

MINUTES
Council on Postsecondary Education
September 28, 2008

The Council on Postsecondary Education met Sunday, September 28, 2008, at 3 p.m. at the Lexington Downtown Hotel and Conference Center in Lexington, Kentucky. The meeting was held in conjunction with the 2008 Governor's Conference on Postsecondary Education Trusteeship. Chair John Turner presided.

WELCOME TO
INTERIM PRESIDENT

Mr. Turner welcomed Richard Crofts to his first Council meeting since being appointed interim president.

WELCOME TO
STUDENTS

Chris Crumrine introduced student body presidents in the audience.

Mr. Turner introduced the four new Council members.

NEW CPE MEMBERS

Chris Crumrine is the Council's student member. He holds a bachelor's degree in communications from the University of Kentucky and currently attends the UK Martin School of Public Policy and Administration. After graduation, Mr. Crumrine plans to pursue a doctorate in higher education. He is an Eagle Scout and a Kentucky Colonel.

Glenn Denton is a partner with the Paducah law firm of Denton & Keuler. He is a 1992 graduate of Centre College and a 1995 graduate of Chase College of Law.

Pam Miller served as mayor of Lexington-Fayette County from 1993 to 2003. She taught history and French in Connecticut and worked for the *Congressional Quarterly* in Washington, D.C., and the *Boston Globe Congressional Quarterly*. Ms. Miller serves as chair of the Prichard Committee for Academic Excellence. She holds a bachelor's degree in history from Smith College in Northampton, Massachusetts.

Governor Paul Patton of Pikeville served as governor of Kentucky from 1995 to 2003. One of his accomplishments as governor was to help reform postsecondary education and the passage of the *Kentucky Postsecondary Education Improvement Act of 1997*. He is currently a distinguished visiting lecturer in public policy and leadership at Pikeville College. Governor Patton holds a bachelor of science degree in mechanical engineering from the University of Kentucky.

Judge Ernesto Scorsone, circuit judge for Division 7 of the 22nd judicial district, administered the oath office to the four new members.

The following Council members attended: Peggy Bertelsman, Chris Crumrine, Dan Flanagan, Glenn Denton, John Hall, Phyllis Maclin, Pam

Miller, Donna Moore, Lisa Osborne, Paul Patton, Jim Skaggs, John Turner, Mark Wattier, and Joe Weis. Kevin Canafax and Jon Draud did not attend.

UK President Lee Todd welcomed the Council to Lexington. He highlighted several university successes, including a record number of undergraduate applications for fall 2008, an increase in freshman enrollment, a significant increase in minority enrollment, a record high number of Governor's Scholars and Governor's School of the Arts scholars in UK's first-year class, an increase in transfer student enrollment, and a record high retention rate. Regarding student success, UK had 20 research papers accepted last year at the National Conference on Undergraduate Research, and a UK student recently received a scholarship from the Astronaut Scholarship Foundation, the largest monetary award given in the United States to science and engineering undergraduate students based solely on merit. In the area of research, President Todd said that the Bucks for Brains program has allowed UK to recruit some very superior individuals and research teams and talked briefly about the current research of three professors. He said that one way that the university is serving Kentucky is by having connections to a number of companies in the Lexington area that received venture funding during the last year. In addition, the university has begun work on the Livestock Disease Diagnostic Center which protects public health by diagnosing many zoonotic diseases that can potentially cross over into the public sector.

RESOLUTIONS OF SERVICE

Mr. Turner offered a resolution thanking Ryan F. Quarles for his service as student member of the Council.

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

VOTE: The motion passed.

Mr. Turner read a resolution thanking Brad Cowgill for his service to the Council as interim president.

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

VOTE: The motion passed.

Mr. Turner read a resolution thanking Sarah Hawker for her service to the Council as vice president for Kentucky Adult Education. She will be retiring in October.

MOTION: Mr. Weis moved that the resolution be approved. Ms. Miller seconded the motion.

VOTE: The motion passed.

Mr. Turner read a resolution thanking Jim Applegate for his service to the Council as vice president for academic affairs. He will be leaving the Council the end of September to assume his new role as senior vice president for the Lumina Foundation in Indianapolis.

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

VOTE: The motion passed.

APPROVAL
OF MINUTES

The minutes of the May 23 Council meeting, June 10 Executive Committee meeting, and August 17-18 Council retreat were approved as distributed.

CPE PRESIDENT'S
REPORT

Dr. Crofts gave his report to the Council. He said that his time during the first three months has included work in three primary areas – ensuring that Kentucky has an affordable and accessible system; working closely with the institutions to begin developing a process for setting tuition; and stabilizing relationships with the campus community, legislators, media, and Governor's office. He said that the recent Executive Order which reattaches the Council to the Governor's office creates better lines of communication, raises the profile of postsecondary education with the administration, and has already led to strong linkages and good dialogue between the Council and the Governor's staff. He noted that the Council took an additional 4.5 percent budget reduction for FY 09 but is very pleased that the Governor spared the institutions and Kentucky Adult Education from this latest round of cuts. Dr. Crofts said that the Council staff has worked closely with the Department of Education and the Education Professional Standards Board on the development of a \$3 million grant proposal to move toward the creation of a P-20 data warehouse. He also mentioned that the U.S. Office for Civil Rights requested updated information on the status of commitments of the Partnership Agreement, and all requested information was delivered to OCR August 29.

STATEWIDE STUDY
FOR DIVERSITY
PLANNING REPORT

RECOMMENDATION: The staff recommends that the Council accept the statewide diversity study report presented by The Civil Rights Project and that the Council ask the Committee on Equal Opportunities, in consultation with the universities and KCTCS, to develop an approach for a statewide diversity plan to be considered by the Council in January 2009.

At its July 2005 meeting the Council directed the CEO in collaboration with the institutions to conduct a study to determine the Commonwealth's compelling interest, if any, in developing a new statewide equal opportunities plan. The Council contracted with The Civil Rights Project, currently located at the University of California Los Angeles, to conduct the study under the direction of Dr. Gary Orfield.

The study, entitled *Building on Success: Educational Diversity and Equity in Kentucky Higher Education*, is designed to provide insight on the basic legal and constitutional framework for engaging in diversity planning and to

suggest a design of policies that would comply with the constitutional guidelines (established in the *Grutter*, *Gratz*, and *Bakke* cases) for race-conscious postsecondary education policies and the compelling interest and narrow tailoring requirements established by the courts. The results are to provide guidance on establishing diversity policies where consideration of race is not the primary focus. In addition, the study is to help identify appropriate characteristics for Kentucky's diversity plan – the areas to be evaluated, measured, and acted upon and the role of postsecondary education in improving the K-12 system, closing achievement gaps, increasing the development and graduation of highly qualified teachers, and improving the readiness of public school graduates for postsecondary education.

Dr. Orfield, along with Dr. Angelo Ancheta and Dr. William Trent also with The Civil Rights Project, provided an overview of the basic study findings.

- Kentucky has substantial legal latitude to devise a new plan including diversity goals and consideration of race within a context of holistic review of students.
- The state's population is changing, and a new plan should reflect the fact that it is no longer simply a black-white problem though further work on black success must, of course, continue.
- In many institutions in the state the role of affirmative action is negligible or modest in admissions and is primarily about scholarships.
- The state's plan to double its number of college graduates is failing, and success will increasingly require a multiracial orientation.
- Leaders of Kentucky postsecondary education are committed to diversity as an educational value for all students and see a need for a continuing effort to attain it.
- The Council's role has been unusually strong and well managed but could be improved in terms of relationships with institutions.
- There is one large piece of unfinished business from the plans of the last three decades – KSU. The plan adopted in the early 1980's has not been realized, and the university has not been put on a competitive self-sustaining basis. Another initiative is needed.
- The largest problems are pipeline problems and solving them will require collaborations that reach beyond the postsecondary education system.

MOTION: Ms. Maclin moved that the Council accept the statewide diversity study report and that the Council ask the Committee on Equal

Opportunities, in consultation with the universities and KCTCS, to develop an approach for a statewide diversity plan to be considered by the Council in January 2009. Governor Patton seconded the motion.

VOTE: The motion passed.

AIKCU
ANNUAL REPORT

The Association of Independent Kentucky Colleges and Universities presented its annual report to the Council. AIKCU president Gary Cox was joined by AIKCU board chair and Centre College President John Roush, Transylvania University President Charles Shearer, Mid-Continent University President Bob Imhoff, Saint Catharine College President Bill Huston, and Kentucky Wesleyan College President Cheryl King. AIKCU leaders spoke of the importance of a strong public and independent sector and the need to enhance collaborations in order to accomplish the state's goals. Some highlights of the report showed:

- In 2006-07, AIKCU institutions produced 22 percent of Kentucky's bachelor's degrees and enrolled 20.8 percent of all transfers from KCTCS.
- Kentucky's investment in AIKCU students is less than 4 percent of total state postsecondary spending.
- Average tuitions at AIKCU institutions are one-third less than the national average for private colleges and one-fourth less than the average for southern states.
- 100,000 AIKCU alumni in Kentucky generate \$4 billion in annual earnings and \$416 million in state tax revenues. AIKCU institutions and graduates produce a combined total annual economic impact of more than \$1.4 billion and are responsible for creating more than 12,000 jobs in Kentucky.

Ms. Bertelsman said that the Council should think about how these institutions are rewarded by region so that the public institutions are not expected to provide all of the graduates and transfers from that region.

GED TESTING
PROGRAM
REGULATION

RECOMMENDATION: The staff recommends that the Council approve the proposed amendment to the administrative regulation titled 785 KAR 1:010 GED Testing Program and file the administrative regulation with the Legislative Research Commission.

Kentucky Adult Education, a unit of the Council on Postsecondary Education, is charged with the responsibility of administrative oversight for the state's GED testing program. B. J. Helton, the GED administrator for Kentucky, explained that the GED tests cover five subject areas which in total are called a test battery. The test battery is usually given over two days in three subsessions. One battery is required per examinee, and each battery may only be used 15 times in a calendar year. In Kentucky, during fiscal year 2007-08, 12,885 individuals took one or more parts of the test battery.

Currently, the test fee is \$40 for the entire battery of five tests or \$10 per individual test or retest. GED testing is provided across the state at 42 testing centers. These testing centers are located at public and nonprofit educational institutions. They provide this service locally, supported financially only by the GED test fee established in regulation. The fee is intended to be set at a rate that covers all of the costs or expenditures associated with providing this service.

A mid-year analysis revealed that the GED test fee is not sufficiently covering costs intended for centers to break even and, in fact, there are centers operating at a deficit so large that they are considering closing. Careful financial analysis was performed and showed that a moderate fee increase is needed for testing centers to continue operation without suffering fiscal hardship and possible closure.

The revised administrative regulation increases the test fee as follows:

- \$50 with a subsession fee of \$25 on July 1, 2009.
- \$55 with a \$25 subsession fee on July 1, 2010.
- \$60 with a \$30 subsession fee on July 1, 2011.
- The subsession retest fee would not exceed the total test fee regardless of the number of subsessions taken.

Dr. Helton said that, as an effort to control costs and increase efficiencies at the testing centers, Kentucky Adult Education instituted three new statewide policies effective July 1, 2008, to help testing centers become more financially viable and to preserve access. These policies require prepayment of the test fee, a penalty for not keeping the scheduled test appointment, and proof of test readiness for those retesting. KYAE is continuing to identify and implement policies that will preserve access while increasing efficiencies.

KYAE will continue to charge \$25 for the issuance of a duplicate GED diploma. Postsecondary institutions, employers, and the military require the GED transcript as proof of education.

MOTION: Ms. Miller moved that the recommendation be approved. Mr. Wattier seconded the motion.

VOTE: The motion passed.

Dr. Crofts said that he will work with the Kentucky Chamber of Commerce to encourage local chambers to work with their businesses to raise funds to offer scholarships to cover the fee increase.

Dr. Crofts mentioned that McDonald's of central and southeastern Kentucky has partnered with KYAE for the third year in a row to encourage GED attainment in an innovative in-store promotion funded by the restaurant owners. During September, customers at 66 restaurants (represented by the

Bluegrass Purchasing Association, a 34-county cooperative of McDonald's restaurants) will see tray liners with a "GED – Prove Yourself" theme featuring Kentucky GED graduates. The campaign is an extension of ongoing efforts by KYAE to raise the educational attainment of adults in the Commonwealth.

Dr. Crofts congratulated Dr. Helton for being the recipient of the Distinguished Service Award by the GED Testing Service of the American Council on Education. This is one of the highest awards conferred by the GED Testing Service. The award honors a GED administrator who has demonstrated unwavering commitment to the advancement of their state's GED testing program and has made outstanding national contributions through initiatives that advance support for GED candidates.

REGIONAL
STEWARDSHIP
PROGRAM
REGIONAL GRANTS

RECOMMENDATION: The staff recommends that the Council approve 2008-09 regional stewardship program regional grant funding for Kentucky State University, Morehead State University, Murray State University, and Western Kentucky University.

At its May meeting, the Council voted to approve regional grant proposals and to make FY 2008-09 and FY 2009-10 regional grant funding for Kentucky State University, Murray State University, and Western Kentucky University conditional upon successful implementation of regional stewardship infrastructure plans and adequate progress on regional grant proposals. The Council staff reviewed the universities' infrastructure plan progress reports, found that sufficient progress has been made, and recommended that FY 2008-09 grant funds of \$300,000 be approved for each university.

Also at its May meeting, the Council voted to approve the regional grant proposal from Morehead State University and to make FY 2008-09 and FY 2009-10 regional grant money conditional upon successful implementation of the university's regional stewardship infrastructure plan, the identification of specific metrics of success for the regional grant proposal, and adequate progress on the regional grant proposal. MoSU submitted metrics of success to the Council staff in July 2008. The staff reviewed MoSU's infrastructure plan progress report, agreed that sufficient progress has been made, and recommended that FY 2008-09 grant funds of \$300,000 be approved.

Progress reports on regional grant proposals are due June 15, 2009. The Council staff will review those progress reports and make funding recommendations for FY 2009-10 based on documentation of adequate progress.

MOTION: Ms. Maclin moved that the recommendation be approved. Ms. Miller seconded the motion.

VOTE: The motion passed.

Dr. Crofts said that Eastern Kentucky University plans to submit a request for regional grant funding at the January 2009 CPE meeting.

RESEARCH
CHALLENGE TRUST
FUND &
COMPREHENSIVE
UNIVERSITY
EXCELLENCE TRUST
FUND
PROGRAM
GUIDELINES

RECOMMENDATION: The staff recommends that the Council approve the 2008-10 Endowment Match Program guidelines, Research University Capital Match Program guidelines, and Comprehensive University Capital Match Program guidelines.

With passage of the 2008-10 budget of the Commonwealth (HB 406), the 2008 General Assembly authorized \$50 million in General Fund supported bonds in 2008-09 for the Research Challenge Trust Fund to support the Endowment Match Program and a newly created Research University Capital Match Program. These funds will be allocated two-thirds to the University of Kentucky (\$33.3 million) and one-third to the University of Louisville (\$16.7 million).

The 2008 General Assembly also authorized \$10 million in bond funds in 2008-09 for the Comprehensive University Excellence Trust Fund to support Endowment Match Program activities or to fund capital projects at the comprehensive universities. These funds will be allocated among the comprehensive institutions based on their respective share of total 2007-08 General Fund appropriations, excluding debt service and specialized noninstructional appropriations. The resulting distribution is:

| | |
|------------------------------|--------------|
| Eastern Kentucky University | \$2,365,000 |
| Kentucky State University | 633,000 |
| Morehead State University | 1,395,000 |
| Murray State University | 1,580,000 |
| Northern Kentucky University | 1,588,000 |
| Western Kentucky University | 2,439,000 |
| Total CUETF | \$10,000,000 |

MOTION: Mr. Wattier moved that the recommendation be approved. Mr. Weis seconded the motion.

VOTE: The motion passed.

AGENCY
OPERATING BUDGET

RECOMMENDATION: The staff recommends that the Council approve the fiscal year 2008-09 agency operating budget.

The agency budget includes four areas – operations, pass-through programs, strategic investment and incentive funding programs, and federal programs.

MOTION: Mr. Wattier moved that the recommendation be approved. Mr. Weis seconded the motion.

VOTE: The motion passed.

2009 MEETING
CALENDAR

RECOMMENDATION: The staff recommends that the Council approve the 2009 CPE meeting calendar.

Dr. Crofts said that the meetings are moving to a Thursday/Friday format with at least two meetings per year held on a campus.

MOTION: Ms. Bertelsman moved that the calendar be approved. Mr. Skaggs seconded the motion.

VOTE: The motion passed.

COUNCIL STAFF

Dr. Crofts announced that he has appointed Michael Seelig as interim vice president for academic affairs. He will begin his duties October 1. Dr. Seelig came from Morehead State University where he served as senior assistant to the provost and interim affirmative action officer.

P-16 COUNCIL
REPORT

Donna Moore, chair of the P-16 Council, called attention to the report from the P-16 Council included the agenda materials.

KYAE GRANT
ALLOCATIONS

After a competitive bid process, Kentucky Adult Education grant allocations have been awarded for FY 2008-09. Information was provided about the fiscal agent and the funding allocated to each county.

COMMISSIONER OF
EDUCATION REPORT

A written report from the Commissioner of Education was distributed for information.

TUITION &
MANDATORY FEE
POLICY & TUITION
SETTING PROCESS

Dr. Crofts said that the draft tuition and mandatory fee policy and the 2009-10 tuition-setting process were modeled somewhat after the policy used by the state of Montana. He has discussed both policies extensively with the presidents and the chief business officers. The staff will be incorporating their suggestions in the next versions, and a recommendation will be considered by the Council at the November meeting.

With a few notable exceptions, the fundamental objectives of the draft tuition and mandatory fee policy are similar to the 2008-09 version. Recommended changes to the policy include matching the language used for funding adequacy to that of HB 1, including a stronger statement on affordability, providing more details on the alignment of financial aid, requesting an annual review of efficiencies and cost management strategies, and adding a statement on the importance of attracting out-of-state students to Kentucky.

Based upon discussion with key stakeholders, a phased tuition-setting process is being proposed for 2009-10. A major goal of this new process is to greatly expand the amount of time spent discussing and exchanging tuition-related data and information between and among Council staff, institutional staff, and Council members. Sharing this information over a longer period of time should lead to greater understanding of key issues and

data and provide several opportunities for feedback and direction prior to any formal tuition recommendations being adopted by the Council.

Ms. Bertelsman said that the calendar provided will be very helpful in involving the Council members in this process. She asked that a meeting be designated for a discussion with the Council staff about the kinds of things that the Council members would like to see discussed in the tuition policy.

TRANSFER
POLICY BRIEF

One of the essential strategies for doubling the number of bachelor's degree holders by 2020 is enrolling more first-time students in KCTCS and transferring them to a four-year program. The Council staff developed a policy brief focusing on two-year to four-year transfer. The purpose of the policy brief is to provide a snapshot of current statewide transfer initiatives, transfer data analysis, barriers to transfer, and strategies that will produce the dramatic increases in transfer required to meet the Double the Numbers goal of 11,300 transfers in 2020. The policy brief highlights and possible next steps are (1) motivate more KCTCS students to attain a bachelor's degree, (2) improve advising services, (3) remove financial barriers for part-time and full-time students, (4) create more flexible and convenient modes of learning, (5) create more transfer pathways between technical and applied four-year programs, (6) improve the understanding and application of the General Education Transfer Policy, (7) increase accountability, and (8) create an alternative pathway to course-based transfer. The Council staff will continue to work with the KCTCS staff on these issues.

DEGREE
COMPLETIONS

A record 45,904 degrees and credentials were awarded at Kentucky's public colleges and universities during the 2007-08 school year, up 4.5 percent from the previous year. The public institutions also conferred the highest number of bachelor's degrees (15,036) in their history, a 2 percent gain over last year and a 26 percent increase from the 2000-01 school year. Bachelor's degrees conferred last year exceeded the Council's goal of 14,835 set for the public campuses for that year. The total number of degrees and credentials has increased more than 78 percent since the 2000-01 school year. Data from independent colleges and universities were not yet available.

CEO REPORT

Phyllis Maclin discussed the report from the Committee on Equal Opportunities included in the agenda materials.

REGIONAL
STEWARDSHIP
REPORT TO
GENERAL ASSEMBLY

The 2008 regional stewardship report to the Kentucky General Assembly was provided for information. Some of the major accomplishments over the past year include consistent progress on building institutional capacity to be better regional partners, approval of strategic plans and regional grant proposals for four universities, and approval of stewardship initiative proposals to implement six diverse initiatives in northern Kentucky. One of the major achievements of the Regional Stewardship Program has been the creation of stronger relationships between universities and regional community leaders. This has been achieved partly through regional advisory committees that have helped guide the universities through the

process of regional strategic planning and priority setting. These committee members serve as champions of the program and can help others understand how universities can work with them to improve the quality of life in their regions.

Ms. Bertelsman noted that there was no mention of involvement with independent institutions in the region. Both independent and public institutions should be involved in delivery of these services. As a way to measure effectiveness, she suggested that an evaluation be sent to the head of the community to ask if needs are being met through the regional stewardship grant. She said that the members of the General Assembly would be very interested in hearing from the regions.

CAPITAL PROJECTS UPDATE

Sherron Jackson with the Council staff discussed the update on capital projects. He said that the 2008 General Assembly restored a \$13.9 million Capital Renewal and Maintenance (CR&M) Pool of matching funds to address critical upgrades and replacement of building systems (e.g., HVAC systems, electrical systems, roofs) that was vetoed following the 2006 session. The General Assembly directed the Council and the Office of the State Budget Director to produce and present to the Legislative Research Commission on or before December 1, 2008, a report with recommendations addressing the establishment and implementation of a process for funding deferred and future major capital renewal, maintenance, and renovation needs costing \$600,000 or more each for facilities owned by the Commonwealth and operated by the postsecondary institutions. The report will take into account comments from institutional representatives, the findings and recommendations of the postsecondary education Facility Condition Assessment and Space Study Project (VFA Report), best practices of other states, and postsecondary education organizations. The report should be useful as the Council develops and implements a strategy for its 2010-12 capital budget request.

Glenn Denton asked the Council staff to provide an update regarding the square footage being taken off line (demolished) at the institutions.

PRESIDENTIAL SEARCH COMMITTEE

Mr. Hall reported that the Presidential Search Committee is on schedule and hopes to bring a recommendation to the Council in early December. The search firm has received approximately 44 applications as a result of the advertisement. In addition, the search firm has located prospects and has been contacted by some people. The search committee is meeting to reduce the number of applicants and will begin interviews soon. A breakout will be provided during the trusteeship conference for the search committee members to hear comments from conference participants regarding the next Council president.

REPORTS FROM THE INSTITUTIONS

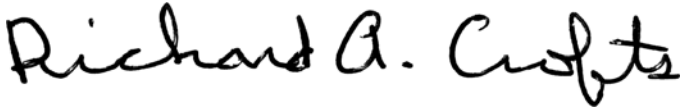
Dr. Crofts called attention to the reports provided by the institutions. He said that this is a good opportunity for the institutions to share successes and achievements.

NEXT MEETING

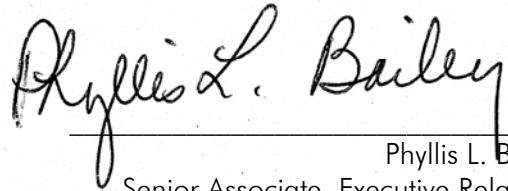
The next meeting is November 7 at Morehead State University.

ADJOURNMENT

The meeting adjourned at 6:15 p.m.



Richard A. Crofts
Interim Council President



Phyllis L. Bailey
Senior Associate, Executive Relations