go on for a bachelor's degree or do not finish one they've started, please indicate if each of these factors had...



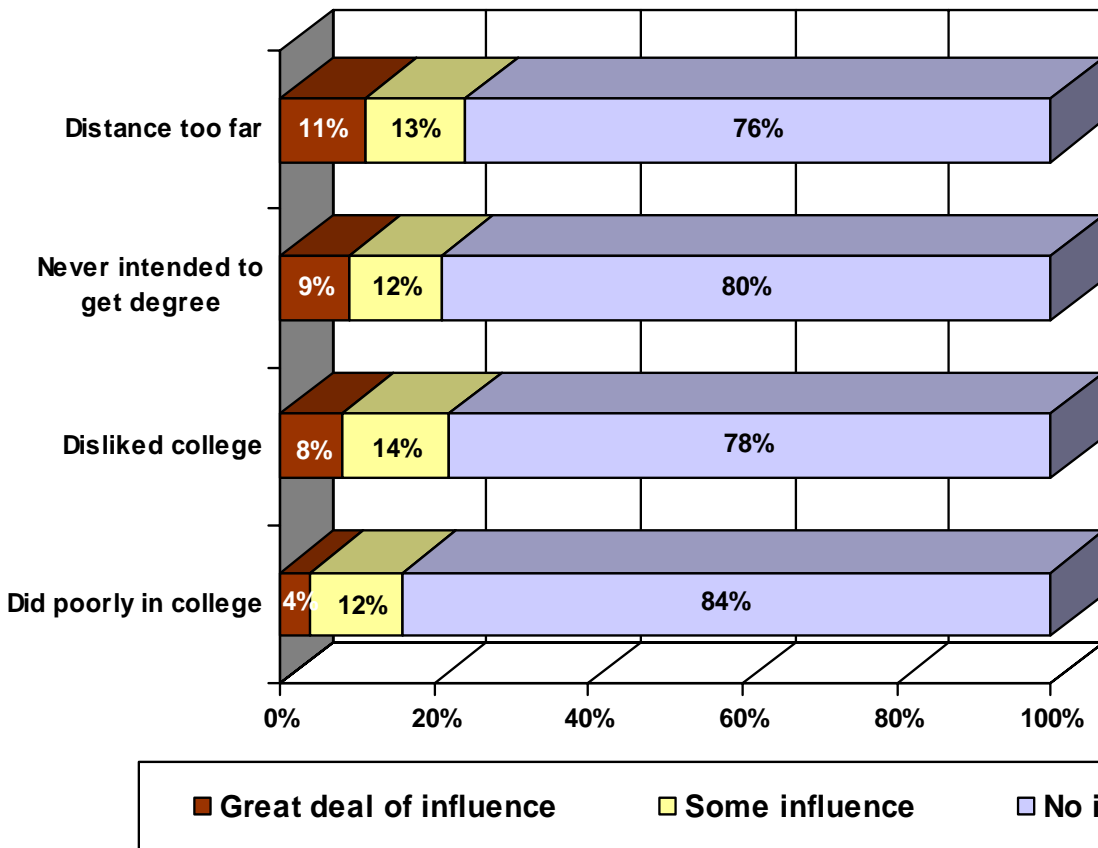
- The top reasons respondents have not completed a bachelor's degree relate to family responsibilities. Keep in mind that the majority of respondents are married with at least one child
- The larger the family, the greater the negative impact on their quest for a degree. Over one-third (39%) of those with one child said family obligation had a "great deal of influence" compared to those with two kids (52%), three children (56%), and so on
- Finances also play a significant role in respondents' decision not to complete or continue their education. Either the financial hardship was too great or they had an opportunity to earn a decent living without the struggle of finishing their bachelor's



Reasons for not Receiving a Bachelor's

(Bottom-Tier)

From the following list of reasons people do not go on for a bachelor's degree or do not finish one they've started, please indicate if each of these factors had...

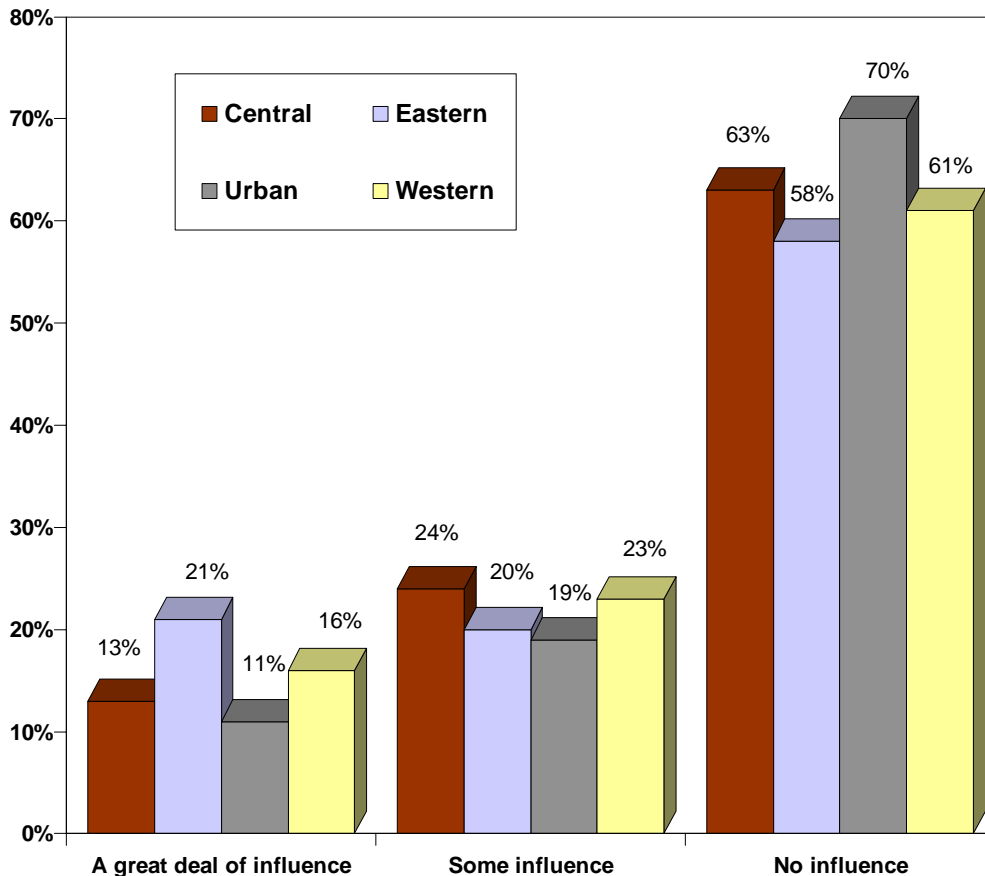


- For the most part, Kentucky adults have access to a college or university that is within a reasonable distance
- Respondents did not drop out of college due to their own inadequacies or even a dislike for college. Recall that the majority of respondents indicate they had a GPA of 3.0 or higher at the time they stopped taking classes
- It also appears that the stop-out was not necessarily intentional—just 21% indicate that they never intended to get a degree as a reason for not going on for a bachelor's



Reasons for not Receiving a Bachelor's by Region

Few jobs in my area require a college degree

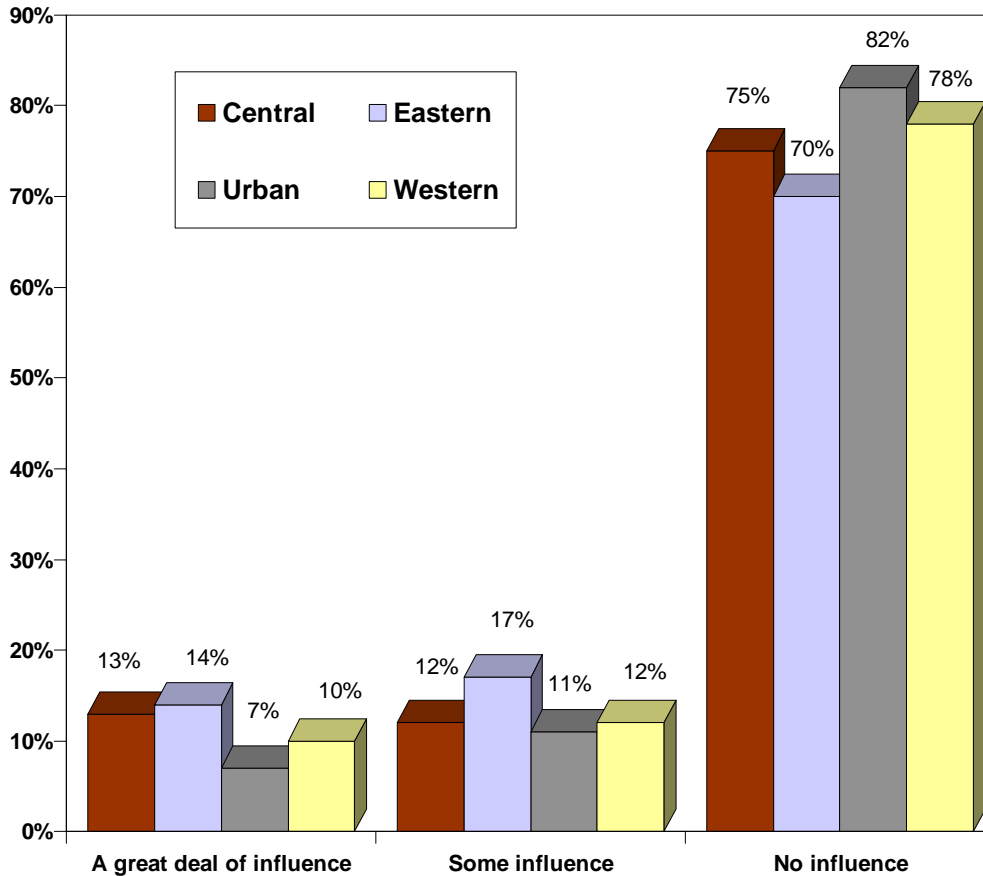


- As the graph demonstrates, respondent location and job market had relatively little influence on not completing a bachelor's degree
- However, it is important to note that respondents in Eastern Kentucky are more likely to be influenced by the perception that few jobs in their area require a college degree
- As a corollary and supporting finding, the job outlook in Eastern Kentucky appears to be more bleak compared to other areas. A greater percentage (29%) of respondents in this area are unemployed



Reasons for not Receiving a Bachelor's by Region

Distance from the college was too far

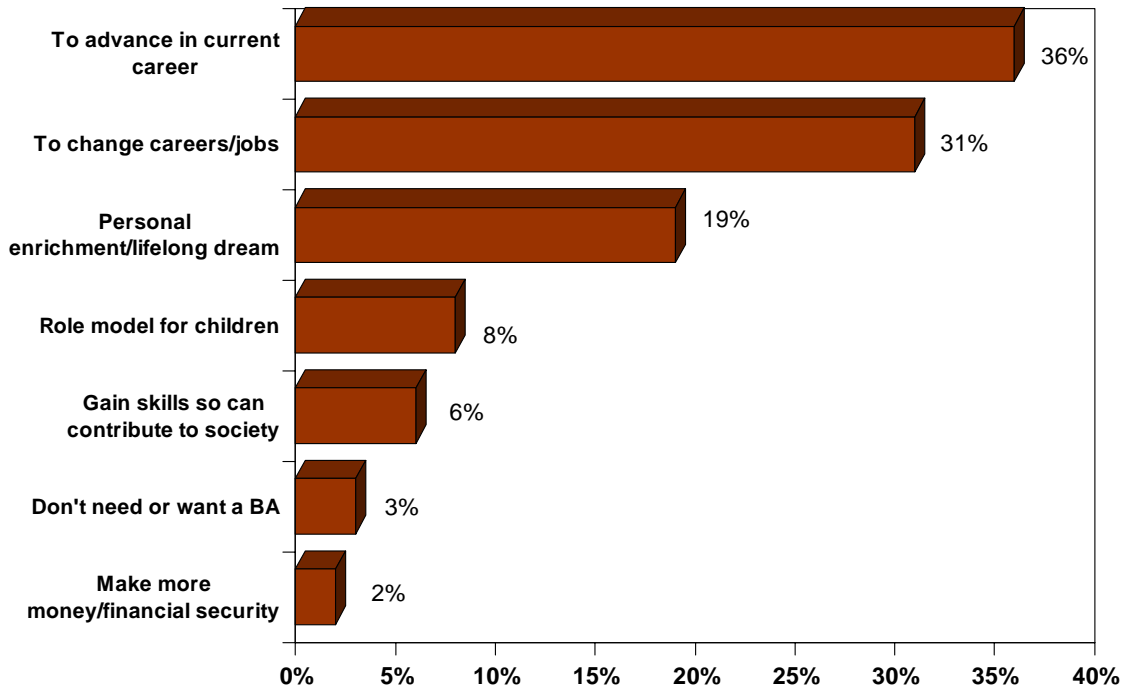


- Note that respondents in Eastern Kentucky are more likely to indicate that distance to a college has an influence on why they have not sought a bachelor's degree
- Keep in mind, however, the general trend is that this attribute had relatively little influence on the return to college

Reasons for Getting a Bachelor's Degree

(Top 7 – Open-ended Responses)

What would be your main reason for getting a bachelor's degree?



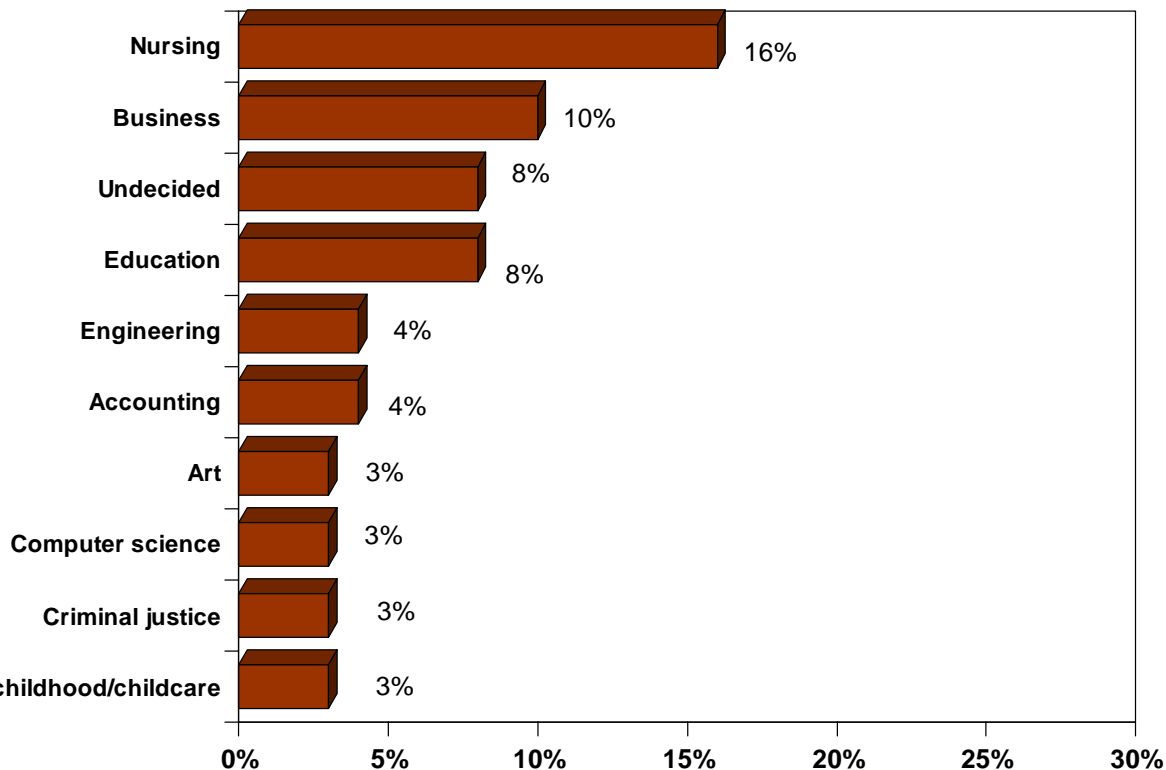
- All respondents were asked the primary reason they would consider getting a bachelor's degree
- For the most part, the primary reason to return would be to enhance career opportunities. Note that “more money” is specifically mentioned by very few respondents. Career advancement/change is a more relevant notion
- These students, in particular, do not want to waste time on skills they already have. It is essential that college and universities offer credit for career-relevant experience
- With nearly one-third of adults looking for a career change, KCPE could specifically promote the tools available at GoHigherKy.org that assist adults in selecting a career that matches their interests and values



Top Majors of Interest

(Top 10)

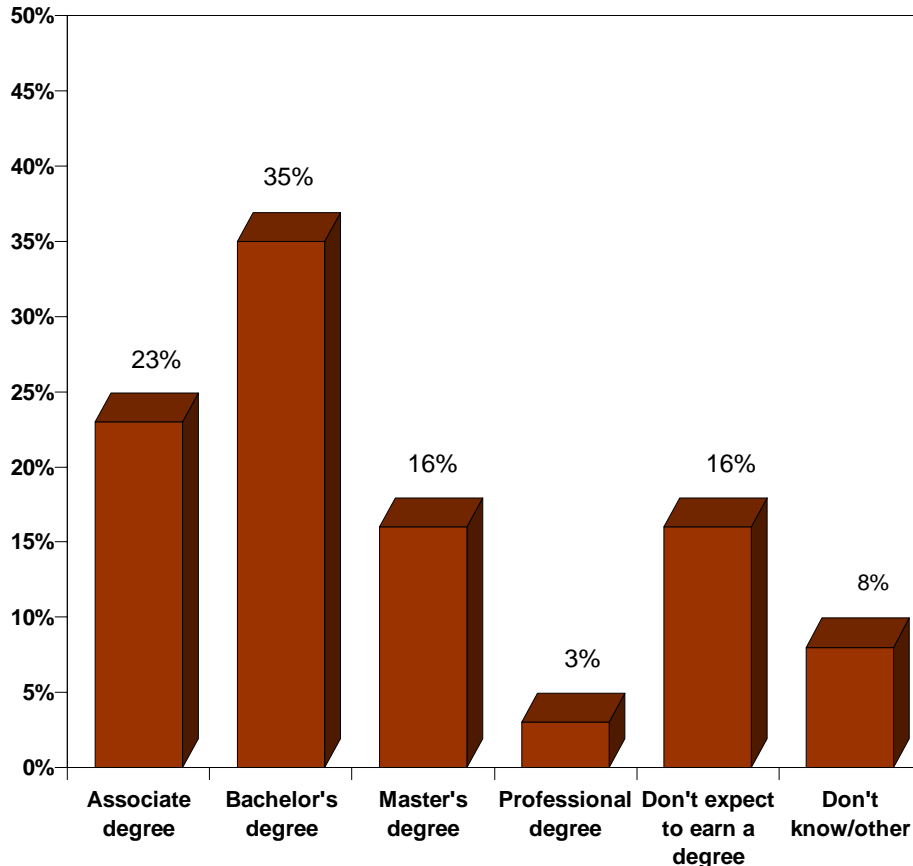
If you were to attend college, what would you be most interested in studying?



- To understand programmatic needs, respondents were asked what they would be interested in studying if they did return to college
- Nursing and business are quite popular

Highest Level of Education Anticipated

What is the highest level of education you expect to complete over your lifetime?

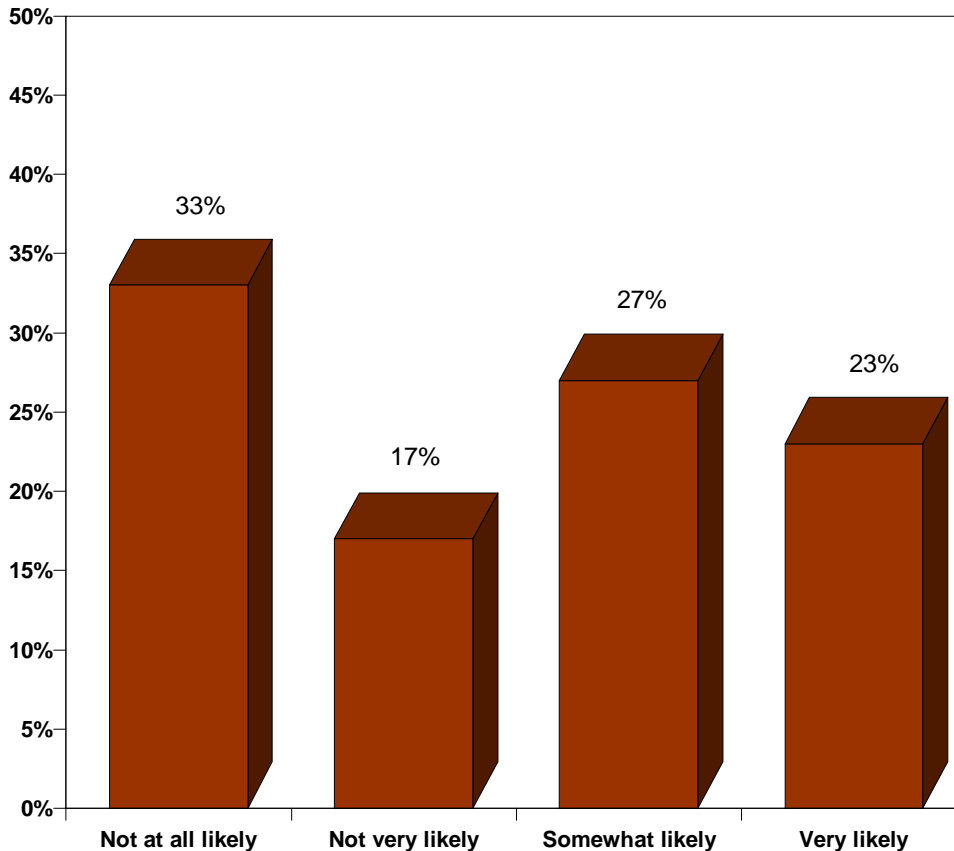


- Interestingly, 54% of the sample envision themselves as getting a bachelor's degree or higher in their lifetime. However, they do need to get started (return) to actually finish
- While many may have this vision for the future, subsequent findings indicate there is a low sense of urgency for doing so
- Just 16% specifically indicate they do not expect to earn a degree



Likelihood of Returning to College

How likely are you to consider going back to college within the next three years?



- Encouragingly, half of respondents indicate they are at least “somewhat likely” to consider returning to college in the next three years. Keep in mind, however, we know that the proportion that will actually follow through is considerably smaller
- The next slide provides insight into the variables most likely to impact a respondent’s likelihood of returning to college

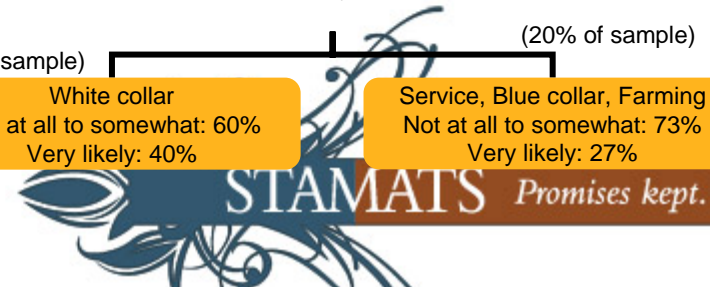
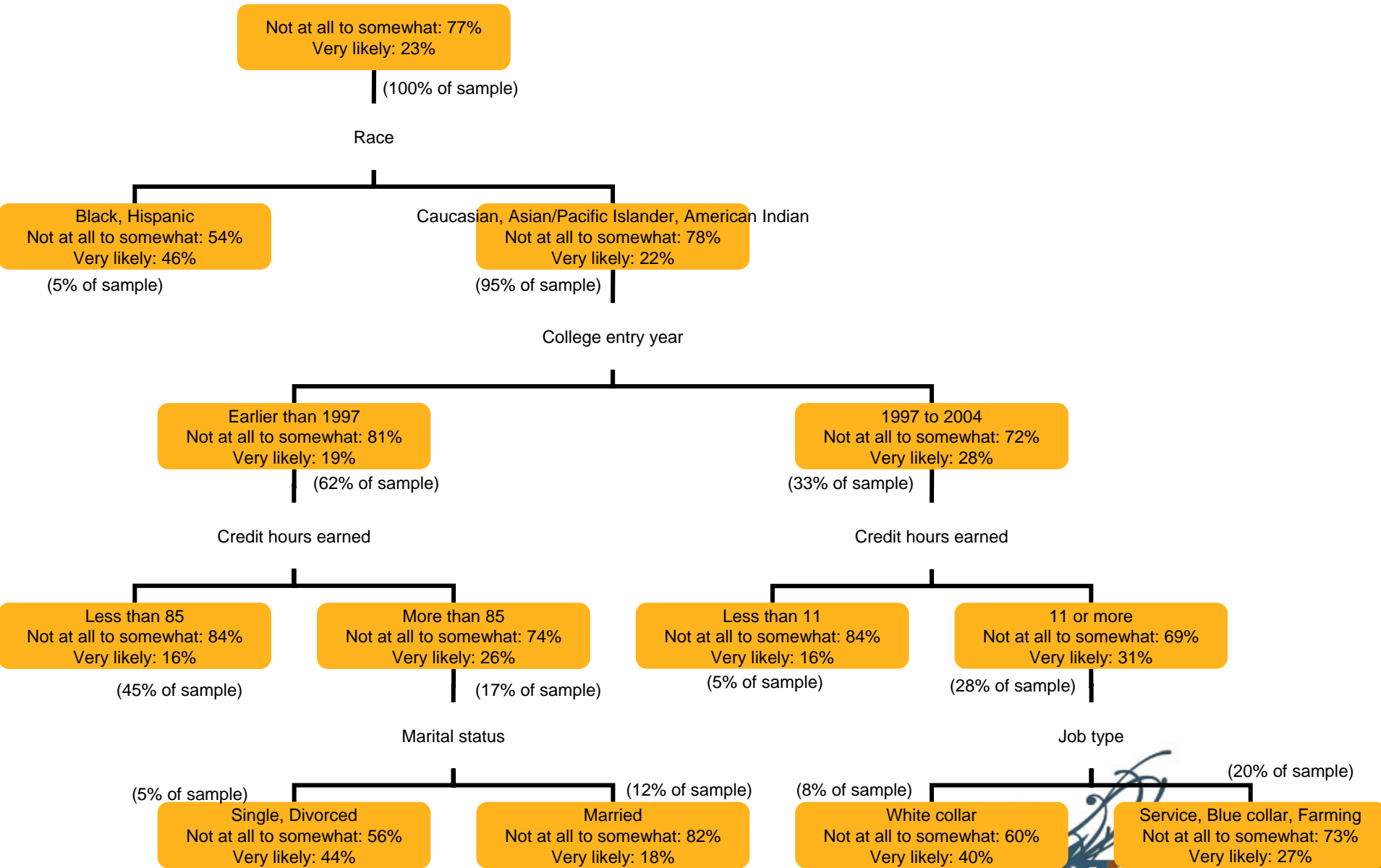


Likelihood of Returning to College

- A primary goal of this study is to determine the profile of a student most likely to complete their bachelor's degree
- Using a tree-based model, Stamats was able to explore which attributes best predict a potential student's decision to return. The following items were used to inform and develop this model:
 - Gender
 - Race
 - Age
 - Household income
 - Marital status
 - Education level of spouse
 - Number of children
 - Current employment status and job type
 - Type of institution attended
 - Student status (full-time or part-time)
 - College entry year
 - Total credit hours earned
 - GPA at stop-out



Likelihood of Returning to College



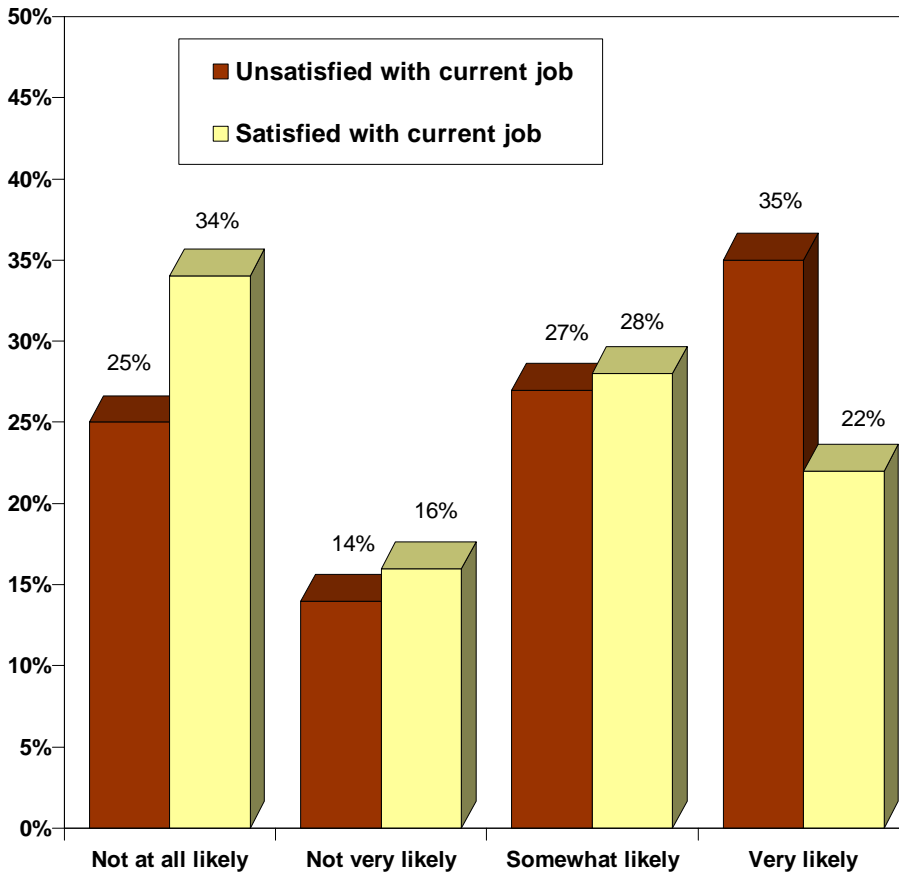
Discussion

- While this is merely an exploratory technique, it does provide helpful insight into potential audience segments for KCPE attention
- First, we discovered that black, non-Hispanic and Hispanics are more likely than respondents of other ethnic backgrounds to indicate they will consider continuing their education. Yet, it is important to note that the sample size for these segments are low (n=76, or 5% of the total sample). Therefore, we cannot generalize these findings to the entire black, non-Hispanic and Hispanic population. This does, however, provide directional information worthy of additional exploration
- Among the remaining sample (which is predominantly Caucasian), a group more likely to re-enroll in college are those who entered college after 1996, have earned at least 11 credit hours, and currently work in a white-collar position (8% of the total sample)
- Among those that have been out of college longer (began attending prior to 1996), the best audience to target are those with more than 85 total credit hours and those that do not have a spouse to help generate household income
- While not a predictive model, this tree-based model does give KCPE directional information regarding types of potential students to target



Job Satisfaction and Likelihood to Enroll

How likely are you to consider going back to college within the next three years?

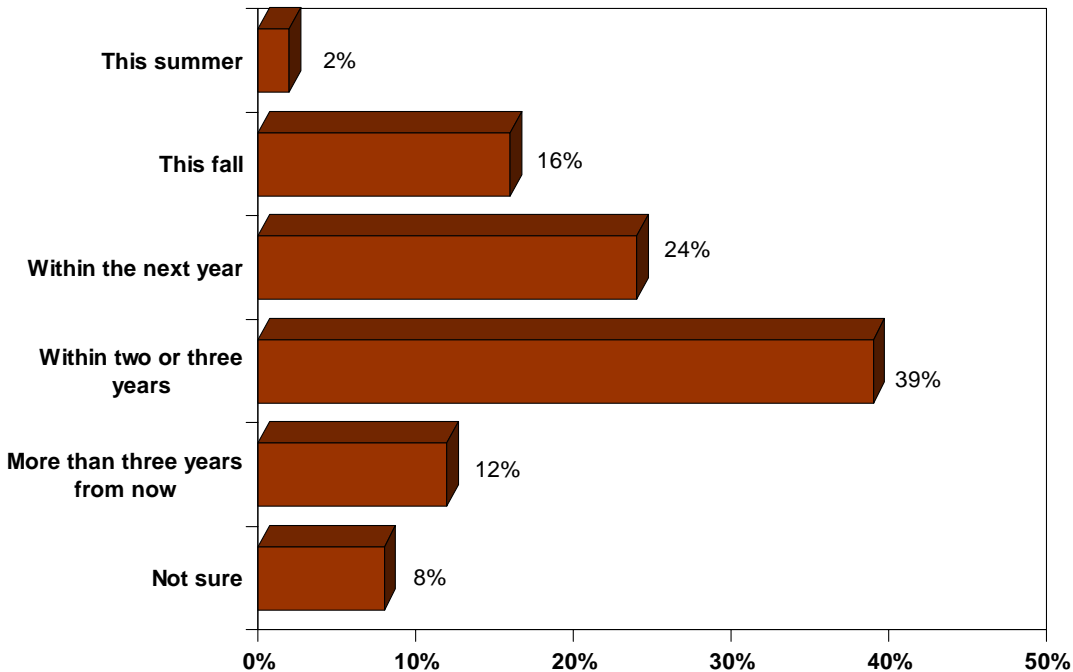


- While not included in the tree-based model (because it is a subjective attribute), job satisfaction is a strong influencer in the likelihood to return to college
- From a marketing perspective, messages focused on improving job quality, breaking out of the existing job rut, or moving on to something better may be very effective in spurring those in the “unsatisfied” population to identify themselves



Timeframe in Returning to College

When do you plan on going back to college?

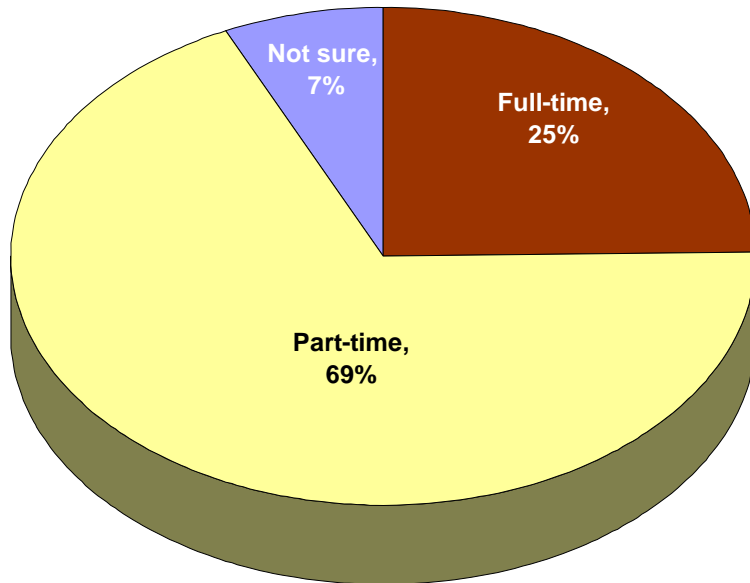


- While students are considering going back, it is not necessarily an imminent return. For at least half of respondents, the start date is at least two years in the future
- These results suggest that finishing their education is a “someday” item that may never be fulfilled
- In order to propel this move, it will be essential to convince potential adult students that now is the time to complete their bachelor’s degree—as the data indicate, the longer they are out of college the less likely they are to go back



Full-Time vs. Part-Time

If you were to go back,
would it be full-time or part-time?



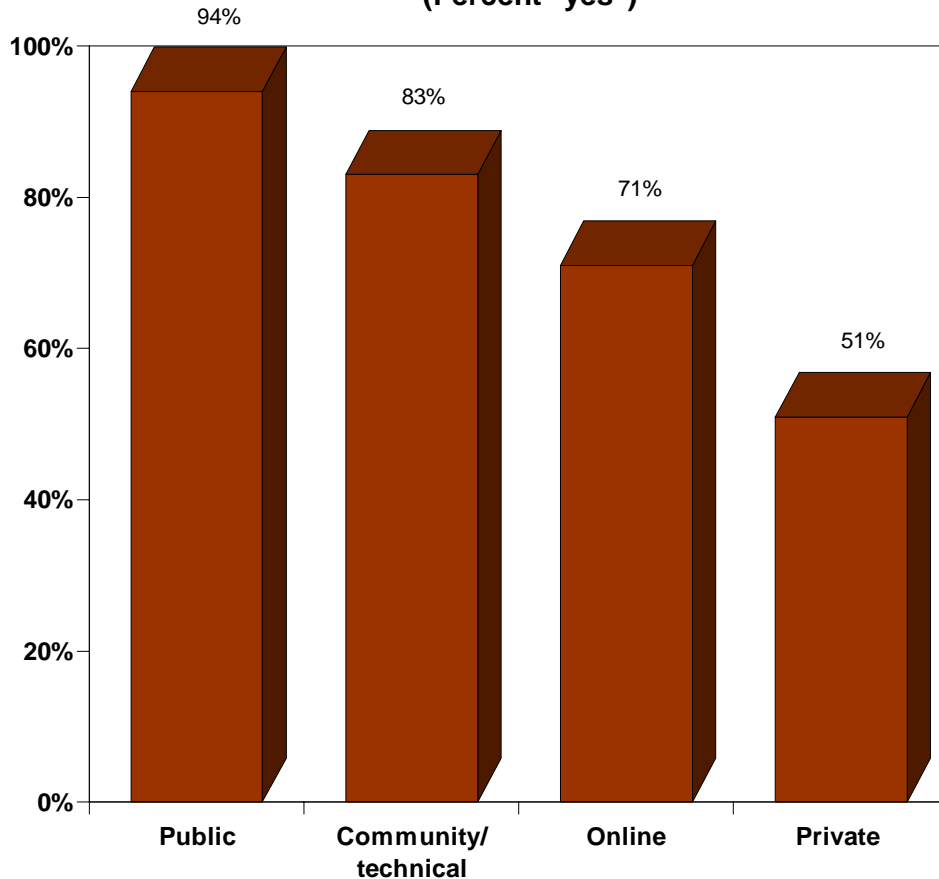
- It is not surprising to see the bulk of adults considering attending on a part-time basis, as they are already juggling work and family obligations
- Although the majority prefer the part-time option, those currently unemployed are significantly more likely to consider returning on a full-time basis
- Note: Because the Eastern region has the highest unemployment rate, there is a greater percentage of respondents considering full-time attendance in this area
- Respondents under age 30 are also more likely to attend full-time than any other age group

	Central	Eastern	Urban	Western
Full-time	22%	32%	19%	26%
Part-time	71%	59%	76%	69%
Not sure	7%	9%	5%	5%



College Types Considered

Would you consider going to a...
(Percent "yes")



- Potential adult students are willing to at least consider virtually all college options; private institutions are the least likely to be considered
- Notably, respondents with at least one child are...
 - Less likely to consider a private education (49%) compared to those without kids (57%)
 - More likely to consider online classes (80%) compared to those without kids (71%)
- The following slide outlines the top reasons why respondents are unwilling to consider a particular type of institution



Reasons for Not Considering

- Top reasons respondents are not interested in a private college or university:
 - Cost, tuition, financial reasons (58%)
 - None/few available in my area (17%)
 - Prefer a community college (3%)
 - Prefer a public university (3%)
- Top reasons respondents are not interested in an online college or university:
 - Prefer classroom/hands-on experience (23%)
 - Don't have computer/internet, not computer literate (14%)
 - Don't trust, not sure they are legitimate (5%)
 - Cost, tuition, financial reasons (5%)
- Top reasons respondents are not interested in a community/technical college:
 - Doesn't offer my program (22%)
 - Already attended/received degree, I'm beyond it (18%)
 - Only offers associate degrees (10%)
 - None/few available in my area (5%)
- Top reasons respondents are not interested in a public college or university:
 - None/few available in my area (15%)
 - Don't have the time for college (13%)
 - Prefer private schools (11%)
 - Prefer a community/technical college (11%)



College Types Considered by Region

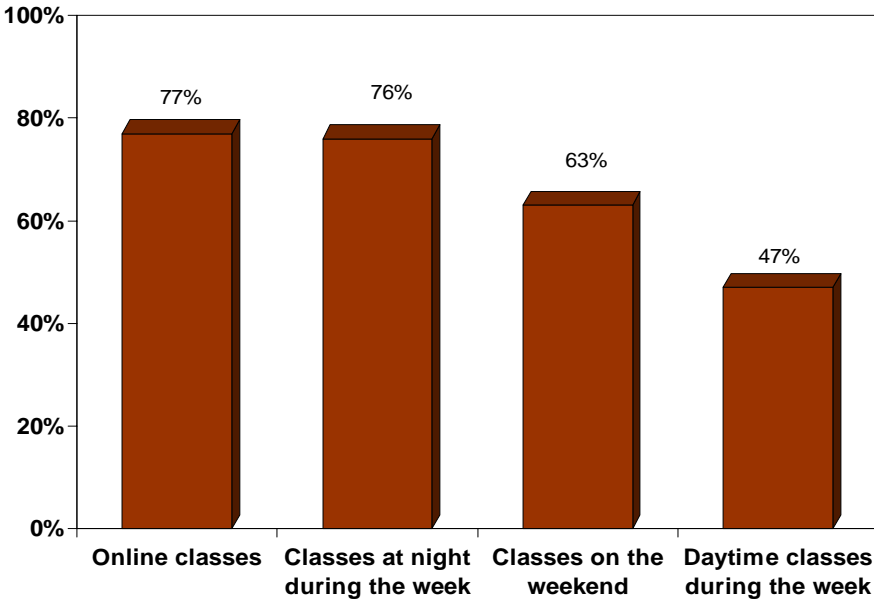
Type of College	"Yes" Responses Only			
	Central	Eastern	Urban	Western
Public	94%	95%	94%	95%
Private	50%	43%	57%	53%
Online	71%	77%	61%	76%
Community/technical	81%	87%	78%	87%

- While interest in public institutions is consistent among all regions, there are nuances among other college options by region
- Specifically, respondents in Eastern Kentucky are less open to private colleges compared to other regions
- Additionally, urban respondents are less likely to consider online programs. This may be due to the wider array of colleges (with campuses) within a reasonable commuting distance

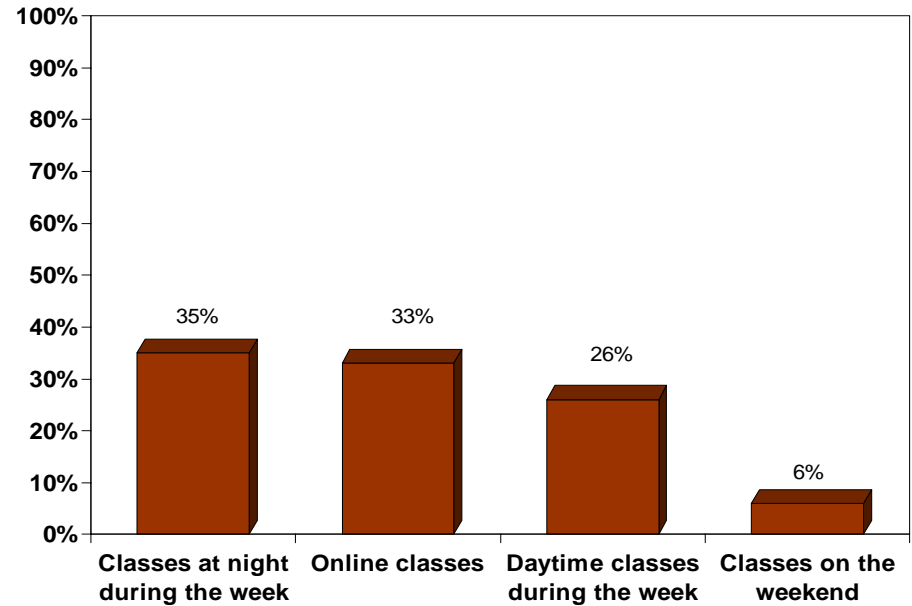


Class Format

Please tell me whether each of these class times or formats would work for you?
(Percent "yes")



Of these options that work for you, which would you most prefer?

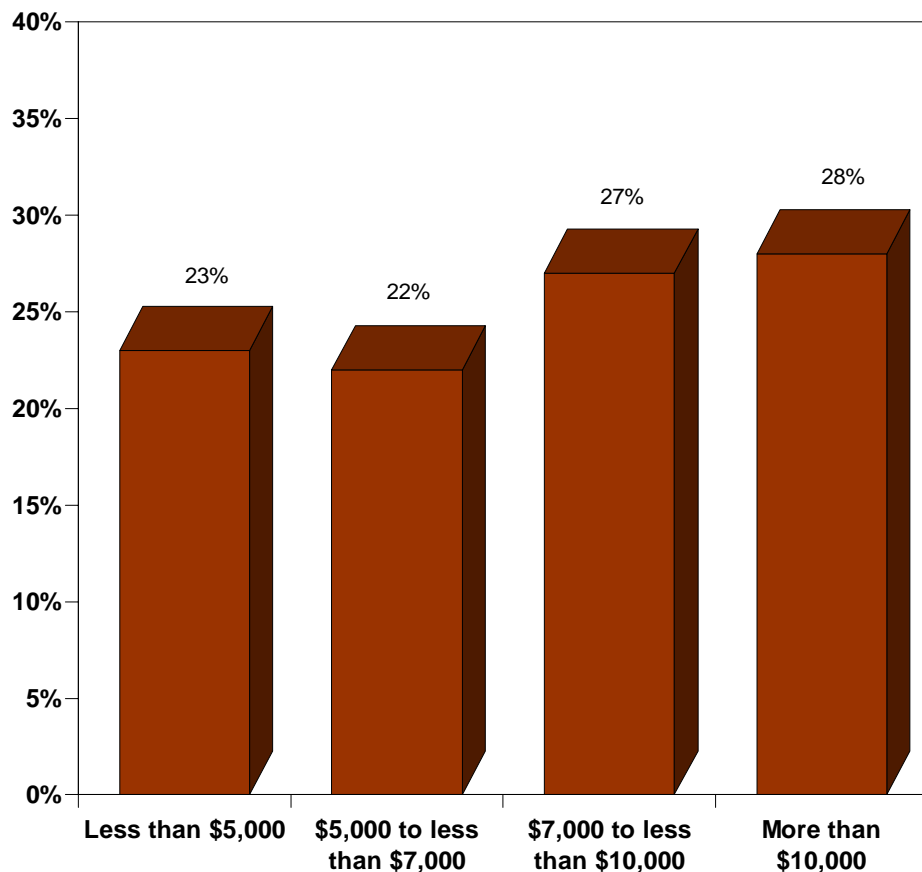


- Adult students are willing to try a variety (or likely a combination) of class formats as long as they fit into their schedules
- However, when asked to single out the most preferred option, weekend classes are the least popular



Perceived Cost to Attend a Public

Approximately, how much do you think it costs, tuition only, to go to college full-time for one year at a public college or university?



- The median perceived cost of a public institution is \$7,200
- According to College Board, the average cost for tuition only at a four-year public university is \$5,836
- With 55% of respondents estimating a cost over \$7,000, we can see that many potential adult students overestimate the cost of attending a public institution
- Getting a message to these potential students regarding the real costs of attending (and also the costs of not attending) college may be very illuminating



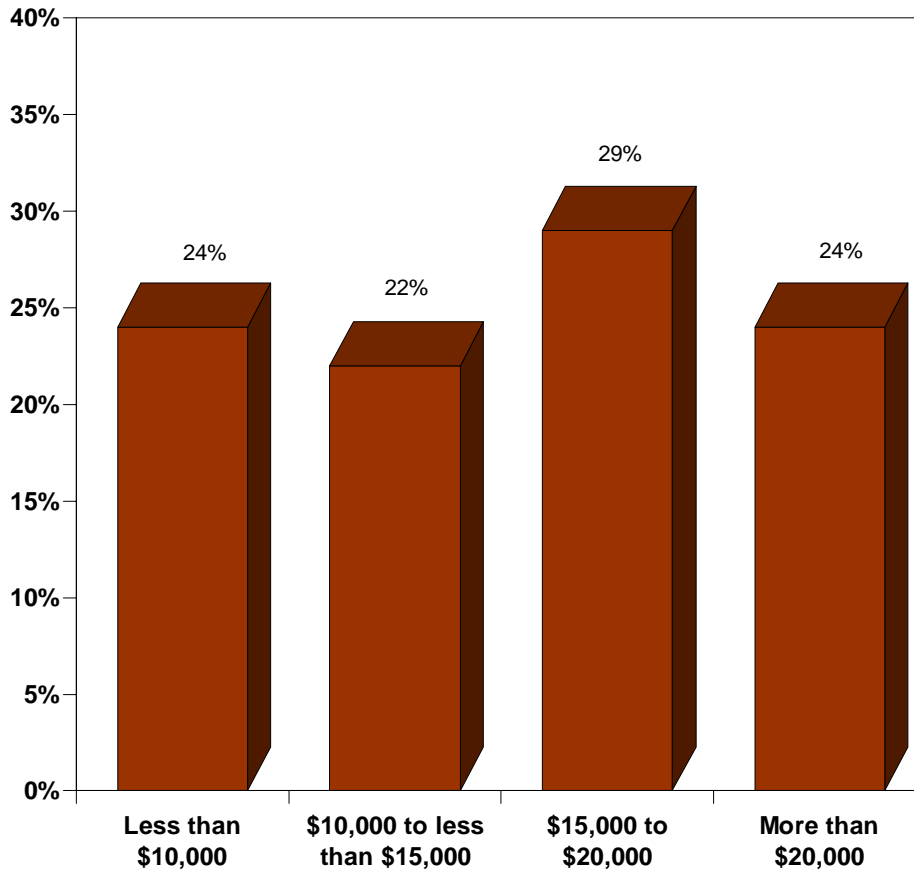
Hard Numbers on the “Costs” of Not Attending College

- In their survey, "Education Pays 2006," the College Board analyzed the benefits in lifetime earnings trends of those who've earned a college degree
- The data showed a big earnings gap between high school and college graduates
 - In 2005, women aged 25-34 with bachelor's degrees earned 70% more than those with high school diplomas, up from 47% in 1985. For men, that gap was 63%, up from 37% in 1985
 - Full-time workers aged 25-34 with college degrees make an average of \$14,000 a year more than those with high school diplomas



Perceived Cost to Attend a Private

Approximately, how much do you think it costs, tuition only, to go to college full-time for one year at a private college or university?



- The median perceived cost of a private institution is \$15,000
- According to AIKCU, the average cost for tuition and fees at AIKCU institutions is \$15,274 (nationally the average four-year private institutions is just over \$22,000)
- Interestingly, the largest proportion of potential students are accurately estimating the cost of tuition at a private institution in Kentucky



Agreement Statements—Positive Influencers

Potential Influencers	% Strongly Agree	% Somewhat Agree	% Neither	% Somewhat Disagree	% Strongly Disagree
Continuing my education would make me feel better about myself	41%	23%	17%	7%	12%
I find educational activities stimulating	34%	30%	19%	8%	9%
Continuing education would be a welcome change in my life	33%	24%	22%	10%	11%
I would be more likely to attend a program geared toward adult students	23%	27%	23%	11%	17%
Continuing education is necessary for me to advance my life	28%	18%	18%	13%	23%
I feel pressured that I need to complete a bachelor's degree eventually	10%	12%	20%	16%	43%

- Altruistic reasons for education play well with this audience. Focus on the fact that completing a four-year degree will improve their self-esteem, provide stimulation for their intellect, and offer a welcome change (boost) in their life
- Note that 43% of respondents feel no external pressure to eventually complete a bachelor's degree. The greatest challenge for KCPE and individual colleges and universities will be to instill some degree of urgency and perceived need among this population



Agreement Statements—Negative Influencers

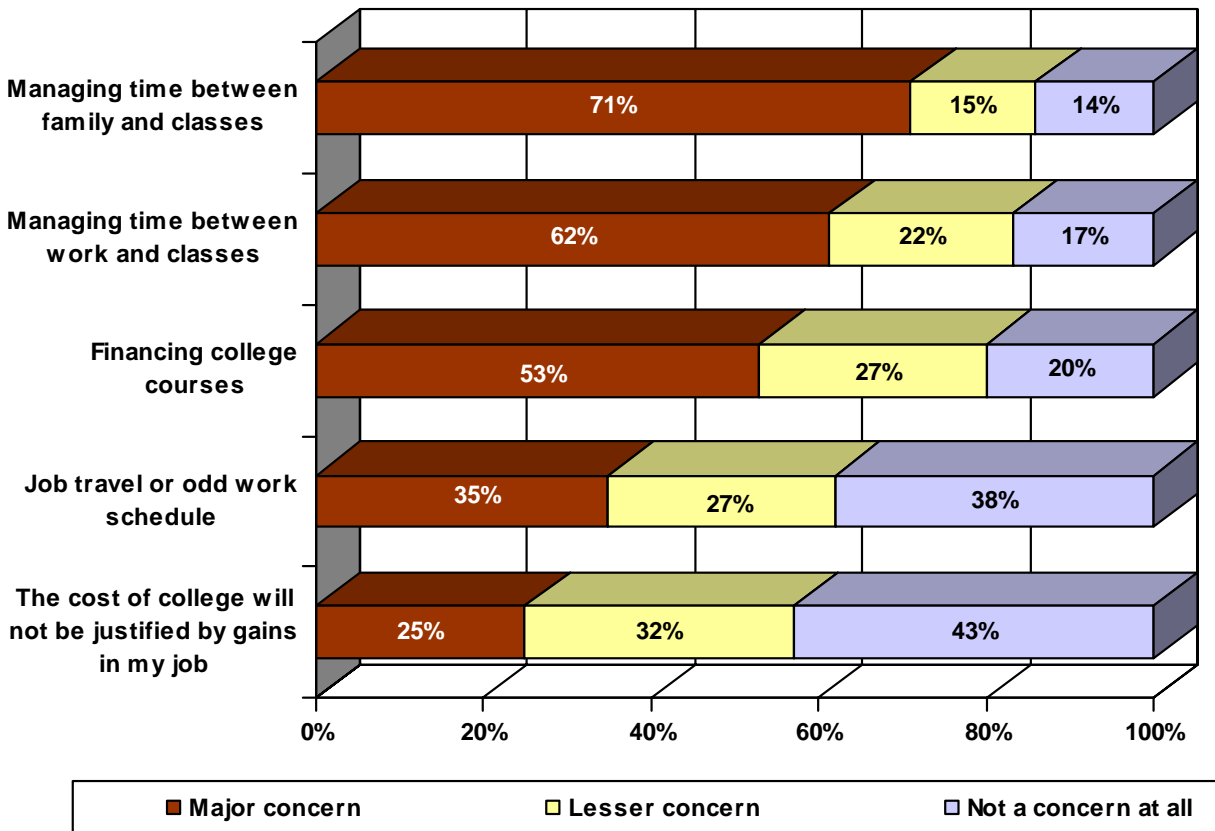
Potential Influencers	% Strongly Agree	% Somewhat Agree	% Neither	% Somewhat Disagree	% Strongly Disagree
I don't want to waste time with courses designed to give traditional students skills and insights I already have	29%	22%	21%	12%	16%
I prefer to study independently rather than in a classroom setting	19%	18%	27%	15%	22%
Colleges don't seem to understand or care about the challenges adult students face	10%	15%	28%	20%	28%
The benefits of a bachelor's degree are not worth the effort of completing the degree	8%	9%	15%	18%	50%
I would feel out of place on campus	8%	9%	13%	19%	52%
College education is just not for me	7%	6%	16%	15%	56%
Going back to school as an adult is embarrassing	4%	5%	9%	13%	68%

- Overall, students have few personal reservations with regard to returning to college. They report they are neither afraid nor embarrassed about returning to the classroom
- The matter truly appears to be creating the spark or motivation so that they follow through on their plans of completing a degree
- Note that respondents aged 30 and over are more inclined to agree with the statement “I don't want to waste my time with courses designed to give traditional students skills and insights I already have”



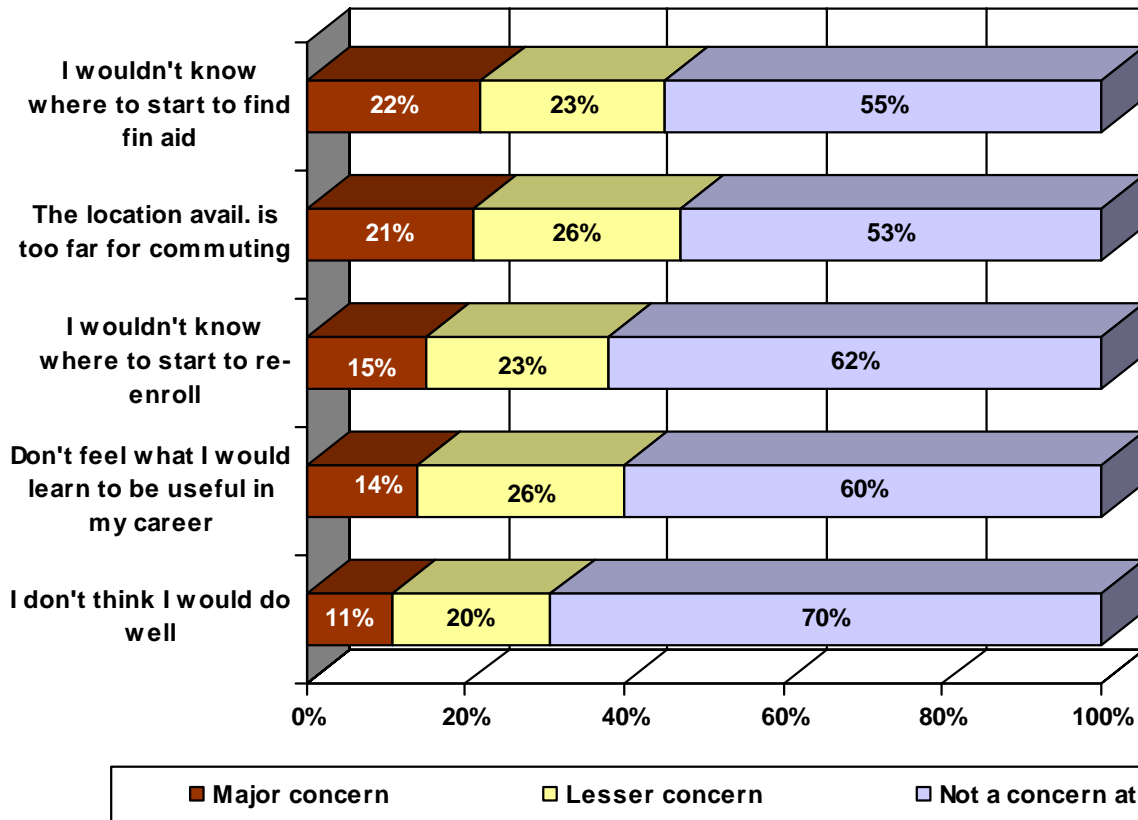
Concerns in Completing a Bachelor's (Top-Tier)

- Even the thought of adding an additional stress is overwhelming to most respondents—the challenges of balancing family, work, and school
- KCPE should showcase success stories of harried head-of-households who have triumphed and successfully completed a degree overcoming these pressing issues
- Encouragingly, less than a quarter of respondents believe the cost of college would not be a good return on their investment. The investment in dollars is less daunting than the investment in time
- Note: Time management issues are of greatest concern to those with children. Again, the greater the number of children the greater the concern



Concerns in Completing a Bachelor's

(Bottom-Tier)

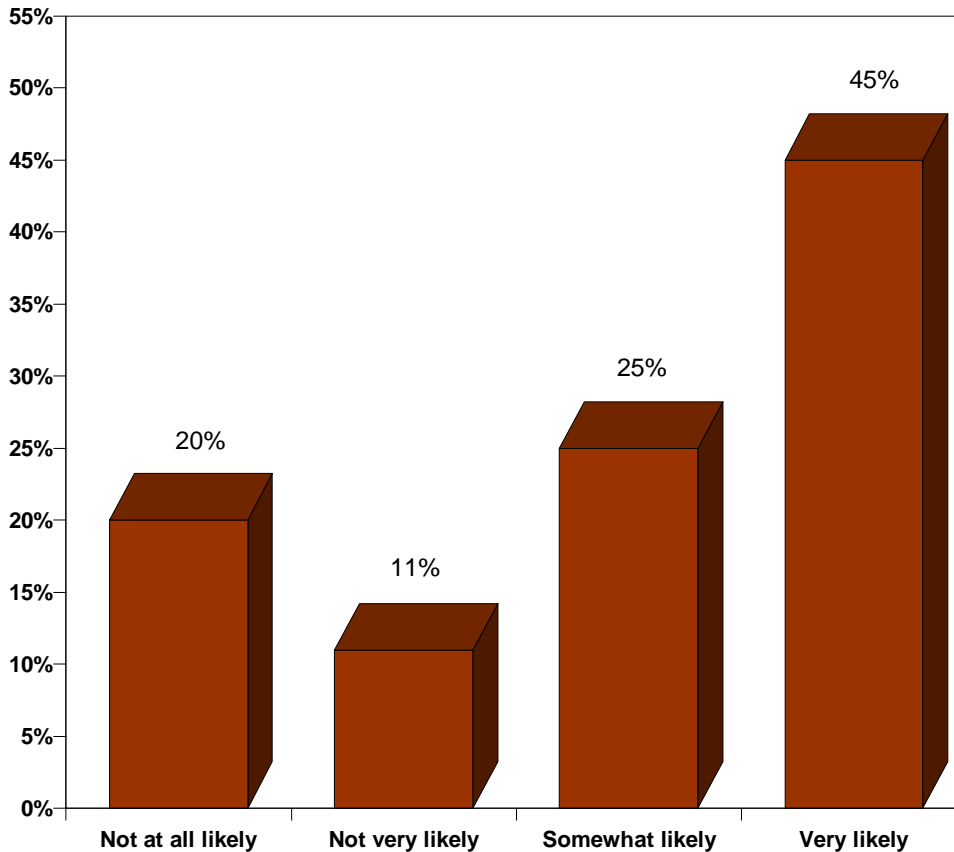


- It appears that potential concerns regarding the mechanics (financial aid, enrolling, and commuting) of returning to college are not particularly troublesome for adults either
- For the most part, the major barriers that need to be overcome are time and finances, rather than **all** of the combined potential concerns that were tested



Likelihood if Concerns Were Alleviated

If the concerns you listed could be fixed, how likely would you be to go back to college?

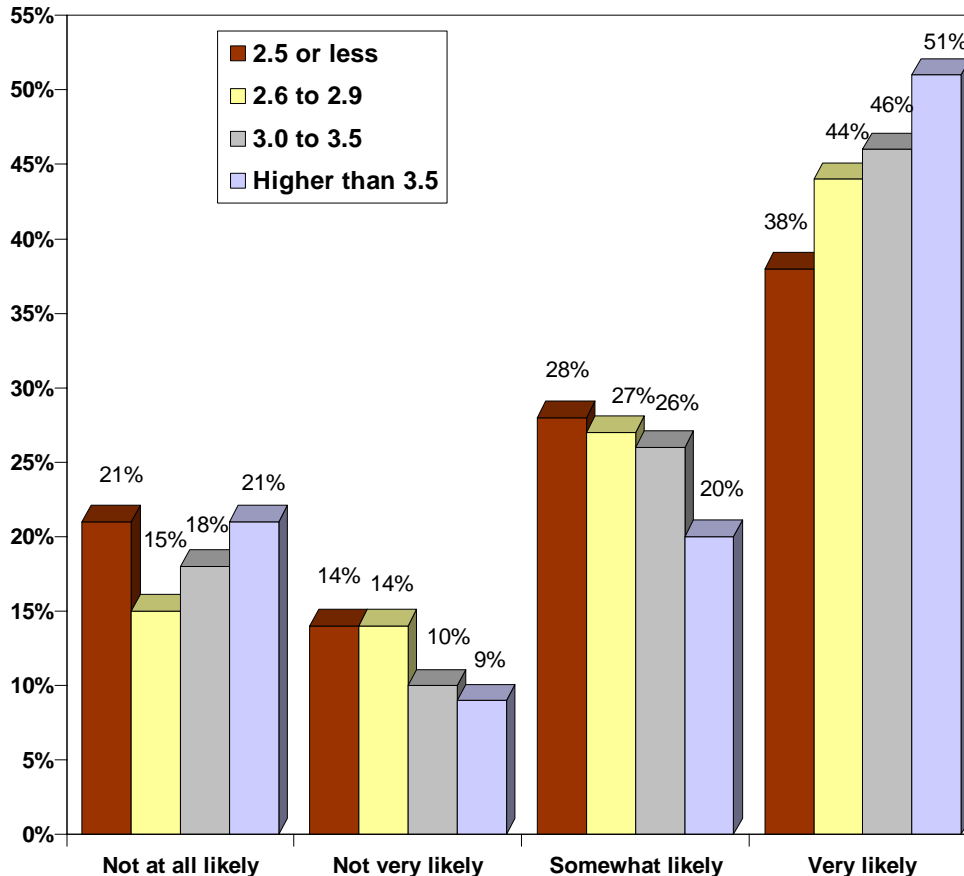


- Fully 45% of potential students would be “very likely” to return to college if their concerns could be alleviated
- This highlights the importance of communicating the following items to this audience:
 - How to conveniently fit education in with their personal lives and current careers
 - The affordability and financing of their college education
- Adults under the age of 30 are most likely to return to college—over three-fourths of this segment would return if their concerns were addressed



Likelihood of Returning if Concerns were Alleviated by GPA

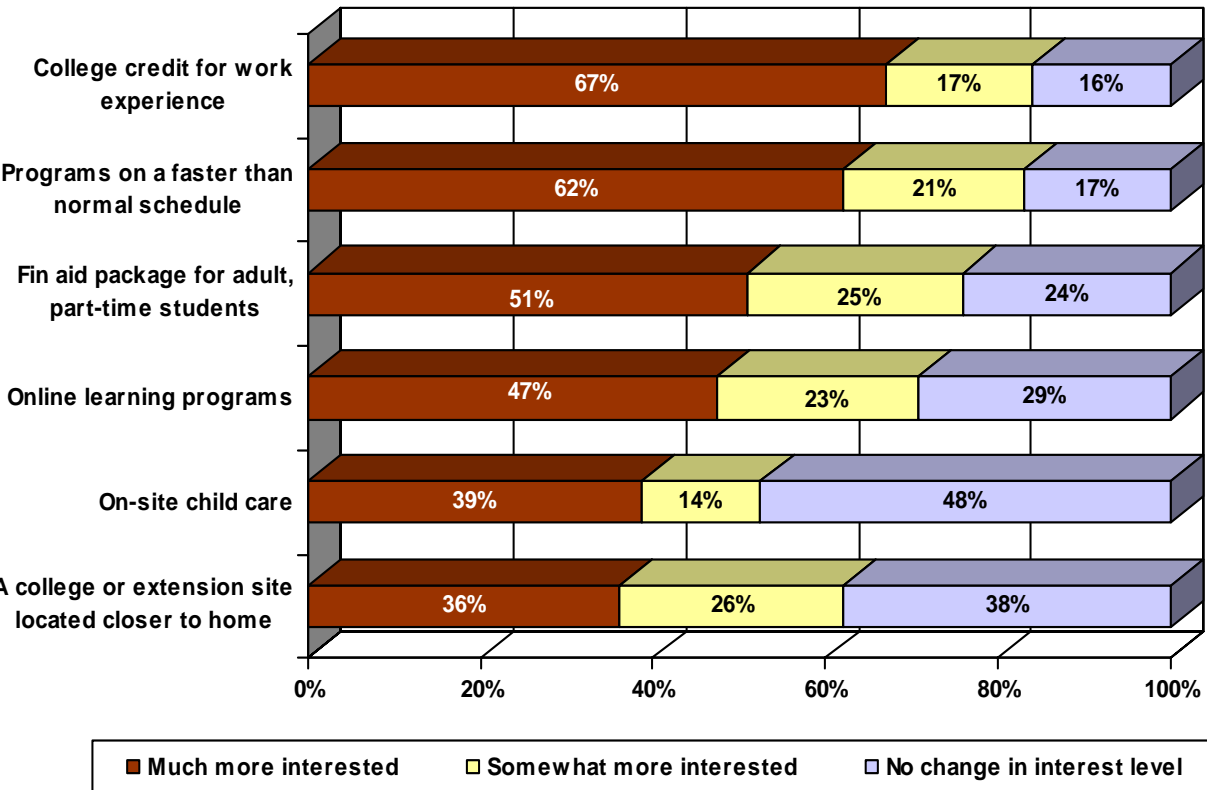
If the concerns you listed could be fixed, how likely would you be to go back to college?



- As one might expect, students that were doing well in college prior to leaving are more likely to want to continue if their concerns were alleviated

Interest in College Services

The following is a list of services that colleges have for adult students. For each service, please tell me if having this service would make you...



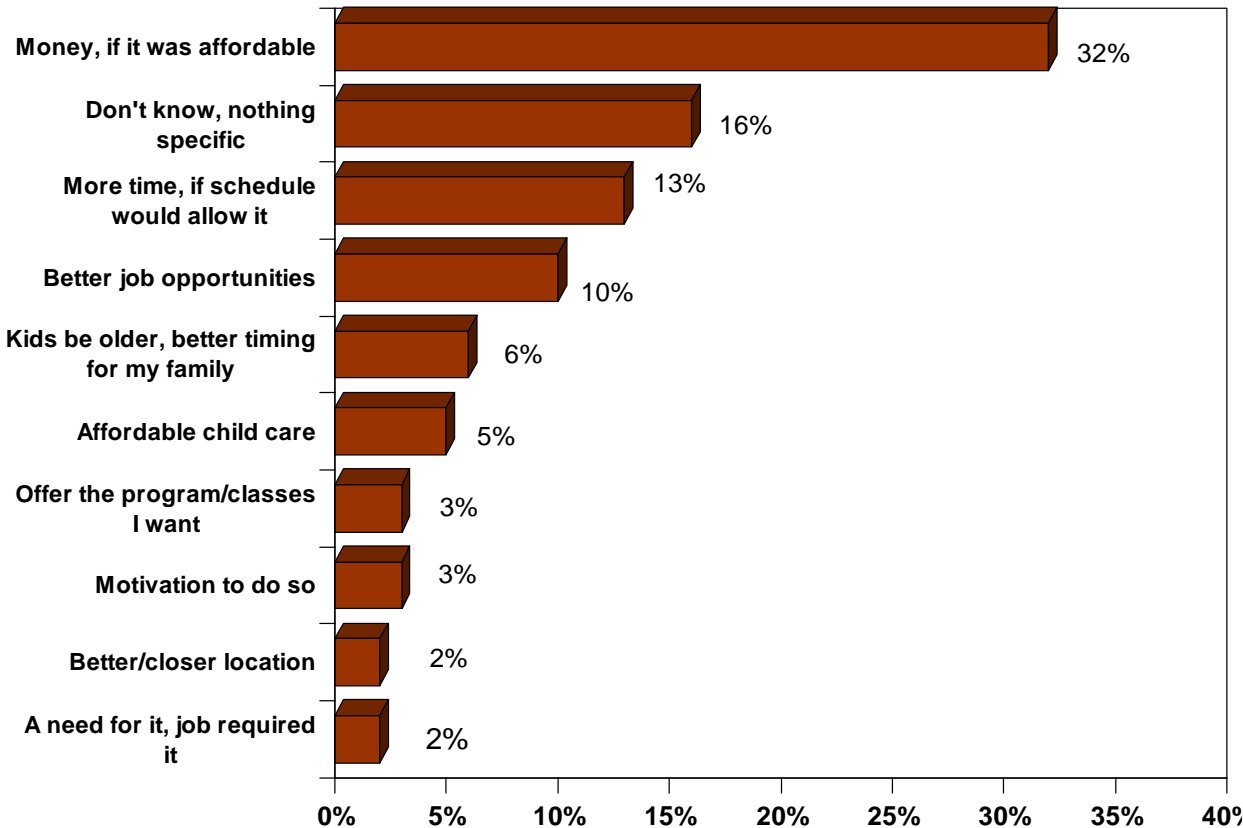
- There are two services that Kentucky colleges and universities should consider offering—college credit for work experience and accelerated degree programs. Both of these items received a high degree of interest by roughly two-thirds of respondents
- Secondary items include financial aid packages specifically for adult part-time students and online learning programs
- Even when only analyzing respondents with children, less than half (45%) show interest in on-site child care. This does not appear to be as important a service as one might imagine



Ways to Get Adults to Return to College

(Top 10—Open-ended Responses)

What is the one thing that would get you back into college for a bachelor's degree?

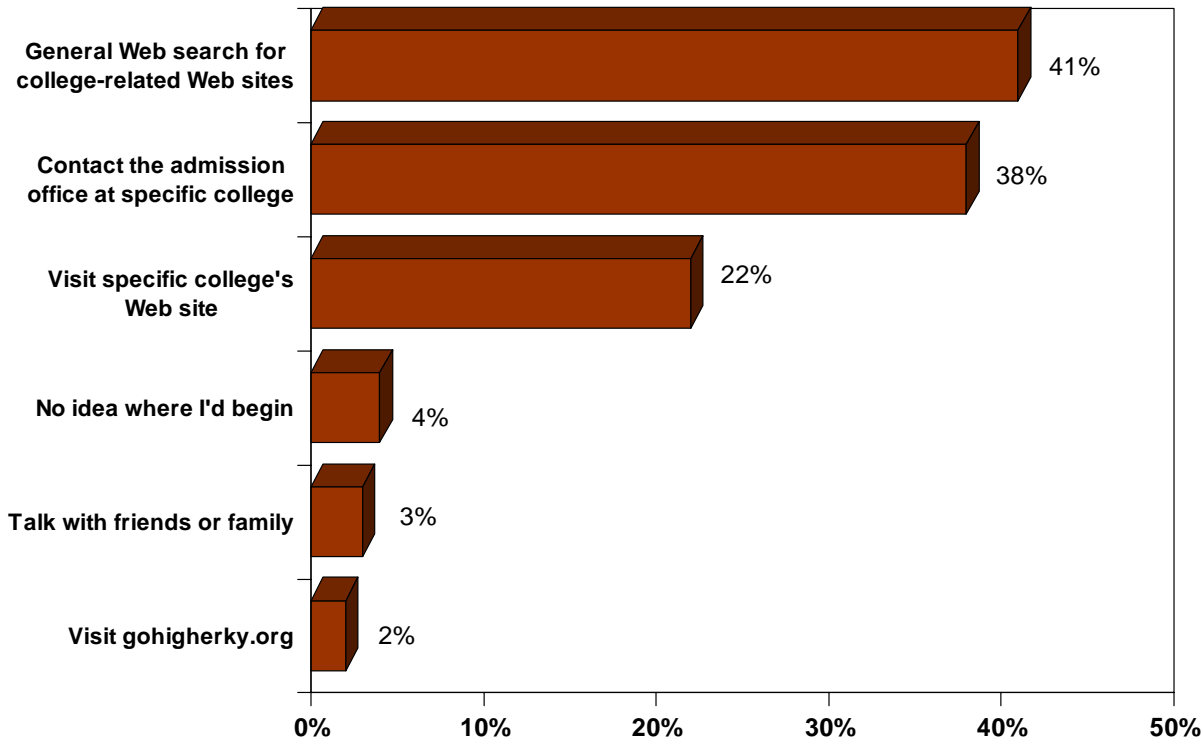


- Although this was likely expected, respondents indicate that the top ways to encourage their return to college focus around time and money
- Explaining financial aid options and the real-dollar value of completing a degree over a lifetime is important, as is explaining the career opportunities and advancement available to an individual with a four-year degree living and working in Kentucky. Real-life experiences and successes must be showcased

Top Sources of Information on Re-Enrolling

(Top 6)

If you wanted to begin gathering information on re-enrolling in college, where would you start?



- College-related Web sites, as well as specific institutions themselves, would be primary resources for information when the time to re-enroll comes
- Note that adult students are not averse to contacting admissions offices directly, likely via phone
- Spontaneous mention (and usage) of GoHigherKy.org is extremely limited. The organization must fully develop its SEO and SEM capabilities



Web Search Terms

(Top 10)

What type of information would you search for on the Web?	Percent
Program/majors available, program requirements	26%
Class schedules	22%
Financial aid options	17%
Local college options, colleges nearby	14%
College of interest	10%
Cost to attend	10%
Don't know	9%
Online/distance learning opportunities	6%
Admissions information	4%
General college information	3%

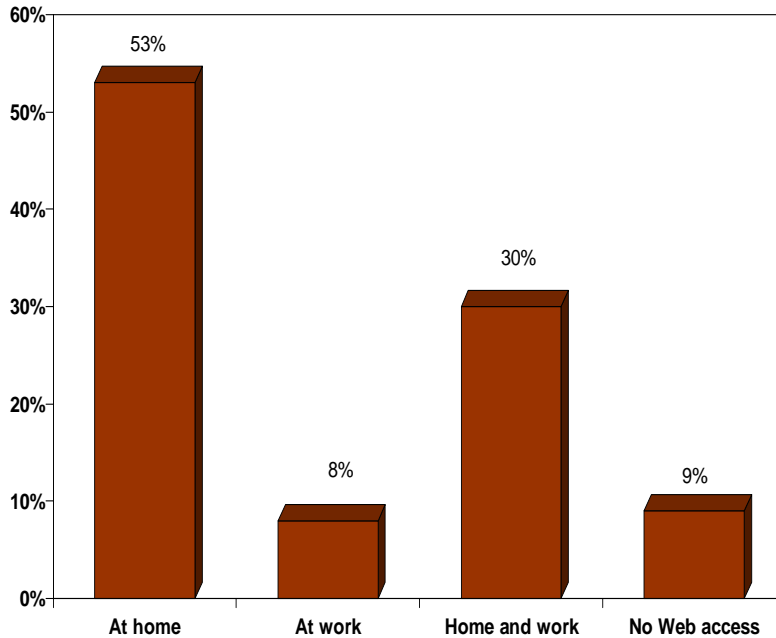
- These findings represent the information potential students would most often seek
- Obviously, organizing and developing KCPE's Web sites to ensure that this information is readily apparent and user friendly will be helpful for prospective adult students



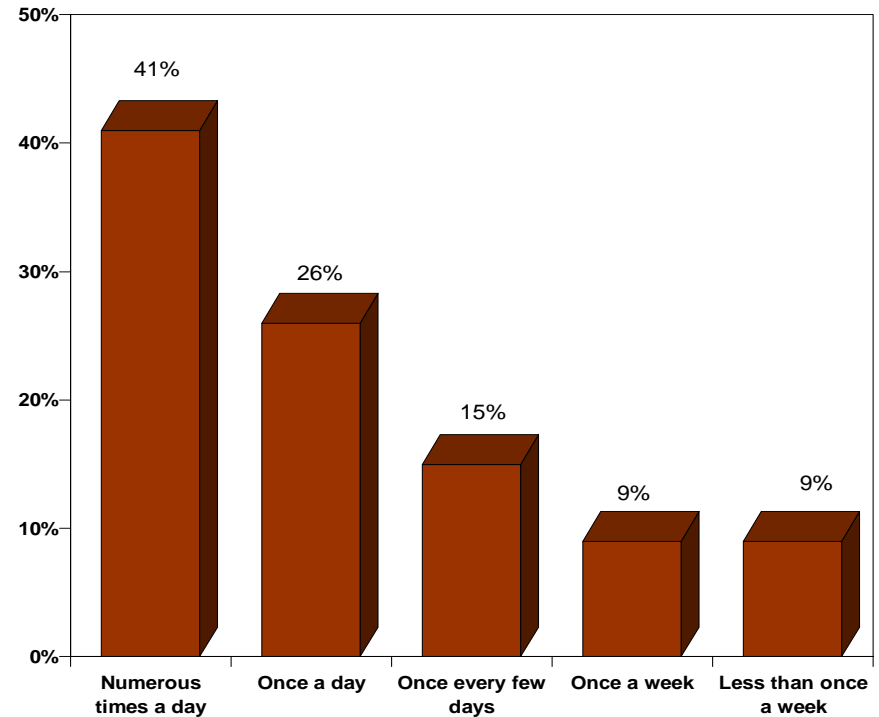
Understanding Web Usage in College Search

Web Usage

Where do you have access to the Web?



How frequently do you use the Internet?

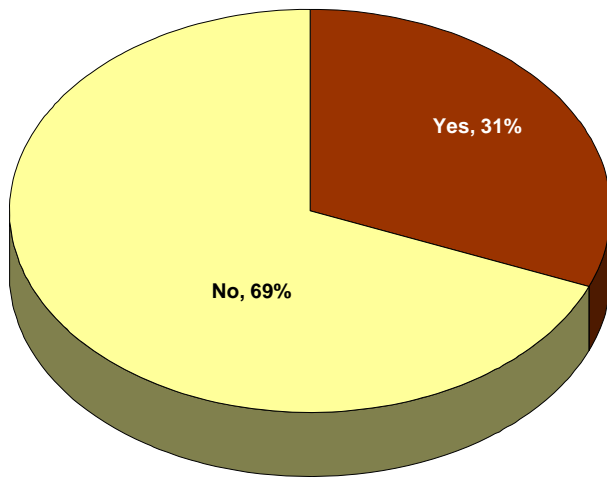


- The Web is a viable medium for this audience. Fully 83% have access to the Internet at home. When access at work is included, only 9% of respondents do not have Internet access
- In addition, the vast majority are often online, with two-thirds indicating they access the Internet at least daily
- These results indicate that a potential digital divide with this audience is nonexistent

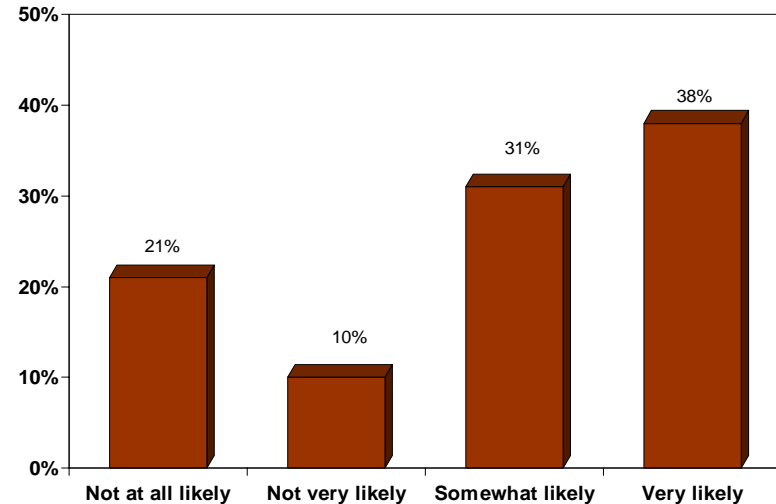


Awareness of “GoHigherKy.org”

Have you heard of the Web site "GoHigherKy.org?"



How likely would you be to use this site to get information about going back to college?

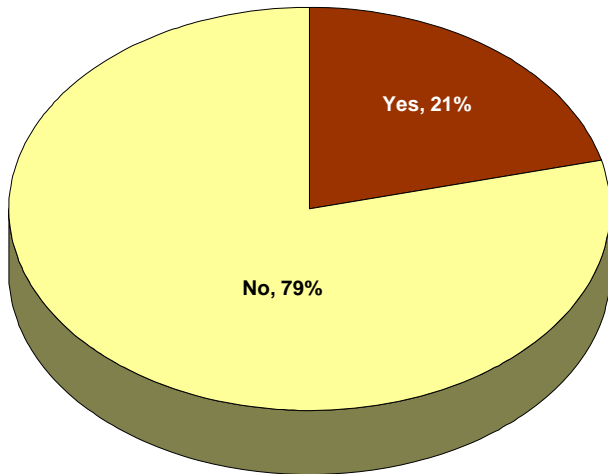


- Awareness of GoHigherKy.org is higher than what might have been expected. Nonetheless, this is excellent benchmarking data upon which to measure impact of future marketing efforts. As noted previously, ensure that SEO and SEM efforts are up to the task
- Though one may expect that respondents with children would be more aware of the Web site (as all students in Kentucky are required to create an account on the site), this was not observed in the data
- Both those who had and had not heard of the site (those who had not were read a short description) were asked their likelihood of using the site to gather information. Encouragingly, nearly 70% would be at least “somewhat likely” to use it

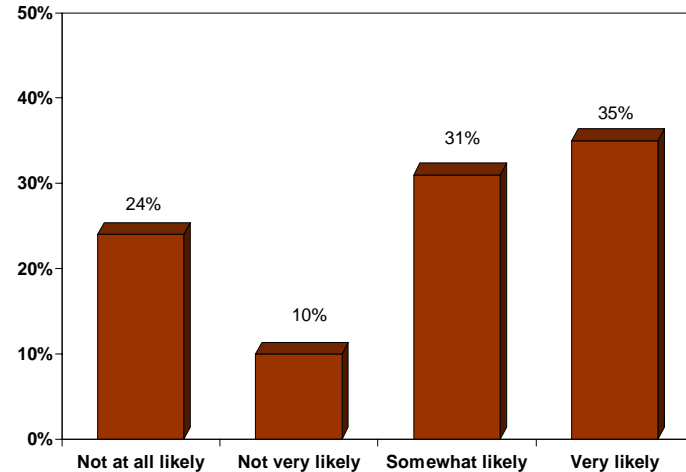


Awareness of Kentucky Virtual Campus

Have you heard of the Web site "Kentucky Virtual Campus," also known as "Kentucky Virtual University" or "KYVU?"



How likely would you be to use this site to get information about earning your bachelor's degree online?



- The findings and recommendations are similar to those for GoHigherKy.org

Useful Information on KCPE Web Sites

(Top Responses)

Beside the services listed above, what additional types of information or services would be useful on a site such as GoHigherKy.org and the Kentucky Virtual Campus?	Percent
Don't know, need to see it first	70%
Financial aid options	8%
Class information and schedules	4%
Program information—majors, requirements, etc.	4%
Cost to attend	4%
Job placement information, career resources	3%
Make it geared to adult students	2%

- It is not surprising that respondents struggled to answer this question, as the majority had never even heard of the sites prior to the interview and the description provided was quite brief



Additional Comments

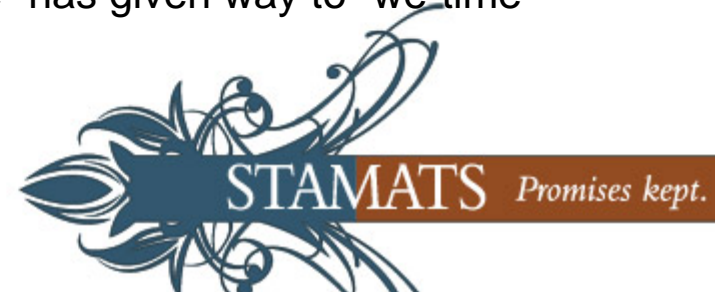
(Verbatim Responses)

- *“Find ways to help students who already owe money to continue their education”*
- *“I got to college and was not prepared. I needed to be at a high school that better prepared me for college”*
- *“It’s harder to go back once you’ve dropped out”*
- *“The biggest concern for me is the financial aspect; need more scholarships for the non-traditional student”*
- *“Needs to be a better way to get the information and services to the adults—better/more publicity”*
- *“More financial aid for non-traditional students, look to see what the finances really are in the household”*
- *“Personal communication. Provide career/course placement so I don’t have to take classes that I’ve already taken or don’t need which is a waste of time and money”*
- *“Special grants or scholarships for non-traditional students and more open information about them”*
- *“I’m very happy in my life without a bachelor’s degree”*
- *“I wish there was a way for me to prepare for college, before I go back, so I could feel more ready”*
- *“The Web sites should include income requirements for financial aid”*
- *“Needs to be more availability of programs for every schedule”*
- *“It would have been easier with additional help when I was younger, it’s too late now”*



Summary Conclusions

- Overall, there is not as much of an interest in continuing education as we might have expected or hoped. This is evidenced in that just 23% are “very likely” to re-enroll in the future, with many of those indicating that it would likely be two or three years into the future. Additionally, the low response rate for the study indicates that most individuals who could fit the bachelor’s degree completion segment have little interest in college education overall
- However, three groups emerged as being more receptive to continuing their education:
 - Blacks and Hispanics (though consider the low sample size)
 - Those that entered college within the last 10 years that are currently working in a white-collar job
 - Unmarried individuals with 85 or more total credit hours. Among those that attended college more than 10 years ago
- Creating more of a sense of urgency appears to be the key to getting any segment of this population back to college. Currently this does not exist, as a large percentage do not feel pressured to eventually earn their degree. Rather, it would be more of an altruistic goal, which are typically the lifetime (“me”) goals least likely to be made a priority. With many of these respondents married and with children, “me-time” has given way to “we-time”



Summary Conclusions

- One group (not included in this assessment) to target communication may be Kentucky employers. If the drive is not intrinsic or within a family, perhaps the added weight of a colleague, supervisor, or mentor could help create a sense of urgency among potential returners
- As would be expected, the greatest barriers to entry are time and money. It is important to communicate how a college education can be fit in with personal and professional obligations as well as how an education can be financed
- Encouragingly, expected deterrents did not rise to the top as concerns among this audience. Specifically, these students do not appear to be worried being able to fit in at college or do well. In fact, the majority indicated they were doing well in college before leaving
- Additionally, access to a college or university is not much of a barrier. Even if it were, more than two-thirds would consider an online education
- In fact, the Web is a large part of where this audiences “lives.” More than 80% have access to the Web at home and 67% are online daily. Furthermore, 40% said they would first turn to the Web to gather information on college options



Summary Conclusions

- Web sites such as GoHigherKy.org and the Kentucky Virtual Campus will be useful information sources for this audience. Roughly 70% of respondents indicate they would be likely to visit these sites if looking for information on college options. Moving forward, it is important to increase the awareness of these Web sites among this audience
- The research indicates some potential services that colleges and universities in Kentucky could offer adult learners that may enhance their likelihood of re-enrolling. Students are most interested in receiving college credit for work experience and accelerated degree programs. These are followed by strong interest for financial aid programs specifically for adult part-time students as well as online learning programs



Top Potential Target Niches/Segments

- Stop-outs within the last decade with at least 11 credit hours working in white-collar jobs
- Stop-outs prior to 1996 with more than 85 credits who are not currently married
- Small but interested audience—black and Hispanic adults



Top Messages

- You've done it before—you can do it again
 - Most had solid academic standing in their first college experience
- A bachelor's degree can dramatically increase your potential for higher income and career advancement
- You need a change
 - 31% report their main reason for getting a bachelor's degree is to change their career/job
- Completing that degree is not as expensive as you think
 - Many overestimate the cost, particularly of public education
- Continuing your degree will “make me feel better about myself”
 - Two-thirds somewhat or strongly agree with this statement
- Time management—home, work, and school—is possible and here's how these people have done it (and how you can too)



Top Mediums

- General Web search for college-related sites
 - Search engine marketing is an essential consideration
 - Looking for programs/majors and requirements, class schedules, and financial aid options
 - 91% of adult potential returners have Internet access
- Self-initiated direct contact with an institution (calls, Web, e-mail, etc.)
- Specific institutional (college/university) Web sites



Top Programs

- Nursing
- Business
- Education



Top Services and Offerings

- Receiving college credit for work experience
- Accelerated degree programs
- Financial aid programs specifically for adult part-time students
- Online learning programs

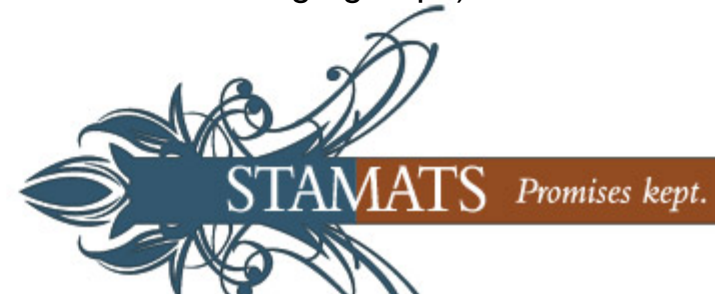


Crosscuts by Age



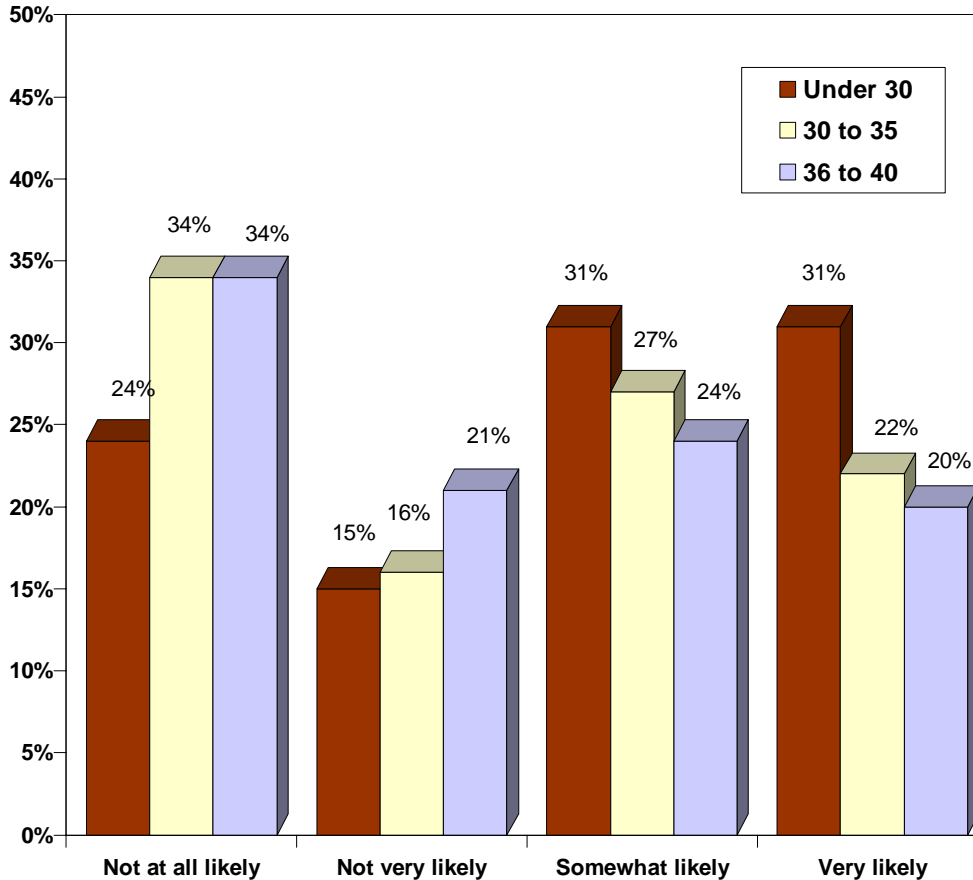
Respondents Over the Age of 40

- Respondents over the age of 40 comprise a very small portion of KCPE’s market. Therefore, for the purpose of this report, we did not include them in the following age specific crosscuts due to the small sample size (a total of 40). However, we did find several trends among this group.
- Those over 40 are...
 - More likely to agree that “few jobs in my area require a college degree”
 - Least likely to consider going back to college in the next three years—only 8% are “very likely” to return
 - Least likely to consider an online college option
 - Most likely to believe they will not earn a degree in their lifetime
 - Not interested in wasting their time on courses designed for traditional students (63% agree with the statement)
 - Less concerned with managing their time between family and classes
 - Least likely to return to college even if all their concerns were alleviated
 - Even less aware of GoHigherKy.org (only 10% have heard of the Web site)
 - Less likely to have Web access (18% do not compared to 8% of all other age groups)



Likelihood of Going Back to College by Age

How likely are you to consider going back to college within the next three years?

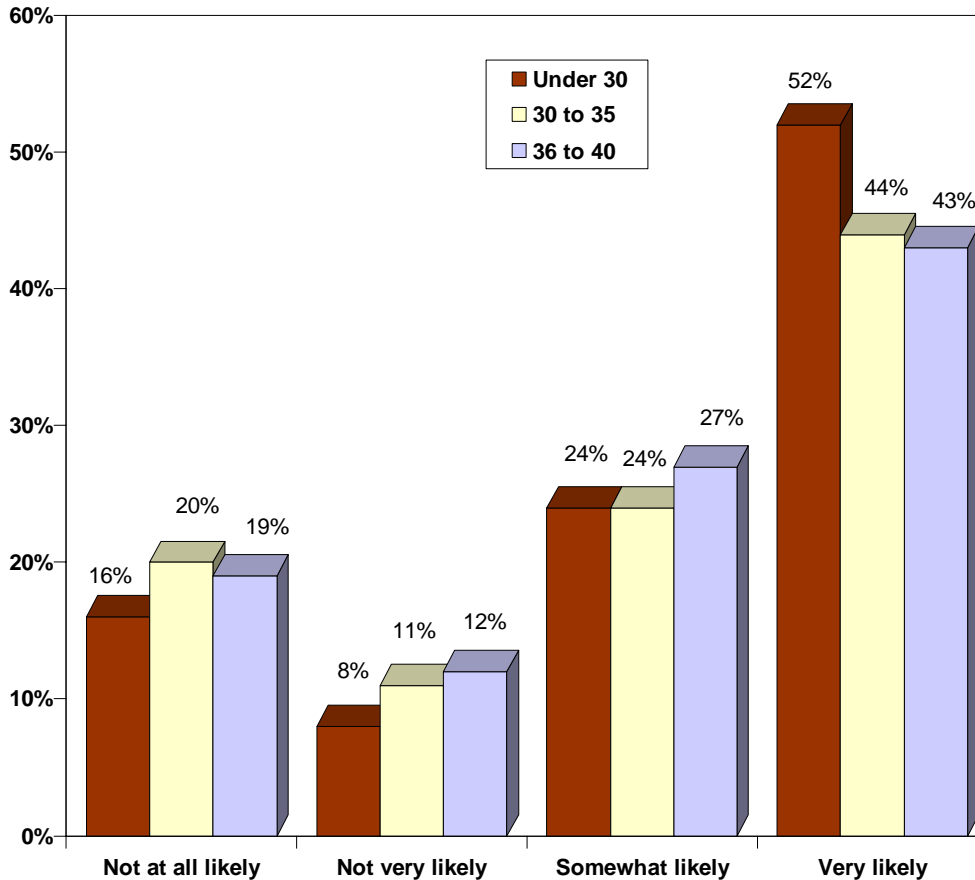


- The best strategy is to focus on younger individuals



Likelihood of Returning if Concerns Were Alleviated (by Age)

If the concerns you listed could be fixed, how likely would you be to go back to college?



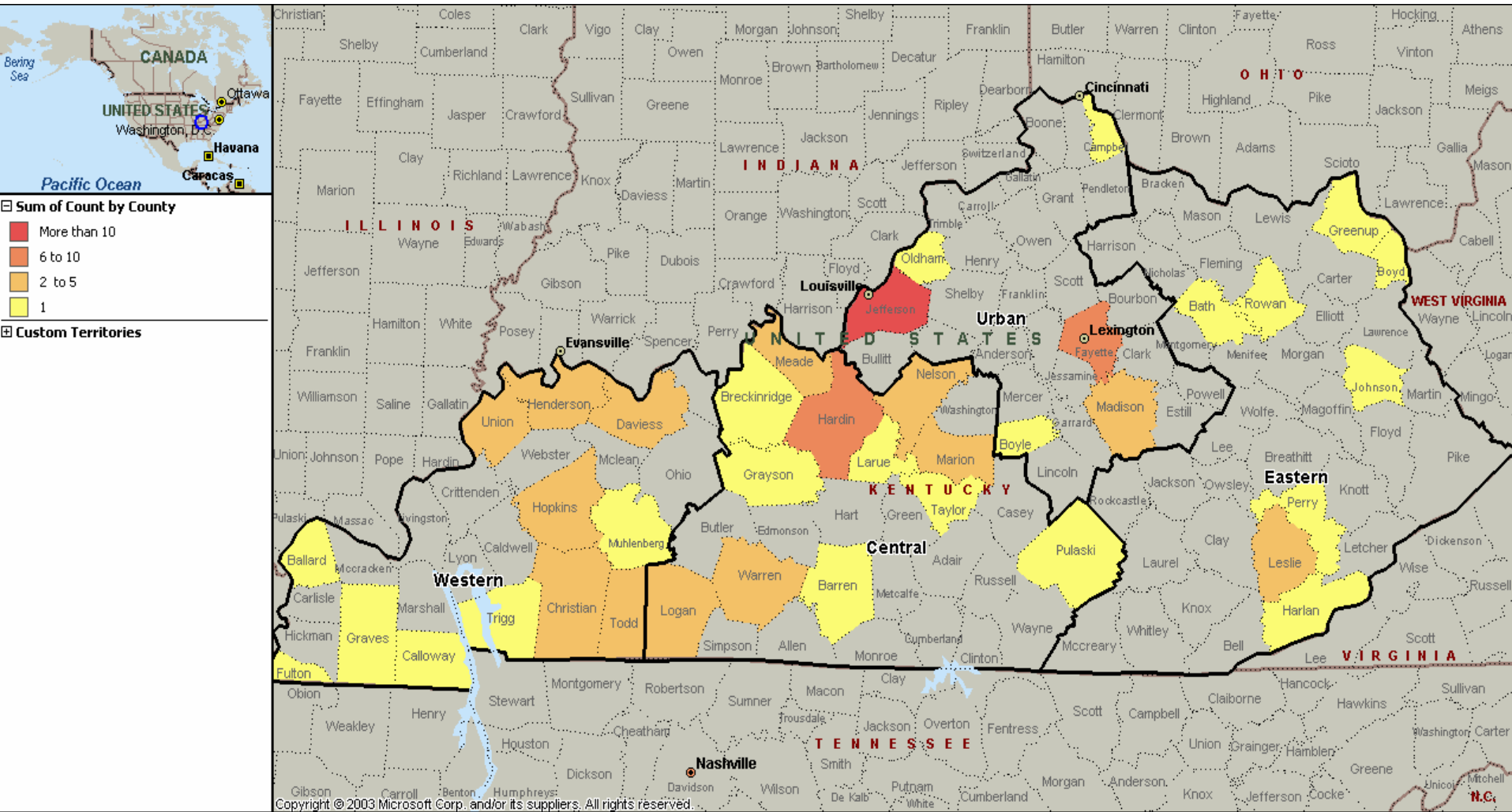
- Again, younger adults have a higher likelihood of returning to college



Additional Requested Crosscuts



Geographic Distribution of Respondents: Non-White



Currently Completing BA: Institution Attending

Where are you taking classes?	Percent
Western Kentucky University	9%
Elizabethtown Community College	5%
Hazard Community College	4%
University of Kentucky	3%
Sullivan University	3%
Northern Kentucky	3%
Summerset Community College	3%
Southeast Community College	3%
Madisonville Community College	3%
Jefferson Community College	3%
Bluegrass Community College	3%
University of Phoenix	3%



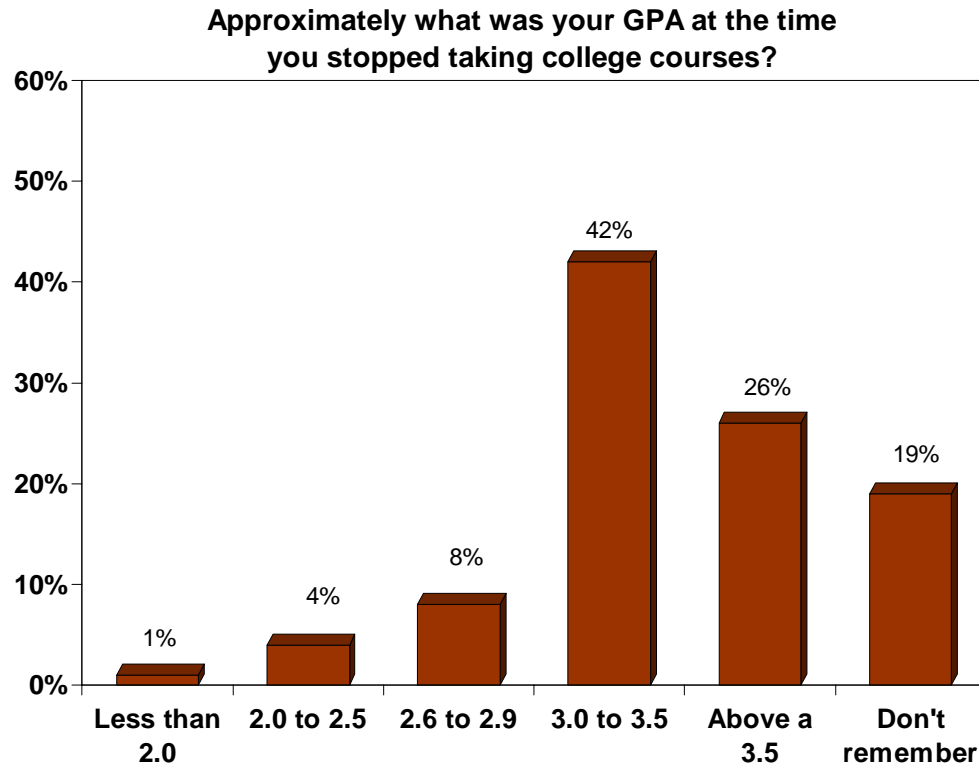
Completed BA: Institution Attended

Where did you complete your bachelor's degree?	Percent
University of Kentucky	6%
Western Kentucky University	5%
Sullivan University	4%
University of Louisville	4%
Eastern Kentucky University	4%
Morehead State University	3%
University of Southern Indiana	3%
Austin Peay State University	3%
Murray State University	2%
Indiana University Southeast	2%
McKendree College	2%
Georgetown College	2%
Union College	2%
Marshall University	2%

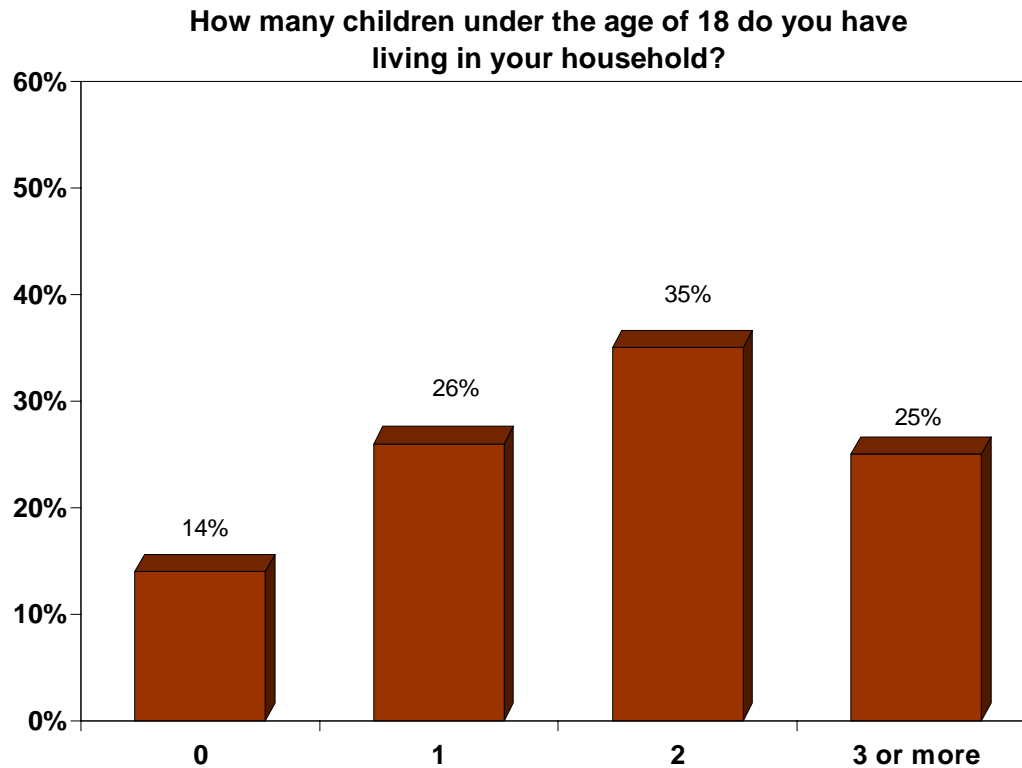


Nursing Interest: GPA at Time of Stop-out

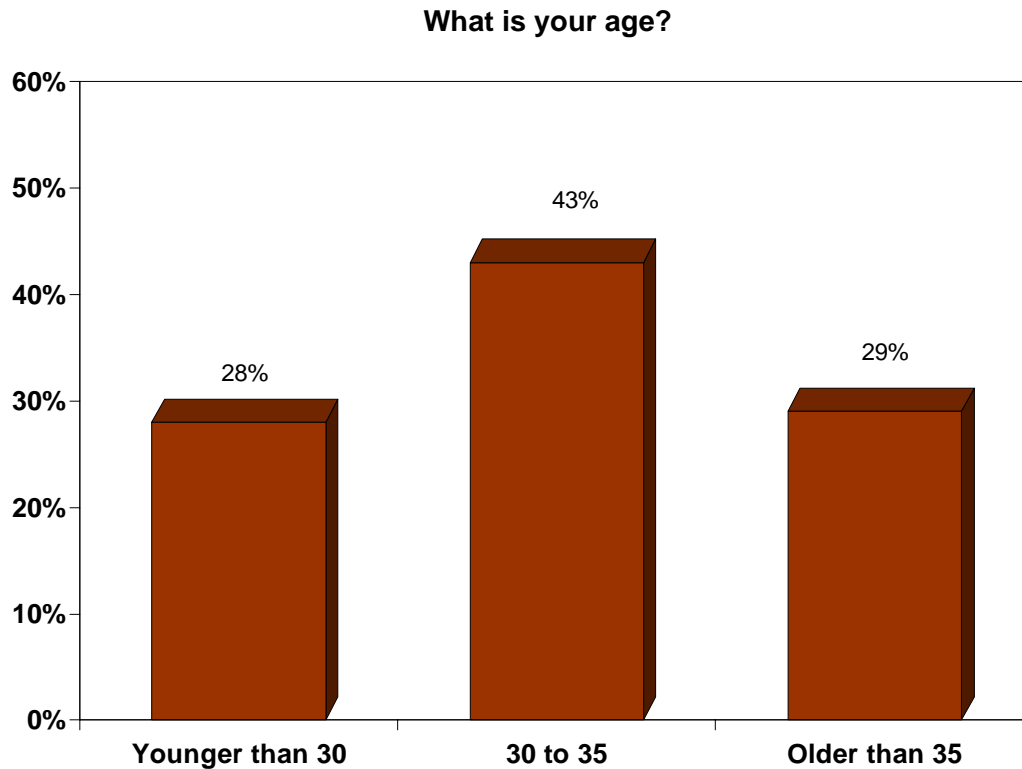
(Self-Reported)



Nursing Interest: Number of Children Under 18



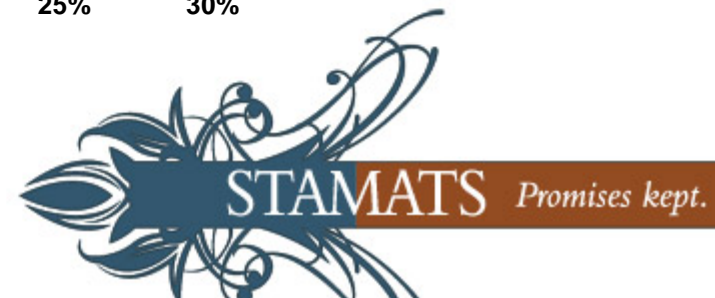
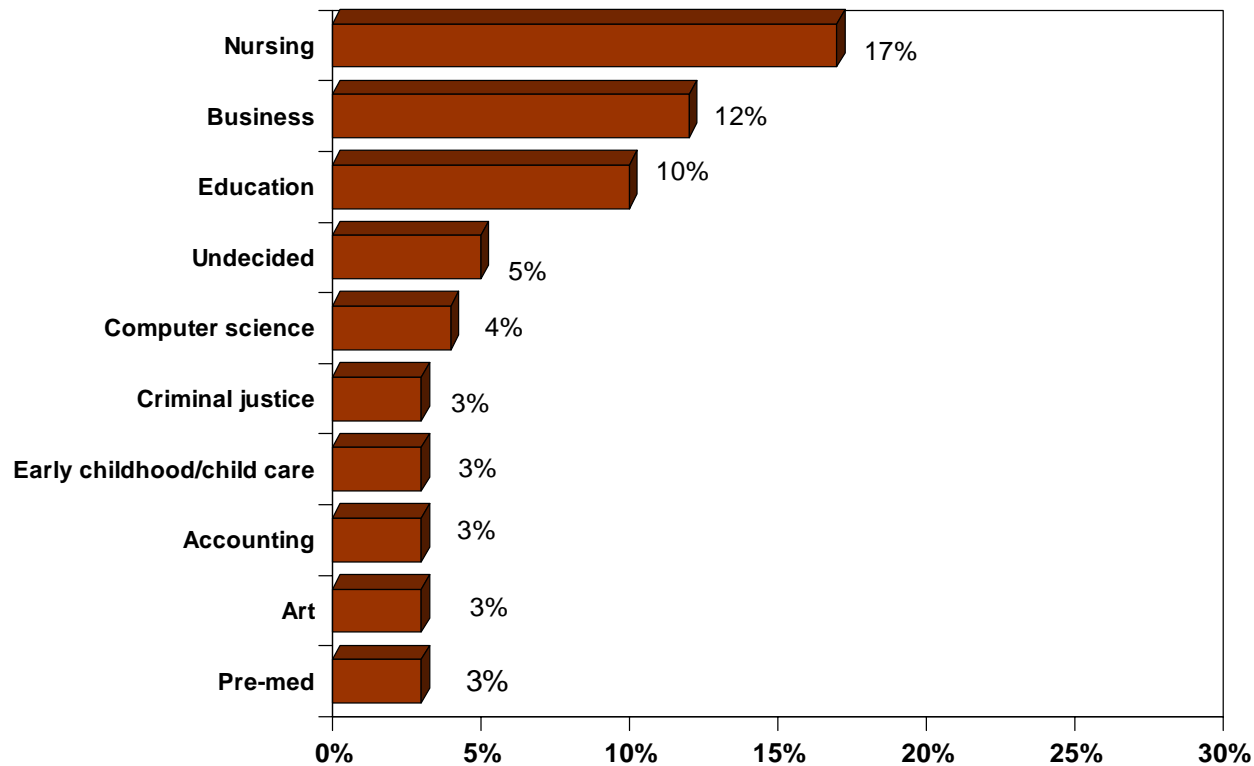
Nursing Interest: Age



“Very Likely” to Return: Top Majors of Interest

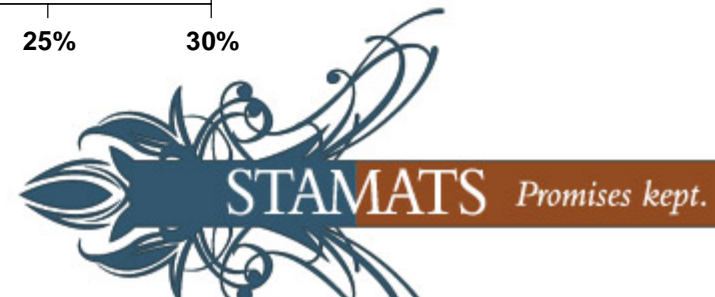
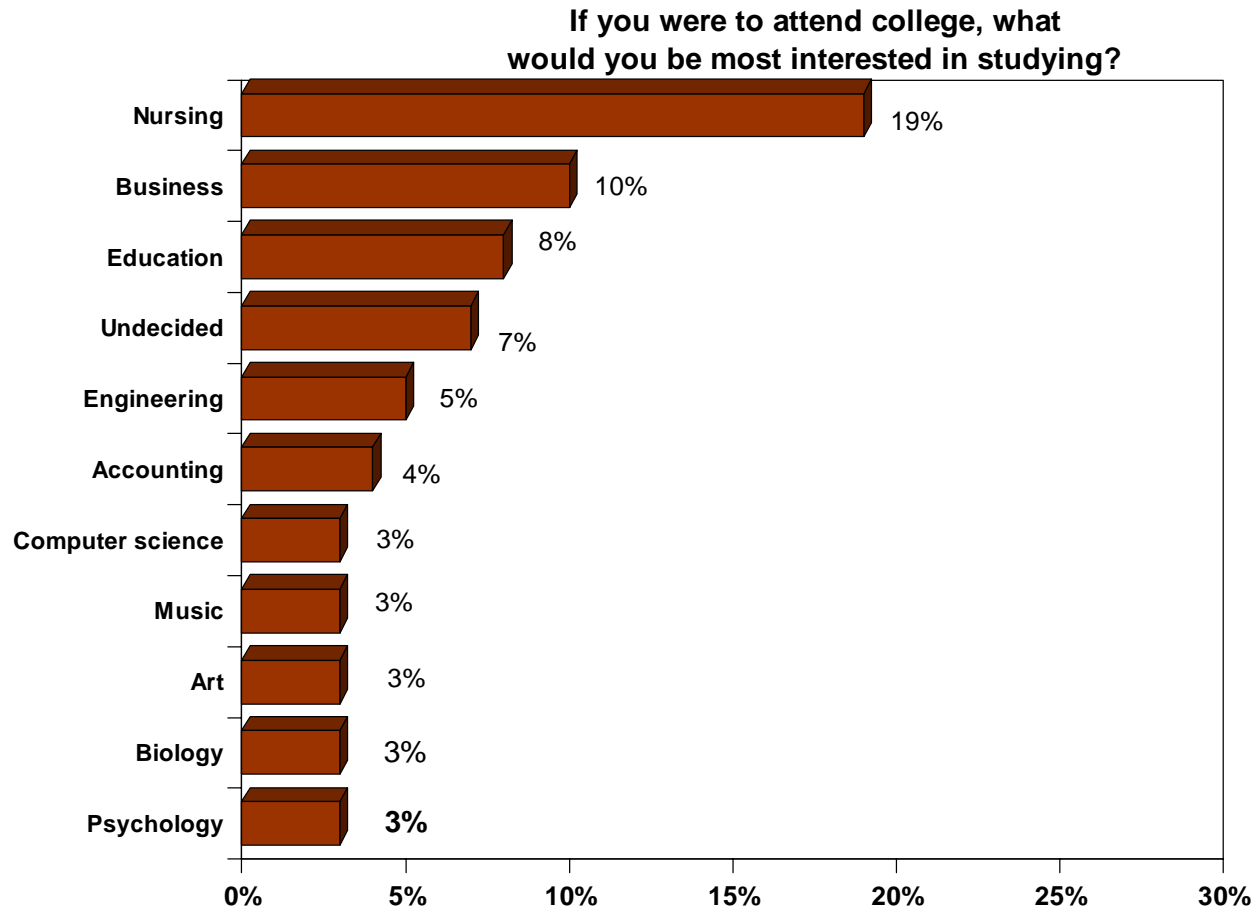
(Top 10)

If you were to attend college, what would you be most interested in studying?



“Somewhat Likely” to Return: Top Majors

(Top 11)



Secondary Research: Adult Learners

October, 2007

Presented by

Becky Morehouse
*Associate Vice President for
Research and Marketing*

Diane Nelson
Research Project Manager



STAMATS

Adult Learners and Higher Education



Who are “Adult Learners?”

- In higher education, the term “adult learner” has traditionally meant a student who is 25 years of age or older. This is a simplistic approach, and does not fully take into consideration:
 - The definition of an adult, according to Malcolm Knowles, author of ground-breaking research regarding adult learners, and generally accepted among professionals as the expert in the field:
“The psychological definition is one who has arrived at a self-concept of being responsible for one’s own life, of being self-directing.”
 - The differences between generations. This is an important distinction because studies show that life experiences brought to the table by adult learners have a definite influence upon *how* they learn
- The fact that adults are self-directing has a plausible impact on if, how, and why they undertake postsecondary education, as well as effecting their success in meeting their goals once they do
- For the purposes of establishing programs and eliminating barriers for adult learners, we must then consider, for example, an 18-year-old student who is married or has a child. In addition, to be effective in understanding the challenges and instituting incentives for adult learners, we must be specific in the knowledge of generational differences



Generational Differences

- For the purposes of this study, we will consider the *Millennial Generation* generally to be traditional students, as they are between the ages of 18 and 24. It will be important to remember, however, that there are those within this generation who can be considered adult learners based upon life experiences and challenges, and who are self-directed in life
- We shall consider the *Silent Generation*, those born before 1943 and 65 years of age or over, to be outside the population that would normally return to postsecondary education. Again, however, there will be exceptions who end up in college classrooms, but who have different reasons for being there than their adult counterparts in *Generation X* (born between 1961 and 1981; ages 26-46) and the *Boomers* (born between 1943 and 1960; ages 47-64)
- Members of the *Silent Generation* generally end up in college classrooms for reasons of personal fulfillment; while *Generation X* and *Boomers* are meeting the challenges of professional advancement and increasing their worth on the job market
- Since *Generation X* and *Boomers* make up the majority of adult learners, we will examine some specific generational characteristics of these groups



Generational Differences in Learning

<p><i>Boomers</i></p>	<ul style="list-style-type: none">• Enjoy working in creative and independent manners• Sensitive to criticism• Often possess significant professional experience• Require lots of interaction and “talk” time• Enjoy icebreaker and introduction activities• Prefer a spirit of collegiality in classroom• May have problems with authoritarian instructors• Will often take on leadership role in groups• Do not generally like role-play exercises• Need plenty of time to practice new skills alone
<p><i>Generation X</i></p>	<ul style="list-style-type: none">• Self-reliant• Require regular, if not constant, feedback• May lack interpersonal skills• Can be cynical• Require relevance in assignments and courses• Often impatient• Consider themselves to be technologically capable• Are adaptable and informal• School/life balance is important• Will resist group work outside of class• Need lots of individual attention

**Teaching Across Generations, Baker College Effective Teaching and Learning Department*



Generational Differences

- It is important to note that *Gen Xers* are the first generation to be less educated than their parents. Aspiring to role models such as Bill Gates, they tended to strike out after high school without college educations to make their way in the work world. For example, only 37% of the *Gen X* class of 1980 had completed college within seven years of graduating from high school, compared to 58% of *Boomers*
- Consequently, many *Gen Xers* later find themselves needing skills and education that they hadn't counted on, and, often end up back in school at a later stage in life. Currently, they are the largest segment of online learners
- With 78 million *Boomers* in the U.S., this generation is used to being at the forefront and live in a world that has been responsive to their wants and needs. They are used to being the center of attention, and are not used to being pushed in to the background. This attitude comes across whether at home, on the job, or in the classroom
- *Boomers* returning to school are achievement-oriented and internally focused, tending to put heavy emphasis on grades. Still, they tend to have a great deal of anxiety about going back to school, and need constant reassurance in the form of feedback



Fast Facts

- 39% of adult learners work full-time while enrolled in postsecondary education
- About 30% of adults seeking a college degree need some type of remedial education in one or more subjects
- Recent studies reveal that those most in need of adult education receive it least often
- There are at least 10 times as many federal programs designed for traditional degree-seeking students as those aimed at non-degree education and training programs designed for adults
- 34 million new jobs which required postsecondary education were created between 1980 and 1997, while during the same time, about seven million jobs that require only a high school diploma were eliminated
- Most adult students leave college without a degree because of family related or personal finance issues (including job-related issues and the cost of an education)



Fast Facts

- Almost one-fourth of adults who did not complete a bachelor's degree say that they intend to return to college within the next two years
- The likelihood of returning to college is most positively effected by the availability of accelerated programs, convenience of location, tuition assistance, and college credit received for life experiences or professional skills
- According to the U.S. Department of Education, adult students are the fastest growing educational demographic
- Students 35 years or older numbered 823,000 in 1970 and 2.9 million in 2001



The Psychology of the Adult Learner

- Malcolm Knowles coined the term **andragogy (as opposed to pedagogy)**, which asserts that adults come to the table with a different set of experiences than children and therefore, require characteristic elements within an educational context. In fact, the very likelihood that adult learners will ever even cross the threshold of higher education classrooms can be very dependent upon whether or not those educational opportunities encompass the components that distinguish them from programs geared towards the traditional student
 - Before they will invest in education, adult learners will need to know *why* they need the knowledge they will gain
 - Adults have an established concept of self, and will not do well in situations where the value of their life experiences are discounted or unrecognized
 - Adults need to make connections between the knowledge they already possess (life experiences) and new knowledge
 - Adults are problem-oriented, and are motivated toward resolving specific issues and less so towards abstract notions of learning
 - While children require motivational rewards towards learning, adults are motivated by the relevancy of what they are learning



Psychology of the Adult Learner

Incentives/Motivation — Barriers/Challenges

- Is there a relevant and practical reason for learning?
 - Adult learners need connection between education it's real-world applications in their lives, such as career enhancement or a personal goal
 - The investment in time and money must be justified by the benefits of education
 - Adult learners resent “busy work,” and resist having to spend valuable time on tasks that do not directly work towards their goals (i.e. general education requirements aimed towards making a traditional student “well-rounded” when what the adult student needs is computer skills or other technical knowledge)
- Does the learning experience contribute to and expand their self-identity?
 - Ignoring, failing to value, or not utilizing an adult learner's life experiences rejects not only the experience, but the person
 - Life experiences need to be attributed significance, not only as a resource for learning, but in recognition of the significance of the adult learner him/herself
 - Traditional values and assumptions are often challenged, putting adult learners at risk of losing their cultural identity



Psychology of the Adult Learner

Incentives/Motivation — Barriers/Challenges

- Is the educational setting self-directed rather than subject- or teacher-centered?
 - Adult learners often resent an authoritarian style of teaching and, instead, prefer self-direction with a facilitator
 - Often adult learners will resist group work; however, when forced to work in a group they will take on the role of leader
 - Motivation for adult learners takes the form of resolving specific problems that will bring about tangible results, making them more successful in independent study situations
 - Adult learners tend to immediately apply what they have learned
- Does the adult learner enter the educational landscape as stranger in a foreign land?
 - As an adult whose place is established within family, at work, and in social settings, going back to school places him/her into an unfamiliar and often uncomfortable setting
 - Providing a peer setting for education with adults facilitates a feeling of belonging, increasing success



Frustrations for Adult Learners

- “I’m a bag lady. I shuffle around the school in winter with two bags – one for books and one for boots. I have no place to sit, to receive messages, to make phone calls. I am dependent upon professors letting me come into their offices. I have no way to hear if my child is ill. I have no dignity”
- “I don’t understand why I need to take a religion class to round me out as a person when I’ve spent the last 9 years volunteering with our community inter-religious council. Shouldn’t what I already know count for something?”
- “The worst is when the professor tells our class to break up into groups for a project. These kids all live in dorms together and quickly form little ‘cliques.’ Meanwhile, I always have to ask if I can join an established group and feel like the booby prize. Besides, when we work in groups, I’m the only one with my frame of reference for what we are doing”
- “I really get tired of moving heaven and earth to get to class and then spending an hour being lectured on things that I could have just as easily read about from home without having to find someone to care for my children or reschedule my work”
- “Sometimes I just want to scream when I hear students who do nothing **but** go to school complain about how hard it is to find enough time to study or get assignments done. I’d love to tell them what it’s like to have a sick child and a boss who needs you to work overtime the day before finals, but they just wouldn’t get it”
- “I never met my advisor. The office hours don’t fit with my hours”



Institutional Response to Adult Learners

- Too often colleges and universities think that if they provide some financial aid, online courses, and flexible scheduling that they have successfully accommodated the needs of adult learners. While this is helpful, it does not take into consideration the learning styles of adult learners, nor the skills and experiences they bring to an educational setting
- “More than 30 percent of today’s college students are adult learners, yet many aspects of the higher education system are not designed with these students in mind. Whether they’re pursuing conventional degrees, earning professional credentials, updating their skills or earning prerequisites for another level of courses, adult students have needs that higher education must better understand” (Lumina Foundation, 2003)
- “Some sources suggest that institutions treat adult learners as invisible. Inflexibility with regard to transfer credits, class scheduling, and/or payment options makes it difficult for some adults to access higher education” (Lumina Foundation, 2003)
- The Lumina Foundation reports that there are three dimensions which are primary in consideration of how adult learners progress (or fail to progress) in postsecondary education: **access**, **persistence** and **success**. Along with state and federal policies, Lumina examines the role of the individual and the institution in increasing the likelihood of all three elements



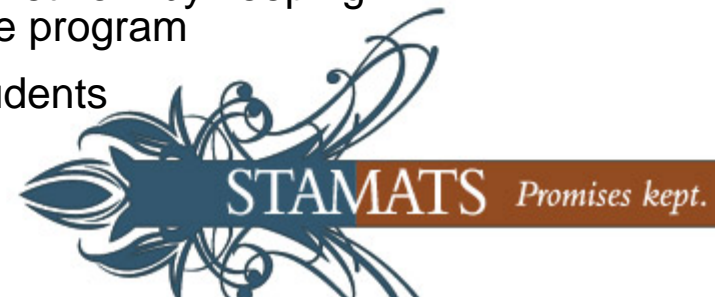
Institutional Response to Adult Learners

	Access is increased by...	Persistence is increased by...	Success is increased by...
Individual	<ul style="list-style-type: none"> • Online courses/resources • Financial aid • Community colleges • Accelerated programs • Off-campus centers/satellite campuses • Multiple/flexible class schedules (night, weekend, once-a-week three-hour courses, etc.) • Child care availability • Positive perception of self • Positive perception of social/economic value • Employer support 	<ul style="list-style-type: none"> • Off-campus learning centers • Desire for gainful employment/job advancement • Intrinsic rewards of self-improvement • Perception of being valued by institution • Employer support • Social networks outside classroom • Social networks on campus w/other adults • Clarity regarding expectations/requirements • Adult-centered approach of institution • Credit transferability 	<ul style="list-style-type: none"> • Individual characteristics • Financial aid • Admissions counselors responsive to adult needs • Perception of being valued by institution • Faculty, counselor, administration communication • Courses that lead to professional advancement • Family support • Adequate study time
Institution	<ul style="list-style-type: none"> • Distance learning, off-campus centers • Collaboration with community organizations to provide locations for learning • Alternate scheduling for academic and financial aid advisors, administrators • Accelerated programs • Alternate scheduling (night, weekend and one-time-a-week three-hour courses) • Higher visibility of adult students • Support programs such as child care 	<ul style="list-style-type: none"> • Effective, accessible academic advisors/counselors • Adult support services • Establishment of adult learning communities • Acceptance of transfer credits • Credit for experience • Reduced GRE requirements • Independent study programs • Problem-based learning • Accelerated programs • Distance learning, off-campus centers • Collaboration with business to establish programs that are relevant to needs 	<ul style="list-style-type: none"> • Online learning • Expanded services/programs for adults • Faculty availability • Smaller classes • Programs specific to adult interests • Accelerated programs • Responsiveness to needs of adult students • Providing adults a social network • Providing adults a place to study, socialize, etc.



Practical Applications

- Institutions can help adult learners find more study time by eliminating unnecessary trips to and from campus. For example, a one-hour class that meets three times a week does not just take three hours of time from an adult student's chaotic schedule, but with travel time, dropping kids at child care, etc., can easily take double the time or more than is spent sitting in the classroom
- Creative scheduling and programming:
 - Evening and weekend classes
 - More independent study with the aid of a facilitator, less time in the classroom
 - Accelerated completion programs
 - Once-a-week, three-hour classes
 - Programs such as PACE (Program for Adult College Education):
 - One class per week and independent study
 - Saturday seminars all day once every three or four weeks
 - Research projects, instructional television, educational videotapes, internet programs
 - Block programming around humanities-based curriculum
 - Establishes a learning community and support network by keeping same group of students together throughout the program
 - Facilitates smaller class size, allowing adult students to flourish and not get lost in the crowd



Practical Applications

- Availability of online and distance learning, satellite campuses, and off-campus centers
- Make academic and financial aid advisors available at times adult learners need them
- Establish a support system for adults in the form of a social network and a physical place to gather, possibly with a place for children
- Online registration
- Online progress tracking (grades, assignments, etc.)
- Online resources (eliminate trips to the library)
- Re-examine general education requirements and give adults credit for life experiences and professional skills
- Encourage problem-based, student-centered programs
- Collaborate with business community to establish specific curriculum
- Provide immediate feedback
- Provide a chance to apply what is learned in a practical setting



Marketing to Adult Learners



Treating Adult Learners as Consumers

- The market share of higher education held by adult learners is the fastest growing of all demographics
- Adult education consumers are looking for a solid educational product that will justify the cost
- While institutions need to be mindful of *how* adults learn, when it comes to marketing to them, colleges and universities need to pay careful attention to how adults *want* to learn; wanting versus doing
- “With continuously changing learner demographics and a new generation-type label per decade, it makes good business sense to check in relatively frequently on how learners prefer to learn. Rarely, however, are learners asked about their preferences” (Cohen, 2001)
- As is always true of a good marketing plan, the goal is to tap in to the target market’s attitudes and preferences when building the attributes of a brand
- Margot Frey, director of admissions Notre Dame De Namur University: “Targeting this audience requires a completely different marketing mindset than working with undergraduate students”



Treating Adult Learners as Consumers

- For institutions, placing a higher focus on the distinctly separate marketing strategies for adult learners not only increases enrollment and retention, it has the potential for exponential recruitment via brand loyalty through their children
- “[R]esearchers agree that the market for adult learners is becoming more competitive, and that institutions seeking to attract adult learners must offer more than simply convenient hours and locations. Encouragement toward degree completion through peer interaction, access to faculty support at convenient hours, and quality of relationships with school administration...could be contributing factors for future success” (Kimmel, McNeese, 2005)
- Adult education consumers are distinct:
 - They are already motivated towards the product (education)
 - They want to envision themselves as successful
 - They want to be at the center of their educational endeavors
 - They want a product (education) that is practical and relevant to their lives
 - They want to be acknowledged as an individual with life experiences and skills
 - They demand user-friendliness if they are to be “repeat consumers”



Tapping in to the Psychology of Adult Learners

Demonstrate the relevance and practicality of education

- Adult learners don't want to “broaden their horizons,” they want to “focus”; they will respond more to “be a nurse,” or “be a Web designer” than to “be all that you can be”
- Education must be a worthwhile investment of the adult learner's money and time. They will be more motivated as consumers if they know exactly how they will apply their education—the market for the career for which they will be training
- A purposeful and distinctive brand and tagline will aid in recruitment of adult learners
- Show adult students how your program will be practical given the variety of challenges they face in going back to school

Recognize the unique identity of adult students

- Target the adult audience; do not include them as an “aside” in a campaign for students in general
- Acknowledge the value of the adult's life achievements so far; experience is something that happens to children, but experience is who the adult is
- Show adult students in a peer setting—somewhere they belong



Tapping in to the Psychology of Adult Learners

Illustrate the student-centeredness of your programs

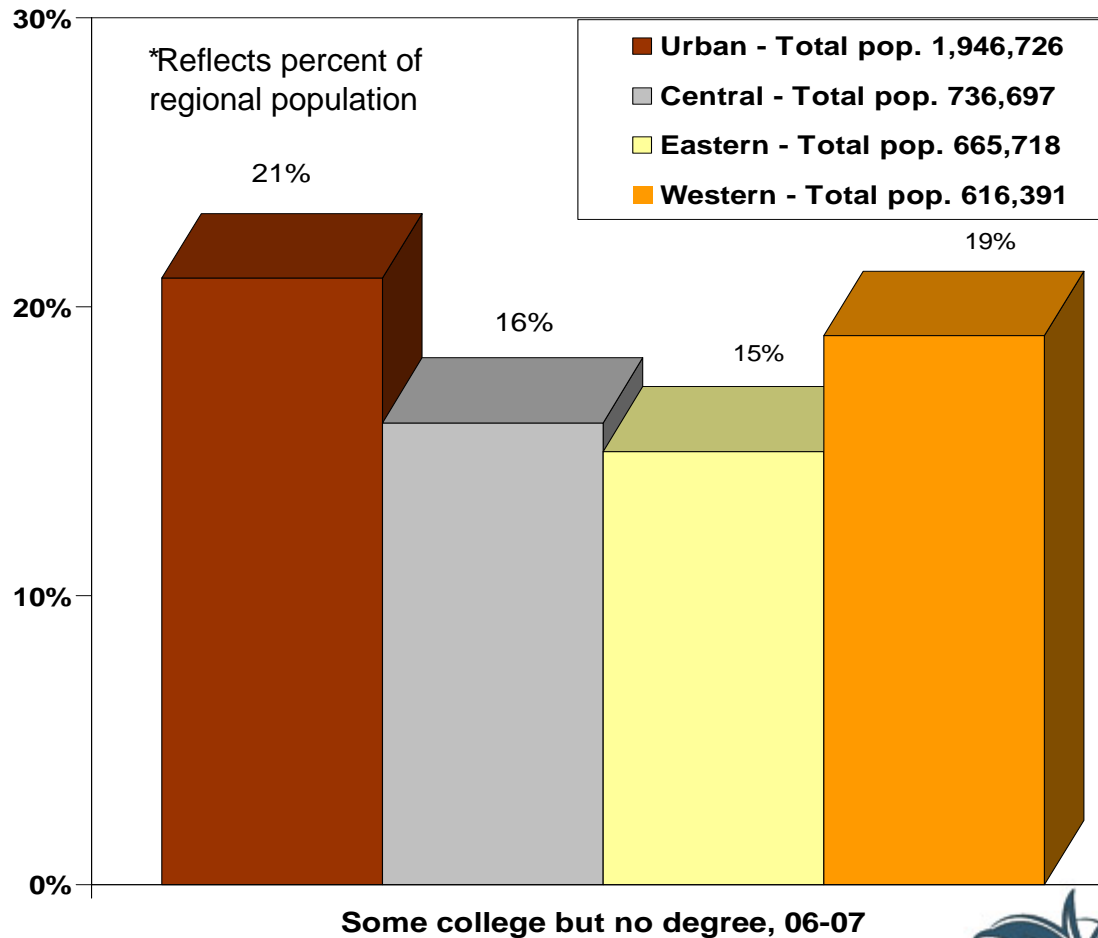
- Remember *Boomers* are used to being the center of the marketing universe. Show them that postsecondary education is not all about the school, not all about the career, not all about society, but all about them
- The motivation is there. Adults are self-directing. Do not regress them as students when as parents, employees, etc. they are used to being in charge of their lives
- A classroom or group scene will make adult learners uncomfortable; an illustration of an adult working independently or with a facilitator/professor will allow them to picture themselves in the scenario
- Show adult learners actually using the education they are considering “buying”



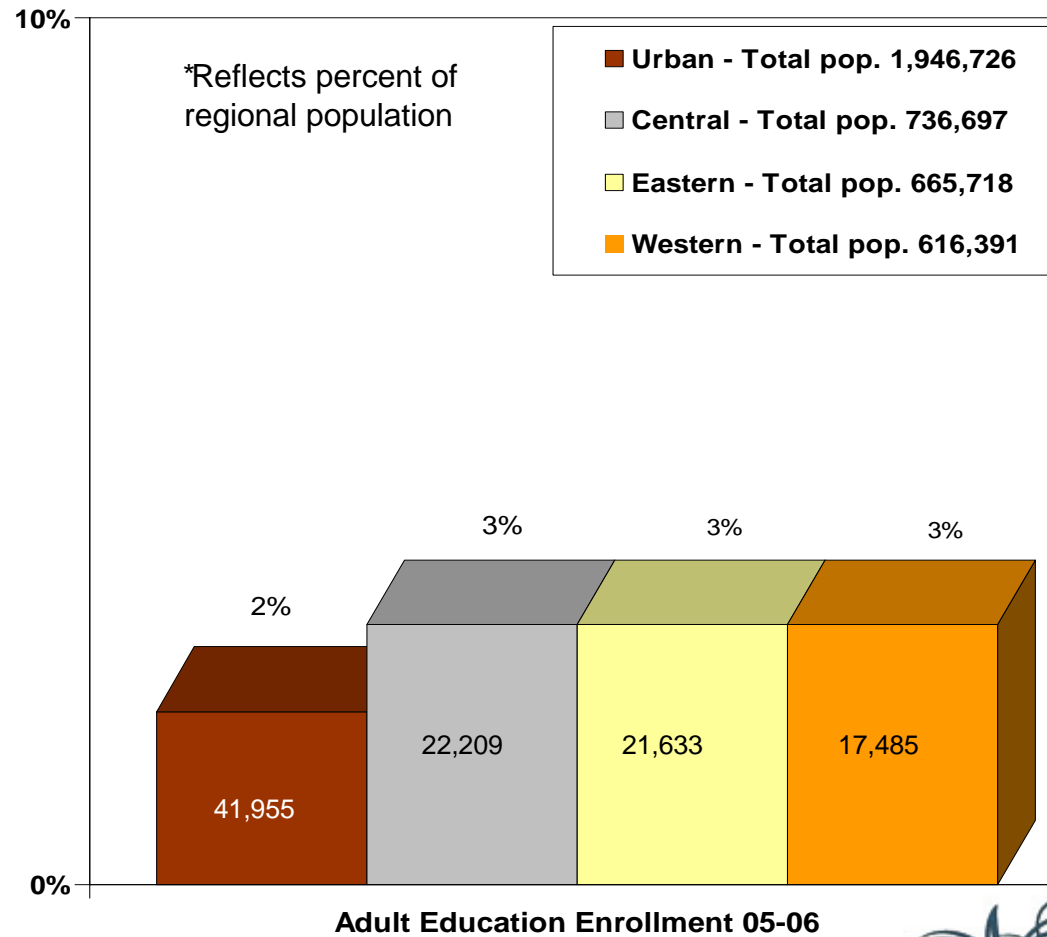
Adult Education in Kentucky



Highest Level of Education, 2006-07

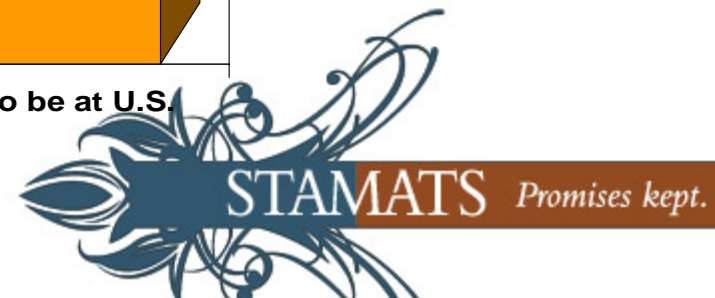
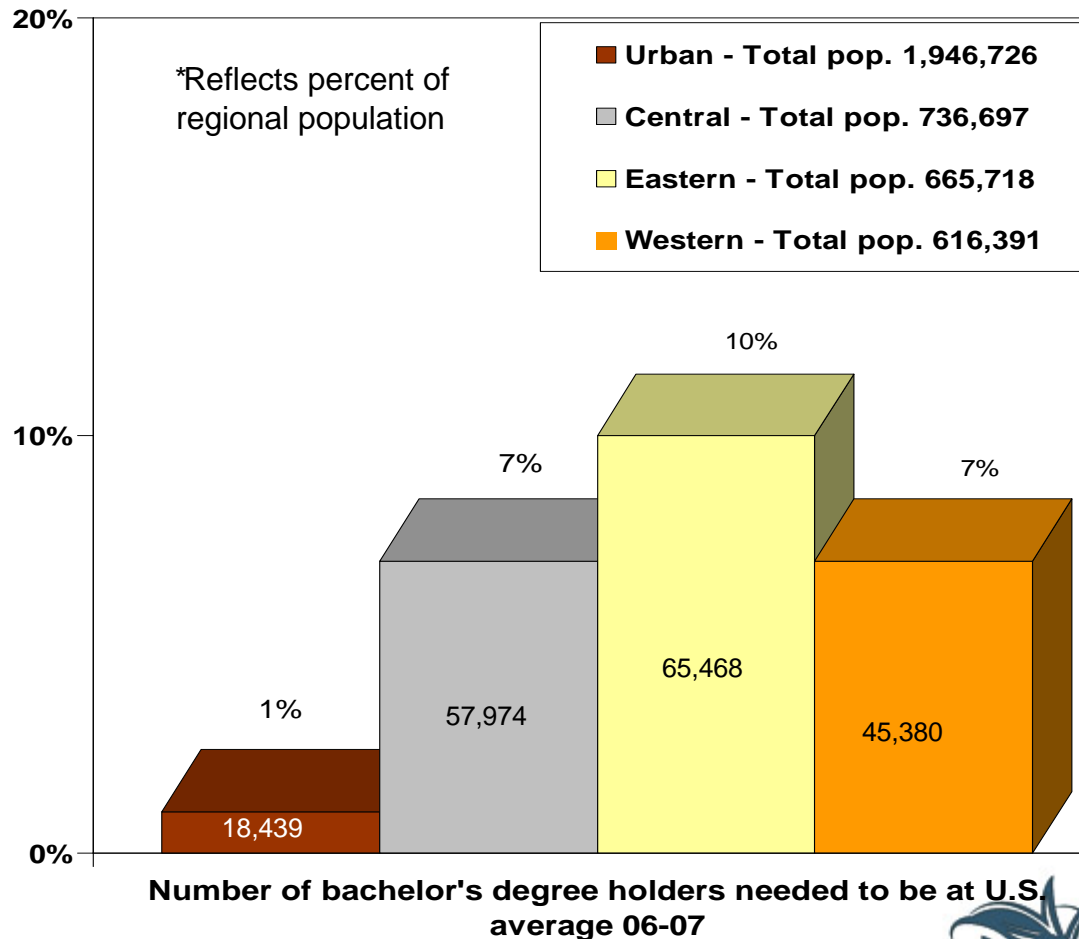


Adult Education Enrollments, 2005-06



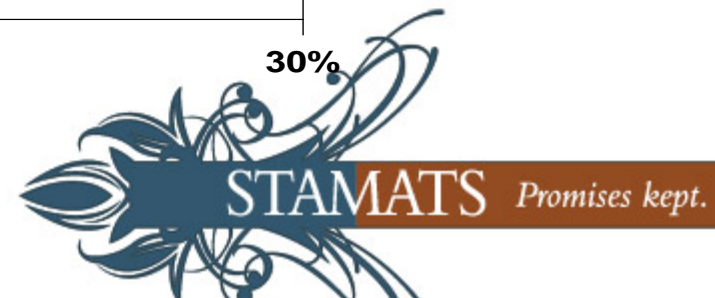
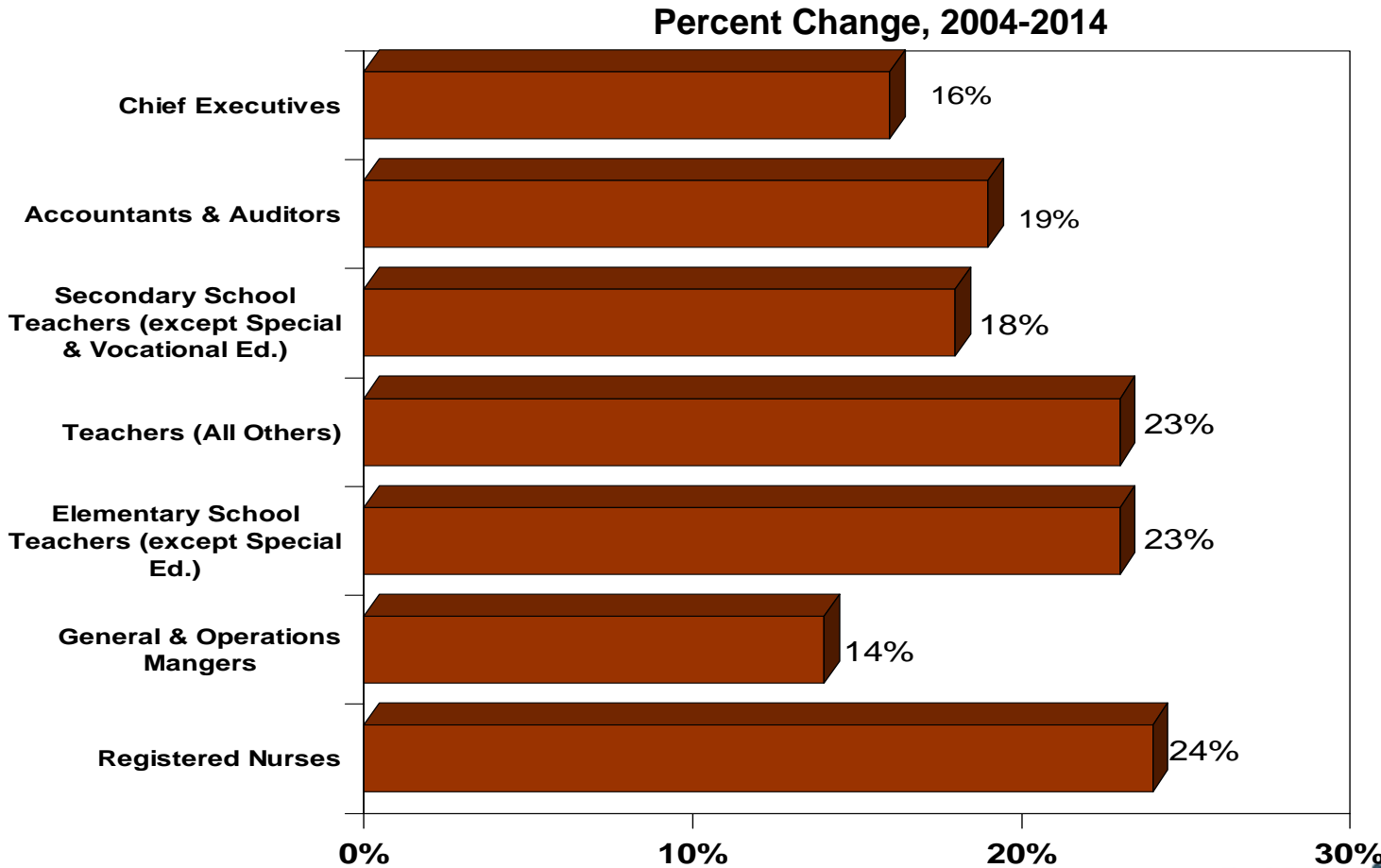
Bachelor's Degrees in KY

Compared to National Average, 2006-07



Top 50 Kentucky Occupations

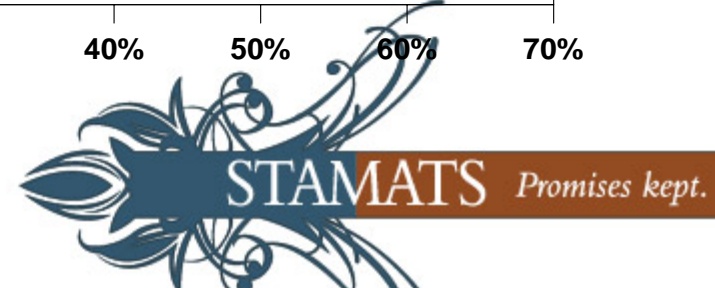
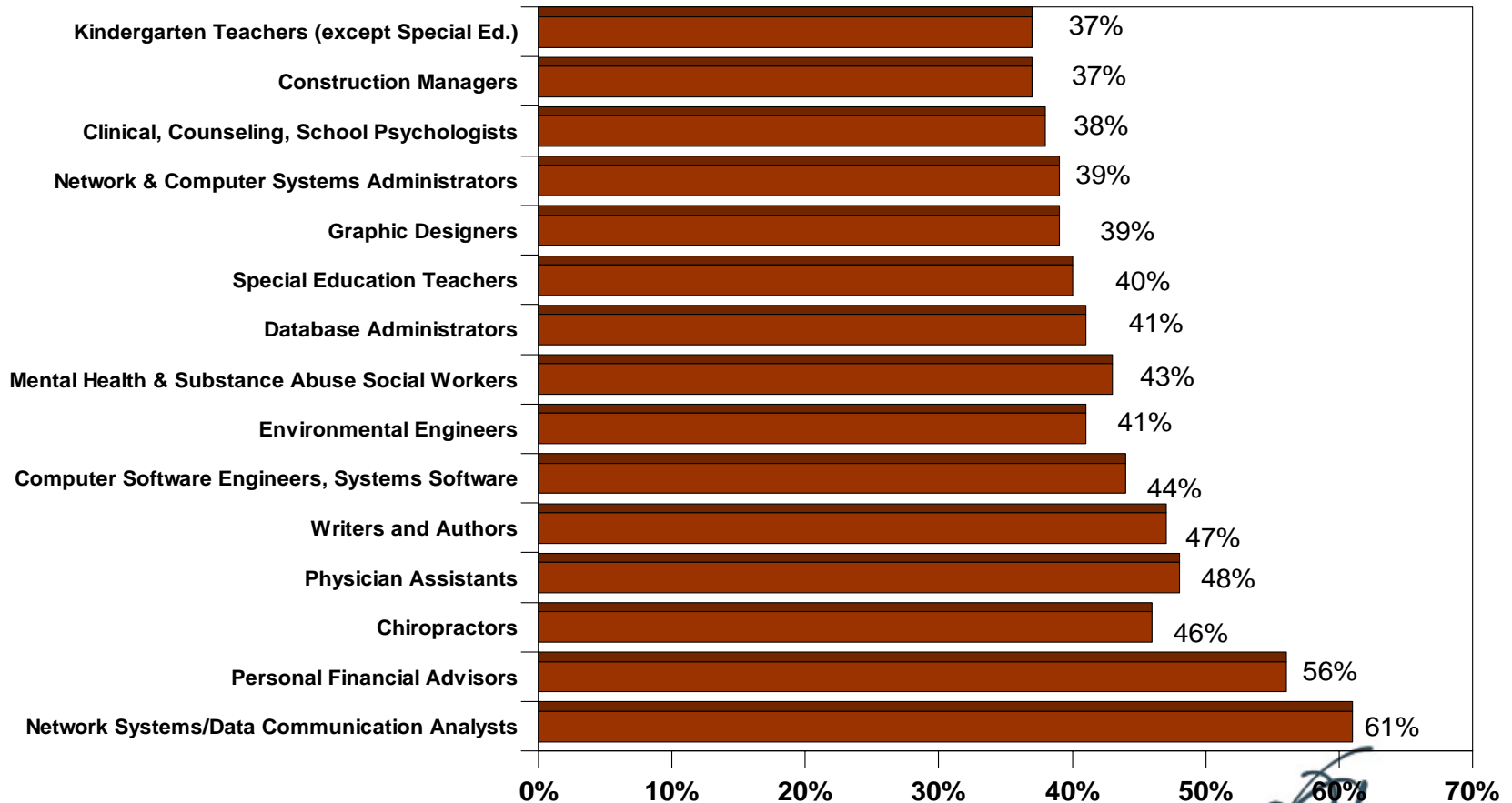
Ranked by Total Annual Openings Due to Growth and Replacement



15 Fastest Growing Occupations in Kentucky

Requiring a Bachelor's Degree

Percent Change, 2004-2014



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**Council on Postsecondary Education
November 5, 2007**

Committee on Equal Opportunities Report

Kentucky entered into a partnership with the U. S. Department of Education, Office for Civil Rights, to bring the Commonwealth into compliance with Title VI of the Civil Rights Act of 1964. The partnership is a joint, cooperative effort between the Commonwealth, the institutions, and the OCR. *The Kentucky Plan* (established by postsecondary education to accomplish the same objectives as the partnership) is folded into the agreement with the OCR. The Committee on Equal Opportunities is given responsibility by the Council for oversight of implementation of *The Kentucky Plan*, the partnership, and diversity planning.

The following is a summary of discussions and actions taken at the October 15, 2007, meeting of the Committee on Equal Opportunities.

- The committee adopted a 2008 meeting calendar as follows: February 19, April 21, June 16, August 17-18, and October 20. All meetings will be held in Frankfort unless otherwise noted.
- Augusta A. Julian, president of Maysville Community and Technical College, gave an update of the college's adoption of a quantitative waiver to implement a new academic program after failing to make adequate progress on its equal opportunity objectives. The president described several initiatives that have been implemented and provided evidence of improvements in student enrollment and employment. The CEO was complimentary of the efforts of Maysville.
- Madisonville Community College President Judith L. Rhoads presented a status report of activities by the college to implement the recommendations contained in the committee's report of its campus visit March 26, 2007. President Rhoads presented documentation supporting the activities implemented by the college that have or will address each recommendation in the CEO report. The college has already had positive results from a number of the initiatives implemented and anticipates a greater level of student and community participation as the initiatives are communicated more widely in the service area. The committee was pleased with the results identified by the president and expressed its support for the college's method of tackling the recommendations.
- A follow-up report was given by University of Kentucky Provost Kumble R. Subbaswamy and Associate Vice President Terry Allen regarding the status of initiatives at the university to implement the recommendations contained in the committee's report of its campus visit October 16-17, 2006. Dr. Subbaswamy identified through a written report a number of specific activities implemented by the university to address the CEO recommendations.

Also, the provost responded to a number of questions related to newspaper articles in the Lexington Herald-Leader and the Louisville Courier Journal that discussed possible challenges that confront the university's attempts to further increase diversity among its faculty. The university also responded to inquiries related to a recent race sensitive editorial cartoon in the Kentucky Kernel newspaper and a racial slur that appeared on the door of an African American student in UK's New North Hall (located near the intersection of M. L. King Boulevard and Avenue of Champions).

Following the comments by UK officials, Reverend Louis Coleman, director of the Justice Resource Center of Louisville, requested an opportunity to address the committee regarding the recent UK incidents. Reverend Coleman provided written comments to the committee; the communication also was shared with University of Kentucky officials. Reverend Coleman, in the written communication and comments to the committee, expressed concern that the university did not respond more quickly and more strongly with regard to the publication and its perceived message. He also noted displeasure, based on data available to his organization, about the lack of sufficient representation of African Americans among deans and chairs and among the executive staff reporting directly to the president. In both the written and verbal comments to the committee, Reverend Coleman suggested that economic sanctions be placed against the University of Kentucky for "failing to implement any form of diversity beginning with the office of the president, administration office, deans, chairpersons, department heads, and head coaching positions in the athletic department."

The committee noted that the university needs to put forth a greater effort but the employment related issues identified by the Reverend Coleman are matters that should be addressed by UK directly. The Committee on Equal Opportunities and the Council on Postsecondary Education are not vested with the authority to place economic sanctions against an institution for its performance on diversity initiatives. The CEO chair plans to confirm the committee's position in a letter to Reverend Coleman.

- The committee heard a report by CPE vice president of academic affairs, Jim Applegate, regarding the status of an administrative regulation to implement the Developmental Education Task Force recommendations. Dr. Applegate noted that the regulation addresses the June comments of the CEO and other suggestions by Senator Gerald Neal. The regulation is expected to become effective next fall.
- CPE director of communications, Sue Patrick, gave a presentation about the College Access Initiative. Ms. Patrick provided a general overview of the college access campaign and discussed the target audience and proposed strategies. Members were asked to provide feedback regarding their thoughts or suggestions on how make the campaign more effective. The campaign is expected to begin within the next 90 days, hopefully in time to influence spring 2008 enrollments.

- The Council is contracting with the Harvard Civil Rights Project to conduct a statewide diversity study. The CEO received a status report on the study from Gary Orfield, the project leader. Mr. Orfield reported that:
 - The Civil Rights Group moved to the University of California at Los Angeles in July 2007, but the group is still working with Harvard to complete the study as devised by the Council on Postsecondary Education.
 - While the team expects to complete the report as requested by the contract, the move caused a delay in some research and the HCRP may request an extension of up to 90 days to deliver a more thoroughly researched report. The committee suggested that Mr. Orfield and his colleagues develop a formal request for consideration.
 - The U. S. Supreme Court decision regarding the Louisville/Jefferson County public school system case argued in December 2006 was handed down in June 2007. Mr. Orfield commented that the Louisville case does not significantly impact diversity planning at the postsecondary level and that the clear guide is the Supreme Court decision in the Michigan cases.
 - In response to a question, Mr. Orfield noted that if the CEO is interested in broadening the base (diversity) but also focusing efforts, the committee should not be anxious for the OCR to release the Commonwealth from the remedial order. He noted that opportunity for lawsuits are much greater under a diversity plan and the remedies available are much narrower.
 - Mr. Orfield noted that the Texas approach might represent the best proxy for race that he has seen recently and the Texas approach is not that effective.

- The committee received a report on the Governor's Minority Student College Preparation Program. In 2006-07, the program served 1,091 students from 155 schools. Because of limited funds, there are over 300 students on waiting lists to participate in the program. Data indicate that a significant portion of the students in the program go on to enroll in college. Approximately 21 percent of the eighth grade students who transitioned out of four programs in 2002-03 enrolled in college four years later.

- The CEO will conduct a campus visit at Somerset Community College November 13, 2007.

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Fiscal Year 2006-07 Agency Audit

ACTION: The Executive Committee recommends that the Council accept the 2006-07 agency audit as submitted by the firm of Potter & Company, LLP.

The Council continued its contract with the firm of Potter & Company, LLP, to perform a financial and management audit of the Council's activities during fiscal year 2006-07.

The audit was conducted in accordance with U. S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

The Executive Committee received a draft of the Financial Statements and Independent Auditor's Report, the Memorandum of Comments and Suggestions, and the Matters to be Communicated to the Executive Committee. The Executive Committee reviewed these documents October 3, 2007, with Potter & Company, LLP, representatives and Council staff.

The Council received an unqualified opinion. The audit report contains no reportable conditions or material weakness related to internal control over financial reporting or major federal programs. The audit report contains no reportable findings of material noncompliance related to financial statements.

Council staff has acted upon suggestions by Potter & Company, LLP, involving the administrative expense limitation placed on Kentucky Adult Education local providers, monitoring of institutional note payments, and implementing a conflict of interest policy for all employees.

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Nominating Committee Appointments

Mr. Turner will appoint a nominating committee at the November 5 meeting. The committee will present nominations for Council chair and vice chair at the January CPE meeting. The chair and vice chair will serve from February 1, 2008, to January 31, 2009.